

Protect Your Computers!

By Todd Cloutier, Network Administrator

Today's internet is turning into a 21st century "wild west". Harmful new viruses and security flaws make the news practically every day. Annoying pop-up ads and bogged down browsers make logging on to the internet a minefield of obstacles.

RKO wants you to be ARMED and READY to fight back!

Here are some simple steps to follow on a regular basis that will help you keep your computer running smoothly.

Install all Microsoft Updates as Soon as They are Available

You can do this by either clicking the "Windows Update" button on your start menu or by visiting <http://www.windowsupdate.com>. If you are using Microsoft Internet Explorer, make sure you are using the latest version. Go to Microsoft's Internet Explorer Home Page located at <http://www.microsoft.com/windows/ie/default.asp>.

Consider Using an Alternative Browser to Internet Explorer

Internet Explorer has numerous bugs and security holes. It's also very vulnerable to virus and spyware attacks. A great alternative is the new browser from Netscape. It's FREE, preferred by many users, it is called Firefox, and you can download it at <http://www.mozilla.org/products/firefox/why/>.

Download a Spyware Removal Tool Such as Ad-Aware

Ad-Aware is free and helps you get rid of the junk on your computer on a regular basis. Get it here: <http://www.lavasoftusa.com/software/adaware/>.

Another great piece of software that does the same thing is called Spybot Search & Destroy. It is also completely free and can be downloaded from: <http://www.download.com>.

These companies maintain a database of known threats and then remove them for you. What I personally like to do is have both programs installed on my computer. I update the database on a daily basis (automatically inside the program) and I run it every other day or when my computer gets hit by something nasty. Having both programs doubles your odds of successfully removing the unwanted Spyware and Adware.

If you would like to know more about Spyware and Adware, visit <http://www.spywareinfo.com>. This site does a great job on keeping people up to date on the latest threats.

Install Virus Software and Keep it up to Date!

Even though there are some free virus scanners out there I recommend investing in one of the more popular ones such as Norton Antivirus or MacAfee Antivirus. Having Antivirus software is not enough. Make sure that the virus definition files are updated on a regular basis.

Check for Unwanted Programs Installed on Your Computer

Sometimes Spyware toolbars disguise themselves as clock, calendar, pop-up blocker, or other innocent names. Do the following: Click on Start -> Settings -> Control Panel -> Add or Remove Programs.

Uninstall everything that looks suspicious, unfamiliar or unneeded. This will free up space and resources on your computer.

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Quill

NEWSLETTER

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Protect Your Computers!

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Stop Pop-up Ads

Pop-up Ads have become an increasing nuisance. If you hate pop-up ads as much as I do, install the Google Toolbar for free. You can download the install program here:

<http://www.google.com/downloads/>.

If you are using Windows XP, download and install Service Pack 2. This is a free download. Service Pack 2 is really large and will take a long time to download, but it is well worth the wait. The Pop-up blocker that comes with Service Pack 2 is excellent!

You can download the install Service Pack 2 here:

<http://www.microsoft.com/windowsxp/sp2/default.msp>

Install a Firewall

If you have a broadband connection to the Internet, such as DSL or Cable, consider installing a Firewall. Broadband connections keep your computer connected to the Internet at all times but increase the risk of hackers and viruses attacking it. There are two different types of Firewalls, Hardware and Software; I recommend installing both for maximum protection.

Hardware firewalls are important because they provide a strong degree of protection from most forms of attack coming from the Internet. Additionally, in most cases, they can be effective with little or no configuration, and they can protect every machine on a local network.

A software firewall will tell you which programs are trying to access the internet from you computer. This is very helpful in preventing a Trojan Virus from sending out information, and from spyware that attempts to send out your personal information. Service Pack 2 for Windows XP, installs a software firewall that is built into the Windows operating system. Service Pack 2 is a free download from Microsoft.

You can download the install Service Pack 2 here:

<http://www.microsoft.com/windowsxp/sp2/default.msp>



Are you an Organization which Receives or Expects to Receive Federal Funds? - New DUNS Number Requirement

By Almalee Foote, Manager

In order to improve the statistical reporting of federal grants and cooperative agreements, the Office of Management and Budget has directed federal agencies to require all applicants to provide a Dun and Bradstreet (D&B) Data Universal Numbering System (DUNS) number when applying for Federal grants or cooperative agreements on or after October 1, 2003. The DUNS number will be required whether an applicant is submitting a paper or an electronic application, and whether an applicant is applying for a new award or renewal of a current award. Additionally, when filing the annual data collection form Clearinghouse filing (OMB form SF-SAC) in 2005, a DUNS number will be required.

Organizations can receive a DUNS number at no cost by calling the dedicated toll-free DUNS Number request line at 1-866-705-5711.

Further information can be found in the Federal Register, located at: <http://a257.g.akamaitech.net/7/257/2422/14mar20010800/edocket.access.gpo.gov/2003/pdf/03-16356.pdf>.

What is That Letter for Anyway?

By Hank Farrah, Supervisor

As part of your audit, whether your Organization is a for profit, nonprofit, governmental or quasi-governmental, you will receive a required communication from RKO that we commonly refer to as "the SAS 61 letter".

The Statement on Auditing Standards No. 61 (SAS 61) requires an independent auditor to directly inform the group with management oversight responsibility, (i.e. Audit Committee, Board of Directors serving as Audit Committee, Board of Selectmen, Town Council, etc.) of certain audit related matters. This communication may be oral, written, or both, and is intended only for the group with management oversight responsibility and management, if appropriate. The information is not intended to be, and should not be used by anyone other than these specified parties. Audit matters required to be communicated to this group are discussed below:

- The auditor's responsibility, under Generally Accepted Auditing Standards (GAAS)
- Significant accounting policies
- Accounting estimates
- Audit adjustments
- Disagreements with management
- Consultations with other independent accountants
- Issues discussed prior to retention of independent auditors
- Major difficulties encountered in performing the audit



New "Forced Rollover" Rule Goes Into Effect for Employer Sponsored Pension Plans

Albert Cappeloni, Vice President and Tax Director for Vitale, Caturano & Co. (reprinted with permission)

If your business/organization sponsors a qualified retirement plan (401(k), 403(b), 457(b), salary deferral plan, profit sharing plan, money purchase pension plan, etc.), you may be facing a new requirement for plan distributions, as of March 28, 2005. On that date, a law first enacted in 2001 went into effect. The law restricts a plan sponsor's ability to involuntarily "cash out" low balance accounts belonging to participants who terminate employment.

What the Law Says

In general, when a participant terminates employment and has a plan account balance (or accrued benefit) of \$5,000 or less, if the plan document so provides, a plan sponsor is allowed to distribute that account balance (or benefit) to the participant, even if the participant does not consent. The intent of this involuntary cash-out rule: to allow employers to distribute small inactive plan accounts and avoid the future burden and expense of administering them.

The 2001 law provided that involuntary cash-outs of more than \$1,000 (up to \$5,000) must be rolled over to an Individual Retirement Account (IRA) established by the employer when the terminated plan participant does not elect to receive the distribution directly or have it paid as a direct rollover to another employer's plan or an IRA. The effective date of this rule was delayed until the government issued regulations spelling out how the law should be administered.

Last September, the U.S. Department of Labor (DOL) issued final regulations containing minimum requirements for automatic rollovers. And, in late December 2004, the IRS issued guidance on the tax law requirements that apply.

The automatic rollover rules went into effect on March 28, 2005, for most plans. If your plan calls for involuntary distributions of small accounts, then your plan document and operations must be amended to account for the new rules.

DOL and IRS Requirements

Basically, to satisfy the government's automatic rollover rules, a plan must meet these DOL requirements.

- The present value of the account balance (or accrued benefits) being cashed out cannot exceed \$5,000.
- Absent an election by the terminated participant, the distribution must be rolled over to a qualified IRA provided by a state or federally regulated financial institution.
- The plan fiduciary (generally, the employer-plan sponsor) must enter a written agreement (enforceable by the participant) with the IRA provider specifying that the rolled over funds will be invested in a way designed to preserve principal and provide a reasonable rate of return, consistent with liquidity.



- Fees and expenses cannot exceed those charged by the IRA provider for comparable IRAs set up for reasons other than involuntary cash-outs.
- The plan sponsor must provide the terminated participants with a summary plan description (SPD) or summary of material modification (SMM) that (1) explains the plan's automatic rollover provision, (2) describes the investment product that will be used for the IRA, (3) states the IRA fees and expenses and to whom they will be charged, and (4) provides the name, address, and phone number of a contact who can provide additional information.

In addition, the IRS has imposed these rules:

- The plan sponsor must notify the participant that his or her account (benefit) will be rolled over to an IRA unless the participant directs otherwise. This notice must also identify the trustee or issuer of the IRA. The notice can be provided separately or as part of the Special Tax Notice that is already required before a plan distribution is made. It may be sent electronically within IRS guidelines. Generally, if the participant fails to make an election within 30 days after the notice, the plan can implement the automatic rollover.
- A plan can use the participant's last known mailing address when sending the automatic rollover notice and setting up the rollover account. The notice rule will be met even if the notice is returned as undeliverable.
- Plans implementing the automatic rollover rules must adopt a "good faith" plan amendment by the end of the first plan year ending on or after March 28, 2005. For calendar-year plans, the amendment must be made by December 31, 2005.
- The automatic rollover rules apply to governmental 457(b) plans and 403(b) plans as well as certain church plans. Delayed effective dates may apply.
- While the rules went into effect as of March 28, 2005, if a plan does not have adequate administrative procedures in place to process distributions under the new rules, it can delay the required automatic rollovers from March 28 and beyond until it sets up those procedures. However, all required rollovers for that period must be completed by December 31, 2005.

RKO is Moving to a Paperless Environment

By Kathleen Tyson, Managing Partner

Beginning in 2004, we started processing some of our audit and accounting workpapers using software programs that will facilitate RKO's move to a paperless environment. For 2005, we have committed resources to moving further in this direction. As a result, your audit or accounting team may ask to receive your records and related backup in an electronic format. If you are comfortable with this approach, and your software has the capability to provide electronic files, we would appreciate your help.

Advantages that RKO and our clients are already experiencing:

- Saving trees!
- Saving our backs (no need to carry boxes of workpapers)
- Having data available to all our team members at a moments notice
- Having data readily available to provide to clients quickly and easily via email
- Streamlining our audit and accounting procedures and organization
- Reduced need for filing space in our offices



As you can probably tell, we are excited about this transition. Let us know if you have any questions or concerns or would like to learn more about our approach.

Announcements

Peter Hall will be returning to RKO as a Supervisor. Peter is a CPA and former RKO employee who is currently with another local accounting firm. Peter's primary focus has been municipal and nonprofit audits, but he has extensive tax and commercial experience as well.

Peter Way, a Supervisor at RKO, his wife Michelle, and son Jacob welcome a new baby girl into their family. Emilie Margaret Way weighed 6 lbs, 15 oz and was 20 inches long when she was born on April 6, 2005. Congratulations!

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