



Diligentiam
diligence as a strategy

Research & Development

A Tax Credit Case Study

Scope of the Project

New Hampshire Fabricators, Inc. is one of only a few providers of fiberglass products for the pulp and paper industry. In the pulping and bleaching process, many paper companies have been using metal-based products to handle wood while it passes through a multi-step process involving chemical and semi-chemical treatment of the wood. Due to the chemicals and the amount of water used in the process, the metal components are subject to extensive corrosion, leading to serious environmental concerns. Because of the extensive cost associated with the maintenance of the metal flumes, the paper and pulp industry has been installing fiberglass solutions to replace the traditional metal-base solutions.

R&D RESEARCH ANALYSIS

New Hampshire Fabricators Inc. has two full-time engineers that spend 100% of their time performing R & D functions. The purchasing agent spends 70% of his time researching materials and components needed in the product development and the value-engineering phases. The owner spends 40% of his time providing additional engineering support and 15% of his time conducting engineering meetings. It is important to note that all solutions provided to clients are unique and require testing before implementation. New Hampshire Fabricators Inc. does not have off-the-shelf products.



Engineering is Key to New Hampshire Fabricators' Uniqueness

Initial Project Engineering

- Sales engineering communications with client
- Multiple revisions of initial designs, which include unique design features

Pre-PO Acceptance Activities

- Installation of initial calculations into software systems.
- Evaluation of initial results and potential consequences related to the ordering of materials.

Reconfirm Final Mock-up with Client and Review PO Quantities

- Enter needed materials into manufacturing system.
- Research Bill of Materials and negotiate final quantities.

Qualified R&D Activities

- Perform preliminary research and engineering to meet the RFQ specifications.
- Hold internal engineering meetings to consider alternative solutions that the competition cannot provide.
- Research ways to drive cost out of the project.
- Develop a design that meets original specifications of the RFQ.
- Develop an alternative design that can be done at a lower cost and provide more functionality.
- Perform value-engineering and experimentation.
- Prototypes are produced and submitted for approval by client engineering team.
- Make final calculations and drawing's.



R&D Tax Benefit

Tax Year 2010 Federal:	\$48,470
State	\$88,137
Tax Year 2009 Federal:	\$44,135
State	\$80,809
Tax Year 2008 Federal:	\$40,567
State	\$74,781
Tax Year 2007 Federal :	\$39,342
State	\$72,702

Total Federal Credits to 2010: \$172,514

Total State Credits to 2010: \$316,429

Remaining years eligible for R&D:

16 years



Diligentiam

It takes diligence to make a business succeed. Every day, you work hard to provide your clients with the highest quality of service. You consistently provide sound results based on an infrastructure of research and analysis. You are diligent.

Diligentiam is your partner in business success. As a premier provider of business services, we go above and beyond due diligence to ensure that all your business decisions are thoroughly researched and analyzed. Our diverse services will ensure that you have the information necessary to get results consistently.

Whether we are conducting due diligence studies, reviewing financial reports to make tax recommendations, or incorporating new technologies to maximize your company procedures, we complete our tasks quickly and efficiently. Our services are designed to operate with minimal disruption to your normal business routines. We work with you, as partners, to ensure you have every available tool to succeed.



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