DECEMBER 2016

KĀLĀ

The Official Publication of the Hawaii Society of Certified Public Accountants

Makin' a List...
And Checkin' it Twice!

Keys to Communication This Season

1. Listening to Understand

2. How to Communicate When Things Go Wrong

3. "Yes, and…" Is Always the Best Bet

Happy Holidays

From

HSCPA

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HSCPA

Hawaii Society of Certified Public Accountants

KALA

The Official Publication of the Hawaii Society of Certified Public Accountants

Hawaii Society of CPAs

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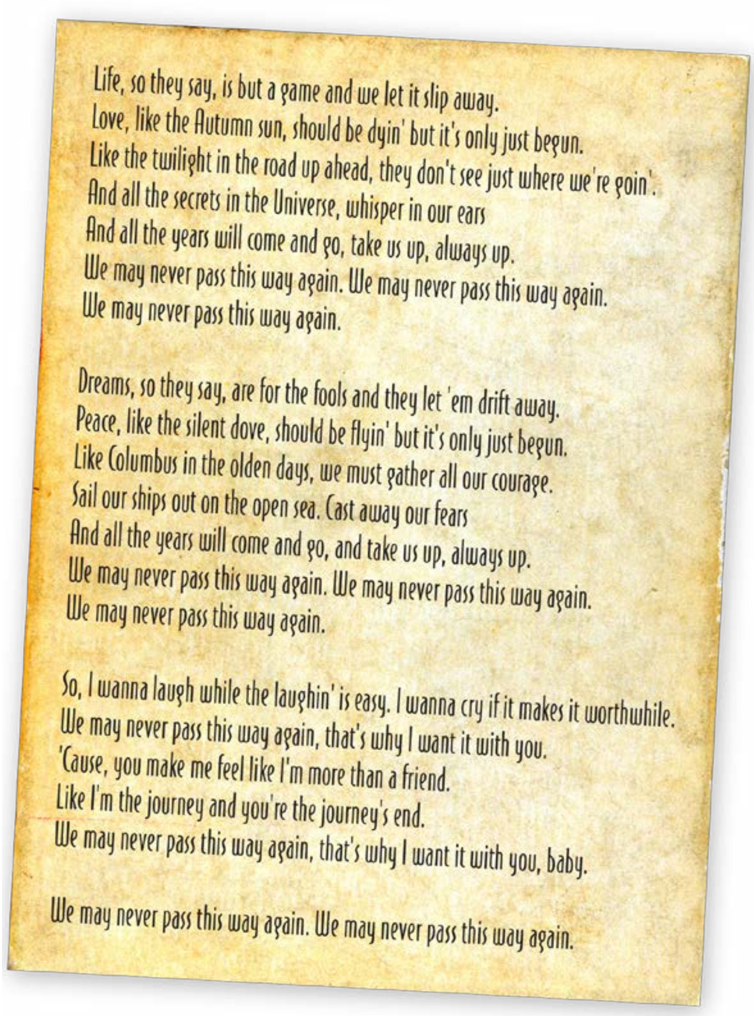
In This Issue

President's Message

By Norman N. Okimoto

The Christmas season seems to start earlier every year, with radio stations playing holiday songs before Thanksgiving, shopping mall Christmas decorations displayed in November, and holiday-themed gifts tempting us right after Halloween. We know as CPAs the holiday season is also a very stressful time with year-end closings, final tax planning strategies, 2016 budgets to exceed, 2017 budgets to be approved, etc. There are also the holiday parties and family gatherings to t empt us with incredible food and drinks! For those of you with kids, there are the Christmas programs to attend and gifts to wrap and deliver. As you balance all these responsibilities, I want to leave you with two thoughts to reflect on to hopefully make 2016 the best year for you!



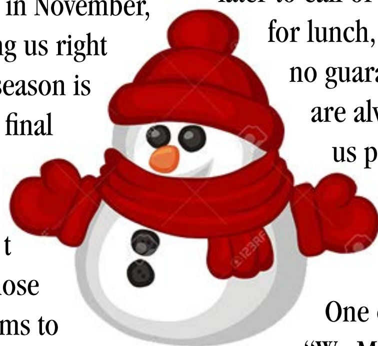
Life, so they say, is but a game and we let it slip away.
Love, like the Autumn sun, should be dyin' but it's only just begun.
Like the twilight in the road up ahead, they don't see just where we're goin'.
And all the secrets in the Universe, whisper in our ears
And all the years will come and go, take us up, always up.
We may never pass this way again. We may never pass this way again.
We may never pass this way again.

Dreams, so they say, are for the fools and they let 'em drift away.
Peace, like the silent dove, should be flyin' but it's only just begun.
Like Columbus in the olden days, we must gather all our courage.
Sail our ships out on the open sea. Cast away our fears
And all the years will come and go, and take us up, always up.
We may never pass this way again. We may never pass this way again.
We may never pass this way again.

So, I wanna laugh while the laughin' is easy. I wanna cry if it makes it worthwhile.
We may never pass this way again, that's why I want it with you.
'Cause, you make me feel like I'm more than a friend.
Like I'm the journey and you're the journey's end.
We may never pass this way again, that's why I want it with you, baby.

We may never pass this way again. We may never pass this way again.

We May Never Pass This Way Again



As our lives become more hectic, we assume we will have time later to call or Facebook someone, meet a dear friend for lunch, visit a family member, etc. However, there is no guarantee we will have that opportunity later. We are always reminded of this when someone close to us passes away suddenly. We are in disbelief and usually wish we had spent more time with that person.

One of my favorite oldies song is Seals & Crofts' "We May Never Pass This Way Again." It always make me wistful and reflective, and reminds me because "we may never pass this way again," we must stay in the present, treasure what we have, and reach out to close friends and loved ones as much as we can. The following is the link to the song. As the song's first verse goes:

"Life, so they say, is but a game and we let it slip away.
Love, like the autumn sun, should be dyin' but it's
only just begun.
Like the twilight in the road up ahead, they don't
see just where we're goin'.
And all the secrets in the Universe, whisper in our ears

And all the years will come and go, take us up, always up.
We may never pass this way again.
We may never pass this way again."

There are no guarantees our paths will cross again with people we care for, so we must cherish and make the most of our time with them.

Life Lessons

One of the books which has made the biggest impact on how I live my life is "Life Lessons" by Elisabeth Kubler-Ross and David Kessler. Having lost both of my parents already, this book captured my interest as the authors have helped thousands of grieving and dying people over the years. They noticed certain lessons kept coming up over and over again and shared these life lessons in their book.

"I never followed my dream."
"I never did what I truly wanted to do."
"I was a slave to money."

At thousands of deathbeds, people express their regrets and many say the above three statements. The number one regret people have, however, when they look back on their lives is:

"I wish I had not taken life so seriously."

The authors discovered, if the patients' work achievements weren't balanced by high points in their personal life, their work feels empty. They often realize they worked hard, but they didn't really live.

Because of the book, I didn't want to have any life regrets either so I decided to heed the lessons in the book. The primary lesson the dying teaches us and which I'm trying to do is:

"LIVE EVERY DAY TO ITS FULLEST."

I want to wish all of you a very Merry Christmas and Happy New Year! May you always "Live Every Day To Its Fullest," and spend as much time as you can with the people who mean the most to you!!!

COMMUNICATION WILL MATTER THIS SEASON

ACTUALLY EVERY SEASON

By Peter A. Margaritis

Communication. Communication. Communication. It is the KEY to success in life in every aspect in life, and yet we all struggle with it in varying degrees. Communication is so important because it is the vehicle for information and information is needed to make decisions each and every day.

As busy season approaches, I cannot stress the importance of effective communication between you, your team, your clients and your family. Transparent communication will help establish accurate expectations; it will prevent major issues and will help everyone understand what is needed in order to be successful.

Listening to Understand

A BIG part of communicating is actually listening. So often, this part of the equation is overlooked. We tend to be so intent on getting our ideas heard that we steamroll over those who we are talking with and we aren't hearing them. If we want to be heard, surely we should be doing some listening as well?! The truth is, we all want to be heard…especially your team and your clients. Being heard requires someone to actually listen. Listening requires putting our own agendas aside and prioritizing the person in front of us. Really listening to your colleagues and clients this busy season will make your life SO much better. Why? People will feel heard, validated, and as a result they will feel positively toward you, which will make your stress decrease significantly.

Of course improvisation comes in handy here, because the key to improv is being able to listen in order to understand. When you're not listening to those around you, how can you respond in a way that truly adds value to the interaction? It's the same no matter the situation, a client meeting, speaking with your spouse, or meeting someone new – in each of these interactions we have a choice in how we're going to engage. When you stop yourself from acting on your knee-jerk reactions/responses/ideas and instead listen and wait to respond, you'll find that not only does the person you're talking with feel validated, you'll have a relevant response. Also, being thoughtful about what someone is telling you and how you choose to respond will inevitably help you when challenging topics are brought up.

How to Communicate When Things Go Wrong

Challenges will inevitably occur at some point during the next several months. Perhaps there will be a mistake made by you, your team or even the client(s) you work with. The way you choose to respond to your team and client regarding the problem will dictate how well you all will bounce back from the experience. This concept is repeatedly seen in sports every year; when key players aren't able to make the play when they need to, or when one poor decision costs the trajectory of the game. There are so many examples of this, that no matter your sport, team, game of choice, you will find lessons in learning how to respond and bounce back.

This, I believe, must be one of the hardest aspects of being a coach. Sure, finding talent, training them to succeed and making sure they're game-ready is a significant part of the job – but, think about aspect of the job where you have to keep spirits up and encourage motivation despite setbacks and discouragement. In those moments, coaches set the tone and have the power to help the team move on and do better things. Sure, there are learning experiences, and yes those need to be reviewed and understood…but, how you engage with your team and clients will determine your success ahead.

A recent example of this was illustrated in an Inc. article on the heels of a bizarre NFL football between the Seattle Seahawks and the Arizona Cardinals. The game was the lowest tied score in NFL history – hardly anything happened offensively (only two field goals for each team, adding up to six points each). Then in overtime, BOTH kickers missed relatively "easy" kicks. Therefore, the player whose job it was to come and make the play, didn't – not in last play of the game that would win it.

As the Inc. article pointed out, the response of the two coaches was extremely different. As quoted from article here was the Cardinals coach's response: "Make it. This is professional, this ain't high school, baby. You get paid to make it." Versus the response from Seahawks head coach: "[Hauschka] made his kicks to give us a chance and unfortunately he didn't make the last one. He's been making kicks for years around here ... but he's gonna hit a lot of winners as we go down the road here. I love him and he's our guy."

Night and day. Think about how this would make you feel if you were the kicker for your respective team…or the accountant on the team that made an error. You already feel awful; does it help to hear your boss or co-worker rip into you even more? Nope. In fact, hearing that negativity could result in more second-guessing and mistakes. Make sure you seek to use your communication to inform, inspire and empower. One way to do this? "Yes, and…"

"Yes, and…" Is Always the Best Bet

I often speak of the difference between "yes, but…" versus "yes, and…" in my seminars – which I consider a huge promoter of effective communication.

Continued on page 18

The Power of Appreciation

How to Create an Organizational Culture of Appreciation that Impacts the Bottom Line

My grandfather lived in a nursing home during the last several years of his life. During one of my visits to see him, a nurse pulled me aside and told me what a great man my grandfather was. I appreciated that and asked her why she thought so. She said, "He is one of the only people here who consistently says thank you."

That's the power of thank you. They may be just two words in the English language, but those words mean so much to so many people. To this nurse, they meant everything.

Thank you. How often do your employees or coworkers hear those words? Many work extra hours, often for no additional money or benefit, and often without the benefit of hearing someone say thank you. Why do they do it? Because, like you, they want to make a difference in their jobs, and they want to contribute. In fact, through conducting seminars, I have learned that one of the biggest fears that people seem to have in common is the fear of dying without making a difference. We all want to know that our lives count, and we need to feel like we matter to someone. That's what makes appreciation so powerful.

In fact, appreciation is so powerful that it affects the bottom line. People who feel valued and appreciated are more likely to remain in their jobs, making appreciation a key factor in employee retention. Furthermore, sincere expressions of appreciation open the lines of communication and improve teamwork because people tend to be more open with co-workers who appreciate the job they do. This makes people more likely to express ideas and feedback, which also positively affects the bottom line.

As managers and co-workers we often need to share difficult feedback and constructive criticism. But how often do we share positive feedback – praise for a job well done? I'm not talking about employee awards. Those have their place, but I'm talking about words. "Thank you, that was just what I was looking for." "Thanks for the extra time that you put into this. I know you had to sacrifice some personal time."

I heard from an employee of a Fortune 500 company who was recently nominated by her team for a formal award. She appreciates the nomination – particularly that the entire company received the text of her nomination. She said, "The public nature of it was quite validating. It doesn't even matter if I receive the formal award. The initial nomination is enough. It makes me want to work harder and motivates me to want to invest myself more fully in what I do." But she went on to say this: "Receiving acknowledgement from people throughout the year, in a less formal way, helps me to get through each day in a way that no amount of money could."

When you express your appreciation, you are basically saying, "I notice you. You are important. You are significant. You are making a difference." Acknowledging others comes with wonderful benefits. When we express appreciation, we have to think positively, at least for that moment. The more we acknowledge and appreciate others, the more positive moments we have. Over time, that makes us feel better about those around us and about ourselves.

Developing an organizational culture of appreciation may sound like a lofty goal, but it's worth the effort. Once it gets going, appreciation is contagious. It creates positive feelings in the person saying thanks and in the one receiving it.

Do you know anyone who has ever left a job (or a relationship) because they received too much appreciation? Of course not! Now think about the people you know who have left jobs – despite a good salary and benefits – because they didn't feel appreciated for the work they did or failed to see how they made a difference. Managers often think a salary increase is what employees value most – and for some that may be the case – but for most, receiving appreciation is even more important.

Four Keys to Effective Appreciation

To ensure that your expressions of praise and appreciation have a significant impact, remember these four keys: ISOS:

I = Immediate

Express your appreciation immediately, even if it is over the phone or via e-mail. Often we want to do something special to show our appreciation, but that can take time. It's important to act quickly, even if it is a small token gesture. You can always do more later. If you don't do something immediately, the person you appreciate may feel unappreciated. Seize the moment. Do it right away.

S = Specific

Make the acknowledgement specific. Rather than saying, "Thanks for all your help," say, "Thanks for the detail you put into the report. It obviously took a tremendous amount of time and dedication." Being specific adds importance and validity to the appreciation.

O = Often

Few people have ever suffered from too much appreciation, but many enough. Don't be stingy. Offer it frequently, appropriately, and creatively.

S = Sincere

Say it only if you mean it. People are smart, and they can tell if you are faking it. A sincere expression of appreciation that comes from the heart is a powerful motivator.

"Appreciation is so powerful that it affects the bottom line."

Make It a Habit

There's an exercise I sometimes do with my seminar attendees to help them practice the power of appreciation. I ask everyone to write down sincere compliments and "thank yous" for their co-workers. At first it feels like a silly game, but after a while people feel less awkward and begin to enjoy it. The exercise opens up lines of communication. During debriefing at the end of the seminar, people always talk about the unexpected results of this exercise. Some participants even save the notes of appreciation for years.

Many of us inherently understand the power of appreciation, but few of us practice it regularly. To successfully develop the habit of acknowledging others and expressing appreciation, ask everyone in your office to commit to appreciating five people a day for one month. Sticky notes are a great way to express one's appreciation. We all have them in our offices and all it takes is a quick note to say "thank you." Adhere the note to a good report or memo you've just reviewed, or stick a note on your co-worker's computer monitor or chair. However you do it, the note will always be received positively. People do save these notes and soon, you may even see these sticky-notes covering one's office wall!

The Greatest Gift

Benjamin Disraeli said, "The greatest good you can do for another is not to share your riches, but to reveal theirs." That is the job of any leader – of a family, of a team, of a department, or of a company. Reveal the riches in others by expressing appreciation for what you see.

Remember to say thank you. The gift of appreciation is the greatest gift you can give. Tell someone today what a difference they have made in your life. Then watch the difference you make in theirs.

Steven Gaffney is a leading expert on honest, interpersonal communication, influence and leadership and is one of the recognized authorities on the subject of honesty. He is the author of two ground-breaking books, Just Be Honest: Authentic Communication Strategies that Get Results and Last a Lifetime and Honesty Works! Real-World Solutions to Common Problems at Work and Home.

10 Principles for a Happy Life and Career

Principle 10: Generosity

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 10 basic principles have guided him through a joyful life and a fulfilling career. This is the last installment. KALA thanks Mr. Crawford for sharing these with his colleagues.

"For it is in giving that we receive."
~St. Francis of Assisi

Look around and you will probably see the most joyful people in life are the most generous. In his book, "The Happiest Life," author and radio personality Hugh Hewitt contends generosity is the prerequisite and necessary ingredient for all gifts in life and for all those who wish to be givers. Generosity puts aside self-interest in order for someone to give freely of things that matter and have value to the giver. If the giver only parts with things of little value to him or her, although this is still giving, it is not true generosity. Genuine generosity is altruistic. The giver gives with nothing expected in return. If one does a good deed and then seeks recognition and attention for doing it, then the deed is not really a good deed at all and is merely self-serving.
Some of my most treasured material possessions can be found in my collection of rock and roll memorabilia from the 1960s and 1970s era of classic rock music. As a guitarist for a rock band in the late 60s and early 70s, I developed a love for this music that spans more than 40 years. Over time, I collected a number of prized remembrances from this musical era. They include autographed guitars, albums, books, pictures and other memorabilia from numerous artists like the Beatles, Elvis Presley, Led Zeppelin, Jimi Hendrix, ZZ Top, Heart and many, many others. But for me, the greatest pleasure is not in the possession and display of these prized items, but in the giving of these items to other people, especially when I learn of their love for a favorite album or artist.

Recently, I was discussing my rock and roll memorabilia with an acquaintance when she told me of her dad's passion for music and his hobby of building guitars. When I asked if he had any specific favorites, she said he had a particular appreciation for classic southern rock music from such groups like The Allman Brothers and Lynyrd Skynyrd. I remembered that one of the items in my collection was an autographed Lynyrd Skynyrd album with particularly interesting artwork on the album cover. While I enjoyed this item in my collection, I took greater pleasure in offering it as a gift for her father. Interesting enough, the day we had this discussion was her father's birthday and the autographed album made a perfect birthday gift. The following week, she relayed to me her dad's thanks and said he was extremely proud to have this gift and had already displayed it on one of his walls. Tragically, a week later her dad passed away suddenly from a heart attack. In my sorrow for her and her family, I was able to take some solace in the fact that for a two week period I was able to bring a small amount of happiness to a man I had not met.

Give generously with nothing expected in return.

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 OSCPA 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 governmental accounting, auditing and ethics. Crawford is also the founder of Living a Life Worth Living which provides free resources to encourage readers to achieve high morals and recognizes others who do the same.

HSCPACPE

DECEMBER

KEEP EDUCATING YOURSELF

Focus on the Mission: Not-for-Profit Accounting and Reporting Today and Tomorrow December 1 (Thursday)

This course will help you to master the key accounting and reporting rules that not-for-profits use to tell their story of mission achievement today. It will also look at how some of those rules will change in the future with the FASBs Financial Statements of Not-for-Profit Entities project. The course materials utilize a highly illustrative and innovative format. Over 30 focused exercises are included to provide an enhanced working knowledge of not-for-profit accounting and reporting. claims or liability. more>

Compilations, Reviews and New Preparations: Engagement Performance and Annual Update December 2 (Friday)

This course will provide you with a comprehensive review and hands-on application for performing financial statement, compilation, and review engagements. You'll learn the ins and outs of SSARS No. 21, Clarification and Recodification, which is the most significant change to the compilation and review standards since its inception over thirty years ago. The course will also explain how this standard is different from SSARS No. 19 and provide you with practical examples and illustrations to help you effectively and efficiently perform preparation, compilation, & review engagements. This course is intended to be your go-to reference for training your staff and managing your SSARS No. 21 services in compliance with professional, ethical, & technical requirements. more>

How to Identify, Explain and Present Pertinent Financial Information to Non-Accountants December 8 (Thursday)

Do your business associates and/or clients have difficulty understanding the financials? Are they making decisions without comprehending the financial impact of their actions? They frequently smother in detail and crave for knowledge. This high impact interactive program is loaded with practical ideas and techniques to help associates and clients make better business decisions. Financial Information is one of managements most useful tools, yet far too many non-accountants are unable to read financial reports and use this information to enhance performance. This seminar is especially beneficial with today's emphasis upon Team building, Total Quality Management, and Employee Involvement, where responsibility, authority, and decision making are shifting to lower organization levels. more>

The Eight Hour MBA December 9 (Friday)

If you don't have the time to complete an MBA degree but still want to understand the key concepts, then this course is for you. This course is designed for managers, professionals, and business owners who want to develop a broad perspective to deal more effectively in today's rapidly changing and increasingly complex business environment. more>

KAUAI Selected Topics in Individual Tax December 12 (Monday)

Participants will review the rules, cases, and regulations that apply to common problems involved in preparing an individual income tax return. Specific areas will be explored in depth. more>

Year 2016 Tax Update December 13 (Tuesday)

This comprehensive federal tax update will cover all new tax legislation, including the Protecting Americans from Tax Hikes Act (PATH) and the Department of Treasury Appropriations Act, dealing with reporting requirements and payment of health insurance premiums under the ACA; and other new regulations, cases, and rulings in all areas of federal taxation through September 30, 2016. more>

Individual Tax Workshop December 14-15 (Wednesday-Thursday)

Participants will review the rules, regulations, and forms required for the filing of the individual income tax return. This two-day program will use the Form 1040 to highlight commonly encountered problems. more>

Register online or download registration form at: https://www.hscpa.org/writable/files/cpe_registration_form_copy1.pdf

INFORMATION PLAN DIARY NOTE ADDRESS

TAX FOUNDATION OF HAWAII

Hawaii's Watchdog on Taxes & Government

By Tom Yamachika, President – Tax Foundation of Hawaii

The Homeless

One of the most visible crises to hit us in recent years is the problem of the homeless. Certainly, the issue has been around for a very long time, but the problem seems to have intensified in recent years between the general economic malaise that has lingered since the 2008 economic meltdown and the influx of Compact of Free Association (COFA) island migrants.

I'm not about to tell you that I have a solution to the problem. But it does seem that the problem has many facets, and so we shouldn't be talking about only providing housing, or only providing services, or only throwing money at the problem. A coordinated approach is sorely needed. Our Governor's appointment of an interagency coordinator to direct the effort seems like a step in the right direction.

Coordinated action is not what our government normally does. We normally identify a problem and a half dozen approaches, and then try to implement all of them, often without regard to any issues that might arise because of the cross-pollination.

In the tax system, for example, we try to fight poverty. But we apparently don't think it wise to increase the threshold income amount below which folks don't even have to file a return and deal with the tax system. Instead, not only do we try to force people with incredibly low income levels to navigate through income tax returns, but we increase the complexity for those people with additional forms and schedules. We have a low-income household renter's credit. We have a credit for child and dependent care expenses. We have a food/excise tax credit. And our laws provide that if a person who might be eligible for a credit doesn't claim it in a year, the credit goes poof and can't be claimed, ever.

Tax credits, furthermore, have a couple of additional characteristics that make them a tough fit for poverty aid. First, the credits all result in one single check, issued just once in a year. What does a poor person or poor family do during the rest of the year while waiting for the check? Do they get refund anticipation loans, which typically are provided by specialized lenders who charge rates and fees that can reach over 450% in annual percentage rate (APR), according to legislative testimony from the Hawaii Appleseed Center for Law and Economic Justice? And if we are talking about a homeless person, to what address do we mail the check?

Finally, we can't be blind to the fact that when free financial aid is given out, there will be people who will want to take some even though they don't qualify. Our tax department has a hard enough time separating legitimate from fraudulent claims when the claimants have addresses, phone numbers, and Social Security cards. Are they adequately equipped to deal with the same problems with claimants missing one or more of the above?

This all goes back to the coordination of effort. Offices of government have their areas of expertise. Aid mechanisms, such as housing vouchers, electronic benefits/food stamps, and assistance services have their strengths, competencies, and weaknesses. A truly coordinated approach needs to align the strengths and competencies while avoiding the weaknesses.

We then need to apply the idea of "coordinated approach" to other issues that have been plaguing the workings of our government for decades.

Help Grow the CPA PIPELINE

There remains to be concern about the gap between the number of recent college graduates with accounting degrees and the volume of new candidates sitting for the CPA Exam. Please help to support our efforts in growing the CPA pipeline.

As you know, passing the CPA exam is not an easy task. The CPA exam review sessions provide a wonderful opportunity for your staff and interns to dedicate their free time in an effective way to the pursuit of obtaining their CPA license. As their employer, they need to know that you are in their corner. They need your encouragement and support. This can be demonstrated in a variety of ways. For instance, (1) provide friendly reminders to your staff and interns of the reasons for pursuing and passing the CPA exam early in their career (i.e., sense of accomplishment, better opportunities for advancement, and using one of the most trusted credentials (with proper licensing); (2) allow study time and cram session time to whose who want to take advantage of the sessions; and (3) show your support by offering to cover the low cost of the sessions ($200 per session) such as paying for each session once up front or reimbursing for the sessions after each respective part of the exam is passed. You may have other ways to show encouragement and support, but the important message is to display is that you are behind them 100% in their pursuit of the CPA.

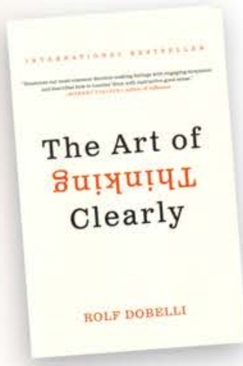
The University of Hawaii will again be hosting CPA exam cram review sessions. There will be four sessions (one session for each part of the CPA exam) and will be held at the Shidler College of Business beginning **January 6, 2017.** The sessions are being scheduled for Monday and Thursday evenings from 6:00 p.m. – 9:00 p.m. For a complete schedule, click here.

Norman's Book Review

"The Art of Thinking Clearly"

by Rolf Dobelli

Amazing! Thought Provoking! Game Changer! These are just some of the adjectives that come to my mind after reading this book. It is a summary of 99 cognitive biases with a short chapter devoted to each bias. As the author states at the end of the book, his book is based on research in the cognitive and social psychology fields over the past 30 years. So you can either read the detailed studies and books behind each bias, or if you are pressed for time, you can get the gist of 99 biases by reading this book. Thanks to my BFFs on Maui, Nala and Carol Arai, for getting this book for me when they vacationed in New York this year!



The author has a writing gift as the book is easy to read and hilarious at times with the examples used. Make no mistake, however, this book is a must read because whether we like it or not, advertisers, competitors, friends, enemies, etc, use this information to influence our decision-making and use it to their advantage to put us out of business. The following are seven of the 99 biases in the book which will give you a flavor of how powerful this book is.

Reciprocity (Don't Accept Free Drinks)

Why are there so many organizations and people wanting to give you something free … name labels, postcards, food samples, drinks, flowers (Hare Krishna), etc? Because they know when people receive something from someone else, they feel the need to reciprocate. Also known as "first give, then take," reciprocity is alive and well … people don't like to be in another person's debt. So what usually happens when we get something free? We usually buy the product or make a donation so we are not in debt to the other person or entity.

Overconfidence Effect (Why You Systematically Overestimate Your Knowledge and Abilities)

Do Frenchmen think they are above or below average lovers? Do people think they are above or below average drivers? Do faculty think they are above or below average teachers? Most of these people think they are in the above average category, when the statistical median means 50% should be above average and 50% should be below average. The reason for this disparity is the overconfidence effect. By and large, people tend to overestimate their knowledge and ability, and as women can attest, the overconfidence effect is more pronounced in men than women.

Accordingly, be aware if you have this tendency, and always be cautious of people making predictions and giving "expert" advice.

Outcome Bias (Never Judge a Decision by Its Outcome)

Raise your hand if you tend to evaluate a decision based on the results of the decision versus the decision process. I think most of us would raise our hand. This is known as outcome bias. We have to be cautious of outcome bias because many times the results are based on external factors, randomness and/or luck. "A bad result doesn't automatically indicate a bad decision and vice versa."

Winner's Curse (Curb Your Enthusiasm)

Ever noticed the winning bids at live auctions, government auctions of things such as cell phone frequencies, initial public offerings (IPOs) etc usually are higher than the true value of the item being auctioned? This is known as the winner's curse, where the winner of the auction usually turns out to be the loser. Why? Sometimes the item's value is not known, there are numerous bidders who bid up the price, and people are naturally competitive.

The author notes we should heed the advice of Warren Buffet on auctions: "Don't go."

Sleeper Effect (Why Propaganda Works)

Why do government propaganda, negative political ads, and advertising in general work even if you are skeptical? The human brain is fascinating in that "in our memories, the message fades slowly and endures, while the source of the information is quickly forgotten." This is known as the sleeper effect. That's why we can be manipulated by carefully crafted advertising and advertising campaigns.

Alternative Blindness (Why It's Never Just a Two-Horse Race)

Should you do a medical procedure or not? Should you invest in bonds or stocks? Many times we feel we have to choose between two alternatives when in reality there are more options to consider if we do additional research. This is known as alternative blindness.

To maximize his return and avoid alternative blindness, Warren Buffet does the following: "Each deal we measure against the second best deal that is available at any given time – even if it means doing more of what we are already doing."

Over Thinking (Where's the Off Switch?)

I had to chuckle when I read this as I, as well as most CPAs, are accused of over thinking things. "If you think too much, you undermine your intuitive ability to solve problems and cut off your mind from the wisdom of your feelings." However, all is not lost as you still need to think hard when dealing with complex matters! Phew, I was getting a little worried.

Summary

I can see from reading the book why the author is a best selling writer. He takes complex topics and makes them easy for anyone to understand. You will be more aware of how you arrive at the decisions you make and hopefully after reading the book you will make better decisions and life choices.

The author's wish in writing the book is: "If you can learn to recognize and evade the biggest errors in thinking, you might experience a leap in prosperity."

HSCPA

THOMSON REUTERS

Checkpoint Functionality

January 12, 2017 (Thursday)

HSCPA Office - 900 Fort Street, Suite 850
12 noon to 1:00 p.m.

If you are a current Checkpoint user or want to explore what is available, this session may be for you!

Long-time partner of the HSCPA, Thomson Reuters continues to provide valuable tools to make your work easier, faster and profitable (RIA Federal Guide sold by the HSCPA annually). Thomson Reuters Checkpoint is the industry leader providing intelligent information to tax and accounting professionals—including expert research, guidance, technology, tools, learning, and news.

If you're a Thomson Reuters product user, you may find this session beneficial to your business. This session shows you how to keyword search, perform a citation search, efficiently navigate in the system and how to set yourself up to receive newsletters by e-mail so you can stay up-to-date on the latest happenings in your field.

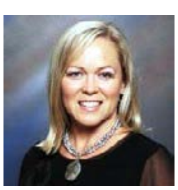
Topics

- Elements of the Checkpoint screens
- Keyword Searching
- Citation Searching
- Navigating your search results
- Levels of Authority
- Google vs Checkpoint research

Objectives

- Identify how to use Checkpoint navigational elements for tax and accounting research
- Explain how to use Checkpoint's intuitive search engine to easily retrieve the most relevant documents and the differences when using Terms and Connectors searching
- Describe how to view and quickly navigate through your search results to get the exact research data you need

Speaker:



Barbara Howarth is a Senior Account Manager with Thomson Reuters Knowledge Solutions. She has been in the tax and regulatory research market for over 33 years. Barbara represents RIA, PPC, and WG&L with additional responsibilities in sales management and training. Barbara works with CPA's, Attorneys, Corporations, Universities and the Dept of Revenue, to provide the best possible solution to their tax and accounting research needs.

Register online:
https://www.hscpa.org/professional-development/events/BB01121716/brown-bag-ria-checkpoint-functionality

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Y-CPA Buzz!

Y-CPA Young CPA Professionals
Empowering the New Generation

Teaching Moment: Wells Fargo

By Adrian Hong

For a little more than a year, I have had the privilege of teaching accounting courses at the University of Hawaii at West Oahu. It has allowed me to engage with bright, young students, to pay it forward for what a career in accounting did for me, and to go back to the basic concepts and principles of accounting.

This semester I am teaching auditing and I try to make the subject as engaging for my students as possible by going over real cases of fraud and audit failures. Otherwise, teaching audit just becomes regurgitating GAAS principles and audit procedures (I thought I made a tragic mistake by agreeing to teach audit when I read the first chapter of the textbook and almost passed out).

Recently, I used the woes of Wells Fargo and their auditors to drive home some very important points about auditing and being an auditor. Wells Fargo was recently ordered to pay $185 million fines related to a fraud occurring from 2012 to 2014 in which over 5,000 Wells Fargo employees opened fake bank and credit card accounts in customers' names in order to fraudulently charge them additional fees. Employees committed the fraud in order to meet cross-selling goals set by Wells Fargo's management.

The following are key points of the case I tried to drive home to my students:

- **The control environment matters.** Tone at the top matters. Executives need to care about internal controls and about ethical behavior if they want their employees to care about it. It doesn't matter if a company has an ethical hotline if no one is listening on the other side of that phone call.
- **Corporate governance matters.** Strong boards and audit committees are a necessary check against management. They can be a resource for employees and auditors who have concerns about how a company is being managed and can provide needed oversight.
- **Fraud matters.** Even frauds that are not quantitatively material, that do not involve management, and appear to be the work of just one employee matter. Frauds that appear inconsequential may provide evidence of larger issues (i.e., lack of internal controls and pervasive unethical behavior).

It is my hope that my students will take these lessons to heart and remember them when they go into public accounting or business and industry. I think as professionals we should all keep in mind the woes of Wells Fargo.

[1]Chappel, Bill (2016). 'You Should Resign': Watch Sen. Elizabeth Warren Grill Wells Fargo CEO John Stumpf. NPR. Retrieved from www.npr.org

CPA FIRM MICROCOMPUTER TECHNOLOGY

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


One of our clients was recently hit by two different attacks attempting to gain access to their servers. In one attack, the hacker was trying to access the client SQL server by attempting a login with a different user name every two seconds. In the second attack, the hacker was attempting a remote desktop login with a different user name every 2 or 3 seconds. The attackers were hoping to find a valid user name that did not use a password.

The first attack was discovered when we were reviewing logs in Symantec Endpoint protection software on the server. The attackers were able to attempt these constant logon attempts because port 1433 was open on the Firewall. We could see the IP address attempting the login in the Windows Security log and blocked that IP in the Firewall to stop the attack. We subsequently closed port 1433 completely and moved all valid outside SQL server users onto a VPN connection. We recommend keeping port 1433 blocked to outside access on Firewalls.

The second attack was discovered when we were reviewing the Windows Security log. The attackers were able to attempt these constant RDP logins because port 3389 and 5389 were open on the firewall to allow valid outside users to login to the server. We blocked these two ports on the firewall and the attack stopped. We are in the process of moving valid outside users to VPN connections to logon onto the server. Again, we recommend keeping RDP ports blocked and using VPN connections to allow outside users to log onto servers.

Lessons learned from these incidents:

- Both anti-virus and Windows software security logs should be reviewed on a regular basis to detect attacks in a timely manner.
- Firewall configurations need to be carefully monitored. It is recommended that ports be blocked and that access to servers be accommodated using VPN private connections.
- Strong passwords should be used for all access to software and hardware especially the Firewall.

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

Continued from page 7

What makes this minor difference in semantics so important? One stops a thought in its tracks ("yes, but…I don't like that idea and I'm introducing something new"). The other connects an additional idea to be considered jointly ("yes, and…to add to the point/idea you made I will add this as well").

Doing this small, yet significant shift in language promotes an atmosphere of acceptance and possibilities, not one of rejection and defeat. As a result, the workplace culture thrives – even under great stress and in the face of challenges. It becomes one of inspiration, not deflation.

Hours will get longer, numbers will get murkier and clients as well as coworkers will get tenser; however, if you remember to listen with the intent to understand, recognize the importance of staying positive and continue the ideas of those around you, you will be doing your part in improving communication and therefore improving the overall experience of everyone involved.

Just remember how you communicate this busy season will make all the difference.

Peter A. Margaritis, CPA is a speaker, educator, trainer, humorist, and self-proclaimed chief edutainment officer for The Accidental Accountant™. Partnering with the Business Learning Institute, his firm helps accountants and other business leaders to increase their profitability by strengthening their business success skills and improving morale through bette r communication. He is a member of the Ohio Society of CPAs, Georgia Society of CPAs, National Speakers Association, and the American Institute of CPAs. Peter is also the Author of Improv Is No Joke: Using Improvisation to Create Positive Results in Leadership and Life. www. petermargaritis.com

New (Free) Client Communication Tools for Tax Practitioners

Communicating your value as a tax practitioner is critical – no client can be taken for granted. The good news is that marketing and communications don't have to be difficult or expensive. The AICPA's Tax Practitioner's Toolkit will help you establish yourself as a leading provider of tax services, all year long. And now, the resources are even easier to find on the newly designed website.

Four Conversations to Have with Clients (and Eight Tools to Start Them)

Below are points to raise with clients as tax season approaches, with suggested resources from the Toolkit to reinforce your expertise in the discussion.

Act Now to Save Money on Your Tax Bill

Whether it's making more contributions to a retirement plan, altering the form of gifts, or making stock decisions, a variety of strategies are still available to lower tax liability. In meetings, review the Tax Planning PowerPoint on year-end tax planning and potential strategies, and send year-end tax planning letters to individuals and small business owners, encouraging them to consult with you now.

Federal Tax Laws Are Mostly the Same, But Due Dates Are Different

With the exception of expiring tax breaks such as the tuition and fees deduction, most taxpayers will not notice significant federal law changes affecting their upcoming return. But they will notice new return due dates, particularly earlier deadlines for partnerships and FBAR. Offer clients the Tax Law Snapshot – a 4-page overview of key tax issues affecting individuals and small business – and educate them about 2017 due dates for returns with a client letter.

Worried About Tuition? Let's Explore Options

Whether your clients are parents of a college student or students themselves, they may have just paid a spring semester bill and are concerned about future ones. One of the new brochures from the Toolkit may help. Tuition Tips: Paying for College highlights education tax benefits and other financing options and ways their CPA can assist. For those looking to go back to school, Tuition Tips: Spotlight on Adult Students provides helpful information and reinforces the value of their CPA in making decisions.

ACA Rules and Penalties Have Changed

Make sure business owners are clear on their ACA obligations, particularly now as the threshold for "large employer" has dropped to 50 full-time and full-time equivalents. Do I Need to Provide Insurance? is a fact sheet that explains key rules. Meanwhile, individual clients need to be aware of how the ACA may affect them, as the penalty for lacking coverage has jumped considerably. What the Affordable Care Act Means for You – a 2-page summary - or detailed FAQs to answer common questions are valuable education tools.

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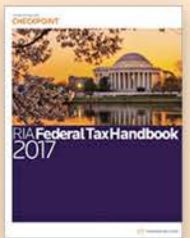
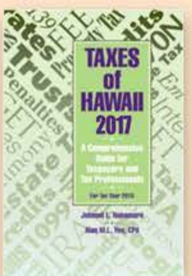
2017 CCH U.S. Master Tax Guide – $65.00 / $75.00

The U.S. Master Tax Guide provides helpful and practical guidance on today's federal tax law. This 100th Edition reflects all pertinent federal taxation changes that affect 2016 returns and provides fast and reliable answers to tax questions affecting individuals and business income tax.



2017 RIA Federal Tax Handbook – $55.00 / $65.00

Designed to provide quick and easy access to critical tax questions, the RIA Federal Tax Handbook offers comprehensive, insightful guidance on federal tax law, including the latest regulations, rulings, and revenue procedures as well as precise explanations about changes that could impact your business or your clients.



2017 Taxes of Hawaii – ~~$26.00 / $35.00~~ NOT YET AVAILABLE

Hawaii's only comprehensive tax-season tool! Updated annual publication with all the new state tax laws and court decisions. An invaluable reference used by Island and mainland CPAs, tax preparers and bookkeepers, as well as attorneys, small businesses, individual taxpayers and students. Includes income tax rate tables, specimen tax forms and vital information on income. General Excise, use, estate, property, unemployment, transient accommodations and other taxes.

2017 TAX BOOK ORDER FORM

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______	2017 RIA Federal Tax Handbook	$ 55.00	$ 65.00	______
______	2017 Taxes of Hawaii	~~$ 26.00~~ NOT YET AVAILABLE	~~$ 35.00~~	______
	Mailing: Postage & Handling*			
______	$8.00 for 1st book (HAWAII ONLY)	1 - $8.00	1 - $10.00	______
______	$4.00/book for 2nd book & thereafter	2nd + - $4.00	2nd + - $6.00	______
	*Mainland/International - call for pricing			
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