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Millions of Americans rely on their CPAs to help them run their businesses more effectively, prepare their taxes and develop sound financial strategies for their families' security. Our role today is the same as always: to provide the trustworthy financial insights and business advice so vital to success — especially in these difficult economic times. We're here for you, whenever you need us. Just as we always have been. **America counts on CPAs.**

Rhode Island Society of Certified Public Accountants



RUNWAY EXTENSION from page 8

Two sides to a story

Runway expansion has many supporters, including the Go Green Alliance. Leading the charge as co-chairs are Bryant College President Ronald Machtley and Hasbro Chairman Alan Hassenfeld. Among the many supporters and members are the Greater Providence Chamber of Commerce, the Rhode Island Economic Policy Council, the Rhode Island Convention Center Authority and Rhode Island School of Design.

"The Go Green Alliance was established to support enhancements to the airport that are vital to positive economic development in Rhode Island," said Plotkin. "Through developments such as the runway extension, Rhode Island businesses will benefit from added conveniences and accessibility."

However, the runway expansion proposal isn't without opposition. Members of the Warwick community have voiced their objection to expansion based on traffic congestion, noise, health concerns and loss of homes because of expansion into neighborhoods.

Safety First

To secure the longer runway, the first step is to assess the viability of expansion at Green Airport through an Environmental Impact Statement (EIS). The EIS is a study conducted by the Federal Aviation Administration (FAA) to determine the impact of the project on the environment including noise, land use, air and water quality, wetlands, social impacts and induced socioeconomic impacts. The EIS should take approximately 18-24 months and is targeted to begin at Green Airport in early 2005.

By 2020, 11 million passengers are projected to be using Green Airport annually. Improvements and advancements will help ensure flexibility to accommodate new potential carriers, innovations in aircraft design, greater travel options and access to national markets for Rhode Island businesses and institutions. ♦



What Counts

www.riscpa.org

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Published for friends and members of the Rhode Island Society of Certified Public Accountants

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T.F. Green Aims for Coast to Coast Service

Over the past years, T. F. Green Airport has been the center of much attention surrounding the topic of whether to lengthen its main runway to support coast-to-coast flights. Extending the runway from 7,166 feet to 9,500 feet was factored into the airport's Master Plan for the year 2020. But recent examination has led the Rhode Island Airport Corporation to recommend moving that date forward. Extending the runway could have a number of effects on the airport, surrounding area and our state — including business services.



If we build it, they will come

As it stands, the current main runway length of 7,166 feet does not support nonstop flights to the West Coast. Airplanes with fuel tanks large enough to conduct nonstop coast-to-coast service require a longer runway for takeoff preparation. A 9,500-foot runway would accommodate such aircraft.

As with many U.S. airports, Green's passenger numbers dropped after the events of September 11, 2001. However, that trend is finally reversing. Since April, the airport has seen increasing passenger numbers every month. In addition, service has increased by more than 35 percent and includes two new carriers, Independence and Spirit Airlines. Green's daily departures now total 134 — the second highest number the airport has ever offered.

Rhode Islanders contribute significantly to the national economy and need to travel to West Coast destinations regularly. In fact nearly 200,000 people

Nonprofits Rely Heavily on Board Members' Support

Ethical and legal investigations lend a hand in shift of board member roles

The range of work performed by nonprofit organizations runs the gamut, but they do all have one common attribute. All nonprofits are led by a board of directors, and this group of individuals is often the backbone of the organization.

Although the specific roles and responsibilities of boards and its members vary from group to group, boards always play a crucial role in the development of the organization and its reputation. All boards of directors must understand that the organization belongs to society and the board stands as the community's representative

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NONPROFIT BOARDS
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Dedicated Membership Leads RISCPA into Second Century

by Gregory A. Porcaro, CPA, President of the Rhode Island Society of Certified Public Accountants

In preparing myself for my term as president of the Rhode Island Society of CPAs, I've spent much time reflecting on what has made this organization so successful. It quickly became obvious to me that the backbone of RISCPCPA is our membership, and its devotion to providing leadership and resources to the public and promoting high standards of the CPA profession.

Our mere existence as an organization relies on the dedication of our members. New ideas and creative recommendations are continuously offered by members, leading to a high level of energy in both our organization and our profession.

Because our level of involvement on a variety of topics is so high, RISCPCPA has the opportunity to impact the outcome of a number of issues facing our state. In government, our members are participating in the possible reformation of the state income tax system and other pertinent issues. Socially, we reach out to the public through volunteer work and by educating the public on today's financial issues, including through our cable show on Cox Cable channel 13.

I wish to congratulate our board members for

the leadership role they exemplify for our profession. Their example inspires our members to become active and live our mission through work in both the professional and social community. Specifically, I would like to thank Bill Pirolli for his commitment and extraordinary leadership throughout the past year.

We realize the time you afford us comes with sacrifice and I cannot thank members enough for the dedication of their time. We hope the benefits of current trends in our profession and updated field education make this time worthwhile. Members also gain new opportunities and network development by attending our activities, further promoting professional success.

As we move forward, I hope that our members will continue to commit themselves to the important work we do through the Rhode Island Society of CPAs. We are always looking for fresh ideas and perspectives and members should feel free to contact me via email at gporcaro@oppgcpa.com. We also encourage new members to become active with RISCPCPA, by serving on a committee or by volunteering to assist with a specific project. I

am confident that new members will value being informed about today's matters that affect our profession and will enjoy the benefits the Society offers. For more information about the organization and the benefits of membership, visit www.riscpa.org.

As we approach the year of our centennial celebration, it's a time to reflect on our past successes and draw on them for future betterment of our profession. I look forward to being board president of RISCPCPA during this significant time.

Sincerely,



Gregory A. Porcaro, RISCPCPA president



Greg Porcaro, CPA
RISCPCPA President

Government Affairs

Legislative Wrap-Up: CPAs Monitor 17 bills

Legislative efforts include UAA and NOL bills

In the pre-dawn hours of last June 26, most (if not all) members of the Society had the good sense to be home in bed. At the same time, the Society's government relations team from Trion Communications was at the State House monitoring the final hours of the 2004 session of the Rhode Island General Assembly. As the evening drew to a close and the hour approached 2 a.m., David Preston, Frank McMahon and Andy Andrade of Trion worked to defeat an attempt to change several sections of the Uniform Accountancy Act, (UAA) that was passed into law in 2001.

A final attempt

The 11th hour effort to adapt the UAA highlighted why it pays to be alert in the last days of any legislative session. The bill, 2004 S-2843 would have made changes that the Society believed would have negatively affected the accountancy law. Sponsored by Senator Michael McCaffrey (D-Warwick) on behalf of several prominent CPAs, it lay dormant from the time it was introduced in February until well into June. The bill was heard on May 27 in the Senate Commerce, Housing and Municipal Government Committee where representatives of the Society expressed concerns about the legislation. The committee, apparently agreeing that some change was necessary, voted to hold the bill "for further study." Having missed the deadline for committee action on legislation in the Senate, no further action was taken. Although exceptions can be granted, a bill that fails to gain approval from its committee by the deadline date is almost always considered "dead" for that year.

A second life

That appeared to be the fate of S-2843 until it got another hearing on June 22, more than two

months after the deadline for legislative action. The Society was ready to testify at the hearing that had been "posted" for 3 p.m. But when they arrived they found that the hearing had begun at 2:30, testimony in favor of the bill had been heard, and the committee had voted to send the bill to the full Senate for consideration. The bill passed the Senate two days later.

From there, the battle shifted to the House. "We made every effort to have our members contact their representative to vote against this bill if it came up in the House," said Ray Church, executive director, RISCPCPA.

That effort paid off – despite a literal last minute push by the Senate, the bill died in the House as the session ended during the early morning of June 26.

Passing additional legislation

The proposed changes to the UAA was just one of the many issues the Society addressed during this year's contentious legislative session. In total, the Society monitored 17 specific bills, including legislation regarding the governance of charities, modernization of the Board of Accountancy and taxation matters, as well as other business issues.

The Society also had legislation introduced this year that would modernize the Board of Accountancy. The bills, 2004 S-2411 and 2004 H-7708, were introduced by Sen. Elizabeth Roberts (D-Cranston) and Rep. Tom Winfield (D-Smithfield, Gloucester). These identical bills would have accomplished two things. The first change would have allowed the Governor to select a CPA for appointment if there were no Public Accountants (PA) to serve on the Board. This reality is



inevitable, given that PA is a designation that has been phased out, and that most PAs have either retired or are about to retire. There are only 35 active PAs in the state.

The second change would have the Governor select appointees to the CPA slots on the board from a list of recommendations made by the RISCPCPA. This is similar to the process currently in place for selecting judges.

Unfortunately, both bills failed to become law. "As was the case with the original passage of the UAA, it often takes a number of sessions over several years for a bill to become law," Preston explained. "We'll have to continue to work to make these much-needed changes to the law a reality."

The Setbacks

The Society did experience a minor setback when two laws they opposed were passed. In accordance with Chapter 44-11-2(e) legislation increasing the minimum tax from \$250 to \$500 beginning with years starting January 1, 2004 and thereafter was approved. Franchise tax was also increased from a minimum of \$250 to \$500. This also takes effect with years starting January 1, 2004 and thereafter. The Society opposed all such increases.

LEGISLATIVE WRAP UP
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U p c o m i n g E v e n t s

SEPTEMBER 17, 2004

Leadership Day

Join us for this free workshop led by Robert Bunting, incoming chairman of the AICPA. Participants will receive CPE credit for the four-hour course. The event will be held at the Wannamoisett Country Club in Rumford, R.I. To register, call the RISCPCPA office at 401-331-5720.

Tune in to *What Counts* every Friday night at 8 p.m on Cox Cable channel 13. Following is a list of upcoming topics.

SEPTEMBER 2004

Gambling Addiction with Moderator John Barrett, Jr. and guest Henry Lesieur, PhD. of RI Gambling Treatment Program

OCTOBER 2004

Medicaid/ Long Term Care Insurance with Moderator Pat Thompson

NOVEMBER 2004

Small Business Fraud with Moderator Arthur Lambi, Jr.

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One-on-One With Joanne Daly

This month, *What Counts* checked in with Joanne Daly, director of Major Gifts and Planned Giving for Plan USA formerly known as Childreach. Joanne gave us the inside track on this important cause and how she transitioned from corporate to nonprofit work.

What Counts: Could you explain Plan USA?

Joanne Daly: Plan USA is part of an international organization that helps more than 10 million children and families in poor communities throughout Africa, Asia, Latin America and the Caribbean. We offer donors the opportunity to sponsor an individual child and to donate to specific projects that address the root causes of poverty. Our 66 years of experience has shown us that the best way to truly make an impact is to actively involve children and families in our work. Our goal is to create and build a brighter future for them.

WC: Can you tell us a little about the sponsorship of a child?

JD: As a sponsor, you are linked with a specific child and family in one of our countries. You receive a photograph and profile of that child and his/her family. We encourage sponsors to get to know the child. It's an opportunity for a unique cross-cultural exchange.

WC: What types of programs and services does Plan USA offer?

JD: There are so many things that we're doing in some of these countries. It's just incredible.

One of our programs is around birth registration. In many parts of Asia and Africa, parents don't make an official record of a baby's birth and a child is not counted. The child is an invisible citizen in the eyes of the government and later can't enroll in school, seek employment or healthcare, marry or qualify for any government services. Plan staff is working with parents to educate them on the importance of registration and is helping to document the births of unregistered children.

Our basic programs in health and education are the easiest to explain. Throughout each program country, we focus on giving children a healthy start in life – providing the basic health-care services and growth monitoring necessary to

help them survive and grow through the most critical first five years of life.

Education programs include the construction of preschools and primary schools, the provision of scholarships, books and supplies, teacher training and even adult literacy classes. One very successful program just about completed is a schoolbooks program for the children in Guinea, West Africa.

WC: Can you explain planned giving?

JD: Planned giving is any deferred or major gift that involves planning. Planned giving generally includes deferred gift vehicles such as bequests, charitable gift annuities, charitable remainder trusts, charitable lead trusts, life insurance or retirement funds. Certain deferred gifts enable the donor to receive tax benefits now, and affect their current income. In most cases, the nonprofit does not receive the gift until the donor's death.

WC: What qualifies as a major gift?

JD: A major gift can be any size, but generally it's more than \$10,000. Plan's largest gift was \$10 million, which was received from a corporate foundation.

WC: How much time and effort usually goes into planning a donation?

JD: It takes a long time to build a relationship with someone who could make a large donation. The key is matching their vision and how they want to make a difference in the world with what the organization is doing or could do with their help. Generally, it takes 18 to 24 months to cultivate a donor for a gift.

The best way to recruit a gift is through personal referrals by other donors that spread the word to his or her peers about our programs and projects. Sometimes sponsors call after they've read a report on a sponsored child and the difficult conditions in which they live.

WC: Have you had any major successes since joining Plan USA?

JD: I joined Plan in May, so I am just starting to build relationships with our donors. But on my first day here I received an email from a couple that had sponsored a child for 40 years and wanted



Joanne Daly

information on putting \$1 million of low-basis appreciated corporate bonds into a charitable remainder trust (CRT). After several conversations with the donor, our advisors and his advisor, the donor notified us that he will be establishing the CRT for our benefit.

WC: What type of work do you do to promote Plan USA in Rhode Island?

JD: We're starting some pilot education and awareness programs in Rhode Island and Massachusetts. One pilot in Rhode Island is with middle schools and high schools. Our goal is to help the students understand other cultures, and encourage them to be global citizens. We also plan to develop a local volunteer committee and host lectures to help increase awareness of Plan USA's involvement with global issues.

WC: What made you choose to work for this organization?

JD: I joined Plan because I wanted to help support children so that they could have a better quality of life. I believe in Plan's mission and programs and have encouraged my family to become involved as well. In fact, both my children are sponsoring children. Nikki is sponsoring a 12-year-old girl in Mali and Danielle is sponsoring a nine-year-old girl in the Dominican Republic. I'm going to the Dominican Republic in August to see some of our programs in action and will have the privilege of meeting Danielle's sponsored child.

WC: Who are your donors?

JD: We have donors of all ages and backgrounds. Gifts come in from all over the country. Some people have been giving for more than 40 years. It seems to appeal to people with young children and the older generations. We reach out to people by direct mail, phone contact, personal visits and correspondence.

WC: How large of a staff do you have to assist you and field all of your donor requests?

JD: There are five employees in the Major Gifts and Planned Giving department but there are several departments that help recruit and steward sponsors, including donor relations, donor services, research, communications and marketing.

WC: How many donors do you have?

JD: We have more than 70,000 donors for the whole organization and approximately 1,000 here in Rhode Island.

WC: What prepared you for your role as director of the planned and major gifts department?

JD: This type of work ties in very well with my CPA experience, especially my tax and financial planning experience. Recently I earned the CFRE (Certified Fundraising Executive) designation, which requires passing a certification test, plus meeting extensive experience, continuing education and volunteer requirements. I also have a Masters in the Science of Taxation from Bryant University, where I also earned my undergraduate degree.

WC: You were in public accounting for nearly 15 years. Why did you decide to make the change to work for a nonprofit organization?

JD: I have always enjoyed helping nonprofits. When I was at Ernst and Young, I was the volunteer treasurer of a civic organization called VECTORS. My husband and I were very involved and did a number of things from arranging a fundraising dinner with the late Mr. Rogers of Mr. Rogers Neighborhood to raising money for Toys for Tots. I also helped manage our United Way campaign. In accounting, I was following the track to be a partner, but I felt I needed to do more, so I went to a career counselor. After the counselor heard

about all my past charitable work and how much I enjoyed helping people, she quickly pointed out that I was a natural fundraiser. At first I thought fundraising was all telemarketing and didn't want to consider it. But after I did some informational interviewing and took a fundraising class, I realized that it was what I wanted to do.

Shortly thereafter I started with the United Way and later went on to become the director of development at Roger Williams Park Zoo.

WC: How did you feel about your transition from corporate to nonprofit?

JD: I was a little nervous at first, since it was very different from public accounting; especially since part of my role was helping clients save money and now I would be asking people to give money. But when I began working with our board, volunteers, donors and staff, who were all very dedicated and committed to helping the nonprofit, I became very comfortable. So in the end, the transition was easy and I must say I love my work.

WC: How does your nonprofit work compare to working in public accounting?

JD: The work is very different, but similar in some ways. In public accounting, I worked with many closely-held companies and high net-worth clients giving them financial and tax advice to help them save money. In the nonprofit sector I'm also working with individuals and companies helping them save money by suggesting they make a planned gift. But at the same time, I help donors make a significant difference in the world, by helping them make a gift that's larger than they might have originally thought they could.

My estate and financial planning background prepared me to work with donors and their advisors on determining their best planned giving options. My financial accounting skills have also helped, since I am more than comfortable analyzing financial statements, preparing budgets, projecting revenues, developing strategic plans and putting them in place. So I have put a lot of my accounting skills to use, without having to endure the long hard tax seasons. I definitely don't miss tax season!

WC: What are your suggestions for fellow CPAs weighing their options and considering work for a nonprofit?

JD: If they're considering nonprofit work, they should look into nonprofit associations like AFP (Association of Fundraising Professionals) or the Planned Giving Council. Research your options, attend meetings, network and take informational interviews with people in the field. It's good to talk to people who have also changed careers to see how the transition goes. Career testing is also a plus and can really be beneficial. It's important for people to know that working at a nonprofit is very rewarding. You reap benefits in personal satisfaction, but not necessarily in income.

WC: Can you tell me a little bit about yourself and your family?

JD: I live in South Kingstown with my husband, Guy, our two daughters and dog. In between soccer games and dance classes, I volunteer my time with the Women's Fund of Rhode Island, Association of Fundraising Professionals, Wakefield Rotary, PTO and Girl Scouts. I also have the honor of being co-chair for Rhode Island's 2004 National Philanthropy Day, which is being held on November 23, 2004 at PPAC. Of course I will be helping with the fundraising, so if you would like to be involved, just call me. As I said, I love helping nonprofits, even as a volunteer. ❖



Professional News

AICPA Peer Review Program A Work in Progress

Changes over the years geared towards gaining public confidence

The American Institute of Certified Public Accountants (AICPA) started a peer review program in 1977 as a self-regulation process for member firms. The peer review program is a national program set up by AICPA on the heels of the 1970s savings and loan failures, and administered individually by state CPA societies. Since 1989 almost all states have required peer review for license renewal, and in 1990 peer reviews became a mandatory AICPA membership requirement. Although the peer review program is very successful, currently there are some changes being made and proposed to the process.

A peer review is the evaluation of a CPA firm by another CPA firm or a committee of CPAs to determine if its financial statements comply with the professional standards as they pertain to the AICPA's Statements on Quality Control Standards. A CPA firm must choose another qualified CPA firm to perform the peer review for them.

All peer reviews must first be approved by the Peer Review Committee, which is responsible for accepting and monitoring all reviews. Out of approximately 500 CPA firms in Rhode Island, only 13 currently conduct peer reviews. Most accounting firms review their statements at least once every three years. The peer review program provides firms with feedback on their current procedures and recommendations for possible improvements. It is considered an important part of a firm's self-regulation strategy.

According to Leo Moretti, CPA and chairman of the New England Peer Review committee, a plan to reevaluate the program had been established in 1998. Phase one took place in 2001 and revised offsite reviews. Offsite reviews were broken into engagement and report reviews. The reports vary based on the scope of the assessment, what types of business each firm

conducts and how much documentation is required from the firm under review. On site reviews are now called system reviews.

Like the reviews themselves, there are three types of peer review reports: unmodified, modified and adverse. An unmodified report means that the CPA firm has met the accounting and auditing requirements and has complied with professional standards. A modified report indicates that the firm's quality control procedures did not lead to reasonable assurance that they are complying with professional standards. An adverse report means that the firm failed to meet professional standards and there are significant problems with the firm's system of quality control. Most reports include a letter of comments, which describe findings and outlines recommendations on how the firm can improve to comply with AICPA standards. The reviewed firm is required to write a letter of response describing an action plan to correct the areas of concern.

According to Moretti, most people have responded positively to the changes so far. The process has started to make the Peer Review program more visible so that the self policing system has checks and balances in place and the public has more confidence in the system.

Since the Sarbanes Oxley Act and the creation of PCAOB, quality control standards have been set in place for publicly-traded companies.

"There is tremendous push by states and state boards that the same standards be used for non public companies," said Moretti. "While New York and California have reviewed such requirements themselves, most state boards are looking for national boards to review the PCAOB standards and decide which will be mandated for non-SEC practicing firms."

One of the changes to persuade public perception is to publicize findings of peer review reports. To date, the AICPA code of professional conduct says that all peer reviews must remain confidential. Reviewers are not allowed to disclose information to anyone not involved in the review process, or to use information in a way that does not follow the guidelines of the program. Yet that discretion is being challenged.

The AICPA is considering putting peer reviews in a public file that would be available to all firms, whether or not they are members of the AICPA. Some feel that publicizing the results will result in more understandable reports and relevant findings. However, it would also give firms the information needed to discredit their competitors.

Another change on the horizon is to make requirements and training for reviewers more stringent.

"There's only a small bank of firms willing to do peer reviews," said Moretti. "Now it will most likely shrink due to the increased qualifications and liability for firms in Rhode Island and nationwide."

While many adaptations to the Peer Review Program will be implemented in 2005, Moretti anticipates a great deal more in the future. ♦

RUNWAY EXTENSION from page 1

traveling out of Green last year were bound for the West Coast.

Airport improvements would benefit all groups and individuals who directly or indirectly use airport services. Groups that would directly benefit significantly include business travelers – those conducting business here and Rhode Islanders who travel for their business, vacationers and air cargo services such as UPS and Fedex.

Richard A. Plotkin, CPA/PFS, is the chair of the Greater Providence Chamber of Commerce Transportation Committee and a member of the Go Green Alliance. The organization is made up of community leaders and business executives who support the advancement of Green in order for it to continue its economic impact on the state of Rhode Island.

"Economic growth in Rhode Island is essential for the state and its business to continue to be competitive," said Plotkin. "The runway extension will keep Rhode Island in pace with its competitors and the added services that will be available through this enhancement will lead to a future of economic growth."

Visitors to Rhode Island – which make up nearly half of deplaned passengers -- typically spend a little more than four days in Rhode Island, spending on average \$98 per day, according to the Economic Impact Study of T.F. Green Airport completed in 2001. Having an efficient, safe and easily accessible airport is key to attracting new businesses or influencing existing businesses to expand operations.

Keeping up with competition

Another major factor driving interest in expanding Green is maintaining market share in the New England region. Airports in Massachusetts, New Hampshire and Connecticut have all undergone projects to modernize facilities, improve traffic flow and parking conditions, secure low cost carriers and offer coast-to-coast flights via new, extended runways. To keep pace with the competition, Green and Rhode Island need to offer the same. And while they have succeeded at being a convenient, accessible airport with low cost flights, securing more nonstop destinations will be key as all regional airports are vying for the same business.

History supports growth

In 1996, when the new terminal was built, Green quickly accelerated use and Rhode Island welcomed the economic benefits.

Green experienced a surge in passenger traffic because of the new, updated facility, the addition of Southwest Airlines to the market and the competition it encouraged from other airlines. Travelers from Connecticut and Massachusetts – especially Worcester and southeastern Massachusetts – opted for Green to avoid Boston's traffic delays.

According to the Economic Impact Study, Green is directly and indirectly

responsible for generating \$1.3 billion in economic activity annually. The study further says that Green is responsible for the employment of 19,632 professionals and \$388.7 million in earnings. In Rhode Island alone, Green generates \$814.1 million in economic activity, \$236.3 million in earnings and 11,753 jobs. If history serves as a guide, Rhode Island stands to benefit considerably as the air travel market continues to rebound and passenger numbers continue to rise, assuming that the airport grows with demand.

If an improvement program was approved and implemented and yielded a small percentage of the impact that the 1996 construction had, the increase in direct airport-related jobs would be significant. The Rhode Island Economic Policy Council believes that the highly skilled jobs, the state is working to generate will require both the additional capacity and coast-to-coast service this project will provide.

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*Rhode Island Society of
Certified Public Accountants
celebrates 100th anniversary*

IN 2005, THE RHODE ISLAND SOCIETY OF CPAs WILL BE CELEBRATING 100 YEARS OF SERVICE TO OUR STATE. INDIVIDUALS OR COMPANIES HAVE THE OPPORTUNITY TO BE A PART OF THE YEARLONG FESTIVITIES THROUGH SPONSORSHIPS OF VARIOUS LEVELS. SOME PACKAGES INCLUDE:

ADVERTISING IN THE RISCOPA COMMEMORATIVE BOOK
A TABLE AT THE CENTENNIAL GALA
TICKETS TO THE CENTENNIAL CPA/BANKER GOLF TOURNAMENT
ACKNOWLEDGEMENT ON THE RISCOPA WEBSITE WITH A LINK
LOGOS ON MARKETING MATERIAL FOR CENTENNIAL EVENTS
SIGNAGE AT CENTENNIAL EVENTS

TO BECOME A SPONSOR OR RECEIVE MORE INFORMATION ON SPONSORSHIP OPPORTUNITIES, CONTACT KRIS MORETTI AT RISCOPA AT 401-331-5720.

RISCOPA
*Rhode Island Society of
certified public accountants*

100 Years
SETTING A HIGHER
STANDARD FOR
100 YEARS

Academics

Rhode Island College Anniversary Highlights 150 Years of Educating and Empowering Students

Rhode Island College (RIC) recently concluded the celebration of 150 years of dedication to achieving a superior quality of education. The yearlong sesquicentennial celebration began in May, 2003, and was marked by a lecture series, alumni events, the completion of the Student Union renovation, cataloging the college's history, the preservation of the history and legacy of the State Home and School, a celebratory jubilee and other special initiatives and events.

As the oldest institute of higher education in the state, Rhode Island College proudly promotes its tradition of academic excellence. The long observance of the sesquicentennial was designed to pay tribute to the college's 47,000 alumni, 9,100 current students and their accomplishments. Historically, the school has served as a "College of Opportunity" for students. And with an enrollment predominately from Rhode Island, RIC also serves as a link to Rhode Island's future as many students go on to work in the state.

The Alumni Association, established in 1887, has played a key role in the planning and preparation of the sesquicentennial celebrations. The association exists to serve and promote interest in the college and assist the college with its mission through time, talent and resources.

Lisa Bonitati Church, RISCOPA board member, is an accounting professor and Sesquicentennial Steering Committee member at RIC. According to Church, the sesquicentennial marked a wonderful opportunity for administration, faculty, staff, alumni and students to assemble and celebrate the rich history of Rhode Island College. It was a time to reflect on the changes that Rhode Island College has undergone in the past 150 years, and to anticipate where Rhode Island College will be in the next 150 years.

On many occasions, RIC honored distinguished alumni, first generation alumni, multigenerational alumni families and various alumni now serving the Rhode Island community. Specific events included Homecoming, departmental anniversary,

Alumni Awards and "RIC on the Road."

RIC's strong accounting program is a key source for future CPAs of Rhode Island. Often graduates from this program feel such close ties to RIC, the experience they had there and the education they received, they become active in the alumni association.

Several Rhode Island College alumni serve in leadership roles within RISCOPA and other professional organizations. RISCOPA members remain dedicated to Rhode Island College and continue their relationship by addressing students on topics such as becoming a CPA, what RISCOPA offers its members, the new computerized CPA examination and technical accounting topics. RISCOPA members serve as adjunct faculty for some courses and many students work for RISCOPA member firms, either during college years as an intern or full time upon graduating.

The accounting program at RIC is competitive with other schools in the state and gives students a strong professional platform with a broad based education program that aids students in developing insights and multiple perspectives on ideas, issues and events. Further, the faculty is committed to excellence in teaching, maintains smaller class sizes, and provides students with the individual attention that makes a difference in their educational experience.

"Rhode Island College's accounting major combines theoretical and practical applications to provide an excellent background for careers in accounting and management," said Church. "The accounting program is included in the Department of Accounting and Computer Information Systems at the School for Management and Technology, underscoring the need to understand accounting systems, general ledger software and spreadsheet applications. The program also emphasizes communication skills, which is essential for our graduates to be successful."



The program offers an internship program, which enables students to earn academic credit while gaining valuable professional experience. While elective, the program is very popular among students and is designed to help students practice learned academic theories in the workplace.

Over the years, the accounting program has expanded considerably and now includes a graduate program – the Master of Professional Accountancy (MPAc) degree. The MPAc degree provides relevant accounting education for those planning to take the CPA examination and become licensed in the State of Rhode Island as well as any state requiring five years of education for the CPA license. The degree also prepares individuals for careers in accounting information systems and personal financial planning. The MPAc program provides a relevant and practical program for graduate students in various fields of accounting.

Looking toward the future of RIC and its accounting program, more changes are on the horizon. The home for the School for Management & Technology is currently being renovated and is scheduled for completion in January, 2005. State-of-the-art electronic classrooms, a grand assembly room and plenty of meeting rooms for students and faculty are some of the new features of the renovated facility.

Supporters interested in making sure the next 150 years are as successful as the first can get more information at www.ric.edu. ♦

LEGISLATIVE WRAP UP
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Reviewing NOL

The Society also advocated legislation that would change how Net Operating Loss (NOL) is calculated for Rhode Island state taxes. The bills 2004 H-8035 and 2004 S-2387 were also sponsored by Sen. Roberts and Rep. Winfield, respectively.

NOL is the net operating loss of a business for the current tax year. This loss can be carried back on federal taxes for five years to recover any income taxes paid in those years. The loss can also be carried forward 20 years to reduce or eliminate income tax liabilities should the business become profitable in the future.

Rhode Island rules, however, are much more restrictive in a number of ways. After a review by the RISCOPA's Federal and State Tax Committee of tax law in every other state, the Society recommended a number of changes. Primarily, the proposed change to the law would remove the Federal NOL as the basis for calculating Rhode Island's NOL.

Due in large part to a tight state budget, the NOL provisions failed to become law.

"This is a pro-business piece of legislation," said William Pirolli, past president of the Society. "It would help existing Rhode Island businesses, and make our state more appealing to businesses from out of state."

Looking forward

It often takes a great deal of time and effort for bills, as complex as those proposed by RISCOPA to become law. In addition to the complexity of these bills, the amount of major legislation in the General Assembly this year added to the delay of hearings and approvals. In cases such as this, several years are required before the desired

outcome is fully accomplished. The team definitely laid the groundwork. Rhode Island CPAs and the Society's government relations team was dedicated to the task and made great strides in improving

the quality of the profession. "We will probably introduce these bills again next year," added Pirolli. ♦

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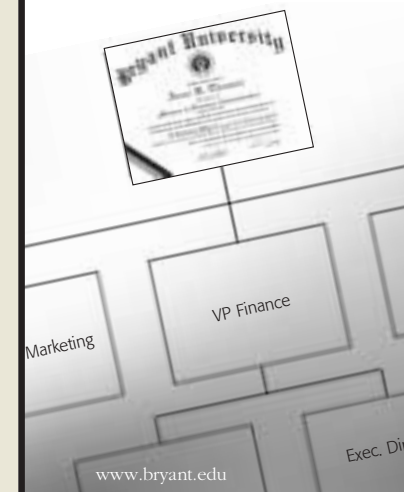
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NONPROFIT BOARDS
from page 1

to assure that the organization is devoting its attention to its tax-exempt purpose.

Establishing a mission

One of the most critical decisions made by a board of directors is determining the organization's mission and purpose. The mission and purpose will ultimately become the driving force behind everything the organization does, including organizational planning, board and staff decisions, volunteer initiatives and setting priorities for demands on resources.

Once these have been established, each member of the board should be fluent in the organization's mission, purpose, values and programs so they can express these to the community and be an advocate for the organization.

"The directors are the eyes, ears and the mouth of an organization," said Tony Maione, COO and president-elect of United Way. "It is their job to understand where the organization is coming from and where it is headed. They need to constantly convey this message to the public and the constituents of the organization."

To accomplish this, board members must stay current with the activities and happenings within an organization. They also must gauge public opinion of the organization's work. These opinions must then be conveyed to the organization's

director and other board members; a process that gives board members adequate information to constantly reevaluate the organization's position in the community.

Additional duties

In addition to determining the organization's mission and purpose, a board of directors is responsible for ensuring proper management of the organization from within. Selecting the chief executive of an organization is the responsibility of the board. The board must stay abreast of his or her performance and make sure they are meeting their required duties. Throughout the duration of this individual's stand as the chief executive, the board must constantly assess his or her ability and support CEO positions and actions.

Providing proper financial oversight and ensuring adequate resources and distribution of these resources are additional board responsibilities.

Overall, the duty of ensuring that an organization is economically sound, operationally efficient and seen in a positive light by the public, falls on the shoulders of the board of directors. According to Maione, individuals who join a board should be prepared to conduct research and do their homework so they will be able to complete all of these tasks successfully.

Giving back to the board

Although the responsibilities and obligations taken on by boards are many, the members receive in return.

"Being on a board is both a giving and a getting experience," said Maione. "Board members give through their hard work and time dedication, but they also receive great satisfaction and honor that they are working for a good cause."

Rick Schwartz, vice president of communication for Rhode Island Foundation agreed. "Serving on a board gives a person incredible insight into an organization that is not



necessarily their profession. This allows them to learn about something they care about and fulfills a self-motivated responsibility to give back to their community and make a difference."

Moving from static to active

Some of the honor associated with serving on a board comes from the recent shift in board membership being seen as a status symbol to having more responsibilities and an active role in an organization. Strong, effective boards often result in the strongest, most effective organizations.

"Although there is and will always be a status associated with serving on a board, there has been a shift in board members becoming more involved," said Maione. "I think this is a positive shift because one of the reasons an organization is so successful is because they have a strong board in place."

A more active status often involves a greater time commitment. Maione strongly believes that before individuals can accept a position on a board they must be fully aware of the time commitment that's necessary.

"A person needs to have a very good understanding of how much time is required and they need to be positive that they can deliver that much time and devote the required energy," said

Maione. "This is the only way a person can be fully prepared to be a positive and effective board member."

Ethics and legal issues

Recent investigations into nonprofits' ethical and legal standings have resulted in some additional board responsibilities. Members are becoming more educated on legal and ethical standards that their organization should live up to.

"The increased level of concern by the media and society has resulted in boards educating themselves on where their organization stands," said Frank Monti, CPA, Kahn, Litman, Renza & Company. "They are spending more time on oversight rather than the day-to-day activities of the organization. Boards are responsible for ensuring legal and ethical integrity and maintaining the organization's accountability."

Many organizations and boards are taking things one step further by installing either an ethics board or an ethics committee to oversee the organization's work and report back to the board with suggestions for improvements and changes.

"Board members need to realize and keep in the forefront of their minds that they are dealing with someone else's money," said Maione. "They have to be able to stand the test of a shining light,"

Ensuring that the organization is free of conflicts of interest has also been a hot spot for board members.

"The board always needs to keep an eye on the ethics ball and make sure the board and the organization it represents meet the appropriate standards and are free of conflicts of interest," added Maione.

CPAs as board members

Organizations typically try to recruit a diverse group of people who represent the organization's constituents and community to sit on the board. Although finding members with skills in many areas is ideal, because of the amount of financial work involved, CPAs are often recruited to join

boards. The position of treasurer may seem to be the logical fit for a CPA, but according to Monti, these individuals bring positive aspects to a number of other positions.

"Although CPAs can make great treasurers they should resist being restricted to that position alone," said Monti. "When they occupy other positions they show the depth and talent that we possess and demonstrate as a field. This is the only way we can grow and promote our profession."

Nonprofit organizations have grown to represent one third of the economy and future growth of

these organizations has been predicted. Boards of directors are the conscience of these organizations and respectable and responsible individuals will continue to be needed to make up these boards and lead the nonprofit sector into the future. ❖

Smart Giving Strategies

- ◆ Never give cash. Charitable contributions should always be made with a check, and the check should be made out to the charity, not an individual.
- ◆ Always keep records. Save documentation such as receipts, cancelled checks and bank statements so you can verify your donation when you file your taxes.
- ◆ Do your homework. Before donating to any charity, check out the organization at your local charity registration office and with your Better Business Bureau.
- ◆ Don't be fooled. Some illegitimate groups use names that sound or look like respectable nonprofit organizations.
- ◆ Budget for giving. Figure in your charitable donations with other financial obligations.
- ◆ Be aware of premiums. If you receive a gift – such as a dinner or a book – in exchange for your donation, the amount of your tax deduction is reduced by the fair market value of the premium. You can turn down the premium if you wish to claim a deduction for the full amount of your donation.
- ◆ Consider the cost. If you purchase merchandise or other goods, remember that these items are paid for out of your contribution, resulting in less of your money going directly to the charity's cause.
- ◆ Consider alternatives. You and your cause can benefit from bequests, charitable gift annuities, gifts in kind, endowments and other creative forms of giving. Your tax advisor and/or attorney can help you determine the best option for you.

Sources: BBB Wise Giving Alliance, Justgive.org, Federal Trade Commission

