

MAY 2015

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AICPA Council

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Executive Director

Kathy M. Castillo

Administrative Assistant

Debbie Cortes

Hawaii Society of CPAs

900 Fort Street Mall, Suite 850

P.O. Box 1754

Honolulu, Hawaii 96806

Tel: (808) 537-9475

Fax: (808) 537-3520

E-mail: info@hscpa.org

Website: www.hscpa.org

Directors • 2013 – 2015

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President's Message

By Gordon Tom



Aloha members!

I recently had the opportunity to fulfill my civic duty and serve on a jury at Circuit Court

on Punchbowl Street. Although I was excused from serving, I found the experience educational and informative. This was my second experience with jury service and it brought back memories of my prior experience in college, where I served as jury foreman on a criminal drug trial. Compulsory jury service is part of our rights and privileges as a citizen of the United States and the U.S. is one of only a handful of countries in the world where jury trials are commonplace or required for criminal charges. There are a lot of common misconceptions and myths about jury duty and I thought I would share some of my experience.

- A jury in Hawaii is comprised of 12 people. Criminal trials require a unanimous decision from all 12, while civil trials require a decision from 10 of the 12 jurors.
- Jury pool candidates in Hawaii are selected from voter registration and drivers' license records. Not registering to vote or not having a driver's license does not necessarily decrease your chances of being chosen to serve.
- You must appear at court if you receive a jury summons unless you have been properly excused in advance. The court clerk takes roll call out loud in the jury pool room and you don't want to be the one whose name is called and is not present.
- You can request a deferral of your

jury pool service date if you have an unavoidable scheduling conflict that existed prior to receiving your jury summons. A deferral is postponing your service date, and only one deferral is allowed each time you are summoned to serve.

- You may request to be excused from jury service because of a serious personal hardship or a medical condition and your request must be in writing, along with supporting documents evidencing your request. On the day I served, there were other potential jurors who requested excusal because of a work conflicts or inconvenience; however the judge flatly denied those requests.
- Once you are randomly chosen from the pool of potential jurors in the courtroom and seated in the jury box, the judge and the attorneys for each side will ask questions to determine if you have any biases that would impair your ability to serve as a juror. The judge or the attorneys may ask the court to excuse you for cause based on your response. The attorneys for each side also have a certain number of peremptory challenges they can use to reject potential jurors without stating a reason. I was excused by the defense attorney by a peremptory challenge.
- You will receive jury duty pay of \$30 per day that you attend and also receive reimbursement for round trip mileage to the courthouse based on your residential address. Free validated parking is provided in the circuit court parking lot and Makai Garage, and the court will waive tickets for expired meters for street parking.

Lunch is provided for jurors only while they are in deliberation.

- Unfortunately, there is a lot of waiting around while on jury duty, so bring your back issues of KALA, a good book or reading material to catch up on. Don't plan on having predictable breaks to make phone calls either.
- Don't forget to turn off your phone. You don't want to be the one who has their phone go off in open court. It happened to one juror when I was there and she got pretty good "stink eye" from the judge while she was fumbling in her purse.

Overall, I found my time spent on Punchbowl Street an interesting and informative experience. While I would not want to serve during busy season, I definitely think it was a fascinating opportunity to see our legal process at work and something that everyone should experience at least once.

As a reminder, early registration for our Annual Conference closes on June 5th. The conference will be held on June 19, 2015 at the Hawaii Prince Hotel Waikiki. We have a great program planned and you will also earn 4 CPE credits in Ethics, which are required to renew your license on December 31. The Conference will also include our Annual Business and Election Meeting in accordance with the HSCPA bylaws, during which the regular members in attendance will elect the nominated and continuing officers and directors for the 2015-2016 year. Please refer to the meeting notice and Nominating Committee's report included in this issue. I look forward to seeing you all there!



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5. Ashley Espiritu, Wedding Sales Coordinator (back, left to right) 6. Jolee Peneku, Performer 7. Niko-Jesus Camacho, Performer

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How the CFO can be a Trusted “C-Suite” Adviser

By Don Minges of Executive Education, Inc.

Many people reading this headline are probably puzzled. Of course, the CFO should be a trusted “C-Suite” adviser. Sadly, this is not always true. The CFO should be the person senior executives and other management personnel consult on important business matters. We can describe the effective CFO with these qualities: trust, insight, and a bias for action, among others. Let’s discuss these three.

Building Trust

To be trusted, a person must be trustworthy. Many people believe others will trust them if they are consistently honest. However, trust requires more.

For others to consider you trustworthy, you must be honest, candid and reliable.



and honestly about issues affecting others and includes openly admitting our own mistakes and limitations.

Leaders admit that they are vulnerable and that they are not perfect. The high performing CFO wants others to ask for their help, and they volunteer to help before someone asks them. They offer and accept apologies without hesitation and do not hold back. Politics belong in Washington, DC, not in the office. Candor includes making sure that you clearly convey the right message and that others fully understand you.

Reliability

No matter how truthful and candid we are, people will not trust us if we are not reliable. Reliability requires us to deliver what we promise, when we promise. Being reliable requires discipline. Many accountants have good intentions, but are too overwhelmed to meet their commitments.

If the CEO asks you to do all the difficult challenges that no one else can, you must have earned his or her trust.

Trust sets us apart. Trust is reciprocal. One way to be trusted is to trust others. Say, “I trust you to do your best on this, if you need help or have questions, please call me. I am comfortable with your expertise. I thank you in advance.” When you trust others, they are well on the way to trusting you. Tell others, “I am here to help you become more successful – that is my role.”

What matters most?



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Honesty

We all understand honesty. When we communicate, it must be the truth. Of course, this does not prevent honest people from having credibility issues. A person can say what they believe to be true and still lose credibility due to faulty reasoning, bad information or an encounter with someone with a different belief system. For example, scientists calculate the earth is about 4.54 billion years old. Some biblical scholars believe the earth's age is about 6,000 years. Regardless of which way you think, people with the opposite viewpoint may not respect your thought process.

Candor

Candor requires communicating openly

Insight

In many organizations, the CFO has the best understanding of how the various business functions fit together. We see everything in the organization, and sometimes forget we are unique in this respect. Most people only see their own department or their individual silo. They are not aware of the impact their actions may have on other departments, functions or locations, because they often lack that information. All of those things are in the purview of the CFO. The effective CFO is a teacher; we teach and explain what actions in department X have on department Y and vice versa. Teachers are patient. Teachers communicate. Effective teachers smile.

Bias for Action

Some people perceive the CFO as someone who always says, "No." Salespeople sometimes refer to finance as "The Sales Prevention Department." If someone asks the CFO to approve seven different requests, and hears "No" seven times - they believe they will always hear "No."

In business, decisions are not usually black and white. There are ways to sell to a customer with a bad credit rating. Find a way to test a manager's idea without betting the company. The best, effective CFO figures out ways to say, "And."

People do not like to work with someone who always says no - it is that simple. Create options, because alternatives are great. Would you go into a restaurant

that only had one choice on the menu? Do you prefer restaurants with numerous options and choices? Burger King became successful by allowing you to, "Have it your way." It takes courage, creativity and effort to say, "And," effectively. A CFO should have courage and be creative. Teammates help one another and seek ways to move the organization ahead.

Conclusion

You can and should be the one person that every leader comes to with issues. Embrace this as a sincere compliment on your skills and leadership.

Don Minges, MBA, is a fractional CFO who has worked in diverse industries at various development stages. He has experience in profitability enhancement, strategic planning, venture capital, mergers & acquisitions, consulting, turnarounds, economic forecasting, cost accounting and financial analysis. Don has experience raising equity for several growing firms and has invested equity capital into promising businesses. He has served on the Board of Directors for many firms. He graduated with highest honors from the Fuqua School of Business at Duke.



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2015 Holds Great Promise for Accounting Profession

By Barry Melancon, CPA, CGMA – AICPA President & CEO



Whenever I think about all that is going on within our profession, I'm amazed at the breadth and scope of accomplishments and inspired by the people who make it all happen. From envisioning the future of learning to reinforcing a foundation of quality, we've never had a better opportunity to shape our future. The accounting profession achieved great success in 2014, thanks to several factors: hard work and quality services from CPAs, extensive advocacy efforts, forward-thinking initiatives and the joint efforts of the AICPA and the state CPA societies.

Looking to 2015, I'm excited about the AICPA's agenda and the steps our profession will take to continue our growth as future-focused and client service-driven advisers for modern business. At a time when individuals and businesses are battling unprecedented complexity and uncertainty, our profession has the expertise and the opportunity to build a pathway to prosperity for our businesses, CPA firms, clients and the public. Let's commit to making this year even more successful.

Quality

For 128 years our profession has staked its reputation on quality services delivered by competent and knowledgeable professionals. Quality is our foundation and is essential to supporting future growth and success. One of the most significant developments in 2014 was the launch of the AICPA's Enhancing Audit Quality (EAQ) initiative, a comprehensive and multifaceted effort designed to reinvigorate the profession's commitment to quality.

The basic EAQ framework was introduced in August in a discussion paper that solicited stakeholder comments on proposed short- and long-term quality initiatives. CPAs and other stakeholders provided suggestions now being considered by AICPA teams, committees and/or boards. In a second paper, *Evolving the CPA Profession's Peer Review Program for the Future*, the AICPA offered a thought-provoking concept for what practice monitoring could become. The initial concept is meant to start a profession-wide dialogue about meaningful change; changes we hope will help ensure long-term relevance and quality.

Several factors – from the pace of change to the complexity of business and standards, from audit relevance to regulators' scrutiny – made it clear that our profession needed bold action to shape the audit function of the future. We know that quality can only be achieved and maintained with vigilance and dedication and the EAQ is a principal part of the AICPA's ongoing commitment to excellence.

Advocacy

Each year I'm privileged to see firsthand the partnership between the AICPA and state CPA societies as we address various issues from a legislative or regulatory perspective. I cannot overstate the importance of these efforts. When we lead proactive campaigns to shape legislation, we're really shaping our profession's future. The alternative is to wait for legislation to shape our future for us. I'll share a few examples of what we achieved in 2014 and set up some of the issues that could see movement in 2015:

Cash Basis: The profession successfully fought back an attempt to force some businesses to switch from the cash basis to accrual accounting for tax purposes. CPAs' letters – more than 1,000 – brought significant attention to this issue and helped convince 46 Senators and 233 members of the House to sign bipartisan letters opposing the proposal.

DATA Act: Signed into law in May, the successful implementation of the DATA act concludes a five-year effort in close partnership with the state societies to improve the accessibility and transparency of business information. It was a meaningful – and hard-fought – win that reinforced the importance of stakeholder collaboration within the profession.

Mobile Workforce: The AICPA continues to support legislation that would establish a uniform national standard for any employee who works less than 30 days outside his or her state of residence.

Patent Reform: The profession continues to fight against patent trolls who bring lawsuits against companies or firms for patent infringement for mundane daily uses of technology, such as scanning a document to email. The House passed a bill last year, but the Senate failed to act. We expect this issue will be a priority in 2015.

You can read more about these and other issues in my recent blog post: *How the New Congress Might Affect the CPA Profession*

CGMA

This year also will be significant for mem-

bers in business and industry because of new developments with the highly successful Chartered Global Management Accountant (CGMA) designation. Before its third birthday, the CGMA designation became the largest management accounting designation in the world, with more than 145,000 CGMAs globally. Through our joint venture and the release of new CGMA components, including the first universal set of global management accounting principles and a CGMA case study exam, the AICPA and the Chartered Institute of Management Accountants (CIMA) have built the foundation of the management accounting profession.

Human Capital

Of course, the most important part of our profession's success is its people, and attracting and retaining the best and brightest has never been more important.

A major demographic shift is underway in the United States, putting a rapidly increasing percentage of entrepreneurial capital into the hands of minority-owned businesses. This shift means clients and employers of CPAs will expect more diverse workforces. We have to build a business environment that reflects life. The AICPA and state CPA societies see diversity and inclusion as a critical issue for long-term viability and we're committed to helping our members meet the changing expectations of those we serve. Here's something else to consider – at a time when competition for top talent is both global and fierce, the advantage will go to the firms and companies that have a plan to recruit, develop and retain a diverse workforce. The AICPA continues to produce resources that can help CPAs gain that advantage,

including two that were launched last year: an Accounting Inclusion Maturity Model that helps organizations evaluate their own D&I practices, and a recruiting and retention toolkit with resources to help accounting leaders and human resources professionals attract, recruit and retain a diverse workforce. State societies have been essential partners in national diversity initiatives: several state volunteers have served on the National Commission for Diversity and Inclusion and many societies have launched local efforts to improve diversity and inclusion in their states.

Succession is another critical aspect of the pipeline. Each of us wants our profession to enjoy long-lasting success, but that is only possible if we prepare younger generations to fill the shoes of leadership in firms and organizations in the future. Virtually all states are investing in our profession's future and today they develop future leaders through local leadership academies. Many of these state academies are modeled after the AICPA's Leadership Academy, which today boasts nearly 200 graduates, many of whom are currently serving on professional committees, boards or AICPA Council. With the surge of Baby Boomer retirements, our profession needs to prepare leaders in the next generations.

On the topic of the talent pool, we have to make sure a sufficient number of CPAs are in the profession to continue the profession's success. Over the last few years, increasing and record numbers of people have been majoring in accounting but the number of people taking the CPA exam has remained flat. A research project now under way will help us better

understand the factors causing the gap so we can develop strategic solutions.

History of Excellence

State society support will be critical this year as the AICPA tackles complex challenges and positions the profession for long-term success. In past years, AICPA and state CPA society collaboration has yielded many meaningful initiatives that have changed the accounting landscape:

Center for Plain English Accounting: The AICPA's national A&A resource center for Private Companies Practice Section member firms. The Center's resources provide local and regional firms the knowledge needed to succeed in today's complex economic and business climate.

Financial Reporting Framework for Small- and Medium-Sized Entities: A special purpose framework that delivers robust and relevant financial statements in a simplified, cost-beneficial way when U.S. GAAP financials are not needed.

Great successes are within our grasp when we unite in the pursuit of common goals. Ongoing support from state CPA societies is both critical and sincerely appreciated. We are brought together as a profession and bonded as CPAs.

I thank all of our members for your contributions to the accounting profession, making it a model of service and quality, and for achieving success in 2014. The profession has a lot on its plate in 2015 and everyone at the AICPA and your state CPA society is committed to serving your interests and helping you achieve your goals.

Do you expect your Team to multitask? Check the facts...

By Sue Thiemann of Boomer Consulting, Inc.



I confess, I have been a multitasker and I thought my productivity was good. At any one time you might have found me working on three or more tasks/projects, answering the phone and welcoming anyone who came to my office with, "Sure, I have time to..."

With multiple applications open at the same time, it is easy to get distracted and jump from one application to another and not complete any task well. Just think about the possibility of error and the stress I have imposed upon myself.

"It has been scientifically demonstrated that the brain cannot effectively or efficiently switch between tasks, so you lose time. It takes four times longer to recognize new things so you're not saving time; multitasking actually costs time. You also lose time because you often make mistakes. If you're multitasking and you send an email and accidentally 'reply all' and the person you were talking about is on the email, it's a big

mistake. In addition, studies have shown that we have a much lower retention rate of what we learn when multitasking, which means you could have to redo the work or you may not do the next task well because you forgot the information you learned. Everyone's complaining of memory issues these days – they're symptoms of this multitasking epidemic. Then, of course, there's the rudeness factor, which doesn't help develop strong relationships with others."

**Jessica Kleiman, Executive VP,
Communications, SANDOW**



There are many studies that dispute the value of multitasking. For example, check out "[12 Reasons to Stop Multitasking Now!](#)" by Amanda MacMillan, or "[The Cognitive Costs of Multitasking](#)" by Kendra Cherry.

Isn't this great news in the middle of busy tax season? You are probably thinking, "Thanks a lot Sue. My manager is expecting me to do this, this and that all by lunch today."

The good news is that there are simple steps you can take to minimize interruptions and distractions and at the same time, manage your stress level. We call this "Focus Time" and following are a few suggestions.

- Reduce interruptions during periods of focus time. Turn off your new email notifications and silence your cell phone and texting alerts.
- Use the To-do lists and reminder functions available to you. In our database system I have the capability to create a To-do under a client or a project with a due date and/or milestone dates. I make sure to add a reminder notice for myself before the task is due and I use it so that all relevant information is quickly available. Sometimes a good ol' fashion notebook will work best. A combination of both is also fine.
- Plan your day in blocks. This may involve sharing phone answering duties with one or two co-workers so that you each have a block of time when you will not be interrupted by answering the phone. Other ideas include sharing responsibilities for greeting clients as they enter your office and only checking your email during specific blocks of time during the day, like first thing in the morning, right after lunch and then near the end of the day.
- Clear your desk of non-essential items. If possible, clear your desk of items other than what you are currently working on. If it's messy and you happen to catch a glimpse of some paperwork or a post-it note with

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a reminder, you might be tempted to focus some of your attention on those things as well (sounds like multitasking to me).

- **Manage meetings.** Request an agenda for meetings you attend or if you are meeting with a co-worker, make clear the scope of the meeting and stick to it. A task force I am on recently scheduled the basic agenda topics for the entire year. By doing so, we are able to plan ahead and invite the appropriate staff to attend when needed. This may work for meetings you may have concerning a client engagement.

There are many, many ideas available to reduce stress and improve your productivity. In his Harvard Business Review article "How (and Why) to Stop Multitasking," Peter Bregman described these benefits when he decided to experiment by not multitasking for a week:

"First, it was delightful... Second, I made significant progress on challenging projects... Third, my stress dropped dramatically... Fourth, I lost all patience for things I felt were not a good use of my time... Fifth, I had tremendous patience for things I felt were useful and enjoyable... Sixth, there was no downside."

Now, while you are in the busy tax season, is the time to focus and manage your stress by taking steps to reduce multitasking.

Sue Thiemann is the Executive Assistant for Boomer Consulting, Inc. Sue's primary responsibilities include company financials as well as preparation for the annual Boomer Technology Circles Summit.

ANNUAL ELECTION/BUSINESS MEETING JUNE 19, 2015

ELECTIONS

The Annual Election Meeting will be held on June 19, 2015 in conjunction with the 55th Annual Conference at the Hawaii Prince Hotel Waikiki. Following the Election Meeting, the new officers and directors will be installed at the 55th Annual Conference Luncheon on June 19, 2015.

NOMINATING COMMITTEE REPORT

Pursuant to the provisions in Article VI, 6.1 of the HSCPA Bylaws, the Nominating Committee has submitted the following nominations for officers and directors of the Society for the fiscal year beginning July 1, 2015. If any nominee should for any reason become unavailable after notice of the election has been given, and if voting is not conducted by written ballot, then nominations for that office from the floor by any member in good standing who is present in person at the Annual Election Meeting shall be accepted.

VICE PRESIDENT

Darryl K. Nitta – Accuity LLP

SECRETARY/TREASURER

Warren Y.F. Wee – Hawaii Pacific University

DIRECTORS (2015-2017)

Brenda F. Cutwright – BFC Hawaii Consulting

Chad K. Funasaki – N&K CPAs, Inc.

Mark A. Hayes – CW Associates, CPAs

Franklin T. Kudo – University of Hawaii at West Oahu

Trisha N. Nomura – HiHR

Jessica Su – TRUSTIA AAC

Natalie M.H. Taniguchi – American Savings Bank

In accordance with the Bylaws, officers automatically accede to the next level of office to serve terms as elected or as designated, and the directors named below will continue to serve their terms as elected or as designated, or may be removed by a vote of at least two-thirds of the voting members present at a designated meeting. The President automatically becomes Immediate Past President when his/her term ends.

PRESIDENT Gordon M. Tom – KMH LLP

PRESIDENT-ELECT Norman N. Okimoto – Hawaiian Tel Federal Credit Union

DIRECTORS (2014-2016)

James P. Hasselman – James P. Hasselman, CPA LLC

Robert K. Hatanaka – KKDLI LLC

Robert S. Kawahara – Kawahara & Company, CPAs LLC (MAUI)

Edmund N. Nakano – C.S. Wo & Sons, Ltd.

Patrick H. Oki – PKF Pacific Hawaii LLP

Samantha L. Shetzline – Samantha L. Shetzline, CPA, Inc. (KAUAI)

AICPA Members of Council

Ronald I. Heller – Torkildson Katz Moore Hetherington & Harris (Designated 2015-2016)

Wendell K. Lee – Accuity LLP (Elected 2015-2018)

Other business to be conducted at the meeting will include discussion, and action if deemed appropriate, regarding the removal of any currently-serving director(s) that the members may decide to remove.



Tax Week



Four HSCPA members once again volunteered during their busiest time of the year to man the phone lines for KHON2 Action Line Tax Week. On March 27th, Jessica Enos (ABF Tax Advisors LLC), Rodney Harano (CW Associates, CPAs), Kent Kasaoka (Sterling & Tucker, Inc.) and Katrina Namnama (Accuity LLP) dutifully participated in the popular public service project from 11:00 a.m. to 1:00 p.m.

The phones began ringing before the 11:00 a.m. start time, and the calls

steadily came in until the 1:00 p.m. end time. It wasn't about the number of calls that they received . . . it was the length of time that they spent on each call that was appreciated. (Some calls lasted close to 30 minutes!) This year, KHON2 asked for 4 volunteers, instead of 3 as in past years. HSCPA was the only organization to accommodate their request. Thank you, volunteers!

Special thanks to Kim Jones of Accuity LLP who did an [interview](#). Kim discussed changes relating to health insurance, tax

credits, EIC and the benefits of electronic filing.

Thank you also to Jessica Enos who served as the HSCPA spokesperson for the Wake Up 2day [early morning in-terview](#). Diane questioned Jessica on important filing dates, implications of Affordable Care Act and renewed provisions of the Tax Increase Prevention Act.

Thank you to Jessica, Rodney, Kent, Katrina and Kim for committing to several hours of your busy day to serve the community for Tax Day!



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CPA FIRM MICROCOMPUTER TECHNOLOGY

By Ron Gouveia CPA.CITP and Joy Takaesu of Carr, Gouveia + Associates, CPAs, Inc.

The FBI has warned users of WordPress plugins to make sure they are patched following website attacks using WordPress plugins. The FBI has also issued an alert “regarding criminals hosting fraudulent government services websites in order to acquire Personally Identifiable Information and to collect fraudulent fees from consumers.”

Victims of the fraudulent websites include those searching for Employer Identification Numbers, replacement social security cards, and other government services. If victims enter sensitive personal information into the fraudulent website forms, the victims are then told to send additional official documentation (such as birth certificates and driver’s licenses) to the criminals, and are charged fraudulent fees for services they never received. The FBI recommends that consumers verify a government website by looking for “.gov” in the website domain name, instead of a “.com” domain (for example, the Social Security website is ssa.gov).

Apple has issued security fixes in iOS 8.3 for iPhones and iPads including several issues related to remote code execution. This update also addresses a number of Wi-Fi issues including dropped connections.

In a blog entitled Admin rights to blame for 97 percent of critical Microsoft flaws – Report, Natalie Gagliardi points out that “an analysis of Microsoft Patch Tuesday bulletins suggests that 97 percent of all reported critical security vulnerabilities could have been mitigated by removing administrator rights.” She also explains that “admin rights typically include the ability to install, modify and delete software and files, in addition to adjusting system settings. Normally, admin rights should not be granted on a majority of employee machines.”

Also, another reminder that the Windows Server 2003 final support deadline is July 14, 2015. Many organizations still use Server 2003 due to its stability, and

many organizations hold an “if it isn’t broken, don’t fix it” attitude toward the legacy operating system. However, after the support deadline, Microsoft will no longer release security patches or updates for Server 2003. Additionally, third-party software providers will stop supporting programs running on servers with operating systems that are no longer in compliance.

We have been using a strategy for several years of ordering new computers with solid state drives (SSDs) and upgrading existing computers to use SSDs. The use of SSDs lengthens the useful life of computers to approximately 5 years and makes them much faster. These drives are gradually becoming more affordable.

In an interesting development, Intel is releasing a new model SSD that uses the PCI Express (PCIe) card slot instead of a SATA interface (faster, but more expensive vs. SATA-based SSD). Intel claims performance of approximately four times that of SATA-based SSDs at approximately \$500 for the 400GB version and \$1,200 for 1.2TB version. In comparison, pricing for the new model SATA-interface Intel SSD 535 is approximately \$300 for a 480GB SSD.



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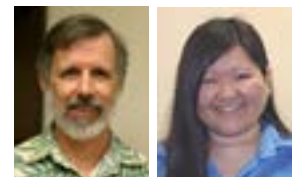
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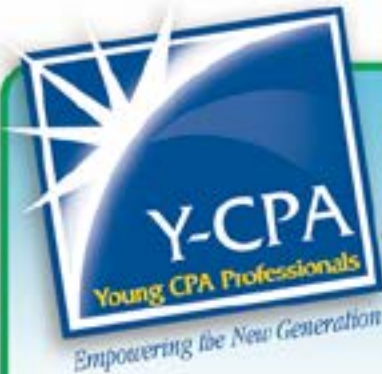
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Y-CPA Buzz!



By Trisha Nomura

Meet Our Newest Y-CPA Squad Member Spotlight on Adrian Hong



The Y-CPA Squad is pleased to announce that Adrian Hong has been appointed as our newest Squad member. Adrian joins members Jill Ishimitsu, Michelle Kaneshiro, Darryl Nitta, Trisha Nomura, Gordon Tom and Yumi Ueda in the Squad's efforts to provide opportunities for young CPA professionals to become involved in the profession.

Please read on to learn more about Adrian, and join us in welcoming him to the Squad!



TN: What made you interested in accounting and becoming a CPA?

AH: My father was an accountant and owned his own business so I knew that accounting could take me a lot of different places, not just public accounting. After taking my first accounting class, I knew that accounting was the right major for me and that major has taken me to a lot of amazing places and given me tremendous opportunities I wouldn't have expected.

TN: What advice would you give to students entering the CPA profession?

AH: Take every opportunity to improve your verbal and written communication skills. Accountants do not sit behind a desk all day. They interact with clients, vendors, regulators, and other professionals on a daily basis. Take the time now to hone your communication skills. Take a public speaking class and a business writing class. Participate in a business case competition. Join Toastmasters. You will be glad you did.

TN: Please give everyone a brief description of your background.

AH: I started in public accounting auditing private companies at Berntson Porter in Bellevue, WA. It was a great experience as I was exposed to a number of different companies in different industries. I got to see how the companies operated and what worked and didn't work.

Then I got the opportunity to work for the Financial Accounting Standards Board. I worked on their XBRL team which was responsible for updating the US GAAP Financial Reporting Taxonomy (UGT), which is used by public companies to digitally tag financial information. Digitally tagging financial information makes it easier for computers to perform powerful analytics on the data. Today, the UGT is used by more than 10,000 public companies.

In 2012, I got the opportunity to come back home to Hawaii to begin taking over the family business. Island Plastic Bags, Inc. (IPB) is the largest manufacturer of plastic bags in the state of Hawaii. The company manufactures and sells high density and low density polyethylene bags in a variety of dimensions and gauges. In January, 2015 I became president of IPB taking over for my father and making me the second generation of Hong's to lead the company.

TN: How did you become involved with the HSCPA and the Y-CPA Committee?

AH: Carl Williams at CW Associates told me I should join the HSCPA when I came back to Hawaii. When I joined there was an option of joining several committees and I chose the Y-CPA Committee. I am really glad I did.

TN: What have you most enjoyed thus far about your involvement with HSCPA and the YCPA group?

AH: I like the opportunity to hang out with other CPAs and geek out about accounting, whether we are doing a volunteer event, a presentation to a high school, or a social. I like that the volunteer events foster camaraderie while doing something positive for the community. I like talking to high school and college students about the opportunities in a profession that has given me a lot. And I like hanging out with colleagues that are going through the same triumphs and challenges as I am.

TN: What are you looking forward to most about being on the Squad?

AH: Doing what I am already doing like going on volunteer events and talking with high school and college students about a career in accounting.

TN: Please provide us with three interesting and fun facts about yourself!

AH: I am currently teaching ACC 201: Introduction to Accounting at the University of Hawaii-West Oahu. I also considered majoring in computer science when I first went to college until I spent five rage-filled hours trying to debug a simple program. My favorite beer is Mac & Jack's African Amber. Unfortunately, you can only purchase it on tap in the Northwest. If you are ever up in the Seattle - Portland area, you should definitely try it.

TN: What do you like to do in your spare time?

AH: Right now I don't have any spare time as I'm working two jobs. I am so looking forward to the summer.



Norman's Book Review

“How Children Succeed”

by Paul Tough

In these increasingly competitive times, we want to do all we can for the future success of our children and/or grandchildren. What skills and traits are important? Does private schooling matter? The author gives a thorough review of the current research in this area, and provides valuable insights on how you can increase the odds of success for your child. The following are some of the key takeaways from the book.

Avoid Early Childhood Stress

Early childhood stress and the body's reaction to stress causes damage to a child's developing body and brains which could last a lifetime. However, if you provide a close and nurturing relationship with your child, your child will have a more “secure base” to deal with the future. In fact, research shows improving attachment is the most important lever for improving child outcomes.

“Babies whose parents responded readily and fully to their cries in the first months of life were, at one year, more independent and intrepid than babies whose parents had ignored their cries. In preschool, the pattern continued – the children whose parents had responded most sensitively to their emotional needs as infants were the most self-reliant.”

In addition to low levels of maternal attachment, high levels of parental criticism and minimal after school adult

supervision were predictors of children's maladjustment.

Conscientiousness Predicts Future Success

People high in conscientiousness did better in high school and college, committed fewer crimes, stayed married longer, and lived longer since they suffered fewer strokes, had lower blood pressure, and had a lower incidence of Alzheimer's disease. Conscientiousness is the trait that also best predicted workplace success.

Grit

Grit is also a predictor of success. People with high grit do better in school. Students with low college board scores but have high grit, nonetheless achieve high GPAs. At West Point, grit is an accurate predictor of who survives Beast Barracks and who drops out.

Experts have identified dropping out of high school or college as a symptom of substandard non-cognitive ability – low grit, low perseverance and bad planning skills.

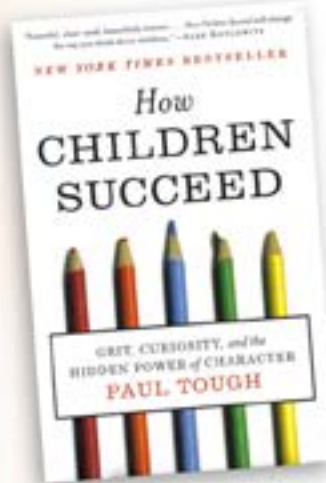
Affluent Children Risks

Affluent teenagers use alcohol, cigarettes, marijuana, and harder illegal drugs more than low-income teens. They also had disproportionately high level of anxiety and depression, especially in adolescence. The main cause of distress was “excessive achievement pressures and isolation from parents – both physical and emotional.”

If there is an emotional disconnection between affluent parents and their children, the parents were unusually indulgent of their children's bad behavior. In one study, parents making more than one million dollars a year were, by a wide margin, the group most likely to say they were less strict than their own parents.

The Paradox of Contemporary Parenting

Parents today have an almost biological impulse to provide the very best for their kids, protect them from danger, and minimize their discomfort, especially in this crazy world we live in. However, what kids need the most to be successful is a little hardship, challenge or deprivation that they have to overcome, to prove to themselves that they can overcome adversity. It's a dilemma parents face every day.



The Importance of Strong Character

The ultimate product of good character is having a happy, meaningful, productive, successful, and fulfilled life. If you don't have strong character skills, you really don't have very much.

Be Careful – Character Strengths Can Become Weaknesses

As we all know, too much of anything can be bad for us. This also applies for character strengths. For example, too much grit and you start to lose your ability to have empathy for other people. Being too loving might make you more susceptible to being “played” by others.

What Matters More: Private Schooling, SAT Score, or GPA

The best predictor of college graduation is surprisingly a student's high school GPA, not the student's SAT score or quality of high school. Experts believe high school grades reveal much more than mastery of content...they reveal qualities of motivation, perseverance, study habits, and time management skills, all of which predict the chances of a student completing college.

Summary

Paul Tough's book is a really enlightening book and is a must read for everyone, especially parents and grandpar-

ents. As CPAs, we know what it means to work hard and complete seemingly mundane tasks every day, every month end closing, every reconciliation, etc. It's nice to know these skills – grit, perseverance and conscientiousness, are skills worth having and contribute to a long and happy life. While deep down we always knew character is critically important and is the moral fabric of being a CPA, it still is nice to know research proves it. Finally, with so many parents working hard to try and send their kids to the best private schools, it was interesting to learn a student's GPA was more important than if the student attended a private or public school.

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An Ethical Affair

A proper foundation of ethics requires a standard of value.

Join us at the third Ethics Reunion since the requirement of Ethics CPE was mandated for licensure renewal (HAR 16-71-2) – this applies to ALL Hawaii-licensed CPAs. The 55th Annual Conference will fulfill that requirement and provide you with added benefits.

CPAs are held to very high standards of ethics. Ethics in the accountancy profession are invaluable to accounting professionals and to those who rely on their services. A hallmark of the CPA profession is its commitment to a Code of Conduct which details responsibilities and compliance. The Code is what sets apart from other non-certified accountants. There is no compromise.

The AICPA Code of Professional Conduct describes the accounting profession's public as consisting of “*clients, credit grantors, governments, employers, investors, the business and financial community, and others who rely on the objectivity and integrity of CPAs to maintain the orderly functioning of commerce.*” Regardless of where CPAs work, the AICPA Code applies to their professional conduct.

The 55th Annual Conference will encompass all that's ethical as we feature presentations on moral and business ethics. The opening update will be presented by **Richard Paul**, partner at Deloitte (NJ) and currently chairs the AICPA's hospitality revenue recognition task force. He will present an overview of the new revenue recognition standard that has effectively replaced hundreds of pieces of guidance in current U.S. GAAP with a principle-based approach, and what that could mean to your accounting for revenue recognition.

This Conference will qualify towards the mandatory 4-hour CPE requirement in Ethics (total CPE earned at Conference – 7 CPE credit hours). These presentations will help you understand what ethical standards and considerations are critical to accounting professionals.

To fulfill your mandatory CPE in ethics requirement, **Ron Heller**, Attorney/CPA with Torkildson Katz Moore Hetherington & Harris, will provide an update on the basic tenets of professional ethics, and explain recent changes in the AICPA Code of Professional Conduct and the Hawaii Administrative Rules on Professional Conduct. You will learn to identify, analyze and respond to conflicts of interest, how to apply independence rules in your practice, and key rules regarding client confidentiality. Ron will also cover recent Hawaii developments and tips to avoid malpractice claims or liability.

Norman's Book Review in KALA has grown to be a popular feature and we are pleased to feature an author from our book review library, **Norman Osumi**. We featured Norman's father, Reverend Paul Osumi's book, “*Today's Thoughts*” in September 2010, followed by his son Norman's book, “*Today's Thoughts: the Man and His Message*” in September 2014. For more than 35 years, Reverend Osumi's Today's Thoughts column in The Honolulu Advertiser inspired so many in Hawaii and across the globe. Norman will delight you with his father's story which he learned of mostly through researching through his father's library after his death.

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Support our Sponsors and visit with them. Please welcome – and thank – **American Savings Bank**, our Corporate Lunch Sponsor for the past 11 years. We are delighted to welcome Conference Partners, **Aon Affinity/Finance Insurance**, **Ceridian** and **Thomson Reuters**. **Aon Affinity/Finance Insurance** have established themselves in Hawaii and known throughout the profession for their professional liability line and risk management seminars. **Ceridian HCM** is a leader in cloud-based payroll solutions for small and medium businesses and will feature value-added services for CPA firms and their clients. A valuable resource for the profession for many years, **Thomson Reuters** will share the latest on tax and accounting software and online research programs and other great offerings. Stop by their exhibits and you may be eligible to win a prize!

Featured Speakers



Ronald Heller, attorney and CPA, is a director of Torkildson Katz Moore Hetherington & Harris, a law corporation. Ron practices in the areas of taxation, tax litigation, business/commercial litigation (including CPA malpractice defense), and business law. He has served on the HSCPA Board since 1988 and was the Society's president for 1994-95. An active member of the Society, Ron also served as a member of the AICPA Council in 1994-96 and again in 2002-04, and served on the AICPA Accountant's Legal Liability Committee.



Norman Osumi is the author of Today's Thought—Rev. Paul Osumi: The Man and His Message, in which he writes about his father's life from a son's perspective. He worked nearly forty years in the banking industry starting at the First National Bank of Hawai'i (now First Hawaiian Bank) designing and writing computer programs and installing major computer systems. After First Hawaiian Bank, Norman joined Southeast Computer Associates (SEACA) where he took on the responsibility as client manager for Liberty Bank and helped open a new bank called Bank of Honolulu. He later joined Bank of Hawai'i and after retiring from Bank of Hawai'i, he went back to work for Central Pacific Bank and took charge of their computer center before finally retiring in 2003.



Richard Paul is Partner with Deloitte & Touche LLP in New Jersey. He has over 18 years of experience and leads Deloitte's travel, hospitality and leisure U.S. audit practice. Richard has broad capabilities in dealing with complex global organizations on SEC reporting matters, acquisition accounting and due diligence projects, and general finance and business advisory services. Prior to joining the NJ audit practice in 2011, Richard was a partner in Deloitte's national office as a subject matter expert on topics such as the accounting for revenue recognition, income taxes, and business combinations. Richard is a frequent speaker on financial reporting and emerging accounting topics and often consults with Deloitte's largest clients on complex accounting and financial reporting issues. He recently completed a three year term as chairman of the AICPA's Financial Reporting Executive Committee and currently chairs the AICPA's hospitality revenue recognition task force. Richard also recently completed a two-year assignment with the Financial Accounting Standards Board as a practice fellow.



PROFESSIONAL ETHICS for Hawaii CPAs



JUNE 19, 2015 • PROGRAM



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8:30 Annual Election Meeting

Revenue Recognition Standards – Applies to All!
Richard Paul, CPA – Deloitte & Touche LLP (NJ)

Ethics / Professional Conduct for Hawaii CPAs

Ronald Heller, Attorney & CPA – Torkildson Katz
Moore Hetherington & Harris

11:30 Lunch Sponsored By American Savings Bank
Installation of Officers & Directors

“Today’s Thoughts” Norman Osumi, Author

1:00 **Ethics / Professional Conduct for Hawaii CPAs** (continued)

3:00



	Register online at www.hscpa.org	TOTAL
Conference Package* includes materials, complete breakfast and lunch, self parking, Happy Hour	\$250.00 – Member	\$ _____
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