

DISCLOSURE

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Oswald Schwartz Promoted To Principal



Congratulations to Oswald Schwartz, our newest Principal. Oswald, or "Oz" as he is often addressed, joined P&G in 1998 as a Senior Accountant and has contributed significantly to the success of the Firm. Oswald manages a variety of accounting and tax engagements concentrating in closely held businesses and not-for-profit organizations.

His fluency in Spanish, German, Italian, Portuguese and English languages is extremely valuable in assisting a variety of business owners.

After graduating from The American University in Washington, D.C., Oswald began his career in Venezuela by working in his family's aviation business. He also founded and managed a mid-sized aviation electronics company. His past experience as a small business owner provides a unique perspective in understanding his clients' needs.

Due to his upbringing, Oswald is a passionate contributor in the not-for-profit community. He has served as Treasurer, Vice President and Chair of the Development Committee at the Jewish Community Center of RI, Board Member at the Minority Investment Development Corporation and Board Member at the Greater Elmwood Neighborhood Service. An accomplished pilot, "Oz" and his wife, Beth, reside in Cranston. Email: oswalds@pgco.com

What's My Business Worth

By John Mathias

If you own or co-own a privately held business, I'm sure you've wondered just what your business was worth. What would a willing and informed buyer pay you for your business? Maybe you're thinking of selling, doing some estate planning or going through a divorce. Although your interest in the business isn't actively traded on a stock exchange, your business may have a value. CPAs with special training and experience in valuing businesses can work with you to determine a value for your business.

Businesses have value because they make profits or own valuable assets such as real estate or securities. Some businesses have developed special processes and expertise or products that are protected by patents. If it's likely that your business and its assets have a bright future, then your business has value.

THE VALUE
OF YOUR
BUSINESS
DOESN'T
HAVE TO
REMAIN A
MYSTERY

A business appraiser does a thorough analysis of your company's profitability, assets and liabilities and computes its economic profit. The appraiser also considers the economic conditions as well as the prospects for the industry. Since profit is the typical driver of economic value for an operating business, the appraiser needs to make some judgments about the reported revenue and expenses to arrive at an economic profit that can be passed on to a willing buyer. Whenever there is a return, there must be something of value creating that return.

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Radio Talk Tune to AM 790 weekdays to hear the P&G professionals' daily business news update.

As your leading source for accounting news and information, we are committed to keeping you current on audit, tax and general business related developments. Each weekday, tune into radio station AM 790 Talk and Business during the Imus in the Morning show at 7:15 and 8:30 a.m. to hear the knowledgeable P&G professionals share their insights on a variety of tax and business topics. You can also listen to our radio spots by visiting pgco.com.



Partner, John Mathias, enjoys making complex topics accessible to the public.

Comings & Goings

By John Mathias

It may be frigid outside; but as P&G steams through tax season, it is getting a lot hotter inside.

Before we welcome a couple of new faces to tax season 2010, we want to focus our spotlight on three people who have been a valuable part of the P&G team for many years. Congratulations to tax manager, **Louise Zacharie**, who recently reached the twenty-year milestone with the Firm. Also, congratulations to **Bonnie Sirois**, Principal, and **Lena Makovetski**, Supervisor, both are celebrating their ten-year P&G anniversary.

A warm welcome to interns, **Matthew Brum**, and Providence College Executive Mentee, **Andrew Mizera**. Matthew is a senior at the University of Rhode Island. Andrew, a junior at Providence College, comes to us via the Providence College Executive Mentoring Program. Both men will spend the busy season at the Firm working side-by-side with experienced accountants and learning the public accounting profession. P&G is proud to have had a long history of offering internships to qualified college seniors and juniors and helping to train the next generation of accountants.

The Providence College Executive Mentor Program provides a college junior with the opportunity to receive support and encouragement in his/her academic and career growth path from an established executive for two years. We are pleased that Partner, **Sharon Kennedy**, has been appointed Chair of the Providence College President's Council Executive Career Mentor Program.

The Firm is committed to continuing its support of accounting education. In 1984, P&G established the Piccerelli, Gilstein & Company, LLP Scholarship Fund at Bryant University. The fund was established on behalf of our founding partners, **Bill Piccerelli** and **Alan Gilstein**, who were members of the Bryant class of 1964. The purpose of the scholarship fund is to provide Bryant University students who are majoring in accounting and are also Rhode Island residents with a need for financial assistance. P&G is very pleased to be able to help so many worthy students achieve their academic goals.

Rhode Island is fortunate to have one of the finest civic chorales and orchestras in the country – The Rhode Island Civic Chorale. Since 1957, this renowned assembly of talented vocalists and musicians has been treating our area to some of the world's most beautiful music. The chorale is made up of approximately ninety men and women from twenty-seven different towns in Rhode Island and Massachusetts. We want to take this opportunity, however, to focus on one of the Chorale's most talented "Altos," P&G's own **Michelle Fonseca**. Michelle, a member of our Technology Solutions Group, is better known for making computers sing in harmony. It is uplifting to know that in her spare time, Michelle is able to spread the sound of voices singing in harmony throughout our state.



Cheryl Houston Earns QuickBooks Pro Advisor Advance Certification

Kudos to Cheryl Houston, Paraprofessional, who recently earned the QuickBooks Pro Advisor Advance Certification. Cheryl, with the Firm since 1986, is a graduate of the College of the Holy Cross. The outstanding accounting support Cheryl provides is greatly appreciated by all of our clients. See page 4 for Cheryl's year-end QuickBooks' tips.

Congratulations to Senior Accountant, **Jeff Barba**, for once again successfully coordinating the annual Piccerelli, Gilstein & Company, LLP toy drive. Everyone was generous in purchasing gifts that were presented to the Children's Shelter in Blackstone Valley in Pawtucket and Children's Friend in Providence. There were a lot of smiles on the faces of children thanks to the generosity of the P&G family. Special thanks to **Lori Pimentel** for administering the program and to **Kiley Lynch** for helping to load and unload all of the toys.

Our final congratulations go to Tax Manager, **Laura Tingley**, recently appointed to the Board of Directors of the Quidnesset Country Club.

*We certainly wish all of you a very, very happy, healthy and successful 2010.
We'll stay in touch!*

Any tax information contained in this communication was not intended or written by Piccerelli, Gilstein & Company, LLP to be used, and cannot be used, by the recipient for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code or applicable state or local tax law provisions.

Retirement Plan Fiduciaries - What You Need to Know

By Sharon Kennedy

In order to properly administer a retirement plan and manage its asset, employers – also known as plan sponsors – need to understand some basic standards of conduct found in the Employee Retirement Income Security Act, known as ERISA.

A plan's fiduciaries will ordinarily include the trustee, investment advisers, and all individuals exercising discretion in the administration of the plan. ERISA mandates that those identified as plan fiduciaries must:

Act solely in the interest of the plan participants;

Carry out their duties prudently;

Follow the plan document;

Diversify plan investments;

Pay only reasonable plan fees.

Many companies hire third party service providers to help administer their retirement plans. Hiring a third party service provider does not relieve the sponsor of their fiduciary responsibilities, In fact, the sponsor must monitor the service provider.

Any fiduciary that does not adhere to ERISA guidelines may become liable to restore any losses incurred by the plan as well as restore any profits made through improper use of the plans assets. Fiduciaries can limit their liability by familiarizing themselves with their responsibilities under ERISA and by documenting the processes used to carry out those responsibilities.

Business... continued from page 1

There's another important question that the appraiser needs to answer. What rate of return does a buyer expect before assuming the risks associated with owning a privately held business? If a very safe investment, such as a Certificate of Deposit or a Treasury Note, is paying 2 to 4%, then a more risky investment, such as one in a privately held business, should pay a higher rate of return. To accept more risk, the investor wants the potential for a higher reward. Knowing the return or reward and the acceptable rate of return allows the appraiser to assign a value to the business.

In either case, the value of your business doesn't have to remain a mystery. There are proven techniques that specially trained appraisers can use to answer the question, "What is my business worth?"



About the Author

John Mathias, CPA, MST, CVA, ABV is a Partner and has been with the Firm since 1979. In addition to John's client responsibilities, he directs the Firm's Auditing and Accounting Department and coordinates the Firm's quality control program. John is also a Certified Valuation Analyst and Accredited in Business Valuation from the American Institute of Certified Public Accountants. Contact John at johnm@pgco.com or 401-831-0200.

Are You Ready for the New Audit Standards?

As you prepare for your audit this year, we want to make you aware of a new auditing standard, Statement on Auditing Standards (SAS) 115: Communicating Internal Control Related Matters Identified in an Audit, which supersedes SAS No. 112 of the same name. SAS No. 115 goes into effect for all financial statement audits for periods ending on or after December 15, 2009. As with SAS No. 112, SAS No. 115 requires that we evaluate deficiencies in internal controls that are identified during our financial statement audit to determine whether any of those deficiencies, individually or in combination, are significant deficiencies or material weaknesses.

SAS No. 115 provides new definitions of the terms **material weaknesses** and **significant deficiencies** and provides us with additional direction and guidance as to how to evaluate whether a deficiency in internal controls is a significant deficiency or materials weakness. This additional guidance enables us to further draw upon our professional judgment as we apply these definitions to each unique situation.

As with SAS No. 112, SAS No. 115 also requires that we communicate, in writing, to your management and those charged with governance, those deficiencies that we consider to be significant deficiencies or material weaknesses, including those communicated to you during previous audits, either orally or in writing, if they have not yet been remedied.

Communicating any identified significant deficiencies or material weaknesses in writing is important to heighten your awareness of internal control over financial reporting. This enables management and those charged with governance in your organization to better assess the costs and benefits of implementing any new controls. These measures would help minimize the risks of financial statement misstatements, including those caused by fraud.

We are available at any time to discuss questions you may have related to internal controls, examples of deficiencies in internal controls, or other matters related to your audit.



Please Don't Forget To:

By Sharon Kennedy

✓ Send us your personal tax information, including the signed engagement letter, as soon as possible – but no later than March 24, 2010 – to allow adequate time for electronic filing of returns.

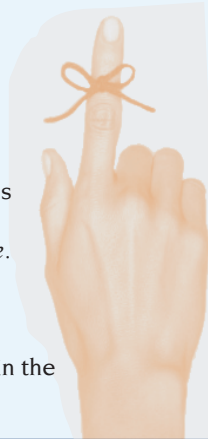
✓ Compare your name, spouses and dependents as they appear in the tax organizer, to the appropriate social security card in order to allow for successful electronic submission of your tax return.

✓ Complete and file Rhode Island annual corporate reports no later than March 15, 2010.

✓ Periodically change computer passwords for additional security.

✓ Use the Rhode Island or Massachusetts Uniform Commercial Code filing database to search for liens and financing statements. <http://ucc.state.ri.us/psearch> or <http://corp.sec.state.ma.us/corp/psearch/default.asp>

✓ Listen to us each weekday on radio station AM 790 during the Imus in the Morning show at 7:15 and 8:30 a.m.



Year-End QuickBooks Tips

Reviewing your QuickBooks company file will help you avoid problems in the future as well as potentially reduce the time required to prepare business tax returns at year end.

Steps that you can take to make sure your books and records are in order:

- Compare and agree the 2009 beginning retained earnings account balance on the balance sheet to the ending 2008 balance per the tax return or 2008 trial balance.
- Look at your balance sheet for an account named "opening balance equity." QuickBooks applies all improperly recorded transactions to the opening balance equity account. If there is a balance in this account, edit and correct each transaction.
- Run an updated general ledger report and display on screen so it can be checked for errors. Look for transactions that are coded to wrong accounts and make corrections. Look for consistency in the way you code transactions. For example, if you are paying a monthly loan, determine that all 12 payments show up in the same account.
- Run the accounts receivable aging summary report using a December 31 date. Review the summary to make sure customers appearing on this report still owe you money as of December 31. Run the accounts payable aging summary report using a December 31 date. Review the summary to make sure that vendors appearing on the summary are still owed money at year-end.

Beware of Tax Season Scams!

IRS impersonation scams flourish during tax season. They may take place via phone, fax, Internet sites, networking sites and particularly e-mail. The IRS does not send taxpayers unsolicited e-mails about their tax accounts.

Many scams involve identity theft, trying to trick victims into revealing personal and financial information that can be used to access their financial accounts. Others may be commercial Internet sites that consumers unknowingly visit, thinking they're accessing

the genuine IRS Web site, IRS.gov. However, such sites have no connection to the IRS.

The IRS *does not* send taxpayers unsolicited e-mails about their tax accounts.

For more information on consumer scams, visit the IRS website irs.gov/newsroom and access **Online Scams that Impersonate the IRS and Suspicious e-Mails and Identity Theft.**



PI & CERELLI, GILSTEIN
& COMPANY, LLP

Certified Public Accountants and Consultants



Referrals Are Welcome:

Referrals are the cornerstone of any service business.

This firm, like other professional service firms, relies on satisfied clients as our primary source of new business. Your referrals are both welcome and most sincerely appreciated.

Please feel free to contact any of our professionals!