



Winter, Kloman, Moter & Repp, S.C.
CPAs SUPPORTING YOUR SUCCESS

UPDATE

Volume 35 Number 2 June, 2010

Watertown Office to Move

On July 26, 2010, the Watertown Office will move to its new location at 138 Hospital Drive in Watertown. This newly remodeled building is conveniently located off of Highway 16 just north of Watertown Memorial Hospital.

The office phone and fax numbers will remain the same. Business will continue as usual at our current Watertown location until the move.

If you have any questions, give us a call at 920.261.6767.



New Watertown Office Address
as of July 26, 2010:

**138 Hospital Drive, Suite 100
Watertown, WI 53098**

Two New Tax Benefits Aid Employers Who Hire and Retain Unemployed Workers

Two new tax benefits are now available to employers hiring workers who were previously unemployed or only working part time. These provisions are part of the Hiring Incentives to Restore Employment (HIRE) Act enacted into law in March 2010.

Employers who hire unemployed workers this year (after February 3, 2010 and before January 1, 2011) may qualify for a 6.2-percent payroll tax incentive, in effect exempting the employer from its share of Social Security taxes on wages paid to these workers after March 18, 2010. This reduced tax withholding will have no effect on the employee's future Social Security benefits, and employers would still need to withhold the employee's 6.2-percent share of Social Security taxes, as well as income taxes. The employer and employee's shares of Medicare taxes would also still apply to these wages.

In addition, for each of these previously unemployed workers retained for at least a year, businesses may claim an additional general business tax credit, up to \$1,000 per worker, when they file their 2011 income tax returns.

The two tax benefits are especially helpful to employers who are adding positions to their payrolls. New hires filling existing positions also qualify but only if the workers they are replacing left voluntarily or for cause (versus a termination for economic reasons). Family members and other relatives do not qualify.

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Contact us at: 235 N. Executive Drive, Suite 160 / Brookfield, WI 53005-6064 (262) 797-9050

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UPDATE

Volume 35 Number 2 June, 2010

Why You Need to Know About Sweep Accounts

by AllBusiness.com

Never heard of sweep accounts? Once a secret perk for preferred banking customers, they are now becoming widely known to smart entrepreneurs. In fact, a recent study found sweep accounts to be one of the fastest growing and most profitable banking products.

How Sweep Accounts Work

A sweep account links a commercial checking account with an investment account, such as a money market account or stock fund, or, a Line of Credit (LOC). It automatically keeps the checking account balance at a preset targeted level, by transferring funds to or from the investment account as needed or drawing from or paying down your LOC. Sweep accounts allow small businesses to get higher returns on cash that might otherwise languish in commercial checking accounts and helps to reduce the principle on your LOC to help you save on interest. Because most small businesses don't have the time or the capital to reap the benefits of more profitable investments, sweep accounts make a lot of sense because they are low maintenance.

Most sweep accounts require the business to maintain a minimum balance. The bank then "sweeps" the account (usually daily) and removes any funds in excess of the minimum balance. The bank automatically invests those funds into an account you select or pays down your LOC. When your checking account drops below its required balance (as checks clear the account), the bank automatically "sweeps" back enough cash to bring the account up to its required minimum balance.

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Health Care Reform Act - Small Businesses

Beginning in 2010, the health care reform package provides a temporary sliding-scale small employer tax credit to help off-set the cost of employer-provided coverage. Generally, a qualified small employer is one with no more than 25 employees and average annual wages of no more than \$50,000. The qualified small employer must contribute at least one-half of the cost of health insurance premiums for coverage of its participating employees.



In 2010 through 2013, qualified small employers may qualify for a tax credit for up to 35 percent of their contribution toward the employee's health insurance premium. After 2013, small employers that purchase coverage through an insurance exchange may qualify for a credit for two years of up to 50 percent of their contribution. Salary reduction contributions are not counted.

Small employers with 10 or fewer employees and average annual wages of less than \$25,000 would be eligible for the full credit. The credit is reduced for small employers with 11 to 25 employees and average annual wages of \$26,000 to \$50,000. The wage amounts are indexed for inflation.

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What You Don't Know, But Should Know, About Your Copy Machine.

Now more than ever businesses and individuals are taking measures to protect themselves from identity theft. And while every business looks to keep information on themselves and their clients secure, there are risks in areas that you may not even be aware of. CBS Evening News recently ran an investigation on the security risks associated with copy machines.

It's not uncommon for companies to sell their used copiers when upgrading or going out of business, or to lease copiers which are then returned and resold. What most people don't know is that since 2002, almost every digital copier built contains a hard drive. What this means is that every image copied, scanned or e-mailed by the machine is stored on this hard drive. These hard drives can store more than 20,000 document images at a time.

The Investigation

So what did CBS find? During their investigation Armen Keteyian, CBS News correspondent and John Juntunen, owner of Digital Copier Security, a Sacramento-based company that designed software that scrubs the data on hard drives, bought four used digital copiers from a distributor.

When they purchased the used machines they had no idea who the previous owners were or where the machines had come from. They pulled the hard drives out of the copiers and used free forensic software from the Internet to scan the hard drives. In about 30 minutes on each machine, they found thousands of pages of sensitive information.

Two of the used copiers came from The Buffalo Police Department. The first copier still had documents on the glass that contained sensitive information on crimes and the victims. The second copier came from the Buffalo Police Narcotics Unit and contained information on targets for a major drug raid.

The third copier came from a construction company in New York. Here they found design plans for a building near ground zero as well as pages of paycheck stubs with names, addresses, and social security numbers. They also found \$40,000 in copied checks.

The fourth machine came from Affinity Health Plan, a New York based insurance company. Here they found the most disturbing information, 300 pages of medical records that included blood test results, prescription information and even a cancer diagnosis.



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Client Profile

V&L Tool, Inc.

It takes a lot of ambition and drive to start your own business. After that, it takes hard work and dedication to make your business successful. Vyron Schaefer was a man with all of these qualities. He was a hard working man who through the 1960's not only held a full-time job at a local manufacturing company, but also held a separate part-time position in a job shop. But Vyron was full of ideas and determination and wanted to be his own boss.

After being laid off from his full-time position in 1968, Vyron saw this as the perfect opportunity to take the knowledge and experience he had gained in a different direction. He started V&L Tool in the two-car garage of his Pewaukee home and incorporated the business in 1969. The company started out manufacturing tools, dies, jigs and fixtures.

A year and a half after starting his business, Vyron moved V&L Tool, Inc. to a 2,500 square foot building at 816 Philip Drive in Waukesha. As his business continued to grow, so did the need for more space, this time moving him to a 13,000 square foot building in Waukesha.

Vyron passed away at the age of 56 in 1980. His wife decided to keep the business, and at the time her son Gerry was working as a machinist at the company. Shortly after his father's passing, Gerry took over the family business. He has two brothers who owned a company that competed with V&L Tool, Inc., but eventually joined Gerry in the family business. They combined forces and purchased a 16,000 square foot building on Grandview Boulevard in

Waukesha and eventually purchased another building adjacent to that.

In 1983 the company experienced a major turning point with the purchase of its first CNC Machine. This machine would replace the existing manufacturing process and could be programmed to perform operations in a much more automated fashion. This allowed V&L Tool, Inc. to provide the production levels necessary to gain a competitive edge. To date, the company has invested millions of dollars in this type of equipment.

"We've always focused on quality, and investing in this type of equipment allows us to provide our customers with the highest quality possible," said Schaefer. "Our goal is always to exceed our clients' expectations."

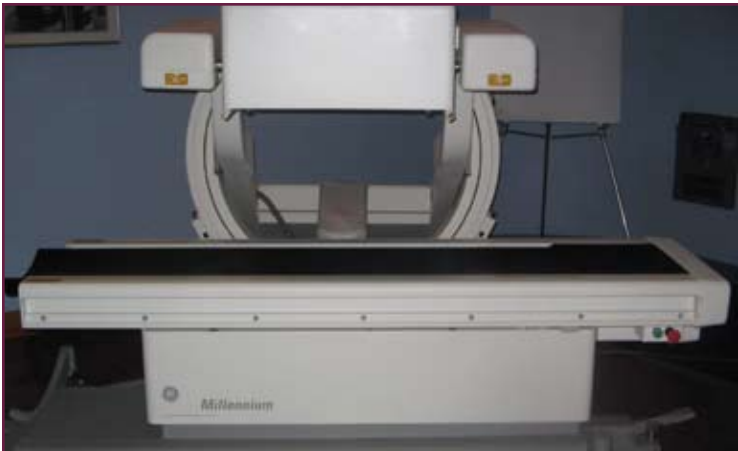
While V&L Tool, Inc. works with customers in many different industries and in many different capacities, one of their major breaks came in the healthcare industry. They met with representatives from GE Healthcare and were contracted to design and manufacture a nuclear medical table for the company, called the Millennium.

Shortly after GE launched their new Millennium, Phillips Medical took note. While Phillips at one time held 60-70 percent of the market share in nuclear medicine equipment, after the launch of GE's Millennium, they saw their market share slip to below 50 percent. It was at this time that Phillips contacted V&L Tool, Inc. to design a similar device for them. Over the past ten years V&L Tool, Inc. has produced over 1000 tables and nuclear medical devices for Phillips.

"Healthcare has been one of the strongest industries for us," said Schaefer. "The industry is constantly advancing, which keeps business coming in pretty consistently."

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**Pictured above is the Millennium,
one of the first nuclear medicine tables
designed and manufactured
by V&L Tool, Inc. for GE Heathcare.**

Client Profile - V&L Tool, Inc. - Continued from page 4

In 2001 they acquired Wisconsin Motors, a long time customer of V&L Tool, Inc. Wisconsin Motors, a manufacturer of gasoline fueled, air-cooled engines, had fallen on hard times and V&L Tool, Inc. purchased the assets of the company. The company is headquartered with V&L Tool, Inc. in Waukesha and also has a manufacturing facility in Tennessee.

Today, V&L Tool, Inc. is acknowledged as a leader in the design, engineering and manufacturing of components and assemblies and is housed in a 170,000 square foot facility with several different departments. Under the direction of Gerry, the company has grown from revenues of \$630,000 to over \$30 million. While V&L Tool, Inc. did see a downturn during the recent recession, things are definitely on the up swing. "Things are slowly improving. We've managed to make it through the last year or so. Hopefully the worst is behind us," said Schaefer. They are currently looking to hire several machinists and have recently hired their first salesman. "In the past our business has always been word of mouth, but we just recently decided to hire our first full-time salesperson to continue to help us grow."

Currently V&L Tool, Inc. has around 70 employees and many of them have been with the company for decades. Erv Mercer started with the company in 1985 as a computer programmer while a Junior at Carroll College. (Originally from the Virgin Islands, Erv thought he would attend college and then return to his homeland.) As the industry became more computerized and automated, Erv's position grew and became long-term. He currently serves as the company's Chief Financial Officer.

Winter, Kloman, Moter & Repp, S.C. (WKMR) has had the pleasure of working with V&L Tool, Inc. since 1987. Jim Zaffrann, Principal at WKMR has worked with V&L even prior to joining the team at WKMR.

"I've had the pleasure of working with V&L Tool for many years," said Zaffrann. "It's been great to be part of such a successful organization who is a leader in their industry."

"WKMR has also led us in the right direction," said Schaefer. "They have been great to work with and have truly been a strategic partner to us."

V&L Tool, Inc. remains a family business. Gerry's wife and children are also part of the V&L team working together to continue in the tradition of providing quality and excellence to their customers.

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262.547.1226

UPDATE

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What You Don't Know, But Should Know, About Your Copy Machine - Continued from page 3

How Can You Protect Your Clients and Your Business?

There are companies such as Sharp that are trying to make users aware of the potential security threat associated with these machines and there are precautions you can take when selling or disposing of your used copier.

- Make sure you dispose of the hard disk properly. Destroy the disk completely.
- Make sure whoever is in charge of these machines in your office is aware of the security issue and knows what to do when getting rid of a machine.
- Check with the company you are buying or leasing the copier from. Many companies offer security or encryption packages for the copiers at an additional cost.

You can't do too much to protect your business and your clients. We all use the copy machine on a regular basis. Both in business and as individuals, it is important to know what is happening to the information we scan, copy and e-mail and how we can protect ourselves and our information.



Save Time and Money with Remote Check Imaging Make deposits right from your office computer to the bank

Over recent years the use of remote check imaging has rapidly expanded. Businesses are looking to streamline deposits and save time and money through the use of this technology. Today, the process is offered by over 60 percent of the banks in the United States.

The use of remote check imaging gives commercial customers the ability to scan checks at their businesses and send an electronic image of that check to their bank. The bank treats the image just like a paper check. Its advantages include speeding up deposits, reducing fraud, and reducing human input error. Instead of waiting days for a check to clear, many checks now clear in hours or even minutes when this new remote imaging is used.



Costs to your business may include some upfront expenses for new scanning software, hardware and security to create a remote imaging system. There are also monthly fees charged by your bank in addition to the upfront costs. However, those costs are far below the costs of human input for deposits, and gas costs or courier delivery to your bank. In addition, you eliminate the costs associated with your employee being gone from the office, not to mention more money in your account faster - therefore earning interest faster or paying less interest on your line of credit!

Banks benefit from eliminating the need to build more locations for their commercial clients. Clients can be 100 miles away from the nearest branch and still access the bank's services. Remote imaging helps level the playing field with big banks for commercial accounts, because the service operates essentially the same regardless of bank size and location. So if you bank with a community bank, you can now get many of the same services you would with a major bank.

This new remote check imaging service could be another tool to help you run your business more efficiently and help you save money. Ask your current banker about this digital deposit option today to find out if it can work for you.



Why You Need to Know About Sweep Accounts - Continued from page 2

Benefits of Sweep Accounts

LOC reduction. If you've signed up for a Line of Credit Sweep Account, you can automatically move funds between a business LOC and your business checking account. This helps manage excess balances as well as reduce interest on your LOC.

Minimum investments. A sweep account allows businesses to invest smaller dollar amounts on a regular basis. By contrast, most overnight investments require minimum amounts that are out of reach for most small companies.

Convenience. In most cases, sweep accounts are passive investment vehicles, because they automatically move extra cash into an investment account without requiring you to make a transfer yourself.

Liquidity. Sweep accounts offer same-day access to funds, although there may be situations where there are delays in getting access to money. This depends on the particular bank and type of account.

Options. Sweep accounts offer businesses a variety of investment vehicles. This is especially beneficial to companies in need of tax-advantaged investments.

Yield. The rate for sweep accounts varies with each bank, and depends on the yield of the particular investment account selected.

Fees

Most banks charge a flat fee for sweep accounts, although some may levy a percentage charge on yields. You're limited to a specified number of transactions per account before you start incurring extra fees. The definition of a transaction is set by each bank. Any transactions over the maximum number are subject to a separate fee.

Monthly fees for sweep accounts can start at \$20 to \$40, but they can run as high as \$150 or more. Terms may vary widely from bank to bank, so you'll need to shop around. Always make sure you'll save or earn enough interest to offset the bank fees, otherwise it is not worth your while.

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Two New Tax Benefits Aid Employers - Continued from page 1

The new law requires that the employer get a statement from each eligible new hire certifying that he or she was unemployed during the 60 days before beginning work or, alternatively, worked fewer than a total of 40 hours for someone else during the 60-day period. The IRS is currently developing a form employees can use to make the required statement.

Businesses, agricultural employers, tax-exempt organizations and public colleges and universities all qualify to claim the payroll tax benefit for eligible newly-hired employees. Household employers cannot claim this new tax benefit.

Employers claim the payroll tax benefit on the Federal employment tax return they file, usually quarterly, with the IRS. Eligible employers will be able to claim the new tax incentive on their revised employment tax form for the second quarter of 2010.

For more information on this benefit, give us a call today.

WKMR Firm News

- ◆ WKMR was again named to the Business Journal of Milwaukee's Largest Milwaukee-Area Accounting Firms List, moving up a spot from #11 to #10 this year. WKMR is also recognized as the 3rd largest accounting firm with headquarters in the 7-county Southeastern Wisconsin Area.
- ◆ Winter, Kloman, Moter & Repp, S.C., recently participated in the 2010 LakeWalk for Cancer. Members of Team WKMR raised funds to help support the Oconomowoc Memorial Hospital Foundation.



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