



STATEMENTS

First Quarter 2007



President's Message

by Ed Fahey

Last year was certainly a monumental one for RINA. In September, we highlighted our 60th Anniversary in great fashion at the Paramount Theater. It was wonderful to celebrate with so many of our friends, and especially gratifying to see Leo Helzel, as well as family members of founders Jack Ahern and Henry Rooney. In reference to Leo's book *A Goal is a Dream with a Deadline*, I again thank you for letting RINA be a part of your goals, your dreams, and, yes, your deadlines these past 60 years. We look forward to many more.

At the celebration, we debuted our corporate video in which several of our clients generously provided insight into their relationships with RINA. We are proud of our accomplishments, and inspired to extend this quality of service in all we do, whether serving our clients, participating in professional and community activities, or acting as a resource for the broader business community. You can view the video on our website. Let us know what you think.

In November, we moved our Oakland office to City Center, just across the street from where the firm was founded. When you are in the area, please stop by and visit - RINA's new Oakland location is easily accessible. Thank you to our architects and decorators, who have created an inspiring professional setting.

We've come a long way in our sixty years. We welcome the challenge of remaining a respected and trusted firm for many more.

RINA's 60th Anniversary Celebration at the Paramount Theater



*Rich Laveroni and
Lisa Rooney Zarri*



*Tim Tikalsky and
Bill Schlinkert*



Sylvia Kwan and Michael Jordan

*Proud To Be Celebrating
60 Years Of Service*

Annual Holiday Contribution

On behalf of our staff and clients, RINA annually gives a \$10,000 donation to a community organization. This year's recipient is the American College of Traditional Chinese Medicine. For more than twenty-five years, ACTCM has been providing graduate education and patient care, enabling people to integrate traditional Chinese medicine into their daily lives.

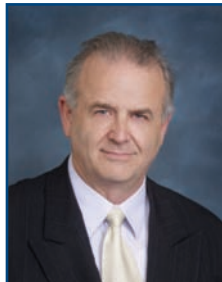
The funds will be used to support the clinics ACTCM operates in San Francisco. These clinics serve a diverse population of individuals with a wide range of medical needs, including HIV/AIDS, stroke, breast cancer, detox and hospice patients.



Client Corner

David Hicks

by Pam Raumer, Business Development Director



At our 60th Anniversary celebration, we renewed relationships with many of RINA's long term clients and friends. Among them is David Hicks, a graduate of the University of California Davis Law School and a practicing attorney licensed in California and New York. He has been a RINA client for nearly half of the firm's 60 year existence.

David has been practicing civil and trial law since 1972. While typically his cases are complex business torts, his litigation experience includes high profile cases, especially in overcoming governmental wrongdoing. David has served as an expert witness, a temporary judge, a trial lawyer, a law professor, and lead counsel in many challenging cases such as Crowe vs. the State of California, and Camacho vs. 60 Minutes, Mike Wallace & Leslie Stahl (visit his website at www.davidhicks.com for details).

He has built his practice based on ethics and a winning track record. His philosophy is to understand what his clients' need, want and care about. After asking clients "What is your actual objective?" David visualizes what he needs to do to win the case, which often includes "thinking outside the box". He loves using a large dry erase board in his office to graphically and geometrically analyze cases.

Martindale Hubbell's Bar Register of Pre-Eminent Lawyers awarded him the highest rating acknowledging David's adherence to ethical standards, professional reliability and diligence. Recently, his peers elected him to the California SuperLawyers which recognizes the top 5% of attorneys.

To be an effective attorney, David says, you need to be fully invested in the community. He advises that "when you touch someone's life, they should be better for it", and he practices what he preaches. Over the years, he has helped the Oakland Rotary, Lincoln Child Center, Blue Star Mothers of California, Goodwill Industries, Chamber of Commerce, Marcus Foster Institute, City of Oakland, Bay Area Blue Society, and many professional legal organizations.

During his spare time, David enjoys Argentine tango dancing (he attended a tango school in Buenos Aires with Robert Duvall and Bob MacKenzie), fly fishing, boxing, playing basketball, opera, and singing the Blues.

"Walt Tchirkine always does a superb and effective job. RINA has always been responsive and I have been successfully referring clients to RINA for almost three decades".



IRAs Investing in Real Estate

By Tom Neff, Tax Manager

Over that past several years, due to the explosion in California real estate values, we have seen an increase in non-traditional sources of funding for real estate investments. In this article I will explore some of the considerations in using Individual Retirement Accounts (IRAs) to invest in real estate.

These IRA accounts are generally referred to as "self-directed IRAs". Contrary to popular belief, there is no provision in the Internal Revenue Code or Regulations banning an IRA from investing in real estate. With the exception of collectibles (works of art, gems, stamps, coins, etc.) your IRA may own almost any type of real or personal property.

The primary benefit of this concept is the ability to shelter the gain on the sale of real property from current taxation - when the property is

sold, there is no tax to be paid from the IRA. However, be aware that the tax is not permanently avoided - since the IRA distributions are ultimately subject to tax.

One form of tax that may apply to the investment in real estate is the Unrelated Business Taxable Income (UBTI) tax. Any income generated by the property, such as rental income, will be subject to this tax. Some other items to consider are: 1) whether the IRA will have enough liquid assets to begin making required distributions, and 2) the IRA must pay any applicable property tax, thus reducing retirement assets.

Because the income tax consequences in the retirement plan area are complex, if you are considering such an investment, we urge you to call us. We are happy to help you.

*Wishing You
a
Happy, Healthy
and
Prosperous
New Year!*

2007



Changing the Audit Focus

by Howard Zangwill, Stockholder

In March 2006, the AICPA's Auditing Standards Board, which sets auditing standards for audits of privately held businesses, issued eight new Statements on Auditing Standards. The goal of these standards is to focus audit work on areas where risk of misstatement is the greatest, enhance auditors' performance and improve audit effectiveness.

In developing the Risk Assessment Standards, the ASB had three main objectives:

- To gain a more in-depth understanding of the audited entity, its environment and internal controls;
- To more rigorously assess the risks that the financial statements could be materially misstated;
- To improve the link between auditors' assessed risks and the nature, timing and extent of audit procedures performed in response to those risks.

The Statements also establish standards and provide guidance on planning, supervision, the nature of audit evidence, and evaluating whether the audit evidence obtained affords a reasonable basis for an opinion regarding the financial statements under audit. According to John Fogarty, Chairman of the Auditing Standards Board, "The standards will result in more effective audits, as a result of better risk assessments and improved design and performance of audit procedures to respond to the risks."

Additionally, the new standards provide for communication of significant deficiencies and material weaknesses in the design of a company's internal control system. RINA's clients can expect additional management letter comments targeting this area.

Although these standards are generally effective for audits for periods beginning on or after December 15, 2006, RINA is already positioned to adopt them and the related additional procedures. Our training programs have focused on risk based auditing for several years. We look forward to working with you to implement these standards.



Litigation Support and Forensic Accounting

by Tom Chapman, Principal

It should scarcely be surprising that RINA, an accounting firm founded by attorneys, would keep our close ties to the legal profession. Both our familiarity with attorneys' assignments and our empathy for their problems enable us to assist in litigation engagements. RINA staff bring a unique understanding and a pragmatism which complement the skills of legal professionals.

Audit training provides accountants with important credentials for litigation support. An experienced auditor often combines economic knowledge with analytical instincts and investigative skills.

RINA's history in providing litigation support and forensic accounting services has been long and varied. We began with insurance defense, where success was generally assured because all but the most

extravagant claims were usually settled without combat; we then progressed to more serious encounters in which we fought for minority stockholders, defrauded partners and victims of other wrongdoings.

"RINA staff bring a unique understanding and a pragmatism which complement the skills of the legal professionals."

In recent years, marital dissolution cases have required emphasis on business valuations and the financial and tax consequences of property settlements.

We believe we have helped inject a strong dose of fairness into divorce settlements. We have helped protect hard working attorneys from the unreasonable demands of greedy investors. Homeowners, with our aid, have recovered losses resulting from almost catastrophic damages brought about by negligent contractors. We have also assisted on cases involving financial harm caused by wrongful termination and discrimination in advancement.

Accountants can inject the sobering ingredient of reality into overheated disputes and help reduce contentious and often imprecise demands to meaningful financial terms. Years of exposure and practice have given RINA special qualifications in this arena. Please call us if you would like our help.

RINA First Quarter

JANUARY

January 16

- Final 2006 estimated tax payments for individuals due

January 31

- Form W-2, Wages and Tax Statement to be furnished to employees from employers
- Form 1099 to recipients of dividends, interest, non-employee compensation, etc.
- Fourth Quarter 2006 payroll and sales tax returns due
- Form 940, Federal Unemployment Tax Return for 2006 due
- Form DE7, Annual Reconciliation Return for 2006 due

FEBRUARY

February 28

- Form W-3 Transmittal, together with Forms W-2 to Social Security Administration due
- Form 1096, together with appropriate Forms 1099 to the Internal Revenue Service due
- Oakland, Berkeley, and San Francisco City Business License returns due

MARCH

March 15

- Calendar year corporation 2006 income tax returns due

An Important Date Coming Up

April 16

- Individual 2006 income tax returns due
- First installment of 2007 estimated income tax for individuals due

RINA Gives Back

by Pam Raumer, Business Development Director

East Bay Habitat for Humanity



On Friday, October 27th, 2006, we closed our four RINA offices and spent a sun filled day helping East Bay Habitat for Humanity staff build homes on their East Oakland construction site. An independent affiliate of Habitat for Humanity International, Habitat for Humanity East Bay was founded in 1988. Habitat's mission is to create homeownership opportunities for families with limited incomes, by building affordable housing and revitalizing neighborhoods. To date, Habitat for Humanity East Bay has completed the construction of 110 single-family homes in Alameda County and West Contra Costa County. RINA staff spent the day hammering, framing, gluing, sawing, measuring, hauling and having a good time.

Soroptimist International of Walnut Creek

Gail Fishley, Tax Manager in RINA's Walnut Creek office, serves as Vice President of Soroptimist International of Walnut Creek. Soroptimist International recently donated pediatric resuscitation training equipment to Contra Costa County Fire Protection District Station 10. This equipment is an invaluable tool that ensures firefighters practice and maintain resuscitation skills in the event of a pediatric medical emergency. Pictured here with Gail are fellow Soroptimist Members Loella Haskew and Lee Heath, Station 10 firefighters Jeanne Mills R.N., Acting Captain/Engineer David Linsey, Paramedic/Firefighter Chris DeMeo and EMS Chief/Paramedic Dave George.



accountancy corporation

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