

APPLICATION FOR A
CPA FIRM PERMIT

STATE BOARD OF CPAs OF LOUISIANA

601 Poydras Street, Suite 1770
New Orleans, Louisiana 70130

Firm No.

Date Issued

Reviewed

Approved

Instructions: A completed original application form with all applicable enclosures must be received in the Board's office at least thirty (30) days prior to a regular meeting to be considered by the Board at that meeting. Regularly scheduled meetings are usually held on the last working days of January, April, July and October. See excerpts of Rules attached. Direct all inquiries to State Board of CPAs (504) 566-1244.

1. Firm name: _____

2. Name of Designated Licensee: _____ CPA Cert. No.: _____ - State: _____

3. Addresses, phone and fax numbers (include street and post office box if applicable):

a. Mailing address:

b. Street/Physical address:

Phone no. (___) _____

Phone no. (___) _____

4. Indicate the firm's form of legal entity (check only one):

- SOLE PRACTICE: ___ Unincorporated ___ Solely owned Professional Corp. ___ Single-member LLC
PARTNERSHIP: ___ Louisiana partnership ___ Out-of-state partnership
L.L.P.: ___ Louisiana LLP ___ Out-of-state LLP (Limited Liability Partnership)
CORPORATION: ___ Professional Corporation - multi-owners
L.L.C. (> 1 member): ___ Louisiana LLC ___ Out-of-state LLC
OTHER: ___ Incorporated CPA or LLC whose firm is a partner/shareholder/member of another firm

- 5. ___ YES ___ NO Will the firm use the title "certified public accountant" or "CPA" in any context?
6. ___ YES ___ NO Are all owners either (i) CPAs licensed by a state board of accountancy, or (ii) individuals who are actively employed in the firm or affiliated entities?
7. ___ YES ___ NO Does the Firm have any affiliated entities that conduct business in Louisiana? If YES, attach list, provide names and ownership percentages. Please refer to enclosed Instructions
8. ___ YES ___ NO Is more than 50% of the financial interest in the firm and more than 50% of the voting rights in the firm owned and controlled by CPA(s) who are individually licensed by a board of accountancy?
9. ___ YES ___ NO Has the firm ever applied for but been denied a permit to practice as a CPA firm in any state? If YES, attach explanation.
10. ___ YES ___ NO Has the firm's registration, license, or permit to practice ever been suspended or revoked in any state? If YES, attach an explanation and a copy of the order or decision.

APPLICATION FOR A CPA FIRM PERMIT (continued):

11. YES NO Will the firm offer or perform engagements involving the issuance of accountant, auditor, other attest reports, or the preparation of client financial statements?

(a) If **NO**, practice will be limited to:

(b) If **YES**, provide name of individual licensee(s) qualified to supervise attest engagements and sign, or authorize the signing of, reports on financial statements on behalf of the firm (such licensees must comply with AICPA Quality Control Standards): _____

(c) If **YES**, provide estimates of the number of engagements for the first year of operation:

| <u>Attest Service</u> | <u>Total Engagements</u> | <u>Totals for LA clients (if different)</u> |
|--|--------------------------|---|
| Compilations: | _____ | _____ |
| Reviews: | _____ | _____ |
| Audits (non-govt.): | _____ | _____ |
| Govt. audits: | _____ | _____ |
| Client financial statements: | _____ | _____ |
| SSAE engagements: | _____ | _____ |
| Other SAS reports or special reports, describe: | _____ | _____ |

(d) If **YES**, your firm provides the above attest services, the firm must enroll in Peer Review. Indicate which program will your firm participate in:

AICPA Peer Review Program through a state CPA Society* -or- AICPA National Peer Review Program

* _____ Name of state. [Indicate which state CPA Society program.]

12. Items required to be submitted with application form as applicable, enclosed:

YES N/A

(A) A sample of each and every letterhead that will be used in Louisiana, **if not enclosed, explain:**

(B) List of any other firm offices in Louisiana [not shown in item (3.)] with firm name, address, and resident licensee.

(C) List of **all** partners/shareholders/LLC members or managers (if firm is a partnership, corp., LLP, or LLC) and disclose on the list:
 (1) for **each CPA owner**, indicate the state in which the CPA is licensed as a CPA
 (2) for each **CPA and non-CPA owner**, disclose whether the individual is actively employed in the firm, and/or an affiliate of the firm and the name of the affiliate

(D) (1) Provide total percentages held by licensed CPA owners of each of the following:
 (a) owners' equity
 (b) owners' financial interest (include equity; loans and advances to the firm; guarantees on behalf of the firm; etc.)
 (c) voting rights in the firm
 (2) Provide the above percentages held by non-CPA owners.

(E) List of states in which the firm has a firm license, permit or registration.

13. Enclose a check for payment of \$100 application fee (*payable to: State Board of CPAs of Louisiana*).

14. All information is true, complete and correct to the best of my knowledge and belief. I confirm that the State Board of CPAs of Louisiana will be notified in writing within 30 days of changes as required by the Louisiana Accountancy Act (LAA) and Board Rules. I also confirm, as designated licensee for the firm, that the firm and its owners will comply with all LAA requirements, Board Rules and regulations.

 CPA Signature of CPA Firm Designated Licensee

 Date

Title 46 - PROFESSIONAL AND OCCUPATIONAL STANDARDS

Part XIX. Certified Public Accountants

§1707. Other Responsibilities and Practices

EXCERPTS RELATED TO FIRM PERMIT

[Item 1. Firm name]

D. Firm Name

1. The name under which a licensee practices public accounting must indicate clearly whether he is an individual practicing in his own name or a named member of a firm. If the name includes the designation "and Company" or "and Associates" or "Group" or abbreviations thereof, there must be at least two licensees involved in the practice, who may be either partners, shareholders, members or employees of the firm. However, names of one or more past partners, shareholders, or members may be included in the firm name of a successor firm.

2. A partner, member or shareholder surviving the death or withdrawal of all other partners, members or shareholders may continue to practice under the partnership or corporate name for up to two years after becoming a sole practitioner, sole member or sole shareholder.

3. A CPA firm name is misleading within the meaning of R.S. 37:83.G if, among other things:

- a. the CPA firm name implies the existence of a corporation when the firm is not a corporation; or
- b. the CPA firm name includes the name of a person who is not a CPA.

4. A firm name not consisting of the names of one or more present or former partners, members, or shareholders may not be used by a CPA firm unless such name has been approved by the board as not being false or misleading.

[Item 7. *Affiliated entities* -- The terms "affiliate" or "affiliated entities" refer to any entity related to or affiliated by ownership to the CPA firm and/or its owners, which offer in Louisiana or to Louisiana clients *professional services or products* related to the skills associated with CPAs, i.e., accounting, financial reporting, tax, finance, investment advice or financial planning, management advisory, or consultation. See the excerpt below regarding *Affiliated Entities*.]

B. Acting Through Others.

...

2. Acting through an affiliated entity (an entity that is related to or affiliated by ownership to the CPA firm and/or its owners) that has a similar name. On and after January 1, 2008, a CPA firm shall not affiliate with an entity that has a similar name unless:

- a. the affiliated entity is owned in accordance with §1707.B.2.e.i, or has been issued a firm permit by the board pursuant to §1707.B.2.e.ii., or

- b. the CPA firm has entered into a written agreement with the board pursuant to §1707.B.2.e.ii;

- c. a CPA firm seeking issuance, renewal, or reinstatement of a firm permit, to be effective on and after January 1, 2008 shall, as a condition thereof, satisfy the requirements of this Paragraph §1707.B.2;

- d. affiliated entities for purpose of this rule refers to entities which offer to clients or the public professional services or products related to the skills associated with CPAs. Conversely, entities that offer services or products that do not relate to matters of accounting and financial reporting, tax, finance, investment advice or financial planning, management, or consultation are excluded;

e. depending on the ownership structure, an affiliated entity may be required to obtain a firm permit in order to use a similar name which indicates that the CPA or CPA firm is providing services through the affiliated entity. A similar name is one that contains one or more names, or initials of the names, or reference to that/those names that are included in a CPA firm applying for or currently holding a firm permit, or one tending to indicate that such firm is a CPA firm:

i. affiliated entities wholly owned either by the owners of the CPA firm, on the same basis as the CPA firm is owned, or directly by the CPA firm may use a similar name and would not be required to obtain a firm permit;

ii. affiliated entities that are majority-owned (not wholly owned) by the owners of the CPA firm or by the CPA firm, or that are wholly owned but in different percentages are required to obtain a firm permit if the affiliated entity uses a similar name. If the affiliated entity does not qualify for a firm permit under R.S. 37:77, the CPA firm (i.e., one that does hold a firm permit) must enter into a written agreement with and acceptable to the board that sets forth that the CPA firm is responsible to the board for the actions of the affiliated entity and its owners;

iii. if the CPA firm and/or its owners (whether individually CPA licensed or not) own 50 percent or less of the other affiliated entity, a similar name may not be used for the affiliated entity;

f. under R.S. 37:77(C), a majority of the ownership of a CPA firm (in terms of financial interests and voting rights of all partners, officers, shareholder, members, or managers) must belong to holders of valid licenses. Thus an unlicensed "holding company" cannot own a majority or 100 percent of a CPA firm. Therefore, such a "holding company" would have to apply for a CPA firm permit and qualify as such. The holding company and the CPA firm must both be registered as firms with the board even though the holding company will not directly offer services to clients. If the holding company does not otherwise meet the requirements to be licensed (e.g., the requirements that a majority ownership interest is held by licensees; the owners must be active in the firm or affiliates; and, the name must not be misleading) then such a firm structure would not be permissible.

...

[Item 11.d. Peer Review -- Louisiana firms that perform attest services must enroll in the LCPA administered AICPA Peer Review program; out of state firms may enroll in their state society's administered program; or, a firm may opt to enroll in the National Peer Review Program administered by the AICPA]

§1503. Peer Review and Practice Monitoring Programs

A. The board hereby requires participation in an approved peer review program for the inspection, examination and review of the quality of the accounting and auditing practice, the engagements, and related attest documentation developed by licensees in connection with the performance of any or all attest services. The purpose of this requirement is to improve the quality of financial reporting and to assure that the public can rely on the fairness of presentation of financial information on which CPA firms issue reports.

1. Each licensee or CPA firm, which performs attest services (e.g. compilations, reviews, audits, agreed upon procedures, projections or forecasts) in Louisiana, shall at its own expense undergo and complete a peer review that has been accepted by the administering entity at least once each three years, and have its initial peer review in accordance with standards not less stringent than the AICPA Standards for Performing and Reporting on Peer Reviews.

2. Peer reviews shall be administered by the Society of Louisiana Certified Public Accountants (LCPA) or by another board approved administering entity or sponsoring organization, such as, a state society of CPAs, the National Peer Review Committee, or state board of accountancy program with standards substantially equivalent to the AICPA's standards.