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client TALK

SPRING 2011

PROFILE: URBAN STUDENTS EMPOWERED



US EMPOWERED

Urban Students Empowered

A college education is the most widely recognized key to long-term personal success, in terms of both earning potential and building a productive life. Unfortunately, students from low-income communities are seven times less likely to graduate from college than their high-income peers.

The plight of low-income students presents itself most starkly in large urban school districts, like Chicago's, where only 18 percent of incoming high school freshmen end up enrolling in four-year universities and only 7 percent earn college degrees by age 25.

Developing an effective model to address that situation is the primary focus of **Urban Students Empowered (US Empowered)**, a non-profit foundation based in Chicago and established in 2003 by Matt King, a Chicago public high school teacher tired of watching his students fall short of college. Together with co-founders Eddie Lou and Dawn Pankonien, King spent three years developing an effective program model, then retained Jeff Nelson to head up the effort to bring the program to teachers and students throughout Chicago and across the country starting in 2007.

The results have been impressive, to say the least. Of those students who have participated in the program to date, 98 percent have been admitted to a four-year college, and 83 percent of those have graduated or continue to pursue their college education.



Jeff Nelson heads up the Urban Students Empowered program in the Chicago area and across the country.

US Empowered starts its program in each school by recruiting an outstanding teacher and then letting that teacher recruit 30 students every year. Those students, referred to as Fellows, are selected during their sophomore year and enter the three-year program as juniors, completing it after their freshman year in college.

From that point forward, the program is implemented via a three-step process.

1. In high school, one teacher works with 30 students for 40 minutes during every academic day. Students get training on how to succeed academically, are prepared for the ACT and SAT college entrance exams and receive counseling on how each of them can find the right college.
2. US Empowered Fellows also attend eight one-day conferences, usually held on a college campus during their junior and senior years. Each conference has a special focus, and topics include the college admission process, obtaining financial aid and understanding the college environment. The conferences also allow Fellows to exchange information and tips about how to succeed and how to get the most out of the program.
3. During freshman year in college the students remain connected to the teacher who led their program in high school and to other Fellows in their group through a weekly 2-hour online workshop that offers continuing support and counseling.

“Our primary role as an organization is to identify and train the teachers who will lead the program and provide the resources and financial support needed to make it successful,” said Nelson.

“We train teachers to teach the program’s curriculum and manage the recruitment and selection process. Each teacher has final say as to which students are enrolled in the program, but the teachers work with others at the school in making those choices. All sophomores at the school are given the opportunity to apply.”

The program has grown dramatically from its early years. From 2003 through 2006 it involved just one school, one teacher and 7 students. Today, there are 550 Fellows at 15 Chicago public high schools, led by 44 teachers, as well as a full-time staff of seven at the US Empowered office in downtown Chicago.

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PROFILE: US EMPOWERED

“US Empowered took what was a unique approach in creating a teacher-led model, and now that model is being imitated by others,” noted Nelson. “We feel that approach is the best way to achieve systematic change. We currently are in the process of writing our next five year plan and want to enter three to five new markets by 2017.”

Kutchins, Robbins and Diamond, Ltd., has been actively involved with US Empowered since its earliest days when Eddie Lou, the program’s co-founder, asked KRD to lend a hand. Since then, KRD has provided a great deal of support, according to Nelson.

“I can’t overstate the positive impact that KRD has had on our organization since its inception. They manage our audit but do so much more, especially in the area of financial advisory services. KRD helped us create our financial systems and design our retirement plan. They have provided staff members with individualized investment counseling. Al Kutchins helped our pilot program get off the ground, and since then KRD also has been a generous financial supporter. Along with Al Kutchins, Jean Signorelli and Scott Coleman of KRD have been extremely helpful.” ■

For more information about the program, visit www.usempowered.org.

KRD Welcomes a New Partner, Gene Barinholtz, and His Team



Gene Barinholtz

Gene Barinholtz, formerly part of Barinholtz & Horwitz, has merged his team and their practice into Kutchins, Robbins & Diamond, Ltd. The merger makes KRD one of the top 35 CPA firms in the Chicago area and enhances the capabilities KRD offers its clients, providing an even deeper well of specialized experience to go along with the personalized service each client deserves.

“This seemed like a logical step forward given the fact that we have been collaborating with Barinholtz & Horwitz

for the last five years in providing services to a number of their clients,” said KRD Partner Al Kutchins. “We had developed an excellent working relationship with them, and I’m confident that KRD offers an additional level of resources and professional expertise that will allow Gene Barinholtz and his outstanding team to serve their clients more effectively than ever.”

Barinholtz, 51, is now the partner in charge of KRD’s Business Services unit, which offers a full range of accounting services to companies that prefer to outsource some or all of their day-to-day accounting and bookkeeping operations. He is a resident of Algonquin, Ill., and a graduate of Northern Illinois University and was a founding partner of Barinholtz & Horwitz in 1987.

Barinholtz said he views becoming part of KRD as “an opportunity to get out from behind a desk much more often, use my talents more fully and serve my clients even more effectively.” Clients will continue to benefit from their relationships, now with a greater pool of expertise to help solve accounting issues and fully capitalize on business opportunities.

Making the move to KRD along with Barinholtz are:

- Lauren Clawson, CPA and tax specialist, who worked at Barinholtz & Horwitz for 15 years and is a resident of southern Wisconsin.
- Arlene Meyers, who served as practice manager at Barinholtz & Horwitz for 15 years and lives in Streamwood, Ill.
- Lori Wuchevich, a staff accountant for 10 years at Barinholtz & Horwitz and is also a resident of Streamwood.

Adding these four new staff members brings the total number of professionals at KRD to 48.

Barinholtz and his team joined KRD in early December.

“Once we agreed to bring Gene and his team aboard, we wanted to get as much done internally as we could because it was so close to the start of the tax season,” explained Kutchins. “Fortunately, we had done another merger of this type a few years ago, so we understood the process and have been able to move ahead smoothly. Growth is always a challenge, but it is an essential part of a successful firm. We’ve been fortunate enough to achieve a steady annual growth rate of 10 to 12 percent for a number of years now and look forward to continuing at that pace for some time to come.” ■

KRD PROMOTES THREE



At KRD we strongly believe in rewarding hard work and celebrating accomplishments. We congratulate Judy Kearney, Tom Duffy, and Riki Shah on their recent promotions in the Tax Department.

Judy Kearney, who joined KRD in 2006, has been promoted to Principal, the firm’s first woman to be honored with this promotion! Judy received her CPA credentials in 1998, scoring in the top 3% nationally. In 2009, she obtained her Master of Taxation degree. Judy’s responsibilities include managing the KRD Tax Department and supervising the intern program. She also provides special expertise in negotiating tax resolutions with the Internal Revenue Service.

Tom Duffy, a member of KRD since 2008, was recently named Supervisor of the Tax Department. A CPA since 2007, he has quickly become KRD’s “go-to-man” on anything pertaining to tax. His area of expertise is tax planning and compliance, especially regarding international operations.

Riki Shah was recently promoted to Senior Accountant. He joined KRD as an intern in 2007 and continues to prove himself with his incredible work ethic, currently heading our intern program. Riki is also exceptionally knowledgeable in technology and has become a vital part of the KRD tech team.



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Check New Rules for 2011 Tax Planning Opportunities

Sunset was postponed last December, at least in the world of taxes. Many existing laws due to expire or “sunset” at the end of 2010 were extended through 2012. At the same time, new rules that can impact your tax planning took effect. With so many changes, you’ll want to make sure you understand the possibilities available to you as you undertake your tax planning for 2011. Here are some suggestions.

Business tax planning

There’s a new twist on an existing option for accelerated write-off of assets that you purchase from September 9, 2010, through December 31, 2011. Under expanded “bonus” depreciation rules, you can choose to expense the entire cost of new equipment, such as machinery, some vehicles, and computers.

Although this sounds similar to Section 179, which also allows immediate expensing of assets you’d otherwise have to write off over several years, there are differences between the two methods. For instance, the amount you can expense under Section 179 may be limited by your income. In contrast, bonus depreciation can create an operating loss that you may be able to carry back to prior years to generate a refund. Also, bonus depreciation is available only for new assets, while Section 179 expensing applies to both new and used assets.

And what about the rules for Section 179? The expensing limit was increased to \$500,000. Your deduction begins to shrink if you buy more than \$2 million of assets.

Another depreciation break was also extended: the 15-year life for certain leasehold and retail improvements and restaurant build-

ings and improvements. These assets will no longer qualify for 15-year depreciation after 2011.

Check out this tax break if your business has fewer than 25 full-time employees: You might qualify for a tax credit of up to 35% of employer-paid health care costs.

Investment planning

Capital gain rates will remain at a maximum of 15% (and a minimum of 0%) through December 31, 2012. The rates apply to qualified dividends and long-term gains from investments you sell. That makes 2011 a good time to implement strategies for potential tax savings.

One example: You may be able to manage your income to stay within the 10% or 15% income tax brackets, which would allow you to take advantage of the 0% capital gain rate.

Alternatively, you could gift appreciated stock to family members in those brackets. For 2011, the cutoff for the 15% bracket is \$69,000 of taxable income when you’re married filing jointly (\$34,500 for singles).

Also a tax-savvy way to completely eliminate your capital gains tax might be to donate appreciated stock to charity and receive a deduction equal to the security’s current market value. Special rules apply to noncash donations, so check with us before you move forward on this strategy.

IRA planning

Thanks to the extension of the “charitable IRA rollover” rule, taxpayers age 70½ and older can again use their IRA to make a donation to their favorite charity. The distribution can be used to offset some or all of your required annual minimum distribution.

Another exciting option is a Roth IRA conversion. If you procrastinated on converting your regular IRA to a Roth last year, you can still do so in 2011. Although converting your IRA generates taxable income in the year of the transfer, later withdrawals of contributions and income from the Roth are tax-free. Making this transfer while income tax rates remain low could pay off big time. And your conversion opportunities are not limited to just traditional IRAs. You can also convert your 401(k), 403(b) or 457 plan to a Roth.

Estate and gift tax planning

The new rules for estates include a maximum tax rate of 35% and a \$5 million exemption for 2011 and 2012. The exemption is the amount you can leave to heirs, tax-free, and it applies to lifetime gifts as well. Therefore, you and your spouse could gift up to \$10 million of cash, investments, or ownership in a business without incurring gift tax. That’s in addition to your annual exclusion of \$13,000 per recipient.

Estates of persons who died in 2010 have the option of applying the restored estate tax rules and receiving a step-up in basis on property passing to heirs or having no estate tax but using a carryover of the decedent’s basis in property. The December tax law contains other provisions that offer planning opportunities – almost all of which are temporary. Please give us a call for details and planning guidance. ■

April 18 is a major tax day

Monday, April 18, is a red letter day in the world of taxes. It is the deadline for filing several different tax returns and for taking certain tax-related actions. Here are the major deadlines.

- Filing 2010 income tax returns for individuals. If you cannot file your return by this deadline, be sure to file an extension request by April 18. The automatic extension (you don’t need to explain to the IRS why you need more time) gives you until October 17, 2011, to file your return. An extension does not, however, give you more time to pay taxes you still owe. To avoid penalty and interest charges, taxes must be paid by April 18.
- Filing 2010 partnership returns for calendar-year partnerships.
- Filing 2010 income tax returns for calendar-year trusts and estates.
- Filing 2010 annual gift tax returns.
- Making 2010 IRA contributions.
- Paying the first quarter installment of 2011 individual estimated tax.
- Amending 2007 individual tax returns (unless the 2007 return had a filing extension).
- Original filing of 2007 individual income tax return to claim a refund of taxes. Each year taxpayers have tax refunds due them for prior years, and unless a return is filed to claim the refund by the three-year statute of limitations, the refund becomes the property of the U.S. Treasury.



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KRD Adds Global Resources By Joining Geneva Group International

In a step geared toward meeting the increasing demand among current and prospective clients for a broad array of international capabilities, Kutchins, Robbins & Diamond, Ltd., has joined Geneva Group International (GGI), one of the world's leading organizations of independent accounting, law, audit and consulting firms.

"Our goal here is really two-fold," said Christopher Cameron, a KRD partner and the firm's principal liaison with GGI. "First, we are responding to the growing number of clients and prospective clients who do business in foreign countries and have audit and tax requirements in those locations. Second, we view GGI as an outstanding resource for our staff that will make us better able to advise our clients in connection with their existing or potential business initiatives outside the United States."

GGI, founded 16 years ago in Geneva, Switzerland, initially was established as an association for tax consultants and accountants. Later it became a multidisciplinary company that has a contractual relationship with each of its member firms. Those members have well over 450 offices located in more than 80 countries around the world. The annual fee income of GGI members is estimated at more than \$4 billion.

Independent Member of



GENEVA GROUP INTERNATIONAL

GGI member firms share a strong commitment to professional ethics, high standards of quality, genuine independence and the level of seamless communication essential to overcome language and cultural barriers.

"We evaluated GGI carefully before applying for membership, just as they evaluated us, and we were extremely pleased with what we found," said Cameron. One aspect of GGI's operations that was especially attractive to KRD was the ability of GGI member firms to deliver high-value services at moderate cost.

"GGI members excel at what they do, but because they are primarily local or regional in character, their cost structures are lower than the biggest international accounting firms, which offers better value to us and our clients," he said.

UPCOMING CHARITY EVENTS

Children's Oncology Services

Campfire Ball on Saturday, May 21

(for information on this event, please call 312-235-6836)

La Rabida Children's Hospital Fundraising Events

Lace & Pearls Lawn Fete – June 23

Cruisin' on a Sunday Afternoon – July 17

**La Rabida Business Council
22nd Annual Golf Classic – August 1**

**25th Annual Friends of La Rabida
Awards Dinner – November 18**

(for information on these fundraising events, please call 773-256-5904)

Another attractive aspect of the new relationship with GGI is the various practice groups it offers. These groups use online and phone conferences to allow professionals with similar focuses in their day-to-day business to share information and best practices. The groups range from auditing, estate planning and international taxation to mergers and acquisitions, real estate and renewable energy.

Membership in GGI is part of long-term efforts by KRD to position itself for continued growth and client satisfaction.

"The trend toward globalization of business will only accelerate in the next 20 years, and we have to provide our clients access to the expertise and services they need wherever they operate," Al Kutchins said. "Joining GGI is an important step toward making sure we can do that, but it is only one of many we will have to take." ■

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For further details on any article, please contact us.

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