



Building Blocks

Construction Financial Management Association
Honolulu Chapter

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President's Message:

Aloha members,

It's been a busy month since I took on the role of president for the CFMA Honolulu Chapter. I want to thank the new Board for their tireless efforts to plan and execute the high-quality and fun events we've enjoyed so far. I also want to thank you for showing your support by joining us at our functions.

The CFMA Annual Conference was held May 14 – 18 at the Gaylord Hotel in Grapevine, Texas and was attended by 6 local boys including 4 from Oahu (Glenn Yee, Wade Kodama, Nick Tan & me); Don Taylor from Kauai; and Les Sakamoto from Hilo. We had a blast hanging out, meeting new people, eating fabulous Big D barbeque (twice!), touring the amaaaaazing Cowboys stadium, and of course taking a bunch of great classes. I even vaguely remember dancing to a live band doing a cover of Bon Jovi, but that part's a little hazy.

One personal benefit I discovered was that CFMA allows you up to one year after the conference to register your CPE credits. Because I attended last year's Kona conference held in June, I was able to register credits for both years & came up with 52 CPEs in all. Plus I got 16 credits from last October's Spring Creek training. You see, I let my CPA license expire many years ago when I relocating to Tokyo, and was told by HSCPA that I needed to catch up 80 credits to reactivate my license. So as of now I'm just 12 credits shy of that goal. Not bad huh?

Speaking of CPEs, did you know that you can sign up for webcast sessions on CFMA's website to get some great construction industry related credits? You can purchase sessions from prior conferences, or take advantage of the CFMA Online Learning Center that provides monthly one-hour sessions for FREE. Just go to the website & search "CPEs" to check out all the opportunities.



CONTENTS

Page 3
Installation Banquet

Page 4
CFMA Seminar

Page 5
CFMA Classifieds

Page 6
**Disney's Aulani
Resort & Spa**

Mark your calendar:

WHAT:
CFMA Golf Tournament

WHERE:
Ewa Beach Golf Club

DATE:
Thursday, August 26



**The Construction Financial
Management Association,
Honolulu Chapter**

President
Wes Mikuni, Ralph S. Inouye Co., Ltd.
Secretary
Thalia Choy, Thurston Pacific, Inc.
Treasurer
Michele Kaneshiro, Carrier
Hawaii

Directors
Neill Char, First Hawaiian Bank
Frank Wirt, Aon Risk Services
Nick Tan, Atlas Insurance Agency
Tiffany Trang, Maryl Group Inc.
Ray Nii, Grace Pacific Corp.
Glenn Yee, Hawaiian Dredging
Wade Kodama, Watts
Constructors

Mahalo to our sponsors



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Real Texas BBQ – we went to Hard Eights Barbeque, best pit barbeque place I've ever been to. Top (L – R) cole slaw, ribs, beef brisket, hot links, smoked pork chops Bottom (L – R) barbeque corn, chicken, tangy hot bbq sauce



Nick in Cowboy Cheerleader Locker Room. We had to drag him out of there.



Cowboy Les – Les Sakamoto wearing a huge sponge cowboy hat and if you look at the sunglasses carefully you'll notice the lenses are in the shape of Texas.



Nick in the Endzone.

2011 CFMA Installation Banquet PROGRAM

Wednesday, May 4, 2011

- 5:00 Check-in & hosted cocktails
- 5:30 – 6:00 Program
Neill Char
Welcome
Ice breaker - Who am I?
Glenn Yee
Message from past president
Wes Mikuni
Message from new president
Introduction of board of directors
Introduction of new members
- 6:00 - 7:30 Pupus, drinks & raffle prize giveaways



On May 4th, 2011 CFMA Honolulu Chapter held its annual installation banquet at the Pacific Club. Outgoing President, Glenn Yee, thanked the membership, sponsors and board members for their continued support of the Honolulu Chapter. A special thank you was extended to exiting board members Jay Miyaki and Carl Williams for their valued service and guidance. Glenn introduced the new CFMA Honolulu Chapter President Wesley Mikuni. Wes is a Vice President & CFO of Ralph S. Inouye Ltd., and a CFMA member since 2001. In 2010 Wes achieved the status of Certified Construction Industry Financial Profession (CCIFP). The new President introduced the following Board Members for the 2011-2012 year:

Thaila Choy (Secretary)
Michele Kaneshiro (Treasurer)
Wade Kodama
Raymond Nii
Nick Tan
Neill Char
Tiffany Trang
Frank Wirt
Glenn Yee



**Congratulations
to
President Mikuni
and the
Board Members.**

CFMA Seminar: May 10, 2011

A record crowd of 67 people (31 members and 36 guests, which included representatives from GCA, BIA, and NAWIC) attended the May 10th seminar session with Governor Neil Abercrombie and State Director of Taxation Frederick Pablo at the Pacific Club. Given the various issues that were discussed and the resulting bills that were passed during the recently concluded legislative session, everyone was very much interested to hear what the Governor and Director had to say in regards to legislation that will directly affect the construction industry.

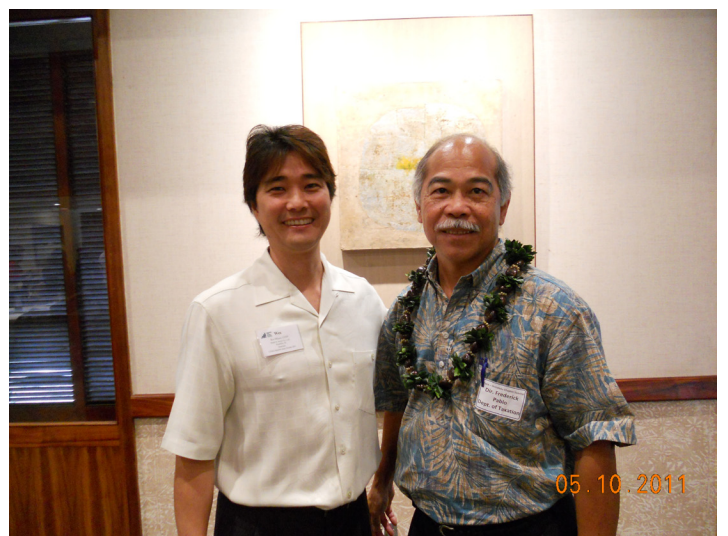
Governor Abercrombie acknowledged that the revenue shortfall in the State's budget was the key reason why many tough decisions had to be made during this past legislative session. One of those decisions was to suspend the G.E. Tax exemptions over the next two years (an issue that the construction industry lobbied hard against). The Governor called the suspension a short term fix by the legislature. However, given that many of his revenue generating proposals were tabled by the legislature this year, this was a "necessary" one given the revenue shortfall that the State is facing over the next two years.

The governor stated that, in the coming year, his administration will take on budget challenge by, (1) looking at making "structural" changes to the government as we presently know it, and (2) pushing out his "A New Day in Hawaii" agenda in the coming months. Structural changes to government may include consolidating departments, better utilization of existing State-owned office space, and possible vertical as well as horizontal cuts in personnel (acknowledging that basic functions of government cannot be compromised by these changes). He has plans to put in place a "Chief Information Officer" who will be in charge of streamlining communications across the departments as well as promoting private-public partnerships. The Governor's New Day in Hawaii agenda is focused on putting people back to work (by spending up to \$3 billion over the next two years, of which, \$1.5 billion would come from general obligation bonds). The Governor stated by creating jobs, the people's attitude will

change in respect to the economy, which should improve market conditions and increase revenues to the State. The Governor pledged to us that we will see "better days" for Hawaii one year from now. He is so confident of his program that he mentioned that we should meet again next year at this time. We definitely will take the Governor up on his offer.

Frederick Pablo, the State Director of Taxation, spoke about what his departments focus will be in the coming years – he called it the four "P's" (People, Processing, Productivity, and Policy). He wants to modernize the department, streamline the appeals and collections process, and initiate e-filing and e-payment systems over the next few years – all with the thought to better service the people of Hawaii. Mr. Pablo then gave a recap of the five tax bills that were passed this session.

CFMA would like to thank the Governor and Director for speaking at this seminar. The timeliness of their briefing could not have been better.



CFMA Classifieds

CFO with 5 years construction industry experience (CCIFP) and 20+ years controller/CFO experience available for immediate placement. Interested parties please send inquiries to our chapter president at wes@rsinouye.com. If you are also seeking employment, or are an employer looking to hire, you may also inquire with Wes.

Information Related to Provisions in SB754 SD1 HD1 CD1 (Act 105)

RATE - The suspension means that currently exempt amounts such as, e.g., amounts deducted from the gross income received by a contractor (the “subcontractor deduction”), will no longer be exempt from general excise tax beginning July 1, 2011 and will be taxable at the 4% rate. However, amounts for which the general excise tax exemption is temporarily suspended under this bill will continue to be exempt from the county surcharge of 0.5%.

GRANDFATHERING - The bill specifically states that gross income from “binding written contracts entered into prior to July 1, 2011, that do not permit the passing on of increased rates of taxes” will be exempt from GE tax even if the amounts would be made taxable by the suspension of an exemption under this bill. In order to be saved from paying tax by this grandfathering clause, a taxpayer must keep several things in mind. First, the contract must not permit the increase in the tax to be passed on to the consumer. Second, the contract must be in writing. Third, the contract must be binding prior to July 1, 2011. If these three conditions are met, any change orders relating to the original contract will be treated as entered into before July 1, 2011.

ACCOUNTING METHOD ISSUE - Gross proceeds for business transactions that occur prior to July 1, 2011 could be subject to different tax rates depending on the accounting method of the taxpayer. Generally, cash basis accounting method taxpayers report their gross income in the taxable year in which payments are actually or constructively received. Generally, accrual basis accounting method taxpayers report their income in the taxable year in which all events that fix the right to receive the income have occurred and the amount of the income can be determined with reasonable accuracy.

This means that two different taxpayers entering into identical transactions could potentially pay general excise tax at two different rates. If, for instance, all events that fix the right to receive income from a contract have occurred and the amount of income can be determined with reasonable accuracy on June 30, 2011 but cash payment is actually or constructively received July 1, 2011, then a cash-basis accounting taxpayer would be subject to the 4% GE tax rate on proceeds from the contract while an accrual-basis accounting taxpayer’s proceeds would be exempt. Note also that the cash-basis taxpayer’s proceeds would still be exempt if they were received pursuant to a binding written contract that met the grandfathering rules discussed above.

ENTERPRISE ZONES - The bill also suspends the exemption for gross receipts from activities conducted within enterprise zones. The same grandfathering considerations should be taken into account when determining whether gross proceeds from a construction contract within an enterprise zone are exempt.

INFORMATION REPORTING - The bill contains a provision requiring taxpayers provide information about general excise tax exemptions. The Department will be developing forms to help taxpayers provide the required information.

Please contact the following if you have any questions:

Mallory C. Fujitani
Public Information Officer
State of Hawaii
Department of Taxation
Phone: (808) 587-1481
Email: mallory.c.fujitani@hawaii.com

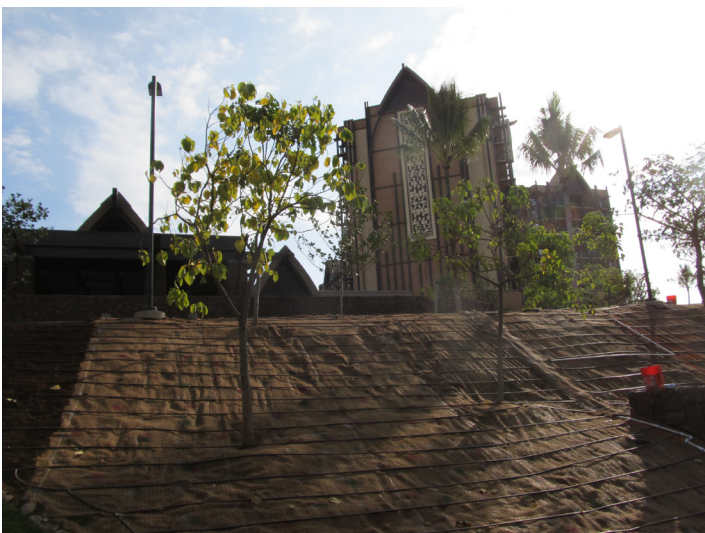
Question: *What do you get when you combine the Pacific Ocean, white sand beaches at Ko Olina, grand Waianae Mountains and a spectacular 21-acre destination hotel and resort?*

Answer: Disney's Aulani Resort and Spa!

In April, 25 of our CFMA members toured the highly anticipated Disney Resorts' "Aulani" at Ko Olina. Although Mickey and Minnie were nowhere to be seen, Aulani boasts a beautiful cultural display of the Hawaiian Islands nestled around luscious landscaping and architectural grandeur. This all bodes well for their story telling themes and for educating visitors about Hawaiian history and culture. Aulani has several meanings, including "the messenger of a chief" and "the one who delivers a message from a higher authority" – hmmm, sounds like Disney may be the higher authority here and Aulani is its message of "aloha" and "pono."

Disney spared no expense and built this project with a keen eye for detail. This \$1 billion+ project will delight many visitors and natives throughout its vast 21 acres landscaped with native Hawaiian plants, 3 pools and a volcano! Aulani is a destination resort which boasts 460 Disney Vacation Club Villas, 359 hotel rooms, a conference center, 4 restaurants, and an 18,000 square foot spa! Aulani offers activities for families to do together as well as catering to each member of the family and their personal preferences.

Our members walked the property from the hotel lobby and viewed the Waikolohe and Wailani Pools and hotel rooms. Phase I is scheduled to open August 2011. We'd like to thank Managing Director Elliott Mills for hosting this tour and his well trained and very friendly Disney staff – they provided the tour with that wonderful Disney magical touch that makes their resorts and parks ever so special. After the tour, our group gathered at Roy's at Ko Olina for networking and camaraderie over delicious food and drink. Don't miss out on our next tour!





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