

NOVEMBER 2018

KĀLĀ

The Official Publication of the Hawaii Society of Certified Public Accountants



Exploring Human Capital Management Trends

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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

By Darryl Nitta



For those of you who missed the amazing member event we had on October 4th at the Prince Waikiki, the word “FOMO” immediately came to mind. “FOMO” is the Fear of Missing Out. Well, maybe not exactly the best saying . . . maybe a better saying is “YMO” or You Missed Out! We had a buffet of fancy food, open bar, incredible live music, open bar, a magician, open bar, and great conversations with colleagues. Did I mention that there was also an open bar?

At the event I challenged the membership to spread the word to help raise \$35,000 to start the HSCPA Family Scholarship endowment we are establishing this fiscal year. I am proud to announce that our membership responded with overwhelming generosity. Deloitte, C.S. Wo & Sons, Ltd./Ed Nakano, and American Savings Bank/HEI each pledged \$10,000!!! Individually, we as a membership raised over \$7,500 so far this fiscal year for the HSCPA Family Scholarship. This will be a great Legacy Gift to help our families

of future CPAs. And of course, special thanks again to Deloitte for hosting the entire event!

How can it possibly be November already? Where did the year go? We are basically at the beginning of the holiday season with Thanksgiving and Black Friday right around the corner, followed by Christmas and New Year's celebrations. For many of us, the next couple of months is a time to rest and recharge your batteries in preparation for 2018 year-end closings, 2019 tax season, and assurance planning. I highly recommend that everyone take your feet off the work gas pedal and go do something fun. For me, Thanksgiving is when my wife and I go on our annual trip to Los Angeles. This is something we have done every year since we first started dating. Our tradition of visiting Mickey Mouse definitely helps to recharge my batteries for the following year. Maybe you already have a tradition like this? If not, maybe it is time to start one even if it means just getting together for family dinner. Consider the old proverb, “all work and

no play makes Jack a dull boy.” Don't be Jack.

Darryl, all this rambling . . . what are you trying to say? Bottom line is that the moral of this President's Message is to reconnect with your loved ones. Let's be honest, unless you are working on government jobs, the next two months are going to be the slowest work-wise of the entire year. Make a commitment to yourself to thoroughly enjoy the holiday season with uninterrupted quality time with your family and friends.

One last thought before looking ahead:

Take advantage of Amazon Smile when you order gifts this year. Designate a Hawaii charity of your choice via Amazon Smile shopping and Amazon will automatically give a portion of the sale proceeds to your charity that you select. It is analogous to Foodland's “shop for higher education” program where they ask you at checkout to designate a local school. Just remember to redirect your online shopping to the Amazon Smile website which is very easy to use, it doesn't increase the cost of the product you're purchasing, it doesn't change any promotions, and you will help your designated charity. An easy win-win all around!

Looking ahead:

December will bring us a small window of time to do some last-minute planning for year end. Let's get technical. Stay tuned for a quick checklist of 2018 Tax Reform ideas you may want to consider before you get buried by presents, family





Why Employees Matter in Branding Your Accounting Firm

By Hugh Duffy



The most important assets of any business are intangible: it's company name, brands, symbols, slogans, and their underlying associations like

perceived quality, awareness, customer base and proprietary assets (e.g., patents, trademarks, etc.). In the professional service industry, the intangible assets are even more critical to the value of the firm. Strong brands generate word-of-mouth advertising, referrals and improve the value of your firm.

Companies that understand this put significant energy into every detail of their brand and charge enormous premiums for the brands they create. Over time, this premium is transferable to the next owner.

In the consumer world, brands like Mont Blanc, Tiffany's, MIKIMOTO, DeBeers, Rolex, Volvo, Nike, and Starbucks have been carefully etched into your mind. These companies have persuaded you that their brand offering is not a commodity and justifies a higher investment.

In the service industry, branding is also very prevalent. Examples that come to mind are McKinsey, Goldman Sachs, Nordstrom, FedEx, IBM, Marriott, Hertz, ADP and NYSE.

In the professional service industry, your brand is all about people, relationships and creating a consistent message. That's why most premier professional service companies place a premium on attracting superior employees and retaining

superior producers. That's why companies like McKinsey and Goldman Sachs place so much emphasis on recruiting and employee retention.

Your employees are probably the most underutilized brand assets your firm has. Clearly, your employees understand your brand (or lack thereof) and can become messengers of your brand premise and message. Your goal is to define your brand premise, secure employee buy-in to the premise and convert them into brand evangelists instead of ordinary employees. Here's why they need to buy-in and carry your message:

- Employees that understand and agree with your brand premise will execute a more consistent message.
- Employees will build your brand inside and outside the work environment. They talk to friends and associates about the brand with more passion and confidence.

Essentially, brand evangelists become human billboards communicating your corporate message to those around them. They will become more committed to your firm and stay longer if you provide them with a purpose. And, brand evangelists support the brand with more passion and pride, not for extra pay.

To engage your employees in this process and start promoting your brand, here are a few ideas to start the process:

- Survey your employees - Conduct a blind survey on the best and worst

things about your firm. Insights into inefficient processes, client satisfaction issues and teamwork issues are key.

- Survey your clients - Conduct a blind survey to gauge your client's perceptions of your firm. Don't assume this. Most clients will appreciate your willingness to ask their input on opportunities to improve.
- Discuss the results with your employees and key action steps.
- Ensure the management team understands the "brand" and will carry the "brand flag" 24/7.
- Reward brand evangelists - Recognize those in the company that makes significant contributions to the success of your new brand. This reinforces the message across the company and rewards believers.

Branding is an art that can improve the effectiveness of selling your firm services and ultimately, the value of your firm. A little upfront planning and skillful management can deliver long-lasting results.

Hugh Duffy is the Co-Founder and Chief Marketing Officer of [Build Your Firm](#), a website development and marketing company for accounting firms. With more than 30 years of marketing experience, he has been coaching accountants on how to improve their marketing and make more money from their accounting practice since 2003. Hugh takes great pride in the impact his coaching has on the practices and lives of his clients.

Are You Keeping Up with Technology?

Today – More than Ever – This Is Imperative for Success

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



To say that technology is changing how we conduct business would be one of the single biggest understatements of the century. However, to say that many are underestimating the pace of this change is probably a correct assertion, and one that could cause many accounting, financial, and other business professionals to struggle when attempting to excel in their jobs. Therefore, keeping up with technology is a “must-have” for success in today’s environment.

Just as many accounting, financial, and other business professionals take annual update courses in areas such as accounting pronouncements, auditing standards, and tax law changes to stay abreast of critical developments in these areas, so too should they consider including annual technology updates in their educational plans. To illustrate the importance of technology updates, consider some of the technology developments outlined below and how well you understand the implications of each of these on your job.

Blockchain and Its Impact on Business

Perhaps no single technology has the potential to revolutionize how accounting and financial professionals conduct business as much as blockchain – yet, most of these same professionals possess only scant knowledge of what blockchain is and how it will likely revolutionize the profession. Setting cryptocurrencies such as Bitcoin aside, blockchain could become a “dream” technology for accountants, used in such applications as securing documents, executing “smart

Catch the K2 Enterprises experts at the Hawaii Technology Conference on November 15-16 at the Prince Waikiki. Accounting professionals don’t want to miss this two-day Conference to stay on top of day-to-day responsibilities and enhance efficiency, productivity and analytical and reporting skills. Technology continues to shift and new trends and advancements are constantly emerging.

contracts,” protecting medical records, proving ownership of assets – both tangible and intangible – beyond a shadow of a doubt, streamlining audit processes, and so much more. And we are already seeing signs of blockchain technologies being adopted in everyday business applications. Two such examples include **De Beers Group** using blockchain to track diamonds from mining to point of sale and **Maersk** using blockchain to track goods through its maritime shipping processes.

The Release of Microsoft Office 2019

Microsoft Office 2019 is Microsoft’s latest release of its venerable Office software suite. But this is more than just another upgrade that adds new features to **Excel, Word, PowerPoint, Outlook,** and other applications. Rather, choosing to upgrade to Office 2019 is more than a decision to spend a few hundred dollars per license to gain access to new fea-

tures. In fact, there are several “big-picture” issues in play that could affect your decision to upgrade, both at an individual level and at an organizational level.

Office 2019 will only be supported if you are currently running Windows 10. Therefore, if you have not yet upgraded to Windows 10, upgrading to Office 2019 will mandate that you also upgrade your operating system. And if you happen to be running a Mac, Office 2019 for Mac will only run on macOS 10.12 or newer, again necessitating an operating system upgrade for many users.

Office 2019 will contain many of the new features that Office 365 users have had access to for years. Thus, a key strategic decision is in order – why upgrade to Office 2019 when Office 365 provides the new features potentially years earlier than the more traditional license of Office?

With respect to the new features in Office 2019, how will you get training on what these new features are and how you can use them to improve efficiency and productivity? After all, if you’re not going to take advantage of these new features, what’s the purpose of the upgrade in the first place?

Security and Privacy Issues, Including Ransomware and GDPR

Maybe no single business issue receives as much attention today as that of security and privacy. Unfortunately, far too many individuals and businesses are in a reactive state and are not taking proactive stances against threats such as



ransomware, phishing attacks, and other forms of data breaches. Perhaps this is why over 5 billion records containing sensitive personal information have been reported as having been compromised (to see if your data has been compromised, visit this [website](#))

Unfortunately, the criminals responsible for these types of attacks show no signs of going away quietly. In fact, according to **Malwarebytes**, approximately 10,000 businesses were impacted by ransomware during June 2018. In one of the more widely reported ransomware attacks of 2018, data on the City of Atlanta's network was compromised and held hostage. To date, the attack has cost Atlanta taxpayers in excess of \$17 million! This, of course, only begs the question of what are you doing to ensure that individually and organizationally you do not become yet another victim of ransomware.

In addition to security and privacy threats, a related topic of security and privacy compliance has arisen. In May of 2018, the European Union enacted the **General Data Protection Regulation (GDPR)**, to mandate data protection and privacy for all individuals within the EU. This law applies to all businesses in the EU and to all businesses processing the personal data of people in the EU, regardless of the location of that business. As such, GDPR is applicable to many US-based organizations. Further, the concepts embodied in GDPR are receiving much attention in the US and many experts expect a large number of these concepts to be enacted into various US laws soon. Thus, now is the time to begin planning for GDPR-like compliance

issues in the US, regardless of the size or type of organization you work for.

The Business Intelligence Revolution

A fourth key technological development that is impacting businesses of all sizes today is the migration from traditional, after-the-fact financial and operational reporting to real-time, interactive reporting in the form of digital dashboards. This type of reporting moves beyond stale, outdated reports that provide only marginal value and into the world of business intelligence, helping managers to understand not only what has happened in the past, but to identify trends to help predict what will happen in the future. Further, with artificial intelligence capabilities included in many of these reporting platforms, the software can examine the data and identify relationships and trends that would likely have escaped the human eye! Unfortunately, many professionals think this type of reporting is only available to large, multinational companies. However, the truth is that with free tools such as **Microsoft Power BI** and **Qlik Sense Desktop**, any business can participate in this reporting revolution with no out-of-pocket

expenditure for software.

Summary

In the past, staying up-to-date on technology meant knowing what the latest developments in desktop and laptop computers were and which mobile device might best fit a particular user's needs. Today, that knowledge is still important, but there are many other items on the horizon of which we must be cognizant. Blockchain, the ramifications of Office 2019, security and privacy issues, and how leading-edge organizations are re-imagining reporting are just four of the technologies of which we must have at least a fundamental understanding in order to be successful. Just as it is important to stay on top of accounting, auditing, and tax issues, so too must we continually update our knowledge of technology. Ignoring what's happening in this area could prove to be very costly!

Mr. Stephens is a shareholder in K2 Enterprises, where he develops and presents continuing professional education programs to accounting, financial, and other business professionals across North America. You may contact him at tommy@k2e.com.

HAWAII PRACTICES FOR SALE

Gross revenues shown: Honolulu Tax Practice- \$730K, tax (96%), acctng/bkpg (4%); Island of Kauai CPA-\$785K, acctng (46%), tax (39%), payroll (12%); Honolulu Tax & Acctng Practce - \$345K, 73% tax, 27% bookkeeping. 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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Hawaii Society of CPAs

Incorporated in 1932, HSCPA members proudly celebrated its 86th year on October 4th at the Prince Waikiki. Long-time members and new members were treated to great food with a hosted bar, free parking, entertainment, 'magic', and the opportunity to meet up with old acquaintances and get to know new ones. This event also supported the HSCPA Scholarship Fund which awards a multitude of scholarships to Hawaii's best and brightest.

Our sincere thank you to Deloitte for their second year of support! Together, Deloitte and the HSCPA will continue to support accounting education, enhance the image of the profession, and encourage engagement with young professionals.



Celebrates 86 “Magical” Years!



Human Capital Management Trends

A Four-Part Series

By Stephen Thomas and Jessica Reisig of ADP



Part One: Business is Changing Rapidly

We're all familiar with the saying, "the only constant is change". For business, it continues to ring true.

Welcome to Part One of the Four Part Series on Human Capital Management Trends. In the next four months, we'll take you through four major themes that are trending in human capital management, with the goal to get your wheels turning on how you embrace this within your own organization, as well as, equip your clients with the information to do the same.

At ADP, we've seen our fair share of

change over the last 70 years of existence. We've also recognized, given our long history and set of data points, that we can embrace research to help understand trends and serve our clients.

Thus, we developed the ADP Research Institute. Our unmatched expertise on today's workforce and talent management affords us a refined data set to cut through the endless flow of information surrounding the world of work. Our reach extends to some of the brightest minds in the world to ensure we always provide timely, relevant and actionable data that business owners, industry experts, and policymakers can turn to.

Today, we explore "what has thrown business into a rapid state of change?"

We attribute this to four key points:

- Changing Economic Conditions
- Digital Revolution
- Freelance Economy
- Changing Talent Demands

Changing Economic Conditions

Economic conditions have changed. GDP and the stock market, generally speaking, are up, yet incomes have remained stagnant. Also, with the former White House administration, employers saw heavier regulation and now with current administration, experiencing de-regulation. Putting political opinions aside, this causes noise in the marketplace creating challenges and distractions for businesses and ultimately leaves business with massive uncertainty.

Digital Revolution

A quick history lesson:

- The first industrial revolution was the invention of the steam engine, which allowed businesses to transport goods across vast distances for the first time ever.
- The second industrial revolution was the invention of the assembly line, which allowed businesses to mass produce goods.
- The third industrial revolution was the invention of the personal computer and the internet, allowing business to scale globally with instant communication.

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And now, we are experiencing the fourth industrial revolution – being coined the “digital revolution” or “internet of things” and it’s causing change for business, not just in regards to working with their clients, but also regarding employee engagement and business productivity.

It’s this idea that all of our smart devices – phones, watches, TVs, “Alexas” – are connected and interact with each other to help us be more productive. We see it in our consumer life, but it’s bleeding into business and will continue to be a reason for change in the market, as 25% of the world’s economy will be digital by 2020.

Freelance Economy

Also known as the “gig economy”, the freelance economy is causing dramatic change in how people are participating in the work force. Think Uber drivers. This group of workers now makes up a third of the US labor force at more than 53.7 million participants. The challenge? Regulation. Only 19% of executives surveyed believe their companies fully understand the labor laws that govern

contingent workers. The other challenge? As businesses fight for talent, how do they compete with the flexibility of the freelance economy?

Changing Talent Demands

The fourth major contributor to rapid change is the demands from the workforce. By 2020, 50% of the workforce will be Millennials. This is a group of young talent, who increasingly see each job as a stepping stone with high expectations to leave, if their demands aren’t met. Employers will not only fight to bring talent in the door, but must develop a strategy to retain the talent as well.

Certainly, businesses face numerous oth-

er challenges, but these four – changing economic conditions, the evolution of the digital revolution, the growing freelance economy, and changing talent demands – are the most glaring to address to ensure a successful organization.

However, if you think this information is challenging to absorb, couple it with the tightening labor market. Unemployment rates have been making headlines across the country, as well as, locally here in Hawaii, where the unemployment rate is hovering around 2%. This adds another layer of complexity in how businesses must adapt. Join us next edition as we discuss in more detail what businesses face in the war for talent.

This series is put together in part by Jessica Reisig, ADP Hawaii Sales Executive, Stephen Thomas, ADP Hawaii District Manager, ADP Research Institute and other notated studies. If your firm is interested in learning more, Jessica and Stephen are available for on-sight discussions, events for your firm, or co-hosted events for your clients. Please contact them directly at Jessica.Reisig@adp.com or Stephen.Thomas@adp.com.



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TAX FOUNDATION OF HAWAII

Hawaii's Watchdog on Taxes & Government

By Tom Yamachika

Take-Aways from the “Con-Am” Argument



On October 18, 2018, the Supreme Court of Hawaii held oral argument on a petition by the four counties to invalidate the “Con-Am,” namely the constitutional amendment ballot measure that would allow the State to slap a “surcharge,” essentially an additional property tax, on “investment” real property. We now know that the Court invalidated the ballot measure with an opinion to follow, like what was recently done in Arizona. We present here some highlights from the oral argument.

On the Counties’ side, Honolulu Corporation Counsel Donna Leong seemed to run into stormy seas early when she argued that the new taxing power potentially applied to even residential property, because everyone who buys a home here hopes that its value will go up and can then be sold at a higher price somewhere further down the pike. Justice Wilson pointed out that if all property could be considered investment property, then why does the new taxation power apply to “investment” real property instead of “all” real property? But then Justice McKenna jumped in with a bombshell: a prior Hawaii Supreme Court case, *Cieri v. Leticia Query Realty*, 80 Haw. 54 (1995), said, “[R]eal estate is, particularly in Hawai‘i, both scarce and expensive. As a result, the purchase of real estate or a residence likely is the largest ‘investment’ a person in Hawai‘i may make in a

lifetime.” That case held that a buyer of real estate could sue the seller and the seller’s realtor under Hawaii’s consumer fraud laws because the buyer had committed money in a “personal investment.”



When Attorney General Russell Suzuki came up to the podium, he started by saying that the Hawaii Supreme Court didn’t have jurisdiction and should essentially get out of the Legislature’s way... which is probably not something you should be telling the Court right out of the gate. After fierce questioning that followed, he was forced to concede that the Legislature might be able to surcharge primary residences if the Con-Am passed, leading to:

JUSTICE NAKAYAMA:

Let me ask you this, suppose I had the money to buy a house for my daughter, for her to live in. That’s why I’m buying this house. Is that included as investment property?

ATTORNEY GENERAL SUZUKI:

I think it’s to be defined by the Legislature.

JUSTICE NAKAYAMA:

So how is a person supposed to vote on this? If I’m not buying this house in order, I think Ms. Leong mentioned, in

order for property to increase as an investment, but I’m actually buying it for somebody to live in and not rent out. How do I know as a voter that that’s not going to be taxed?

ATTORNEY GENERAL SUZUKI:

Then I think you should probably vote “no.”

Laughter broke out across the whole audience.

Justice McKenna then pushed Suzuki to concede that nothing in the measure would guarantee that the surcharge would result in a net increase in money for education. “Couldn’t these amounts actually be used to substitute for general fund funding, and the legislature is actually not required to increase public education funding, correct?” McKenna said.

“The appropriation powers are with the Legislature so that is correct, but the intent here is to fund public education,” Suzuki said.

We can’t expect the Hawaii Supreme Court to void any confusing or sneakily worded ballot measure like this one all the time. So we as voters need to make the effort to really understand what we are voting on when we are staring at a question on the ballot. We would do well to remember the opening sentence of our state constitution: “All political power of this State is inherent in the people and the responsibility for the exercise thereof rests with the people.”



Orientation & Onboarding: You Need Both

By Sandra Wiley - Boomer Consulting, Inc.



With unemployment at a 10-year low, nearly every industry is facing challenges in attracting and retaining

new talent. Too often, the focus is on attraction, but companies also need to be aware of the importance of helping new talent become fully engaged team members. Often, new employees confide that they feel like outsiders, have trouble getting information, and feel like they must spend months proving themselves before being trusted with meaningful assignments.

Many companies have addressed this issue by developing new employee orientation programs but are not satisfied with the results. Part of that dissatisfaction stems from the fact that they believe orientation and onboarding are the same things. They're not.

Orientation is a one-time event, whereas onboarding is a series of events (including orientation) that helps new employees understand how to be successful in their position and how their work contributes to company's strategic plan.

It's time to advance to the next level in bringing staff into the firm's culture quickly and efficiently with onboarding that is more strategic and comprehensive.

An onboarding program includes:

- Designing an onboarding process that is efficient, effective, representative of company culture, and – this is important – fun!
- Developing and applying a comprehensive induction process for new hires

- Emphasizing personal accountability through job performance that supports the strategic plan

The program should include the essential action items after an offer has been accepted to convey excitement to the new employee and help them transition into the firm. The onboarding program details the ways by which a new employee gains an understanding of his or her functional areas by providing the resources, contacts, and tools necessary to assist in their understanding of the business.

The goal of onboarding is to help new staff adapt to their new work environment and bring them to full productivity quickly and efficiently. The program is broken into four major components.

1. Vision and Values – activities and programs designed to acclimate new staff to the company's current culture, while helping them understand their role in the company's strategic plan
2. Team Building – activities and programs designed to help new staff become full members of their work teams as quickly and productively as possible, alleviating ambiguity and setting the tone for strong working relationships.
3. Mentor Program – designed to help new staff build work relationships and navigate unwritten rules by pairing them with experienced peers.
4. Human Resources Orientation – provides logistical information necessary for new employees to do their jobs. This includes benefits

enrollment, tours of facilities, software training, etc.

Another major focus for many organizations is supporting managers to develop the skills necessary to create an inclusive environment for new employees. The responsibility for new staff members' productivity, effectiveness, and morale falls largely to their managers. To support them in this effort, develop a clear set of behaviors and responsibilities, with plenty of learning opportunities to ensure that managers have the skills to meet expectations.

Some of the specific manager behaviors that should be addressed in the management training are:

1. Building an inclusive and effective team
2. Coaching and counseling
3. Setting performance objectives
4. Identifying and addressing interpersonal dynamics
5. Effective communication skills

When managers receive support and training before the onboarding process, they can feel confident that they are providing appropriate information and helping staff feel like valued members of the team. An effective onboarding program will help new hires become productive, contributing members of your organization faster than ever before.

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.



Norman's Book Review

"The Voice of Knowledge"

by Don Miguel Ruiz

Are you living a happy and fulfilling life, filled with joy and love? Are you authentic? Do you have inner peace? Do you carry yourself with integrity?

Reading the news daily, doesn't it seem like the world is getting crazier every day? There seems to be more hate than love in the world, more violence than peace, more lies than truth, and more stress than aloha spirit. Although there is so much information at our fingertips now, we have to guard against "fake news," something we never had to worry about too much before.

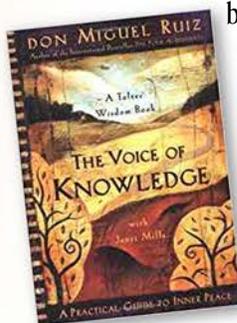
Given all of the above, I was excited to read "The Voice of Knowledge" to help me navigate through this unbelievably crazy world we live in today. I also welcomed a book that could help me obtain inner peace.

This book is one of the most important books I have ever read, and in reviewing the comments from other people who read this book, it has made a difference in their lives too. It will help provide clarity in your life, and I sincerely believe will help you achieve more inner peace. It is an easy reading book, and the summaries at the end of each chapter are very helpful. The following are some interesting words of wisdom from the book.

The Importance of Truth

Think about it . . . what is true, is the truth, whether or not you believe it is true. What makes it so difficult is there

is so much fake news and outright lies being told that it is extremely difficult to know what the truth is. The author stresses we must always seek the truth because "the truth will set you free. It will set you free from the fear, drama and the conflict in your life. If you live your life truthfully, your life will be filled with goodness, love and happiness."



What Kind of Angel Are You?

The author states there are "two kinds of angels, angels who share truth and angels who share lies. You are an angel, and your life is your message. Are you a fallen angel who is a messenger of lies, fear and destruction, or are you an angel who is a messenger of truth, love and creation. You can't deliver lies and truth at the same time." WHAT KIND OF ANGEL ARE YOU?

How Lies Disappear

Unlike the truth, "lies only exist if we believe in them. If we don't believe in lies, they disappear." It's that simple.

The Lies of Our Imperfections

The author notes our mind starts filling with lies when we are able to first speak and understand things. We are told by our parents, teachers and so-called "experts" what we think are truths, such

as who we are, what we must do to be a good child, be a good student, be successful in life, etc. The silent message behind all these messages are "we are not perfect, we are not good enough, we are not the way we should be, etc." The author calls this "the lies of your imperfection." Instead of believing in yourself and that you are authentic and good enough, if you start believing in what others say about you, these lies begin to build on each other and you start believing in them and these lies start shaping your life. To get back to your authentic self, you need to stop believing in these lies, have faith, start living your life truthfully and be happy for who you are.

Free Will

"When you put your faith in the truth and not lies, your choices change. When your will is free, your choices come from integrity. Consequently, you choose happiness, love, peace and harmony. You choose to play and enjoy life. You no longer choose drama."

Inner Peace

For most people, our minds are going 24/7, always thinking, worrying, or planning about something . . . very noisy. Just think if your mind is quiet all the time. Per the author, this is inner peace.

Rewrite The Story of Your Life

One of the most powerful concepts in the book was that you truly can "rewrite the story of your life" if you want

to. “In the Toltec tradition, every human is an artist, and the supreme art is the expression of the beauty of our spirit.” You can live your life authentically the way you want to, not the way other people say you should live it. If you want to change how you live your life, do it! When you change the story of your life, the Toltec call this “the mastery of transformation.”

Love Yourself

Living a life filled with love starts with loving yourself. Too often people think too much of others before themselves, feel they are not worthy of love, have internal conflicts, or worse, hate themselves. The author wants us to treat ourselves with respect, be kind to ourselves, accept ourselves for how we are, and most of all love ourselves. “You will start to enjoy yourself and you will love yourself so much that you will give yourself everything you need. You will enjoy your life more and the presence of everyone around you.” Why? “When you love, you honor and respect life. When you live your life with love, honor and respect, the story you create is an ongoing romance. To love life is to enjoy every manifestation of life, and it is effortless.”

What Should Your Mission In Life Be?

Should you be a managing partner? Should you be a CFO of a Fortune 500 company? Should you end world hunger? Should you save the world? The author believes your only mission in life is to “make yourself happy by creating a life story that will make you happy. It’s that simple.”

Life Is Very Short

When the author realized life in our physical form is very short, he decided to do something we all should be doing. “He decided not to waste his time creating conflict, especially with the people he loved. He wanted to enjoy them by loving them for who they are, not for what they believe. The story they create is not important.”



AICPA Council votes to move forward with expanded eligibility for ABV credential

AICPA Council votes to move forward with expanded eligibility for ABV credential

Members of AICPA’s governing Council voted on October 22nd to continue to implement an earlier decision to expand eligibility for the Accredited in Business Valuation (ABV) credential.

Council members did not support a motion brought forth by five Council members to suspend the earlier vote and further study the credential changes, which expanded eligibility to other qualified professionals who are not CPAs.

Sunday’s vote followed a panel discussion on market demand for valuation services and the ABV credential, which included participants who are in favor of and opposed to the expanded eligibility.

AICPA Chair Eric Hansen told Council members prior to the panel that opening the ABV to other qualified professionals was intended to enhance quality, consistency, and transparency in business valuation services.

AICPA Council in May voted to approve a proposal from the National Accreditation Commission (NAC), which had been approved by the AICPA board, to expand eligibility for the ABV credential beyond CPAs to other qualified professionals meeting rigorous requirements. Under the measure, the exam requirements for other qualified professionals are the same as those for CPAs. Additional requirements for other qualified professionals were recently updated and include training on and adherence to the AICPA Code of Professional Conduct, a minimum of 4,500 hours of valuation experience, and 75 hours of valuation-related continuing professional development within the five-year period before the date of the credential application, as well as complying with ABV recertification steps, such as CPD and ongoing experience.

Discussion on the change began in 2015 and ultimately involved the AICPA governing Council, the AICPA board of directors, NAC, the ABV Credential Committee, the Forensic and Valuation Services Executive Committee, and the Business Valuations Committee.

Opponents said that all ABV credential holders and AICPA members should have been consulted prior to the change. Among their concerns was the potential for confusion in the marketplace caused by having CPAs and non-CPAs hold the credential.

This story was originally published by Journal of Accountancy.


CPA FIRM

MICROCOMPUTER TECHNOLOGY

By Joy Takaesu of Carr, Gouveia + Associates, CPAs, Inc.



Microsoft released the Windows 10 October 2018 Update (version 1809). It was initially pulled due to some customers reporting data loss. Microsoft has since fixed the issues and re-released the update. For those affected by the file deletion issue, restoring from an existing backup is the recommended option. Microsoft is also offering to help with manual file recovery for affected systems.

For the best chance of recovery, Microsoft recommends avoiding using affected

systems (to minimize potential overwriting of data) and contacting Microsoft support as soon as possible.

The Windows 10 October 2018 Update includes new features such as:

- Using machine learning to prevent updates from running while you're using your computer
- Sending & receiving SMS messages from your PC (for Android devices only)
- Cloud clipboard - Syncing historical clipboard data across devices
- Dark mode for Windows File Explorer
- Search previews
- Screen Sketch - New built-in screenshot tool with annotation options
- Task Manager now shows power usage for mobile systems, so you can see which apps are using up the battery
- New option to increase text size system-wide

The FBI Internet Crime Complaint Center (IC3) reported an increase in e-mail scams involving gift card requests. The scammer spoofs an e-mail address so that the e-mail appears to be from someone known to the victim, e.g. someone in management. The scammer asks the victim to purchase gift cards, and may urgently demand that photos of the codes be sent immediately. If something seems off, it's best to confirm requests with the sender in person, or use a known, trusted phone number. Businesses may also consider putting controls in place

for things like gift card or wire transfer requests.



The FBI also released a PSA warning about payroll phishing scams. Scammers obtain an employee's login credentials via phishing e-mails, and use the credentials to access payroll systems and change bank account information. The cyber-criminal may disable notification alerts and reroute direct deposits. If an e-mail directs you to log into a website, open a browser and manually type in the known, official URL, use an existing bookmark, or if you must click on an e-mail link, hover the mouse over it and ensure that the URL is legitimate. Be wary of similar-looking characters in the website address, or misleading subdomains.

The FBI recommends educating employees, implementing unique passwords and multi-factor authentication, and monitoring banking changes and logins during unusual hours. Victims are encouraged to contact their local FBI field office and file a complaint with the IC3 at www.ic3.gov.

If you have any questions or comments, please call me at (808) 837-2517, or send e-mail to joy@cga-cpa.com.

What matters most?



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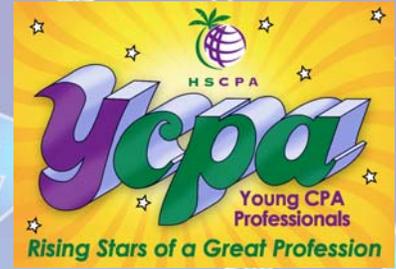





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November 8th

(Thursday)

5:30 to 9:00 p.m.



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- ◆ Professionals to share their experiences about the accounting profession
- ◆ To provide an opportunity for students to interact with various accounting professionals

Dinner & Student Rotation

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Buffet dinner + CPE

2 CPE credit hours

Limited Seating



Upcoming Events

November 1

[Annual Accounting and Auditing Update](#)

November 2

[Tackling the Tough Issues in Adopting the New Revenue Recognition Standard](#)

November 7

[Preparing Individual Tax Returns for New Staff and Paraprofessionals](#)

November 8

[Buying and Selling a Business: Critical Tax and Structuring Issues](#)

November 13

[Annual Update of Essential Information for Industry](#)

November 14

[Cybersecurity Risk Management Program Essentials](#)

November 15-16

[Hawaii Technology Conference](#)

November 29

[Construction Contractors: Critical Accounting, Auditing & Tax Issues in Today's Environment](#)

November 30

[Fraud and Abuse in Not-for-Profit Entities and Governments: Stealing from Everyone](#)

December 5

[Compilations, Reviews and New Preparations: Engagement Performance and Annual Update](#)

December 6

[Yellow Book Qualification and Latest Developments in Government and Nonprofit Accounting](#)

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| Description | 2 BD + Den, 2 BA | 2 BD + Den, 2 BA | Lanai 93 sq.ft. |
| Views | Diamond Head, Ocean, Marina, Mountain & City Views | Diamond Head, Ocean, Marina, Mountain & City Views | 2 BD, 2.5 BA Partial Ocean & Kamakee Street Views |

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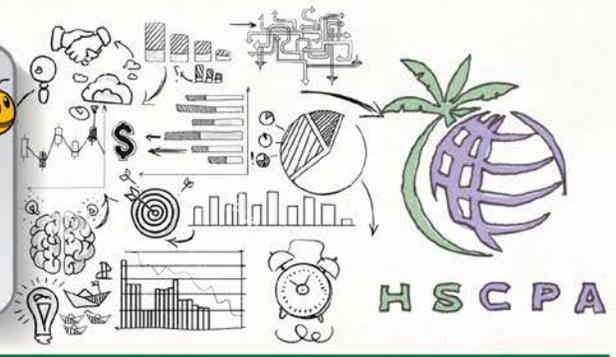
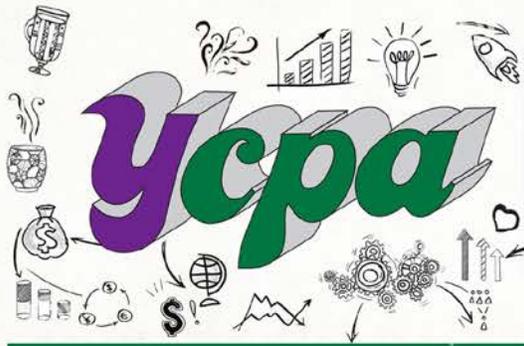


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Buying a Home When Interest Rates are Rising

By Colin Lee



Many young professionals who don't already own a primary residence in Hawaii are now experiencing what it is like to buy a home when the interest rates are rising. It's been 7 years since mortgage rates have been this high and is projected to keep going up.

If you have been planning to buy a home soon, you must be wondering how much this will affect you. Here are some answers to questions that a lot of my clients have been asking.

If interest rates are rising, are home prices dropping? Should I wait to buy a home?

In the next few years, economists expect home sale prices to drop a little but that doesn't mean your monthly payment will also be less if you wait for a price drop. If the interest rates keep going up, you will most likely pay more in the long run even if you get a home at a lower price.

For example, the monthly payment of buying a \$400,000 condo today with 20% down at 5% interest rate is equivalent to buying the same condo a year ago for \$450,000 with 20% down at 4% interest. Not factoring in maintenance fees or property taxes, that's a 12% drop in buying power over the past year. When you factor in that home values have not dropped anywhere close to 12%, losing that 12% of buying power really adds up. If you are financially able to purchase a home now, waiting might hurt you if the current trend continues.

I want to buy before the interest goes higher. How much money do I need to save up?

3% is the minimum down payment you need for conventional loans, and you'll need an additional 1.5% of the purchase

price for closing costs. If you have less than 20% down payment you usually need to pay Private Mortgage Insurance (PMI). PMI on a \$400k purchase with 3% down can be as high as \$200 to \$400 a month depending on your credit score! Luckily there are loan programs out there where you can pay PMI upfront in the form of a slightly higher interest rate, roughly around .25% to .375% more (equivalent to \$60 to \$90/mo increase at \$400k).

In this market environment, for the 3% down payment purchases, it's always better to pay the PMI upfront and take a slightly higher rate. It will only make sense to pay the PMI in installments if you know you will own and not refinance the property for over 17-20 years as that is the breakeven point between paying the PMI in installments until you reach 22% equity in your home or upfront via higher interest rate. Keep in mind, majority of homeowners refinance or sell by year 7 to 10.

I already own a condo. Is it a good time to upgrade?

In this case, you have two options. Option 1 is to sell and use the proceeds for your next home. While home value appreciation is slowing down, the values are still close to the peak, so it's definitely a good time to do a buy/sell. Option 2 is to keep your property and use future rental income to help qualify for your next purchase, but you will need to have money for a down payment. Normally option 1 will result in the highest purchase price potential for your next home. Option 2 is good if you don't need to buy the highest priced home you can afford and if you want to build your investment portfolio.

If you have any questions or want more information, please send an e-mail to ColinL@BetterHawaii.com.



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