

# DISCLOSURE

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## A Conversation with Bill Piccerelli

**Bill Piccerelli, who, with the late Alan Gilstein, founded Piccerelli, Gilstein & Company, LLP in 1973, is approaching his 47th year in the accounting profession. We recently sat down with Bill to discuss the Firm, his leadership style, and what advice he gives his children.**

*Q. How have you kept your passion for the accounting profession after 47 years?*

By getting involved in aspects of financial service that are apart from the traditional accounting services. For my first ten years in accounting with a “Big 8” firm, the experience was narrowly focused. The work was mainly audit work for large, publicly-traded entities. Starting P&G, the services rendered were primarily to closely held companies. The relationships are a lot more personal than at the “Big 8”, and our role evolved more and more into functioning as a financial advisor or “outsourced chief financial officer” for clients. As time went on, I got more involved in business valuations and litigation support, becoming a Certified Valuation Analyst (CVA) and Accredited in Business Valuation (ABV). I find the valuation and litigation support work extremely interesting. It varies a great deal from case to case. My current attitude is that I will retire from public accounting when I lose the passion for the work or when I lose my marbles and can’t function properly.

*(See Piccerelli, page 3)*

“I STILL AM PROUD OF THE ACCOMPLISHMENT THAT HAS COME FROM WHAT ALAN AND I STARTED.”

## Securing Customer Credit Cards: Are you in Compliance?

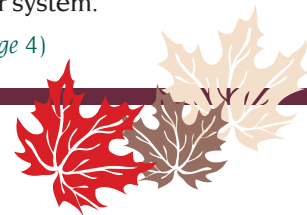
*by Cheryl Houston*

If your business accepts credit or debit card payments from customers, then you are responsible for the protection and security of that sensitive credit card information. To address this issue, the Payment Card Industry Security Standards Council, which includes representatives from the major credit card companies, has developed a set of data security standards (PCI DSS). The credit card companies mandate adherence to these standards and the deadline for complying was July 1, 2010. Failure to comply with the standards can be very expensive. A security breach would not only result in significant fines, but the requirement that all of your customers be notified of the breach could lead to a loss of trust that could cripple your business.



The PCI DSS consists of twelve requirements for configuring, processing and storing credit card transactions in your system.

*(See Credit Cards, page 4)*



## Pat Thompson Begins Two-Year Term as Chair of AICPA Tax Executive Committee

The American Institute of Certified Public Accountants (AICPA) has appointed Tax Partner Pat Thompson Chair of the Tax Executive Committee. Pat previously held the position of vice chair on the committee. The Tax Executive Committee is the tax policy and standards setting body of the AICPA and represents AICPA members on tax matters being considered by Congress, the IRS, the Department of Treasury and other public groups. In addition, they propose changes to the tax system, attend hearings on select tax issues and give tax presentations to Congressional members and their aides. The focus over the past year was to revise the Tax Executive Committee’s strategic plan. As Chair, Pat hopes to implement the top strategies identified in the plan and to move the Tax Section forward. Her top priorities will be bringing value to the members of the AICPA Tax Section, creating sound tax policy and effective tax administration and, of course, continuing to make a difference in the accounting profession. Pat will serve a two-year term as Chair.

**Congratulations Pat!**

# Comings & Goings

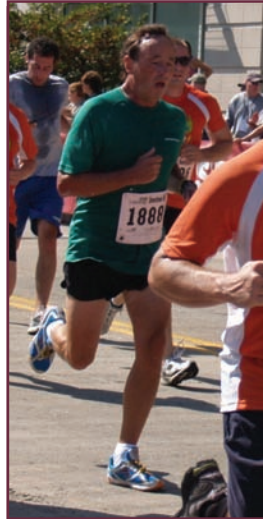
by John Mathias



## RUNNING STRONG

P&G is happy to welcome some new members to its team. **Charlie Hopper** recently joined us. He holds a BA degree in economics and government from Connecticut College and a Master of Science in Accounting from Northeastern University. Charlie spent four years as a member of the audit staff of Pricewaterhouse Coopers in Boston and was a senior internal auditor in private industry. We are excited to add Charlie's auditing expertise to our Accounting and Auditing department. **Sara Hernandez** and **Jill Smith** have joined P&G's tax department. Sara is a graduate of the University of Puerto Rico and has many years of public accounting experience – specializing in taxation. Jill has a Bachelor of Arts degree from the University of Nebraska and a Juris Doctor from the Roger Williams University School of Law. We feel fortunate to have these individuals bring their talents to P&G.

Kudos to **Jennifer Baptista** who recently received her CPA license and to **Mark Tacelli** who has now passed all parts of the CPA exam. A "pat on the back" goes out to **Laura DaFonseca** on her election to the Board of the Rhode Island Certified Fraud Examiners.



When we hear about Dasher, we think about Santa Claus's team. P&G now has a Dasher on its team—a "Downtown 5K Dasher." That "Dasher" is none other than Partner, **Rich Sullivan**, who became one of only ten individuals to have run in twenty Downtown 5 Ks. All of the Dashers were honored before the start of this year's race. Clad in green team jerseys bearing the battle cry, "Running Strong," the P&G contingent led by Rich braved the pot-hole laden streets of downtown Providence to complete the course. Well done, team, and here's hoping that Rich will complete another twenty races on his way to becoming a "Double Dasher."

Partner Rich Sullivan cranks out his 20th race.



Team members from left, Kathy Thomas, Mark Pyne, James Haggerty, and Laura Ferris.



Bill Piccerelli and Joan Dalton

JOAN DALTON  
CELEBRATES  
35 YEARS  
WITH P&G

Our new team members have a long way to go to equal **Joan Dalton's** mark. Recently, Joan celebrated her 35th year with the Firm. Joan is the employee with the most longevity and the only one who was with the Firm at its North Main Street location. While we celebrated her milestone with a cake and flowers, there really is no way to properly acknowledge so many years of loyalty and dedication. P&G has been very fortunate to have Joan handling bookkeeping and other human resource matters. Congratulations, Joan, and let's have a lot more cake!



## OSWALD SCHWARTZ APPOINTED TO THE MIRIAM HOSPITAL'S BOARD OF GOVERNORS

P&G Principal **Oswald Schwartz** has been appointed to the Miriam Hospital's Board of Governors. In his new role, Oz will make recommendations as appropriate to the Foundation board of trustees, as well as provide counsel on matters brought to his attention by the President and CEO or the chair of the board of trustees.

Oz is a passionate contributor in the not-for-profit community and we congratulate him on this appointment.

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## Tax Incentives for Commercial Buildings

by Kevin Papa

### 179D Deduction for Qualified Energy Improvements

Under Internal Revenue Code 179D, an immediate tax deduction is allowed for the cost of energy saving improvements to commercial buildings in the U.S. Ordinarily the cost of building improvements would be depreciated over 39 years.

A tax deduction of up to \$1.80 per square foot is available for buildings that save at least 50% of the heating and cooling energy of a building that meets ASHRAE Standard 90.1-2001. If costs do not meet the 50% savings test, partial deductions may be obtained.

To qualify, the improvements must be certified by a qualified individual as part of a plan to reduce the building's annual energy costs for lighting, HVAC and hot water systems. The planned cost savings must meet standards set by the government to qualify for the deduction. Software qualified by the government must be used to calculate the power cost savings.

(See *Tax Incentives*, page 4)

## Landlord Alert: MORE PAPERWORK HEADING YOUR WAY

by Pat Thompson

With the recently expanded information return reporting requirement, landlords, starting with payments in 2011, will be required to file information returns (Form 1099) to report payments made to unincorporated businesses for services provided in connection with their rental properties that total more than \$600 each year. The first step in the reporting process is to obtain the identification number of the service provider. Form W-9 is the method for obtaining the number. To download a copy of this form, visit our website, [www.pgco.com](http://www.pgco.com), click on the News tab, download the form and provide it to each service provider before payment is made.

The IRS is expected to issue regulations concerning an exemption for taxpayers who receive rental income below a certain threshold as well as taxpayers who would suffer a hardship in complying with the reporting requirement. We will keep you posted as additional information becomes available.

Also, if you are an unincorporated service provider, we suggest that you apply online for an employer identification number. Your customers will be asking you to complete a W-9. If you do not have an employer number, you can use your social security number. However, with the increase in identity theft, we suggest not using your social security number. The website to apply for your employer number is <http://www.irs.gov/>. On the lower left, there is a section for on-line services. Click on "apply for an employer identification number on-line." At the bottom of the page, click "apply online now." On the bottom of the page, click "begin application." We suggest completing Form SS-4 before starting the process so your online time is reduced. You may also download Form SS-4 by visiting our website, [www.pgco.com](http://www.pgco.com) and clicking on the News tab.

Piccerelli (continued from page 1)

**Q. What are some of the more satisfying aspects of being a financial advisor?**

The feeling of accomplishment when able to resolve financial situations for a client, whether it be negotiating bank financing, assisting in the purchase or sale of a business, structuring shareholder redemptions for retirement, etc. Sometimes I amaze myself when successfully completing a client project, and I wonder how I did it. I truly believe that the years of good sound experience are the reason for being able to accomplish those projects.

**Q. The firm has grown to a staff of over 50 employees. How has your leadership style evolved over time?**

Accidentally – and I'm not joking. Again, as the years have gone on and the staff has grown, it amazes me how the new and younger staff appears to view me. I often think that their view is not really me, but I have to step up to the role of a founding partner. Even though that role may not be what I think my personality really is, I still am proud of the accomplishment that has come from what Alan and I started.

**Q. Talk about how you give feedback to employees.**

I have never been one to lavish praise on staff. My philosophy has always been to expect competent professionals to do their best at all times. However, I have been coaxed by some of my more "modern" partners to give praise when praise is due because the staff of today is from a different generation. Having said that, I will also say that I do not hesitate to call someone on the carpet when his or her work is less than expected.

**Q. What have you learned from the recent economic downturn?**

As a result of my years of experience, the recent economic downturn was certainly not the first economic downturn that I have witnessed. What I have learned is that those business clients and individual clients who have been fiscally conservative have survived much better in downturns. We have had a few clients suffer quite badly during the recent downturn, but for the most part clients seem to be fairing pretty well.

**Q. Any other broad take-aways?**

My experience learning about bad financial deals reinforces the expression, "If it appears to be too good to be true, it most likely is not true." Most people who fall into a bad deal get there by trying to make a fast score. I think that the explosion of lotteries and legal gambling evidences this phenomenon. Everyone wants to get rich quick. My belief is that there is no substitute for long, hard work.

**Q. What career advice do you give your kids?**

I have never pushed my kids to do anything that they did not want to do. My advice to them is that whatever you do, try to be the best at it – whether it is ditch digging, or becoming a surgeon. Whatever you do, do it to the best of your abilities.

*Credit Cards (continued from page 1)*

These requirements, which can be found in detail at [www.pcisecuritystandards.org](http://www.pcisecuritystandards.org), are as follows:

1. INSTALL AND MAINTAIN A FIREWALL TO PROTECT CARDHOLDER DATA.
2. DO NOT USE VENDOR-SUPPLIED DEFAULTS FOR SYSTEM PASSWORDS AND OTHER SECURITY PARAMETERS.
3. PROTECT STORED CARDHOLDER DATA.
4. ENCRYPT TRANSMISSION OF CARDHOLDER DATA ACROSS OPEN, PUBLIC NETWORKS.
5. USE AND REGULARLY UPDATE ANTI-VIRUS SOFTWARE.
6. DEVELOP AND MAINTAIN SECURE SYSTEMS AND APPLICATIONS.
7. RESTRICT ACCESS TO CARDHOLDER DATA BY BUSINESS NEED-TO-KNOW.
8. ASSIGN A UNIQUE ID TO EACH PERSON WITH COMPUTER ACCESS.
9. RESTRICT PHYSICAL ACCESS TO CARDHOLDER DATA.
10. TRACK AND MONITOR ALL ACCESS TO NETWORK RESOURCES AND CARDHOLDER DATA.
11. REGULARLY TEST SECURITY SYSTEMS AND PROCESSES.
12. MAINTAIN A POLICY THAT ADDRESSES INFORMATION SECURITY.

Businesses using QuickBooks® software need to take several steps within their company files to ensure compliance with the PCI DSS. These steps are “QuickBooks-only” and do not replace any of the 12 requirements above.

- Make sure that you are using a supported version of the software (2008 or newer) and that it has been updated to the latest release. Check that the “Automatic Update” feature is turned on and that the downloaded files have been installed.
- Enable Credit Card Protection via the Company menu. When you turn on this protection you’ll be required to set up a “complex” password for the Administrator and any other user (s) authorized to view complete credit card information, and to change these passwords every 90 days.
- Use only the designated Credit Card No. field in the customer record to store the customer’s credit card information, and do not store sensitive authentication information such as card-validation codes or PINs.
- Assign or restrict user permissions to limit the number of people who have access to credit card information. This includes setting up a separate “External Accountant” user for outside accountants and bookkeepers that normally log in to your file as Administrator.

As the use of credit and debit cards continues to increase, it is critical that small businesses ensure that they protect this sensitive data, for their own protection as well as their customers’.



## Please Don't Forget To:

*by Sharon Kennedy*

- ✓ Notify us of any change of addresses.
- ✓ Calculate employee fringe benefits and notify your payroll service prior to your final 2010 payroll.
- ✓ Watch for regulations that are expected to be finalized before the end of 2010 that will eliminate paper coupons for deposits of employment taxes, corporate income and estimated taxes and many other taxes. Once finalized businesses will be required to use the IRS Electronic Federal Tax Payment System to make the required deposits.
- ✓ Maintain records to calculate the value of the benefits employers provide beginning in 2011 for each employee’s health insurance coverage which will be disclosed on the employees’ annual form W-2’s.
- ✓ Regularly monitor investment options and investment managers of employee benefit plans to comply with fiduciary obligations.



*Tax Incentives (continued from page 3)*

The 179D deduction is eligible for energy improvements placed in service on or before December 31, 2013.

### Extension of Energy Investment Tax Credits

The 30% investment tax credits (ITC) for solar energy and qualified fuel cell properties are extended to January 1, 2017. The 30% ITC now also applies to qualified small wind energy property. The cap for qualified fuel cells increased to \$1,500 per half kilowatt of capacity. Finally, a new 10% ITC is available for combined heat and power systems and geothermal heat pumps.

For additional information, contact Kevin Papa by emailing him at [kevinp@pgco.com](mailto:kevinp@pgco.com) or by calling 401-831-0200.



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*Certified Public Accountants and Consultants*



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*Please feel free to contact any of our professionals!*