



clientTALK

Winter 2008



*KRD Partners
Back row,
L-R: Chris
Cameron, Jon
Segal, and Allen
Kutchins. Front
row, L-R: David
Diamond and
Bruce Robbins.*

WELCOME to the Winter issue of *clientTALK*. As this publication goes to press, we are in the middle of our 2007 tax season. While our goal all year long is to assist you with your tax, business or financial problems, tax season presents its own challenges and opportunities. If you have not already done so, please mail or drop off your tax organizer so we can process your return. If you have not received an organizer, please call us.

In this issue, we are featuring Ask Products, a worldwide supplier of power and grounding terminations for the automotive, military, utility and telecom markets. Founded by Steve Kase, the company is once again positioned for growth after overcoming many obstacles. Read this eye-opening article.

On page two, meet our new Senior Auditor, Saul Jimenez, and our three new Accounting Interns, Riki Shah, Shijo Joseph and Jonea Davis. We welcome them to the firm.

On page three, read how the newly passed Economic Stimulus Package includes measures to bolster business investment and consumer spending. Also find out about the newest email and phone scams that use the word "rebate" to trick people into responding. Until next time,

Chris, Jon, Allen, David & Bruce

CLIENT PROFILE

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OWNER: Steve Kase
KEYS TO SUCCESS: Superior product solutions, world-class capability, competitive pricing and friendly, personalized service.



Steve Kase (left) and Al Kutchins get together with their wives and other friends for a night out.

Every day American manufacturers must compete with overseas companies who produce cheaper products. It's not a level playing field since working conditions and manufacturing processes in the United States are held to higher standards than those overseas. Steve Kase, owner of Aurora-based Ask Products, was faced with this problem in 2001 when his competitors in China and India came in with prices 30 to 60 percent below his own.

"We felt like we were being assassinated," says the 54-year-old founder of the American manufacturer of power and grounding terminations for the automotive, military, utility and telecommunications markets. Steve knew he had to come up with some effective, new strategies to deal with his foreign competitors.

"I needed someone who could help me make tough, strategic operating decisions so that we could compete in the world market and begin to grow at a faster rate. Our attorney recommended Kutchins, Robbins & Diamond, Ltd. During my initial encounter with partner Allen Kutchins, I discovered that he was a Certified Turnaround Manager as well as a Certified Public Accountant."

Steve couldn't be happier with the results.

"Allen and KRD have played a major role in the steady growth of our company," says Steve, a 1979 graduate of Harvard Business School.

One of Steve's main problems at the time he began his relationship with Allen was obtaining working capital to take his company to the next level. "I told Al that

(Continued on page 4)

New Employees in the Spotlight

Meet Saul Jimenez, Senior Auditor

Saul Jimenez joined the KRD auditing team in December 2007 to help expand the firm's presence in the Latino market. KRD has provided tax and accounting services to Latino-owned businesses for several years. Saul's experience, background and passion will enable the firm to provide these services to an even larger share of the Latino marketplace.

"Very few similar-sized, public accounting firms, with KRD's range of services, have dedicated so many diverse resources to serving this increasingly successful market," says Jimenez.

Saul spent seven years with a Big Four accounting firm, performing auditing and other work for manufacturers, real estate firms and nonprofit organizations. He earned his Bachelors of Science degree in Accounting from the College of Commerce at DePaul University, where he was a member of the Midwestern Association of Hispanic Accountants.

In his leisure, Saul and his fiancée enjoy walking with their dog along Chicago's beautiful lakefront. ☐

Meet Riki Shah, Accounting Intern

Riki Shah joined KRD in December 2007 as part of an Internship program. He is pursuing a Bachelor of Business Administration in Accounting from Loyola University in Chicago and will graduate this summer. A Chicago native, Riki says he plans to sit for the CPA exam and get his Master's degree. Riki is very interested in auditing and attestation along with Forensic Accounting techniques to detect fraud. He is a student member of the Association of Certified Fraud Examiners (ACFE) and the Illinois CPA Society (ICPAS).

In his spare time he enjoys watching and playing sports and spending time with friends and family. ☐

Meet Shijo Joseph, Accounting Intern

Shijo Joseph is looking forward to graduating this May from Loyola University with a Bachelor of Business Administration and a major in Accounting. He is a member of the South Asian Student Association and speaks fluent Malayalam. In conjunction with his formal education, he has been obtaining first hand experience in a professional environment at KRD. Once he obtains his undergraduate degree, he plans to study for his CPA certification.

Prior to joining the team at KRD, Shijo worked for four years at Washington Mutual Bank in Skokie.

When he's not working or attending classes, Shijo enjoys running, billiards, basketball and martial arts. ☐



Meet Jonea O. Davis, Accounting Intern

Jonea O. Davis says: "As soon as I learned what KRD had to offer, I knew it was the right place for me to learn and grow." Jonea began the interviewing process in December 2007 and she has enjoyed her job from the start.

"This is my first tax season internship, and I am excited to gain as much knowledge of the accounting field as possible," she says.

Jonea attends Loyola University in Chicago, and is currently working toward her Bachelor of Science degree in Accounting. A Michigan native and a Chicago resident, she has enjoyed visiting the wonderful jazz clubs in Chicago.

After work and school, you can find Jonea curled up reading a good romance novel, traveling to museums, or engaging in one of her favorite pastimes—eating! ☐

Mark Your Calendar for 2008 Events

Organization	Date	Event
La Rabida Children's Hospital	March 21	"B-Ball for a Cause—Purdue University's Calumet Fitness Center
	July 13	Women in Support of La Rabida (WIS) aboard the Mystic Blue at Navy Pier
	August 4	19th Annual Golf Classic sponsored by the Business Council of La Rabida Haborside International Golf Course
Children's Oncology Services, Inc.	Sept. 19	Annual Gala sponsored by the Friends of La Rabida—Four Seasons Hotel
	May 17	Campfire Ball
	July 5	Mid Summer Night Gala at The Abbey Resort in Lake Geneva, Wisconsin
	July 6	Children's Celebration at <i>One Step At A Time</i> Summer Camp
	September '08	Toque—An Evening with Chicago's Culinary Masters (date TBA)

Note: These are some of the charities that are supported by our firm. Please join us at one or more of these upcoming events. For specific information, please check our website (www.krdcpas.com) where you will find hyperlinks to each charity's website. For more information, feel free to contact the organization or venue directly.

Use the Latest Version of Form I-9

All U.S. employers are responsible for completion and retention of Form I-9 for each individual they hire for employment in the United States. This includes citizens and noncitizens. On the form, the employer must verify the employment eligibility and identity documents presented by the employee and record the document information on the Form I-9. The list of acceptable documents has been amended in the 2007 version. Please note the following changes to the Form I-9.

Five documents have been removed from List A of the

List of Acceptable Documents:

- Certificate of U.S. Citizenship
- Certificate of Naturalization
- Alien Registration Receipt
- Unexpired Reentry Permit
- Unexpired Refugee Travel Document

One document was added to List A of the List of Acceptable Documents:

- Unexpired Employment Authorization Document

In addition, all employment authorization documents with photos have been consolidated as one item on List A.

Do not file Form I-9 with U.S. Immigrations and Customs Enforcement or USCIS. Form I-9 must be kept by the employer either for three years after the date of hire or for one year after employment is terminated, whichever is later. You can get a copy of Form I-9 at www.uscis.gov/i-9.

Beware of New E-Mail and Phone Scams

With the passage of the Economic Stimulus Package comes an opportunity for scam artists to take advantage of taxpayers. Beware of scams involving advance payment refund checks. The goal of the scams is to trick people into revealing personal and financial information such as Social Security, bank account or credit card numbers, which can then be used to commit identify theft.



One of the most recent scams brought to the IRS attention uses the word "rebate" as part of the lure. In that scam, consumers receive a phone call from someone identifying himself as an IRS employee. The caller tells targeted victims that they are eligible for a sizable rebate for early filing of taxes. The caller then asks for bank account information for direct deposit of the rebate. If the person refuses, he is told that he cannot receive the rebate. The phone call is a scam. What is most important to remember is that the IRS does not

gather information by phone.

Still another bogus email falsely claims to come from the IRS. It tells the recipient that he is eligible for a tax refund for a specific amount and instructs the person to click on a link in the email to access a refund claim form. The forms asks for personal information that the scamsters can then use to access bank or credit card account information. Again, the IRS does not correspond by email.

Stimulus Plan Spurs Business Investment

The growth package signed into law by President Bush includes measures to bolster business investment and consumer spending. A temporary change in the tax code will allow business owners to deduct an additional 50 percent of the cost of their investment in new equipment and other fixed assets in 2008.

Businesses will also be able to deduct up to \$250,000 of the cost of new assets, double the \$125,000 dollar limit in effect for 2007. Section 179 is a tax provision that gives business owners the option of either deducting the cost of new assets right away, or spreading out the cost over time using depreciation methods. Both the bonus depreciation and the higher Section 179 limits encourage businesses to purchase computers, furniture, machinery and other assets.

The plan includes tax rebates for 137 million people. A rebate of up to \$600 will go to single filers, making less than \$75,000. Couples making less than \$150,000 will receive rebates of up to \$1,200. In addition, parents receive a \$300 rebate per child. The IRS will use information on the 2007 tax return filed by a taxpayer to determine eligibility and calculate the amount of the stimulus payments.

UI Claims and Payroll Tax Savings

Keeping the number of unemployment insurance claims filed by former employees to a minimum can provide a significant payroll tax savings. So how do you achieve and maintain a favorable experience rating? One key is to hire only those employees whom you really need and who are qualified for the job. Also, monitor all unemployment claims made against your account and be prepared to contest any claims you believe to be improper. The more employees who collect benefits, the higher your tax rate. The fewer claims paid, the lower your tax rate. As of January 1, the unemployment tax rates range from a low of 0.8% to 7.2%, depending upon your experience rating. Most employers who became liable for the payment of contributions on or after January 1, 2006, will pay at the entry rate of 3.4%. The 2008 taxable wage base is \$12,000. Former employees who are fired for misconduct or quit for personal reasons are not eligible for unemployment benefits.

ASK (Cont. from page 1)

our bank suggested we pay down our existing loan before taking on any new financing. He said, 'You're not with the right bank.' That was a revolutionary thing to hear. Sure enough, within four months, we found a bank that was interested in helping us grow our business. That was four years ago. In 2007, we did over \$6 million in sales and for fiscal 2008, we are projecting sales of \$8 million."

But there was still more to do.

Steve continues: "Al suggested we give more thought to our brand image and product awareness so customers could more easily identify us as an international supplier of connectors.

"For us, this was uncharted territory, which could carry a significant price tag. Al was very helpful—he sat in on all the strategic marketing meetings and helped me understand what my return on such an investment might be."

A marketing consultant was then retained to redesign the company's website and graphics.

As part of the website project, the company invested in search engine optimization, which resulted in an additional 1,600 hits per month.

The next step in growing the business

involved hiring fourteen additional manufacturer's reps to go out on the street and tell the company's story.

Still one last problem needed to be addressed—the issue of space.

"A few years ago, Al gently and persistently began suggesting that we expand our manufacturing facility," notes Steve. "We found a 28,000-square-foot building, with equal open land to build on, just 500 yards south of our current location."

Attracting New Business

In October 2007, Ask Products landed close to \$1.2 million in new business by earning a customer's confidence and meeting two conditions: upgrade the facilities and improve the engineering capabilities. The company was ready to meet both requirements.

"We moved into our new facility in December and proved out the products," says Steve. "On the basis of that customer's dealings with us, we received another \$800,000 of new business."

To improve its engineering capability, an automated statistical process control (SPC) software system was installed.

"We were able to demonstrate the most professional first article with all attendant quality documentation. Our

SPC presentation was deemed to be far superior to the manufacturers in China and India.

"Al has been absolutely essential to all the changes we've made," emphasizes Steve. "When confronted with equally reasonable alternative paths, he helps me choose the right path, saving me precious time and money."

Growth on the Horizon

Steve's short-term goal a year ago was to reach \$10 million in sales. His other goal was to be recognized as a major force in the utilities industry for electrical connections. "We're well on our way to meeting those goals—we foresee lots of growth on the horizon."

While Steve appreciates the accounting and tax services KRD provides, he says: "Most important of all is the strategic management guidance Al gives me. I took another one of his suggestions and joined the Tooling and Manufacturing Association in Park Ridge and am pleased to announce that I have been invited to serve on the group's board of directors."

Occasionally Steve asks his father for business advice.

"Ask Al," his father usually replies. "He hasn't been wrong yet!" ☐

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