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Financial Planning - Helping You See the Big Picture

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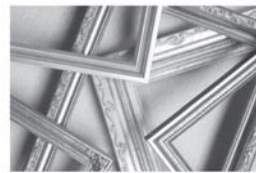
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Do you picture yourself owning a new home, starting a business, or retiring comfortably? These are a few of the financial goals that may be important to you, and each comes with a price tag attached.

That's where financial planning comes in. Financial planning is a process that can help you reach your goals by evaluating your whole financial picture, then outlining strategies that are tailored to your individual needs and available resources.

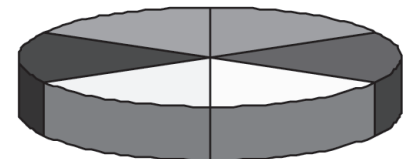
Why is financial planning important?



A comprehensive financial plan serves as a framework for organizing the pieces of your financial picture. With a financial plan in place, you'll be better able to focus on your goals and understand what it will take to reach them.

One of the main benefits of having a financial plan is that it can help you balance competing financial priorities. A financial plan will clearly show you how your financial goals are related – for example, how saving for your children's college education might impact your ability to save for retirement. Then you can use the information you've gleaned to decide how to prioritize your goals, implement specific strategies, and choose suitable products or services. Best of all, you'll have the peace of mind that comes from knowing that your financial life is on track.

Financial Planning Concerns



- Investment planning
- Retirement planning
- Tax planning
- Education planning
- Estate planning
- Insurance planning

The financial planning process

Creating and implementing a comprehensive financial plan generally involves working with financial professionals to:

- Develop a clear picture of your current financial situation by reviewing your income,

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THE Bottom Line

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Financial Planning - Helping You See the Big Picture

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assets, and liabilities, and evaluating your insurance coverage, your investment portfolio, tax exposure, and your estate plan.

- Establish and prioritize financial goals and time frames for achieving these goals.
- Implement strategies that address your current financial weaknesses and build on your financial strengths.
- Choose specific products and services that are tailored to meet your financial objectives.
- Monitor your plan, making adjustments as your goals, time frames, or circumstances change.

Common financial goals

- *Saving and investing for retirement*
- *Saving and investing for college*
- *Establishing an emergency fund*
- *Providing for your family in the event of your death*
- *Minimizing income or estate taxes*

Some members of the team

The financial planning process can involve a number of professionals.

Financial planners typically play a central role in the process, focusing on your overall financial plan, and often coordinating the activities of other professionals who have expertise in specific area.

Accountants or tax attorneys provide advice on federal and state tax issues.

Estate planning attorneys help you plan your estate and give advice on transferring and managing your assets before and after your death.

Insurance professionals evaluate insurance needs and recommend appropriate products and strategies.

Investment advisors provide advice about investment options and asset allocation, and can help you plan a strategy to manage your investment portfolio.

The most important member of the team, however, is you. Your needs and objectives drive the team, and once you've carefully considered any recommendations, all decisions lie in your hands.

Why can't I do it myself?

You can, if you have enough time and knowledge, but developing a comprehensive financial plan may require expertise in several areas. A financial professional can give you objective information and help you weigh your alternatives, saving you time and ensuring that all angles of your financial picture are covered.

Staying on track

The financial planning process doesn't end once your initial plan has been created. Your plan should generally be reviewed at least once a year to make sure that it's up-to-date. It's also possible that you'll need to modify your plan due to changes in your personal circumstances or the economy. Here are some of the events that might trigger a review of your financial plan:

- Your goals or time horizons change
- You experience a life-changing event such as marriage, the birth of a child, health problems, or a job loss
- You have a specific or immediate financial planning need (e.g., drafting a will, managing a distribution from a retirement account, paying long-term care expenses)
- Your income or expenses substantially increase or decrease
- Your portfolio hasn't performed as expected
- You're affected by changes to the economy or tax laws

Common questions about financial planning

What if I'm too busy?

Don't wait until you're in the midst of a financial crisis before beginning the planning process. The sooner you start, the more options you may have.

Is the financial planning process complicated?

Each financial plan is tailored to the needs of the individual, so how complicated the process will be depends on your individual circumstances. But no matter what type of help you need, a financial professional will work hard to make the process as easy as possible, and will gladly answer all of your questions.

What if my spouse and I disagree?

A financial professional is trained to listen to your concerns, identify any underlying issues, and help you find common ground.

Can I still control my own finances?

Financial planning professionals make recommendations, not decisions. You retain control over your finances. Recommendations will be based on your needs, values, goals, and time frames. You decide which recommendations to follow, then work with a financial professional to implement them.

Disclosure Information - Important - Please Review

This information was developed by Forefield, Inc. an independent third party. It is general in nature, is not a complete statement of all information necessary for making an investment decision, and is not a recommendation or a solicitation to buy or sell any security. Investments and strategies mentioned may not be suitable for all investors. Past performance may not be indicative of future results.

Kiddie Tax Expanded

After a bitter battle with Congress, an Iraq funding bill was recently signed into law. This legislation also included various changes to the tax laws including significant changes that can affect families with children under age 24. These changes involve the so-called kiddie tax and as a practical matter will first apply on 2008 tax returns. While the changes do not go into effect until next year, now is the time to undertake planning to reduce or eliminate the potentially higher family income taxes that could result from them.

The kiddie tax curtails the ability of parents to significantly lower their family's tax bill by transferring investment assets to low-taxed minor children. For 2007, a child under age 18 pays tax at his or her parent's highest marginal rate on the child's unearned (investment) income in excess of \$1,700. However, the kiddie tax does not apply to a child who is married and files a joint return for the tax year. Unearned income within reach of the kiddie tax includes interest, dividends and capital gains.

The new law did not change the kiddie tax rules for children under age 18. But it did expand the kiddie tax to apply (starting next year) where:

- ... a child turns age 18, or turns age 19-23 if a full-time student, before the close of the tax year;
- ... the child's earned income for the tax year doesn't exceed one-half of his or her support;
- ... the child has more than \$1,700 of unearned income (but the \$1,700 may be higher after an inflation adjustment is released later this year for 2008);
- ... the child has at least one living parent at the close of the tax year; and
- ... the child doesn't file a joint return for the tax year.

This expansion of the kiddie tax rules attempts to curtail a strategy some wealthy (and some moderate-income) parents were advised to use to take advantage of a beneficial feature of the long-term capital gains rate.

This year, the top tax rate on most long-term capital gains and corporate dividends is 15%. But to the extent these items would otherwise be taxed in the two lowest tax brackets—i.e., the 10% and 15% brackets—they are taxed at 5% for 2007, and 0% for 2008 through 2010. Some families sought to benefit from these rates by gifting appreciated stock, mutual-fund shares, and other securities to their low-income, young-adult children who (if no longer subject to the kiddie tax rules and if in one of the two lowest tax brackets) could then sell them tax-free in 2008, 2009, and/or 2010. The new

law changes will eliminate the opportunity to do this in many cases and can have a negative impact on families that did not engage in transfers of capital assets to children. However, if the earned income of a child age 18, or age 19-23 if a full-time student, exceeds one-half his or her support, the kiddie tax rules won't apply and he or she will be able to take advantage of the 0% capital gains rates and his or her own bracket on other types of unearned income.

A child who was planning to sell stock next year to take advantage of the 0% capital gains rate but who would be snared by the expanded kiddie tax may be able to sell this year to gain the advantage of the 5% rate. This won't work if the child is subject to the kiddie tax this year.

On the subject of earned income (e.g., from wages or self-employment), it is always taxed at the child's tax rates. Thus, one way of providing a child with income without triggering increased tax liability under the kiddie tax rules is to employ the child (at reasonable compensation) in a trade or business owned by the parent. As an added bonus, this could help to avoid the kiddie tax on unearned income of a child age 18 or age 19-23 if a full-time student.

Because of these impending changes, a parent may want to reconsider any planned transfers of income-generating stocks, bonds, and other investments to children age 18, or those age 19-23 who are full-time students. However, placing or moving a child's funds into investments that produce little or no current taxable income, can help avoid the kiddie tax. These investments include, for example, stocks and mutual funds oriented toward capital growth that produce little or no current income; vacant land expected to appreciate in value; stock in a closely-held family business that pays little or no cash dividends; tax-exempt municipal bonds and bond funds; and U.S. series EE savings bonds for which interest reporting may be deferred.

Investments that produce no taxable income, and that are therefore not subject to the kiddie tax, also include tax-advantaged savings vehicles, such as, traditional and Roth IRAs (which can be established or contributed to if the child has earned income); qualified tuition programs ("529 plans"); and Coverdell education savings accounts ("CESAs").

Please contact us if you would like to learn more about the expanded kiddie tax or any of the strategies for avoiding it.

Calling All Small Non Profit Organizations

Michelle Kelsey, CPA, Manager, Green Bay/DePere Office, mkelsey@habco.com

Small tax exempt organizations, whose gross receipts are normally under \$25,000, are not required to file Form 990, or Form 990E-Z, of which both forms are due to the Internal Revenue Service by the 15th day of the fifth month following your organization's fiscal year end. Starting for tax periods beginning after December 31, 2006, a new form 990-N will be required. Thus, all entities whose tax period begins January 1, 2007, or later may be required to file an annual electronic notice, Form 990-N, Electronic Notice for Tax-Exempt Organizations not Required to File Form 990 or 990E-Z. Exceptions to this requirement include organizations that are included in a group return, private foundations that file Form 990PF, and section 509(a)(3) supporting organizations that file Form 990 or 990-EZ.

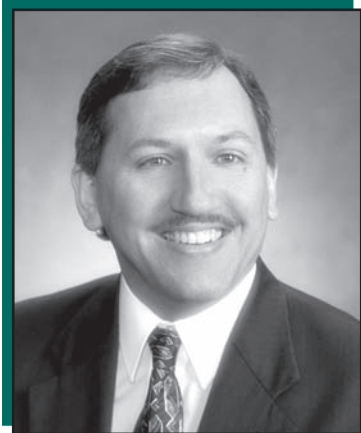
This requirement does not apply to churches, their integrated auxiliaries, and conventions or associations of churches.

The Internal Revenue Service has indicated they will be mailing out letters later this year notifying small tax-exempt organizations that they may need to file the Form 990-N. If an organization fails to submit its annual filing requirement for three consecutive years, the IRS may revoke the tax-exempt status.

All non profit organizations, therefore will need to submit some type of 990 Form to the IRS (unless you are listed above in the exceptions). If you have any questions on what type of return is needed for your organization, please contact your local HABCO representative.

BI: Unlocking the Power of Information Xcelsius - Part 2

Kim Vrana, CPA, Divisional Manager, Information Technology Services, kvrana@habco.com



In the May 2007 Edition of The Bottom Line, you were introduced to the concept of Business Intelligence or BI. To review, Business Intelligence is loosely

defined as gathering, storing, analyzing and providing access to data to help users make better business decisions. It is very likely you may be using some form of business intelligence already.

There are many tools available to businesses for creating a BI. In analyzing the solutions available to help our clients become more successful, we have partnered with Business Objects to offer their tools (see related announcement in this issue). One of these is Crystal Xcelsius™.

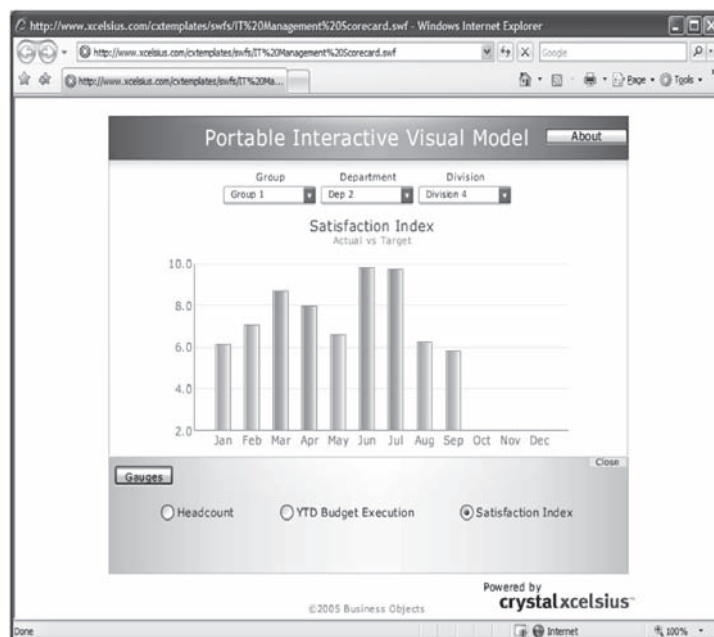
As accountants and business analysts we very often utilize Microsoft Excel as a tool for analyzing information. But in trying to present this information to top management or non-accounting decision makers, the spreadsheets can appear mind-numbingly boring. We may counter this with some nice charts and graphs (because a picture is worth a thousand words), but they too can be static, staid and standardized. And what if we want to manipulate this data in the form of a “what if” analysis? This can be difficult if we do not understand how the spreadsheet has been designed.

All this has changed with Crystal Xcelsius. Xcelsius is an intuitive stand-alone Windows application, designed to create engaging, interactive Excel dashboard and business presentations from ordinary spreadsheets. It uses a simple point-and-click interface to import Excel data and formulas and output interactive dashboards, animated charts and graphs, financial presentations and business calculators to PowerPoint, Word, PDF documents and the Web.

So what is a dashboard? Business dashboards are based on the metaphor of the instrument panel in a car. The dashboard provides the manager with important information to drive the success of the business. The car dashboard is right under the front windshield which brings us back to our discussion last month about moving into the level of proactive analysis whereby we are looking out this windshield at our data instead of through the rear window. On a dashboard, trends can be easily revealed and specific time frames compared. Data can be drilled into if further analysis is needed.

So how does the process work? First, an Excel spreadsheet is imported into Xcelsius. A visual analysis is created within Xcelsius using a simple point-and-click interface (no programming knowledge necessary). Then this Excel analytic is output to a common productivity tool.

Below is an example of an Xcelsius output.



This dynamic scorecard allows an IT manager to quickly monitor performance indicators such as: headcount, YTD budget execution, and customer satisfaction levels – all by group, department, and division within the company. A toggle switch allows you to view either the bar plots, or performance level gauges. As the user switches from group, department, division, headcount, budget or satisfaction level, the graphic display also dynamically changes. This is all based on the information in the original Excel spreadsheet.

Don't bore another audience with conventional business presentations. Struggle no more to make sense of complex and confusing data. Bring Excel spreadsheets – and your audience – to life with Crystal Xcelsius.

In future editions of The Bottom Line, we will continue to explore the benefits of business intelligence. In the interim, if you would like to find out more about Crystal Xcelsius, please contact me at kvrana@habco.com.

Hawkins, Ash, Baptie & Company, LLP

– Information Technology Services Joins the Business Objects Solution Provider Partner Program

La Crosse, WI. – June 1, 2007 – HAB-ITS, the technology education and business software consulting division of Hawkins, Ash, Baptie & Company (HABCO), today announced it has joined the Business Objects Solutions Provider Partner Program for software and service providers. As a new channel partner, HABCO will significantly enhance its value proposition to customers by offering Business Intelligence (BI) software solutions from Business Objects.

More and more companies are recognizing the need to incorporate BI functionality into their operations in order to analyze key business trends and make business decisions based on trustworthy, accurate data. With the small to medium sized business' budding interest in reaping the benefits of BI, the Business Objects Solutions Provider Partner Program will boost HABCO's ability to meet this growing demand.

“Our partnership with Business Objects firmly establishes our commitment to provide the very best BI solutions, ultimately aimed at improving our customers' ability to make effective business decisions,” said Kim Vrana, CPA, Divisional Manager of Information Technology Services at HABCO. “This partnership greatly enhances our ability to make our customers more successful.”

Business Objects is the world's leading business intelligence (BI) software company, with more than 42,000 customers worldwide, including over 80 percent of the Fortune 500. BusinessObjects XI includes the award-winning Crystal Reports line of reporting and data visualization software.

Business Buy-Sell Agreements: Need to Review Valuation Formulas

Bill Evenson, CPA, Partner, GreenBay/DePere Office, wevenson@habco.com

Buy-sell agreements are designed to calculate the value of each separate owner's share of a business when situations, such as retirement or premature death of an owner, require such owner's share of a business be purchased by the remaining owner or owners.

Buy-sell provisions may require that a formal valuation of the business be made at the time that the buy-sell provision is triggered. In the alternative, these provisions may include some type of formula clause or they may simply state a per share or a per unit price. The main problem with the formula clauses or the stated price method is that the purchase price determined under these methods may produce a value that does not reflect current fair market value. This is possible because the formula clause or stated price was determined years ago and the agreement was never updated to reflect current fair market value. It is also possible that the agreement never reflected a reasonable fair market value in the first place because the owners did not really know what their business was worth. All of us who practice in this area have seen horror stories where prices paid for someone's interest in a business was either unrealistically high or unrealistically low. The final result being one side becomes unfairly enriched and one side is hurt financially due to an outdated or simply incorrect valuation method.

An example of an outdated formula method would involve the sale and purchase of convenience stores. In years past, these stores would sell for prices which reflected the total number of gallons of gasoline sold in a given year. For example, if the price was dollar per gallon and the store sold one million gallons of

gasoline, the sales price for the store would be one million dollars. This type of formula in today's world could significantly undervalue or overvalue the worth of a convenience store. In today's market, the sale of gasoline has less value than the sale of in-store products such as food, soda, etc. Many of these convenience stores are located in high traffic areas and the value of the underlying real estate can also be significant. Very simply, the process of putting a fair market value on a convenience store has changed, because the product mix sold at a particular store has become more important and the cost of operating at that location may have changed due to increases in the value of the underlying real estate.

There is one other important point to note regarding buy-sell agreements. These agreements are legal documents. Although some are drafted by the owners of the business themselves, the majority of these documents are drafted by attorneys. It is possible that your accountant may not be even aware of the existence of your buy-sell agreement. I strongly urge you to make sure that Hawkins, Ash, Baptie & Company, LLP is provided with a copy of your buy-sell agreement, including any attachments, and that we are updated whenever changes are made to it. If a formula clause or stated price method is used in your agreement, you may want to have the resulting sales price reviewed by us for reasonableness.





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Or contact us via our website at: www.habco.com

Important Change to the Federal Minimum Wage

President Bush has signed a bill to increase the federal minimum wage, after it had been set at \$5.15 for over 10 years. Beginning on July 24, 2007, the federal minimum wage will be increased to \$5.85 per hour which is a \$0.70 increase to the current rate. Twelve months after this first increase, the federal minimum wage will increase to \$6.55 per hour. And, another twelve months after that, it will increase to \$7.25 per hour. Please make sure that your labor law posters are up-to-date by July 24, 2007. As always, it is important to take note of your state-specific regulations in addition to the federal requirements. In Wisconsin, the state minimum wage is already \$6.50 per hour. A state minimum wage law takes precedence over the soon implemented federal minimum wage change until the federal minimum wage surpasses the state requirement.

If you have any questions regarding the changes to the federal minimum wage or the posting requirements, please contact HABCO's Director of Human Resources, Heather Ladwig, PHR. You may reach her at hladwig@habco.com.