

SEPTEMBER 2018



The Official Publication of the Hawaii Society of Certified Public Accountants



## Best Practices to Implement a New Business System



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# President's Message

By Darryl Nitta



## Leadership in Mentoring (Part II)

**DN:** What key attribute makes a good mentor?

**NO:** A good mentee, of course!

In true Past President Norman Okimoto fashion, this President's Message starts off with an ice-breaker joke. In Part II of this two-part mentoring series, I will provide insight on what makes Norman a great mentor as well as showcase an article from the Journal of Accountancy to reinforce what we have learned from both Wendell Lee (August KALA) and Norman Okimoto.

On to Norman. Norman Okimoto has served on the HSCPA Board of Directors since 1997, became president in 2002, and served as an AICPA Council member in 2005. Apparently, he enjoyed servicing our profession so much that he became President again in 2016! Now that's commitment to the HSCPA.

Norman is a true leader by example and that is my first takeaway from Norman ... always be passionate when volunteering for any organization. Secondly, I really admire how Norman runs a Board meeting. He refocuses the group when needed, makes certain there is a common understanding of the topic being discussed, and most importantly, ensures all stakeholders have a chance to voice their opinion in a non-judgmental way. At first, it was a little intimidating for me to be running a Board meeting with my (smarter and more experienced) peers, but imitating Norman's style helped me out tremendously.

My last lesson from Norman is to live life with as many great experiences as possible. To me this means travelling the world, exploring different cultures, and meeting new people because sometimes the answers to your problems come from these unique experiences and networks.



The following is a quick Q&A with Norman Okimoto:

**DN:** Who was your HSCPA mentor?

**NO:** Manny Sylvester, former managing partner of Coopers & Lybrand.

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

**NO:** Just being a positive contributor to the accounting profession. Giving a "group hug" and "passing the torch" to the younger generation.

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

**NO:** First, the industry needs to change to adjust to the reduction in numbers of accountants achieving certification (similar answer to Wendell). Second, the uncertainty in which artificial intelligence

technology will impact the profession.

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

**NO:** Just remember your ABCs. A – Authentic, B – Bold, C – Charismatic, D – Decisive, E – Ethical ... I – Integrity ... P – Passion. For the record, Norman had a word for every letter in the alphabet but I had to cut the response short for the purposes of the Message.

I tend to catch up on my Journal of Accountancy readings on flights to the mainland. I take about five magazines and in order to make my luggage lighter, I will rip out articles that I find interesting and then leave the magazine behind. Anyway, one of those articles was from the May 2017 issue about [Mentoring](#).

Do you build a trusting relationship with your mentee? Do you believe in him/her? Do you provide honest feedback and encouragement? Please read the two-page article in the JoA when you have a chance. I feel so fortunate to have mentors like Norman Okimoto and Wendell Lee taking me under their wings and believing that I will be a positive contributor to the HSCPA. I will continue to make them proud and promise to be a great mentor like they are.

## Looking ahead:

How YOU are growing (or can help) the CPA pipeline through the HSCPA scholarship programs. Have you ever wondered who benefits from your generous donations to the HSCPA Scholarship Fund?



# An Accountant's Guide to Consultative Selling

By Hugh Duffy



We're all familiar with high-pressure, hard-sell salesman who won't take "no" for an answer until the client's or customer's check is written. While most accountants probably aren't very comfortable with "sales" no matter how it's done, it is far better to take a "consultative selling" approach to selling in order to get and keep the client for the long term.

In consultative selling, the salesperson becomes a consultant focusing on the client's needs, asking questions before recommending solutions and establishing ongoing relationships. You, as a seller of your services, add value by developing and exploring options rather than by selling a service. Services and products become your tools to hit your clients' goals.

The difference between product-oriented selling and consultative selling is the difference between sales and marketing, asking not, "What do I have to sell?" but "What does the client want to buy?" And, consultative selling often goes a step further when the service a client prospect eventually wants and buys isn't what he originally thought he wanted. The needs analysis, questions and evaluation of the answers on your part actually help client prospects clarify their own needs.

## Determine the Need

In a consultative approach to selling, ask open-ended questions to understand the

client's needs, feelings and attitudes. This helps the consultative salesperson not only develop a complete understanding of the buyer's situation, but also builds client confidence.

- Be a good listener. Avoid offering opinions before all questions are answered and avoid correcting what a prospect says.
- Never present any products or services until you learn the client's objectives, needs and problems.
- Present the points relevant to those concerns, but also give some thought to what the client hasn't told you. You can add value by recommending additional products or services, if warranted. The client will admire your proactive thinking.
- Seal the deal not only after it's clear that a product or service meets the client's needs, but also after the customer has said he or she has no more issues to discuss relative to the purchase.
- Consider every completed sale as the beginning of a long-term relationship and strive to become a sustaining resource to the client.

## Addressing Concerns

No matter the quality of appropriateness of a CPA's recommendations, every client eventually raises concerns with an offered service. The most effective way to deal with these concerns is to restate

them, which causes clients to further explain why they feel the way they do. If a client objects to a plan that requires spending more money a month, you might ask if he or she doesn't have the funds to address this goal. You can review the budget and show the client how the funds will be worth the investment.

Consultative selling bridges the gap effectively between consultant and seller of financial products and services. The trust you've built with your clients over the years opens the door for detailed discussions about your clients' feelings and objectives - and more insight than is the case with most other accounting professionals.

While the paradigm may be different, a consultative approach is well worth exploring. The payoff of long-term relationships and business can take your practice to the next level.

*Hugh Duffy, MBA in Marketing, BS in Finance, 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. Build Your Firm Inc. [www.buildyourfirm.com](http://www.buildyourfirm.com)*



# Best Practices to Implement a New Business System

By Kate O'Flaherty

Technological innovation, new regulations, and corporate changes require upgrading or replacing legacy business systems to allow businesses to streamline processes and increase efficiency.

Companies are also seeking integrated systems to streamline data and increase automation in finance departments. They are generally looking to fulfil a need that is not being met by their current systems and processes, said Jan Kushner, CPA, CGMA, at the 2017 AICPA Financial Planning & Analysis Conference in Las Vegas. At the time, Kushner was a project manager with Source Consulting Group, a strategic and operational business process and technology consulting group. She is now manager of tax compliance, finance, and administration at the Project Management Institute, which represents more than half a million project managers worldwide.

"It could be putting in a system for one particular function, like income tax provision, or it might be a whole new ERP [enterprise resource planning] system," Kushner said. "At the same time, other companies are using a selection of

systems that are going to integrate with each other."

In some cases, the chosen system will be used primarily or exclusively by finance. However, finance can also be involved as a partner with another group implementing a solution.

Many human resource departments, for example, have adopted Workday, an HR management system that can handle multiple projects across different functions, Kushner said.

Using a cloud-based tool such as Workday is an alternative to an in-house ERP solution, so its impact must be considered.

Finance can also be involved in overall implementation on the budget side. "There is the budgetary concern of, 'can we afford this', and 'does it make sense to choose this from a cost method and analysis perspective,'" Kushner said. "This is where finance is both the partner and the adviser."

## HOW TO SELECT AND IMPLEMENT A NEW SYSTEM

To select a new system, it is important that companies understand their unique needs, ideally making a list of issues and requirements to be addressed. As part of this, Kushner advised: "Ask, what are your goals? What is your internal scope? Whatever those parameters are, it's very important they are formally documented and agreed upon."

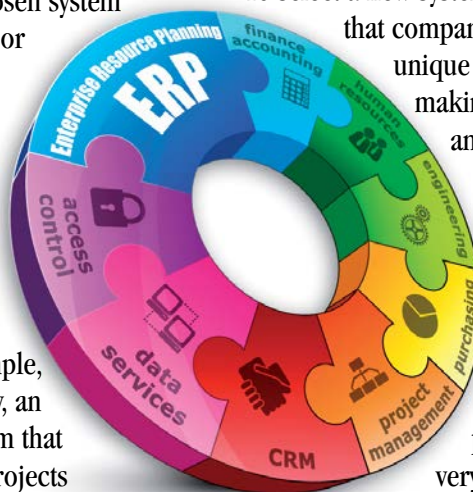
Then it is time to look for a reliable IT partner to help advise on and implement the new system.

The Farrer Park Co. in Singapore, which builds healthcare and hospitality complexes, expanded and in 2011 needed an ERP system to help streamline accounting processes while maintaining internal controls. The new system went live in 2013.

Lisa Mok, ACMA, CGMA, financial controller at The Farrer Park Co., said she advocates a sound project methodology and having subject-matter experts on the issues being faced. "They should have an idea of what needs to be done and how to do it," she said via email.

Organizations must be careful to assess the capabilities of their providers. It could require asking for more technically sophisticated people or talking to other clients already using the products to discover the pitfalls that must be avoided.

"Read the contract very closely, assume nothing, question everything, and make sure



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you are absolutely comfortable that what you are expecting is exactly what they are going to be providing you with,” Kushner said.

It is also important to ensure the vendor is credible and has good knowledge about the ERP product to be implemented.

When implementing a new system, Mok advised a step-by-step approach:

- Identify, verify, list, and document all potential issues.
- Internally, these issues should be discussed, completed, and vetted.
- Seek vendors, and invite requests for proposals.
- Meet and determine the right vendor to work with, based on qualities such as industry knowledge, experience, and communication skills.
- Understand how the system will be implemented, and commit resources.
- On implementation, identify the main issue and the solution.
- Identify key constraints.
- Identify prerequisites for the solution.
- Plan accordingly.

#### Other considerations:

- Costs v benefits: In terms of implementation costs and user license fees, as well as post go-live support.
- Whether the server is on premise or in the cloud.
- Cybersecurity.
- Data security and data privacy.
- Business continuity.

#### OVERCOMING CHALLENGES

When implementing any new technology, there are challenges to be overcome. “Resource — people, time, and budget — is almost always the key issue,” Mok said.

Companies also need to decide whether to configure or customize software. These options are not the same. “A configuration is choosing from a series of sometimes infinitely long lists of options, and customization is essentially putting in new code,” Kushner said.

But the latter can increase costs as systems are upgraded. “You need to ask: Does this customization work in this new version? If it doesn’t, it’s going to cost you to maintain that customization, to tweak it and keep it functional as you upgrade,” Kushner said.

She conceded that every company will use customizations at some point, but she said it is important to use them sparingly and cautiously. As part of this, Kushner said, organizations should ask themselves: “Do you really need it; is there a way that the system can meet

your need without it; is it a regulatory requirement?”

Change management is another challenge often encountered during any implementation. As part of this, training is essential. “Make sure everyone knows what they are doing when they go live,” Kushner said. “If no one knows how to use it, it’s not much of a system.”

*Kate O’Flaherty is a freelance writer based in London. To comment on this article or to suggest an idea for another article, contact Sabine Vollmer, an FM magazine senior editor, at [Sabine.Vollmer@aicpa-cima.com](mailto:Sabine.Vollmer@aicpa-cima.com). This article first appeared in Financial Management magazine. © 2018 Association of International Certified Professional Accountants. All rights reserved.*

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Join us for Excel Financial Reporting and Analysis on September 20 to learn more about how to implement each of these recommendations. By participating in this eight-hour seminar, you will greatly improve your Excel-based financial reporting and analysis skills. This course is developed by K2 Enterprises and sponsored by the HSCPA. For more information or to register, [CLICK HERE](#).

## A Six-Pack of Recommendations for Improving Financial Reporting and Analysis in Excel

### September 20 ★ Prince Waikiki

Most business professionals perform at least some degree of financial reporting and analysis in Excel. If you fall into the camp, here is a six-pack of tips that can help you to get better results in far less time.

- 1. Become more efficient in formatting by using Styles,** Conditional Formatting, the Accounting Format and other features in Excel. Some studies indicate that Excel users spend as much as 50% of their time on formatting – far too much!
- 2. Streamline report assembly and printing functions** by taking advantage of features such as Excel's Camera and Custom Views. Doing so will save countless hours, particularly if you plan to link Excel data into Word.
- 3. Utilize templates as shortcuts for creating new reports.** Remember, there is no benefit to re-inventing the wheel each time you need a new report.
- 4. Take full advantage of Excel's analytical capabilities** by using features such as Tables, PivotTables, Sorting, and Filtering to save valuable time when trying to make sense of massive volumes of data.
- 5. Learn best practices for consolidating data** from multiple data sources; in some cases, the best practice might be formulas, while in others it might be Data Consolidate, and in others still, it might be Multiple Consolidation Range PivotTables.
- 6. Transform your rows and columns** of numerical data into charts, graphs, and other visual objects that your information consumers can understand. When doing this, carefully consider the need to make your visualizations interactive and, when desirable, incorporate this functionality.





# COME TOGETHER

**October 4, 2018 (Thursday)**  
**6:00 to 8:00 p.m.**  
**Prince Waikiki**

Thank you for your membership and support throughout the year! We cordially invite you to join us for cocktails and hors d'oeuvres, and enjoy fellowship with other HSCPA members.

*No CPE . . . Just a casual evening with good food, good conversation and great friends!*

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**Register online using your member login**

**Registration deadline: September 26**

**\*\$10 contribution to support the  
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# HOOP News

By Walter Matsuno

## Congratulations to KKDLIY, LLC! 2018 A Division Basketball Champions

KKDLIY, LLC basketball team won the 2018 A Division Playoffs by holding off the high scoring CPAA team by the score 44-43. The game was a tough back-and-forth battle when a late foul against CPAA gave KKDLIY a chance to "ice it" in the final seconds of the game. By sinking the second of his two free throws, Kevin Lau preserved KKDLIY's one-point victory. "Tough Loss" lamented CPAA coach DongHyun Kim.

The B Division Championship game between CW Associates, CPAs and KMH LLP was won by CW Associates with a score of 61-38.

The Consolation Division title went to Deloitte & Touche LLP against KPMG LLP.

The final standings were as follows:

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



**1st Place - A Division >> KKDLIY, LLC** (Names Left to Right)

**Back Row:** Kevin Lau, Matt Geverola, Bou-An Fujieki, Jason Au  
Matthew Nashiro, Gordon Ciano

**Front Row:** Chris Young, Colin Lee, David Kilborn, Guy Nishihira  
Davis Kurihara-Nakasu, Joel Zablan



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

**Back Row:** Karl Van Zandt, Kyle Chang, Al Miller,  
Brandon Lee, DongHyun Kim

**Front Row:** Clay O'Neill, Dean Kusunoki, Russel Mendez

**Not Pictured:** Dominic Souza



**1st Place - B Division >> CW Associates CPAs** (Names Left to Right)

**Back Row:** Michael Xu, Lindsey Kalaiwaa, Gavin Loo

**Front Row:** Travis Ogimi, Aaron Venable, Brandon Ogimi,  
Segundo Saguid, Dustin Ino, Mathew Ono,  
Kurtis Sumida, Edward Ocampo

Those interested in joining the 2019 HSCPA Basketball League can contact Walt Matsuno at 951-8899 or via e-mail at [walter@matsunocpa.com](mailto:walter@matsunocpa.com). The league fees range between \$400-\$575, depending on the number of teams entering and gym availability.

Hope to see you there!







## UPCOMING EVENTS

**SEPTEMBER 18**

Professional Ethics  
for Hawaii CPAs

**SEPTEMBER 20**

Excel Financial  
Reporting & Analysis

**SEPTEMBER 21**

QuickBooks Internal  
Controls and Advanced  
Tips and Techniques

**SEPTEMBER 26**

Deep Dive into Exempt  
Organizations Accounting  
& Tax Advanced Issues

**SEPTEMBER 27**

Tour of the Form 990  
for Experienced Preparers

# 42nd Annual A GLIMPSE INTO THE FUTURE

## UNIVERSITY OF HAWAII

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Questions? Contact Erin Wong at [wongerin@hawaii.edu](mailto:wongerin@hawaii.edu).

## Hawaii Practices For Sale

**Gross revenues shown:** Honolulu Tax Practice-\$730K; 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%). For more information, please call 1-800-397-0249 or to see listing details and register for free email updates visit [www.APS.net](http://www.APS.net).

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## CGMA: The changing shape of the finance function

Outside forces such as digital technologies are evolving the shape of finance function. Traditional reporting structures are being disrupted as collaboration between equals becomes the new mode.

A [new CGMA report](#), the first in a four-part series, will help CGMA designation holders better understand the future form and direction of the finance function.

# How to Find Out What Your Clients REALLY Want

Sandra Wiley - Boomer Consulting



As we enter the world of consulting and advisory, one of the new skillsets we must develop is the ability to help clients identify the services they don't know they don't know they need. In other words, we must recognize what our clients' service needs are even before they know they need something. Now, I can't give you a crystal ball, but I can give you some methods for finding those ideas with a few key strategies:

## Get your full team Involved

Identifying what your team members learn from your clients and capturing their ideas for improving existing services or developing new ones is a crucial step in identifying what clients need. The dreaded suggestion box is out of date, but there are plenty of other ways to capture ideas. Try running a campaign a few times a year to ask people for ideas on improving the client experience. Give awards to those who participate: cash, tickets to an event or a day off. Then, let them lead or be the champion of the initiative.

## Involve clients in the process of generating ideas

When you work with your clients, ensure that you are asking good questions. Ask things like:

- What issues are keeping you up at night?
- What has changed in your business over the last year?
- What roadblocks are keeping you from reaching your business goals?

- What is your big bold dream for the future?

The more you understand your client, their business and their future dreams, the better able you are to shape your services around those needs. Don't simply assume you know what the client needs and talk about their services. Remember, a simple client request often means much more. A client may ask for help completing a tax return or handling payroll, but what they're really looking for is help with tax strategy or outsourcing their HR function. Get in the habit of asking questions – and really listening to what is happening in their business – every time you meet with a client.

## Involve the clients in new ways

While not a new idea, resurrect the client advisory board. Identify five to eight clients that are similar in niche and then host a brainstorming or innovation meeting several times a year. Make it fun but work hard on an innovative agenda that will inspire the clients to think big about their business.

Choose a topic that you know is on their mind and then dig deep into what they would do differently if they create something new. The goal is to let them create. You get the benefit of hearing what they want, exposing board member clients to services they may not have known were offered, and often receiving referrals from board members to work with other organizations. The amount you spend on

a location, food, drink and possibly an outside facilitator will be far outweighed by the benefits a client advisory board can bring.

## Seek ideas from new client groups

If you are considering developing a new niche, bring together a group of thought leaders and prospective clients to feed you knowledge and help develop the business plan for how to go live. Who better to tell you what they are getting currently that they are happy about, as well as what they are not getting? Again, facilitation and knowledge is the goal, but what a great way to launch a new and exciting venture.

Finding out what your clients really want seems like a no-brainer, but you'd be surprised at how many firms are oblivious to their client's deepest wants and needs, simply because they forget to ask or ask the wrong questions. Start practicing these methods for identifying the services your clients need before they know they need them, and your firm will start realizing the profits other firms are leaving on the table.

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



# Exempt Org Training Courses in Hawaii

A common misperception amongst many accounting professionals and CPAs is that working with nonprofit clients or working for nonprofits is not all that complicated since such organizations are tax-exempt. Nothing could be further from the truth. Undertaking the accounting, bookkeeping and tax compliance tasks for a nonprofit is a complicated endeavor for the very reason that such organizations are tax-exempt since nonprofits have the burden of always having to justify and support their tax-exempt status. Additionally, the consequences for committing accounting, tax or legal transgressions in the nonprofit world are far more severe than in the for-profit world because of the “public” nature of most nonprofits.

Accordingly, the following sessions have been developed to address the special needs of nonprofits in the bookkeeping, accounting, tax compliance and legal areas.

## Deep Dive into Exempt Org Accounting & Tax Advanced Issues

**September  
26**

This course will be a full-day deep dive into various advanced exempt organization accounting and tax issues, including the following:

- Summarizing the most recent “hot news” in the exempt organization sector, including the provisions of the new Tax Act which are most relevant to exempt organizations
- Accounting for special events from both a GAAP and Form 990 reporting perspective
- The accounting for, and reporting of, contributions revenue from both a GAAP and Form 990 perspective, including agency transactions, in-kind contributions, restricted contributions, conditional contributions
- How to effectively manage and monitor the §501(c)(3) public charity public support test
- Strategies for minimizing an exempt organization’s exposure to the unrelated business income tax
- Top financial statement deficiencies which we have identified
- Requirements of some of the new accounting standards most relevant to exempt organizations
- Real world challenges to successfully audited the financial statements for an exempt organization
- As with all of our courses, there will be ample opportunity for the attendees to ask their “real life” questions throughout the day.

**September  
27**

## Tour of the Form 990 for Experienced Preparers

This is a full day course exploring and addressing the most prominent Form 990 reporting issues for the experienced preparer. Topics to be covered include the following:

- Group returns
- The strategy regarding amended returns
- How to avoid filing an incomplete return
- The difference between contributions revenue and program service revenue
- How to report a change in program service activities
- The importance of satisfying the organization’s information reporting requirements
- How to address shortcomings in an exempt organization’s overall governance structure
- Effective completion of the compensation table
- Reporting of special events
- Documentation for functional expense allocations
- Calculating of public support on Schedule A
- Proper Schedule B reporting
- Correct calculation of lobbying expenditures
- FIN 48 footnote disclosure on Schedule D
- Foreign transaction reporting on Schedule F
- Reporting of transactions with professional fundraisers on Schedule G
- Non-cash contribution reporting on Schedule M
- Disclosing of insider transactions on Schedule L

As with all of our courses, there will be ample opportunity for the attendees to ask their “real life” questions throughout the day.



# Norman's Book Review

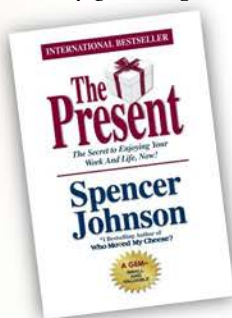
## "The Present"

by Spencer Johnson

"The Present" is a simple, inspirational and powerful book that will help you live a more fulfilling life. As noted on the cover, Spencer Johnson was famous for authoring the best-selling book *"Who Moved My Cheese."* For those of you old enough to remember, after *"Who Moved My Cheese"* was published in 1998, it was a smash hit and numerous companies, including many in Hawaii, gave a copy of the book to their employees to help them deal with change. The book was a fable about two little mice, "Sniff" and "Scurry," and two little people, "Hem" and "Haw." It was on the New York Times business best-seller list for almost 5 years, and sold more than 26 million copies worldwide. Sadly, Spencer Johnson passed away last year at the age of 78. With his passing, I thought I would review his book *"The Present,"* which seems like his "present" to his readers. I highly recommend you add *"The Present"* to your library.

### Book Synopsis

The book is an easy reading parable about a boy and his special relationship with a wise old man. At an early age, the old man talked about



"The Present," which would be the best gift the boy would ever receive. As the boy grows up and starts working, he

faces hardship, gets passed over for promotions, loses his girlfriend and is generally unhappy.

He periodically talks with the old man

who always seems happy and full of energy. They talk about "The Present" many times, and the book covers the boy's journey in discovering what "The Present" is and how it helped him be happier and live a full life. The book also covers other life lessons the boy learns in his journey. He then pays it forward by helping others find "The Present" and other lessons he learned from the old man.

The following is a brief discussion of

"The Present" and some of the other lessons covered in the book. I hope they help you as much as it has helped me.

### "The Present"

After having the reader guess what "The Present" could be, the author reveals, "The Present" is simply being "in the present and appreciating the gifts you are offered each day!" Too often people are stuck in the past or keep dreaming about the future, but not enough time simply enjoying what they are doing now. The author notes if "you appreciate what is right at the moment, the happier you are. You become more relaxed, and it is easier to stay in "The Present" and enjoy it." An added bonus is if you can do this every day, "it will give you the energy and confidence to deal with what is wrong."

### Learning from the Past

Our elders have told us many times "you will keep on making the same mistakes over and over if you don't learn from them." The book takes this wisdom one step further by noting, "It is hard to let go of the past if you have not learned from it. As soon as you learn and let go, you improve the present today."

"The Present: It is a gift that you give to yourself. You knew it best when you were younger."





## Making the Future Better

While the future is uncertain, the author notes you can take steps to make it better by taking the following steps in the present to create a future that you want:

"Be in the present and appreciate what is positive about the present. Imagine what you want to see happen. Plan for it. Do something today to help make it happen."



If you do the above, "you will be less anxious in the present and the future that you want will become more known to you."

## No Negative Thoughts and Actions!

The author was adamant throughout the book about how destructive negative thoughts and actions were. "Negative thoughts about the past and the future rob you of the joy of the present, and negative actions today create worse results tomorrow."

"It is only when you work and live with purpose and respond to what's important about The Present, Past and Future, that it all has meaning. You will be more able to lead, manage, support, befriend, and love."



## Life Purpose

What is your life purpose? Why do you get up every morning? How much time do you spend thinking about it? The author stated "the old man worked and lived with purpose. His purpose was to help as many people as possible become happier and more effective and successful at work and in their lives."

May you find meaning in your life by discovering what your purpose in life is!

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# CPA FIRM MICROCOMPUTER TECHNOLOGY

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



With major data breaches happening regularly, using multi-factor authentication (MFA) to help secure accounts is more important than ever. However, there are a few caveats to consider when setting up MFA.

Multi-factor authentication is the process of proving your identity using at least two verification methods:

- Something you know – for example, your username and password

- Something you have – for example, a phone that receives codes or uses an authentication app, or a physical USB that generates digital keys
- Something you are – for example, your fingerprint or face ID (biometrics)



The idea behind multi-factor authentication is that if you use MFA, even if someone gains access to your password, a potential intruder would not be able to access your account unless they also had access to your additional authentication method.

Each of the different multi-factor authentication methods has its pros and cons. One popular method of MFA is to have an SMS/text message sent to your phone, but this method has come under fire. SMS/text messaging is not encrypted, and it is also vulnerable to a technique called “SIM swapping.” SIM swapping involves a thief impersonating a victim and manipulating a phone carrier employee – or using an accomplice who has privileges – to redirect a victim’s cell phone service to a SIM card that the thief controls. This can happen without the authorization or knowledge of the victim, because it happens at the level of the phone service provider. Once the SIM is swapped, incoming calls and texts – including any MFA codes – would go to the thief instead of the victim.

Using SMS/text messages as a second authentication method is still better than nothing, but experts recommend using other, more secure methods when available. For example, many companies now offer MFA via authenticator apps.

You can download an authenticator app onto your phone (e.g. Google Authenticator, LastPass Authenticator, Microsoft Authenticator, or Authy), and set up each of your accounts on the app. Whenever there is a sign-in attempt, the authenticator app will prompt you to approve the sign-in, either by tapping to approve, or by generating a temporary one-time code that you can enter.

When setting up multi-factor authentication for an account, check to see what options you would have for recovery. If your MFA relies on having a device like your phone, and your phone is lost or stolen, you will need to know how to regain access to your account. Some websites offer printable one-time codes as backup, and some have manual processes to prove account ownership, but that can take time. It’s worth examining the recovery process for your important accounts, and considering adding backup recovery methods.

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

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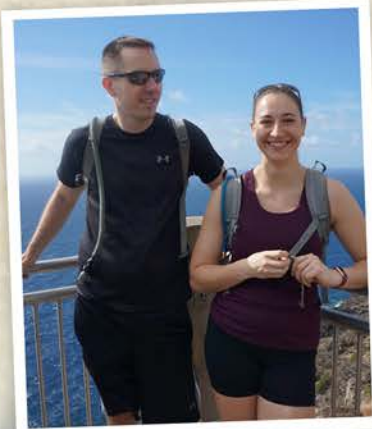


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# TAKE A HIKE!

That's exactly what they did! A group of adventurous young professionals ventured out on a beautiful Saturday morning and enjoyed the Makapu'u Lighthouse hike. It was a great way to enjoy one of the beauties of Hawaii that we so often overlook and take for granted. This fun event was coordinated by the Y-CPA committee – thank you, Marc and Dori! Stay tuned for more fun activities . . .







# TAX FOUNDATION OF HAWAII

Hawaii's Watchdog on Taxes & Government

By Tom Yamachika

## The Wayfair Switch in Time



In late June, the U.S. a Court decided the Wayfair v. South Dakota case. It was a huge turning point in constitutional law involving the ability of states to tax “online sellers” such as Amazon, Newegg, and Wayfair.

“Yeah,” you might say. “I know about online sellers because last April, Amazon started charging Hawaii GET, so I had to pay more for what I buy online. What a drag!”

But another way to look at the case is fairness to local businesses. Local stores hire local people, pay taxes to local government, and support local communities. Online stores typically didn’t do any of the above and were able to boast that local taxes weren’t added to purchase prices, giving them a 4% or 4.5% economic advantage. (This is not quite true because the law says that the buyer is supposed to pay the 4% or 4.5% tax in that situation, which we call “Use Tax,” but many buyers, especially individuals, don’t.)

This year our legislature passed, and the Governor signed, [Act 41](#) (S.B. 2514). That law put key provisions of the South Dakota law into our GET law so we are well positioned to take advantage of South Dakota’s Wayfair victory. It also said that it “shall take effect on July 1, 2018, and shall apply to taxable years beginning after December 31, 2017.” Apparently, the Tax Department couldn’t contain its excitement over this turn of events. On June 27, two days after the

Wayfair decision was announced, the Department released Announcement 2018-10, which told taxpayers that if they met the criteria in the new law (200 transactions or \$100,000 in sales in Hawaii either in the current or previous taxable year) that they were liable for GET as of the beginning of their taxable year. For many taxpayers, that meant January 1, 2018. The Department magnanimously offered to allow affected taxpayers to pay their back taxes ratably over the remainder of the year, without penalties and interest. But it wanted the tax.

This would be a problem for some online sellers who had sold products or services to Hawaii customers for the first six months of the year. Those sales transactions were already closed and completed, leaving no opportunity for the sellers to reevaluate their economic deals to take the Hawaii tax into account.

It seems that the Supreme Court foresaw just such a problem. In its opinion, the Court noted that the South Dakota law had three features designed to prevent discrimination against or undue burdens upon interstate commerce, and one of them was that the law was not retroactive. In that way it dropped a big hint that retroactivity was not going to be looked at favorably.

Act 41, moreover, wasn’t even retroactive. It took effect on July 1, 2018, which probably meant that the Department had no business asking for tax retroactive to January in the first place.

On July 10, the Department amended [Announcement 2018-10](#) to flip the Department’s position. The new law would be applied from July 1, and there would be no retroactive application to that extent. But there would be “catch-up payments” required for those taxpayers who tripped the threshold late in the year. For example, if a taxpayer had no sales in Hawaii in 2018 but managed to break the threshold in sales in December 2019, then the Department wants tax on all \$100,000 for the whole of 2019 to be paid with the December 2019 return. Is that a fair outcome for the online seller that probably had no idea that the \$100,000 would be achieved until November at the earliest?

Big note to businesses and others who are paying Use Tax: After July 1, more vendors probably will be registered for GET. If a vendor is registered for GET, the purchaser does not have to pay Use Tax. So, it may pay to check your Use Tax list and stop paying tax on purchases from any newly registered vendor.

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 Accuity LLP where he managed the tax consulting practice, including quality and risk management and practice development.





# The Balancing Act

By Jasmine Hethcote



As a mother of a four-year-old and expecting another child in October, I constantly look to balance my career, which happens to be in public

accounting, and the responsibilities of motherhood. Recently, I started to wonder, "Can I do both? Can I have both a successful career and be there for my children?"

For inspiration, I look to my mentor, Valerie Shintaku, a managing director at Deloitte & Touche LLP and mother of two daughters, Jenna and Kelly. Val recently took some time from her busy schedule to chat, share some secrets to her success, and reassure me that it can be done. Here are some of the highlights from our conversation.

**JH:** When your children were younger, how did you manage to balance your career and raise your two daughters, aside from family assistance?

**VS:** I am able to successfully manage both roles partially because of Deloitte's inclusive culture and how it supports working families with programs such as flexible working arrangements. I can work later because I take the time during the day to tend to my daughters' needs. I felt that I had the support and understanding from my organization and that allowed me to focus and complete my work when it was a little more convenient for me so long as I met the deadline. Deloitte is an organization which has traditionally been at the forefront of matters that impact working families, providing leading practices that



directly support working parents. I attribute part of my success to these programs.

**JH:** You've been with Deloitte for more than 30 years. What are you most proud of about your career?

**VS:** I am especially proud in seeing the people I've mentored and coached, seeing them advance in their careers and earn promotions. It brings me a lot of joy and satisfaction to see these up and coming professionals have successful careers and know that I contributed something to their success.

**JH:** How do you like to spend your free time?

**VS:** I love karaoke – a lot! I go to karaoke outings with my girlfriends from college and friends that I made through my daughters' high school sports at least once a month. I think it surprises most of my friends that I know and can sing the newer songs.

**JH:** I'm certainly not current on pop-culture. But, even with a busy schedule, you're able to make time for friends and catch up by doing the things you love most.

I also had the opportunity to chat with Jenna, Val's oldest daughter, and get her perspective on growing up with a mother who is as committed to her career as she is to her family.

**JH:** What was it like growing up with a working mom?

**Jenna:** Now that I'm older I look back and appreciate the experience even more. I'm also pursuing a career in public accounting and have a better understanding of the job requirements and the demands. Seeing my mom do it, I have a better appreciation for all that she has accomplished. She's just AMAZING! I appreciate all the hard work and sacrifices she made for my sister and me. I am so proud to be her daughter and admire her in every way. My mother is my role model and is every bit the business woman and mother that I aspire to be one day. I am hoping to follow in her footsteps.



Left-to-right: Gaylen (husband), Val, and daughters Jenna (left) and Kelly.

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