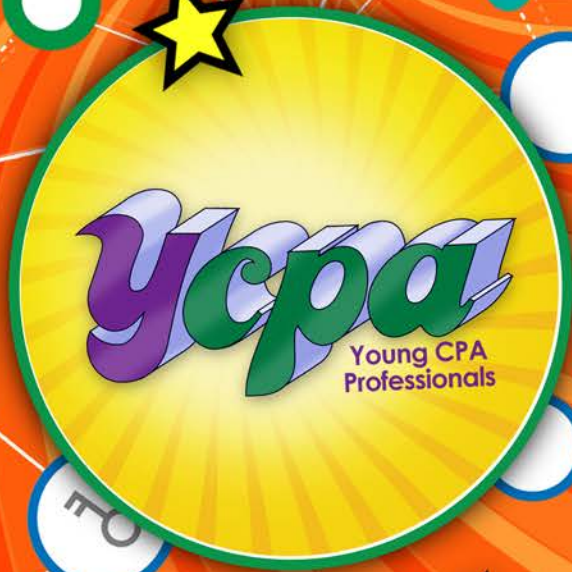


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The Official Publication of the Hawaii Society of Certified Public Accountants

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President's Message

By Darryl Nitta



*Where do homeless accountants live?
In a Tax Shelter!*

Welcome back ... and I have to thank Norman Okimoto for that joke. Not only does he write book reviews, he's a natural comedian, too! I have a few more of his jokes so maybe we can start off each Message with a laugh. I'm sure everyone is smack dab in the middle of the busiest time of the year (for many CPAs) so this will be a very fun Message. In fact, this is a Message that I had planned for over two years.

Back in October 2016 when I was President Elect, I asked the HSCPA Board of Directors and Past Presidents to answer a short survey to see what kind of predic-

tive abilities they possessed. Here are the three simple questions that were asked:

- Who will win the 2016 Presidential Election?
- Who will win the 2017 Superbowl?
- What will the Dow Jones be at the end of 2018?

For the first question, absolutely NO ONE got it right! Everybody believed Hillary Clinton was a lock for the Presidency. I won't say who said what (since politics are tricky) but a couple of answers were, "it can't be Trump, I think we are better than that" and "unfortunately, it will be one of them"! One Board member who personally voted correctly but guessed wrong said, "Hillary, but I am voting for Trump for change."

For the second question, we had a few

correct guesses! Wendell Lee, Rodney Harano, Tom Ueno, and Jason Yoshimi all guessed New England Patriots! Ross Murakami was a year early with his Philadelphia Eagles guess. Some of the funnier answers were, "ask me about the commercials, those are always great" and "the team with the highest score - duh". Our leadership did really well on this question.

For the final question, the Dow Jones closed on December 31, 2018 at 23,327. For reference, when the questions were answered back in October 2016, the Dow was only 18,161. Personally, I guessed 16,500 so I wasn't even close. Everyone that guessed was well below the actual mark but the closest was Rodney! He guessed 22,000, while the most skeptical of our HSCPA Board guessed the Dow would decline all the way back to 14,000.

I had this two-year time capsule of questions stuffed in the back of my office drawer. I have always found time capsules to be very revealing ever since I did one back in the 6th grade and opened it when I graduated from high school. I urge you to spend a weekend with your family (especially if you have young children) and create your own time capsule. Whether you bury it in the back yard or put it in a safe, I can guarantee that when you open it years later, you will all have an amazing time.

Looking ahead: Do you think the Y-CPA Board (Squad) fared better or worse than their more experienced peers? We will find out next month when I reveal their results to the same questions!

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A Systematic Way of Solving The Hardest Problems

By Eric Benson – Director, Boomer Consulting, Inc.



Longer tenure, high performing teams often solve issues well and run quickly forward. Simply put, they have the trust in one another as well as the knowledge of past solutions to help propel them onward. I read books and listen to talks about how every team should be high performing, and although the steps are clear-cut, they often don't fit all circumstances.

For example, steps for high performing teams don't fit the newly formed committees solving the biggest problems in the business. Those are often left up to cross-disciplinary teams created to solve a very specific issue. In instances like this, there are often two problems: 1) identifying the right problem to solve, and 2) creating a systematic way of solving the hard, fuzzy problems.

This article looks at the second issue, and uses a little psychology mixed with innovation practices to help address that fuzzy point when you know you have issues, but you're not sure where to go next.

Hard problems come with decision fatigue

I'd like to highlight two terms that you may or may not be aware of. I'll then apply each term to a couple of real-world scenarios. The first term is a great one to bring up when everyone in a room looks like they are boring holes into the windows or walls – or doing the chin tuck to look at their phones unobtrusively.

Decision fatigue is classically defined as the inability to make quality decisions after a long session of decision making. In many cases, this leads to someone either

making a bad or irrational choice, or worse, just choosing because they can't make any more choices.

In a knowledge economy, we are all driven to perform almost exclusively by making decisions. Each item that comes to your inbox or door requires a choice, and if you are in a new team that is solving big problems, you have lots of fuzzy thinking ahead.

Since this article is looking at simple methods to create a systematic way of solving issues to the hard, fuzzy problems, let's take a look at one simple test.

Decisions are easier to make when there are no choices

The easiest answer to correct for decision fatigue in high stakes, cross-disciplinary meetings is to create ground rules

Continued on page 13



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Go beyond disruption: The Future of Finance

We have entered the fourth industrial revolution — a period of innovation and acceleration expected to fundamentally alter how we live, work and relate to one another. It will, according to the World Economic Forum, drive transformation “unlike anything humankind has experienced before.”

It’s already having significant implications for business, where the speed of disruption driven by technologies like cloud computing, robotic process automation (RPA), artificial intelligence and Blockchain are forcing wholesale reinvention of business models and functions.

Nowhere is that more pronounced than in the finance function, which has to evolve at pace with the transformational change. For finance professionals, this means they will need to become adaptive learners constantly acquiring new skills. They will need to learn, unlearn and relearn in order to meet the demands of our new digital world. Lifelong learning and continued professional development will be critical for their future success.

That’s why the Association of International Certified Professional Accountants (the Association), the unified voice of the American Institute of CPAs (AICPA) and the Chartered Institute of Management Accountants (CIMA), undertook a year-long research project to better understand the changing finance function and the skills and com-

petencies professionals need to evolve.

“The digital transformation of finance brings enormous opportunity,” said Ash Noah, CPA, CGMA, VP of CGMA External Relations at the Association.



“With technology automating many routine processes and reporting, finance can focus on data analysis and producing the insights that drive business solutions. This is elevating the role of finance as a trusted partner to the business.”

The Association’s future of finance research project shares insights from interviews and roundtables with more than 800 business leaders and academics across 34 countries, as well as a global survey of nearly 5,000 finance professionals. From the research, four major themes emerged:

- **Changing competencies and mindsets:** In the finance function of the future, the technical capabilities of robotics and algorithms combine with the creativity and empathy of human accountants. While competencies are still very important for the finance professional, it’s a growth mindset that makes the greatest difference in the working environment.

- **The changing shape of the finance function:** As expectations and skills evolve, the shape of the finance function migrates from a traditional hierarchical triangle to a structure where expert teams collaborate as equals to achieve shared corporate objectives.

- **Changing technology and finance:** Advancements in technology will allow organizations, and in particular the finance function, to do more than they’ve ever done before. However, in order to capitalize on these technologies, the competencies of finance professionals will need to evolve.

- **The changing role and mandate of finance:** The finance function has a mandate to go beyond its core accounting role. This changing mandate doesn’t discard core accounting; it’s still an essential foundation of the finance function. However, enabled by new technologies, the function is now capable of assessing a broader range of information and becoming a more influential player within an organization.

The Association has issued four reports on these themes, available for download at www.cgma.org finance. These reports provide important insight for members in business and industry and are equally beneficial for those in public practice. Members can use these reports to gain valuable perspective on the changing role of finance and what this means for them. The reports will also help CPAs drive a conversa-

Continued on page 8



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Taxpayers Need More Penalty Relief Says AICPA in Letter to IRS

When the Tax Cuts and Jobs Act (TCJA) was passed in late 2017, it affected millions of individual taxpayers and tax preparers. As part of its implementation, the IRS adjusted its withholding tables. However, the adjusted withholding tables did not account for factors such as the elimination of personal and dependency exemptions or reduced itemized deductions. The result: many taxpayers have been unable to accurately calculate their tax liability for 2018 and may have inadvertently under-withheld their taxes.

“Thankfully, the IRS saw the challenges that taxpayers could have with the new withholding tables and provided them with underpayment penalty relief. It stated that it would waive the underpayment penalty for individuals who paid, by January 15, 2019, at least 85 percent of the tax due for the current year,” said Darryl Nitta, HSCPA President.

Darryl added, “The HSCPA and the AICPA welcome this change but believe more

should be done. We are hearing from many members that they and their clients are very concerned about the ongoing uncertainty around implementation of the TCJA.”

Recently, the AICPA sent a letter to the Department of Treasury and the IRS urging them to provide more extensive relief to taxpayers. The letter cites five recommendations that would benefit taxpayers:

- Taxpayers should receive relief from underpayment penalties if they paid at least 80 percent of the tax due for the current year or they paid 80 percent (100 percent if their adjusted gross income (AGI) exceeds \$150,000) of amount of tax shown on their U.S. income tax return for the prior year.
- Taxpayers should also receive relief from late payment penalties if they make a timely request for an extension of time to file their income tax return and pay at least 80 percent of the taxes owed with the request.

- The IRS should establish an expedited process to grant individuals’ payment penalty relief for reasonable cause due to the considerable uncertainty surrounding the TCJA.
- Taxpayers need the IRS to identify specific circumstances for which providing automatic relief of penalties for the 2018 taxable year is appropriate, thus relieving them of the administrative burden of requesting a waiver of penalties.
- The IRS should also provide businesses and tax-exempt organizations relief from underpayment and late payment penalties.

To stay on top of developments and the profession’s advocacy efforts, visit the AICPA’s Tax Reform Resource Center at www.aicpa.org/taxreform.

Continued from page 6

tion with their clients or organizations on how to best prepare for the future.

“The emerging themes from our future of finance research represent horizon-scanning exercises for the finance profession,” said Dr. Noel Tagoe, EVP of Management Accounting, Research and Curricula at the Association. “By sharing the findings, we’re aiming to provide

and empower finance professionals with new competencies and growth mindsets to help their organizations create and preserve value and to widen the remit of finance.”

Insights gleaned from the research project will also inform an update to the Chartered Global Management Accountant (CGMA) syllabus and learning

pathway. Through the CGMA Finance Leadership Program, finance professionals develop the critical technical, business, leadership and communications skills required to be successful in business today.

To learn more about the Association’s Future of Finance research project, visit cgma.org/resources/future-of-finance.

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*Ed & Diane
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**Thank you to American Savings Bank
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Pictured are Darryl Nitta (HSCPA President), Kathy Castillo (Executive Director) and Natalie Taniguchi (ASB Executive Vice President and HSCPA Board member).

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TAX FOUNDATION OF HAWAII

Hawaii's Watchdog on Taxes & Government

By Tom Yamachika

DOE's Repair Backlog Is How Much Again?



In a budget briefing at the legislature at about this time last year, Department of Education officials reported that their backlog of repair and maintenance jobs was \$293 million, and they were patting themselves on the back because it was a significant drop from the \$392 million reported in 2010.

This year, the backlog is \$868 million – nearly triple the amount reported last year. It turns out there were issues with the way the backlog projects were tracked. For example, when initial design money was spent on a project, the project dropped off the pending list even though no contractor to fix the issue had been hired or paid.

The words “gross incompetence” come to mind. In the private sector, this would normally be coupled with “heads will roll.”

In our state government, however, it is notoriously tough to get someone fired. The only event in recent memory to trigger a shake-up was the infamous ballistic missile false alarm, which resulted in the resignation of an administrator and a co-worker, the suspension of another, and the firing of the button-pusher.

What, then, is to become of those who designed and ran the systems that were supposed to be keeping track of the DOE's maintenance backlog? The false missile alert happened in the blink of an eye and was over in 38 minutes. There

was a lot more time put into compiling the DOE maintenance backlog data. There had to have been multiple levels of review when the DOE data was gathered, the numbers were crunched, and all the above was refined into a report or briefing materials presented to the legislature. And the result of all of this was a hideous lie told to our lawmakers.

On the flip side, lawmakers had to have known that something wasn't right. The University of Hawaii was reporting a deferred maintenance backlog of \$722 million – but it has 10 campuses and the DOE has 256. Was UH that much more inefficient than the DOE (and if so, why hadn't there been heads rolling at the UH)?

Whatever the reasons, a maintenance backlog growing closer to the \$1 billion mark at both the DOE and UH is cause for serious concern. Tough decisions about funding priorities need to be made, and by the people who need to have the state's big picture in mind.

And when I speak of “big picture,” I am not at all talking about lawmakers who simply say, “Oh, we don't have enough money to run government, so we need to ask the taxpayers to make up the difference.” The big picture leaders need to have an understanding about the revenues as well as the expenses, so they can manage the economic engines that produce the money that we all need to get on with our lives.

In the Star-Advertiser article that reported on this amazing revelation, it was mentioned that the DOE has built a new online database that will encompass all capital improvement and repair projects so errors like this won't happen in the future and there will be more transparency. “People will have the ability to pull that information anytime,” an assistant superintendent is quoted as saying, but what he meant by “people” is legislators, Board of Education members, or school administrators.

A “public version” of the database will be developed next year – probably with limited functionality. The folks who came up with that idea can't even see that part of the big picture that says We the People are responsible for their paychecks and the funds necessary to get these projects addressed. Maybe they should be considered for head-rolling along with the geniuses responsible for underreporting the maintenance backlog in the first place.

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.

ahead of each meeting. This preplanning removes the need to figure out how to move a problem forward towards resolution in the middle of a meeting.

Ground rules are an easy way to alleviate pressure, but in my experience, there are often 10-20 ground rules. It's just hard to keep track of all the different rules, and often no one remembers them in a time of decision fatigue.

Let's keep it simple. Take the list below and pick a default option for the meeting before you get started.

If we run into decision fatigue, choose one of the following:

- List your options and stop the discussion
- List your options and hand the list off to a neutral party to vet
- Pick one option and explore the ramifications
- List the reasons why you cannot make a choice and stop the discussion

Then, follow through with that option for the entire meeting. This may seem like the wrong choice at times, but you are just listing or commenting. You build alignment by listening to the people in the room and shift from having to make a decision to learning from one another.

Correcting for confirmation bias

The second issue that can crop up in a newly formed team is best defined as confirmation bias. In this instance, confirmation bias is the tendency to collect and interpret new information in a way that confirms your own conclusions.

In a team of people that don't know one another well, this can be subversive and

worse yet, mentioned. Often, people don't know they have confirmation bias regarding certain topics. Also, the strong bias tends to win if the person holding it is in a position of power.

Is confirmation bias bad? Not necessarily. In many instances, the bias you have comes from experience in your position. However, it can become an impediment when you are in a group that is trying to build new solutions.

Here are some ways to find and acknowledge confirmation bias:

- **Bias party** - Have each person write down a bias they've heard in the meeting. Don't mention names and don't be too specific. Acknowledge and present the bias on a wall with sticky notes. When the bias may affect an issue, move those sticky notes somewhere visible.
- **History lesson** – Use a bias that has value to have a history lesson. Recount the past in a way that doesn't say "this is the way we've always done it" or "that will never work because we know it won't from experience." Learn where the experience came from, who created it and why. Often, you'll find that whatever is holding you back just happened. Look at that too.
- **Omit the bias** – What happens if the bias didn't exist? Just suspend it for a bit and see where you go.

It comes down to speed

Solving issues is not as simple as a senior team member saying "I have the answer." This is a shortcut, and can be used if there is intense time pressure. Rather, look at why it's hard to solve issues sometimes. There are simple adjustments to team dynamics that can help keep the solutions

flowing without shortchanged real thinking. Start off a meeting setting a ground rule for decision fatigue and then have a bias party to see where everyone's at.

Understanding a little about how people make decisions (or confound them) and using simple techniques can help everyone converge on a real solution.

Eric is the Director of 10X Operations at Boomer Consulting, Inc. He is part firm administrator, part technology and process guru, and part 10X coordinator for an awesome team. The first two parts may sound familiar. The last part, thinking 10X, has been a core principle of our firm since the beginning. What would you need to change to make your firm 10X the revenue, client service, productivity, profitability, employee satisfaction or engagement that it is now? Before joining the Boomer team in 2005, Eric served as a graphic designer for a manufacturer of industrial spill control products.

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Norman's Book Review

"The Soul of A Team"

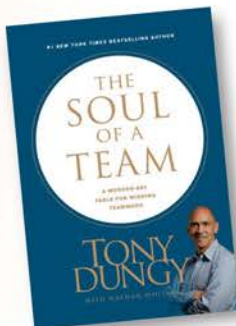
by Tony Dungy

After the New England Patriots beat the Los Angeles Rams 13 – 3 for their sixth Super Bowl win, the accolades for the organization, team, head coach and quarterback have been endless, and deservedly so. NFL rules are designed for league parity and giving every team an equal opportunity to win the Super Bowl. Yet, the Patriots have defied the odds and left other teams searching for the Patriots "secret sauce." Tony Dungy's book will give you a good idea on how the Patriots have been able to achieve their success. In fact, I read his book before the Super Bowl, and I felt the Patriots had more "SOUL" than the Rams, and probably had a better chance to win.

Tony Dungy

If you are a sports fan, Tony Dungy is a very familiar name. A former pro football player and coach, he coached the Indianapolis Colts to a Super Bowl win in 2007, becoming the first black head coach to win a Super Bowl. He was inducted into the Pro Football Hall of Fame in 2016. He retired as the Colts head coach in 2009 and now serves as an analyst on NBC's Football Night in America, assists numerous charitable organizations and is a sought-after public speaker and consultant. Tony is also a New York Times best selling author, with "The Soul of a Team" being his latest book. He and his wife Lauren are parents to 10 children.

Book Review



The author noted he welcomed the opportunity to write a book about teamwork, because the number one topic he is always asked to speak about is teamwork.

Through his years of working with teams, he has learned what separates high achieving teams from those who fail, because "talent alone is not enough; some teams that appear most promising on paper end up fizzling." He decided the best way to share his winning principles was to write about a fictional expansion team, the Orlando Vipers, and their quest to win a Super Bowl. He includes quotes from other successful coaches, actual football experiences and relevant bible passages. The book was exciting and easy to read, and drove home really well what separates winning teams from less successful ones. The following are key takeaways from the book, including what the author means by SOUL.

"SOUL"

Is your company under achieving, not able to go to the next level? Is your athletic team struggling to find success and consistency? Do you feel like your family is dysfunctional? If so, per Tony Dungy, "what your company, team or family is missing, is a "SOUL." "SOUL" is an acronym that represents four essential principles practiced by truly effective

teams. In fact, in all his years of coaching and working with other team leaders, he has yet to encounter a successful team that doesn't practice these principles."

The "S" In "SOUL"

"The "S" stands for selflessness – putting your own individual needs aside for the good of the team."

Are your team members humble, thankful, courteous, helpful, positive, encouraging, supportive and of high character? Do they put the needs of others and the team before their own? If so, you have a selfless team and are well on your way to having "SOUL".

As a side note, on Tony Dungy's teams in Tampa Bay and Indianapolis, they had a special section on their draft boards labeled "DNDC – Do Not Draft because of Character. Irrespective of how talented a player may be, if the player didn't fit their character model, they would not take him. Teams with "SOUL" don't make that kind of exception."

The "O" In "SOUL"

"The "O" stands for ownership – owning your role. Fulfilling your role by learning it thoroughly and by consistently giving 100%."

Do your team members always give 100% effort, look for better ways to do things, have a positive attitude, look for ways to improve themselves, ask for help

when unsure, admit mistakes instead of hiding them, encourage others to be the best they can be and do they try to be proactive to help themselves, other people and the company be better? If so, your team “owns their role” and has the “O” of “SOUL.”

Tony Dungy shared that Coach Chuck Noll, Hall of Fame coach of the Pittsburgh Steelers, always drilled the following into them: “Everyone’s role is significant. No matter what you do, you’re an important part of this team, so you have to know your job backward and forward and do your job with 100% effort all the time.”

The “U” In “SOUL”

“The “U” stands for unity - understanding and rallying around your team’s mission, philosophy, and culture.”

Do all your team members know the organization’s mission statement? Are they all aligned to achieve it? Are they all working together to help each other in a positive way and to help the organization be successful? Is your team’s culture one of “cooperation and a sense that you are

in it together, or do you have an us versus them environment that leads to friction and mistrust?” If your team is “unified amid diversity,” it has the “U” of “SOUL.”

Tony Dungy commented, “Patriots head coach Bill Belichick has mastered the concept of unity. He values the culture so much that he not only helps his players understand it, but also helps them discover how they can be productive and fit into the landscape.”

The “L” In “SOUL”

“The “L” stands for larger purpose – contributing to a greater cause in a lasting and significant way.”

Has your organization identified its larger purpose in life, and do all team members know and embrace it? How does your organization make its community better? What will be your legacy? As Tony Dungy shared in the book, “If you can find the right “L”, you’ll discover that selflessness, ownership and unity will follow.”

To drive home the importance of “L,” Tony Dungy revealed another Coach Noll saying: “Mercenaries will defeat draftees,

but the volunteers will crush them both.” The reason for this is “the volunteers, the ones who enlist because they love their country, will fight against all odds because they believe in the cause.”

Summary

I’ve always respected and liked Tony Dungy, and this book is really inspirational. Although the book was about a fictional football team, “the principles in the book apply to all teams, whether within a family unit, a company or church, or a high school drama club.” He also has a section in his book that helps you find your “SOUL” by defining each acronym, diagnosing it and developing it. As he noted at the end of the book, “find your SOUL, and you will create something bigger and longer lasting than you have ever imagined.”

“What do you benefit if you gain the whole world but lose your own soul?”

(verse in the New Testament and something Tony Dungy’s mom used to always tell him when he was young.)



The secret to success is good leadership, and good leadership is all about making the lives of your team members or workers better.

(Tony Dungy)

CPA FIRM MICROCOMPUTER TECHNOLOGY

By Joy Takaesu of The CPA Collective



Windows 7 support ends on January 14, 2020.

After that date, Windows 7 will no longer receive free security updates.

According to Microsoft, “Windows 7 can still be installed and activated after end of support; however, it will be more vulnerable to security risks and viruses due to the lack of security updates. After January 14, 2020, Microsoft strongly recommends that you use Windows 10 instead of Windows 7.”

After January 14, 2020, Microsoft will offer volume license customers an option to purchase updates under a new Windows 7 Extended Security Updates (ESU) program. For Windows Enterprise users, pricing will reportedly be \$25/device for the first year, \$50/device for the second year, and \$100/device for the third. For Windows 7 Pro, it would be \$50/device for the first year, then \$100 and \$200 per device for the second and third years.

Microsoft is working on finalizing the upcoming Windows 10 April 2019 Update (also known as 19H1). The update features a cleaner-looking Start Menu, with the option to uninstall more preinstalled programs. The update will also include more informative, user-friendly error messages during setup. One new feature is Windows Sandbox, which will allow Windows 10 Pro or Enterprise users to run applications within an isolated desktop environment. Windows Sandbox is meant to help safely test new or unknown programs. When launching Windows Sandbox, a new, lightweight installation of Windows is temporarily created. Once the Sandbox is closed, the software and files within it are deleted.

The IRS issued a warning about a surge in tax transcript scams. The scam involves an email appearing to be from “IRS Online,” with an attachment called something similar to “Tax Account Transcript.” The IRS says it does not

send unsolicited emails, “nor would it email a sensitive document such as a tax transcript, which is a summary of a tax return.” If you receive an email like this, the IRS advises that you forward it to phishing@irs.gov, delete it, or notify your company’s IT.

The IRS also warns the public about “ghost preparers,” who prepare someone else’s return for a fee but refuse to sign it. Scammers may do this for the purposes of charging fees based on a percentage of the refund, which the scammer inflates to be artificially high. Since the scammer doesn’t sign the return, the return appears to be self-prepared, with no indication that a paid preparer was involved. Warning signs to look for include: requiring cash payment without providing a receipt, inventing income or deductions in order to claim tax credits or larger refunds, or direct depositing in into the preparer’s own bank account instead of the taxpayer’s account. The IRS recommends that taxpayers ensure that their paid preparer has a valid 2019 preparer tax identification number (PTIN), which should be included when the preparer signs the return. The IRS also urges taxpayers to carefully review returns before signing, and double-checking the direct deposit routing and bank numbers.

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

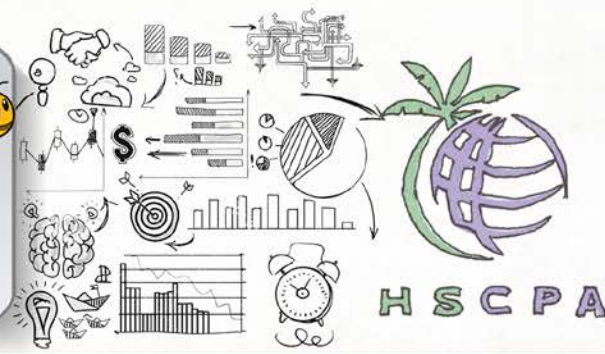
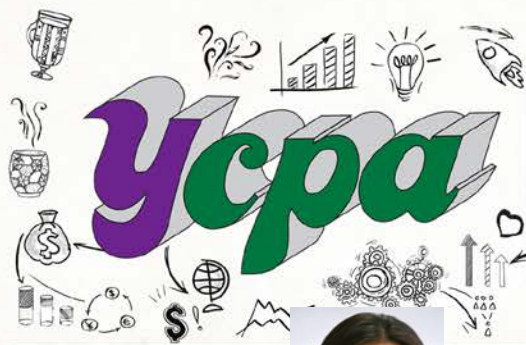
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The Postcard Tax Return

By Yumi Ueda

If you have not yet completed your tax return, or you punched your numbers into your turbo tax program but didn't look at the actual tax return yet, you are in for a surprise!

Starting with tax year 2018, individuals will now be using the redesigned Form 1040, aka "the postcard tax return". This new "postcard" tax return is in fact larger than an actual postcard, and if you are mailing your tax return (instead of electronically filing), the form must still be in an envelope to protect your confidential information. The redesigned Form 1040 is two pages like the previous form, but is reduced to a half page each, instead of two full pages.

The redesigned Form 1040 eliminates the simpler Forms 1040EZ and 1040A. For those taxpayers with only wages,

Social Security, retirement income, and some interest/dividends, this new form will be much simpler to prepare.

In order to allow for the reporting of all other income, deductions, credits, and payments that do not fit on the redesigned Form 1040, there are six new Form 1040 Schedules that will be attached to your tax return for additional reporting:

- Schedule 1 will report income and adjustments such as capital gain, unemployment compensation, rental and pass through activity, other income, educator expenses, self-employed health insurance and student loan interest deduction.
- Schedule 2 will report additional tax from AMT (alternative minimum tax).

- Schedule 3 will report nonrefundable credits such as foreign tax credit, child care expenses and residential energy credit.
- Schedule 4 will report other taxes such as self-employment tax, net investment income tax and additional Medicare tax.
- Schedule 5 will report estimated tax payments and extension payments along with other refundable credits.
- Schedule 6 will report additional information for taxpayers with a foreign address or third-party designee.

Keep in mind that these **additional** six schedules are used to report amounts only, and the supplemental schedules previously used will still need to be filed – Schedule C for a sole proprietor, Schedule D to report capital gains, Schedule E to report rental and pass-through activity, etc. will still need to be filed.

So, unless you only have wages or retirement income and withholdings through those forms, expect your "simplified" 2018 tax return to be longer.



Y-CPAs on the Road...

Thank you to the dedicated Y-CPAs of the Hawaii Society of CPAs!

They are young leaders in the profession who are dynamic, energetic and committed to giving back to the community and the profession. The Y-CPAs have a full calendar of activities throughout the year and welcome other young professionals to join them. Some of the activities include: presentations at high school career fairs and accounting classes, CPA Exam/resume/etiquette workshops at universities, VITA project, preparation for the annual Floating Lantern Hawaii event, Hawaii Foodbank, annual beach clean-up, Junior Achievement's JA for a Day, Meet the Pros Accounting Mixer, happy hour networking, and much more! If you'd like to be a part of this exciting group, [e-mail info@hscpa.org](mailto:info@hscpa.org) to get involved!

JA in a Day!

Our Y-CPAs took time out of their busy schedules to participate in Junior Achievement's JA in a Day program, a fun, crash course on business and economic concepts for students. HSCPA volunteers spent a half-day with 2nd graders (4 classes) at Ma'ema'e Elementary School on February 8, 2019 from 8:30 a.m. to 12:30 p.m.

A big thank you to Jessica Gluck, Adrian Hong, Dayna Matsumoto, Tabitha Mitchell, Darryl Nitta, Trisha Nomura, MJ Saguid and Yumi Ueda! This program provided students with hands-on, interactive learning activities that tie into their social studies curricula and also gave our volunteers a unique and rewarding team-building experience.

Fun comments from Y-CPA volunteers:

"At the end of our session, we asked the students to share their favorite part of the

lesson and many of them said, "All of it!" right before they ran up to give us a huge group hug."

"The kids were very energetic and bright ... I definitely don't remember being that smart in second grade!"

"The students were so enthusiastic and eager to participate! We were a little nervous when we got there, but had a lot of fun teaching the class."

"It's always amazing and funny to hear about money and jobs from a child's perspective! On the "Accountant" job card, it showed a man holding a 10-key calculator with the paper calculator roll streaming from the top. A student asked why the accountant was holding toilet paper (calculator tape). It makes you realize these students are learning in the fast age of technology and none of them will understand what calculator tape is!"

"Ma'ema'e 2nd graders learn about money and economics from the start of their school year. They were so smart and could answer our economic definitions, almost word-for-word! Their favorite part of the session was the doughnut making activity. It was wonderful to see them working in teams and naturally find the most efficient production method, with the winning teams selecting a quality control inspector. The team that produced the most doughnuts said they took their time making sure they did good work, shared ingredients, and checked to make sure their doughnuts met the required quality standards."

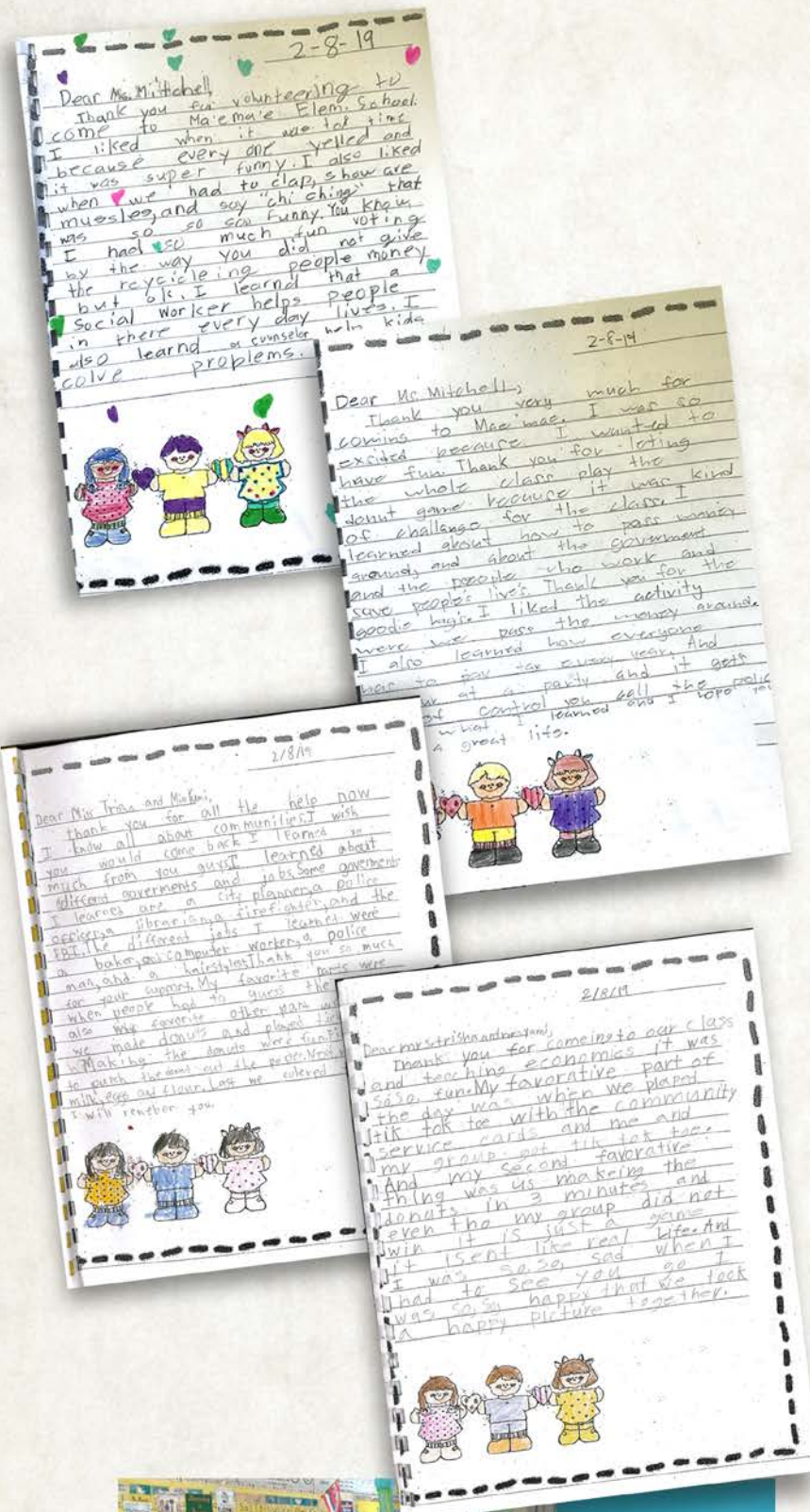
"Students were not fond of taxes. Especially when it was time to collect the \$2 of their \$5 earned for the day. Some children were willing to go to jail instead of paying their taxes!"



Y-CPAs on the Road... VITAService

Several Y-CPAs joined approximately 40 other volunteers on Saturday, February 9th from 9:00 a.m. to 1:00 p.m. at the Leeward Community College (LCC) computer labs to volunteer their time as tax preparers for the IRS Volunteer Income Tax Assistance / Tax Counseling for the Elderly (VITA/TCE) program. Volunteers assisted over 90 individuals and families e-file their federal and state tax returns. We worked in teams, with each team member reviewing the other's work, and each return was reviewed a second time by a third volunteer before the taxpayer signed.

The Hawaii VITA program runs through late March or early April, depending on the location, so you still have time to help! Although all volunteers must complete two online test modules covering standards of conduct and a basic knowledge exam, the IRS provides all the knowledge and materials you will need online. Volunteer tax preparers do not sign the return and do not need to have a Preparer Tax Identification Number (PTIN). Volunteers are covered by the Volunteer Protection Act, which generally protects unpaid volunteers from liability for acts or omissions that occur while acting within the scope of their responsibilities at the time of the act or omission. If you are interested in volunteering, please visit: www.hawaiiitaxhelp.org/volunteer/volunteer-options



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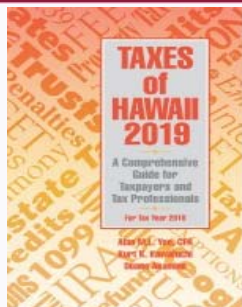
2019 CCH U.S. Master Tax Guide – \$78.00 / \$98.00

The nation's top federal tax resource, the **U.S. Master Tax Guide® (2019)**, has been updated to provide complete and reliable guidance on the historic Tax Cuts and Jobs Act, as well as pertinent federal taxation changes that affect 2018 returns. Virtually all taxpayers are impacted by the changes to the U.S. tax structure, with individual taxpayers and businesses witnessing the most significant changes.



2019 RIA Federal Tax Handbook – \$65.00 / \$85.00

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.



2019 Taxes of Hawaii – \$27.00 / \$36.00

Every year since 1964, this annual publication is updated with all new state taxation laws and judicial rulings. Taxes of Hawaii is an invaluable tax-season tool 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.

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