

1950
APRIL 2018

KALA

The Official Publication of the Hawaii Society of Certified Public Accountants

GENERATIONS At Work

1960
1975
1990
2005

Generation X

Baby Boomer

Generation Z

Traditionalists

Millennials





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President's Message

By Norman N. Okimoto



With taxpayers having two extra days to complete their taxes, in theory CPAs should have more time to complete their clients' tax returns or extensions, and fewer long nights and stress. We will see about that.

How Will You Be Rewarding Your Staff?

With the lowering of the corporate tax rates and tight job market, companies are challenged to not only keep their staff, but find creative ways to reward them. Many large companies made headlines when they increased



the minimum starting salaries for their employees, and gave year-end bonuses to everyone, even employees who just started in December! CPA firms traditionally have offered competitive starting salaries and signing "bonuses" to new employees, with the total package sometimes being higher than the salaries of more experienced employees. Other firms offer flexible work schedules and try to minimize the amount of overtime people work.

To celebrate the end of tax season, many firms generously reward their staff in a variety of ways. To help firms figure out what to give their staff, the following is my Top 10 ways to make your staff feel special and hopefully stay with you for another year and beyond!

camera, big screen television, laptop, or sporting equipment. Why many companies choose to do this is employees will always associate the gift with good feelings for their company.

Gift Cards – Be it gift cards to restaurants, department stores, or online sites like



Amazon, gift cards are always appreciated and very popular. Gift cards generally feel more special than just plain cash because employees know their company gave extra thought and effort in getting the gift cards for them. Rather than just one gift card, if you are able to give a potpourri of gift cards built around a theme or customized to the interest of each employee, it will be a really big WOW!!!

Corporate Getaway – If you can afford it, a weekend getaway to Las Vegas, a neighbor island, or a "staycation" in Waikiki, Ko Olina or Turtle Bay, will do wonders for employee morale and employee bonding. There's nothing like having your company paying for your vacation.

Play Tourist For a Day – If a corporate getaway is too cost prohibitive, consider playing tourist for a day. Activities could be going on a catamaran ride, dinner cruise, luau show, trolley ride, etc., ending with a group dinner or lunch at a special restaurant.

Group Activity – Group activities are always a great way to enhance team bonding and maximize the fun factor.



The standard is going to a special restaurant for lunch or dinner, with a custom-

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\$\$\$ - Fortunately or unfortunately, monetary rewards speak the loudest, spend the best, and costs the most. If you had a successful year and tax season, share the wealth with your employees ... they will really appreciate it! The flip side of not being generous with your staff is they may leave you for companies who are more generous to their staff than you. With social media and people not being shy about sharing their thoughts, people know how much companies pay their people.

Special Gifts – A popular way to say "thank you" to your hard-working staff is to give all employees the latest and greatest must have items. On the high end, this can be the latest and most expensive Apple or Samsung smart phone. Other gifts could be a smart watch, Apple or Samsung tablet, Go-Pro



Continued on page 8



Three Ways to Strategically Focus on Business Development

By Deanna Perkins – Boomer Consulting, Inc.



We've all heard about the changes coming to the accounting profession with the increased automation of our compliance services.

The more our processes become automated, the more time we will be able to focus on developing the strategic business that can help us maintain relevance and provide higher value to our clients. As you start focusing on strategic services for your clients and larger deals, you also need to be ready to treat them differently than you might have treated them in the past. I have put together three ways to help you strategically focus your business development efforts to help move your larger leads forward effectively.

Weekly High Priority Meetings

Each week your team should have a 30-minute meeting to focus on your high priority clients and deals. This meeting is a way to discuss any big wins you had for the previous week, whether you lost any leads and why. It's also a time to share any crucial information your team needs for current conversations. Your team will learn from won and lost leads alike and what they learn will help them with future leads.

This weekly meeting is also a great opportunity to outline the most important next steps for these high priority deals and who is responsible for ensuring that they occur. Assigning responsibility is critical. If you casually mention

something that needs to be done without assigning anyone to handle it, you can almost guarantee that nobody will follow up on the action item. Make sure everyone knows what tasks they are responsible for and has a deadline for completion.

Strategic Business Development Meetings

Along with the weekly meetings, you should set up regular strategic business development meetings. The meetings can be set-up monthly, bi-monthly or even quarterly depending on the time of the year and demand for your services. These meetings focus on all leads in your sales pipeline for each of your services. You are pulling in the right people who are affected by a specific service and discussing all leads to ensure that things are moving forward, concerns are being addressed and there are clear next steps to continue pushing that service forward.

Make sure the focus is not just on how many leads are in your sales pipeline, but what you are doing to win them, and what your efforts are accomplishing.

One "Quarterback" Per Lead

When you think of a quarterback, they are the player on the field who is responsible for looking at the bigger picture and determining the best way to keep the ball moving down the field to score a touch-

down. When you are looking at all your open deals, each of them should have a set person (a.k.a. the quarterback) who is responsible for ensuring that lead is moving forward. They are pulling the right people in at the right time and following up with your client or prospect in a timely manner.

Again, without assigning a person to be responsible, things will fall off the radar or your team will become overly stressed not knowing who is handling what and if things are accurately getting done.

While the landscape of the accounting profession is changing, having weekly high priority meetings, scheduling regular strategic business development meetings and assigning a specific person to each lead are all surefire ways to start adapting to that change. These will put you ahead of your competitors and provide higher value for your clients.

As a Solutions Advisor for [Boomer Consulting, Inc.](#), Deanna works to help clients and prospective clients identify their dangers, opportunities and strengths. Once these are identified, she works to develop a personalized game plan for their firm to focus on the area, or areas, they need to improve on most. These areas are critical to a firm's success and future-readiness; Leadership, Talent, Technology, Process and Growth.

How to Upgrade to an iPhone X and a Few Changes to Watch Out For

By Val Steed, CEO K2 Enterprises



Pros and cons of upgrading your phone

Pros

- You get a brand new phone
- You get all-new features

Cons

- You have to redownload apps
- You have to reenter logins and account information

Upgrade options

Typically, you have three options when you want to upgrade your iPhone. You can trade it in, buy a new iPhone outright, or sign up for the Apple monthly payment plan. Here's some tips for what you should know about each option.

The trade-in

Apple offers a trade-in value for your old iPhone, but don't expect it to be as much as the market value. Your trade-in value can also depend on whether you own your device outright or if it's still under a payment plan. Different iPhone generation models will also have different trade-in value. It's been my experience that Apple really doesn't want to do this but it makes some good money in the middle.

The DIY sell

You can always sell your old iPhones yourself on a local classified for more money than the trade-in value. If you do sell directly, watch out for scammers. iPhone sales seem to draw them out of the woodwork.

The benefit to selling your iPhone yourself is that you can put that money toward the new model. If you're purchasing the phone outright, meaning you're not signing up for a payment plan, you'll have to pay full retail value (Apple typically doesn't discount for anyone). For the iPhone X, that means about \$1000 out of pocket.

The payment plan

The Apple monthly payment plan is actually a loan from a third-party bank, so they will check your credit before setting up the loan. I'm a big fan of AppleCare on all Apple devices, and the advantage to using the monthly plan for an upgrade is that AppleCare is included.

You also have the option to upgrade your iPhone to a newer model after one year of payments. This means if you use the payment plan option, you can get a new device every year. Doing this will extend the loan out to cover the upgrade, but it is still attractive to some folks. I generally like to buy and keep my iPhones for two or three years.

iPhone X hardware

Here's a quick look at some of the more notable hardware upgrades you'll get with the iPhone X.

Screen size

The iPhone X screen is only slightly larger than the iPhone 7 but it is much clearer and easier to read. This was a very welcome surprise. The iPhone X does not feel larger in your hand, but it certainly reads much larger.

Charging

The iPhone X comes with the standard Lightning charging cable. There are devices that will charge wirelessly, but I did not test any myself. In many ways, it's good that they did not drop the Lightning connector yet because you can still use any of your previous adapters or devices that have the Lightning port with an iPhone X.

New camera with Portrait Mode

The new camera is stunning. Within hours of getting my new phone I was testing it at a dance concert. It was the perfect place to test the new camera. Low, quickly changing light, fast movement, and a dark surrounding area with a lighted stage made for a complex shooting environment. I must say I was impressed and pleased.

My only suggestion for Apple would be to give us true manual controls on the cam-





era when needed, like the third party app VSCO. Overall, it's an impressive camera that needs better manual and semi-automatic settings. And I haven't even talked about the main feature it comes with: Portrait Mode.

There has been a lot of misinformation about portrait mode. Portrait mode is only available in the iPhone 8 Plus, the iPhone X, and iPhone X Plus but NOT included in the iPhone 8. There are third-party apps that will create a portrait mode image (even on the iPhone 7) but it's not truly Portrait Mode and apps like this aren't practical for users because they're not directly in the Camera app itself.

iOS gotchas for iPhone X

The new version of iOS that launched with the iPhone X has a few "gotchas" you'll want to watch out for. These are mostly changes to the user experience that will throw you off if you're used to doing things the old way. Here's a few gotchas I found when I upgraded my phone.

Controls

For prior iPhone users the change of swipe up must be the number one iPhone X gotcha. Here's some of the new swipe tricks you can use.

- Swipe up to get back to the Home screen no matter where you are.
- Swipe from the upper left corner down into the center of your screen to see notifications.
- Swipe from the upper right corner down into the center of the screen for the control panel.
- Touch and drag (keep your touch as you drag) up from the bottom about an inch for multi-tasking.
- Swipe left or right at the bottom of the screen to switch apps. If you swipe too high, it activates a right swipe in the app.

Closing an app also changed. Do not swipe up to close an app. To close an app you will need to press and hold on the app until you get the red shut down dot in the upper right corner of the app. In multi-task mode swiping up will merely take you back to the Home screen.

Display

No matter what you do with the iPhone X you cannot get a battery percentage (%) display on your Home screen. Blame the notch in the hardware for this lack of space. There is a work-around, however. You can easily see your battery percentage by swiping down from the right corner of your screen to display the control panel. Note the percentage is now in the line at the top. The same is true for the headset connect icon. The iPhone X will

show you a quick headset icon when you connect a wireless headset but then flash back to signal strength and battery icon.

Power off and Hard reset

It's now more complex to turn off or hard reset your device. You need to quickly touch the up volume, down volume, and hold the power button in succession. No kidding. It is a bit of a finger dance. Quickly do it in sequence and hold the power button for about two seconds to power-off your device. Or, you can hold the volume down button and touch the power button for two seconds. To hard reset your device, you'll need to hold the power button about twelve seconds until you see the Apple icon.

The bottom line

Overall, I'm pleased with the iPhone X but it did require some relearning. The bottom line is that the clarity of the screen, the improved camera, and facial recognition make it a winner in my opinion.

Val is the CEO of K2 Enterprises which is a national technology training and consulting organization. He has twelve years experience in public practice and has been involved with the accounting technology industry for more than 30 years.

Continued from page 4

ized menu. Kicking it up a notch would be to do things like bowling, mini golf, playing games at Dave & Busters, hiking, Ewa train ride, etc., then having lunch or dinner together.

Paid Day(s) Off – With your dedicated employees spending so much time in the office getting the tax returns completed, a paid day off is another very popular perk to say thank you. Multiple days are even better. Employees will get to relax and maybe do things which they had to put off because they were working so much.

Pamper Your Employees –

Many companies bring in massage experts to loosen those tight neck and shoulder muscles, or hire chefs to prepare breakfast, lunch and/or dinner in the



office. After work, wine and beer tasting events are also popular. Pairing these activities with themed gifts such as lotions, bath products, sauces, and expensive wine and beer would be an added bonus.

Special Event – If you are lucky, there may be a concert, theatre offering, Blue Note Hawaii show, or sporting event at the time you are thinking of rewarding your staff. What better way to say “thank you” than to surprise your staff with tickets along with a nice dinner before the event. A fun and cost-effective outing would be to reserve the Bud Light Bullpen or Sky-box at Murakami Stadium and watch the Hawaii baseball team play.

Volunteer Activity –

Lastly, companies also channel their energy and complete a



volunteer activity to give back to the community and to those less fortunate. These include doing beach cleanups, providing manpower at a benefit function, or helping out an outreach service for a day. Giving out logo-wear to mark the event and having an appreciation lunch or dinner following the activity are popular. Companies also give out thank you gifts and door prizes at the lunch or dinner.

In summary, whether you spend big bucks or not, there are many ways to say thank you and show appreciation to your staff. With this challenging job market, it is imperative you do something to reward your hard-working employees and hopefully continue to retain them. Who knows, you may even attract others because of your generosity and appreciative spirit. Good luck and SPEND, SPEND, SPEND!!!

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What's
New?

Hawaii Tax Legislative Update



1 CPE
Credit hour

April 18, 2018
8:30 a.m. to 9:30 a.m.
Plaza Club - 20th Floor

Buffet buffet
from 8:00 a.m.
Program at
8:30

What happened during the 2018 Legislative Session? Join us to hear which bills passed and the impact they will have on Hawaii taxpayers and businesses. Tom will provide an overview of the tax-related bills still alive at the Legislature. Topics of interest are the Tax Cuts & Jobs Act as applied in Hawaii; the "AirBnB Bill"; proposed "fixes" to the TAT laws to upend the *Travelocity* decision; and more. Tom will also be able to present perspectives on some bills that wound up in the round time - this time.

Note: By the April 18th breakfast seminar, the legislature will still be in session, and conference committees will be meeting to consider bills. In addition, the Governor still may sign or veto any bills that the Legislature passes.

Speaker: Tom Yamachika, President - Tax Foundation of Hawaii

\$45 HSCPA Member \$55 Non-member

*** **REGISTRATION FORM** ***

Update on Hawaii Tax Measures • April 18, 2018 • Plaza Club

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HSCA 58TH ANNUAL CONFERENCE

June 22, 2018 at the Prince Waikiki

Jungle Magic in the Evolving Accounting World

Jungle Magic
Accounting
JUMANJI

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Join us at the 58th Annual Conference as we highlight many of these issues featuring our keynote address by **Tim Christen**, past chair of the American Institute of CPAs – and a funny guy! He will provide an overview of the key forces driving change for the CPA profession today and in the future.

Nick Graf, Consulting Director of Information Security with CNA Risk Control, and a certified ethical hacker. He will discuss what's in front of most people's minds today – data security and privacy. With the near daily occurrence of businesses losing customer information (due to hacking, human error, etc.), compliance with breach notification laws is a major concern. Another is that since the U.S. lacks a unified national law, various states (like New York) have passed their own data security laws.

One of Hawaii's finest prosecuting attorneys, **Chris Van Marter**, senior deputy prosecuting attorney and chief-white collar crime unit of the Hawaii Department of the Prosecuting Attorney's office, will discuss the conditions that result in fraud, why fraud schemes go undetected for so long, the most common red flags that are missed (even by professionals), and some of the best-practices and techniques for responding to fraud. Chris will also mention cases that involved CPAs – both as defendants and witnesses. The profession has unfortunately faced its own accounting scandals, and Chris will be sharing information on some of Hawaii's high-profiled cases.

It's been about six months since the tax reform (Tax Cuts and Jobs Act) has been enacted and states continue to react and respond to the various provisions. Hawaii's foremost tax experts, **Ron Heller and Tom Yamachika**, will guide you through this maze and how it impacts Hawaii taxpayers.

The deal you get for only \$275 (early member rate)? Timely updates, critical information, and sensational stories with 7 hours of CPE, local-style breakfast, Chef's special lunch, swag bag, hosted parking, awesome sponsors and HAPPY HOUR! How can you pass this up? Register now!



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FEATURED SPEAKERS



Timothy "Tim" Christen, CPA, CGMA, is Past Chairman of the AICPA and currently serves on the board of CPA.com. Tim also serves as the Chairman of the Board of Baker Tilly

International (BTI). BTI is the world's tenth largest accounting and advisory firm network. The \$3.4B organization includes 33,600 team members in 147 countries. He is Chairman Emeritus of Baker Tilly Virchow Krause, LLP (Baker Tilly). Tim has a proven track record of achieving profitable organic growth while concurrently identifying, negotiating and integrating strategic mergers. His thought leadership on culture, strategy and innovation led to Tim being recognized as one of the five Most Admired US Managing Partners by Inside Public Accounting. He has also been recognized by Accounting Today as one of the 100 most influential people in the accounting profession.



Nicholas "Nick" Graf serves as Consulting Director of Information Security for CNA's Risk Control unit. Nick has more than a decade of information security experience and

specializes in data leakage prevention, security policies, incident response, data breach and security awareness. Prior to re-joining CNA in 2011, Nick served as a Senior Analyst for Information Security Risk Assessment at HSBC. Prior to that role, Nick held roles in CNA's Information Technology unit.



Ronald "Ron" Heller, Attorney & CPA, is a director of Torkildson Katz Hetherington & Knorek, a law corporation, and practices in the areas of taxation, tax litigation, business/commercial litigation (including

CPA malpractice defense), and business law. He has served on the Board since 1988 and was the Society's president for 1994-95. An active member of the Society, Ron also served as a member of the AICPA Council in 1994-96, 2002-04, 2011-13, and was re-appointed in 2015. He also served on the AICPA Accountant's Legal Liability Committee.



Christopher "Chris" Van Marter is the Senior Deputy Prosecuting Attorney, Chief-White Collar Crime Unit, of the Department of the Prosecuting Attorney's office. His area of expertise covers prosecuting complex white-collar crimes, including securities fraud, money laundering, identity theft, and racketeering, as well as all high technology computer crimes and public corruption cases.



Thomas "Tom" Yamachika is President of the Tax Foundation of Hawaii - the 'watchdog' that keeps an eye on Hawaii's taxes. Tom is also the owner of Aloha State Tax, a small law firm with emphasis on State taxes. Prior

to going solo and the TFH, Tom was a principal with Acuity LLP where he managed the tax consulting practice, including quality and risk management and practice development.

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PROGRAM



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

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

State of the Profession / Professional Issues Update

Data Security and Privacy

Financial Fraud in Hawaii

Latest & Greatest on Tax Reform

3:30 p.m. Happy Hour!

	Register online at www.hscpa.org	TOTAL
Conference Package includes materials, complete breakfast buffet, lunch, swab bag, and Happy Hour!	\$275.00 – Member \$375.00 – Non-member After June 10: \$325.00 – Member \$425.00 – Non-Member	\$ _____ \$ _____ \$ _____ \$ _____
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SPECIAL CPE Offering

May 16, 2018 (Wednesday)

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featuring
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MARK VOGEL**

This seminar will discuss the Tax Cuts and Jobs Act (TCJA), which made significant changes that will affect all individuals and many businesses, especially the new deduction for 20% of the qualified business income.

EARLY REGISTRATION BY MAY 4

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- ◆ Identify the changes for individuals under the TCJA
- ◆ Explain the significant changes made to qualified improvement property
- ◆ Explain the new deduction of 20% of qualified business income
- ◆ Identify the changes made to methods of accounting which allow more businesses (even a business where inventory is a major income-producing factor) to use the cash method
- ◆ Recognize the changes made to estate and gift taxation
- ◆ Explain the changes made to the section 179 deduction and the additional types of property which will qualify for the section 179 deduction in 2018
- ◆ Explain the effect of the TCJA on partnerships, C corporations, and S corporations

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<https://www.hscpa.org/professional-development/TCJA17/tax-cuts-and-jobs-act>



Norman's Book Review

"Beyond The Lines: Creating a Leadership Culture to Achieve Extraordinary Results"

by Rusty Komori

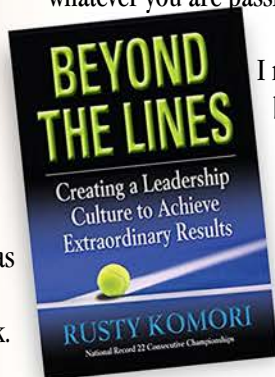
I was pleasantly surprised this month when HSCPA member, good friend, and proud Damien and Gonzaga graduate Steve Kwock gave me an autographed copy of Rusty Komori's book "Beyond The Lines: Creating a Leadership Culture to Achieve Extraordinary Results." Rusty is also a Damien graduate and Steve met him at a Damien function where Rusty was honored. Steve really liked listening to Rusty and thought I would enjoy his book.

For those of you who don't know Rusty, after graduating from Damien, he went on to excel in academics and tennis at Creighton University. He became the first tennis player inducted into the Creighton University's Hall of Fame and remains the all-time leader in singles win at 81. Given the choice of going to law school or teach tennis, he followed his heart and stayed on the tennis court instead of reading law-related items all day.

Rusty started coaching the Punahou boy's tennis team in 1994 when he was 24 years old, then led them to an unprecedented 22 state championships from 1994 – 2015. As an avid sports enthusiast, I was always amazed at how the Punahou boys team kept winning state championships. Like most people who didn't go to Punahou, I would silently root for some other underdog school team to win but alas, nobody broke through.

After reading Rusty's book, I can see why his teams were so dominant, but I also saw how hard he and his players worked to be the best they could be and win 22 state championships in a row. It probably will be a record that will never be broken, but reading the book is a good first step to learning how to win a championship if you

never have won one or being successful in whatever you are passionate about.



I really enjoyed the book as not only did it cover his blueprint for success in simple terms, but it featured players on his team, had thoughtful quotes, and asked tough questions

you need to ask yourself. The sports world would be in a better place if all coaches followed his system. Business leaders would maximize their productivity and success if they adopted Rusty's concepts. The following are highlights from his book.

The 4 P's of Success

Rusty believes there are four P's to success: People, Purpose, Process and Performance. They provide the framework for success. As he states in his book, "As a leader, when you focus on your people, identify a clear purpose, and have a detailed process in place, you then give your team the best chance to perform up to maximum potential every time. Consistent performance allows you to achieve and sustain success."

The 8 Keys to Achieving Success

According to Rusty, the 4 P's provide the framework for achieving success. The following eight Keys provide the details to achieve success. He dedicates a chapter for each key.

- Key #1 – The Character of A Champion
- Key #2 – Discipline Drives Performance
- Key #3 – Always In Control
- Key #4 – Courage and Conviction

Key #5 – You Create The Environment

Key #6 – Find Your Passion

Key #7 – Welcome Adversity

Key #8 – Real Winning Occurs Within

While you can jump around between chapters, I recommend you read the book from the beginning to the end.

Thought Provoking Questions

If winning was easy, everyone would be a winner. Unfortunately, in real life, there are very few consistent winners. If you look at these high achievers, you will find they followed the four P's and eight Keys to achieving success. They also were able to successfully answer these questions Rusty covered in his book:

- Are you willing to pay the price to be successful?
- What kind of leader are you?
- What kind of leader would you want to follow?
- Do you deal with your challenges in a positive way?
- Do you help others deal with their challenges in a positive way?
- Do you generate enthusiasm for your team members?
- What do you want your legacy to be?

Players Featured in the Book

While I don't know personally the former players he talked about in his book, some of you may know them and might learn some interesting tidbits about how amazing they were in their own way. The players covered in his book are: Chris Ma, Jason Chang, Chris Iwamura, Ikaika Jobe, Will Grosswendt, Brandon Lee, Robbie Lim, and Mikey MacKinnon.

What Kind of Person Are You? Simple Test

While there are thousands of books written about people types and their traits, Rusty has a simple test to see if you are an Intelligent, Strong or Weak person. "Weak people seek revenge. Strong people forgive. Intelligent people ignore."

Character vs. Talent

What I thought was so inspiring was Rusty's team philosophy of winning the right way. When he became head coach in 1994, he wanted to "develop champion athletes of great character first, and great tennis players second." How many coaches in Hawaii have this same philosophy? With the amount of trash talking and poor sportsmanship at all levels of competition and across many sports in Hawaii, unfortunately we have work to do.

Why You Need To Control Your Thoughts

Rusty described very succinctly in his book, why you need to control and own your thoughts. "Control your thoughts, and they become words. Control your words, and they become actions. Control your actions, and they become habits. Control your habits, and they become your character. Control your character, and it becomes your destiny."

Ideal Body Temperature

How many of you get clammy hands, sweat profusely, or experience elevated heart rates when you are nervous? How many of you get really mad and hot headed when things don't go your way? You will not achieve peak performance if you allow your emotions to get the best of you. Rusty has found the ideal body temperature for peak performance is between 86 – 88 degrees. He has his team simulate pressure situations in practice so they are able to compete at their optimal internal temperatures during competitions.

Better At One Thing

I always thought tennis players strived to be the best at all things in their game and would win their match if they were better in more things than their opponent. Rusty shared an interesting insight about winning tennis matches . . . "You don't have to be better than your opponent at everything. You just have to be better at one thing and do that thing over and over again." Additionally, "it is more important for players and teams to work toward having zero weaknesses. You might not have many strengths, but having no weaknesses always puts you in a favorable position to win."

Trophy Case Size

I bet many of you assumed Rusty must have one room in his house dedicated to all the trophies and accolades he has won and received over the years. You will be surprised to learn he hasn't kept any of the 22 humongous state trophies his teams have won. Instead he has given each one

"to the one player he felt significantly represented the team that year with the highest standards of excellence." This truly reflects the kind of person Rusty is and shows his character.

Summary

I hope you see what an awesome coach, mentor and person Rusty Komori is, and reading his book will give you great insights into being a better leader, person and coach. I think any parent would want their child to learn tennis from him and be lucky enough to make his team. Although he left the Punahou program to write this book and share his knowledge with others, former player Ikaika Jobe has taken over the Punahou tennis program and has continued Rusty's vision and legacy. My CFO's two daughters take tennis at Punahou and she confirmed Rusty's vision is alive and well. She and her daughters love the tennis program and it has been such a positive experience for her girls.

Request for Proposal for Audit and Tax Services

The Hawaii Society of CPAs is accepting proposals from Hawaii CPA firms to provide audit and tax services for the fiscal years ending June 30, 2018 through June 30, 2021. The proposal must be submitted by June 30, 2018 for consideration by the HSCPA Budget and Finance Committee, subject to approval by the Board of Directors.

The proposal must include the following:

- Confirmation of scope of services being offered to include audit of the financial statements of the HSCPA and preparation of the related tax returns for the years ending June 30, 2018, 2019, 2020 and 2021;
- Availability to present the audit report and management recommendation to the Board of Directors, if requested;
- Estimated fees and expense reimbursement policy for each of the four years;
- Copy of your firm's most recent peer review report, the related letter of comment and your firm's response to the letter of comment, if applicable.

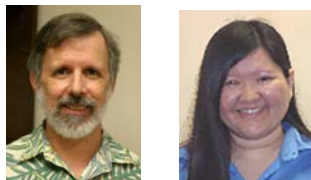
The HSCPA will evaluate proposals on a qualitative basis. This includes the review of the firm's peer review report and related materials, interviews with senior engagement personnel to be assigned to the HSCPA, and the firm's completeness and timeliness in its response to us.

Proposals must be received by June 30, 2018. Send to:

Hawaii Society of CPAs
Budget & Finance Committee
P.O. Box 1754
Honolulu, HI 96806

CPA FIRM MICROCOMPUTER TECHNOLOGY

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



There are two white papers that I would recommend for your reading regarding the new technology called blockchain, Technological Disruption of Capital Markets and Reporting? An Introduction to Blockchain from CPA Chartered Professional Accountants Canada, and Blockchain Technology and Its Potential Impact on the Audit and Assurance Profession sponsored by the AICPA in conjunction with several other organizations. You can use Google to get to both of these articles. The information in this article was taken from these articles.

If blockchain technology hasn't yet appeared on your radar, it will, because this technology is coming and it has the potential to dramatically change the way we do business and have dramatic impact

on various professions including ours.

So, what is blockchain? It's a digital ledger created to capture transactions conducted among various parties in a network. It's a peer-to-peer, Internet-based distributed ledger which includes all transactions since its creation. All participants using the shared database



each maintain an identical copy of the ledger. Every entry into a blockchain is a transaction that represents an exchange of value between participants.

When one participant wants to send value to another, all the other nodes on the network communicate with each

other using a pre-determined mechanism to check that the new transaction is valid. The mechanism is referred to as a consensus algorithm. Once a transaction has been accepted by the network, all copies of the ledger are updated with the new information. Participating nodes can add new, time-stamped transactions, but participants cannot delete or alter the entries once they have been validated and accepted by the network. A properly functioning blockchain is thus unchangeable despite lacking a central administrator.

Characteristics of a blockchain include near real-time settlement, distributed ledgers, irreversibility, and censorship resistance. In contrast to the current capital markets which require centralized transaction processors such as banks or credit card processors who add risk and fees to transaction processing, a blockchain allows parties to transact directly with each other through a single distributed ledger thus eliminating one of the needs for centralized transaction processing. In addition to being efficient, blockchain is considered reliable because there is no one point of failure; no single party controls a blockchain and no single party can modify it or turn it off. In a future article, we will consider how blockchain has the potential to change the audit process.

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.

Hawaii Practices For Sale

Gross revenues shown: Hawaii Island CPA-\$383K, accounting (57%), tax (42%), quality clients, strong fee structure & staff in place; Hawaii Neighbor Island CPA-\$1M, 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.

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



Generations At Work

By Yumi Ueda



As we see more and more young people in the office these days, a common topic that comes up in discussion is generational differences in the workplace. This is the first time there are more than three generations in the workforce today (Traditionalists, Baby Boomer, Generation X, Millennials, and Generation Z). Managing, communication, and motivating employees is different for each generation.

There are numerous studies and research done on this topic thus far. Although each generational study differs slightly, they all list similar characteristics for each generation.

Traditionalists (born prior to 1946) value hard work and dedication. They favor direct leadership style (don't question authority) and are more conservative.

Baby Boomers (born between 1946 and 1964) are known as the workaholics. They value team work, work ethic, and favor a collegial leadership style.

Generation X (born between 1965 and 1980) value diversity and independence. They are more entrepreneurial and value leadership that respects everyone.

Millennials (born between 1980 and 1995) are the multi-taskers who want a balanced life style and meaningful work. They tend to use email and text as preferred communication. They value immediate and ongoing evaluations and performance reviews.

Generation Z or Centennials (born between 1995 and 2010) are thought to be conscientious and hard-working.

Keeping these things in mind will help us when dealing not only with our co-workers, but also with our clients. Some clients might want a text message if you need something from them. Some clients prefer email. Others want a phone call.

In addition to behaviors and communication style, another difference between the generations today are social media preferences. This information can be very useful to businesses that use social media for advertising. It can also be helpful to employers who scout potential employees on social media sites before hiring them.

Based on research similar to generational studies, it has been noted that Facebook and YouTube is the most preferred social media site for Baby Boomers and Generation X. Millennials use mainly Facebook and YouTube, and Generation Z tend to use social media sites like Instagram and SnapChat.

Since we are in the middle of tax season, I have been looking through many tax organizers. I like to see what people write for "preferred method of contact _____". The majority say "phone" or "email". More commonly I am seeing responses for "text". But once in a great while I will see one that says "[mail](#)".



TAX FOUNDATION OF HAWAII

Hawaii's Watchdog on Taxes & Government

By Tom Yamachika

Trump Tax In Hawaii?



One of the more visible tax issues that our lawmakers will be thinking about this session is how to adapt the new federal tax law changes, sometimes called the Tax Cuts and Jobs Act and what we have been calling Trump Tax, to Hawaii.

Each year, our Department of Taxation is required to consider the federal tax changes that have taken effect during the prior year, and then present a bill to the legislature containing its recommendations on conforming the state tax law to the federal code.

Why do we conform to the federal code in the first place? "It is the intent of this chapter," our income tax law says, "in addition to the essential purpose of raising revenue, to conform the income tax law of the State as closely as may be with the Internal Revenue Code in order to simplify the filing of returns and minimize the taxpayer's burdens in complying with the income tax law." This language was enacted in 1957 and has stayed the same for the last sixty years.

We aren't the only state to conform to the code. Most states do, as shown on this map from the national Tax Foundation:

Against this backdrop, our Department of Taxation's recommendation for conformity was: "Let's not do it."

You like the mortgage interest deduction and you don't want to see it go away? It won't. Perturbed by limits on the deduction for state and local taxes? Don't be, because we won't adopt the limit. You like your miscellaneous itemized deductions? You can still take them! The only small difference is that you can take them for Hawaii income tax only.

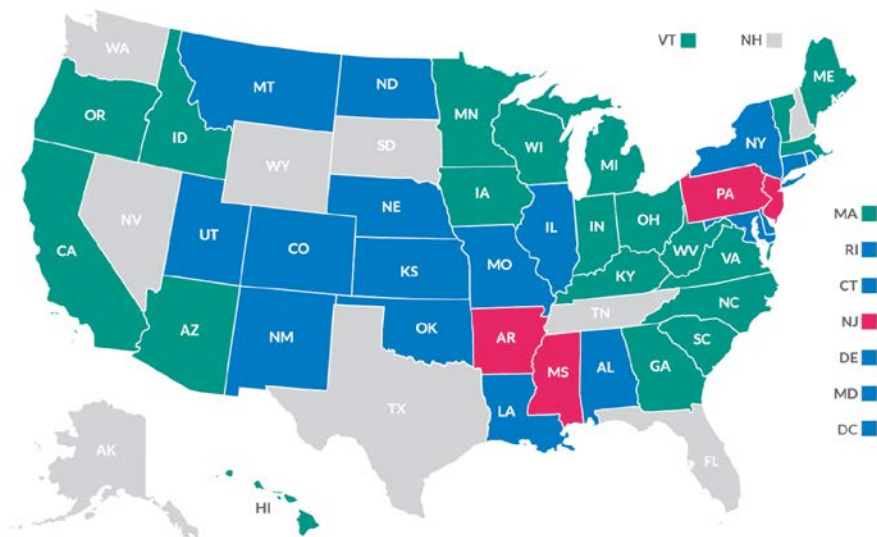
Is this what we want to do? Turn back the clock sixty years?

You might remember the Tax Reform Act of 1986, which, like Trump Tax, took away many special deductions in favor of

a simpler, broader tax calculation with a lower rate. In 1987, Hawaii faced the same choice. To conform or not to conform, that was the question. But instead of turning our back on conformity, we embraced it. We adopted the Tax Reform Act changes and dropped our individual tax rates. As a result, most of us are spared the pain of doing tax calculations a second time for state-specific issues and of keeping the records and audit trails necessary to support the numbers that we put into those tax calculations.

Shouldn't we be considering doing the same thing this time around as well?

Does Your State's Individual Income Tax Code Conform With the Federal Tax Code?



Note: States conform to the federal tax code on either a static or rolling basis. Static conformity means conforming to the Internal Revenue Code (IRC) as of a specific date, such as January 1, 2016. Rolling conformity means adopting IRC changes as they occur. Source: Bloomberg BNA

- Rolling Conformity
- Static Conformity
- No Conformity (State Calculation)
- No Individual Income Tax



H S C P A

Identifying Tax Benefits Available to Families Caring for Special Needs Children

July 27 (Friday) ♦ 8:30 to 12:00 noon

Prince Waikiki

What
Keeps you up
at night?

- What tax benefits are available for my clients with special needs children?
- Will I have to care for my aging parents while raising children or heading into my own retirement?
- Who will take care of my disabled child when I can't -- and how will they have good quality of life and maintain government benefits?

This course will discuss a variety of unique tax and financial planning issues related to families and their members, and include recent tax changes under the Tax Cuts and Jobs Act that affect such planning. We will be comparing 2017 to 2018 legislation.

This course reviews the tax planning issues (including up-to-date tax changes) confronted by families caring for those with special needs.

The course addresses the various statutory and court-determined requirements that must be met for a dependency deduction exemption, a medical expense deduction, impairment-related work expenses, and the child and dependent care credit. In addition, other credits are reviewed, including the adoption credit, and the earned income tax credit. Furthermore, the session will focus on some financing nuances associated with the medical expense deduction (i.e., retirement planning distributions and home equity loans), the tax benefit rule, and the interaction of the medical expense and home equity deductions, as well as other financing techniques, with the Alternative Minimum Tax. As the definition of "family" expands, CPAs and other financial advisers need to understand the income tax and financial planning opportunities available in assisting families as they plan for their unique situation. A Case Study will also be provided.

Additionally, there will be information provided as to the top mistakes made for planning for a special needs dependent.



Thomas Brinker, CPA/PFS, JD, LLM, CGMA, ChFC, CFE, AEP, is a Professor of Accounting at Arcadia University. He also serves as Executive Director for the MBA program and Chair for the School of Global Business. He is currently a tax consultant for the special needs community and to local CPA and law firms in the Philadelphia area. His practice concentrates on tax planning and compliance for individuals and businesses.



Kirk S. Barth, CFP®, ChSNC®, CLU®, ChFC®, LUTCF, is an investment advisor with MassMutual Pacific, and the owner of Special Needs Hawaii, a financial and special care planning firm. Kirk's diverse experience has also led him to become a financial professional focusing on Special Needs Planning, helping families with dependents with special needs plan for the future as well as retirement strategies, business continuation strategies, and life insurance.

Special
Offer!

Member
\$150*

Non-member
\$250*

**Includes complete buffet breakfast, program materials, parking
Four (4) CPE credits**

***Early registration by
July 13, 2018**



2018 TAX BOOK ORDER FORM

ALL SALES FINAL



2018 CCH U.S. Master Tax Guide – \$68.00 / \$78.00

The U.S. Master Tax Guide provides helpful and practical guidance on today's federal tax law. This 101st Edition reflects all pertinent federal taxation changes that affect 2017 returns and provides fast and reliable answers to tax questions affecting individuals and business income tax.



2018 RIA Federal Tax Handbook – \$55.00 / \$65.00

Designed to provide quick and easy access to critical tax questions, the RIA Federal Tax Handbook offers comprehensive, insightful guidance on federal tax law, including the latest regulations, rulings, and revenue procedures as well as precise explanations about changes that could impact your business or your clients.



2018 Taxes of Hawaii – \$26.00 / \$35.00

Hawaii's only comprehensive tax-season tool! Updated annual publication with all the new state tax laws and court decisions. An invaluable reference used by Island and mainland CPAs, tax preparers and bookkeepers, as well as attorneys, small businesses, individual taxpayers and students. Includes income tax rate tables, specimen tax forms and vital information on income. General Excise, use, estate, property, unemployment, transient accommodations and other taxes.

2018 TAX BOOK ORDER FORM

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_____ 2018 CCH U.S. Master Tax Guide	\$ 68.00	\$ 78.00	_____
_____ 2018 RIA Federal Tax Handbook	\$ 55.00	\$ 65.00	_____
_____ 2018 Taxes of Hawaii	\$ 26.00	\$ 35.00	_____
Mailing: Postage & Handling*			
_____ \$8.00 for 1st book (HAWAII ONLY)	1 - \$8.00	1 - \$10.00	_____
_____ \$4.00/book for 2nd book & thereafter	2nd + - \$4.00	2nd + - \$6.00	_____
*Mainland/International - call for pricing			
TOTAL AMOUNT DUE			_____

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

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

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