

SEPTEMBER 2017

# KĀLA

The Official Publication of the Hawaii Society  
of Certified Public Accountants



## Remote Work: Anytime, Anywhere Workforce



## Paradise Cove Luau puts on quite a show. And their banker helps set the stage.

Operated by PC Services, Inc., Paradise Cove Luau is one of Hawaii's largest and best-known luaus, for good reason. They offer fun activities, entertainment and a feast on 12 beautiful oceanfront acres. And to set the stage for continued success, they worked with their business banker to implement the right refinancing solutions and banking services.

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

---

(front, left to right) 1. Pat Kaialau, Custom Event Manager 2. Keith Horita, President, CEO 3. Dan Oshima, their Banker 4. Norman Kaneshige, VP, COO  
5. Ashley Espiritu, Wedding Sales Coordinator (back, left to right) 6. Jolee Peneku, Performer 7. Niko-Jesus Camacho, Performer

---

Member FDIC

asbhawaii.com



**AMERICAN**  
Savings Bank



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

Gordon M. Tom (Designated)  
Wendell K. Lee (Elected)

### Directors • 2016 – 2018

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

### Executive Director

Kathy M. Castillo

### Administrative Assistant

Debbie Cortes

### Directors • 2017 – 2019

Robert K. Hatanaka  
Ronald I. Heller  
Adrian K. Hong  
Frank T. Kudo  
Trisha N. Nomura  
Jessica Su  
Natalie M.H. Taniguchi

### 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



**H S C P A**

Hawaii Society of  
Certified Public Accountants

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 Hawaii Society of Certified Public Accountants. Please direct all inquiries regarding editorial content to HSCPA, 900 Fort Street Mall, Suite 850, Honolulu, Hawaii 96813.

President's Message ..... 4  
*By Norman N. Okimoto*

Remote Work is Still Good Business..... 6  
*By Sandra Wiley*

Ask A CITP..... 8  
*By Donny Shimamoto*

Software's New World of  
Incremental Improvement..... 10  
*By Thomas G. Stephens*

CPE Calendar..... 12

Norman's Book Review..... 14

CPA Firm Microcomputer Technology... 16  
*By Ron Gouveia & Joy Takaesu*

Y-CPA Buzz..... 17

HOOP News..... 18

No Hanahana, Kaukau Anyway..... 19  
*By Tom Yamachika*



# President's Message

By Norman N. Okimoto



## **"Live Aloha, Play Warrior"**

6-7, 3-9, 1-11, 4-9 and 3-10. After five straight years of losing football seasons under three head coaches, Nick Rolovich was hired in 2015 to lead the University of Hawaii football team for the 2016 season. With his "Live Aloha, Play Warrior" and "Pride Rock" mantras, Coach Rolo led Hawaii to a 7-7 record and a Hawaii Bowl upset victory over Middle Tennessee in 2016, overcoming a brutal early stretch of games against Cal, Michigan and Arizona. It was simply an amazing turnaround! Just as important, Coach Rolo provided excitement and hope that Hawaii football can get back to its winning ways. I've had the pleasure of listening to Coach Rolo many times and speaking to him at length a few times and in my opinion, the following are some of the secrets to his success which can help all of us improve our companies, clients and/or ourselves.

## **Clear Vision**

Using metaphors we can relate to, Coach Rolo has a clear vision of where he wants the Hawaii football program to go, and how it will get there. Using the line from The Lion King, "We were great once, we can be great again," he wants his players to experience what he experienced when Aloha Stadium was "rocking."

## **Create the Right Culture**

He has started to recruit players who want to "Live Aloha and Play Warrior,"

and who want to give back and make our community better. He filled his coaching staff with "Men of Aloha," coaches who are positive role models and counselors for his players.



## **Lead With Passion and By Example**

He tirelessly promotes Hawaii football in numerous ways, from social media posts, doing unique things to attract positive attention to the program such as hiring an Elvis impersonator to be with him at



the Mountain West media day, showing up at loyal season ticket holder's houses to [thank them for their support](#), selling tickets in downtown Honolulu, having [running man challenges](#) in practice, talking at countless functions, etc.

## **Continuous Improvement**

After listening to Coach Rolo at the first 2017 Na Koa luncheon, I came away impressed at how much he and his coaching staff continually make changes to their plays and personnel to increase the odds of success. They are also always looking at ways to improve all phases of their program and game preparation, and are not afraid to make changes. For example, after looking at how they traveled to Michigan and played, they made adjustments to the way they traveled to play at the University of Massachusetts.

## **Not Afraid to Take Calculated Risks**

Hawaii football fans knew Hawaii football would be different under Coach Rolo when he decided to try an onside kick on the very first play of his Hawaii head coach career in Australia against Cal. During the season, he was not afraid to make quarterback changes, not punt on fourth down, and execute trick plays when teams were not expecting them. He called an unbelievable fake punt in the [Hawaii Bowl against Middle Tennessee](#) which worked and led to a touchdown! Coach Rolo is not afraid to roll the dice and take calculated risks...players love to play for coaches like Rolo.



## Summary

Coach Rolo is the right coach at the right time for Hawaii football. He has brought excitement and pride back to football in Hawaii. The five secrets to his success noted above are simple concepts which are applicable in many situations. Although he grew up in California, as he noted in his first press conference, "he was meant to be a Warrior and in his heart, he never left the islands. He believed he would be back here because he believes he belonged here."

When Hawaiian Airlines decided not to be the Aloha Stadium field sponsor again in 2016 and no other major Hawaii entity wanted to take their place, we at Hawaiian Tel FCU decided to be the field sponsor not only to promote our credit union, but because we believed in Coach Rolo. We believed he would lead Hawaii football back to its winning tradition. We are glad we made the investment, and we know Hawaii fans are glad to have Coach Rolo as our head football coach! I hope all HSCPA members rally around Coach Rolo and his team and start "rocking" Aloha Stadium again!!!



"... \$36 for movie tickets, \$12 for comics, \$36.42 for pizza, \$19.74 for ice cream, \$22 for bike repairs, \$8 for a fake tattoo and \$14.95 for new flip-flops."



Sponsored By  
**ROBERT H.Y. LEONG & COMPANY**  
Certified Public Accountants

## Give Back Day

# Beach Clean-up on

## October 28, 2017

### (Saturday)



Meet at Magic Island - from Diamond Head end, 2<sup>nd</sup> entrance to parking lot by showers


RSVP by October 19  
E: [info@hscpa.org](mailto:info@hscpa.org)  
Form must be signed and returned

**MEMBERS**  
*ONLY*

- ♦ Wear cool & comfortable clothing
- ♦ Protective / beach footwear recommended
- ♦ Sunscreen recommended
- ♦ Refreshments will be provided

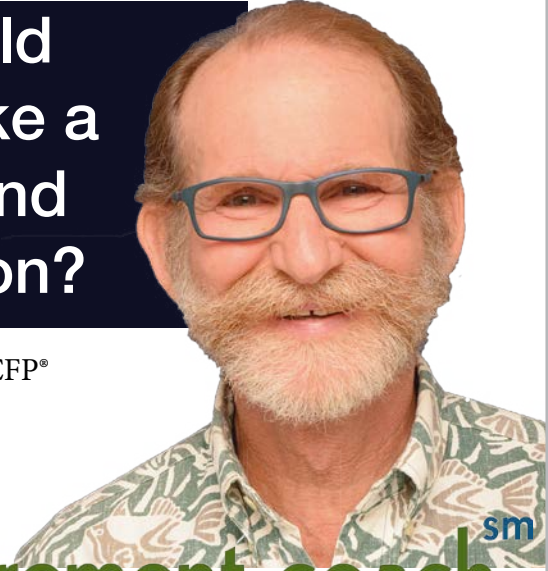
# Would you like a second opinion?

mel r. hertz, MBA, CFP®  
808-522-0100



237 Kuumele Place #8, Kailua, HI 96734  
[melhertz@theretirementcoach.org](mailto:melhertz@theretirementcoach.org)

Securities and advisory services offered through the Strategic Financial Alliance, Inc. (SFA), member FINRA and SIPC, mel r. hertz is a registered representative and an investment adviser representative of SFA, which is otherwise unaffiliated with the retirement coach. Supervising Office (678) 954-4000





# Remote Work is Still Good Business

By Sandra Wiley – Boomer Consulting, Inc.



Recently, IBM began the process of dismantling its popular remote work program by giving thousands of its remote workers a choice: return to the office or find a new job. The company, which markets software and services for the “anytime, anywhere workforce” and has published numerous studies on the merits of remote work, says bringing employees back to the office will “improve collaboration and accelerate the pace of work.”

The move comes three years after Yahoo, Inc. called telecommuters back to the office and two years after Bank of America scaled back eligibility for its work-from-home program. Does this signal the end of the growing remote working trend? Not at all. Despite these headlines, remote work is here, and it's growing. According to a survey done by Gallup in 2016, 43% of Americans do some or all of their work from home, up four percent in four years.

Many experts predicted cost savings for employers who no longer needed huge office space to accommodate their workforce, but the true benefit of permitting employees to work from home is not improving the bottom line but attracting and retaining the best people. A 2014 survey from Flexjobs found that virtual work is the most desired flexible work

option people want in a job, primarily because they feel they can get more done when they're away from the distractions of noisy co-workers and office politics and the stress of commuting.

But beyond that, it's that the notion of “work” has changed. We used to think about going to work at being at a particular location. Today, people – especially Millennials – see work as less about being in an office and more about getting



things done, servicing clients and completing projects. If your employees are doing all that, does it really matter if it's done from a home office or a cubical?

With that said, you can't just invest in a few dozen laptops and hope for the best. Successful work from home arrangements have a few requirements:

## More management

If your version of management involves

counting bodies behind desks and hours logged, remote work will require some major mental shifts. Successful managers of remote teams don't base productivity on face time, but on actual output. You'll need to establish and communicate expectations and determine how progress will be measured. When people deliver quality work by the deadline, they're doing their jobs.

## More communication

Keeping lines of communication open requires a little more deliberate effort when your team is spread across the city, state, country or globe. Fortunately, the tools to accomplish remote work are becoming increasingly powerful and accessible.

You'll need cloud-based project and document management tools to give visibility into what teams are working on and manage the status of jobs. When you can't meet in a conference room, video conferencing lets remote teams connect visually without being physically present. Instant messaging allows remote workers to touch base or ask a quick question. Most of those tools come with the ability to set your status as “away” or turn off notifications if you need to work without interruption for a while.

## A few good rules

Few firms have formal policies in place before employees start working from home. Often, one valuable employee will request to work remotely and more will follow. Before long, the firm is accommodating a wide range of remote work situations with no formal policy in place.



If that sounds familiar, it's not too late to get one in place. We recommend addressing what technology the firm provides versus what the employee is responsible for, how to ensure client data is secure, hours of availability, eligibility for remote work, and how performance will be measured.

## Honest feedback from everyone

Every employee isn't naturally cut out for working remotely, and every manager isn't adept at managing remote teams. Some will require a period of adjustment while they learn how to make working

from home work for them. That's why it's crucial to have a culture that values honest feedback. People at all levels of the firm should be able to give honest and straightforward feedback. When people are honest, they don't need to sugar coat things. They just say what needs to be improved and work together on making it happen. Being open to honest feedback helps promote a healthy team environment and continuous improvement.

The collaboration and relationship building that naturally happens in an office environment may not come easily to a remote team, but that's not a good

enough reason to keep your people chained to a desk. Firms that encourage remote work and provide the culture and tools to make it work enjoy a larger pool of qualified candidates to choose from, enhanced employee productivity, greater employee engagement, and retention.

*Sandra Wiley, President of Boomer Consulting, Inc., has been lauded for her industry expertise in human resources and training. She is often called the "go-to person" for solutions to the profession's staffing crisis, citing her wise advice on hiring – and keeping – employees for the rest of their careers.*

## Hawaii Practices For Sale

**Gross revenues shown:** Hawaii Neighbor Island CPA-950K, Tax (49%), acctng (46%), other (5%), cash flow 50%+, turn-key practice, tenured staff; Honolulu CPA Majority Partnership Opportunity-60%+/\$300K, tax 65%, acctng 35%, strong fee structure, staff in place. For more information, please call 1-800-397-0249 or to see listing details and register for free email updates visit [www.APS.net](http://www.APS.net).

### 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@APS.net](mailto:Ryan@APS.net).



**rh**

**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](http://roberthalf.com/salary-center).**

Honolulu • 1.808.531.8056  
[roberthalf.com/honolulu](http://roberthalf.com/honolulu)

**rh Robert Half®**

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

# Hardware Refresh Considerations

By Donny Shimamoto, CPA.CITP, CGMA



**Q:** What are the standard refresh cycles for IT equipment?

**A:** It depends on the type of equipment.

As a physical asset, IT equipment (hardware) replacement must usually be planned for in advance so that you're not scrambling to replace it after it fails. This proactive replacement is often referred to as performing a "hardware refresh". Hardware refresh decisions have three main considerations: (1) Risk of Failure, (2) Ease of Replacement, and (3) Criticality of the Supported Business Processes.

## Risk of Failure

Hardware refreshes are often driven by the Risk of Failure of a particular hardware asset. Different types of hardware have varying Risk of Failure as they age. The table below shows some of the common types of hardware and their general Risk of Failure based on the number of years the hardware has been in service.

Risk of Failure	Laptop	Desktop	Virtual Terminal	Server	Firewall
Low	<2 years	<3 years	<7 years	<3 years	<4 years
Moderate	2-3 years	3-5 years	7-10 years	3-4 years	4-6 years
High	4+ years	5+ years	10+ years	4+ years	6+ years
Ease of Replacement	Moderate	Moderate	Very Low	Hard to Very Hard	Low to Moderate

Table 1 - Hardware Refresh Considerations

## Ease of Replacement

There is a second consideration that should be evaluated in conjunction with Risk of Failure, and that is the Ease of Replacement in the event that a hardware failure does occur. One part of Ease of Replacement is how quickly you can get your hands on replacement hardware—however often the more critical part is how quickly you can get the hardware into operation so that the business process can be resumed.

The last row of the Hardware Refresh Considerations table shows the general Ease of Replacement for that type of hardware. It is summarized again here with a brief explanation for the assessed Ease of Replacement.

### • Desktop or Laptop – Moderate:

Once the computer is received it must be configured, operating system updated, system software (like antivirus) installed, and user application software installed. Additionally the user's profile and data must be loaded from their old computer onto the replacement.

### • Virtual Terminal – Very Low:

Virtual terminals are used in conjunction with virtual desktops or hosted desktop services. In this case, the user's "actual computer" is resident on a server in a data center and the terminal is merely there for user input (e.g. keyboard and mouse) and output (e.g. monitors and printers). Because the user's software and data is actually sitting on a server, replacing a virtual terminal is simply a matter of switching out the terminal box.

### • Server – High to Very High:

Once a server is received it must be configured, operating system loaded and uploaded, system and platform (e.g. database server) software installed, business application software installed, business application data restored, and all users reconnected to it. Systems maintenance jobs and backup processes must also be configured to work with the new server; and security monitoring software must be also be configured to monitor the new server.

### • Firewall – Low to Moderate:

Depending on the type of firewall and complexity of the network environment this could be as simple as restoring the backup of a configuration file and reconnecting all the physical wires to the firewall, or it could be as complex as reconfiguring the firewall from scratch (which usually isn't too bad).





## Criticality of the Supported Business Processes

The third major consideration when determining when to replace hardware, is the Criticality of the Supported Business Processes. This involves looking at how important the business process that the hardware supports is, and how long you can operate if a hardware failure were to occur. If a business processes is mission critical, you probably want ensure that there is a low risk of failure. This could be achieved by ensuring that the hardware is refreshed proactively (i.e. keep Risk of Failure low) or by ensuring that there is higher Ease of Replacement.

For example, for a server that supported a mission critical process, you could proactively replace it every 3 years to keep the Risk of Failure low. Or you

could replace it every 4-5 years, but have a "warm spare" (equipment is already on premise and software kept up to date) so that if the primary equipment fails, you just need to restore the data from the last backup and place it into production increasing the Ease of Replacement.

Keep in mind that the above example is a simplistic one to give you an idea of how you can address both of the key aspects. For true mission critical hardware or highly complex environments, there are other techniques like high availability (HA), load balancing, and other technical solutions that also have higher costs that enable you to ensure that the loss of one server will have a minimal (if any) impact on the supported business processes.

## Summary

When determining the refresh cycle for hardware assets, both the Risk of Failure and Ease of Replacement must be considered in the context of the Criticality of the Supported Business Process. How often an organizations refreshes its hardware then depends on its level of risk tolerance for the business processes that are supported by the hardware.

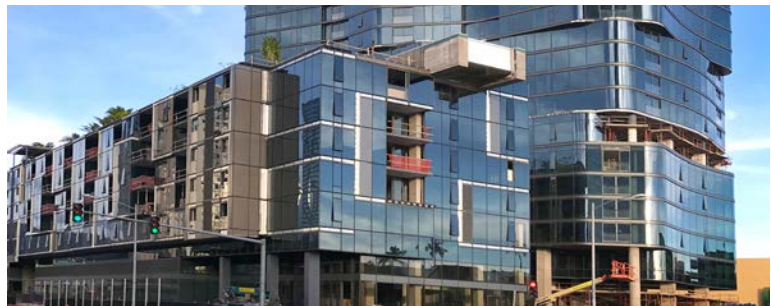
*Donny C. Shimamoto, CPA.CITP, CGMA is the managing director of IntrapriseTechKnowlogies LLC. He is a recognized national thought leader and international educator driving innovation and excellence to transform the accounting profession. You can contact him at [donny@intraprise.us](mailto:donny@intraprise.us).*

# ANAHA

1108 Auahi Street, Honolulu, HI

One of Howard Hughes' newest condo projects, Anaha will be a first-class luxury condo in an absolute prime location within the Kakaako, Honolulu neighborhood at 1108 Auahi Street, part of Ward Village's 1st phase. Ward Village is close to Ala Moana Shopping Center, beaches, and world-famous Waikiki.

Please Call: **808 532 3330**



Unit #	305	4B	5A	12C	19A
Offered	\$1,850,000	\$2,050,000	\$2,250,000	\$2,425,000	\$3,595,000
Living	1,700 sq.ft.	1,941 sq.ft.	2,479 sq.ft.	1,691 sq.ft.	2,445 sq.ft.
Description	2 BD, 2.5 BA, 1 Pkg	3 BD, 3 BA, 2 Pkg	3 BD, 3.5 BA, 2 Pkg	2 BD, 2 BA, 1 Pkg	3 BD, 3.5 BA, 2 Pkg
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



### John "Jack" Tyrrell

President  
Realtor®, CRS  
CPA (not in public practice)  
Lic. # RB-19880

E: Jack.Tyrrell@JTChawaii.com  
C: 808.306.6933

[www.JTChawaii.com](http://www.JTChawaii.com)

Ala Moana Hotel - Lobby, 410 Atkinson Drive, Suite 1F6 Honolulu, HI 96814



**JACK TYRRELL  
& COMPANY**

A Real Estate Brokerage Corporation

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

# Software's New World of Incremental Improvement

By Thomas G. Stephens, Jr., CPA, CITP, CGMA



In subtle and not-so-subtle ways, software – including operating systems – is changing.

For many software publishers and many software titles, gone are the days of releasing a “major upgrade” every two to three years. Instead, publishers are turning to a model where “incremental improvements” are frequently released, often monthly, and the net effect of this approach is that it changes how we will acquire, update, and use our software and operating systems in profound ways.

## Comparing the Two Models

In the past, software publishers typically would create and publish a software title, and consumers would

then purchase a perpetual right-to-use license of that software title and install the application onto their computer. Periodically, the software publisher would issue patches to resolve bugs in the application and to address any known security vulnerabilities.

Meanwhile, in the background, the publisher would begin developing the next version of the application, by improving on existing features and adding new features in the hopes of enticing consumers to invest in an upgrade license when it became available. Often, this upgrade cycle ran about three years.

To the casual observer, this business model seemed to work relatively well for both the publisher and the consumer. However, there were significant weaknesses in this model for both parties. For example, from the publisher's perspective, this model created a cycle of cyclical and unpredictable cash flows and revenues. Many consumers chose not to invest in upgrades when they became available and would often skip one or



two versions of the updated application in an attempt to increase their return-on-investment of the originally-purchased application. So, while the publisher would make significant investments in developing new features for the upgraded application, there was no guarantee that consumers would elect to spend the money on acquiring a “new and improved” version of the tool. Additionally, from the vantage point of the consumer, upgrades were often viewed as problematic and risky. In some cases, newly-released applications caused integrations with other applications to stop working or required upgrades to hard-

ware also. Further, for team members to take advantage of new and improved features, they needed to be trained on what these improvements were, why they were important, and how they could and should be used to increase productivity. For these reasons, many individuals and organizations chose to defer upgraded applications for as long as they could.

## Case Studies – Microsoft Office 2007 and Windows Vista

The release of Microsoft Office 2007 provides a vivid example that reinforces the points outlined above. Approximately ten years ago, Microsoft released the upgraded version of its flagship Office suite of applications as an upgrade to Office 2003. Office 2007 contained many very significant new features that, over time, have proven to be exceptionally

valuable. However, because Office 2007 included a radically different user interface than previous versions of Office and because the file formats were different than those found in prior versions of Office, many consumers and organizations deferred upgrading for several years after the original release.

Likewise, the 2007 release of the Windows Vista operating system was also widely ignored by many consumers and organizations. While Vista introduced some cutting-edge features that are considered by many to be mainstream today





– BitLocker drive encryption and User Account Control, to name two – Vista was not compatible with many pieces of hardware in use at the time. Therefore, adopting organizations often incurred unanticipated investments in new hardware and spent countless hours on resolving issues such as updating drivers for existing hardware.

With both Office 2007 and Vista, the magnitude of the changes brought about by the upgrades created disincentives to taking advantage of the positive features made available in both tools. Thus, neither product was as well-received in the market as many had forecasted.

### So, What's Different Now?

First, software publishers are moving away from the “perpetual license with a major upgrade every three years” model. Instead, they have begun offering their application on a subscription basis, through which users pay monthly, quarterly, or annual subscription fees for the right to use the software. Of course, publishers of cloud-based Software As A Service (SaaS) have always operated this way, but now many traditional, desktop-based applications can be licensed through subscriptions also. Examples of mainstream applications available through subscription licenses include Microsoft Office (through an Office 365 subscription), Adobe Acrobat DC, and QuickBooks Enterprise Solutions. Now, you can even license Microsoft Windows on a subscription basis. In general, the advantages of licensing software in this

fashion include predictable cash flows, the ability to scale up or scale down the number of licenses as organizations expand and contract, and automatic upgrades when new major releases become available. However, as indicated below, the issue of automatic upgrades is not as straightforward as it might seem.

A second major change in software development is that of moving away from large-scale, major upgrades and adopting a policy of continual, incremental improvements that are released on a relatively frequent basis. Of course, this is the paradigm under which SaaS publishers have always worked. For example, if you subscribe to a cloud-based accounting application such as Xero, when engineers tweak the application and add new features, you receive the benefit of those new features automatically and without having to install any new software. Further, there is no separate charge for these incremental improvements – they are included with your subscription. Traditional publishers such as Microsoft and Adobe are now adopting the same strategy for their subscription-based customers. For example, if you are an Office 365 subscriber, Microsoft is making available new features for that product every month, and many of these features are not being made available to those who choose to purchase traditional perpetual-use licenses. In fact, you can view summaries of these new features at [blogs.office.com](https://blogs.office.com). Additionally, with Windows 10, Microsoft is pushing new features to users on a monthly basis,

instead of saving them for release as a future major upgrade to the Windows operating system. This update process creates what many are now referring to as “Windows as a Service.”

For the software publishers, these changes provide more predictable revenues and cash flows, while simultaneously minimizing the technical support issues previously associated with major releases. For consumers and organizations, doing away with major upgrades removes the barriers to taking advantage of new and improved functionality while the shift to subscription licenses helps to provide predictability and flexibility in software licensing expenditures.

### Summary

The trend to subscription licenses and incremental improvements is one that appears to be accelerating and for a good reason – it seems to benefit both software publishers and their customers. As a consumer, you should carefully consider how you currently license your software and your existing upgrade strategies and policies. If you are still using traditional approaches to licensing and upgrading, perhaps now is a good time to consider taking advantage of the benefits made available in the new world of incremental improvement.

*Tommy Stephens is a CPA and a shareholder at K2 Enterprises, where he develops and presents technology-focused CPE courses. You may reach him at [tommy@k2e.com](mailto:tommy@k2e.com).*



HSCPACPE

# SEPTEMBER



**September 1:** [KAUAI] Professional Ethics for Hawaii CPAs [more>](#)

**September 20:** (4-HOUR) Employment Law Update: Examining Critical Issues with FMLA, HIPAA, COBRA, ADA and More [more>](#)

**September 20 :** (4-HOUR) The Changing Role of the Financial Executive: Advancing from Tactical to Strategic [more>](#)

**September 21:** (4-HOUR) Financial Executive's Update: Today's Latest Trends [more>](#)

**September 21:** (4-HOUR) Analyzing Costs, Productivity, and Efficiency: Three Ways to Boost Your Bottom Line [more>](#)

**September 25:** [KAUAI] Annual Accounting and Auditing Update [more>](#)

**September 26:** Annual Accounting and Auditing Update [more>](#)

**September 27:** Latest Developments in Nonprofit Accounting and Auditing 2017 [more>](#)

**September 29:** (4-HOUR) Professional Ethics for Hawaii CPAs [more>](#)



# 2017 Meet the Pros Accounting Mixer



**November 13<sup>th</sup> (Monday)**

**5:30 to 9:00 p.m.**



**Honolulu Country Club**

1690 Ala Puumalu Street

## Bring Your 'A' Game

*Special Guest  
Speaker*

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

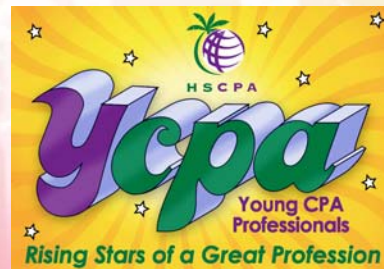
**\* Acknowledge \* Attitude \* Accountable \* Anticipate \***



Kimberly Ellison-Taylor, CPA, CGMA, is Chairman of the American Institute of CPAs. She is currently an Executive Director in Oracle's Global Industry Solutions Group. She is a sought after speaker and business development executive who works in the cross section of legislation and policies, business drivers and challenges, and the technologies that can reduce overhead costs and improve process effectiveness.

**Dinner & Student Rotation**  
Member - \$65  
Non-member - \$75  
Buffet dinner + CPE  
2 CPE credit hours  
Limited Seating

- ♦ To promote all segments of the accounting profession
- ♦ Professionals to share their experiences about the accounting profession
- ♦ To provide an opportunity for students to interact with various accounting professionals



### \*\*\* REGISTRATION FORM \*\*\*

Meet the Pros Accounting Mixer • November 13, 2017 • Honolulu Country Club

Total \$ \_\_\_\_\_ ☐ Check No. \_\_\_\_\_ ☐ VISA ☐ MC Exp. date \_\_\_\_/\_\_\_\_/\_\_\_\_ Card No. \_\_\_\_\_

Signature \_\_\_\_\_ Print name on card \_\_\_\_\_ CVV \_\_\_\_\_

Name \_\_\_\_\_ Firm \_\_\_\_\_

Tel \_\_\_\_\_ E-mail \_\_\_\_\_

Please return with payment to:

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



# Norman's Book Review

## "13 Things Mentally Strong People Don't Do"

by Amy Morin

Imagine if your mother passed away suddenly from a brain aneurysm when you were 23 years old. Then three years later, your spouse suffers a massive heart attack and passes away. About five years later after finding love again and remarrying, your spouse's father, who was one of your biggest fans, is diagnosed with cancer and dies earlier than expected. The grief, pain, sadness and feelings of loss would be unbearable.

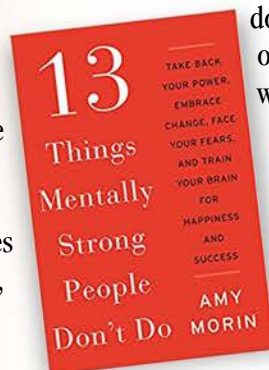
This happened to the author Amy Morin. After the death of her father in law, she was determined not to fall into depression and instead wrote down her list of "13 Things Mentally Strong People Don't Do" so she could better cope with her grief and be in a better mental state. Amy is a licensed clinical social worker, psychotherapist, college psychology instructor, [best-selling author and internationally recognized mental strength expert](#).

### Going Viral

In 2013, she published her list of "13 Things Mentally Strong People Don't Do" online to hopefully help others. It struck a nerve and went viral as over 50 million people worldwide have read it. She then wrote this book and it became an international bestseller. It has been translated into more than 25 languages.

After reading the book, I can see why her insights are so popular. We are all faced with many challenges in our lives and we could use help in being men-

tally stronger. Knowing that many others face the same situations that we do and learning how others cope better with them is inspiring.



### What Mentally Strong People Don't Do

The following is a listing of the

"13 Things Mentally Strong People Don't Do."

1. They Don't Waste Time Feeling Sorry For Themselves.
2. They Don't Give Away Their Power.
3. They Don't Shy Away From Change.
4. They Don't Focus On Things They Can't Control.
5. They Don't Worry About Pleasing Everyone.
6. They Don't Fear Taking Calculated Risks.
7. They Don't Dwell On The Past.
8. They Don't Make The Same Mistakes Over And Over.
9. They Don't Resent Other People's Success.
10. They Don't Give Up After The First Failure.
11. They Don't Fear Alone Time.
12. They Don't Feel The World Owes Them Anything.
13. They Don't Expect Immediate Results.

[Amy devotes one chapter to each of the 13 items](#). She starts with a thoughtful quote from a well-known person, discusses a patient situation(s), and then talks about the item to avoid, including what to do and not do. For example, for Chapter 1, "They Don't Waste Time Feeling Sorry For Themselves," section heads include "why we feel sorry for ourselves, the problem with feeling sorry for yourself, stop feeling sorry for yourself, replace thoughts that encourage self-pity, exchange self-pity for gratitude, giving up self-pity will make you stronger, and troubleshooting and common traps – what's helpful and what's not helpful."

The book is amazing and empowering, a must read if you want to become mentally stronger! The following is a link to a summary of the "The 13 Things" if you don't have time to read the book. Also, the following is a link to a Ted Talk she did in 2015 about "[The Secret of Becoming Mentally Strong](#)."

**The following are a few of my favorite takeaways from her book.**

### Why Amy Focused on What Not To Do

Most people and psychotherapists help people by focusing on their strengths and giving tips on what to do. The author chose to be a contrarian for her list because through her work, she noticed "it is often our bad habits that prevent us from reaching our full potential. You can have all the good habits in the world, but you will struggle to reach your goals if you keep doing the bad habits. You are only as good as your



worst habits.” For example, you can go to the gym and workout every day, but if you eat two dozen donuts a day, you will not get fit and be healthy.

### **Does Time Really Heal?**

People often say “time heals all wounds” or something similar. If you are a trained therapist, you know “time doesn’t heal anything; it’s how you deal with the time that determines the speed at which you heal.”

### **What Is Mental Strength?**

According to the author, mental strength is the “ability to regulate your emotions, manage your thoughts, and behave in a positive manner, despite your circumstances.” If you look back at when you were at your mental peak and making great decisions, you probably had a healthy balance of your emotions and your rational thinking.

Mental strength can be learned and developed through practice, just like elite athletes and top musicians get better through hours of practice. The book helps you develop your mental strength.

### **The Benefits of Being Mentally Strong**

While obvious, it is worth repeating; being mentally strong will help you deal better with all the challenges you will face in your lifetime. Per the author, you will “increase your resilience to stress because you will be better equipped to handle problems, you will improve your life satisfaction because you will have more peace of mind and confidence, and you will enhance your performance in whatever you do because you will be reaching your full potential.”

### **Be Grateful**

Are you a grateful person? Thankfully,

most people feel grateful for their lives and daily express their feelings of gratitude through their actions and words. If you tend to not feel gratitude in your life, you should change your outlook because research has shown “people who feel gratitude don’t get sick as often as others, gratitude leads to more positive emotions, and gratitude improves social lives.” It’s not too late to change!

---

***“Success won’t find you.  
You have to pursue it. Step-  
ping into the unknown to  
take carefully calculated  
risks can help you reach your  
dreams and fulfill your goals.”***

—author Amy Morin

---

### **The Power of Forgiveness**

Under the category mentally strong people “don’t give away their power,” choosing to forgive is very powerful and allows you to take back your power over your physical and psychological health. Research also shows “forgiveness reduces stress, increases your tolerance for pain, and can help you to live longer.”

---

***“When we hate our  
enemies, we are giving them  
power over us: power over  
our sleep, our appetites,  
our blood pressure, our  
health, and our happiness.”***

—Dale Carnegie

---

### **Be Wary of Envy on Facebook**

Facebook is filled with pictures and videos of the latest adventures, vacations, parties, purchases, etc of our friends, families and acquaintances.

Did you know some people experience negative emotions while browsing Facebook? A 2013 research study “discovered that people felt the most anger and resentment when their “friends” shared vacation photos or received a lot of “Happy Birthday” wishes, and those who experienced negative emotions are less satisfied with their lives.”

### **Stop Worrying About Pleasing Others**

In Hawaii and our island culture, we have many people to think about, from our friends, acquaintances, co-workers, family and extended family. Sometimes we get so busy that we forget about taking care of ourselves and those closest to us. The author firmly believes once we stop worrying about pleasing others and instead focus on living a truly authentic life, “our self-confidence will soar, we will have more time and energy to devote to our goals, we will feel less stressed, we will have healthier relationships, and we will have increased willpower.”

---

***“Resentment is like drinking  
poison and then hoping it  
will kill your enemies.”***

—Nelson Mandela

---

### **Summary**

There is no better time to start improving your mental strength and life than now by reading Amy Morin’s book. In fact I had to “battle” my wife to see who would read the book first. As Amy states at the end of her book, “when you become mentally strong, you will be your best self, have the courage to do what’s right, and develop a true comfort with who you are and what you are capable of achieving.”

# CPA FIRM MICROCOMPUTER TECHNOLOGY

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



Some of us attended the HSCPA “Modernizing Accounting Workflow” summer 2017 workshop taught by Donny C. Shimamoto, CPA/CITP, CGMA. We looked at how to document accounting processes and how to automate those processes using online accounting apps which when integrated form an accounting ecosystem using the cloud.

There are many solutions that can be used to automate accounting processes and none are right for every organization. It’s a matter of evaluating the current process using work flow diagrams which document processes and the systems to which these processes provide information. Then, based on the evaluation and the needs that have been identified, a particular solution can be chosen.

One way to approach accounting system automation is to look at online ecosystems. An ecosystem is a set of online apps from different companies which integrate with each other to provide automation of various areas of an accounting system such as the general ledger, accounts payable, accounts receivable, payroll, expense reporting and time keeping, to form an accounting ecosystem. This approach assumes that no one solution can offer the best approach to different parts of an accounting system and capitalizes on the opportunity for interconnectivity offered by the internet (Cloud). One such ecosystem which we looked at in our workshop is QuickBooks Online and the apps that integrate with it to form a complete accounting system. At this workshop, we looked at QuickBooks Online (QBO), Bill.com, Expensify, and TSheets. Check out [www.apps.com](http://www.apps.com) for a listing of the verified apps that integrate with QBO. Certainly, you could do the same thing with Xero and the apps that integrate with it.

Intuit is making a huge effort to make QBO the application that accounting firms use to provide accounting services to their clients. There are currently over 2 million QBO subscribers. Intuit offers accounting firms QuickBooks Online Accountant which includes practice management features to manage the firm’s own accounting and all of its clients.

QBO Accountant offers free accounting for the firm and wholesale pricing for those clients that desire it.

Bill.com offers accounts payable/payment and accounts receivable automation. The company offers a program for accounting firms that includes The Accountant Console that allows the firm to manage all of its clients. Expensify automates every step of the expense reporting process, from receipt scanning to reimbursement. ExpensifyApproved! Accountants offers central management for all the firm’s clients. TSheets is all about time tracking. TSheets Pro membership includes a free account and best pricing for clients. All of these apps fully integrate with QBO.

The time to consider moving from the traditional accounting software package to an online accounting ecosystem for the firm and its client has come.

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).



## 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.





## Multi-Generational Firms

By MJ Saguid



At a Monday morning meeting, supervisors at our firm were tasked with reading chapters from “Y-Size Your Business. How Gen Y Employees Can Save You Money and Grow your Business” by Jason Ryan Dorsey. We were to present to our peers what we learned the following week. With this exercise, the partners had implemented two things the book suggested. The first objective was get your Gen Ys to read business or professional development books, the second was to improve our communication skills by talking in front of a group. But why the effort?

Like many workplaces, ours is made up of Baby Boomers, Gen Xs, and Gen Ys, (a.k.a millennials). Many Gen Ys have joined our firm over the past few years and with them come some great opportunities – and great challenges. I found Dorsey’s book slightly insulting and yet insightful. You see, I am a millennial. Therefore, ensuring Gen Y employees succeed in our firm is important to me. Here are a few of Dorsey’s insights on how Gen Y thinks and acts at work and what I learned:

### **A lack of real-world expertise**

Gen Y is entering the workforce later and with more education than previous generations. More education is great.

However, unlike their parents who may have had three jobs by the time they were 22, when a Gen Y employee lands at your door, it may be their first job – ever. Due to their lack of real-world exposure and experience, Gen Y may come off as lazy and unprofessional.

**Lesson:** Invest the time and effort to improve their workplace etiquette. Communicate expectations on showing up on time, what not to wear, how to leave a voicemail, sending professional emails, when not to answer your cell phone, etc. What may seem like “common knowledge” sometimes isn’t.

### **No expectation of lifetime employment**

Gen Y does not see anything wrong with switching employers. In fact, they do not expect to work for one employer their entire career. Their definition of loyalty is based on effort not tenure. Gen Y employees ask themselves “How hard am I working?” Staying at a job they don’t like or are no longer passionate about would be considered disloyal. The good news is, if Gen Y feels a genuine connection to a company or its mission they will work hard.

**Lesson:** Show your Gen Y employees how they can reach their personal goals by achieving company goals. For example, if working long hours for two

weeks to meet a deadline results in a team happy hour at a new restaurant they have been wanting to try, then they are game!

### **A hunger for instant gratification and tangible outcomes**

Gen Y has little patience and short attention spans. There I said it. They want to know what you want them to do so they can do it. Gen Y is project oriented and seeks ongoing progress in every aspect of their lives. They are outcome driven, but may not see the steps needed to get to the outcome they desire. Therefore, they may have big expectations with unrealistic timelines. Don’t be surprised if your Gen Y employee asks why they haven’t been promoted after three months.

**Lesson:** Communicate why the established processes are necessary for the quality and consistency of your company’s work.

Employers need to understand what motivates the Gen Ys in their workplaces. After all, they number almost 80 million in the United States. Knowing what motivates Gen Y, and what rewards they desire (no I don’t want a Mont Blanc pen for my 10-year work anniversary) will help employers retain their top employees longer and happier.



# HoopNews

By Walter Matsuno

## THREE PEAT !!

The Manoa District Park accommodated the 2017 HSCPA Basketball League as it has for the past 12 seasons. This year's league started play on May 10, 2017 and concluded with its league championship games on August 9, 2017.

The A Division Championship game was between the "Two Peating" defending champion W.T. Matsuno, CPA, Inc. [WTMco] team and the team from CPAA, who were the only team to defeat WTMco in the past three years. WTMco's chance of "Three Peating" started out slow as they trailed for much of the first half. After a pep talk and strategizing by coach Lance Takaki, WTMco's defense smothered CPAA's high powered offense, leading WTMco to a 52-37 victory, and in so doing, preserving the title as "Three- Peating" Division A Champs.

The B Division game between KPMG and Deloitte & Touche, LLP [D&T] was a bruising contest with numerous lead changes with KPMG outlasting D&T by the score of 58-46

The Consolation Division title was won by KKDLY, LLC against the always scrappy team from CW Associates, CPAs with a score of 49-38.

The final standings were as follows:

1. W. T. Matsuno, CPA, Inc.
2. CPAA
3. KMH LLP
4. Red Ink
5. KPMG
6. Deloitte & Touche LLP
7. KKDLY, LLC
8. CW Associates, CPAs
9. Accuity LLP

Those interested in joining the 2018 HSPCA Basketball League can contact Walt Matsuno at 951-8899 or via e-mail at [walter@matsunocpa.com](mailto:walter@matsunocpa.com). The league fees range between \$400-\$575, depending on the number of teams entering and gym availability. Hope to see you there!



**1st Place - A Division >> W.T. Matsuno, CPA, Inc** (Names Left to Right)

**Top Row:** Casey Ching, David Tang, Bruce's Son Jake, Drew Imamura, Kekoia Taliaferro

**Bottom Row:** Walt Matsuno, Archie & Madison Eusebio, Micah Tang, Lance Takaki

**Not Pictured:** David Pietsch III, Kimo Tuyay



**2nd Place - A Division >> CPAA** (Names Left to Right)

Dominic Souza, DongHyun Kim, Karl Van Zandt, Al Miller, Stanley Lin, Clay O'Neill, Brandon Lee (on the top), Dean Kusunoki



**1st Place - B Division >> KPMG**

(Names Left to Right)

Roger Hsiung, Kevin Shimamura, Brandon Ching, Brian Goo, Jeremy Shimokawa, Danny Wong, Rachel Wong, CJ Jackson, Taylor Henderson



## TAX FOUNDATION OF HAWAII

Hawaii's Watchdog on Taxes & Government

By Tom Yamachika, President –  
Tax Foundation of Hawaii

### No Hanahana, Kaukau Anyway



Growing up in these islands, I always heard the part-Hawaiian proverb that describes a very simple work ethic: “No hanahana, no kaukau.”

Meaning: if you don't work, you don't eat.

Recently, some very notable people including Mark Zuckerberg of Facebook have been championing the idea of “universal basic income,” which basically is a payment from the government to individuals simply for being alive.

Our Legislature latched onto that idea, passing [House Concurrent Resolution 89](#). That resolution says that universal basic income “is analogous to providing social security to every citizen at a level sufficient to cover their basic needs.” It “would allow individuals seeking job retraining or working part-time to maintain a basic standard of living,” and “would also allow more people to share part time work between the fewer number of jobs that may be available, while lifting burdens on businesses, and providing a more secure and substantial safety net for all people, ending extreme financial poverty, and providing for a more financially sustainable and equitable future for all citizens in spite of coming economic disruption.” It asks two of our government agencies to get together a working group to study the issue and come up with a report, including proposed legislation.

In other words: No hanahana, kaukau anyway.

My advice is to keep two things in mind. One: How do we pay for it? If we are talking about \$10,000 per resident per year, for example, with a million people in our state we are looking at a price tag of \$10 billion. That amount would fund Honolulu rail in one year rather than the 30 years or so that taxpayers are now on the hook for. And we would need to pay that every year. For those who think the answer is to soak the rich, we just signed into law a bill that gives us the second-highest maximum income tax rate in the country. Are we seriously thinking of going to that well again?

Two: If you build it, they will come. Whatever becomes of Hawaii v. Trump and the other court cases challenging immigration policy, U.S. nationals have a constitutional right to travel between states. If we dole out copious amounts of cash to each resident, we will magically find more and more new residents. We also will find that it is not legal to exclude them from the distribution. Alaska has a Permanent Fund built up with taxes on oil extraction, and tried distributing it to residents based on how long they've lived in Alaska. Its system [got shot down](#) by the U.S. Supreme Court. Now Alaska makes Permanent Fund payments to everyone who has lived there a year.

How did most of us non-Hawaiians get to Hawaii in the first place? Folks in other countries saw the United States as the land flowing with milk and honey, and were willing to come here and work hard in the plantations and elsewhere. These immigrants were ancestors to most of us. Some of us may be immigrants ourselves. And now we are talking about making a land where you don't even need to work to make money. Go back to Point One again, because we are going to have cost overruns.

Rep. Chris Lee, [credited as being the “brains” behind HCR 89](#), is quoted as saying: “Pursuing hard work enough to make a decent living no longer applies in an economy in which automation and innovation have taken that away from so many people.” Hawai'i statewide annual average employment for the calendar year 2015 was 637,813, a 14.5% increase over the 557,041 in 2001, according to [DLIR statistics](#). That doesn't look like our labor force is tanking because of the automation and innovation that have taken place over the last 15 years. That flawed premise is no justification for adding universal basic income to the social programs and tax credits we already have (including a few we just extended with the income tax hike bill just signed into law).

HSCPA HOT SPOT



# MIX & MINGLE



**November 14th (Tuesday) 5:30 to 7:30 p.m.**

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.

**\$25 HSCPA Member**

**\$35 Non-member**

**Pupu + (2) drink tickets**

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.

**900 Fort Street Mall 21st Floor (free parking after 5:00 p.m.)**



\*\*\* **REGISTRATION FORM** \*\*\*

Mix & Mingle with Kimberly Ellison-Taylor ♦ November 14, 2017 ♦ Plaza Club - 21st Floor

Total \$ \_\_\_\_\_ ☐ Check ☐ VISA ☐ MC Exp. date \_\_\_\_ / \_\_\_\_ Card No. \_\_\_\_\_

Signature \_\_\_\_\_ Print name on card \_\_\_\_\_

Name \_\_\_\_\_ Firm \_\_\_\_\_

Email \_\_\_\_\_

Please return with payment to:

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