

AUGUST 2017

# KĀLĀ

The Official Publication of the Hawaii Society of Certified Public Accountants

## Change Isn't Enough!

Embracing New  
Technology.





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  4. Carlos Quintanilla - Tours Manager/Driver
  5. Davilin Kovaloff - Westbound Sales Manager
  6. Carlos Tandoc - Trolley Driver



The Official Publication of the Hawaii Society of Certified Public Accountants

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**H S C P A**

Hawaii Society of Certified Public Accountants

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# President's Message

By Norman N. Okimoto



At the sold out HSCPA 57th Annual Conference, Mark Koziel, CPA, CGMA, AICPA Executive Vice President of Firm Services, and Ron Heller, Attorney and CPA, captivated their audience with the latest professional issues and ethics, respectively. For those of you who didn't make it to the Conference, the following are some of the highlights from their presentation.

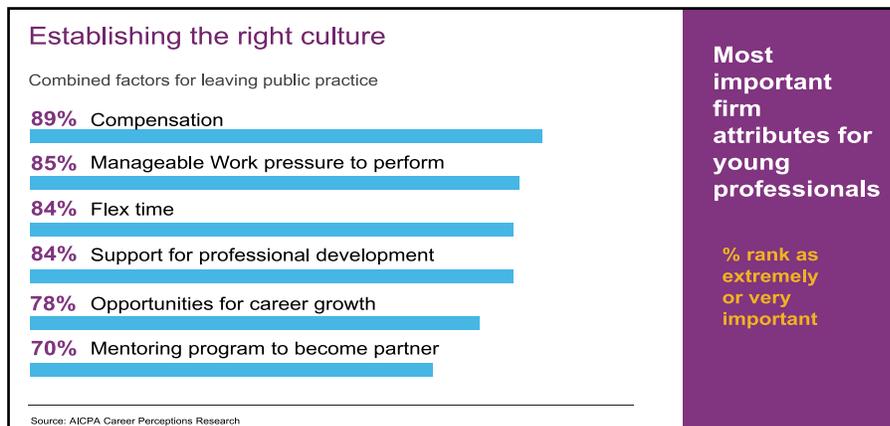
## Speed of Transformation

Mark Koziel started his presentation with a synopsis of all the external forces driving change in our profession and society, with the major force being technology. He shared in 2017, about 28.4 billion smart devices are connected to the Internet, which is twice the number in 2014. It is projected that by 2020, 50 billion devices will be connected to the Internet, and at least 66% of the global population will be online.

Large and small companies are transforming their business models to be relevant in the future. For example, Amazon is moving from shopping to delivery services and cloud, Coca Cola is evolving from soda to non-water based beverages and snacks, and Samsung is transforming from hardware to software.

## Key Attributes For Retaining Staff

According to AICPA's Career Perceptions Research, the following are the factors young professionals rank as extremely or very important to them in a firm.



## CPAs Are Highly Trusted

Mark ended his presentation on a high note, stating our profession has a great reputation and inspires confidence and trust in business and society in general. We are 2nd only to physicians with respect to most trusted profession, and 93% of business decision makers are satisfied with internal CPAs.

## Be Ethical

One of the most valuable takeaways from this conference is Ron Heller's program manual covering the latest on professional ethics for CPAs. He has the latest Hawaii State Issues, CPA Mobility Update, Other State Laws discussion, and the always popular case studies in it. Listening to Ron, you realize the importance of always being ethical, but sometimes what to do may not always be obvious in gray situations. I liked the two quotes he included in his manual:

*"On matters of style, swim with the current; on matters of principle, stand like a rock." (Thomas Jefferson)*

*"The time is always right to do what is right." (Martin Luther King)*

## AICPA Ethics Hotline

If you are unsure about how to deal with a particular situation related to the Code of Conduct or professional ethics, the AICPA Professional Ethics Team maintains a hotline for members to make inquiries. The number is 1-888-777-7077. Follow the prompts to be routed to the Ethics team.

## Man In The Mirror

In closing, after listening to Mark and Ron, I thought about the following lyrics from Michael Jackson's song "Man In The Mirror."

*I'm starting with the man in the mirror  
I'm asking him to change his ways  
And no message could have been any clearer  
If you wanna make the world a better place  
Take a look at yourself, and then make a change.*

In this fast-paced world where people sometimes cut corners to achieve their goals, as CPAs, we need to be ahead of the change curve, help our clients and companies navigate the future successfully, and always conduct ourselves in an ethical manner. And as Michael Jackson

states, "It starts with the man in the mirror." Here's the link to [his song](#).





# How to achieve business agility with tech and people working together

By Ash Noah



For businesses today, change is not optional. Customer expectations, the fast pace of innovation and the competitive, complex business environment require organizations to be agile. They need to make decisions and act on them quickly.

Businesses ought to turn to the finance function to create and enable this agility as finance, from its vantage point, is best positioned to advise on the decisions that will help drive business strategy. Leveraging the concept of “agile finance” is how organizations can best empower strategic execution in order to create value in the digital age.

As you would expect, deploying technology plays a big role here. The robotic revolution has made many business processes faster, more accurate and less costly. Businesses have gained significant efficiencies through technologies such as AI and machine learning, which are progressing rapidly and form the foundations of agility.

In fact, a recent [study](#) conducted by the American Institute of CPAs (AICPA) and Oracle found that agile organizations all shared the same main characteristics, including:

- Use of new technologies including AI, cloud and big data analytics
- Integrated, cross-functional teams
- Finance professionals with highly developed new skills

Technology is often the first port of call for many organizations in their quest to become more agile. However, if you don't have the right people with the right skill sets to leverage the technology, you will not achieve maximum ROI on your tech

investment. In an organization's quest to become agile, it cannot ignore the human dimension.

## People, not machines, create agility

Machines can accomplish many tasks. They're able to analyze copious amounts of data in a short time period, and based on rules and hypotheses they can create multiple scenarios and outcomes. What computers cannot do is make a judgment call on those outcomes. It takes people with the right business skills to evaluate the options and recommend a course of action.

For example, say you're considering launching a new product line. Sophisticated algorithms can very quickly crunch all the market, consumer and economic data and provide multiple scenarios for market penetration and product demand. However, reviewing those scenarios and making the go or no-go decision ultimately calls for skills that are beyond machine intelligence. Communicating the business imperatives and the risks and opportunities to the stakeholders requires a very specific set of competencies, which include business partnering, leadership and influencing skills as reflected in the [CGMA Program](#).

The AICPA/Oracle research illustrated the importance of these skills. All of the organizations that were shown to be agile had not only adopted new technologies, but their finance teams also had developed new skill sets, including:

- Big data and analytics expertise
- Data visualization skills

- Financial planning and analysis skills
- Business acumen, business partnering and commercial awareness
- Influencing skills

Agile finance leaders were also about 60 percent more likely than non-agile leaders to rate the skill levels of their teams as “excellent,” particularly when it came to less-traditional finance skills like data visualization, big data and influencing skills.

It is the combination of technology and the right people coming together that enables organizations to be agile. You need them both.

However, one out of every three CEOs feels his or her CFO is not up to the challenge, according to a [survey](#) by KPMG — with 30 percent of global CEOs saying their CFOs don't understand or assist them enough with the challenges they face with running their organizations. As organizations move toward greater automation to advance their agility, they also need to think about their teams and the skills they need to develop so they're ready for the finance function of the future. For some tips on how to do that, check out my additional [article](#) here on how to build an effective talent development program.

*Ash Noah is VP of CGMA External Relations at the American Institute of CPAs (AICPA). Noah is also responsible for elevating awareness among employers and finance leaders of the Chartered Global Management Accountant (CGMA) designation, which develops confident and competent business leaders through a structured approach to skills development.*

# Does Computer Hardware Matter with the Cloud?

By Randy Johnston, K2 Enterprises LLC



Technology releases go in cycles. Some years are hardware years, some years are software years. With cloud strategies,

including both hosting and SaaS, does local hardware matter? The short answer is yes, although some would debate that response. Like many technology answers, “it depends”. Depends on what? Several factors determine how much you must worry about these factors, for example: do you work locally, do you have reliable Internet access, how fast is your Internet speed, are your applications available in the cloud, and how secure does your data need to be? Cloud will probably not be cheaper, but is more likely to be accessible anywhere, anytime on any device. The following table outlines some of the components that you need to consider in a typical computer deployment:

private cloud OR that you pay for separately if you use public cloud or a hosted provider service. All the components including: Firewall, Gigabit Switch, cabling, workstation (desktop or portable), monitor and storage still need to be managed, patched and replaced whether you are in the cloud or run a premised-based private cloud. Occasionally your hosted vendor will specify and require a particular firewall or switch and, even less frequently, the workstations will be managed by your hosted provider. Budget for replacements on a three- to five-year cycle to keep your team members’ productivity high.

Computers are still sold at the rate of around 300 million per year with slightly declining volume. Tablet volume is less and declining more rapidly. Some users are trying to do the majority of their work from a mobile phone, but accounting and

## For processors, pick 6th-8th generation Intel i5/i7/Xeon processors

- Possibly new AMD Ryzen
- Avoid i3, Atom, Celeron
- If mobile, look for 2 in 1 or 3 in 1 designs, so the laptop can also be used as a tablet. By the way, we always recommend touch screen to improve productivity.

## Other specs

- Solid State Drive (256 GB+) - M.2 NVMe
- 8-16 GB RAM
- Stick with business grade/workstation grade hardware

## Monitors

- Use larger models (27-34”) that have been manufactured in 2017 or later to get newer quantum dot or nanoparticle technology – this results in higher resolution
- Consider two monitors that are larger instead of three or four monitors

## Cabling/Wireless

- The current international standard is CAT8
- Minimum cable specification is CAT6A
- You may want to consider recabling if your system is more than 12 years old, and you are using CAT5, CAT5e or CAT6. This will likely cost \$250 per cable drop.
- Use 802.11ac Mesh wireless – set up, at least, a private wireless and public wireless if you are making wireless available in your office

Component	Good	Better	Best
Firewall	True Firewall	Security Services	Managed
Gigabit Switch	Layer 2-Trunking	Stacked Backplane	Layer 3 Chassis
Cabling	CAT 6A	CAT 6AF	CAT 8
Workstation	Core i5 8GB	Core i7 8GB	Core i7 16GB
Monitor	Two 22”	Three 24”	One-Two 27-32”
Storage	15K Drives	SSD	SSD NVMe
<b>From Cloud provider:</b>			
Server	Tower	Rack Xeon	Rack Xeon
SAN	iSCSI	SATA	Fiber Channel
Virtualization	VMware ESXi	VMware Essentials+	VMware Enterprise
Remote	Microsoft RDS	Citrix XenApp	Citrix XenDesktop or VMware View

Note that the items listed below the “cloud” line are things that you should manage in house if you implement a

productivity workers rarely find a mobile only solution viable. What should you look for in a current computer? Acceptable specifications include:

Besides the fundamental hardware listed above, there are a few other technologies that have come of age and you should



consider implementing now if you have not done so already. These technologies include: disk encryption, multi-factor authentication, Mobile Device Management (MDM), and may generate additional monthly charges. If you are a Windows user, Windows 10 and Office 365 has made it easier to implement these technologies.

The building blocks above are a good starting place, but note that we have not identified any of the software solutions needed to run a business or use in your home, with the exception of Office 365. We can select productivity software in the form of Office 365, Zoho Office, or GSuite, all of which include email service. We can select SaaS-based accounting software such as Sage One, Sage Live, Intuit QuickBooks Online, Zoho Books, Microsoft Dynamics 365, or Acumatica. We can add document management, specialty applications such as, time and expense reporting or bill payment, and many more. It doesn't matter what we choose, processing power will be needed on the servers and some processing power will be needed locally. If we ignore the local device, whether it is a phone, tablet or computer, we are likely to cut user productivity.

Now that we understand the current building blocks needed, how much is this going to cost us? Most software vendors are converting to subscription models, which means that they are trying to get us to pay a monthly fee. Tools that either do or will require a subscription include Windows (\$10/month), anti-virus (\$5-10/month), spam control (\$5-10/month), Office (\$12-35/

month), Adobe DC (\$15-25/month), Accounting Software (\$9-\$250/month) and more. If you add these up, you can easily see \$56-\$340/month or more per user. A reasonable budget amount may be \$3,000-5,000 per user per year for hardware, software and training. Using technology effectively is not cheap, but using technology ineffectively is even more expensive. Do you ask yourself the question if there is an easier, faster way to accomplish a task? If you have not invested in the hardware, software and training on the items listed above, you may have part of your answer why things

are taking so long to get done effectively. We encourage you to invest in technology and yourself to drive up productivity.

*Randy Johnston is a shareholder in K2 Enterprises, LLC, a leading provider of CPE to state CPA societies. He also owns Network Management Group, Inc., a managed services provider that provides support 24x7 from Boston to Honolulu. Concepts for this article were extracted from the Technology Update session produced as part of the K2 Technology Conferences in 2017 and from his own experience working with technology at various firms in the U.S.*



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# Change Isn't Enough

By L. Gary Boomer, CPA, CITP, CGMA



To embrace change simply isn't enough in today's disruptive environment. To change means to continue doing the same thing but introducing

some degree of variation. We often refer to this as directional innovation. If you put a group of like-minded thinkers in a room, you will get incremental improvement.

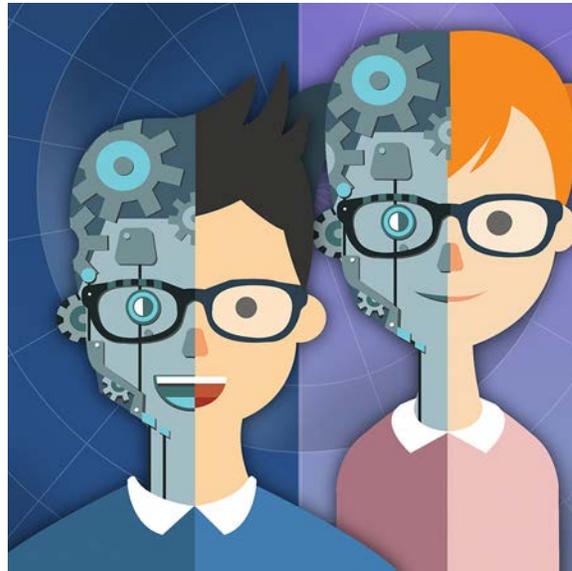
## The key is transformation.

Transformation means doing something utterly and radically different. Stepping outside of the box isn't enough. We need to transform the box itself. Inside-out change, proactive change and opportunity-driven change are where growth comes from, both personal and organizational. This requires intersectional innovation where multiple disciplines and diversity come together to think differently about the problem. In fact, they may even forget about today's problem and focus on future challenges. Wayne Gretzky made a famous statement about skating to where the puck is going to be, not where it has been. To many people in the accounting profession, this may seem too radical, and with the recent demand and rapid increase in partner income the question becomes "why should I change?"

This is a valid question, yet much like with a tsunami, waiting too long can mean disaster. Many don't see a sense of urgency, so let me try to explain why it is much different today than it was five to 10 years ago. The impact of technology (disruption) is much greater today than it was several years ago. This is due to what is known as the law of increasing returns.

Moore's Law (April 1965) is probably the best-known example regarding the price/performance of processing power. In 1965 processing power doubled every year; today it doubles every 18-24 months.

Most of us have been trained to think linear and local rather than exponential and global. Today, we are being forced to change our thinking about age-old



challenges in the accounting profession (talent, workflow processes, technology and providing relevant real-time wisdom rather than just information). The micro-processor has been around for over 50 years and when it doubles today, the increased capability is significant. To demonstrate this law in another way (financial), how much money would you have after a month (31 days) if you started with a penny and doubled it every day? At the end of two weeks you would have \$81.92 and at the end of 31 days, \$10,737,418.24. Most people can't comprehend this without actually doing the math.

The important point of exponential growth is that there are three primary

digital accelerators currently converging: processing power, bandwidth and storage. Bandwidth and storage are increasing at an even greater rate than processing power. Full motion video requires approximated 10 Mbps. Most people have this capacity on their cell phone or in their home. The first hard drive was developed by IBM in 1956 (5 Mb). It was the size of two refrigerators and leased for approximately \$250,000/month. In 1979, Seagate released a 5 Mb drive for \$1,500. Today, we can purchase one-terabyte drives for under \$50 (Samsung T3 SSD, the size of a thick credit card, costs less than \$370). These examples demonstrate that the curve is going vertical and no longer in a slow growing horizontal slope, meaning we need to think differently about the challenges we have today and into the future.

Every CPA firm leader says talent is their number one challenge. They especially don't have the talent to take over (buyout) the partners who are at retirement age and rapidly grow the firm. Thus, we see an incredible amount of merger activity. I ask, "is talent the real problem or are there other considerations we should be focusing on?" Talent has been the problem for decades, but perhaps the real problems are the lack of a shared vision, lack of integrated and standardized systems, poor internal communications and processes and a need to focus toward advisory rather than after-the-fact compliance services which are becoming increasingly commoditized. Where will you and the profession be in 10 years? According to the Economist in 2013, there was a 94% probability that accounting and audit jobs as we know them today will be lost due to disruptive technology over the next 20 years. The February 2016 edition of 24/7 Wall St., references the Bu-



reau of Labor Statistics' similar prediction that jobs in bookkeeping, accounting and auditing will decrease by at least 8.4% by 2024. We already see the early stages with new technology that eliminates data entry, coding and reconciliations. Blockchain and other technologies on the horizon have the potential to eliminate many security and privacy issues, as well as eliminate most of the time spent today in reconciliation and data entry.

Are we as a profession going to miss this opportunity and lose relevance? Or are we going to embrace the exponential and global movement? Some will probably choose to allow the gravity of the past to paralyze them while others will become future-ready. I believe accountants and their firms should and can do both. It is not an either/or proposition. I believe it is an "and" proposition, providing the excitement and needed growth opportunities to attract excellence and leverage technology that allows you to work from

anywhere and at any time. Work is what you do, not where you go. Relevance means CPAs should move up the value chain, focusing on knowledge and wisdom. Clients are looking for "signals," not "noise" when it comes to managing their business and lives.

I caution you to avoid ignoring the impact of technology and include technology in your vision and strategy. Firms need someone with technology and business savvy at the management table. Too many firms are moving to a technology outsourced model. In the short term, this strategy may increase the partners' income, but in the long-term firms need internal technology expertise that can lead and nurture innovation. Again, I believe it is an "and" proposition. Outsource some of the infrastructure and support, but retain IT visionaries and leaders who understand both the future of the profession and technology.

Technology is a growing component

of marketing and sales strategy. Some marketing gurus have predicted that the marketing technology budget will become the largest component of the entire firm's technology budget. Whether this happens or not, it points out the need for a comprehensive technology strategy. To do this, firms must think differently. By thinking differently, they will see the need for a technology capability model/assessment. Much of the IT focus in the past has been on production in tax and audit-related services. Firm management has also been part of the equation, yet the applications generally have not been integrated or shared data easily. As we move to the cloud integration is easier, there is less friction among applications, and the focus should go beyond just the front office. The strategy should consider the client and employee experiences as well as support and the use of business partners/sourcing. In a future article, I will share a Capability

*Continued on page 18*

# ANAHA

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Views	Sunset, Ocean, Mountain, City	Ocean, Auahi Street View	Ocean, Auahi Street View	Diamond Head, Ocean, Marina, City, Mountain	Ocean, Sunset, City, Marina

\* Estimated Closing Date Mid Oct 2017 on Anaha \* WHOLE FOODS will soon be completed across the street



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## AN ETHICAL

### *A proper foundation of ethics*

It was an “Indiana Jones” crusade at the sold-out 57th Annual Conference as it fulfilled the mandatory Ethics CPE requirement for over 200 CPAs. It was an annual reunion for many who reconnected with colleagues from the past, and served as a great networking opportunity for their businesses. Attendees, young and seasoned CPAs in public practice, business & industry, education and government, were decked out with fedoras, “treasure map”, snakes, treasure chest and much more!

The Annual Election and Business Meeting kicked off the Conference as voting members elected the 2017-2018 officers and directors. We recognized and welcomed our Conference partners: American Savings Bank, Ceridian, Mutual of America, and Thomson Reuters. They shared information on their products and services, and even gave away \$\$\$ door prizes.

Special guest and featured speaker was Mark Koziel, Executive Vice President of Firm Services for the American Institute of CPAs. He provided a comprehensive outlook of today’s profession. Ron “Indiana” Heller, our whip-cracking instructor, guided everyone through an ethics adventure. Our lunchtime edutainment was Chris Duque, CyberCrimes Investigator for the Department of the Prosecuting Attorney, who scared everyone into double and triple-checking their IT security. Human hacking is out there – everywhere – in cyberspace!

The installation of the 2017-2018 officers and directors was performed by AICPA’s Mark Koziel who did an excellent



## ANNUAL AFFAIR

*requires a standard of value.*

job with name pronunciations. We were very pleased to present the HSCPA's 2017 Distinguished Achievement in Accounting Education award to Frank Kudo. He is Chairman/CEO of the largest Nissan auto dealership in Hawaii, however, his main passion is teaching accounting full time at the University of Hawaii at West Oahu. Congratulations, Frank, on this well-deserved award! Thank you to outgoing Board members, Brenda Cutwright and Mark Hayes for their service and commitment. Brenda was honored with a Distinguished Service award for her time and commitment to the HSCPA Board from 2011-2017.

After a hard day's work, Happy Hour proved to be a very popular post-conference retreat with libations and hors d'oeuvres. A refreshing break to end the day to help ease the daily Honolulu traffic blues.

A very special Thank You to our sponsors . . . Gabe Lee of American Savings Bank, Ross Polakoff of Mutual of America, Eric Chavez and Peggy Maxwell-Luke of Ceridian, and Barbara Howarth of Thomson Reuters. We sincerely appreciate your support in making the Conference a success!



Join us next year at the 58th Annual Conference on June 22, 2018. You don't want to miss our keynote speaker, immediate past chair of the AICPA, Tim Christen. He will not only provide a relevant and timely update of the profession, but entertain you as well!

To view more pictures of the 57th Annual Conference, go to the [HSCPA photo gallery](#).

*HSCPA wannabe's modeling their fedoras*





HSCPACPE

# AUGUST



- August 1** • Tax, Financial and Estate Planning Strategies Under the New Administration [more>](#)
- August 2** • The Complete Guide to the Preparation of Form 1041 [more>](#)
- August 10** • Small Business Internal Controls, Security, and Fraud Prevention and Detection [more>](#)
- August 11** • QuickBooks Online and Other Top Accounting Software for Small Businesses [more>](#)
- August 29** • Understanding and Creating an Internal Control Structure [more>](#)
- August 30** • Advanced Excel Topics for Spreadsheet Power Users [more>](#)
- August 31** • Understanding the Complexities of Fraud in Order to Develop Ways to Mitigate Risk [more>](#)

*Continued from page 9*

Model that will improve your IT vision as well as document the nine areas of importance. The model is relevant to firms and clients of all sizes. You simply adjust the model to your vision and strategic plan. Without an integrated strategy, it will be difficult for firms to remain successful and future-ready.

Eight mindsets will help your firm transform and remain successful and future-ready. The mindsets are:

- 1. A bigger future** – you must focus on the future and believe that it will be greater than the past.
- 2. Team player** – the day of the rugged individual is over. Clients' wants and needs require a team approach. The team can be composed of external as well as internal resources.
- 3. Willing to change** – your ability to embrace change and learn faster than your competition is vital.
- 4. Improve processes** – eliminate steps that don't add value. (The Lean Six Sigma approach.)
- 5. Life-long learning** – training and learning are a two-way street. You must be willing to learn as well as teach others.
- 6. Growth** – the only alternative is growth if you wish to attract and retain the brightest talent.
- 7. Connected** – trust is what holds the internet-connected economy together. You create digital trust the same way as any other kind of trust.
- 8. Accountable** – you must be willing to hold yourself accountable if you wish to hold others accountable. Accountability is the fastest way to change results.

### Think-Plan-Grow!

*Gary Boomer, Visionary & Strategist of Boomer Consulting, Inc., is recognized in the accounting profession as the leading authority on technology and firm management. He consults and speaks around the globe on several topics including strategic and technology planning; mindset, skill-sets and toolsets for the future; change management and developing a training and learning culture. He also acts as a planning facilitator and coach to some of the accounting profession's top firms.*



# Thank You, HSCPA Members!

Come & celebrate HSCPA's  
85<sup>th</sup> year!

**Wednesday, August 23, 2017**

**6:00 to 8:00 PM**

**Prince Waikiki**

**100 Holomoana**

Thank you for your membership and support throughout the years! We cordially invite you to join us for cocktails and hors d'oeuvres, and to enjoy fellowship with HSCPA members.

*No CPE . . . Just a casual evening with good food and good friends!*

**Members Only**

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**Register online using your member login**

**Registration deadline: August 11**

**\*10 contribution to support the  
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**Deloitte.**





# Norman's Book Review

## "Life Hacks"

by Keith Bradford

As the book cover states, "Life Hacks" is a noun and means "any procedures or actions that solve a problem, simplify a task, reduce frustration, etc., in one's everyday life." I think all of us could use a few "life hacks" to make our lives simpler and easier.

The author Keith Bradford gives the reader 1,000 different "life hacks" divided into the following 10 categories: Technology, Food and Drink, Health and Fitness, Cures and Solutions, Money Savers, Life Tips, Survival, Party Hacks, Around The House and School. The sources of his useful tips are the internet, user submissions to his blog 1000LifeHacks.com and personal favorites he has saved over the years specifically for this book.

I found the book very entertaining and helpful! I even started implementing a few of the "life hacks" I read in the book to make my life easier. I highly recommend you either read the book or visit his website 1000LifeHacks.com to get useful tips to improve your quality of life. To give you a flavor of the book, the following are a few of the "life hacks" from the book which I thought would be of interest to you. Enjoy!!!

### Airplane Mode Is Your Friend

I didn't realize how useful the airplane mode on your phone was until I read the book. Want to charge your phone faster? Put it in airplane mode and it will charge much faster. I started doing this after reading about it and it really works!

Do you get irritated when ads pop up while you are playing a game on your phone? Putting your phone in airplane

mode will stop ads while you play your game!



Did you accidentally text the wrong person? Immediately put your phone on airplane mode. Once it fails to deliver, delete the message or send it to the right person.

### Want Your Batteries To Last Longer?

Batteries will last twice as long if you put them in the freezer.

### Want To Charge Your iPhone Faster?

Did you know an iPad charger will charge your iPhone much faster than your iPhone charger? Try it, and see how much faster your iPhone charges with an iPad charger.

### How To Create An Awesome Playlist Of Your Favorite Artist

Go to [www.youtube.com/disco](http://www.youtube.com/disco) and enter in your favorite artist's name. YouTube will arrange a playlist of your favorite artist based on uploads of that artist.

### How To Reduce Shrinkage Of Your Bacon

Run your bacon under cold water before cooking to reduce shrinkage by up to 50%!

### 10 Foods That Help An Upset Stomach

Bananas, ginger, plain yogurt, papaya, applesauce, oatmeal, white rice, chamomile tea, chicken broth and aloe vera juice will help an upset stomach.

### Easy Ice Cream Test

Before buying your next carton of ice cream, press the top of the container. If it is solid, it has been properly stored. If you can push down on it, it has been thawed and refrozen.

### How to Prevent Freezer Burn Of Your Ice Cream

Put a piece of wax paper on top of your ice cream to prevent freezer burn.

### Pineapple Juice Or Cough Syrup?

Pineapple juice is five times more effective than cough syrup. It also helps to prevent colds and flus!

### Easy Solution For Smelly Shoes Or Jeans?

Got smelly shoes and/or jeans? First put them in a plastic bag, then store them in your freezer overnight. Your stinky shoes and jeans will smell better because the bacteria in your shoes and jeans will be killed.

### Got A Haze On Your Car Headlights?

Use toothpaste to clear up the haze on your car headlights! As a side note, toothpaste also removes ink from your clothes. Apply it to the stain, let it dry, then wash it.

## When Should You Drive With Your Windows Up To Save Gas

It is more economical to drive with the windows up and the AC on when you are driving over 40 mph.

## Where Should You Sit In A Movie Theater

For the best sound, you should sit about 2/3 up and towards the middle. This is where audio engineers sit when they mix the sound for movies.

## What Is The Dirtiest Thing At A Restaurant

Generally the menu is the dirtiest thing you can touch at a restaurant. Accordingly, it is highly recommended you wash your hands after ordering.

## Why You Should Not Be Embarrassed To Fart

Farting helps to reduce high blood pressure and is very beneficial to your health!

## Microwave Cleaning Tip

The best way to clean a microwave is to put a cup of hot water and vinegar inside, turn it on for 3 – 5 minutes, then wipe clean with ease.

## How To Keep Airtight Containers Smelling Good

Ever noticed how empty airtight containers don't smell good when you store them away? Put a pinch of salt in them to keep them smelling fine.

## Best Way To Clean Lego

Throw them in a mesh laundry bag and put them through a wash cycle. This will take care of the bacteria on your kid's Legos.

## What Color Helps You Stay Focused

Yellow! Being surrounded by the color yellow helps to keep you focused because it decreases the production of melatonin, the hormone that makes you sleepy.

## 10 Foods That Will Make You Smarter

Avocados, blueberries, assorted nuts, oatmeal, pomegranate, chocolate, tuna, eggs, tomatoes and beans will make you smarter.

## Wine Cooling Tip

Do you want to cool your wine without watering it down with ice? Use frozen grapes!

## Getting 'Thin' On Your Head?

Eat more onions and garlic! In addition to being foods that improve your overall health, onions and garlic help to accelerate your hair growth!

## How To Burn More Calories While You Sleep

Normally, a person will burn about 0.42 calories per pound per hour of sleep. Accordingly, a 100 lb person will burn about 42 calories in one hour of sleep. Want to burn even more calories while you sleep? Working out before going to bed makes your muscles burn more calories throughout your sleep cycle!

## Great Advice For College Students

Minor in what you love and major in what will get you a job.



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# TAX FOUNDATION OF HAWAII

Hawaii's Watchdog on Taxes & Government

By Tom Yamachika, President – Tax Foundation of Hawaii

## Mucking Around in the Past?



On Thursday, June 22nd, the board of Honolulu Authority for Rapid Transportation (HART) stunned critics by cancelling a special audit that would have examined past cost overruns.

Ember Shinn, former City Managing Director and HART board member, was [quoted as saying](#), “It’s not my intent to muck around in the past and try to figure out what we did wrong in the past. It’s more trying to get forward.” The HART board decided that the money set aside for was better spent on other things, especially because there were other outside reviews being conducted.

understanding of what an audit is, and of the problems that it is supposed to address.

According to the American Institute of Certified Public Accountants, the purpose of an audit is to provide users of financial statements with an opinion by the auditor on whether the financial statements are presented fairly in all material respects. The audit (and the auditor’s opinion) enhances the degree of confidence that intended users can place in the financial statements.

Companies, governmental units, and others communicate their financial condition to owners, constituents, or other stakeholders. One common way to communicate this information is through financial statements such as profit and loss statements, balance sheets, and related statements. Stakeholders receiving those statements may be trying to follow the Russian proverb made famous by Ronald Reagan: “Trust, but verify.” So, the entity presenting the financial statements engages a disinterested professional, often a CPA firm, to test the information on the statements to see if it is trustworthy. This testing process is the “audit,” and the resulting opinion is the “audit report.” Variations on this theme also occur, but the overall objective is to enhance stakeholder confidence.

One of the biggest problems with the Honolulu rail project today is the lack of confidence that constituents and legisla-

tors have in the financial condition of the project. One recent email I received put it this way: “No one trusts anything about rail. No trust. No deal.” House Finance Chair [Luke said](#) something similar March 10, that it’s “not because people no longer support rail, but people have lost confidence in the cost, and they have lost confidence in the management, and they have lost confidence in what this project is going to cost in the future.”

An audit is designed to give people more confidence. Is it “mucking around in the past”? Sure it is. But is it something we need? The dollars that would need to be spent on an audit, no matter who does it, could go toward one of the many other cost items – plenty of costs to go around – but why is it not important to restore public confidence? HART needs to remember that it has a boss, namely We the People of Honolulu. If your boss lost confidence in your work, wouldn’t it be important to do something about that?

And then, why is mucking around in the past a bad thing? As the philosopher George Santayana said, “Those who cannot remember the past are doomed to repeat it.” If we are trying to move forward and aren’t, we need to figure out why. Maybe then we can do something different, and get a different outcome from the doom and gloom that we are all constantly hearing now.

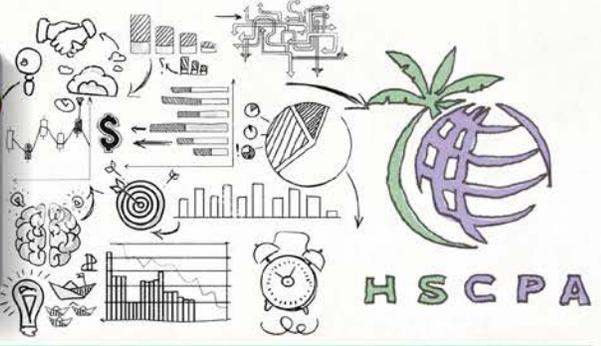
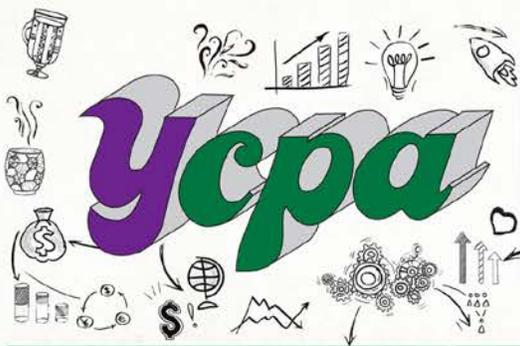
### Hawaii Practices For Sale

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# #What's YOUR Hashtag?

By Tabitha Mitchell, RA, CPA



## #GoodJob

If you're part of the HSCPA, then you've probably made it to your #GetCPA and #GoodJob

goal! Congratulations! These are great goals! However, have you also considered a more important aspect – your values?

To know the best path for your long-term fulfillment, you need to understand your values and align your goals to your values. You won't be fully satisfied in life if you only identify and focus strictly on goals, goals, goals.

## #Values

Values are what makes you feel good in life. Values are your desires. Values are what will be remembered about you. For example, one of my #Values is adventure and therefore my #Goal is to travel to New Zealand, Alaska, Scotland, and Spain. However, since my #Value is adventure, just a hike through Foster Botanical Gardens is a great experience in itself.

So...Have you identified what your #Values are? Turn off your phone, take out some paper and think deeply on - What motivates and inspires you? What gives you a rush? Make a list of words

or phrases that pop into your head. If you're completely stumped, google "list of values" and choose those that stand out to you.

## #Goals

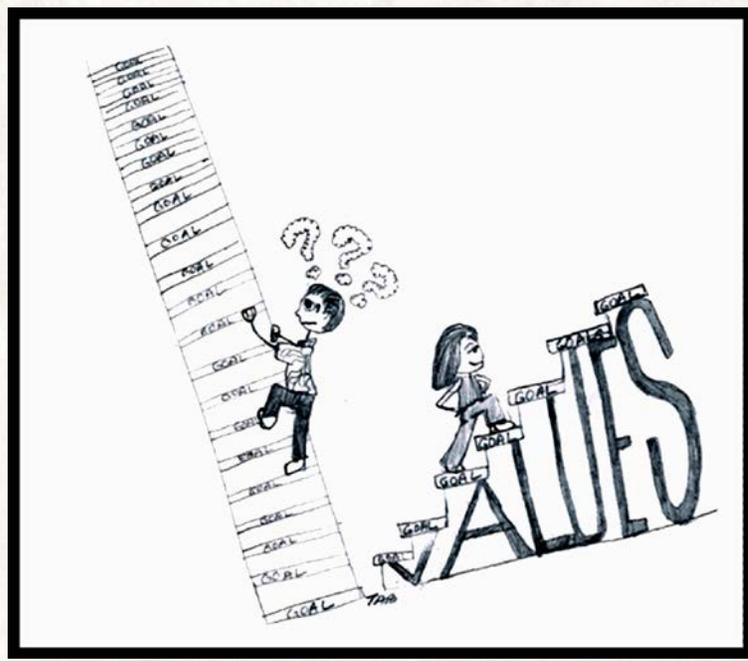
Once you determine your #Values, identify specific #Goals for each. What's the reason for identifying your #Values first? If #Goals are founded on

#Values, you will feel more fulfilled once its completed. If you only focus on #Goals without #Values, you will feel purposeful striving for your #Goal, but once accomplished, you'll immediately feel let down and on the hunt for your next #Goal, then next, and next, and still feel empty and unfulfilled.

So always remember to think about your #Values before your #Goals!! You'll lead a happier life!



*Tabitha Mitchell is the Managing Member of Provisor LLC and Realtor with Better Homes & Gardens Real Estate Advantage Realty.*




**CPA FIRM**
  
**MICROCOMPUTER TECHNOLOGY**

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



At the recent HSCPA Annual Conference, there were several themes related to technology that emerged that are important to the future of our industry.

The first theme has to do with the fact that the rate of change in technology automation is increasing rapidly. This will

have a profound effect on how businesses and CPA firms will do accounting and tax work in the future. If we are not adapting to these technology changes, we, as CPAs and our businesses and firms, will be left behind. You should plan on increasing your technology training and the implementation of new technology and processes in the near term.

tifying information, and financial data secure is crucial if we are to keep our trusted advisor role and if we want our firms and businesses to survive. There is an opportunity here to use this kind of knowledge to help our clients and employers automate their processes and keep confidential data safe.

*If we are not adapting to these technology changes, we, as CPAs and our businesses and firms, will be left behind.*

This leads me the topic of the CITP (certified information technology professional) designation. There is a huge need for more CPAs to

pursue the CITP designation in the face of the pace of technology automation changes and the growing cyber threat environment. In Hawaii, there are less than 5 CPAs with the CITP designation. There is a need for more CPAs to enter this arena and there is a huge opportunity to serve the needs of our firms and businesses. Please call me or e-mail if you are interested in finding out more about what it takes to obtain the CITP designation.

If you have any questions or comments call us at (808) 837-2507 or (808) 837-2517, or send email to [ron@cga-cpa.com](mailto:ron@cga-cpa.com) or [joy@cga-cpa.com](mailto:joy@cga-cpa.com).

As was shared at the Conference, if all you do is tax preparation, which work may go away as a result of tax law changes

or automation of tax preparation by new technology, you need to consider changing so that tax consulting is a larger part of what you do. A lot was said about automating the process of providing accounting services to your clients. You can go to the AICPA website for more information on how to approach accounting services automation.

The second theme was that CPAs and CFOs, as trusted advisors, need to acquire the expertise to advise their clients and employers regarding both automation issues and computer security issues, including protection from cyber threats. The ability to keep client personal iden-

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# Emerging Issues

## Impacting Today's Accountants



**Kimberly Ellison-Taylor**  
Chairman, American Institute of CPAs

Tuesday, November 14  
11:30 a.m. to 1:30 p.m.  
Plaza Club - 20<sup>th</sup> Floor

Public parking available at Harbor Court or other municipal lots

Join us for an informal, high energy, talk-story luncheon with Kimberly as she shares her passion for paying it forward and how she decided on her future profession while in the third grade. She brings an infectious energy to the profession at a pivotal time in this evolving business world.

Kimberly is the first African-American chairman of the AICPA Board of Directors. Aside from the AICPA, she is the global accounting strategy director for Oracle America where she rose through the ranks of the profession with an intense focus on the technology that is transforming the business world.

Don't miss this opportunity to meet and greet Kimberly! Hear her inspiring stories and see why students flock to her wherever she travels! She hasn't forgotten her roots and makes every opportunity to pay it forward and help others.

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AICPA Chair Kimberly Ellison-Taylor • November 14, 2017 • Plaza Club

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on

# Current Developments in International Tax and Reporting Issues and Hawaii Taxes



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**8:00 to 9:30 a.m.**

**Plaza Club - 20th Floor**

Buffet breakfast  
from 7:30 a.m.

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Join us for breakfast and an informative discussion on Kurt's meeting with top tax officials in Washington, DC and various legislative, regulatory and administrative proposals that were discussed as well as current developments in international tax and reporting and Hawaii taxes.

Kurt Kawafuchi, owner of the Law Offices of Kurt Kawafuchi, LLLC, practices in federal and state tax planning, business and estate planning (international and domestic), federal and state civil and criminal tax controversies, and litigation before tax agencies, administrative boards, and in federal and state trial and appellate courts. He was formerly a principal with Hochman Salkin Rettig Toscher & Perez, PC in Beverly Hills, CA.

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