

OCTOBER 2017

KĀLA

The Official Publication of the Hawaii Society of Certified Public Accountants



Mobile Apps Changing the Client Experience



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The Official Publication of the Hawaii
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In This Issue

President's Message 4

By Norman N. Okimoto

Mobile Apps Changing the
Client Experience..... 6

By Gary Boomer

Happy 85th, HSCPA!..... 8

#CPApowered 9

3 steps to protecting your business
from workplace fraud..... 10

By Ash Noah

CPE Calendar..... 12

Norman's Book Review..... 14

CPA Firm Microcomputer Technology.... 16

By Ron Gouveia & Joy Takaesu

Y-CPA Buzz..... 17

Rail: Heads We Win,
Tails You Lose..... 18

By Tom Yamachika

Unfair Regulations? CPAs Can Help!..... 19

By Reg Baker

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H S C P A

Hawaii Society of
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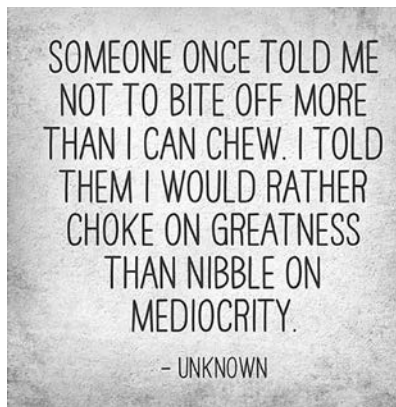
President's Message

By Norman N. Okimoto



Meet Kimberly Ellison-Taylor, AICPA Chair

Mark your November calendars ... AICPA Chair Kimberly Ellison-Taylor will be the featured speaker at the November 13th Meet The Pros Accounting Mixer, and will be the honored guest at a Special Reception on November 14th! I had a chance to listen and meet her at the 2016 AICPA Fall Council Meeting, and she is so inspiring and full of energy and passion for accounting, her family and life in general! Like our very own Rodney Harano, who was the first, and so far, only Asian American CPA and CPA from Hawaii to serve on the AICPA Board of Directors, Kimberly has blazed a new trail for all future CPAs!



True Pioneer

When Kimberly was installed as the 2016–2017 AICPA Chair on October 25, 2016, she became [AICPA's first black Chairman](#) in its 128-year history, the youngest, the fifth female, and one of the few Chairs from business and industry. She is a lifetime member of the National Association of Black Accountants (NABA), former

Chair of the Maryland Association of CPAs (MACPA), and has tirelessly volunteered her time for numerous accounting related committees such as the AICPA Business and Industry Executive Committee, AICPA Audit and Finance Committee, AICPA Benevolent Fund, and MACPA New Young Professional Network and Tomorrow's CPA Committees.



Career Path to Accounting

Kimberly is a CPA and CGMA, and is a great example of how there are many ways to get your designations, and the value of being a CPA and CGMA. She was born in Baltimore, MD, and grew up in Baltimore's inner city. After graduating as the valedictorian at Carver Vocational Technical HS, she earned a bachelor's degree in information systems management and technical writing from the University of Maryland, Baltimore County. She then earned an MBA from Loyola University Maryland, a master's degree in Information Technology from Carnegie Mellon University, and received her accounting certificate from the Community College of Baltimore County.

Kimberly is currently the Global Accounting Strategy Director for the Financial and Professional Services Industries for

Oracle America. She previously worked in leadership roles at NASA Goddard Space Flight Center, Motorola, KPMG and Prince George's County Government.

Paying It Forward

To all of you who volunteer your time to help others and spread the accounting message, like the Y-CPA group, how Kimberly got interested in accounting is a great example of how you might be making a difference to someone.

When she was in the third grade, a CPA came to her elementary school's career day and talked about how CPAs are responsible for managing money. That CPA made a lasting impression on her because at the young age of eight, she decided that she wanted to be a CPA, too. "In her mind, if you managed the money, you were the boss!"



For the past 26 years, Kimberly has been a member of a community service sorority group, [Sigma Gamma Rho-Anne Arundel County](#) in Maryland, and currently serves as a chapter president. The organization helps seniors and veterans, and supports events for such groups as the March of Dimes, Susan G. Komen, and other charities. She is a mentor to many young people in her community and in the workplace. She is constantly paying forward the gift she received in the third grade from the CPA who made an impression on her.

Bringing Your "A" Game

Kimberly describes her principles of success as bringing your "A" game:

- Acknowledge – Show respect for the people who came before you, and benefit from their wisdom.
- Aptitude – Commit to lifelong learning so you can develop and improve the skills you need to succeed.
- Anticipate – Prepare thoroughly for the opportunities you seek, and act boldly when you pursue them.
- Accountability – Take responsibility for your work, and don't expect to be rewarded for substandard results.

Honoring Her Parents

Kimberly credits her parents for giving her a solid foundation to grow and be successful. She learned the value of hard work and taking responsibility from her father, William, who ran a manufacturing line at Bethlehem Steel that operated 24 hours a day. For example, if necessary, he would work double shifts to cover for co-workers who called in sick, and would work on Christmas and New Year's Eve. Her mother,

Kimberly with AICPA past chairs L-R: Kathy Eddy, Tommye Barie, Olivia Kirtley, Leslie Murphy

I'M A CPA
WHAT'S YOUR SUPERPOWER?

who did the right things. They didn't want to disappoint their mom and were afraid of what she would do if they didn't behave.

"To whom Much is Given, Much is Required."

(Luke 12:35-48)

Both parents gave her and her sisters the confidence and belief that they could be anything they wanted to be. Growing up in the inner city of Baltimore, they kept Kimberly and her sisters on the "straight and narrow," and impressed upon them the value of a good education.

Summary

Kimberly is simply an amazing and dynamic CPA who I highly recommend you meet and listen to in person. Make sure you mark your calendars for November 13 and/or 14. If you can't wait for November, you can listen to her by clicking on the following [link](#).



Gennie, made sure Kimberly and her sisters stayed away from trouble and associated with friends

Fun Facts About Kimberly

Favorite Movie Genre: Science Fiction

Favorite Food: Seafood

Must Have Device: Kindle

Favorite Travel Destination: Anywhere! She loves to travel and can sleep anywhere so she is always rested!

Family: She met her husband in college, got married on July 4th 20 years ago, and they have two sons who are 13 and 15 years old. She has two sisters, is the middle child and they are four years apart.

Favorite Karaoke Songs: Journey's Don't Stop Believing and Cyndi Lauper's Girls Just Want To Have Fun! (She says she can NOT sing!)

2 Opportunities to See Kimberly in Action

November 13

[Meet the Pros Accounting Mixer](#)

November 14

[Emerging Issues Impacting Today's Accountants with AICPA Chair](#)

Mobile Apps Changing the Client Experience

By Gary Boomer, Visionary & Strategist



We've seen a shift of focus in the last few years when it comes to technology and the client experience.

In the past, applications were built with the intention of making the CPA's job easier and little consideration was given to the client experience. The firm often hoped the clients would adopt. Clients, for the most part, didn't want to be forced to use applications that made their CPAs job easier but created more work for the client. The client refused to use them so their CPA often declared clients are averse to change and don't want technology.

Tax organizers are a perfect example. For decades, CPAs sent paper organizers to clients which were costly for the firm and unutilized by the majority of clients. When those organizers were digitized, most software providers simply took a paper organizer and put it on a screen. In many cases, digital organizers were even more cumbersome for the client to deal with because they had to print the organizer, scan it, and send it back. It met the needs of the firm (reducing printing and postage costs), but not the client. Portals were much the same – convenient for the firm but cumbersome for the client. Adoption rates for both online organizers and portals were far

less than vendor marketing and sales projected. Today's organizers can be customized for the client based upon prior years' information.

Client expectations have changed. Companies like Amazon, Apple, and Zappos have set new standards for customer service. From shopping to investing, everything can be done with a mobile app with a seamless user experience. The same can be done for CPAs and their clients. Real-time information is the norm, so waiting until the end of the month to receive after-the-fact data isn't acceptable.

As we evaluate technology solutions, we see a shift from tools that make the CPA's job easier to applications that are focused on improving the client experience – with a realization that when CPAs make it easier for their clients to do business with the firm, everyone wins. This is one of the reasons marketing is having an increasing influence on firm technology budgets. Here are a few examples:

Bill.com

Integrates with several accounting systems. Simplifies getting paid by clients and payments to vendors and contractors while saving time on data entry. When payments are sent or received, accounts are reconciled automatically, so the client never has to enter data twice. Clients can approve and pay bills from anywhere via the mobile application. It simplifies management of payables and receivables for clients and increases efficiency for accountants so they can serve more clients. It even notifies vendors of approval and deposits.

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Expensify

Automating the receipt and expense management process. Employees can take pictures of receipts and receive reimbursements in their bank accounts within 24 hours of approval via ACH direct deposit. Companies can customize expense policy rules for their organization to automate approvals or flag others for review. It integrates with several accounting systems, so changes sync automatically, in real-time. It simplifies the recording of transactions for the client and saves time for the accountant. It also integrates with leading time and billing applications for firm use.

Receipt Bank

Pulls information from receipts and invoices quickly, accurately, and efficiently. Publishes to the client's cloud accounting package automatically. Receipts and invoices can be submitted anywhere, anytime using iPhone and Android applications. Users can create rules that tell Receipt Bank when and where to transfer information to transactions, suppliers, and payment methods. It streamlines workflow allowing bookkeepers and accountants to handle more clients and improve cycle times.

TSheets

Tracks time on any device and syncs automatically with the client's accounting or payroll software for accurate payroll and invoicing. Provides real-time, interactive reporting so clients can schedule, plan for payroll, or receive overtime alerts. Simplifies payroll for clients and helps accountants grow their practices.

TaxCaddy

Makes gathering tax documents and sharing them with an accountant easy. Can automatically retrieve 1099s, 1098s, and W-2s, or allows clients to snap photos of their tax documents year round. Clients can answer organizer questions, sign engagement letters, e-file authorizations and other documents from a PC, Mac, tablet or mobile phone. It simplifies tax time for taxpayers and reduces cost and inefficiencies for CPA firms. One suggestion under consideration is a "PayMyCPA" button where the client can pay using ACH which will improve cash flow and reduce credit card fees.

You'll notice that each of these examples is cloud-based and mobile. Integration among cloud based applications is much better than with proprietary desktop software. When you evaluate new solutions, think beyond your firm's internal resources. Think about meshing and utilizing only what you need. These applications provide for little or no data entry with accurate coding due to machine learning. And they're scalable, with knowledge transferred among multiple clients. By meeting the client's needs and expectations, they're creating major wins for firms.

These examples are just a few of the available applications. The tendency of firms is to say, "that application is for small or large firms". The good news is the applications are all being utilized by firms of all sizes and many on a global basis. Without a vision or plan it is often difficult for firms to know where to start and maximize their return.

"Clients today don't know what they want, because the things they most want are things they don't yet know are possible. Give your clients the ability to do what they can't currently do, but would want to, if they only knew it was possible." — Daniel Burrus

Sadly, the same can be said for many CPAs and their firms, which by definition are small businesses. The challenge is with change management and accountability. Firms with strong leadership advance while those that lack leadership procrastinate and struggle.

What would change in your firm if you were able to reduce workload compression? How much easier would it be to recruit top talent if you could deliver on 40-hour work weeks during busy season? What caliber of clients could you attract if you were able to move beyond transactional and compliance work your clients need to provide the higher-level consulting and strategic advice that they actually want and value? 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, skillsets and toolsets for the future; change management and developing a training and learning culture. Gary also acts as a planning facilitator and coach to some of the accounting profession's top firms.

Happy 85th, HSCPA!



MAHALO!
to
Deloitte.

Happy Birthday, HSCPA! The Hawaii Society of CPAs was incorporated in October of 1932. On August 23rd, members ranging from Millennials to the Greatest Generation came together to celebrate HSCPA's 85th anniversary at the Prince Waikiki. It was a time of reminiscing, meeting up with former co-workers, college acquaintances, former HSCPA leadership, and welcoming new members.

A big MAHALO to our major sponsor, Deloitte, for their commitment to making a difference in the profession through its support of the scholarship program and the new generation of young professionals!

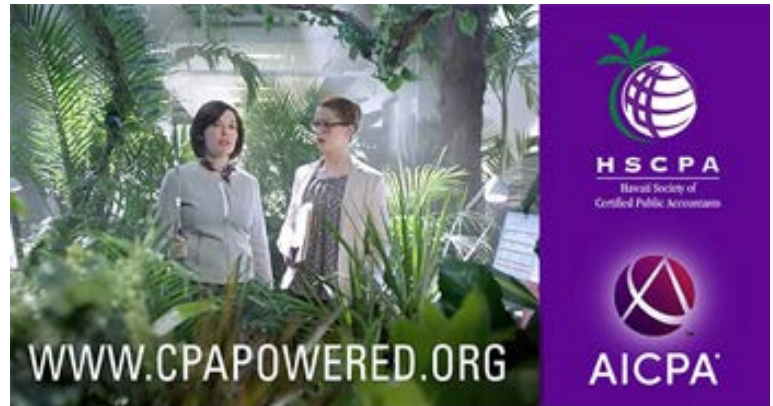
[Click here](#) for more pictures in the Photo Gallery.





#CPApowered

CPAs are the stars of two breakthrough, engaging 30-second videos which launched September 15 on social media and will air on national cable TV starting in October. The videos are part of this year's #CPApowered campaign. Your firm can join the action by sharing the videos through your website and social media properties. There are multiple ways to participate. [Click here](http://www.cpaowered.org) to learn more.

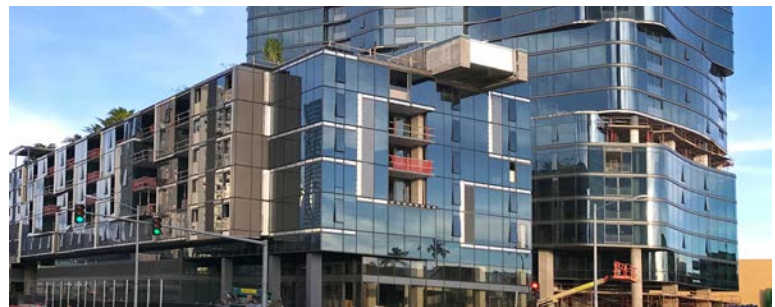


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3 steps to protecting your business from workplace fraud

By Ash Noah, CPA, [CGMA](#), VP of CGMA External Relations,
Association of International Certified Professional Accountants

Every few months a major fraud investigation hits the news. According to a new report – [Keeping Business Clean](#): A CGMA Guide to Countering Fraud & Corruption by the Association of International Certified Professional Accountants – despite awareness movements and advances in legislation, fraud and corruption continue to plague businesses. The World Economic Forum estimates that the typical organization can lose an average of 5% of its annual revenue to fraudulent behavior. The risk of fraud is increasing in magnitude in the current e-business environment since technology has enabled the methods of corrupt practices to evolve. Cybercrime, for example, and the multiple guises of it, including executive impersonation as well as internal cyber attacks, has become prevalent.

Fraud can have a huge impact on a business and its stakeholders, and it's important for organizations to take steps to protect themselves. Many frauds are detected accidentally or as a result of tip-offs, catching companies

off guard. However, this doesn't need to be the case. While it's not possible to eliminate all fraud, developing an effective fraud control system, including prevention, detection and response, can result in fraud deterrence in your organization.

Fraud Prevention: While there is no single reason behind fraud, three factors come together to enable it, known as the [Fraud Triangle](#): the opportunity to commit fraud, combined with a compelling reason to do so, and the ability to rationalize why it's okay, are always present. Rationalization is difficult to address since it's very personal, so fraud prevention is about controlling the opportunity and reducing the motivation – i.e., increasing the fear of being caught. This is achieved through two key elements: developing a culture of ethical behavior and a sound internal control system.

In terms of culture, it's important for senior executives to lead by example and set a strong tone from the top. Developing an anti-fraud policy and asking employees to sign a code of ethics also sends a message that fraud will not be tolerated, and encourages employees to identify instances where it's occurring.

Second, it's critical to implement an [internal control system](#) with policies and procedures designed to restrict opportunities and decrease the temptation to commit fraud. This may include:

- Employee training to create awareness of what constitutes fraud
- Background screenings, which can prevent the company from hiring people who have a greater propensity to commit fraud
- Control mechanisms that divide responsibilities, also referred to

as segregation of duties, such as requiring a minimum of two signatories to operate a bank account

Fraud Detection: Fraud prevention cannot be 100% effective, so organizations need to implement a second level of controls focusing on fraud detection. Here, keeping a close watch over fraud indicators is key. Fraud indicators include a lack of internal controls, poor processes and issues around transactions.

Fraud detection controls should include:

- Strict processes – and monitoring of them. Fraud detection requires specific activities to be carried out at a transactional level in order for the company to detect anomalies. The use of technology makes this process much more effective.
- Physical and electronic asset tagging. This enables the company to track high value assets – the threat of which may actually prevent fraud, but helps the company detect and respond to fraud if it does occur.
- Whistle-blower protections. Employees are the main source of fraud detection and escalation. The finance function in particular plays a critical role in assessing and addressing fraud risks and occurrences, given their position overseeing company finances and assets. [Guided by their Code](#) and training, they're also prepared to be vigilant in identifying and alerting the company to fraud and corruption, and in a position to challenge information that seems suspicious. Create an environment that nurtures speaking up and provides clear routes to addressing any concerns. Whistle-blower policies and hotlines give employees an easy way to provide a confidential tip-off.

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.

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Fraud Response: Finally, a response plan is necessary to deal with any fraud that is suspected or actually detected. This provides a step-by-step procedure to help contain the damage. The plan should also detail evidence-gathering procedures to facilitate informed decision making, and make sure that any legal action can be adequately supported. Steps may include:

- Conduct a thorough investigation. You may need to use forensic accountants, depending on the type of fraud. Review evidence, conduct interviews and take statements from witnesses and suspects. Also, maintain an investigation log that includes all detections dismissed as minor or otherwise not

investigated; this is an important tool for managing, reporting and evaluating lessons learned.

- Recover the misappropriated assets. The theft or misuse of assets could include theft of plant, inventory or cash, false invoicing, accounts receivable fraud and payroll fraud. Recovering the assets as best as possible is a key step. Recovery may require legal action and enforcement; this action becomes a strong signal and deterrent to future fraudsters.
- Report the fraud externally. A plan to report the fraud to authorities is important for compliance and legal

issues; it may also be necessary to communicate with stakeholders and provide assurance that the fraud is being dealt with in an effective manner.

Unfortunately, no company is immune to fraud. However, organizations that approach the risk of fraud in a systematic manner with formal systems and procedures can help deter and effectively manage fraud when it does occur.

For more tips on how to develop an effective fraud strategy, see [Keeping Business Clean: A CGMA Guide to Countering Fraud & Corruption](#).

Originally published by American City Business Journals

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October 18 – HOT IRS Tax Examination Issues for Individuals and Businesses [more>](#)

October 19 – Handbook for Mastering Basis, Distributions, and Loss Limitation Issues for S Corporations, LLCs and Partnerships [more>](#)

October 20 – Federal Tax Camp [more>](#)

October 25 – Fiduciary Tax Workshop [more>](#)

October 26 – Selected Partnership and LLC Tax Problems [more>](#)

October 27 – Selected Topics in Individual Tax [more>](#)

NOVEMBER

November 1 – [4-HOUR A.M.] U.S. GAAP: Review for Business & Industry [more>](#)

November 1 – [4-HOUR P.M.] Interpreting the New Revenue Recognition Standard: What All CPAs Need to Know [more>](#)

November 2 – [4-HOUR A.M.] Data Breaches & Other Cyber Frauds: A 21st Century Risk to Your Organization [more>](#)

November 2 – [4-HOUR P.M.] Purchasing, Inventory, and Cash Disbursements: Common Frauds and Internal Controls [more>](#)

2017 Meet the Pros Accounting Mixer



November 13th (Monday)
5:30 to 9:00 p.m.



Honolulu Country Club
1690 Ala Puumalu Street



Bring Your 'A' Game

Kimberly Ellison-Taylor
Chair, American Institute of CPAs

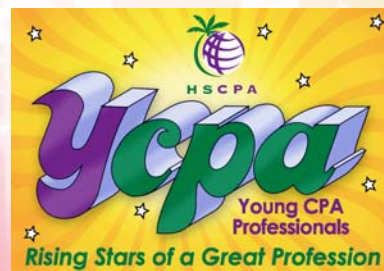
*** Acknowledge * Attitude * Accountable * Anticipate ***



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.

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Norman's Book Review

“Inside Of A Dog”

by Alexandra Horowitz

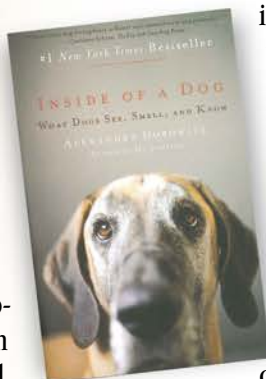
When I saw the picture of the Great Dane on the book cover, I thought it was so cute! After skimming through the book, it seemed interesting so I bought it. I'm glad I did, as it was so informative and fascinating! I can see why it was number 1 on the New York Times bestseller list and remained on the list for 64 weeks.

The author is an Adjunct Associate Professor at Barnard College and has been teaching there since 2004. She started Barnard's Dog Cognition Lab in 2008, the first of its kind in the United States. The following are a few tidbits of information from the book I thought you would find interesting. I highly recommend you get the book, especially if you are a dog lover, because it contains so much more amazing data in its over 300 pages of text! If you want to meet the author and listen to her summarize her book, click on this [link](#).

Whose Nose Is More Sensitive, Humans or Dogs?

Dogs by a landslide! While I figured you probably knew this, I bet you didn't know that while humans have about 6 million receptor sites in their noses to smell things, dogs have much, much more. For example, a sheepdog has over 200 million receptors and beagles over 300 million receptors! To put this into context, the author notes while “we might notice if our coffee's been sweetened with a teaspoon of sugar, a dog can detect a teaspoon of sugar diluted in a million gallons of water, which is equivalent to two full Olympic-sized pools!”

That's why dogs are always smelling things, as they are constantly gathering information about their surroundings, other dogs, you, etc. To help them in their sniffing, their noses are wet to have molecules and other items stick to their noses so they can process the data.



Bloodhounds and Basset hounds are the “super smellers” amongst dogs.

What Can Dogs Smell?

In addition to the items noted above, “they can identify people by odor, know if you've had sex, smoked a cigarette, ate something, exercised, etc. They can also smell fear, anxiety and sadness.” With training, they can smell illegal drugs, and if you have certain diseases. For example, “in one study, a trained dog missed on only 14 out of 1,272 attempts to determine if a patient had cancer. In another study, two dogs sniffed out melanoma nearly every time. Trained dogs can also detect cancers of the skin, breast, bladder, and lungs at a high rate.”

As for those dogs at the airport smelling for drugs, based on the above, don't think about bringing in any kind of illegal drugs. The odds of being caught are extremely high!

Urine Marking

Ever wonder why dogs like to pee so much, and usually with minimal amounts of pee coming out? It's a dog's way to communicate with other dogs, called

urine marking. Dogs have bladders which allow them to release only a little urine at a time, which lets them mark repeatedly. “It appears that the chemicals in the urine give information about sexual readiness for females, and social confidence for males. When dogs lift their leg and pee, notice they usually aim high, not low, to make it easier for other dogs to smell their pee.”

Who Has Better Hearing, Humans or Dogs?

Dogs! “The auditory range for humans is from 20 hertz to 20 kilohertz, although most of the time we strain to understand sounds between 100 hertz and 1 kilohertz. Dogs, on the other hand, have an auditory range of 20 hertz to 45 kilohertz. They can hear the navigational chirping of rats behind your walls and the bodily vibrations of termites within your walls.”

Dog Eyes

While humans have a 180-degree panoramic vision, dogs have a 250–270 degree panoramic vision, due to the placement of a dog's eyes on their head. Dogs have better night and low light vision than humans since light hits a dog's retina at least twice. While dogs are not color blind, they have only two photoreceptor cones in their retinas versus three in humans. One receptor is sensitive to blue and the other to greenish-yellow. Dogs don't see red, yellow and orange like humans do.

Also, dogs see “more of the world than we do.” While humans experience the world at 60 still images per second, called our “flicker-fusion” rate, dogs

have a 70–80 still images per second flicker rate. That's why dogs can catch a Frisbee mid air, and follow a bouncing ball easily.

How Dogs Communicate With Other Dogs

Ever wonder how large and small dogs can play with each other without hurting each other, and how dogs who never met can start playing with each other like they were best friends?

Dogs constantly are talking and communicating with other dogs close to them, using numerous non-language-driven methods. "They may scold one another, confirm friendships, court each other, declare a dominance, rebuff advances, claim ownership of a stick, or assert allegiance to their owner."

In her book, Alexandra detailed two kinds of behavior, attention-getters and play signals. Attention-getters include different bark pitches, various physical touching, and different body languages. Play signals are used to begin and to continue playing with others. The primary play signal is "the play bow in front of the desired play partner, where a dog bends his/her forelegs, mouth open and relaxed, with his/her rump in the air. There is also the head bow, where a dog bobs his/her head with open mouth, and panting in quick bursts."

Interestingly, the author noticed that "dogs who violated the implicit rules for attention-getting and play signals – simply barging in on others' play without following the proper, mindful procedures, say – were shunned as playmates!"

Tail Wagging Direction

Did you know, dogs tend to wag their

tail to the right when they see their owner and are interested in something, which the author notes as their "happy wag." If they are tentative, they wag their tail to the left.

Yawning and Dogs

We all know when we see someone yawn, we instinctively tend to yawn too. Same for dogs . . . if your dog sees you yawning, he/she will instinctively start yawning in a few minutes! Try it on your dog and see if it is true!

Canine Anthropologists

This is the name of one of the book's section to celebrate the fact that your dog is constantly watching, smelling, tasting and listening to you, even when you think it is minding its own business. "Dogs are the consummate eavesdroppers and peeping Toms in our lives."

Your dog is a student of your behavior. "He/she knows who you are, what you do, and knows some things about you unknown to even yourself. That's why he/she can anticipate what you will do and detect if you are sad, happy or sick. His/her unconditional love for you is priceless and is the reason you cherish your dog so much (and for some people, more than their significant other!).

How To Relate Better With Your Dog

Based on Alexandra's research and experience with her dogs, the following are ways to enhance your relationship with your dog.

- **Go For A Smell Walk** - Let your dog take you where he/she wants to go, not where you want to go.
- **Allow For His Dogness** – Let

your dog do what he/she wants to do sometimes.

- **Give Him Something To Do** – In addition to familiarity, dogs like new things and like to do different things.
- **Play With Him** – Dogs are constantly learning things and like to play with you.
- **Spy On Him** – Check to see what your dog does when you are not home by videotaping him/her.
- **Don't Bath Your Dog Every Day** – Let your dog smell like a dog as long as you can deal with it.
- **Read The Dog Tells** – Like novice poker players, your dog gives signals regarding what he/she wants, is feeling, and intends to do.
- **Pet Friendly** – Dogs are very sensitive to petting. Learn what your dog likes and doesn't like.
- **Get A Mutt** – Save your money and get a mutt the next time you want a dog. "Mixed breeds are healthier, less anxious, have lots of latent ability, and live longer than pure breeds."

"You Had Me At Hello"

Alexandra titled one of her sections "You Had Me At Hello," one of the famous lines from the movie "[Jerry Maguire](#)". It is one of my favorite movie lines and it captures the essence of what a dog means to his/her owner. The "dog-human bond" is unique and unbelievable. From doggie kisses, being happy to see you all the time, cuddling with you, walking with you, playing with you, keeping you company, etc, owners will do practically anything for their pet dog and vice versa.

For these reasons, this book is a must read for every dog owner and future dog owner. You will have a better understanding of your dog and your relationship with your dog will be richer and more memorable!!!

CPA FIRM MICROCOMPUTER TECHNOLOGY

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



Many of you are familiar with Equifax cybersecurity data breach. In response, Equifax created a website www.equifaxsecurity2017.com where on September 15, 2017 it made its most comprehensive statement of what happened and what consumers can do in response to the incident. The incident may affect as much as one-third of all Americans. There are several things that you can do in response to the incident if you have not already done so.

You can log on to www.Equifax.com and follow the Cybersecurity Incident links to the

enroll button to check whether you've been affected by the breach. This will require entering your last name and the last six digits of your social security number. The response will notify you if you've been affected by the breach and what to do.

- You will have an option to enroll in the TrustedID Premier program which includes 3-Bureau credit monitoring of Equifax, Experian, and TransUnion credit reports; copies of Equifax credit reports; the ability to lock and unlock Equifax credit reports; identity theft insurance; and Internet scanning for Social Security numbers. Equifax has clarified that signing up for this credit file monitoring and identity theft protection is available to all U.S. consumers

and will not affect consumers' ability to join class action suits. They have also clarified that no credit card information is required to sign up and that consumers will not be automatically enrolled or charged after the conclusion of the complimentary year.

- If you do enroll in TrustedID Premier, you will be taken to www.trustedidpremier.com and will enter personal information. It may take several days to get an e-mail response which will be followed by a text message verification.

In these day of never ending security breaches, it isn't easy to figure out what to do or not do. There is nothing that is foolproof. Here are several suggestions but there certainly are many more I'm not including here.

- Use a password manager and a different password for everything.
- Monitor your credit card and bank accounts continuously.
- Use virus protection, and malware checking software that cost more than you'd like to pay. You get what you pay for.
- At home and at work, use multi-layer protection which includes a state-of-the-art firewall and e-mail filtering. Except if you have content filtering as a part of your firewall, be aware that everything you initiate from the computer inside your firewall is not subject to the protection of the firewall.
- Be very cautious about e-mails. Don't click on links or attachments and be skeptical even if you know the sender.
- Be cautious about the Internet sites you frequent and make sure your security software checks the results of the web searches. Be careful about web search results.

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 or joy@cga-cpa.com.



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YCPA October Article

By Trisha Nomura



Being all the way in Hawaii, it is always a challenge to be able to travel, attend conferences and have the opportunity to hear from leaders across the country as easily as it is for those that are living on the mainland. While technology has definitely made it possible for us to view sessions across the globe online at the touch of a button, I have always found it to be a unique experience when I am able to listen to a speaker in person, and a special treat whenever there is the chance to ask questions or be able to have one-on-one time with a speaker. It is these experiences that force us to do some self-reflection and think about our own journey – what type of leader do I want to be? What inspires me, and how can I inspire others? What goals do I want to set for myself professionally, and what do I need to do in order to achieve them?

One of the commitments that the Y-CPA Squad made this year was to make these opportunities available to our young CPAs. We were so thrilled to be able to coordinate with Kimberly Ellison-Taylor's schedule and have her visit us all the way in Hawaii, not only to speak to our students majoring in accounting at our annual Meet the Pros event, but also at a special mixer the following evening. While we are always grateful to have guest speakers come to visit us

here, Kimberly has an especially exceptional story as she is the first African-American chairman of the AICPA Board of Directors, and only the fifth female chairman to hold this prestigious seat. There will be two opportunities to hear from Kimberly that we highly encourage you to attend:

- Our Meet the Pros event, held on November 13 at Honolulu Country Club, focuses on our accounting students and providing them with an opportunity to speak to you, our accounting professionals. This is the one time every year where they have the chance to ask questions, to learn about different avenues that our profession can lead us to, and to find out about the benefits of a CPA designation. Students are eager to hear about your experiences and ask you for advice as they consider the next step to take after they graduate with their degrees in accounting. Kimberly will be in attendance as our keynote speaker and, having heard from a CPA in the third grade and deciding then at eight years old that she wanted to pursue a career as a CPA herself, has committed to paying it forward and doing the same. We are very excited to provide our accounting students with this exclusive opportunity to hear from someone as motivating as Kimberly!

- A meet and greet with Kimberly will be held the following night on November 14 at The Plaza Club for us to hear more from her in a more intimate setting and be able to speak to her about the future of our profession. Kimberly is currently the global accounting strategy director for The Oracle Group and has an amazing background that started in public accounting, went on to the private sector and government sector, and throughout the years always had a component of community service. We will be able to hear her stories and learn about her journey – it is a wonderful opportunity for all of us. Please come with questions, as she loves to share her insight with others. Having been fortunate to hear from and get to know Kimberly through our Council meetings, I can tell you that she is engaging, energetic and you will find that she is truly an inspiration to CPAs across the country.

On behalf of the Y-CPA Squad, we invite and hope to see you at both events this year! We are certain that you will enjoy meeting someone so passionate about our profession and working so hard to give back to others in every way that she can. Please help us to welcome Kimberly to Hawaii and give her a warm “aloha” from all of us in the HSCPA!



TAX FOUNDATION OF HAWAII

Hawaii's Watchdog on Taxes & Government

By Tom Yamachika, President –
Tax Foundation of Hawaii

Rail: Heads We Win, Tails You Lose



The tax act that came out of the Rail Special Session contains one provision that, to me, sticks out above the rest as a “Heads We Win, Tails You Lose” proposition.

As you may remember, the Tax Foundation sued the State, contending that the “10% Skim” that the State helps itself to off the top of the county surcharge collections is grossly excessive and unconstitutional. The suit is still pending in the court system.

Act 1, 2017 Special Session, provides that if the Foundation wins and the State is

ordered to refund money to the City, then the State will scoop the same amount of money from the City's share of transient accommodations tax money, and keep it in the State general fund.

To understand what this is like, imagine if you were driving to work one day and a State vehicle rear-ends you. Crash! You incur \$10,000 in damages, including car repair charges, medical bills, and the like. You sue the State. But before the judge can rule, the legislature passes a law that says if the court rules in your favor and you recover any money, there will be a special tax in the same amount that applies just to you, so that you must pay back every dime that the court says you are entitled to. “We need to protect the State's revenue,” the legislators say. Fortunately, our state constitution provides an answer: They can't do that! It says, “No laws shall be passed mandating any political subdivision to pay any previously accrued claim.” A lawsuit is the classic example of a previously accrued claim. Party A says the State did something bad in the past. Party A then files a claim to ask the State to make it right. The State refuses, and Party A takes the case to the court system.

The historical records say that the framers inserted this provision “to curb some legislative practices found obnoxious by local units. One of these practices is compelling county government to pay accrued claims. This form of legislation it was urged, usurped the judgment of the courts and interfered unnecessarily with local affairs and finances. It was for the purpose of preventing such continued practice that the sentence, ‘No laws shall be passed mandating any political subdivision to pay any previously accrued

claim,’ was incorporated into the provision on local government.” Proceedings of the Constitutional Convention of Hawaii, vol. I, Committee of the Whole Report No. 21 (1950).

This provision was left intact through the Constitutional Convention of 1978, and is now in Article VIII, Section 4 of our constitution.

That lawmakers have even considered “heads I win, tails you lose” legislation is profoundly disturbing. Even more disturbing is that they passed it and was signed into law.

To be sure, our state is not alone. Other states have recently used their legislatures to upend the civil justice system. We [previously have written](#) about a case in the State of Washington where the legislature nullified a taxpayer victory in court by rewriting the law 27 years retroactively. Retroactive tax laws that unwound taxpayer victories were also enacted in Michigan, *Gillette Commercial Operations North America v. Michigan Dept. of Treasury*, 878 N.W.2d 891 (Mich. Ct. App. 2015), and New York, *Caprio v. New York State Dept. of Revenue & Taxation*, 25 N.Y.3d 744 (2015). The U.S. Supreme Court declined to take up these cases, but of course that doesn't mean the Court approved of them. It certainly does not make them right.

It's been said that legislation is the art of compromise. But what possible compromise could have given rise to this provision? We elected our legislators to use their sense of justice and fairness, not to leave it behind when they walk into the Capitol.

What matters most?



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Unfair Regulations? CPAs Can Help!

By Reg Baker, CPA



Last month, I finished three days of providing testimony and participating in the national Small Business Administrations (SBA) Regulatory Fairness Board meeting. There were 22 Board members from across the US representing their states and regions. I represented Hawaii and served as Chair of Region IX, which includes Hawaii, California, Arizona, Nevada, Guam and American Samoa.

I coordinated the testimony provided by Kelii Akina, CEO of the Grassroots Institute and OHA Trustee on the negative impact the Jones Act has on businesses nationwide. I also provided testimony on behalf of the four Liquor Commissions in Hawaii (Oahu, Maui, Kauai and the Big Island) in regards to the challenges they and the state's licensees were experiencing with the IRS tax clearance process. The IRS was very responsive and the issue has been resolved (in less than 4 weeks). We'll have to wait and see what can be done about the Jones Act.

During the Board meeting, I had the opportunity to hear reports and speak directly with senior administrative officials of the SBA, ONO, DOL, CMS, OSHA and the IRS. Below are some of the highlights:

- Over 300 rules and regulations negatively impacting small businesses have been identified for elimination.
- For every new regulation proposed, two need to be identified for removal.
- The President's Cabinet is currently focused on Tax Reform, Healthcare Costs and Infrastructure. All of

which will be approached with helping small businesses.

- I have been asked to lead the efforts to explore collaboration opportunities with the AICPA (American Institute of CPAs) and State CPA Societies to support small businesses nationwide. Contact has been made, the AICPA is very recitative and collaboration looks promising.
- Outreach to the small business community in Hawaii and throughout the US is being encouraged and will include the local SBA offices, Chambers of Commerce, Trade and Professional Groups and other interested stakeholders. The SBA is aggressively looking for any rule or regulation that has a negative impact on small business. Email me at Reg@regbaker.com for more information on how to offer a comment on a bad regulation and potentially get it fixed. [Click here](#) to complete the Federal Agency Comment Form.
- Loans and assistance to Veterans have been lagging in some Regions. Renewed focus on supporting and assisting Veterans to start and be successful with their own businesses has been requested by the SBA Administrator.

Overall, it was a very successful Board meeting and I am very encouraged that the President's Administration will be working hard to address small business issues and assist businesses to grow and thrive.

IMPORTANT NOTICE

from the **HAWAII BOARD OF PUBLIC ACCOUNTANCY to ALL CPA FIRMS THAT ARE SUBJECT TO THE HAWAII PEER REVIEW REQUIREMENT**

Pursuant to Hawaii Revised Statutes ("HRS") section 466-35, all CPA Firms that are subject to the Hawaii peer review requirement must submit a "Peer Review Compliance Reporting Form to the Hawaii Board of Public Accountancy ("Board") within thirty (30) calendar days of receipt of the notice of completion from the sponsoring organization under HRS section 466-38.

Please use the "Peer Review Compliance Reporting Form" which can be downloaded from the Board's website at cca.hawaii.gov/pvl/boards/accountancy. Click on [Application Forms & Publications](#) in the box on the right side of the page, then scroll down to the heading "CPA/PA FIRM PEER REVIEW". Click on "[Peer Review Compliance Reporting Form](#)" (Form CPA-PR4 0817R) to access and download the applicable form.

Complete and sign the form, then submit the ORIGINAL to the Board within thirty (30) calendar days of receipt of the notice of completion from the sponsoring organization (HSCPA, AICPA, etc.).

If you have any questions, please contact the Board's office at (808) 586-2696; accountancy@dcca.hawaii.gov.

HSCPA HOT SPOT



MIX & MINGLE



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

Join us for an informal, high energy, talk-story get together 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.

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

**\$25 HSCPA
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**Pupu +
(2) drink tickets**



REGISTRATION FORM

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

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