

Being Accountable

When John Di Carlo looks out the 22nd story window of his firm's Long Beach headquarters and takes in the spectacular vistas of the Los Angeles Basin, he can see many of the local homes and businesses that have found a strong financial footing through the impact of Windes.

As managing partner, Di Carlo believes his firm's focus on providing accounting, estate, succession planning and tax solutions to some of the region's leading corporations and upscale individuals has created a unique niche for Windes.

"Customers are choosing us because we specialize in serving closely held family businesses and high-net-worth individuals," he says.

Di Carlo has observed that most of the firm's clients inherently possess a desire to plan financially for the future.

"They plan their investment strategies for the long-term; they aren't one-year thinkers," he says.

"Consequently, one-year changes don't divert them from their plan. They stay focused."

Among Windes' specialties are succession and estate



John DiCarlo

For nearly a century, Windes Accountancy Corporation, the largest and oldest accounting firm in Long Beach, has provided financial advising, management and consulting services for corporate and individual consumers. Managing Partner John DiCarlo discusses what sets the firm apart in offering top-notch services and solutions for today's clients.

planning, which is necessary for those who have built wealth that needs to be monetized or who have businesses they wish to carry over to subsequent generations.

"Our clients are faced with the challenge of what they will do with their assets and how they will control these resources," Di Carlo says. "It is not really a question of who will get the wealth, but who the next responsible party will be to control the finances."

Recognizing that the best person to handle the estate is not necessarily equally capable as a wealth manager, Windes serves as a family advisor providing services to high-income clients and multi-generational firms.

Windes' tax planning services have been strongly impacted by the Tax Cuts and Jobs Act of 2017. The

new federal policies are set to provide a mixed bag of tax cuts and liabilities to Americans beginning in 2018.

"On the individual side, the biggest question in people's minds is, 'am I a winner or a loser?'" says Di Carlo, and Windes is receiving regular requests to estimate 2018 tax liabilities based on 2017 data.

Di Carlo explains that C Corporations, which pay their own income taxes, will experience a dramatic decrease in tax liability come 2018, while owners of S Corporations, partnerships, and LLCs, who pay taxes on the income that is passed through to them from the entity, may be entitled to a 20 percent reduction in their taxable income.

Windes has also assisted clients participating in the mergers and acquisitions boom that has transformed

the business world since the 1980s.

“Our role tends to focus on the analytics, but it also concerns the business structure,” Di Carlo says. “These transactions are often all cash. However, what if a potential acquirer provides some cash, but also notes, stock or earn-outs? People are looking for us to assist them in the thought process about what outcome is the most desirable for their particular circumstances. Regardless of the income tax consequences, we look at the basic economics of the situation.”

In today’s global economy, Windes is prepared to assist clients with an international portfolio through membership in the Baker Tilly International network, an association of more than 125 firms across six continents that join forces to provide services not locally available to clients.

“We can have a client located in Southern California who decides to have a business operation in Korea, Guatemala or Canada. We can’t physically go to that location and provide services with the same efficiency, particularly when considering the knowledge of local customs and resources, but our partner, Baker Tilly, provides that ability,” Di Carlo says. “On the flipside of such a situation, we possess local knowledge that we can share with international firms that are planning to expand operations in Southern California.”

A common thread that the firm and its clients share is the desire to give back to the local community. “For most of our clients, there is some component of charitable giving, either during their lifetimes or through estate planning,” Di Carlo says, noting that this can include funding a local nonprofit, school or hospital.

Windes includes such social responsibility in its conversation with customers, maintaining that charitable giving not only makes a positive impact on the lives of others, but also makes good financial sense.

From youth empowerment organizations such as Boys and Girls Clubs to medical research and advocacy nonprofits, Windes is at the forefront of philanthropic activities in Los Angeles and Orange counties, with a presence on the boards of some 65 organizations. “It is a diverse group of nonprofits because one of the responsibilities of each partner of this firm is to give back to some organization that impacts the community,” Di Carlo says. “Partners choose to volunteer in organizations that fulfill a personal desire or goal.”

A multi-generation Los Angeles County resident, Di Carlo has worked for Windes since 1981. At age 28, the Loyola Marymount University accounting alumnus was the youngest person in the firm’s history to be named a partner.

“I’m motivated by the firm’s long-term relationships with clients and the great people that make up our

firm. It has been ranked one of the best places to work, both locally and nationally,” he says. Today, Windes has 15 partners and 150 employees.

Di Carlo developed a passion for accounting as a youth. His maternal grandmother was the bookkeeper for her husband’s business. When the couple went on vacation in Italy for a month, they left Di Carlo in charge of the books, which gave him his first experience in the field.

Looking back at more than four decades as an accounting professional, Di Carlo says the greatest transformation in the field has been the development of technology.

“When I joined Windes, we had an IBM computer that covered 1,000 square feet, with an elevated floor and an air conditioning unit,” he says. “I remember when we had the first personal computer delivered to the office; it was like the Holy Grail.”

Long gone are the days in which White-Out corrected amended records. “We are doing things much easier and faster today and with far fewer people needed to perform the same tasks than years ago,” he says.

Looking to the future, Di Carlo anticipates an expanded role for firms like Windes.

“The outsourcing of accounting departments will be an evolution in the accounting industry. Over the next five to 10 years, we will likely see our firm doing functions that are ancillary to accounting, such as IT and software support for clients,” he says. “Another major change within five years will be the emphasis on cybersecurity. We will find that clients and their customers will be concerned about what is being done to prevent breaches and ensure the best plans should the worst occur. I believe accounting firms will have an expanded role in advising clients on all facets of their businesses.” — **By Daniel Coats, California Business Journal**

Copyright © 2018 California Business Journal. All Rights Reserved.

John DiCarlo

Windes Accountancy Corporation

jdicarlo@windes.com

562-435-1191

**111 West Ocean Blvd, Twenty-Second Floor,
Long Beach, CA 90802**

www.windes.com