



Building Blocks

Construction Financial Management Association
Honolulu Chapter

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Accountants to Change the Way of Doing Business

By Jay Miyaki, CCIFP

Did you know there is a major effort to reorganize the Accounting rules many of you know as Generally Accepted Accounting Principles or GAAP. This effort to make United States accounting and reporting standards simpler to access, research and keep up-to-date is called by the Financial Accounting Standard Board (FASB) as the FASB Accounting Standards Codification project.

GAAP will not change. What will change is the structure of the current GAAP hierarchy that includes the FASB Statements of Financial Accounting Standards, FASB Interpretations, FASB Technical Bulletins, FASB Staff Positions, FASB Staff Implementation Guides, Emerging Issues Task Force abstracts, Derivative Implementation Group Issues; Accounting Principles Board Opinions; Accounting Research Bulletins, Accounting Interpretations; AICPA Statements of Position, AICPA Audit and Accounting Guide incremental accounting guidance, AICPA Practice Bulletins, etc. The Codification does not cover government accounting standards. The Codification is expected to be approved and become effective July 1, 2009 – then it will be the single source of authoritative GAAP. But you do not have to wait until it is approved, you can start using it now with the caveat that it still requires formal approval. In fact, the FASB encourages users to start using the Codification.

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President's Message

By Carl Williams

THE DAY THE ECONOMY STOOD STILL

We caught the movie *The Day the Earth Stood Still* a couple of weeks ago. You know, the remake starring Keanu Reeves of the 1951 classic about the encounters of the alien "Klaatu" and his giant robot "Gort" with the people of earth. The 2008 remake is based on the well conceived short story *Farewell to the Master*, as was the original, but the supporting roles were poorly cast and the dialog is frequently substandard. The concept is this – hu-

mankind has not been caring for earth and "Klaatu" has been sent to save it ... earth that is, not its people. The central characters must find a way to convince the alien that humankind is also worth saving. As the movie nears its close, there is a connection with the moral of the story and our economic conditions. "When we are at the precipice," it was said, "we can change."

Building Profits magazine has a very good article in

the current edition about how your business can respond to worsening economic conditions. Great reading with many practical applications for construction financial professionals to use in tough times. Check it out. We may be at the precipice. We can change.

Happy New Year and best wishes for a happy and prosperous 2009! Comments? You will find me at cwilliams@cwassociatescpas.com.



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KAIKOR



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“Happy Halloween” Gathering at Amuse Wine Bar

The gathering was for CFMA members and guests to unwind after work and “chase away the spirits,” as members enjoyed excellent wine tasting along with some awesome pupus. Everyone who attended received a \$50 wine card. The first of its kind on Oahu, Amuse is a wine bar that features ATM-like self-serve wine stations, which has over 80 different wines to choose from. It was a great opportunity for members old and new to relax, kick back and enjoy the evening with fellow members and guests. Thank you to Board Members Wes Mikuni and Michelle Kaneshiro for coordinating the event.



Guest Grace Yee and members Clyde Sugawa and Carleton Williams.



Guests Liz Ji and Nicole Borgman and member Sequoya Borgman.



Members Frank Wirt and Neill Char and guest John Hulihee.



Members Audrey Hidano and Janet Shadron, guests Suzanne Lee and Susie Bellanca, and member Lori Isara.

Highlights of October 17, 2009

Tax Seminar

By Thalia Choy

Tax Seminar was held on October 17, 2009 at the Pacific Club. The two speakers for the seminar were Conrad Kreutzer, Director, Federal Tax Accounting Methods and Credit Services, KMPG LLP and Kurt Kawafuchi, Tax Director of the State of Hawaii.

Conrad Kreutzer informed the group of the favorable method changes on group medical insurance, property taxes, advanced payments for services and goods, internally developed software and prepaid payment liabilities. He also explained about the common unfavorable method changes in accrued bonuses, executory contract obligations, Section 263A for inventory and fixed assets, proper method under Reg. 1.451-5 for gift certificates and Section 461(d) lag method for California Franchise Tax. He also updated the group on Section 199, the De Minimis Rule and repair vs. improvement determination with the betterment, restoration and change in use tests.

Kurt Kawafuchi discussed the administrative updates and the legislative amendments to the construction industry. He talked about Act 89, .05% GET rate for warranty repair. He also explained for GET purposes who is and is not a contractor. A contractor is a person who contracts to erect, construct, repair or improve buildings, highways, and other structures. Contractors included those engaged in the practice of architecture, professional engineering, land surveying, landscape architecture, and pest control or fumigation. Certain taxpayers who are not contractors, such as architects or engineers, may be engaged as either contractors or service providers, depending on the work performed. An architect or engineer is a service provider when performing a service such as a feasibility study or consultation not related to a specific construction job.

Both speakers were very informative. Kurt did ask the audience for suggestions on how to increase the State revenue.

CFMA My Space

will continue in our next issue



CFMA President Carl Williams, Kurt Kawafuchi and Conrad Kreutzer.



Glenn Yee of Hawaiian Dredging asks a question.



Conrad Kreutzer informs the group.



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You can access the Codification at <http://asc.fasb.org/> home. It's free for now. Registered users will be able to access all the content and use all the features of the site. It's worth visiting, registering and seeing what the Codification is all about.

The Codification will make access and research – simpler, simpler, simpler. Please contact Jay at jay@miyakicpa.com if you have any questions.



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