

## A Busy Season to Start "Busy Season"

by Ernest Almonte, CPA

### Events

Campus Gathering;  
Networking Reception;  
Annual Dinner

### Government Affairs

How the new tax law will  
work; Tax Amnesty Recap;  
RI Business Leaders Day

### One-on-One with Jonathan Conklin

Paul Cuffee School

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New Executive Director  
Robert Mancini

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Campus Gathering Updates;  
150-Hour Programs

## Waterfront Development Activity Ignites as Space Opens Up

With the relocation of I-95 well underway, utilization of the space that it will free up is of great interest and concern to many. Waterfront property, especially in the Fox Point, Providence and Upper South Providence areas, has seen much attention among interest groups ranging from city officials to private developers taking note of the new landscape that the major highway relocation will create.

Looking to the future, development plans were proposed back in the 1990s for the "New Cities" project under former Mayor Cianci. In one of the three neighborhoods targeted – South Providence – along Allens Avenue (also referred to as Narragansett Landing) the plan recommended a mixed use environment with office space, residential buildings and tourism attractions. The overarching goal was to create a positive space in which to live and work.

Many of the same ideas, among others, are echoed in the current plan – Providence 2020 – commissioned by Mayor David Cicilline. The plan seeks to create an environment for a variety of economic activity and growth from Olneyville through the Promenade District, downtown and along the waterfront. The consulting firm Sasaki Associates brought a series of plans together (including the "New Cities" plan) to form a comprehensive solution. Suggestions are made for public parks, cultivation of certain industries and reconnecting neighborhoods once cut off by highways.

"Providence 2020 is a general framework for the revitalization of the city," said City Planner Thomas E. Deller, "The major premise is the growth of mixed use development that increases the number of jobs in the city while giving the residents of Providence choices for housing and recreation. Developers are to use this plan



## Parking Pains in Providence

### City exercising strategic plan to accommodate new growth

Now that Providence is well established as "The Renaissance City," parking has become more challenging than ever before. The city's major, long-term revitalization has literally "moved the rivers and railroads," as former Mayor "Buddy" Cianci liked to say, bringing a new train station, a 3.8 million-square-foot mall, a new convention center, four hotels, a plethora of restaurants, plans for at least half a dozen more, two office towers, and more than 2,000 condominiums and apartments downtown.

While the city's success has yielded increased tourism and commerce, limited parking continues to plague the area. Demand for parking continues to rise

## A Lesson to be Learned from Our Friend Benjamin Bankes

**T**here's much going on with the RISCPA and I'm happy to provide an update. As many of our members in public practice are in the beginning of their busy season, I wish you well.

I would like to begin with the introduction of Benjamin Bankes. This starting icon, created by the Ad Council and the AICPA to promote financial literacy, is about to become a household name. I



**Ernest A. Almonte, CPA  
RISCPA President**

encourage all members of the RISCPA to visit the website [feedthepig.org](http://feedthepig.org). Learn about the creative tools, including Benjamin Bankes, to begin the discussion of increasing financial literacy to the 24 to 35 age group in the State of Rhode Island. This segment of our population will be experiencing radical changes in their lives including their first job after college, marriage, children, saving for their child's education, saving for retirement, purchase of a home, or

credit card issues. It also might include the sandwich generation; the term for those people taking care of their children and their parents at the same time. A tremendous resource for us is also the website for the 360 degrees of financial literacy by the AICPA ([www.360financialliteracy.org](http://www.360financialliteracy.org)). You can use this free information to spread the word about sound financial decision making to people at all stages of their lives.

We have been very active with committee meetings and the continuing professional education program continues to be a great success. The nominating committee has been working on a most important function – our future. I highly encourage our members to consider serving on the RISCPA board. This has been a great experience for me and one I highly recommend. If you are interested please contact our executive director, Bob Mancini.

Our tax committee recently produced a great television show about tax planning. I would like to thank all the participants for putting on such a high quality professional show. The RISCPA provided tremendous, timely advice and reinforced our commitment to the public.

Our new executive director, Bob Mancini, has hit the ground running. He has been active on our professional issues locally, regionally and nationally. He is quickly becoming the face of the RISCPA and is leading us to new heights. Welcome!

The board of directors has been working on a strategic plan to guide the society into the future. We thank all of you who responded to our survey. After a planning session with our executive director and a professional facilitator, we developed a strategic plan that will transform the RISCPA into a "remarkable organization."

We are continuing with our program on financial literacy and encourage participation from all members. If you are interested in getting involved in this initiative, please contact Bob Mancini.

In closing, what Benjamin Bankes reminds us is that we, the "The Most Trusted Advisor," can facilitate positive financial decision making.

Sincerely,

Ernest A. Almonte  
RISCPA president

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## U p c o m i n g E v e n t s

JANUARY 24, 2007

### Campus Gathering

Johnson & Wales University

JANUARY 30, 2007

### Networking Reception

Members of RISCPA, the R.I. Bankers Association and R.I. Bar Association can mix and mingle at the Providence Marriott on Orms Street.

APRIL 24, 2007

### Annual Dinner

The event held at the Providence Marriot will allow members to greet newly certified CPAs, congratulate winners of the Carl W. Christiansen and Cheryl Ruggerio Scholarships and hear guest speaker Leslie Murphy, chair of the AICPA.

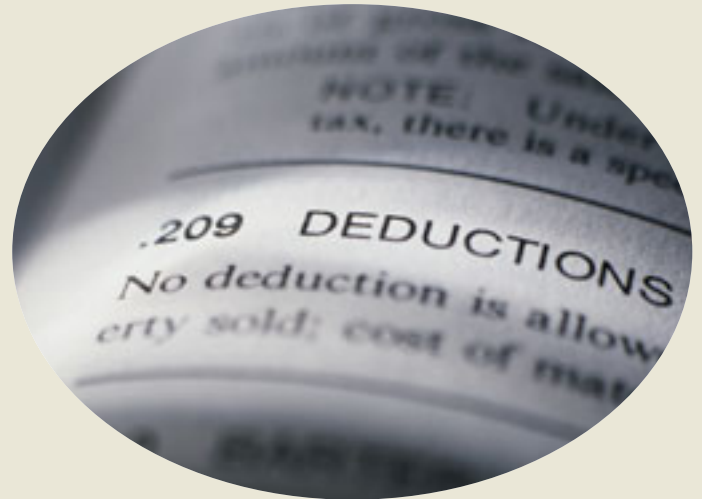
## Government Affairs

# Flat Tax vs. Traditional Tax System: the New Choice

The state's most recent legislative session resulted in a new tax option for Rhode Island workers – the flat tax system. Individuals who work in the state now have the option of either calculating their income tax according to Rhode Island's traditional graduated rate system, or a flat rate of 8 percent. For high-income earners with adjusted gross incomes above \$250,000, this may result in significant cost savings.

"One of my highest priorities this past legislative session was to ensure the passage of an initiative to reduce our state's high marginal tax rate," said House Speaker William J. Murphy (D-West Warwick). "The House made certain in approving our Fiscal Year 2007 budget that we included a plan to institute the option of a flat tax system. The Senate then adopted our budget proposal and the governor signed it into law. Under our proposal, taxpayers can elect – beginning in 2007 with the filing of their 2006 R.I. personal income tax returns – to pay 8 percent in a flat rate. Over the course of six years, the flat rate would be reduced by a half-percentage point each year to 5.5 percent."

Rhode Island's income tax rates now range from 3.75 percent to 9.9 percent – the highest rate in the country of the 41 states with broad-based income taxes, and nearly 2 percent higher than the newly passed flat tax of 8



percent. The flat-tax rate was designed to influence high-income earners to come or stay in the state. It also was designed to prevent companies from moving to other states with lower tax rates, and to prevent larger corporations with multiple locations from placing their highest income earners in other states.

"In order to compete with our regional neighbors for industry and broad-based economic development, Rhode Island must have a tax structure that is fair-minded and business friendly," said Speaker Murphy. "This new tax rate, as it did in Massachusetts, is certain to create new jobs, spur economic development, and increase charitable giving."

Yet while Rhode Island's highest bracket earners may find the flat-tax legislation beneficial, experts warn that the new system does not guarantee a lower tax for all.

"The biggest takeaway for Rhode Island workers would be that this is a departure from graduated rates, but how it would actually affect them is a case by case situation depending on a number of factors," says Anthony Vernaglia, CPA, MST and Tax Principal at Restivo Monacelli LLP in Providence. "It is a cumbersome process and many people are confused with how flat-tax legislation will affect them on a personal level." Because the process is complicated and depends on many factors, Vernaglia advises working with a CPA to determine which system reaps the greatest cost savings.

The flat-tax rate is applied to adjusted gross income, which is not reduced by exemptions and deductions. Though the flat-tax system does not allow taxpayers to itemize or claim standard deductions, generally, the higher one's income, the fewer deductions they are able to claim anyway. While a deduction reduces the amount of total income subject to tax, credits – far more valuable than deductions – reduce the tax itself. Yet the flat-tax system prohibits most credits which the traditional Rhode Island tax system allows.

### RI Professionals Talk to Today's Leaders

In its 8th year, the Rhode Island Business Leaders Day, sponsored by U.S. Senator Jack Reed, was well attended by RISCPA members, and the business community across Rhode Island, who gathered to hear the views of some of today's most prominent figures. The purpose of the program is to offer Rhode Island business leaders the opportunity to speak with federal agency representatives and members of Congress face to face to find out what's happening at the federal level that may affect their business.

The day-long program wasn't short on speakers, with the roster including Senator Hillary Rodham Clinton from New York and Senator Barack Obama from Illinois. Others included Chris Wallace from Fox News, Christopher Cox of the Securities and Exchange Commission, and Rober Kimmitt, Deputy Secretary of the U.S. Treasury. Senator Chafee, Congressman Langevin, and Congressman Kennedy of Rhode Island made appearances as well.

Just days before the primary elections, Jennifer Duffy, editor of *The Cook Political Report*, provided an analysis of the elections and the national struggle for House/Senate control. Other topics included public health issues, terrorism, healthcare, the economy and foreign direct investment in the United States.

## One-on-One with Jonathan Conklin

In a rehabilitated building (the old New England Telephone/Narragansett Bay Commission building to follow a Rhode Island tradition of naming the former site) on the corner of Promenade Street in Providence, lies a close knit community of educators, students, parents and administrators that offers a world of opportunity for more than 400 Providence students. At Paul Cuffee School, one of Rhode Island's 11 charter schools, the children enrolled in classes from kindergarten to 8th grade are offered a strong academic foundation, emphasizing literacy, math and science as well as weekly participation in physical education, music, art, computer and Spanish class. As a maritime school, Paul Cuffee places emphasis on the study of marine biology and ecology, and maritime history, which are integrated into math, history, science and art lessons.

Jonathan Conklin, Business Manager for Paul Cuffee since 2004 finds the job to be the

"toughest work he's ever tackled." The challenges are plentiful, yet the single reward clearly outweighs them – the benefit for the kids.

**What Counts:** Please provide a little background information on charter schools.

**Jonathan Conklin:** In 1995, legislation permitting charter schools was first enacted in Rhode Island. Charter schools are independent, alternative public schools of choice authorized by the state. They're designed to provide more innovation and accountability for student performance. They operate independently of many state and local regulations, and attempt to offer an alternative school environment that involves parents, among others, in the governance of the schools. There are 2,700 students attending charter schools in Rhode Island and 1,000 on waiting lists.

**WC:** What differentiates charter schools from traditional public schools?

**JC:** The principal ideas and purposes of charter schools include autonomy, accountability, choice and innovation. They're designed to self govern, free from rules and collective bargaining arrangements. They meet a higher standard of accountability given that the charter can be revoked, and provide alternative and innovative educational programs.

Despite their autonomy, charter schools are required to follow many of the same regulations as public schools, including: funding all servic-



**Jon Conklin watches the action at the Paul Cuffee Annual Picnic, where parents get a chance to first meet their children's new teachers**

es through public dollars; providing non-sectarian educational programs and operations; complying with all applicable federal and state laws and regulations prohibiting discrimination; ensuring access for students with disabilities or special needs; conforming to the Federal No Child Left Behind initiative; and offering open enrollment.

**WC:** How does the Department of Education determine funding for charter schools?

**JC:** All charter schools are publicly funded through the state and the sending districts. The formula is based on the sending district per pupil amount and the sending district share ratio (the percent of state reimbursement used under the old operations aid program). A share ratio is determined based on a community's relative wealth per pupil as compared to the statewide wealth per pupil. This means that the poorer the community, the greater the state assistance. The state aid goes to the municipality, which compensates the school.

The state pays 5 percent of the per pupil amount to the sending district – for administration costs such as busing and food services – and the balance to the charter school. The local district is responsible for the portion of the per pupil costs that are not paid by the state. We get 85 percent of our funding from the state and 15 percent from the City of Providence. The funding covers our programming, not our facilities, so we've had to compensate in a variety of ways over the years.

The original renovation of the building to retrofit it for our needs was made possible by a tax exempt bond through RIHEBC (Rhode Island Health

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and Educational Building Corporation). This was complemented by an ambitious capital campaign.

A second debt issue, also through RIHEBC, is privately held. The debt issue allowed us to refinance our second mortgage on the building and campaign funds made it possible to purchase the land outright, which we had leased until last October. Interestingly, a parent collaborated with us on the strategy for that financing.

**WC:** *What is your background?*

**JC:** After working in public accounting at Ernst & Young for seven years, I went to Wardwell Braiding Machine Company in Central Falls and remained there for 13 years. It was a small but worldwide niche business that was 95 percent owned by the employees. The president always encouraged participation in community service and boards. I took interest in St. Andrew's School in Barrington after my father passed away; he attended school there.

**WC:** *How did you become involved there?*

**JC:** I first joined the Finance Committee and then the Board of Trustees. I'm currently the chairman of the Finance Committee and also on the Planning Committee. I had taken a few years off after leaving Wardwell and became very attached to the mission and history of St. Andrew's. There are some great success stories. I know I am biased, but I truly believe that no child receives a better education than at Paul Cuffee or St. Andrew's. Many of the learning principles are very similar.

**WC:** *When did you come to Paul Cuffee?*

**JC:** After nearly two years off, I learned of the job opening and thought it would be a good fit. I honestly thought I was going to be stepping back from the high level activity of past jobs and planned to do a lot of golf and sailing (several people are attracted to work here because of the maritime theme). But it's much more difficult than the busiest tax seasons or private corporation financing issues I ever faced. You just get sucked into making this work for the students.

**WC:** *How is Paul Cuffee different than some of the*

*other charters?*

**JC:** Paul Cuffee is different in many ways. We're a non-district charter school, and serve only Providence students. Being a non-district school gives us the advantage of having flexibility and independence, but it also precludes us from getting higher amounts of housing aid. As a non-district school, we're only eligible for 30 percent.

With only 16 kids per classroom, we also have the benefit of offering one on one assistance for kids that need it. Teachers here employ a unique Responsive Classroom method of teaching that fosters predictability, respect, social interaction and communication. The program really engages the kids – many don't want to leave.

**WC:** *What experience do you bring to your job?*

**JC:** My financial education and background experience certainly translates to this work. I handle everything from bookkeeping to payroll to our financial reporting. The compliance burden is extremely high. There's a state and independent component to our compliance regulations. Each year, I send the financial statements and budgeting information for the next year to the State Auditor General's office and Department of Education for review. And on a quarterly basis, I send updated reports to the Department of Administration. In addition, because we have a letter of credit that supports our first debt issue, we have all the same banking relationships of an independent school.

**WC:** *What are the biggest challenges at Paul Cuffee?*

**JC:** Right now, we're facing a number of challenges. Our main building houses K-5 and we rent space at St. Mary's for the middle school. It would be optimal to have the buildings closer to each other, which we hope will happen soon. Ultimately, we'd like to be able to offer the full spectrum of K-12. Right now we're at a standstill. There are no facilities or financing for that kind of expansion.

**WC:** *Since Paul Cuffee only is able to offer K-8, what happens then?*

**JC:** It's something that we struggle with. We hold



**With academics at the forefront, the maritime theme is woven into the curriculum where possible**

high school fairs that are the equivalent of prepping students for college. Providence's high schools are making significant progress, but we'd still like to offer all grade levels at Paul Cuffee.

**WC:** *How do students at Paul Cuffee compare to others their age?*

**JC:** The first kindergarten class is now in fifth grade so our numbers are still early. But our programs and test scores show that we fare well and tend to be comparable to some suburban neighborhoods. We've learned, however, that getting them into the program early is key to closing the gap on level of education and age.

**WC:** *What do you see happening long term?*

**JC:** Ensuring long term sustainability is the biggest challenge and there are a variety of issues that we're reviewing to make this school viable into the future. We have to assess our capacity issues and determine what the proper size of the school is that will keep us thriving. That includes analyzing class size and number of classrooms, and also seeing what administrative efficiencies we can make. Right now, we have a budget surplus, but at some point as expenses – the majority of which are salaries – continue to increase, the line will meet.

**WC:** *What makes you passionate about your job?*

**JC:** It's part determination to make it work here, but mostly it's the kids. We're all here because we're concerned and hopeful for their future.

Professional News

# RISCPA Appoints Robert Mancini as New Executive Director

After a national search, Robert A. Mancini was appointed the new executive director of the Rhode Island Society of CPAs. Since starting on October 2, he has been going full force, immersing himself in the job, meeting members and traveling, including a trip to the AICPA Council Meeting where he met the new chair, Jimmy Williamson.

When asked his goals for his role with the RISCPA, Mancini said, "I hope to take this organization to the next level and specifically increase membership and gain more market recognition."

Mancini, a native Rhode Islander and Providence resident, spent two decades working in the banking industry in a variety of roles. Notably, he spent 13 years at Citizens Bank, a community bank at the time, and the former Fleet Bank in private banking and wealth management.

While not a CPA, Mancini feels his past experience in collaborating on projects with CPAs, bankers and attorneys gives him the right framework for the job, and working with members and colleagues of RISCPA.

"All of these functions are key components of wealth management, research and development and long term planning," he said.

Mancini also founded and served as president of the former NEMTA, LLC, a marketing firm based in Framingham, Mass., that provided telecommunications services to electric utility companies in Massachusetts. Most recently, he held the position of northeast sales manager, Executive Lending Division of Select Financial Mortgage Corporation; and was principal/owner of Impresario Partners, LLC, a company providing business development, financial and public relations consulting services to various New England clients.

When Mancini heard about the position of executive director, he realized it

was everything he wanted and enjoyed doing combined. His comprehensive understanding of complex financial matters, past experience working with CPAs and other financial professionals, and his knowledge of marketing communications principles, made him a strong candidate.

"What most attracted me to the organization was that it was community oriented and provided a great resource to our state," said Mancini.

The campus gatherings and financial literacy program – in which he'll play a role – are a few key projects where he sees RISCPA making a difference in Rhode Island.

Mancini referred to the three-year national effort by the Ad Council and AICPA, "Feed the Pig" campaign, as being an integral platform to the long term mission of local societies.

"We're taking a proactive approach by joining in the national effort," he said. "We need to help restore confidence in the necessity of saving. People are receiving mixed messages these days."

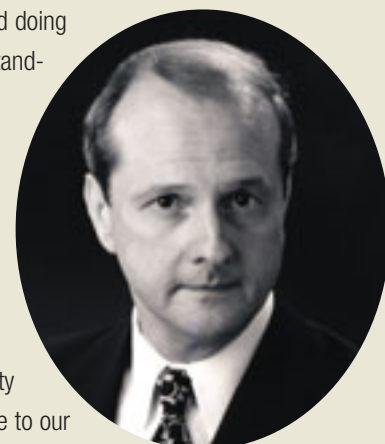
Mancini is also helping to integrate the Society regionally and working on a five year plan for the organization. "The reputation of the R.I. Society is so strong on a national level," he said. "One of its hallmarks is the CPE program which is tops in terms of quality and participation. I'm thrilled to be here, to be working with a first rate staff, and to be collaborating with a variety of people on the board and various committees."

Mancini has remained dedicated to community service throughout the years. At the time when he learned of the position of executive director, Mancini was consulting for Beacon Charter School in Woonsocket, a project he notes as a career highlight. Most important to the project was the resulting partnership between Johnson & Wales University and Beacon. In late November, Mancini happily attended the ribbon-cutting ceremony for their new facilities, where they anticipate 37 graduates, up from 17 last year.

"It's all about the kids," Mancini said. "To see their faces and eagerness is wonderful. Many gave up their 'time off' during the summer to sit in on negotiations that were being held in 2005. It made a big difference."

Most recently, Mancini was also co-chair of the Bradley Hospital road race, which originally had started in the 1980s. The tradition will continue with a race in Spring 2007.

Mancini holds a bachelors of science in Business Administration from Providence College and has earned a certificate from The New England School of Banking at Williams College. He also served on the Rhode Island Lottery Commission from 1996 to 2005.



**Robert A. Mancini**



**STATE SOCIETIES GATHER AT AICPA LEADERSHIP CONFERENCE (L to R): Randy Fletchall, AICPA chair elect, Mary Bernard, RISCPA president elect, Robert Mancini, RISCPA executive director and Barry Melancon, AICPA president.**

**GOVERNMENT AFFAIRS**  
from page 3

These include investment tax credits and one for child care expenses. Credits, therefore, may have a larger impact in determining which system is the most cost-saving.

Fortunately, high-income earners who work in Rhode Island (residents and nonresidents), may calculate their tax under both systems to see which system would save the most in tax – and they can switch from year to year. As a general rule, experts advise that those whose income is mostly from salary, bonuses and commissions will be better off with the flat-tax system, while those who have considerable capital gains, deductions and credits, will benefit from the former.

**Check Up: The Rhode Island Tax Amnesty Program 2006**

From July 15 to September 30, 2006, more than 2,000 taxpayers, both businesses and individuals, received amnesty under the 2006 Tax Amnesty Act; and Rhode Island collected approximately \$9.5 million in past due taxes and interest, which went into the state's general fund.

The Rhode Island 2006 Tax Amnesty Act was established by passage of House Bill H-7120A Article 21 Substitute A during the 2006 legislative

session. The amnesty was open to residents and nonresidents and applied to all types of taxes, such as personal income tax, sales and use, and corporate tax. Those not eligible included taxpayers under criminal investigation or involved in any pending criminal or civil court litigation for tax fraud.

Rhode Island Tax Administrator David Sullivan said that about 600 of the taxpayers who received amnesty had never filed a return in the past; the other 1,400 taxpayers had under reported on their returns or had a current liability with the Division and were paying off their debt.

Participants still were required to file all missing tax returns, and fully pay all taxes and interest of 12 percent annually from the original due date of the return to the time of payment. Relief provided to taxpayers included waiving all unpaid penalties, and avoiding civil or criminal prosecution. For those who chose not to participate, the interest rate increases to 18 percent on unpaid taxes and fines are up to \$10,000, one year imprisonment, or both, for tax fraud or intent to evade Rhode Island taxes.

"The Division is continually improving our enforcement programs to find taxpayers who did not come forward during the amnesty program," said Sullivan. "During the next year, we'll be implementing a new data warehouse which will assist in audit selection and audit tracking."

**Award Given to Tammy Duxbury for Service on Public Communications Committee**



**John Barrett, chair of the RISCPA Public Communications Committee, presents Tammy Duxbury a service award for her dedication to the Committee. Among other feats as former chair of the committee, Duxbury helped transition the television program "What Counts" to its new, improved production location at Bryant University.**

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## Academics

# Campus Gatherings Show Strength in Our Numbers

Throughout the Fall, the R.I. Society of CPAs has conducted “Campus Gatherings” at several of the state’s colleges and universities. The goal of the meetings is to strengthen relationships between RISCPA, its members, the state’s educational institutions, and future accounting professionals. The informal gatherings have taken place thus far at Salve Regina, Rhode Island College and the University of Rhode Island.

At each session, introductions are offered by Greg Porcaro, RISCPA chair of the Cooperation with Educational Institutions Committee, and the Dean of the host university. Three to four CPAs from different business sectors – including government, private, nonprofit and public – then offer remarks and insights into how they’ve applied their



accounting education to the profession. After remarks, students have the opportunity to network with speakers and other CPA guests in attendance and ask questions one on one.

Porcaro says that the program is a great success so far with 50 to 100 students attending each of the sessions, and impressive participation on behalf of RISCPA members as well. With six firms participating at every presentation, he hopes that more will follow.



“This is the opportunity to meet future interns and employees,” Porcaro said. “We need to build a base for the future of our profession and it starts here.”

The program has been highly rated by evaluations filled out by students in attendance. Porcaro hopes that it will be a model for the program for the next committee chairperson who will take over his role.

The next program is scheduled for January at Johnson & Wales University, after which they’ll take a break for tax season and hopefully round out the year with visits to Bryant University and Providence College.

# 150-hour Accounting Programs Now the Norm for CPAs

Due to the complex nature and changing face of the job, a high level of competence and skill is required of certified public accountants. Beginning in 1994, more than half of all states that license CPAs started requiring applicants to have 150 semester hours of education to obtain a certificate in public accounting. Rhode Island instituted this requirement in 1999, joining 41 other states with the same regulations for CPAs.

The decision to require CPAs to have an advanced education stems from a number of reasons. The increase in new tax laws has expanded the knowledge base that professional practice in accounting requires. Business methods have become more complex, especially in the areas of regulation and technology. Further, professional practice requirements have increased, with more complex approaches to auditing and highly technical accounting services.

Typically, students choose to obtain their undergraduate degree and a master’s degree to satisfy the 150-hours requirement. Besides providing the required technical knowledge, graduate level courses allow students to grow their skills in communication, presentation and interpersonal relations.

While Bryant University in Rhode Island continues to grant bachelor’s degrees for the completion of 122 hours of study, students who desire to earn

their CPA certificate must then apply to the graduate program where 30 more credit hours will earn them a Master’s of Science degree. The Master of Professional Accountancy curriculum includes coursework in research and communication, project management, and technical accounting. Graduates will meet current requirements for all CPA candidates to complete 150 hours of education to become eligible for certification.

Mark Higgins, the dean of the College of Business and The Alfred J. Verrechia-Hasbro, Inc. Leadership Chair in Business at the University of Rhode Island (URI), explained that each educational institution structures its programs differently. At URI, it’s not only the number of credits, but the specific courses required as well.

“If possible, it’s optimal to continue to get the 150 credit hours after the first 120 are met,” said Higgins. “It’s very difficult to get 30 hours when you’re also working full time.”

Many different career paths open up to individuals once they’ve earned their CPA designation. Students who complete the 150-hours requirement not only invest in their careers, but also could advance more rapidly in their firms, or workplace, because of their increased education base.

**PROVIDENCE PARKING**  
from page 1

along with the steady growth downtown, including hundreds of workers added by the new facilities for GTECH and Fidelity Investments, Waterplace, Capitol Cove and other condominium and apartment projects, as well as new restaurants and retailers.

To address Providence's parking problem, Mayor David Cicilline hired parking consultant Andrew Miller in July 2005 to study the situation and develop strategies for a better parking system.

"The city and those working with us – the Providence Foundation, for example – have spent considerable time thinking about how we are going to accommodate, not only current needs, but projected ones as well," says Carol Grant, director of operations in Mayor Cicilline's office. "We are conducting ongoing research for long-term planning."

"The city spent a lot of time upgrading on-street parking," says Daniel Baudouin, director of the Providence Foundation, who also was instrumental in the selection of Miller for the study. "So far, the study has resulted in 1,100 metered spaces on the street, with mostly upgraded meters," he says citing parking as a major factor affecting Providence's economic development. The Providence Foundation, an arm of the Greater Providence Chamber of Commerce, has a committee devoted to addressing parking.

"More metered on-street spots translate into faster turnover," says

Baudouin. What this means for businesses is because there are now more metered spaces downtown, visitors to their offices are more likely to get a spot at a dollar an hour."

While the spots have provided some relief, Baudouin admits more needs to be done to accommodate the economic growth – such as the addition of Fidelity Investments – happening downtown.

"Obviously, this will increase demand on parking in existing facilities like Providence Place mall and the Convention Center," says Baudouin. After pointing out that not all of these new workers will drive in to work (many working at Fidelity are expected to take the train in from Massachusetts, for example), he admits, "We need more parking garages, without question."

One such parking garage was proposed by the Procaccianati Group of Cranston, R.I., which requested permission to demolish the vacant Fogarty Building across the street from the Rhode Island Convention Center and replace it with a six-level parking garage with an additional first level of retail. The city has not yet passed the proposed building.

Furthermore, "To GTECH's credit," says Grant, "they have already created enough parking capacity for their downtown employees... We hope and are working to ensure that any new developments downtown will not only deal with the parking needs of their workers, but also will provide additional parking," she says. "That is the basic strategy right now. It requires continued collaboration."

Still, the important thing to remember, according to Baudouin, is that "Parking is just one aspect of mobility in the state. We need to make sure people are no longer stuck with having to drive a car to come to work." More access and options for public transit, and more apartments and condos within walking distance to major offices, can and already are helping the parking predicament.

Baudouin says the next step is to talk to the City about a comprehensive parking system that encompasses many issues – parking strategy, keeping supply and demand level, parking signage, and informing the public about their options. While the Providence Foundation already has begun to address the last issue, launching a new Web site ([providencedowntown.com](http://providencedowntown.com)) in mid-November to provide consumers and visitors with more comprehensive information about retail, restaurant and parking options downtown, and the city has made progress with new and improved metered spots, this comprehensive system is still in its nascent phase.





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as a guide to understand what the city expects and wants to achieve.”

Public space is one major component of the plan. And in December, city officials announced the winner in the competition to design a major new waterfront park in space made available by the Route 195 relocation project at the end of Dorrance Street. The design by Brown, Richardson & Rowe, Inc., a Boston-based landscape architectural firm, was selected by an 11-member committee and will go to the state Department of Transportation for construction. The park features a free-standing glass structure for gathering, a sculpture garden and a Fish Playground featuring artist-designed play equipment. It's scheduled to be completed in 2012.

“Other changes like this will happen in the coming years,” said Deller. “Each will be evaluated on how they help the city achieve its goals.”

Private developers Patrick and Gail Conley have initiated and planned for many projects in their neighborhood as well. Providence Piers on Allens Avenue was renovated and opened in 2006 with the overall objective of opening up the waterfront to the public.

Conley's family is from the South Providence neighborhood, with a 135-year history behind his desire to create a “legacy project.” Being a cruise ship destination is only one of the goals of Providence Piers. His idea for a mixed use development includes residential condos, commercial office buildings,

parking facilities and hotel.

The Providence/Newport Ferry started operating out of Dock Conley, a 776-foot pier, this past summer, decreasing the time of the trip by about seven minutes, but more importantly increasing the accessibility of the ferry. With ample parking and closer proximity between facilities and the ferry, more than 40,000 passengers took advantage of the ferry's new departure point.

In addition, American Coastal Cruiselines of Connecticut chose Providence Piers as its point of embarkation and debarkation for Southern New England cruises. Thirty one cruise ships stopped in Providence via American Coastal in 2006 and Conley expects that number to double next year. Currently making stops in popular destinations such as Martha's Vineyard, Nantucket, Block Island and points along the Connecticut coastline, Conley states that service expansion is expected to include the Hudson River (NY) and ultimately Canada.

The Conley's 49-passenger vessel at Providence Piers offers guided tours of the Upper Narragansett Bay and waterfront. In addition, Rhode Island's historic flagship, the Continental Sloop Providence, offers educational and private tours out of its new homeport at Providence Piers. Conley has been approached by a dinner boat that he expects will begin service next summer.

His ultimate hope is to be second to the Port of New York, Conley joked.

“If local business people had the same vision of those in Portland, Boston, New York, Charlestown or Savannah, we could generate from \$2.5 to \$3 billion of value on this one mile of waterfront,” said Conley.

Despite much initial interest from local developers, no one else has dug in. “I've probably given more tours of the area than they do at the Newport Mansions,” he said.

But most people who have ventured into the area will admit that there are some obstacles that deter potential investors. Zoning issues, water type, contamination, environmental analysis, permitting and other local business that deter upscale developing are a few of the obvious factors.

Next door to the piers, the four-story building built in 1899 by Providence Gas Company was bought and renovated by the Conleys. The four-story building called Conley's Wharf is expected to be open this winter with the first three floors occupied by a group of artists called the Partnership for Creative Industrial Space. The top floor will be a conference and function center, managed by the Newport Harbor Corporation. When not occupied, the space will serve as a private members club called the Fabre Line Club, named for the steamship line that brought 84,000 southern European immigrants to Providence in the early 1900s.

Conley claims that available tax credits were an incentive for going forward with his vision for the area. The federal Historic Tax Credit, the Rhode Island Preservation Investment Tax Credit, and New Market Tax Credit resulted in \$6.3 million worth of tax credits for the development projects at Providence Piers and Conley Wharf.

“The waterfront area along Allens Avenue is one of the lowest income



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## TOPIC: Understanding Personal Tax Credits

Have you ever thought that you're paying too much income tax? You may be, if you're not claiming all of the tax credits for which you are eligible when you file your federal tax return. These credits may significantly reduce your tax liability.

### *What is a tax credit?*

A tax credit is a dollar-for-dollar reduction of your tax liability. Generally, after you've calculated your federal taxable income and worked out how much tax you owe, you can subtract the amount of any tax credit for which you are eligible from your tax obligation. In some cases, if your tax credits exceed your tax liability, you will be able to claim the difference as a refund.

### *What is the difference between a tax deduction and a tax credit?*

A tax deduction reduces your taxable income, so that when you calculate your tax liability, you're doing so against a lower amount. Essentially, your tax obligation is reduced by the same percentage as your tax rate.

Here's an example. If you're in the 28 percent marginal tax bracket and you have \$1,000 in tax deductions, your tax liability will be reduced by \$280. That reduction would be greater if you were in a higher tax bracket.

A tax credit, on the other hand, is constant. A tax credit of \$100 will reduce your tax liability by \$100, regardless of your tax bracket. The following is a summary of the main personal federal tax credits that may be available to you.

### **Child and dependent care credit**

If you're working or looking for work, and you need to pay someone to look after your child or other qualifying individual, you may be eligible for the child and dependent care credit. Depending on your adjusted gross income, you may be able to claim up to 35 percent of the qualifying expenses that you pay to provide care for a dependent child under the age of 13, a disabled spouse, or a dis-

abled dependent. A dollar limit applies to the amount of work-related expenses you can use to figure the credit. This limit is \$3,000 for one qualifying person, or \$6,000 for two or more qualifying persons.

For more information, see IRS Publication 503.

### **Child tax credit**

The child tax credit provides tax relief for parents and others who have dependent children. If you're eligible, you may be entitled to take a credit of up to \$1,000 per child. A qualifying child is typically a child, grandchild, stepchild, or foster child under the age of 17 who lives with you for more than half the year and provides less than half of his or her own support.

The child tax credit begins to phase out if your modified adjusted gross income (MAGI) exceeds a certain level (\$110,000 for married persons filing jointly, \$55,000 for married persons filing separately, and \$75,000 for heads of household, widow(er)s, and single persons).

For more information, see IRS Publication 972.

### **Earned income credit**

The earned income credit benefits working taxpayers who have low income. You can apply for it only if you work, either as an employee or in your own business, and you have earned income during the tax year. The amount of the credit is based on your adjusted gross income, your filing status, and the number of qualifying children you have.

For more information, see IRS Publication 596.

### **Education credits**

There are two tax credits that you may qualify for if you, your spouse, or your children are attending an eligible educational institution: the Hope credit and the Lifetime Learning credit. Whether you can claim one of these credits (they can't both be claimed by the same person in the same year) depends on your educational status, your modified adjusted gross income (MAGI), and the amount of

qualified tuition and related expenses you pay in a given year.

The Hope credit is worth a maximum of \$1,650 per year (in 2006) and is available to each student in the household who is in either the first or second year of undergraduate education (provided the student is attending at least half time). The Lifetime Learning credit is worth a maximum of \$2,000 per year and is more widely available – students who are attending college or graduate school (even less than half time), taking continuing education courses, or pursuing courses connected to hobbies and other interests may be eligible for this credit. However, the Lifetime Learning credit is limited to \$2,000 per tax return per year, regardless of how many students in the family may qualify.

To qualify for the full credit in 2006, your MAGI must be below \$45,000 if you're a single filer and \$90,000 if you're a joint filer. Single filers with a MAGI between \$45,000 and \$55,000 and joint filers with a MAGI between \$90,000 and \$110,000 can claim a partial credit.

For more information, see IRS Publication 970.

### **Other tax credits**

You may also be eligible for other federal tax credits, including the credits listed below:

- Adoption tax credit
- Tax credit for the elderly or the disabled
- Foreign tax credit
- Tax credit for IRAs and retirement plans
- Tax credit for health insurance costs (for qualifying individuals)
- Tax credit for qualified alternative fuel (or clean-fuel) vehicles
- Tax credit(s) for making energy-efficient improvements to a primary residence, or for purchasing qualified energy-efficient property

If you would like more information on personal tax credits, contact your tax advisor or log on to the IRS website at [www.irs.gov](http://www.irs.gov).

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areas in Providence, qualifying any development here for the New Market Tax Credit,” said Conley. The age of the Conley Wharf building qualified it for the 30-percent state tax credit for historic renovation. The credit is a dollar-for-dollar reduction on taxes owed on the project. The Rhode Island tax credit can be applied in conjunction with the Federal Historic Preservation Tax Credit, which was established 30 years ago and amounts to a 20 percent tax credit.

“Without these tax credits, the restoration of that building would not be economically feasible because of the new fire codes alone,” said Conley.

Longtime contributors to the Providence economy are the universities and hospitals, which also benefit from a thriving city that offers a pleasant environment to live and work in for its employees.

Most recently, the announcement by Brown University that it will purchase seven new buildings in the Jewelry District (two other purchases were made prior) has sparked some attention. Brown’s decision to expand beyond the limits of College Hill will help accommodate future growth, especially for life sciences and medical programs. Part of the decision to choose the Jewelry District was based on the economic plans and goals for the area to become a mixed-use neighborhood. The acquisition of property, however, means loss of some tax base for the City, because property devoted to academics is tax exempt. In lieu of tax payments, the City’s colleges make annual payments under a voluntary compact.

“It’s true that the relocation of I-195 makes the Jewelry District a much more desirable place to invest,” said Rebecca Barnes of Brown University in an interview with the *Providence Journal*. “It will also make walking connections between College Hill, downtown and the hospitals much easier.”

Another major project pending for the redevelopment of the area is the Dynamo House, that’s expected to house the cornerstone Heritage Harbor Museum, among restaurants, shops, office space, cafes and a hotel – all in the former South Street Station. Struever Bros. Eccles & Rouse will manage the 350,000 square foot project, which includes the long awaited Smithsonian affiliate museum that pays tribute to the region’s history.

The Planning Office regulates development and “works very closely with

the institutions and developers to insure that their plans achieve the great city’s vision,” said Deller. “Not one project is more important than another, but what is important is that good development continues in the city.”

As Rhode Island continues to track the progress of the I-195 project, investors, city officials and business leaders will continue to see the more than 35 acres – some prime waterfront property – open up as opportunity to invest in the continued enrichment of the City of Providence and its community.



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