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President's Message

By Ryan K. Suekawa

In July's KALA, I highlighted the AICPA's Pipeline Acceleration Plan, which was necessitated in part because of the lower number of CPA candidates in the US. One of the components of the AICPA's Pipeline Acceleration Plan is called the Experience, Learn and Earn (ELE) Pilot.

Under the ELE, the AICPA and NASBA are launching an integrated education and experience program for students who need or want a path to the 150 credit hours of education required for CPA licensure, that allows them to earn up to 30 educational credit hours while they are employed with a CPA firm and earning a living. The ELE combines meaningful online academic coursework integrated with work experience.

The first cohort of student associates will begin the ELE in Spring 2024. All student associates in the pilot program will take online courses from the AICPA's pilot partner, Tulane University and will have the opportunity to earn up to 30 credit hours in areas relevant to their careers while being employed in accounting positions.

Participating employers will give student associates time to study and learn, allow them to apply what they learn during their client engagements, and provide mentoring on a regular basis. As the program is expanded, the AICPA hopes additional universities across the country to participate and to increase the learning offerings to address, more comprehensively, both employer and employee needs. If a student needs the full 30 credit hours, the total cost will be under \$5,000, and less if fewer credits are needed.

What does it mean for Employers and Students? The pilot class for the ELE is currently forming for the Spring, Summer and Fall 2024 semesters. As the program develops, the ELE will become an increasingly dynamic and cost-effective recruitment tool for employers to leverage in new staff hiring and helping existing staff over the CPA finish line. To best equip student associates for success, employers will establish flexible work schedules including dedicated time to complete on-line coursework.

To participate in the program, an employer will:

- Commit to recruiting and employing or assigning at least one ELE student associate.
- Commit to the student associate and the ELE program for two years
- Establish and monitor the student associates' schedules to assure they have schedules that allow for dedicated time to complete coursework. These schedules may vary throughout the year depending on factors such as busy season.
- Support the evolution of the ELE program by providing AICPA and NASBA with feedback, as requested, to improve the program.

As a participant in the program, a student will:

- Graduate with their bachelor's degree and core accounting classes at fewer than 150 credit hours.



- Join a firm as a paid staff member (not an intern).
- Earn up to 30 credit hours through online courses while working a flexible schedule and getting paid work experience.
- Complete their required credit hours and continue their journey to CPA.

More details about the ELE can be found at www.experiencelearnearn.org

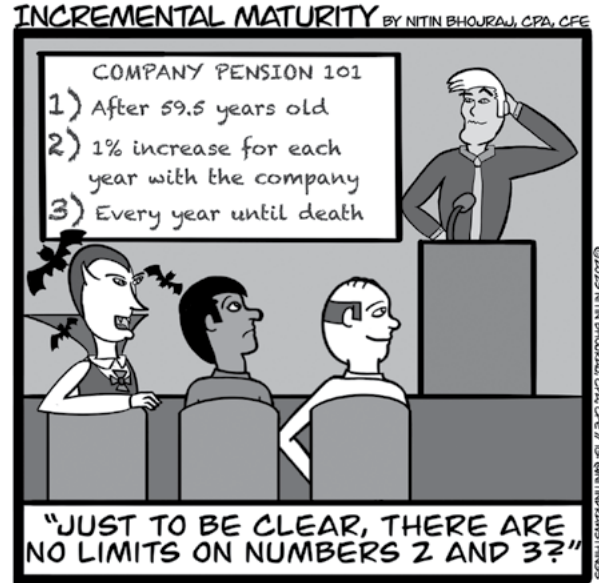
I recently heard from a young aspiring accounting professional who completed all four parts of the CPA Exam and graduated with 120 credit hours. This young professional is in a tough spot because he has been employed at a CPA firm for over six years serving clients, and to become certified in Hawaii, will need to go back to school to earn an additional 30 credit hours in accordance with the current Hawaii CPA licensing laws.

The HSCPA has heard of other local accounting professionals in similar situations and brings up a few questions that I think that we should consider:

- Does graduating with an undergraduate accounting degree, passing the CPA Exam, and working in a CPA firm prepare you to be a licensed CPA?
- What happens if other jurisdictions have different licensing requirements and Hawaii CPAs need to practice in another jurisdiction?
- How does the Hawaii Board of Public Accountancy view work experience instead of 30 extra college credit hours?
- Should Hawaii

educational institutions consider a program like the ELE to support our local accounting profession?

At this point, we don't have answers to these questions, but we welcome the opportunity to be a part of the continued discussion on this topic.



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Keep Your Talent: The Power of Stay Interviews in Employee Retention

By Giles Pearson

Do you find yourself discovering issues that make your employees unhappy only after they've already decided to quit? In a candidate short market, this isn't anyone's idea of a good time. If you persuade them to stay, you'll likely have to make some unwelcome compromises (and they'll likely still leave soon...).

This scenario can be avoided however by implementing 'stay interviews', a proactive approach that addresses potential problems before they escalate into reasons for departure. Not to be confused with 'exit interviews', stay interviews address the small grievances before they snowball into bigger issues. As an effective manager you not only retain your key accountants and bookkeepers but also foster a more contented and productive work environment.

Don't wait until your staff have already made the decision to quit.

Stay interviews are less about assessing performance and more about understanding what motivates an employee to remain with a firm.

These conversations, when done right, can be a powerful retention tool. They also allow you to determine if current practices are leveraging people's strengths. The goal is to learn how leaders can improve their management style, encouraging employees to stay and perform at their best.

The key to ensuring their effectiveness is to treat these conversations as informal

check-ins rather than formal performance assessments, and they should start early in an employee's tenure, recurring consistently thereafter.



- **How would you change your management style if you were in charge of yourself?**
This subtly probes the employee's preferences regarding managerial styles, helping you understand their needs for autonomy or more hands-on support.
- **What could potentially lure you away from this firm?**
Instead of guessing what employees desire, just ask them. They might value career progression or flexible hours over a pay raise. This could also highlight restrictions in what your firm can offer, enabling you to plan ahead for potential role transitions and replacements.
- **What daily frustrations do you face?**
Identifying minor adjustments that can alleviate everyday annoyances can significantly boost an employee's satisfaction. Perhaps a simple change in work schedule could resolve conflicts with personal commitments.
- **What activities energize you, and which ones deplete your energy?**

Understanding what motivates and what drains your employees can help you tailor roles that maximize their engagement and productivity.

- **Are there any firm practices you believe we could enhance?**
Encourage employees to contribute their ideas on larger firm aspects, not just their individual roles. Their insights could lead to improved efficiency, innovative strategies, or enriched learning programs.
- **Can you recall a recent instance when you felt recognized and valued for your work?**
Employees who feel unappreciated are more likely to leave. Instead of asking if they feel valued, ask for specific instances of recognition. If they struggle to remember any, it's a sign you may need to prompt their manager to express appreciation more regularly.
- **When was the last time you considered leaving the company?**
Save this question for later in the conversation when the employee is more comfortable. Assure them that their response will remain confidential. Their answer can reveal immediate changes that could reengage them, such as resolving conflicts with colleagues.

More Tips

Implementing effective stay interviews requires fostering a workplace culture that promotes honesty, openness, and expression of ideas. Employees should

feel safe and reassured that voicing their thoughts won't result in punishment or differential treatment, but will instead contribute to improving their working environment.

Try to avoid tactical or operational questions relating to daily workload. . . these conversations are focused on the bigger picture.

Be prepared for a tough conversation. Awareness that outside life pressures can impact a person's stickability in a position means allowing those conversations to happen as well. But be prepared to make the necessary changes too.

Stay interviews are a proactive and strategic approach that can significantly boost employee retention and productivity. By facilitating an environment where employees feel comfortable expressing their thoughts, concerns, and ideas, firms can address potential issues before they escalate into reasons for departure.

Your employees are your most valuable asset - it's worth investing the time and effort to keep them engaged and motivated. After all, a happy, empowered workforce is the foundation of any successful firm. You know this. So don't wait until it's too late.

After 18 years as a partner with a large public accounting firm, Giles Pearson founded Accountests to help those recruiting accountants make better hiring decisions. Accountests deliver the world's only online suite of annually updated and country-specific technical skills, ability and personality tests designed by and for accountants and bookkeepers.



Megan Lewczyk Selected to Attend AICPA's 2023 Leadership Academy

Congratulations to Megan as one of 36 CPAs honored by the American Institute of CPAs (AICPA) as a member of the Leadership Academy's 15th graduating class! Megan was selected based on her exceptional leadership skills and professional experience for the four-day Leadership Academy program, which will be held December 11th – 14th.

Megan is the 7th CPA member from Hawaii selected to the Leadership Academy. She has been active with the HSCPA's young professionals' group

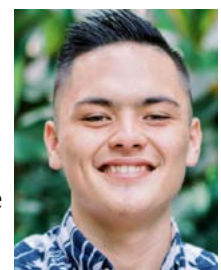
Past Leadership Academy alumnus from HSCPA includes: Donny Shimamoto (2009), Darryl Nitta (2010), Gordon Tom (2011), Trisha Nomura (2012), Michelle Kaneshiro (2014), and Jessica Gluck (2020).

The AICPA Leadership Academy was designed to strengthen and expand the leadership skills of promising young professionals while they network with a peer group of talented and motivated CPAs.

The Leadership Academy features career-development workshops and sessions with some of the accounting profession's most prominent influencers. Participants were selected from public accounting firms of all sizes, business and industry, government, and consulting firms.

To date, more than 480 CPAs have participated in the AICPA Leadership Academy, many of whom have gone on to take on leadership positions in their firms, businesses, and volunteer organizations.

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Chase Houghtailing is a senior at Shidler who will be graduating this December with a double major in Finance and Management, with a minor in economics. Chase was born and raised in Hawaii, and is very passionate about Banking & Financial Markets. Since he started college, he worked two jobs to be able to afford his tuition until he received scholarships such as the HSCPA family scholarship. After receiving this scholarship, Chase has gained much more freedom to pursue his passion for finance and helping others. Upon graduating, Chase hopes to apply his passion for Banking & Financial Markets to a career in Investment Banking.



Practical Uses & Policies for Using Generative AI in an Accounting Firm

By Jacqueline Lombardo of Boomer Consulting, Inc.

In the accounting profession, it's critical to stay ahead of the curve when it comes to technological advancements shaping how you do business and serve your clients. Generative artificial intelligence (AI), including ChatGPT, is one such technology that has emerged in the past year.

While there's lots of buzz about ChatGPT and other Generative AI platforms in the media, many firms still aren't sure what its practical uses are or if they should implement policies around it. So, let's explore the use cases for generative AI in an accounting firm and how firms can maximize the benefits while protecting themselves and their clients.

What is generative AI?

[TechTarget](#) explains generative AI as follows:

"A type of artificial intelligence technology that can produce various types of content, including text, imagery, audio and synthetic data. The recent buzz around generative AI has been driven by the simplicity of new user interfaces for creating high-quality text, graphics and videos in a matter of seconds."

Essentially, the technology learns patterns from input data and generates similar but unique content.

While ChatGPT is one of the most well-known generative AI platforms, there are several others, including:

- Google Bard
- DALL-E by OpenAI
- StyleGAN by NVIDIA
- JukeDeck
- Microsoft Copilot for Office

What is the current stance on generative AI in accounting firms?

We surveyed our Circle community members to learn if they use generative AI in their firms. When we asked firms about their current stance on generative AI within the firm:

- 6.67% block it
- 13.33% are providing training and use cases for staff
- 28.33% allow it
- 51.67% are educating on it

While only a small percentage of firms are blocking ChatGPT, this approach falls short of the intended effect of protecting firm and client data. First, blocking access to generative AI platforms on the company's network doesn't prevent employees from accessing these tools on their own devices.

Secondly, focusing on blocking a specific platform like ChatGPT won't solve the issue. New generative AI platforms pop up regularly, so as soon as you stop one platform, another can take its place.

Instead of playing whack-a-mole, we recommend educating employees on acceptable uses for generative AI in the workplace and implementing policies that empower people to use them responsibly.

Unfortunately, many firms don't have such a policy in place. According to our survey:

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- 16.67% have a generative AI policy
- 35% are working on one
- 48.33% don't have a policy and aren't currently working on one

So, where can you find a template for such a firm policy? Surprisingly, many firms are turning to ChatGPT for their generative AI policies.

It's essential to remember that generative AI isn't 100% accurate (even though the responses it generates to your prompts will sound highly authoritative). So, any policies or other content you produce with generative AI should be thoroughly reviewed, fact-checked and edited to fit your firm.

However, many firm leaders say using ChatGPT to create a generative AI policy got them about 80% of the way there. Isn't starting at 80% (or even 50%) better than starting from zero?

Potential uses for generative AI in your firm

Before we talk about potential use cases for ChatGPT and other generative AI platforms, it's important to highlight what you should not use it for: anything involving client or sensitive firm data.

Public generative AI platforms aren't confidential. They log all inputs and use them as training data. So inputting client data can lead to breaches of confidentiality, loss of client trust and expose your firm to legal liabilities.

So, what can you use generative AI for?

Some ways we've used generative AI in our work or heard from other firms include:

- Creating job descriptions

- Writing blog posts, marketing copy and social media captions
- Search engine optimization
- Drafting client emails
- Generating new business proposals

Continued on page 11

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What's On Your Tech Radar?

By Thomas G. Stephens, Jr., CPA, CITP, CGMA

Technology's never-ending march to "faster, cheaper, and smaller" shows no signs of slowing. As a result, today's successful organizations must embrace a technology plan that offers premium performance, supreme security, and amazing adaptability – all on a tight budget. How can we accomplish this task while operating within the confines of tightening budgets? This article addresses the items that should be on your tech radar to help you and your team succeed in an ever-changing environment. Specifically, we will address five technologies that should be on your tech radar today.

Automation Everywhere

In an era of labor shortages, **automation** is a critical technology that virtually all organizations must embrace. Automation tools allow team members at all levels to use technology to automate rote, repetitive tasks. A handful of the many examples of automation tools that are ready for "prime time" today include:

- Scanning accounts payable bills directly into accounting software
 - Using tools such as [Power Automate](#) to automate approvals and routing documents throughout the organization
 - Creating "digital plumbing" pipes to integrate Cloud-based applications from different publishers
 - Linking client's accounting software applications directly to tax software to automate data entry into tax returns
- The benefits of automation should be obvious, including time savings,

improved accuracy, faster processing speeds, and freeing team members' time for more valuable tasks. So, if your organization has been slow to embrace this technology, now is the time to get on board!

Everyday Productivity Tools

Standard, everyday productivity tools such as [Microsoft 365](#), [Google Workspace](#), and [Zoho One](#) offer tremendous opportunities for improved productivity. Yet, most team members remain unaware of many productivity-enhancing features of these services. For instance, most Excel users remain unaware of critical tools such as **Power Query** and **Power Pivot**, both of which have been available for over ten years. Further, newer functions and features such as dynamic array formulas, **XLOOKUP**, **TEXTBEFORE**, **TEXTAFTER**, **TEXTSPLIT**, and **TEXTBETWEEN** remain unknown to most Excel users and, therefore, unused. Likewise, many Google Workspace subscribers don't know how to take advantage of the communications features in the platform.

Similarly, many organizations using Zoho's Books accounting platform have not enabled the customer and vendor portal solutions available with the service. Adding insult to injury in these three examples is that subscribers already pay for these features. Yet, failing to use the tools causes the ROI on their subscriptions to be depressed. Of course, the remedy to this situation is understanding

your productivity platform's features and implementing the tools that make sense for you and your team.

Artificial Intelligence

Perhaps the most talked about technology today is **artificial intelligence** (AI). While many questions still abound regarding AI, there is no doubt that embracing AI is a critical consideration for almost all organizations today. However, much of what is labeled "AI" isn't AI, at least not if your definition of AI means that computers are capable of "thinking" and "reasoning." Nonetheless, if your AI definition includes "machine learning" (ML), AI is alive and well today.

With the AI tools available today – such as [Bard](#) and [ChapGPT](#) – you can easily find answers to questions, learn how to perform specific tasks, and even write computer code elements. Moreover, you can even use these tools today to help you craft responses to tax notices and prepare engagement letters. AI users can also create music, novels, and movie and television scripts with today's AI tools. Soon, look for AI to help with situations involving more creative "thought," such as optimization scenarios and income tax planning. Also, look for Microsoft 365 Copilot to assist you with tasks such as creating replies to email messages and generating more compelling PowerPoint presentations. All told, AI might be the most exciting technological development to appear since the PC. Of course, security and privacy issues need resolution, but these should be manageable

and allow business professionals of all types to improve productivity with AI.

Security and Privacy Tools and Strategies

Beyond the security and privacy issues that may exist with AI, “traditional” security and privacy concerns remain. In sum, we can’t realize all the benefits of today’s technologies if we can’t manage data security and privacy. Of course, many of the traditional tools and approaches remain viable and necessary – passwords, anti-malware tools, encryption, etc. However, newer tools and strategies offer elevated security and privacy options and, equally important, ease of use at the end-user level. For example, **Zero Trust Security Models** continue to gain traction as more organizations move to Windows 11. **Multi-factor authentication** (MFA) is now mainstream and eliminates over 99% of authentication risk, according to Microsoft. In sum, while security and privacy risks continue to evolve, effective responses to these risks and preventive measures also continue to grow, helping us to mitigate risk to prudently acceptable levels.

The Cloud Rules!

And finally, Cloud-based services and applications continue to grow in stature and subscribers. Imagine a day in the relatively near future when you will log in to your Cloud-based subscriptions to gain access to all your applications and data. Of course, this would mean **no more local servers, no more software installed locally, and no more headaches associated with managing a local IT infrastructure.** In this scenario, you and your team can work well if you have a reliable and reasonably fast internet connection.

Not only does this scenario offer **potentially reduced costs and improved reliability, but it also addresses and embraces work-from-anywhere strategies.** The reality of a Cloud-ruled IT environment is probably much closer than you may already realize. For example, consider the number of Cloud-based tools you already use – accounting, tax, workflow, collaboration, business intelligence, customer relationship management, etc. In fact, there’s a good chance you complete 50% or more of your daily work through Cloud-based tools already! As that number approaches 100%, think about the cost savings and simplicity offered by not having to install, maintain, and secure a traditional server and local area network!

Summary

Our tech needs continue to change, driven by market conditions, technology innovation, business needs, and team member preferences. As businesses moved from mainframe computers to individual PCs to devices connected to local area networks, they will change in the future, too. Therefore, we must ensure that several key technologies are on our tech radar screens today. Among the critical tech tools that should be on your tech radars today are automation, productivity tools, artificial intelligence, security and privacy technologies, and the ever-growing presence of the Cloud.

Tommy is one of the shareholders of K2 Enterprises. At K2, Tommy focuses on creating and delivering content and is responsible for many Firm management and marketing functions. You may reach him at tommy@k2e.com, and you may learn more about K2 Enterprises at www.k2e.com.

Continued from page 9

- Brainstorming topics for articles, webinars and speaking engagements
- Coming up with alternative job titles for roles
- Simplifying technical information

Generative AI is an exciting new tool that can help your firm accomplish more in your limited time. But, as with any powerful technology, it’s crucial to be aware of its limitations. By understanding the potential and perils of generative AI—and realizing it’s a jumping-off point, not a complete solution—your team members can leverage it responsibly.

As the Operations Strategist for Boomer Consulting, Inc., Jacqueline specializes in driving organizational growth and cultivating internal excellence in diverse areas, including human resources, performance management, training and development, compliance, recruiting and intellectual property protection. In addition, Jacqueline works closely with leadership to evaluate and implement business processes and create a company culture that ensures each team member feels valued and empowered to contribute their best. This effort includes supporting our Allyship for Diversity commitment at BCI, which seeks to strengthen diversity, equity and inclusion within Boomer Consulting and the accounting profession. Jacqueline also works on the strategy and development of our eLearning initiatives.



Shining a Light on Ethics

HSCPA 63rd Annual Conference
Featuring Ethics for Hawaii CPAs

Who? **C.P.A.s . . .**
Coolest People Around!

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

"Little Rules About Big Things"

by Morgan Housel

When long-time friend Randy Kaya, 1st VP – Wealth Management with USB Financial Services, Inc., learned I did book reviews for HSCPA, he said he just got a book from Davis Advisors that I could read and review. I'm always open to new books so I happily accepted his offer.

For those of you who don't know, Morgan is a partner at The Collaborative Fund and former columnist of The Motley Fool and The Wall Street Journal. He is also the author of "The Psychology of Money," which has sold over three million copies and has been translated into 53 languages. This will probably be a future book review item.

If you like books that make you think about yourself, your life and the world in general, which I do, this is the book for you! I found it really interesting and mesmerizing! While the book is not available for commercial sale, all the contents have been previously published on the Collaborative Fund blog. This is a [link to his audio interview on Morningstar's The Long View](#) to learn more about Morgan and his book. So, "buckle up" and enjoy the following thought-provoking items from the book.

99.99999999%

Morgan noted across generations and geographies there are many behaviors that are universal. In his chapter on "How People Think," he covered 17 of the most common and influential

aspects of how people think. One of which is the number 99.99999999% which represents the percentage we are blind to who people really are and what they are thinking. People only share a tiny fraction of what really is going on inside their head, and usually share only what they want you to see.

Getting Rich vs Staying Rich

Morgan notes getting rich and staying rich are two completely different things. Many who are skilled at the former fail at the latter. Rich means you have cash to buy stuff, while wealth means you have unspent funds to be independent and do as you please, with whom you want to, to where you want to, when you want to, and for how long. A cautionary note by essayist Nassim Taleb is, "for society, the richer we become, the harder it is to live within our means. Abundance is harder for us to handle than scarcity. You become a victim of your own success."



Why Money is Like Drugs

"Money buys happiness in the same

way drugs bring pleasure: Incredible if done right, dangerous if used to mask a weakness, and disastrous when no amount is ever enough."



Five Fields That Teach You About Investing

I thought it was fascinating that Morgan noted the following five fields which teach you more about investing than most finance textbooks.

- **Health** – how people make short-term tradeoffs with long-term consequences.
- **Sociology** – People like to belong to a tribe and signal their success.
- **Military History** – How people underestimate complex systems and risks, become overconfident and react to stressful situations.
- **Evolution** – How competitive advantages are gained and squandered.
- **Nature** – Best examples of compounding because incredible things happen over very long periods of time.

Tocqueville Paradox

In his chapter “Little Ways the World Works,” he covers truths from many different fields. It was interesting and showed me how much I didn’t know. “Tocqueville Paradox comes from Sociology, which says people’s expectations rise faster than living standards, so a society that becomes exponentially wealthier can see a decline in net happiness and satisfaction. There is virtually nothing people can’t get accustomed to, which also helps to explain why there is so much desire for innovation and improvement.”

Where the Magic Happens

Do you know why 99% of Warren Buffet’s net worth came after his 50th birthday, and 97% came after he turned 65? Aside from being a good investor for over 80 years, his secret is time. Most investing secrets are. Compounding is where the magic happens. Compounding is the whole secret sauce, the rocket fuel, that creates fortunes. Buffet’s right-hand man, Charlie Munger adds, “The first rule of compounding is never interrupt it unnecessarily.”

Everything Comes with Overhead

As Jeff Bezos of Amazon recently stated, “Everything comes with overhead. That’s reality. Everything comes with pieces that you don’t like. If you can get your work life to where you enjoy half of it, that is amazing. Very few people achieve that.”

Morgan adds, “nothing worth pursuing is free. Everything has a price, and the

price is usually proportionate to the potential rewards. A lot of times that price is worth paying. But, you have to realize it’s a price that must be paid. There are few coupons and sales are rare.”



BS

This chapter cracked me up and is soooo true. “There are THREE important facts about BS: It’s everywhere, it’s influential and it’s dangerous.”

Have Low Expectations

When asked his secret to living a happy life, Charlie Munger replied, “The first rule of a happy life is low expectations.” If you have unrealistic expectations, you’re going to be miserable your whole life. You want to have reasonable expectations and take life’s results good and bad as they happen with a certain amount of stoicism.

Morgan adds “low expectations don’t make you depressed – they do the opposite, making little gains feel amazing while bad news feels normal.”

Big Results are Driven by Tail Events

Morgan defines a tail event as an outlier, one-in-a-thousands or millions event. Anything that is huge, profitable, famous or influential is the result of a tail event. What this means is a diversified port-

folio will derive most of its long-term returns from a minority of companies. Accordingly, Morgan states we should be comfortable when a lot of what we do and see don’t work. If we become paralyzed when a few things don’t work, we’ll never stick around long enough to enjoy the few things that do.

Little Rules About Big Things

Morgan ends his book with eight pages of brief statements which he states are “a few things he’s come to terms with.” It is a great way to summarize his book and leave the reader on a high note. The following are five of my favorites.

- Having no FOMO might be the most important investing skill.
- Few things are as valuable in the modern world as a good BS detector.
- It’s easier to lie with numbers than words, because people understand stories but their eyes glaze over the numbers. As the saying goes, more fiction has been written in Excel than Word.
- Most financial mistakes come when you try to force things to happen faster than is required. Compounding doesn’t like when you try to use a cheat code.
- There is an optimal net worth for most people, after which not only does happiness stop increasing but more money becomes a social and psychological liability. The number is different for everyone, but is probably lower than most people think.

TAX FOUNDATION OF HAWAII

Hawaii's Watchdog on Taxes & Government

By Tom Yamachika



If you're not already a supporter of the Tax Foundation of Hawaii (TFH), it's never too late. TFH is the 'watchdog' for Hawaii taxpayers and keeps us informed of what the government is doing with taxpayers' money. To support TFH's mission, [please donate here.](#)

Let the Donor Beware



You may have heard the phrase “caveat emptor,” meaning “Let the buyer beware.” It’s an old proverb, from the Latin phrase meaning that a buyer of something should make sure that the product is good, and that the seller has the right to sell it, before buying a product. In modern contract law in this country, we legally obligate sellers to certain minimum standards like not telling demonstrable lies about the stuff they are selling, but a seller can be very misleading without actually telling lies.

Of these, one of my favorites is “A portion of every purchase will go to benefit XYZ Charity.” This statement can be 100% true, but it does not tell you how much actually goes to charity. A few years ago, for example, Amazon operated a program called “Amazon Smile.” They signed up charities like the Tax Foundation and truthfully advertised that a portion of each purchase made under the Amazon Smile Program would go to the charity. The actual amount that went to the Tax Foundation was 0.5%. Better than nothing, perhaps.

The same principle applies to solicitations for donations. The Lahaina Fire just happened. People are sympathetic and want to give money toward fire victim relief. Civil Beat recently ran a story about the

Maui Community Power Recovery Fund.

It’s a great-sounding name, but what does the fund actually do? A search for the fund directs the user to a [page on ActBlue](#), a fund-raising platform used by Democrats here and nationally. The page says, in bold type, “The Maui Community Power Recovery Fund exists to support leaders and organizations who have been leading to address the root causes of the Maui Fires devastation for years, and will continue to be there when the cameras fade away.” It supports leaders and organizations. It doesn’t say anything about supporting victims or rebuilding devastated areas. It doesn’t say anything about providing food or housing for the displaced or funeral expenses for the bereaved.



The website goes on: “The magnitude of this undertaking will demand investments in the billions. As we grapple with these enormous costs, it’s imperative that we actively participate in legislative, regulatory, and political arenas.” That doesn’t sound like disaster relief. It sounds like political action. And, lo and behold, the site explicitly says, “Your contribution

will benefit Our Hawaii Action.” Our Hawaii Action is a [Hawaii-organized nonprofit corporation](#) the purpose of which, according to its DCCA filing, is to “educate, organize, advocate, and engage in elections to expose the corruption and complacency holding our islands back and advance an agenda to make Hawai’i work for all of us, not just the wealthy few.” It so happens that there is a Super PAC called Our Hawaii PAC, registered with the FEC and the Hawaii Campaign Spending Commission, that seems to be organized and run by the same fellow. In other words, the Maui Community Power Recovery Fund is probably part of a Super PAC and will likely spend donations on political activities.

If you were expecting the Maui Community Power Recovery Fund to be a charity offering relief to Maui wildfire victims and you were surprised to see that it was a political action committee, you needed to look harder. An entity describing its purpose might be misleading even where it is 100% telling the truth. Not all of them tell the truth.

Let the donor beware.

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.

HAWAII TECHNOLOGY CONFERENCE

2023

November 6 - 7, 2023

November 6

8:00 a.m. to 3:30 p.m.



General Session (AM)

Tech Update

Concurrent Sessions:

- CPA Firm Update
- Now Is the Time to Automate
- Collaboration o Portals, Payments, and Signatures
- Talking Another Look at PDFs

General Session (PM)

K2's Best Kept Secrets of Microsoft 365



VIRTUAL HAWAII TIME

November 7

8:00 a.m. to 3:30 p.m.



General Session (AM)

Ripped from the Headlines:
Outrageous Tales of Cybercrimes

Concurrent Sessions:

- K2's Top Ten Outlook Tips
- The Digital Home
- Accounting Solutions: Mid-Market
- Simplifying and Economizing Your Tech Stack
- Kicking it Up a Notch with KPIs
- Understanding Your Ransomware Risk

General Session (PM)

K2's Ten "Must Know"
Features in Excel



[REGISTER HERE](#)



Contingency Planning for A Natural Disaster

By Adrian Hong

As I was coming to terms with what the Maui wildfires would mean for Hawaii and my company in particular, I realized that this was the time to update my company's Island Plastic Bags' (IPB) Business Contingency Plan for natural disasters. Having a written procedure in place can mean the difference between recovering from a natural disaster, data breach, etc. and folding.

I began by identifying the highest physical risks that could impact IPB (hurricanes and wildfires). Then, I listed out the impacts of those risks to my company's assets, operations, and employees. Finally, I sketched out measures I could take to mitigate the impact of the physical risks and how I would respond should IPB be affected by a natural disaster.

To assess the impact of physical risks to IPB's assets, operations, and employees, I thought about what could be lost. That list included loss of life, loss of customers and revenues, loss of facilities and equipment, loss of production, and loss of data. But, I also had to look beyond my people and operations to what impact physical risks could have on my supply chain. Will I have access to my containers arriving at Honolulu port after a hurricane? Will the roads be safe for delivery of my goods to customers? Will my facility have access to electricity, water, internet, and phones?

After determining how physical risks would impact my business, I thought about what steps I could take to mitigate any losses. The company can't prevent a hurricane, but that didn't mean there weren't steps it could take to mitigate the damage done. It turned out IPB was already taking certain steps to mitigate loss. That included backing up critical data offsite, testing fire alarms and



emergency lighting monthly, and testing fire extinguishers on an annual basis. The review of mitigation measures did show that more could be done to make sure communication flowed both ways before, during, and after a natural disaster and that will be part of future all hands meetings with my employees.

Finally, I considered how to respond to a hurricane or wildfire. It starts with communicating information from state and local officials, news sources to employees and instructing them how to prepare themselves, and the company for the disaster including

where to shelter.

Next is an assessment process after the natural disaster to determine if it was safe for employees to return to work. The assessment process also calls for documenting any damage done so the claims process could start as quickly as possible. The response then goes through the steps necessary to get products to customers, get production back up and running, and get the company's information system back up and running.

The response lists resources that could be relied upon during the recovery process including a list of key vendors and service provider contact information. Importantly, the response plan requires the company to frequently communicate with employees, customers, and vendors about what is happening so everyone is on the same page.

I highly recommend all businesses take the time to sketch out a contingency plan for physical risks. It isn't important to get it all right on the first try. Contingency planning is an iterative process. The more you do it, the better you get at it. The plan will evolve and become more robust over time and when you need it, it will be there.


CPA FIRM


MICROCOMPUTER TECHNOLOGY

By Joy Takaesu of The CPA Collective

Microsoft Copilot commercial SKU line-up

	Copilot in Windows	Bing Chat Enterprise	Microsoft 365 Copilot
Microsoft Copilot UX	✓	✓	✓
Bing Chat (LLM + Web)	✓	✓	✓
Commercial Data Protection		✓	✓
Microsoft 365 Enterprise Security, Privacy, and Compliance			✓
Microsoft 365 Chat			✓
Microsoft 365 Apps			✓



Microsoft is starting to roll out its newest Windows 11 update, known as version 22H2 or “Moment 4.” The update includes the new Microsoft Copilot. Microsoft describes Copilot as “your everyday AI companion,” integrating AI powered features into programs like Paint, Photos, and the Snipping Tool. Microsoft Copilot is meant to replace Cortana, which will be retired at the end of the year. Similar to Cortana, Copilot will be accessible on the taskbar or via the Win+C keyboard shortcut. Copilot will also allow users to type natural language phrases to help troubleshoot issues or adjust Windows settings.

The new update will add [new features](#) to Microsoft Paint, such as support for layers and transparency to, and the ability to use and save transparent PNG files. Paint will also be able to automatically detect and remove backgrounds from images. The new update will also include a preview of Cocreator, which can generate images from text descriptions.

[Microsoft says](#) the Snipping Tool will be able to extract text from the screenshots it takes, or “you can easily protect your sensitive information with text redaction by using text actions on the post capture screen.” The Snipping Tool will also be able to capture sound in addition to images.

There are other updates such as in OneDrive, you will be able to search for photos based on the content of the photo or the location it was taken. Notepad will now automatically save your session, and

automatically restore previously open tabs.

According to Microsoft, Copilot will be available for free to commercial customers via the new Windows 11 update. There will also be a paid plan called Microsoft 365 Copilot. Starting in November, Microsoft will offer premium features through a paid Microsoft 365 Copilot subscription, available to enterprise customers for \$30/user/mo. Microsoft 365 Copilot would include Microsoft 365 Chat, which will be a new chat interface with an AI assistant. Microsoft 365 Chat will be able to access data across various Microsoft apps to answer

questions and assist with tasks, such as summarizing unread messages.

For those working with sensitive data, Microsoft will also offer Bing Chat Enterprise for commercial data protection. It will be included with Microsoft 365 E3 and E5 plans, or available as a standalone for \$5/user/mo. Bing Chat Enterprise will not save chat data or use data for training the AI. For more details, please see [Microsoft’s recent blog post](#).

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

Hawaii Practices For Sale

Gross revenues shown: Kamuela/Waimea Area Tax & Bookkeeping \$259K; Kailua/Maui/Honolulu CPA \$530K; Kailua-Kona, HI CPA \$600K; Honolulu, HI CPA \$1.6M; Honolulu, HI CPA \$250K; For more information, please call 1-800-397-0249 or visit www.APS.net to see listing details and register for free email updates.

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