

GUAM

board of accountancy

A Report to Our Citizens

Fiscal Year 2012

About Us

The Guam Board of Accountancy (GBA) is an agency of the Government of Guam, located in the Pacific Island American Territory of Guam. GBA is a member of the National Association of State Boards of Accountancy (NASBA) and administers the national Certified Public Accountants examination produced by the American Institute of Certified Public Accountants (AICPA). GBA is responsible for maintaining professional standards and practices to safeguard the public interest, through certifying, licensing, and/or regulating all Certified Public Accountants practicing in the Territory of Guam.

Management

- Dave Sanford, Executive Director
- Michele Santos, Asst. Executive Director

Board Members

- John E. Onedera, CPA, Chairperson
- Todd S. Smith, CPA, Vice-Chair
- Jennie L. Chiu, CPA, Member
- Francis D.L. Quinto, CPA, Secretary
- Dafne M. Shimizu, CPA, Treasurer
- John Camacho, Ex Officio Member

Our Purpose and Goals

It is the policy of the Territory of Guam, through the Guam Accountancy Act of 2003, and the purpose of the GBA to promote the reliability of information that is used for guidance in financial transactions or for accounting for, or assessing, the financial status or performance of commercial, noncommercial, and governmental enterprises. GBA establishes entry-level requirements for CPAs, qualifies candidates to take the national CPA Examination, administers the national CPA Examination, issues candidates' grades and ultimately certifies candidates as possessing the requisite professional skills to effectively practice public accounting in the Territory of Guam. GBA further ensures the continued competency of all Guam licensed CPAs through Board oversight and approval of continuing professional education (CPE) sponsors and by requiring all CPA licensees practicing in Guam to meet annual CPE reporting requirements, including professional ethics education, as well as participation in tri-annual Peer Review Programs.

Table of Contents

About Us	1
Licensing and the CPA exam	2
Our Finances	3
2012 Highlights	4



Demographics

	Count
Male Guam Candidates	420
Female Guam Candidates	255

Degree Type	Candidate Count
Bachelor's Degree	613
Advanced Degree	59



Licensing and the CPA exam

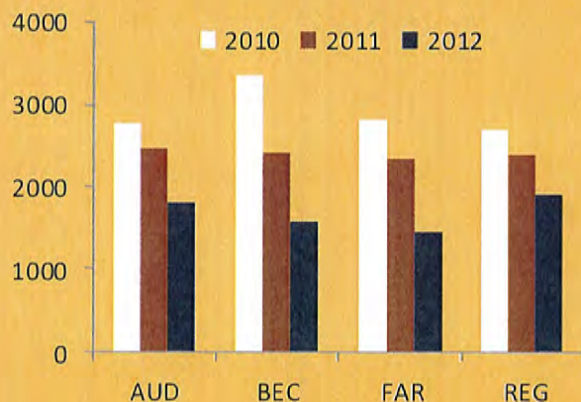
What is a CPA?

- An *Expert* in accounting, auditing, and tax matters.
- A general business advisor to entities of all types, sizes, and objectives.
- A personal financial advisor to individual clients, friends, or family.

Licensing Requirements

As of April 26, 2006, the requirements for a Guam CPA certificate include:

1. A baccalaureate degree, including 24 semester hours of upper division accounting courses and 24 semester hours of upper division business courses
2. Completion of the uniform CPA exam
3. Two years of experience, only one year for applicants with 150 semester hours of education, performing auditing or accounting-related duties acceptable to the Board under the direct supervision of and verified by an actively licensed CPA.



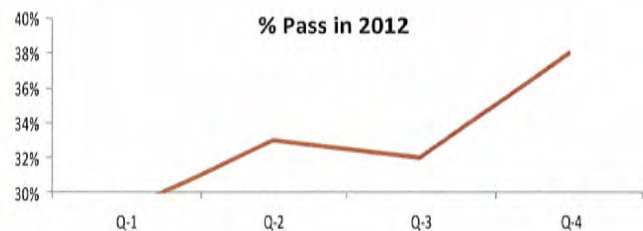
The graph above displays the total number of candidates sitting for the exam from years 2010 to 2012. The number of candidates have declined throughout the three year period for all four parts of the exam.



Exam performance

2012			
Section	Sitting	Avg. Score	% Pass
AUD	557	67.6	32.5%
BEC	541	65.9	27.5%
FAR	506	66.4	38.9%
REG	530	66.7	35.1%

Passing score = 75%

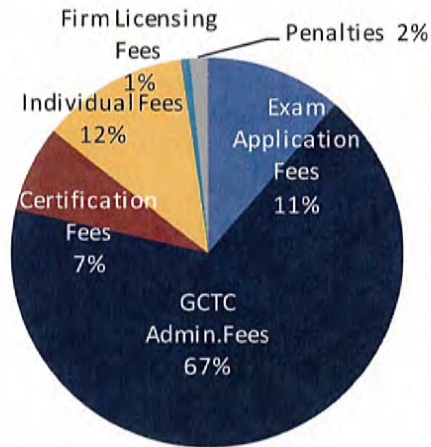


CPA Candidates Origin	2010	2011	2012
Korea	4591	3907	3243
Japan	5590	4133	1616
Other	1489	1594	1913

The above testing event totals include candidates from other jurisdictions sitting in the GCTC.

A significant decline in candidates originating from Japan occurred due to the opening of three testing centers in Japan.

Our Finances

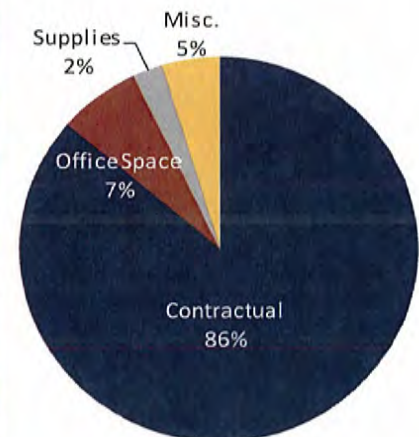


Revenues

	FY2010 Actual	FY2011 Actual	FY2012 Actual
Guam Computer Test Center Administration Fees	\$762,150	\$531,315	\$402,985
Individual Licensing Fees	37,050	48,250	72,425
Exam Application Fees	40,776	26,875	66,976
Certification Fees	39,550	29,250	42,875
Penalties/Miscellaneous Fees/Interest	4,605	5,147	8,840
Firm Licensing Fees	4,000	3,000	4,025
TOTAL REVENUES	\$888,131	\$643,837	\$598,126

Expenditures

	FY2010 Actual	FY2011 Actual	FY2012 Actual
Contractual			
Administrative Services Contract	\$275,038	\$270,135	\$272,707
Education & Testing	0	0	15,255
Others (Publications, Dues, etc.)	14,269	15,068	14,392
Copier Services	5,811	5,874	5,529
Web/Database development	0	0	0
Office Space	23,868	23,868	23,868
Supplies	6,889	9,610	8,603
Small Equipment	376	511	2,689
Miscellaneous			
Postage	10,600	10,140	12,466
Bank Charges	30	0	2,322
Notices/Compliance Investigations/Others	1,348	1,234	1,978
Training	580	0	50
TOTAL EXPENDITURES	\$338,809	\$336,440	\$359,859



- Net excess of revenues over expenditures was \$238,267 in 2012, vs. \$307,397 in 2011.
- GBOA is entirely self-sustaining and spends no taxpayer dollars.
- GBOA does not receive any funds from any US Federal Government or the Government of Guam.
- Funds are derived directly from CPA applications, examination and licensing fees, chiefly examination fees generated by the Guam Computer Testing center (GCTC).

2012 Highlights



150 hour requirement

- NASBA/AICPA has recommended UAA Changes to adopt the 150 hour requirement.
- Most states have now adopted the 150 hour requirement.

Indeed, Guam's 150 hour requirement enacted in 2003 was responsible for the 75% decline in Guam candidates from 2002 to 2006. Yet, when the 150 hour requirement was rolled back to a baccalaureate degree or equivalent in mid-2006, Guam candidates began immediately increasing. Almost universally, exam candidates decreased significantly with the 150 hour requirement, even though the number of accounting majors was increasing. Therefore, an unacceptable number of accounting graduates were not taking the exam or being licensed.

Testing in Japan

This influx of Asia-based exam candidates was responsible for an average \$5-6mm in annual Guam tourism revenues from 2004 - 2011. The first two windows (Aug - Nov 2011) of international exam administration in Japan resulted in a +60% loss of the Japanese CPA candidate base sitting in the GCTC. This loss of 1,100+ Japanese candidates translated into about \$160,000 in total GCTC revenues and \$1.2mm in Guam tourism spending.

By December 2012, this loss exceeded 2,000 Japanese candidates sitting for more than 3,800 exam sections, resulting in a direct reduction of \$330,000 in GCTC revenues and over \$2.0mm in Guam tourism receipts.



We want to hear from you! Do you like this report? Do you believe it should include more information? Please contact Michele Santos at 647-0813 ext. 601, or email licensing@guamboa.org. For further information, please visit our website at www.guamboa.org

Outline of Events: Oct 2011 - Sept 2012

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|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| OCT | AICPA implements improved CPA exam early score reporting. |
| NOV | Updated licensee database for interface to NASBA Accountancy Library Database. |
| DEC | Pursued Guam Visa Waiver for Chinese CPA candidates at GVB's Guam/China Symposium. |
| JAN | - Credit Card acceptance implemented to enhance collection of foreign candidate payments.
- IQEX transition to using the CPA exam Regulation section effective November 2012.
- Statements on Standards for CPE Programs re: self-study requirements revisions.
- NASBA Express Score Release free service enabling candidate On-line Score retrieval adopted. |
| FEB | - NASBA Call Center (Guam) fully operational providing responses to exam candidates' questions 16 hours daily. |
| MAR | - UOG/GBA presented reimbursement checks to UOG students.
- GCTC paid events for Jan - Feb 2012 were lowest since inception in 2004. |
| APR | Board approved monthly payment to UOG for \$1mm appropriated by legislature from GBA fund. |
| JUN | - NASBA/AICPA UAA committee begins discussing changes to definitions of "independence" and "attest".
- NASBA announces launch of new International Evaluation Service as of July 1, 2012. |