

(F1C)



Grace & Wild technicians prepare to film the company's bread and butter: a car commercial.

Turning cars into stars

Grace & Wild stages Detroit's best models

By R.J. King
special writer

Farmington Hills is better known for housing than Hollywood. But Farmington Hills has one thing few cities in the Midwest has — Grace & Wild Studios, which many in the production business consider one of the top video production facilities for transforming cars into stars.

"It is one of the premiere studios in the Midwest, and one of the few places specifically set up to do car settings," said Paul Sparks, a producer with Edward Ditterline Entertainment, which has offices in Hollywood and New York.

James B. Jurson, executive producer for Southfield-based Image Zone Inc. agreed. "Anybody can purchase equipment, but with great studios, it comes down to people and ability, and Grace & Wild has both."

By all accounts, Grace & Wild has one of the largest studios in the Midwest. But what attracts clients to the two studios here, which are almost always bustling with personnel sporting short-sleeved, Hawaiian shirts, is an exacting attention to labor-saving devices designed to minimize time and money.

In the facility's new sound stage, for instance, a vehicle prep area allows workers to clean and wax cars without a worry to weather. Once polished, the cars are pushed into the studio and set in place. Then lighting and camera crews adjust reflection boards (bounce tabs and flying flats, as they are known in the business) to enhance and give cars shape.

THE NEW SOUND stage also has a men's and women's dressing rooms, a two-story viewing room, control and tape rooms, a camera pit area and more than 15,000 square feet of space. Dick Clark, Chuck Yeager, the Coasters and Frankie Valli and the Four Seasons have filmed here.

"We can do a lot of different things, but the whole idea of building a new sound stage to complement our other studio was to shorten the set-up and tear-down time for clients, and allow them to optimize their shoot time," said Keith Neff, Grace & Wild's vice president and general manager. The sound stage was completed in April 1986.

"Viewing a commercial on television may take 30 to 60 seconds, but a tremendous amount of prep time goes into the shoot, which often takes hours and days to bring together. We couldn't necessarily limit a producer's creativity, but we could limit the amount of time a crew needs to prepare a shoot."

To make shooting as efficient as possible, Neff said the new stage was equipped with a computer controlled, pre-wired dimming system to "save people from wiring the world for every shoot." The stage also has catwalk access for any additional lighting and a 240-foot prehung drape — black on one side, white on the other — so lighting can be subdued or illuminated on command.

THE REASONING behind expanding into the automotive advertising field, Neff said, was a growing trend of consolidation by the automakers. A new sound stage, it was reasoned, designed with the automotive client in mind, would attract advertising agencies and independent producers who found their work loads increased as automakers strove to cut in-house budgets.

But coupled with additional work came the news of lower sales commissions for advertising agencies which served to put a premium on savings. Any time saved in renting studios, which at Grace & Wild costs \$1,800 a day for the sound stage and \$600 for the smaller studio, brought a larger profit margin.

When Grace & Wild bought the facility from CBS/Fox Video in November 1984 with just one studio, so

small it could accommodate two cars at best, and offered four walls, limited overhead lighting and virtually no amenities, the company was already thinking of expansion.

But for a new studio designed almost exclusively to accommodate automotive-related clients, the question becomes: Is the concentration too much?

"There is definitely a seasonal business because the automotive clients are here in spring and summer shooting for model introductions in the fall," said Mary Benjamine, director of marketing. "But retail and commercial clients, who may not require all the amenities of our automotive clients, are finding the studios adaptable to their needs as well."

GRACE & WILD also has three editing suites, where producers can combine graphics, film and sound in one location. CBS/Fox Video, whose offices in Livonia, also uses the edit suites to transform films into a video format.

Once duplicated, many of the videos wind up in video stores for rental or purchase. Recent transfers include "Diehard," "Big," "Star Wars" and "The Empire Strikes Back."

And if clients can't find what they need here, chances are it will be available from the nine other independent companies situated within Grace & Wild's location at the Studio Center, which offers to producers what malls offer to Christmas shoppers — one-stop shopping. Adjacent companies offer such services as equipment rental, film editorial and audio sweetening.

While Grace & Wild declined to give sales figures, Steve Wild, company president, said revenues had increased 10 to 20 percent in each of the last four years. He predicted 1989 would see the same kind of increase.

Wild also declined to reveal the cost of the new sound stage, saying only that it was built for several million dollars.

Future Projects include exploring the increased use of high-definition television, which offers a much sharper picture than what is available on today's screens.

"Obviously, the communications industry is very strong, and we are planning to be very competitive in the future," Wild said.

Home: business or pleasure?

The old saying that "time is money" is as true with vacation homes as it is with any other business. Extending or reducing the number of days spent at a vacation home can mean a savings — or loss — of thousands of tax dollars for a property owner.

If a vacation home is rented a portion of the year and used for pleasure for another portion, calculating the amount of allowable deductions can be a major task.

Both the Michigan Association of Certified Public Accountants and the firm of Coopers & Lybrand advise people with rental vacation homes to determine whether that home qualifies as a second home or as a rental property.

COOPERS & Lybrand said that there are three alternative sets of rules for determining exactly what a vacation home is and the determinant of definition generally is based on time.

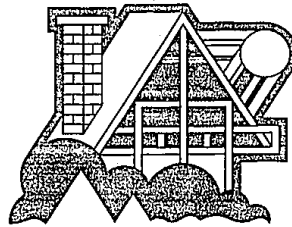
- Primarily personal use with minimal rental. If a vacation home is rented less than 15 days during the year, the rental use is effectively ignored. There is no tax on the rental income and no rental expenses may be deducted. Itemized personal deductions (mortgage interest, real estate taxes and casualty losses) may be taken as they could be taken if there were no rental at all.

- Significant personal use and significant rental use. If personal use of a home is more than the greater of 14 days or 10 percent of the number of days it is actually rented for the year, the home is considered a residence rather than a rental property. In this situation, the rental cannot show a loss for tax purposes, and deductions have to be taken in a certain order. First, interest and taxes (the part allocable to the rental period). Then, out-of-pocket operating expenses such as repairs and utilities and, finally, depreciation.

- Primarily rental with minimal personal use. If personal use is not more than the greater of 14 days or 10 percent of the number of days the property actually is rented during the year, the home is considered rental property and not a residence, and the vacation home rules do not apply. All expenses allocable to the rental period are deductible, even if they exceed rental income and produce a loss. A loss would be subject to the passive activity rules.

The Farmington Hills-based Michigan Association of CPAs explained that the passive activity rules mandate that a loss can be deducted only from "passive income." But if the vacation home owner actively participated in renting that property and the individual's adjusted gross income (AGI) is \$150,000 or less, rental losses of up to \$25,000 can be deducted from income. If the AGI is more than \$100,000, the \$25,000 active rental loss allowance is reduced by 50 cents for every dollar of income above \$100,000. Once the AGI exceeds \$150,000, the allowance is phased out.

DETERMINING WHAT is personal use and rental use is another area of contention. Cottage owners



should be aware of the gray areas that constitute personal or business use, especially if the average person could argue a use either way.

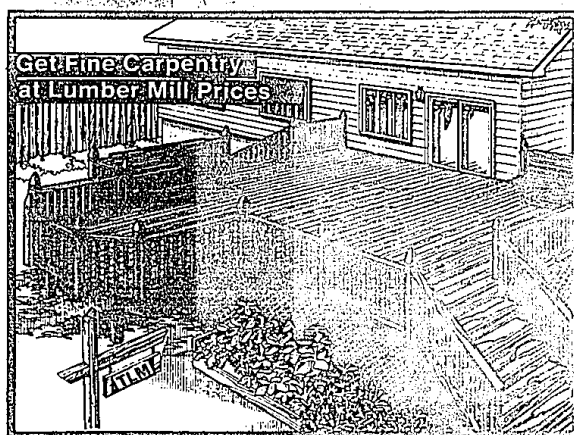
Under the vacation home rules, a day of personal use is used, for any part of a day, by any owner or part owner of the property; any member of the family or an owner or part owner, even if the family member pays fair market rent; any individual who pays less than fair market rent for the use; and, any individual who uses the property under a barter or exchange arrangement that allows the owner to use another property, even if the owner pays fair rent for the use of the other property.

Days spent cleaning or repairing the home for rental are not counted as personal use days, but owners should maintain meticulous records because the IRS may question this. And, if the owner continues to use the home while renting it to a family member at a fair market rental, the owner's use still is considered personal use.

Once the number of personal and rental days are determined, add them together to find the amount of total use. To calculate the percentage of deductible operating expenses (such as maintenance, utilities and depreciation), multiply all expenses by the number of rental days, then divide that sum by the total use figure. The result is the tax deductible amount — subject to the passive loss rules.

For example, noted the Michigan Association of CPAs, if your operating expenses were \$5,000 and you rented your property for 90 days and the total-use figure came to 100, your deductible amount would be \$4,500 (\$5,000 times 90, divided by 100). The association pointed out that, in some cases, a vacation home owner may benefit more by extending the personal use so the owner can claim the deductions allowed to a second home as opposed to those for a rental.

Both the CPA association and Coopers & Lybrand remind vacation homeowners that the various passive-income provisions are extremely complex and can have different impacts depending on personal circumstances.



Deck Your Halls with the Finest California Redwood

The Lumber Mill's high volume makes it possible for you to enjoy the extra quality and permanent good looks of Architectural Grade California Redwood for little more than the price of Volcanized. We use our own highly professional crews and the finest quality materials to assure your satisfaction. Don't settle for less.

DECKS • SPAS
RAILINGS
GAZEBOES
ENCLOSED ROOMS
FLOWER BOXES

FREE ESTIMATE — FREE DESIGNS

OVER 38 YEARS EXPERIENCE BUILDING
DORMERS, ROOM ADDITIONS, SIDING & WINDOWS

0 DOWN FINANCING
AVAILABLE

CALL TOLL FREE
1-800-446-MILL

ROCHESTER

656-7722

LIVONIA

422-1370

DOWNRIVER

383-5000

WATERFORD

681-1811

ANN ARBOR

662-8800

