

MAY 2019

# KĀLĀ

The Official Publication of the Hawaii Society of Certified Public Accountants

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The dark web

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other emerging  
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# President's Message

By Darryl Nitta

*What do you call a Controller who always works through lunch, takes only 2 days of vacation a year, is in the office every weekend, and leaves the office after 10pm every night?*  
**LAZY!!!**



These jokes keep coming from Norman. First off, congratulations to everyone for surviving another April

15 deadline! It definitely was a tough one as this year seemed like the perfect storm. Tax season got off to a slow start because of the unexpected government shutdown. The overhaul of the individual tax forms also took some getting used to. Since the 2018 Tax Reform laws were the biggest changes to the tax code since 1986, tax professional needs to effectively communicating these changes to clients. Finally, everyone had to deal with understanding the last-minute guidance provided on the 20% Section 199A Deduction. For me, toughest part was communicating to a vast majority of clients that they owed money or received a much smaller refund because their withholdings were significantly less

than in 2017. Like we do every year, we weathered the storm and now it is time to move on.

This President's Message will be about innovation and insight. When I became a CPA, I officially inherited a few career characteristics that stereotype us as CPAs. Trustworthy is a good trait. We are at the top of the list with doctors in many studies that ask, "who are the most trusted professionals?" We are very good at math or least know how to handle a ten-key. Another trait that immediately comes to mind is a boring bean-counter ... I don't care for this one. Did you ever think that CPAs can be Innovative and Insightful? Well, we certainly are!

At the company level, Deloitte is leading the way with Artificial Intelligence ("AI"). AI is simply defined as technology that

has the ability to makes decisions that were previously made by humans. By teaming up with IBM's Watson technology, Deloitte is constantly innovating ways that AI can solve various business challenges. At the national level, the AICPA is fully committed to adapting to AI Bot technology. In fact, AICPA President and CEO Barry Melancon introduced himself in Mandarin using Amazon's Alexa Bot at the 2017 Spring Meeting of Council in Washington DC! Here is a short Journal of Accountancy article I remember reading on the plane that goes into more details about AI and accounting.

AI is some fascinating technology that will deeply impact the future of accounting. We will need to integrate AI with new accounting terms like data analytics, blockchain, cyber security, and cognitive cloud computing to successfully navigate the future of our profession. It is a good thing that we have a lot of smart, energetic, and quick-learning young CPAs to carry the torch! And don't worry, AI is designed to complement CPAs, not replace CPAs.

Looking ahead: The HSCPA Council team travels to Washington DC this month to talk story with our political leaders on Capitol Hill! This is an exciting AICPA experience that plays an important part in protecting taxpayers and the CPA profession.

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# Ideas You Won't Find on the Web

By Randy Johnston, K2 Enterprises



How do you stay on top of your professional game? Reading daily email news summaries? Professional journals? Peers in the office?

Conferences and other CPE education? While each of these activities can provide insight, there is no place that summarizes computer technology better than your own state's technology conference. The independent advice, the direct application to professional accounting and the insights of trends in the market are presented in a succinct fashion in keynote and breakout sessions again this year.

## What Are the Learning Opportunities?

The sessions are designed to provide insight on key issues including personal privacy, productivity boosters, Excel's best new features and an overview of all technologies with Tech Update. Whether you make the decisions for an entire organization or simply for yourself, there will be content in each of these sessions you can use today as well as into the future. For example, Tech Update will cover new generation communications such as 5G and Wi-Fi 6, the next generation of wireless. You'll use these technologies in your office and home in the near future. While security is a concern for most users of computer technology, the impact on you personally is probably greater than you perceive. We'll provide examples of personal information that has already been exposed and identify how cybercriminals exploit personal information. More important, like all K2 CPE classes, we'll show you how to practically address the problem and how to "cleanse" your public profiles.

While many of you have attended both the technology conference and all-day

CPE classes in the past, the K2 team always brings something new to every course. This year's conference includes three sessions on various advance Excel topics including Excel's Power Query, the new artificial intelligence features, as well as some of the best new features of Excel 2019. Beyond that, we have coverage of Power BI to help with your advanced reporting needs.

If you have specialty interests from accounting software to CPA firm management to sales tax, we have individual sessions that focus on each of these specific topics. The authors and instructors know that your time and money is valuable, and we want to provide direct guidance that you can apply when you return to your office. Our rule is that we want to save you more money than you spend on registration fees, and to help you gain the time back that you have spent out of the office with us within 30 days. While all our instructors have 10+ years of experience and are among the most highly rated speakers in the country, many are consultants with 30+ years of experience in their areas of expertise.

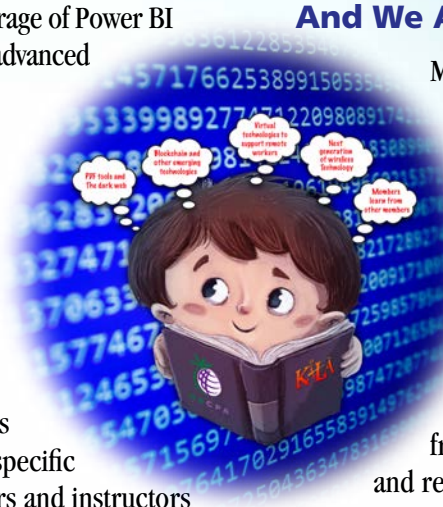
This year's conference also includes sessions on technology that you may think you understand but you don't have current knowledge to leverage the nuances of technology you own or are considering. Examples here include virtual technologies to support remote workers, PDF tools, blockchain and other emerging technologies, the dark web, and personal technologies for your home and office. Our team routinely buys, tries and digs into features and functions to explain

how you can use technology products saving you time trying to understand these technologies by doing your own research and experimentation. Most important today is how you can separate the facts from the sales pitch.

## And We Are Not Done Yet...

Members learn from other members. Only when you are at a live event can you have a conversation during a break or over lunch about a business issue that is on your mind. The technology conference gives you the opportunity to renew old friendships, make new ones and re-establish contact with your state society advocates. Besides, getting out of the office and into a learning environment for two days is a great way to recharge your batteries, and gain insights to use in your business and personal life.

We believe that you'll learn something new, have the opportunity to meet vendors at their exhibits, have the chance to be entered in drawings for prizes, and most important, have one of your best CPE experiences of the year. We look forward to seeing you at this year's confer-



Randy Johnston is a shareholder in K2 Enterprises, LLC, a leading provider of CPE to state CPA societies. He also owns Network Management Group, Inc., a managed services provider that provides around-the-clock support from Boston to Honolulu. Concepts for this article were extracted from the 2019 K2 Technology Conference materials and from John ston's own experience working with technology at various firms in the U.S. Ask for help at NMGI by emailing [helpdesk@nmgi.com](mailto:helpdesk@nmgi.com) or calling 620-664-6000.



# 4 Steps to Overcoming Analysis Paralysis

By Amanda Wilkie, Consultant – Boomer Consulting, Inc.



***“Better a good decision quickly than the best decision too late.”***

**— Harold Geneen**

How many decisions have you made today? What to eat for breakfast? Which route to take to the office? When is the best time to call your client? In fact, researchers estimate an adult makes upwards of 35,000 remotely conscious decisions each day. Granted, many of those decisions are subconscious. However, as your level of responsibility increases so does your number of high impact decisions, which could result in a ripple effect on your family, your clients, your team and your firm.

To help business leaders at IBM Global Services better understand decision-making and behavior, Dave Snowden and his team developed the Cynefin framework in the late 1990s. Drawing from research in systems theory, complexity theory, network theory and learning theories, the Cynefin framework defines the following four decision-making “domains”:

- **Obvious** – Many well-documented decision-making rules exist in this domain. The decision maker has

legal structures, standard operating procedures and best practices proven to predict the very clear cause and effect relationship here: if X then Y. He simply needs to find the proper rule and apply it. Think of the Obvious domain as a game of Tic Tac Toe.

- **Complicated** – Decisions in this domain require more analysis. There may be a range of correct answers, but the decision maker must apply expertise and professional judgment to apply the appropriate good operating practice. The Complicated Domain is more like a game of Chess.
- **Complex** – In this domain, there are no right answers. Cause and effect can only be deduced in hindsight. The adage “we don’t know what we don’t know” applies to the Complex domain. Now, we’re playing poker.
- **Chaotic** – All bets are off in this domain. Cause and effect are so unclear that a quick decision - any decision – then reassessment is

the best course of action. The Chaotic domain is like a good game of Pick-up sticks. Where do you even start?

Regulation and standards, along with the expertise of the CPA, land most business decisions found in our standard compliance services into the Obvious or Complicated domains. Additionally, decisions actually move from one domain to another. Snowden and his team illustrated the Cynefin framework in quadrants. As knowledge increases, there is a shift from Chaotic to Complex to Complicated to Obvious, where automation becomes a possibility.

Technology aids the shifting of domains toward Obvious through access to research and tools, such as the internet, with seemingly endless amounts of information. In fact, a search for “Boomer Consulting” returned no less than 1,330,000 results in less than half a second. With access to so much information, one might think business leaders can tackle those Chaotic and Complex decisions faster than ever. The truth of

the matter is access to so much information can simply lead to analysis paralysis, which occurs when fear of making the wrong decision leads to indecision.

In technology, analysis paralysis is easily illustrated by the waterfall model of software development where requirements gathering, product design, implementation, verification and maintenance happens in a relatively linear sequential style. This rigid method made sense in the early days of solution design; however, it can't keep up with customer's expectations for new features and quicker problem resolutions than in the past.

Today, the old-school waterfall model has given way to more Agile approaches. In an Agile software development approach, both requirements and the solution evolve through an iterative and collaborative effort. Agile management adopts a similar method, especially when developing a new product or service, where the team completes small portions of the deliverables in each iteration or delivery cycle. Additionally, the team can tackle Complex and Chaotic decisions moving them toward the Obvious domain during each integration. As a result, these new initiatives are much more adaptive to change in scope and complexity.

Change certainly isn't going to slow down, and our profession will continue to face more and more decisions in the Complex and Chaotic domains. So, how do you avoid the analysis paralysis trap? Take a page from the Agile playbook by adopting an iterative and collaborative approach to making business decisions and tackling the client's problems.

**1. Define a minimum viable solution.** Take perfection off the table. Viewing a decision or solution as the final deliverable increases the pressure to ensure you've addressed every possible variation.

## **2. Gather feedback from the team and the client early.**

Providing a suggested solution to a client knowing there is room for improvement is quite uncomfortable. However, doing so gives you and your team the opportunity to learn through the process while ensuring the solution adapts to internal and external change.

**3. Integrate their feedback quickly.** This step is easy. Adapt the solution based on the feedback you receive.

**4. Repeat the cycle.** Continue to build the minimum viable solution, gathering feedback, and integrating the feedback into the next iteration of the solution.

For some, this iterative approach will come easy. Decision-making in the Complex and Chaotic domains will be exciting and comfortable. For others, individuals and organizations, this mindset tremendously contradicts the way they've thought and operated for so long; and

will be a challenging adjustment.

If you're already feeling analysis paralysis in the face of so much change in the profession, the following books can help you get into the right mindset:

- The Lean Startup by Eric Ries
- Flash Foresight by Daniel Burrus
- Thinking, Fast and Slow by Daniel Kahneman

*Amanda Wilkie, Consultant at Boomer Consulting, Inc., has a computer science background, but she's not your average geek. With two decades of technology experience, Amanda has spent 13 years driving change and process improvement through innovative technology solutions working across firms of varying sizes in the public accounting profession. She has held strategic leadership positions in firms ranging from Top 50 to Top 10 including her most recent role as CIO of a Top 30 firm. Amanda is a recognized expert in the profession who regularly speaks and writes on blockchain and cryptocurrency and their impact on the profession.*

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## AN ETHICAL

***“A proper foundation of ethics requires a standard of value.”***

Come and battle Ethics with the Avengers! It's a reporting year for Hawaii-licensed CPAs so fulfill the Ethics CPE requirement for licensure at the HSCPA 59th Annual Conference on June 28, 2019 at the Prince Waikiki Hotel. The ethics CPE is a licensure renewal (HAR 16-71-2) that applies to ALL Hawaii-licensed CPAs. You will earn the 4-hour requirement, plus more, for the best CPE deal in town for only \$250 (early registration for HSCPA members)! This includes 7 hours of CPE (4 Ethics; 3 A&A), great speakers, Conference amenities, complete local-style breakfast, Chef's special lunch, hosted parking, and Happy Hour!

As we continue to face unprecedented paces of change and disruption, the roles that the profession plays are more important than ever. Ethics in the accountancy profession are invaluable to accounting professionals and to those who rely on their services. A hallmark of the CPA profession is its commitment to a Code of Conduct which details responsibilities and compliance. The Code is what sets us apart from other non-certified accountants. There is no compromise.

The 59th Annual Conference will encompass all that's ethical as we welcome Bill Reeb. Fueled by rapid technological innovation, the world is changing at unprecedented speed – with significant implications for the accounting profession. Cybersecurity, blockchain, artificial intelligence and cognitive technologies all have the potential to transform our work. AICPA Vice Chair **Bill Reeb**, CPA, CITP, CGMA, will provide insight on the forces shaping the future of accounting and the numerous AICPA initiatives to keep the profession ahead.

To fulfill the mandatory CPE in ethics requirement, **Ron Heller**, Attorney/CPA with Torkildson Katz Hetherington & Knorek, will provide an update on the basic tenets of professional ethics, and explain recent changes in the AICPA Code of Professional Conduct and the Hawaii Administrative Rules on Professional Conduct. You will learn to identify, analyze and respond to conflicts of interest, how to apply independence rules in your practice, and key rules regarding client confidentiality. Ron will also cover recent Hawaii developments and tips to avoid malpractice claims or liability. This presentation will help you understand what ethical standards and considerations are critical to accounting professionals.

While we know the importance of Ethics, it's also important to give your body a boost with laughter! It might be the best medicine and it doesn't hurt to laugh. And that's what **Frank De Lima** will do for us during lunch. We all know him as one of Hawaii's most popular and beloved comedians. What he's most proud of is his Student Enrichment Program. He has made over 300 elementary and middle school visits to promote positive attitudes and values during their maturational process. Frank's comedic specialty is translating issues – current events, fads, attitudes and people – into fresh musical parodies. Remember? “What Lucille, you goin’ leave me now . . . wow, laulau”. Frank will certainly leave us with happy hearts!

Speaking of Happy . . . Happy Hour awaits you as you complete your Ethics CPE requirement! A great way to end the day . . . Unwind and visit with colleagues that you haven't seen in years. Talk story and relax – and drink responsibly!





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## FEATURED SPEAKERS



**William (Bill) Reeb** CPA, CITP, CGMA, is the Vice Chair of the American Institute of CPA (AICPA). Currently, Bill is the CEO of the Succession Institute, a management consulting firm based in Austin, Texas. He has had a lengthy career in consulting for businesses of all sizes, primarily in the areas of organizational structure and governance, operations and accountability. Bill has founded six small businesses, including a CPA firm, prior to starting the Succession Institute. He has an extensive history of working with state CPA societies, and has conducted strategic planning with their volunteer boards, worked through bylaws and governance issues and led staff development programs. Additionally, he has provided education and training to state CPA society members for decades, including lectures, leadership programs, workshops, self-study programs and videos. For his many accomplishments, Bill has been repeatedly recognized by Inside Public Accounting as one of the top 10 most recommended CPA firm consultants. He was named as one of the Top 100 Most Influential CPAs by Accounting Today and CPA Magazine has listed him among the Top 100 Most Influential Practitioners.



**Ronald Heller**, Attorney and CPA, is a director of Torkildson Katz Hetherington & Knorek, a law corporation. Ron practices in the areas of taxation, tax litigation, business/commercial litigation (including CPA malpractice defense), and business law. He has served on the HSCPA Board since 1988 and was the Society's president for 1994-95. An active member of the Society, Ron also served as a member of the AICPA Council in 1994-96, 2002-04, 2011-12 and 2015-17, and served on the AICPA Accountant's Legal Liability Committee.



**Frank De Lima** personifies Hawaii's diverse ethnicities and cultures. His ethnic background, which is self-described as "veritable Portuguese Soup" and "Chop Suey Nation," consists of Portuguese, Hawaiian, Irish, Chinese, English, Spanish, and Scottish. He celebrates, not disregards, ethnic differences and integrates them into his comedic routines. But comedy is not Frank's only passion. In 1980, Frank founded the Frank De Lima Student Enrichment Program. This non-profit organization is devoted to helping Hawaii's students understand the importance of reading, studying, laughing, and family, and managing major emotional and physical life transitions. Since the program's inception, Frank's visits have increased to 350 schools statewide biennially. In recognition of his commitment to Hawaii's keiki (children), Frank has received numerous honors, including Governor Cayetano's Kilohana Award for Volunteer of the Year and the Ellison S. Onizuka Memorial Award from the National Education Association.





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**8:30 a.m.** Annual Election Meeting  
**Accounting in Extraordinary Times**  
Bill Reeb, CPA, CITP, CGMA – Chair, American Institute of CPAs

**Professional Ethics for Hawaii CPAs – Part 1**  
Ron Heller, CPA, Attorney – Torkildson Katz Hetherington & Knorek

**11:45 a.m.** Lunch – Sponsored by American Savings Bank

Installation of Officers & Directors

**Lunchtime Laughter with Frank De Lima**

**1:00 p.m.** **Professional Ethics for Hawaii CPAs – Part 2**  
Ron Heller, CPA, Attorney – Torkildson Katz Hetherington & Knorek

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# How to Become the Most Valuable Asset to a Cannabis CEO

By Andrew Hunzicker

**Zig Ziglar said, "You will get all you want in life, if you help enough other people get what they want."**

As CPAs and financial professionals, we've been practicing that for many years as we assist clients and our organizations. If we can help our clients make more money, sleep at night knowing their books and taxes are done properly, and improve their ROI and cash flow by adding value to their firms, they will gladly pay us more money.

There are specific challenges with the cannabis niche, however, that particularly offer new opportunities for CPAs and set Cannabis businesses apart from other sectors:

- Cannabis is the most tightly-regulated industry in the U.S., posing unique financial challenges to business owners and CEOs.
- Many cannabis companies are evolving out of the black market, with no knowledge of how to properly navigate accounting and tax procedures.

Together, these factors result in a demand for qualified CPAs and bookkeepers that are educated on the nuances of serving businesses in the cannabis space. Since most large accounting firms are avoiding this sector while cannabis is federally illegal, there is a sizable lack of qualified cannabis accountants. This is where individual CPAs and smaller firms can take the reins.

**Cannabis businesses are subjected to tricky tax restrictions.**

Profit potential is limited for cannabis



businesses, thanks to strict tax regulations including the Internal Revenue Code (IRC) Sections 280E and 471.

For instance, under IRC 280E, cannabis companies are prohibited from deducting any business expenses due to the federal status of marijuana as a Sched-

ule I substance. This means cannabis businesses are only allowed to write off the Cost of Goods Sold (COGS), which significantly increases taxes.

Correct cost/absorption accrual accounting is necessary to ensure compliance with regulations. The key to mitigating

## Attend FREE webinars!

**May 13 at 2:00 p.m. Hawaii time / 5:00 p.m. PST – Consider Growing a Cannabis Accounting Practice!**

Tax season is over! Now what? It's time to focus on growing your practice! This webinar will discuss cannabis accounting and explain how to get in, what the benefits are, and what is needed in order to properly build a high-earning practice and provide world-class accounting service.

**May 16 at 2:00 p.m. Hawaii time / 5:00 PST – Get Paid What You're Worth: The Value of a World Class Accounting Professional**

Discussion will focus value pricing and getting higher fees, with less clients (AND LESS STRESS!)



these complications? Keeping books up-to-date and including supporting documentation, maintaining tied out monthly accounting work papers, and performing cost and GAAP accrual accounting in recurring financials to maximize benefits under IRC 471-11.

### **So what does that mean in terms of how you actually provide cannabis CEOs and investors significant value?**

In addition to being reliable and available, you can offer your clients a long list of measurable deliverables:

- Correct cannabis accounting
- Minimizing taxes while staying compliant with GAAP and IRS
- Maximizing peace of mind around compliance with IRS, state, and other agencies
- Maximizing cash flow by providing key metrics around their business including product and shelf profitability and effectiveness of their marketing (ROI tracking/i.e., increasing dollars to bottom line)
- Better cash forecasting
- Client data portal (to provide client/auditor/investor/lender access to all documents, accounting, support, etc.) which increases valuation of their overall firm
- Internal controls (including a month end tie out system)
- Corporate governance guidance
- Timely and proactive tax planning

These items provide significant value to the CEO and investors, both short term in the day to day, and the long term. We've found that CEOs will gladly pay higher prices for these types of services as they realize a real return on their investment.

### **How can you also give cannabis CEOs world-class service?**

- Become an expert in cannabis accounting (farm, manufacture, food, retail) and cannabis tax issues.
- Learn how to help your clients comply with 280e/471 and maximize their allowable COGS allocations, and understand clearly all recent IRS cases around cannabis.
- Participate in the cannabis community by attending conferences and other events where you can meet CEOs.
- Commit to learning continuously and staying current with all cannabis industry aspects, particularly accounting and tax, but also operations, software, cash issues, banking, etc.
- Provide first class accounting process and work (solid record keeping, cannabis chart of accounts, accrual/GAAP entries, month-end tie out reports, cost accounting support, usable financials, forward-looking cash forecasts, consolidations, books that are 100% audit ready at all times, and tax support work-papers).
- Help your client set up strong accounting policies, procedures, and internal controls and document the standard operating procedures in writing.

- Assist your client in creating a virtual data room, where their documents (legal, corporate, contracts, leases, insurance, accounting, banking, payroll, HR, etc.) are always up-to-date, organized, and sharable). This is of tremendous value to the cannabis CEO who needs to be ready for investors, lenders, auditors, state compliance, and exits/joint ventures.
- Create a knowledgeable, supporting team that has every skill set (cannabis, accounting, and legal) to enable you to address client questions and work jointly to serve clients as needed.

### **Specializing in cannabis accounting will pay off—and make you indispensable.**

Even the smallest of cannabis businesses can generate multimillion dollar revenue over a short span of time. Growing and expanding quickly, these companies have the ability to meet sizeable accounting fees and generously compensate the critical skillset you are bringing to the table. In a confusing industry wrought with banking issues and difficulty complying with FDA, OSHA, and state and federal regulations, CEOs understand the value of bringing in a qualified professional to

*Continued on page 17*

## **HAWAII PRACTICES FOR SALE**

**Gross revenues shown:** Kailua Tax & Acctng-\$142K; Island of Kauai CPA-\$785K; Honolulu Tax & Acctng-\$345K; and available after 4/15/19, Honolulu CPA-\$800K. 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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# Norman's Book Review

## "The Next Person You Meet In Heaven"

by Mitch Albom

Mitch Albom has written numerous books, all of which have sold over 39 million copies worldwide. Six of his books reached number one on the New York Times bestsellers list, all in a row. He is one of my favorite authors. I have read, reviewed and shed tears reading "Tuesdays With Morrie," "The Five People You Meet In Heaven," "For One More Day," and "Have A Little Faith," prior to this book.

### About the Book

The book is a sequel to his 2003 best selling book, "The Five People You Meet In Heaven." After 15 years, he decided to write this book because so many people would ask him what happened to his main characters, amusement park mechanic Eddie, and the young girl Annie. While not necessary, it is a good idea to read "*The Five People You Meet In Heaven*" book before this one, or read my [book review](#) if you don't have time.

The book follows Annie's life, with flashbacks to when she was young and as she grows up. It really tugs at your emotions, leaves you teary eyed, and is ultimately an uplifting book that reminds all of us that each of our lives matter. Like "The Five People You Meet In Heaven," this book was inspired by the author's beloved uncle, Eddie Beitchman, a WW II vet who though he was a nobody who never did nothing." The author also was deeply affected by the loss of his mother, father and a little

*"If you knew you were about to die, how would you spend your final hours?"*



*"We forget that our time is linked to others' times. We come from one. We return to one. That's how a connected universe makes sense."*

*"A dog will go to a crying human before a smiling 'one. Dogs get sad when people around them get sad. It's called empathy."*

girl (Chika) he and his wife were raising as their own, in a three-year span.

### Key Takeaways

We are continually reminded about the fragility of life, with almost daily coverage of infants, kids, young adults or adults, dying suddenly from a car accident, drowning, fire, plane crash, domestic accident, etc. When we know the people who died, it is especially painful, and we try to provide emotional support to the family of the deceased. This book helps you deal with these losses, and gives comfort knowing that the lives of our loved ones who died had meaning. The following are some of the key takeaways and thoughts from the book, to give you a better perspective of your life and how much it means to others.

*"At certain moments, when death is close, the veils pull back between this world and the next. Heaven and earth overlay. When they do, it is possible to glimpse certain souls already departed."*

*"We fear loneliness, but loneliness itself doesn't exist. It has no form. It is merely a shadow that falls over us. The sad feelings can depart once we see the truth."*

*"Children begin by needing their parents. Over time, they reject them. Eventually, they become them."*

*"The disarming power of children is their need makes you forget your own."*

*"First loves often remain in the heart, like plants that cannot grow in sunlight."*

*"ALL CHILDREN KEEP SECRETS. All parents do the same. We mold the version we want others to believe, boosting the disguise and tucking away the truth. It is how we can be loved by our closest family members and still, at times, elude them."*

*"You always wonder about your funeral. How big? Who'll show up? In*



*the end it's meaningless. You realize, once you die, that a funeral is for everyone else, not you."*

*"Forcing love is like picking a flower then insisting that it grow."*

*"We are blinded by our regrets. We don't realize who else we punish while we are punishing ourselves."*

*"Secrets. We think by keeping them, we're controlling things, but all the while, they're controlling us."*

*"Because we embrace our scars more than our healing, we can recall the exact day we got hurt, but who remembers the day the wound was gone?"*

*"When you are ready to remember, you'll remember."*

*"There's no such thing as a nobody. And there are no mistakes."*

*"The simple truth about love is this: it comes when it comes."*

*"Loss is as old as life itself. But for all our evolutions, we are yet to accept it."*

*"If you truly love someone, you'll find a way back to that person."*

*"You lose something every day you live. Sometimes it's as tiny as the breath you just expelled, sometimes it's so big you think you won't survive it."*

*"All endings are also beginnings, we just don't know it at the time."*

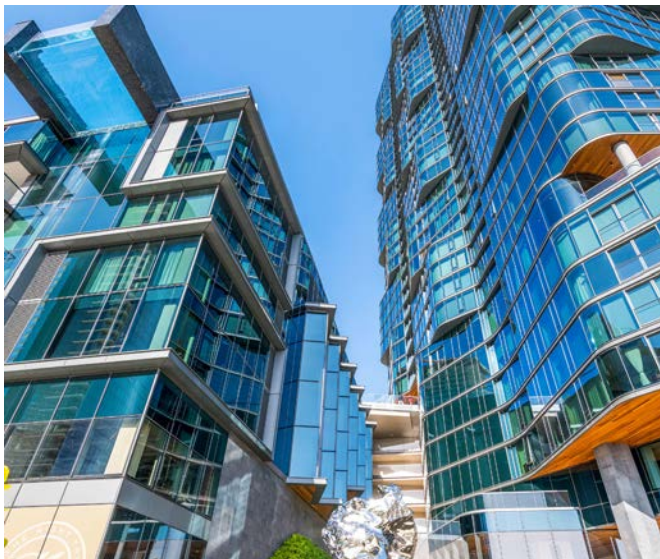
## What If ...

When something bad happens, we naturally ask ourselves What If ... what if we didn't do this, what if we left a little earlier or later, what if we took our time instead of rushing, what if we rushed ahead instead of taking our time, and the list goes on.

What the book teaches us is our lives are based on so many twists and turns that it is virtually impossible to control. However, because we remember our "scars" more, we tend to dwell more on our bad luck than on our good fortune or healing.

## Summary

Recently I have experienced the pain of losing close high school friends, my Executive Assistant of 26 years, a good friend and mentor, and family members of a best friend. Mitch Albom's book has helped me deal with these losses and provided a measure of understanding and peace of mind. Aside from making a difference in my life, I learned from the stories of others how much of an impact they made in the lives of others. I highly recommend this book and the author's other books. They will give you a better outlook on life and help you live a fuller and more meaningful life.



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# TAX FOUNDATION OF HAWAII

Hawaii's Watchdog on Taxes & Government

By Tom Yamachika

## HIDOE Achieves Success with Job Order Contracting



We've written a lot about the Hawaii State Watch Doggie. Those who have visited our Twitter site have

seen that the Doggie is a family man, with a wife and son. His son is five and loves to ask questions. He also really, really, really loves to eat.

Q: Are you reading something about my school, Dad?

A: Not just your school. The government is fixing the roofs on lots of schools. And it happens really fast.

Q: How fast?

A: They did eight roofing projects in about eight months.

Q: Is that fast?

A: Normally, one project using the traditional design-bid-build method takes an average of seven years.

Q: Why so long?

A: The project needs to go through appropriation, design, bidding, and construction.

Q: Why didn't the roof projects take seven years also?

A: They changed the process to something called "Job Order Contracting." Instead of having the contractors bid on only one job at a time, they had the contractors give

the DOE a menu. The DOE picked a handful of contractors, and then was able to order projects off their menus.

Q: Like how I can go into a restaurant and order a hamburger?

A: Yes. But don't do it now, it's too close to dinner time.

Q: I want a hamburger!

A: Anyway, the DOE has lots of construction projects they need work on.

Q: You mean when they need chores done, they don't do them?

A: No, they just make a list of the projects and call them "deferred maintenance."

Q: How much deferred maintenance do they have?

A: At the beginning of this year, the DOE said it was \$868 million. The Boss complained about that back in January.

Q: Wasn't he also complaining about the University?

A: Yes, the University of Hawaii was reporting a backlog of \$722 million.

Q: So, they didn't do their chores either? And that's legal?

A: Well, some of our lawmakers were

scolding them when they came to the legislature for money.

Q: So, is the DOE going to use this menu stuff for other things?

A: Yes, they will use that method for air conditioning projects next, and then electrical upgrades.

Q: Is the method really new?

A: Not really. The federal government has been using it for some time.

Q: Then why haven't we used it before?

A: I don't know.

Q: Is the University of Hawaii going to use it?

A: I don't know. They should. By the way, when are you going to clean your room?

Q: Next month. Deferred maintenance!

A: NO!!

*Tom Yamachika is President of the Tax Foundation of Hawaii - the 'watchdog' that keeps an eye on Hawaii's taxes. Tom is also the owner of Aloha State Tax, a small law firm with emphasis on State taxes. Prior to going solo and the TFH, Tom was a principal with Acuity LLP where he managed the tax consulting practice, including quality and risk management and practice development.*



Continued from page 13

assist with accounting—after all, the success of their business depends on it.

Many cannabis businesses are unaware that an IRS audit could likely expose compliance problems they didn't even know existed from prior year tax returns. These companies are running the risk of being slapped with steep fines and even being shut down altogether. By forming a specialty in the cannabis niche and providing solutions to the common pain points that cannabis CEOs face on a daily basis, you will make yourself invaluable to them.

### There are helpful resources available to teach you the ropes.

For individuals looking to enter this high-

ly nuanced and still maturing industry, it's essential to begin honing your skills and learning the ins and outs of cannabis accounting. Fortunately, you're not alone. There are numerous educational resources to turn to for more information on cannabis accounting, beginning with the AICPA website.

In addition, training programs have been designed specifically for the purpose of equipping finance professionals with the tools of the trade, along with a supportive network of peers available to help. My company, DOPE CFO, happens to offer such a program.

Armed with this specialized knowledge and skill set—and with the freedom and flexibility to work remotely—you will soon be providing world-class financial

services to cannabis businesses. Ultimately, this business move will open you up to a new source of clients and revenue not previously available. In a market projected for substantial growth in the coming years, now is the time to dive into the challenging, yet fruitful, cannabis realm; it's a space in dire need of your expertise.

*Andrew Hunzicker is founder and partner of DOPE CFO. You can contact him at [andrew@cfo bend.com](mailto:andrew@cfo bend.com). Join Andrew at the Bottles, Brews & Buds Conference, August 2. Learn more at [www.wscpa.org/bbb](http://www.wscpa.org/bbb). Originally published in the spring 2019 issue of The Washington CPA magazine. Reprinted with permission of the Washington Society of CPAs.*



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# CPA FIRM



# MICROCOMPUTER TECHNOLOGY

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By Joy Takaesu of The CPA Collective



Microsoft is still working on the next Windows 10 update, now called the May 2019 update. The new update will include more user control over when to install updates. Windows will only automatically force the update to install if the existing version reaches end of service, about 18 months after release. There will also be a new dashboard with more information about Windows update statuses. For example, when Microsoft temporarily blocks an update due to a known third-party software or driver issue, the update dashboard will show what is causing the issue, so that users can take action to resolve the incompatibility. Microsoft will also be monitoring social media to help with early detection of issues that

may otherwise be missed if they are not officially reported.

Some users of Microsoft's free Outlook.com/Hotmail/MSN Mail received emails notifying them of potential unauthorized access between January 1st and March 28th. Office 365 Exchange Online e-mail accounts were not affected. Hackers compromised a Microsoft support agent's account, and used the agent's credentials to view users' account information. According to Microsoft, in most cases, the unauthorized access was limited to e-mail folders, subject lines, and contacts, but in some cases, e-mail content was accessible. Microsoft disabled the agent's compromised credentials, and enabled increased threat monitoring for affected accounts. For those that received noti-

cation e-mails, the recommendation is to change your e-mail password and make sure that multi-factor authentication is on. Microsoft also warned affected users that there may be an increased level of phishing or spam e-mails.

During tax season, IBM X-Force researchers saw a spike in malware spam designed to look like incoming tax documents. Attackers spoofed e-mails so that they appeared to be coming from large, well-known payroll service providers including ADP and Paychex. The e-mails claimed to be providing tax-related documents. Instead, the attached Excel file included embedded macros designed to download malware, and steal banking credentials and other data. Researchers noted that the e-mails were carefully crafted to appear legitimate, including realistic, professional-looking email signatures and footers.

The e-mails were made to appear as if they were coming from trusted sources, and sent out during a time when users would be expecting tax information. IBM researchers advised being cautious when opening e-mail attachments, even when they appear to be coming from known senders, especially if they are .zip, .rar, or Office files. They also recommend logging directly into your payroll provider's website instead of opening an email attachment, or ideally verify with the sender before opening attachments.

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

## "Many Rivers, One Ocean"



Beginning in the spring, the Na Lei Aloha Foundation organizes volunteers to prepare for the Lantern Floating event on Memorial Day. The Y-CPAs have been volunteering for this project since 2014 and it's been a humbling and rewarding experience to participate in various duties for the community to float a lantern with remembrances and affirmations of loved ones. This popular event is to celebrate the "shinnyo, reality or the true nature of all things." On April 28th, we enjoyed the experience with their volunteer ohana. ["Share Your Light" and float a lantern](#) – be a part of the spiritually healing event and celebrate the shinnyo in those you are remembering!





## Teaching Children Financial Literacy

By Michelle Kaneshiro



April was National Financial Literacy Month. However, teaching financial literacy in a digital world is becoming increasingly difficult. Day to day, I rarely find myself pulling out dollar bills vs. my credit card. However, credit is a difficult concept to teach children or even young adults. Therefore, financial literacy lessons need to start out simple. Below are some ideas to teach children about financial literacy.

- What is a want vs. a need? While many people think about financial literacy as the use of money, teaching financial literacy can start on a much more basic level. Begin by discussing the difference between wants and needs. Preschoolers are able to understand that food and shelter are needs while toys and video games are wants. Additionally, they can understand that wants should be purchased only after the needs are met. As children age, explain that while everyone needs clothing, a designer jacket is a want, not a need.
- Money is finite. You earn money by working or creating something positive in the community. You need to make decisions about how to spend your money. If you are thirsty, do you get juice for \$2, a smoothie for \$5, or just drink water that is free? When you go to the grocery store, you can have them choose between chips or goldfish, reminding them that there is only enough money for one of these choices. Next you can take it a step further and show them the cost difference between one brand of cereal which is \$4 vs. another brand that looks the same but is only \$3.
- Delayed gratification is rewarding. Studies like the Marshmallow Experiment (an offer of 1 marshmallow now



vs. 2 marshmallows in 15 minutes) have found that children willing to delay gratification were more successful in various areas. Similarly, if the child puts some of their birthday money in a bank account (although interest is so small these days) the bank will pay them interest for keeping their money and in a month or a year they will have more money. Demonstrating how \$100 grows with compounding interest, can also be very enticing to get them to save their money.

- Budgets help to plan and model financial responsibility. As children age, they will inevitably ask for a phone. Teach them that having a phone has a monthly cost. In order to keep the phone, they will need to budget a \$10 contribution to the phone bill each month. Then assist them in planning how they will earn \$10 each month in order to keep their phone. Next, the conversation can move into what percentage of their earnings should be saved and how much will be taken for taxes (to help pay for various services provided to the community).
- Be a role model. As with most things we want to teach our children, the best action we can do is model good behavior and discuss our choices with them in simple ways. Whether at the mall or grocery store, we can openly discuss our thoughts in regards to deciding to purchase a gift or snacks. As with many other topics, the more we discuss money or financial decisions the more experience our children will have and the more comfortable they will be handling money.



# ANNUAL ELECTION/BUSINESS MEETING

## June 28, 2019

### ELECTIONS

The Annual Election Meeting will be held on June 28, 2019 in conjunction with the 59th Annual Conference at the Prince Waikiki. Following the Election Meeting, the new officers and directors will be installed at the 59th Annual Conference Luncheon on June 28, 2019.

### NOMINATING COMMITTEE REPORT

Pursuant to the provisions in Article VI, 6.1 of the HSCPA Bylaws, the Nominating Committee has submitted the following nominations for officers and directors of the Society for the fiscal year beginning July 1, 2019. If any nominee should for any reason become unavailable after notice of the election has been given, and if voting is not conducted by written ballot, then nominations for that office from the floor by any member in good standing who is present in person at the Annual Election Meeting shall be accepted.

#### DIRECTORS (2019-2021)

Ronald I. Heller – Torkildson Katz Hetherington & Knorek  
Adrian K. Hong – Island Plastic Bags, Inc.  
Franklin T. Kudo – University of Hawaii at West Oahu  
Nelson K. Lau – KPMG LLP  
Trisha N. Nomura – Ascend Consulting, LLC  
Grayson Y. Nose – CW Associates, CPAs  
Natalie M.H. Taniguchi – American Savings Bank  
Gordon M. Tom – KMH LLP

#### AICPA MEMBER OF COUNCIL (Designated)

Darryl K. Nitta – C&Y CPAs LLC

In accordance with the Bylaws, officers automatically accede to the next level of office to serve terms as elected or as designated, and the directors named below will continue to serve their terms as elected or as designated, or may be removed by a vote of at least two-thirds of the voting members present at a designated meeting. The President automatically becomes Immediate Past President when his/her term ends.

PRESIDENT	Darryl K. Nitta – C&Y CPAs LLC
PRESIDENT-ELECT	Edmund N. Nakano – C.S. Wo & Sons, Ltd.
VICE PRESIDENT	Ryan K. Suekawa – Deloitte & Touche LLP
SECRETARY/TREASURER	Chad K. Funasaki – N&K CPAs, Inc.
IMMEDIATE PAST PRESIDENT	Norman N. Okimoto – Hawaiian Financial Federal Credit Union

#### DIRECTORS (2017-2019)

Steven R. Oberg – MUN CPAs (Kauai)  
Valerie M. Peralto – Peralto & Co., CPAs, Inc. PC (Hilo)

#### AICPA MEMBER OF COUNCIL

Ryan K. Suekawa – Elected 2019-2022