



CLIMBING WALL ASSOCIATION

Lines: The CWA Newsletter

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Welcome

Dear Colleagues,

The first snows have come and gone along the front range and gym season is upon us.

In this issue, we have some interesting information on a tax strategy that could potentially save you money if you own your commercial real estate. A few of our members have already benefited and brought this to our attention to share with you.

We also have information on a relatively new service that can help your gym members find climbing partners, which some of our members have used with good success in their own gyms. The service can help with member retention. If one of your members happens to lose a regular climbing partner for whatever reason, the service can help them find new partners, which keeps them coming back. Please take a moment to check out www.ClimbFind.com.

The Climbing Wall Summit news is that we are in the final stages of lining up our pre-conference offerings, and are updating the online conference registration system for this year. Registration fees are in line with last year, just some minor tweaks. Registration should open within two weeks. We will make an announcement to all members and subscribers when registration opens shortly.

While we have largely firmed up the pre-conference offerings; we are still seeking workshop proposals. Workshop presenters get a deeply reduced conference registration rate. So take advantage and share your knowledge. Workshop proposals can be found here.

Finally, thanks to our newsletter sponsor Cascade Specialty, manufacturers of climbing flooring systems. Your support of the CWA and our newsletter is greatly appreciated.

Happy climbing.

Sincerely,

Bill Zimmermann,
Executive Director

Tax strategy for business owners: Consider a Cost Segregation Study

What is Cost Segregation?

Cost Segregation is a tax planning tool that determines how quickly an owner can depreciate various classes of property on his or her income taxes - 5 years, 7 years, 15 years, 27.5 years or 39 years. The Internal Revenue Service allows owners of commercial properties to accelerate depreciation on portions of their real estate, which will result in reducing the property owner's taxable income levels, sometimes significantly. However, the study and analysis is complex and should be conducted by an experienced professional or company specializing in this work.

United States tax laws allow for cost segregation, a careful process by which one separates categories of assets such as personal property, land improvements, certain building components, and land from real property assets that may be grouped together. Cost segregation identifies building costs that would typically be depreciated over a long period (27.5 or 39.5 years), reclassifies some of the building costs, segregates them, and depreciates them on a far more accelerated schedule - therefore offering tax savings. This can mean many times more savings than found in obvious places like furniture, fixtures, cabinets, and carpeting. Some business owners may even benefit from catch-up depreciation on older buildings. There may even be property tax benefits if your building has been over-valued.

Typically an accountant and an engineer will analyze architectural drawings, mechanical and electrical plans, and other blueprints to segregate the structural and general building electrical and mechanical components from those linked to personal property. The cost-segregation professionals then identify which components of each system that, according to federal tax law, can be assigned accelerated tax lives of 5, 7, or 15 years rather than the straight-line 39.5 years. The savings go right to the bottom line.

Evaluate the company providing these services carefully. A sound cost-segregation study is based on well-founded interpretations of the Internal Revenue Code, applicable court cases, and IRS rulings. Develop a good relationship with an established, experienced, and reputable cost-segregation specialist. The company providing the study should be willing and able to provide good references and stand behind their work.

For more information see the web sites for: Journal of Accountancy, American Institute of CPA's, and the Internal Revenue Service

Registration for 2010 Climbing Wall Summit Opening Soon!

The CWA is preparing to open registration for the 2010 Climbing Wall Summit within the next two weeks. Early bird registration will run through February 19, 2010 so secure your registration early.

As always, CWA members receive significant discounts to the Summit. A press release will be sent out once registration officially opens.

Pre-conference offerings include structural inspection, routesetting, gym start-up, and community building. Attorney Reb Gregg will be offering a free legal workshop about participation agreements and the legal issues they entail. New this year are Creating a Dynamic Youth Program by Justin Sjong of Movement and an in-depth marketing workshop by Bob Richards of Open Water Ventures.

More information about pre-conference workshops can be found [here](#). The CWA is still accepting pre-conference proposals so please get those applications in as soon as possible. Applications for pre-conference and conference workshops can be accessed [here](#).

Stay tuned for more!

Consideration: What every business owner needs to know

Recent discussions with Reb Gregg, an attorney and close friend of the CWA, involved an important principle of contract law: consideration. While there is no concrete definition of consideration (each state adopts its own definition through common law rulings), the term generally encompasses the notion that a contract is not binding unless an exchange of value is promised. In other words, in order to get something, you must give something.

A recent article on OutdoorEd.com, co-written by Gregg and Catherine Hansen-Stamp, cites Hall v. Bill Perry and Hidden Creek Outfitters, a case dealing with consideration that went all the way to the Supreme Court of Wyoming. In this case, Kenneth Hall sued Bill Perry, owner and operator of Hidden Creek Outfitters, after falling off or being thrown from his horse during a hunt arranged by Hidden Creek Outfitters.

Prior to his arrival in Wyoming, Hall signed a contract with Hidden Creek, which was delivered and returned by mail. When Hall arrived at Hidden Creek to take part in the hunt, Hidden Creek asked him to

sign a release form, which would protect the company from liability, should something arise during the hunt. Hall signed the release. In the suit which followed his injuries, Hidden Creek asserted the release as a defense. Hall's lawyers argued that the release was a second contract for which Hall received no added value (or consideration) in return, thus making the contract invalid and leaving the company without that defense against Hall's claims.

Fortunately for Hidden Creek, the original contract Hall signed included a clause that, although not very clear, referenced the release as being part of that contract and the Supreme Court of Wyoming ruled in favor of Hidden Creek on the issue.

A lesson for climbing gym owners

A recent trend among climbing gyms is the promotion of day passes through online marketing services. The customer purchases day passes online, agreeing to the terms and conditions listed on the site, which may include the online group's requirements as well as the gym's requirements (for example when those promotional day passes expire). Upon arriving at the facility, new climbers would be expected to sign waivers or releases. Should that customer then injure themselves in the facility, they could potentially use the same argument Hall used, citing the waiver or release as a new contract for which he or she received no added value or consideration. The gym arguably had already made a deal to make the gym available to the customer.

Climbing gyms that offer additional services (and additional paperwork) may want to review the language in their contracts. Contracts pertaining to outdoor guiding services, birthday or business parties, and other services should contain clauses stating that release forms or waivers, where they are enforceable, are to be a part of the original contract. Doing this will protect the company from the "no consideration argument" should a client get hurt.

MSA Stop Use Notice Update

On Oct. 14, MSA issued a stop use notice on Redpoint and Auto-Belay Descenders after the company became aware of two incidents involving climbers weighting the Redpoint systems and experiencing "rapid rates of descent resulting in injuries."

According to the statement released by MSA:

This Stop Use Notice applies to the following descender units:

- All Redpoint Descenders (part numbers 10024873, 10027646, and 10027798) regardless of the date the unit was manufactured or last serviced,
- Auto-Belay Descenders (part number 10021806) manufactured or last serviced on or after June 30, 2000.

Any facility using these descenders is encouraged to discontinue use immediately.

We received an update from MSA dated yesterday. The stop use notice remains in effect and MSA's investigation into the matter is continuing. The CWA will continue to forward any information provided by the company on to our newsletter subscribers and members as soon as possible.

For the stop use notice and the update, visit: <http://www.msanorthamerica.com/noticeindex.html>.

Member Profile: [Climbfind.com](http://climbfind.com)

October 2009 marked the 12-month anniversary of the launch of climbfind.com. In its short and successful lifetime, this new climbing website has helped thousands of climbers around the globe find partners at their local climbing gym.

Similar to other popular networking sites, Climbfind allows its users to create their own unique profiles. A profile shows a climber's experience, places where they've climbed, contact details and times they are looking for a partner. This feature allows climbers to interact with other users who climb where they climb and find local climbing partners of similar experience.

Climbfind offers a special service for climbing centers to enhance their own websites with real time posts of their customers looking for partners. Best of all climbing gyms can set up this partner matching facility at no setup or implementation cost. Climbfind's "Partner Page" is running live on the Planet Granite and Touchstone franchises in California, Earth Treks in Maryland, as well as many other centers across the USA, Canada, UK and Australia.

For information and help getting Climbfind working for your climbing gym members, contact Jonathon Kresner at contact@climbfind.com or at www.climbfind.com.

About the Climbing Wall Association, Inc. (CWA). The CWA is a 501(c)(06), non-profit, trade association incorporated in May of 2003 for manufacturers of climbing wall equipment, builders of climbing walls, operators of climbing walls, and others involved in the climbing industry.

The CWA is the only trade association addressing the needs and interests of the climbing wall industry and climbing wall operators. The mission of the Climbing Wall Association is to support the growth, health and independence of the climbing wall industry, and to promote the sport of climbing.