

**2001 DRAFTING REQUEST**

**Bill**

Received: 02/15/2002

Received By: jkreye

Wanted: Soon

Identical to LRB:

For: Brian Burke (608) 266-8535

By/Representing: tanya

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Addl. Drafters:

Subject: Occupational Reg. - misc

Extra Copies: PG  
MDK

Submit via email: YES

Requester's email: Sen.Burke@legis.state.wi.us

Carbon copy (CC:) to: Tanya.Bjork@legis.state.wi.us

---

**Pre Topic:**

No specific pre topic given

---

**Topic:**

Prohibit accountants from performing substantial consulting services for clients that they also perform accounting services for

---

**Instructions:**

See Attached

---

**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/P1	jkreye 02/18/2002	gilfokm 02/18/2002	jfrantze 02/18/2002	_____	lrb_docadmin 02/18/2002	<del>_____</del> <del>02/18/2002</del>	
	jkreye 02/26/2002	gilfokm 02/26/2002		_____			
/1			rschluet	_____	lrb_docadmin	lrb_docadmin	

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
			02/26/2002 _____		02/26/2002	02/26/2002	

FE Sent For:

<END>

↳ Not  
Needed

**2001 DRAFTING REQUEST**

**Bill**

Received: **02/15/2002**

Received By: **jkreye**

Wanted: **Soon**

Identical to LRB:

For: **Brian Burke (608) 266-8535**

By/Representing: **tanya**

This file may be shown to any legislator: **NO**

Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Occupational Reg. - misc**

Extra Copies: **PG  
MDK**

Submit via email: **YES**

Requester's email: **Sen.Burke@legis.state.wi.us**

Carbon copy (CC:) to: **Tanya.Bjork@legis.state.wi.us**

**Pre Topic:**

No specific pre topic given

**Topic:**

Prohibit accountants from performing substantial consulting services for clients that they also perform accounting services for

**Instructions:**

See Attached

*JACKET /1*

**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>
/P1	jkreye 02/18/2002	gilfokm 02/18/2002	jfrantze 02/18/2002	_____	lrb_docadmin 02/18/2002

FE Sent For:

*1-2/26  
Kmg*

*SS  
<END>  
2-26-2*

*wants jacketed... can you please change this to a /1 instead of a Pdraft? Thnx!*

2001 DRAFTING REQUEST

Bill

Received: 02/15/2002

Received By: jkreye

Wanted: Soon

Identical to LRB:

For: Brian Burke (608) 266-8535

By/Representing: tanya

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Addl. Drafters:

Subject: Occupational Reg. - misc

Extra Copies: PG MDK

Submit via email: YES

Requester's email: Sen.Burke@legis.state.wi.us

Carbon copy (CC:) to: Tanya.Bjork@legis.state.wi.us

Pre Topic:

No specific pre topic given

Topic:

Prohibit accountants from perform<sup>ring</sup> substantial consulting services for clients that they also perform accounting services for

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
1?	jkreye	1/01-2/18 KMG	2/18	2/18 J/Ch			

FE Sent For:

<END>

Kunkel, Mark

dr. 442

From: Marchant, Robert  
Sent: Friday, February 15, 2002 10:13 AM  
To: Kunkel, Mark  
Subject: FW: bill draft

Mark--

I don't do anything with regard to certified public accountants. Would this request be of the reg and licensing variety?

Rob

-----Original Message-----

From: Bjork, Tanya  
Sent: Friday, February 15, 2002 10:04 AM  
To: Marchant, Robert  
Subject: bill draft

Below is a bill the MN House introduced last week in response to the Arthur Andersen/Enron thing. Senator Burke would like to have a similar bill drafted to apply to WI. Would you be the person to do it?

H.F No. 3405, as introduced: 82nd Legislative Session (2001-2002) Posted on Feb 13, 2002

1.1 A bill for an act  
1.2 relating to professions; providing a limitation on CPA  
1.3 relationships; amending Minnesota Statutes 2000,  
1.4 section 326.211, by adding a subdivision; Minnesota  
1.5 Statutes 2001 Supplement, section 326A.10.  
1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:  
1.7 Section 1. Minnesota Statutes 2000, section 326.211, is  
1.8 amended by adding a subdivision to read:  
1.9 Subd. 11. [LIMITATION ON RELATIONSHIPS.] (a) No CPA or  
1.10 firm shall practice public accounting for a client if the CPA or  
1.11 firm, or any affiliate thereof, has performed or been engaged to  
1.12 perform substantial consulting services for the client.  
1.13 (b) For purposes of this subdivision, the following terms  
1.14 have the meanings given:  
1.15 (1) "affiliate" of a CPA or firm means any person directly  
1.16 or indirectly controlling, controlled by, or under common  
1.17 control with the CPA or firm;  
1.18 (2) "substantial consulting services" means services for  
1.19 which more than \$10,000 is billed;  
1.20 (3) "client" means (i) any entity that has issued or issues  
1.21 securities that are required to be registered with the  
1.22 commissioner of commerce pursuant to chapter 80A, that are  
1.23 traded publicly on any national stock exchange, and/or that are  
1.24 required to be registered pursuant to the Securities Exchange  
1.25 Act of 1934 (United States Code, title 15, section 78, et seq.),  
2.1 or the Securities Act of 1933 (United States Code, title 15,  
2.2 section 77, et seq.); or (ii) any nonprofit corporation with  
2.3 assets in excess of \$5,000,000 or with annual gross revenue,  
2.4 including gifts, in excess of \$5,000,000;  
2.5 (4) "firm" means an entity of CPAs organized as a CPA  
2.6 partnership, professional corporation, professional liability  
2.7 company, or professional limited liability partnership; and  
2.8 (5) "public accounting" means expressing opinions on  
2.9 financial statements for credit purposes, for use in courts or  
2.10 for other purposes involving third parties.  
2.11 (c) This subdivision expires January 1, 2003.  
2.12 Sec. 2. Minnesota Statutes 2001 Supplement, section

2.13 326A.10, is amended to read:

2.14 326A.10 [UNLAWFUL ACTS.]

2.15 (a) Only a licensee may issue a report on financial  
2.16 statements of any person, firm, organization, or governmental  
2.17 unit that results from providing attest services, or offer to  
2.18 render or render any attest service. Only a certified public  
2.19 accountant, a CPA firm, or, to the extent permitted by board  
2.20 rule, a person registered under section 326A.06, paragraph (b),  
2.21 may issue a report on financial statements of any person, firm,  
2.22 organization, or governmental unit that results from providing  
2.23 compilation services or offer to render or render any  
2.24 compilation service. These restrictions do not prohibit any act  
2.25 of a public official or public employee in the performance of  
2.26 that person's duties or prohibit the performance by any  
2.27 nonlicensee of other services involving the use of accounting  
2.28 skills, including the preparation of tax returns, management  
2.29 advisory services, and the preparation of financial statements  
2.30 without the issuance of reports on them. Nonlicensees may  
2.31 prepare financial statements and issue nonattest transmittals or  
2.32 information on them which do not purport to be in compliance  
2.33 with the Statements on Standards for Accounting and Review  
2.34 Services (SSARS). Nonlicensees registered under section  
2.35 326A.06, paragraph (b), may, to the extent permitted by board  
2.36 rule, prepare financial statements and issue nonattest  
3.1 transmittals or information on them.

3.2 (b) Licensees performing attest or compilation services  
3.3 must provide those services in accordance with professional  
3.4 standards. To the extent permitted by board rule, registered  
3.5 accounting practitioners performing compilation services must  
3.6 provide those services in accordance with standards specified in  
3.7 board rule.

3.8 (c) A person who does not hold a valid certificate issued  
3.9 under section 326A.04 shall not use or assume the title  
3.10 "certified public accountant," the abbreviation "CPA," or any  
3.11 other title, designation, words, letters, abbreviation, sign,  
3.12 card, or device tending to indicate that the person is a  
3.13 certified public accountant.

3.14 (d) A firm shall not provide attest services or assume or  
3.15 use the title "certified public accountants," the abbreviation  
3.16 "CPAs," or any other title, designation, words, letters,  
3.17 abbreviation, sign, card, or device tending to indicate that the  
3.18 firm is a CPA firm unless (1) the firm holds a valid permit  
3.19 issued under section 326A.05, and (2) ownership of the firm is  
3.20 in accordance with this chapter and rules adopted by the board.

3.21 (e) A person or firm that does not hold a valid certificate  
3.22 or permit issued under section 326A.04 or 326A.05 shall not  
3.23 assume or use the title "certified accountant," "chartered  
3.24 accountant," "enrolled accountant," "licensed accountant,"  
3.25 "registered accountant," "accredited accountant," "accounting  
3.26 practitioner," "public accountant," "licensed public  
3.27 accountant," or any other title or designation likely to be  
3.28 confused with the title "certified public accountant," or use  
3.29 any of the abbreviations "CA," "LA," "RA," "AA," "PA," "AP,"  
3.30 "LPA," or similar abbreviation likely to be confused with the  
3.31 abbreviation "CPA." The title "enrolled agent" or "EA" may only  
3.32 be used by individuals so designated by the Internal Revenue  
3.33 Service.

3.34 (f) Persons registered under section 326A.06, paragraph  
3.35 (b), may use the title "registered accounting practitioner" or  
3.36 the abbreviation "RAP." A person who does not hold a valid  
4.1 registration under section 326A.06, paragraph (b), shall not  
4.2 assume or use such title or abbreviation.

4.3 (g) Except to the extent permitted in paragraph (a),  
4.4 nonlicensees may not use language in any statement relating to  
4.5 the financial affairs of a person or entity that is  
4.6 conventionally used by licensees in reports on financial  
4.7 statements. In this regard, the board shall issue by rule safe

4.8 harbor language that nonlicensees may use in connection with  
4.9 such financial information. A person or firm that does not hold  
4.10 a valid certificate or permit, or a registration issued under  
4.11 section 326A.04, 326A.05, or 326A.06, paragraph (b), shall not  
4.12 assume or use any title or designation that includes the word  
4.13 "accountant" or "accounting" in connection with any other  
4.14 language, including the language of a report, that implies that  
4.15 the person or firm holds such a certificate, permit, or  
4.16 registration or has special competence as an accountant. A  
4.17 person or firm that does not hold a valid certificate or permit  
4.18 issued under section 326A.04 or 326A.05 shall not assume or use  
4.19 any title or designation that includes the word "auditor" in  
4.20 connection with any other language, including the language of a  
4.21 report, that implies that the person or firm holds such a  
4.22 certificate or permit or has special competence as an auditor.  
4.23 However, this paragraph does not prohibit any officer, partner,  
4.24 member, manager, or employee of any firm or organization from  
4.25 affixing that person's own signature to any statement in  
4.26 reference to the financial affairs of such firm or organization  
4.27 with any wording designating the position, title, or office that  
4.28 the person holds, nor prohibit any act of a public official or  
4.29 employee in the performance of the person's duties as such.

4.30 (h) No person holding a certificate or registration or firm  
4.31 holding a permit under this chapter shall use a professional or  
4.32 firm name or designation that is misleading about the legal form  
4.33 of the firm, or about the persons who are partners, officers,  
4.34 members, managers, or shareholders of the firm, or about any  
4.35 other matter. However, names of one or more former partners,  
4.36 members, managers, or shareholders may be included in the name  
5.1 of a firm or its successor.

5.2 (i) Paragraphs (a) to (h) do not apply to a person or firm  
5.3 holding a certification, designation, degree, or license granted  
5.4 in a foreign country entitling the holder to engage in the  
5.5 practice of public accountancy or its equivalent in that  
5.6 country, if:

5.7 (1) the activities of the person or firm in this state are  
5.8 limited to the provision of professional services to persons or  
5.9 firms who are residents of, governments of, or business entities  
5.10 of the country in which the person holds the entitlement;

5.11 (2) the person or firm performs no attest or compilation  
5.12 services and issues no reports with respect to the financial  
5.13 statements of any other persons, firms, or governmental units in  
5.14 this state; and

5.15 (3) the person or firm does not use in this state any title  
5.16 or designation other than the one under which the person  
5.17 practices in the foreign country, followed by a translation of  
5.18 the title or designation into English, if it is in a different  
5.19 language, and by the name of the country.

5.20 (j) No holder of a certificate issued under section 326A.04  
5.21 may perform attest services through any business form that does  
5.22 not hold a valid permit issued under section 326A.05.

5.23 (k) No individual licensee may issue a report in standard  
5.24 form upon a compilation of financial information through any  
5.25 form of business that does not hold a valid permit issued under  
5.26 section 326A.05, unless the report discloses the name of the  
5.27 business through which the individual is issuing the report, and  
5.28 the individual:

5.29 (1) signs the compilation report identifying the individual  
5.30 as a certified public accountant;

5.31 (2) meets the competency requirement provided in applicable  
5.32 standards; and

5.33 (3) undergoes no less frequently than once every three  
5.34 years, a peer review conducted in a manner specified by the  
5.35 board in rule, and the review includes verification that the  
5.36 individual has met the competency requirements set out in  
6.1 professional standards for such services.

6.2 (1) No person registered under section 326A.06, paragraph

6.3<sup>b</sup> (b), may issue a report in standard form upon a compilation of  
6.4 financial information unless the board by rule permits the  
6.5 report and the person:  
6.6 (1) signs the compilation report identifying the individual  
6.7 as a registered accounting practitioner;  
6.8 (2) meets the competency requirements in board rule; and  
6.9 (3) undergoes no less frequently than once every three  
6.10 years a peer review conducted in a manner specified by the board  
6.11 in rule, and the review includes verification that the  
6.12 individual has met the competency requirements in board rule.  
6.13 (m) Nothing in this section prohibits a practicing attorney  
6.14 or firm of attorneys from preparing or presenting records or  
6.15 documents customarily prepared by an attorney or firm of  
6.16 attorneys in connection with the attorney's professional work in  
6.17 the practice of law.  
6.18 (n) Notwithstanding other provisions of this section,  
6.19 persons preparing unaudited financial statements under  
6.20 corresponding provisions of prior law shall be permitted to  
6.21 perform compilation services until six months after the board  
6.22 adopts rules under section 326A.06.  
6.23 (o) No licensee or CPA firm shall issue a report on  
6.24 financial statements that results from performing attest  
6.25 services for a client if the licensee or CPA firm, or any  
6.26 affiliate thereof, has performed or been engaged to perform  
6.27 substantial consulting services for the client during the period  
6.28 of time reported upon. For purposes of this paragraph, the  
6.29 following terms have the meanings given:  
6.30 (1) "affiliate" of a licensee or CPA firm means any person  
6.31 directly or indirectly controlling, controlled by, or under  
6.32 common control with the licensee or CPA firm;  
6.33 (2) "substantial consulting services" means services for  
6.34 which more than \$10,000 is billed;  
6.35 (3) "client" means (i) any entity that has issued or issues  
6.36 securities that are required to be registered with the  
7.1 commissioner of commerce pursuant to chapter 80A, that are  
7.2 traded publicly on any national stock exchange, and/or that are  
7.3 required to be registered pursuant to the Securities Exchange  
7.4 Act of 1934 (United States Code, title 15, section 78, et seq.),  
7.5 or the Securities Act of 1933 (United States Code, title 15,  
7.6 section 77, et seq.); or (ii) any nonprofit corporation with  
7.7 assets in excess of \$5,000,000 or with annual gross revenue,  
7.8 including gifts, in excess of \$5,000,000; and  
7.9 (4) "attest" has the meaning given in section 326A.01,  
7.10 subdivision 2, clause (1).  
7.11 **[EFFECTIVE DATE.]** This section is effective January 1, 2003.



JK:....  
*king*

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

*in 2-18-02*

*due Wed. 2-20*

*D-N*

*Fix Request Sheet*

*gen. acct.*

1 AN ACT relating to: opinions and reports issued by certified public  
2 accountants concerning a client's financial statements.

**Analysis by the Legislative Reference Bureau**

This is a preliminary draft. An analysis will be provided in a later version.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

*as created by Wisconsin Act 16,*

3 SECTION 1. 442.001 (1) of the statutes is renumbered 442.001 (1m).

4 SECTION 2. 442.001 (1d) of the statutes is created to read:

5 442.001 (1d) "Affiliate of a firm" means any person who directly or indirectly  
6 controls, is controlled by, or is under common control with, a firm.

7 SECTION 3. 442.11 (14) of the statutes is created to read:

8 442.11 (14) Beginning on the effective date of this subsection .... [revisor inserts  
9 date], as a certified public accountant, employee of a certified public accountant,  
10 member of a firm licensed under s. 442.08 (2), or affiliate of a firm licensed under s.

1 442.08 (2), expresses an opinion about any financial statement of a client to someone  
2 other than the client, if such certified public accountant, employee, member, or  
3 affiliate performs or has performed consulting services for the client; the total value  
4 of the consulting services exceeds \$10,000; and the client issues or has issued  
5 securities or, if the client is a nonprofit entity, either the client's assets exceed  
6 \$5,000,000 or the client's annual <sup>federal</sup> gross revenue, including gifts, exceeds \$5,000,000.

7 This subsection does not apply after December 31, 2002.

8 SECTION 4. 442.11 (15) of the statutes is created to read:

9 442.11 (15) Beginning on January 1, 2003, as a certified public accountant,  
10 employee of a certified public accountant, member of a firm licensed under s. 442.08  
11 (2), or affiliate of a firm licensed under s. 442.08 (2), issues a report on financial  
12 statements that results from performing attest services for a client, if, during the  
13 period addressed by the report, such certified public accountant, employee, member,  
14 or affiliate performs or has performed consulting services for the client; the total  
15 value of the consulting services exceeds \$10,000; and the client issues or has issued  
16 securities or, if the client is a nonprofit entity, the client's assets exceed \$5,000,000  
17 or the client's annual gross revenue, including gifts, exceeds \$5,000,000.

18 (END)

*federal*

**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-4950/P1dn

JK:.....



February 18, 2002

Senator Burke:

Please review this draft carefully to ensure that it is consistent with your intent. The bill, like the Minnesota legislation, creates two prohibitions. The first prohibits a certified public accountant from expressing opinions about the financial statements of a person for whom the accountant performs consulting services. This prohibition, however, does not apply after December 31, 2002. The second prohibition prohibits a certified public accountant from issuing reports about the financial statements of a person for whom the accountant performs consulting services. The second prohibition takes affect on January 1, 2003. I am not sure why the Minnesota legislation treats "opinions" and "reports" separately and why the first prohibition sunsets. Please contact me if you have any questions.

Joseph T. Kreye  
Legislative Attorney  
Phone: (608) 266-2263  
E-mail: joseph.kreye@legis.state.wi.us

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-4950/P1dn  
JK.king:jf

February 18, 2002

Senator Burke:

Please review this draft carefully to ensure that it is consistent with your intent. The bill, like the Minnesota legislation, creates two prohibitions. The first prohibits a certified public accountant from expressing opinions about the financial statements of a person for whom the accountant performs consulting services. This prohibition, however, does not apply after December 31, 2002. The second prohibition prohibits a certified public accountant from issuing reports about the financial statements of a person for whom the accountant performs consulting services. The second prohibition takes effect on January 1, 2003. I am not sure why the Minnesota legislation treats "opinions" and "reports" separately and why the first prohibition sunsets. Please contact me if you have any questions.

Joseph T. Kreye  
Legislative Attorney  
Phone: (608) 266-2263  
E-mail: joseph.kreye@legis.state.wi.us

JK

**Beam, Laura**

---

**From:** Hudzinski, Nicole  
**Sent:** Monday, February 25, 2002 5:01 PM  
**To:** LRB.Legal  
**Subject:** LRB 4950/1

Please jacket LRB 4950/1 for senate introduction and send it to Senator Burke's office when it is ready (room 317 East). Any questions please call 6-8535.

Thank you,  
Nicole Hudzinski



State of Wisconsin  
2001 - 2002 LEGISLATURE

LRB-4950/P1

JK:kmg:jf

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

RM  
not R

in 2-26-02

TODAY

INSERT A

1 AN ACT to renumber 442.001 (1); and to create 442.001 (1d), 442.11 (14) and  
2 442.11 (15) of the statutes; relating to: opinions and reports issued by certified  
3 public accountants concerning a client's financial statements.

*Analysis by the Legislative Reference Bureau*

~~This is a preliminary draft. An analysis will be provided in a later version.~~

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

4 SECTION 1. 442.001 (1) of the statutes, as created by Wisconsin Act 16, is  
5 renumbered 442.001 (1m).

6 SECTION 2. 442.001 (1d) of the statutes is created to read:  
7 442.001 (1d) "Affiliate of a firm" means any person who directly or indirectly  
8 controls, is controlled by, or is under common control with, a firm.

9 SECTION 3. 442.11 (14) of the statutes is created to read:  
10 442.11 (14) Beginning on the effective date of this subsection .... [revisor inserts  
11 date], as a certified public accountant, employee of a certified public accountant,

1 member of a firm licensed under s. 442.08 (2), or affiliate of a firm licensed under s.  
2 442.08 (2), expresses an opinion about any financial statement of a client to someone  
3 other than the client, if such certified public accountant, employee, member, or  
4 affiliate performs or has performed consulting services for the client; the total value  
5 of the consulting services exceeds \$10,000; and the client issues or has issued  
6 securities<sup>y</sup> or, if the client is a nonprofit entity, either the client's assets exceed  
7 \$5,000,000 or the client's annual federal gross revenue, including gifts, exceeds  
8 \$5,000,000. This subsection does not apply after December 31, 2002.

9 SECTION 4. 442.11 (15) of the statutes is created to read:

10 442.11 (15) Beginning on January 1, 2003, as a certified public accountant,  
11 employee of a certified public accountant, member of a firm licensed under s. 442.08  
12 (2), or affiliate of a firm licensed under s. 442.08 (2), issues a report on financial  
13 statements that results from performing attest services for a client, if, during the  
14 period addressed by the report, such certified public accountant, employee, member,  
15 or affiliate performs or has performed consulting services for the client; the total  
16 value of the consulting services exceeds \$10,000; and the client issues or has issued  
17 securities<sup>y</sup> or, if the client is a nonprofit entity, the client's assets exceed \$5,000,000  
18 or the client's annual federal gross revenue, including gifts, exceeds \$5,000,000.

19 (END)

*, as defined in s. 551.02 (13),*

2001-2002 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-4950/P1ins  
JK:kmg:jf

Insert A ✓

This bill prohibits a certified public accountant (CPA), a CPA's employee, and an accounting firm from expressing an opinion about any financial statement of a client to someone other than the client, if the CPA, employee, or firm performs consulting services for the client; the total value of the consulting services exceeds \$10,000; and the client issues securities or, if the client is a nonprofit entity, either the client's assets exceed \$5,000,000 or the client's annual federal gross revenue, including gifts, exceeds \$5,000,000. The prohibition, ~~however, ends on January 1, 2003.~~ *does not apply after December 31, 2002*

Beginning on January 1, 2003, the bill also prohibits a CPA, a CPA's employee, and an accounting firm from issuing a report on financial statements that results from performing attest services for a client, if, during the period addressed by the report, the CPA, employee, or firm performs consulting services for the client; the total value of the consulting services exceeds \$10,000; and the client issues securities or, if the client is a nonprofit entity, either the client's assets exceed \$5,000,000 or the client's annual federal gross revenue, including gifts, exceeds \$5,000,000. Under current law, "attest services" includes an audit, a review of financial statements, and an examination of prospective financial information, if all such services are performed according to rules established by the accounting examining board.

**End of Insert A**