



## Congratulations Future 50 Award Winners

Winter, Kloman, Moter & Repp, S.C.  
would like to congratulate our  
following clients for winning  
the MMAC and COSBE's  
Future 50 Award:

*Learning Exchange*  
*Milwaukee Bearing & Machining, Inc.\**  
*Triad Construction, Inc.\**

The award recognizes the 50 fastest growing  
companies in Wisconsin.  
We are honored to be of service to all of you  
and wish you continued success.

\* Second year winner

## Congratulations

*Tailored Label Products, Inc.*

for being named  
**Small Business of the Year**  
by the  
Waukesha Chamber  
of Commerce.

## Charitable Contributions: Intention Does Not Equal Deduction

You have all received calls from charitable organizations asking you for donations or to purchase tickets to an event for a charitable cause. If you are like many people, this has happened to you more than once. But be careful, not all organizations are legitimate and not all donations may be tax deductible.



Here are a few tips to help protect you from the predatory sales practices of so-called charitable organizations.

First and foremost, never buy anything from an organization you are not familiar with. Any organization can claim to be a qualified charitable group and ask for money. In the wake of recent natural disasters, many people claiming to represent a relief organization seeking contributions were only trying to relieve you of your cash.

If you receive a solicitation from an unknown organization, ask first if your donation or ticket purchase is tax deductible. If you are told it is not tax deductible, at least you'll know that you are dealing with an organization with some scruples. In this case, if you are so inclined, you may agree to a donation or purchase on the condition that you can first research the group's background through the local Better Business Bureau. A reputable organization will have no problem with this. A less than reputable organization will balk at the suggestion and you should refuse to do business with them.

If you purchase a ticket to a concert or for a raffle and you are told that the payment qualifies for a charitable deduction, this is simply not true. Tax law clearly states you cannot get a deduction if you receive something of value in return. A portion of the contribution might be deductible, but certainly not all of it.

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# UPDATE

Volume 34 Number 3 September, 2009

## Recent Law Changes Encourage Taxpayers to Make Homes Energy-Efficient

Recent tax law changes have made taking the Code Section 25C non-business energy property credit and the Code Section 25D residential energy-efficient property credit more valuable than ever from a tax standpoint. In Congress's efforts to encourage energy conservation, both the Emergency Economic Stabilization Act of 2008, enacted late last year and the American Recovery Act of 2009, enacted early this year, have increased, broadened and liberalized these credits.

### Code Section 25C Non-business Energy Property Credit

For property placed in service in 2009 and 2010, a taxpayer can claim a credit equal to 30% of the sum of the cost of qualified energy-efficiency improvements to his home and residential energy property expenditures (see below), up to an aggregate amount of \$1,500 in credits. The expenses must be made on or in connection with a dwelling unit located in the United States, owned and used by the taxpayer as his principal residence.

Qualified energy improvements are energy-efficient building envelope components that consist of insulation materials or systems specifically and primarily designed to reduce heat loss/gain that meet the 2009 International Energy Conservation Code; exterior windows (including skylights); exterior doors; and, certain metal or asphalt roofs installed on a dwelling unit with pigmented coatings or cooling granules to reduce heat gain. The components must be expected to last for at least five years.

Residential energy property expenses are expenses for qualified energy property (including labor costs for onsite preparation, assembly, or original installation) that meet specific standards set forth in the code. Such property includes:

- Energy-efficient building property (electric heat pump water heater, electric heat pump; central air conditioner; natural gas, propane or oil water heater; or, a stove burning biomass fuel to heat or provide hot water to a taxpayer's residence in the United States) that meets specific energy-efficiency standards;
- A qualified natural gas, propane or oil furnace;
- A qualified natural gas, propane or oil hot water boiler; or,
- An advanced main air circulating fan.

### Code Section 25D Residential Energy-Efficient Property Credit

For property placed in service before 2017, an individual is allowed an annual credit for the purchase of residential energy-efficient property equal to the sum of:

- 30 percent of the amount paid for qualified solar energy property (i.e., property that uses solar power to generate electricity in a home);
- 30 percent of the amount paid for qualified solar water heating property;
- 30 percent of the amount paid for qualified fuel cell property, up to a maximum credit of \$500 for each 0.5 kilowatt of capacity;



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*Charitable Contributions: Intention Does Not Equal Deduction - continued from page 1*

Let's say that you are asked for a donation and are told that the payment is tax deductible. You should still avoid making a snap decision and instead, ask the representative about the organization. For example, one national charity always sends information along with an invoice showing the amount you pledged. This gives you the opportunity to research the organization before parting with your money.

Start by reviewing the material that the organization sends you – you might be able to glean enough information from it to decide whether the group is reputable. If not, take a look at the charity's website, which should provide information about the charity's activities, accomplishments, revenues and expenditures. Funding sources should also be easy to find. As a rule, the higher the percentage of funds used for program services, the better managed the charity is and the more likely they are to use your donation for its intended purposes.

In order to be tax deductible, a donation must be made to a specific type of organization. If the charity is not listed as a "qualifying type" on the Internal Revenue Service's Publication 526 website, you will not be able to take the deduction. The IRS also provides a website listing all qualifying organizations it has in its database. Please note that churches are not necessarily required to qualify through the IRS and, accordingly, might not be listed on this website.

A final place to check out a charity is at [www.give.org](http://www.give.org), a website operated by the Better Business Bureau and designed to help donors evaluate charitable organizations. In order to receive the Better Business Bureau's certification, a charity must undergo rigorous scrutiny.

In these difficult economic times, more and more charities are seeking ways to enhance their income. Unfortunately, this opens up the opportunity for some to masquerade as qualifying organizations and fleece the general public. Take care when responding to requests for contributions from all organizations, but especially from those you are not familiar with. If you have any questions about the deductibility of a donation or the reputation of a charity, give us a call. We will be glad to discuss the situation with you.

## WKMR - Doing Our Part to Go Green!

**Attention *Update* print subscribers,** the *Update* Newsletter is also available electronically via e-mail.



If you are interested in receiving the *Update* electronically instead of a hard copy via mail, please e-mail Michelle Meier at [MichelleM@wkmr.com](mailto:MichelleM@wkmr.com), or call Michelle at 262-797-9050.

## Donating Items to Charity

If you are looking to donate cloths or other household items to a charity and are wondering what their value might be, visit the websites below to find out.

### **Salvation Army**

<http://www.salvationarmysouth.org/valueguide.htm>

### **Goodwill**

<http://www.goodwillsew.com/page.asp?dbID=295>



# UPDATE

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## Client Profile

**Tailored Label Products, Inc.  
Mike Erwin**

When you walk through the door at Tailored Label Products, Inc. you can't help but feel the positive energy and enthusiasm shared throughout the facility.

"I believe that humor, tenacity and enthusiasm offer a lot to the workplace," said Mike Erwin, President and Co-Owner at Tailored Label Products, Inc. (TLP). "Our employees are wonderful people and really enjoy doing what they do. We make it a fun place to work." And this really is the feeling you get from workers at this nationally recognized label printing facility.

TLP specializes in one-of-a-kind custom products such as high-performance labels, UL/CSA labels, die cut adhesives, short-run and long-run labels and unique bonding solutions. The industries they serve include automotive, electrical, outdoor power equipment, telecommunications, water pumps, credit card security labels and point of purchase items.

The company was started in 1984 by Marv Weiss and Todd Bence and was located in Butler. Since then they've had three locations and have consistently grown in both physical size and in revenue. In 1997 TLP moved to their current location in Menomonee Falls. At that time the facility was 18,000 square feet. Since then TLP has expanded the facility twice, first to 24,000 square feet and then again in May of 2008 to the current 53,000 square foot focused factory.

In 2003 Mike Erwin was hired to run the company and about a year later invested in helping with the exit sale by Mr.

Weiss. Today Erwin serves as President of TLP and holds co-ownership with Bence. Over the past six years the company has grown from 34 employees to 64 and from \$5.3 million in revenue to \$12 Million, a 226% increase.

TLP's recent growth started with lean efficiency and operational order. "Organization is key in doing what we do reliably and to an extremely high quality standard. Everything has its place and each person is responsible for keeping their area in order," said Erwin. "We believe in optimizing our time and allowing for minimal waste." There is an intense bias towards quality within the organization and TLP received the ISO16949 status this year. This

certification is exclusively for Tier-One automotive suppliers that meet far more rigid quality requirements than the traditional ISO 9001 programs.

This, coupled with their motto "Passion for Innovation," is the basis for their strong growth and unique innovations.

"We continually invest in new equipment and technology, with over \$2.5 million over the past five years, which allows for increased productivity and diverse, one-of-a-kind capabilities," said Erwin. "And

we pride ourselves on continuously solving unique problems for our clients through customization to meet their needs."

But new equipment and processes are not the only places that TLP continues to be innovative. They've recently received joint patents for five inventions and are waiting on authorization for many others. If you stop in the Director of Sales and Marketing's office at any time there will be at least eight new innovations in some state of development with projects being worked on across all skill sets within the organization.

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**Mike Erwin, President at TLP stands before several of the awards the company has won over the last few years.**



Tailored Label Products - continued from page 4



**Pat Bedard works in TLP's wristband fulfillment cell. TLP is one of the countries largest distributors of wristbands.**

Their approach to these inventions is unique. Their "Innovation Pipeline" involves a team approach to the design of new products. The pipeline allows for input from clients, suppliers and employees at every level and encourages staff to get involved in sharing their ideas and building the business.

TLP has been recognized for their insightful and compassionate business practices and commitment to their employees. You can't help but notice the dozens of awards that hang on the walls throughout the facility - in every room and in every hallway.

In July of this year, TLP was named the Number-One Business in Waukesha County by the Waukesha Chamber of Commerce. But this award is preceded by dozens of others they've won over the last several years. The list includes:

- Named Best Work Place three years in a row by the Printing Industry of America /Graphic Art Technical Foundation;
- Named Best Work Place three years in a row by Milwaukee Magazine and the Management Resource Association;
- Named to Inc. Magazine's 5000 list of America's Fastest Growing Companies in 2007, 2008 and 2009; and,
- Numerous printing industry awards for creativity and print process quality.

Mike knows one person can't accomplish all these achievements on their own. It takes the hard work and dedication of a team committed to each unique role. He couldn't say enough about the wonderful employees that share his enthusiasm for the company and their work. Todd Bence, Mike's partner, had a founding solid belief that "It's important to me to make this a place where people want to work." Erwin explains it this way, "I want our employees to get up in the morning and lean forward in their car's anxious to join the crew in accomplishing award-winning results." Employees are recognized for their hard work through monthly awards, spontaneous gifts and clever recognition events.

TLP also does its part in the community. They are a Platinum Level supporter of the United Way, and are involved in the Big Brother's and Sister's program, various intervention programs and at least 10 other local charities. They provide support not only through monetary and in-kind product donations, but also through volunteer hours by employees at every level.

TLP was also recently awarded the 2008 William Pierce Award and the 2009 Business Friend of Education by the Menomonee Falls School District for their commitment to the Second Chance Youth Apprentice Program. The program was designed to give at-risk high school juniors and seniors who have little hope of graduating from a traditional high school, the opportunity to earn a diploma from the school district by combining youth apprenticeship and proficiency-based classroom education.



**Tom Schilz runs TLP's Digital Lab Clean Room**

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*Tailored Label Products - continued from page 5*

Students enroll for the two-year program and each day they spend six hours working at one of four manufacturers and two hours in a classroom setting. TLP not only provides work hours for these kids, but when one of the classrooms was shut down earlier this year, TLP stepped up to the plate and now provides a full-time class room and instructor offices for the program at their Menomonee Falls facility.

Erwin and his team are truly dedicated to their work and to TLP's commitment to their clients and their community. "I'm really proud of what we do here," said Erwin. "And I am honored to be a part of such a great company and fun-loving group of people."

**Tailored Label Products, Inc.  
W165 N5731 Ridgewood Drive  
Menomonee Falls  
[www.tailoredlabel.com](http://www.tailoredlabel.com)**



**David Sella  
Pressman at  
Tailored Label Products, Inc.**

## WKMR Firm News

WELCOME **Rhonda Dick**, our new receptionist in the Brookfield office. Rhonda resides in West Allis with her husband, Michael. Before joining WKMR, Rhonda taught Spanish at Heritage Christian School in West Allis.

WELCOME **David Ellingboe**. David joined WKMR Technology Solutions, LLC in our Brookfield office as an intern. He will be assisting the IT department with internal IT projects.

### *Upcoming Seminar*

**Mark Potts CPA** and **Paul Senger, CPA, CVA, ABV**, shareholders at Winter, Kloman, Moter & Repp, S.C along with Ann Rieger, Shareholder at Davis Kuelthau, will be presenting "*The Redesigned Form 990 and the IRS' Interest in Exempt Organization Governance*" at the Nonprofit Center of Milwaukee on Tuesday, October 20. Reservations can be made through the Nonprofit Center of Milwaukee buy calling 414-344-3933.





*Recent Law Changes Encourage Taxpayers to Make Homes Energy-Efficient - continued from page 2*

- 30 percent of the amount paid for qualified small wind energy property; and,
- 30 percent of the amount paid for qualified geothermal heat pump property.

Qualified solar electric, solar water heating, small wind energy, and geothermal heat pump property must be used in a dwelling unit located in the United States and used as a residence by the taxpayer. Qualified fuel cell property must be used in a dwelling unit located in the United States and used as the taxpayer's principal residence. The credit is allowed for expenditures for labor costs properly allocable to the onsite preparation, assembly, or original installation of the residential energy efficient property and for piping or wiring to interconnect the property to the dwelling unit.

#### **Required Documentation**

For both credits, the IRS says that a taxpayer can generally rely on a manufacturer's certification in determining whether property is eligible for the credit. A taxpayer doesn't have to attach the certification statement to the return on which the credit is claimed, but he must maintain such books and records as are sufficient to establish his entitlement to the credit and the amount of any credit claimed by him. Accordingly, he should retain the certification statement as part of his tax records.

If you have any questions on these recent changes, please give us a call.



## **2009 Tax Breaks Ending Soon!**

Among the important temporary tax changes affecting individual taxpayers and set to expire during 2009 are:

#### **First-Time Homebuyer Credit**

This credit reaches \$8,000 for purchases between January 1 and November 30, 2009. Taxpayers must be qualified buyers and satisfy income requirements. Eligible taxpayers also can file an amended 2008 tax return to receive the credit sooner.

#### **Motor Vehicle Sales Tax Deduction**

Taxpayers can take an extra standard or itemized deduction for state and local sales taxes paid on the purchase of a new vehicle. The amount of the deduction is limited to the portion of the state sales or excise tax imposed on the first \$49,500 of the purchase price of the vehicle and is effective for vehicles purchased between February 17 and December 31, 2009. The deduction phases out for taxpayers at higher income levels.

#### **COBRA Premium Assistance**

Individuals laid off from their jobs between September 1, 2008 and December 31, 2009 meeting income limits, may qualify for nine months of COBRA premium assistance under the 2009 Recovery Act. Individuals pay 35 percent of the COBRA premium and employers must treat it as full payment. Employers claim a credit for the other 65 percent of the premium on their payroll tax returns.

#### **Economic Recovery Payments**

The 2009 Recovery Act authorized one-time payments of \$250 to individuals receiving Social Security Benefits, disabled veterans and others on fixed incomes. The Social Security Administration began sending the bulk one-time payments by mail and direct deposit in May 2009.

#### **Exclusion of Unemployment Benefits**

Individuals receiving unemployment benefits in 2009 can exclude the first \$2,400 from their income. This exclusion is only available for 2009.



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

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The goal of UPDATE is to provide our clients with timely financial and tax information. Since space limitations require generalizations, Winter, Kloman, Moter, & Repp, S.C. encourages you to obtain specific personal advice before implementing any ideas presented in this publication.

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