

JULY 2015

# KĀLA

The Official Publication of the Hawaii Society of Certified Public Accountants





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(From left to right): 1. Scott Kalehuawehe, Purchaser 2. Maggie Lee, Customer Service 3. Joe Spencer, Account Executive  
4. Carol Lee Owens, President 5. Eric Salassa, Account Executive 6. Randi Tsushima, their Banker 7. Micah Aiu, Warehouse/Receiving

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The Official Publication of the Hawaii  
Society of Certified Public Accountants

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# President's Message

By Gordon Tom



Aloha members! I am honored to continue serving as your President for the upcoming year.

Our 55th Annual Conference marked the end of our 2014-2015 year and it was a sold-out event once again. We installed our new officers and directors for the 2015-2016 year, learned about the upcoming changes to the revenue recognition standards, and heard from our own Ron Heller on professional responsibilities and ethics. We also had a presentation from Norman Osumi who shared stories about growing up with his father, the Rev. Paul Osumi who wrote the "Today's Thought" column in the Honolulu Advertiser for more than 35 years. I remember reading a few of Rev. Osumi's columns in the paper and it

was nice to learn more about the background and how he was able to write all those columns over the years. Finally, we honored Dallas Weyand II with an award to recognize his dedication and service to the profession over his 40+ year career serving the public in Hawaii and Oregon. If you were not able to join us, look for a recap and pictures in the next issue of KALA and watch for more information in KALA later this year on registering for our 56th Annual Conference.

Welcome to our new board members: Chad Funasaki, Mark Hayes, Frank Kudo and Natalie Taniguchi. We look forward to working with you and welcome your insights and perspectives. Thank you to our "retiring" directors Ross Murakami and Valerie Shintaku for their dedication and many years of service to the HSCPA. We have a lot of initiatives, events and other agenda items planned for this year. The Board and Executive Committee will be continuing our work on mobility legislation over the summer and fall. Hawaii is the only state in the nation that does not have mobility legislation and will be the last U.S. CPA licensing jurisdiction to not have provisions to allow CPA mobility. This is simply unacceptable. In addition to continuing our legislative activity, we will be continuing our discussions with the Hawaii Board of Public Accountancy on the administration of Hawaii's mandatory peer review program. All CPA firms performing attest work must enroll in an approved peer review program by 12/31/2015 and have completed a peer review by 12/31/2017. Please refer to the announcement on the [Hawaii Board of Public Accountancy website](#) for more information.

The AICPA's recently issued concept paper on the evolution of our profession's peer review program provides an interesting viewpoint on how our profession could evolve in the next ten years to meet the demands of an increasingly globally-competitive business marketplace and technology-dependent environment. I remember starting my career carrying heavy bags of workpapers and client files to and from the office. Now all I need is my laptop and an Internet connection and I can review workpapers, connect with my team, attend webinars or communicate with clients from wherever I am. This evolution of the business environment in which our clients and organizations operate will require a similar evolution on how we monitor and assess the quality of our work both internally and externally. The paper is an interesting read and provides one perspective on where practice monitoring and peer review may evolve in the next ten years. You can access the paper at the [AICPA website](#) under the Peer Review Interest Area.

Look for more information on how you can get involved in our activities in future issues of KALA and watch your e-mail inbox for registration announcements for upcoming events. I look forward to working with Kathy, Debbie, my fellow officers, directors and members during the upcoming year on these important initiatives. If you have any comments, suggestions or feedback on issues or concerns regarding the HSCPA or the accounting profession, please do not hesitate to contact us.

## Hawaii Practices For Sale

**Kailua Kona CPA Practice** - gross \$283K, 80% Tax, 17% acctg svcs, 3% conslntg/other svcs, great fee structure, and strong cash flow over 50% of gross. Hilo CPA Practice - gross \$93K, 25% Mthly Bkkg, 31% Acctg, 38% Tax, strong cash flow around 70%. Kihei Bookkeeping Practice - gross \$133K, loyal client base and revenues composed of mthly bkkpng and payroll svcs. For more information, please call 1-800-397-0249 or to see listing details and register for free email updates visit [www.AccountingPracticeSales.com](http://www.AccountingPracticeSales.com).

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# It's CPE Season!

## License & PTP Renewals by 12/31/15



Register for July offerings now!

<https://www.hscpa.org/professional-development>

- July 7 A&A Year in Review: Exploring the Latest Issues and Challenges Facing CPAs**  
With so much going on in the Accounting, Compilations and Review, and Auditing arena lately, it's easy to have missed some of the more important issues and challenges facing the profession today and into the near future. This course, designed for accounting and auditing practitioners at all levels in both public accounting and business and industry, will provide you with a year in review look at some of the more important issues and challenges facing CPAs.
- July 8 Advanced Compilation and Review Engagement Issues: Striking the Right Balance Between Compliance, Client Service and Practice Management**  
Practitioners that provide non-audit services must strike the right balance between complying with relevant professional and regulatory standards, providing value-added client service, and mitigating litigation and other practice management risks.
- July 23 Guided Tour of the Exempt Organizations Financial World (Audit / Financials / Revenue)**  
Presentation will summarize of all the different types of permissible exempt organizations. The, a number of key exempt organization concepts will be introduced, including transparency (public disclosure), regulatory oversight, importance of governance, no owners.
- July 24 Guided Tour of the Exempt Organizations Financial World (Expenses / Balance Sheet / Tax)**  
Presentation will focus on the financial and tax reporting requirements/issues of all different types of exempt organizations, big and small. Instructors will compare and contrast the exempt organization financial (GAAP) and tax (Form 990) reporting issues from a number of different perspectives.
- July 29 Internal Control Best Practices for Small- and Medium-Sized Entities**  
This course provides practical guidance for those involved with internal control responsibilities (auditing, monitoring, implementing, etc.) in adapting the updated COSO Internal Control Framework to small and medium-sized entities. Internal control concepts are applicable to every entity, regardless of size.
- July 30 Revenue Recognition: Mastering the New FASB Requirements**  
For years, revenue recognition has been the cause of audit failures and the focus of corporate abuse and fraud allegations. This course will provide you with an in-depth understanding of the framework for revenue recognition built around the core principle that is applied in a five step process. In addition, understanding the changes and new requirements is critical for successful implementation of this new standard.



# Profession Takes Bold Steps Toward Audit Quality

By Susan S. Coffey, CPA, CGMA

The CPA profession has worked hard to earn its reputation for trust. The quality of services we provide, plus our commitment to stakeholders in the financial marketplace, set the foundation that enables the public to rely on us. Our CPA brand research shows that the key words the public associates with CPAs include integrity, objectivity, competence and excellence.

Auditing is at the core of the many CPA services that protect the public. However, in recent years audit quality and audit relevance have become focal points for both public and private companies. We operate in a complex, challenging and fast-paced business environment, and auditors must remain vigilant, maintain excellence and continue to meet the expectations of those we serve.

The profession recently took a bold step in reaffirming our ongoing commitment to high-quality audit performance. We released a [6-Point Plan to Improve Audits](#). The plan is a roadmap for the profession to achieve the goals outlined in the [Enhancing Audit Quality](#) (EAQ) initiative, launched in May 2014 to support excellence at every touch point along the financial statement audit process. The comprehensive EAQ initiative includes a focus on specialized audits, such as those of governmental entities and employee benefit plans.

## Stakeholder Input Shapes the Direction of the Quality Journey

To obtain member and stakeholder insights on the AICPA's strategic thinking

on improving audits, the Institute last summer published a discussion paper called [Enhancing Audit Quality: Plans and Perspectives for the U.S. CPA Profession](#). The Institute received more than 860 comments, and heard additional views from individuals and groups at conferences, meetings and other forums. We also heard from several state societies



and state boards of accountancy. Many of the recommendations were brought to the appropriate AICPA board, committee or task force for consideration and, if appropriate, approval.

## Action Speaks Louder than Words

The 6-Point Plan puts the input we received into action. We've designed a roadmap that integrates quality enhancements throughout an auditor's journey. It starts before an individual is licensed as a CPA. Then, the journey continues as the CPA builds professional competencies, engages in practice monitoring and plays a role in peer review—either as a reviewer or as a practitioner under review. The plan places the necessary emphasis

on areas that will drive higher audit performance, recognizing that focus on these areas is important both before the audit engagement is performed and after. The plan's six areas are:

1. **Pre-licensure** – A next version of the CPA exam designed to increase assessment of higher-order skills, such as critical thinking and professional skepticism; high school advanced placement accounting course; changes to college-level accounting education; additional doctoral-level audit professors with practical experience.
2. **Standards and Ethics** – Quality control standards implementation support; auditor's report revisions; evaluation of clarified standards implementation; ethics code codification.
3. **CPA Learning and Support** – Competency models for audit engagements, including employee benefit plan and governmental audits; competency assessment tools; targeted resources to develop competencies; certificate programs to demonstrate competence.
4. **Peer Review** – Increased focus on greater risk industries and areas; more significant remediation; root cause analysis; termination from the peer review program after repeat quality issues.
5. **Practice Monitoring of the Future** – Long-term initiative for near real-time, ongoing monitoring of firm quality

checks using robust technological platform.

6. Ethics Enforcement and NASBA Collaboration – More aggressive pursuit of reported deficiencies and stronger ties with the National Association of State Boards of Accountancy and state boards of accountancy.

### Take a Bold Step with Your Peers

Audit quality has always been an imperative for the CPA profession. As business-

es have become more complex, so too have financial statement audits. A year ago we recognized that bigger, daring steps were needed to address challenges related to audit performance, and now we have a pathway forward for doing just that.

Every CPA plays a role in upholding the profession's reputation and to strengthening the value and relevance of our services. Please join us in continuing the journey of audit excellence.

*Susan Coffey is Senior Vice President, Public Practice & Global Alliances at the American Institute of CPAs (AICPA). In this role, Sue is responsible for enhancing the quality of CPA firm practices and overseeing AICPA international relations initiatives. She works to enhance the quality of CPA firm practices, while providing additional value to CPA firms, by leading all AICPA activities related to professional standards, business and financial reporting, taxation, professional ethics, practice monitoring, and CPA firm services. Sue is also responsible for creating and fostering new alliances across the globe, to support and strengthen the value of the U.S. CPA abroad.*



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<https://www.hscpa.org/professional-development/events/TGDS15/the-global-debt-situation-thinking-about-outcomes>

## The Global Debt Situation: Thinking About Outcomes

Global debt is increasing every second to alarming levels. Join us for a discussion with Neil Rose, CFA, Chief Investment Officer of Cadinha & Co., as he discusses the debt issue and its implications.

Friday, July 17, 2015  
12:00 noon to 1:00 p.m.  
HSCPA - 900 Fort Street  
Suite 850

No parking validation  
Public parking available at Harbor Court or other municipal lots



# Uniform CPA Examination – Next Version Update: Report on Invitation to Comment Results

The business world is continuously changing, and the accounting profession is constantly evolving. Preliminary research indicates that to meet the changing needs of the profession in protecting the public interest, newly licensed CPAs must possess and demonstrate higher-order skills. Accordingly, the AICPA is developing the next version of the Uniform CPA Examination to ensure a consistent standard for those entering the profession.

The AICPA collaborates closely with the National Association of State Boards of Accountancy (NASBA) and Prometric to deliver the Uniform CPA Examination. The AICPA, responsible for the development and scoring of a valid, legally defensible examination, is leading the research and creation of the next version of the CPA Exam, launching in 2017.

“Maintaining the relevance of the CPA Exam to the real-life environment in which newly licensed CPAs work is essential to preserving the strength of the accounting profession,” said Gordon Tom, HSCPA President. “Overall, protecting the public interest is our shared goal, and we support the initiative to evolve the CPA Exam to meet the changing needs of the profession.”

Last year the AICPA launched a practice analysis, a comprehensive research project, to inform the development of the next version of the CPA Exam. The practice analysis included an [Invitation to Comment](#) (ITC), issued in September 2014. The ITC requested feedback from the profession and other stakeholders on possible changes to structure, content, fees, score reporting and other consid-

erations for the next version of the CPA Exam.

More than 300 responses to the ITC were received from AICPA members, boards of accountancy, state societies, firms, academia, standards setters and



regulators, and business and industry. The responses to the ITC are summarized in a new report, [Invitation to Comment Results: Maintaining the Relevance of the Uniform CPA Examination](#), issued by the AICPA. Key findings include:

- Stakeholders reaffirmed that the current structure of the Exam is appropriate for testing in the fundamental areas of Auditing and Attestation (AUD), Financial Accounting and Reporting (FAR), Regulation (REG), and Business Environment and Concepts (BEC).
- ITC respondents support the consideration of testing higher-order skills beyond basic content knowledge, i.e., critical thinking, problem solving, analytical ability and professional skepticism. The AICPA is increasing its assessment of these higher-order skills throughout each section of the Exam.

- ITC respondents were supportive of using Excel in the Exam given its widespread use in the profession. Although the BOE noted that this change will necessitate a cost increase, they acknowledged respondents' comments about the extensive use of Excel by newly licensed CPAs. The AICPA has begun working toward implementing Excel in the Exam for potential inclusion in 2018.
- A number of ITC respondents expressed concerns over different aspects of the Test Administration Model, including blackout periods, the 18-month timeframe within which the Exam must be completed after passing the initial section, and retesting a failed section within the same testing window. The AICPA is working with NASBA and Prometric on these candidate convenience topics while ensuring that the Exam continues to be secure and of the highest quality.

## Next Steps

In September 2015, the AICPA plans to distribute an Exposure Draft, a final proposal for the next version of the CPA Exam. Feedback from that exposure draft will drive the development of the Exam blueprint, structure, and design and administration model. Changes for the next version of the CPA Exam will be announced in 2016 and then included on the Exam in 2017. The AICPA encourages CPAs to provide feedback through the Exposure Draft later this year and will be communicating regularly with stakeholders about the process through 2015.

Source: AICPA, June 2015



# Congratulations, Dallas Weyand!

## HSCPA Outstanding Public Service Award

The HSCPA recognizes various distinguished leaders of our profession with awards for Outstanding Public Service, Achievement in Accounting Education, Excellence in Government, Success in Business and Industry and our Legacy Hall of Fame.

These awards are not annual, but rather only when worthy individuals are identified.

This year, we surprised Dallas with this award – he had no idea he would be receiving this recognition at the Annual Conference.

The HSCPA Outstanding Public Service award recognizes a member's outstanding service to the community and profes-

sion. Dallas has given countless hours of community service in support of public education, disadvantaged children, military veterans, and many other worthy causes. He has also provided significant support to the accounting profession through long-time membership, commitment and leadership in the local chapter of the Association of Government Accountants.



It is also quite fitting to recognize Dallas as he will be retiring from the accounting profession after more than 40 years of dedicated service. He even just received notification of his Life Membership in the AICPA based on 40 years of unbroken membership in the institute.

Dallas started his career with the Coopers & Lybrand office in Honolulu and after a few years moved into the private sector followed by two separate stints at the State Auditor's office where he honed his deep understanding of government accounting, operations and... Politics. In the late 1990's, Dallas ventured into the Northwest and worked for the Oregon Legislative Fiscal Office keeping a tight rein on those tree-hugging, free-spending Oregon legislators. But his love for Hawaii, and with his wife Joella's permission, he was lured back to the islands in 2006 where he is finishing his storied career with KMH LLP in their consulting practice.

Congratulations, Dallas, on a well-deserved award and we wish you the best in retirement!

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**PRESIDENT**  
**Gordon M. Tom**

Gordon Tom joined the Board representing the Y-CPA Squad. He is a Manager in KMH LLP's Assurance & Advisory Services division. Gordon has over ten years of experience in providing assurance, advisory and consulting services to a variety of industries, including health care, hospitality, insurance, government, real estate, retail and not-for-profit organizations. His primary responsibility is managing audit engagements relating to insurance, hospitality, and non-profit organizations. Prior to joining KMH, Gordon was a Senior Accountant with Deloitte & Touche LLP.



**PRESIDENT-ELECT**  
**Norman N. Okimoto**

Norman is President of Hawaiian Tel Federal Credit

Union, a full service financial institution with over \$550 million in assets. Prior to joining the credit union, he was Capital Budget Manager at GTE Hawaiian Tel and a senior auditor at Coopers & Lybrand. Norman is a past president of the HSCPA, and is the official HSCPA book reviewer for KALA. He also served on the governing Council of the AICPA.



**VICE PRESIDENT**  
**Darryl K. Nitta**

Darryl is a Senior Manager with Accuity LLP, and was previously with PricewaterhouseCoopers LLP. He recently served on the 2010-2012 Hawaii Tax Review Commission. Darryl services clients in a number of industries, including technology, retail, wholesale and insurance. He specializes in Hawaii tax credits, insurance, and general tax compliance. In 2010, Darryl was the second participant from Hawaii selected to the AICPA Leadership Academy.



**SECRETARY/  
TREASURER**  
**Warren Y.F. Wee**

Warren Wee, Ph.D., Associate Professor of Accounting and Associate Dean, College of Business at Hawaii Pacific University, holds a CPA permit to practice and a firm permit in the state of Hawaii. He also holds the designation of CGMA. Warren has been an educator for over 40 years and has taught courses in accounting, finance, and management at both the undergraduate and MBA levels. He has served on the boards and committees of other not-for-profit organizations. Warren formerly worked in the Honolulu office of Deloitte, Haskins, & Sells. His interests are internal accounting controls, the international harmonization of accounting standards, and the success factors of not-for-profit organizations and small businesses.

**DIRECTORS**

**Brenda F. Cutwright**



Brenda is a business consultant. Prior to consulting, she spent 20 years in the Airline Industry where she retired as Executive Vice President and Chief

Operating Officer of Aloha Airlines, Inc. Before joining Aloha, she was with Arthur Young and Company for 7 years as a member of the firm's audit practice. Brenda is a past President of the HSCPA and has served on the Governing Council of the AICPA.

**Chad K. Funasaki**



After graduating with a Bachelor of Business Administration degree in Accounting from the University of Hawaii at Manoa, Chad joined N&K in 1995 and

became a principal in 2014. He is responsible for overseeing the operations of the Assurance Services Division of the firm. Chad's industry expertise includes construction, nonprofit, government and commercial industries. He is also a Chartered Global Management Accountant and a member of the AICPA.

**James P. Hasselman**



Jim is a sole practitioner, specializing in audit and tax services to exempt organizations such as nonprofits and employee benefit plans. Before going solo in 2006 he was a partner with PricewaterhouseCoopers until PwC's exit from the Hawaii market. He is a product of the Hawaii public school system (University of Hawaii – Manoa, Kalaheo High School) and has served on numerous nonprofit boards.

**Robert K. Hatanaka**



Bob is an audit principal at KKDLY, LLC, Certified Public Accountants, actively involved in the audits of business enterprises,

construction contractors, employee benefit plans, governmental entities, and nonprofit organizations. He is also a lecturer in accounting and auditing at the University of Hawaii Shidler College of Business, School of Accountancy. Bob has a Master of Accounting degree and a Bachelor of Business Administration degree in accounting from the University of Hawaii, and serves as secretary for the Hawaii Chapter of the Association of Government Accountants. He is a member of the American Institute of CPAs.



## Mark A. Hayes



Mark Hayes is a Tax Partner at CW Associates, CPAs and has over 15 years of public accounting experience, including 5 years with Ernst & Young, where he managed tax services for corporate, nonprofit, and individual clients. Mark spent 7 years as the Corporate Tax Director for Outrigger Hotels. His professional experience includes 10 years with CPA firms in Honolulu and Los Angeles. He has a Master of Business Taxation degree from the University of Southern California and a BBA in Accounting from the University of Hawaii.

## Ronald I. Heller



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 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, 2002-04, 2011-13, and was re-appointed in 2015. He also served on the AICPA Accountant's Legal Liability Committee.

## Robert S. Kawahara (Maui)



Robert is a Managing Member of Kawahara & Company, CPAs, LLC in Wailuku, Maui. His firm specializes in individual and business tax preparation and consulting, financial and estate planning, audits of non-profit enti-

ties and bookkeeping and payroll services. Prior to joining his father's firm (Ronald A. Kawahara & Co., CPAs, Inc.), Robert was Vice President at the Honolulu Police Federal Credit Union. He has a longstanding relationship with credit unions as he continues to teach various accounting classes. Robert is an active volunteer in the Maui community and serves on boards in various capacities. He has been named as one of the Forty Under 40 Class of 2012 by Pacific Business News. Robert has also been named as SBA's State of Hawaii Financial Services Champion for 2013.

## Franklin T. Kudo



Frank Kudo is the Chairman, CEO, and majority shareholder of New City Nissan, the largest Nissan franchised retailer in the State of Hawaii. He is also a full-time associate professor of accounting at the University of Hawaii at West Oahu. Frank teaches intermediate financial, managerial and advanced accounting courses. In addition, he is the lead faculty advisor and founder of the UH-WO FAFSA (Free Application for Financial Student Aid) project serving ten Title 1 high schools in the underserved West Oahu and the Leeward coast regions of Oahu. Frank has over forty years of practitioner experience in a variety of business areas. His public accounting experience was with KPMG where he was a senior auditor specializing in fire and casualty and life insurance audits, retail, schools, and other commercial engagements.

## Wendell K. Lee



Wendell is one of the founding partners of Accuity LLP and leads the tax department. He was formerly a tax partner with the international accounting firm of PricewaterhouseCoopers and has nearly thirty years of experience in the industry. Wendell's practice focuses on large corporations, real-estate consulting, non-profit, private company services that include privately owned companies and the tax issues faced by their owners and heirs.

## Edmund N. Nakano



Edmund N. Nakano is the Corporate Secretary & Treasurer and serves on the Executive Team of C. S. Wo & Sons, Ltd. Ed has been with C. S. Wo for 37 years and is the executive manager of the Accounting, Human Resources, Information Technology and Inventory Control Departments. He oversees the company's legal and tax issues, procurement of major equipment and capital expenditures, financial reports, investments, property management, company energy saving initiatives, and is Chairman of the Safety and Health Committee, which is responsible for the management of C. S. Wo's self-insured workers compensation, general liability and auto insurance programs. An Honorary member of the AICPA, Ed maintains his PTP to hold the CPA and CGMA designations.



## Trisha N. Nomura



Trisha Nomura is the Vice President of Strategic Services at Hawaii Human Resources, Inc. She started her career as a CPA at Price-waterhouseCoopers. Trisha then worked as the Director of Accounting at Young Brothers, Ltd. before returning to public accounting with Grant Thornton, which later became PKF Pacific Hawaii. She is a member of the American Institute of Certified Public Accountants, where she sits on the student recruitment committee. Trisha also serves as the treasurer for Kaneohe Little League. In 2012, she was the fourth participant from Hawaii selected to attend the AICPA Leadership Academy.

## Samantha L. Shetzline (Kauai)

Originally from Philadelphia, Samantha moved to Kauai in 2000 where she worked with Rick Pigott, CPA, Inc. and Edward L. Punua, CPA, Inc. before branching out as a

sole practitioner. Her practice provides full service accounting and tax preparation for numerous small businesses located on the north shore of Kauai. Samantha graduated with honors from American University in Washington, D.C. with a BS in Accountancy and was first licensed as a CPA in Colorado before moving to Kauai.

## Jessica Su



Jessica Su is a Director in TRUSTA, An Accountancy Corporation. She is a CPA in the U.S. and Taiwan and has nearly twenty years of experience providing accounting and tax services to clients in diverse industries. Her practice is primarily concentrated in corporate and individual taxation with an emphasis in serving international entities with U.S. investments, U.S. companies with foreign operations and individuals such as expatriates, new immigrants, and nonresident aliens with their U.S. tax planning and compliances.

## Natalie M.H. Taniguchi



Natalie joined American Savings Bank in January 2002, and is Executive Vice President – Enterprise Risk and Regulatory Relations. She

oversees the bank's Enterprise Risk Management Program, which provides a framework to identify, manage, mitigate & report on key risks impacting the bank's business. Previously, she served as Financial Vice President and Treasurer for HEI Power Corp., a subsidiary of Hawaiian Electric Industries, Inc. (HEI), as the Corporate Finance and Investments Director for HEI and as Senior Auditor at what is now known as PricewaterhouseCoopers. Natalie holds a Bachelor's of Business Administration in Accounting from the University of Hawaii at Manoa and is a member of the Risk Management Association, American Institute of Certified Public Accountants and the Hawaii Society of Certified Public Accountants.

## HSCPA Scholarships Supporting Hawaii's Best & Brightest



### Alexa-Ashley Cezar

Alexa-Ashley Cezar is the 2015 recipient of the Outstanding Accounting

Graduate at the University of Hawaii at West Oahu. She recently graduated with a Bachelor of Arts Degree in Business Administration with concentration in Accounting and Finance and a Certificate in Risk Management and Insurance. She is currently employed at Accuity LPP as a full-time tax accountant. Alexa plans to study and sit for CPA exam to obtain a CPA license. She hopes that after obtaining her CPA license and gaining experience that one day she would become a partner or open her own CPA firm.



### Derek Sung Jae Lee

Derek Lee is the recipient of the HSCPA College Bridging Scholarship with Kapi'olani

Community College (KapCC). He is the youngest of four in his family and a proud single parent to a beautiful 7-year old daughter. Derek is a continuing education student and was on the Dean's list for 2 years while attending KapCC. He is also a member of Phi Theta Kappa and graduated as a KapCC Scholar. Derek is currently attending UH-West Oahu where he is a double major in Accounting and Finance. He's working towards his CPA with aspirations of being a future part-time professor in Accounting.



### Naomi Lewanski

Naomi Lewanski of Lihue, Kauai, is a distance education student of the University of Hawaii – West Oahu pursuing a B.A. in Business Administration with a focus in Accounting.

She received her A.A.S. in Accounting with honors from Kauai Community College in December 2014. Naomi also attended the University of Hawaii – Manoa as an undergraduate in 1993 through 1995 subsequent to her graduation from Kauai High School. She is wife to a retired veteran of the United States Coast Guard and mother of three—ages 4, 6, and 10. Naomi returned to Hawaii and her studies after nearly 20 years now that her husband is retired from the military. She is a full-time employee at Kauai Builders, Ltd. as the Manager (sole member) of the Accounting/Payroll department since November 2013. Her career goal is to become a Certified Public Accountant. She enjoys spending time with her family, riding her motorcycle, and playing the clarinet in KCC's orchestra.



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# CPA FIRM MICROCOMPUTER TECHNOLOGY

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



Windows 10 will be released by Microsoft later this summer. For home users there will be the same Home edition available now. For business users the same Pro edition that most of us use now will still be available. For mobile users of phones and tablets there will be a mobile edition which will replace the RT and phone versions. New systems often come with a 'Get Windows 10' icon.



Additionally, if you have already signed up using the Windows 10 notification icon, you do not need to worry; it will not automatically install the upgrade before you are ready. You can still choose when to install the upgrade, and you can cancel your reservation at any time. It's important that you not do this upgrade until all software that you use certifies that the

version you are using is compatible with Windows 10 or provides a new version that is. Finally, Microsoft is offering a free upgrade to most users which is available for one year from the date Windows 10 is made available.

The IRS has announced a breach of the "Get Transcript" application through which taxpayers and others get copies of prior year tax returns. The IRS said that between February and May 2015 thieves made 200,000 attempts to steal taxpayer data and were successful in 100,000 of the attempts. The IRS is sending letters to all 200,000 taxpayers and is offering free credit monitoring to the 100,000 taxpayers whose "Get Transcript" accounts were accessed. The IRS said the information necessary to breach their system came from third parties but didn't state who that might be.

There is speculation that other tax software such as TurboTax or companies used by mortgage companies to verify tax information on mortgage applications might be the source of this information.

Tax fraud has seen a gigantic increase in the last year especially in state tax systems which have less stringent security than the IRS. We should advise anyone who is using online tax software to use complex passwords and to set security setting as high as possible and to use a unique password that is not used for any other site. Clients should also monitor activity in bank accounts and credit cards closely. Taxpayers should also be aware of the risks involved with signing a Form 4506-T during a mortgage application and inquire about what third party company is going to handle the IRS inquiry.

Adobe has redesigned its Acrobat XI product and is now calling it Acrobat DC (for Document Cloud). The redesign is intended to be simpler and to better accommodate scanning and retaining documents in the cloud. The option to get either Standard or Pro versions has not changed. It can be purchased either with subscription pricing or a perpetual license. You might still be able to get the old version when buying a new computer but not from Adobe. The new version may require training on a new interface.



Also, I'd like to give another reminder that the Windows Server 2003 final support deadline is July 14, 2015.

If you have any questions or comments call me at (808) 837-2507, or send e-mail to [ron@cga-cpa.com](mailto:ron@cga-cpa.com).

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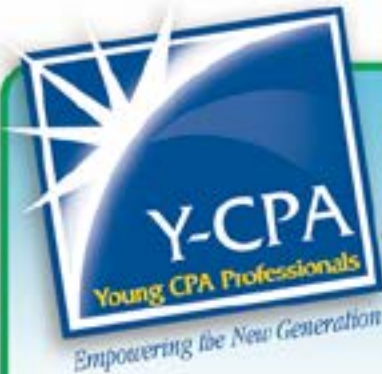


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# Y-CPA Buzz!



By Darryl Nitta

## Reflections: AICPA Council Visit to Capitol Hill



I can hardly believe my term on the AICPA Governing Council is almost over! When October comes around, I will officially roll off of Council and begin preparation to be the HSCPA President (short two years away). Scary? Definitely ... but I graciously accept this new challenge to lead the HSCPA in 2017.



Every two years, the AICPA's Spring Meeting of Council meets in Washington D.C. This was my first time attending this biennial D.C. meeting and I was blown away by the experience. For two days, we discussed key issues facing our profession. We even welcomed U.S. Senator Heitkamp (D-ND) and U.S. Representative Ryan (R-WI) as guest speakers to the meeting. On day three of the meeting, Council members head to the Capitol to meet with their members of Congress to advocate issues affecting taxpayers and the accounting profession. After an exhausting but productive three days, I now fully understand that in order for us to effectively promote our CPA profession, we must be actively involved in the legislative process.

The key issues discussed with the Hawaii members of Congress are as follows (refer to the AICPA website for more details [www.aicpa.org](http://www.aicpa.org))

- 6-Point Plan to Improve Audits
- Mobile Workforce State Income Tax Simplification
- Preserving the Cash Basis Method of Accounting
- Improvement of IRS Taxpayer Services
- Permanent Tax Provisions Related to Disaster Relief

We were fortunate to have scheduled meetings with the offices of all four of our delegates on Capitol Hill. Our thanks to Andy Winer (Chief of Staff) and Mika Morse (Legislative Counsel) of Senator Schatz's office; Swarna Vallurupalli (Health Counsel) of Senator Hirono's office; and Wendy Clerinx (Legislative Director) of Congresswoman

Gabbard's office; Sean Callahan (Deputy Chief of Staff) of Congressman's Takai office; and a special Mahalo to Congressman Takai who met with us in person and provided us an escort granting us access to the exclusive underground transportation system that connects the office buildings of the House and Senate!

As I reflect on my term serving on the AICPA Council representing the HSCPA, I ask myself, "How did I get here?" The answer to this pathway in my career as a CPA all started 8 years ago by simply getting involved and participating in a new Y-CPA initiative where the Y-CPA Squad was born. Therefore, I encourage all Y-CPAs to "check-the-box" and volunteer on the Y-CPA Committee when you renew your HSCPA dues. The benefits you reap will be most rewarding to you and your career.





# Norman's Book Review

## “Our Iceberg Is Melting”

by John Kotter and Holger Rathgeber

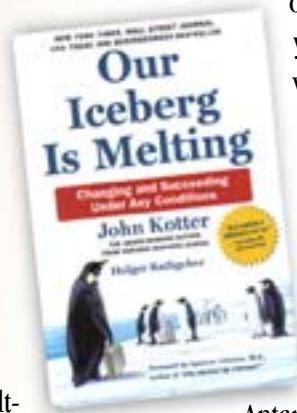
Change. I think we all agree the world is changing at a very fast pace and doesn't seem to be slowing down anytime soon. We are told to embrace change instead of fight it, but how do you deal with it? There are thousands of books on the subject and many consultants who will help you with your changes.

One of the best, simplest, and fun books on dealing effectively with a changing world is “Our Iceberg is Melting,” by John Kotter and Holger Rathgeber. The book has been required reading in business classes throughout the country over the years, as well as in many businesses. Kotter is considered one of the leading experts on Leadership and Change. He has written 18 books, 12 of which have become best sellers. “Our Iceberg Is Melting” is his most popular book. He was a Harvard Business School (HBS) Professor from 1972 – 2001, is the Konosuke Matsu-shita Professor of Leadership, Emeritus, at the HBS, and co-founded Kotter International, a business consultancy firm, in 2008 with two other people, where he serves as Chairman.

### Why A Fable?

When dealing with difficult and complicated situations, many times the simplest solutions are the best. Also, most people remember stories better than statistics and theories. Accordingly, like the classic book “Who Moved My Cheese,” this book's simple story,

using penguins instead of mice, gives you a memorable fable to help you, your organization and your family deal with any challenges successfully!



### Story

The book is a simple fable about a colony of 268 emperor penguins on

Antarctica who face a life threatening dilemma - their iceberg home is melting and could break apart at any time. Most penguins are in denial, some are skeptical, while others are afraid. Thanks to an observant penguin named Fred, the penguin leadership council decides to take some bold actions, and eventually comes up with a plan that saves the colony.

### Major Characters

The major characters are ones you can either relate to or recognize as people who are typical in your organization or family.

**Fred** – Always curious and observant. Not the most social.

**Louis** – Head of the Leadership Council. Experienced, wise, patient, and conservative.

**Alice** – Practical and aggressive. Gets things done.

**NoNo** – Weather forecaster who is skeptical of new things.

**Jordan** – Known as the “Professor” for being the most intellectual penguin.

**Buddy** – Handsome, trusted, and liked, but not ambitious or an intellectual heavyweight.

**Sally Ann** – Young and popular with a positive “can do” spirit.

### The Story Behind The Fable

John Kotter states in a video on the book that “we put all the very, very real problems that we have found when studying organizations in the real world. The problems they run in to when they have difficulty with even seeing change. The problems they run in to when they try to deal with change. We then put in the cleverest of solutions we've seen real people come up with so at the end they really achieve something terrific. They end up in a better condition than where they started and our penguins in this story are like those guys that do great!”

### The Eight Step Process Of Successful Change

Woven in the story is Kotter's research on “The Eight Step Process Of Successful Change,” which has helped his numerous clients as well as others who have read his books, listened to him speak, or watched his videos on the subject. The penguin colony used it with great success and the eight steps were summarized at the end of the book and are included below.



## Set the Stage

- 1. Create a Sense of Urgency.**  
Help others see the need for change and the importance of acting immediately.
- 2. Pull Together the Guiding Team.**  
Make sure there is a powerful group guiding the change – one with leadership skills, credibility, communications ability, authority, analytical skills, and a sense of urgency.

## Decide What to Do

- 3. Develop the Change Vision and Strategy.**  
Clarify how the future will be different from the past, and how you can make that future a reality.

## Make it Happen

- 4. Communicate for Understanding and Buy In.**  
Make sure as many others as possible understand and accept the vision and the strategy.
- 5. Empower Others to Act.**  
Remove as many barriers as possible so that those who want to make the vision a reality can do so.
- 6. Produce Short-Term Wins.**  
Create some visible, unambiguous successes as soon as possible.
- 7. Don't Let Up.**  
Press harder and faster after the first successes. Be relentless with initiating change after change until the vision is a reality.

## Make It Stick

- 8. Create a New Culture.**  
Hold on to the new ways of behaving, and make sure they succeed, until they become strong enough to replace old traditions.

## Summary

If you feel your company, management team, organization or family is like an “iceberg that is melting” and is stuck or might fail at any time, you really need to read this book. It will bring clarity

to your situation, help you identify your roadblocks, recognize personality types, develop potential solutions, and ultimately help you achieve success.

As the authors state at the end of the book, “when you act in concert with others, because you have all read, reflected and discussed the same fable, the end results can be very powerful.” It’s worth the roughly 45 minutes it takes to read the book.



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# Hang Out With People Smarter Than You!

A fun and effective way to increase your knowledge

By Sandra Wiley



Earlier this year I had the honor to meet with two of our profession's think tanks, chocked full of amazing leaders. My first thought was to give you a little recap or peek into what we discussed but I know that you will be seeing the fruits of our labors throughout the year on social media and in speeches and workshops from each of these incredible individuals. So I decided to take a different approach and share with you the "why" to the importance of meetings like this in hopes that it will inspire you to make a few changes to increase your personal intellectual capital.

## Identify Your Gifts

That is right, the first thing I would coach you to do, if you were sitting with me today, is to make a list of your characteristics and traits that you are really proud to claim. By identifying your strengths, you will know what you bring to the table to share with others. As you develop a peer group or think tank, you want to be able to give as much as you get. The only way to really do that is if you are confident in your own skills and abilities. Confidence is the key word here. Be self-aware and show pride in who you are.

## Identify New Knowledge You Need

Once you've identified your gifts, there is an opposite side of the equation. You need to understand where you could use some help and new knowledge. This list does not need to be long; in fact, I encourage you to keep it short. List one or two things that would really benefit you either personally or professionally. Everyone has something they could improve on, or a new skill or piece of knowledge that they would like to acquire. Think deeply about this step. It is possibly the most important. Knowing what you want to get out of the conversations and the relationships will help you stay focused and centered.

## Identify Someone Who Can Help You Elevate

In my case, I've met with a group that I helped to start, The CPA Consultants

Alliance, and a group that I have been asked to join, The CPA Practice Advisors Thought Leaders. In both cases I am surrounded by amazing individuals who, like me have families, a career we love, a passion to help others and a connection to this amazing profession. We also have one other characteristic that binds us together; we love to learn. We are hungry to find new knowledge and to continually grow in our intellectual capital.

That is the kind of people and groups you need to find for yourself. In my case, it started small with one-on-one meetings many years ago. Today, I still like my one-on-ones but I have also expanded to these larger groups. You may find your group locally by looking for peers among competitors or from similar professions. You may also find your group at a state or national level by working with your CPA Societies or with peer communities like those offered by our firm. Either way, find individuals who are smarter than you and find the courage to make the connection!

## Identify a Plan for Implementation

Thinking about connecting is just not enough. You must make the time and take action! Use your calendar, to-do list or any other tool that helps you keep a commitment. You will find that individuals are really excited about sharing what they know and that they especially like to help others. All you have to do is reach out and set the meeting.

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The bottom line is, hanging out with people who are smarter than you is the best way to insure success in your life. Take the challenge and start your personal thought leader initiative today!

*Sandra Wiley, COO and Shareholder, is ranked by Accounting Today as one of the 100 Most Influential People in Accounting as a result of her prominent role as an industry expert on HR and training as well as influence as a management and strategic planning consultant. Sandra developed the [P3](#)*

*[Leadership Academy](#) and hosts regional trainings around the country. She is also a founding member of The CPA Consultant's Alliance. Sandra is a certified Kolbe™ trainer who advises firms on building balanced teams, managing employee conflict and hiring staff.*

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2. None of the titleholders of the property can own other property anywhere.
3. The combined income of all titleholders cannot exceed \$60,000.

To apply for this tax credit complete an application form available at the following locations:

- Any Satellite City Hall.
- At Honolulu Hale, or
- On line at [www.honolulupropertytax](http://www.honolulupropertytax) for a link to the application.

**For more information contact the Real Property Tax Relief Office at 768-3205.  
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This information is subject to change.



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