



## Firm Registration FAQ's

May, 2011

**Q: What is a CPA firm?**

A: A CPA firm is a separate legal entity organized for the purpose of practicing public accounting and under the supervision of at least one person who holds a certificate to practice public accounting as a certified public accountant. This includes the following entities as registered with the Secretary of State: professional corporation (including S-Corporations); limited liability company; or partnership including limited partnership, limited liability partnership, foreign limited partnership, and foreign limited liability partnership.

**Q: When do I need to register my firm?**

A: Firms must submit a complete application and applicable fee to NASBA Licensing Services within 30 days of registering with the Secretary of State. Firms cannot legally practice until its registration from the Board of Accountancy is approved.

**Q: How do I register my firm?**

A: Submit your application for an initial firm registration through [www.nasba.org](http://www.nasba.org). NASBA Licensing Services processes applications for initial registration for the State of Colorado.

**Q: Where can I find information or requirements regarding firm registration?**

A: By going to [Section 12-2-117, C.R.S.](#) which has information and requirements regarding firm registration.

**Q: Do I need to renew my firm registration?**

A: Yes. Firm registrations need to be renewed every three years. Starting with the 2011 renewal cycle, the expiration date is changed from May 31<sup>st</sup> every three years to August 31<sup>st</sup> every three years. If you renew or obtain an original license during this current cycle you will be issued a registration that is good until August 31, 2014. From then on your firm registration will expire on August 31<sup>st</sup> every three years.

**Q: Does having a firm registration take the place of my individual CPA license?**

A: No. They are two separate certificates and you are required to maintain both.

**Q: What if I am a sole proprietor?**

A: A CPA firm can be comprised of one or more CPAs. If you are a sole proprietor of a separate legal entity then you are required to register your firm.

**Q: What if the firm was created before I was a CPA?**

A: If you are practicing public accounting, you are required to register your firm as soon as you obtain your CPA license as you are now operating a public accounting firm comprised of one or more CPAs.

**Q: What if I just do tax or bookkeeping services and no attest or audit work?**

A: Regardless of the type of accounting services that you provide, if you are a CPA and are operating a separate legal entity that is in the practice of public accounting then you are required to register the firm.

**Q: Are there restrictions on what name I can use for my firm?**

A: Yes, the firm name cannot be misleading, must be in compliance with Colorado Law, and must clearly indicate that the individual or entity is engaged in the Practice of Public Accounting. Further information can be found in [Rule 9.12](#) and in [Section 12-2-117, C.R.S.](#)

**Q: Can I use the name of former owners?**

A: Yes. You may use the name of current, retired, or deceased owners.

**Q: Can I use "& associates" or "& company" in my firm name?**

A: Yes, if you have employees, professional associates, or contractual relationships with other professionals. You will be required to list these people on your application for registration.

**Q: Can I use "CPAs" in my firm name?**

A: In order for the name to not be misleading, you may use "CPAs" only if the firm is comprised of more than one actively licensed CPA. You will be required to list them on the firm registration application.

**Q: Can a non-CPA own a CPA firm?**

A: Non-CPAs may hold **minority** ownership in a Colorado CPA firm. The **majority** ownership must be held by a CPA, or group of CPAs licensed in some state. The majority ownership may also be held by another CPA firm in compliance with Section 12-2-117, C.R.S. Majority ownership is determined by the financial interests and voting rights of all the partners, officers, shareholders, members, or managers.

**Q: What is the "responsible party"?**

A: One partner, shareholder or member of the firm who is also an actively licensed CPA in good standing in Colorado must be designated as the responsible party. This person serves as the main contact and responsible party for the firm.

**Q: Can the Firm have a responsible party that has an inactive, retired, lapsed, or revoked Colorado CPA license?**

A: No. The responsible party must have an active Colorado CPA license.

**Q: What if changes occur in my firm? How long do I have to notify the Board and what changes do I need to notify them about?**

A: Within 30 days you must notify the Board of the following changes:

- a) Address or location changes
- b) Addition or deletion of places of business
- c) Termination of a firm
- d) Changes in the composition or legal structure of the firm
- e) Changes in the firm name
- f) Changes in the Responsible Party for the firm
- g) Change in ownership including names of any partner, principal, shareholder, or member

**Q: How long do I have to notify the Board of changes that occur in my firm?**

A: Within 30 days, you must notify the Board of changes. See the list above for those items.

**Q: How do I notify the Board about the changes?**

A: If you are reporting a change in firm name, entity type, or ownership you must use a [Firm Amendment form](#). Other changes can be sent to the Board from and signed by the responsible party on firm letterhead.

**Q: Are there other events that I need to notify the Board of?**

A: Possibly. See [Rule 9.14](#) which discusses required disclosures by Certificate holders and Firms.

**Q: What if my firm is delinquent with the Secretary of State?**

A: Pursuant to section 12-2-117(3), C.R.S., you must be in compliance with the "Colorado Business Corporation Act." Failure to comply may result in disciplinary action.

**Q: Does the State of Colorado require peer review for firms?**

A: Beginning with the 2014 renewal, CPA Certificate Holders and Firms will be required to attest to either:

- 1) having undergone a minimum of one Peer Review within the three years prior to renewal; or
- 2) not having issued attest or compilation reports subject to Peer Review.

More information on Peer Reviews can be found in Chapter 8 of the [Rules](#).

**Q: How do I cancel my firm registration?**

A: The Responsible Party must submit Articles of Dissolution filed with the Secretary of State and a letter from and signed by the Responsible Party on firm letterhead requesting that the firm registration be cancelled.

**Q: Who can I contact if I have further questions about initial registration of my firm?**

A: For questions regarding initial registration you can contact NASBA Licensing Services at [colicense@nasba.org](mailto:colicense@nasba.org).

**Q: Who can I contact if I have further questions, other than about my firm's initial registration?**

A: You can contact the Colorado Board of Accountancy at [accountancy@dora.state.co.us](mailto:accountancy@dora.state.co.us).

**Q: How do I reinstate my firm registration which is lapsed?**

A: You may complete and file a firm [reinstatement application](#).

**Q: I am unable to renew our firm registration because our Responsible Party has changed. What do I do now?**

A: The previous Responsible Party must notify the Board of the change by submitting a signed letter to the Board regarding the change. If the previous responsible Party is unable you must submit a letter and an affirmative statement as to why the previous Responsible Party is unable to make the designated change. If these changes are made outside the 30-day filing requirement, disciplinary action may be imposed.