



STATEMENTS

Fourth Quarter 2008



RINA Recognized as a 2008 Best Place to Work

By Carrie Whisler, HR Director



RINA is very proud to be listed among the Business Times Best Places to Work in 2008. Our goal was to become (and remain) a best place to work – not simply get onto a list. Our process for achieving this goal was two-fold: working with the stockholders to help them understand their role in making RINA the best place to work and discovering and responding to our staff’s suggestions regarding what makes a company a best place to work.

A major step to becoming a “Best Place to Work” was for stockholders and management to adopt the mindset that it was important to retain our great staff. This involved considering management’s attitude towards our staff, time spent interacting with our staff and the nature of these

interactions. This also included learning to give good and constructive feedback to our staff and taking the time to celebrate their individual successes. We needed to create an environment that recognized the important contributions of staff to our continued success.

The second step, taking the time to find out what our staff thought it would take to make RINA a best place to work, was very important. Had we tried to guess what it would take, we might have missed the mark completely. We responded to our staff’s suggestions. The benefits of becoming a “Best Place to Work” have been an improvement in our staff retention rate, continuity of staffing on client engagements and the ability to recruit at a higher level.



RINA staff enjoy a team building excursion on the Bay!

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Client Corner

Habitat for Humanity Greater San Francisco & Habitat for Humanity East Bay

by Pamela Raumer, Business Development Director

Habitat for Humanity provides first time affordable homeownership opportunities for low income families. Habitat for Humanity East Bay (HFHEB) was formed in 1988 as an independent affiliate of Habitat for Humanity International. HFHEB has completed the construction of 200 single-family homes in Alameda and Contra Costa counties since then. Habitat for Humanity San Francisco has built 30 homes, housing 69 adults and 92 children since it was originally founded in 1992. They have recently merged with Peninsula Habitat, forming Habitat for Humanity Greater San Francisco (HFHGSF). HFHGSF provides a solution to the critical need for decent, safe, and affordable housing in the Peninsula, as well as San Francisco and Marin counties.

Habitat homes are sold at no profit with no down payment and are financed with zero-interest 30 year loans. Qualifying families must meet specific criteria, based on a philosophy of “hand up, not a hand out”. Such criteria include:

- Demonstrated need for housing
- Ability to pay the mortgage (approximately \$1,000/month)
- Participation in 500 hours of sweat equity (assisting in the building of their home)
- Must earn 40-60% of the Area Median Income

As a result of participating in Habitat’s program, families not only succeed in purchasing an affordable home, but also acquire skills to help with their long-term success. Habitat families attend workshops on budgeting, credit repair, conflict resolution, home maintenance, repair and landscaping. Through this simple but profound act, families gain economic stability, safety, and a foundation upon which to build a brighter future for their children. Through their experience in the program, families gain improved self-esteem and a new awareness of their ability to positively influence the course of their lives and their community.

HFHEB Executive Director, Janice Jensen, believes that Habitat for Humanity is a vehicle for changing lives. Becoming a homeowner stabilizes families. When families invest in themselves, an amazing domino effect happens. Kids do better in school, and through the HFHEB scholarship program, Habitat children have a chance to go to college. HFHEB recently completed a 22-home development in Livermore and 4 homes in Antioch. Their projects for 2008-2009 include the completion of homes in East Oakland (54 homes), Alameda (8 homes) and Bay Point (9 homes).

Phillip Kilbridge, Executive Director of HFHGSF, believes that Habitat for Humanity builds not only homes, but also hope. Every time a new homeowner receives their key, dreams come true. At the recent 3rd Annual Blueprints & Blue Jeans Gala volunteers, staff, and donors raised \$300,000 to build homes and hope in San Francisco and Marin Counties - one of Phillip’s proudest moments. HFHGSF is currently constructing a 12 home development in San Francisco’s Outer Mission District. Future developments include four homes in Marin County and seven homes in San Francisco’s Bayview/Hunter’s Point community. Their 5 year goal is to build 40 new homes.

If you would like further information, please visit the Habitat for Humanity Greater San Francisco and Habitat for Humanity East Bay websites: www.habitatgsf.org and www.habitatzeb.org.



“We’ve been extremely pleased with the service that RINA has provided for Habitat for Humanity. They have been prompt, reliable and understanding.”

*- Phillip Kilbridge,
Executive Director*





New Income Tax Reporting for Financial Statements - Will the IRS Benefit from this Information?

By Rick Evans, Manager

New accounting for income taxes disclosure will require your company to disclose “material” tax positions in their financial statements. FASB Interpretation No. 48 Accounting for Uncertainty in Income Taxes, better known as FIN 48, applies to all GAAP financial statements with fiscal years beginning after December 31, 2007. This means that FIN 48 will affect your calendar year 2008 and later financial statements.

FIN 48 defines a tax position as a “position in a previously filed tax return *or a return that is expected to be filed in the future* that is considered in measuring current or deferred income tax assets and liabilities for interim or annual periods”.

Examples of material tax positions are, reasonability of officers’ compensation, deductibility of research and development expenses, allocation of purchase price for business purchases, expense versus capitalization of expenditures, transfer pricing and stock option accounting.

FIN 48 applies a two step approach which addresses the recognition and measurement of material tax positions. The recognition criterion is defined as a more than a 50% chance of the tax position being sustained upon examination by the taxing authority. A tax position that does not meet this threshold cannot be recorded in the financial statements. (However, FIN 48 has significant disclosure requirements for unrecognized tax benefits). When assessing the chance of success you should assume the tax position will be examined by the taxing authority that has full knowledge of all the relevant information.

Will this new information be a trail for the IRS to find out about material tax positions of our clients? The IRS has stated they will not use this information in their examinations. However, under audit, the IRS frequently requests financial statements.

FIN 48 applies to all companies issuing GAAP financial statements. RINA can help you find out how it affects your company and the preparation of its financial statements. Please do not hesitate to call us.



American Housing Rescue and Foreclosure Prevention Act

By Jay Gilson, Tax Stockholder

On July 30, the President signed into law H.R. 3221, the “American Housing Rescue and Foreclosure Prevention Act of 2008”. The new law is designed to help families facing foreclosure keep their homes and help families avoid foreclosures in the future via tax breaks for homeowners and homebuyers, liberalized low-income housing tax credit rules, relaxed requirements for tax-exempt bonds and relaxed AMT rules. The new law also brings important tax changes for businesses, including information reporting of credit card transactions and AMT liberalizations.

The American Housing Rescue and Foreclosure Prevention Act includes the following provisions:

- Eligible “first-time” homebuyers receive a refundable tax credit equal to the lesser of 10% of the purchase price of a principal residence or \$7,500 (\$3,750 for married individuals filing separately). A first-time homebuyer is a taxpayer who had no ownership interest in a principal residence during the three years prior to the purchase of the new home. The credit, which is generally allowed for the tax year in which the principal residence is bought, is subject to phase-out and recapture rules.
- Taxpayers who claim the standard deduction will be allowed to claim an additional standard deduction for state and local property taxes paid. The deduction is limited to \$500 (\$1,000 on joint returns) and applies only to the 2008 tax year.

**The new law is
designed to help families
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- The principal residence gain exclusion won’t apply to periods of nonqualified use for home sales and exchanges after December 31, 2008. The amount of gain allocated to such periods is the gain multiplied by the following fraction: the aggregate periods of nonqualified use during the period the property was owned by the taxpayer divided by the period the taxpayer owned the property. Generally, nonqualified use is any period which the property is not used as the principal residence by the taxpayer or spouse.

- The tentative minimum tax will be treated as being zero for determining the tax liability limit for the low-income housing credit and the rehabilitation credit, therefore these credits may now offset AMT.

- For tax years ending after March 31, 2008, taxpayers will be allowed to elect to accelerate the recognition of a portion of their historic AMT or research and development credits in lieu of the bonus depreciation tax benefit that was included in the Economic Stimulus Act of 2008. The amount that taxpayers receive is calculated based on the amount that they invest in property that

would otherwise qualify for bonus depreciation under the Economic Stimulus Act of 2008.

As California does not conform to any of the above mentioned provisions, California tax planning and return preparation will be trickier. Please do not hesitate to call your RINA representative if you have any questions regarding anything discussed in this article.

RINA Fourth Quarter

OCTOBER

October 15

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

October 31

- Third quarter 2008 payroll and sales tax returns due.

DECEMBER

December 31

- Final due date for establishing qualified retirement plans for 2008 calendar-year taxpayers.

JANUARY

January 15

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



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RINA Gives Back

Golf for the Wild

Tim Tikalsky, stockholder in our Walnut Creek office and member of the Board of Directors for the Lindsay Wildlife Museum, recently participated in the Lindsay Wildlife Museum's 14th Annual Golf Tournament. Tim's son, Jeff Tikalsky, and RINA staff, Joseph Brunel and Jody Watson, made up the rest of the RINA team. The golf tournament was a four player scramble and RINA's team placed well with a score of five under par. The featured guests this year were a red-tailed hawk and a barn owl.



RINA has been a Great Horned Owl Sponsor for the past four years and looks forward to the 15th Annual Golf Tournament.

FWASF Scholarship Awards

The Financial Women's Association of San Francisco (FWASF) awards scholarships to women undergraduate and graduate students pursuing a career in finance or financial services at an accredited college in the nine Bay Area counties. This year a total of \$100,000 in scholarships were awarded to 9 graduate students and 2 undergraduate students. Since its inception, the FWASF's Financial Woman of the Year event has raised over \$1,250,000 for scholarship awards and RINA is excited to be one of the supporters of this event. When asked to share her experience with the scholarship selection process, RINA audit manager and FWASF member Tracy Teale advised, "It is so inspirational to hear these women's stories. Many have overcome tremendous obstacles to achieve their goals. I have been actively involved in the scholarship process for four years and I eagerly look forward to the opportunity to meet the new scholarship applicants for 2009."

Community Service Spotlight

Chinatown Rotary Club

Carolyn Sillin, tax manager in our San Francisco office, is a founding charter member of the new Chinatown Rotary Club. Rotary will officially celebrate the new club on August 20th with a dinner at Tommy Toys. Mr. Rotary Cliff Dochterman, past Rotary International President and member of the Orinda Rotary Club, will be the keynote speaker. Carolyn has taken on the duties of club secretary and PR chair.

The Chinatown Club has already provided services to the community, including:

- Serving 300 Thanksgiving dinners, arranging 50 Holiday Gift Baskets, and raising \$1,000 for the Chinatown Beacon Center (the club only had 12 members at the time).
- Raising \$16,000 (original goal was \$1,000) and receiving a match from San Francisco #2 Rotary of \$5,000 for Shelter Boxes sent to China.
- Serving dinner to children participating the Chinese New Year's Parade.
- Distributing dictionaries to third graders at Gordon J. Lau Elementary School in San Francisco.
- Volunteering time and offering assistance to the Children's Psychological Health Center (CPHC) founded by Dr. Gilbert Kliman. Dr. Kliman has developed a workbook educating caregivers on how to help children with psychological trauma, and he is currently helping the earthquake victims in China. Several members have helped in translation for publishing and video conferencing.



RINA's Carolyn Sillin at the Chinatown Rotary Club celebration dinner.

Carolyn enjoys working with the club members who are in various professions and age groups. Each brings different qualities and talents to the club with the same goal in mind - to serve the community.