



STATEMENTS

Third Quarter 2007



Change Management

by Tim Tikalsky, Stockholder

Have you ever attempted to introduce a new process or idea to your business and have it fail miserably? You had every reason to believe that this project would be a success; you did your homework, you discussed it with your employees, everyone agreed that it was the best thing to do and, yet, it never got off the ground. The brutal fact is that 70% of all change initiatives fail or produce only middling results, according to Nigam Arora, founder of Knowledge, Inc. Why? Because businesses fail to view the very act of change as a process in and of itself. Quite simply, they fail to manage change.

"Change management" is a structured approach to change in individuals, teams, organizations and societies that enables the transition from a current state to a desired future state. The "change" referred to in this context includes a broad array of topics. From an individual perspective, the change may be a new behavior. From a business perspective, the change may be a new business process or new technology. Successful change, however, requires more than a new process or technology - it requires the engagement and participation of the people involved. Change management provides a framework for managing the people side of changes.

The evolution of change management stems from the fields of psychology, business and engineering. Hence, some models are derived from an organizational development perspective, whereas others are based on individual behavioral models. Individual behavioral models attempt to identify and address psychological states that individuals experience when dealing with change. Some models are based on the personal and

emotional states that people typically encounter when dealing with the loss of a loved one because, studies have shown, these states are similar to the emotional states encountered by individuals facing changes in the workplace.

The ADKAR model for individual change management was developed by ProSci with input from more than 1000 organizations from 59 countries. This model describes five required building blocks for change to be realized successfully on an individual level. The five "ADKAR" building blocks include:

- "Awareness" – of why the change is needed
- "Desire" – to support and participate in the change
- "Knowledge" – of how to change
- "Ability" – to implement new skills and behaviors
- "Reinforcement" – to sustain the change

The following are some examples of where you might want to consider a Change Management Approach:

- A merger or acquisition
- An office move or opening a new office
- Establishment of a new department
- Implementation of a new process or initiative
- A culture change
- Introduction of a new software (e.g. accounting system)
- Implementing a new compensation system

If you are considering a change in your organization, it is also important that you estimate what impact a change will likely have on employee behavior patterns, work processes, technological requirements, and motivation. Management must assess what employee reactions will be and craft a change program that will provide support as workers go through the process of accepting change. The program must then be implemented, disseminated throughout the organization, monitored for effectiveness, and adjusted where necessary. Please contact a RINA representative if you are interested in exploring which change management tools and/or programs are right for you.

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Client Corner

Diabetic Youth Foundation

by Pam Raumer, Business Development Director



The Diabetic Youth Foundation (DYF) was established 70 years ago to support the operation of Bearskin Meadow Camp - a residential summer camp for children with diabetes. Believing that children and teens with diabetes can do anything that other kids do, including experience summer camp adventures, two Bay Area physicians, Drs. Mary Olney and Ellen Simpson, took 19 children to summer camp to teach them how to better manage their condition.

Today, the DYF serves over 1600 children and families. Their mission is to improve the quality of life for children, teens and families affected by diabetes. DYF offers year round programs, including kids camp, teens camp, family camp and leadership training programs. The programs provide education and recreation within a supportive community and encourage personal growth, knowledge and independence.

Mats Wallin, DYF's passionate and committed Executive Director, has spent his whole adult life working for non-profits and enjoys "watching the families flourish from education, support and all those intangibles (love, understanding and compassion)". He also likes to tell stories of how attending one of DYF's camps changes the lives of children and their families'. Since joining DYF in

2000, Mats has established a financially stable and audited organization, grown the budget through donors and fundraising and expanded their programs from just summer camps to year round adventures, thereby enabling the foundation to provide services to over 1,600 people.

Based on DYF's philosophy that "no child or family shall be denied the opportunity to attend DYF programs due to the inability to pay", all program participants are subsidized. Those with a limited income can participate for \$50. While Mats is a huge advocate for DYF

programs, it is the parents who truly have great things to say about the work of DYF. One family described their experience like so: "Bearskin is now part of our lives. We fill our tanks at Bearskin and are able to leave the mountain and re-enter the work and manage diabetes daily."

For more information about the DYF, call 925-680-4994 or email wallin@dyf.org.

For more information on how RINA can serve your not-for-profit organization, please call your RINA representative.

"I look at our audit firm as a true partnership. RINA attests that our processes are correct and provides guidance when we may not be in compliance. They also identify areas of concern and then help us address them. RINA is our partner to insure that we are an effective transparent community benefits corporation".

Mats Wallin
DYF's Executive Director



New Standards to Aim at Improved Disclosure and Consistent Treatment

by Ed Fahey, President

Two new accounting standards will impact closely held businesses this year. FIN 48 Accounting for Uncertain Tax Positions requires disclosure of tax positions which might be challenged by taxing authorities. It imposes a “more likely than not” realization threshold before they can be recognized for financial statement purposes. In addition, no tax benefit can be booked unless the position has a greater than 50% chance of being sustained. Transfer pricing agreements, stock option accounting and capitalization policies are areas which might

trigger uncertain tax positions. Companies are therefore advised to review their tax positions to determine if a financial statement impact might be looming.

FAS 159 - The Fair Value Option for Financial Assets and Financial Liabilities is another pronouncement which moves U.S. Generally Accepted Accounting Principles closer to international standards. Specifically, FAS 159 allows companies to elect to use fair value accounting for certain financial

instruments. The standard helps treat different financial instruments in a consistent manner. It also allows for the recognition of gains and losses on financial instruments which previously were reflected at historical cost.

Because the rules and definitions of uncertain tax positions and financial instruments are complex, we recommend you consult with your RINA accountant regarding how these pronouncements might impact your company.



Start Your Tax Planning Now!

By Jay Gilson, Stockholder

It is never too early to take proactive steps in preparation for the next round of tax filings.

Maximizing your contributions to eligible retirement plans is one of the easiest ways to minimize your taxable income. Are you contributing as much as you can? The world of retirement planning is getting more complex. Last year's new pension law made many changes that directly affect how much individuals and businesses can save through retirement plans. These changes also affect the catch-up contribution amounts for individuals over 50.

Saving for college is another way to minimize your taxes. The 529 plan allows the creation of an account to be used to fund tuition in the future. The primary benefit of this plan, is that the earnings are not taxed provided the funds are used for

qualified education expenses. Every state and many universities offer 529 savings plans. However, to make sure high fees or poor returns do not take away from the tax benefits, you should carefully review the details of each plan.

Making charitable donations has always been a popular way for taxpayers to reduce their taxes. Early selection of charities will allow you to make sure the monies are used in a manner consistent with your wishes. Please be aware the tax laws for deducting your gifts to charity are becoming more strict. Therefore it is important to ensure you receive the necessary documentation to support your donations.

Living in California has many benefits, but the relatively high state income tax rate is not one of these. Adding insult to injury, the state tax deduction often subjects taxpayers to federal alternative

minimum tax (AMT). The AMT exemption for 2007 is much less than for 2006, and it is very likely that more and more California taxpayers will find themselves a victim of AMT. Accordingly, it is important to plan early to time the payment of California income tax. Congress has been discussing the impact of the AMT on taxpayers, but we do not yet know what the outcome will be.

Lastly, estate and gift planning is always important. Take time to review your estate plan and make sure your plan still meets your needs. If need be, revise the plan. While the subject is not particularly a pleasant one, it is critical to actually put a plan into effect to ensure that your wishes are carried out.

At RINA we are always available to assist you with your tax planning needs. Please do not hesitate to call us.

RINA Third Quarter

JULY

July 31

- Second quarter 2007 payroll and sales tax returns due
- Qualified retirement plans (2006 Forms 5500) due

AUGUST

August 15

- 2006 Forms 990, 990-EZ, 990-PF due for calendar year end exempt organizations that filed an automatic three-month extension

September 3

- County business property tax payment due

SEPTEMBER

September 15

- Final due date for 2006 tax returns for calendar year end corporations that filed an automatic six-month extension
- Third quarter 2007 estimated tax payments for individuals due
- Third installment of 2007 estimated tax for calendar year end corporations due

RETENTION POLICY

We will retain all client records for seven years. If you wish to retain any of your records at the end of this period, you may arrange to pick them up at our office. If you prefer, we can arrange to have them scanned to a PDF file and saved to a CD at our current hourly clerical rates.

RINA Gives Back

by Pam Raumer, Business Development Director

A Hole-in-One for Agape Villages



On May 7th, Mary Kelly, Tax Supervisor in our Walnut Creek office, participated in the fourth annual Fairways For Families Golf Tournament at Ruby Hill Golf Course in Pleasanton supporting Agape Villages. Agape Villages' core mission is to place children who lack a safe home environment with trained, loving foster parents - striving to create a community, heal the hearts of children and build families that surround them. The tournament is one of several events Agape holds annually to raise funds that help prepare foster families to receive a foster child. Each of the 115 participating golfers thoroughly enjoyed themselves and had an opportunity to win a new car if they made a hole-in-one on the 6th hole. While no one won the car, every golfer received a golf ball and tees at the 17th hole, sponsored by RINA. The event culminated with a wonderful dinner and auction. We were happy to assist Agape Villages with their golf tournament and to lend our support to their important mission.



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