

JUNE 2016



KĀLĀ

The Official Publication of the Hawaii Society of Certified Public Accountants



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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

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President's *"Aloha"* Message

By Gordon Tom



Aloha, Members!

It has been an honor and a privilege serving as your president these past two years. The time has really flown by. I remember back when I received "the call" from Kathy telling me I was nominated for vice president and explaining what was involved. It was a scary and yet exciting opportunity and I was incredibly honored and definitely glad that I said yes.

I have learned so much more about our profession than I ever thought possible. I never realized how much volunteer effort and dedication goes into maintaining the high standards of the profession and advocating on behalf of CPAs and our members. As CPAs and accounting professionals, our organizations and clients rely on us to be trusted business professionals, which requires not just monitoring and advocating for accounting matters, but a myriad of general business concerns too.

Being involved in our legislative efforts has taught me a lot about the political and legislative process. It's definitely an interesting experience to sit through legislative hearings and hear the opposing viewpoints being discussed. I have learned through this process that it is not always pos-

sible to get to the "right" answer when dealing with opposing viewpoints, even if the viewpoint is illogical or based on inaccurate – or theoretical – information. I have also learned that it takes a lot of time, dedication and effort to advance bills through the legislative process, and I thank those who have volunteered their time to assist the HSCPA with those efforts over the past two years. A big thanks to our volunteers, including Ron Heller, Wendell Lee, and Ross Murakami, among many others. Thank you to the many members who submitted testimony to support the HSCPA last year. Although we were not successful this time and are now the last jurisdiction in the United States without CPA mobility, I am confident that Hawaii will join the ranks of the rest of the nation in the near future.

The 2015-2016 year was a busy and fast year. Although things may have seemed quiet from the outside, the HSCPA officers and directors have been busy discussing changes on the horizon that will affect CPAs and our profession in the years ahead. Your board has passed several initiatives which will help position our profession for continued success into the future. One of those initiatives involves a proposed change to

the bylaws that was included in the May issue of KALA and will be voted on by the members in attendance at our Annual Conference. We are also working on other initiatives that will increase our student membership, thanks to the efforts of the Y-CPA Squad and Committee. The Y-CPAs have been busy this year too visiting many public and private schools to introduce students to the many possibilities and future that a career in the accounting profession can hold.

Our Annual Conference is on Friday, June 24th and will be held once again at the Mauna Kea Ballroom of the Hawaii Prince Hotel Waikiki starting at 7:45 a.m. for breakfast (a favorite of many!). We will elect and welcome in our new officers and directors nominated for the 2016-2017 year, vote on a proposed change to the HSCPA bylaws, and conduct any other business matters introduced by the members in attendance. We also have a great program planned for the day, with guest speakers Bill Balhoff from the AICPA, UH Women's basketball head coach Laura Beeman, Neil Rose of Cadinha & Co, and returning guest Jason "Pa."

The past two years have gone by far too quickly. Thank you to all the Board members, the executive committee, the Y-CPA Squad and Y-CPA committee for your dedication and support over the past two years. A special thank you to Kathy and Debbie for all that they do for the HSCPA, and especially for their patience, time and support of me over the two years. I could not have done it without their help.

I hope to see you all at the Annual Conference so we can celebrate another great year!

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10 Principles for a Happy Life and Career

Principle 4: Integrity

By Michael A. Crawford, CPA



Editor's Note: Mike Crawford has, even by his own accounts, had a successful and happy career as a CPA in Oklahoma.

He says there are 10 basic principles that have guided him through a joyful life and a fulfilling career. In this and future issues of CPAFOCUS, Crawford shares that idea and those principles. .

"In looking for people to hire, I look for three qualities: integrity, intelligence and energy. If they don't have the first, the other two will kill you."

— Warren Buffett

The word integrity has multiple and broad meanings, but here, it's being used to promote honesty and truth. As a CPA, maintaining public trust and confidence is at the core of our mission. The ultimate mission of all professions should be to serve the public's interest in some form; e.g., the legal profession through the pursuit of justice, the medical profession through the preservation of health and the accounting profession through the pursuit and preservation of the truth in numbers. Therefore, it can't be surprising that integrity is a cornerstone of the accounting profession. The importance of integrity is front and center within the AICPA Code of Professional Conduct. It states integrity is measured in terms of what is right and just in the service of the public's interest; that the public trust cannot be subordinated for personal gain or advantage; and that while integrity can accommodate inadvertent error and honest difference of opinion, it cannot

accommodate deceit or subordination of principle. This principle of integrity is not only important to the accounting profession, but also as a cornerstone of our lives.

Maybe that is what initially lured me into the accounting profession and, ultimately, into writing and public speaking on topics of ethics and moral behavior - the realization of the importance of honesty and truth in all aspects of life.

We all probably remember a time in our lives when we were caught in a significant lie or dishonest action and came face-to-face with the unpleasant consequences of those actions. If we learn from them, such mistakes become important teaching moments in our lives.

My first teaching moment came when I was 14 and mowing our family's yard. The lawnmower ran out of gas and we didn't have any at home. My mom reluctantly gave me permission to drive our old '65 Impala six blocks to the local gas station in our small town to get a can of gas and come straight home. I carefully drove straight to the station, bought the gas and proceeded to return straight home. Unfortunately, a block from home, I took a turn too sharply and scraped the side of the car that was stopped waiting for me to turn. I panicked! I fled the scene and drove through an alley to try and hide from the lady in the car that I had just scraped. She was probably still at the stop sign and had likely called the police. As soon as I got home, I parked the car, filled up the mower and began mowing the lawn again, at a more feverish and nervous pace. However, my guilt was building up to the point where I could

no longer stand the pressure, so I stopped mowing, went inside and told my mom what happened. She immediately called my dad at work and he called the chief of police.

I can still remember the pain and fear of wondering what the consequences of my inappropriate actions would be. Thanks to my understanding parents and the fact the police chief was our neighbor and family friend, I was spared what could have been much worse consequences. I only had to do some community work and personally pay for the damages to the lady's car. However, that powerful feeling of doing the wrong thing and the accompanying fear of the consequences was so strong, it made a lasting impression on me about the importance of honesty and truthfulness in every aspect of our lives. Although I regret my actions that day, I am thankful to learn from my mistake at such an early age and for the opportunity to build a future career based on the preservation of truth.

Mike Crawford, CPA, is the retired chairman of Crawford & Associates, P.C., an Oklahoma City-based CPA firm dedicated to state and local government accounting and consulting. Crawford is a past president of the Oklahoma Society of CPAs, an inductee into the Oklahoma Accounting Hall of Fame, the 2011 recipient of the OSCP Public Service Award and is past vice chairman of the Governmental Accounting Standards Advisory Council. Over the past 30 years, he has authored a number of professional guides, practice aids and articles on topics of governmental accounting, auditing and ethics.

Accountants Rank the Top Five Challenges in Practice for 2016

By Randy Johnston



The 3rd Annual Accounting Firm Operations and Technology Survey (AFOT Survey) revealed the top challenges faced by your accounting and tax practice peers, including:

- Recruiting and retaining staff
- Workflow and efficiency
- Change
- Archiving and retention of email
- Attracting new clients

Recruiting and retaining staff

More than 60 percent of all practices are challenged with recruiting and retaining staff. The demand for qualified graduates has outpaced supply since 2000; a trend that is anticipated to continue for the foreseeable future. The AICPA also estimates more than two-thirds of its members will retire in the next 20 years. Although the issue of recruiting and retaining staff will continue to plague the profession for decades, there are steps you can take to attract and retain staff.

Several factors impact how attractive a practice is to a candidate, many are necessary to create an environment in which a new hire can succeed. The firm that best addresses these factors is more likely to attract and retain new staff than a firm that hasn't.

For example:

- Modern technology (e.g. digital workflow within the firm and with customers versus paper or paper-folder driven documented systems and processes)
- A learning culture
- Involvement in change management
- Mentorship programs
- A clear career path

Workflow and efficiency

For three consecutive years, the results of the AFOT Survey indicate practitioners have ranked workflow and efficiency as significant concerns.

Using a carefully deployed workflow solution is the most common catalyst to begin managing firm-wide efficiency. Efficiency refers to how well we use technology and human resources; it is measurable. Improvements to efficiency cannot be recognized without meaningful measurement. The best way to improve efficiency is to identify the metrics used in the practice today to measure activity you wish to improve before you change how you do something. With efficiency measurements in hand, the amount of resources necessary to accomplish work today can be measured and later compared to results using new tools, systems and processes.

Change

Practitioners continue to express frustration about change. Primarily, practitioners are bothered by having to keep up with changes to software and systems and have difficulty of keeping staff and partners on board with change. The frustration with change is understandable; it is considered common to find 45 to 75 software applications being used in a practice throughout the course of a business year. Some require multiple updates annually and many can change their interface which impacts how easy it is for you to find buttons, menu selections and shortcuts. Keeping pace with change with your existing software applications can be exhausting.

If workflow efficiency is a priority, staff

and partners should document a standardized way of getting work done firm-wide. The biggest change with workflow happens when workflow software is first adopted as everyone works together to adapt to the firm's way of getting things done. Later, you should expect only small adjustments to process as the system matures in a firm.

Archiving and retention of email

Practitioners report archiving and retention of email as a top challenge. To better understand why this has become a leading challenge, consider how messages from clients were handled before email became prevalent. Before email became a common way of handling communication with clients, working professionals had one or more layers of filters keeping an external contact from immediately reaching them. For example, phones may have been silenced, calls routed through a receptionist and snail mail was sorted and prioritized. Technology – including email - began creeping into our business processes without considering how we would let it [email] change the way we work.

By accepting email as a means of communication, we gave permission to the world to reach us instantaneously; we reinforce and affirm that permission when we allow email to manage us rather than us choosing how to leverage email as a business tool.

To take back control of your schedule, consider these email management pointers:

- Turn off the new message notification in your email software and make your calendar your default view;



- Decide the window of time each day you want to spend processing your email; and
- Move everything in your Inbox to an age and delete folder.
- Process your Inbox during the times you choose by evaluating each message only long enough to delete it or delegate. Remaining messages will be either, 1) tasks you can handle immediately, in less than two minutes, or 2) things that require more time and therefore should be scheduled.

Attracting new clients

It is common to hear shareholders talk about adding new clients and staff to increase gross revenue by increasing total hours billed. Adding more clients may cause bottlenecks and slow your team

down if processes and technology are not adequately addressed. Less common, but important refining questions include:

- Could we better serve existing clients and better leverage those relationships with value billing?
- Will our existing systems and processes scale well as we grow?

By implementing integrated workflow and document management tools, you'll create time to better engage the clients you have today, compete for and retain staff, and add new clients with the confidence of knowing your systems, processes, and culture are ready to support growth.

So what to do?

Determine the changes you'd like to make. Consider how you will change

processes. Look at system changes you can make with workflow and document management tools. Select, implement and train everyone on the new tools. Finally, look at the results, adjust to improve and retrain. Continue this cycle over a period of years, and you'll be amazed at the difference in realization, team member satisfaction, client satisfaction and partner profitability.

Randy Johnston is Executive Vice President and a shareholder of K2 Enterprises, a leading provider of technology CPE in the United States and Canada. He is also CEO of [Network Management Group, Inc.](#) The NMGI team provides IT consulting services and recommendations to CPA firms and industry businesses including financial, healthcare, manufacturing, distribution and NFP.



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HSCPA Assessing Impact of New DOL Overtime Rule

The U.S. Department of Labor (DOL) on May 18 released a final rule amending the requirements for overtime pay that would dramatically increase the salary thresholds for exemption for CPA firms and other businesses here in Hawaii and throughout the nation.

Under the FLSA employees who work more than 40 hours in a week are entitled to overtime pay, unless they meet the requirements of one of wage level and duties tests. The new rule doubles the minimum salary threshold from \$23,660 to \$47,476 annually and raises the exemption level for what are considered "highly compensated employees" from \$100,000 to \$134,004 annual salary. DOL estimates that this rule change will directly impact some 4.2 million workers across the United States not currently eligible for overtime and may reclassify an additional 8.9 million salaried workers as nonexempt.

Businesses nationwide are assessing the effects of the new overtime-pay rule, with many companies saying the regulation will lead them to reduce workers' hours, cut benefits, or limit flexible office arrangements. Companies will have until December

1, 2016, to make determinations on which employees to reclassify as nonexempt and implement the changes.

In Hawaii, CPA firms and clients alike are expressing concern about the rule's impact.

"The rule may be well-intentioned, but is likely to have unintended consequences," said Gordon Tom, HSCPA president. "Expanding the pool of overtime-eligible employees will force firms and companies to resort to cost-saving measures to maintain current payroll levels. The Labor Department received 270,000 public comments on its proposal, many from employers who believe the rule will force them to cap workers' hours, slow the hiring of full-time employees, and shift salaried workers to hourly schedules."

While most accounting firms will work to absorb the additional payroll expectations, the overtime rule will have a significant negative impact on smaller accounting firms. Of particular concern, are the impacts the change in overtime has on major decisions such as hiring, expansion, the offering of benefits, and the ability to offer flexible working

arrangements. Further, DOL does not take into consideration the seasonal nature of the accounting profession, nor the numerous small firms that are unable to increase the salaries of their employees to comply with the exemption threshold, while also meeting the demands of tax season each year.

In a statement released after the rule was issued, American Institute of CPAs' (AICPA) President and CEO Barry C. Melancon, CPA, CGMA, said, "The proposed revisions fail to modernize or streamline the regulations, are not reflective of the realities of the modern workplace and a changing workforce, and would adversely affect both employees and employers. DOL's modifications to the rule did little to lessen the likelihood that CPA firms and countless other businesses will be forced to curtail hiring – and may even have to reduce the size of their workforce."

The Hawaii Society of CPAs will work with the AICPA to urge Congress to intervene in the process so that regulations governing overtime pay reflect the evolving workplace in a manner that is not economically counterproductive.

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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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Let The Force Awake You! The HSCPA 56th Annual Conference on June 24th will do just that with great speakers that will educate, inspire and entertain you!

AICPA past chairman, **Bill Balhoff**, will provide an up-to-date overview of the many forces driving change in the CPA profession today and in the future, and also discuss initiatives focused on supporting members in an ever-changing profession.

Neil Rose, Chief Investment Officer at Cadinha & Company, will share what keeps them up at night. If you had a billion dollars, how would you invest it? It has been seven years since the financial crisis. Markets have risen, but so have global debts. Today, growth has become stagnant while uncertainty has increased. Interest rates are low and even negative in some parts of the world. And there’s a crazy election coming in the U.S. *What’s an investor to do?* He will also address the “China Question”, ideas of income generation and some of his favorite investments today. Come with questions – or send them to the HSCPA in advance!

Hawaii Pride! Congratulations to the UH Rainbow Wahine basketball team on their fantastic accomplishment capturing the Big West Conference tournament championship to earn a spot in the NCAA tournament. **Head Coach Laura Beeman** encouraged her team to “dream big” and they did just that making their first NCAA tournament appearance since 1998. Coach Beeman will join us at lunch to share her inspirational story on how passion, great relationships, strong leadership and teamwork are her foundation for coaching.

Back by popular demand will be **Jason Pa** who is a consultant with the Hawaii High Intensity Drug Trafficking Areas (HIDTA), a program created by Congress with the Anti-Drug Abuse Act of 1988. Jason captured our attention in 2014 while he was a Special Agent/Criminal Investigator with the Department of Homeland Security. Aside from drug and arms trafficking, he was heavily involved in money laundering, financial fraud and Internet gambling, to name a few. Jason returns to mesmerize you with his experiences in helping to keep Hawaii “clean”. Don’t miss Jason’s entertaining presentation!

As tradition goes . . . The Conference concludes with Happy Hour for networking with colleagues and friends. Join the fun!

Thank you to our Corporate Lunch Sponsor, American Savings Bank, for their support of the HSCPA Annual Conference over the past decade! We are pleased to welcome back Ceridian and Thomson Reuters as conference partners. Come and visit with them to learn more about their new and exciting products!

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As the Managing Director and CEO for Postlethwaite & Netterville, APAC (P&N), **Bill Balhoff** leads a top 100 U.S. accounting and consulting firm. He currently serves on the Board of Directors of the International Federation of Accountants (IFAC). In 2013-2014 he was Chairman of the AICPA Board of Directors. Bill has been named among the Top 100 Most Influential People in the accounting profession by both Accounting Today and CPA Magazine and served as a member of the Financial Accounting Standards Advisory Council. In 2014 he was named Baton Rouge business person of the year. Bill is active in the profession on a national level and has served on the Special Committee on State Regulation regarding the effects of the Sarbanes-Oxley Act. He has also testified before the U.S. Senate Banking Subcommittee. Bill also served as Chair of the AICPA's PCPS Executive Committee.



University of Hawaii Rainbow Wahine Basketball **Head Coach Laura Beeman** completed her fourth season at the helm of the 2015 Big West Conference regular season champions. She and her staff have revitalized the Hawai'i program leading Hawai'i to the NCAA Tournament for the first time since 1997-98 this past season. Previously the team has had three-straight appearances in the Women's National Invitational Tournament (WNIT). In her four short seasons here, she has compiled a 71-48 overall record and a 49-17 mark in the Big West. One of the passions of Coach Beeman, her staff and her players has been getting involved in multiple service opportunities to give back to the local communities. The coaches and players have conducted free basketball clinics to youth on the North Shore and have spent hours helping at Waikiki Health's Youth Outreach (YO!) program working with local at-risk and homeless youths. The team also sponsored a "YO!" Sneaker Drive at one of their games last season. The Rainbow Wahine have participated in the American Cancer Society's "Relay for Life", Special Olympics, and have participated in several elementary school reading programs.



Jason "Pa" recently retired as a Special Agent/Criminal Investigator with the Department of Homeland Security, United States Immigration and Customs Enforcement (referred to as "ICE") where he served since February 2003. He is currently a consultant doing specialized criminal enforcement work. While with ICE, Jason was assigned to the Organized Crime Drug Enforcement Task Force and the High Intensity Drug Trafficking Area Task Force. His ICE duties included enforcement of federal statutes relating to arms trafficking, alien smuggling, banking, bulk cash smuggling, child pornography, counterfeit goods, drug trafficking, finance, fraud, gambling, human trafficking, Internet gambling, money laundering, mortgage fraud, Ponzi schemes, sex trafficking, smuggling and wire fraud. Jason's past experiences include employment with the IRS Criminal Investigation Division for 19 years combatting crime relating to income taxation, money laundering, drug trafficking, banking and finance. Prior to this, Jason was an IRS Tax Examiner for 3 years. Jason graduated with Bachelor of Arts degree in Accounting from Chaminade University.



Neil Rose, CFA, Senior Vice President and Chief Investment Officer at Cadinha & Company since 2002. Today, as the firm's Chief Investment Officer, he develops strategy and selects specific investments. Neil is a cum laude graduate of Harvard University with a B.A. in economics where he was also quarterback and captain of the Harvard football team. Neil holds the Chartered Financial Analyst (CFA) designation, an international professional designation awarded to those who meet stringent professional and ethical standards and have passed a rigorous curriculum with exams.

Y-CPAs on the Road: Lantern Floating Project

On Saturday May 7th, the Y-CPAs volunteered their time for the second year in a row to assist Shinnyo-en Hawaii in preparing some of the 6,000 lanterns that were used at the Memorial Day Lantern Floating Festival. Attention to detail was more important than speed during this volunteer activity as each lantern prepared will float a loved one's well wishes and memories for someone who has gone before us. Some of the volunteers also hand wrote messages that were submitted online from people all over the world so that they can also participate in the festival, and others helped to fold paper cranes that were distributed on Memorial Day. It was touching to be a part of this festival that is free to all who want to participate. To learn more about the festival you can find information at www.lanternfloatinghawaii.com.



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Featuring Dawnie Peralta



Dawnie Peralta has been a full-time student at Kaua'i Community College since the fall of 2013, right after graduating with honors from Kaua'i High School. She is receiving an A.A.S. in Accounting at the end of the spring 2016 semester. Her next educational goal is to earn a B.A. in Business Administration with a focus in Accounting through the University of Hawai'i West O'ahu. Since October 2013, Dawnie has been working part-time as a bookkeeper at C & J Financial Services in Lihu'e, Kaua'i. Also, Dawnie is the mother to a 6-year-old boy, and is the Treasurer for the Kaua'i Lions Club. She enjoys relaxing at the beach, making jewelry, and exercising.



U.S. Income Taxation of Noncitizens



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Learn the basic guidelines and rules on how the tax laws are applied to noncitizens who work or live in the U.S. This session will cover basic immigration categories of immigrants (i.e., green card holders) and nonimmigrants (e.g., visitors, students, work visas). Discussion will also focus on how to determine resident status for U.S. income tax purposes, basic U.S. income tax rules for residents and nonresidents of the U.S. and special cases relating to income tax treaties and students.

Speaker:



Vaughn Cook practices law as a director in the firm's Hawaii Island office. A licensed Certified Public Accountant (not in public practice) as well as an attorney, his practice includes taxation law, general business/commercial law, immigration, and administrative licensing law statewide. Within the taxation area, Vaughn's areas of concentration are international taxation, corporate taxation and general business transactional planning for both profit and non-profit corporations.

*** **REGISTRATION FORM** ***

U.S. Income Taxation of Noncitizens • June 17, 2016 • Plaza Club - 20th Floor

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Norman's Book Review

"Do Fathers Matter?"

by Paul Raeburn

We all know how important mothers are in a child's life. It's a special bond that lasts a lifetime! However, in honor of Father's Day on June 19, I wanted to find a book which talks about the role fathers play in child development. "Do Fathers Matter?" covers in detail what scientific studies say about the importance of fathers. The book is super interesting and is a must read for everyone who has children or thinking about having children in the future. It will probably change your thinking about how you raise your children.

Do Fathers Matter?

To get to the point, fathers matter greatly in how children grow up, but in ways you may not be aware of. That's why this book is so important to maximize the odds of your children turning out well.

The following are some of the key take-aways for me, and hopefully, gives you a flavor of how interesting the book is.

The Impact of Overweight and Smoking Fathers

Overweight fathers and mothers are more likely to have overweight children and children with an increased risk of developing type 2 diabetes. Fathers who smoked while the mother was pregnant had children who tended to be overweight later.

Happy Family = Happy Children

Providing a happy and nurturing family environment makes children feel loved and supported throughout their life. In contrast, infants with absent fathers during pregnancy tend to have lower birth weights, be born prematurely, and have four times the death rates! Absent fathers also increase the risk of juvenile delinquency, crime, substance abuse, teen pregnancy, depression, and poverty.

Depressed Fathers and Mothers

Depression in fathers or mothers increases the risk of depression in their children. If both parents are depressed, their children have eight times the risk of suffering behavior or emotional problems. Children of depressed fathers have 36 times the risk of having difficulties dealing with their peers. Also depressed fathers tend to spank their children more and read less to them.

Of Mice and Men

I always wondered why so much research related to human issues is done on rodents. The book solved the mystery – humans and mice share 90% of their genes! In fact, when neuroscientist Kelly Lambert thinks about human behavior, she asks herself, "What Would Rodents Do?" Think about that the next time you set your mousetrap.

Fathers in the Delivery Room

In the old days, fathers had to stay in the waiting room, while their wives gave birth to their children. Now, fathers more often than not are in the delivery room (sometimes armed with a video camera!), and this is a wonderful thing! Research shows having fathers around during childbirth results in women feeling less pain and requiring less pain medication. Also, fathers in the delivery room feel more attached to their children and are more involved in raising them.

What matters most?



When it comes to your information management program, what matters most to you? We think you will agree, it's access: secure and compliant, yet fast and convenient for you. Access serves premier accounting firms throughout Hawaii.

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Like Father, Like Son

Fathers, do you want your son to be like you? Then you need to make sure you have a warm and close relationship with your son, according to researchers. A father's masculinity was not a factor.

Father and Daughter Bond Is Crucial

Research shows fathers who are heavily involved with their daughters for the first five to seven years of their lives greatly reduce the risk of early puberty, early sexual relations, and teen pregnancy in their daughters.

The Risks of Becoming an Older Father

More than ever, men are becoming fa-

thers in their 40s, 50s and older. While much has been written about the risks associated with women having children later, not much has been said about the risks related with men fathering children later. So here are the sobering facts: the older the father, the higher the risk of the child developing schizophrenia, becoming autistic, suffering from Down syndrome, and suffering about 20 other ailments such as Elephant Man's disease and Marfan syndrome. The risk of miscarriage also increases with the age of the father, irrespective of the mother's age.

The Benefits of Having an Older Father

Children of older fathers have genes that tend to predict a healthier and longer

life, may have a lower risk of obesity, and can be taller and skinnier.

Summary

The book provides a detailed summary of the past and current research on the crucial role fathers' play in children growing up and becoming healthy, happy and productive adults. As a father of three children, I felt an extra sense of responsibility in my role in their lives after reading the book.

Happy Father's Day to all of you HSCPA members who are fathers, and good luck to all of you planning to have children in the future! Do yourself and your children a favor and read this book to know how much YOU MATTER to them!



JULY CPE



The Top 50 Business Tax Mistakes Practitioners Make and How to Fix Them July 28 (Thursday)

If only we could see ourselves as others see us. Learn the traps taxpayers fall into before you make the mistake. Attend this enjoyable yet very informative course that focuses on the law while exploring some of the top errors made in compliance and tax planning for business entities. The study of the law underlying the tax or practice issue will assist practitioners in satisfying their professional standards of practice and will help in preparing business tax returns. Avoid these missteps, plan for a better tax result, and benefit from a wealth of knowledge that can be applied to practice. [more>](#)

Mastering the Fundamentals of Estate and Gift Tax Planning July 29 (Friday)

While the estate and gift tax have been greatly relaxed, many clients will still require estate planning services in 2016. This course examines the fundamentals of estate planning including critical concepts in marital deduction planning, credit shelter trusts, selection and powers of trustees, and titling and funding issues. The comprehensive manual provides an in-depth analysis of will provisions, checklists, flow charts, and real-life examples. [more>](#)

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CPA FIRM MICROCOMPUTER TECHNOLOGY

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



For those of you upgrading to and setting up Windows 10, read this article, [Six Windows 10 annoyances](#): How to make them go away for good, for tips on how to set up Windows 10. One of the tips presented by the author is how to store your BitLocker (encryption) key locally. By default the key is stored in the cloud.

For those of you thinking about cloud storage for yourself or your firm using Microsoft OneDrive for Business, Microsoft has

been working on updating the sync client for some time and intends to deliver the new sync client by the end of 2016. Until this client is available for review, OneDrive for Business is not a viable business strategy for cloud storage, as the current sync engine has a number of problems.

In his latest article on the Surface Pro 4, Ed Bott reports that Microsoft has finally delivered the firmware and driver fixes to make the Surface a reliable platform. Many who tried the Surface Pro 4 early on reported many issues and had a bad experience. The Surface Pro 4 is a wonderful Windows 10 platform that is now ready for primetime.

A database of 57 million e-mail addresses and passwords that was stolen last year has been posted on the Internet for sale to hackers. It's not known where the database originated. It's probably a good idea to change your e-mail passwords as a precaution, and any other logins that used the same password. This incident highlights the importance of using a different password for each account. Hackers may use the compromised email passwords to attempt to break into accounts on various other sites. The FBI recently reported that one of the latest hacker attack vectors has been through compromised email accounts which allow hackers to accumulate sufficient information about a user or company to make a phishing attack e-mail look very real with lots of personal information.

Since releasing Windows 10 last year, Microsoft has been using July 29, 2016 as the last date to upgrade to Windows 10 for free. After that date, the upgrade will cost \$119. What is clear is that most of us have not upgraded to Windows 10 yet, and the free upgrade window is getting short. It's not clear whether Microsoft will hold us to this deadline as it's in Microsoft's best interest to continue to provide an incentive to users worldwide to adopt its new operating system. In the meantime, you should be planning to upgrade your systems this summer to meet the deadline. A good strategy would be to upgrade a test system now, and start testing all your applications in preparation for upgrading all of your systems.

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

rh

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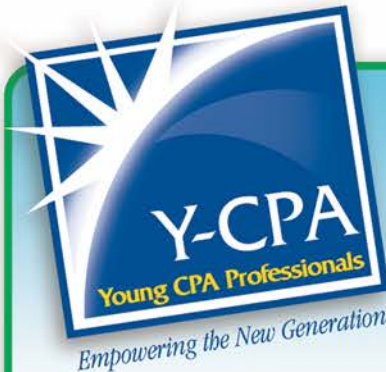
Robert Half once again was named to FORTUNE® magazine's list of "World's Most Admired Companies" and was the highest-ranked staffing firm.
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Y-CPa BUZZ!



By Jill Ishimitsu

Jl: Why were you interested in accounting?

Cl: The first accounting class I took at the University of Oregon was super fun! I was hooked after that. The satisfaction of balancing things out was too hard to pass up. I also knew that an Accounting degree and CPA license would provide a lot of different career opportunities since Accounting is the backbone of every business.

Jl: Why did you get involved with the HSCPA/Y-CPA?

Cl: I got involved with the HSCPA/YCPA back when I was still an active CPA working at KKDLY mainly because it was a good way to meet my fellow peers and give back to the community.

Jl: What advice would you give to other young CPAs?

Cl: Get out and meet new people! Network. Having a solid network of good people will help you greatly in the future. Stay away from negativity.

Jl: Why did you go into real estate?

Cl: I had a lot of fun learning about the real estate process when I purchased my first home four years ago. Seeing how much of a difference it made for me to have a place to call my own, I wanted to help other people have that same level of happiness and feeling of accomplishment.

Jl: What do you like most about your job?

Cl: I like being able to meet people and help them with one of the biggest transactions



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Member **Colin Lee**

they will ever have. It's very fulfilling to know that I am making a difference in these people's lives.

Jl: How has accounting helped you as a realtor?

Cl: CPAs in general are very knowledgeable about the financial side of business. We know how to review legal documents and are trained to be very detail oriented. All of this helps me with real estate because I know what to look for when reviewing financial statements and condo docs, such as the potential for special assessments. Paying attention to the details when reviewing inspection reports may lead to potential repairs or credits for my clients. Also having knowledge about taxes always makes a difference when advising clients about their bottom line.

Jl: What do you miss most about public accounting?

Cl: I miss all the people I worked with and the clients I helped. I also miss going to the different islands for audits. Looking back, I am very grateful for my 8 years in public accounting because I learned so much about not only accounting but also how to interact with clients and manage people.

Jl: Who or what has been the biggest influence on your life or career?

Cl: My Grandma and Mom definitely have been the biggest influences on both my life and career. My Grandma collects the Sunday newspaper every week. If she doesn't see one of my open house ads she calls and asks why I'm not working. It's hard to be lazy when you have someone always holding you accountable.

Jl: Wow, she sounds tough. No wonder you're always working

Cl: Yeah my Grandma has always been a strong, caring woman. She just wants to make sure I'm doing okay.

Jl: Where would you like to travel to?

Cl: One of my goals is to one day take a road trip across the US in one of those luxury RVs.

Jl: That's on my bucket list too! Can I tag along? When are we going?

Cl: Let me adjust my response – one of my goals is to take a road trip across the US in one of those luxury RVs with a bunch of friends! Wish we could go tomorrow! I want to start from the Pacific Northwest and work counter clockwise throughout the States.

Jl: What's the cell phone app you use the most?

Cl: Since I'm on the road a lot I like to use the Waze App to see what traffic is like. Waze has actually saved me a lot of time. I also use Spotify for listening to music.

Jl: What? No real estate app? The real estate app you recommended was useful when we were looking for a home.

Cl: I almost forgot! I do have a real estate app and I'm glad that you thought it was useful! If anyone wants to check it out, it can be downloaded for free @ App.BetterHawaii.com/Colin.

Jl: What is one rule you live by?

Cl: Never give up. If you truly want to be successful at anything, don't give up if you fail. As long as you learn from it, it's not failure; it's just one step closer towards success.



TAX FOUNDATION OF HAWAII

Hawaii's Watchdog on Taxes & Government

By Tom Yamachika, President –
Tax Foundation of Hawaii

Much Ado About Nothing – The Hawaii Legislature Edition



Today we are looking at a bill in our Legislature that contains nothing.

The bill, SB 2535, is titled “Relating to Geothermal,” and it reads: “The purpose of this Act is to effectuate the title of this Act. The Hawaii Revised Statutes is amended to conform to the purpose of this Act. This Act shall take effect upon its approval.” Really.

This type of bill is called a short form bill. It meets all of the technical requirements to be a bill, but obviously it contains no substance. It certainly can’t be signed into law in that form.

This kind of bill has its uses. Every so often the Department of Taxation needs to introduce important legislation to conform to the federal tax code, but when the Congress takes its sweet time to update the federal code and comes out with a bill hundreds of pages long in late December, then the Department simply can’t be ready with a fully-baked bill by the bill introduction deadline. So it will introduce a short form bill. The legislative committee to which it is assigned typically schedules the bill for hearing or decision-making, but because there is nothing for anyone to comment on, it “recommits” the bill, meaning that it goes back to the same committee. By that time, the Department should be fin-

ished with its draft of the long form of the bill. The same committee can then have a hearing on the long form so the public can comment on the substance before the bill moves forward. That is how the short form bill process is supposed to work. The committees are NOT supposed to move a short form bill forward in that form.

SB 2535 started off as a normal-looking bill. It provides that the State has exclusive authority to regulate geothermal activities. This did not sit well with the Big Island county government, which had some issues with noise levels. The bill went through a couple of versions in the Senate, and then crossed over to the House. There, it was heard by the House Committees on Energy & Environmental Protection and Water & Land. Those committees received about 132 pages of testimony, and apparently they threw up their hands and changed the bill to a short form bill. In the joint committee report, the committees stated that they “have amended this measure by deleting its substantive contents while stakeholders work out their differences.” The House Finance Committee, to which the bill went next, published notice of hearing the bill on the same day the bill was heard, with no substance to review. It received two (2) pages of testimony, and passed the bill out unchanged. The bill next went to the floor of the full

House, which passed the bill out in the same form; it now goes to a conference committee, where no public comment or testimony is allowed.

So here’s what appears to have happened. Our legislators took the bill-writing process out of the public eye while a back-room deal was being worked out. If a deal is made, it will be written into a conference draft of the bill that may or may not look like any of the previous versions. The bill will then be voted on without public review and comment, and then what will we wind up with?

Legislators need to be reminded that when we are dealing with public laws, the stakeholders include the public. If the matter that involved only non-public stakeholders, the stakeholders could write a contract. If this technique of moving short form bills to conference is accepted, we may as well dispense with public hearings and testimony altogether. Wouldn’t it be far more convenient to move all the bills to conference as short form bills and just have the conference come up with the substance of the bills?

Please, let’s have common sense prevail. Let’s adopt a rule that says short-form bills must be recommitted. The committee needs to put in the substance, hold a hearing on it, and then report it out or kill it after due consideration.

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CPA EXAM REVIEW SESSIONS

Based on the need expressed by the [Advisory Board of School of Accountancy](#), alumni and students, the School of Accountancy of Shidler College is offering CPA Review sessions (some restrictions apply). The “Auditing and Attestation” portion is taught by Professor Robert Hatanaka who has many years of experience in teaching CPA review preparation courses and others.

The one-year program started on September 4, 2015 and is offered on Saturdays and Sundays from 1:00 p.m. to 4:00 p.m. at The Shidler College of Business. The “Auditing and Attestation” section will start on June 3rd, 2016 and will conclude on June 26th, 2016. Applicants must pay \$50 registration fee for this section (non-refundable). On campus parking is available for \$6. Questions? Contact Hamid Pourjalali at hamid@hawaii.edu

AUDITING AND ATTESTATION • Orientation 6/3/2016 – 6/26/2016

DAY	DATE	TIME	CLASS	SUBJECT AREA
Fri	6/3/2016	6:30 PM	Intro	Class Orientation
Sat	6/4/2016	1:00 PM	A-1	Engagement responsibilities, Professional responsibilities
Sun	6/5/2016	1:00 PM	A-2	Planning and risk assessment, Strategic planning issues
Sat	6/11/2016	1:00 PM	A-3	Internal control concepts and information technology, Internal control sales-receivables-cash receipts, Internal control purchases-payroll-other
Sun	6/12/2016	1:00 PM	A-4	Responses to assessed risk, Internal control communications and reports, Evidence objectives and nature
Sat	6/18/2016	1:00 PM	A-5	Evidence sales-receivables-cash, Evidence purchases-payables-inventory, Evidence other assets-liabilities-equities
Sun	6/19/2016	1:00 PM	A-6	Evidence key considerations, Evidence sampling
Sat	6/25/2016	1:00 PM	A-7	Reports opinions and disclaimers, Reports other modifications, Related reporting topics
Sun	6/26/2016	1:00 PM	A-8	Review compilation attestation engagements, Governmental audits