

NOVEMBER 2020

# KĀLĀ

The Official Publication of the Hawaii Society of Certified Public Accountants

The  
Silver Linings  
in the Pandemic



# A Whole New World



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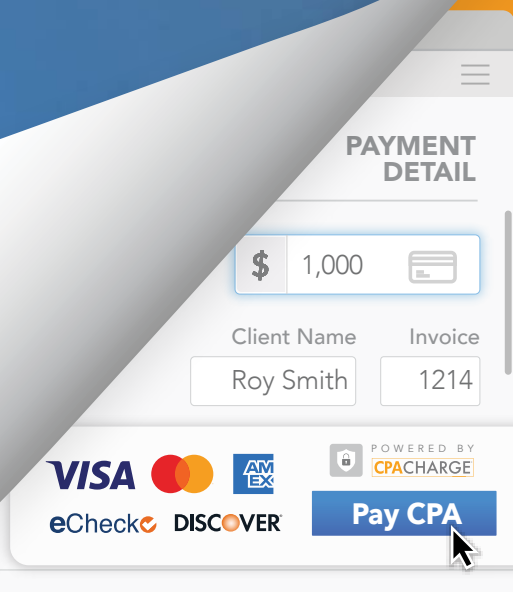
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# President's Message

By Ed Nakano

## HSCPA Extraordinary and Dedicated Leader and Volunteer Ron Heller

During the past six years while serving as a Director and Officer of the HSCPA, I have had the privilege to work with and learn from several dedicated, long serving and knowledgeable CPAs in the HSCPA organization. I plan to recognize these individuals in my monthly President's Message.

Ron Heller is one of several who is truly deserving of this recognition. Ron's many years of service, diverse skills, talent and dedication and contributions to the legal and CPA professions are immeasurable, appreciated and worthy of recognition.



Ron was born and raised in Cleveland, Ohio and grew up in the suburbs near Cleveland. He is a **TRIPLE ALUMNUS** of the University of Michigan, Ann Arbor with **AB double majors in Economics and Philosophy, an MBA and JD**. His post-graduate education continues today as one of the oldest graduate students in the Theater program, working towards a Master of Fine Arts (MFA) in theater directing at UH Manoa.

Ron's background in theater started almost five decades ago but at that time, he never took theater academics seriously. The MFA is a 3-year program for full-time students and Ron is doing it part time while continuing his law, CPA and volunteer day jobs. After 3 years, he is half way there. I can attest to Ron's the-

ater skills. It becomes evident when he explains technical and complex material in excellent, dynamic and interesting presentations. His current expertise and post education MFA degree will take him to an even higher level of communications.

Ron's interest in tax law at the University of Michigan Law School led him naturally to accounting and becoming a CPA. He wanted to "speak the language."

A notice on the bulletin board at the University of Michigan was the catalyst that brought Ron to Hawaii. A Honolulu law firm was interviewing for positions. He had never been to Hawaii, had no connections here, and "Honolulu sounded pretty good" as he looked out the window in February. Ron made a **WIN-WIN** decision that not only benefited him and his family, but the CPA and legal professions in Hawaii.

Ron's **32-year** service with HSCPA began when he was recruited by then President Jeannie Hedberg. He sat on the Tax Committee and eventually became Chair of the committee. In 1988, Ron accepted the HSCPA Board position and has been serving on the Board since then.

Ron gave me permission to share with the readers one of his memorable and interesting life experiences which was losing weight. He weighed over 200 lbs. at age 40, 10 years later he weighed 158 lbs. and ran his 1st marathon. Ron currently weighs 152 lbs. and continues as a competitive runner. His original purpose

to run was to "get into shape" and after a couple of medals, he's now addicted to the "thrill of victory".



According to Ron, "a big factor in both success and happiness is learning to set your priorities and then focusing on high priority issues." He applies this to the "big things in life, like family and work."

When Ron litigates a particular case, he has to figure out and focus on the legal issues that matter most. He believes that the lawyer who walks out of the courtroom with a win is the one who was better prepared walking in. He is a strong believer that you don't win cases in the courtroom, but before you arrive there.

On behalf of the HSCPA, accounting and legal professions, clients and communities who you continue to serve, a sincere Mahalo to **RON who is a HELLER of a CPA and ATTORNEY, and is LEAN IN WEIGHT and HEAVY IN TALENT!**

**Take care and be safe.**



## 5 Silver Linings in a Pandemic

by L. Gary Boomer, Visionary & Strategist

The year 2020 will go down as one of interruption, disruption and innovation. Your mindset determines whether this is good or bad. I choose to focus on the positives, although I must admit I am a realist, and it has taken some adjusting. One silver lining is we will be more future-ready as a profession due to the accelerated transformation. As proof, many firms are experiencing their best year ever. What have we learned?

Transformation is exponential change, not incremental. Exponential change is best explained as something that shows 10X potential or resulting change. I choose to focus on areas that most people in the accounting profession already identified as challenges or obstacles prior to the pandemic:

- Digital workflow
- Knowledge transfer
- Travel (time and expense)
- More productive meetings
- Innovation

Over the past 20 years, we've assisted larger firms in developing technology and practice management strategy, including talent, processes and growth. Many of these items have been on firms' priority lists for several years, while others have become apparent more recently. A good example is leveraging a virtual workforce. Within 48 hours, during the busiest time of the year, firms become virtual. Some firms had plans, technology and people already in place. For them, the sudden pandemic was less disruptive than for those who had perhaps thought about a virtual workforce, but due to



personal preference or procrastination, hadn't acted or adequately prepared.

Most CPAs agree things will be different going forward, and we are still establishing the new normal on a daily basis. With this said, let's explore some of those exponential changes in more detail.

### Digital Workflow

It's impossible to leverage technology and other resources with paper in the processes. Most firms say they are paperless. In reality, there is less paper, but many of their operations are still paper-based. To compete and leverage a remote workforce, it is imperative to focus on standardizing and digitizing processes. This means eliminating paper. Three areas firms have seen exponential improvement in are:

- Billing and collections
- Tax return preparation, including the aggregation of data and delivery of the final products
- Audit processes

These are examples of processes that have improved. Still, there are many more that can be automated utilizing digital workflow, artificial intelligence and machine learning (e.g., digital signatures, proposal writing and audit work papers and analytics).

### Knowledge Transfer

With the large number of retiring professionals and the need to train younger employees, knowledge transfer has appeared on many firms' strategic plans. Some partners have developed solutions



to capture knowledge. Yet few have leveraged technology to its potential due to the lack of standard processes and training.

Most CPAs have been exposed to video conferencing during the past few months, but surprisingly few are utilizing this technology to its potential. Good examples are virtual client and team meetings. Many accountants aren't aware of Zoom's polling, breakout session, transcripts and recording features.

At Boomer Consulting, we determined that the technology should not be the focus of our virtual consulting and communities. We immediately assigned a second person to each virtual consulting engagement. These people typically are project managers and newer consultants. Their primary focus is to "produce the client experience." A substantial unexpected benefit is they have learned from the experienced consultants and clients. They have also been quicker to adapt to new technology and more innovative. Two examples besides Zoom are Miro (a virtual whiteboard with sticky notes) and Virbela (virtual offices and conferences with sponsors' exhibit hall). As a result, we've increased innovation, adopted new technologies faster, experienced more knowledge transfer and created a better client experience.

## Travel

Travel is more obvious, yet worthy of mentioning due to the improved results for firms, employees and clients. For years I have heard partners discuss travel time and whether it was chargeable, built into billing rates or just part

of the job. I believe travel has changed forever as we are now in both virtual and physical worlds. Some refer to the virtual world as "Cloudlandia." The most visible benefits have been the time and dollars saved. The less obvious benefits have been increased learning, better work/life integration and more capacity.

Many still talk about their preference for a physical world. I admit that feeling creeps in, but the further we get into Cloudlandia, the faster I come back to the reality that things will be different in the "new normal." That "new normal" is being defined and changing each day.

Our profession is being impacted minimally compared to other professions and industries. Airlines, hotels, restaurants, insurance, medical, and retail are just a few. I feel gratitude, but also the need for vigilance and the ability to learn quickly.

## Meetings

Everyone has an opinion about meetings: too many, not enough and whether they are productive. The virtual world can deliver more productive and shorter meetings, but it takes planning, preparation and experience. On a personal note, our team has evolved over the years from being office-based to a hybrid model, and finally, a virtual environment that started approximately five years ago.

Efficient and effective meetings are cultural and require planning. We utilize two primary tools: Zoom video conferencing and collaborative Box Notes for agendas, minutes and related document links. The most important thing about collaborative

notes is to have a standard agenda template that participants get accustomed to and can quickly review online if unable to attend the meeting.

Cadence and frequency are also important. Like most large firms, it is impossible for everyone to attend regularly scheduled meetings due to consulting, community and training engagements. Our system and processes allow those who cannot participate to quickly review the information and remain informed. Videos have also become more prevalent. Here are a few tips for accelerating acceptance within your organization.

- Use video conferencing for all internal calls and meetings. This gets people comfortable and familiar with technology.
- Don't have meetings without an agenda and defined purpose.
- Supplement meetings with tools like Microsoft Teams and Workplace by Facebook.
- Place different people in the leader role and allow them to conduct the meeting. This is great training and leadership development experience.
- Start and end on time. Seek input from those who are new and less outspoken.

## Innovation

Innovation should be a part of your culture. Innovation means coming up with something new or a big idea. Unfortunately, innovation does not happen just by saying, "We are an innovative firm." Innovation requires hindsight, insight and foresight. The pandemic forced firms

*Continued on page 8*

Continued from page 7

to make big changes to workflow, client services and many processes that have improved the client experience, added increased value and advanced the firm into the digital and virtual world.

With this said, innovation occurs when there is a process in place to foster innovation. This requires time and resources, as well as a method for evaluating and funding priority ideas. Some firms have trouble with the concept of failing fast and moving on to the next priority, but this mindset is necessary for innovation.

Many firms are comfortable playing the role of letting others innovate and then

adopt what they believe to be best practices into their firms. I believe a combination of both serves most firms best.

Exponential change has been forced upon most firms and their clients. The majority of firms have responded remarkably and lived up to their title of “most trusted business advisor.” Keep up

the good work and continue to focus on the benefits coming from this period of exponential change. Remember, the solutions you develop for your firm have the potential to add value to your clients in the areas of leadership, talent, technology, processes and growth.



*L. Gary Boomer, Visionary & Strategist of [oomer Consulting, Inc.](#), is recognized in the accounting profession as the leading authority on technology and firm management. He consults and speaks around the globe on several topics including strategic and technology planning; mindset, skillsets and toolsets for the future; change management and developing a training and learning culture. He also acts as a planning facilitator and coach to some of the accounting profession's top firms.*

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Meet the Pros (exclusive to Hawaii) will begin after the Multi-State Virtual Career Fair! Sign up to participate in Meet the Pros to provide students the opportunity to meet professionals from the various segments of the profession.

Similar to our in-person Meet the Pros event, professionals will participate and rotate from table to table (speed-dating format) to speak to various students.

This VirBELA platform is a remote and playful environment for people to come together and work together online - using avatars personally created by the user.

For information on the Multi-State Virtual Career Fair preceding Meet the Pros, [click here](#).



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# HSCPA 60th Annual Conference Evolving in a Whole New World



The COVID-19 pandemic forced us to adapt quickly and embrace technology. We've all had to reshape the way we work, communicate, shop, and continue some sort of 'normal' business. Amid the crisis, we remain vigilant and care for family and co-workers, and continue learning.

Join us virtually at the 60th Annual Conference as we welcome Tracey Golden, Chair of the American Institute of CPAs. Fueled by rapid technological innovation, the world is changing at constant speed – with significant implications for the accounting profession. Cybersecurity, blockchain, artificial intelligence and cognitive technologies all have the potential to transform our work. Tracey will provide the latest developments in the professional as ... Change Is Happening!

A special treat for Hawaii, IRS Commissioner Chuck Rettig will discuss the many challenges we all faced during the past six months. The Commissioner will update us on the 2020 filing season; the impact of COVID-19 on future IRS operations; the CARES Act; the Taxpayer First Act; update on compliance and enforcement; and how we move forward together! Chuck is also a "proud Associate member of the HSCPA" – we are too, Chuck!

Through a hazy crystal ball, we may be able to see some light! Recognized scholar, community leader, educator and public policy spokesman, Dr. Keli'i Akina will share insights on a balanced approach to reopening Hawaii's economy as COVID-19 continues to threaten our largest industry – tourism. With our economic pulse index significantly dropping, how do we move ahead?

Retired Judge and HPU assistant professor Randal Lee will share his experiences dealing with public corruption cases in Hawaii. It's an unprecedented time and a wake-up call for Hawaii as the number of federal investigations into alleged corruption at Hawaii's public institutions made history. From the Kealoha case to Union embezzlements to money laundering to the Kahapea/Ewa Villages scandal . . . remember that? Don't miss this intriguing presentation!

## Register Now!

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## Featured Speakers (In order of appearance)



**Tracey Golden**, CPA, CGMA is the current Chair of the American Institute of CPAs and Association of International Certified Professional Accountants. An audit partner with Deloitte, Tracey has responsibility for facilitating and coordinating

reputation and risk related initiatives and matters. She collaborates with member firm leadership to proactively identify emerging risk matters and monitor and facilitate managing existing risks in the Americas region. In addition, she is an Engagement Quality Control Reviewer for a financial services industry client. Tracey also serves as a consultation resource for many insurance client engagement teams. She has extensive experience in inspection-related activities and has served as the leader of Deloitte's internal and external inspections team and audit quality initiatives leader.

Tracey has held a number of volunteer leadership positions at the AICPA, having previously served as a member of the Board of Directors and governing Council, as well as Chair of both the Audit and Finance committee and Peer Review Board. In addition, she has served as the Board Liaison to the AICPA Foundation Board of Trustees and a member of the Relations with the Bar and National Peer Review committees, among other volunteer positions.



**Charles "Chuck" Rettig**, is the 49th Commissioner of the IRS. He presides over the nation's tax system, which collects approximately \$3.4 trillion in tax revenue each year. This revenue funds most government operations and public services. Chuck

manages an agency of about 80,000 employees and a budget of approximately \$11 billion. In leading the IRS, Mr. Rettig is focused on improving service to the nation's taxpayers, balancing appropriate enforcement of the nation's tax laws while respecting taxpayer rights. Previously, Chuck was with the law firm of Hochman, Salkin, Rettig, Toscher & Perez, P.C., for more than 36 years. In his practice, he represented thousands of individuals, businesses and corporate taxpayers before the IRS, the Department of Justice Tax Division, federal and state courts and state taxing authorities. These cases involved civil examinations and appeals, criminal investigations and tax collection matters.



**Dr. Keli'i Akina** is president and chief executive officer of the Grassroot Institute of Hawaii, a nonprofit public policy research institution dedicated to the principles of individual liberty, economic freedom and accountable government.

He also is a state public official, elected in 2016 as Trustee-at-large for the Office of Hawaiian Affairs, with 164,000 votes in the state-wide election. As a policy adviser at state and national levels, Dr. Akina is a leading defender of the Aloha Spirit, as exemplified by his famous rallying cry, "E hana kakou — Let's work together!" An expert in East-West philosophy and ethics, Dr. Akina has lectured at universities in China and the United States and has taught on the faculties of Hawaii Pacific University and the University of Hawaii. Dr. Akina is the former president and chief executive officer of Youth for Christ and founded the Center for Tomorrow's Leaders.



**Circuit Court Judge (Ret.) Randal Lee** is an Assistant Professor in Criminal Justice. Judge Lee received his Juris Doctor degree from Southwestern University School of Law and has been an Adjunct Professor at HPU and other colleges since 1984.

Judge Lee spent ten years on the Circuit Court bench and presided over civil, criminal and appellate cases. Prior to his appointment to the bench, Judge Lee was a Senior Deputy Prosecuting Attorney for approximately twenty-five years and had prosecuted a number of high publicized, complex white collar, and corruption cases. Judge Lee's experience includes the California Court of Appeals, the United States District Court, Los Angeles; Office of the Public Defender, State of Hawaii; and had lectured for the National Trial Advocacy Center in South Carolina and the National White Collar Crime Center in Washington, D.C. Judge Lee has received the Award of Excellence, Department of the Prosecuting Attorney, 1994 and 1995; Certificate of Merit by the Hawaii Hotel Association, 1998; Certificate of Recognition, Honolulu City Council, 2004; Hall of Fame Award, Hawaii Joint Police Association, 2005; and 2014-2015 Adjunct Faculty of the Year Award and 2015 Golden Apple Award for Adjunct Faculty of the Year, Hawaii Pacific University.



# TAX FOUNDATION OF HAWAII

Hawaii's Watchdog on Taxes & Government

By Tom Yamachika

## Standardless Spending



We are feverishly trying to spend federal dollars for the common good and busily preparing for a historic election. There are, however, other huge projects in the wings where government agencies are setting up to spend record-setting amounts of money in public-private partnerships.

One of them is the Aloha Stadium project, which we have previously written about. Another is the Honolulu Rail project, which has often been the subject of press coverage.

Assuming (with some foundation) that the procuring agencies for these projects want to keep their discussion under wraps, does the public have a right to make them disclose details before a deal is reached and papers are signed?

Sadly, the answer appears to be no.

Remember, we aren't even operating with a full deck of laws. Our Governor has found fit to suspend a 20-page-long list of statutes in the name of coping with the COVID-19 pandemic. That's because one of the emergency powers statutes, HRS section 127A-13(a)(3), gives the Governor the power to suspend "any law that impedes or tends to impede or be detrimental to the expeditious and efficient execution of, or to conflict with, emergency functions." The suspension is supposed to expire in 60 days, but nothing prevents the Governor from making another proclamation on the 59th day saying that we are still in an emergency and the laws are

suspended for another 60 days – we are on the 13th such proclamation so far.

One of the casualties has been the State Procurement Code, HRS chapter 103D. The Code was suspended in full. Another is HRS chapter 92F, the law governing public access to government records. That one used to be suspended in full, but in May the Governor relented a little, and said that agencies only had to acknowledge receipt of a public records request; deadlines were ripped up so agencies didn't have to respond to the requests, or produce documents, until they were good and ready. (Anyone want to take bets on when that will be?)

Technically, that means agencies don't even have to go through any competitive bid process. They can just spend money and sign contracts.

What if you are a taxpayer who wants to know how tens of millions of taxpayer dollars are being spent? Pretty much out of luck there. "We need to give agencies the maximum flexibility and resources to respond to emergency conditions," they will probably say. Which means they don't have time to be bothered by pip-squeak members of the public. So, after acknowledging your request for information, they can put it in a side drawer somewhere, where it may never see the light of day again.

What about if you bid on one of these projects and you are told that your bid wasn't selected? Can you contest the decision like many companies did in the

past? Well, no, the law authorizing bid contests (part VII of the Procurement Code) has been suspended too. We need to give agencies the maximum flexibility and resources to respond to emergency conditions.

But what do Aloha Stadium and Honolulu Rail have to do with the pandemic? We need to give agencies the maximum flexibility and resources to respond to emergency conditions. Do the Aloha Stadium Authority and HART engage in emergency functions whatsoever? We don't care, we need to give agencies the maximum flexibility and resources to respond to emergency conditions.

I am okay with allowing agencies to buy things for pandemic response. If some government official were to certify that the purchase was related to the pandemic, I would look the other way if the agency wanted to cut some corners in the procurement process. But ripping up the whole procurement law and allowing multi-billion dollar purchases to skate? Please! Doesn't it sound like anarchy here? Can we stop the insanity?

*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.*



# Reimagining the profession.

Now more than ever, the accounting profession needs to reimagine. That means looking beyond chaos to find opportunity in a new and better normal.

View this video clip from the virtual 2020 AICPA Spring Council Meeting.



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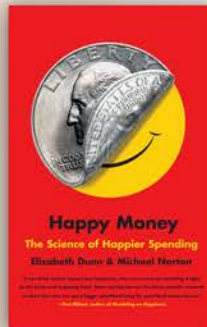
# Norman's Book Review

## "Happy Money"

by Elizabeth Dunn & Michael Norton

I have been attending the AICPA Engage Conference in Las Vegas since 2018, thanks to fellow HSCPA member Steve Kwock's recommendation. As he mentioned to me, the conference has an amazing variety of speakers and is a great source of CPE credits. At last year's conference, I was fortunate to attend Elizabeth Dunn's session on "Happy Money."

It was really thought provoking, especially for CPAs, so I decided to buy her book to get a better understanding of the research behind her presentation. The following are my key takeaways from her book and presentation, and is summarized by the five principles of "happy money."



### Buy Experiences (Not Things)

The travel restrictions due to the pandemic have caused much frustration and sadness for those of us who like to travel. In theory, the money we save can be used to buy more material things. But what gives you more happiness, buying things or experiences? The answer is buying experiences definitely gives you more happiness!

As for me, I definitely reminisce

about my past trips by looking at old pictures and sending them to the friends and family I traveled with ... I don't gaze and send out pictures of things I bought in the past. Here are some interesting findings and quotes from this section of the book.

- Buying a newer or bigger home doesn't increase feelings of happiness.
- Experiential purchases make people happier and people feel it is "money well spent."
- "Material possessions, they sort of become part of the background; experiences just get better with time."
- "Twenty years from now you will be more disappointed by the things that you didn't do than by the ones you did do." (Mark Twain)
- "We are happy with things, until we find out there are better things available."

### Make It A Treat

Choosing and working hard to become a CPA usually results in a life filled with abundance. The lesson of this section is if we are not careful, research has shown that "abundance is the enemy of appreciation. From chocolate bars to luxury cars, habituation is a fundamental barrier to deriving lasting pleasure from our purchases." Instead, the author states you must adopt Sarah Silverman's mantra, "make it a treat" for everything you experience and buy for lasting happiness.

- "Driving a more expensive car doesn't usually provide more joy than driving an economy model."
- "Altering consumption patterns can provide a route to getting more happiness for less money."
- "When we know something won't last forever, we're more likely to savor it."
- "While young people seek abundance, older adults engage in a pruning process, trimming away people and things that don't deliver an emotional payoff."
- "Recognizing that an end is near holds a key to happiness, helping us turn readily available comforts back into treats."

### Buy Time

As CPAs, our minds are trained to think of most everything in terms of money, and how much money we will save if we do one thing versus another. Raise your hand if you chose a flight with one or more layovers versus taking a direct flight to save a few hundred dollars ... makes perfect sense to a money conscious person!

What this section says is "focusing on time rather than money frees people to prioritize happiness and social relationships. Why? Time and money promote different mindsets. Thinking about how to spend our time is deeply connected to our sense of self. In contrast, monetizing our choices leads us to think in a



relatively cold and rational manner.”

- “People who feel they have plenty of free time are more likely to exercise, do volunteer work, and participate in other activities that are linked to increased happiness.”
- “The more you exercise, the happier you get, within reasonable ranges of exertion.”
- “Older adults walk more regularly when their walking partner is a dog rather than a friend or spouse.”
- “If you are choosing a longer commute for a nicer home, think again ... research shows people with longer commutes are no more satisfied with their homes, and they are less satisfied with their jobs.”
- “Social relationships are crucial... people experience the most positive moods of the day while spending time with family and friends.”
- “Playing with children produced more positive feelings than almost any other common daily activity.”

## Pay Now, Consume Later

The opposite of “pay now, consume later” is “consume now, pay later.” Because of credit cards and wanting things sooner rather than later, most of us “consume now and pay later.” As CPAs we are trained about the time value of money, how financially prudent it is to pay for things later if possible, and other ways to maximize our money and our client’s money. However, if

the goal is to “use our money to not only get more money, but to get more happiness, we need to have a “pay now, consume later” mindset.”

- “What we owe is a bigger predictor of our happiness than what we make.”
- “Delaying consumption drives people to maximize their happiness, whatever form that takes.”
- “What separates the suicidal from the rest of us is not an abundance of negative thoughts about the future,

but rather an absence of positive ones.”

- “Everything looks perfect from far away.” (Ben Gibbard and Jimmy Tamborello of the rock band the Postal Service)

## Invest in Others

In my opinion, CPAs are a very generous group in terms of donating their time and money to worthy causes and to others. This is a good thing and increases one’s happiness, according to the book. “The more money people gave away and invested in others, the happier they were.” In contrast, “the amount of money people devoted to themselves was unrelated to their overall happiness.” Additionally, what provided the most happiness was when people “invested and connected with who they were helping.”

- “Giving and happiness are mutually reinforcing, creating a positive feedback loop.”

## Summary

Are you happy? Think you have room to be happier? If the answer to the first question is “no” and the answer to the second question is “yes,” then I would highly recommend you read this book. It will give you ideas to increase your happiness and challenge the ways CPAs traditionally look at things through \$\$\$ only. It definitely made me re-evaluate how I look at things, since I look at most things from a monetary basis, which drives my wife crazy at times.







## First-Time Homebuyer Tips

By Colin Lee



Many young CPAs will become first-time home buyers, hopefully, at some point in their early careers. Some sooner than others, but eventually you

will become one. In one of my past articles, I wrote about how you can be a homeowner for only 3% or even 0% down in some locations, so there really is no excuse for CPAs not to eventually own a home. I don't want any of you to make the same mistakes I see other people making over and over, so here are a few tips for first-time homebuyers.

### **It's okay to buy something that needs a little fixing up if it's in a good location.**

Many first-time homebuyers here in Hawaii have a false sense of what they want because they watch the house hunting shows on HGTV or similar channels. They are attracted to homes that are recently renovated and move-in ready. A lot of times, homes that are fully renovated in most first-time homebuyers' price ranges would be in a "less-desirable" location compared to a slight fixer-upper home for a similar price in a better location. Essentially, they want to buy the best looking home without regard for location because they fear doing a little fixing up. CPAs should know better than anyone else that buildings are depreciating assets. From a pure value standpoint, you almost never want to buy the best house in the neighborhood unless you don't mind

having a less than average appreciation rate. Most first-time homebuyers will not be buying their forever homes from the get go, which is why it is even more important to buy something that will more likely have a better resale value.

### **You don't need 20% down. Don't be afraid of Mortgage Insurance.**

Sometimes I get clients who only start talking to me after they've saved up their 20% down payment, thinking that is the requirement to buy a home or because they are afraid of paying mortgage insurance, which is normally required if you have less than 20% down. I don't say it out loud, but I always wish that they spoke to me earlier. Assuming the market is trending upwards, they could have bought the same home they wanted a few years ago and would have gained more in appreciation than what they were able to save up. For example, a few years ago, I had a client that absolutely insisted that they wanted to save up for 20% down before buying a place (which is fine if that is what you really want). They were interested in buying a \$350,000 townhome and had roughly \$50,000 of down payment at the time. The next year when they finally saved up 20% for the \$350,000 townhome, that same type of townhome unit was selling for \$375,000. Even with the extra down payment, the monthly mortgage was roughly the same as it would have been if they purchased it a year earlier. By insisting on

waiting until they had 20% down, they actually wasted \$18,000 on a whole year's worth of rent that they will never get back, just to get them in the same exact position they would have been in a year earlier. Wouldn't it have been better for them to put that \$18,000 rent into their own mortgage? Of course, having 20% down or more is ideal, but for most first-time homebuyers that's not doable. However, I personally would recommend to wait until you have at least 5% (with an additional 1.5% for closing costs), because the costs are likely a lot higher with down payment programs for less than 5%, unless you have a VA loan.

### **Talk to at least two or three loan officers**

Even if your family member or friend is a loan officer, I always recommend my clients to talk to at least two or three different lenders. The reason is because different lenders may have different rates and costs at different times. They can also qualify you for different dollar amounts. If you only talk to one lender, then you won't have anything to compare with. You would never know if you are getting a good rate or if you could qualify for a higher amount. When I bought my first home 8 years ago, I spoke to three different lenders. The third lender had the best rate and qualified me for around \$80,000 more than the first two lenders. If it weren't for that third lender, I wouldn't have been able to qualify for the single-family home I own now.



### You don't always have to start small.

Depending on your lifestyle and spending habits, some people prefer to be conservative and play it safe with their housing budget. However, if you plan correctly, you do not always have to start small. Let's say you can comfortably afford a 2-bedroom condo but maybe have to stretch a little more for a fixer-upper single-family home in a good neighborhood. I would tell you to stretch for the single-family home in the good neighborhood, even if you have to sacrifice a little for a couple of years. Maybe you can't go on a trip for a while, but to me that would be a short-term sacrifice that's worth making. Many times, as a CPA, your struggle shouldn't be for too long. The reason for this is because your mortgage is a fixed amount, whereas your yearly pay should keep increasing over time, as long as you work hard and perform well. Everyone knows that single-family homes in good neighborhoods will generally appreciate much faster than condos or townhomes, so that would be a good risk to take. Stretching to buy a fixer-upper single-family home in town vs. a move-in ready 2-bedroom condo was one of the best decisions I ever made.

There are many more tips but this is all the space I have. At the end of the day, everything depends on your personal situation. We normally custom tailor everyone's home search to fit exactly what they feel comfortable with and stay within their budget. Whatever your situation is, there is a solution and plan of action you can take to eventually achieve your goals.

Colin Lee is a Realtor and Broker-In-Charge with Better Homes and Gardens Real Estate Advantage Realty. If you have any questions or comments please feel free to email [ColinL@BetterHawaii.com](mailto:ColinL@BetterHawaii.com).

## Hawaii Practices For Sale

**Gross revenues shown:** Gross revenues shown: Honolulu CPA \$1.1M - predominantly tax; Hilo Tax & Accounting \$34K - tax(85%)/accounting (15%); Honolulu CPA Tax \$266K - tax (70%)/bookkeeping (20%). 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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# CPA FIRM MICROCOMPUTER TECHNOLOGY

By Joy Takaesu of The CPA Collective



The Cybersecurity and Infrastructure Security Agency (CISA) issued an alert about a surge in phishing e-mails that attempt to install Emotet, an advanced Trojan malware. The malicious e-mails may claim to involve invoices or a work-related matter. Be cautious when opening any e-mail attachments, and do not Enable Editing or Enable Macros unless the source is trusted and verified.

Proofpoint reports that scammers are using malicious SharePoint Online and OneDrive links to phish credentials. Proofpoint's research shows that workers are disproportionately likely to click on malicious links hosted on legitimate Microsoft domains compared to other malicious links. Scammers may send a shared link that appears to be a work-related file such as invoice or voicemail, but actually goes to a fake login page designed to steal Office 365 credentials.

Once an account is compromised, scammers may attempt to steal data, request fraudulent wire transfers, and/or target the compromised account's contacts. Proofpoint recommends assessing your organization to understand who is being targeted, what attack techniques are being used, and who might be prone to compromise.



Microsoft announced that it added protections against "consent phishing," where attackers use deceptive links to trick Office 365 users into granting permissions to malicious apps, even if the users have multifactor authentication enabled. Scammers send what appears to be a link to a shared OneDrive

document, but when clicked, the user is prompted to grant permissions to their Office 365 account, including their contact information, email, or documents.

To help combat consent phishing, Microsoft will block and flag apps from unverified publishers as risky on all consent screens after November 8, 2020, unless they are only asking for basic sign-in and profile info. Microsoft also added consent policies to allow administrators to control which apps can be granted permissions, with options to only allow verified publishers, or to require administrator approval for all apps. Users should still be cautious when opening any links, and carefully read prompts asking to grant permissions to ensure that excessive privileges are not being granted.

Office 365 users can also go to <https://myapps.microsoft.com> to review which applications have been granted access, and revoke privileges to suspicious or unused apps. To view permissions, hover over an app, then click the three vertical dots that appear in the upper right corner of the app icon, then click Manage your application, Permissions.

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).

## The Hawaii Society of CPAs is excited about the .cpa domain launch, and our partnership with CPA.com, a subsidiary of the AICPA.

The .cpa domain is a restricted domain available only to CPA firms. By adopting a .cpa domain, accountants digital footprints can now reflect the distinction of being a CPA. This exclusive digital space will also make it more difficult for cyber criminals and malware to carry out malicious attacks, allowing your online interactions to be carried out with a higher degree of integrity and trust.

To view a short video about .cpa domain, please click [here](#). For more information please visit [domains.cpa](https://domains.cpa)







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### **NOVEMBER 5: Accounting and Auditing Update**

This program is a must to keep CPAs, accountants, and financial professionals on top of the changes they need to know to be effective. The course authors evaluate and emphasize those changes with broad application and develop detailed practical guidance and illustrations.

**Section on auditing standards qualifies for the 24-hour Yellow Book requirement**

### **NOVEMBER 5: Master the Remote Audit**

This course will go over the basics to consider and explain the challenges and benefits of a remote audit. It will cover the latest standards and how auditors can continue to comply with those standards while doing the work from a distance using technology and thoughtful processes.

### **NOVEMBER 12: Construction Accounting – The Impact of the New Standards**

This program explains and illustrates special accounting and auditing issues related to the construction industry, contractor specific disclosure rules, and current accounting and auditing developments. It includes the new revenue recognition and lease standards as well as up-to-date guidance from the AICPA's Transition Resource Group.

### **NOVEMBER 13: Compilation and Review Practice Guide**

Compilation and review issues have dominated the profession during the past few years, and the codification of SSARS 21 in AR-C Sections 60, 70, 80 and 90. This program addresses these changes and current performance requirements in the compilation and review literature such that practitioners will be able to perform these services in compliance with SSARS 21-24 while applying best practices for both efficiency and effectiveness.

[Click on the course title above to register!](#)

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## Start Transforming Your Organization with Microsoft Teams

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Microsoft Teams transforms the way accounting firms and businesses of all types communicate, collaborate and share knowledge, especially on the new “work from environment” we find ourselves in these days. The Teams app should be core to everything you do in Office 365.

If you are in the process of deploying the Teams app, or are contemplating it, this course is extremely valuable for you. We will provide a thorough review and demonstration of all of the features and functions of Teams and how to get it setup for your organization.