



# Guam Board of Accountancy

## *A Report to the Citizens of Guam*

Guam Board of Accountancy  
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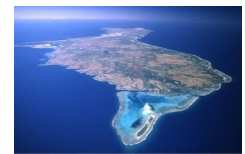
### **GBA Board**

*The Government of Guam regulates the practice of public accounting through the Guam Board of Accountancy. The Board consists of 5 voting members appointed by the Governor and an ex-officio non-voting member, the Director of the Department of Revenue and Taxation.*

*The Board provides for the examination of CPA candidates and the licensing and regulation of all CPAs practicing in the Territory of Guam. The Board strives to protect the public interest in Guam by promoting a high level of professional standards and the maintenance of competency among Guam's Certified Public Accountants through continuing professional education programs and peer review oversight programs.*

## **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). The Government of Guam believes that the public interest requires that persons professing special competence in accountancy or offering assurance as to the reliability or fairness of presentation of accounting or financial information must demonstrate their



qualifications to do so. In order to obtain certification as a Guam CPA, a candidate must fulfill specific education requirements, pass the uni-



form CPA examination, and submit verification of qualified work experience to the Board. The Guam Board of Accountancy is entirely self-sustaining and spends no taxpayer dollars. The GBA does not receive any funds from

the US Federal Government or the Government of Guam. Rather, GBA funds are derived directly from CPA application, examination and licensing fees, chiefly examination fees generated by the Guam Computer Testing Center (GCTC). The GCTC is operated by NASBA under contract with GBA. Guam continues to lead the nation in CPA examinations administered through our single GCTC. We have maintained this lead in the face of the inevitable "internationalizing" of the uniform CPA exam.



## **Our Purpose & Goals**

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. 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 in-

formation 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. The GBA's near term goals include implementing an interactive website to improve the level of service to users as well as operational efficiency. GBA also supports the University of Guam's ef-

forts to implement an accredited CPA review course offering to aid local, Guam resident CPA candidates' ability to meet the Uniform Accountancy Act (UAA) recommended 150 hour education requirement. GBA will also propose law and rule amendments to update Guam's Accountancy Act for recent changes in the model UAA law and rules.



### Did you Know?

The very first “computer-based test” (or CBT) CPA examination administered in the United States was given at the Guam Computer Testing Center on April 5, 2004.

The all-time record for total candidates sitting for the CPA examination in Guam (2,095) was set in November 2003.

The all-time record for total candidates passing (completing) the CPA examination in Guam (101) was set in November 2001.

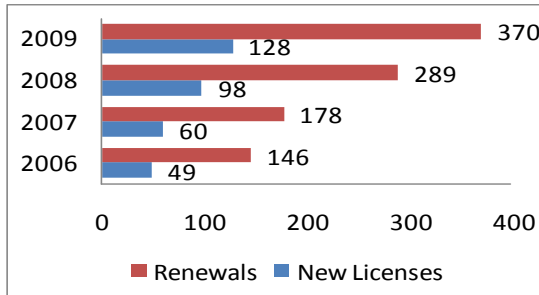
On average, throughout fiscal years 2008 and 2009, Guam candidates each sat for 1.9 exam sections.

Today, the Guam Computer Testing Center continues to administer about 10,000 examinations each year.

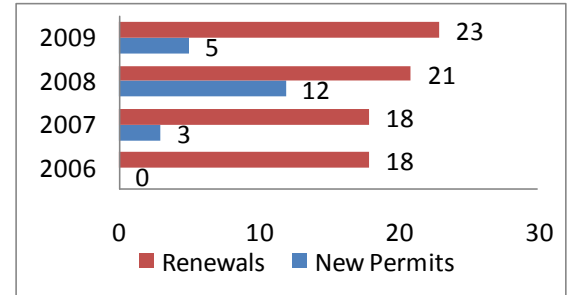
## Licensing & the CPA Examination

In order to obtain certification as a Guam CPA, a candidate must fulfill specific education requirements, pass the uniform CPA examination, and submit verification of qualified work experience to the Board. As of April 26, 2006, the requirements for a Guam CPA certificate were changed to a baccalaureate degree, including 24 semester hours of upper division accounting courses and 24 semester hours of upper division business courses; completion of the uniform CPA exam; and 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.

### Individual Licenses Issued



### CPA Firm Permits Issued



## Candidate Performance

### Guam’s Computer Testing Center (GCTC)

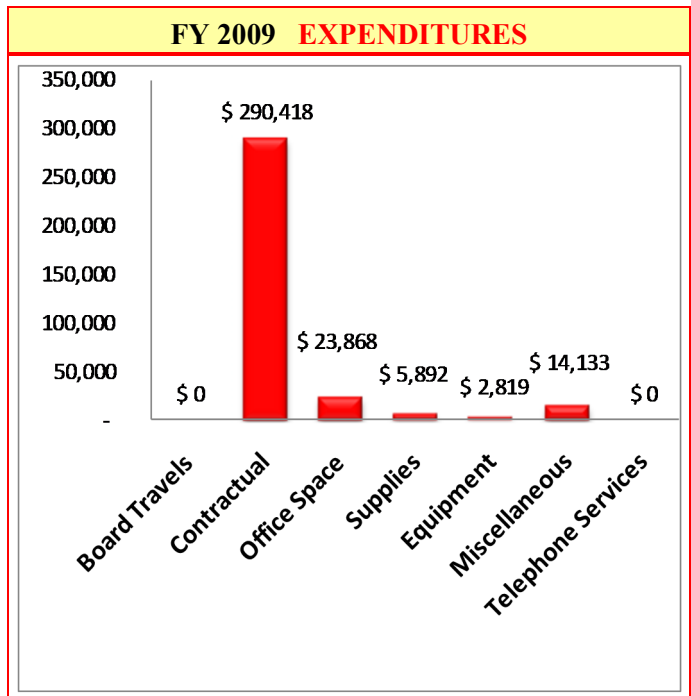
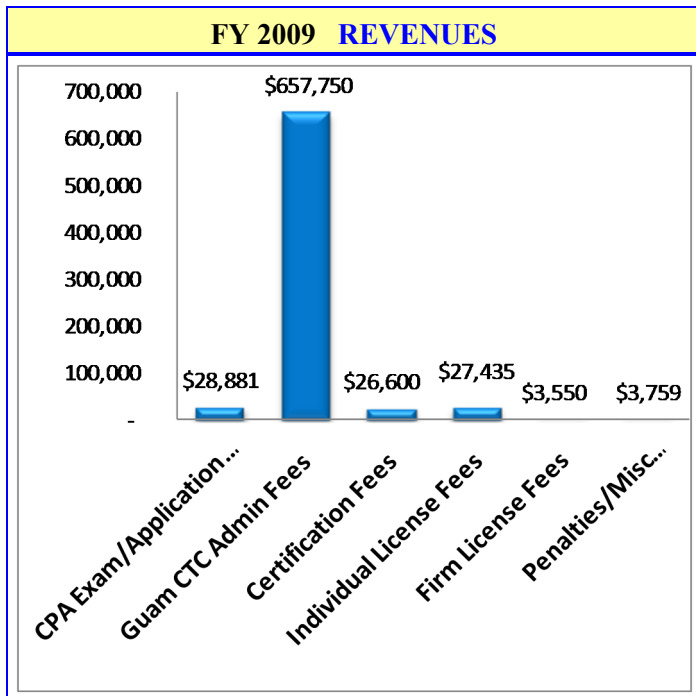
CPA Exam Sections	2005	2006	2007	2008	2009	Annual	% of Total
Auditing	2,362	2,508	2,450	2,502	2,770	2,518	24.10%
Business Environment & Concepts	2,210	2,280	2,238	2,375	2,826	2,386	22.90%
Financial Accounting & Reporting	2,009	2,141	2,059	2,218	2,576	2,102	21.10%
Regulation	2,121	2,314	2,240	2,333	2,562	2,314	22.10%
<b>Total CPA Exam Sections</b>	<b>8,702</b>	<b>9,243</b>	<b>8,987</b>	<b>9,428</b>	<b>10,734</b>	<b>9,419</b>	<b>90.30%</b>
Other Non-CPA examinations	817	1,291	976	959	1,031	1,015	9.70%
<b>Total Exams Administered</b>	<b>9,519</b>	<b>10,534</b>	<b>9,963</b>	<b>10,387</b>	<b>11,765</b>	<b>10,434</b>	<b>100.00%</b>
<b>CPA Candidates Origin</b>							
Korea	3,321	3,580	3,855	4,100	4,519	3,875	41.10%
Japan	4,600	4,733	4,059	4,183	4,802	4,475	47.50%
Other	781	930	1,073	1,145	1,413	1,069	11.40%
<b>Capacity Utilization</b>	<b>56.50%</b>	<b>59.50%</b>	<b>59.20%</b>	<b>62.10%</b>	<b>68.20%</b>	<b>61.10%</b>	

The following examination statistics pertain specifically to GUAM candidates only. The "passed" column accounts for the candidates that passed at least one section. Examination Section represent the number of candidates taking and passing an individual exam section. The same candidate (person) may be counted in more than one section total.

	FY 2008			FY 2009		
	SITTING	PASSED	% PASSED	SITTING	PASSED	% PASSED
<b>Total Guam Candidates</b>	611	279	45.7%	896	373	41.6%
First Time Candidates	193	77	39.9%	236	101	42.8%
<b>EXAMINATION SECTION</b>						
Auditing	282	66	23.4%	429	137	31.9%
Business Environment & Concepts	349	127	36.4%	444	156	35.1%
Financial Accounting & Reporting	299	118	39.5%	397	137	34.5%
Regulations	259	85	32.8%	372	112	30.1%

# Guam Board of Accountancy Finances

Schedule of Revenues, Expenditures, and Changes in Fund Balance												
Budget & Actual for Fiscal Years Ended September 30th												
	2006			2007			2008			2009		
	Budget	Actual	Diff%	Budget	Actual	Diff%	Budget	Actual	Diff%	Budget	Actual	Diff%
<b>Revenues</b>												
CPA Examination Fees	\$ 6,700	\$ 7,025	4.9%	\$ 7,000	\$ 9,875	41.1%	\$ 8,780	\$ 20,975	138.9%	\$ 9,038	\$ 28,881	219.6%
Guam CTC Administration Fees	517,700	591,050	14.2%	520,000	521,800	0.3%	533,000	617,550	15.9%	523,273	657,750	25.7%
Certification Fees	3,600	6,500	80.6%	3,600	18,780	421.7%	6,200	22,125	256.9%	19,700	26,600	35.0%
Individual Licensing Fees	9,000	11,136	23.7%	9,000	12,600	40.0%	10,300	23,405	127.2%	13,299	27,435	106.3%
Firm Licensing Fees	3,000	2,400	-20.0%	3,000	2,275	-24.2%	2,400	2,200	-8.3%	2,200	3,550	61.4%
Penalties / Misc Fees / Interest	-	100		-	1,055		-	2,179		-	3,759	
<b>Total Revenues</b>	<b>\$ 540,000</b>	<b>\$ 618,211</b>	<b>14.5%</b>	<b>\$ 542,600</b>	<b>\$ 566,385</b>	<b>4.4%</b>	<b>\$ 560,680</b>	<b>\$ 688,434</b>	<b>22.8%</b>	<b>\$ 567,510</b>	<b>\$ 747,975</b>	<b>31.8%</b>
<b>Expenditures</b>												
Board Travels	\$ 17,500	-	-100%	\$ 17,500	-	-100%	-	-		-	-	
Contractual	372,144	260,856	-29.9%	343,161	258,009	-24.8%	357,756	292,829	-18.1%	370,481	290,418	-21.6%
Office Space	25,080	23,868	-4.8%	23,868	23,868	0%	23,868	23,868	0%	23,868	23,868	0%
Supplies	10,000	5,153	-48.5%	10,000	1,948	-80.5%	3,576	5,025	40.5%	3,351	5,892	75.8%
Equipment	12,500	657	-94.7%	12,500	-	-100%	9,000	2,775	-69.2%	6,000	2,819	-53.0%
Miscellaneous	12,000	11,885	-1.0%	12,000	-	-100%	23,000	4,998	-78.3%	6,000	14,133	135.6%
Telephone Services	6,000	380	-93.7%	6,000	-		300	-		300	-	
<b>Total Expenditures</b>	<b>\$ 455,224</b>	<b>\$ 302,799</b>	<b>-33.5%</b>	<b>\$ 425,029</b>	<b>\$ 283,825</b>	<b>-33.2%</b>	<b>\$ 417,500</b>	<b>\$ 329,495</b>	<b>-21.1%</b>	<b>\$ 410,000</b>	<b>\$ 337,130</b>	<b>-17.8%</b>
<b>Current Surplus (deficit)</b>	<b>\$ 84,776</b>	<b>\$ 315,412</b>	<b>272.1%</b>	<b>\$ 117,571</b>	<b>\$ 282,560</b>	<b>140.3%</b>	<b>\$ 143,180</b>	<b>\$ 358,939</b>	<b>150.7%</b>	<b>\$ 157,510</b>	<b>\$ 410,845</b>	<b>160.8%</b>
<b>Cumulative Fund Balance</b>												
Beginning	\$ (134,009)	\$ 1,758,348	-1212.1%	\$ (49,233)	\$ -	-100%	\$ 68,338	\$ 308,180	351%	\$ 211,518	\$ 667,119	215.4%
Ending	\$ (49,233)	\$ 2,073,760	-4112.1%	\$ 68,338	\$ 282,560	313.5%	\$ 211,518	\$ 667,119	215.4%	\$ 369,028	\$ 1,077,964	192.1%



The Guam Board of Accountancy Fund was established under PL 27-58 to administer and enforce the licensing of and the regulation of the conduct and professional work of Certified Public Accountants on Guam. It is a non-major governmental fund omitted from the GovGuam wide audited financial statement due to immateriality. The Guam Code Annotated Title 22, Subsection 35104(d) states, "all fees and money collected by the Board under this Chapter shall be accounted for by the Board and deposited in a special fund known as the 'Guam Board of Accountancy Fund.' The Board shall maintain said Fund in a bank licensed to do business on Guam..." The Guam Board of Accountancy derives all of its revenues from CPA examination fees, licensing fees and permitting fees collected from CPA examination candidates, CPAs and CPA firms practicing public accountancy in Guam. All monies in this fund are subject to legislative appropriation for GBA's use in pursuit of its authority and shall be utilized solely for administering the Guam Accountancy Act of 2003, as amended.



# FUTURE OUTLOOK



The “internationalizing” of the U.S. uniform CPA examination remains as the national issue most directly applicable to Guam. The Board sees "piloting" the international administration of the Uniform CPA exam in Japan as a direct threat to the viability of Guam’s Computer Testing Center (GCTC). Though the initial effort is not scheduled for another year, in our estimation Guam will lose at least half of today's Japan-based testing volume if not more. Though most are not Guam CPA candidates per se, they are sitting for the exam in the GCTC.

Translated into direct economic impact, Guam's economy stands to see a 1,200 to 2,400 pax reduction in visitor arrivals and decreased local economy spending upwards of \$1.3mm - \$2.6mm, resulting in up to a \$240,000 decrease in Board revenues.

To prepare for this inevitable occurrence, the Board has judiciously monitored its operating revenues and expenditures since this "internationalizing" effort began, and remains ever vigilant of the "pilot testing" project status.

We have seen change in many of the Uniform Accountancy Act rules; change in various AICPA standards; change through recognition of international standard setting bodies and through the incorporation of international standards within various jurisdictions' laws and rules, either directly or by reference; and change by the incorporation of International Financial Reporting Standards in our educational institutions' current curriculum. Economic and financial globalization has wrought change within most all aspects of the public accounting profession.

In response, the Board continuously evaluates how best to apply such changes within Guam's laws and rules and, in doing so, maintain protection of the public interest as a whole, along with the capacity and effectiveness of Guam's public accounting profession. Looking forward, towards this end it is anticipated that the Board will offer future legislation to address these accumulating issues and to maintain Guam's position in tune with the prevailing national level of public accountancy regulation.



## *We Want to Hear From You*

Do you like this report? Do you believe it should include more information? Please let us know by contacting Michele Santos. Assistant Executive Director/License Administrator at 647-0813 ext. 601, fax at 647-0816, or [licensing@guamboa.org](mailto:licensing@guamboa.org). For further information, please visit our website at [www.guamboa.org](http://www.guamboa.org).

### References

- Guam Board of Accountancy. Annual Report Fiscal Year 2008 and 2009.
- Guam Board of Accountancy. Financial Statements FY 2009.
- Guam Board of Accountancy. Financial Statements FY 2008.
- [www.guamboa.org](http://www.guamboa.org)

