

CPA roles
increasingly clear
by Greg Porcaro, CPA

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Filmmaking and its Role in the Rhode Island Economy

Rhode Island could be heading towards Hollywood fame given the aggressive efforts of the Rhode Island Film and Television Office and newly proposed legislation offering tax incentives for filmmakers. While the glamour of having a little bit of Hollywood come to Rhode Island is exciting, the financial benefits can be significant and come from various sources.

Starting from scratch

The Rhode Island Film and Television Office was all but dissolved a few years ago before being saved by Randall Rosenbaum, executive director of the Rhode Island State Council on the Arts. When Steven Feinberg joined the Film and Television Office as its director in Spring 2004, he was operating on a shoestring budget with limited resources, old production guides and a non-existent website.

"There wasn't much film or TV production happening here," said Feinberg. "It was like starting from scratch."

Feinberg brought his L.A. experience with him and sought to bring as many film, television and commercial productions to the state as possible. By holding "town hall" meetings with local people in the industry, he found out what was missing and set out to raise awareness for local filmmakers to help bring them on the national scene, and made sure production companies were realizing financial success so that word got out that Rhode Island was a film friendly state.

Over the past year, Rhode Island has seen an increase in commercial productions to \$2 million, including those from Dunkin' Donuts and Dannon Yogurt, and well over \$5 million in various network television productions, including Fox Television, The Learning Channel, and most significantly, the Showtime's pilot, *Brotherhood*.

FILM PRODUCTION BENEFITS
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Tax Credit Benefits Historic Buildings

The state of Rhode Island has added a large incentive for anyone who considers renovating a piece of property in the state.

In 2000, the Rhode Island Preservation Investment Tax Credit was passed that established a 30-percent tax credit for historic renovation projects in the state. The credit is a dollar-for-dollar reduction on taxes owed on the project. As an added bonus, the credit is transferable and can be sold for cash to another individual. 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.

REHABILITATION CREDIT
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Mission Made Reality by Strong Membership

As my term as president of the Rhode Island Society of CPAs reaches its final stages, I have had a chance to deliberate on the success of this organization. Every year, we achieve our mission of making it exceedingly clear as to how important CPAs are across all areas of the profession.

Specifically, our membership is gaining strength and the time they contribute and the energy and knowledge they bring to the Rhode Island Society of CPAs is exceptional.

As I've said in the past, the dedication of our members has kept this organization at its prime. With new ideas continuously being offered and a great sense of leadership all around, my appreciation must be known.

I would like to thank all of the RISCPA staff, committee and board members for their tireless effort to enhance and advance the Rhode Island Society of CPAs. In an organization where the level of involvement in society is so high, you have been a great role model to all our members by keeping

our mission dynamic and tangible.

I am very thankful to have had the opportunity to serve as president and I have benefited from this experience both professionally and as an individual. It has been a significant time in my life as well as the organization's. Our society's involvement in the community has helped and will continue to help our state. The volunteer work in the public alone will have a large impact on how our society will fit into a healthy environment. And our role in helping to shape future policy and guidelines for our profession is increasingly evident.

As we commence a significant time in our organization's history – our 100th anniversary – it's important for us to embrace the change that has advanced our profession and recognize those individuals who have contributed so significantly to the betterment of our profession. In this issue, we recognize some of those key contributors to our organization's success.

We're also pleased to add new talent and

experience to our board with three new members. Learn more about them in the Professional News section. I'm most pleased to welcome Mike DeCataldo as incoming president. Our organization is fortunate to have him as our leader during this time and I wish him much luck during his term.



**Greg Porcaro, CPA
RISCPA President**

I look forward to continued service on various committees and I'm very thankful for this opportunity and will keep it with me for future endeavors. Thank you again to everyone who has made this experience one of a kind.

Sincerely,

Gregory A. Porcaro, RISCPA president

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

JULY 12, 2005

Annual RISCPA & Bankers Golf Outing

Agawan Hunt Country Club, Rumford, R.I.

To register your foursome or to sign up individually, call 401-331-5720.

SEPTEMBER 24, 2005

Centennial Gala

Biltmore Hotel, Providence. The black-tie event will feature dinner and dancing in one of the most beautiful ballrooms in the city. Limited tickets available. Please contact Kris

Moretti at 401-331-5720 for tickets or information.

JANUARY 31, 2006

CPAs, Bankers, Attorneys Networking Reception

Providence Marriott at 1 Orms Street.

Government Affairs

Q & A Session with Senator Lincoln Chafee

RISCPA asks Senator Chafee his opinion on some of the profession's pressing issues

Do you think that the Sarbanes-Oxley legislation has accomplished its intended goals and are any changes to the initial legislation needed?

It is now clear that the explosive growth of the 1990s was accompanied by egregious examples of corporate misconduct. As these problems came to light through a series of scandals – including Enron and WorldCom – investors lost confidence in corporate management and the auditors alike, and began to withdraw their money from the markets. The Sarbanes-Oxley Act was enacted, in part, to restore investor confidence by demonstrating a commitment to fairness and integrity in corporate America. Sarbanes-Oxley seeks to accomplish this goal by increasing the accountability of corporate actors, strengthening corporate governance, and improving the transparency and reliability of audited financial statements.

Sarbanes-Oxley has had a beneficial impact on corporate America – both in terms of its requirements, as well as changes that were not mandated but have arisen as part of a general examination and reevaluation of practices and procedures. The accounting profession in particular enjoys renewed confidence, thanks to creation of the Public Company Accounting Oversight Board and other provisions of the Act affecting CPAs. Although the markets have not fully recovered from their highs before the “bubble” burst in the second quarter of 2000, investor confidence indexes have shown positive movement since Sarbanes-Oxley was enacted.

However, I recognize that implementation of the Sarbanes-Oxley has not come without a cost for public companies. To satisfy the requirements of the Act, including Section 404, companies have been forced to dedicate significant time and money towards modifying their practices. While

most of these regulatory costs were necessary and unavoidable, Congress may conclude that some requirements have proven to be ineffective and overly burdensome.

No legislation is perfect, and Congress often amends new laws as practical difficulties arise. During my tenure on the Senate Committee on Banking, Housing, and Urban Affairs, the committee held several hearings on Sarbanes-Oxley implementation that provided the accounting industry and others with an opportunity to provide feedback and suggest possible changes. As this dialogue about Sarbanes-Oxley continues, I would encourage RISCPA members to share their concerns and ideas with me on specific ways to improve the Act.

What are your feelings on the current trend of businesses outsourcing jobs overseas?

In general, I support free trade initiatives because I believe that free and fair trade leads to lower prices and greater choice for consumers, expanded markets for U.S. firms, and a healthier economy.

I recognize that discussing the positive effects of trade on the U.S. economy does nothing to ease the anxiety of workers who feel their jobs are endangered. Congress must work to blunt the adverse impact that offshoring may have on American workers. I have supported, and will continue to support, trade bills that include negotiating objectives such as protecting workers' rights and the environment as a means of making trade fairer for both U.S. industries and their employees. In addition, I will continue to push for legislation to provide financial and educational assistance to workers who have lost their jobs through no fault of their own.

What, if any, changes do you think are necessary to the Social Security system?

The Social Security program has served this country well for six decades, and has helped keep seniors, disabled people, and families out of grinding poverty. I am committed to ensuring that we maintain those standards as we go forward.

There has been a lot of talk about whether or not Social Security is in crisis, and if it is, whether or not private accounts are the answer to such a crisis. My belief is that while Social Security is not in imminent danger of going bankrupt, it does face a serious solvency problem. When the baby boom generation begins to retire in 2011, the pressure on the system will grow. The system will begin to run deficits around 2017. By 2041, the Social Security Trust Fund assets will be fully depleted, and payroll tax revenues will fund only about 74 percent of benefits. It's estimated that to deliver the full promised benefits for the next 75 years – the time frame used by the Social Security Administration to calculate solvency – it will cost an additional \$4 trillion above what the system



One-on-One With R.I. Auditor General Ernest Almonte

What Counts *recently checked in with Auditor General of Rhode Island Ernest Almonte. Mr. Almonte leads the effort on refining our government's financial challenges on a local, state and federal, and speaks openly about ways in which we all can get involved.*

What Counts: Please describe your role as Auditor General.

Ernest Almonte: We have about six areas of concentration. The main issue is auditing state financial statements. The same way Ford Motor Company would have their financials audited, we audit and give our opinion on Rhode Island's status and sign a document on its fairness. Considering the combined revenue of the state's financial statements, this activity alone is a \$6 billion dollar entity.

We also perform federal single audits or compliance audits for funds awarded from the federal government. The federal government awards the state of Rhode Island and its agencies approximately \$2 billion, which comes with requirements. We make sure agencies comply with these requirements or the money has to be returned or they have to rectify the situation.

Our department performs audits or economic efficiency studies to determine how agencies – such as government offices, the state lottery or State Police – can save money that eventually trickles down to the taxpayer. Anyone that receives funding from the state is subject to these types of studies.

Our office conducts fraud investigations as well. We typically work together with agencies like the State Police, FBI or Secret Service to look into alleged fraud crimes and often offer testimony to help determine the proper outcome of these cases.

Financial oversight of Rhode Island's cities and towns is another component of our function. We approve the firm that conducts their audits and review the audit reports. It's our job to make sure their financial practices comply with the latest accounting standards and ensure that any recommendations made by their firm are followed through by the municipality.

Our final responsibility is helping towns that

have troubled financial situations. Our office works with the Department of Municipal Affairs to lead a turnaround to strong fiscal health for many towns that have reached a critical point, including Cranston, Johnston and West Warwick.

WC: What is the philosophy of your office?

EA: We follow a targeted mission statement that says our office exists to support the state legislature and federal government in meeting constitutional responsibilities and to help improve the performance and accountability of our government. Our core values are integrity, reliability, independence and accountability. But honestly, without integrity, the others don't have meaning so that's really the key to our success.

These are our promises and we've had it printed right on our business card to make sure that people know what to expect from us. I often give my card to people with the side showing our mission and tell them to consider it a contract between us.

WC: How do you make good on that promise?

EA: Our department provides reports that are fact based. We don't set policy. We are non partisan and non ideological, therefore our reports are unbiased and objective and can be used by any person or agency to develop sound policy.

My job as the Auditor General is to shed light on a subject. Light creates heat and heat spurs action.

WC: What major challenges facing our state is your office striving to address?

EA: The fiscal challenges to our federal, state and local government are worrisome. Many towns get into financial crises and we're now working on programs to try to prevent that from happening.

We realize that many communities have a lot of money in their government budgets; we just need to raise the level of awareness for how to properly manage these budgets. We've created a tiered education program to accomplish this.

First, we educate high-level elected officials on how to manage government finances. Topics include understanding financial statements, proper



Ernest Almonte, Rhode Island Auditor General

use of management letters, comprehending audits, planning for pensions, negotiating contracts and planning budgets.

Second, we provide detailed training for finance staff at local governments. We also offer training for news media who are writing about government finance so that they can better understand some of the more difficult topics and provide insight to Rhode Islanders through their stories.

The last piece that we're adding this year is public education, where we'll hold one or two training sessions for Rhode Islanders so that people are more informed about government finance and can be proactive when issues come up in their community.

The goal for this program is to reach and teach as many people as possible. We believe that with more people keeping an eye on government finance, it will perform more efficiently. We've made presentations around the country on this subject and actually the program is being picked up in other communities as well.

WC: Can you tell me a little about your staff?

EA: We have 43 people working in our office. Of our auditors, 20 are CPAs, five are certified fraud examiners, two are government financial managers and 10 have their masters degrees. (Some have more than one of these qualifications). We also have one legal counsel on our staff. I'm very proud of the people who work with me; I'm surrounded by extremely bright individuals.

WC: How did your career progress to the position you are in now?

EA: From college, I worked in public accounting and later opened my own firm, which I ran for about 17 years. Eleven years ago, I became Auditor General. Throughout, I've taught at various colleges and universities so I've actually had the great opportunity to work in the public sector as well as education and government.

WC: Tell me about your role with the National State Auditors Association (NSAA).

EA: It's a great organization made up of Auditor Generals from all states. We share ideas and best practices whereby we help others manage issues they're facing and vice versa.

Currently, I serve as vice president of NSAA and am scheduled to become president in June, 2006.

We discuss emerging issues and comment on the Governmental Accounting Standards Board (GASB). We're able to research and improve upon recommended changes or new policies before they are confirmed. We work together with the United States Comptroller General to improve policy for our profession.

I also was appointed to the Yellow Book Committee by the Comptroller General, David Walker. The Yellow Book (or Government Auditing Standards) contains standards and guidelines for performing government audits including qualifications, quality of the audit and audit reports. The Yellow Book is enforced so that auditors are in compliance and performing government audits the same way. In 2003, the committee undertook the major task of rewriting the Yellow Book (effective January, 2004) to meet the modern day needs of our profession and the public which we serve.

WC: What are some of the emerging issues that you've discussed with members of the NSAA?

EA: IT (Information Technology) issues that pertain to privacy are very serious. Just like public companies that face hacking crimes whereby people break into their computer systems, the government worries about the same types of issues.

We've been very aggressive about preventative measures and scrutinize our audit systems to

make sure the most secure methods are in place to safeguard the public.

Because the majority of what the government provides is in the form of services, a computer shutdown or breakdown that interrupts such services would be disastrous and we focus a lot of our time protecting U.S. citizens from that.

Another issue that is very close to me is long-

term fiscal challenges. On a federal, state and local level I was asked by David Walker to examine this issue and develop programs to address the future of our country's fiscal status.

In September, 2004, our total national government deficit was \$43 trillion, including Social Security and Medicaid. It's very serious. If you divide that by all of the people in our country, it's

ERNIE ALMONTE on page 6

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Professional News

RISCPA Welcomes New 2005 Board Members



Art Lambi is the owner of Lambi & Associates, a CPA firm in Cumberland, R.I.

Art has an Associate of Science degree in Business Administration from the Community College of R.I., a Bachelor of Science in Management from Rhode Island College and a Master of Science in Taxation from Bryant College.

Art has served as chair of the RISCPA Small Firms Committee as well as a member on various other RISCPA committees. He also

served on the RISCPA Board of Directors from 2000 to 2003.

Jeffrey D. Wadovick, currently works as audit partner at James N. Nadeau & Company, LLP. He specializes in providing accounting, attestation services and strategic tax planning for individuals and business entities.

From North Kingstown, Rhode Island, Jeff earned both a Bachelor of Science and Master of Science degree in Business Administration, and a Master of Science in Taxation. While he has been chairman of the



RISCPA Accounting and Auditing Committee since 1999, he is also a member of the American Institute of Certified Public Accountants and various other professional organizations.

Tammy J. Duxbury is currently senior manager of Gilstein & Company, LLP. She is a Summa Cum Laude graduate of the University of Houston with a Bachelor of Science degree in Accounting, and earned a Master of Science degree in Taxation from Bryant College.



Tammy is a member of the American Institute of Certified Public Accountants and its Personal Financial Planning Division. She earned her Certificate for Educational Achievement in Personal Financial Planning. Tammy is very active with the Coventry public school system and is a member of the board of directors and president of MADD R.I. ❖

ERNIE ALMONTE from page 5

approximately \$142,000 per person. The net worth of all Americans is \$45 trillion. So it would take 95 percent of our net worth to pay off the national debt.

People aren't addressing this issue and for the first time ever, we could be the first generation to leave the next generation in worse financial condition. Essentially our children and grandchildren will be paying for our debts.

WC: How can this be fixed?

EA: I truly believe it needs to be fixed from the bottom up. The more people are in tune with decisions that are being made, the better. Government officials face unpopular decisions when it comes to recommending cutbacks to benefit our fiscal future. The public has to make those decisions instead and put the pressure on the government to follow through. There are no formal plans right now to address our financial crisis, but financial literacy programs are a starting point.

WC: What is your role with the American Institute of Certified Public Accountants (AICPA)?

EA: I'm a board member for the AICPA – a 360,000 member organization. I'm told I'm the first Rhode Islander to be on the board of this great organization that helps our profession and reaches out to state societies with the latest information for our members.

WC: What types of programs do they promote?

EA: The AICPA has implemented a great financial literacy program called "360 Degrees of Financial Literacy." Many Americans don't take care of their personal finances. In fact, if faced with an emergency situation (qualified as a \$15,000 expense), 75 percent would be in financial disaster. The 360 Degree program has recruited CPAs around the country to teach the public sound finance practices. Some topics include college savings, retirement, buying a home and preparing house-

hold budgets. Financial problems are a great source of stress for many people and we're looking to help people become more familiar and comfortable with financial planning so that they aren't burdened by it.

The AICPA also offers a Competency Assessment Tool on their website for CPAs. At any level in the profession, you can review your competencies and learn your weaknesses, and the tool will recommend ways to boost your capabilities. It's very resourceful.

WC: You seem to have a very active professional life. What do you enjoy doing in your spare time?

EA: I love spending time with my family. I have five sons and these days we spend a lot of time going from one sporting event to another. I've been involved in martial arts since high school and still enjoy it very much. And I like to play golf as well. ❖

SENATOR CHAFEE
from page 3

currently is expected to take in. This is a significant challenge, and it is prudent to tackle this problem now, rather than putting it off for future generations.

As to the question of whether private accounts will help address the \$4 trillion shortfall, the answer is no. Independent and Administration experts have stated that implementing private accounts will not improve Social Security solvency over the next 75 years. However, there is a case to be made for some form of expanded individual investment options, as they could help to increase savings and wealth. If Congress moves forward with such accounts, I believe it is essential that the accounts not add to our already enormous debt (which currently stands at \$7.7 trillion), nor add risk to retirement benefits, particularly those of lower income workers.

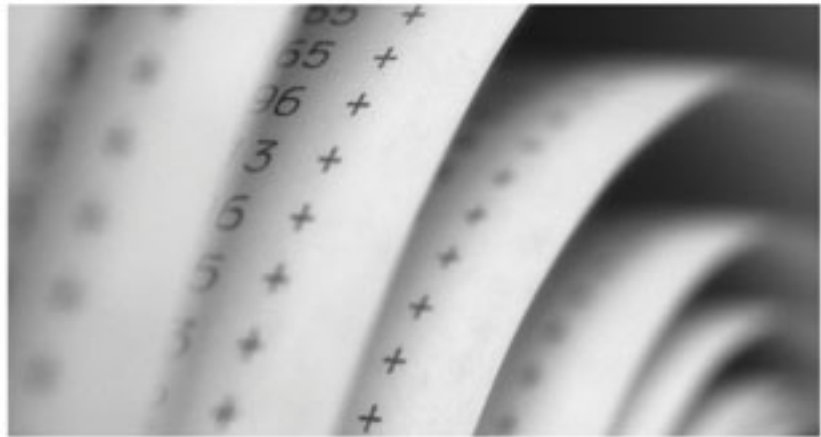
I have been working with the bi-partisan Senate Centrist Coalition to see if there is a way to address the long-term solvency problem without putting our country on worse financial footing. Some of the options we have been discussing hold some promise. For instance, I am intrigued by the idea of what has begun to be known as blended indexing, or progressive price indexing. An individual's original Social Security benefit currently is calculated with the wage-index. Some argue that this index overstates the size of the benefit, and should be replaced with a price index. I fear that a wholesale change of this kind would be too disruptive, particularly for lower-income workers. Robert Pozen, a former vice-president at Fidelity Investments, has proposed one type of progressive indexing plan. His plan would blend the change in indexing so that lower income workers would continue to have their benefits calculated with the wage-index, while high income workers would have their benefit calculated with the price-index, and middle-income workers would have a blend of the two indexes. Estimates show that blended-indexing could take care of up to 70 percent of the funding problem facing Social Security. If we were

to phase in this change over time, no one at or near retirement age would be affected, and, in the future, many workers would not be affected at all. The burden would rest on higher wage earners – not immediately; they would be asked that they take a little less in the future.

Regardless of what plan is finally adopted, it is good that the discussion about reforming Social

Security is underway, and I will be weighing carefully all of the various proposals. While the year 2041, when the Trust Fund will no longer be able to meet its obligations, seems distant, each year that passes without action makes the choices that remain more difficult. ♦

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Academics

Community College of R.I. Prepares Students for their Future

When it comes to preparing students for the outside world, Community College of Rhode Island (CCRI) stops at nothing to ensure its students are getting the best education. With three campuses around Rhode Island and a fourth opening soon in Newport, students of all ages get a start on their education without paying prohibitive tuition costs.

Students in the Accounting Program, just one of the many programs CCRI offers, make up roughly 25 percent of Business program enrollees. It's a successful program in which 100 percent of accounting graduates in the 2003-2004 school year are employed, continuing their education or a combination of both.

"CCRI gives people the opportunity to learn about a subject, such as accounting, and then possibly use their experience to enroll in one of our state's other top notch programs if they choose to pursue this profession," said Jack Renza accounting professor at CCRI and partner and managing director at Kahn, Litwin, Renza & Co Ltd. (KLR). "Students can save a great deal of money on tuition here and professors take their jobs very seriously."

Many students don't know what they are interested in when they first apply to schools. CCRI is an inexpensive solution with a great educational opportunity that allows exploration of different

subjects while students are still unsure of what they'd like to pursue.

The two-year program that results in an associate's degree, and even the shorter certificate program, requires intense coursework to prepare students for further education and make sure that they remain interested and educated to the best of their ability. To provide students work-life experience while in school, CCRI offers fieldwork outside of class.

Volunteers in Tax Assistance (VITA) is an example of fieldwork CCRI offers for accounting majors. The program requires students to prepare tax returns during tax season for lower income families, those making \$45,000 or less. Students not only gain the experience but also provide a valuable service to the community. CCRI publicizes and advertises this to the community and draws a range of participants including those who speak limited English, making situations very real and challenging.

Co-op work is another way CCRI prepares accounting students for a career. Co-op is similar to an internship that offers credits. But students can also choose to seek work opportunities on their own, not for credit but for pay.

Renza offers internships for students at his firm. He says it's another benefit of being a teacher. He can spot the talent and often retains some interns as they finish their bachelor's degree, which can take another two to three years.

CCRI hires several CPAs as adjunct professors to teach courses and ensure that programs are updated, relevant and taught by people with practical experience that they can impart on students making career decisions. CPA teachers have not only the educational background, but the outside experience that makes a big difference inside the classroom.

"Practicing CPAs bring a lot to the table for CCRI," said Renza.

Over the 30 years Renza has taught at CCRI, he's seen many changes. The biggest change, he says, is the computerized systems and programs. CCRI has evolved to adapt to this trend and recognizes that they need to offer several courses that keep students using the most updated programs and materials to succeed. Computer accounting courses and Quickbook and Quicken courses are among the additions made over the years.

CCRI has seen a boost over the past year in the number of students interested in accounting as a major. A surge in interest in the accounting profession is largely due to Sarbanes Oxley and the events of Enron and WorldComm. Accounting is now seen as a dynamic, exciting profession that has undergone major changes.

CCRI also works closely with other local colleges to keep students interested in accounting programs. For students to continue their education, CCRI has arranged an "articulation agreement" with other R.I. colleges to ensure that their programs enable students to transfer most credits. Teachers and administration work with other colleges and universities to make sure topics covered and books and materials used are current and will prepare them to be successful if they pursue a higher degree.

Another major change seen just over the past few years is the emphasis on ethics in the accounting curriculum, as evidenced by its discussion in early chapters of most accounting textbooks. The troubles of Enron and WorldCom are the best known examples now used in textbooks to teach accounting majors a sense of what's right and wrong relating to business practices.

Students getting their education at CCRI benefit from the knowledge and experience of CPAs such as Jack Renza. Accounting majors can leave CCRI, whether they continue their education or pursue a paraprofessional career, with a great amount of practical and textbook knowledge. ❖



Rhode Island Society of CPAs 100th Anniversary Award Recipients

The Rhode Island Society of Certified Public Accountants would like to thank the Nominating Committee for soliciting nominations for the five awards and collecting and reviewing information on each deserving candidate.

Committee members were:

- Richard G. Carriere*
- James P. Ferolito*
- Patricia A. Thompson*
- Thomas J. Westgate*
- William J. Pirolli, Chair*

Distinguished Service to the Profession

For outstanding long-term leadership, influencing the profession with volunteerism, dedication and inspiration and setting a leadership example for future generations.

William J. Piccerelli founded Piccerelli, Gilstein & Co., LLP in 1973. Since then, the firm has grown from two partners to 55 employees.

Bill has served on various committees, including the RISCPA Board of Directors, serving as president in 1981-1982; the AICPA Council from 1993-1996; and the NAA Board of Directors, serving as president from 1975-1976. While serving on the Legislative Committee and Board of Directors of RISCPA, Bill helped to successfully defend the Accounting statute and rewrite and pass the R.I. Accounting law to conform to national standards.

Public Service

For one who performed volunteer

service to charitable and civic organizations, economic development efforts, or human services agencies and served as a role model for other CPAs to become involved in public service creating a lasting impact on our community.

Jerry A. Sansiveri founded Sansiveri, Kimball & McNamee, LLP in 1975, serving as its managing partner until his retirement in December, 1999.

One of the many highlights of Jerry's volunteer pursuits was his membership on the Providence Chamber's Economic Development Council, where he helped in the advancement of the Providence Place Mall, the Westin Hotel and the Rhode Island Convention Center. Jerry also served in leadership roles with the Boys & Girls Club of Providence, Waterfire Providence, First Night Providence and the Diocese of Providence Bishop's Council.

Distinguished Service in Education

For a current or retired accounting educator at a post-secondary educational institution, distinguished for excellence in the classroom, a leader in the profession, and interested in shaping an individual's future in the accounting profession.

Gustave C. Coté was named Professor Emeritus of Business Administration at Providence College, upon retiring in 1990. During his professorship at Providence College for 25 years, he also chaired the

Department of Business Administration. Gus was honored with the Outstanding Educator Award and the Providence College Faculty Award in 1978 and 1989.

Gus served on the Board of Directors of RISCPA before becoming president in 1982. He chaired the New England Graduate Accounting Conference and served 10 years on the Advisory Committee for the R.I. Department of Business Regulation before becoming a life member of the RISCPA in 1995.

Outstanding CPA in Government

Awarded for sustained and significant contribution to the increased efficiency and effectiveness of a government organization. Their service will have distinguished both themselves and the CPA profession.

Ernest A. Almonte, became Auditor General of the State of Rhode Island in 1994. Ernie is responsible for the audit of the State Comprehensive Annual Financial Report, Federal Single Audit, Municipal Oversight of 39 cities and towns, Performance Audits, Fraud Audits and oversight of quasi-public agencies. Ernie is not only a CPA, but a Certified Fraud Examiner and Certified Government Financial Manager as well.

He is currently a member of the AICPA Board of Directors, Chair of the AICPA Audit Committee, AICPA Council representative, RISCPA President-Elect and serves on the Advisory Council on Government

Auditing Standards. He is a member of the Domestic Working Group for the U.S. General Accounting Office, and chairman of the New England Intergovernmental Audit Forum.

Outstanding CPA in Business & Industry

The recipient would have spent a substantial portion of their career in business and industry where they have demonstrated vision, knowledge of broad business issues, understanding of key non-financial measures and principals, value added focus for shareholders and customers, team building and technical awareness.

Kevin E. Currier became CFO of Dimeo Construction in 1990 after working for Christiansen & Company and later Ernst & Young, LLP for more than 10 years. Kevin has been a professor in the graduate school of both Bryant College and Johnson & Wales. He has served on the board of Coastway Credit Union and the State of R.I. Building Contractors Registration Board.

Kevin served as president of RISCPA in 2002-2003. He has served two terms on the AICPA Council and currently serves on the joint NASBA/AICPA Uniform Accountancy Act Committee. Kevin helped in the drafting and passage of the Accountant's Modernization Act and served as our lead contact during the RISCPA's move to its current location. ♦



Courtesy of Rhode Island Resource Recovery Corporation

Matthew Broderick and Alec Baldwin filmed *The Last Shot* here in Rhode Island

Originally, the show had planned to shoot a few episodes here, then the rest in Toronto – a hot spot for movie productions. With help from Speaker of the House William Murphy, Senate President Joseph Montalbano, Governor Carcieri, Mayor Cicilline and the Economic Development Committee, Showtime will continue to shoot 11 more episodes of *Brotherhood* in Rhode Island.

“The show *Providence* was great for tourism,” said Feinberg. “But it didn’t help people in the industry gain employment. Keeping film production in state is key for our advancement in this arena.”

At \$2 million per episode, the total income from *Brotherhood* will be more than \$25 million (\$4.5 million was spent on the pilot). And because it’s a television show that doesn’t include exorbitant talent fees, only about \$200,000 was spent “above the line” on actors, directors and producers. The majority – \$1.8 million – is said to be “below the line” or spent on production costs, benefiting many more Rhode Islanders than out of state workers. In fact, of the 150 people working on the production, approximately 90 percent were from Rhode Island.

“By putting all of those people to work it gives them the opportunity to train right here,” said Feinberg. “They have the opportunity to work more often, become more productive and fill entry level positions that are hard to come by when you’re getting a start in the business.”

Acting the part

Job creation is a significant area of benefit to Rhode Island. Production companies often prefer to hire local people so that they don’t have extraordinary expenses for hotels, transportation or per diem pay. And if you thought that all the names listed in film credits can only be found in L.A. or New York, think again. In Rhode Island, there are numerous film production employees including production managers, carpenters, sound technicians, wardrobe designer and location managers.

“We’d like to have an even stronger contingency working here in Rhode Island,” said Feinberg. “We recently had to bring in a stunt coordinator, for example, because we didn’t have one. So many people in the business from Rhode Island are in New York or L.A. and would like to come back here. We’d like to make that possible.”

Adding it up

A multiplier effect factors into the economic benefits of television and film production. According to Feinberg that multiplier is three. Immediately, income is boosted by 1.5 percent for goods and services used during production in Rhode Island. Hotels, restaurants and retail operations in the area realize a spike in activity. Tourism, as a result of increased visibility and awareness for the areas, adds another multiplier. Last, the crews and production people pay income taxes to the state.

For television in particular, income stays in Rhode Island longer. Because of the extended filming, people tend to take up residences and use the services of our state’s restaurants and retail shops as do our own residents. For *Brotherhood*, filming from May to November meant seven months of increased activity for our state.

Attracting the masses

Tourism increases are based on exposing the state and what it offers to the general public. Exposure from movies can be very impactful. While the popular television show *Providence* only shot in

Rhode Island for three days, it had a noticeable impact on tourism.

“Having a movie or television program shot here provides free publicity for the State on a national and, in some cases, international level,” said Renee Evangelista, partner at Edwards & Angell, LLP. “It helps the hotel and bar/restaurant businesses while providing a great opportunity for local actors and production crews.”

Evangelista and Edwards & Angell have been active in the film industry for years, working on contract work and with filmmakers to raise money for films and advising filmmakers of tax consequences of different projects. Laura Colella’s film *Stay Until Tomorrow* was the first film produced in Rhode Island to take advantage of the income tax credit, which provided a 25 percent investment tax credit for the local investors who helped finance the motion picture.

Right now, the Film and Television Office is working to revamp its new website (www.film.ri.gov) to better highlight films that have been on location here. Scene grabs and identification of where they are located will direct visitors to those popular hot spots they’ve seen from their couches or on the big screen.

Reeling them in

New legislation has been proposed that would change the landscape of R.I. filmmaking and level the playing field for our state when it comes to attracting more and bigger budget films by providing significant tax breaks to filmmakers.

The Film and Television Tax Credit was introduced in March 2005 in the House by Speaker William Murphy and in the Senate by Senate President Joseph Montalbano. The bill relieves any film or television production company that spends at least \$300,000 in state of its seven percent sales tax. In addition, filmmakers would be waved all but one percent of the state’s six percent hotel tax. The one percent would still be paid to the host community. The last component includes an employment tax credit for an exemption of 10 to 20 percent of its payroll taxes for Rhode Islanders

REHABILITATION CREDIT
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“The Rhode Island tax credit was established to encourage the renovation of historic properties in the state,” said Barry Preston, Armory Revival Company managing director. “The credit is incredibly important to our heritage and allows properties that would remain vacant and decrepit to be turned into something beautiful.”

Qualifying for the credit

To be eligible, the building must either be an historic landmark or be located in an area that has been named an historic neighborhood. The Rhode Island Historic Preservation Commission maintains a list of these properties and neighborhoods and is responsible for issuing the tax credit.

Once an individual has obtained a piece of land, he or she must prepare plans that detail how it will be renovated. Property must be designed to reflect the way it looked when originally built.

According to Preston, the expected timeline for the design and approval varies, but typically ranges from six months to one year. Once the project is complete, changes cannot be made to the property without approval.

Unlike the federal tax credit, properties that receive the Rhode Island tax credit do not have to be income producing properties and do not have to be owned by the same person for a particular time period after the credit is issued. The credit can be calculated on the cost of the actual construction and work as well as the cost of caring for the external landscaping, the planning and the cost of an architect. Items not eligible for the credit include the actual purchase of the land or property, site work and marketing costs.

Building Rhode Island

In addition to the aesthetic improvements, Rhode Island greatly benefits from projects that receive this credit.

According to www.growsmartri.com, a total of 103 projects have received approval for the tax credit and the combined value of these projects is \$462.7 million. This site also states that the projects are creating 1,597 housing units, of which 20

percent are affordable apartments offered at below-market rentals.

Specifically, the Alice Building in downtown Providence is an example of how the credit benefits the state. Prior to its rehabilitation, the Alice Building was vacant, decaying and assessed \$600,000 in property taxes. The rehabilitation cost \$9,791,131 and created 35 new market-rate apartments. The post rehabilitation property taxes are \$4 million to \$5 million, which is a 750 percent increase in annual tax payments.

Award winning work

The Hotel Providence, located in the city’s downtown art and entertainment district, is now open to the public. The project greatly benefited from the Rhode Island tax credit. Restoration work was completed to recreate the look of the late 19th century. During the renovations two separate buildings were combined and now make up the hotel, which is a member of the Small Luxury Hotels of the World.

This renovation work has not gone unnoticed. The Rhode Island Department of Historic Preservation has notified the hotel that it will be receiving an award to recognize the quality of its preservation efforts this summer.

“Without the Rhode Island tax credit this project would never have been possible,” said Stanley Weiss, owner of The Hotel Providence. “I think this hotel is a great addition to Providence and I am also very

honored that the Department of Historic Preservation has acknowledged our work as well.”

Clearing the hurdles

One of the major obstacles in renovating a building is incorporating some of today’s building codes that did not exist when the building was first created. In many cases it may be less expensive to demolish the building and start a new project from scratch.

“It is difficult to complete these projects because today’s safety and fire standards were nonexistent when the building was first built,” said Preston. “The projects also require a high level of dedication and craftsmanship, but the end product makes the challenging work worth the effort and the expense.” ♦

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that were employed for production.

A hearing held in early April brought a diverse and interested crowd. Speaker Murphy testified along with executives from Warner Bros., 20th Century Fox, the president of the Screen Actors Guild (SAG) New England, local crafts people, actors, and well-known producer Michael Corrente. In addition to the 15 people who testified in person, numerous letters were written in support of the legislation including one from Melissa Gilbert, president of the Screen Actors Guild.

Many other U.S. states already have similar legislation. Feinberg says that much work has gone to Canada and European countries and, in the U.S. to Louisiana. Since it enacted similar legislation, Louisiana has seen income rise from \$20 million to \$350 million. New York alone has \$5 billion worth of the movie-making business.

"We're not going to be New York, but there's no reason we can't get a percentage of that business," he said.

Relative to other business opportunity, Evangelista believes that Rhode Island needs to entice as many businesses as possible by offering tax incentives.

"We've got to support legislation which will bring big businesses here and keep the existing ones, otherwise Rhode Island's future looks bleak," said Evangelista. "I think the film legislation was a no-brainer and Rhode Islanders will reap the benefits of film and television coming here to film."

If we build it, will they come?

Evangelista and Feinberg agree that producers would choose Rhode Island because of the friendly response they receive from government officials and business owners, not to mention Rhode Islanders in general.

Producers have also found that it's easy to get things done in Rhode Island, unlike other places which make it difficult to get items such as permits. With films, every day counts and producers cannot afford to lose time and money waiting to get clearance to shoot scenes.

Another benefit to Rhode Island is that it's the smallest state, yet many diverse, desirable settings are in close proximity. In a 20 minute drive, you can have water views, city skyline and country settings. And rush hour doesn't last much longer than a television sitcom.

The new legislation coupled with heavy promoting by the Film Office would offer an attractive way of life here for industry professionals.

"Heavy hitting, professional workers want to return," said Feinberg. "More and more quality professionals will come home and several top companies are waiting to hear the outcome and are poised to come here if this legislation is passed." ❖

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