



Client News

SUMMER | 2020

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- Payroll Protection Loan Forgiveness
- KRD PPP Total Tracker
- Mid-Year Tax Tips

KRD Insights:

Connecting Quality, Value & Service for Success...

Innovative Electronics Supplier on the Forefront of an Ever Evolving Industry.



It is generally recognized that the first radio transmission was made from a temporary station set up by Guglielmo Marconi in 1895. Few at the time could ever begin to imagine what would follow.

Over seventy years ago, when Joseph Electronics opened for business buying surplus electronics from the Military and re-purposing them for sale to the growing broadcast communications industry, they also could not have envisioned what was in store for their future.

Plugged in Early On

For the past seven decades, when the most recognized names in the broadcasting industry have needed customized, reliable solutions, they call on Joseph Electronics (JE). As a global distributor, designer, and manufacturer, JE supplies innovative custom fiber and copper solutions that allow viewers worldwide to watch their favorite sporting events, newscasts and other programming with reliable, high definition quality and speed.

"Think broadcast one-stop shopping, 24-hour service," comments Yohay Hahamy, Joseph Electronics CEO. "From microphone to camera to the broadcast booth and beyond, JE supplies the signal connectors needed to provide the viewing audience with the superior product they expect these days."

Along with designing customized audio/visual solutions, JE is an authorized distributor for more than 100 different product lines, with stocking locations in both Illinois and California. Joseph Electronics remained family owned until 1989. By then, the business had expanded from the service industry into the industrial electronics and broadcast markets. In 2001, Hahamy, at the time a Senior VP, and another colleague purchased the business and refocused their efforts on the exploding HDTV market.

Wired to Succeed

With an eye to the future, JE was quickly establishing themselves as a leading HDTV

solutions provider and with their reputation for unmatched customer service and expertise the sky was the limit. According to Hahamy, "JE's strongest asset has always been our people – driven, loyal, and experienced." Many of JE's employees have been with the company for decades, the result of supportive management who believe in training and promoting from within as a key to long term success. John Cleary, JE's current President is a textbook example. Cleary started at JE in 1982 on a part-time basis while attending college. After stints in sales, operations, and strategic planning, John was promoted to his current position.

"JE's success can be directly attributed to the way they care for their people," noted Cleary. "Mine is just one of many career success stories to come out of the company."

When asked what else he believes sets Joseph Electronics apart from the competition, his answer is unequivocally the individualized, person-to-person customer service they provide. Customers know they can pick up the telephone anytime and talk with someone they have worked with and trusted for years to provide the expert advice and solutions they're looking for.

Connections That Last

Hahamy has been working with KRD's Rob Eisenstadt for over 30 years and is a firm believer in the notion that you do business with people, not companies. He describes Rob, and KRD, as a fiduciaries of JE – honest, smart, and an integral part of their continued growth and success.

Cleary finds KRD's values and dedication to service an excellent fit. "One thing that has always stood out is KRD's responsiveness. Calls are answered by a live person, emails are returned promptly, and most importantly, they know what they're talking about."



Joseph Electronics has served the broadcast industry for over 65 years and has representatives in California, New York, Colorado, Georgia, and London.



KUTCHINS, ROBBINS & DIAMOND, LTD.
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Serving Clients for Over 30 Years



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Building Resilience into Your Small Business

If you currently own or manage a small business, you've probably experienced an extremely high demand of products or services or you're preparing for the worst.

In either case, your business needs a whopping dose of resilience right now. Here are four steps to safeguard your business and discover where you need to build resiliency.

1 Protect Your Employees

The most important thing to do is to protect your employees. OSHA demands that we give them a safe working environment and the definition of this just changed! If possible, have employees work from home; if not, get your workers protective gear and make sure your workplace is cleaned routinely.

There are brand new laws regarding sick leave; you will need to learn them and incorporate them into your policies.

2 Execute Your Business Continuity Plan

If you're saying, "What's a business continuity plan?" right now, you're not alone. Most small businesses don't have one. If you have any kind of disaster plan in place, brush off the cobwebs and start from it.

A business continuity plan helps you create a process that you can follow before and after your company experiences a disaster of any kind. Many businesses have plans to recover from weather-related catastrophes, fire, and theft. These plans can be adapted to our new situation.

A business continuity plan can have many parts. For our current situation, cash flow planning can be an important first step. You can use multiple scenarios, for example, pinpointing revenue levels to determine how much cash you might need for the next few months.

You may need to evaluate inventory, supply chain, project backlogs, staffing, cash, and other areas of your business to project how things will change from normal operations. You will need to protect your various business functions – HR, IT, accounting, operations, and administration – during this time.

Once you've drilled down to the tactics of how you'll move forward, you're ready for the next step.

3 Communicate to Your Stakeholders

Are you open? Closed? Changed hours of business? Changed the way you greet clients? Changed your services? Added delivery services? Customers and prospects need to know, so post a notice on your website letting them know what your business's situation is.

If you don't, you'll confuse your current customers and miss out on new business. Everyone is wondering what's open and what's not right now. And if you're open, they're wondering how you've changed your cleaning methods and other procedures to keep them safe.

You may also need to reach out to your suppliers to keep them informed of your plans.

4 Think About Recovery

What will recovery look like when it comes? The good news about our current situation is that we have more time to plan than we would if a fire or weather brought things down suddenly. We also will not have as severe of a disruption in electricity, water, or the local supply chain compared to a weather event.

What we may not have in this case is customers (or we'll have too many of them). When customers finally start coming back, what will look different in our world? Will we need to operate differently? How will our services change?

In both the continuity plan and the recovery plan, we truly need to be innovative thinkers. We may need to evolve our business model to be something else that people want once we reopen.

Your Business Continuity Plan

If you need help building your resiliency, or even just projecting your cash flow for the next few months, please reach out and let us help.

Contact Paul Wilkin at pwilkin@krdcpas.com to learn more.



Paycheck Protection Loan Forgiveness

When the CARES Act was signed into law, it created the Paycheck Protection Program (PPP), which is a new loan designed to help small businesses pay employee wages and other critical expenses. Proceeds from this loan can be forgiven if certain criteria are met.

Once the PPP proceeds are deposited to a borrower's account, the business must spend those funds within twenty-four weeks in order to be assured maximum loan forgiveness.

Loan proceeds must be used on payroll costs, mortgage interest on loans in place before February 15th, 2020, rent (lease agreement must be in force before February 15, 2020), and utilities (for which service began before February 15, 2020).

Payroll Costs Include:

- Salary, wages, commissions, or tips – max of \$100,000 per employee
- Employee benefits, including vacation, parental, family, medical, or sick leave
- State & local payroll taxes

Examples of Situations That Would Reduce Loan Forgiveness

- Loan forgiveness will be reduced if an employer decreases their number of full-time employees
- Salaries/wages must not be decreased by more than 25% for any employee earning less than \$100,000 per year
- Full-time employment and salary levels may be restored by December 31, 2020

Requesting Loan Forgiveness

Comprehensive record keeping is imperative! To request loan forgiveness, the borrower must contact the lender that is servicing the loan and submit the completed SBA Form 3508 or Form 3508EZ along with supporting documentation. The lender has 60 days to make a determination on whether or not the borrower qualifies for loan forgiveness.

Changing Rules and Lots of Gray Areas

Congress, the Treasury Department, the Small Business Administration, banks, and the IRS are all involved in this program, which has led to conflicting guidance and many unanswered questions. The penalties are stiff for impropriety or fraud.

What Happens If My Loan Is Not Forgiven?

Payments are deferred until a determination on forgiveness is reached. For any portion of the PPP loan that is not forgiven, interest is charged at a rate of 1%, and full repayment of the loan is due in 5 years.

The above is a very brief overview of a complex program. If you need help with calculations or interpretations, please contact us so we can help guide you through the process.

Have You Requested Our PPP Total Tracker?

KRD's Total Tracker spreadsheet can be used for expense and payroll tracking of PPP loan proceeds and includes all facets of the forgiveness application for the SBA.

Our Total Tracker is not 100% inclusive of all situations, but it incorporates the latest guidance through July 20, 2020 and creates the SBA Loan Forgiveness Application, including Sch A.

Contact info@krdcpas.com to request your Total Tracker spreadsheet today.



International Corner

As a member of GGI, KRD is able to assist your organization with international financial decisions and suggest international law firm recommendations.

Our firm publishes articles in GGI newsletters several times a year, which can be found on our blog or on GGI's website.





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Mid-Year Tax Tips for Your Business

Businesses all over the country have been affected by the COVID-19 pandemic. Many are facing extreme financial pressure. Fortunately, there are tax breaks that can provide businesses with much needed relief.

The Employee Retention Credit

This credit is a fully refundable tax credit for employers equal to 50% of qualified wages (including allocable qualified health plan expenses) that Eligible Employers pay their employees. This Employee Retention Credit applies to qualified wages paid after March 12, 2020, and before January 1, 2021. The maximum amount of qualified wages taken into account with respect to each employee for all calendar quarters is \$10,000, so that the maximum credit for an Eligible Employer for qualified wages paid to any employee is \$5,000.

Who is an Eligible Employer?

Eligible Employers for the purposes of the Employee Retention Credit are employers that carry on a trade or business during calendar year 2020, including tax-exempt organizations, that either:

- Fully or partially suspend operation during any calendar quarter in 2020 due to orders from an appropriate governmental authority limiting commerce, travel, or group meetings (for commercial, social, religious, or other purposes) due to COVID-19; or
- Experience a significant decline in gross receipts during the calendar quarter.

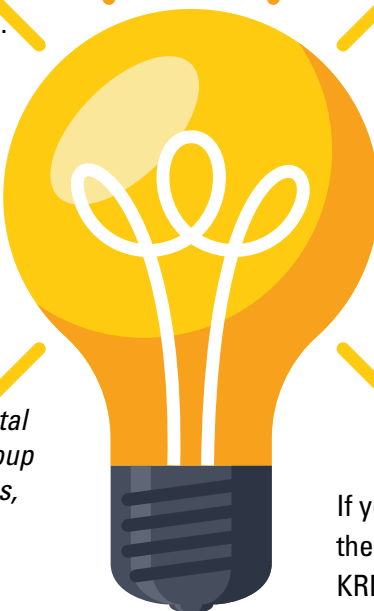
Hold Off on Payroll Taxes

Payroll taxes are typically paid on a regular schedule throughout the year. The last quarterly deposit for small businesses was July 15. But under the CARES Act, a business can defer the 6.2% Social Security tax component of federal payroll taxes for the period between March 27, 2020 and December 31, 2020. Businesses can then pay 50% of the deferred Social Security tax by December 31, 2021 and the remaining 50% Social Security tax by December 31, 2022.

Purchase Equipment

Buying work equipment during economic uncertainty sounds counterintuitive, but under Section 179 you can currently deduct up to \$1.04 million of eligible costs in 2020, with a phase-out threshold of \$2.59 million. You can also claim 100% first-year bonus depreciation for the cost of qualified property. This break covers both new and used qualified property.

If you're unsure if your business qualifies for these tax credits, contact the professionals at KRD at 847.240.1040.



We welcome the opportunity to discuss how KRD can help with your tax and financial planning, please call us at

We Can Help
847.240.1040

