



Client News

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CLIENT PROFILE:

ASK Power – Answering the Call for Success



In 1986, Steve Kase acquired a company that had been around since the end of the WWII. That company, now known as ASK Power, had its beginnings in manufacturing lighting components and connectors for military vehicles. With an eye for the future, Kase took the company in new directions and began designing and manufacturing connectors for consumer truck and off-road vehicle market applications.

What are electrical connectors? In layman's terms, connectors are used to move big power from point A to point B, from the source to the application. Examples include truck batteries to lights and wind-turbine generated power to power conversion equipment.

Connecting. Helping. Growing.

Immediately following Hurricane Katrina in 2005 things really took off for the company. Rebuilding from the disaster created a supply vs. demand situation that in turn created opportunities for ASK Power. Most importantly, it gave ASK Power the opportunity to help people get their daily lives back to normal. It also allowed for opportunities to expand into utility and telecommunication marketplaces.

"After the devastation of Hurricane Katrina, ASK Power was able to jump in and hit the ground running. Our existing product line, manufacturing know-how, and committed employees can design and begin production of an entire product line in as little as 48 hours", Kase notes.

A Connection for the Future

When inquired about the company name, Kase offers two responses: the first direct and to the point, the second more accurately reflective of the company's culture and mission.

"ASK is an acronym for my father's name, my name and our last name. But ASK stands for so much more," notes Kase. "In our industry, you don't survive just by saying you're good. You have to deliver. And that begins by asking the right questions. Asking how can we improve the process, how can we innovate, how

can we exceed expectations."

He has found an effective solution for improving processes, innovating, and exceeding expectations is to look beyond ASK Power's four walls and to a community of his peers and colleagues.

One such community is mHub, Chicago's innovation center for physical development and manufacturing. The vision behind mHub is to provide the facility as well as workforce training through special events, workshops, classes, seminars and one-on-one expert consulting.

"Being together in one space may seem simple. But, it's the unpredictable magic that occurs when a need and capability share a home," explains Kase. "mHub is that innovation experience. A belief that a community of innovators can deliver exponential entrepreneurial, product and process development, and successful employment results."

Lasting Connections

When it comes to creating lasting connections ASK Power and KRD know how to get the job done. Since the two began working together over 15 years ago the relationship has flourished, with KRD helping ASK Power in a variety of areas including; navigating an acquisition, leadership turnover and strategic growth to name a few.

"KRD has been on our side through thick and thin", commented Kase. "As a financial and strategic coach through critical growth junctions, Allen and his team have proved invaluable. Max Kopytko from KRD also stepped in and acted as our de facto CFO when a former CFO left to pursue other opportunities. He even helped us in identifying and training a qualified replacement."

As a former competitive swimmer, Kase uses a fitting analogy to describe their relationship. "KRD is like a lifeguard, looking out for our well being, ready to jump in when the waters start to get choppy."

ASK Power believes expanding the skills and roles of the front line manufacturing personnel creates valued workers who can evolve with automation and maintain quality careers.



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Complimentary Life Insurance Evaluation

We're recommending an urgent review of life insurance policies you may own. Life insurers have been stressed with declining interest rates and the ultra-low interest rate environment they've experienced for the past several years. Insurers make interest assumptions when they design their life insurance policies and those assumptions are higher than what they are currently experiencing. As a result, dividends on whole life policies are declining sharply and credited rates to universal life plans have similarly declined. That means these policies are not performing as illustrated when they were purchased and poorer performance can impact cash value growth, premium costs and may even result in a policy lapse. None of this happens overnight, of course, but people often purchase life insurance and pay little additional attention to it thereafter.

KRD uses an independent third party to examine policy performance. They can examine your annual statements and compare actual results to those anticipated when you bought your policy. Hopefully all is well but a check up on your policy can confirm that. The review is free.

A policy review is also a good occasion to examine your beneficiary designations, the ownership and titling of your policy, and even the amount of life insurance if necessary. If changes are appropriate they can easily be made. Often a review can alert you of a beneficiary you might want to change or a policy feature you may wish to talk about.

Tax Consequences for Virtual Currency

What is Cryptocurrency?

Cryptocurrency, or cyber-currency, is a form of currency that only exists digitally. It relies on encryption for the security of transactions. But, it doesn't have legal tender status in any jurisdiction.

A few cryptocurrencies, like Bitcoin, can be converted into U.S. dollars and Euros. Other types of cryptocurrency can't, meaning they're "closed" and have no connection to the real economy.

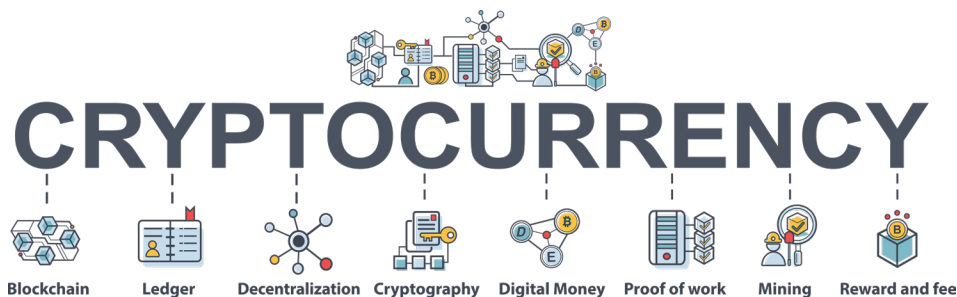
Mining Cryptocurrency

"Mining" is a term that describes how virtual currency can be acquired. Miners receive new virtual currency by using computers to solve complex, encrypted mathematical equations. The IRS says that when a taxpayer successfully "mines" virtual currency, the fair market value of the virtual currency as of the date of receipt is includable in gross income. If a client's mining activity rises to the level of a trade or business, the net income from the mining business will be treated as self-employment income and subject to self-employment tax.

Cryptocurrency Taxation

The IRS hasn't provided much guidance with regard to bitcoin taxation, but they do consider cryptocurrency to be property. This means the general principles applicable to property transactions apply to transactions using cryptocurrency.

It's important to keep detailed records of your cryptocurrency transactions. When cryptocurrency is received in exchange for products or services, or as salary, the taxation is treated as ordinary income, based on the fair market value at the time of receipt.





Squeeze the Most Out of Net Operating Losses

The new Tax Cuts and Job Act (TCJA) reduces the tax benefits of net operating losses (NOLs) claimed by businesses.

Depending on your situation, you may be able to avoid the new law crackdown, so we suggest timing your NOLs to your tax advantage.

Companies operating on a fiscal year basis may have more leeway than calendar-year entities.

Before the TCJA, you could carry back an NOL for two years and then forward up to 20 years. However, if it suited your purposes, you could elect to forgo the carryback.

The exact mechanics depended on the form of business ownership. For example, if you owned a C-corporation, the loss could only offset the company's business income. It could not be claimed on your personal return.

But owners of pass-through entities, like partnerships and S-corporations, and self-employed individuals often used an NOL to offset other income.

Under the TCJA, the two-year carryback is repealed (except for qualified farms and insurance companies.) So affecting NOLs can only be carried forward to future tax years, but they can be carried forward indefinitely.

In addition, the NOL deduction is limited to 80% of your taxable income (determined without the NOL). These changes are effective for tax years beginning after 2017.

As a result, for a fiscal year that runs from July 1, 2017, through June 30, 2018, you're not subject to the 80% limit.

If you have any questions about NOLs, contact us.

DID YOU KNOW

Our team of experienced professionals conduct audits for housing development programs. KRD keeps abreast of the updated guidelines required by the following agencies and conducts our audits, reviews and compilations accordingly.

- Illinois Housing Development Authority (IHDA),
- Wisconsin Housing and Economic Development Authority (WHEDA),
- Housing and Urban Development (HUD)
- United States Department of Agriculture Rural Development



KRD had its yearly Employee Retreat at Windy City Fieldhouse in Chicago. The team building activities we participated in were challenging and exciting!

International Corner

International

Geneva Group International (GGI)

As a member of GGI, KRD is able to assist your organization by providing international law, accounting or consultation firm recommendations.

KRD will be attending the 2018 Best Practices and Developing Leaders Conference in Quebec City, Canada where the seminar topics will include Auditing, Reporting & Compliance, and Business Opportunities amongst others.



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"New" State Sales Tax Ramifications

This summer, the U.S. Supreme Court handed down its much anticipated decision in the *South Dakota v. Wayfair* case. The issue was whether online retailers, with no property or employees in the state, have to collect sales (or use) tax for online purchases.

The Supreme Court ruled in South Dakota's favor. This means states can now adopt South Dakota economic nexus rule. This rule says, sales into a state which exceed \$100,000 or 199+ transactions will subject the seller to complying with the state's sales tax laws.

The new rules, as to when a state will start imposing these taxes, are changing daily. Many states are looking for companies to be registered and collecting tax by either October 1st or January 1st. This is a project which will need to be put on the front burner.

If you have questions about the implications of this ruling, contact us.

How to Manage Your Time Most Effectively

Every business owner can agree – they have busy schedules and only so much time in a day to get things done. Leadership styles may vary, but every business owner can benefit by considering the following time management tips:

Plan Your Week and Weekends

Create a list each morning with things you want to accomplish that day. On Fridays, write a list of things you want to accomplish that weekend. A customer relationship management (CRM) system can help keep track of calls and emails you need to send. Make sure to keep each list realistic and make room for unexpected tasks.

Block Out Time

If you have a series of tasks to complete for a particular client or project, block out time to just do that. Keep your phone muted and avoid checking emails so you can stay on task.

Plan Tasks According To When You Feel Most Productive

Some people feel productive at 5 am, others at 5 pm. If you know a certain task will require your utmost attention and brain power, choose to complete that task when you feel your best.

Know Your Strengths and Weaknesses

If analytics or working with numbers isn't your strong suit, delegate that task to others. If you focus on your strengths and use your time and energy to complete tasks that hone in on those strengths, it's quite amazing what you can accomplish in such little time.

Have a Plan

All leaders have a plan. Period. Set personal goals and business goals and check in with yourself throughout the year to see if you're close to achieving them, or call yourself out if you've strayed away from them. These check-ins can ensure that you're on the right path.

– *The Hartford Small Biz Ahead*, June 2018

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

