

News Client

WINTER/SPRING 2015

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KRD PROFILE:

The Sale of a Successful, Second Generation Family Business



Kutchins, Robbins & Diamond played a prominent role in providing financial advice to the three owners of **Master Molded Products Corporation**, John Weinhart, Jim Weinhart, and Frances Patrasso when they decided to sell their manufacturing facility. Their father, Martin Weinhart founded the company, with one partner, in 1946 in his Lincolnwood garage, as a tooling company, building molds. In 1951 they moved to Skokie where they occupied a 20,000 square foot building. Martin's philosophy of quality products and professionalism inspired his children (the management team) and expanded the company. In 1974 they moved to Elgin where **Master Molded** currently resides in an 85,000 square foot building.

And, even after the children became the management team; and eventually Jim became president and later CEO, Martin continued to help grow the business well into the 1980's when he retired.

A family owned, technology-driven manufacturer of custom plastic injection molded parts, components and assemblies, MMPC provides behind-the-scenes custom injection molding solutions. The results of their design, engineering, tooling and manufacturing has very likely been a part of your everyday life at one time or another; from automotive components, to consumer products you use on a regular basis – plastic lids, lawn sprinklers, health and beauty dispensing closures, markers, and storage components, to name a few. They serve customers in the United States and internationally.

For the past two years KRD has been providing financial advice and tax planning; preparing quarterly closings, financial statements and tax returns for **Master Molded Products Corporation** and its owners (including their personal taxes).

"Because of our trusted relationship with KRD, we naturally reached out to them when it was the right time to sell the business," said Art Schueneman, president at **Master Molded Products**.

KRD worked closely with the owners, and Mr. Schueneman, to provide timely and pristine information for the buyers. KRD prepared all the necessary financial documentation to share with the pending buyers and their respective financial advisors, investors, bankers and accounting entity.

"Kutchins, Robbins & Diamond was absolutely wonderful in providing the financial information we needed, their response time was terrific," Mr. Schueneman proclaimed.

The sale to a venture capital company was finalized in November. Art Schueneman was promoted to CEO by the new owners and will continue to manage the business; he is excited about the opportunity to continue to strategically grow the business.

KRD will continue to retain the sellers as clients for tax planning and preparation services. ■



Kutchins, Robbins & Diamond, Ltd.

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GGi
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Record Retention Guidelines:

Should I Keep It or Can I Toss It?

With all those financial documents around cluttering up space (paper and electronic), it's tempting to clean out and toss documents and files. Our list of guidelines will explain how long you are required to retain legal and financial documents. These are general-purpose records retention guidelines. If you have unusual or extenuating circumstances in your life/business please check with your accountant or attorney before pitching any important legal, business, or financial paperwork.

As a starter, some items should never be thrown out

This is because these items would be hard to replace and you may be asked to provide them later in life. Consider storing these documents in a fire safe or safe deposit box:

- Income tax returns and payment checks
- Important correspondence
- Legal documents
- Vital records (birth / death / marriage / divorce / adoption / etc.)
- Investment trade confirmations and statements that indicate buying and selling
- Trust documents

Business records need a permanent file

Businesses are held accountable to a much stricter set of rules than individuals. To complicate matters further, many industries (healthcare, insurance, law, etc.) set their own legal standards, so be sure to ask your professional association for their policies.

For a complete list of personal and business printable document retention timeframes, please visit our website at:
www.krdcpas.com/category/tips/recordretention guideline chart

We Can Help

We welcome the opportunity to discuss how KRD can help in your tax and financial planning, please call us at 847-240-1040



Property Taxes Again

Now is the time for action to reduce your property taxes.

REASSESSMENT IS UPON US...

Outside of Cook County, real estate is reassessed once every four years. In Cook County, real estate is reassessed every three years. This year the entire City of Chicago will be reassessed. This is also the reassessment year for most of the Illinois' counties. The assessors will take another look at your properties' real estate assessment and issue new 2015 assessments.

The Cook County Assessor is beginning the 2015 reassessment process and will start issuing the new assessments in February. Other assessors will start issuing their reassessments this summer.

It is important to re-evaluate whether your property is correctly assessed every year. Even though your property is reassessed once every three or four years, you may appeal your assessment every year.

Reviewing and appealing your properties assessment and tax often requires constitutional and legal considerations as well as a review of your properties' market value. This review includes:

- Appraisal analysis (Market Value)
- Assessment equity (Comparables)
- Segregation of the real estate value from the value of the total business assets
- Nursing Homes/Hospitals/Hotels/Motels
- Regional/Community Shopping Centers, etc.
- Are the proper exemptions applied?
- Verification of property characteristics
- Classification according to property type/use (Cook County)
- Vacancy consideration

Representing a property owner is the practice of law.

The Illinois Supreme Court has deemed representing property owners before local Board of (Tax) Review, the Property Tax Appeal Board, or in the Circuit Court as the practice of law. Anyone, other than an individual property owner, is required to be represented by a licensed attorney. This includes corporations, limited liability companies, or limited partnerships. Non-attorneys are prohibited from representing property owners before these tribunals. Fortunately, most real estate tax attorneys are on a contingent fee basis charging an agreed percentage of the real estate tax savings or real estate tax refund.

Contributed by Allen A. Lefkovitz & Associates, P.C. ■

Management Ideas that Go A Long Way

Although being a good manager requires a combination of experience, education, as well as learned and practiced skills; subtle changes to how you communicate and direct your teams can make significant impacts. Here are some simple tweaks all managers can put to use for improved leadership outcomes.

1. Pay Attention to Good Employees

Don't make the common mistake of assuming you can or should spend less time with your top performers, because your under performers and problem employees demand so much more attention. Plan time in your calendar to spend as much time with the employees who consistently succeed as you do those who are failing.



2. Tweak your Hiring Processes

Inviting employees to participate in the interview process when you're hiring new employees can make major changes to the way your team performs as a unit, adapts to "new hires," and positively enhances how they feel about the importance of their contributions to the organization at large. This little bit of extra effort can reduce "buyer's remorse" in new hires, and cultivate a deeper sense of inclusion among your entire team.

3. Ask Instead of Tell

Although the occasional error in judgment can happen to the best of employees (and managers), you can unknowingly create an environment of defensiveness based on how you shape your language when addressing such issues.

Reframing statements into questions when dealing with an employee who has done wrong can turn a negative into a positive e.g. a statement like "You should not have filed that paperwork in that manner" is replaced with "What is the benefit of filing the paperwork that way?"

Business Management Daily 12-31-14 ■



Strategies to Reduce Your Additional 3.8% Medicare Tax on Unearned Income

The Medicare surtax which is part of the Affordable Care Act appears to have sustainability. Now is a good time to take steps to lower your Net Investment Income (NII) or your Modified Adjusted Gross Income (MAGI) for 2015 to minimize the impact of the Medicare surtax (3.8%).

Net Investment Income (NII) includes interest and dividends, capital gains, most royalty income, most rental property income and gains, and income gains from passive business activities. Certain other income items like taxable IRA and qualified retirement plan distributions, self-employment income and income from non-passive business activities are excluded.

This 3.8% surtax applies to the lesser of your NII or the excess MAGI over the applicable annual threshold. MAGI is your Adjusted Gross Income (AGI) with certain deductions added back. The threshold is \$200,000 for Single filers; and \$250,000 Married Filing Joint.

Medicare Surtax Example: Married Filing Joint filers have NII of \$50,000 and an MAGI of \$350,000 in 2014. The \$50,000 NII is lower than the \$100,000 excess of the MAGI threshold (\$350,000 less \$250,000 MFJ threshold); therefore the Medicare surtax is \$1,900 (3.8% of \$50,000).

NII reduction ideas:

- **Invest in tax-free municipal bonds** – the income doesn't count as NII
- **Switch from dividend-paying stocks to growth stock** – hold the stock until you're not exposed to the NII surtax
- **Use tax-deferred annuities** – to postpone or avoid exposure
- **Purchase rental real estate** – that will generate passive losses to offset passive income

Ideas to lower your MAGI:

- **Harvest capital losses from securities sales** – losses can reduce your MAGI by offsetting your capital gains plus up to \$3,000 of ordinary income.
- **Arrange an installment sale of real estate** – by spreading your gain over several years you might keep MAGI below the threshold
- **Convert traditional IRA funds to a Roth** – there is a one-time tax hit, but future tax-free payouts won't increase your MAGI (IRA distributions don't count as NII)
- **Swap property through a like-kind exchange** – no current tax liability unless you receive a "boot" in the deal.

Small Business Tax Strategies, February 2015 ■

International Corner

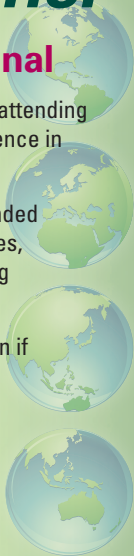
GGI | Geneva Group International

Jonathan Gozdal and Christopher Cameron will be attending the GGI International Taxation & Best Practices Conference in Las Vegas, May 15–17.

KRD's membership and involvement with GGI has expanded our relationships with accounting firms in other countries, benefitting our international clients and those evaluating international growth.

Let us know if we can be assistance to your organization if you're considering growing internationally.

This year GGI celebrates its 20th anniversary.



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Calendar of events

Instituto Del Progreso Latino

Alta Cocina: A Spring Chef's Gala

March 28, 2015

www.idpl.org

Automotive Body Parts Association (ABPA)

Annual Trade Show & Conference

April 21-24, 2015

www.autobpa.com

DePaul University Coleman

Entrepreneurship Center

Launch DePaul Awards Night / May 5, 2015

www.colemanent.org

OneGoal: College Graduation. Period

7th Annual Graduation Gala / May 5, 2015

www.onegoalgraduation.org

Geneva Group International (GGI)

International Taxation &

Best Practices Conference

May 15-17, 2015

www.ggi.com

Alexander Graham Bell Montessori School

Miracle Gala / May 17, 2015

www.miraclegala.com

Rebecca Kutchins Fund

Annual Fundraiser / June 6, 2015

www.rebeccakutchinsfund.org

EPIC Academy

Dare to Imagine Dinner / June 25, 2015

www.epicacademy.org

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accountingTODAY
BEST
 ACCOUNTING
 FIRMS 2014
 TO WORK FOR



Jon Segal, Partner, accepted the award for *Best Accounting Firms to Work For in 2014* on behalf of KRD. This prestigious award was given to only 100 CPA firms throughout the nation. KRD is proud to be recognized.

Vacation Home Quick Tax Fix

Frequently, the number of days you use your vacation home personally can have a major tax impact on your tax write-offs. **Strategy:** Convert personal use days into non-personal days. Significantly, any day you spend fixing up the place for rental use or making repairs doesn't count as a personal day if the maintenance work is your main reason for being there.

e.g. You spend a weekend in March getting the cottage in shape and a weekend in October cleaning and winterizing the place. This way you can spend extra time at your vacation home without jeopardizing a rental loss deduction. A repair day doesn't count as a personal day even if the rest of the family comes along for purely recreational reasons. ■

Join us in Congratulating



STEVEN M. GILLETTE

Steven M. Gillette
 and
 Chad A. Porter



CHAD A. PORTER

on their Promotion to Partner at KRD