

John Stroemer, CPA
15881 Shamrock Drive
Fort Myers, Florida 33912

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Department of Business & Professional Regulation
Division of Certified Public Accounting
Board of Accountancy
Martha Willis, Executive Director
240 NW 76th Drive, Suite A
Gainesville, FL 32607-6835

Dear Martha:

Please consider this letter a request for an opinion from the Board of Accountancy.

1. Complete Statement of Hypothetical Situation

A Partner's wife who is not a CPA has a small bookkeeping company that does write up work and prepares basic tax returns. The Husband is a Partner/CPA in a large full service Business consulting/CPA firm whose client niche is large high end clients with a strong emphasis on attestation services. Both Organizations use engagement letters setting forth the roles and responsibilities for each task. The CPA firm has a criteria for selecting clients and will only accept a client that fits the CPA firm's profile. Part of the CPA firm's profile (philosophy) is not to discount fees. On the other, the non-CPA wife's business has a completely different philosophy that is to perform non-attest services which is comprised of simple bookkeeping services and basic tax returns. The wife has no desire and does not compete with the CPA firm. If a prospective client that fits the CPA firm's profile contacts the non-CPA wife, she refers that prospective client to the CPA firm. From time to time the non-CPA wife may ask the CPA husband to assist her in her business by giving advice, prepare or review tax returns and/or review a bookkeeping financial statement.

2. Specific Question

Can the CPA Husband assist his wife in her business when she asks for help by doing the following?

- 1) Provide advice to her?
- 2) Prepare, review or sign a tax return?
- 3) Review a bookkeeping financial statement?

3. Pertinent Law and Rules

Rule Chapter 61H1-34.001, "Preparation of financial statements by persons other than Certified Public Accountants"

- 1) Rule Chapter 61H1-34.001(1), as provided in section 473.322, F.S> persons other than certified public accountants or certified public accountants on inactive status may prepare financial statements and submit them to others provided that:

- a) Such financial statements are issued without attestation as an expert in accountancy as to the reliability or fairness of the presentation shown therein or expression of an opinion as defined in Rule 61H1-20.002
 - b) Such Financial statements, or reports, transmittal letters or other written communication issued or associated with financial statements, shall not in any manner whatsoever state, show, claim, or imply that the financial statements resulted from an audit examination or review.
 - c) Any report, transmittal letter or other written communication issues with such financial statements, in addition to setting forth an address, salutation and reference to the completion and submission of a tax return, may identify and list the financial statements submitted, state that the financial statements are unaudited or prepared without audit from the records or books of account and state that such financial statements are in agreement or have been reconciled with the tax return.
- 2) The preparation of tax returns by person other than certified public accountants, which is permitted by Section 473.322 F.S. may not include the preparation of financial statements and submission to others except in accordance with the guidelines contained in paragraph (1) above.

Florida statute 473.322, Prohibitions; Penalties

- 1) Florida Statute 473.322(c), a person may not knowingly perform or offer to perform any services described in s 473.302(7)(a) unless such person holds an active licenses under this chapter and is a licensed audit firm or provides such services through a licensed audit firm. This paragraph does not prohibit the performance by persons other than certified public accountants of other services involving the use of accounting skills, including the preparation of tax returns and the preparation of financial statements without expression of opinion thereon.

Rule 61H1-20.0051 Financial Statements

- 1) Rule 61H1-20.0051(1), "Assembled Financial Statements" shall be deemed and construed to mean providing various manual or automated bookkeeping or data processing services the output of which is in the form of financial statements. The function of assembling financial statements includes preparing a working trial balance, assisting in adjusting the books of account, and consulting on accounting matters. The transmittal letter accompanying the assembled financial statements shall be prepared on the licensed audit firm or unlicensed entities letterhead.
- 2) Rule 61H1-20.0051(3), There is provided a specific exemption to 61H1-22.004, F.A.C. for certified public accountants who prepare assembled financial statements if and only if, such assembled financial statements are prepared in accordance 61H1-20.0053, F.A.C.

Rule 61H1-20.0053 Standards for Assembled Financial Statements

- 1) A Certified Public Accountant holding an active license may offer to perform services involving assembled financial statements so long as the Certified Public Accountant complies with the standards for assembled financial statements...

Rule 61H1-22.0086 Standards for Tax Practice

- 1) Rule 61H1-22.0086 allows a licensed certified public accountant to perform tax services as long as the certified public accountant complies with the Statement on Responsibilities in Tax Practice as published by the American Institute of CPAs.

4. Conclusion Drawn

- 1) Rule 61H1-34.001 and Florida statute 473.322(c) was included in this request to substantiate that a non-CPA can provide services for non-attestation financial statements and preparation of tax returns.
- 2) Rule 61H1-20.0051 and Rule 61H1-20.0053 allow an certified public accountant to prepare assembled financial statements, assist in adjusting the books of account, and consult on accounting matters for an unlicensed entity (i.e., non-CPA entity) as long as the certified public accountant complies with the standards under Rule 61H1-20.0053
- 3) Rule 61H1-22.0086 allows a licensed certified public accountant to perform tax services as long as the certified public accountant complies with the Statement on Responsibilities in Tax Practice as published by the American Institute of CPAs.
- 4) Based on the above hypothetical situation there are absolutely no competitive pressures between the two organizations. There is absolutely no conflict of interest between the CPA partner and the CPA firm (his business loyalty and obligation is first to the CPA firm and then he will assist his wife and her entity if asked).

I believe that the CPA husband can assist his wife, when asked to assist her with advice; prepare, review or sign a tax return; or review a bookkeeping financial statement.

Thank you for your time and assistance. Even though I believe my interpretation of the statutes and rules are correct, I want to make sure I do not violate any laws or regulations. I look forward to your response.

Sincerely

John Stroemer, CPA