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KĀLĀ

The Official Publication of the Hawaii Society of Certified Public Accountants

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The Official Publication of the Hawaii
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President's Message

By Darryl Nitta



Leadership in Mentoring

In this two-part series, I will be discussing mentorship. As everyone well knows, I needed A LOT of help to get to where I am today as the President of the HSCPA. Credit definitely goes to my family, friends, teachers, and coaches for providing me guidance throughout the years. However, to keep things relevant I will be featuring two of my HSCPA mentors, Wendell Lee and Norman Okimoto. These former HSCPA Presidents have given, and given, and given to help promote our CPA profession and we are so grateful to have them still involved with the HSCPA.

Up first is Wendell Lee. He began his service on the HSCPA Board of Directors in 2006 and was President from 2009-2010. Wendell led our advocacy efforts in making peer review mandatory for firms practicing in Hawaii, but we won't blame him for the actual language in the law. Wendell retired from public accountancy in 2016 and is now a full-time instructor at UH-West Oahu. He thoroughly enjoys guiding students on their journey to become future accountants.

Wendell has been my boss at PwC and Accuity since I began my accounting career in 2001. Back in 2006, I remember the day he called me into his office and told me about the Y-CPA initiative that the HSCPA was starting. He glowed with excitement and was confident that I could become a valuable contributor to our

profession. I initially thought I was in trouble for something! He took that leap of faith in me as a young professional and in the back of my mind I wasn't going to let Wendell down. The following is a quick Q&A with Wendell Lee:



DN: Who was your HSCPA mentor?

WL: Our Executive Director, Kathy Castillo.

DN: What was your best experience during your reign as HSCPA President?

WL: Really getting to know other local CPAs here on Oahu and on the neighbor islands. In 2006, we had just formed Accuity and everyone was supportive. When I was part of PwC, I had blinders on about our local accounting community, especially the smaller firms. I was very impressed with their dedication and expertise.

DN: What keeps you up at night about the CPA profession?

WL: The industry needs to change to adjust to a new workforce and the reduction in numbers of accountants achieving certification.

DN: Any last words of advice for me as I embark as HSCPA President?

WL: Trust your instincts and ask others for help. It can get lonely as a leader of a volunteer organization to ask for more commitment from others. Sometimes people just need to be asked.

I really like the insights and words of advice! And I will definitely remember to ask the Board and membership for help every chance I get if it will help us meet our goals.

So, what makes Wendell such a great mentor? Wendell has always been a passionate leader with big visions. He constantly reminded me that building and sustaining quality relationships with clients, co-workers, and other professionals was his secret to success. Looking past his passion, his vision, and his relationships, Wendell's most important mentoring attribute was that he believed in me and always had my back. I will remember the unwavering faith that Wendell has shared with me and I hope that you, as mentors, will do the same with your mentees.

Looking ahead: Part II of Mentoring will feature another former HSCPA President, Norman Okimoto!



Why Do Accountants Get Paid Last?

By Hugh Duffy



The relationship between the professional service provider and client is built on trust, respect and timeliness, yet why do so many

CPAs and accountants have a seemingly difficult time asking for, and receiving, payment for their own services?

Do they push off back-office and operations-related matters, so they can concentrate on more billable activities? Are they afraid they'll fracture the provider-client relationship and the client will go elsewhere once he or she is asked for payment?

Every firm is different, and while there's certainly not a definitive answer to these questions, the problem isn't necessar-

ily why the accountant has a hard time coming to terms with payment; it's more about the process the firm uses to actually collect its money.

In most professional service businesses such as legal and consulting firms, the client pays a significant portion of the estimated fee upfront as a retainer. It's not unusual that 50 percent of the projected cost will be paid when a project begins, yet accountants typically don't request payment until after the service has been rendered. The invoice is then mailed out and payment may not be received for 30 to 60 days later, sometimes even longer. According to a study published by Accounting Today, 30 percent of invoices are paid 31 to 90 days after the service has been provided and another five

percent take over 90 days to receive payment. Essentially, 35 percent of invoices that go out will become aged.

In today's digital age, this is absurd. Can you image ordering a book from Amazon and paying for it 35 to 60 days later? If that's the case, then why should accounting firms wait to get paid? In other words, why does the accountant get paid only after a business owner covers payroll, overhead expenses, and miscellaneous expenses? Is it because they often know their accountant won't complain as loud and won't ding their credit?

In discussing this issue with many accounting firms around the country, here are three fundamental ways to obtain

Continued on page 13

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Have You Been Hacked? How Would You Know?

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



Have you been hacked?
How would you know?
In today's increasingly-risky technology environment, these are fair

— and necessary — questions to consider, both at a personal level and at an organizational level. Read on, and you will learn some of the tell-tale signs that your data, or that of your organization, has fallen into the wrong hands.

Understanding the Risks at a Personal Level

Different types of data are subject to different types of risks; accordingly, our detection mechanisms must recognize this reality. For instance, if we consider the risk associated with an attack on one of your personal devices, it is altogether likely that the hacker is intending to use that data to create an ill-gotten profit. In situations such as this, often the hacker is trying to compromise your authentication credentials — usernames, passwords, pass phrases, etc. — to one or more of your financial accounts. If successful, the hacker will typically immediately act on that account to steal the funds that are in the account.

RISK ALERT! *Situations such as the one described above often arise when you unwittingly enter your credentials to a financial account when logging-in over an unencrypted, public wi-fi network, such as those often found in coffee shops, hotels, and restaurants. We urge extreme caution when*

connecting to the Internet through these type of accounts, including avoiding them altogether, given the relatively high risk associated with them.

From the standpoint of attempting to detect this type of hack, establishing settings on your online financial accounts to send notifications to you are often the best course of action. For example, many financial institutions allow you to establish settings to send automatic notifications



to your smartphone whenever a transaction posts to your account. By monitoring these notifications, you should be in a much better position to quickly detect any illicit activity on the account. In addition, you should routinely check your personal credit reports for signs of improper activity. You can obtain a copy of your credit report from each of the three major credit reporting companies once each year; perhaps a strategy of establishing a rotating schedule to obtain one report every four months would be in order.

What About our Corporate Data?

The risks associated with corporate data differ rather significantly compared to those associated with personal data. When a hacker attempts to breach a corporate network, the effort is often directed to obtaining large volumes of data in the attack, instead of the data associated with a single entity, such as a customer or a team member. Many of the widely reported corporate breaches in the past ten years — including Yahoo, Target, and Equifax — have involved over 100 million records in each attack.

In addition to differing in size and scope as compared to individual attacks, corporate data breaches generally differ from hacks of individual accounts in what the hackers do with the compromised data. When hackers breach corporate data, typically they “package” it and sell it to others, who will in turn use it for ill-gotten gain. For example, a hacker may launch an attack against your corporate data network and, in the process, gain access to credit card information that you may have on file for many of your customers. Upon doing so, in many cases the stolen credit card information will be sold to others — often on the “Dark Web” — who will then use it to make fraudulent purchases. Unfortunately, in many situations, such as the one described, it will be months before the affected organization learns of the breach; in fact, Verizon’s 2018 Data Breach Investigation Report indicates that 68% of data compromises are not discovered until



months after the attack occurs, indicating a clear need for organizations to ramp-up their detective internal controls. Some of the methods by which they might do this include implementing Security and Incident Event Management (SIEM) tools, deploying monitoring software to analyze networks for suspicious activity, and utilizing Data Loss Prevention (DLP) tools to block outbound transmissions of sensitive data. Another good option might be to visit www.haveibeenpwned.com. At this site, you can, for example, enter your corporate email domain to determine how many of your team members' email accounts have been compromised in any of the data breaches that have been reported and are being tracked in the site's database. By the way, you may be surprised to find that over 5,000,000,000 records are in the database already!

Ransomware – A Threat to All

One area of risk that is common to individuals and organizations is ransomware – malicious software that takes control of your data and holds in hostage in exchange for ransom. In theory, if you or your organization become the victim of a ransomware attack and you choose to pay the ransom, the cybercriminals will return control of your data; however, a disturbing pattern has emerged over the past two years in which the cybercriminals elect not to return your data to their victims, even though the victims paid the ransom. In a widely-reported incident, the City of Atlanta government became the victim of a ransomware at-

tack in March 2018. Many news outlets have reported that the cybercriminals demanded a ransom payment of \$51,000 and that this amount was not paid. Total remediation losses have been estimated to be approximately \$5 million.

Unfortunately, if you or your organization become the victim of a ransomware, your first evidence of such an attack probably will be a notice that appears on your computer screen demanding payment of the ransom – and by then, it's too late! This is a case where “an ounce of prevention is worth a pound of cure.” Appropriate and necessary preventive controls include training team members not to click on file attachments and links in email messages, keeping operating systems and applications fully patched and up-to-date, deploying effective anti-malware tools and ensuring the malware definitions are updated multiple times each day, and utilizing tools such as Windows Controlled Folder Access (CFA). CFA utilizes what is commonly referred to as “whitelisting” to block unauthorized applications from changing files in a set of user-defined folders. If such an application – often ransomware – for example, attempts to change a file in your Documents folder, CFA blocks that activity and alerts you to the fact that it prevented the change.

Summary

Our personal and organizational data are under a constant state of siege and this trend shows no sign of abating. While we should have effective preventive controls

in place to minimize the probability that our data will become breached, the reality of the world in which we operate is that it may already be compromised and, if it has not been, then someone, somewhere in the world, could very well be attempting to access it right now. To that point, we must also have appropriate detective measures in place to prevent such a breach from having a disastrous impact. At an individual level, controls such as notifications, monitoring credit reports, and reviewing financial accounts can all be effective at alerting you to a breach. At an organizational level, given the size of the databases in use, more sophisticated tools such as SIEM, DLP, and monitoring software may need to be deployed to alert you to suspicious activity. And all users must be aware of the risks associated with ransomware and take advantage of tools, such as CFA, to not only stop a ransomware attack, but also alert you to the fact that one is underway. Sometimes it can seem as if we are fighting a losing battle, but if you will implement the types of controls discussed here, you will no doubt improve the security of your data and set the stage for alerts to suspicious activity.

In addition to being a CPA, Mr. Stephens is a shareholder in K2 Enterprises, LLC, where he develops and presents continuing professional education programs on a variety of subjects, including information security. You may contact him at tommy@k2e.com

5 tax planning tips to help you benefit from tax reform

By Susan C. Allen, CPA, CITP, CGMA – AICPA Senior Manager, Tax Practice & Ethics

One thing is for sure, life is constantly changing. We must stay flexible and make the most out of the situation. The same is true for taxes. With the recent passing of the Tax Cuts and Jobs Act, many taxpayers will see changes to their tax situation. Now is the time to plan for those changes and embrace the opportunities.

Here are five tax planning tips to explore today.

Consider adjusting your withholding and estimated tax payments (if you haven't already) and making tax-savings deferrals.

No one likes surprises when it comes to their tax bill. With the many 2018 tax law changes, it's important to revisit how you

are withholding taxes from your paycheck. If you're withholding too much, you'll get a bigger refund at the end of the year when you file your taxes, but you could have had that money sooner. If you will owe more taxes this year, increasing your withholding and/or paying estimated tax payments can mitigate a large tax bill when you file your return. Plus, there are interest and penalties that you could be assessed if you don't pay enough taxes throughout the year.

The IRS has revised its [2018 withholding tables](#) based on the new tax laws, and taxpayers should consider updating their [Form W-4](#), Employee's Withholding Allowance Certificate, with their employer. The IRS also provides a [withholding cal-](#)

[culator](#) to help you determine the effect of the 2018 tax changes (though you will likely still need professional guidance).

Also, explore other tax savings deferral opportunities that are provided by your employer, such as increasing the amount you are deferring to a 401(k) and putting more money in a health savings account or flexible spending account.

Consider "bunching" certain expenses so you're able to maximize tax benefits.

The standard deduction is now double what it used to be, and millions of taxpayers will no longer itemize their expenses. This means certain taxpayers will no lon-

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ger receive a tax benefit from deductions they used to regularly claim. However, with some careful planning, you can still see benefits from some of your old deduction friends. For example, if you are a charitable person, consider bunching your donations into one tax year so that you reap the tax benefits of those gifts.

For small business owners, understand the new deduction for qualified business income (QBI).

There is a new deduction that allows owners of sole proprietorships, S corporations and partnerships to deduct up to 20% of their business income. The intent of this new deduction is to help these business owners keep pace with the large tax cuts associated with C corporations (C corporations now pay a flat 21% tax rate, a big cut from the prior-law graduated rates of 15%, 25%, 34% and 35%).

There are many complexities associated with this new deduction, including limitations, income phase-outs, questions about what is considered “income” for purposes of the deduction — to name a few.

Given these changes, you may want to rethink how your business is structured. Careful analysis is needed to determine if you’re financially better off being a sole proprietorship, flow-through entity or a C corporation.

Consider paying down your home mortgage and home equity loans.

Because of the increased standard deduction, some taxpayers will no longer

receive a tax benefit from the mortgage interest paid on their home. Plus, under the new rules, you can’t deduct interest paid on your home equity loan or line of credit if the money was used for purposes other than buying or improving your home.

Now is a great time to look at your balance sheet. Review your assets and liabilities, pay attention to the interest rates you’re paying (net of any tax savings), and start paying off debt.

Taxes are always a huge consideration, but overall financial stability and debt

management should be your focus.

Talk to your Certified Public Accountant (CPA).

It’s advisable to talk to your CPA to help you navigate the constantly changing and complex tax laws. CPAs must comply with extensive education and experience requirements, making them the best tax professional for you to consult about these changes. Visit the [360 degrees](#) of financial literacy website to learn about the benefits of choosing a CPA for all of your tax needs and to find a CPA in your area.



UPCOMING EVENTS

August 1

[Hawaii Taxes on Interstate Sales – Is it a New Ball Game?](#)

August 22

[Complete Guide to Payroll Taxes and 1099 Issues](#)

August 23

[Hot IRS Tax Examination Issues for Individuals and Businesses](#)

August 28

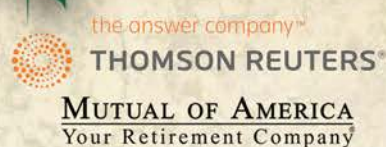
[A Practical Guide to Trusts](#)

August 29

[Estate and Financial Planning for the Baby Boomers](#)

August 30

[The Complete Guide to the Preparation of Form 1041](#)



It's A Jungle in the Accounting World

It's a wild and exciting time to be an accountant! That was confirmed by the outstanding program line-up at the recent 58th Annual Conference on June 22, 2018. Attendees gained valuable insights from leading experts and also enjoyed networking with peers.

Thank you to all who attended, great speakers, and to our valuable sponsors: Corporate Lunch Sponsor – American Savings Bank; Conference Partners – ADP, Ceridian Hawaii, Mutual of America and Thomson Reuters.

Fulfilling his last official duty, President Norman Okimoto presided over the Annual Election/Members' Meeting as voting members elected the new officers and directors for the 2018-2019 year and approved an amendment to the Bylaws for expanding the Associate membership with a voting member sponsorship.

Kicking off the Conference, AICPA past chair Tim Christen provided the latest updates in regulations, standards, technology and demographic changes that are causing accelerated changes in the profession. As CNA's Nick Graf noted, cyber security is an everybody issue and he shared how to protect your systems from malicious intrusions.

A most intriguing presentation, senior deputy prosecuting attorney Chris Van Marter highlighted the 'innovative' schemes of various financial fraud cases in Hawaii. He also provided tips on how to report suspected fraud activity which can be a critical aspect in combatting the case.



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Standing between the last session and happy hour were HSCPA's tax trio . . . Ron Heller, Kurt Kawafuchi and Tom Yamachika. They managed their time efficiently with updates on the latest in tax reform, both at a national and local level.

Congratulations to the 2018-2019 leadership as they were installed by a "leader of the pack", Tim Christen. They playfully got into the jungle fever mood and posed for their annual photo. President Norman Okimoto proudly passed on the gavel to incoming president, Darryl Nitta. We also bid aloha to outgoing Board members Jim Hasselman, Wendell Lee and Warren Wee. They all spearheaded various important initiatives for the betterment of the HSCPA. Thank you for your support and dedication!

Thank you very much to our valuable sponsors . . . Gabe Lee of American Savings Bank, Jessica Reisig of ADP, Peggy Maxwell-Luke of Ceridian Hawaii, Ross Polakoff of Mutual of America, and Barbara Howarth of Thomson Reuters. Special thanks to the great staff at the Prince Waikiki and to Richard Ma of Presentation Resources for A/V and photography services.

Mark your calendars and save the date for next year's 59th Annual Conference on June 28, 2019! Professional ethics will be the highlight – and required by the December 31, 2019 license renewal.

To view the complete photo album of the 58th Annual Conference, go to www.hscpa.org.



It's A Jungle in the Accounting World



Hawaii Practices For Sale

Gross revenues shown: Island of Kauai CPA-\$785K, acctng (46%), tax (39%), payroll (12%); Hawaii Island CPA-\$367K, accounting (57%), tax (42%), priced to sell below 1xgross!; Hawaii Neighbor Island CPA-\$1M, Tax (49%), acctng (46%), other (5%); Honolulu CPA Majority Partnership Opportunity-60%+/\$300K. 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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**ACCOUNTING
PRACTICE SALES**
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Continued from page 5

more control and speed up your payment processing system.

Value Billing

The implications of hourly billing on cash flow cannot be understated. Professional service firms that elect to bill hourly create conflict and uncertainty in their billing practices and this makes it harder to process payments in a timely manner. Think about it, how many times have you received a bill from a professional service firm and cringed at the hours billed and corresponding bill, sat on it, maybe even complained about it, and then took your time to request payment as a silent protest. It's a common practice and is guaranteed to slow down your ability to get paid promptly.

By adopting a value billing (fixed fee) system, your accounting/tax fees become well understood and part of the stack of bills which do not get scrutinized closely. They are budgeted in advance and paid regularly like the rent payment.

this is addressed along with the engagement agreement. Think about it, small business owners realize that you are not performing this service gratis and are more than willing to provide their checking account information to their trusted accountant if the fee is fixed and known in advance. And, it will be one less bill they have to cut a check for.

Use Payment Technologies

Just like there are technology applications to increase your efficiency for accounting, tax and payroll

tasks, there are also apps to process payments with more control and efficiency.

Incorporating these

apps into your payment processing will make it easier to receive payment and gain control over getting paid faster. For example, we have been advocating that

our accounting clients incorporate ACH processing into their billing system, so they can get paid three to five business

days after the invoice is generated, which increases cash flow and lowers accounts receivable.

Get More Control Over Accounts Receivable

Looking back, it's easy to laugh at paper tax returns, dropping off and picking up write up work, hand written ledgers, and storing mountains of paper for years. Well, it's more than time to use a little more technology along with best practices to improve your cash flow and reduce the amount of time chasing slow paying clients. As Home Depot would say, "Let's Do This."

www.buildyourfirm.com. 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.

Billing Processing is Addressed Upfront

At the onset of each new business engagement, it's absolutely essential to discuss billing processes as part of any expectation of doing business. While many accountants are apprehensive to do this, this is the best time to agree upon the form of payment and particulars to avoid issues. Often, accountants that use ACH payment processing (eCheck) are surprised at how easy it is to obtain agreement from the business owner if



*In Memory Of
Fae Y. Togo
1957 - 2018*

Our sincere regret at the loss of a colleague, friend and member of the HSCPA since 1984. We wish to express our deepest sympathy to her family and friends.



Norman's Book Review

"How To Be Well"

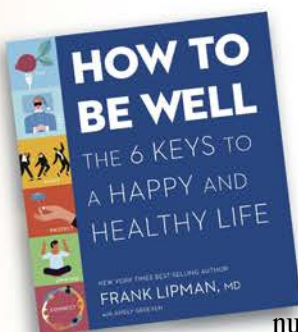
by Dr. Frank Lipman, MD

I must admit, I was drawn to this book at Costco by the vibrant colors of the book cover, and the book's simplicity and positive vibes when I thumbed through it. On Amazon, out of 27 reviews, the book received 26 "5 stars" and 1 "4 stars." I know there are numerous health books in print already, and your book shelves and/or readers might contain many of them too. This book is worth adding to your personal library because it is well written, easy to follow, and easy to reference back to because of its awesome table of contents and book layout.

About the Author

Dr. Frank Lipman, MD, is a New York Times best-selling author of five books, with "How To Be Well" being his most current book. Originally from South Africa, Dr. Lipman immigrated to the U.S. in 1984, where he became the chief medical resident at Lincoln Hospital in Bronx, NY. In 1992, he founded the Eleven Eleven Wellness Center in NY, where he "combines the best of western medicine and cutting edge nutritional science with age-old healing techniques from the East." He also founded the "Be Well" lifestyle wellness brand in 2010, "to help people create, sustain and lead healthier lives." Here are links to see the author talk about "[How To Be Well In 60 Seconds](#)," as well as his "[Secrets For A Healthy Diet](#)."

Eleven Eleven Wellness Center (EEWC)



In keeping with the theme of the book, his EEWC "promotes lifestyle changes through diet, nutrition, exercise

and stress management. In addition to Western medicine, EEWC uses a variety of non-invasive modalities such as Acupuncture, Physical Therapy, Chiropractic, Active Release Technique, and Nutritional Counseling." EEWC is staffed with an MD, Chiropractor, Pharmacist / Nutritionist, Acupuncturist / Massage Therapist, Integrative Psychotherapist, and Holistic Health and Nutrition Coach.

Six Keys to a Happy and Healthy Life

The book centers around the six keys listed below from the book, which the author firmly believes "represents the six spheres of life that are the pillars of long-lasting health, with you standing in the center of the rings. When all spheres

are optimized, you will be a leader in living a healthier and more fulfilling life."

The author dedicates a chapter to each "ring" with a final chapter on "What To Do When..." Each morsel of information has a page reference in the table of contents, so you can easily jump around and reference different topics easily.

Don't Sweat the Salt Stuff

Quite a few of you have to watch your salt intake per doctor's orders. What I thought was interesting in the book was the type of salt you use makes a big difference, and assuming you are taking good care of your body, you need a certain amount of healthy salt intake. There is a difference between sea salt, table salt and Pink Himalayan salt. "Sea salt contains over 80 valuable trace minerals that play essential roles in physiological functioning and is good for you. Re-

THE GOOD MEDICINE MANDALA

The Good Medicine Mandala is a circular system in which you, not a doctor or any other authority figure, stand at the center. Six rings surround you, representing the six spheres of life that I know to be the pillars of long-lasting health. When you restore or optimize all these spheres, you will lead the pack in terms of your standard of health and enjoyment of life.

The Six Rings of Good Medicine ripple outward from the most material aspect of health—the food you eat—to the subtlest one, which is your sense of connection to the World at large.

MOVING FROM THE INNER RING AT THE CENTER, OUTWARD THE SIX RINGS ARE:

HOW TO EAT	Mastering the very building blocks of life-food
HOW TO SLEEP	Reprioritizing and restoring one of your most fundamental needs
HOW TO MOVE	Ensuring the body moves in all the ways that nature intended it to
HOW TO PROTECT	Mitigating and preventing the invisible assault of everyday toxins
HOW TO UNWIND	Consciously switching off to allow for complete mental and physiological reprieve
HOW TO CONNECT	Awakening and enhancing a sense of belonging and meaning

fined table salt has been bleached and baked into shimmering white crystals and lack these minerals. Pink Himalayan salt is considered the purest and best kind of unrefined salt.” As a side note, iodized salt has three essential minerals – iodine, sodium and chloride.

Sugar Is Not Your Friend

When food or flavored drinks “tastes yummy,” usually it has sugar or an artificial sweetener in it. The author is very adamant that “SUGAR IS PUBLIC ENEMY #1: THE WORST TOXIN WE EXPOSE OURSELVES TO DAILY.” He doesn’t mince any words in his book about how destructive sugar is, especially fructose. “Sugar alters your hormones so you eat more, it spikes your dopamine which increases your sugar craving, it fuels candida – an unwanted fungus that can colonize your microbiome and throw it out of balance, and fructose sugar affects your liver like alcohol. Consistently eating sugar sets you up for inflammation and weight gain, insulin resistance (the precursor to diabetes and heart disease), and lays the groundwork for every type of modern distress such as cancer, dementia, depression, infertility, acne, etc.”

Read your labels and be wary of these sugar-related ingredients: “cane sugar, brown sugar, brown rice syrup, beet sugar, date sugar, grape sugar, glucose, sucrose, maltose, maltodextrin, dextran, dextrose, sorbitol,

corn syrup, fructose, high-fructose corn syrup, fructose syrup, corn sugar, fruit juice, fruit juice concentrate, barley malt, caramel, carob syrup, and sorghum syrup.”



The 70% Goal

The author believes “getting your vegetable intake to 70% of your daily food intake is the one game changing action you can start today which will transform your state of well-being greatly.” As he notes in this section of the book, “Eat the right foods and they will send instructions to your genes for good health. Eating the wrong foods, however, sends messages for disease.”

Say NO to Fake Oil!

Unless you are a health food junkie, the odds are you are not using good oil in your cooking or patronizing restaurants that are using healthy oil in their cooking.

“Green Light – Beef Tallow, Lard, Goose and Duck Fat, Grass-Fed Butter, Grass-Fed Ghee, Coconut Oil, Palm Oil, Olive Oil, Avocado Oil, and Flaxseed and Hemp Oil.

Red Light – Vegetable Oil, Margarines and Spreads, Canola Oil, Corn Oil, Safflower Oil, and Peanut Oil.”

Why are all those vegetable-type oils not good for you? “First, there is no vegetable benefit to be gained from vegetable oil. Secondly, these so-called vegetable oils are actually made from tough seeds and legumes that were originally grown for industrial use, not human consumption.” As my wife likes to say, “EWWW!”

Summary

I highly recommend getting this book and if you are in New York, consider visiting his EEWC if you are not feeling well. If you are healthy and living a fulfilling life, keep up the good work! If you find after reading this book there are improvement areas you can work on, then the author firmly believes you should start improving in at least one area of your life. Once that positive change becomes a habit, move on to the next improvement area, and so on. What he has noticed in watching his patients improve their health is that “there is a common pattern to becoming well: one small success, and one happily engrained new habit, paves the way for the next. SLOW AND STEADY WINS THE RACE because with each healthy change, you win back some energy and clarity and gain confidence in your abilities and enthusiasm, which powers you to the next healthy habit.”

CPA FIRM MICROCOMPUTER TECHNOLOGY

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



The US Justice Department has broken up a major IRS impersonation phone operation. The scammers claimed to be IRS

employees and threatened victims with arrest unless they paid up. In a multi-department joint effort, the Justice Department shut down the criminal organization that involved individuals in India and in eight U.S. states. Over the course of four years, “hundreds of millions of

dollars” were stolen from over 15,000 victims in the U.S.

Even with the takedown of this particular threat, people must remain vigilant because new scams and variants pop up constantly. The IRS had issued warnings to the public about common scam tactics. The IRS **“does not call to demand immediate payment using a specific payment method such as a prepaid debit card, gift card or wire transfer.**

Generally, the IRS will first mail a bill to any taxpayer who owes taxes.” The IRS also does not make threats of arrest or threaten the revocation of licenses or immigration status. In the event that taxes are owed to the IRS, taxpayers are given the opportunity to contact the IRS directly to appeal or ask questions. For more information on identifying and reporting IRS impersonation scams, please see the [IRS fact sheet](#) “How to know it’s really the IRS calling or knocking on your door.”

A new extortion e-mail tactic has been reported recently that exploits previous password database breaches. The victim receives an e-mail from a scammer who claims to have compromising video of the victim. The e-mail includes an actual old password that the victim used, intended as “evidence” that the scammer has access to real personal information about the victim. Because a number of major

breaches have occurred over the last several years, millions of users’ logins are out there, and that data is being exploited by criminals. This tactic highlights the importance of using unique passwords for every login, watching out for news of breaches of third party companies, resetting any compromised passwords immediately, and implementing multi-factor authentication when possible.

Cybersecurity company FireEye reported that the FELIXROOT backdoor is being used to steal files from systems running unpatched Microsoft Office. Security experts warn that known Office bugs are increasingly being exploited and recommends keeping software updated with the current security patches.

Microsoft announced a new Surface Go model. This new model is aimed at those looking for a more affordable, more portable Surface tablet. The Surface Go is 10” versus the existing 12.3” Surface Pro, and it starts at \$399 for 64GB disk and 4GB RAM (keyboard not included). The Go comes with Windows 10 Home in S (“streamlined”) Mode, which means that it can only download apps from the Windows Store.

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

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TAX FOUNDATION OF HAWAII

Hawaii's Watchdog on Taxes & Government

By Tom Yamachika

If You Don't Rock the Boat, How Do You Change Its Direction?



A little over twenty years ago, on May 6, 1998, then-Maui Mayor Linda Lingle was speaking to a group of business leaders from the Chamber of Commerce of Hawaii.

Before the meeting, she was told that she could speak on anything she wanted to, but she was specifically told not to criticize any specific person in the government. She complied with the request, but she also said this:

"Why is the Chamber so reluctant to speak up? The Chamber should be standing and speaking loudly and openly criticizing the policies that have brought our economy to its knees. The Chamber of Commerce plays a major role in maintaining the status quo by failing to speak up!"

When many of us in Hawaii grew up, we were taught to go with the flow, that we shouldn't rock the boat, that it will all work out in the end. Maybe that is one reason why so few of us turn out to elections. We just sit tight and hope that it all works out.

And, for those of us who do turn out to vote, or to engage in campaign activities, we vote for the person we voted for before, or we support a candidate we supported before. So what if the person

supported a stupid bill or said something idiotic when speaking about it in the committee hearing? He is my candidate and I support him, or she has a lot of power and I better support her or else. All of these are variations on the theme of, "Let's maintain the status quo."



On the business side, many of us are fearful that we'll lose customers or attract political retribution if we support a specific candidate or a specific policy or platform. Some of us contribute to opposing candidates so whoever wins will be our "friend." Again, these are just variations on the theme of supporting the status quo.

But what if we don't like the status quo? What if we think that our economy is in the toilet and our elected officials are constantly making it worse? What if we think that real problems that we now face, like staggering unfunded liabilities for pension and health benefits for state workers, or the homeless, or invasive species, are not being adequately dealt with?

We've got to rock the boat.

If you're walking peacefully in the park one day and you step on a huge thorn on the ground, do you just remain silent, not wanting to bother anyone around you? Of course not! You howl in pain, bounce around on the other foot, and cry for help!

So, if you are suffering because of our cost of living, or you see government resources wasted or mismanaged, or you confront problems that we should be dealing with but aren't, howl in pain! Make your sentiments known! Educate yourself on some of the critical issues we face and share your knowledge. You can even share your knowledge with your elected officials, because some of it, maybe lots of it, may be news to them! (You'd be surprised. Really.)

If you have an issue you are passionate about for all the right reasons, get other people on your side too! Unions like HSTA, UPW, or HGEA, or politically active nonprofits like the Sierra Club or the Nature Conservancy, don't have a monopoly on organizing people to support their respective causes. The more people you can convince, the more you can rock the boat.

Remember, if no one rocks the boat, it will never change direction!



Specialized Training

By MJ Saguid

Summer...time for sun, sand, and employee benefit plan (EBP) training. This July I was fortunate to spend two days in EBP training with Marilee P. Lau. Before retiring, Marilee was the National Director in charge of KPMG's EBP audit practice. Currently, she provides consulting services to firms specializing in EPBs, teaches educational programs on accounting and auditing for EBPs, and is a frequent speaker for professional conferences.

Marilee is a founding member and a former Chair of the AICPA EBP Audit Quality Center's Executive Committee. From 2011-2013 she was the AICPA's representative to the DOL's ERISA Advisory Council. She has served on the AICPA's EBPs Experts Panel and was the chair of the EBP Audit Guide Overhaul Task Force. Marilee assisted the AICPA in writing the ESOP chapter for the EBP Guide as well as the pension chapters for the State and Local Government Guide. Currently, she is heading the task force to write the Multiemployer chapter and is a subject matter expert performing peer review oversights of EBP plans.

What interested you in EBPs?

When I started in public accounting in 1970 there was no requirement to audit EBPs. It wasn't until ERISA was passed in 1974 that such audits were mandated by the Department of Labor (DOL). I began to have an interest in EBP audits in 1990 due to the oversight of the DOL and the risk involved. Before that I did all kinds of audits, multinational to not for profit. I had expertise in an array of industries such as real estate, manufacturing, wineries, hospitality, and retail. I was sort of a jack-of-all-trades never specializing in one type of audit. I was asked to help update our firm's tools for the new EBP audit guide that was issued in 1990 and was named an Employee Benefit Resource Partner—from there it took off into its own niche in our firm and I became the National Director until I retired in 2010.

What trends are emerging in the EBP industry?

The emerging trends in the EBP industry are increases in participant data breaches relating to cybersecurity, and increases in mergers, spin-offs, and acquisitions. There is continued downsizing of companies leading to a full or partial plan termination. Overall the industry continues to experience the fluctuations based upon the economy with a current appreciation in investments. Of course, there is increased scrutiny by the DOL as well as our own professional peer reviews.

You wear a lot of hats, which role has been the most chal-

lenging and why? Which role has been the most enjoyable?

My most challenging role since I retired has been in rewriting the EBP audit guide and keeping it current. It takes a lot of time and is mostly on a voluntary basis with the AICPA. Working with a task force at times can be cumbersome as we each want to do it our way or the way our firm does it.

The role I enjoy the most is my consulting/training role. I really enjoy teaching and helping clients solve practice problems. Within my consulting role I also review the peer reviewers that perform peer reviews of EBP plans. In this capacity I can help both peer reviewers and the reviewed firm understand more about EBP audits.

What advice would you give to young CPAs who want to specialize in auditing EBPs?

To be successful in EBP audits one needs to have very good audit skills since these types of audits generally don't really have the traditional sets of books or the necessary expertise at the client level to prepare the financial statements. You need to have great time management skills to keep all your engagements moving forward. It is very easy to get bogged down in details. You also must want to solve puzzles as most of these engagements due to the compliance aspect require delving into why certain issues arise such as errors in compensation testing.

Looking back on your career, what do you know now that you wish you had known as a young woman starting her career?

When I started in my career in 1970 I had no idea what public accounting would be like. I didn't expect the diversity of clients, the almost daily new learning experience, or the ability to collaborate with so many intelligent accountants and clients. I didn't realize that public accounting was so people oriented and that you needed really good people skills as well as accounting skills to progress.

When you are not traveling around the country working what are you doing to unwind?

When I am not working I like to cook—A secret dream of mine would be to go to the Culinary Institute in Napa and learn to be a chef. Other than cooking I enjoy traveling—this year I am going to Tuscany, Italy and Germany.

If you knew you were having your last meal, what would you order?

I'd order champagne, raw oysters, and French fries.



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