

April was also time for the Council meeting in Washington, DC. Held every other year, President Pete Chatellier, President-elect Jackie Tracy, and former President and AICPA of Council member, Mary Bernard, accompanied yours truly to the beltway. In addition to hearing a robust roster of first-rate speakers, we also met with members of our Congressional Delegation.

I'm pleased to report that our newly expanded Website is up and running.

Members may now enjoy the flexibility of easy CPE registration (shopping cart fashion) and the convenience of online registration for events of the Society. Kudos to Kris, Denise, and Ellen for expertly handling the transition.

On behalf of the RISCPA staff, I'd like to wish everyone a pleasant spring (it was a long time coming) and an even better summer. Thanks for your continued support. ❖



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What Counts

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

A Reflection of the Past and Look Into the Future

by Peter Chatellier, CPA

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Chairman of Rhode Island Board of Accountancy

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XBRL – Rhode Island Leads the Way in the U.S.

While some might call it alphabet soup, XBRL, or eXtensible Business Reporting Language, has become somewhat of an unsung hero to accounting professionals. XBRL is the financial profession's version of XML (eXtensible Markup Language), the computer programming language that was created to transport and store data. Developed by an international non-profit consortium of approximately 450 major companies, organizations, and government agencies, XBRL has proven to offer cost savings, greater efficiency, and improved accuracy and reliability to those involved in supplying or using financial data.

The idea behind XBRL is simple. Instead of treating financial information as a block of text – as in a standard Internet page or a printed document – it provides an identifying tag for each individual item of data, which is computer readable. For example, company net profit has its own unique tag. The introduction of XBRL tags enables automated processing of business information by computer software, cutting out laborious and costly processes of manual re-entry and comparison. Computers can treat XBRL data "intelligently," meaning they can recognize the information in a XBRL document, select it, analyze it, store it, exchange it with other computers, and present it automatically in a variety of ways to users. To help everyone better understand how XBRL will impact the accounting industry, Dr. Saaed Roohani, an accounting professor at Bryant University, offers a simple comparison. "XBRL for the financial industry is like bar coding for the retail world. It is a rich level data source, bringing transparency and data integration."

Governments around the world have started to realize the benefits of XBRL, with Australia, the Netherlands, and New Zealand having already extended XBRL to all areas of their countries. By being on the same reporting format, these countries' government agencies can better understand each other. Stock exchanges are also making the move, with two in China, one in Japan, and another



On the Road with Ernie Almonte

Now halfway through his year as AICPA chairman, Rhode Island Auditor General Ernie Almonte is busier than ever. Speaking to business leaders, teachers, students, and other CPAs across the country, he most recently spoke at the 2009 AICPA Spring Meeting of Council in Washington, D.C. In Almonte's opinion, the meeting was a tremendous success, with high-level speakers such as members of Congress and the U.S. Senate, including Rhode Island's own Senator Jack Reed. Additionally, columnist and MSNBC political analyst Pat Buchanan and CNN political contributor and ABC political consultant Donna Brazil spoke of challenges the Obama administration faces while trying to cope with the economic crisis.

However, Almonte notes, "The most important aspect of the Council meeting occurred after it officially concluded, when various CPAs visited Capitol Hill to meet with legislators to discuss and educate them about the

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A Reflection of the Past and Look Into the Future

During the past year, one question has been on my mind and the minds of your Board of Directors: Are we running our society in the best possible way?

To answer this question, I turned to a research study entitled, "7 Measures of Success: What



Peter Chatellier, CPA
RISCPA President

Remarkable Associations Do that Others Don't," which was published by the American Society of Association Executives and The Center for Association Leadership. The authors believe, as I do, that every organiza-

tion can deliver better results. This four-year study identified seven factors that were common to the most successful associations and that set them apart from others.

During the last year, I have tried to keep these measures of success in mind as a way to evaluate every action of the board, and I would like to share them with you.

Commitment to Purpose

1. A customer service culture
 - a. "We're here to serve you" approach
 - b. For the members, by the members
2. Alignment of products and services with mission
 - a. Offerings consistent with mission
 - b. Driven by mission, not money

Commitment to Analysis and Feedback

3. Data-driven strategies
 - a. Data, Data, Data
 - b. Continually track members' needs and issues as well as the wider environment
 - c. Incorporate findings into their strategic and operational planning
4. Dialogue and Engagement
 - a. Constant communication
 - b. Internal conversation continually occurs among staff and volunteers about organization's direction and priorities

5. CEO as a broker of ideas
 - a. Facilitates visionary thinking

Commitment to Action

6. Organizational Adaptability
 - a. Learn from and respond to change
 - b. Act strategically
 - c. Be willing to change, yet know what NOT to change
7. Alliance Building
 - a. Seek partners & projects that complement their mission and purpose

From my observations, we are achieving varying degrees of success against these seven measures. What we need now is to use them as a framework for continually assessing our progress. I encourage you to keep them in mind and offer suggestions and ideas to our Board throughout the year. Actions we have taken this year will help bring us closer to the success we all want our Society to achieve.

Sincerely,

Peter Chatellier, CPA and RISCPA president

Government Affairs

TAX POLICY WORKGROUP ISSUES REPORT WITH PROPOSED REFORM STRATEGY

In the spring of 2008, Governor Carcieri developed a Tax Policy Workgroup to address Rhode Island's tax structure and make recommendations that would hopefully result in the state gaining a competitive advantage in retaining jobs and recruiting businesses. Under the direction of the director of the Department of Revenue, Garry Sasse, the Workgroup panel encompassed 21 members from government, business, law, and special interest groups. Representing the RISCPA on the panel were Ed Pieroni, past President Pat Thompson, Grafton "Cap" Willey, and former President Mary Bernard, all of whom were appointed to the Workgroup panel by David Sullivan, tax administrator for Rhode Island.

The Workgroup met in smaller subgroups between June 2008 and February 2009. During these meetings, the subgroups studied the practices of R.I. and other states, collected and analyzed data about key areas of concern, considered contributions of other experts on tax policy reform, engaged in open discussion and debate about approaches and ideas and, finally, constructed a coherent strategy for taxation in R.I. On March 9, a public report with the result of these efforts was released and provided an overview of the twenty proposals on individual, business, and property tax strategies that the panel planned to submit to the Governor for his consideration.

On the taxation of individuals, the Workgroup found that the complexity of the R.I. system and the high marginal rates put the state at a competitive disadvantage to others. The present system does not offer enough support to low-income residents, while it imposes relatively high burdens on upper income people. As a result of these findings, the Workgroup proposed several changes to the personal tax income system; most notably, it should consist of four taxable income brackets with a top marginal tax rate of 5.5 percent, which is significantly lower than the current 9.9 percent rate.

On the state business tax front, there were considerable discussions between the Tax Policy Strategy Workgroup and the Business Taxes Subgroup (BTS)

about restructuring or replacing the state's Business Corporation Tax (BCT). Most members believed that by making a dramatic change to the BCT, R.I. would be sending a strong message that the state seeks to foster economic development and thus, strengthen existing businesses and attract new ones into the state. As a result, two options were proposed: 1) eliminate the BCT and replace the current Franchise Tax system with a tiered one according to corporations' net income; 2) reduce the BCT rate to 8 percent, eliminate all but three tax credits and maintain the current Franchise Tax system. Other proposed reforms included restructuring of the Jobs Development Rate Reduction Tax Credit, as well as changing the tax appeals process.

With regards to property taxes, the Workgroup's report stated that high and uneven tax rates, inconsistent application of personal exemption and creation of unique classified tax rates hurt the R.I. taxpayer and the economy. One of the most significant reasons is that new businesses would avoid the state where property taxes are high to begin with and difficult to divine. With this, the Workgroup proposed several reforms to the property tax strategy, including the move toward the standardization of property tax rates and the limiting of personal property tax exemptions.

According to Cap Willey, it has been frustrating as an accountant in R.I. to work in a system that is extremely uncompetitive. "Part of our services to clients over the years has been getting people out of R.I.," Willey said. "Additionally, my office and others in the state have a checklist to help avoid the high taxes here."

Willey described what he called a classic case that happened to him during the last year. One of his clients who made a seven figure income had waited for several years for the tax laws to change here. In 2007, he eventually gave up and moved his

small business to Connecticut. "We figure that he has saved \$20,000 in state income taxes, \$25,000 in property taxes and the public schools are good enough so that he does not have to send his children to private schools," said Willey. "He figures that his annual savings will be \$80,000 to \$100,000 per year." Willey added that the R.I. has lost his client's income tax revenues, that of his employee's tax revenues, and the sales taxes on his and his employee's spending in the state's economy. Additionally, the community has lost his philanthropic support, which approached \$20,000 per year. "Unfortunately, this message has not gotten through to all of the R.I. state legislators," he said.

However, having worked for the past 15 years on tax system reform in R.I., Willey believes the Workgroup has created a credible plan that should be passed. He thinks that by dropping the marginal rate from 9.9 percent to 5.5 percent and broadening the base by eliminating itemizing deduction and moving to a standard deduction, the state will likely receive the same amount of taxes from its residents, but the marginal tax dollars will change the dynamic of doing business in R.I. "With Massachusetts' 5.3 percent rate being just under the proposed new rate here, no one is going to move across the border just for that, thus, making R.I. more competitive," Willey said.

According to the March report, the Workgroup was cognizant of the fact that the state's current fiscal conditions would potentially constrain the implementation of their proposals. Therefore, it is understood that the proposals may be put forward gradually over time, but the Workgroup believes that even this would improve R.I.'s economic competitiveness in the long run.

For more information on the Governor's Tax Policy Workgroup March report, visit www.dor.ri.gov. ♦



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RISCPA Events

JUNE 9, 2009

The RISCPA will be hosting the AICPA Business Solutions Workshop "Delivering on Your Trusted Business Advisor Status."

JULY 13, 2009

The 17th Annual Golf Tournament for CPAs, Bankers, Financial Advisors and Attorneys to be held at the Warwick Country Club. This year's chosen charity will be Caritas House.

For more event information, please call the RISCPA office at 401-331-5720.

One-on-One with John Mathias

John Mathis, CPA, CVA, MST, ABV, is chairman of the Rhode Island Board of Accountancy. Additionally, he is a partner at Piccerelli, Goldstein & Company, LLP, where he has been a partner for the past 30 years handling all phases, including accounting, auditing, and taxation.

What Counts: Can you explain the role of the Rhode Island Board of Accountancy?

John Mathias: The Rhode Island Board of Accountancy (BOA) regulates the licensing of certified public accountants, public accountants, and all practice units practicing accountancy in Rhode Island. We deal with all aspects of licensure such as initial certification, renewal, and reinstatement. We also monitor licensees' compliance with the accountancy statute and related regulations and investigate any complaints against licensees. When we become aware that any of our regula-

tions are out of sync with the needs of the general public and the current state of the profession, we take steps to modify those regulations in an attempt to make them responsive to those needs.

WC: How did you become chairman?

JM: All members of the BOA are appointed by the Governor of Rhode Island, and every year the board elects its officers. Each term is five years with a two-term maximum. I am currently in the final year of my second term on the board which ends this June. I have considered it an honor and a privilege to serve these past ten years. My past and present fellow board members are outstanding individuals who are dedicated to ensuring that the practice of public accountancy in Rhode Island is maintained to the highest standards.

WC: Are you a Rhode Island native?

JM: Yes, I grew up in Providence. After attending Classical High School, I received a degree

in Humanities from Providence College. After a one year teaching assistantship in foreign languages at the University of Pittsburgh, I began studying accounting at Bryant College (now University) where I received a Master of Science in Taxation. I am a strong proponent of having a strong liberal arts background before obtaining technical training in a specific field.

WC: How did you start your professional career?

JM: My first job out



John Mathias, CPA

of college was as the director of the Muscular Dystrophy Association of Rhode Island. While there, I actually produced the first six Jerry Lewis telethons that occurred in the state. I then moved to public accounting with a national firm, which was at the time called Haskins and Sells, now known as Deloitte and Touche. Additionally, I spent some time at a major gaming company that morphed into GTECH and then took a position at Piccerelli, Gilstein & Company.

WC: What would you say are the biggest accomplishments that the BOA achieved during your terms as chairman?

JM: There have been some notable achievements during my ten years on the board. The board worked closely with RISCPA in making Rhode Island one of the first states to pass mobility legislation, which allows CPAs to practice across the border without having to go through the cumbersome process of obtaining licenses in each state. I'm also very happy that the board was able to rewrite the continuing professional education (CPE) regulations. Again, we worked closely with RISCPA to ensure that course descriptions and nomenclature being used by the major CPE providers would be consistent with the continuing education regulations of the BOA. We also used the opportunity to revisit the regulations in general to make sure that the regulations were fair and beneficial to licensees both in public accounting and in private industry. However, I'd have to say the achievement that I'm most excited about is the transition to a three-year licensing

period. Before we implemented this change, each licensee annually renewed his or her license to practice public accountancy. This renewal process, due to the rolling three-year continuing education requirement, required the resubmission of duplicate information. Now, not all licensees renew at the same time. We believe that allowing licensees to renew for three years at differing times is not only convenient for them, but also better enables the board to discharge its regulatory obligation.

WC: Can you talk a little more about the work the BOA is doing with the RISCPA?

JM: The BOA and RISCPA do have a common ongoing project involving online submission of continuing education credits. As I mentioned earlier, licensees as part of the license renewal process must submit a listing of all continuing education courses taken during a three year period. Since there are category limitations in some cases, record keeping in this area can be burdensome to the licensee and sometimes difficult for the BOA to interpret. RISCPA had expressed a willingness to purchase CPE reporting software and inquired whether the BOA would be willing to venture into the area of online CPE reporting. The BOA was very enthusiastic about this possibility, especially since the state is moving toward a paperless environment. As with any new system, the procedure needs to be refined, but the BOA is confident that online reporting will be successful. The BOA and RISCPA have a common goal to ensure that CPAs are equipped to serve the public in the most professional and ethical manner possible.

WC: How do you think the recent financial crisis and nationally known fraud cases will impact the accounting profession now and in the future?

JM: Because the mark-to-market rules have been discussed within the context of the massive write downs taken by so many companies, there is always the possibility that the credibility of the profession and its standards may be called into question. That would be shortsighted and unfair. Any time there is such massive fraud, there will be

the natural reaction to reconsider the effectiveness of auditing standards. As a profession, we always need to hold ourselves up to self examination in an attempt to be the best that we can be. I'm confident that the accounting profession will always be responsive to the needs of the public and the business community.

WC: What are your thoughts about the recent changes that were made to the U.S. mark-to-market rules?

JM: The recent changes were more of an attempt at clarification than an actual change. For the mark-to-market rules to be of value there has to be a reliable market or valuation method that can be used as a reference. When the standard was issued, I don't believe anyone could have anticipated the disastrous downturn in the economy. As a result of the downturn, markets for many financial instruments, in my opinion, shifted from orderly to distressed. Using a distressed market for reference purposes could produce excessive write downs and further exacerbate an already faltering economy. I believe that the Financial Accounting Standards Board's (FASB) emphasis that a distressed market should not be the reference point is a step in the right direction, but the guidance may be a little too late. So much damage has been done because of the referencing to a very stressed and difficult market situation.

WC: Can you tell us about some of your personal interests?

JM: I've been a guitarist my whole life and used to play in bands when I was much younger. I still consider myself a musician at heart, but I do it more now as a passionate hobby. I'm still searching for the perfect sound and the perfect arrangement! I am an avid sports fan, especially when it comes to the Red Sox and Celtics, but I'm a big Patriots fan as well. I love spending time with my family, including my three children and three grandchildren. I also enjoy playing tennis and working out. Did I mention that I'm a sports fan?

WC: As you leave your role as chairman of the BOA, what's the one piece of advice you would like to offer to others in the industry?

JM: I would say that it's important to remember that accounting is more than just numbers. It's about communication and using the language of accounting as the tool. It's important to remember that accounting is about telling a story, a non-fictional one! ♦

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John F. Corrigan is an independent business, corporate and commercial lawyer with over 30 years of successful high level experience. He was a partner of one of the largest firms in Providence for over 30 years, chairman of the firm's Corporate Department for almost 20 years, and head of its M&A practice for over 30 years. The business model for the recently formed John F. Corrigan P.C. is the alternative to the high overhead "Big Firm" experience. Through John F. Corrigan P.C., John provides a full range of high quality business, corporate, commercial and M&A services in a personal hands-on and low overhead manner. Services of specialists such as tax, environmental, or intellectual property are provided through a network of like veteran professionals engaged by John on a turnkey basis. The result is a seamless high quality "product" at exceptional value.

AFFORDABLE EXCELLENCE

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Professional News

IFRS – The Debate Continues

In the fall of 2008, it seemed almost certain that International Financial Reporting Standards (IFRS) would be adopted into the U.S. when the Securities and Exchange Commission (SEC) announced its plans to release a proposed roadmap for rollout. However, the recent financial crisis and new Presidential Administration have slowed the momentum and created an intense debate over the move to IFRS.

Developed by the International Accounting Standards Board (IASB), a London-based independent accounting standards body, IFRS is a set of accounting standards that is becoming the global standard for the preparation of public company financial statements. Despite more than 100 countries having adopted IFRS and others committed to adoption over the next few years, SEC Chairperson Mary Schapiro said at her confirmation hearing in January that she was not committed

to the proposed roadmap for IFRS and planned to re-evaluate the matter to provide further guidance later this year. Supporters of IFRS were stunned and disappointed that adoption would likely be postponed or halted, while critics were relieved to hear that the discussion would continue.

The debate around whether IFRS would be helpful or hurtful to the U.S. and the global financial landscape falls into multiple camps. Paul Parks, manager of IFRS.com, believes there is an ultimate question that needs to be asked. "What set of standards best serves investors?" he says. "Is it to continue using U.S. Generally Accepted Accounting Principles (GAAP) or adopt international standards?" There



are many different parties affected by this decision, from public accountants to preparers of financial statements in both business and industry to investors. The SEC's mission is to protect investors so the Commission will be heavily influenced by the views of investors.

To learn how others feel about the IFRS adoption, the SEC accepted public comments on its Website. Taking advantage of this opportunity, American Institute of Public Accountants (AICPA) Chairman Ernie Almonte and President and CEO Barry Melancon sent a comment letter regarding the proposed roadmap for IFRS to SEC Acting Secretary Florence Harmon. The comments reflected the official position of the AICPA:

"The AICPA supports the goal of a single set of high-quality, comprehensive accounting standards to be used by public companies in the preparation of transparent and comparable financial reports throughout the world. We believe one common accounting language would benefit investors, as well as insurers and the capital markets because it would facilitate the comparison of reporting entities domiciled in different countries. We believe the standards issued by the International Accounting Standards Board (IASB), which are required or permitted for use by public companies in more than 100 countries, are best positioned to become those global standards."

Other comments have been posted by a variety of financial executives, investors, and other constituents affected by the possible move to IFRS. "You'll notice that many preparers in industry are concerned with the relative costs of IFRS versus the expected benefits," said Parks. "The cost-benefit question took on a new meaning with the financial crisis. Estimated costs of transition to the adoption of IFRS outlined in the roadmap are between 0.125-0.13 percent of an organization's revenue, about \$32 million on average for many large, accelerated filers. Additionally, the adoption is a major distraction to the business. However, if international standards are best for capital markets and investors, we must determine if the benefits truly outweigh costs in the long run."

While some are skeptical if benefits will exceed costs, a study released on March 31 by consulting firm Accenture suggests that companies preparing for IFRS adoption see an opportunity to transform their finance functions, particularly in performance

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Rhode Island Well Represented at AICPA Council Meetings

The Hilton in Manhattan was the setting for the 2009 annual AICPA Regional Council Meeting held on March 27. Representing the RISCPA among the 100 attendees at the event were Executive Director Bob Mancini, President-elect Jacqueline Tracy, and former President and AICPA of Council member Mary Bernard. Rhode Island's Ernie Almonte, in his capacity as AICPA chair, drove an agenda addressing current matters pertaining to the accounting industry. In addition to opening remarks provided by Almonte, AICPA President Barry Melancon presented his report and the Institute's response to member needs as a result of the financial crisis.

Topics discussed throughout the meeting included the recent Bernie Madoff fraud scandal along with 34 other related cases; the infamous "7216" rule, which seems to be causing more than a modicum of frustration throughout the accounting world; the current state of the economy; and legislative interests on the horizon. According to Tracy, "The financial crisis has been a big issue for the industry, so it was not surprising that it dominated the discussions at the event." Additionally, AICPA Senior Vice President-Professional Arlene Thomas provided an update on the International Administration of the CPA Examination.

Scheduled during the same week as the New York City event were similar annual regional meetings in Atlanta, Chicago, and Los Angeles. "Each of these meetings provide an outstanding forum for discussions with other societal Board and staff members to share best practices in the accounting industry," said Mancini.

The regional meetings served as a preamble for the AICPA Spring Meeting of Council, which took place on April 28 and April 29 in Washington, D.C. At that event, RISCPA committee member Kevin Currier was voted in as a member-at-large of the AICPA Board of Directors starting in October. "We are very excited to have Kevin represent us on the AICPA committee and look forward to the great work that will be done for the profession in 2010," stated Mancini. ❖



Top: At the New York City Regional Meeting, RISCPA Past President Mary Bernard, President-elect Jaquelyn Tracy, Executive Director Bob Mancini, and AICPA Chairman Ernie Almonte attended. Bottom: AICPA Spring Meeting of Council was held in Washington D.C. Pictured above at the event are Ernie Almonte, Bob Mancini, Rhode Island Senator Jack Reed, Mary Bernard, Jaquelyn Tracy, and RISCPA Vice President Art Lambi Jr.

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Professional News

Mobility Moves Forward Across the Country

As mobility continues to gain traction throughout the nation, three new states – Florida, North Dakota and Oklahoma – recently passed legislation, with Florida just awaiting the Governor’s signature. These three states join six others that have passed legislation in 2009 that allows CPAs to practice outside of their home state without obtaining an additional license in the state where they will be serving a client.

CPA mobility is most easily equated to a driver’s license. When driving across a state line, there is no need to stop and obtain a license from that state, as each one has passed laws saying that they will respect other states’ licenses. Historically, the various state licensing boards have required an out-of-state CPA to get licensed in that state before serving a client there. CPA mobility has been an issue for many years with large, national accounting firms. However, the globalization of businesses,

and the growth of local firms into large regional firms have broadened the issue. To continue to protect the public, the primary goal of a state’s board of accountancy, states are adopting the best parts of the driving license concept. For example, Connecticut will recognize a CPA license from Rhode Island, but it can still regulate that professional if an infraction is committed. Basically, the state retains the ability to control actions and take sanctions against a CPA in return for respecting out-of-state licenses with no notification of entry.

To date, 37 states have enacted mobility laws, with another eight states pending legislative activity in 2009. Rhode Island was one of the first states to pass mobility legislation back in 2007. “It is very exciting to see the current mobility legislative activity taking place around the country,” said Kevin Currier, RISCPA government relations committee member. “Although the economy and current

budgetary issues have pushed the matter in some of the remaining states to the back burner, we are confident that several more states will pass laws this year.”

Overall, there are 54 CPA licensing jurisdictions, and the goal is to have a uniform mobility law passed in all of them. “No timeline has been set for this goal, as changing any law can be an arduous process,” said Currier. “However, the transition towards mobility has gone better than expected, mostly as a result of the enormous amount of support in the profession to make these changes. That being said, some states are reluctant because they have been practicing the same way for 100 years. When you are looking to change laws that effect a state’s right to license in an area of concerning public protection, a state understandably wants to move cautiously. Because of this, we still have some work to do.” ❖

Academics

Rhode Island Students Awarded Much Needed Scholarships

Getting into the school of their dreams and keeping grades up are not the only worries on college students’ minds. They deal with the financial burden that goes along with it as well. While paying for college is typically a challenge that lingers after graduation through student loans and credit card bills, the current state of the economy is not making matters any easier. A recent study conducted by college-financing company Sallie Mae found that the average undergraduate carried \$3,173 in credit card debt last year, the highest level since the company began collecting this data in 1998. These findings come as college costs surge; in the past 10 years, tuition and fees at public four-year colleges have climbed 50 percent, according to the College Board. Lenders are also pulling back on private loans, making it harder for some students to pay for college altogether.

To help ease this increased financial burden, the RISCPA awarded scholarships to 11 deserving Rhode Island students attending various colleges and universities across the country. The Cheryl A. Ruggiero scholarship, established in 2005, and the Carl W. Christiansen scholarship, established in 1974, aim to support and encourage Rhode Island residents who are committed to the field of accounting. Applicants must be U.S. citizens and Rhode Island residents but do not have to attend a school in the state. Sophomores through seniors are considered; however, they must show an interest in public accounting. In 2007, the RISCPA allowed seniors pursuing graduate degrees to apply for the scholarships, given the 150 semester hours of education required to become a CPA today.

The RISCPA scholarship committee determines the number and amount of scholarships awarded, which largely depends on the investment earnings of the scholarship funds. All members rate the applications, and the average score determines the final recipients. This year, one student stood out among all of the applicants and received the top award for both scholarships - Jacqueline Cyr, a Providence College senior. Cyr will begin her graduate studies at the school this June and has already accepted a full-time position at KPMG starting the fall 2010.

Sixteen students applied for the Carl W. Christiansen scholarships, which total \$10,000. Eight other students received awards: Mary Katherine Carey, Ashley DiBenedetto, Rita Dias, Elizabeth Jordan, Philip Pisani, Jaclyn Matisewski, Eileen Marran, and layiwola Oduyingbo. Twelve female applicants were considered for the Cheryl A. Ruggiero scholarship, which awards \$1,250 to two students. In addition to Cyr, Rita Dias, a University of Rhode Island senior, was selected. Dias has worked full-time since high school while raising two daughters and pursuing a college degree. She currently works in the accounting department of Butler Hospital.

“This year, we had a highly competitive pool of applicants,” said Sharon Kennedy, RISCPA Scholarship Committee chair. “The recipients of this year’s scholarships have demonstrated their commitment to the accounting profession by holding internships or securing full-time positions. We are proud to help support them through their college studies and into their professional accounting careers.”

The 2009 RISCPA scholarships were awarded on April 21. ❖

From the Director’s Chair

by Bob Mancini

On March 27th, a veritable who’s who of the professional, political and academic communities paid homage to our very own Ernie Almonte. In honor of his Chairmanship of the AICPA, commitment to his profession, community, and most importantly, his family, Ernie was applauded by a room filled with glowing admirers. In many ways, the event represented a local version of the national celebration for the Chairman upon his ordainment in Tucson last October and was hosted by BNY Mellon Wealth Management, Bryant University, and DiSanto Priest & Co, all, in cooperation with RISCPA. Drawing a solid 100 attendees, Ernie was favored with many compliments, stories from the past and present and significant accolades from AICPA’s President/CEO, Barry Melancon, Major General, Robert Bray, Adjutant General of R.I., and Ronald Machtley, president of Ernie’s alma mater, Bryant University. Since there was a significant presence of Bryant alumni at the event, perhaps the highlight of the morning was the honorary doctorate presented to Ernie, an exceptional tribute to an exceptional individual. Congratulations, Mr. Chairman; you are and will remain an inspiration to us all.

Another year has passed, and I am pleased to report that another successful annual dinner is on record. Held at the Providence Marriott Hotel, the April 21st event drew more than 150 attendees. Newly-minted CPAs were welcomed and recipients of the Cheryl A. Ruggiero and Carl W. Christiansen Scholarships were recognized. Additionally, individuals scoring the highest grade on the CPA examination were recognized. AICPA Senior Vice President Arleen Thomas gave the keynote address. As an articulate spokesperson for the profession, Thomas delivered her message about the importance of integrity and highlighted some of the major issues being championed by the AICPA.

During April, the annual visit with my fellow New England Directors took place in New Hampshire. The all-day forum allows us to compare notes and discuss issues affecting the profession and region. Approximately two years ago, RISCPA moved to establish a New England task force to tackle issues such as mobility and also to address matters impacting the region because working regionally strengthens our voice of representation. This meeting with my counterparts is one held in addition to our task force efforts.

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issues most important to the accounting community as well as the economy at large.”

While busy traveling the country, Almonte stayed updated on the important issues affecting CPAs. On the mobility front, he was excited to hear about Florida becoming the 39th state to approve legislation around this area. “We’ve seen some great progress on mobility, specifically in middle America,” he said. “We still have some work to do on the coasts and the territories such as Guam and the Virgin Islands, but we’re in fabulous shape.”

The mark-to-market accounting rule, also known as fair value or Statement 157, is another area that Almonte has been following very closely in his role as chairman. Responding to the financial crisis, Congress told the Financial Accounting Standards Board to review mark-to-market and ‘fix it,’ or they would fix it themselves. Early in April, changes were made to allow companies more flexibility in their use of mark-to-market, which has been blamed for forcing banks to record billions of dollars in asset write-downs.

“In talking with CPAs across the country, it’s interesting to hear the discussions revolve on the economy’s role in mark-to-market,” said Almonte. “Blaming the economy crisis on mark-to-market is like blaming a thermometer when it tells you that you have a fever. It’s supposed to help you understand what’s going on, but it’s not the reason you are sick.”

Despite requests from the business community, Mark Olson, chairman of the U. S. audit watchdog agency Public Company Accounting Oversight Board (PCAOB), said in early May that it had no plans to issue further guidance on the new market-to-market accounting rules to be provided. According to Almonte, “Some people believe FASB overreacted to the pressure, while others believe they didn’t go far enough with their interpretations.”

However, the effects of the Board’s changes to mark-to-market remain to be seen. “We won’t really know how they will work until the next quarter’s financial statements come out,” said Almonte. In the meantime, the AICPA chairman delivers a message across the country that CPAs, as preparers, must do the right thing and follow the

standards. Regardless, Almonte strongly believes that FASB should remain an independent governing body. “Accounting standards should not be set by the government,” he said.

While national issues are top of mind for Almonte, he still remains concerned with matters closer to home. In particular, he was pleased to see the progress made by the Rhode Island Governor’s Tax Policy Workgroup, which released its report in March. “It’s great to see the governor tapping into the RISCPA to provide its expertise and give advice on the tax situation of the State.”

For up-to-date information on important issues surrounding each day’s trends and challenges affecting CPAs, Almonte urges RISCAPA members to visit www.aicpa.org and sign up for CPA Daily, the AICPA’s daily e-newsletter. ❖

XBRL from page 1

in Australia adopting XBRL. However, the United States is a little late to the game. Just last year the Securities Exchange Commission (SEC) announced that XBRL will become a mandatory practice starting this June, with many of the nation’s largest companies required to file in this format starting the end of last year.

However, while the U.S. is generally behind on XBRL adoption, Rhode Island has been working on it for nearly 10 years. In 2000, Bryant University held its first conference on the subject and has been hosting an annual event ever since, the most recently in October 2008. Bryant is the only school in the nation that has a true focus on XBRL, and its Dr. Roohani is considered one of the top experts in this area, constantly fielding interview requests and offers to speak on the topic at conferences around the world. Because of his stature in the industry, professors from across the globe have come to teach alongside him, and students attend Bryant so they can study under him. “It is very rewarding to have the opportunity to meet different

students and colleagues from around the world and to engage in discussions with them about XBRL,” said Dr. Roohani.

Further showcasing Rhode Island’s leadership in XBRL, all banks in the state have been reporting in this format since 2005. In fact, all reports must be filed with the FDIC every quarter, regardless of it being a public or private company. Dr. Roohani relates the current financial crisis to the R.I. banking crisis that occurred in the 1980’s, when hundreds of financial institutions were forced to close nationwide. “Now, because of XBRL, FDIC has a better understanding of how banks are doing in a timely manner and minimizing how many banks need to close their doors. We actually had some folks from the banking industry attend our annual XBRL conference last year, as they needed to respond to the request of the FDIC.”

One big area in the U.S. where XBRL has been really looked at is in healthcare, with President Obama’s Administration considering a new IT platform for that industry. Currently, data between hospitals, clinics, and other healthcare organizations are not comparable to assess performance. With XBRL, they can better understand what medications, surgeries, treatments, and processes work best. Vivek Kundra, the country’s first CIO, has been briefed on opportunities with XBRL, its potential, and its applications in corporate governance. “XBRL offers great capability for corporate

governance, as the reporting features are tremendous,” Dr. Roohani said. “They can go top down or bottom up. Reports can

be created on a regular basis – annually, monthly, daily and even at the transaction level.” To showcase this, he offers an example. “The data can show dollar amounts of a purchase made, who authorized it, who processed it, who purchased the item and where it was purchased. Ultimately, XBRL can help uncover or even prevent fraudulent activity, as continuous reporting and continuous auditing can be conducted. This is significant

for documentation and accountability.” In fact, consumers of financial data, including investors, analysts, financial institutions and regulators, can receive, find, compare and analyze data much more rapidly and efficiently if it is in XBRL format.

An even bigger benefit to XBRL, according to Dr. Roohani, is around the hotly debated adoption of International Financial Reporting Standards (IFRS). XBRL is seen as a middle-of-the-road solution to the slow adoption of IFRS in the U.S. The International Accounting Standards Board (IASB) is actively creating IFRS XBRL taxonomy (we now have IFRS XBRL Taxonomy 2008) and is working with the U.S. on this initiative. Approximately 130 countries are committed to IFRS, so the countries have very broad-based standards. The initiative requires that IFRS XBRL taxonomy to be in more general terms. For U.S. Generally Accepted Accounting Principles (GAAP) XBRL taxonomy, there are about 12,000 items, or XBRL tags. XBRL can facilitate the reconciliation or conversion from GAAP to IFRS and vice versa.

To help his students understand this concept, Dr. Roohani assigned them a project to use U.S. GAAP taxonomy to prepare financial statements for a company and then use XBRL to convert to IFRS. According to Dr. Roohani, his students have found this process to be more efficient than reviewing literature to make the conversion, because XBRL is faster and more user-friendly than literature. For example, the U.S. GAAP term “Accounts Receivable” is not used by IFRS – it is called Trade Accounts, which is something that would not easily be known. “XBRL would help alleviate any holdups that this kind of difference could create when converting from one set of standards to another,” said Dr. Roohani.

While the benefits of XBRL seem to be clear, there are questions about the cost of adoption. However, the cost of filing XBRL is minimal for most companies, as it is an open standard and is free of license fees. Also, once a company’s financial statement is tagged in XBRL one year, it will likely require few changes the following year, making it much more simple to file every time thereafter.

Currently, there are no plans for requiring U.S.-

based private companies to file using XBRL, but Dr. Roohani believes it is critical for all RISCAPA members to have an understanding. “Many companies you deal with will likely be using IFRS, so you will need to convert the information or use it to consult,” he said. “Also, all R.I.-based banks are now filing using XBRL, whether or not RI CPAs are aware of it, making it that much more important to get up to speed now.”

For more information on XBRL resources, conferences, forums, and academic competitions, visit the Bryant University-sponsored Website www.xbrleducation.com, www.xbrl.org, or contact Dr. Roohani at sroohani@bryant.edu. ❖

IFRS from page 6

management. In fact, of the more than 200 chief financial officers and other executives from U.S.-listed companies with a minimum of \$1 billion in annual revenues polled for the study, 83 percent made this claim. However, the question remains as to whether or not they would take advantage of it.

Another factor in the debate is the struggle between public versus private companies. IFRS is geared towards public companies and there are approximately 12,000 public companies in the U.S. But private companies should not be left out, as they opt in to IFRS for a variety of reasons. For example, those with global operations may find it appealing. Others may have plans to go public in the future. To accommodate their needs, the IASB is developing a set of international standards for private entities that is expected to be released in June.

According to Parks, many view this as a debate over the quality of standards. U.S. GAAP has long been considered the gold standard. However, there are many detailed, complex rules in U.S. GAAP that makes them difficult to apply. While IFRS has far fewer rules and is easier to understand, some see the detailed rules in the U.S. as an advantage, as they were developed for a reason and are especially important given the nation’s regulatory and litigation environment. Others believe the principles-based standards of IFRS that focus on the substance of transactions is an improve-

ment to U.S. GAAP. Parks believes that both sides have merits to their arguments. The complicating factor in the debate is that more countries are moving away from U.S. GAAP and towards IFRS. “This is what makes it a difficult policy decision for the SEC,” said Parks.

One possible solution to the IFRS debate is convergence. The roadmap initially discussed by the SEC was geared towards mandatory adoption of IFRS by corporations in the U.S. However, the IASB and the U.S.-led Financial Accounting Standards Board (FASB) are working towards a union of the two sets of standards. By 2011, many of the major projects are expected to be complete, leading some to believe it would be best to wait until then to forge a new roadmap.

Although many believe that both accounting boards should continue to work together on convergence, improvements to the accountability and funding of the IASB must first be made before any move to IFRS can be considered. An important step was taken in January when the Trustees of the IASC Foundation, the body that oversees the IASB, established a link to the Monitoring Board of Public Authorities. The monitoring board is comprised of representatives from the Emerging Markets and Technical Committees of the International Organization of Securities Commission, the European Commission, the Japan Financial Services Agency, and the U.S. SEC. Additionally, the Basel Committee on Banking Supervision will sit as a formal observer at monitoring board meetings.

Regardless of the outcome of this debate, Parks believes it is important to have a basic understanding of IFRS. “You might be working for a company using U.S. GAAP today and a foreign company using international standards tomorrow, or you might work for a company that has a foreign subsidiary that uses IFRS, making it necessary to be familiar with them regardless of whether or not the U.S. moves forward with adoption.”

For resources and updates on the adoption of international reporting standards adoption, visit the AICPA website for accounting professionals and financial managers at www.IFRS.com. ❖