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The Official Publication of the Hawaii Society of Certified Public Accountants

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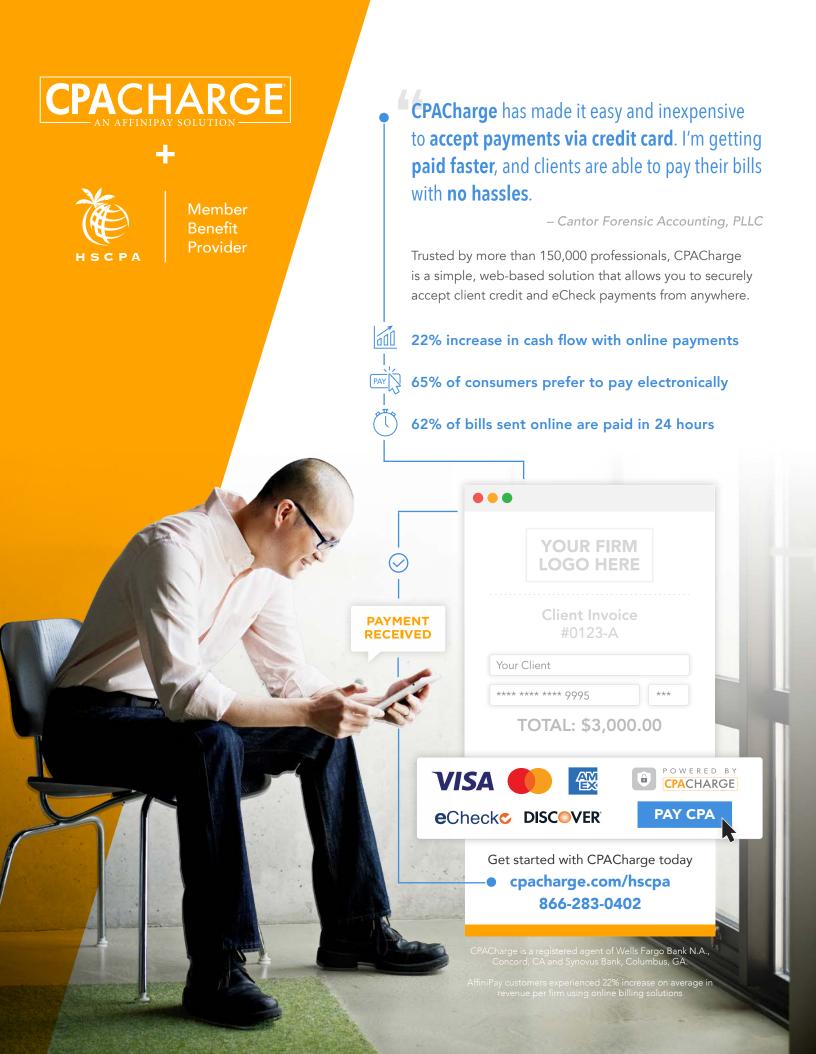
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President's Message

By Ed Nakano

Accounting is Still and In-Demand Profession with Recruiting Challenges

As covered in my August 2021 KALA President's message, the accounting profession, both locally and nationally, is finding itself with a shortage of talent to fill the available jobs. The following articles about the accounting and finance profession further discusses this employment situation: "Why Accounting is Still an In-Demand Profession" by Dennis Whitney, Sr. Vice President of the Institute of Management Accountants; "Is it too Hard to Become a CPA?" by Daniel Hood of Accounting Today; and "Accounting Profession Having Trouble with Recruitment" by Michael Cohen of Accounting Today.

According to Dennis Whitney," recent data indicate that hiring of accounting and finance professionals is trending upward" and "isn't expected to end any time soon." Mr. Whitney believes that these accounting and finance professionals are no longer simply providing financial planning expertise. They are also valued business partners with unique strategic insights, a major draw for employers. Due to fierce competition among employers, candidates with professional certifications have an added advantage which could result in higher compensation. These certified professionals (CPA, CGMA, CMA) are lifelong learners since they are required to keep pace with continued professional educations (CPE).

Daniel Hood questions whether the requirements to become a CPA are too demanding. Based on statistics and the following reasons, more young professionals are pursuing other fields:

- The percentage of students graduating with accounting degrees dropped from 2% in 1990 to only 1% in 2000; that decade the profession required an extra year to become a CPA. This decline was in spite a growth in the number of accounting students.
- The efforts required to pass the CPA exam is daunting, although having passed it is a badge of pride. The requirement to have 150 hours of college credit, the equivalent of a fifth year of school, is hardly attractive when the burden of student debt has become a national issue.
- Other reasons young professionals are not pursuing the CPA license include: workload and personal time commitment to study for the exam, doesn't see the relevance and value, overall cost of exam and a preference for other credentials.

Mr. Hood recommends that the profession consider revising the 150-hour education requirement or to spread the CPA exam taking process over a longer period of time. His analogy was that during the height of the COVID-19 pandemic, many medical schools allowed their students to graduate early to help with the overwhelmed and struggling medical profession.

Author Michel Cohen, based on information provided by Illinois CPA Society (ICPA) President Todd Shapiro, Partner

of BDK CPAs & Advisors, provided the following recruitment challenges:

- AICPA trends report a 7% decline of first time CPA exam candidates from 2017 to 2018. 2019 candidates were the same as 2018. 2020 testing centers were closed and it will be interesting to see what the 2021 results will be.
- Korn Ferry survey of the top 1,000 largest U. S. companies indicated that only 36% of the CFOs were CPAs . . . a sign that the profession is in trouble.
- Starting salaries were flat and compared to other major professions, accounting was the third lowest.
- Until we begin to address these causal factors, the profession is not going to see immediate change in the pipeline.

Mr. Cohen also shared the following proactive actions taken by ICPA's new chairman, Tom Murtagh, partner of BKD CPAs & Advisors:

- Robust college recruiting and developing strong relationship with the campuses.
- Determining ways to help the students see the value they bring and what an interesting accounting career path looks like for them beyond the entry level work.

Continued on page 11



6 Ways to Cultivate Employee Engagement

By Jenna Blackwood of Boomer Consulting, Inc.

People sometimes become disengaged at work, whether from dissatisfaction with their jobs or disruptive events in their personal lives. But employee disengagement has reached crisis levels in the past year and a half. It's not hard to find a reason. We've all experienced the stress of living through a pandemic, abrupt shifts to working from home, economic uncertainty, work and family stress to some extent.

Disengagement doesn't only hurt one person's work. It can also spread to other team members. That's why it's important to take steps to cultivate engagement and reverse the trend.

Signs of disengaged employees

Don't wait for an employee's quarterly or semi-annual review to gauge or discuss their level of engagement. Look for the following signs:

- Withdrawal. Disengaged employees withdraw from non-necessary activities and conversations. For example, you might notice certain team members don't attend virtual or in-person team-building and social events, or some people never turn their cameras on during video conferences.
- Poor communication. Disengaged employees may not ask questions, follow through with communication or speak up in meetings.
- **Absenteeism**. Taking personal or sick days and vacations time is healthy. But it can be a bad sign when an employee

who had a great attendance record starts missing a lot of work. Of course, there's a possibility they're dealing with personal or health issues they haven't shared with you, but it's worth engaging in a caring dialog to find out what's going on.

- Declining performance. Declining work quality or output, missed deadlines and failing to fulfill their commitments are signs of disengagement.
- Naysaying. Disengaged employees tend to be cynical and disenchanted with the company. As a result, they may naysay new ideas and opportunities and be rude to coworkers.

6 ways to cultivate employee engagement

Disengagement doesn't have to be a terminal condition. With effort, you can overcome and even prevent it from happening by doing the following.

Solicit feedback

Regular employee engagement surveys are a great way to collect feedback from many employees at once. These surveys don't have to be extensive. You can do smaller surveys each quarter that focus on a particular area.

For example, we recently sent out a benefits survey to ask people about the benefits we currently offer, which ones they use and which they'd like to see us add. You could also survey employees about their

perceptions of leadership, communication, technology, processes, etc.

Communicate why you're conducting the survey and ensure that feedback is anonymous to improve the participation rate. And be sure to act on the feedback to ensure that future surveys are wellreceived, too.

Hold regular meetings

It's easy for employees to feel cut off from their coworkers while working remotely. Having more regular team meetings and one-on-ones can prevent that disconnect.



When you do meet virtually, encourage people to turn their cameras on. It's too easy to multitask by checking email and working on other projects when cameras are off during a video conference. Before you realize it, you've mentally checked out of the meeting.

Find reasons to celebrate

There might not be much good news in the world these days, but we can still find things to celebrate as a team: birthdays, anniversaries, landing a new client, reaching a personal or professional goal, having a baby, etc. Put someone on your team (or a committee, depending on your firm's size) in charge of celebrating milestones. Whether you share congratulations on Microsoft Teams, send flowers, or give someone kudos in the firm newsletter, these little celebrations help people feel appreciated and engaged.

Encourage water cooler conversations

Water cooler conversations are those day-to-day moments when people have casual conversations on topics ranging from work-related to personal themes.

It might seem like a time-waster, but it's a great way to bring people together and help them connect in an otherwise formal work environment. When people are working remotely, water cooler conversations may not happen organically, so make them happen. Whether you use Microsoft Teams, Slack, Workplace by Facebook or another team chat app, put someone in charge of initiating these conversations.

Some ideas include:

- What's your favorite song?
- What is the most ridiculous fact you know?
- Pineapple on pizza: Yes or No?
- Share a video or gif that describes your weekend.
- What are the best and worst purchases you've ever made?
- What's the most interesting thing you've read or seen this week?

Hold workplace wellness challenges According to a survey from Thomson Online Benefits, employees who feel that their employer-provided benefits positively impact their lives are 40% more likely to feel loyal to the company. Workplace wellness challenges are a cost-effective way to promote healthier, happier employees and drive engagement.

At Boomer Consulting, we hold monthly health quests where employees can earn points by doing things like exercising for 30 minutes, getting seven hours of sleep, eating four servings of fruits or vegetables per day, and drinking 64 ounces of water per day. Anyone who earns enough points for the month gets \$25 to spend on whatever they want.

Share employee preferences

When a new employee comes on board, how do you what kind of treats they like, the hobbies they engage in, or how they prefer to be shown appreciation?

At Boomer Consulting, we find out by having them fill out a Treat Sheet — a questionnaire that asks about their

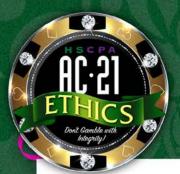
favorite foods, drinks, hobbies, and what makes them feel appreciated (verbal feedback, new opportunities and challenges, gifts, etc.). When we want to thank someone on the team for a job well done, we can consult the Treat Sheet to find out what they like. For example, we might see they love vanilla lattes and have a drink from Starbucks delivered to their home.

Engaging employees — and keeping them engaged — takes time and effort. But when you take steps to cultivate it in your firm, it becomes a competitive advantage for holding on to talented and high-performing individuals. Incorporate some of these tips in your firm today, and you'll see engagement improve in the long term.

Do you need help with your firm's hiring and talent strategy?

Boomer Talent Consulting can help you get clarity on your firm's most critical talent objectives and create a go-forward strategy suited to your firm's unique needs. Schedule a discovery call today to begin implementing an organizational structure that is positioned and accelerating into the future.

As Financial Operations for Boomer Consulting, Inc., <u>Jenna</u> is passionate about the administrative side of business—both internally and externally. Her primary focus is on the company's payroll, human resources, and accounting.



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FEATURING ETHICS + MORE

What a year! All businesses have had to embrace changes, and for CPAs, some things will never be the same again. Adapting to digital relationships in the pandemic has also increased the risk of ethical compromise in remote working, staff size reduction, assurance services, increase in fraud, and ethics across the supply chain.



Great Speakers and Topics!



Join us virtually at the 61st Annual Conference to welcome **Bill Pirolli**, Chair of the American Institute of CPAs. "Mr. Storyteller", as he's also fondly known as, will discuss the most current professional issues and share insights on some of the major initiatives underway and on the horizon. Bill will provide insight on the forces shaping the accounting profession and how it will affect members and organizations.

Ethics – Our Guiding Principle! Hear HSCPA's finest. **Ron Heller**, cover the basic tenets of professional ethics, and explain recent changes in the AICPA Code of Professional Conduct. Ron will teach you how to identify,

analyze and respond to conflicts of interest, how to apply independence rules in your practice, and key rules regarding client confidentiality. The presentation will also cover recent Hawaii developments and tips to avoid malpractice claims or liability.

"Local boy" from Mililani High School to New York prosecutor, then back to Hawaii after being appointed to the top spot as Hawaii U.S. Attorney, **Kenji Price** will return – virtually! Don't miss Kenji as he shares insights on whitecollar crimes and other public corruption issues. The people of Hawaii are grateful for the years he spent "giving a voice to those who have been victimized by crime".

Entertainment!

Dance – and sing – like nobody's watching! How long has it been since you've kicked off your shoes and danced? Here's your opportunity! Enjoy happy hour with **The Flying Ivories**, a dueling piano live performance. Join us for a fun and entertaining time as we start the weekend. You'll get to choose songs and shake your groove, so grab your favorite fun beverage and have fun.

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William (Bill) Pirolli, CPA/CFF/PFS, CGMA, is the Chair of the American Institute of CPAs (AICPA) and also serves as Chair of the Association of International Certified Professional Accountants. He is partner at DiSanto Priest & Co, CPAs, a multi-disciplinary

accounting and financial services organization in Warwick, RI. Bill maintains an active client base and focuses on trusted advisor services such as estate and succession planning, mergers and acquisitions, financing and litigation support, as well as traditional tax, accounting and advisory services.

Over his 41-year career, Bill has served in several volunteer AICPA roles: the AICPA Board of Directors, the Association of International Certified Professional Accountants (Association) Board of Directors, the AICPA MAP Committee, the AICPA Small Firm Advocacy Committee, AICPA Council, the Association Nominating Committee, the ENGAGE Planning Committee, and the AICPA Relations with the Bar Association Committee. He is a Past Chair of the AICPA/PCPS Executive Committee, serving that committee for nine years. Bill recently received the AICPA Sustained Contribution Award for 20 years of continued volunteer service to the profession.

Bill is an avid golfer, loves to cook and rides his Peloton with passion. He lives in Rhode Island with his wife Joanne.

He earned a Bachelor of Arts in business with a concentration in accounting from Bryant University.



HSCPA's finest, **Ron Heller**, has been practicing law in Hawaii for over 30 years, concentrating on tax litigation, tax law, and business disputes, primarily dealing with accounting and financial issues. He is a licensed Certified Public Accountant as well as an attorney. Ron is a

Fellow of the American College of Tax Counsel, and a past Chair of the Tax Section of the Hawaii State Bar Association. He has litigated tax cases at the county, state, and federal levels.



Kenji Price focuses his practice on white-collar government investigations, internal investigations, compliance counseling, and complex civil litigation. Prior to joining McDermott, Kenji served as the United States Attorney for the District of Hawaii. As the chief federal law

enforcement officer in the district, Kenji led a team responsible for representing the United States in criminal and civil litigation in the district. In addition to leading the US Attorney's Office in Hawaii, Kenji served as the Vice Chair of the Controlled Substances Subcommittee of the Attorney General's Advisory Committee. Speakers

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Tips for working with first-time single audit clients

The U.S. has seen historic levels of federal funding in response to the COVID-19 pandemic. Various laws, including the CARES Act and the American Rescue Plan Act of 2021 have provided billions of dollars to American businesses, state and local governments and not-for-profits. While this funding has provided relief, especially for nonprofits, it may cause complications for many recipients.

Does your client need a single audit?

Much of the new pandemic funding is subject to single audit rules. Not all recipients of this funding will need a single audit. However, when a non-federal entity spends \$750,000 or more of federal awards in a fiscal year, a single audit is required.

Many recipients of pandemic funding have never had a single audit before and may not know what is required. Your existing clients may need a single audit for the first time or you may begin working with new clients who have never even had a financial statement audit before. Here are some tips for you to help your clients through the evolving single audit process.

Ask clients what funding they have received.

Talk to your clients about what type of funding they have received from the beginning of the pandemic in 2020 to the present. In some cases, you may consider helping them review their grant agreements to identify what is needed on their end, and then on your end as the auditor. Additionally, you could email clients with news related to the funding they've received or update your website with the most current information. The sooner your clients know about important and

relevant information, the better prepared they are and the better audit you can perform — so it is a win-win.

Encourage your clients to be proactive and ask questions about funding they have received. For example, one controller contacted her CPA as soon as she knew her organization would receive funding. She knew this funding had stipulations but didn't know yet that a single audit would be required. Finding out early in the process was a huge benefit. But many organizations may be unaware of all the requirements in the funding they have received.

Communicate openly with your clients.

This is a time when having open lines of communication with your clients is especially important. Learning whether your clients have reviewed and truly understand the guidelines for the type of funding they received is key, as well as that they have procedures in place to comply.

Also, clients need to know — even if they are under the \$750,000 threshold — that administrative and other requirements of federal funding apply even if a single audit is not needed. For example, the funds may only be spent for certain purposes. This is an important concept for clients to understand.

Be aware of audit quality concerns.

Some first-time single audit clients may be concerned with audit costs because they are required to undergo an additional audit. While cost is always one consideration, in this situation, it is also important to focus on the experience of the firm to make sure they are getting the

highest-quality audit possible.

Also, as auditors, you have a duty to the public to perform high-quality audits. Single audits have a significant public interest component as they involve taxpayer dollars and federal agencies rely on them as part of their administrative responsibilities for determining compliance with the requirements of federal awards. Because of this, audit quality should always be at the forefront of every auditor's mind.

Because of the complexity of single audits and the necessity of specialized knowledge of their rules and compliance requirements, you should consider whether you should accept a single audit engagement if you do not have experience performing them. Perhaps you could consider performing the financial statement audit, but other options for the single audit might be to refer your clients to someone else in your organization with the appropriate experience or to another firm that specializes in single audits. Alternatively, if you have some experience but not much, you could consider engaging another firm to perform a pre-issuance review or other types of consultative assistance to help ensure a high-quality audit. You can use the AICPA's Peer Reviewer Search tool to find an auditor to refer your clients to, or to look for consultative assistance. Additionally, the AICPA's Governmental Audit Ouality Center (GAOC) has a listing of its member firms with contact information on its Find A Member page.

Make time for continuing education and pay attention to developments.

Firms should ensure auditors receive the required training for all specialization

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- Conversations of the idea of flexibility and integration of the professional's work life and their personal and family life.
- Discussing the relevance of the profession starting in high school, especially if these students do not know anything about the profession unless they have a relative or know someone who is a CPA.
- Include accounting as part of the STEM high school education is a step in the right direction, a subject I covered in my September 2021 KALA President's Message.

The authors agreed that these recruiting challenges will take time and patience will be a virtue.

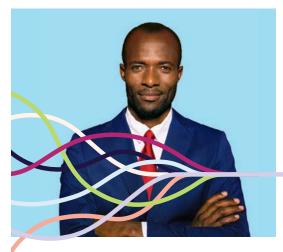
I am proud to share that the HSCPA has been very active in addressing these recruiting challenges with the following proactive actions:

 Y-CPAs visiting and promoting the profession to elementary, high school and college students and how to get there; Accounting Pilot and Bridge Project (APBP) and CPA Exam Strategy Workshop presentations.

- Deloitte funding of the MADE
 (Making Accounting Diverse and Equitable) and scholarship initiatives for the next generation.
- HSCPA funding accounting scholarships, working collaboratively with key college instructors to promote the profession, and the "<u>Sit for Success</u>" <u>CPA Exam Review Course grant</u> <u>program</u>.

"We are in this together" so let's all be proactive in promoting our profession to the next generation of accountants and CPAs.

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areas. For example, generally accepted government auditing standards (referred to as the Yellow Book) require auditors who perform single audits to maintain their competency through CPE hours and topics listed in the 2018 Yellow Book.

If you take on a single audit, there is single audit learning available through [insert name of state society] and the AICPA, among other sources, to help you gain the fundamental knowledge you need. Regarding the new COVID-19 funding, you may want to pay close attention to any training provided by federal agencies.

Additionally, you can access the AICPA's

GAQC website, in particular its COVID-19
Resource page, which outlines many
resources. You may also want to contact
other firms on their single audit and
pandemic-related resources. It's useful
to speak to your peers about what they're
doing and learn from their experiences.
Keeping on top of things is important.

HSCPA Looking Ahead

The pandemic has drastically changed work in many industries, and the accounting profession is no different. The next few years will see many more single audits being performed by more public accounting firms across the country.

Keeping up with all these changes while continuously striving to be that trusted adviser for your clients is tough. In these times, in addition to all the other tips above, it is especially important to be mindful of staff well-being. Organizations need to provide support to staff so they can remain engaged and avoid burnout. Focusing on well-being can enable staff to do their jobs better, which allows them to better serve their clients and, ultimately, contributes to enhancing audit quality.

These are challenging times in the single audit arena for sure. But the tips above should help provide a pathway to success.

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Norman's Book Review

"The Dumb Things Smart People Do With Their Money"

by Jill Schlesinger

At the 2021 AICPA Engage Conference which I attended virtually, Jill

Schlesinger, CFP, the **Emmy-nominated** and Gracie Award winning Business **Analyst for CBS** News was the host and moderator. She was upbeat, engaging and



knowledgeable. The conference mentioned she authored a book so I decided to buy it and see how I liked it. The title alone captivated me, as most CPAs feel they are pretty smart and I wanted to learn what mistakes smart people can make.

I found the book entertaining, informative and relevant for people of all ages. It is a culmination of Jill's "three decades of providing financial planning and investment advice to individuals, and talking to thousands of people." Her writing style is awesome – straight talk, serious yet funny, and filled with colorful language. I liked the book so much that I ordered copies for my three adult children so they can minimize their financial mistakes and maximize their happiness.

Page 15 lists the "13 dumb things smart people do with their money," which Jill devotes a chapter for each. The following are a few of the many

takeaways I got from her book which I thought you would find interesting and helpful. If you are a practicing CPA, the many examples will help you when you deal with your clients. If you are not a practicing CPA, the book will be a good refresher and reminder of things you should do and not do to enhance your financial well-being and achieve your life goals.

The Big Three

Jill calls the following "The Big Three" and refers to it throughout her



book. She notes "you have to take care of these three big-ticket items before you worry about doing anything fancy with your money."

- #1: You have consumer debt, including credit card debt, student loans and auto loans.
- #2: You aren't maxing out your retirement contributions.
- #3: You don't have an emergency account with enough money in it to cover six – twelve months of expenses.

Dirty Little Secret About Getting a lob

Many people think you need to spend big bucks to get their kids into the best schools so they can get the best jobs. In reality, Jill notes survey data



shows relevant work experience and "soft skills" matter more than what school you went to. Additionally, "the dirty little secret we rarely admit: Most smart, successful parents already have networks their kids can access, so it would behoove them to spend time selecting colleges that are affordable."

Parenting No-No

When it comes to money, a big parenting no-no is "conveying too much anxiety and having kids injected with a lot of anxiety in a way they can't really handle or understand. Kids get scared when they see you upset or anxious around money – more than you probably realize. That memory becomes imprinted in their brains, potentially traumatizing them."

Work Longer If Possible

"People can bump up their standard of living by 33% if they work four years longer, and their standard of living rises by 74% if they work eight years longer." Do the math and hang in there if you can.

"When trillions of dollars are managed by Wall Streeters charging high fees, it will usually be the managers who reap outsized profits, not the clients."

(Warren Buffet)

The Worst Mistake You Can Make With Your Money

"Not having a will is indisputably the worst mistake you can make." Why? "Not only can it result in massive financial losses for your loved ones, but it can cause them any number of other financial hardships. Based on a 2017 caring.com survey, only 42% of adults in the U.S. have a will or living trust. Only 36% with minor children had plans in place in case they died."

Invest in Passive Index Funds

"When Jill speaks with large investors, those people who are investing billions of dollars of other people's money, they tell her they invest their own savings in passive index funds. Nobel Prizewinning economist Richard Thaler has likewise said that his "...lazy strategy of doing very little, buying mostly stocks and then not paying attention has served him well." It also works for Warren Buffet, so it will work for you too."

Warning Signs You Need Financial Help

"Smart people tend to miss a number of warning signs that should send them

racing to get financial assistance."

- #1: You get a significant tax refund every year.
- #2: You're obsessing about money.
- #3: You and your spouse fight constantly about money.
- #4: You don't know how much you pay for investments.
- #5 You're scared to run your retirement numbers.
- #6: You're not tracking your cash flow.
- #7: You know you have financial problems, but you can't seem to discipline your spending.

Who Are Her Happiest Clients?

The one's with the most money? The one's with the most real estate properties?

"The happiest clients she had were the ones who worked hard with an eye not toward accumulating wealth, but towards living meaningful, well-balanced lives." If you have kids, "you can help them become happier by putting aside your issues and behaving mindfully around money. Start as early as possible — like, how about now?"



13 Dumb Things Smart People Do With Their Money

- 1. You buy financial products that you don't understand.
- 2. You take financial advice from the wrong people.
- 3. You make money more important than it is.
- 4. You take on too much college debt.
- 5. You buy a house when you should rent.
- 6. You take on too much risk.
- 7. You fail to protect your identity.
- 8. You indulge yourself too much during your early retirement years.
- 9. You saddle your kids with your own money issues.
- 10. You don't plan for the care of your aging parents.
- 11. You buy the wrong kinds of insurance, or none at all.
- 12. You don't have a will.
- 13. You try to "time" the market.

"Life is good, except when it sucks!"

(Jill Schlesinger)





By Tom Yamachika

Competition for People

Over the past 10 or so years that I have been in the seat, I have seen legislature after legislature consider many, many bills to increase taxes. Every year. Without fail. At the Foundation, we keep a list of the tax bills that are introduced and that get at least one hearing. The list is usually six or seven pages long. During the legislative process, most of these are weeded out, like most other bills, but there still is a two- or three-page list of tax and public finance bills that is sent up to the governor. Income tax. General excise tax. Transient accommodations tax. Death tax. Conveyance tax. "Sin taxes" on fuel, liquor, cigarettes. The list goes on.

And when it comes to the level of tax, Hawaii is up there. We are tied for the top estate tax rate. We have the second highest income tax rate (and we would've beaten California if one of this session's bills became law). Our general excise tax is applied to far more things than any other comparable tax in any other state.

When these facts are brought up to lawmakers, they don't seem to care.

Why? Probably because they don't realize, or don't want to realize, that Hawaii needs to be competitive. For people.

Hawaii used to be an island kingdom, a world unto itself. That is no longer true. We are part of a much bigger country, and that country is a part of a much bigger world. Throughout the years, improved

forms of transportation and technology have been obliterating the barriers between one state and the next, or one country and the next.

Our government, like most in this world, relies upon tax revenue to stay afloat. Those taxes aren't paid by government, they're paid by people. If you don't have the people, you don't have the tax. This COVID-19 emergency showed us what that meant in no uncertain terms.

We <u>recently wrote about</u> an economic study that showed that people, specifically the rich people who pay most of our taxes, had their limits. If taxes went too high, people would pack up and leave, taking with them money they would otherwise have spent on sales and income taxes.

This is not a possible problem. It's a current problem. As we wrote in an earlier article, we are losing people now and we have been losing people for some time. Even the University of Hawaii Economic Research Organization (UHERO) recently told our lawmakers that "our models are generating big outflows of population bigger than we have seen, certainly in my lifetime."

What does that mean? People who are packing up and moving out are moving to somewhere else, because that somewhere else looks better to those people. We can't delude ourselves into thinking that people who are born here or live here

will love our islands so much that they'll never leave. Instead, we need to see ourselves as competing with other states or countries. For people.

Certainly, states don't compete for people simply on economic terms like tax rates. We do have a relatively clean and healthy place to live, and that is worth something. But it's folly to assume that everyone who is "lucky to live Hawaii" will be able to pay the price of paradise, especially if that price keeps going up without corresponding improvement in the quality of services that our government offers its residents.

Overall, our lawmakers absolutely need to realize that, whether we like it or not, we are competing for people. We need to plan our government functions and services, and how our residents and visitors pay for them, with that in mind. The status quo, with our people packing up and leaving, is telling us we are losing the competition and we need to do better to survive.

Tom Yamachika is President of the Tax Foundation of Hawaii - the 'watchdog' that keeps an eye on Hawaii's taxes.

Tom is also the owner of Aloha State Tax, a small law firm with emphasis on State taxes. Prior to going solo and the TFH, Tom was a principal with Accuity LLP where he managed the tax consulting practice, including quality and risk management and practice development.



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The Future of our Profession

By Trisha Nomura

We are all extremely proud to be CPAs – for many, earning this credential is one of the biggest ac-

complishments of our professional career! Being a CPA has led to a path filled with many opportunities for all of us, and sharing our stories to encourage the next generation of CPAs is crucial to the success of our profession.

The most recent AICPA Trends Report published in 2019 (and based on 2018 data) reflected a decrease of 4% in projected accounting enrollments and a decrease of 7% in the number of CPA exam test takers. The number of new CPA candidates in 2018 was the lowest in the prior 10-year period. Fast forward to today, and having to factor in the pandemic's long-term impact on higher education, we can expect to see this trend continuing downward even further. There was a 13.1% decrease for first-time students enrolling at U.S. colleges in Fall 2020 and it is estimated that 560,000 undergraduate students delayed going to college in that same semester.

In order to impact the CPA pipeline, the Y-CPA Squad has committed to making our mark with Hawaii's future CPA candidates. Historically, our efforts were focused at the university level targeting students who were already accounting majors. While we will continue our activities in this area, we will also begin a new effort to strengthen our robust accounting pipeline. It is a long-term strategy that we hope to see positive results from in the years to come. This year, we will focus on:

Offering Financial Assistance to Take a CPA Exam Review Course

One of the pieces of feedback we received is that many cannot afford the financial burden for the exam, particularly for the review course. While a number of the larger public accounting firms cover the cost of a review course as a benefit, there are also many who are not able to do so and many students who decide to take the exam prior to applying for a full-time position.

In order to assist in this effort, the HSCPA has recently established the HSCPA DEI Review Course Assistance Grant program, which offers a CPA review course through Surgent CPA Review for a very reasonable cost of \$250 (with the remaining cost paid for through a grant from the HSCPA). As the review course normally is \$799, this now makes the course available to those that may not otherwise afford it. Together with the Y-CPA Squad, we should all be

responsible for encouraging students, associates and staff that meet the application criteria to apply for the grant in this coming year and take advantage of this amazing opportunity.

Presentations to College Students

The majority of our local high schools do not offer an accounting course; thus, those that go on to college are often not aware of what an accounting major is or what types of careers it entails. The Y-CPA Squad will be reaching out this year to the professors teaching the Intro to Financial Accounting course, a requirement for those within the business school, to ask to present to their students and speak about accounting as a major, why we chose it for ourselves, the types of career paths that are available and hopefully have them consider accounting as they decide what their area of focus will be.

Connections with Local High Schools

While some high schools offer business courses (with some offering pathways or a business academy), as mentioned above very few teach accounting as a class in and of itself. Understanding that the pandemic has taken a toll on our educators and our students and that it is a very challenging time right now, the Y-CPA Squad is committing to establishing relationships with our high schools to see how we can help and begin to create connections with our high school students.

This year, we are starting with Oahu high schools and will expand to the neighbor islands in the next phase. We are offering to work with the schools to determine how we can partner with them, whether it is through a session on interviewing skills, resume building or completing job applications or attending career fairs – in the long-run we hope to share our stories with these students and encourage them to pursue a higher education.

The Y-CPA Squad is grateful for the support of the HSCPA and the Y-CPA Committee in tackling these initiatives. We can always use the help of HSCPA members who may be interested in assisting with our efforts and would be happy to share more with you. We look forward to updating you in the coming months on the progress we are making and are excited to do our part to impact our profession.

It is a great time to be a CPA!

● ○ □ ■ CPA FIRM ■ ○ □ ■ MICROCOMPUTER TECHNOLOGY

By Joy Takaesu of The CPA Collective



According to MIT
Technology Review, 2021
has broken the record for zero-day vulnerabilities — vulnerabilities where the

software vendor was not aware of an exploit, and does not yet have a patch. There have already been nearly twice the number of zero-days announced in 2021 compared to 2020. This doesn't necessarily mean that there are twice as many zero-day vulnerabilities compared to before; experts attribute the steep increase



to improved vulnerability detection. However, once attackers become aware of newly public vulnerabilities, it's important to install security updates as soon as they're available, before bad actors can use the exploits. MIT Technology Review gives the example of the Microsoft Exchange vulnerability earlier this year. "What started as a critical zero-day attack briefly became even worse in the period after a fix became available but before it was actually applied to users."

The Hawai'i Department of the <u>Attorney</u> <u>General</u> warns that scammers are targeting Hawai'i residents by spoofing phone

calls so that the caller ID appears as if the call is from the Hawaii Criminal Justice Data Center's main number. The DAG recommends that if you receive a call from anyone claiming to be from a company or government agency and asking for private information or money, hang up. Be wary if you are being pressured for information immediately. Verify the contact information on an account statement, phone book, or the official website and verify the authenticity of the call.

The federal Cybersecurity and Infrastructure Security Agency (CISA) is developing a catalog of especially risky "Bad Practices" to avoid in your organization's critical infrastructure. Bad Practices to avoid include:

 Using unsupported (end-of-life) software – using old unsupported software is dangerous because security

- updates are no longer being provided, leaving systems open to known vulnerabilities.
- Using known/fixed/default passwords
 change default passwords to strong,
 long, unique passwords or passphrases.
- Using single-factor authentication —
 when possible, use multi-factor
 authentication instead. Relying on a
 single factor (e.g., only username/
 password) is dangerous because
 passwords may potentially be guessed,
 brute-forced, or breached. Setting
 up an additional authentication
 method significantly reduces the risk
 of compromise.

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

Hawaii Practices For Sale

Gross revenues shown: Kamuela/Waimea Area Tax & Bkkpng\$250K; Kauai Island CPA \$100K; Big Island CPA \$270K; Kailua/Maui/Honolulu CPA \$530K; Honolulu CPA Tax \$282K. For more information, please call 1-800-397-0249 or to see listing details and register for free email updates visit www.APS.net.

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November 9th & 23rd 5:30 to 8:30 p.m.

0-12 years - NEW, unwrapped toys or games 13-17 year old teens - gift cards

- * Gift wrapping at the FPH office *
 - * Donations accepted through * mkaneshiro@mwgroup.com

Click here to sign up!

Sign up for one or both, subject to availability

Will Accept (unwrapped) Unable

New Toys

Sports Equipment (8-12 yrs.)

\$20 Walmart or Target cards

Monetary (cash or check)

Credit card donations at:

familyprogramshawaii.org/donate

Unable to Accept

Food or beverage

Clothing

Stuffed animals

Toy guns / weapons

Books / recalled items

Make a Difference this Holiday Season!

Family Programs Hawaii is collecting gifts for its Annual Holiday Party for Keiki in Foster Care. This annual event brings together over 1,700 foster youth and their families to enjoy the holidays.

No child is ever left empty-handed!

Additional details will be sent once you sign up.

Just a few hours of your time will help bring joy to children in foster care!