CBA MISSION: To protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards

CALIFORNIA BOARD OF ACCOUNTANCY
QUALIFICATIONS COMMITTEE

MEETING NOTICE & AGENDA

Wednesday, April 26, 2017
10:00 a.m. – 4:00 p.m.

Department of Consumer Affairs
1625 North Market Blvd.
Hearing Room S-102, 1st Floor
Sacramento, CA 95834

Important Notice to the Public

All times indicated are approximate and subject to change. Action may be taken on any item on the agenda. Agenda items may be discussed and action taken out of order at the discretion of the committee Chair. The meeting may be cancelled without notice. For verification of the meeting, call (916) 263-3680 or access the California Board of Accountancy website at www.cba.ca.gov.

Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks (David Evans, CPA, Chair).

I. Chairperson’s Report (David Evans).
   A. Approval of the January 25, 2017, Qualifications Committee Meeting Minutes.
   B. Discussion Regarding Proposed Revisions to the Certificate of Attest Experience Forms (Forms 11A-6 and 11A-6A) (Veronica Daniel, Licensing Manager).

II. Report of the California Board of Accountancy Liaison (Katrina Salazar, CPA, California Board of Accountancy Member).

III. Report on Activities for the Initial Licensing Unit (Veronica Daniel).

IV. Public Comment for Items Not on the Agenda*.

Break.
V. Conduct Closed Hearings [The Qualifications Committee will meet in closed session as authorized by Government Code sections 11126(c)(2) and (f)(3), and Business and Professions Code section 5023 to conduct closed hearings to interview individual applicants for CPA licensure.]

Return to Open Session.

Adjournment.

In accordance with the Bagley-Keene Open Meeting Act, all meetings of the California Board of Accountancy are open to the public.

*Government Code section 11125.7 provides the opportunity for the public to address each agenda item during discussion or consideration by the Qualifications Committee prior to the Qualifications Committee taking any action on said item. Members of the public will be provided appropriate opportunities to comment on any issue before the Qualifications Committee, but the committee Chair may, at his or her discretion, apportion available time among those who wish to speak. Individuals may appear before the Qualifications Committee to discuss items not on the agenda; however, the Qualifications Committee can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.7(a)).

The meeting is accessible to individuals with physical disabilities. A person who needs a disability-related accommodation or modification in order to participate in the meeting may make a request by contacting Janet Zimmer at (916) 561-1756, or by email at janet.zimmer@cba.ca.gov, or send a written request to the California Board of Accountancy Office at 2450 Venture Oaks Way, Suite 300, Sacramento, CA 95833. Providing your request at least five (5) business days before the meeting will help to ensure availability of the requested accommodation.

For further information regarding this meeting, please contact:

Janet Zimmer, Licensing Coordinator
(916) 561-1756 or janet.zimmer@cba.ca.gov
QC Item I.A.
April 26, 2017

DEPARTMENT OF CONSUMER AFFAIRS (DCA)
CALIFORNIA BOARD OF ACCOUNTANCY (CBA)

MINUTES OF THE
January 25, 2017
QUALIFICATIONS COMMITTEE (QC) MEETING

Wyndham Irvine Orange County Airport Hotel
17941 Von Karman Avenue
Irvine, CA 92614
Telephone: (949) 863-1999

The regularly scheduled meeting of the QC was called to order at 10:04 a.m. on January 25, 2017, by QC Chair, David Evans.

QC Members
David Evans, CPA, Chair
Kimberly Sugiyama, CPA, Vice-Chair
Jenny Bolsky, CPA
Eric Borigini, CPA
Saboohi Currim, CPA – Absent
Kristian George, CPA
Casandra Moore-Hudnall, CPA – Absent
Jose Palma, CPA
Nasi Raissian, CPA
Robert Ruehl, CPA
Thomas Sauer, CPA
Virginia Smith, CPA – Left at 1:55 p.m.

CBA Members
Alicia Berhow, CBA President
Karriann Farrell Hinds, Esq.

CBA Staff
Patti Bowers, Executive Officer
Deanne Pearce, Assistant Executive Officer
Dominic Franzella, Enforcement Division Chief
Veronica Daniel, Acting Licensing Division Chief
Janet Zimmer, Acting Licensing Manager
I. Chairperson’s Report.

Mr. Evans welcomed the QC Members and read the CBA Mission Statement to open the meeting.

Mr. Evans introduced himself and Kimberly Sugiyama, CPA, as the newly appointed Chair and Vice Chair of the QC and thanked Jenny Bolsky, CPA, for serving as chair in 2016.

Mr. Evans recognized CBA President Alicia Berhow and invited her to share a few words.

President Berhow thanked the QC for their service and invited the members to let her or the executive officer know if there was anything they could do to make their job easier.

Mr. Evans announced that this was Robert Ruehl’s final QC meeting after eight years of service on the committee and a resolution for him would be presented before the CBA at its meeting on January 26, 2017.

Mr. Evans also mentioned that Christine Gagnon, CPA, has resigned from the QC.

A. Introduction of CBA Member Liaisons and Executive Officer.

Mr. Evans introduced Ms. Kariann Farrell Hinds as the QC’s newly-appointed Southern California CBA member liaison.

Ms. Hinds indicated she was excited to join the committee and learn about the work that it does and that she was available if anyone had questions about the CBA.

Mr. Evans introduced and acknowledged the presence of Patti Bowers, CBA Executive Officer, Deane Pearce, CBA Assistant Executive Officer and Dominic Franzella, CBA Enforcement Division Chief.

Mr. Evans announced that Ms. Katrina Salazar, CPA, immediate past CBA President, will serve as the new Northern California CBA member liaison to the QC.

B. Approval of the October 19, 2016 QC Meeting Minutes.

It was moved by Ms. Bolsky and seconded by Ms. Smith to approve the minutes of the October 19, 2016 QC Meeting.

Yes: Ms. Bolsky, Mr. Borigini, Ms. George, Mr. Palma, Mr. Ruehl,
Ms. Smith, Ms. Sugiyama, Mr. Evans.

No: None.

Abstain: Ms. Raissian, Mr. Sauer

Absent: Ms. Currim, Ms. Moore-Hudnall.

C. Discussion Regarding the Organizational Structure Needed to Properly Transact Committee Business and the Creation of Subcommittees to Facilitate Committee Business.

Ms. Daniel stated that the purpose of this item is to address necessary changes that will need to occur in order to ensure compliance with the Bagley Keene Open Meeting Act (Open Meeting Act). The changes are a result of discussions with DCA legal counsel regarding the procedures for establishing and maintaining a quorum at QC meetings.

First, the QC will need to authorize the creation of subcommittees for the purpose of conducting work paper reviews of experience of applicants for CPA licensure and interviewing employers that appear before the committee.

The QC will also need to delegate to the QC chair the authority to establish the subcommittees. Ms. Daniel indicated that this is a current practice of the QC however, action is required in order to formalize that authority.

Next the subcommittees must have the recommendations accepted by the full committee prior to the recommendations being acted on by Licensing Division staff. Any other closed session, or what is commonly referred to as an “off-cycle” meeting, must have their recommendations accepted by the full committee at the next regularly scheduled QC meeting prior to having those recommendations acted on.

Any off-cycle meetings will be limited to two members. This is also a current QC practice.

Finally, staff will prepare a separate minute book for closed session minutes which will be approved by the QC chair.

The most significant impact to the QC will be the need to maintain a quorum of members for the duration of both open and closed session. Attendance is critical and members will no longer be able to leave at the end of their respective closed session schedules. This is to ensure continued compliance with the Open Meeting Act. If and when a quorum is lost, the meeting and more importantly the closed session cannot be conducted. Staff will be closely monitoring attendance to ensure compliance.
Further, once subcommittee business is concluded, the committee will reconvene in closed session to accept the recommendations of the subcommittees to staff and then convene into open session to formally adjourn the meeting.

Staff recommend the QC authorize the creation of subcommittees for the purposes of conducting work paper reviews and interviews as authorized by Business and Professions Code (BPC) section 5023 and CBA Regulations section 69, and to delegate to the QC chair the authority to establish the subcommittees.

Mr. Evans asked when the subcommittees are established if they had to be approved by the committee in advance. Ms. Daniel clarified that recommendations for assignments to the subcommittees would continue to be prepared by staff for review and approval by the QC Chair as has been the past practice. The QC is being asked to formally delegate the authority to the Chair to continue to do this moving forward.

Ms. Daniel restated the recommendation.

It was moved by Ms. Raissian and seconded by Ms. Bolsky to authorize the creation of subcommittees for the purposes of conducting work paper reviews and interviews as authorized by BPC section 5023 and CBA Regulations section 69, and to delegate to the QC chair the authority to establish the subcommittees.

Yes: Ms. Bolsky, Mr. Borigini, Ms. George, Mr. Palma, Ms. Raissian, Mr. Ruehl, Ms. Smith, Ms. Sugiyama, Mr. Evans.

No: None.

Abstain: Mr. Sauer

Absent: Ms. Currim, Ms. Moore-Hudnall.

II. Report of the CBA Liaison.


Ms. Hinds provided a report for this item.

During the November CBA meeting, the CBA elected the 2017 leadership, which includes Alicia Berhow as President, Michael M. Savoy, CPA, as Vice-President and Mark Silverman Esq., as Secretary/Treasurer.
The CBA appointed the new committee chair, David Evans, and Vice-Chair, Kimberly Sugiyama. They will serve as Chair and Vice-Chair for one-year terms, effective January 1, 2017.

Edwin G. Jolicoer, CPA, National Association of State Boards of Accountancy (NASBA) Pacific Regional Director reported on NASBA’s activities and NASBA’s annual meeting.

Ms. Bowers shared that the anticipated move date of the CBA office relocation is April 7, 2017.

The CBA approved a reduction in the number of QC members from 16 to 13.

The CBA directed staff to draft language for a future meeting regarding changes to Title 16, California Code of Regulations, sections 80-94, Continuing Education Rules to include nano learning, blended learning, and one-fifth increments of continuing education.

The CBA assigned the QC to review the current Certificate of Attest Experience form for necessary updates resulting from the changes regarding preparation engagements being determined as a non-attest function.

The CBA will hold its next meeting in Irvine, on January 26, 2017.

III. Report on the Activities of the Initial Licensing Unit (ILU).

Ms. Daniel provided the licensing statistics for three fiscal years through December 31, 2016. Ms. Daniel stated that currently, CPA licensure applications are being reviewed within an average of 29 days. This is a slight increase, as the unit anticipated an increase in applications due to the changes to the ethics study educational requirement that took effect January 1, 2017. As noted in the Executive Officer’s report the average processing time for the month of December increased to 37 days. The unit continues its efforts to process within the target time frame of 30 days. Firm applications for corporations are being reviewed within an average of 21 days. The unit is currently recruiting for five vacancies, which should be filled very soon.

Licensing staff have been actively assisting in outreach efforts. Most recently staff attended the California Society of Certified Public Accountants’ annual student luncheon at California State University, Sacramento to provide information and answer questions regarding the Uniform CPA Examination as well as the licensing requirements.

IV. Public Comment for Items Not on the Agenda.

None.
Ms. Raissian asked for a point of clarification and stated that during closed session interviews they usually tell the applicant and employer what their recommendation will be and asked if in light of the change which require those recommendations to be accepted before the committee and then given to staff should they stop sharing their recommendation at the conclusion of their interview. Ms. Daniel stated that it is in the QC’s best interest not to relay the recommendation to the applicant in the event the file does come back before staff and something new is discovered or new information is provided that changes the final determination of the file. Ms. Zimmer stated that staff do act on the QC recommendations fairly quickly, so committee members can share that staff will act on their recommendation within a few weeks.

Ms. Bolsky asked about turn-around times in light of off cycle meetings that are held after the QC meeting and would now need to wait until the next full meeting to have their recommendations approved. Ms. Daniel indicated that historically the off-cycle meetings have been held either a week before or after the full QC meeting but moving forward we will make an effort to ensure they are held in advance so those applicants only need to wait a week for their recommendations to be accepted by the full committee.

Mr. Evans broke the meeting for lunch at 10:24 a.m. and indicated that the QC would reconvene in closed session at 1:00 p.m.

V. Conduct Closed Hearings [The QC met in closed session as authorized by Government Code section 11126(c)(2) and (f)(3), and BPC section 5023 to conduct closed hearings to interview individual applicants for CPA licensure.]

Adjournment.

There being no further business to be conducted, the meeting was adjourned at 3:13 p.m. on January 25, 2017. The next meeting of the QC will be held on April 26, 2017 in Northern California.

David Evans, CPA, Chair

Prepared by: Janet Zimmer, ILU Coordinator
Discussion Regarding Proposed Revisions to the Certificate of Attest Experience Forms (Forms 11A-6 and 11A-6A)

Presented by: Veronica Daniel, Licensing Manager

**Purpose of the Item**
The purpose of this agenda item is to allow an opportunity for the Qualifications Committee (QC) to discuss necessary revisions to the Certificate of Attest Experience (CAE) forms as directed by the California Board of Accountancy (CBA).

**Consumer Protection Objectives**
Pursuant to Business and Professions Code section 5023, the QC is authorized to act as an advisory committee to assist the CBA in its licensure activities and consumer protection mandate, by examining the qualifications of applicants for certified public accountant (CPA) licensure and making recommendations to the CBA.

**Action(s) Needed**
The QC will need to decide whether it wishes to recommend revisions to the CAE forms for presentation to the CBA.

**Background**
At the July 27, 2016 QC meeting, past QC member Robert Ruehl suggested that due to recent changes to the American Institute of Certified Public Accountants’ Statements on Standards for Accounting and Review Services No. 21 and AR-C Section 70 (Attachment 1), which now identifies preparation engagements as a non-attest function, it may be appropriate to review and determine whether revisions to the language on the CAE forms are necessary.

At the November 17-18, 2016 CBA meeting, former QC Chair Jenny Bolsky, CPA, reported this suggestion as part of her QC Chairperson’s report. In response, the CBA directed the QC to review the CAE forms for any necessary revisions as it pertains to the changes surrounding preparation engagements and return with its recommendation.

**Comments**
As part of its discussion, the QC may wish to consider CBA Regulations section 2.4 (Attachment 2) which identifies attest services as an audit, a review of financial
statements, or an examination of prospective financial information. Further, CBA Regulations section 12.5 (Attachment 3), identifies the attest experience requirement for CPA licensure.

Staff identified Section V. and VI. of the CAE forms that require the applicant to document attest experience earned in the area of preparation of and reporting on full disclosure financial statements. In this case, the term preparation refers to the preparation of financial statements as part of an audit review or other attest engagement; not preparation engagements as identified in AR-C 70.

Staff have provided the CAE form for private industry or government experience (Attachment 4) along with a proposed draft with clarifying language (Attachment 5). Staff have also provided the CAE form for public accounting experience (Attachment 6) along with a proposed draft with clarifying language (Attachment 7).

If the CBA approves the recommendations of the QC regarding the CAE forms, staff will be directed to initiate a rulemaking to amend CBA Regulations section 12.5.

**Fiscal/Economic Impact Considerations**
There are no fiscal/economic impact considerations.

**Recommendation**
Staff recommend that the QC provide direction to staff for possible revisions to the CAE forms to be developed and returned for further review at the July 2017 QC meeting and presentation to the CBA at the September CBA meeting.

**Attachments**
1. AR-C Section 70, Source: Statements on Standards for Accounting and Review Services No. 21
2. CBA Regulations Section 2.4
3. CBA Regulations Section 12.5
4. Certificate of Attest Experience (Private Industry or Government)
5. Certificate of Attest Experience (Private Industry or Government) (Proposed)
6. Certificate of Attest Experience (Public Accounting)
7. Certificate of Attest Experience (Public Accounting) (Proposed)
AR-C Section 70

Preparation of Financial Statements

Source: SSARS No. 21

Effective for the preparation of financial statements for periods ending on or after December 15, 2015.

Introduction

Scope of This Section

.01 This section applies when an accountant in public practice is engaged to prepare financial statements. This section does not apply when an accountant prepares financial statements:

- and is engaged to perform an audit, review, or compilation of those financial statements,
- solely for submission to taxing authorities,
- for inclusion in written personal financial plans prepared by the accountant,
- in conjunction with litigation services that involve pending or potential legal or regulatory proceedings, or
- in conjunction with business valuation services.

This section may also be applied, adapted as necessary in the circumstances, to the preparation of other historical or prospective financial information.¹ (Ref: par. .A1)

.02 The determination about whether the accountant has been engaged to prepare financial statements or merely assist in preparing financial statements (which is a bookkeeping service that is not subject to this section) is determined based on services the client requests the accountant to perform and requires the accountant to apply professional judgment. (Ref: par. .A2)

The Preparation Engagement

.03 An engagement to prepare financial statements is a nonattest service and does not require a determination about whether the accountant is independent of the entity. (Ref: par. .A3)

.04 In addition, an engagement to prepare financial statements does not require the accountant to verify the accuracy or completeness of the information provided by management or otherwise gather evidence to express an opinion or a conclusion on the financial statements or otherwise report on the financial statements.

¹ The Accounting and Review Services Committee plans to expose for public comment separate proposed Statements on Standards for Accounting and Review Services that would provide requirements and guidance to accountants with respect to compilation engagements on pro forma or prospective financial information.

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AR-C §70.04
Effective Date

.05 This section is effective for the preparation of financial statements for periods ending on or after December 15, 2015. Early implementation is permitted.

Objective

.06 The objective of the accountant is to prepare financial statements pursuant to a specified financial reporting framework.

Definitions

.07 For purposes of Statements on Accounting and Review Standards (SSARSs), the following terms have the meanings attributed as follows:

**Applicable financial reporting framework.** The financial reporting framework adopted by management and, when appropriate, those charged with governance, in the preparation and fair presentation of the financial statements that is acceptable in view of the nature of the entity and the objective of the financial statements or that is required by law or regulation.

**Financial reporting framework.** A set of criteria used to determine measurement, recognition, presentation, and disclosure of all material items appearing in the financial statements (for example, accounting principles generally accepted in the United States of America [U.S. GAAP], International Financial Reporting Standards promulgated by the International Accounting Standards Board, or a special purpose framework).

**Management.** The person(s) with executive responsibility for the conduct of the entity's operations. For some entities, management includes some or all of those charged with governance (for example, executive members of a governance board or an owner-manager).

**Special purpose framework.** A financial reporting framework other than GAAP that is one of the following bases of accounting:

a. **Cash basis.** A basis of accounting that the entity uses to record cash receipts and disbursements and modifications of the cash basis having substantial support (for example, recording depreciation on fixed assets).

b. **Tax basis.** A basis of accounting that the entity uses to file its tax return for the period covered by the financial statements.

c. **Regulatory basis.** A basis of accounting that the entity uses to comply with the requirements or financial reporting provisions of a regulatory agency to whose jurisdiction the entity is subject (for example, a basis of accounting that insurance companies use pursuant to the accounting practices prescribed or permitted by a state insurance commission). (Ref: par. .A4)

d. **Contractual basis.** A basis of accounting that the entity uses to comply with an agreement between the entity and one or more third parties other than the accountant.

e. **Other basis.** A basis of accounting that uses a definite set of logical, reasonable criteria that is applied to all material items appearing in financial statements.
The cash-basis, tax-basis, regulatory-basis, and other-basis of accounting are commonly referred to as other comprehensive bases of accounting (OCBOA).

Those charged with governance. The person(s) or organization(s) (for example, a corporate trustee) with responsibility for overseeing the strategic direction of an entity and the obligations related to the accountability of the entity. This includes overseeing the financial reporting process. Those charged with governance may include management personnel (for example, executive members of a governance board or an owner-manager).

Requirements

General Principles for Performing Engagements to Prepare Financial Statements

.08 In addition to complying with this section, an accountant is required to comply with section 60, General Principles For Engagements Performed in Accordance With Statements on Standards for Accounting and Review Services.

Acceptance and Continuance of Client Relationships and Engagements to Prepare Financial Statements

.09 If the accountant is not satisfied with any of the matters set out in paragraph .25 of section 60 as preconditions for accepting an engagement to prepare financial statements, the accountant should discuss the matter with management or those charged with governance. If changes cannot be made to satisfy the accountant about those matters, the accountant should not accept the proposed engagement.

Agreement on Engagement Terms

.10 The accountant should agree upon the terms of the engagement with management or those charged with governance, as appropriate. The agreed-upon terms of the engagement should be documented in an engagement letter or other suitable form of written agreement and should include the following: (Ref: par. A5–A9)

a. The objective of the engagement
b. The responsibilities of management set forth in paragraph .25c of section 60
c. The agreement of management that each page of the financial statements will include a statement indicating that no assurance is provided on the financial statements or the accountant will be required to issue a disclaimer that makes clear that no assurance is provided on the financial statements. (Ref: par. A11)
d. The responsibilities of the accountant
e. The limitations of the engagement to prepare financial statements
f. Identification of the applicable financial reporting framework for the preparation of financial statements
g. Whether the financial statements are to contain a known departure or departures from the applicable financial reporting framework (including inadequate disclosure) or omit substantially all
disclosures required by the applicable financial reporting framework.

.11 The engagement letter or other suitable form of written agreement should be signed by
   a. the accountant or the accountant’s firm and
   b. management or those charged with governance, as appropriate.
   (Ref: par. .A8)

The Accountant’s Knowledge and Understanding of the Entity’s Financial Reporting Framework

.12 The accountant should obtain an understanding of the financial reporting framework and the significant accounting policies intended to be used in the preparation of the financial statements. (Ref: par. .A10)

Preparing the Financial Statements

.13 The accountant should prepare the financial statements using the records, documents, explanations, and other information provided by management.

.14 The accountant should ensure that a statement is included on each page of the financial statements indicating, at a minimum, that "no assurance is provided" on the financial statements. If the accountant is unable to include a statement on each page of the financial statements, the accountant should
   (Ref: par. .A11)
   • issue either a disclaimer that makes clear that no assurance is provided on the financial statements or (Ref: par. .A12)
   • perform a compilation engagement in accordance with section 80, Compilation Engagements

.15 When preparing financial statements in accordance with a special purpose framework, the accountant should include a description of the financial reporting framework on the face of the financial statements or in a note to the financial statements. (Ref: par. .A13)

.16 If, during the preparation of financial statements, the accountant assists management with significant judgments regarding amounts or disclosures to be reflected in the financial statements, the accountant should discuss those judgments with management so management understands the significant judgments reflected in financial statements and accepts responsibility for those judgments. (Ref: par. .A14 and .A18)

.17 If the accountant becomes aware that the records, documents, explanations, or other information, including significant judgments, used in the preparation of the financial statements are incomplete, inaccurate, or otherwise unsatisfactory, the accountant should bring that to the attention of management and request additional or corrected information.

.18 When, after discussions with management, the accountant prepares financial statements that contain a known departure or departures from the applicable financial reporting framework (including inadequate disclosure), the accountant should disclose the material misstatement or misstatements in the financial statements. (Ref: par. .A15)
Financial Statements That Omit Substantially All the Disclosures Required by the Applicable Financial Reporting Framework

.19 When, after discussions with management, the accountant prepares financial statements that omit substantially all disclosures required by the applicable financial reporting framework, the accountant should disclose such omission in the financial statements. (Ref: par. .A16)

.20 The accountant should not prepare financial statements that omit substantially all disclosures required by the financial reporting framework if the accountant becomes aware that the omission of substantially all disclosures was undertaken with the intention of misleading users of such financial statements. (Ref: par. .A17)

Documentation in a Preparation Engagement

.21 The accountant should prepare documentation in connection with each preparation engagement in sufficient detail to provide a clear understanding of the work performed which, at a minimum, includes the following: (Ref: par. .A18)

   a. The engagement letter or other suitable form of written documentation with management, as described in paragraphs .10–.11

   b. A copy of the financial statements that the accountant prepared

.22 If, in rare circumstances, the accountant judges it necessary to depart from a relevant presumptively mandatory requirement, the accountant must document the justification for the departure and how the alternative procedures performed in the circumstances were sufficient to achieve the intent of that requirement.

Application and Other Explanatory Material

Scope of This Section (Ref: par. .01–.02)

.A1 Other historical or prospective financial information to which this section may be applied includes the following:

- Specified elements, accounts, or items of a financial statement, such as schedules of rentals, royalties, profit participation, or provision for income taxes
- Supplementary information
- Required supplementary information
- Pro forma financial information
- Prospective financial information, including budgets, forecasts, or projections

.A2 The appendix, "Preparation of Financial Statements Versus Assistance in Preparing Financial Statements," provides examples of services that the accountant may be engaged to perform and whether this section would apply.

The Preparation Engagement (Ref: par. .03)

.A3 The "Nonattest Services" subtopic of the "Independence Rule" (ET sec. 1.295) addresses the accountant's considerations with respect to independence
when performing nonattest services for attest clients. For example, the accountant may prepare monthly or other interim financial statements and be engaged to perform an audit, review, or compilation engagement with respect to the annual financial statements. The accountant needs to be aware that the performance of the preparation services may impair independence unless the safeguards described in this subtopic are met.

Definitions (Ref: par. .07)

.A4 Certain regulators, including state and local government legislators, regulatory agencies, or departments, require financial statements to be prepared in accordance with a financial reporting framework that is based on GAAP but does not comply with all the requirements of GAAP. Such frameworks are regulatory-bases of accounting, as defined in paragraph .07. In some circumstances, however, the cash- or tax-basis of accounting may be permitted by a regulator. For purposes of this section, the cash- and tax-bases of accounting are not regulatory-bases of accounting.

Agreement on Engagement Terms (Ref: par. .10-.11)

.A5 Both management and the accountant have an interest in documenting the agreed-upon terms of the engagement to prepare financial statements before the commencement of the engagement to help avoid misunderstandings with respect to the engagement. For example, it reduces the risk that management may inappropriately rely on or may expect the accountant to protect management against certain risks or to perform certain functions, including those that are management's responsibility.

.A6 When a third party has contracted for an engagement to prepare the entity's financial statements, agreeing the terms of the engagement with management of the entity is necessary in order to establish that the preconditions for an engagement to prepare financial statements are present.

.A7 A contract is another suitable form of written communication. The understanding with management regarding the services to be performed for engagements to prepare financial statements is required by paragraph .10 to be in a documented form, and, accordingly, a verbal understanding is insufficient. An engagement letter is the most common, and usually the most convenient, method for documenting the understanding with management regarding the services to be performed for engagements to prepare financial statements.

.A8 The roles of management and those charged with governance in agreeing upon the terms of the engagement to prepare financial statements for the entity depend on the governance structure of the entity and relevant law or regulation. Depending on the entity's structure, the agreement may be with management, those charged with governance, or both. Nonetheless, when the agreement on the terms of engagement is only with those charged with governance in accordance with paragraph .25c of section 60, the accountant is required to obtain management's agreement that it acknowledges and understands its responsibilities.

.A9 An illustrative example of an engagement letter for an engagement to prepare financial statements is presented in the exhibit, "Illustrative Engagement Letter."
The Accountant’s Knowledge and Understanding of the Entity’s Financial Reporting Framework (Ref: par. .12)

.A10 The requirement that the accountant obtain an understanding of the financial reporting framework adopted by management intended to be used in the preparation of the financial statements and the significant accounting policies adopted by management does not prevent the accountant from accepting an engagement to prepare financial statements for an entity in an industry in which the accountant has no previous experience. The accountant may obtain such understanding, for example, by consulting AICPA guides, industry publications, financial statements of other entities in the industry, textbooks and periodicals, appropriate continuing professional education, or individuals who are knowledgeable about the industry.

Preparing the Financial Statements (Ref: par. .10, .14–.16, and .18)

.A11 The statement on each page of the financial statements, including related notes, is intended to avoid misunderstanding on the part of users with respect to the accountant’s involvement with the financial statements. The statement is made at management’s discretion, and the accountant or the accountant's firm name is not required to be included. The accountant is concerned that the indication is not misleading. Examples of a statement on each page of the financial statements include the following:

- No assurance is provided on these financial statements.
- These financial statements have not been subjected to an audit or review or compilation engagement, and no assurance is provided on them.

Other statements that convey that no assurance is provided on the financial statements would also be acceptable.

.A12 An example of a disclaimer that the accountant may issue is as follows:

The accompanying financial statements of XYZ Company as of and for the year ended December 31, 20XX, were not subjected to an audit, review, or compilation engagement by me (us) and, accordingly, I (we) do not express an opinion, a conclusion, nor provide any assurance on them.

[Signature of accounting firm or accountant, as appropriate]

[Accountant’s city and state]

[Date]

.A13 A description of the special purpose framework is usually placed next to or under the title of the financial statements (for example "statement of assets and liabilities—modified cash basis"). However, the description may be placed elsewhere in the financial statements.

.A14 In the preparation of financial statements, the accountant may provide assistance to management with significant judgments (for example, the accountant may advise management on alternative accounting policies that are significant to the financial statements or help management with significant judgments regarding material accounting estimates).
The disclosure of the material misstatement or misstatements may be made on the face of the financial statements or in a note to the financial statements.

**Financial Statements That Omit Substantially All the Disclosures Required by the Applicable Financial Reporting Framework**  
*(Ref: par. .19–.20)*

The disclosure of the omission of substantially all disclosures required by the applicable financial reporting framework may be made on the face of the financial statements or in a selected note to the financial statements.

The accountant may prepare financial statements that include disclosures about only a few matters in the notes to the financial statements. Such disclosures may be labeled "Selected Information—Substantially All Disclosures Required by [the applicable financial reporting framework] Are Not Included."

**Documentation in a Preparation Engagement**  
*(Ref: par. .16 and .21)*

Documentation may include documentation regarding significant consultations or significant professional judgments made throughout the engagement.
Appendix—Preparation of Financial Statements Versus Assistance in Preparing Financial Statements (Ref: par. .A2)

The determination about whether the accountant has been engaged to prepare financial statements or merely assist in preparing financial statements (which is a bookkeeping service that is not subject to this section) is determined based on the services the client requests the accountant to perform and requires the accountant to apply professional judgment. The following table provides examples of services that the accountant may be engaged to perform and whether section 70 would apply. The table is not intended to be all inclusive, and professional judgment would still need to be applied.

<table>
<thead>
<tr>
<th>Examples of Services for Which This Section Applies</th>
<th>Examples of Accountant Services for Which This Section Does Not Apply</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preparation of financial statements prior to audit or review by another accountant</td>
<td>Preparation of financial statements when the accountant is engaged to perform an audit, review, or compilation of such financial statements</td>
</tr>
<tr>
<td>Preparation of financial statements for an entity to be presented alongside the entity's tax return</td>
<td>Preparation of financial statements with a tax return solely for submission to taxing authorities</td>
</tr>
<tr>
<td>Preparation of personal financial statements for presentation alongside a financial plan</td>
<td>Personal financial statements that are prepared for inclusion in written personal financial plans prepared by the accountant</td>
</tr>
<tr>
<td></td>
<td>Financial statements prepared in conjunction with litigation services that involve pending or potential legal or regulatory proceedings</td>
</tr>
<tr>
<td></td>
<td>Financial statements prepared in conjunction with business valuation services</td>
</tr>
<tr>
<td></td>
<td>Maintaining depreciation schedules</td>
</tr>
<tr>
<td></td>
<td>Preparing or proposing certain adjustments, such as those applicable to deferred income taxes, depreciation, or leases</td>
</tr>
<tr>
<td>Preparation of single financial statements, such as a balance sheet or income statement or financial statements with substantially all disclosures omitted</td>
<td>Drafting financial statement notes</td>
</tr>
<tr>
<td>Using the information in a general ledger to prepare financial statements outside of an accounting software system</td>
<td>Entering general ledger transactions or processing payments (general bookkeeping) in an accounting software system</td>
</tr>
</tbody>
</table>
Exhibit—Illustrative Engagement Letter (Ref: par. .A9)

The following is an example of an engagement letter for an engagement to prepare financial statements prepared in accordance with accounting principles generally accepted in the United States of America. This engagement letter is intended as an illustration that may be used in conjunction with the considerations outlined in Statements on Standards for Accounting and Review Services. The engagement letter will vary according to individual requirements and circumstances and is drafted to refer to the preparation of financial statements for a single reporting period. The accountant may seek legal advice about whether a proposed letter is suitable.

To the appropriate representative of ABC Company:

You have requested that we prepare the financial statements of ABC Company, which comprise the balance sheet as of December 31, 20XX, and the related statements of income, changes in stockholders’ equity, and cash flows for the year then ended and the related notes to the financial statements. We are pleased to confirm our acceptance and our understanding of this engagement to prepare the financial statements of ABC Company by means of this letter.

Our Responsibilities

The objective of our engagement is to prepare financial statements in accordance with accounting principles generally accepted in the United States of America based on information provided by you. We will conduct our engagement in accordance with Statements on Standards for Accounting and Review Services (SSARSSs) promulgated by the Accounting and Review Services Committee of the AICPA and comply with the AICPA’s Code of Professional Conduct, including the ethical principles of integrity, objectivity, professional competence, and due care.

We are not required to, and will not, verify the accuracy or completeness of the information you will provide to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion or a conclusion or provide any assurance on the financial statements.

Our engagement cannot be relied upon to identify or disclose any financial statement misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the entity or noncompliance with laws and regulations.

1 The addresses and references in the engagement letter would be those that are appropriate in the circumstances of the engagement to prepare financial statements, including the relevant jurisdiction. It is important to refer to the appropriate persons. See paragraph .A8.

2 Throughout this engagement letter, references to you, we, us, management, and accountant would be used or amended as appropriate in the circumstances.

3 If the accountant is to be engaged to prepare financial statements that omit the statement of cash flows and the related notes, the sentence may be revised to read, “You have requested that we prepare the financial statements of ABC Company, which comprise the balance sheet as of December 31, 20XX, and the related statements of income and changes in stockholders’ equity.” The following additional sentence may then be added: “These financial statements will not include a statement of cash flows and related notes to the financial statements.”

4 The accountant may include other nonattest services to be performed as part of the engagement, such as income tax preparation and bookkeeping services.
Management Responsibilities

The engagement to be performed is conducted on the basis that management acknowledges and understands that our role is to prepare financial statements in accordance with accounting principles generally accepted in the United States of America. Management has the following overall responsibilities that are fundamental to our undertaking the engagement to prepare your financial statements in accordance with SSARSs:

a. The selection of accounting principles generally accepted in the United States of America as the financial reporting framework to be applied in the preparation of the financial statements

b. The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error

c. The prevention and detection of fraud

d. To ensure that the entity complies with the laws and regulations applicable to its activities

e. The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement to prepare financial statements

f. To provide us with:

i. Documentation, and other related information that is relevant to the preparation and presentation of the financial statements,

ii. Additional information that may be requested for the purpose of the preparation of the financial statements, and

iii. Unrestricted access to persons within ABC Company of whom we determine necessary to communicate.

The financial statements will not be accompanied by a report. However, you agree that the financial statements will clearly indicate that no assurance is provided on them.

[If the accountant expects to issue a disclaimer, instead of the preceding paragraph, the following may be added:

As part of our engagement, we will issue a disclaimer that will state that the financial statements were not subjected to an audit, review, or compilation engagement by us and, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on them.]

Other Relevant Information

Our fees for these services. . . .

[The accountant may include language, such as the following, regarding limitation of, or other arrangements regarding, the liability of the accountant or the entity, such as indemnification to the accountant for liability arising from knowing misrepresentations to the accountant by management (regulators may restrict or prohibit such liability limitation arrangements):

You agree to hold us harmless and to release, indemnify, and defend us from any liability or costs, including attorney’s fees, resulting from management’s knowing misrepresentations to us or resulting from any actions against us by third parties relying on the financial statements described herein except for our own intentional wrongdoing.]
Please sign and return the attached copy of this letter to indicate your acknowledge-ment of, and agreement with, the arrangements for our engagement to prepare the financial statements described herein, and our respective re sponsibilities.

Sincerely yours,

[Signature of accountant or accountant's firm]

Acknowledged and agreed on behalf of ABC Company by:

[Submitted]

[Name and Title]

[Date]

[Revised, February 2015, to include additional required engagement letter elements.]
2.4. Definition of Attest Services and Attest Report. Attest services as used in Section 5095 of the Business and Professions Code and attest report as used in Section 5096.5 of the Business and Professions Code include an audit, a review of financial statements, or an examination of prospective financial information. Attest services shall not include the issuance of compiled financial statements. Note: Authority cited: Sections 5010, 5095 and 5096.9, Business and Professions Code. Reference: Sections 5095 and 5096.5, Business and Professions Code.
### California Board of Accountancy Regulations

**Section 12.5**

12.5. Attest Experience Under Business and Professions Code Section 5095.

(a) To be authorized to sign reports on attest engagements pursuant to Business and Professions Code Section 5095, an applicant for a California Certified Public Accountant license pursuant to Business and Professions Code Sections 5087, 5092, or 5093 or holder of an unexpired, valid, active California Certified Public Accountant license issued pursuant to Business and Professions Code Sections 5087, 5092, or 5093 shall show to the satisfaction of the Board that he or she meets the requirements of this section and Business and Professions Code Section 5095.

1. Some or all of the experience required by Section 5095 and this section may be completed prior to issuance of the California Certified Public Accountant license. Any experience that would be qualifying for purposes of Section 5095 and this section may also serve as qualifying experience for purposes of Sections 5092 or 5093. To be qualifying for purposes of Section 5095 and this section, any experience obtained after issuance of the California Certified Public Accountant license must be obtained while the license is held in active status.

2. A holder of an active California Certified Public Accountant license may commence signing reports on attest engagements upon receipt of notification from the Board that he or she has met the requirements of this section and Business and Professions Code Section 5095. A holder of an inactive California Certified Public Accountant license may apply under this section, but must convert the license to active status before commencing to sign reports on attest engagements.

3. An applicant for the California Certified Public Accountant license who has met the requirements of this section and Business and Professions Code Section 5095 may commence signing reports on attest engagements upon license issuance.

(b) In order to meet the attest experience requirements of Section 5095 an applicant for or holder of a California Certified Public Accountant license shall show to the satisfaction of the Board that the applicant has completed a minimum of 500 hours of attest experience. This experience shall include all of the following:

1. Experience in the planning of the audit including the selection of the procedures to be performed.

2. Experience in applying a variety of auditing procedures and techniques to the
usual and customary financial transactions included in financial statements.

(3) Experience in the preparation of working papers in connection with the various elements of (1) and (2) above.

(4) Experience in the preparation of written explanations and comments on the work performed and its findings.

(5) Experience in the preparation of and reporting on full disclosure financial statements.

(c) Qualifying experience may be gained through employment in public accounting, private industry, or government. Experience acquired in academia is not qualifying.

(d) In order to be qualifying, experience obtained pursuant to Section 5095 of the Business and Professions Code must be supervised by a person holding a valid active license or comparable authority to provide attest services as specified in subdivision (b) of Business and Professions Code Section 5095. Supervised experience means that the applicant's supervisor shall have reviewed and evaluated the applicant's qualifying work, pursuant to subsection (b) on a routine and recurring basis and shall have authority and oversight over the applicant.

(1) Experience shall be verified by the person supervising the experience and by a second person with a higher level of responsibility in the public accounting firm, private industry company, or governmental agency. If the experience is obtained in public accounting, the second person signing the verification shall be an owner of the public accounting firm holding a valid license or comparable authority to practice public accounting. If the owner of the public accounting firm or private industry company signing the verification is also the person supervising the experience, no second signature is required.

(2) Experience may not be supervised by a licensee who provides public accounting services to the applicant's employer.

(3)(A) All verifications shall be submitted to the Board on Form 11A-6A (5/11) for public accounting experience or on Form 11A-6 (5/11) for private industry or governmental accounting experience, which are hereby incorporated by reference, and shall be signed under penalty of perjury.

(B) If the applicant is unable to obtain the verifications required in subsection (d)(3)(A), the Board may approve other forms of verification if they contain the information as required in subsection (d)(3)(A).

(e) In order to demonstrate the completion of qualifying experience, an applicant for or holder of a California Certified Public Accountant license may be required to appear before the Qualifications Committee to present work papers, or other evidence, substantiating that his or her experience meets the requirements of Section 5095 of the Business and Professions Code and of subsection (b) of this section.

(f) The applicant who is applying with attest experience obtained outside the United States and its territories must present work papers substantiating that such experience meets the requirements of subsection (b) and generally accepted auditing standards. Alternatively, the applicant may acquire a minimum of 500
hours of United States experience which meets the requirements of Business and Professions Code Section 5095 and subsection (b).

(g) An applicant who is applying with experience obtained five (5) or more years prior to application and who has not passed the Uniform CPA Examination during this five-year period shall be required to complete 80 hours of continuing education, which shall meet the following requirements:

1. The 80 hours must be completed in the two years preceding approval of the application by the Board.
2. All 80 hours must meet the requirements as described in Section 88.
3. The 80 hours must include, at a minimum, the following:
   - (A) 16 hours in financial accounting standards.
   - (B) 16 hours in auditing standards.
   - (C) 8 hours in compilation and review.
   - (D) 8 hours in other comprehensive basis of accounting.
   - (E) 8 hours in the prevention, detection, and/or reporting of fraud affecting financial statements.
   - (F) 24 hours in courses that meet the requirements of Section 87(a)(2) or Section 87(a)(3).

4. Certificates of completion must be submitted to the Board and shall contain a verification certified by a program provider representative such as a signature or seal. The certificate of completion must also delineate the subject areas for which the applicant may claim credit.

(h) The experience required by Section 5092, 5093, or 5095 of the Business and Professions Code may be obtained in full-time or part-time employment provided the total experience completed by the applicant is the equivalent of at least two years of full-time employment for an applicant qualifying under Section 5092 or at least one year of full-time employment for an applicant qualifying under Section 5093. In evaluating an applicant's experience, 170 hours of part-time employment shall be considered equivalent to one month of full-time employment.

CERTIFICATE OF ATTEST EXPERIENCE (PRIVATE INDUSTRY OR GOVERNMENT)
This Form is to be COMPLETED and MAILED directly to the California Board of Accountancy (CBA) by the Employer

PRINT OR TYPE

FULL NAME OF APPLICANT:  (No Initials)  (First) (Middle) (Last) SOCIAL SECURITY # (Last 4 only) XXX-XX-__ __ __ __

PERIOD OF EMPLOYMENT
List the dates applicant was under your supervision and obtained qualifying experience, as defined below.

<table>
<thead>
<tr>
<th>FULL TIME</th>
<th>FROM</th>
<th>TO</th>
</tr>
</thead>
<tbody>
<tr>
<td>(MO/DAY/YR)</td>
<td>(MO/DAY/YR)</td>
<td></td>
</tr>
<tr>
<td>PART-TIME</td>
<td>FROM</td>
<td>TO</td>
</tr>
<tr>
<td>(MO/DAY/YR)</td>
<td>(MO/DAY/YR)</td>
<td></td>
</tr>
</tbody>
</table>

The experience required by Section 5095 of the California Accountancy Act (Accountancy Act) should be fulfilled primarily by financial statement audits and, secondarily, by other attest services (see Instructions, Section 2). Section 12.5 of the CBA Regulations establishes the attest experience requirement. To be considered as qualifying, experience is that which enables the applicant to demonstrate the ability to understand the requirements of planning and conducting a financial statement audit or perform other attest services with minimum supervision that results in an opinion on full disclosure financial statements (see Instructions, Sections 1 and 2). Check either yes or no for each of the following items (A and B) to identify the experience of the applicant, while under your supervision, for purposes of qualifying the applicant for a CPA license.

QUALIFYING EXPERIENCE

<table>
<thead>
<tr>
<th>I. A.</th>
<th>Does the applicant have experience in the planning of the audit, including the selection of the procedures to be performed?</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>B. In your opinion, did such experience demonstrate a satisfactory understanding of the requirements of planning an audit consistent with current practice standards and pronouncements of the profession?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>II. A.</td>
<td>Does the applicant have experience in applying a variety of auditing procedures and techniques to the usual and customary financial transactions included in financial statements?</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>B. In your opinion, did the application of the above-described procedures demonstrate satisfactory knowledge of current practice standards and pronouncements of the profession?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>III. A.</td>
<td>Does the applicant have experience in the preparation of working papers in connection with the various elements of I and II, above?</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>B. In your opinion, do the working papers demonstrate satisfactory knowledge of current practice standards and pronouncements of the profession?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IV. A.</td>
<td>Does the applicant have experience in the preparation of written explanations and comments on the work performed and its findings?</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>B. In your opinion, do the written explanations and comments demonstrate satisfactory knowledge of current practice standards and pronouncements of the profession?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>V. A.</td>
<td>Does the applicant have experience in the preparation of and reporting on full disclosure financial statements?</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>B. In your opinion, did such participation demonstrate satisfactory knowledge of current professional standards?</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

NUMBER OF HOURS

VI. SUMMARY OF ATTEST EXPERIENCE HOURS (see Instructions, Section 3).

<table>
<thead>
<tr>
<th>Audit</th>
<th>Other Attest</th>
<th>Review Services</th>
<th>Compilation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experience in Planning the Audit or Other Attest Services (I. above)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Experience in Applying a Variety of Audit Procedures and Techniques on the Audit or Other Attest Services Procedures (II. above)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Experience in the Preparation of Working Papers on the Audit or Other Attest Services (III. above)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Experience in the Preparation of Written Explanations on the Audit or Other Attest Services (IV. above)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Experience in the Preparation of Full Disclosure Financial Statements (V. above)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compilation Hours Obtained Prior to January 1, 2008</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

VI. Is the applicant related to anyone in your firm? Yes ☐ No ☐ (If yes, explain relationship)
NOTES TO EMPLOYER COMPLETING Certificate of Attest Experience (Private Industry or Government).
See Instructions Sections 1, 2, and 3.

For the authorization to sign attest reports, applicants applying for licensure under either Pathway 1 or Pathway 2 must obtain a minimum of 500 hours of qualifying attest experience.

Section 69 of CBA Regulations provides that the CBA may require an explanation of any representation made on the Certificate of Attest Experience (Private Industry or Government) and/or may inspect the documentation relating to the applicant’s fulfillment of the experience requirement.

Section 12.5 of the California Code of Regulations requires that private industry or government accounting experience be verified by the person supervising the experience and by a second person with a higher level of responsibility in the private industry company or government agency. If the owner of the private industry company signing the verification is also the person supervising the experience, no second signature is required. Supervised experience means that the applicant’s supervisor shall have reviewed and evaluated the applicant’s qualifying work on a routine and recurring basis and shall have authority and oversight over the applicant.

I hereby certify, under penalty of perjury under the laws of the state of California, that the applicant (1) has been employed by me or my business/agency for the period indicated herein, and (2) in the course of such employment has obtained the experience indicated on this Certificate of Attest Experience (Private Industry or Government).

<table>
<thead>
<tr>
<th>BUSINESS/AGENCY NAME</th>
<th>BUSINESS TELEPHONE:</th>
<th>Area Code (  )</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADDRESS (INCLUDING CITY, STATE AND ZIP CODE)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SIGNATURE #1 (Supervisor) (DO NOT USE BLACK INK)</th>
<th>LICENSEE SUPERVISOR – (Must be a licensee who supervised applicant)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRINTED NAME</td>
<td>CERTIFICATE NO.</td>
</tr>
<tr>
<td></td>
<td>CPA [ ] PA [ ]</td>
</tr>
<tr>
<td>DATE</td>
<td>U.S. STATE OF ISSUANCE</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SIGNATURE #2 (DO NOT USE BLACK INK)</th>
<th>Must have a higher level of responsibility in the business/agency than signer #1.</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRINTED NAME</td>
<td>CERTIFICATE NO. (if applicable)</td>
</tr>
<tr>
<td>TITLE</td>
<td>CPA [ ] PA [ ]</td>
</tr>
<tr>
<td>DATE</td>
<td>U.S. STATE OF ISSUANCE</td>
</tr>
</tbody>
</table>

If you are not the owner, Signature #2 section must be completed.
INSTRUCTIONS FOR COMPLETING THE CERTIFICATE OF ATTEST EXPERIENCE (PRIVATE INDUSTRY OR GOVERNMENT)

The Certificate of Attest Experience (Private Industry or Government) is used by licensees to communicate to the CBA the experience an applicant has obtained while under their supervision in order for the CBA to determine whether the experience meets the requirements of CBA Regulation, Section 12.5.

Private industry and government accounting experience should be of a character and variety that enables the applicant to demonstrate the ability to understand the requirements of planning and conducting a financial statement audit or perform other attest services with minimum supervision that results in an opinion on full disclosure financial statements.

For the authorization to sign attest reports, applicants applying for licensure under either Pathway 1 or Pathway 2 must obtain a minimum of 500 hours of attest experience. It is important that very early in the applicant’s employment the licensee and applicant formulate a plan tailored to demonstrate a variety of experience in audit services. A contemporaneous time record should be prepared and monitored by the licensee and the applicant.

1. Qualifying Experience.

Under Items I, II, and III on the Certificate of Attest Experience (Private Industry or Government), it is expected the applicant will have gained attest experience in applying the procedures normally applied in a variety of situations. The applicant is expected to have experience in planning audits. It is unnecessary for an applicant to have performed all the procedures below or any single procedure any particular number of times. This experience may be obtained in one or more engagements, in one or more industries. Typical audit planning and procedures include, but are not limited to, the following:

a. Obtaining sufficient understanding of the components of internal control (control environment, risk assessment, control activities, information and communications, and monitoring) to plan the audit. Procedures are usually performed to ascertain whether such components were in effect and operating effectively.

b. Assessing risks embodied in the account balance, transaction class, and disclosure components of the financial statements and determining materiality.

c. Applying appropriate analytical review procedures in performing an attestation engagement.

d. Applying appropriate testing procedures to determine the existence and reasonableness of asset account balances such as cash, accounts receivable, inventory, property, plant and equipment, and other assets such as prepaids, intangible assets, and other deferred charges.

e. Understanding and determining the valuation of accounts such as inventories, accounts receivable, marketable securities, real estate investments, and the appropriate accounting and applicable disclosures. These include costing and pricing concepts such as LIFO, FIFO, lower of cost or market, and excess and obsolete inventory, etc.

f. Applying appropriate testing procedures to determine the reasonableness of liability account balances, such as accounts payable, accrued liabilities, income taxes, and notes and contracts payable, and the reasonableness of capital accounts and revenue and expense accounts.

g. Testing of revenue and profit recognition, cut off of sales, purchases, cash receipts and disbursements, subsequent events review, and examination of pertinent documentation.

h. Determining the existence of related party transactions, commitments and contingent liabilities, and appropriate financial statement disclosures.

Under Item IV on the Certificate of Attest Experience (Private Industry or Government), it is expected the applicant has written comments, observations, and conclusions resulting from the work performed.

Under Item V on the Certificate of Attest Experience (Private Industry or Government), it is expected the applicant has participated in the preparation of and reporting on full disclosure financial statements. The experience required under this item may be fulfilled partially by review services, if adequately supported by workpapers.

-1-
2. **Experience Discussion.**

The performance of financial statement audits should primarily fulfill the experience requirement. In addition, attest experience may include a combination of:

a. Review services **to the extent they comply with the documentation of analytical procedures and the development of expectations as required by the Statements on Standards for Accounting and Review Services.** Frequently, only analytical review procedures qualify; however, the scope of work may be extended in selected areas and, thereby, may qualify. Examples include performing analytical review procedures or extending the scope of work in selected areas. Experience obtained in other areas (such as accounting write-up, tax compliance, consultations, forecasting and projections) is not considered qualifying under CBA Regulation, Section 12.5.

b. Other attest services including, but not limited to:
   - Statements on Auditing Standards 70.
   - Agreed-upon procedures.
   - Compliance audits.

c. Compilation services **only to the extent preparation of full disclosure financial statements is supported by work papers.** Compilation hours obtained after December 31, 2007, are no longer accepted as qualifying attest experience for licensure.

The most frequent problems encountered by applicants with private industry or government experience are:

a. Limited experience in applying audit procedures and participating in preparing and reporting on full disclosure financial statements. As a result, an applicant has difficulty demonstrating experience with disclosure requirements, financial statement preparation, and U.S. Generally Accepted Accounting Principles and U.S. Generally Accepted Auditing Standards requirements.

b. Claiming credit for general accounting work which does not qualify under Section 12.5.

c. Claiming credit under Section 5095 for experience that has not been gained under the supervision of an individual currently licensed to practice public accounting (e.g., licensed without continuing education).

d. Failure to demonstrate a reasonable awareness and understanding of current professional standards.

e. Failure to demonstrate and/or document participation in the audit planning process.

3. **Other Sections of the Certificate of Attest Experience (Private Industry or Government).**

   a. **Summary of Attest Experience Hours (Part VI of Certificate of Attest Experience [Private Industry or Government]).**

   This summary should reflect only hours the applicant spent performing audit procedures pursuant to CBA Regulation, Section 12.5.

   Experience in areas such as controllership functions, accounting write-up, tax compliance, consultations, forecasting, and projections are **not** considered qualifying under CBA Regulation, Section 12.5.

   The specific categories of experience should be completed as follows:

   **Audit Hours:** This section should reflect only those hours spent in the planning and performing of audit procedures or other attest services in an audit engagement, and the hours spent on financial statement preparation.
Review Hours: This section should reflect only those hours spent in the performance of audit-type procedures or other attest services in a review engagement, and the hours spent on financial statement preparation. Frequently, analytical review is the only audit-type procedure performed, unless the scope in selected areas has been expanded, and audit-type procedures have been performed and documented.

Other Attest Hours: This section should reflect only those hours spent in the performance of operational audits, compliance audits, and other audits, as well as performance of agreed-upon procedures of an audit nature. If the predominant qualifying experience is shown in this section, it is probable it will be reviewed by the Qualifications Committee of the CBA.

Compilation Hours: Compilation services only to the extent preparation of full disclosure financial statements is supported by work papers. Compilation hours obtained after December 31, 2007, are no longer accepted as qualifying attest experience for licensure.

b. Responsibility Associated with Signing the Certificate of Attest Experience (Private Industry or Government).

All California licensees signing the Certificate of Attest Experience (Private Industry or Government) are subject to the provisions of the CBA Regulations, Section 69. The signers must carefully review the Certificate of Attest Experience (Private Industry or Government), evaluate, and judge each applicant’s experience. The signer is certifying, under penalty of perjury, whether in his or her opinion, the applicant has met the attest experience requirements of the CBA for licensure.

If additional information would be helpful in evaluating the applicant’s experience, the CBA encourages an employer to attach an explanatory letter.

CBA Regulation, Section 69 provides that the CBA may require an explanation of any representation made on the Certificate of Attest Experience (Private Industry or Government) and/or may inspect the documentation relating to an applicant’s fulfillment of the experience requirement.

Under CBA Regulation, Section 69, the CBA expects the documentation in support of affirmative answers on the Certificate of Attest Experience (Private Industry or Government) to consist of a record of engagements on which an applicant actually performed the attest procedures, the amount of time spent by the applicant on the procedures, and the aggregate amount of time spent on such engagements. Upon request, actual financial statements and supporting workpapers are required to be furnished to the CBA.

c. Current Experience.

In evaluating the experience of an applicant, emphasis is given to recent activities that demonstrate the applicant’s knowledge and application of applicable professional standards. In determining currency, generally the CBA considers experience gained in the last five years. If the experience was gained prior to that time, the CBA will require the applicant to furnish evidence that he or she is knowledgeable of current practice standards and pronouncements of the profession.

d. Worksheet.

The Worksheet for Substantiation of Qualifying Experience Under CBA Regulation, Section 12.5 has been included to assist the applicant and the employer in accumulating information to support the opinions expressed on the Certificate of Attest Experience (Private Industry or Government). It is not necessary to submit this worksheet with the Certificate of Attest Experience (Private Industry or Government).
## WORKSHEET FOR SUBSTANTIATION OF QUALIFYING EXPERIENCE UNDER CBA REGULATION SECTION 12.5

**EMPLOYER** ____________________________  **APPLICANT** ____________________________

Indicate by working paper reference procedures performed by applicant.

### ENGAGEMENT TYPE

#### YEAR-END

<table>
<thead>
<tr>
<th>I. Planning of the audit, including preparation of related working papers.</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>1. Obtaining an understanding of the components of internal control, and performing procedures to determine such components are in effect.</td>
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<tr>
<td>3. Determining materiality and selecting procedures to be performed.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>II. Performing a variety of auditing procedures and techniques to transactions and balances in the financial statements that address the relevant assertions. Preparing working papers documenting the work performed, including explanations and comments on the work performed and findings.</th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>1. Applying appropriate analytical review procedures.</td>
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<tr>
<td>2. Applying appropriate testing procedures to determine the existence and amounts of:</td>
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<td></td>
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<tr>
<td>a. Cash.</td>
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<tr>
<td>b. Accounts and notes receivable.</td>
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<tr>
<td>c. Inventories.</td>
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<tr>
<td>d. Prepaid intangibles, and deferred charges.</td>
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<tr>
<td>e. Property, plant, and equipment.</td>
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<tr>
<td>f. Notes and contracts payable and long-term debt.</td>
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<tr>
<td>g. Accounts payable, accrued liabilities, and deferred credits.</td>
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<tr>
<td>h. Commitments and contingencies.</td>
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<tr>
<td>i. Income taxes.</td>
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<tr>
<td>j. Capital and retained earnings.</td>
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<tr>
<td>k. Revenue recognition, purchases cutoff, other income and expenses, and subsequent events review (including unrecorded liabilities).</td>
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<tr>
<td>l. Related party transactions, commitments, and contingencies.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>III. Preparing working papers in connection with the various elements of I and II, above.</th>
<th></th>
<th></th>
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</thead>
</table>

<table>
<thead>
<tr>
<th>IV. Preparing written explanations and comments on the work performed and its findings.</th>
<th></th>
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</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>V. Preparing full disclosure financial statements including, but not limited to:</th>
<th></th>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>1. Accounting principles and policies for significant accounts.</td>
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</tr>
<tr>
<td>2. Analyses of accounts and related accounting and disclosures.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Capital accounts and leases.</td>
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</tr>
<tr>
<td>4. Income taxes and employee benefits.</td>
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</tr>
<tr>
<td>5. Related party transactions, commitments and contingencies, and subsequent events.</td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

**Hours spent by applicant on engagement.**  
*(If review, only note CBA Regulation Section 12.5 audit and financial statement hours.)*

|   |   |   |   |

**Total Hours for engagement.**  
*(If review, only note CBA Regulation Section 12.5 audit and financial statement hours.)*

|   |   |   |   |

-4-
PERSONAL INFORMATION COLLECTION AND ACCESS

The information provided in this form will be used by the California Board of Accountancy, to determine qualifications for a Certified Public Accountant License. Sections 5080 through 5095 of the Business and Professions Code authorize the collection of this information. Failure to provide any of the required information is grounds for rejection of the application as being incomplete.

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CERTIFICATE OF ATTEST EXPERIENCE (PRIVATE INDUSTRY OR GOVERNMENT)

This Form is to be COMPLETED and MAILED directly to the California Board of Accountancy (CBA) by the Employer.

PRINT OR TYPE

FULL NAME OF APPLICANT: (No Initials)     (First)     (Middle)     (Last)    SOCIAL SECURITY # (Last 4 only)    XXX-XX-___ ___ ___

PERIOD OF EMPLOYMENT

List the dates applicant was under your supervision and obtained qualifying experience, as defined below.

<table>
<thead>
<tr>
<th>FULL TIME</th>
<th>FROM</th>
<th>TO</th>
</tr>
</thead>
<tbody>
<tr>
<td>DATES</td>
<td>(MO/DAY/YR)</td>
<td>(MO/DAY/YR)</td>
</tr>
<tr>
<td>PART-TIME</td>
<td>FROM</td>
<td>TO</td>
</tr>
<tr>
<td>DATES</td>
<td>(MO/DAY/YR)</td>
<td>(MO/DAY/YR)</td>
</tr>
</tbody>
</table>

The experience required by Section 5095 of the California Accountancy Act (Accountancy Act) should be fulfilled primarily by financial statement audits and, secondarily, by other attest services (see Instructions, Section 2). Section 12.5 of the CBA Regulations establishes the attest experience requirement. To be considered as qualifying, experience is that which enables the applicant to demonstrate the ability to understand the requirements of planning and conducting a financial statement audit or perform other attest services with minimum supervision that results in an opinion on full disclosure financial statements (see Instructions, Sections 1 and 2).

Check either yes or no for each of the following items (A and B) to identify the experience of the applicant, while under your supervision, for purposes of qualifying the applicant for a CPA license.

<table>
<thead>
<tr>
<th>QUALIFYING EXPERIENCE</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. A.</td>
<td></td>
<td></td>
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<tr>
<td>Does the applicant have experience in the planning of the audit, including the selection of the procedures to be performed?</td>
<td></td>
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</tr>
<tr>
<td>B. In your opinion, did such experience demonstrate a satisfactory understanding of the requirements of planning an audit consistent with current practice standards and pronouncements of the profession?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>II. A.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Does the applicant have experience in applying a variety of auditing procedures and techniques to the usual and customary financial transactions included in financial statements?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B. In your opinion, did the application of the above-described procedures demonstrate satisfactory knowledge of current practice standards and pronouncements of the profession?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>III. A.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Does the applicant have experience in the preparation of working papers in connection with the various elements of I and II, above?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B. In your opinion, do the working papers demonstrate satisfactory knowledge of current practice standards and pronouncements of the profession?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IV. A.</td>
<td></td>
<td></td>
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<tr>
<td>Does the applicant have experience in the preparation of written explanations and comments on the work performed and its findings?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B. In your opinion, do the written explanations and comments demonstrate satisfactory knowledge of current practice standards and pronouncements of the profession?</td>
<td></td>
<td></td>
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<tr>
<td>V. A.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Does the applicant have experience in the preparation of and reporting on full disclosure financial statements as part of the Audit or other Attest Services? This does not include experience earned through the performance of preparation engagements in accordance with the provisions of the Statements on Standards for Accounting and Review Services (SSARS).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B. In your opinion, did such participation demonstrate satisfactory knowledge of current professional standards?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

NUMBER OF HOURS

<table>
<thead>
<tr>
<th>VI. SUMMARY OF ATTEST EXPERIENCE HOURS (see Instructions, Section 3).</th>
<th>Audit</th>
<th>Other Attest</th>
<th>Review Services</th>
<th>Compilation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experience in Planning the Audit or Other Attest Services (I. above)</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Experience in Applying a Variety of Audit Procedures and Techniques on the Audit or Other Attest Services Procedures (II. above)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Experience in the Preparation of Working Papers on the Audit or Other Attest Services (Ill. above)</td>
<td></td>
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</tr>
<tr>
<td>Experience in the Preparation of Written Explanations on the Audit or Other Attest Services (IV. above)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Experience in the Preparation of Full Disclosure Financial Statements as part of the Audit or Other Attest Services (V. above)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compilation Hours Obtained Prior to January 1, 2008</td>
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<tr>
<td>Total</td>
<td></td>
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</tbody>
</table>

VII. Is the applicant related to anyone in your firm? Yes ☐ No ☐ (If yes, explain relationship)
NOTES TO EMPLOYER COMPLETING Certificate of Attest Experience (Private Industry or Government).
See Instructions Sections 1, 2, and 3.

For the authorization to sign attest reports, applicants applying for licensure under either Pathway 1 or Pathway 2 must obtain a minimum of 500 hours of qualifying attest experience.

Section 69 of CBA Regulations provides that the CBA may require an explanation of any representation made on the Certificate of Attest Experience (Private Industry or Government) and/or may inspect the documentation relating to the applicant's fulfillment of the experience requirement.

Section 12.5 of the California Code of Regulations requires that private industry or government accounting experience be verified by the person supervising the experience and by a second person with a higher level of responsibility in the private industry company or government agency. If the owner of the private industry company signing the verification is also the person supervising the experience, no second signature is required. Supervised experience means that the applicant’s supervisor shall have reviewed and evaluated the applicant’s qualifying work on a routine and recurring basis and shall have authority and oversight over the applicant.

I hereby certify, under penalty of perjury under the laws of the state of California, that the applicant (1) has been employed by me or my business/agency for the period indicated herein, and (2) in the course of such employment has obtained the experience indicated on this Certificate of Attest Experience (Private Industry or Government).

<table>
<thead>
<tr>
<th>BUSINESS/AGENCY NAME</th>
<th>BUSINESS TELEPHONE:</th>
<th>Area Code (            )</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADDRESS (INCLUDING CITY, STATE AND ZIP CODE)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SIGNATURE #1 (Supervisor) (DO NOT USE BLACK INK)</th>
<th>LICENSEE SUPERVISOR – (Must be a licensee who supervised applicant)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRINTED NAME</td>
<td>CERTIFICATE NO.</td>
</tr>
<tr>
<td></td>
<td>CPA PA</td>
</tr>
<tr>
<td></td>
<td>U.S. STATE OF ISSUANCE</td>
</tr>
<tr>
<td>ARE YOU THE OWNER? YES NO</td>
<td></td>
</tr>
<tr>
<td>DATE</td>
<td></td>
</tr>
</tbody>
</table>

If you are not the owner, Signature #2 section must be completed.

<table>
<thead>
<tr>
<th>SIGNATURE #2 (DO NOT USE BLACK INK)</th>
<th>Must have a higher level of responsibility in the business/agency than signer #1.</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRINTED NAME</td>
<td>CERTIFICATE NO. (if applicable)</td>
</tr>
<tr>
<td>TITLE</td>
<td>CPA PA</td>
</tr>
<tr>
<td>DATE</td>
<td>U.S. STATE OF ISSUANCE</td>
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<thead>
<tr>
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<th>CERTIFICATE NO.</th>
<th>CPA PA</th>
<th>U.S. STATE OF ISSUANCE</th>
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<tbody>
<tr>
<td>TITLE</td>
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</table>
INSTRUCTIONS FOR COMPLETING THE CERTIFICATE OF ATTEST EXPERIENCE (PRIVATE INDUSTRY OR GOVERNMENT)

The Certificate of Attest Experience (Private Industry or Government) is used by licensees to communicate to the CBA the experience an applicant has obtained while under their supervision in order for the CBA to determine whether the experience meets the requirements of CBA Regulation, Section 12.5.

Private industry and government accounting experience should be of a character and variety that enables the applicant to demonstrate the ability to understand the requirements of planning and conducting a financial statement audit or perform other attest services with minimum supervision that results in an opinion on full disclosure financial statements.

For the authorization to sign attest reports, applicants applying for licensure under either Pathway 1 or Pathway 2 must obtain a minimum of 500 hours of attest experience. It is important that very early in the applicant’s employment the licensee and applicant formulate a plan tailored to demonstrate a variety of experience in audit services. A contemporaneous time record should be prepared and monitored by the licensee and the applicant.

1. Qualifying Experience.

Under Items I, II, and III on the Certificate of Attest Experience (Private Industry or Government), it is expected the applicant will have gained attest experience in applying the procedures normally applied in a variety of situations. The applicant is expected to have experience in planning audits. It is unnecessary for an applicant to have performed all the procedures below or any single procedure any particular number of times. This experience may be obtained in one or more engagements, in one or more industries.

Typical audit planning and procedures include, but are not limited to, the following:

a. Obtaining sufficient understanding of the components of internal control (control environment, risk assessment, control activities, information and communications, and monitoring) to plan the audit. Procedures are usually performed to ascertain whether such components were in effect and operating effectively.

b. Assessing risks embodied in the account balance, transaction class, and disclosure components of the financial statements and determining materiality.

c. Applying appropriate analytical review procedures in performing an attestation engagement.

d. Applying appropriate testing procedures to determine the existence and reasonableness of asset account balances such as cash, accounts receivable, inventory, property, plant and equipment, and other assets such as prepaids, intangible assets, and other deferred charges.

e. Understanding and determining the valuation of accounts such as inventories, accounts receivable, marketable securities, real estate investments, and the appropriate accounting and applicable disclosures. These include costing and pricing concepts such as LIFO, FIFO, lower of cost or market, and excess and obsolete inventory, etc.

f. Applying appropriate testing procedures to determine the reasonableness of liability account balances, such as accounts payable, accrued liabilities, income taxes, and notes and contracts payable, and the reasonableness of capital accounts and revenue and expense accounts.

g. Testing of revenue and profit recognition, cut off of sales, purchases, cash receipts and disbursements, subsequent events review, and examination of pertinent documentation.

h. Determining the existence of related party transactions, commitments and contingent liabilities, and appropriate financial statement disclosures.

Under Item IV on the Certificate of Attest Experience (Private Industry or Government), it is expected the applicant has written comments, observations, and conclusions resulting from the work performed.

Under Item V on the Certificate of Attest Experience (Private Industry or Government), it is expected the applicant has participated in the preparation of and reporting on full disclosure financial statements. The experience required under this item may be fulfilled partially by review services, if adequately supported by workpapers.
2. **Experience Discussion.**

The performance of financial statement audits should primarily fulfill the experience requirement. In addition, attest experience may include a combination of:

a. Review services to the extent they comply with the documentation of analytical procedures and the development of expectations as required by the Statements on Standards for Accounting and Review Services. Frequently, only analytical review procedures qualify; however, the scope of work may be extended in selected areas and, thereby, may qualify. Examples include performing analytical review procedures or extending the scope of work in selected areas. Experience obtained in other areas (such as accounting write-up, tax compliance, consultations, forecasting and projections) is not considered qualifying under CBA Regulation, Section 12.5.

b. Other attest services including, but not limited to:
   - Statements on Auditing Standards 70.
   - Agreed-upon procedures.
   - Compliance audits.

c. Compilation services only to the extent preparation of full disclosure financial statements is supported by work papers. Compilation hours obtained after December 31, 2007, are no longer accepted as qualifying attest experience for licensure.

The most frequent problems encountered by applicants with private industry or government experience are:

a. Limited experience in applying audit procedures and participating in preparing and reporting on full disclosure financial statements. As a result, an applicant has difficulty demonstrating experience with disclosure requirements, financial statement preparation, and U.S. Generally Accepted Accounting Principles and U.S. Generally Accepted Auditing Standards requirements.

b. Claiming credit for general accounting work which does not qualify under Section 12.5.

c. Claiming credit under Section 5095 for experience that has not been gained under the supervision of an individual currently licensed to practice public accounting (e.g., licensed without continuing education).

d. Failure to demonstrate a reasonable awareness and understanding of current professional standards.

e. Failure to demonstrate and/or document participation in the audit planning process.

3. **Other Sections of the Certificate of Attest Experience (Private Industry or Government).**

a. Summary of Attest Experience Hours (Part VI of Certificate of Attest Experience [Private Industry or Government]).

This summary should reflect only hours the applicant spent performing audit procedures pursuant to CBA Regulation, Section 12.5.

Experience in areas such as controllership functions, accounting write-up, tax compliance, consultations, forecasting, and projections are not considered qualifying under CBA Regulation, Section 12.5.

The specific categories of experience should be completed as follows:

Audit Hours: This section should reflect only those hours spent in the planning and performing of audit procedures or other attest services in an audit engagement, and the hours spent on financial statement preparation.
Review Hours: This section should reflect only those hours spent in the performance of audit-type procedures or other attest services in a review engagement, and the hours spent on financial statement preparation. Frequently, analytical review is the only audit-type procedure performed, unless the scope in selected areas has been expanded, and audit-type procedures have been performed and documented.

Other Attest Hours: This section should reflect only those hours spent in the performance of operational audits, compliance audits, and other audits, as well as performance of agreed-upon procedures of an audit nature. If the predominant qualifying experience is shown in this section, it is probable it will be reviewed by the Qualifications Committee of the CBA.

Compilation Hours: Compilation services only to the extent preparation of full disclosure financial statements is supported by work papers. Compilation hours obtained after December 31, 2007, are no longer accepted as qualifying attest experience for licensure.

b. Responsibility Associated with Signing the Certificate of Attest Experience (Private Industry or Government).

All California licensees signing the Certificate of Attest Experience (Private Industry or Government) are subject to the provisions of the CBA Regulations, Section 69. The signers must carefully review the Certificate of Attest Experience (Private Industry or Government), evaluate, and judge each applicant’s experience. The signer is certifying, under penalty of perjury, whether in his or her opinion, the applicant has met the attest experience requirements of the CBA for licensure.

If additional information would be helpful in evaluating the applicant’s experience, the CBA encourages an employer to attach an explanatory letter.

CBA Regulation, Section 69 provides that the CBA may require an explanation of any representation made on the Certificate of Attest Experience (Private Industry or Government) and/or may inspect the documentation relating to an applicant’s fulfillment of the experience requirement.

Under CBA Regulation, Section 69, the CBA expects the documentation in support of affirmative answers on the Certificate of Attest Experience (Private Industry or Government) to consist of a record of engagements on which an applicant actually performed the attest procedures, the amount of time spent by the applicant on the procedures, and the aggregate amount of time spent on such engagements. Upon request, actual financial statements and supporting workpapers are required to be furnished to the CBA.

c. Current Experience.

In evaluating the experience of an applicant, emphasis is given to recent activities that demonstrate the applicant’s knowledge and application of applicable professional standards. In determining currency, generally the CBA considers experience gained in the last five years. If the experience was gained prior to that time, the CBA will require the applicant to furnish evidence that he or she is knowledgeable of current practice standards and pronouncements of the profession.

d. Worksheet.

The Worksheet for Substantiation of Qualifying Experience Under CBA Regulation, Section 12.5 has been included to assist the applicant and the employer in accumulating information to support the opinions expressed on the Certificate of Attest Experience (Private Industry or Government). It is not necessary to submit this worksheet with the Certificate of Attest Experience (Private Industry or Government).
### WORKSHEET FOR SUBSTANTIATION OF QUALIFYING EXPERIENCE UNDER CBA REGULATION SECTION 12.5

**EMPLOYER** ___________________________  **APPLICANT** ___________________________

Indicate by working paper reference procedures performed by applicant.

**ENGAGEMENT TYPE**

<table>
<thead>
<tr>
<th>YEAR-END</th>
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<tbody>
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</tbody>
</table>

**I.** Planning of the audit, including preparation of related working papers.

1. Obtaining an understanding of the components of internal control, and performing procedures to determine such components are in effect.
3. Determining materiality and selecting procedures to be performed.

**II.** Performing a variety of auditing procedures and techniques to transactions and balances in the financial statements that address the relevant assertions. Preparing working papers documenting the work performed, including explanations and comments on the work performed and findings.

1. Applying appropriate analytical review procedures.
2. Applying appropriate testing procedures to determine the existence and amounts of:
   a. Cash.
   b. Accounts and notes receivable.
   c. Inventories.
   d. Prepaid, intangibles, and deferred charges.
   e. Property, plant, and equipment.
   f. Notes and contracts payable and long-term debt.
   g. Accounts payable, accrued liabilities, and deferred credits.
   h. Commitments and contingencies.
   i. Income taxes.
   j. Capital and retained earnings.
   k. Revenue recognition, purchases cutoff, other income and expenses, and subsequent events review (including unrecorded liabilities).
   l. Related party transactions, commitments, and contingencies.

**III.** Preparing working papers in connection with the various elements of I and II, above.

**IV.** Preparing written explanations and comments on the work performed and its findings.

**V.** Preparing full disclosure financial statements including, but not limited to:

1. Accounting principles and policies for significant accounts.
2. Analyses of accounts and related accounting and disclosures.
3. Capital accounts and leases.
4. Income taxes and employee benefits.
5. Related party transactions, commitments and contingencies, and subsequent events.

Hours spent by applicant on engagement.

*(If review, only note CBA Regulation Section 12.5 audit and financial statement hours.)*

Total Hours for engagement.

*(If review, only note CBA Regulation Section 12.5 audit and financial statement hours.)*
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The Executive Officer of the California Board of Accountancy is responsible for maintaining the information in this application, and may be contacted at 2000 Evergreen Street, Suite 250, Sacramento, CA 95815
Venture Oaks Way, Suite 300, Sacramento, CA 95833, telephone number (916) 263-3680 regarding questions about this notice or access to records.
CERTIFICATE OF ATTEST EXPERIENCE (PUBLIC ACCOUNTING)

This Form is to be COMPLETED and MAILED directly to the California Board of Accountancy (CBA) by the Employer

PRINT OR TYPE

FULL NAME OF APPLICANT: (No Initials) (First) (Middle) (Last) SOCIAL SECURITY # (Last 4 only)

XXX-XX-__ __ __ __

PERIOD OF EMPLOYMENT

List the dates applicant was under your supervision and obtained qualifying experience, as defined below.

<table>
<thead>
<tr>
<th>FULL TIME</th>
<th>FROM</th>
<th>TO</th>
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</thead>
<tbody>
<tr>
<td>(MO/DAY/YR)</td>
<td>(MO/DAY/YR)</td>
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<tr>
<td>PART-TIME</td>
<td>FROM</td>
<td>TO</td>
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<tr>
<td>(MO/DAY/YR)</td>
<td>(MO/DAY/YR)</td>
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</tbody>
</table>

The experience required by Section 5095 of the California Accountancy Act (Accountancy Act) should be fulfilled primarily by financial statement audits and, secondarily, by other attest services (see Instructions, Section 2). Section 12.5 of the CBA Regulations establishes the attest experience requirement. To be considered as qualifying, experience is that which enables the applicant to demonstrate the ability to understand the requirements of planning and conducting a financial statement audit or perform other attest services with minimum supervision that results in an opinion on full disclosure financial statements (see Instructions, Sections 1 and 2).

Check either yes or no for each of the following items (A and B) to identify the experience of the applicant, while under your supervision, for purposes of qualifying the applicant for a CPA license.

<table>
<thead>
<tr>
<th>QUALIFYING EXPERIENCE</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. A. Does the applicant have experience in the planning of the audit, including the selection of the procedures to be performed?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B. In your opinion, did such experience demonstrate a satisfactory understanding of the requirements of planning an audit consistent with current practice standards and pronouncements of the profession?</td>
<td></td>
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</tr>
<tr>
<td>II. A. Does the applicant have experience in applying a variety of auditing procedures and techniques to the usual and customary financial transactions included in financial statements?</td>
<td></td>
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</tr>
<tr>
<td>B. In your opinion, did the application of the above-described procedures demonstrate satisfactory knowledge of current practice standards and pronouncements of the profession?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>III. A. Does the applicant have experience in the preparation of working papers in connection with the various elements of I and II, above?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B. In your opinion, do the working papers demonstrate satisfactory knowledge of current practice standards and pronouncements of the profession?</td>
<td></td>
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</tr>
<tr>
<td>IV. A. Does the applicant have experience in the preparation of written explanations and comments on the work performed and its findings?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B. In your opinion, do the written explanations and comments demonstrate satisfactory knowledge of current practice standards and pronouncements of the profession?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>V. A. Does the applicant have experience in the preparation of and reporting on full disclosure financial statements?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B. In your opinion, did such participation demonstrate satisfactory knowledge of current professional standards?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

VI. SUMMARY OF ATTEST EXPERIENCE HOURS (see Instructions, Section 3).

<table>
<thead>
<tr>
<th>Audit</th>
<th>Other Attest</th>
<th>Review Services</th>
<th>Compilation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Experience in Planning the Audit or Other Attest Services (I. above)

Experience in Applying a Variety of Audit Procedures and Techniques on the Audit or Other Attest Services Procedures (II. above)

Experience in the Preparation of Working Papers on the Audit or Other Attest Services (III. above)

Experience in the Preparation of Written Explanations on the Audit or Other Attest Services (IV. above)

Experience in the Preparation of Full Disclosure Financial Statements (V. above)

Compilation Hours Obtained Prior to January 1, 2008

Total

VII. Is the applicant related to anyone in your firm? Yes ☐ No ☐ (If yes, explain relationship)
NOTES TO EMPLOYER COMPLETING Certificate of Attest Experience (Public Accounting).
See Instructions Sections 1, 2, and 3.

For the authorization to sign attest reports, applicants applying for licensure under either Pathway 1 or Pathway 2 must obtain a minimum of 500 hours of qualifying attest experience.

Section 69 of the CBA Regulations provides that the CBA may require an explanation of any representation made on the Certificate of Attest Experience (Public Accounting) and/or may inspect the documentation relating to the applicant’s fulfillment of the experience requirement.

Section 12.5 of the CBA Regulations requires that public accounting experience be verified by the person supervising the experience and by a second person with a higher level of responsibility in the public accounting firm. The second person signing the verification shall be an owner of the public accounting firm holding a valid license or comparable authority to practice public accounting. If the owner of the public accounting firm signing the verification is also the person supervising the experience, no second signature is required. Supervised experience means that the applicant’s supervisor shall have reviewed and evaluated the applicant’s qualifying work on a routine and recurring basis and shall have authority and oversight over the applicant.

I hereby certify, under penalty of perjury under the laws of the state of California, that the applicant (1) has been employed by me or my firm for the period indicated herein, and (2) in the course of such employment has obtained the experience indicated on this Certificate of Attest Experience (Public Accounting).

<table>
<thead>
<tr>
<th>FIRM NAME</th>
<th>BUSINESS TELEPHONE:</th>
<th>Area Code ( )</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADDRESS: (INCLUDING City, State and Zip Code)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| SIGNATURE #1 (Supervisor) (DO NOT USE BLACK INK) | SOLE PROPRIETOR | □ |
| PARTNER | □ |
| SHAREHOLDER | □ |
| OTHER (Second signature required) | □ |
| CERTIFICATE NO. | □ | CPA | □ | PA | □ |
| DATE | | |

| SIGNATURE #2 (DO NOT USE BLACK INK) | SOLE PROPRIETOR | □ |
| PARTNER | □ |
| SHAREHOLDER | □ |
| OTHER (Second signature required) | □ |
| CERTIFICATE NO. | □ | CPA | □ | PA | □ |
| DATE | | |

| U.S. STATE OR OTHER AUTHORITY OF ISSUANCE | | |

OFFICE USE ONLY
Date of last Section 69 Review _______
□ APPROVED
□ REAPPEARANCE
□ NO RECORD

Verified by: _______________________
Date: _______________________

OFFICE USE ONLY
Date of last Section 69 Review _______
□ APPROVED
□ REAPPEARANCE
□ NO RECORD

Verified by: _______________________
Date: _______________________
INSTRUCTIONS FOR COMPLETING CERTIFICATE OF ATTEST EXPERIENCE (PUBLIC ACCOUNTING)

The Certificate of Attest Experience (Public Accounting) is used by licensees to communicate to the CBA the experience an applicant has obtained while under their supervision in order for the CBA to determine whether the experience meets the requirements of CBA Regulation, Section 12.5.

Public accounting experience should be of a character and variety that enables the applicant to demonstrate the ability to understand the requirements of planning and conducting a financial statement audit or perform other attest services with minimum supervision that results in an opinion on full disclosure financial statements.

For the authorization to sign attest reports, applicants applying for licensure under either Pathway 1 or Pathway 2 must obtain a minimum of 500 hours of attest experience. It is important that very early in the applicant’s employment the licensee and applicant formulate a plan tailored to demonstrate a variety of experience in audit services. A contemporaneous time record should be prepared and monitored by the licensee and the applicant.

1. Qualifying Experience.

Experience required under Items I, II, and III on the Certificate of Attest Experience (Public Accounting), it is expected the applicant will have gained attest experience in applying the procedures normally applied in a variety of situations. The applicant is expected to have experience in planning audits. It is unnecessary for an applicant to have performed all the procedures below or any single procedure any particular number of times. This experience may be obtained in one or more engagements, in one or more industries. Typical audit planning and procedures include, but are not limited to, the following:

a. Obtaining sufficient understanding of the components of internal control (control environment, risk assessment, control activities, information and communications, and monitoring) to plan the audit. Procedures are usually performed to ascertain whether such components were in effect and operating effectively.

b. Assessing risks embodied in the account balance, transaction class, and disclosure components of the financial statements and determining materiality.

c. Applying appropriate analytical review procedures in performing an attestation engagement.

d. Applying appropriate testing procedures to determine the existence and reasonableness of asset account balances such as cash, accounts receivable, inventory, property, plant and equipment, and other assets such as prepaids, intangible assets, and other deferred charges.

e. Understanding and determining the valuation of accounts such as inventories, accounts receivable, marketable securities, real estate investments, and the appropriate accounting and applicable disclosures. These include costing and pricing concepts such as LIFO, FIFO, lower of cost or market, and excess and obsolete inventory, etc.

f. Applying appropriate testing procedures to determine the reasonableness of liability account balances, such as accounts payable, accrued liabilities, income taxes, and notes and contracts payable, and the reasonableness of capital accounts and revenue and expense accounts.

g. Testing of revenue and profit recognition, cut off of sales, purchases, cash receipts and disbursements, subsequent events review, and examination of pertinent documentation.

h. Determining the existence of related party transactions, commitments and contingent liabilities, and appropriate financial statement disclosures.

Under Item IV on the Certificate of Attest Experience (Public Accounting), it is expected the applicant has written comments, observations, and conclusions resulting from the work performed.

Under Item V on the Certificate of Attest Experience (Public Accounting), it is expected the applicant has participated in the preparation of and reporting on full disclosure financial statements. The experience required under this item may be fulfilled partially by review services, if adequately supported by workpapers.
2. **Experience Discussion.**

   The performance of financial statement audits should primarily fulfill the experience requirement. In addition, attest experience may include a combination of:

   a. Review services **to the extent they comply with the documentation of analytical procedures and the development of expectations as required by the Statements on Standards for Accounting and Review Services.** Frequently, only analytical review procedures qualify; however, the scope of work may be extended in selected areas and, thereby, may qualify. Examples include performing analytical review procedures or extending the scope of work in selected areas. Experience obtained in other areas (such as accounting write-up, tax compliance, consultations, forecasting and projections) is not considered qualifying under CBA Regulation, Section 12.5.

   b. Other attest services including, but not limited to:

      - Statements on Auditing Standards 70.
      - Agreed-upon procedures.
      - Compliance audits.

   c. Compilation services **only to the extent preparation of full disclosure financial statements is supported by work papers.** Compilation hours obtained after December 31, 2007, are no longer accepted as qualifying attest experience for licensure.

   The most frequent problems encountered by applicants with public accounting experience are:

   a. Failure to demonstrate and/or document participation in the audit planning process.

   b. Limited experience in applying audit procedures and participating in preparing and reporting on full disclosure financial statements. As a result, an applicant has difficulty demonstrating experience with disclosure requirements, financial statement preparation, and Generally Accepted Accounting Principles and Generally Accepted Auditing Standards requirements.

   c. Failure to demonstrate a reasonable awareness and understanding of current professional standards.

3. **Other Sections of the Certificate of Attest Experience (Public Accounting).**

   a. Summary of Attest Experience Hours (Part VI of Certificate of Attest Experience [Public Accounting]).

      This summary should reflect only hours the applicant spent performing audit procedures pursuant to CBA Regulation, Section 12.5.

      Experience in areas such as controllership functions, accounting write-up, tax compliance, consultations, forecasting, and projections, are **not** considered qualifying under CBA Regulation, Section 12.5.

      The specific categories of experience should be completed as follows:

      **Audit Hours:** This section should reflect only those hours spent in the planning and performing of audit procedures or other attest services in an audit engagement, and the hours spent on financial statement preparation.

      **Review Hours:** This section should reflect only those hours spent in the performance of audit-type procedures or other attest services in a review engagement, and the hours spent on financial statement preparation. Frequently, analytical review is the only audit-type procedure performed, unless the scope in selected areas has been expanded, and audit-type procedures have been performed and documented.
Other Attest Hours: This section should reflect only those hours spent in the performance of operational audits, compliance audits, and other audits, as well as performance of agreed-upon procedures of an audit nature. If the predominant qualifying experience is shown in this section, it is probable it will be reviewed by the Qualifications Committee of the CBA.

Compilation Hours: Compilation services only to the extent preparation of full disclosure financial statements is supported by work papers. Compilation hours obtained after December 31, 2007, are no longer accepted as qualifying attest experience for licensure.

b. Certifying an Applicant’s Experience if Obtained in More Than One Office.

If a single Certificate of Attest Experience (Public Accounting) is submitted for an applicant who has obtained experience in more than one office of the same firm, a cover letter also must be submitted furnishing information as to the basis for completing the Certificate of Attest Experience (Public Accounting) for multiple offices. Alternatively, separate Certificates of Attest Experience (Public Accounting) should be submitted by the separate offices. A separate Certificate of Attest Experience (Public Accounting) must be submitted for experience obtained outside the United States regardless of whether it was obtained from the same firm as that obtained in the United States.

c. Responsibility Associated with Signing the Certificate of Attest Experience (Public Accounting).

All California licensees in public practice signing the Certificate of Attest Experience (Public Accounting) are subject to the provisions of the CBA Regulations, Section 69. The signers must carefully review the Certificate of Attest Experience (Public Accounting), evaluate, and judge each applicant’s experience. The signer is certifying, under penalty of perjury, whether in his or her opinion, the applicant has met the attest experience requirements of the CBA for licensure.

If additional information would be helpful in evaluating the applicant’s experience, the CBA encourages an employer to attach an explanatory letter.

CBA Regulation, Section 69 provides that the CBA may require an explanation of any representation made on the Certificate of Attest Experience (Public Accounting) and/or may inspect the documentation relating to an applicant’s fulfillment of the experience requirement.

Under CBA Regulation, Section 69, the CBA expects the documentation in support of affirmative answers on the Certificate of Attest Experience (Public Accounting) to consist of a record of engagements on which an applicant actually performed the attest procedures, the amount of time spent by the applicant on the procedures, and the aggregate amount of time spent on such engagements. Upon request, actual financial statements and supporting workpapers are required to be furnished to the CBA.

d. Current Experience.

In evaluating the experience of an applicant, emphasis is given to recent activities that demonstrate the applicant’s knowledge and application of applicable professional standards. In determining currency, generally the CBA considers experience gained in the last five years. If the experience was gained prior to that time, the CBA will require the applicant to furnish evidence that he or she is knowledgeable of current practice standards and pronouncements of the profession.

e. Worksheet.

The Worksheet for Substantiation of Qualifying Experience Under CBA Regulation, Section 12.5 has been included to assist the applicant and the employer in accumulating information to support the opinions expressed on the Certificate of Attest Experience (Public Accounting). It is not necessary to submit this worksheet with the Certificate of Attest Experience (Public Accounting).
**WORKSHEET FOR SUBSTANTIATION OF QUALIFYING EXPERIENCE UNDER CBA REGULATION, SECTION 12.5**

**EMPLOYER** ____________________________________________  **APPLICANT** ____________________________________________

Indicate by working paper reference procedures performed by applicant.

**ENGAGEMENT TYPE**

<table>
<thead>
<tr>
<th>YEAR-END</th>
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<tbody>
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</table>

| I. Planning of the audit, including preparation of related working papers. |
|                                                                      |
| 1. Obtaining an understanding of the components of internal control, and performing procedures to determine such components are in effect. |
|                                                                      |
|                                                                      |
| 3. Determining materiality and selecting procedures to be performed. |

| II. Performing a variety of auditing procedures and techniques to transactions and balances in the financial statements that address the relevant assertions. Preparing working papers documenting the work performed, including explanations and comments on the work performed and findings. |
|                                                                                           |
| 1. Applying appropriate analytical review procedures.                                      |
|                                                                                           |
| 2. Applying appropriate testing procedures to determine the existence and amounts of:     |
|                                                                                           |
| a. Cash.                                                                                  |
|                                                                                           |
| b. Accounts and notes receivable.                                                         |
|                                                                                           |
| c. Inventories.                                                                           |
|                                                                                           |
| d. Prepaid, intangibles, and deferred charges.                                            |
|                                                                                           |
| e. Property, plant, and equipment.                                                       |
|                                                                                           |
| f. Notes and contracts payable and long-term debt.                                       |
|                                                                                           |
| g. Accounts payable, accrued liabilities, and deferred credits.                          |
|                                                                                           |
| h. Commitments and contingencies.                                                        |
|                                                                                           |
| i. Income taxes.                                                                         |
|                                                                                           |
| j. Capital and retained earnings.                                                        |
|                                                                                           |
| k. Revenue recognition, purchases cutoff, other income and expenses, and subsequent events review (including unrecorded liabilities). |
|                                                                                           |
| l. Related party transactions, commitments, and contingencies.                           |

| III. Preparing working papers in connection with the various elements of I and II, above. |
|                                                                                           |

| IV. Preparing written explanations and comments on the work performed and its findings. |
|                                                                                           |

| V. Preparing full disclosure financial statements including, but not limited to:          |
|                                                                                           |
| 1. Accounting principles and policies for significant accounts.                           |
|                                                                                           |
| 2. Analyses of accounts and related accounting and disclosures.                           |
|                                                                                           |
| 3. Capital accounts and leases.                                                          |
|                                                                                           |
| 4. Income taxes and employee benefits.                                                   |
|                                                                                           |
| 5. Related party transactions, commitments and contingencies, and subsequent events.     |

| Hours spent by applicant on engagement.                                                   |
|                                                                                           |

(|If review, only note CBA Regulation, Section 12.5 audit and financial statement hours.) |

| Total Hours for engagement.                                                              |
|                                                                                           |

(|If review, only note CBA Regulation, Section 12.5 audit and financial statement hours.) |
PERSONAL INFORMATION COLLECTION AND ACCESS

The information provided in this form will be used by the California Board of Accountancy, to determine qualifications for a Certified Public Accountant License. Sections 5080 through 5095 of the Business and Professions Code authorize the collection of this information. Failure to provide any of the required information is grounds for rejection of the application as being incomplete.

Information provided may be transferred to the Department of Justice, a District Attorney, a City Attorney, or to another government agency as may be necessary to permit the Board, or the transferee agency, to perform its statutory or constitutional duties, or otherwise transferred or disclosed as provided in Civil Code Section 1798.24.

Each individual has the right to review his or her file, except as otherwise provided by the Information Practices Act. Certain information provided may be disclosed to a member of the public, upon request, under the California Public Records Act.

The Executive Officer of the California Board of Accountancy is responsible for maintaining the information in this application, and may be contacted at 2000 Evergreen Street, Suite 250, Sacramento, CA 95815, telephone number (916) 263-3680 regarding questions about this notice or access to records.
CERTIFICATE OF ATTEST EXPERIENCE (PUBLIC ACCOUNTING)

This Form is to be COMPLETED and MAILED directly to the California Board of Accountancy (CBA) by the Employer

PRINT OR TYPE

FULL NAME OF APPLICANT:  (No Initials)     (First)     (Middle)     (Last)

SOCIAL SECURITY # (Last 4 only)

XXX-XX-__ __ __

PERIOD OF EMPLOYMENT

List the dates applicant was under your supervision and obtained qualifying experience, as defined below.

<table>
<thead>
<tr>
<th>FULL TIME</th>
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<tbody>
<tr>
<td>DATES</td>
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<table>
<thead>
<tr>
<th>PART-TIME</th>
<th>FROM</th>
<th>TO</th>
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<tbody>
<tr>
<td>DATES</td>
<td>(MO/DAY/YR)</td>
<td>(MO/DAY/YR)</td>
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</table>

TOTAL PART-TIME HOURS

The experience required by Section 5095 of the California Accountancy Act (Accountancy Act) should be fulfilled primarily by financial statement audits and, secondarily, by other attest services (see Instructions, Section 2). Section 12.5 of the CBA Regulations establishes the attest experience requirement. To be considered as qualifying, experience is that which enables the applicant to demonstrate the ability to understand the requirements of planning and conducting a financial statement audit or perform other attest services with minimum supervision that results in an opinion on full disclosure financial statements (see Instructions, Sections 1 and 2).

Check either yes or no for each of the following items (A and B) to identify the experience of the applicant, while under your supervision, for purposes of qualifying the applicant for a CPA license.

## QUALIFYING EXPERIENCE

<table>
<thead>
<tr>
<th>I. A.</th>
<th>Does the applicant have experience in the planning of the audit, including the selection of the procedures to be performed?</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>B. In your opinion, did such experience demonstrate a satisfactory understanding of the requirements of planning an audit consistent with current practice standards and pronouncements of the profession?</td>
<td></td>
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</tr>
<tr>
<td>II. A.</td>
<td>Does the applicant have experience in applying a variety of auditing procedures and techniques to the usual and customary financial transactions included in financial statements?</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>B. In your opinion, did the application of the above-described procedures demonstrate satisfactory knowledge of current practice standards and pronouncements of the profession?</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>III. A.</td>
<td>Does the applicant have experience in the preparation of working papers in connection with the various elements of I and II, above?</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>B. In your opinion, do the working papers demonstrate satisfactory knowledge of current practice standards and pronouncements of the profession?</td>
<td></td>
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<tr>
<td>IV. A.</td>
<td>Does the applicant have experience in the preparation of written explanations and comments on the work performed and its findings?</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>B. In your opinion, do the written explanations and comments demonstrate satisfactory knowledge of current practice standards and pronouncements of the profession?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>V. A.</td>
<td>Does the applicant have experience in the preparation of and reporting on full disclosure financial statements as part of the Audit or other Attest Services? This does not include experience earned through the performance of preparation engagements in accordance with the provisions of the Statements on Standards for Accounting and Review Services (SSARS).</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>B. In your opinion, did such participation demonstrate satisfactory knowledge of current professional standards?</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## NUMBER OF HOURS

### VI. SUMMARY OF ATTEST EXPERIENCE HOURS (see Instructions, Section 3).

<table>
<thead>
<tr>
<th>Experience in Planning the Audit or Other Attest Services (I. above)</th>
<th>Audit</th>
<th>Other Attest</th>
<th>Review Services</th>
<th>Compilation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experience in Applying a Variety of Audit Procedures and Techniques on the Audit or Other Attest Services Procedures (II. above)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Experience in the Preparation of Working Papers on the Audit or Other Attest Services (III. above)</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Experience in the Preparation of Written Explanations on the Audit or Other Attest Services (IV. above)</td>
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<td></td>
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</tr>
<tr>
<td>Experience in the Preparation of Full Disclosure Financial Statements as part of the Audit or Other Attest Services (V. above)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compilation Hours Obtained Prior to January 1, 2008</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
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</table>

VII. Is the applicant related to anyone in your firm? Yes [ ] No [ ] (If yes, explain relationship)
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I hereby certify, under penalty of perjury under the laws of the state of California, that the applicant (1) has been employed by me or my firm for the period indicated herein, and (2) in the course of such employment has obtained the experience indicated on this Certificate of Attest Experience (Public Accounting).

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<thead>
<tr>
<th>FIRM NAME</th>
<th>BUSINESS TELEPHONE:</th>
<th>Area Code ( )</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADDRESS: (INCLUDING City, State and Zip Code)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SIGNATURE #1 (Supervisor) (DO NOT USE BLACK INK)</th>
<th>SOLE PROPRIETOR</th>
<th>PARTNER</th>
<th>SHAREHOLDER</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRINTED NAME</td>
<td>OTHER (Second signature required)</td>
<td>CERTIFICATE NO.</td>
<td>CPA</td>
</tr>
<tr>
<td>DATE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. STATE OR OTHER AUTHORITY OF ISSUANCE</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SIGNATURE #2 (DO NOT USE BLACK INK)</th>
<th>SOLE PROPRIETOR</th>
<th>PARTNER</th>
<th>SHAREHOLDER</th>
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<td>CERTIFICATE NO.</td>
<td>CPA</td>
<td>PA</td>
</tr>
<tr>
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<td>U.S. STATE OR OTHER AUTHORITY OF ISSUANCE</td>
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OFFICE USE ONLY

Date of last Section 69 Review

______  APPROVED
______  REAPPEARANCE
______  NO RECORD

Verified by: ____________________
Date: ____________________

OFFICE USE ONLY

Date of last Section 69 Review

______  APPROVED
______  REAPPEARANCE
______  NO RECORD

Verified by: ____________________
Date: ____________________
INSTRUCTIONS FOR COMPLETING CERTIFICATE OF ATTEST EXPERIENCE (PUBLIC ACCOUNTING)

The Certificate of Attest Experience (Public Accounting) is used by licensees to communicate to the CBA the experience an applicant has obtained while under their supervision in order for the CBA to determine whether the experience meets the requirements of CBA Regulation, Section 12.5.

Public accounting experience should be of a character and variety that enables the applicant to demonstrate the ability to understand the requirements of planning and conducting a financial statement audit or perform other attest services with minimum supervision that results in an opinion on full disclosure financial statements.

For the authorization to sign attest reports, applicants applying for licensure under either Pathway 1 or Pathway 2 must obtain a minimum of 500 hours of attest experience. It is important that very early in the applicant’s employment the licensee and applicant formulate a plan tailored to demonstrate a variety of experience in audit services. A contemporaneous time record should be prepared and monitored by the licensee and the applicant.

1. Qualifying Experience.

   Experience required under Items I, II, and III on the Certificate of Attest Experience (Public Accounting), it is expected the applicant will have gained attest experience in applying the procedures normally applied in a variety of situations. The applicant is expected to have experience in planning audits. It is unnecessary for an applicant to have performed all the procedures below or any single procedure any particular number of times. This experience may be obtained in one or more engagements, in one or more industries. Typical audit planning and procedures include, but are not limited to, the following:

   a. Obtaining sufficient understanding of the components of internal control (control environment, risk assessment, control activities, information and communications, and monitoring) to plan the audit. Procedures are usually performed to ascertain whether such components were in effect and operating effectively.

   b. Assessing risks embodied in the account balance, transaction class, and disclosure components of the financial statements and determining materiality.

   c. Applying appropriate analytical review procedures in performing an attestation engagement.

   d. Applying appropriate testing procedures to determine the existence and reasonableness of asset account balances such as cash, accounts receivable, inventory, property, plant and equipment, and other assets such as prepaids, intangible assets, and other deferred charges.

   e. Understanding and determining the valuation of accounts such as inventories, accounts receivable, marketable securities, real estate investments, and the appropriate accounting and applicable disclosures. These include costing and pricing concepts such as LIFO, FIFO, lower of cost or market, and excess and obsolete inventory, etc.

   f. Applying appropriate testing procedures to determine the reasonableness of liability account balances, such as accounts payable, accrued liabilities, income taxes, and notes and contracts payable, and the reasonableness of capital accounts and revenue and expense accounts.

   g. Testing of revenue and profit recognition, cut off of sales, purchases, cash receipts and disbursements, subsequent events review, and examination of pertinent documentation.

   h. Determining the existence of related party transactions, commitments and contingent liabilities, and appropriate financial statement disclosures.

   Under Item IV on the Certificate of Attest Experience (Public Accounting), it is expected the applicant has written comments, observations, and conclusions resulting from the work performed.

   Under Item V on the Certificate of Attest Experience (Public Accounting), it is expected the applicant has participated in the preparation of and reporting on full disclosure financial statements. The experience required under this item may be fulfilled partially by review services, if adequately supported by workpapers.

-1-
2. Experience Discussion.

The performance of financial statement audits should primarily fulfill the experience requirement. In addition, attest experience may include a combination of:

a. Review services to the extent they comply with the documentation of analytical procedures and the development of expectations as required by the Statements on Standards for Accounting and Review Services. Frequently, only analytical review procedures qualify; however, the scope of work may be extended in selected areas and, thereby, may qualify. Examples include performing analytical review procedures or extending the scope of work in selected areas. Experience obtained in other areas (such as accounting write-up, tax compliance, consultations, forecasting and projections) is not considered qualifying under CBA Regulation, Section 12.5.

b. Other attest services including, but not limited to:
   - Statements on Auditing Standards 70.
   - Agreed-upon procedures.
   - Compliance audits.

c. Compilation services only to the extent preparation of full disclosure financial statements is supported by work papers. Compilation hours obtained after December 31, 2007, are no longer accepted as qualifying attest experience for licensure.

The most frequent problems encountered by applicants with public accounting experience are:

a. Failure to demonstrate and/or document participation in the audit planning process.

b. Limited experience in applying audit procedures and participating in preparing and reporting on full disclosure financial statements. As a result, an applicant has difficulty demonstrating experience with disclosure requirements, financial statement preparation, and Generally Accepted Accounting Principles and Generally Accepted Auditing Standards requirements.

c. Failure to demonstrate a reasonable awareness and understanding of current professional standards.

3. Other Sections of the Certificate of Attest Experience (Public Accounting).

a. Summary of Attest Experience Hours (Part VI of Certificate of Attest Experience [Public Accounting]).

This summary should reflect only hours the applicant spent performing audit procedures pursuant to CBA Regulation, Section 12.5.

Experience in areas such as controllership functions, accounting write-up, tax compliance, consultations, forecasting, and projections, are not considered qualifying under CBA Regulation, Section 12.5.

The specific categories of experience should be completed as follows:

Audit Hours: This section should reflect only those hours spent in the planning and performing of audit procedures or other attest services in an audit engagement, and the hours spent on financial statement preparation.

Review Hours: This section should reflect only those hours spent in the performance of audit-type procedures or other attest services in a review engagement, and the hours spent on financial statement preparation. Frequently, analytical review is the only audit-type procedure performed, unless the scope in selected areas has been expanded, and audit-type procedures have been performed and documented.
Other Attest Hours: This section should reflect only those hours spent in the performance of operational audits, compliance audits, and other audits, as well as performance of agreed-upon procedures of an audit nature. If the predominant qualifying experience is shown in this section, it is probable it will be reviewed by the Qualifications Committee of the CBA.

Compilation Hours: Compilation services only to the extent preparation of full disclosure financial statements is supported by work papers. Compilation hours obtained after December 31, 2007, are no longer accepted as qualifying attest experience for licensure.

b. Certifying an Applicant’s Experience if Obtained in More Than One Office.

If a single Certificate of Attest Experience (Public Accounting) is submitted for an applicant who has obtained experience in more than one office of the same firm, a cover letter also must be submitted furnishing information as to the basis for completing the Certificate of Attest Experience (Public Accounting) for multiple offices. Alternatively, separate Certificates of Attest Experience (Public Accounting) should be submitted by the separate offices. A separate Certificate of Attest Experience (Public Accounting) must be submitted for experience obtained outside the United States regardless of whether it was obtained from the same firm as that obtained in the United States.

c. Responsibility Associated with Signing the Certificate of Attest Experience (Public Accounting).

All California licensees in public practice signing the Certificate of Attest Experience (Public Accounting) are subject to the provisions of the CBA Regulations, Section 69. The signers must carefully review the Certificate of Attest Experience (Public Accounting), evaluate, and judge each applicant’s experience. The signer is certifying, under penalty of perjury, whether in his or her opinion, the applicant has met the attest experience requirements of the CBA for licensure.

If additional information would be helpful in evaluating the applicant’s experience, the CBA encourages an employer to attach an explanatory letter.

CBA Regulation, Section 69 provides that the CBA may require an explanation of any representation made on the Certificate of Attest Experience (Public Accounting) and/or may inspect the documentation relating to an applicant’s fulfillment of the experience requirement.

Under CBA Regulation, Section 69, the CBA expects the documentation in support of affirmative answers on the Certificate of Attest Experience (Public Accounting) to consist of a record of engagements on which an applicant actually performed the attest procedures, the amount of time spent by the applicant on the procedures, and the aggregate amount of time spent on such engagements. Upon request, actual financial statements and supporting workpapers are required to be furnished to the CBA.

d. Current Experience.

In evaluating the experience of an applicant, emphasis is given to recent activities that demonstrate the applicant’s knowledge and application of applicable professional standards. In determining currency, generally the CBA considers experience gained in the last five years. If the experience was gained prior to that time, the CBA will require the applicant to furnish evidence that he or she is knowledgeable of current practice standards and pronouncements of the profession.

e. Worksheet.

The Worksheet for Substantiation of Qualifying Experience Under CBA Regulation, Section 12.5 has been included to assist the applicant and the employer in accumulating information to support the opinions expressed on the Certificate of Attest Experience (Public Accounting). It is not necessary to submit this worksheet with the Certificate of Attest Experience (Public Accounting).
WORKSHEET FOR SUBSTANTIATION OF QUALIFYING EXPERIENCE UNDER CBA REGULATION, SECTION 12.5

EMPLOYER ___________________________ APPLICANT ___________________________

Indicate by working paper reference procedures performed by applicant.

**ENGAGEMENT TYPE**

<table>
<thead>
<tr>
<th>YEAR-END</th>
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<th></th>
</tr>
</thead>
</table>

I. Planning of the audit, including preparation of related working papers.
   1. Obtaining an understanding of the components of internal control, and performing procedures to determine such components are in effect.
   3. Determining materiality and selecting procedures to be performed.

II. Performing a variety of auditing procedures and techniques to transactions and balances in the financial statements that address the relevant assertions. Preparing working papers documenting the work performed, including explanations and comments on the work performed and findings.
   1. Applying appropriate analytical review procedures.
   2. Applying appropriate testing procedures to determine the existence and amounts of:
      a. Cash.
      b. Accounts and notes receivable.
      c. Inventories.
      d. Prepaids, intangibles, and deferred charges.
      e. Property, plant, and equipment.
      f. Notes and contracts payable and long-term debt.
      g. Accounts payable, accrued liabilities, and deferred credits.
      h. Commitments and contingencies.
      i. Income taxes.
      j. Capital and retained earnings.
      k. Revenue recognition, purchases cutoff, other income and expenses, and subsequent events review (including unrecorded liabilities).
      l. Related party transactions, commitments, and contingencies.

III. Preparing working papers in connection with the various elements of I and II, above.

IV. Preparing written explanations and comments on the work performed and its findings.

V. Preparing full disclosure financial statements including, but not limited to:
   1. Accounting principles and policies for significant accounts.
   2. Analyses of accounts and related accounting and disclosures.
   3. Capital accounts and leases.
   4. Income taxes and employee benefits.
   5. Related party transactions, commitments and contingencies, and subsequent events.

Hours spent by applicant on engagement.
(If review, only note CBA Regulation, Section 12.5 audit and financial statement hours.)

Total Hours for engagement.
(If review, only note CBA Regulation, Section 12.5 audit and financial statement hours.)

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PERSONAL INFORMATION COLLECTION AND ACCESS

The information provided in this form will be used by the California Board of Accountancy, to determine qualifications for a Certified Public Accountant License. Sections 5080 through 5095 of the Business and Professions Code authorize the collection of this information. Failure to provide any of the required information is grounds for rejection of the application as being incomplete.

Information provided may be transferred to the Department of Justice, a District Attorney, a City Attorney, or to another government agency as may be necessary to permit the Board, or the transferee agency, to perform its statutory or constitutional duties, or otherwise transferred or disclosed as provided in Civil Code Section 1798.24.

Each individual has the right to review his or her file, except as otherwise provided by the Information Practices Act. Certain information provided may be disclosed to a member of the public, upon request, under the California Public Records Act.

The Executive Officer of the California Board of Accountancy is responsible for maintaining the information in this application, and may be contacted at 2000 Evergreen Street, Suite 250, Sacramento, CA 95815, telephone number (916) 263-3680 regarding questions about this notice or access to records.
Initial Licensing Unit Statistics

<table>
<thead>
<tr>
<th>Individual License Applications</th>
<th>FY 2014/15</th>
<th>FY 2015/16</th>
<th>FY 2016/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>CPA Licensure Applications Received by Type</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Type A</td>
<td>2,417</td>
<td>2,821</td>
<td>2,488</td>
</tr>
<tr>
<td>Type B</td>
<td>168</td>
<td>246</td>
<td>159</td>
</tr>
<tr>
<td>Type C</td>
<td>503</td>
<td>589</td>
<td>348</td>
</tr>
<tr>
<td>Type D</td>
<td>44</td>
<td>45</td>
<td>27</td>
</tr>
<tr>
<td>Type E</td>
<td>26</td>
<td>24</td>
<td>22</td>
</tr>
<tr>
<td>Total Received</td>
<td>3,158</td>
<td>3,725</td>
<td>3,044</td>
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<tr>
<td>Total Approved</td>
<td>2,682</td>
<td>3,470</td>
<td>2,321</td>
</tr>
<tr>
<td>Average Days to Process</td>
<td>24</td>
<td>24</td>
<td>38</td>
</tr>
</tbody>
</table>

| Method of Licensure             |            |            |            |
| Current Requirements – attest   | 245        | 567        | 624        |
| Current Requirements – general  | 742        | 1,610      | 1,604      |
| Pathway 1 – attest              | 182        | 115        | 22         |
| Pathway 1 – general             | 272        | 336        | 61         |
| Pathway 2 – with attest         | 320        | 224        | 6          |
| Pathway 2 – without attest      | 921        | 618        | 4          |

<table>
<thead>
<tr>
<th>Firm License Applications</th>
<th>FY 2014/15</th>
<th>FY 2015/16</th>
<th>FY 2016/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporation</td>
<td></td>
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<tr>
<td>Total Received</td>
<td>272</td>
<td>270</td>
<td>206</td>
</tr>
<tr>
<td>Total Approved</td>
<td>208</td>
<td>228</td>
<td>161</td>
</tr>
<tr>
<td>Average Days to Process</td>
<td>16</td>
<td>15</td>
<td>24</td>
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</table>
California Board of Accountancy
Report on the Activities for the Initial Licensing Unit
As of March 31, 2017

<table>
<thead>
<tr>
<th>Firm License Applications (cont.)</th>
<th>FY 2014/15</th>
<th>FY 2015/16</th>
<th>FY 2016/17</th>
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</thead>
<tbody>
<tr>
<td><strong>Partnership</strong></td>
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<tr>
<td>Total Received</td>
<td>92</td>
<td>87</td>
<td>56</td>
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<tr>
<td>Total Approved</td>
<td>76</td>
<td>72</td>
<td>45</td>
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<tr>
<td>Average Days to Process</td>
<td>16</td>
<td>18</td>
<td>25</td>
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<tr>
<td><strong>Fictitious Name Permit</strong></td>
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<tr>
<td>Total Received</td>
<td>120</td>
<td>157</td>
<td>83</td>
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<tr>
<td>Total Approved</td>
<td>87</td>
<td>132</td>
<td>54</td>
</tr>
<tr>
<td>Average Days to Process</td>
<td>16</td>
<td>13</td>
<td>22</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Customer Service</th>
<th>FY 2014/15</th>
<th>FY 2015/16</th>
<th>FY 2016/17</th>
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<tbody>
<tr>
<td>Telephone Calls Received</td>
<td>22,993</td>
<td>25,772</td>
<td>N/A¹</td>
</tr>
<tr>
<td>Emails Received</td>
<td>14,160</td>
<td>17,947</td>
<td>16,549</td>
</tr>
</tbody>
</table>

| Certifications                   |            |            |            |
| Total Received                   | 1,051      | 991        | 789        |
| Total Processed                  | 1,042      | 788        | 631        |
| Average Days to Process          | 20         | 21         | 30         |

Initial Licensing Unit Highlights

- The Initial Licensing Unit (ILU) recently filled four vacancies. It is presently recruiting to fill an Associate Governmental Program Analyst position.

- The ILU continues to work diligently to process the increased volume of applications received due to the recent change in the ethics study educational requirement, which took effect January 1. We anticipate that the newly hired resources will also assist in bringing the unit back to its target processing timeframe of 30 days.

¹ Telephone calls received are not available at this time due to technical difficulties with obtaining statistics from the CBA phone system. It is anticipated that the ability to report these statistics will resume once the CBA transitions to a new phone system as part of the office relocation in 2017.