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H S C P A

Hawaii Society of
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President's Message

By Ryan K. Suekawa

One of the efforts of the Hawaii Society of CPAs is to advocate improvements in laws affecting accountancy. In doing so, we provide insights to our government leaders about issues that we as CPAs, accountants, auditors, consultants, and tax professionals, have familiarity with.

During the recent AICPA Spring Council Meeting in Washington DC, Hawaii's AICPA representatives met with Hawaii congressional representatives from the offices of Senator Schatz, Senator Hirono, Representative Case, and Representative Tokuda to speak to them about the following bills and resolutions affecting taxpayers and practitioners:

Fiscal State of the Nation Resolution

The Fiscal State of the Nation resolution was reintroduced in both the House and Senate. The resolution requires an annual joint hearing of the House and Senate Budget Committees, which any Member of Congress may also attend, to hear testimony from the U.S. Comptroller General on the Federal Government's consolidated financial statements.

Recognizing Accounting as a STEM Profession – the Accounting STEM Pursuit Act

As part of a multi-pronged approach to build the CPA workforce pipeline, the profession is advocating for accounting to be recognized as a Science, Technology, Engineering and Math (STEM) curriculum under the technology field. The profession believes that designating accounting as STEM will increase student engagement with the accounting profession. Specifically, the bill would allow STEM K-12 grant funding to be used for accounting awareness and education.



Federal Tax Extension “Safe Harbor” - The Simplify Automatic Filing Extensions (SAFE) Act

Most non-CPAs erroneously believe that simply filing a form allows a taxpayer six additional months to file a tax return and pay, but CPAs know that the current rules for filing an extension require time-consuming calculations of the current year tax by the original due dates during “busy season” – generally April 15 – to avoid incurring penalties. As a result, tax advisors as well as individuals who prepare their own taxes are often putting hours of work into this initial estimation and then a second preparation and review process later. To

reduce burdens on practitioners and individuals preparing their own returns, the accounting profession is advocating for legislation that is designed to simplify and streamline the process of filing federal tax extensions. Instead of relying on the current rule of calculating a percentage of the current year tax liability, individuals, trusts, estates, and C corporations would be able to calculate a safe harbor of 125% of the prior year tax (“125% safe harbor”) to be paid in by the original due date to avoid the failure to pay and file penalties.

Expanding 529 Plan Usage - The Freedom to Invest in Tomorrow's Workforce Act

The CPA profession is in support of proposed legislation letting individuals use 529 education savings accounts to pay for fees and expenses required to obtain or maintain recognized post-secondary credentials. While talent shortage problems are not unique to the profession, the decline in accountants and auditors impacts businesses, individual taxpayers, and government entities that need accounting profession services to function properly. For the thousands of CPA candidates in the exam pipeline this legislative change would allow them to use 529 funds to pay for the CPA exam application fee, the CPA exam fees, CPA exam registration fees, and CPA licensing fees. This more flexible use of 529 funds might help encourage students to sit for the CPA Exam.

A huge Mahalo to the offices of Senator Schatz, Senator Hirono, Congressman Case, and Congresswoman Tokuda for taking the time to meet with us.





TAX FOUNDATION OF HAWAII

Hawaii's Watchdog on Taxes & Government



By Tom Yamachika

Another Rainy Day Slush Fund

Many of us in Hawaii are aware that we have an Emergency and Budget Reserve Fund, enshrined in chapter 328L, Hawaii Revised Statutes, to save money for a “rainy day,” that is to say, an emergency. In the most recent legislative session, the state budget bill provides for an additional one billion dollars to be socked away into that fund, \$500 million a year.

But, as it turns out, that’s not the only “reserve fund” we have.

As the Department of Budget and Finance kindly explains on its [website](#), we have the Hawaii Hurricane Relief Fund (HHRF). This fund was set up in 1993 to provide hurricane insurance coverage for property owners here in Hawaii Nei in case the private insurance market proved unreliable. This was thought to be a good idea when Hurricane Iniki. In the years since Iniki, however, private insurers returned to the market. The HHRF shut down in 2002. Section 431P-16(i), HRS, contemplates that when the HHRF dissolves, any net moneys remaining in the fund, after the payment of debts and other obligations, will go back to the State general fund.

Did that happen? No.

Instead of dissolving the HHRF when it was clear that it was no longer needed, State officials decided to keep the money – just in case. The Department of Budget and Finance says that there is now \$186.7 million left in the fund.

A little more than ten years ago, lawmakers did in fact tap into the fund. After the State’s budget took some hits from the Great Recession of 2008, laws



passed in 2010 and 2011 appropriated millions of dollars from the HHRF to restore public school instructional days when our government found it necessary to furlough state workers to make ends meet. (Do you remember “Furlough Fridays”?) The law also allowed the Governor to tap into the HHRF fund to maintain program levels for essential government services, but required general excise tax revenues to be diverted in fiscal years 2014 and 2015 in order to pay back the fund.

As a result, we now have \$186.7 million in this “just in case” fund that not too many people know about. Our state government is taxing us, the taxpayers, at a very high rate to obtain money that just sits around doing nothing. Not only are we failing to pull down federal

moneys that have been made available for us, as we have written about on several occasions before, but we are squirreling away tens or hundreds of millions of dollars to gather dust in some bank somewhere, rather than putting the money to use fulfilling basic needs. Obviously, our lawmakers were aware of this secret fund, as they used the money in 2010-11. I wonder if our lawmakers today know about this as well. If they do, why don’t they demand that the HHRF be dissolved with the balance of the fund transferred to the general fund, as the law requires? Certainly, there is a need for some money to be kept aside just in case, but we already have a rainy day fund for just that purpose. We fed \$500 million to that fund last year and are on track to stuff it with another billion dollars this and next year.

Let’s make it easier for everyone. If we are going to put money aside just in case, let’s have it in one place, the official Emergency and Budget Reserve Fund. That way everyone knows where it is, why it is there, and how much is set aside. No hoarding cash away in slush funds!

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.



Using Digital Innovation

By Randy Johnston of K2 Enterprises

As a company's clientele expands, the organization must grow with it. Using digital innovation can help you reach clients and customers through low-cost, measurable channels. Though adjusting how you operate on short notice can be a significant stressor, growth of a business is usually positive. Luckily, a wide variety of digital services and methods can innovate how you do business and increase organization and efficiency. Consider the following suggestions.

Utilizing Data Analytics

It's essential to conduct a considerable amount of research before deciding which areas of your company require the most drastic innovation. [Data analytics compiles data](#) from a wide range of sources across an entire industry to identify trends. Then, with the interpretations presented by these studies, you can make informed choices regarding which course of action will most likely give you the desired result.

You can also facilitate data collection [with these robust API options](#). You connect to the APIs in exchange for answering detailed survey questions. You can later put this information to beneficial use in identifying areas within your business that could use improvement. This market research can steer you in the right direction without needing to learn from experience first. Read the license agreements carefully to understand how data is shared and used.

Taking Advantage of the Cloud and Digital Resources

Unless your company is in a single physical location that only operates locally, an online presence for your venture is not optional. Adapting your company's organizational systems to [function on a cloud-based service](#) will bring many advantages. Decentralized operations will allow you to consider talent from all over the world for roles that do not need to be on-site. Remote work becomes an easy

option for everyone outside of manual laborers. In addition, connecting all sites in the cloud facilitates video conferencing and [IP-based phone systems](#).

Human resource and finance departments can also benefit from the cloud. If your company can make a proprietary app, employees can use it to track insurance benefits, payroll information, unused vacation time, and more. A provider like [MyFirmsApp](#) does an excellent job of providing content and a branded app. In addition, your firm can use the management-side applications to track time and update web-accessible schedules.

Cloud-based accounting and payment processing services are also available to keep your financial matters easily accessible and up-to-date. You can use these services to track cash flow into and out of business, set recurring bills and payments to customers and contractors, and catch mistakes or misconduct immediately and remotely. Providers like [Corpay One](#) or [Divvy](#) provide these services at no charge. In addition, knowing your [business's financial health](#) will give you a better idea of what other innovations you can afford.

If you plan to transition to more cloud-based services, you may need to up your technical expertise. Having some development skills can be handy when troubleshooting potential problems. Fortunately, there are great [online resources](#) to learn more; [click here](#) to get started. Increasing your computer proficiency and know-how is always helpful.

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Advertising Efficiently Using Innovation

As your growing business can serve more clients or customers, your means of reaching them need to expand as well. Putting ads in local publications and distributing flyers is acceptable for a brand-new business, but your expansion means it's time to take your marketing practices online. Using the previously mentioned data analytics, you can determine what demographics are most likely to patronize your services and the best ways to appeal to them. Some online ad services even let you target specific demographics automatically.

A memorable logo is an excellent addition to your advertising, as it separates you from the competition and gives your customers brand awareness. Several free and cheap online services allow you to [make your logo from](#)

[scratch](#) by choosing from various colors, icons, fonts, and more. Beyond advertising, an appealing social media presence can attract customers as well. Showing your potential clientele that you're approachable with an active media manager will give customers a personal touch that makes them trust your company.

Another valuable way to market your business is by sharing infographics on social media. Infographics are visually engaging images that explain potentially complex information in an easy-to-understand format. If you're interested in creating infographics, [this may help](#). In addition, you can use a free infographic creation tool to make appealing infographics to appeal to your audience.

Summary

A growing company needs to build itself up to be more efficient and serve a more extensive clientele. Using digital innovation can help you reach clients and customers that fit your preferred profile. Luckily, proper use of technologies and digital innovations can remove much of the pressure of keeping up with your success.

Randy is one of the partners at K2 Enterprises (www.k2e.com). In his role at K2 Enterprises, Randy helps to create and deliver technology-focused training to business professionals throughout North America. You may reach Randy at randy@k2e.com.



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June 7

[How ESG Reports Can Help with Recruitment & Retention](#) (1 CPE)

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June 20

[Proven Strategies to Leverage Automation & Outsourcing to Reduce Your Accounting/Tax Workload](#) (1 CPE)

July 12

[How ESG Reports Can Help with Recruitment & Retention](#) (1 CPE)

July 27

[Debt Financing for Industry](#) (2 CPE)

October 30

[Proven Strategies to Leverage Automation & Outsourcing to Reduce Your Accounting/Tax Workload](#) (1 CPE)

November 9

[Options to Automate Your Tax Preparation Workflow](#) (1 CPE)

December 21

[Understanding Your Cybersecurity Tech Options: How Non-Techies Can Mitigate Their Malware Risks](#) (2 CPE)

From the CPA Shortage to Pending Legislation: Four Employment Practices Risks Accounting Firms Face

Over the last few years, the talent conversation has loomed large for accounting firms in Hawaii and across the country – from struggles with the accountant shortage to new and pending regulations impacting employee compensation. These issues just don't create challenges for CPA firm leaders to navigate, they can also lead to employment practices liability (EPL) risks that require careful attention and, often, new mitigation strategies.

As we enter the second half of the year, here are four potential talent risks for CPA firm leaders to have on their radars.

CPA Shortage

The situation: Over the last two years, more than 300,000 accountants and auditors have left their jobs, according to the [U.S. Bureau of Labor Statistics](#). At the same time, the Bureau has projected demand for industry professionals to continue to grow at a rate of 6% between 2021 and 2031.

To address their talent shortfalls, firms have turned to tapping virtual employees. Small and mid-sized firms are increasingly taking a page from the larger firms' book by recruiting beyond state and even national borders to meet client demand, according to a recent Wall Street Journal story.

The EPL takeaway: Firm leaders cannot assume that the rules that apply to their traditional full-time employees are the same for virtual employees – particularly those who are out of state

or out of country. If a firm is looking to hire a virtual employee, leaders need to do their homework on local regulations and understand how those might interact with that employee's hiring.

Equal Pay and Pay Transparency

The situation: The conversation about equal pay and pay transparency is gaining momentum. For example, in March 2023, the Paycheck Fairness Act was reintroduced; if passed, this legislation would strengthen the Equal Pay Act of 1963 and help ensure women can challenge pay discriminations and hold employers accountable. A number of states – from California to New York – and a handful of local jurisdictions have enacted pay transparency laws.

The EPL takeaway: Firm leaders need to constantly monitor the evolving local, state and federal regulatory environments so they can take appropriate, timely action to comply with new laws.

Mergers & Acquisitions

The situation: M&A activity continues to unfold across the industry, bringing together firms of different sizes, focuses and cultures, and in some cases joining accounting firms and private equity firms. While these unions can bring new opportunities for the combined business, they also trigger decision-making that directly impacts the staff. What will the new culture be? How do HR policies and procedures need to

evolve? What do compensation packages and staff career paths look like? These important decisions can either help secure employee retention or can spur waves of attrition. In either scenario, these changes can lead to EPL risks and potential lawsuits.

The EPL takeaway: If a firm is considering or planning a merger or acquisition, leadership needs to prioritize the talent and culture conversation – from understanding who needs to be involved in decision-making and strategy to how state regulations might impact changes to policies and procedures.

Noncompete Agreements

The situation: Noncompete agreements or clauses, particularly for senior-level employees, are a fact of life at many accounting firms. While some states prohibit noncompete agreements, historically there has not been federal regulation of noncompete agreements in the United States.

But in January, the FTC proposed a rule that could change that. According to the [FTC proposed a rule](#) is “based on a preliminary finding that noncompetes constitute an unfair method of competition and therefore violate Section 5 of the Federal Trade Commission Act.” If enacted, the FTC's rule would generally prohibit employers from using non-compete clauses and, specifically, it would make it illegal to:

Continued on page 16



CPA FIRM



MICROCOMPUTER TECHNOLOGY

By Joy Takaesu of The CPA Collective



Microsoft announced that Windows 10 version 22H2 is the last feature update that will be released for Windows 10. Windows 10 22H2 was released in late 2022, and will reach end of support in October 2025.

Microsoft encourages individuals and organizations to upgrade to Windows 11 in order to receive new feature updates. If a Windows 11 upgrade is not possible, Microsoft recommends updating to version 22H2 in order to receive Windows 10 security updates. For those on Enterprise Long-Term Servicing Channel (LTSC) licenses, please visit Microsoft's website for specific lifecycle information.



To check your Windows 10 computer for Windows 11 compatibility, click on the search bar or magnifying glass icon in the taskbar, and search for PC Health Check. PC Health Check is a Microsoft app that can provide certain specifications and troubleshooting information for your system. Alternatively, you can search your computer for "Update" and choose "Check for Updates."

If your computer is eligible, Windows Update will show an option to upgrade to Windows 11. If your computer does not meet the minimum system requirements to upgrade to Windows 11, it should show a link to run Microsoft's PC Health Check to see what options are available. You might just need to change certain settings to be eligible for Windows

11, like enabling the Trusted Platform Module version 2.0 (TPM 2.0) in BIOS, or you may need to get new hardware that supports Windows 11 (e.g., some older processors are not compatible with Windows 11).

Microsoft also has a Windows 11 Installation Assistant tool that can be used to upgrade an eligible Windows 10 system to Windows 11. To download Microsoft's PC Health Check app, the Windows 11 Installation Assistant, or Windows 11 Installation Media, please visit <https://www.microsoft.com/en-us/software-download/windows11>.

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

INCREMENTAL MATURITY BY NITIN BHOJRAJ, CPA, CFE



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5 Growth Trends for 2023

By Jon Hubbard of Boomer Consulting, Inc.

In accounting, staying on top of current trends and looking for ways to leverage them as part of your firm strategy is crucial. Each year, the consultants at Boomer Consulting discuss our forecasts for the coming year in five areas critical to a firm's success: process, talent, leadership, technology and growth. We develop these forecasts based on what we see while working with firms, attending industry conferences, and meeting with our community members.

Today, I'd like to share the growth trends we identified for 2023, so you can begin planning how they may impact your firm and clients.

Revenue replacement strategy

No firm leaders I've met say they have too many ideal clients. On the contrary, most have too many clients who aren't a good fit for the firm, yet letting go of all those clients is scary.

Rather than focusing on client filtering, we're changing the conversation to revenue replacement: devising strategies to replace the revenue from non-fit clients with revenue from right-fit clients.

A revenue replacement strategy starts with identifying your ideal clients. You're excited about working with these clients. They value your expertise and services and are happy to pay your fees.

Next, decide what mix of services you want to offer and how you'll price those services. Ideally, you'll have three core packages with a mix of tax planning and preparation, monthly accounting, financial statements,



KPIs, strategic planning, and more. Bundling several services and charging a subscription fee makes revenue predictable and gives your clients peace of mind.

Next, create a marketing strategy and business development process that will get you more of these clients. Compellingly frame your messaging by discussing the client and their problems—not you and your expertise.

Once you start bringing in right-fit clients, filtering out non-fit clients becomes much easier. You'll soon find yourself working with organizations and individuals who value your work, ultimately leading to growth and increased profitability for your firm.

Growth leadership in the C-Suite

In our Circle communities, we've had a front-row seat to the rise of Growth leaders in the C-Suite. Just a few years ago, there

were only a few Chief Marketing Officers and Chief Growth Officers in accounting firms, primarily at the Top 100 firms. Today, we see firms of all sizes giving marketing and business development professionals a seat at the table.

Marketing and business development are functions that absolutely belong in the C-suite. How your firm decides to grow can either make your life easier or harder. It can make your clients happier or less satisfied. So having growth leadership in your firm ensures you're being strategic about growth from the top down.

AI-augmented marketing operations

AI-augmented marketing can help your firm automate mundane tasks and streamline workflows. Here are some key ways your firm can leverage AI in its marketing operations:

- **Content creation.** AI can identify topics that resonate with a given audience, increase the efficiency of creating content, personalize content for individual users, and optimize the flow of content for better engagement and outcomes. While I don't recommend letting AI write your content from start to finish, it can speed up the process.
- **Search engine optimization (SEO).** A lot of time in marketing departments is spent on routine SEO tasks like writing social media captions, meta titles and descriptions, and researching keywords. Leveraging AI for your firm's SEO can provide a way to optimize your search engine rankings quickly and efficiently.
- **Social media marketing.** AI can help automate and optimize your social media marketing by tracking conversations, monitoring user sentiment, suggesting content ideas, analyzing the performance of past campaigns, and even creating customized visuals for social posts.
- **Client service.** You can leverage the power of AI-driven chatbots to provide clients with an efficient and personalized client experience. For example, you can use AI tools on your firm's website to quickly answer basic client queries, schedule appointments, provide information about your services, and direct clients to the right resources.
- **AI-augmented marketing analytics.** Your firm can access AI-augmented marketing analytics to provide insights and actionable recommendations. These tools can help you analyze client behavior, identify trends, optimize campaigns in real time, and

measure the success of past efforts.

Marketing professionals should ask themselves how they can leverage the power of AI-augmented marketing to improve their operations and remain competitive.

Positioning to clients and prospects

Most firms have done a ton of work to build out their service lines, but few people in the firm have a clear idea of how the firm can holistically work with clients. Instead, people in the tax department focus on tax services, auditors focus on assurance services, and all departments are siloed.

For too long, accounting professionals have been order-takers, allowing clients to frame the services they'll provide and how the relationship will work. As a result, firms have too many non-fit clients, charge too low fees, and don't have enough capacity to pursue right-fit clients.

It's our responsibility to position the relationship with clients, packaging and positioning services to show them what we do and how we can work together. Of course, it's possible to make tweaks to fit an individual client's unique needs. But if we're not taking the opportunity to show clients how we can holistically help them, we're missing out on tremendous opportunities.

Pricing as a center of excellence

Firms recognizing pricing as a center of excellence don't let individuals use arbitrary pricing methods. Instead, there is a logic behind every pricing decision, a system for pricing services, and a process for reviewing them.

Pricing is a skill set that's honed and devel-

oped over time. People don't become pricing experts when they get the CPA letters after their name.

Often, when professionals price their services, they price themselves much lower than a colleague would because they bring emotional baggage to the decision-making process.

Firms that see pricing as a center of excellence have a centralized pricing committee and various pricing models for different service offerings.

Staying on top of trends in growth can be intimidating, and it's not uncommon for firms to feel the pressure of change fatigue. However, with change comes opportunity, so getting comfortable with change as a successful firm is essential. Starting with a strategic plan can help you understand what needs to change, garner stakeholder support, make changes and continuously improve.

Hawaii Practices For Sale

Gross revenues shown: Kamuela/Waimea Area Tax & Bookkeeping \$268K; Kailua/Maui/Honolulu CPA \$530K; For more information, please call 1-800-397-0249 or visit www.APS.net to see listing details and register for free email updates.

Thinking of Selling Your Practice? Accounting Practice Sales is the leading marketer of accounting and tax practices in North America. We have a large pool of buyers looking for practices now. We also have the experience to help you find the right fit for your firm and negotiate the best price and terms. To learn more about our risk-free and confidential services, call Ryan Pannell with The Holmes Group at 1-800-397-0249 or email Ryan@apsholmesgroup.com.



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Shining a Light on Ethics

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Who? **C.P.A.s . . .**
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Hard-to-beat line-up at the 63rd Annual Conference with **Okorie Ramsey**, Chair of the American Institute of CPAs and Association of International Certified Professional Accountants, here to open the Conference. He will discuss the latest updates on trends and issues and the pipeline challenges impacting the accounting profession. Okorie will illustrate how the profession continues to transform as we Rethink, Reshape and Reimage to deliver value and growth.

It's a reporting year and you'll need the 4 hours of Ethics CPE for license renewal. HSCPA's finest, **Ron Heller**, will provide an update on professional ethics and explain recent interpretations of 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.

HSCPA 'adopted' **Charles "Chuck" Rettig** many years ago when he frequented the islands giving numerous presentations on tax controversies. In 2018, Chuck became the U.S. IRS Commissioner where he served during a unique period as the nation dealt with pandemic challenges and closures. A great opportunity and privilege as Chuck will 'talk story' with us sharing his experience of the IRS operations.

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Okorie Ramsey currently serves as the Chairman of the American Institute of Certified Public Accountants (AICPA) and the Association of International Certified Professional Accountants (the Association), and previously served on various not-for-profit boards supporting diversity, equity and inclusion in the fields of accounting and finance including the California Society of CPAs Education Foundation, the National Association of Black Accountants (NABA, Inc.), the Accounting Career Awareness Program (ACAP), and LIFE Courses.

Okorie is the Vice President, Sarbanes-Oxley (SOX) for Kaiser Foundation Health Plan, Inc., and Kaiser Foundation Hospitals. In this role, he has responsibility and oversight for the SOX Program, including strategy, testing, and evaluating internal controls and assessing business risk to assist in building an effective internal control over financial reporting for the integrated health care enterprise.

Prior to his current role, Okorie held the position of Vice President, Finance Compliance Officer, where he was responsible for establishing a finance compliance program to support compliance with regulatory and enforcement agencies as well as leading compliance investigations and co-developing remediation activities to address issues identified. In addition to these finance executive roles, Okorie has served in management and leadership roles in public accounting and business and industry.



Ron Heller, is Of Counsel at Torkildson Katz, A Law Corporation. He has been practicing law in Hawaii for over 40 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.

In addition to tax cases, Ron has represented clients ranging from individual sole proprietors to multi-national corporations in a wide variety of business disputes, in court and in arbitration proceedings. He served as an Adjunct Professor at the University of Hawaii School of Law and has taught a number of continuing professional education courses for

attorneys, CPAs, and other professionals.

Ron's efforts have led to peer recognition, including the maximum 5 out of 5 peer rating and an AV Preeminent Rating by Martindale-Hubbell. He also received a perfect 10 AVVO Rating as a "Top Tax Attorney" and has been listed as one of the "Best Lawyers in America" in the area of tax law for more than 25 years. In addition, Ron was named Lawyer of the Year in 2021 for Tax Law in Honolulu, Hawaii by Best Lawyers®, which also selected him as Lawyer of the Year 2019 in Litigation and Controversy – Tax for Honolulu, Hawaii.



Charles "Chuck" Rettig served as the 49th United States Commissioner of Internal Revenue from 2018 to 2022 where he presided over the nation's tax system collecting approx. \$4.9 trillion in revenue each year (representing more than 95% of the gross revenue of the United States). He managed an agency of about 80,000 employees and a budget of approx. \$13.4 billion. During his term, Chuck focused on improving service to the nation's taxpayers and balancing appropriate enforcement of the nation's tax laws while respecting taxpayer rights.

During the COVID-19 pandemic, the IRS processed more than \$1.5 trillion in record economic relief and individual refunds. As part of a larger outreach effort to reach underserved communities, the IRS has new, meaningful relationships with more than 15,000 community organizations and 13,000 public school districts. IRS has also aggressively pursued multi-lingual, multi-cultural efforts expanding outreach and assistance in multiple languages, including, for the first time, providing the 2020 - 2022 Individual Income Tax Return, Form 1040, in a language other than English (Spanish). Taxpayers can now also instruct the IRS to contact them in writing in a language other than English and basic tax information is newly available in 20 languages on IRS.GOV. During FY22, there were more than 90 million visits to the non-English pages on IRS.gov, most of which did not previously exist.

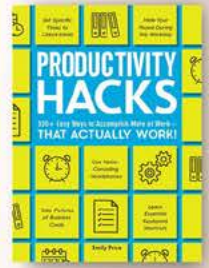
Chuck is the co-founder of the UCLA Extension VETS COUNT Scholarship Fund designed to provide scholarships for active duty and retired military personnel who are working to realize their career goals in tax, accounting, and wealth management. Prior to joining the IRS in 2018, Chuck Rettig was a practicing tax lawyer in Los Angeles, CA for more than 36 years.



Norman's Book Review

"Productivity Hacks"

by Emily Price



I think most CPAs would rate themselves above average or higher on being productive at work and in their personal lives, as we manage multiple priorities, tight deadlines, children's schedules, volunteer activities, etc. Emily's book intrigued me because it contained 541 hacks to increase productivity. It was easy to read and had quite a few things which I could do to improve my productivity. Accordingly, I decided to review the book and note some hacks I thought you would enjoy and find useful. I'm thinking none of us employ 541 hacks in our lives, so the book would be helpful to learn new things and reaffirm the things we are doing now to be productive.

"Don't Break the Chain"

Jerry Seinfeld would use this system to achieve a goal. He would mark each day on a calendar that he worked toward a particular goal. As he marked his days, he would strive to have a "long" chain of days towards achieving his goal. The aim was not to "break the chain" by missing days along the way.

Start Your Day With Water, Not Coffee

After a restful night of sleep, we are often dehydrated. You will feel refreshed and energized with a glass of water first, rather than a cup of coffee. Coffee is a diuretic and will make you more dehydrated.

**Water
BEFORE
Coffee?**

Be Honest

Honesty will save you time and potential awkwardness or a loss of credibility when you have to dig yourself out from under a lie later.

Don't be a Multitasker

Multitaskers usually are more distracted and have a harder time remembering what they were doing. It is far better to do one task at a time. By giving each task your complete focus, you'll do a better job and get everything done faster.



Take A Cold Shower

While hot showers are more enjoyable, cold showers increase your alertness, improve your immune system and circulation, and eases your stress.

Get Some Sleep

Sleep is one of the most important things you need to have to guarantee you will have a productive day. If you don't get enough rest, you will be groggy, easily distracted and not your best self in general.

Play A Video Game

If you find yourself losing focus during the day, "spend a few minutes playing a video game. Video games in short doses have been proven to improve concentration and focus."

Just Pick Up the Phone

In our digital society, many people

choose to email or text people, rather than calling them. "A phone conversation can be much faster because it eliminates the back-and-forth that often occurs with emails and texts."

Try The Pomodoro Technique

Francesco Cirillo's Pomodoro Technique has been a favorite of productivity enthusiasts for long-term projects. The technique entails working in blocks of times with short breaks in between. Specifically, you should work for 25 minutes, then give yourself a five-minute break. Incorporating regular breaks will allow you to refresh and tackle each work "session" with a rejuvenated mind.



Participate In Happy Hour

This is especially important for people who work from home. First, it will get you out of the house and talking to other humans. Second, you will have a motivating reason for getting all of your work done by the start of happy hour with friends or co-workers.



Take the First Flight

Frequent business travelers know, when possible, take the first flight of the day to your destination. The airport is normally less congested so there are

shorter lines everywhere. First flights are usually less likely to be delayed because the planes are already at the airport and the crew is fresh, and even if your first flight is delayed, you will have more options to get to your destination.

Call The Airline Directly About Flight Issues

When a flight is severely delayed or cancelled, most airline help desks are crazy busy. The pro move is to contact the airline call center. Someone at the airline's call center can often rebook you on another flight faster than if you wait in a long line.

Provide A "Six-Pager" Document

"Created by Amazon executives, the "six-pager provides all the background and context people will need to understand a proposal, design or update being discussed. It is especially useful for complex topics."

"No" Isn't Always a Bad Word

One key to being your most productive self is knowing your limits and having enough time to complete the task at hand. You may be better off sometimes saying "no" to a lunch or dinner event, rather than saying "yes" and stressing out later.

Sleep Without an Alarm Clock

Allow yourself at least one day a week to sleep without an alarm clock to allow your body to rest and recover from a rough week. Give your body the opportunity to take what it needs rather than dictating what it's allowed to have.

Will an Event Bring You Joy?

At times we are bombarded with invitations to attend events which we think we have to attend. Emily suggests you ask yourself two things to determine what events you should attend – "is the event NECESSARY to my life and will the event bring me JOY? If the answer isn't yes to at least one of those questions, skip it. You will be better off not attending the unnecessary event.

Helpful Travel Apps

Seatguru – Helps pick the best airplane seats for you.

Waze – Helpful if you are driving in a new place.

Tripit – Organizes all your travel plans into a single location.



Make Your Work Typo-Free With Grammarly

The web and mobile app can read through your written text and look for any spelling or grammar errors.

Sign Documents With HelloSign

Don't waste time printing, signing and rescanning a form. HelloSign allows you to sign documents right on your computer.

Filter Unwanted Emails

Add a period to your Gmail address to filter unwanted emails. For instance, you can give your close friends Joe.Smith@gmail.com as your email address and give others JoeSmith@gmail.com. This allows you to focus on the emails that matter rather than having to wade through emails that don't.

Use A Digital Assistant

Use a digital assistant like Alexa or Siri to remind you of important tasks. Setting the reminder is easy, and it can be just the nudge you need later when your mind is focused on other things.

Never Lose Your Keys

Tile is an app that offers small Bluetooth fobs that you can attach to your keys or anything else you might misplace and pair with your mobile phone.

Use Google Translate

Going to a foreign country and you are not familiar with the language? The Google Translate app translate between two chosen languages. It also has an image feature that can translate words from a photo, like a street sign, menu, product packaging, etc.

Get A Scanner App

Such apps can do most everything that a traditional home scanner can for a whole lot less. You "scan" important documents by simply snapping a photo. You can then email it to whoever needs it from directly within the app. Evernote Scannable and Adobe Scan are great options.



Pay With Your Smartphone

Rather than pulling out a charge card, apps like Apple Pay and Google Pay lets you simply tap your phone on the register. It is very secure because these apps create a unique credit card number for each transaction.



Top Drivers of Transformative Organizations

By Kacey Johnson of CPA.com

“Transformation” has been the talk of the accounting profession for a while now – becoming a bit of a buzzword that leaves many feeling overwhelmed.

There’s a good reason for that. While the profession has continued to adapt to change for more than a century, the breadth and pace of technological innovation and adoption is unlike anything firms have ever faced. Cloud computing, data analytics, and artificial intelligence have already changed what’s possible in firms, and there’s a lot more change on the way – fast.

It’s an incredibly exciting time for the profession, but it can also be incredibly daunting for many organizations. It’s not that leaders don’t recognize the opportunity before them – they want to evolve, innovate and grow. But it requires a full-scale transformation that begins with a shift in mindset and a dedication to becoming a highly-aligned organization.

Our goal at CPA.com is to empower firms with the knowledge, insights and solutions to take the first step and support them along their journeys. Each year, we bring together leaders and technology innovators from across the accounting and finance ecosystem to find out what’s working when it comes to emerging technologies, and what’s on the way. Here are some of the top transformation insights and best practices from our latest executive roundtable:

Automate, Automate, Automate

Automation and other tools can drive efficiency and free people from mundane, repetitive work. “If you aren’t spending time migrating data from one form to another, you are able to be more analytical,” said Zac Charnecki, CPA, Director, Innovation and Transformation at Wipfli, a top firm providing assurance, tax and consulting services to more than 100,000 clients. “If a task makes you feel like a robot, let a robot do it,” he said. Having delegated lower-level work to

technology tools, the firm has shifted its recruiting emphasis to focus on people with a more entrepreneurial outlook.

Encourage deep expertise in staff

In hiring for CAS, firm leaders talk about seeking the “unicorn” – a professional with what may seem like an impossible blend of technical acumen and technology-based skills, plus the ability to think strategically and build close and lasting client relationships. Given the talent gap, firms should focus on building a multifaceted team with deep expertise in core areas, then upskilling them to enable them to deliver higher-value knowledge and insights.

Nurture innovation

With new technologies upending established practices and processes on a regular basis, organizations can benefit from seeking people with digital ambition, those who are excited to understand and apply new tools to simplify and automate. Because of their agility and

Continued from page 8

- Enter into or attempt to enter into a non-compete agreement with a worker;
- Maintain a non-compete agreement with a worker; or
- Represent to a worker, under certain circumstances, that the worker is subject to a non-compete agreement.

The proposed rule would apply to independent contractors and anyone who works for an employer, whether paid or

unpaid. It would also require employers to rescind existing noncompete agreements and actively inform workers that they are no longer in effect.

The risk management takeaway: The FTC accepted public comments on the proposed rule until April 19, 2023 to guide its decision-making. Firm leaders can sign up for updates from the FTC for more insights on the rule and to monitor its progress.

Nicole L. Graham, Esq., is a risk consultant at Aon. For more information about this article, contact nicole.graham@aon.com.

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passion, they will find it easier to continuously adapt to and make the best use of new resources. “We acknowledge, recognize and reward digital ambition,” said Shifra Kolsky, Senior Vice President and Chief Accounting Officer, Discover Financial Services.

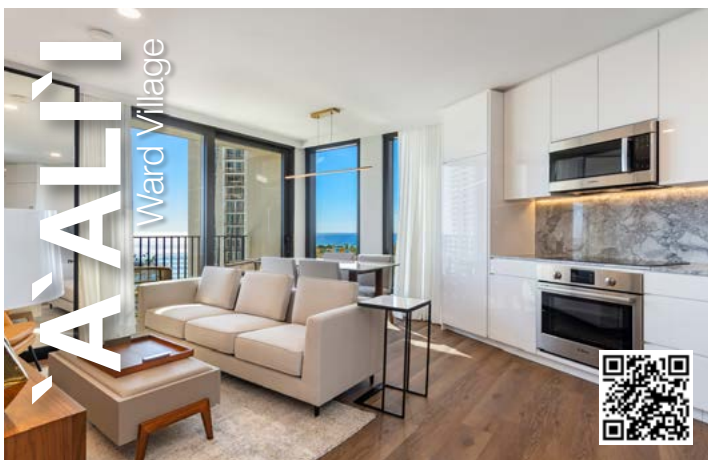
Change internal perceptions and mindsets
Will automation and other new technologies cause people to lose their jobs? If the people on your team don’t know the answer to that question, they may be reluctant to embrace new tools or ways of working. Or they may simply feel more comfortable with the old procedures and (at least initially) question the point of new practices. There are two ways to overcome this obstacle:

- First, focus on upskilling your teams. When staff see that the organization is investing in their development, they tend to have greater confidence in the security of their jobs.
- Second, communicate frequently and directly. Address your people’s concerns about job security – as well as new career and training opportunities – and you can make them more confident and excited about the direction ahead.

You can find a more detailed examination of these findings – including a closer look at the services that are likely to be affected most by

transformation – in the AICPA and CPA.com Executive Roundtable special report, Tech-Driven Transformation. This is the moment to stay a step ahead of disruption rather than chasing behind it – make sure you take advantage of it!

Kacee Johnson is Vice President, Strategy and Innovation, at CPA.com. In 2018, Kacee joined the CPA.com team with a seasoned background working with global FinTech leaders. As Vice President of Strategy & Innovation she manages the technology ecosystem to identify emerging trends that are driving change in the profession.



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1 BD, 1 BA Intr Size: 559 ft² / 52 m²
Lanai: 44 ft² / 4 m², Prk: 1
Views: Ocean & City



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2 BD, 2 BA Intr Size: 739 ft² / 69 m²
Lanai: 92 ft² / 6 m², Prk: 1
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Accounting Students and the Future of Assessments

By Dr. Katie Landgraf & Dr. Leslie Rush

Gone are the days when accounting students used only a calculator, scratch paper, and a pencil to complete paper exams. Today's students have free access to countless resources at their fingertips, making it very challenging for universities to keep up. Between YouTube, tutoring websites, online textbooks, published answer keys, study applications, and language-learning models like ChatGPT, students have an overwhelmingly variety of ways to receive an unearned A.

ChatGPT is an open-accessed public tool developed by OpenAI, a research laboratory founded in 2015, that uses Generative Pre-Trained Transformer (GPT) language model technology (Brockman et al., 2016 & Kirmani, 2022). GPT utilizes machine learning modeling to gather unsupervised and supervised learning techniques to recognize and reproduce human-like language, meaning, using computers to sound like real people conversing and writing (Radford et al., 2018).

Lancaster (2021) identified that during the height of Covid-19, the number of students involved in file-sharing sites that breach the academic integrity increased by 200%. So, what are universities doing about it? How will faculty keep up with tempted students that just want to "google" it? This article is designed to address some of the tactics Accounting Faculty at the University of Hawaii – West Oahu (UHWO) are using in the changing assessment environment.

Faculty desire that students can independently address course questions in a clear and accurate manner. To achieve this goal, faculty must set up an environment to limit access to resources that reduce students' efforts. Some tactics used at UHWO are in-person exams (even when the class is online), limited-timed exams, and utilizing proctors to restrict access during exams. These tactics have been super helpful to ensure students are turning in their own work.



Other ways to increase student independence are to create assessments that are hard to cheat on. Some tactics used at UHWO include adjusting exam questions for each student and each semester, removing exam data from websites (such as Chegg, Quizlet, Bartleby, etc.), and creating our own questions that cannot be answered by ChatGPT.

As of today, ChatGPT struggles with answering certain types of questions, like situations or analyzing complex/nuanced questions, which are often addressed in accounting. So, faculty creates questions that give websites a hard time to respond to those types of assessments.

These methods reduce the ability for students to google the answer, but they are not foolproof. In fact, ChatGPT has the ability to create journal entries and financial statements, which is what we expect students to produce during exams (Wood et al., 2023). In these cases, faculty need to do even more to reduce cheating.

Moreover, faculty have tools to check for cheating. We use websites to check for possible plagiarism and the use of a language-learning model. These tools have been found to not only identify if a student's work has been created through ChatGPT or other websites, but the tools also deters students from cheating since they are aware that faculty uses them.

But, do students really benefit from relying on these outside resources? Interestingly enough, one study proved that students significantly outperformed ChatGPT. Of the 28,085 questions completed by both students and ChatGPT, students were correct 76.7% of the time while ChatGPT was correct 47.5% of the time (Wood et al., 2023). Feel free to use this data if a client at a CPA firm shares that he/she plans to use ChatGPT for bookkeeping purposes.

Faculty are very aware of the possibility of cheating and are committed to creating an environment and an exam structure to reduce the opportunities.

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VIRTUAL MOCK EXAM



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For many candidates, taking the CPA Exam can be one of the biggest obstacles to overcome when transitioning into the profession. Often aspiring CPAs are not sure if they are truly prepared to sit for each section.

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This live 4-hour session is a unique opportunity. Not only will you be able to experience a simulated exam section from the comfort of your own home or office, you will also be able to view your exam results in real-time, giving you a better understanding of how prepared you are to sit for the actual exam.

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To register, click on Register Here tab below. Deadline to register is June 14, 2023.

The email address that you use to register for this event will be used by Surgent to set up simulation. Links are unique to individual and cannot be shared.

Prior to the day of the mock exam, you will receive a registration email from "cpareview@surgent.com".
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AVOID A RICO* INVESTIGATION...KNOW THE LAW!

CPAs are known for “doing the right thing” and the following information is provided to HSCPA members whose core values are to uphold the legacy and integrity of the accounting profession.

ETHICS CPE

Do Hawaii CPAs need Ethics CPE for license and Permit to Practice (PTP) renewals?

Yes. Even if you are renewing your license only, you will need four (4) hours of Ethics CPE. For those renewing both license and PTP, the four (4) hours of Ethics CPE can be part of the 80 hours of required CPE. Be prepared and register for an Ethics course, included in the [HSCPA 63rd Annual Conference](#).
Upcoming reporting year: License and PTP renewals by December 31, 2023. Firm PTP renewals will require peer review reporting, if applicable.

IMPORTANT HAWAII ADMINISTRATIVE RULES (HAR 16-71) CHANGE*

Section 16-71-33 requires a minimum of 20 hours of CPE be earned each year for the PTP. For a permit to practice public accountancy covering each biennium, an individual applicant shall file, together with the application and payment of a fee for a permit to practice, an attestation as to the completion of at least 80 hours in continuing professional education programs. The 80 hours shall have been earned by the applicant within a 24-month period, and within 24 months prior to the date of the application for a permit to practice, **with a minimum of 20 hours earned within each calendar year.**

*effective November 27, 2021

USING THE “CPA” DESIGNATION

Can one use “CPA” after his/her name with a license but without a PTP?

The law in Hawaii says that it is a prohibited act to use the title Certified Public Accountant or the abbreviation “CPA” unless you hold both a CPA license and a current Permit to Practice, subject to certain exceptions.

If you have a CPA license but not a current PTP, you may call yourself a “CPA”, but you must make it clear that you are NOT actively engaged in the practice of public accounting (e.g., by adding the words “not in public practice”).

People in different positions use the title “Certified Public Accountant.” Some of them prepare tax returns, some of them do audits of financial statements, some of them do financial planning, some of them do business consulting, and some of them hold management positions in industry. There are CPAs in government, CPAs who teach, and CPAs who do other things that may not even be related to accounting. Nothing in the law says that you must be actively engaged in the public practice of accounting to call yourself a CPA.

The way to indicate that you are not holding yourself out to be in the practice

of public accountancy, according to Administrative Rule 16-71-9, is to add the words “not in public practice” following the title CPA. Thus, assuming that you do have a current, valid CPA license, you may use the title Certified Public Accountant or the designation CPA if you follow it with the words “not in public practice”.

If your CPA license has lapsed, then it is clearly a prohibited act to use the CPA title, even with the words “not in public practice” added. To fit within the exception, you must have a current CPA license.

It is not a violation to make a statement that is clearly historical rather than current, such as “I was a CPA for 30 years before I retired.” That type of statement is not a violation because it does not imply that you are a CPA now. However, if you do not have a current PTP, any statement that suggests or implies that you are a CPA now should clearly indicate that you are not in public practice.

Of course, the other alternative is to maintain a current Permit to Practice. If you have both a CPA license and a current permit to practice, then no disclaimer is required.

To initially obtain your CPA license, you had to satisfy the applicable standards regarding Education and Experience, and pass an Examination. You have good reasons to be proud of that achievement, and if you follow the rules, it's appropriate to let people know about it. You are a CPA – the fact that you left public practice doesn't change that.

Having CPAs in important positions in government, industry, and academia is good for the profession and good for society. If your CPA background helps you do your job, that proves the value of the CPA profession. Identifying yourself as a CPA and showing pride in the profession is a plus for all of us.

Don't become a victim of a RICO investigation! Know the law and comply. If you have any questions, feel free to contact the Hawaii Board of Public Accountancy at (808) 586-2696, e-mail: accountancy@dcca.hawaii.gov.

This advisory is intended as general information, and not legal advice for any specific individual situation. If you need or want legal advice, you should consult an attorney.

**The Regulated Industries Complaints Office (RICO) is a statewide agency of the Department of Commerce and Consumer Affairs. RICO enforces the regulatory standards of over forty professions, occupations, and programs by receiving, investigating, and prosecuting complaints.*

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JUNE 30, 2023 • 10:00 A.M. HAWAII TIME

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