

APRIL 2017

KĀLĀ

The Official Publication of the Hawaii Society of Certified Public Accountants



Power of

Appreciation



HSCPA



America Counts on CPAs



Triple F serves up solutions.

(Their banker does the same.)

As the largest supplier of disposable and consumable products on Oahu, Triple F offers practical solutions in fields ranging from food service to building maintenance to healthcare. And when they're looking for financing solutions of their own, they know their business banker is always ready to serve.

Visit any American Savings Bank branch or call us today.
Oahu 627-6900 • Neighbor Islands (800) 272-2566

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



The Official Publication of the Hawaii
Society of Certified Public Accountants

In This Issue

Officers

President Norman N. Okimoto
President-elect Darryl K. Nitta
Vice President Edmund N. Nakano
Secretary/Treasurer Chad K. Funasaki

Immediate Past President

Gordon M. Tom

AICPA Council

Ronald I. Heller (Designated)
Wendell K. Lee (Elected)

Directors • 2015 – 2017

Brenda F. Cutwright
Mark A. Hayes
Frank T. Kudo
Trisha N. Nomura
Jessica Su
Natalie M.H. Taniguchi

Executive Director

Kathy M. Castillo

Administrative Assistant

Debbie Cortes

Directors • 2016 – 2018

James P. Hasselman
Robert K. Hatanaka
Steven Oberg (KAUAI)
Valerie M. Peralto (BIG ISLAND)
Ryan K. Suekawa
Warren Y.F. Wee

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



This publication is designed to provide general information only, and should not be used as a substitute for professional advice. The authors and editors disclaim any liability for any loss or damage resulting from the use of any information or advice herein. Although a reasonable attempt has been made to be accurate, neither the HSCPA nor the authors and editors can guarantee that all information contained herein is correct as of the date of publication.

KALA (the Hawaiian word for money) is published monthly and is the official publication of the Hawai'i Society of Certified Public Accountants. Please direct all inquiries regarding editorial content to HSCPA, 900 Fort Street Mall, Suite 850, Honolulu, Hawai'i 96813.

President's Message	4
<i>By Norman N. Okimoto</i>	
Processing Through Your Firm's Biggest Dangers.....	6
<i>By Deanna Perkins</i>	
10 Strategies.....	8
<i>By Sabine Vollmer</i>	
2017 Annual Conference.....	10
Avoid A Rico Investigation	13
Norman's Book Review.....	14
MOVE ON PURPOSE:.....	16
<i>By Dr. Linda Talley</i>	
Y-CPA Buzz.....	17
The Power of Appreciation.....	18
Book Order Form	20

President's Message

By Norman N. Okimoto



For those in public practice, the busy season is in full swing, culminating in federal tax returns or extensions being filed on Monday, April 17. For those in private industry, academia and government who used to be in public practice, the busy season memories remain, especially since we still have to file our tax returns, as well those of friends and family.

A tradition for most firms and sole practitioners is to do something special to celebrate the end of the busy season. To help you plan your event, I solicited input from the HSCPA board and Y-CPA Squad to share things their firms have done or have heard others have done. For those in private industry, these ideas can be used to plan your employee appreciation festivities!

GOLD MEDAL IDEAS

The following ideas are considered Gold because they will require a significant time and monetary commitment.



Take Everyone on a Foreign or Mainland Trip

Did you have a spectacular year? How about surprising your staff with an all-

expense-paid (or even partially paid) trip to Las Vegas, Disneyland, Japan, Taiwan, etc. You will definitely be the talk of the town and the experience will be priceless for your staff. Hopefully, it will translate to everyone being more motivated, appreciated, and dedicated.



Neighbor Island Getaway

If a foreign or mainland trip is too rich for your balance sheet, how about spending a weekend on one of the neighbor islands? Every island has its unique allure, but probably the island most people have not vacationed at is Lana'i. To make the experience memorable, group activities during the day and dining together at night are a must.



Staycation

Everyone likes to play tourist, so doing

a staycation on your island will also be fun. Picking what part of your island and hotel you want to stay at is critical in making your stay special. Be sure to pick activities and dining locations you know everyone will like and have not experienced too much.

SILVER MEDAL IDEAS

The following ideas are not as expensive as the Gold Medal ideas, but still require a significant expenditure.



Day Off With Group Activity and Dinner

Many firms give their employees a day off after the busy season. Others take it one step further and not only take a day off, but do a group activity with a nice lunch and/or dinner afterwards. Activities we heard people have done include golf, spa, see a play (one firm saw Lion King one year, and The Book of Mormon another year), catamaran ride, beach day, movie, Dave and Busters, trolley ride, bowling, etc.



Lunch and dinner locations will depend on activity area, food preference and budget. Firm activities and meals can be staff only, with spouse or significant other, or with family.



Please share a photo(s) of your firm's
"after-busy-season celebration"
and send to info@hscpa.org.
We'd love to share the fun!



Other Unique Activities and Dinner Ideas

Ever thought about doing a dart tournament, karaoke night, casino night, luau, dinner cruise, escape room, kite surfing, or billiards tournament?



For lunch or dinner, how about catering food from a private chef, sake tasting with sushi, wine tasting with a grand sommelier, pool/beach party with families, or firm potluck with games and prizes? Also, consider dining around where you have cocktails in one restaurant, dinner at another location, and dessert at still another establishment.

Going to a nice restaurant for dinner to celebrate with staff only or with spouse/significant other is another time tested

and memorable way to celebrate the end of tax season. MW Restaurant and Harbors Restaurant are two of the newer restaurants with a very nice private room with special menus.

Finally, firms have partnered with a client to do a service project and have a fun dinner/party afterwards with awards.

BRONZE MEDAL IDEAS

Other ideas which are not as expensive as the ideas above, but still are special, include bringing in massage chairs for staff to use, hiring professional masseurs to work on your staff, ordering lunches or desserts from staff's favorite places, happy hours at fun places, and washing staff's cars.

If you are someone who just wants to "chill" after the long hours of tax season, consider reading a book that's not work related or baking something like homemade bread. If you have neglected your household chores, take your time doing it or considering having it done by someone else.



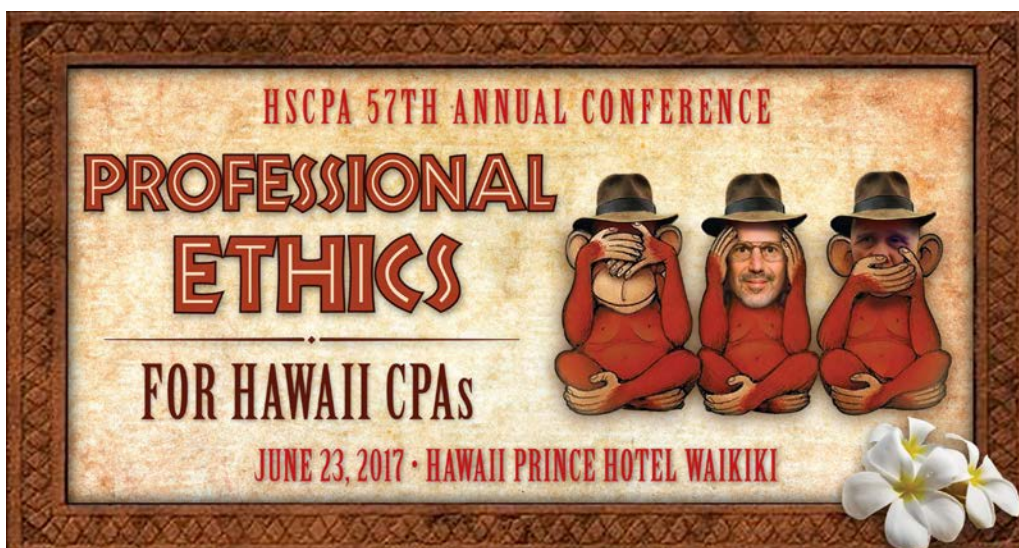
Out-of-the-Box Idea

Party Bus and Accounting are words that are not usually used in the same sentence. For that reason, an out-of-the-box idea is to rent a party bus (with a pole in the middle) and drive around town, with stops at different locations for pupus, drinks and games at each location. You may be amazed at the hidden talents some of your staff have!



Summary

In summary, I hope the above helps you to celebrate and show how appreciative you are of your hard-working staff. If you are still not sure what to do, ask your staff for ideas. The most important thing is to do something, especially if you weren't planning to do anything special. As a board member commented at our March meeting, "you always worry after the end of the busy season that someone will quit and do something else."



Processing Through Your Firm's Biggest Dangers

By Deanna Perkins, Solutions Advisor



During visioning sessions with clients, we walk them through a DOS Exercise. DOS stands for Dangers, Opportunities and Strengths. This exercise helps them to think through what strengths their firm currently has, what opportunities they can develop for future growth and what dangers they are facing. Dangers are what keeps them up at night - their biggest challenges. Today I want to walk you through a process to think about your firm's dangers. It starts by working through the scope of the danger, thinking about the business reasons surrounding it and the personal impacts this danger has directly on you and your team.

When looking at the scope of a danger, you need to develop the starting and ending point on which you're focused. Don't say a danger is, "We need to be more strategic." Be more specific than that. Why do you think your firm is not being strategic? What specific examples are you thinking about? This is where you may say,

"Well, we have three partners, and they all have their own thoughts on where this company should be in three years."

Now this is a good start towards figuring out that scope of your danger. Continue asking yourself questions to give you framework before moving to the next step of the process. Think about the various discussions your firm has had about this particular issue. Think about the various ways you may, or may not, have tried to solve this in the past.

"A couple of years ago, we tried to sit down and have everyone write out their thoughts on the future of the firm. We each shared our plans to see where there might be similarities and differences, but once the exercise was done everyone thought their plan was the best one and we couldn't come to an agreement. Everyone left the meeting continuing to do the same things they'd always done."

Once you have a good idea of what your danger is, and can picture several examples of why this needs some attention, you're ready to look at the business reasons for why this needs to be solved. Think about the ways you've tried to solve it in the past and why you don't believe that they worked. How much has this danger cost the firm by not being resolved? What negative impact(s) has this had on the firm?



"It didn't work because there was no one helping to run the meeting and facilitate constructive discussion to get everyone talking about what was best for the firm and the team. This has cost us a lot of time, energy and even talent. Since the team doesn't have a clear vision of where the firm is heading, and how they are going to fit in the picture in the future, we've had huge turnover at all levels. During exit interviews, the number one reason individuals left was a lack of vision and direction from the top down."

Once you've gone through the second step of the process, you're ready to look into how this personally impacts you and your team. In the above example, we already know that it's affecting the team with turnover, but think through how this is affecting you directly. What frustrations does this danger cause you? How does this prevent you from getting your job done? If you have these frustrations, others on your team have them as well.

"It's frustrating not having a good picture of the future since I don't know how to prioritize the work I'm given."

It's hard for us to stay motivated since we don't know the end game and what we're working towards. It can also be confusing since one partner asks you to do one thing saying it's the priority, but then another will come and ask for a different project to be placed as your top priority. We never seem to get anything done."

Now that you've worked through these three steps you should be able to summarize the scope of the danger, how it's affecting the business and how it's personally affecting you and the rest of the team. From here you can brainstorm the best ways to resolve this danger and make that a key strategic objective over the next year.

As a Solutions Advisor for Boomer Consulting, Inc., Deanna works diligently to insure that all clients are well taken care of and continually works to strengthen relationships. Her primary role is to build the P3 Leadership Academy, CEO Advantage, Kolbe Consulting and Talent Development Advantage client base. Deanna is passionate about HR and Training, strengthening client relationships and recruiting new clients for our communities and services.

WAIEA

The Pinnacle of Luxury Living

Please Call: **808 532 3330**



Unit #	1003	1705	1603	1102	1300	PH 3402
Offered	\$1,981,200	\$2,888,000	\$2,150,000	\$3,200,000	\$6,500,000	\$8,500,000
Living	1,139 sq.ft.	1,606 sq.ft.	1,139 sq.ft.	1,866 sq.ft.	2,710 sq.ft.	2,763 sq.ft.
Lanai	69 sq.ft.	159 sq.ft.	69 sq.ft.	N/A	154 sq.ft.	88 sq.ft.
Foyer	N/A	63 sq.ft.	N/A	N/A	217 sq.ft.	130 sq.ft.
Description	1 BD, 2 BA, 1 Pkg	2 BD, 2 BA, 2 Pkg	1 BD, 2 BA, 1 Pkg	2 BD, 2.5 BA, 2 Pkg	3 BD, 3.5 BA, 2 Pkg	3 BD, 3.5 BA, 2 Pkg
Views	Sunset, Ocean, Marina, Mountain, City	Sunset, Ocean, Marina, Mountain, City	Sunset, Ocean, Marina, Mountain, City	Diamond Head, Ocean, Mountain, Waikiki, Beach Park, Sunset, Marina	Diamond Head, Ocean, Mountain, Waikiki, Beach Park, Sunset, Marina	Diamond Head, Ocean, Mountain, Waikiki, Beach Park, Sunset, Marina



John "Jack" Tyrrell

President
Realtor®, CRS
CPA (not in public practice) E: Jack.Tyrrell@JTCHawaii.com
Lic. # RB-19880 C: 808.306.6933



JACK TYRRELL
& COMPANY

A Real Estate Brokerage Corporation

Call now: **(808) 532 3330**, www.JTCHawaii.com Ala Moana Hotel - Lobby, 410 Atkinson Drive, Suite 1F6 Honolulu, HI 96814

* The information presented herein is provided as is, without warranty expressed or implied of any kind. Information herein deemed reliable but not guaranteed.

10 Strategies to Successfully Integrate a Deal

By Sabine Vollmer

Pip Spibey, ACMA, CGMA, has spent much of the past year integrating an acquisition that UK-based Travelport made to develop new digital services and mobile capabilities for the travel industry.

In June 2016, Travelport, a technology platform that enables travel agencies, corporations, and travel providers to search, share, buy, and sell travel bookings, acquired an additional 40% of Locomote, an Australian start-up that helps companies manage business travel worldwide from any device. The investment increased Travelport's stake in Locomote to 96%, according to filings with the US Securities and Exchange Commission.

Spibey, Travelport Locomote's CFO, said she didn't expect any integration surprises following the deal. The two companies had worked closely together since 2014, when Travelport bought a 49% share in Locomote. All the legal and financial due diligence was completed. And Spibey had been finance director, financial planning and analysis, for Travelport's European and global accounts for more than nine years before she headed Travelport Locomote's finance function.

What she learned in the past year, however, is that the vast differences between a start-up and a large corporation should never be underestimated. "Everything is different, and as an embodied corporate

employee for my entire [work] life, I underestimated the difference," she said.

It's a situation more CFOs might find themselves in this year. A Deloitte survey on global trends in mergers and acquisitions, which polled about 1,000 corporate executives and private-equity investors in September, suggests that M&A activities are likely to increase in 2017.

Three out of four respondents expected their M&A activity to increase, with 23% anticipating a significant increase in deal volume. Industry convergence, particularly companies buying technology assets, is projected to be a key driver of the rise in overall deal activity.

It stands to reason that divestitures are also expected to increase. Of the respondents Deloitte polled, 73% expected to sell units or assets over the next 12 months, up from 48% six months earlier.

Large divestitures that Fortune 500 companies announced in December and January were signs of the rising tide.

Just before Christmas, Walgreens Boots Alliance and Rite Aid said 865 Rite Aid stores will be sold for \$950 million, and Anheuser-Busch InBev announced plans to sell its majority stake in Coca-Cola Beverages Africa, Africa's largest soft drink bottler, for \$3.15 billion. Sears Holdings started the new year with news that it is divesting its Craftsman power tool brand for \$900 million.

Deloitte survey respondents were optimistic about deal flow in 2017 partly because they felt factors that could thwart M&A activity had diminished in importance.



Brilliant professionals want salaries to match.

Your salary decisions are critical to hiring and retaining the best accounting and finance professionals. Stay competitive with our 2017 Salary Guide, which provides the industry's most respected data on compensation.

Job seekers know what they're worth. Make sure you do too, with the 2017 Salary Guide.

Download yours today at roberthalf.com/salary-center.

Honolulu • 1.808.531.8056

roberthalf.com/honolulu



rh Robert Half®

© 2016 Robert Half International Inc. An Equal Opportunity Employer M/F/Disability/Veterans. 1016-9018



Twenty-seven per cent said global market uncertainty could derail a deal their company may pursue, down from 32% six months earlier. Other top concerns were the interest rate environment (17% of respondents), down from 21% six months earlier, and anti-trust issues (7% of respondents), down from 12% six months earlier.

Survey respondents considered Britain's vote to leave the EU an M&A driver. Forty-six per cent expected Brexit to accelerate deal-making in the UK, and 48% anticipated more deal activity in Europe.

Lessons learned integrating an overseas acquisition

As CFO, Spibey oversaw the operational integration of Locomote, which the finance function headed. A detailed document, which included finance, legal, HR, and IT requirements, assigned every task to a sponsor and a completer from each company, Spibey said. Challenges and solutions were identified in biweekly reviews to make sure all tasks were completed.

“[The integration] had to be done with as little disruption to the business as possible,” she said. “We also tried to make sure Locomote employees didn't perceive that we were dampening the culture they had built and come to cherish.”

Most important for her as a CFO trying to integrate the acquisition was to listen and not rely too much on previous experiences to solve challenges; to avoid damaging what made the start-up special; and to remain flexible, she said. “Don't get stuck in the corporate mindset that this

is how we have always done it, so that is how it should be done.”

For example, as head of finance, she decided to change her ways. With her team, she reviewed all processes, picked them apart into bite-size chunks, and then put them back together in the way that best served Travelport Locomote.

Also important is regular communication with employees about what is happening during the integration period, Spibey added.

Top 10 integration mistakes

Even the best planned deal causes disruption during integration, said Scott Whitaker, a US partner with Global PMI Partners, a management consultancy based in Belgium. Here's what Whitaker, author of the Mergers & Acquisitions Integration Handbook, suggested to avoid the ten most common integration mistakes:

- Start planning the integration 60 to 90 days ahead of the target close of the deal. Plans should include an integration strategy to help prioritise workstreams; complete operational, cultural, and risk assessments; and secure access to due-diligence documents.
 - Ensure the company's operating strategy and integration strategy are aligned.
 - Prioritise workstreams to deliver the most business value. Assigning specific business benefit values helps prioritise workstreams. Reporting to senior management about the integration
- should focus on high-priority workstreams.
 - Have integration managers and leaders report on progress and problems to at least one senior executive to ensure consistent focus and accountability.
 - Create a communication plan that includes frequent updates for all stakeholders, communication drafts for senior executives, and an FAQ log that can be updated weekly and shared with affected employees.
 - Manage programmes to achieve synergies – by stress-testing targets, confirming costs, and making synergy-related workstreams a high priority.
 - Properly resource integration activities. This may require securing external resources to offload special projects.
 - Develop a formal end-state transition process with anticipated timing and clarified roles and responsibilities, and document deadlines and deliverables with tasks that aren't completed.
 - Clarify the business strategy and operating principles of the post-integration company as soon as possible.
 - Collect feedback from all stakeholders to continually optimise the integration process.

Sabine Vollmer
(Sabine.Vollmer@aicpa-cima.com)
is a CGMA Magazine senior editor.

© 2017 Association of International Certified Professional Accountants. All rights reserved.

AN ETHICAL AFFAIR

A proper foundation of ethics requires a standard of value.

Fulfill the Hawaii Ethics CPE requirement for license renewal at the HSCPA 57th Annual Conference on June 23, 2017 at the Hawaii Prince Hotel. The ethics CPE is a licensure renewal (HAR 16-71-2) – that applies to ALL Hawaii-licensed CPAs. You will earn the 4-hour requirement, plus more, for the best CPE deal in town for only \$250 (early registration for HSCPA members)! The deal includes 7 hours of CPE (4 Ethics; 3 A&A), great speakers, Conference amenities, complete local-style breakfast, Chef's special lunch creation, hosted parking, and Happy Hour!

CPAs continue to rank as one of the most highly trusted professionals – and we're very proud of that! Ethics in the accountancy profession are invaluable to accounting professionals and to those who rely on their services. A hallmark of the CPA profession is its commitment to a Code of Conduct which details responsibilities and compliance. The Code is what sets apart from other non-certified accountants. There is no compromise.

The 57th Annual Conference will encompass all that's ethical as we feature presentations on moral and business ethics. The opening update will be presented by **Mark Koziel**, Executive Vice President of Firm Services for the American Institute of CPAs. He will present the latest update on national and international issues facing today's CPA. Mark's presentation will look at macro trends, firm issues and the legislative, regulatory and standards that affect the profession.

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

A special luncheon menu created by Chef Wong will please your palate! We're pleased to have **American Savings Bank** once again as our Corporate Lunch Sponsor. ASB has generously supported the HSCPA Annual Conference for the past 13 years! A special lunch presentation on cyber security issues with **Chris Duque**, CyberCrimes Investigator with the Department of Prosecuting Attorney's office, will captivate you. He will cover cybersafety/security risks involving social

HSCPA 57TH ANNUAL
PROFESSIONAL
ETHICS
FOR HAWAII

AMERICAN
SAVINGS BANK

MUTUAL ONE
Your Retirement



THOMSON



JUNE 23, 2017 • HAWAII PRINCE HOTEL

ANNUAL CONFERENCE PROFESSIONAL ETHICS

ALL CPAs



AMERICAN
Savings Bank

OF AMERICA
Accountant Company®



REUTERS™



PRINCE HOTEL WAIKIKI

media and current cybercrime trends. Chris will provide tips on how to identify and report a crime, and most importantly, how not to become a victim of cybercrime.

Happy Hour awaits you as you complete your Ethics CPE requirement ! A great way to end the day . . . Unwind and reunite with colleagues that you haven't seen in years. Talk story and relax – and drink responsibly!

Support our Sponsors and visit with them. Please welcome – and thank – **American Savings Bank**, our Corporate Lunch Sponsor, Happy Hour Sponsor **Mutual of America** and Conference Partner **Thomson Reuters**. Representatives will be on hand to share the latest information to benefit you, your business and clients.

FEATURED SPEAKERS



Christopher Duque is a thirty-year veteran of the Honolulu Police Department and retired in February 2007. He is currently the CyberCrimes Investigator for the Department of the Prosecuting Attorney (Honolulu), and also continues to work in the private sector as a consultant. Chris's last assignment was in the HPD Criminal Investigation Division's White Collar Crime Unit where he specialized in cybercrime investigations and computer forensics. Detective Duque is considered and recognized as one of Hawaii's leading computer and Internet crime investigator. He was also HPD's lead computer forensics examiner and has worked on cases with nearly every law enforcement agency in Hawaii.



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



Mark Koziel, CPA, CGMA is Executive Vice President of Firm Services for the American Institute of CPAs. He leads the Private Companies Practice Section (PCPS), Firm Relationship Management, Small Firms, Diversity & Inclusion, Young Member Initiatives, Technical Hotline and Center for Plain English Accounting. His teams build and manage firm relations with all size firms, promoting awareness and value, including advocating for CPA firm success and ongoing relationships with public accounting influencers. Mark's team creates innovative programs and engagement strategies to engage a diverse pipeline of current and future CPAs.



HSCPA 57TH ANNUAL CONFERENCE

PROFESSIONAL ETHICS FOR HAWAII CPAs PROGRAM



AMERICAN
Savings Bank

MUTUAL OF AMERICA
Your Retirement Company®



THOMSON REUTERS™

7:30 a.m. Registration / Check in / Breakfast Buffet

8:30 a.m. Annual Election / Membership Meeting

A View of the Profession

Mark Koziel, CPA-CGMA – Executive Vice President
American Institute of CPAs

Professional Ethics for Hawaii CPAs

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

Lunch Sponsored by American Savings Bank

Installation of Officers & Directors

Avoid Becoming a Cybercrime Victim

Chris Duque, CyberCrimes Investigator
Department of the Prosecuting Attorney's Office

Happy Hour Sponsored by Mutual of America

	Register online at www.hscpa.org	TOTAL
Conference Package includes materials, complete breakfast buffet, lunch and Happy Hour!	\$250.00 – Member \$350.00 – Non-member After June 10: \$300.00 – Member \$400.00 – Non-Member	\$ _____ \$ _____ \$ _____ \$ _____
		\$ _____
TOTAL AMOUNT PAID		\$ _____

Total \$ _____ ☐ Check # _____ ☐ VISA ☐ MasterCard Exp. Date _____ / _____

Card No. _____ CVV _____

Name on Card _____ Signature _____

Registrant Name _____

Firm _____

E-mail _____ Tel _____

HSCPA • P.O. Box 1754 • Honolulu, HI 96806 • T: (808) 537-9475 • F: (808) 537-3520 • E-mail: info@hscpa.org



* * * MEMBER ADVISORY * * *

AVOID A RICO* INVESTIGATION... KNOW THE LAW!

CPAs are known for “doing the right thing” and the following information is provided to HSCPA members whose core values are to uphold the legacy and integrity of the accounting profession.

ETHICS CPE

Do Hawaii CPAs need Ethics CPE for license and Permit to Practice (PTP) renewals?

Yes. Even if you are renewing your license only, you will need four (4) hours of Ethics CPE. For those renewing both license and PTP, the four (4) hours of Ethics CPE can be part of the 80 hours required for CPE. Be prepared and register for an Ethics course at www.hscpa.org. **Next reporting year: License and PTP renewals by December 31, 2017. Firm PTP renewals will require peer review reporting, if applicable.**

USING THE “CPA” DESIGNATION

Can one use “CPA” after his/her name with a license but without a PTP?

Yes – but you must make it clear that you are **NOT** actively engaged in the practice of public accounting (e.g., by indicating “*not in public practice*”).

People in different positions use the title “Certified Public Accountant.” Some of them prepare tax returns, some of them do audits of financial statements, some of them do financial planning, some of them do business consulting, and some of them hold management positions in industry. There are CPAs in government, CPAs who teach, and CPAs who do other things that may not even be related to accounting.

Nothing in the law says that you must be engaged in the public practice of accounting to call yourself a CPA.

The law in Hawaii – and in most states – says that it is a prohibited act to use the title Certified Public Accountant or the abbreviation “CPA” unless you hold **both** a CPA license **and** a Permit to Practice, subject to certain exceptions.

The way to indicate that you are not holding yourself out to be in the practice of public accountancy, according to Administrative Rule 16-71-9, is to add the words “*not in public practice*” following the title CPA. Thus, assuming that you do have a current, valid CPA license, you may use the title Certified Public Accountant or the designation CPA if you follow it with the words “not in public practice”.

If your CPA license has lapsed, then it is clearly a prohibited act to use the CPA title, even with the words “not in public practice” added. To fit within the exception, you must have a current CPA license which must be renewed every two years.

It is not a violation to make a statement that is clearly historical rather than current, such as “I was a CPA for 30 years before I retired.” That type of statement should not be a violation because it does not imply that you are a CPA now. However, any statement that suggests or implies that you are currently a CPA should clearly indicate that you are not in public practice – and only if you have a current, valid license.

Of course, the other alternative is to maintain a current Permit to Practice. If you have both a CPA license and a permit to practice, then

no disclaimer is required.

To initially obtain your CPA license, you had to satisfy the applicable standards regarding Education and Experience, and pass an Examination. You have good reasons to be proud of that achievement, and if you follow the rules, it’s appropriate to let people know about it. You are a CPA – the fact that you left public practice doesn’t change that.

Having CPAs in important positions in government, industry, and academia is good for the profession and good for society. If your CPA background helps you do your job, that proves the value of the CPA profession. Identifying yourself as a CPA and showing pride in the profession is a plus for all of us.

Don’t become a victim of a RICO investigation! Know the law and comply. If you have any questions, feel free to contact the Hawaii Board of Public Accountancy at (808) 586-2696, e-mail: accountancy@dcca.hawaii.gov

This advisory is intended as general information, and not legal advice for any specific individual situation. If you need or want legal advice, you should consult an attorney.

**The Regulated Industries Complaints Office (RICO) is a statewide agency of the Department of Commerce and Consumer Affairs. RICO enforces the regulatory standards of over forty professions, occupations, and programs by receiving, investigating, and prosecuting complaints.*



Norman's Book Review

"Mindset"

by Dr. Carol Dweck, Ph.D.

Simply put, if you are a parent, coach, teacher, in a relationship, or a business leader, you must read this book. Your child, team, students, marriage, or company's future success depends on it. There is a reason why over 1.8 million copies of Dr. Dweck's book is in print.

You Must Write This Book

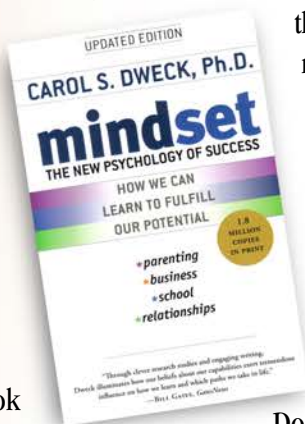
There aren't many professors whose students implore them to write a book of their findings to help people lead a better life. Dr. Dweck is a world-renowned Stanford University psychologist and that is what her students told her to do. Through their years of research, they discovered that what kind of mindset you have is very powerful and can mean the difference between success and failure.

Fixed Versus Growth Mindset

The author's research revealed what kind of mindset you have, rather than your personality, guides pretty much every facet of your life. If you believe your abilities and qualities are "set in stone," you have a fixed mindset. If you believe your abilities and qualities can be developed, then you have a growth mindset. You will learn what kind of mindset you have, and you will see unequivocally how important it is for you, your kids, loved ones, and company to have a growth mindset so you can thrive now and in the future.

The following are some of the key findings from the book. Here's a [LINK](#) to

the author's 10-minute speech about mindsets which she gave at a TED Talk in September 2014.



Do You Have "CEO Disease?"

Do you like to be the center of attention? Do you need to be seen as awesome with no flaws? Do you like to only be told good news and how brilliant you are, even if your company has problems? You may have "CEO Disease," which is the result of having a fixed mindset.

Past business leaders with "CEO Disease" include Lee Iacocca of Chrysler, "Chainsaw" Albert Dunlap of Sunbeam, and Kenneth Lay and Jeffrey Skilling of Enron. As Jeffery Skilling noted about himself, "My genius not only defines and validates me, it defines and validates the company. It is what creates value. My genius is profit."

Are You A Growth Minded Leader?

The author covered in detail three business leaders who epitomize the qualities of a growth minded leader: Jack Welch of GE, Lou Gerstner of IBM, and Anne Mulcahy of Xerox. See how many quali-

ties you have that match those revealed in the book about these three people.

- Instituted a culture of growth, teamwork and open communication, not self-importance
- Talked frequently with front line staff
- Preferred people with passion and who got things done, not necessarily those with impressive degrees and resumes
- Eliminated brutal bosses
- Rewarded teamwork, instead of individual genius
- Believed leadership is about growth and passion, not about brilliance
- Filled with gratitude for their employees who helped their companies become extremely successful
- Fired "politicians" in the company
- Eliminated elitism culture
- Focused on customer needs

Why Relationships Are So Hard

Not only do you have to be aware of your mindset, you have to deal with your partner's mindset and the relationship itself. Fixed mindsets are problematic when it comes to love. Fixed mindset people feel relationships should be easy because compatibility is high and you and your partner "can read each other's minds." When problems arise, however, major disagreements occur because fixed mindset couples have not learned how to communicate and work together on their relationship.

Growth mindset people know relationships require effort, communication and couples working together to resolve differences. They also know relationships can grow and evolve. Relationships are not fairy tales where couples “live happily ever after” ... it’s more like “they worked happily ever after.”

As a side note, you can tell the mindset of people after a painful breakup. Fixed mindset people want “REVENGE,” while growth mindset people feel the pain, but work towards a “forgive and forget” attitude.

Watch How You Praise Your Kids

Every parent hopes their child is special, gifted and talented. They will praise them with each achievement. The author warns what you praise can either help or harm their long-term chances of success.

- You are so smart!
- You are amazing, you got all A's without much studying!
- You are such a natural at drawing! You will be famous!

Have you ever praised your child this way? As the author’s research definitively has shown, “praising children’s intelligence harms their motivation and it harms their performance.” Why? Once they encounter difficulty, they lose confidence and start doubting themselves.

Instead, “the best gift you can give your child is to teach them to love challenges, be intrigued by mistakes, enjoy effort, seek new strategies, and keep on learning.”

The Importance of a Nurturing Teacher
Noted educational psychologist Benjamin Bloom studied 120 world-class concert pianists, sculptors, swimmers, tennis players, mathematicians, and research neurologists and discovered the following interesting commonality between most of them: “their first teachers were incredibly warm and accepting. They created an atmosphere of trust, not judgment.”

John Wooden, Legendary Growth-Minded Coach

The author shared the following John Wooden philosophies that reveal how you can be wildly successful with a growth mindset.

“You have to apply yourself each day to becoming a little better. By applying yourself to the task of becoming a little better each and every day over a period of time, you will become a lot better.”

“Did I win? Did I lose? Those are the wrong questions. The correct question is: Did I make my best effort? If so, you may be outscored, but you will never lose.”

“There are coaches out there who have won championships with the dictator approach, among them Vince Lombardi and Bobby Knight. I have a different philosophy ... For me, concern, compassion, and consideration were always priorities of the highest order.”

Summary

Dr. Dweck’s work has changed many people’s lives for the better, including her own. Do yourself, your kids, your significant other, and/or co-workers a favor and read this best-selling book so you can grow and be the best you can be, which is Dr. Dweck’s sincere wish.

Accounting and Auditing Manager

We are seeking an entrepreneurial Accounting and Auditing Manager to join our team with the opportunity for long-term growth and the potential for quick advancement within the firm.

- Minimum 5 years of experience in a public accounting firm
- Hawaii CPA license required
- Experience with not-for-profit organizations and federal single audits
- Strong technical, managerial, communication, and leadership skills

We are a small CPA firm in business for over 20 years. We strive to maintain a friendly and flexible work environment, and focus on the growth and development of our team. We offer a competitive benefits package, including a retirement plan, life insurance, long-term disability insurance, and free parking. Please visit our website at www.cga-cpa.com to learn more about our exciting company.

If interested in applying for this position, e-mail your resume to elise@cga-cpa.com.



Carr, Gouveia + Associates, CPAs, Inc.

MOVE ON PURPOSE:

Leaders Are Really Made!

By Dr. Linda Talley



Research tells us that leaders are 1/3 nature (genetic/born with traits or characteristics) and 2/3 nurture (trait development).

Leadership is very complex, and, even though, many years ago men believed that a leader was born or was a god, today we know that it takes work, development, and time.

Although you may not have been born with all the leadership traits or characteristics to make you a leader, you can develop them. The question is—do you know what traits make a leader great?

Here are six characteristics to consider:

1. **Extravert.** We usually consider leaders to be extraverted in order to be effective. What if you are an introvert? There are effective leaders who are introverts. Think Warren Buffett, Mark Zuckerberg, Bill Gates. If we go back in history, think Abraham Lincoln, Eleanor Roosevelt, Albert Einstein and more.
2. **Assertive**—you must be decisive and, sometimes, competitive. You may like overcoming obstacles (think Hero's journey). You are assertive in your strategic thinking and interactions with others.
3. **Socially bold**—you may be a spontaneous risk-taker. Do you generally display socially aggressive behavior and do you let insults, upsets, failures role off your back? If so, you are probably high in emotional stamina.
4. **Decisive**-- Self-confidence and resiliency are common traits among
5. **High energy.** If you are putting in long hours and heavy travel, you are probably in a leadership position. Keep in mind that you must maintain your alertness and focus in order to be effective.
6. **Enthusiasm.** Do you as well as those around you perceive you as active, emotionally expressive, and energetic? What about optimism? Are you open to change?

leaders regardless of whether others judge your decisions right or wrong. You may be somewhat free of guilt or perhaps you have little need for others' approval. lley

Certainly there are many more leader characteristics to consider, but I thought we should begin with these!

Linda Talley, body language expert, leadership development coach, behavioral theorist, keynote speaker, and business coach works with leaders to improve their business relationships, communication, and performance.

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.

The right choice for you? It's Access. Call us today to arrange your FREE consultation and quote.

New hardcopy records storage accounts will receive three months of FREE storage. New destruction accounts will receive a 20% discount on purges.

Access
Information Protected.
InformationProtected.com
808.673.3200



Access to, storage, management and destruction of both paper and digitally based information. Nationwide.

Hawaii Practices For Sale

Honolulu CPA Practice for Sale - gross \$602K, 90% tax, 10% accounting, loyal client base, strong fee structure, experienced employees in place. For more information, please call 1-800-397-0249 or to see listing details and register for free email updates visit www.AccountingPracticeSales.com.

Thinking of Selling Your Practice?

Accounting Practice Sales is the leading marketer of accounting and tax practices in North America. We have a large pool of buyers looking for practices now. We also have the experience to help you find the right fit for your firm and negotiate the best price and terms. To learn more about our risk-free and confidential services, call Ryan Pannell with The Holmes Group at 1-800-397-0249 or email ryan@accountingpracticesales.com.





Tax Tips for 2017 By Yumi Ueda

If you are like me, your tax returns have not been filed and probably will be extended. Here are some tips to help you gather your documents together for your tax filing – but make sure you know the rules in detail before claiming anything on your return.

- Double check each social security number on the tax return, as well as spelling of the name (should match the social security card).
- Contribute to a Roth or traditional IRA account – if you haven't contributed your maximum amount for 2016 (\$5,500 or \$6,500 if age 50 or over) you have until April 18, 2017 to make a contribution for 2016.
- Required minimum distributions from traditional IRA accounts start once you reach age 70½. There is no required minimum distribution for Roth IRA accounts.
- If you were a victim of identity theft and have received an identity protection PIN, or IP PIN, this number must be included on your tax return (the IRS will not accept your tax return without it).
- If you have a foreign bank account and the balance is greater than \$10,000, you need to complete FinCEN Report 114, which is also due on April 18, 2017 and may be extended to October.
- Remember that the annual gift exclusion is \$14,000 per donee for 2016. If you make a gift of cash or property over the annual exclusion amount a gift return should be filed.
- Claim your \$250 educator expense deduction if you are a qualified educator. A qualified educator is kindergarten through grade 12 teacher, instructor, counselor, principal, or aide for at least 900 hours a school year. Qualified expenses are amounts you paid for books, supplies, computer equipment, professional development courses, and other materials used in the classroom.
- Add up your gambling losses if you have any gambling winnings. The loss will be reported as an itemized deduction and you cannot claim losses in excess of winnings.
- If you pay for after school care or day care costs before a child starts kindergarten, you can get a dependent care credit on your tax return. The credit is based on a maximum of \$3,000 in expenses per child, or total of \$6,000 for two or more children. If married filing jointly both parents must have been working (or looking for work) in order to claim the deduction.
- Don't forget to keep a copy of your tax return in your files, along with your tax documents for the year.
- And most importantly... Make sure you sign your return! Whether you are electronically filing or mailing in a paper return, an unsigned tax return is not valid.

Hope this will help you gather your tax documents together and allow you to claim as many deductions as possible!

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 coworkers 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 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*. This article is the property of the Steven Gaffney Company. Please email info@stevengaffney.com or call 703-241-7796 for permission to reprint this article in any format. Copyright2010, www.stevengaffney.com.*



2017 TAX BOOK ORDER FORM

ALL SALES FINAL



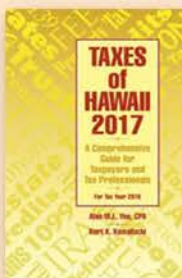
2017 CCH U.S. Master Tax Guide – \$65.00 / \$75.00

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

Every year since 1964, this annual publication is updated with all new state taxation laws and judicial rulings. Taxes of Hawaii is an invaluable tax-season tool 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

**LIMITED
SUPPLY**

**ALL
SALES
FINAL**

Quantity	Member Price	Non-Member Price	Total
_____ 2017 CCH U.S. Master Tax Guide	\$ 65.00	\$ 75.00	_____
_____ 2017 RIA Federal Tax Handbook	\$ 55.00	\$ 65.00	_____
_____ 2017 Taxes of Hawaii	\$ 26.00	\$ 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			
TOTAL AMOUNT DUE			_____

Payment must be received to confirm order - while supplies last.

☐ No mailing necessary – will pick up at the HSCPA office on _____ (call before pick-up)

Total \$ _____ ☐ Check # _____ ☐ VISA ☐ MasterCard Card No. _____ Exp. date _____

Signature _____ Print name on card _____

Name _____ Firm _____

Address _____ Tel _____ E-mail _____

Please remit completed form with payment to:

HSCPA • P.O. Box 1754 • Honolulu, Hawaii 96806 • T - (808) 537-9475 • F - (808) 537-3520 • E-mail: info@hscpa.org