



STATEMENTS

Fourth Quarter 2007

SCHOLARSHIP FUND TO HONOR RINA'S FOUNDERS

Lifelong learning has been a hallmark of RINA since the firm was founded in 1946. RINA founders Henry Rooney, Paul Ida, Bob Nolt, and Jack Ahern shared the belief that education was critical to success in business and in life. They supported numerous organizations which had educational missions in our communities, and that academic support is continued today.

To honor our founders and their commitment to personal development, RINA has established a scholarship fund at Golden Gate University. Scholarships will be awarded annually to students in the tax and accounting programs. We thank the Helzel Family Foundation--an organization which supports the academic goals of the community--and Foundation President, Leo Helzel for matching RINA's initial contribution and helping establish this program. As a teacher, Leo Helzel has used his entrepreneurial spirit to show others how to make their dreams a reality, and as Bob Nolt's professor, encouraged him to realize his. If you would like to join in honoring our founders, contributions may be sent to University Advancement, Golden Gate University, 536 Mission St., San Francisco, CA 94105. Please note on your check that it is for the RINA Scholarship Fund.

Incentives for Doing Business in Renewal Communities



by Tim Tikalsky, Stockholder

It may surprise you to learn that since January 1, 2002, a large portion of San Francisco's financial district has been designated as a "renewal community". Taxpayers operating in renewal communities may be eligible for special income tax incentives.

A zero-percent capital gains rate applies to qualified capital gain from the sale or exchange of qualified renewal community assets. Employers doing business in renewal communities are entitled to a tax credit for qualified wages paid to employees who work and live in renewal communities, and a work opportunity credit for certain residents of renewal communities. Renewal community businesses are entitled to an increased section 179 deduction for the cost of qualified property used in the renewal community. Additionally, taxpayers who construct or rehabilitate nonresidential buildings in renewal communities may claim a commercial revitalization deduction for qualified revitalization expenditures instead of claiming a depreciation deduction.

To find out whether your San Francisco business qualifies for these income tax incentives, please contact your RINA representative.

INSIDE THIS ISSUE

Client Corner	Page 2
Planning for the 2008 "Kiddie Tax" Increase	Page 3
Do You Have Adequate Control Over Your Financial Reporting?.	Page 3
RINA Gives Back	Page 4
Fourth Quarter Calendar	Page 4



Client Corner

Elena's Foods Specialties

by Pam Raumer, Business Development Director

Elena's Foods Specialties founding partners, Peter Sartorio and Mark Cooley, strongly believe that eating natural and organic food is not a trend, but a way of life. Their brands, PJ's and Nate's, offer frozen natural, vegetarian and organic food to people who are looking for a convenient way to eat healthier. PJ's brand offers frozen 100% organic protein foods while Nate's brand offers frozen 100% natural vegetarian products. Locally, Nate's & PJ's can be found at Whole Foods, Safeway, Albertsons, Raley's and independent stores such as Mollie Stones.

Organic
*food raised without
chemical fertilizers*

Natural
*unprocessed food containing
no artificial colors, flavorings,
preservatives or sweeteners*



Founded in 1999 in a basement of a restaurant, Elena's Foods Specialties made refrigerated vegetarian products such as hummus spreads and polenta. As they have grown, they have added taquitos, burritos, veggie meatballs and veggie chicken nuggets. Today, they operate in a 30,000 square foot frozen food facility in South San Francisco and are preparing to launch eight new PJ's products and three new Nate's products.

Peter and Mark's immediate goal is to add full entrees and side dishes and increase distribution of the Nate's and PJ's foods throughout the U.S. Realizing their vision to become leaders in the fast growing natural and organic food business is just around the corner. According to Peter, "Having the ability to have a vision and an idea and being able to implement it is a great great feeling. Tim and Gail are very

proactive in regards to ideas and vision. I couldn't be more thrilled with the creative direction and responsiveness that I have received from RINA. They really understand our business".

Please call RINA to discuss how we can help you implement your business vision and ideas.

Client Spotlight – Hornblower Yachts



RINA is pleased to announce that our client, Hornblower Yachts, a leading charter yacht and public dining cruise company, was recently awarded the contract for the Statue of Liberty and Ellis Island Ferry Operations. Hornblower, in operation for 27 years, has 32 vessels in use in ports throughout California. They also conduct the ferry operations for Alcatraz Island in San Francisco and are very excited to be opening a port in New York.

RINA Fourth Quarter

OCTOBER

October 15

- Final due date for calendar-year individual, partnership and fiduciary returns on extension

October 31

- Third quarter 2006 payroll and sales tax returns due

DECEMBER

December 31

- Final due date for establishing qualified retirement plans for 2007 calendar year taxpayers.

JANUARY

January 15

- Due date for final installment of federal and California estimated income taxes for calendar-year individuals.

RINA Softball Champions

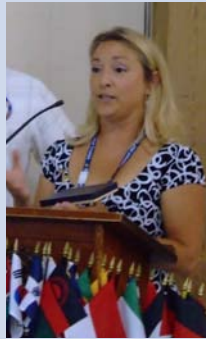


We are proud to report that in just a few short seasons, RINA's softball team has risen to the top. Via a little sweat, a lot of teamwork and some timely defensive stops, we inspired ourselves to win the Alameda Recreation & Parks 2007 Summer Adult CoEd Championship. Our enduring RINA spirit makes us champions on and off the field.

RINA Gives Back

by Pam Raumer, Business Development Director

Rotary Club's First Female President



On July 1, 2007 the Rotary Club of Walnut Creek inaugurated their first female President - RINA's Business Development Director, Pamela Raumer. "Service Above Self" is the Rotary Club's motto. Their main objective is to serve - in the community, in the workplace, and throughout the world. Rotarians develop community service projects that address many of today's most critical issues, such as the environment, poverty, hunger, illiteracy, violence and children at risk. They also support youth programs, educational opportunities and international exchanges for students, teachers and other professionals, and vocational and career development. We know that Pam's energy and enthusiasm will enable her to lead her club in achieving their goals for the year.

Cecile Chiquette - Rotarian of the Year

Cecile Chiquette, Tax Stockholder in our San Francisco office, was recently named "Rotarian of the Year" by the Rotary Club of San Francisco #2. According to Rotary President Anita Stangl, "Cecile never says no, except sometimes during tax season. She is a phenomenal friend and volunteer who is very involved in Rotary". From July 2004 through June 2006, Cecile served on the Rotary Board and also served as Treasurer. She is currently serving as the Club Secretary and Board member for the July 2007 - June 2009 term.



Food Bank of Contra Costa and Solano



Pictured from left to right: RINA's Brenda Jemmott, Gayle Tostenson, Gail Fishley, Cecile Chiquette and Donna Blackhall attended the "7th Annual Afternoon in the Admiral's Garden" - a fundraising event held on Mare Island in Vallejo for the Food Bank of Contra Costa and Solano. Gail Fishley, who has served on their Board for many years, is proud of the fact that the Food Bank serves more than 85,000 people each month.



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Planning for the 2008 “Kiddie Tax” Increase

by John McGovern, Tax Senior

The Small Business and Work Opportunity Tax Act of 2007, signed by the President on May 25, 2007, makes some important changes in the “Kiddie Tax” that is imposed on the investment income of minor children. The Kiddie Tax is designed to make minor children pay taxes on excess investment income at the same rate as that of their parents.

These changes do not take effect until the 2008 tax year, so there is still time for effective tax planning.

All taxpayers subject to the tax before the most recent changes are still affected. This group consists of children under age 18 at the end of the calendar year who: (1) have investment income in excess of \$1,700, and (2) do not file a joint return (i.e., are not married).

Additionally, beginning in 2008, all children who are 18 at the end of the calendar year, plus full-time students age 19 to 23, are subject to the tax if they (1) have investment income in excess of \$1,700, (2) do not file a joint return, and (3) do not have earned income that exceeds 50% of their own support.

There are several recommendations that we can make to mitigate the effect of this tax increase:

1. Avoid making gifts of income-producing property once an eligible child's investment income exceeds \$1,700.
2. Postpone making a gift of appreciated property until after the child has reached the appropriate age.

3. Continue to give property that generates tax-free or tax-deferred income. This will not generate additional taxable income to the child.

4. Donate to a 529 college savings plan. It is a completed gift for estate planning purposes and the income is tax-free to the beneficiary.

5. Inquire as to the benefits of qualified dividend income. This type of income can be advantageous when applying Kiddie Tax rules.

If your children were born after 1984 and you have substantial income-producing assets, RINA can guide you through the new Kiddie Tax legislation. Please call us for assistance with your tax planning strategies.



Do You Have Adequate Control Over Your Financial Reporting?

by Tracy Teale, Audit Manager

The Enron and Worldcom's financial disasters are being felt by companies and auditors today and will impact audits in the future. New standards require that auditors determine if a company has adequate control over financial reporting from processing of data to preparation of full disclosure GAAP based financial statements. The impact of these new standards will result in the following:

- Greater focus by auditors on your internal controls system.
- In depth questions asked of employees involved in the financial process to better understand policies and procedures surrounding financial data processing.
- Inquiries of operational employees to better understand the effect of operations on financial data.
- Testing of systems to determine that documented procedures are in place and operating effectively.
- Increase in audit length and audit fees.
- Interim work performed to adequately document systems in advance of year end field work.
- Use of data mining software to electronically test transactions.
- Potential for a significant deficiency letter regarding your company's areas of weakness.

Future standards are expected to continue to expand the auditor's understanding and testing of company's internal processes, reporting systems and key financials and operational indicators to ensure proper financial reporting.

Developing best practices in financial reporting will not only impact your businesses processes it will also aid in an efficient audit. Be sure to consider the following:

- Update your procedure manuals. Not only will procedure manuals help the auditor identify areas that need further testing, they will also provide a valuable tool during your company's times of turnover or growth. Take this opportunity to ask your auditor for suggestions on improving systems or developing better procedures.
- Address the following questions: How do I know that the numbers in my financials are correct? What steps do I take to ensure all information has been captured? Is our review of this data done timely and effectively?

We look forward to working with our audit clients to review your processes, gain a better understanding of your business and develop practical solutions to these issues for your business or organization.