

Press Release

Freeborn, CliftonLarsonAllen and Prairie Capital Advisors and Talk Tax Strategies to Chicagoland Craft Brewers

CHICAGO – May 7, 2015 – Life is Too Short: Drink Good Beer, Pay Less Tax. Freeborn, CliftonLarsonAllen and Prairie Capital Advisors and joined forces on Tuesday, May 5th to educate owners and executives of Chicago area craft brewers about tax savings strategies. The presentation outlined several strategies that craft brewers should consider as they begin and ultimately expand their enterprises.

CliftonLarsonAllen and Freeborn discussed the advantages and disadvantages of business formation types, and in addition, tax professionals from CliftonLarsonAllen shared the following tax saving opportunities:

- Investing in a **cost segregation study** allows the opportunity for an accelerated deduction taken in early years resulting in improved cash flow – lower taxable income; less tax paid.
- Businesses who are investing in new products or processes can take advantage of **research credits**. This can permanently reduce federal and Illinois tax for taxable corporations, sole proprietorships, or owners of pass-through entities.
- Have you heard of the **tip credit**? This allows certain food and beverage establishments that withheld Social Security and Medicare taxes on employees' tips. This tax credit can permanently reduce federal tax for taxable corporations, sole proprietorships, or owners of pass-through entities.
- **Other tax opportunities** that craft brewers should be aware of are export incentives ("IC-DISC"), Domestic Production Activities deduction, section 179D deduction for energy efficient buildings, Illinois Small Business Job Creation Credit and Illinois investment credits.

Prairie Capital Advisors provided an overview of employee stock ownership plans (ESOPs) and the tax advantages for craft brewers. An ESOP can provide liquidity to equity holders in a tax-efficient manner while rewarding the employees that have helped build the brewery. The ESOP is a tax-exempt entity as such any earnings that passes through to the ESOP, based on pro-rata ownership, is not subject to income taxes. There are many other reasons that this transition alternative should be considered for a craft brewer including:

- It allows craft brewers to **stay independent after the sale**
- Owners can still be involved in the management of the brewery
- Employee ownership culture and participation in the economic growth of the brewery
- It can be paired with other transition alternatives, if desired.

Want to know more? Below is information about the firms involved.

About Freeborn (www.freeborn.com)

From brewery safety to finance, real estate to risk management, intellectual property to international operations, Freeborn offers a full range of legal services to brewers, wholesalers and retailers to help address the complex challenges facing the food and liquor industries. Freeborn helps breweries protect their businesses through representation to regulators, and through the vigorous defense of claims against them. Support includes ensuring compliance with state and federal regulations relating to all elements of brewery operations.

Contact: Brian Smith, Partner bsmith@freeborn.com (312) 360-6472.

About CliftonLarsonAllen (www.claconnect.com)

CLA is a professional services firm delivering integrated wealth advisory, outsourcing, and public accounting capabilities to help clients succeed professionally and personally. Our industry-specialized people offer solutions that support clients locally, nationally, and globally, such as Half Acre Beer Company, Pipeworks Brewing Company, and Goose Island Beer Company.

Contact: Chris Gugora, Principal chris.gugora@claconnect.com (630) 368-3637

About Prairie Capital Advisors (www.prairiecap.com)

Prairie is an employee-owned company that offers investment banking, ESOP advisory and valuation services to support the growth and ownership transition strategies of middle-market companies. Since 1996, our advisors have helped hundreds of companies structure, value and sustain their ESOP. With over 250 ESOP clients, our professionals have the expertise and experience to serve an ESOP company throughout its life cycle. Prairie has specific expertise working with craft brewers; our most recent transaction being with Harpoon Brewery. Headquartered in Oakbrook Terrace, Illinois, with offices in Atlanta, Cedar Rapids, Chicago and Philadelphia, the company is a leading advisor to closely-held companies nationwide.

Contact: Rocky Fiore, Managing Director rfiore@prairiecap.com (630) 413-5575

ABOUT FREEBORN & PETERS

Freeborn & Peters LLP is a full-service law firm, headquartered in Chicago, with international capabilities. Freeborn is always looking ahead and seeking to find better ways to serve its clients. It takes a proactive approach to ensure its clients are more informed, prepared and able to achieve greater success – not just now, but also in the future. While the firm serves clients across a very broad range of sectors, it has also pioneered an interdisciplinary approach that serves the specific needs of targeted industries, including credit unions, food, transportation, private equity and venture capital and insurance and reinsurance.

Freeborn is a firm that genuinely lives up to its core values of integrity, caring, effectiveness, teamwork, and commitment, and embodies them through high standards of client service and responsive action. Its lawyers build close and lasting relationships with clients and are driven to help them achieve their legal and business objectives.

For more information, please visit www.freeborn.com.

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