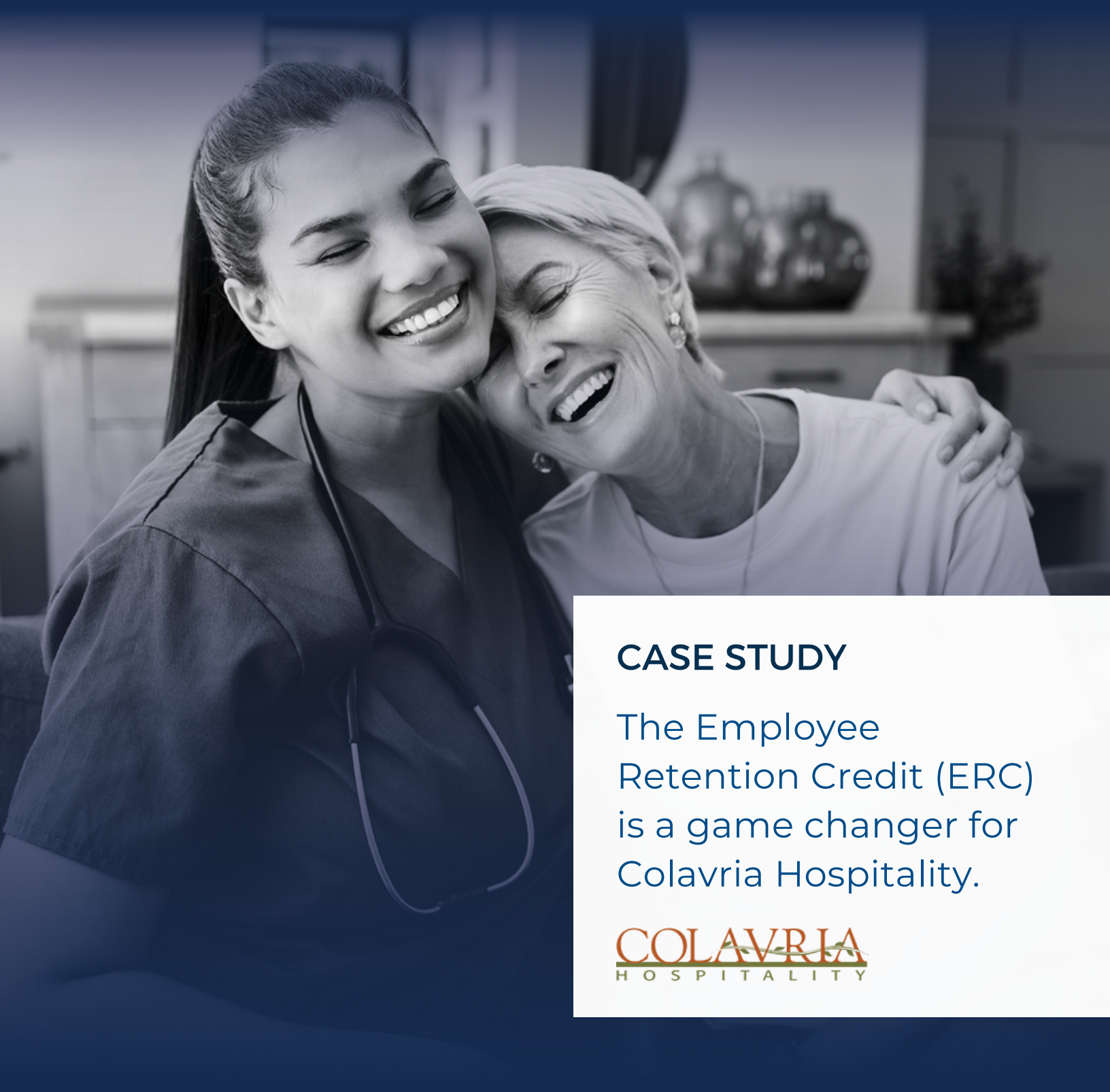




HIRING INCENTIVES, INC.

Expertise in both employer tax credits & the nursing home industry yields massive ERC refund for one long-term care company.



CASE STUDY

The Employee Retention Credit (ERC) is a game changer for Colavria Hospitality.

COLAVRIA
HOSPITALITY

Situation

Colavria Hospitality, headquartered in Denver, Colorado, is a prominent long-term care organization specializing in management and consulting services for skilled nursing, rehabilitation, assisted living, and independent living communities. Their comprehensive services play a pivotal role in supporting operational and clinical excellence, earning them recognition as industry frontrunners for their innovative resident-centered care delivery systems.

The long-term care sector faced significant disruption due to the COVID-19 pandemic, impacting companies like Colavria, which manage and support these facilities. Many businesses in this sector encountered substantial losses during the pandemic, with lingering repercussions. Post-pandemic, Colavria, like others, grappled with new challenges, including increased labor costs and operational expenses.

Surprisingly, despite these challenges, many nursing home companies have not explored the Employee Retention Credit (ERC) program as a potential solution to mitigate the ongoing effects of the pandemic on their operations.



At A Glance

HQ Location

Denver, CO

Industry

Long-term Care

About

A high-level service company managing, supporting operations, and clinical services in the nursing home industry and poised for growth.

Number of Facilities

5

Number of Beds

451

Number of Employees

650+

Noteworthy Results

Expecting **\$6.8 Million** in
ERC Refund Credits



The Challenge

The Employee Retention Credit (ERC) is a COVID-relief tax credit, established under the CARES Act, aimed to ease pandemic-related financial strains.

Challenges Faced by Essential Businesses

- **Evolving Eligibility:** The ERC underwent significant changes during the pandemic, causing confusion. Initially, several companies didn't qualify based on early guidelines but became eligible as the pandemic unfolded.
- **Shifting Qualifications:** Qualifying factors for the ERC changed between 2020 and 2021, further complicating matters. Vague language and shifting criteria increased uncertainty.
- **IRS Audit Concerns:** Fears of IRS audits discouraged some companies from exploring the ERC due to its complexity. Navigating eligibility independently or with third-party help presented challenges.

Colavria Hospitality's Experience

- **Initial Hesitation:** Colavria Hospitality, a prominent long-term care company, had contemplated leveraging the ERC but was initially hesitant to file. They recognized the need for assistance in evaluating their eligibility.
- **Complexity Concerns:** The complexity of the ERC criteria, coupled with apprehensions regarding IRS audits, made them wary of pursuing the credit independently or through third-party firms. They were concerned about potential eligibility issues in the future.

"We had contemplated this even before receiving an offer. I had a sense that we would consistently require assistance with the evaluation. The Employee Retention Credit (ERC) resides within a specialized domain. It's not merely about taxes; it represents an entirely new realm of regulations and criteria. We initially believed we might not meet the eligibility requirements."

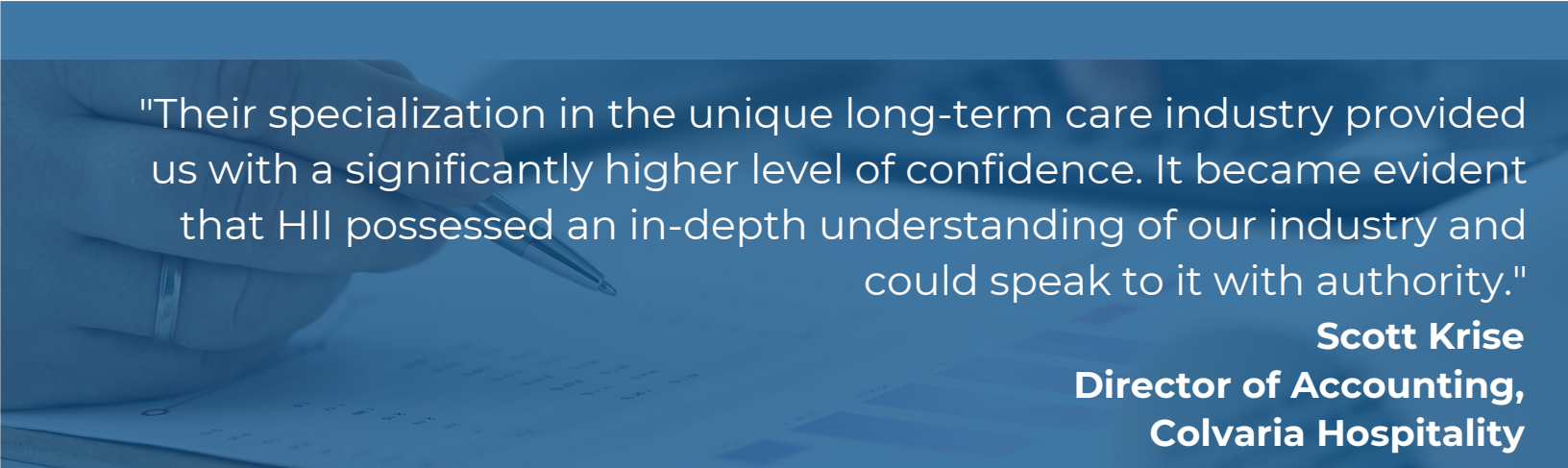
Scott Krise
Director of Accounting,
Colvaria Hospitality



The Solution

Although initially hesitant to pursue any ERC credits, Colavria ultimately chose to harness professional expertise to navigate the intricate process.

- **Strategic Partnership:** Colavria Hospitality formed a strategic alliance with seasoned experts specializing in disaster relief tax credits, including the ERC. HII, in particular, brought decades of experience in various employer tax credits such as WOTC, Empowerment Zone Credits, Indian Employment Credit, and prior disaster relief credits linked to events like Hurricane Katrina. Significantly, HII's extensive client portfolio predominantly comprised nursing home sector entities, aligning perfectly with Colavria's industry focus when assessing ERC eligibility. This specialized approach led Colavria to collaborate with HII for their ERC evaluation.
- **Comprehensive Assessment:** HII collaborated with Colavria to meticulously compile the required data essential for evaluating ERC eligibility. Scott, Colavria's Director of Accounting, emphasized the clarity of HII's data requirements, underscoring the pivotal role of accurate data collection in both qualifying for the credit and providing the necessary supporting documentation.
- **Enhanced Assurance:** Colavria Hospitality's collaboration with seasoned professionals instilled a sense of assurance. They were confident in their ERC compliance and well-prepared for potential IRS audits.
- **Successful Outcomes:** This strategic partnership empowered Colavria Hospitality to successfully secure the ERC. Their proactive approach not only helped mitigate the financial challenges posed by the pandemic but also underscored the advantages of seeking expert guidance in ERC-related matters.



"Their specialization in the unique long-term care industry provided us with a significantly higher level of confidence. It became evident that HII possessed an in-depth understanding of our industry and could speak to it with authority."

Scott Krise
Director of Accounting,
Colvaria Hospitality



Results

After careful review of eligibility data for the years 2020 and 2021, HII facilitated Colavria's retroactive filing for the Employee Retention Tax Credit (ERC).

- **2020 and 2021 Eligibility:** In 2020, Colavria, categorized as a major employer, met the criteria for the ERC based on a reduction in gross receipts. In 2021, they qualified for the ERC due to a partial shutdown, anticipating significant refunds of \$238,000 for 2020 and an impressive \$6,000,000 for 2021.
- **Aiding in Audit Preparedness:** In July of 2023, Colavria underwent a thorough audit for their amended ERC return for 2020. During this rigorous process, HII played a pivotal role by offering personalized one-on-one support and utilizing HII's comprehensive audit narrative package. This meticulously crafted package detailed justifications for the ERC claims and included all essential documentation. As expected, the audit yielded no adjustments, underscoring the effectiveness of HII's assistance and Colavria's thorough approach.


Expected
Refund

2020:

\$238K

2021:

\$6.6 MILLION

Overall Expected Return:

\$6.8 MILLION



"The anticipated refund of \$6.8 million in ERC credits is a substantial windfall that promises to significantly influence Colavria Hospitality. This sizable credit will be strategically allocated across essential areas, providing relief from mounting operational costs, surging wage expenditures, and pandemic-induced losses. Moreover, it reinforces our competitive standing within the market"

Scott Krise
Director of Accounting,
Colvaria Hospitality



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A UC Alternative Company

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