



On Point THE WORLD IS FLAT?

William S. Condon, President

As we celebrated Columbus Day on October 9, I couldn't help but wonder what Columbus would have said if he had read Thomas L. Friedman's, *The World is Flat: A Brief History of the Twenty-First Century*.^{*} After all, it was by sailing west that Columbus was going to reach the riches of the east and invigorate Spain's commerce. Friedman's book suggests that by realizing the evolving "flatness" of the world, we too can invigorate our businesses.

Friedman refers to the *flattening* of the world in terms of business and commerce. Through technology and significant world events like the toppling of the Berlin Wall and the fall of socialism, the four corners of the planet are connected in a single global network that makes it possible for more people than ever to collaborate and compete for increasingly different work. Huge labor forces can be found in Russia, China and India, and these workers can be paid less than their American counterpart. For instance, in 2003, some 25,000 U.S. Tax Returns were done by Chartered Accountants (CA) in India. That number has continued to grow as quality and speed concerns were put to rest. Outsourcing was working and could be profitable. So where does that leave American businesses?

Friedman is confidently upbeat in providing direction – America will be fine if we stick to the basic principals that make our country great. Focus on America's strong points:

- We must continue to churn out knowledgeable workers to produce idea-based goods that can be sold globally,
- We must upgrade our skills and make investments in practices that enable us to compete better, and
- We must make ourselves untouchable – someone whose job cannot be outsourced – by specializing and focusing on adding value.

He offers simple rules that companies will need to flourish in the flat world —

1. When you're feeling flattened, reach for a shovel and dig inside yourself. Don't try to build walls.

2. Learn to act really big even if you aren't. Take advantage of all the new tools for collaboration to reach farther, faster, wider and deeper.
3. If you're big, learn to act small by enabling your customers to act really big.
4. Learn to collaborate. Value creation comes from knowing that no single firm will be able to master the market alone.
5. Constantly identify and strengthen your niches and break down your business to sell yourself to your clients.
6. Outsource to win, not to shrink. Outsource to innovate faster and cheaper, to gain market share and hire more and different specialists.
7. Don't view outsourcing as betrayal.

While reading futuristic books can be overwhelming and often controversial, there are always a few key initiatives that can be of benefit to those of us that are responsible for leading our firms and companies into the next wave of expanding commerce.

In our corner of the world, The Condon Group has moved on a few of Friedman's rules in the last year. We have developed a larger alliance network to provide specialized knowledge and information for our clients that we could not provide. We, in turn, provide our accounting, tax and business consulting to their clients. It has been a great collaborative effort with everyone winning.

We have also focused our resources on developing our expertise in construction, wholesale distribution and healthcare niches. Based on our experience, we see a great opportunity to add value to businesses in these segments.

As a business owner, if you would like to find out more about our "flattening" and how it may work in your company, give us a call. We can help you do the planning to invigorate your business.



A HIGHER EXPECTATION

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THE NEW LOOK OF www.thecondongroup.com

At The Condon Group, the standard we set for ourselves when serving our clients is to exceed expectations. "A Higher Expectation" is our benchmark for everything we do including our new website www.thecondongroup.com.

We know that the better informed our clients are, the better we can serve them. We recommend that as you peruse our site that you use www.watchthatpage.com, an RSS capability, to mark the pages you want to watch and receive an email when the information changes on that page. It is a great way to receive just the information you want or need.

In an effort to exceed expectations, we have updated our site to give visitors the basic tools to better manage their finances as well as the latest articles on what's hot in the industry.

The **Financial Tools** section offers a variety of information that will assist you before you call your advisor. Tools available in this section include:

Important Dates: Includes tax calendars that show the due dates for 2006 that most taxpayers will need. Employers and persons who pay excise taxes also should use the Employer's Tax Calendar and the Excise Tax Calendar.

Calculators: A variety of calculators are available including home financing, retirement finance, business finance, personal finance, savings finance and tax estimates.

Tax Forms: Both Federal and State tax return forms are available.

Financial Terms: A glossary of terms to explain financial lingo.

Track Your Refund: Keep an eye on when you will be receiving your federal or state refund.

The general information in this newsletter is not intended to be nor should it be treated as tax, legal or accounting advice. Additional issues could exist that would affect the tax treatment of a specific transaction and, therefore, taxpayers should seek advice from an independent tax advisor based on their particular circumstances before acting on information presented. This information is not intended to be nor can it be used by any taxpayer for the purpose of avoiding tax penalties.

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The **Topics and Issues** section would be a great start to using the watchthatpage.com tool. This section keeps you informed with the most up-to-date financial information.

Current items discussed in Topics and Issues include:

Tax and Financial News: An Audit is not Always a Bad Thing

General Business News: Getting Value from Professionals

Stock Market News: Stock Market: Falling Gas Prices Lift Consumer Confidence and Dow Soars

Financial Planning: Sharing Your Wealth

What's New in Technology: Help! My Browser's Been Hijacked

Tip of the Month: Picking the Right Instant Messaging Service

In addition to Topics and Issues, all the publications that

you receive from The Condon Group will be on our website. So the next time you remember a topic being discussed in our monthly email alert or any other publication – just go to www.thecondongroup.com.



While you are at our website, look at the various publications we have available. We have industry specific publications including **C O N S T R U C T I O N**, Healthcare, and Manufacturing & Distribution, as well as, General Business and Business Valuation publications. If you find a publication of interest that you are not receiving, you can sign up right on the page.

So, **Mark that Page** as a favorite or use www.watchthatpage.com to stay informed. Keeping up with information is easy and convenient when working with The Condon Group. Because we know the better informed you are, the better we can serve you.

CHANGES IN CHARITABLE CONTRIBUTIONS

After years of debate, compromise and often intense partisan negotiations, President Bush has passed a comprehensive pension reform bill, the Pension Protection Act of 2006 (HR4). However, the new law is much more than pension reform. The Act made permanent some retirement savings incentives, created some new ones and changed how you deduct your contribution to charitable contributions. A couple of items in charitable contributions are worth noting so you can make immediate changes to your record keeping procedures.

Effective in 2007, no deduction will be allowed for any contribution of cash, check or other monetary gift unless you can show a bank record or a written communication from the charity. This means you'll need to either get a receipt for every cash donation you make or make your donation by check, credit or debit card, so your bank statement will show it. Congress made this change to

crack down on taxpayers who inflate their cash contributions.

The new pension reform law also cracks down on donations of broken or malfunctioning household items and poor or soiled clothing. Household items and clothing must be in "good condition" to be deductible. There is a limited antiques exception for donated single items appraised at more than \$500. The IRS is expected to issue guidance about what is good condition in time for the 2007 tax filing season as this change is effective as of the date of enactment.

To take full advantage of the new law, you may have to act soon. While many of the new incentives are permanent others are temporary. Some take effect this year but others not until 2007 or beyond. Give our office a call today. We'll carefully review your situation and determine how you can get the most out of this valuable new law.

CONGRATULATIONS TO MICHAEL BUDACK ON BECOMING A CERTIFIED CONSTRUCTION INDUSTRY FINANCIAL PROFESSIONAL

The Condon Group, Ltd. is proud to announce that Michael S. Budack, CPA, has successfully completed the certification process with The Institute of Certified Construction Professionals, Inc. (ICCFP), to earn his professional designation as a Certified Construction Industry Financial Professional (CCIFP). Affiliated with the Construction Financial Management Association, the certification program tests in-depth knowledge of business management practices specific to the construction industry.

The exam tests a candidate's knowledge in accounting and reporting, income recognition methods, budgeting and planning, risk management, taxes, human resources, legal, information technology and joint ventures. Upon passing, Mike joins 11 other CCIFPs in the Chicago and northwest Indiana market who have earned the designation.

"This is an important designation for construction business owners. They can be assured that a CCIFP knows and understands their industry and can provide valuable financial management expertise that may improve their bottom-line," Mike said. "This is an important career step for me, as well, as it points to my focus and dedication to the construction industry."

William S. Condon, President of The Condon Group, is pleased with Mike's accomplishment. "We have worked with the regional construction industry and co-sponsored the construction survey for the last ten years. Mike's certification is further expertise we can offer to the regional construction industry. I give Mike a lot of credit for being one of the few in our market to make this kind of commitment."

PLANNED PHONE TAX REFUND UPDATE

Through our monthly e-mail program, we discussed the Treasury Department's decision to drop a 108-year old federal excise tax on long-distance phone calls. The Department plans to issue credits or refunds on all excise taxes paid for long-distance service billed after February 28, 2003, along with interest to users of cell phones, Internet phone services and some landlines.

The IRS announced standard excise tax refund amounts that individuals can claim, without having any documentation, when filing 2006 Forms 1040. The standard amounts are as follows:

- \$30 for an individual filing a return with one exemption,
- \$40 for two exemptions,
- \$50 for three exemptions,
- \$60 for four or more exemptions.

The IRS will provide guidance on claiming refunds in instructions to 2006 tax forms. Claiming the applicable standard amount allows the taxpayer to avoid finding 41 months worth of phone bills. Businesses claiming the refund, however, must review phone bills and compute any refunds based on actual tax remitted.

To receive monthly updates and alerts, please forward your e-mail address to us at info@thecondongroup.com.

NEW ADDITIONS!

The Condon Group, Ltd. would like to welcome Kathryn Kirchsclager of Homewood, Illinois, Krista Cady of Crown Point, Indiana and Brandon Bayston of Bourbonnais, Illinois as staff accountants for our Firm.

Kathy joins the Tax Department with broad-based tax and technology skills including multinational public accounting firm experience. She graduated magna cum laude with a degree in Accountancy from the University of Illinois-Champaign.

Krista joins the Audit and Accounting Department having relocated from Reading, Pennsylvania where she was a Senior Internal Auditor for a leading CPA firm. She is a graduate of Columbia College in Jefferson City, Missouri.

Brandon also joins the Audit and Accounting Department with experience as a staff auditor for a large health and welfare trust fund company. He is a graduate of Governors State University where he received his Bachelor of Science Degree in Accounting.

