



## A View from the Top

Mark N. Klett, President & CEO

It was a good Holiday season for the KCG TEAM – I really enjoyed getting out and breaking bread with most of you and your spouses in November and December in Dallas, Little Rock, and Virginia Beach. I would like to congratulate all of the KCG Team for another RECORD Breaking Year in 2009.

Each year it seems to be another year of Firsts for us. We won more contracts (4) and hired more people (13) this year than in any other year. KCG earned more revenues this year and had more profit sharing than in any other year. It is a good trend – and it is all because of the outstanding highly motivated Team players that we have within the company serving our clients and our employees every day!! Thank You!!

All of you should be proud of your accomplishments and the recognition that the Company receives for your outstanding efforts – you are all part of a special organization that does things better than most in very simple ways. Below are just a few of the highlights of the last couple of months:

- Awarded follow on work with 63<sup>rd</sup> RSC and are working toward a contract expansion into Arizona, Nevada, and California

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## Hampton Roads Technology Cluster Workshop

On January 25th over 240 participants kicked off the two-day Hampton Roads Technology Cluster Workshop on Unmanned Systems and Port Security at the Renaissance Hotel in Portsmouth, Virginia.

This event was the outgrowth of the Robot Venture initiative for which Klett Consulting Group provides strategic and project management support.

A full slate of principal speakers and panel members came together to discuss how to harvest technology innovations from the small business community to solve national security challenges in the port and harbor environments.

Mark Klett, who was appointed chair of an advisory committee to U.S. Representative Glenn Nye on Service Disabled Veteran Owned Small Business (SDVOSB) issues, introduced the Congressman as the first featured speaker.

In addition to Congressman Nye, fellow Congressman Randy Forbes spoke. Both had similar messages in their support for ways to facilitate innovation which can be quickly delivered by small businesses.

Another key speaker was NASA Langley Research Center Deputy Director, Stephen Jurczyk, who pointed out that NASA was one of the pioneers in unmanned systems research.

U.S. Small Business Administration Secretary, Karen G. Mills, was scheduled to speak but weather delays in Maine prevented her participation. Her presentation was delivered by a senior SBA official.

Other agencies represented by speakers and panelists included the Office of Secretary of Defense, Department of Homeland Security, and the U.S. Coast Guard.

It was not all sages on the stage though, there were three different breakout periods in which participants were engaged from a list of 6 topic areas and the participants developed recommendations from the facilitated brainstorming sessions.

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- Awarded a contract expansion with CVN-78 and CVN -79 (New Navy Air Craft Carrier System Engineering and Information Assurance Weapon System Design support)
- Awarded a subcontract to TASC, Inc. in support of Irregular Warfare/Counter Insurgency Subject Matter Expertise at US Joint Forces Command
- Conducted Open Architecture Seminars: October in New Jersey, November in Las Vegas, December in Washington DC, and January in Minnesota 🤖
- KCG Co-hosted a Technology Cluster Workshop on 25-26 January in Portsmouth, VA. The Workshop brought together the Small Business Administration Secretary representative, two Congressman, many Government Program Managers, the Homeland Security Chief Technology Officer, and several other key government, industry, and academic stakeholders to discuss the way ahead for Port and Harbor Security solutions within a cluster framework.

KCG has a very bright future in 2010 and beyond. We have a number of proposals and opportunities in the hopper already. We will be putting our biggest efforts into the 63<sup>rd</sup> RSC support, Expansion of Dynamic Modeling with Operational Architectures and standing-up the system engineering support for three Technology Clusters (Virginia, Michigan, Hawaii). Pretty soon we will be looking for volunteers to travel with me to Hawaii ☺ - Stay Tuned.

Sincerely – all my best

Mark N. Klett  
President and CEO  
Klett Consulting Group, Inc

## Technology Cluster

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Klett Consulting Group was heavily involved in all aspects of the workshop, with Bill Piersol and Kenny Greenwell as key participants in the overall planning; Wendy Cumings, Paula Deitz, and Kevin Merritt being key players in the administrative and logistical execution of the event.

By all accounts the event was a huge success and this was largely due to the efforts of the KCG team. Key stakeholders from the region will be involved in developing action plans for the next steps. The team will be working with the Small Business Administration, Office of Secretary of Defense and other federal agencies to develop a roadmap for extending the excellent work of this conference into a viable business activity to help drive business to Hampton Roads in 2010 / 2011 and beyond.

Klett Consulting Group should be proud of our support and fostering of this new, critical opportunity in our region.



Department of Homeland Security CCO, Dr. Tomas Cellucci's workshop presentation



Congressman Forbes' Sidebar Session with Kev Stakeholders

## Top 10 Small Businesses to Watch

Klett Consulting Group was selected as one of the *Top 10 Small Businesses to Watch* as announced at the Hampton Roads Chamber of Commerce awards luncheon on Thursday, October 1, 2009. The list was compiled by the Hampton Roads Chamber of Commerce and its Small Business Development Center of Hampton Roads to recognize ten businesses for being some of the fastest growing companies in the area and for their service in supporting the local small business community.

## 2010 Retirement – Account Contribution Limits

By [Kimberly Lankford](#), Contributing Editor, *Kiplinger's Personal Finance*

**Question:** *I know Social Security beneficiaries will not receive a cost-of-living increase in 2010 because the inflation rate has been so low (See [A Bailout for Seniors](#)). How does the lack of inflation affect retirement-savings plans? Could contribution limits for 2010 decrease?*

More than three dozen tax benefits are adjusted for inflation every year based on the change in the third-quarter consumer price index from one year to the next. Because there was no increase in the CPI from 2008 to 2009, many of these benefits will remain the same or will change only slightly in 2010.

But contribution limits will not be reduced. The IRS recently announced that the maximum will remain \$16,500 for 401(k)s, the federal government's Thrift Savings Plan and other retirement-savings plans. People 50 or older can continue to make catch-up contributions of up to \$5,500.

You'll still be able to contribute up to \$5,000 to a Roth IRA in 2010 and make a catch-up contribution of \$1,000 if you're 50 or older. And the maximum income limits for Roth IRA contributions will change only slightly, rising from \$166,000 to \$167,000 in 2010 for married couples filing jointly, and remaining unchanged at \$105,000 for singles.

Another key IRA change for 2010, which has nothing to do with the CPI figures, is the elimination of the \$100,000 income limit for rolling over a traditional IRA to a Roth. So even if you earn too much to contribute to a Roth IRA in 2010, you can still contribute to a traditional IRA and immediately roll the traditional IRA over to a Roth. (See [The New Roth Rollover Rules Explained](#) for more details and information about how the conversion is taxed, which can be tricky if you have other traditional IRA accounts.)

The IRS announced several other tax-related limits for 2010. Income-tax brackets will change slightly. For example, the income threshold separating the 15% and 25% tax brackets will rise by \$100, from \$67,900 to \$68,000. The annual gift-tax exclusion will remain unchanged at \$13,000 -- which means that taxpayers may give up to \$13,000 per person in 2010 without being subject to the gift tax. And the standard deduction remains unchanged at \$11,400 for married couples filing jointly and \$5,700 for singles.

This article and additional information shown in (Blue) can be found at:

<http://www.kiplinger.com/columns/ask/archive/2009/q1019.htm>

# Projects Update

## Joint Forces Command (JFCOM) J9

Klett Consulting Group was awarded a sub contract to TASC, Inc. in support of Irregular Warfare/Counter Insurgency Subject Matter Expertise. Joe Thomas started supporting this task in the middle of January. Klett Consulting Group is part of a team supporting TASC, Inc (formerly part of Northrop Grumman). We look forward to KCG's participation growing as a result of this on-site support.

## CVN 78

Klett Consulting Group was awarded a contract expansion with the CVN-78 contract. In 2009, we had about 1.5 man-years on the contract and our contract was nearly doubled for 2010. Todd Black will be increasing his support on a new Information Assurance support effort.



## Hampton Roads Military and Federal Facilities Alliance

The fantastic work that Bill Piersol, Kenny Greenwell and Mark Klett have been providing to the Robot Venture program has paid off. The Hampton Roads area hosted a Technology Cluster meeting on 25-26 January. The purpose of the workshop was to get stakeholders

together to discuss the way ahead on a multi-agency and stakeholder cluster framework. A particular goal is to further develop unmanned systems and sensors to improve Harbor and Port Security capabilities.

## Service Disabled Veteran Owned Small Business (SDVOSB) Council

The Service Disabled Veteran Owned Small Business (SDVOSB) Council was formed expressly for the purpose of advocating on behalf of small businesses owned by Service Disabled Veterans. Mark Klett is serving on the Government Relations committee.

The Council is currently working to support the Veterans initiatives of Congressman Glenn Nye (VA-02) and potentially seeking grants to support the Veteran Outreach and Transition Support.



## Awarded follow on work with 90<sup>th</sup> RRC / 63<sup>rd</sup> RSC

Due to our continued outstanding support of the client, Klett Consulting Group was awarded the follow on work with the 90<sup>th</sup> RRC / 63<sup>rd</sup> RSC. The team continues to receive excellent reviews. We will be working on the renewal for this contract with the Army Reserve in mid-year.



## NSWC Crane

Our team at NSWC Crane in Indiana continues to take care of their clients. Our partner, SAIC, has been very pleased with the support being provided by Angie Shake and Sarah Ruggles. We are working with Crane on a DHS support contract for a special testing program. Having personnel at the base is definitely helping keep KCG in front of our Crane customers.

# The Most Overlooked Tax Deductions

By Kevin McCormally, Contributing Editor, *Kiplinger's Personal Finance*

Every year, the IRS dutifully reports the most common blunders that taxpayers make on their returns. And every year, at or near the top of the “oops” list is forgetting to enter their Social Security number at the top of the tax form -- or making a mistake when entering those nine digits.

No doubt about it: The opportunity to make mistakes is almost unlimited, and missed deductions can be the most costly. About 46 million of us itemize on our 1040s -- claiming nearly \$1 trillion worth of deductions. That's right: \$1,000,000,000,000, a number rarely spoken out loud until Congress started debating economic-stimulus plans to combat the Great Recession.

Another 85 million taxpayers claim more than half-trillion dollars' worth using standard deductions—and some of you who take the easy way out probably shortchange yourselves. (If you turned 65 in 2009, remember that you now deserve a bigger standard deduction than the younger folks.)

Yes, a friend, tax time is a dangerous time. It's all too easy to miss a trick and pay too much. Years ago, the fellow who ran the IRS at the time told *Kiplinger's Personal Finance* magazine that he figured millions of taxpayers overpaid their taxes every year by overlooking just one of the money-savers listed below:

1. State sales taxes
2. Reinvested dividends
3. Out-of-pocket charitable contributions
4. Student-loan interest paid by Mom and Dad
5. Moving expenses to take your first job
6. Military reservists' travel expenses
7. Child-care credit
8. Estate tax on income in respect of a decedent
9. State tax paid last spring
10. Refinancing points
11. Jury pay turned over to your employer
12. Property-tax deduction for non-itemizers
13. Casualty-loss deduction for non-itemizers
14. Hope credit for college juniors and seniors
15. Sales-tax deduction for new vehicles
16. Credit for energy-saving home improvements
17. Break on the sale of demutualized stock
18. Home-buyer credit
19. Making Work Pay credit: You've probably been enjoying the fruits of this credit via reduced payroll tax withholding since spring 2009. But to lock in your savings—by reducing your tax bill by \$400 if you're single or \$800 if you're married and file a joint return—you'll need to actually claim the credit on your 2009 tax return—and you'll use brand-new Schedule M to do so. The credit is equal to 6.2% of your earned income, capped at \$400 or \$800. For single filers, it starts phasing out at \$75,000 of adjusted gross income and dries up at \$95,000. The phase-out zone for couples is \$150,000 to \$190,000.

For detailed information on any item please see the full article at:

<http://www.kiplinger.com/features/archives/the-mostoverlooked-tax-deductions.html>

## Security Corner - 2010 Census to Begin

### BBB Alerts Consumers about U.S. Census Workers: Be Cooperative, But Cautious!

For years, Better Business Bureau has educated consumers about not giving out personal information over the telephone or to anyone who shows up at their front door. With the U.S. Census process beginning, BBB advises people to be cooperative, but cautious, so as not to become a victim of fraud or identity theft.

The first phase of the 2010 U.S. Census is under way as workers have begun verifying the addresses of households across the country. Eventually, more than 140,000 U.S. Census workers will count every person in the United States and will gather information about every person living at each address including name, age, gender, race and other relevant data. "Most people are rightfully cautious and won't give out personal information to unsolicited phone callers or visitors, however the Census is an exception to the rule," said Steve Cox, BBB spokesperson. "Unfortunately, scammers know that the public is more willing to share personal data when taking part in the Census and they have an opportunity to ply their trade by posing as a government employee and soliciting sensitive financial information."

The Census data will be used to allocate more than \$300 billion in federal funds every year, as well as determine a State's number of Congressional representatives. Households are actually required by law to respond to the Census Bureau's request for information. During the U.S. Census, households will be contacted by mail, telephone or visited by a U.S. Census worker who will inquire about the number of people living in the house. Unfortunately, people may also be contacted by scammers who are impersonating Census workers in order to gain access to sensitive financial information such as Social Security, bank account or credit card numbers. Law enforcement in several states have issued warnings that scammers are already posing as Census Bureau employees and knocking on doors asking for donations and Social Security numbers.

### How do you tell the difference between a U.S. Census Worker and a con artist?

BBB offers the following advice:

- If a U.S. Census worker knocks on your door, they will have a badge, a handheld device, a Census Bureau canvas bag and a confidentiality notice. Ask to see their identification and their badge before answering their questions. However, you should never invite anyone you don't know into your home.
- Census workers are currently only knocking on doors to verify address information. Do not give your Social Security number, credit card or banking information to anyone, even if they claim they need it for the U.S. Census. While the Census Bureau might ask for basic financial information, such as a salary range, it will not ask for Social Security, bank account or credit card numbers nor will employees solicit donations.
- Eventually, Census workers may contact you by telephone, mail or in person at home. However, they will not contact you by e-mail, so be on the lookout for e-mail scams impersonating the Census. Never click on a link or open any attachments in an e-mail that are supposedly from the U.S. Census Bureau.

# KCG Moments



Congressman Glenn Nye speaks at Reception to Honor Veterans held in Virginia Beach



Some of the attendees at the Reception to Honor Veterans at home of Mark and Debbie Klett



AIT President, Carl Spraberry, Mark Klett, and Congressman Glenn Nye at a roundtable for veteran small business owners



Mark Klett & Governor-Elect Bob McDonnell at HR Chamber of Commerce 2009 Annual Members Meeting



Nick Horsley, Sarah Ruggles, Angie and Kevin Shake attend the 2009 Holiday Party in Virginia Beach. Angie and Sarah support NSWC Crane in Indiana.



Christmas tree at Virginia Beach Hilton decorated in Klett blue