



California Board of Accountancy

2450 Venture Oaks Way, Suite 300
Sacramento, CA 95833

phone: (916) 263-3680 fax: (916) 263-3675 web: www.cba.ca.gov



ACCOUNTANCY CORPORATION CHECK SHEET

AN ACCOUNTANCY CORPORATION IS REQUIRED TO BE APPROVED FOR LICENSURE BY THE CALIFORNIA BOARD OF ACCOUNTANCY (CBA) BEFORE PRACTICING OR HOLDING OUT TO THE PUBLIC AS AN ACCOUNTANCY CORPORATION.

- ❖ **The application must be completed in its entirety.**
- ❖ **All requested documents must accompany the application.**
- ❖ **Copies of the requested documentation are acceptable.**
- ❖ **The application and initial license fees of \$400 must accompany the application.**

If the application is not complete, it will be returned for appropriate documentation. Once an application is complete, allow four to six weeks for processing.

The following check sheet is intended to assist you with filing a complete application.

COMPLETION OF THE APPLICATION FOR LICENSURE AS AN ACCOUNTANCY CORPORATION

FEES FOR LICENSURE

The application and initial licensee fees are \$400. A check, money order, or cashier's check made payable to the CBA must accompany the application.

APPROPRIATE USE OF CORPORATE NAME

The name of the firm must meet the requirements set forth in Section 5060 of the Business and Professions Code (BPC) and section 75.5 of Title 16 of the California Code of Regulations (CCR). CBA staff is unable to provide guidance regarding firm structure and whether a particular firm name will be considered false or misleading by your clients. Licensees are encouraged to contact their legal counsel for guidance.

COPY OF THE ARTICLES OF INCORPORATION

The Articles of Incorporation must be endorsed and approved by the California Secretary of State. The name on the Articles of Incorporation must match the name on the CBA's application for licensure as an accountancy corporation, as well as on all documentation submitted.

Information on filing the Articles of Incorporation is available on the California Secretary of State's website at www.sos.ca.gov. A business incorporating in California is subject to California corporation franchise tax requirements. Information regarding franchise tax requirements can be obtained from the Franchise Tax Board's website at www.ftb.ca.gov.

COPY OF THE CORPORATE BYLAWS

The corporate bylaws must contain an appropriate passage or legend which refers to the restrictions set forth in CCR Title 16, section 75.9 and Corporations Code (CORP) sections 13406 and 13407 of the regarding ownership and transfer of share certificates.

The corporate bylaws of an accountancy corporation that has a non-licensee owner must also contain an appropriate passage or legend that refers to the restrictions for each non-licensee share certificate, as specified in BPC section 5079.

SHAREHOLDERS, DIRECTORS, AND OFFICERS

Pursuant to BPC section 5154, except as provided in BPC section 5079 and in CORP section 13403, each director, shareholder, and officer must hold a valid license to practice public accountancy. The list of shareholders, directors, and officers must be completed on the application for licensure as an accountancy corporation.

Pursuant to BPC section 5158, each office of an accountancy corporation engaged in the practice of public accountancy in this state shall be managed by a certified public accountant (CPA) or public accountant (PA).

OUT-OF-STATE SHAREHOLDERS

BPC section 5154 requires each CPA/PA shareholder to hold a valid license to practice public accountancy

An out-of-state CPA or PA wanting to practice in California must file an application for licensure as a CPA, meet the requirements set forth in BPC sections 5087 and 5088, as well as CCR Title 16, section 21.

NONLICENSEE OWNERS

BPC section 5079 permits minority ownership of public accounting firms by individuals who are not licensed CPAs or PAs. This section applies to both accountancy corporations and accountancy partnerships.

At initial licensure and at license renewal, CCR Title 16 section 51 of Title 16 of the California Code of Regulations requires firms with nonlicensee owners to certify that any nonlicensee owner(s) with his or her principal place of business in California has been informed of the rules of professional conduct applicable to accountancy firms.

This declaration must be signed by a licensed shareholder of the firm (see Page 3 of the application).

The number of licensed shareholders must be greater than the number of non-licensee shareholders. The only exception is that a firm with two shareholders may have one shareholder who is a non-licensee.

A non-licensee can be an officer of the firm, either vice president and/or secretary, if the non-licensee is not a shareholder of the firm. A non-licensee cannot be both a shareholder and an officer of the firm. A non-licensee cannot be a director of the firm.

ACCOUNTANCY CORPORATION DECLARATION STATEMENT

The declaration statement(s) must be signed and dated by an officer who is a licensee with a valid license to practice public accounting. Firms with non-licensee owners must complete the non-licensee owner(s) declaration (see Page 3 of the application).

SHAREHOLDER SECURITY FOR CLAIMS AGAINST CORPORATION AGREEMENT

CCR Title 16, section 75.8 requires an accountancy corporation to provide and maintain adequate security for claims against it by its clients arising out of the rendering of, or failure to render, professional services. Security for such claims must consist of either maintaining insurance in the amount specified in section 75.8(a)(1) or by agreeing to jointly and severally guarantee payment by the corporation of its liabilities to its clients specified in section 75.8(a)(2).

CPA/PA shareholders and non-licensee shareholders must complete and sign the Shareholder Security for Claims Against Corporation Agreement by selecting either Alternative #1 or Alternative #2 on the application for licensure (see Page 4 of the application).

CORPORATION RENEWAL CYCLE

Pursuant to BPC sections 5070.5, 5070.6, 5070.7 and 5070.8, an accountancy corporation license must be renewed every two years to remain in good standing. The expiration date is based on the month and year the application was originally approved.

If approved in an even-numbered year, the license will expire each even-numbered year on the last day of the month in which it was originally approved. If approved in an odd-numbered year, the license will expire each odd-numbered year on the last day of the month in which it was originally approved.

The CBA mails renewal forms with instructions approximately two months before the firm's license expiration date. If your renewal form is not completed, mailed, and postmarked by the license expiration date, the firm's practice rights cease until all deficiencies are corrected, and the license is renewed.

An expired corporation license may be renewed up to five years after the license's expiration date. A license that is not renewed within five years is canceled and cannot be renewed, restored, or reinstated.

CHANGE OF FIRM NAME, ADDRESS, AND/OR SHAREHOLDERS

CCR Title 16, section 3(b)(1) requires a licensed firm to notify the CBA of any change in its address of record within 30 days after the change. CCR Title 16, section 75.11(b) also requires each accountancy corporation to report to the CBA any and all changes of address, corporate name and shareholders within 30 days of any such change, giving both its old and new addresses or names.

If you are changing the firm's address, telephone number, or adding or disassociating a shareholder without changing the firm's name, you should notify the CBA on firm letterhead.

If the firm's name is changing as a result of adding or disassociating a shareholder, you must complete the [Accountancy Corporation Name Change Application](#). The firm's name change must be approved by the CBA before the firm can hold out and practice under an amended name. A copy of the amended Articles of Incorporation endorsed and approved by the California Secretary of State must accompany the application.

DISSOLUTION OF AN ACCOUNTANCY CORPORATION

To dissolve an accountancy corporation, you must contact the California Secretary of State and file a *Certificate of Election to Wind Up and Dissolve* with a *Certificate of Dissolution*. Information on dissolving a corporation is available on the Secretary of State's Web site www.sos.ca.gov.

Upon completion of the above, submit a letter to the CBA stating the firm has dissolved and provide the effective date. Upon receipt of the letter, the firm's license will be canceled.

QUESTIONS

If you have questions or are unable to locate the information you need, please contact the Initial Licensing Unit by telephone at (916) 561-4301 or by email at firminfo@cba.ca.gov.

Personal Information Collection and Access: The information provided in this form will be used by the California Board of Accountancy, to determine qualifications for an Accountancy Corporation. BPC sections 5035 through 5158 authorize the collection of this information. Failure to provide any of the required information is grounds for rejection of the form 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 1798.4. Each individual has the right to review his or her file, except as otherwise provided by the Information Practices Act. The Executive Officer of the California Board of Accountancy is responsible for maintaining the information in this form, and may be contacted at 2450 Venture Oaks Way, Suite 300, Sacramento, CA 95833, telephone number (916) 263-3680 regarding questions about this notice or access to records.



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ACCOUNTANCY CORPORATION

APPLICATION FOR LICENSURE

For Office Use Only
Cert. No. _____
Date _____

The following must accompany the application:

1. A copy of the Articles of Incorporation endorsed by the Secretary of State.
2. A copy of the Corporation Bylaws with Stock Transfer and Ownership Restrictions.
3. Application and Initial License fees of \$400.

(Please Print or Type)

1. Corporate Name - Must comply with Business and Professions Code (BPC) section 5060.			
2. Corporate Number, California Secretary of State:	Firm Telephone Number	Email Address (Optional)	
3. Address of Practice:	City	State	ZIP Code
4. DIRECTOR(S) - See Corporations Code (CORP) section 13403 and BPC section 5154. Only CPAs/PAs can be director(s) of an accountancy corporation.			
	Last Name	First	Middle
	License No./State		
5. OFFICER(S) - Names of <u>all</u> officer(s) must be provided – see CORP section 13403 and BPC section 5154. CPAs licensed in another jurisdiction and meeting the requirements of BPC section 5154 may serve both as an officer and shareholder (owner) of an accountancy corporation. Other persons not licensed by the CBA as a CPA (non-licensees) may serve as a Vice President and Secretary if the corporation has only one CPA/PA shareholder. Non-licensees may not serve simultaneously as an officer and shareholder (owner) of a corporation.			
	Name (Last)	(First)	(Middle)
	License No./State		
	PRESIDENT		
	VICE-PRESIDENT		
	SECRETARY		
	TREASURER		

6. **CALIFORNIA CPA/PA SHAREHOLDER(S)** – List the names of all California licensed CPA/PA shareholder(s) – see CORP section 13403 and BPC section 5154. (Attach supplemental sheet if more space is required.)

Name (Last)	(First)	(Middle)	License No.

OUT-OF-STATE CPA SHAREHOLDER(S) – List the names of all out-of-state licensed CPA shareholders(s) – see CORP section 13403 and BPC section 5154. (Attach supplemental sheet if more space is required.)

Name (Last)	(First)	(Middle)	License No./State

7. **NON-LICENSEE SHAREHOLDER(S)** – List the names of all non-licensee shareholder(s) – see CORP section 13403, BPC section 5079 and California Code of Regulations (CCR), Title 16, section 51. NOTE: The number of licensed shareholders must be greater than the number of non-licensed shareholders except that firms with two shareholders may have one shareholder who is a non-licensee. Non-licensee shareholders may not also serve as an officer of the corporation (Attach supplemental sheet if more space is required).

Name	Address	Telephone Number

8. For accountancy corporations which DO NOT include non-licensed persons as shareholders, do the SHARE CERTIFICATES and BYLAWS of the applicant corporation comply with CCR, Title 16, section 75.9(a) and CORP sections 13406 and 13407? Yes No

For accountancy corporations which DO include non-licensed persons as shareholders, do the SHARE CERTIFICATES and BYLAWS of the applicant corporation comply with CCR, Title 16, section 75.9(b), BPC section 5079 and CORP sections 13406 and 13407? Yes No

9. Is the applicant an existing corporation, and are its organization, bylaws, Articles of Incorporation and general plan of operation such that its affairs will be conducted in compliance with the Accountancy Act, the Professional Corporations Act and other applicable provisions of the CORP and CCR, Division 1, Title 16, and such other laws, rules, and regulations as may be applicable? Yes No

By submitting this application for accountancy corporation licensure, you are acknowledging that you have read and understand the Rules of Professional Conduct adopted by the California Board of Accountancy. Reference [California Business and Professions Code, Chapter 1 of Division 3, Article 3.5](#) (starting at section 5060) and [California Code of Regulations Title 16, Division 1, Article 9](#) (starting at section 50).

COMPLETE AND SIGN THE APPROPRIATE DECLARATION

(Attach supplemental sheet if more space is required)

ACCOUNTANCY CORPORATION DECLARATION

I am an officer of _____
(Name of Corporation)

and as such make this declaration for and on behalf of said corporation. I have read the foregoing reports and all attachments thereto and know the contents thereof, and the same are true to the best of my knowledge and belief.

I hereby certify under penalty of perjury under the laws of the State of California that all statements, answers, and representations on this form are true, complete and accurate.

Executed this _____ day of _____, 20 _____.

SEAL

Licensee Signature

Printed Name and Title

NOTE: Must be executed by an officer who holds a valid license to practice public accounting.

**ACCOUNTANCY CORPORATION
WITH NON-LICENSEE SHAREHOLDER(S) DECLARATION**

We, the shareholders of _____
(Name of Corporation)

and as such make this declaration for and on behalf of said corporation. We certify this firm is in compliance with BPC section 5079 and CCR, Title 16, sections 51 and 75.9(b). We have read the foregoing reports and attachments thereto and know the contents thereof, and the same are true to the best of our knowledge.

We hereby certify under penalty of perjury under the laws of the State of California that all statements, answers, and representations on this form are true, complete and accurate.

Executed this _____ day of _____, 20 _____.

SEAL

Nonlicensee Signature

Licensee Signature

Printed Name and Title

Printed Name and Title

NOTE: The "licensee signature" must be executed by an officer who holds a valid license to practice public accounting.

SHAREHOLDER SECURITY FOR CLAIMS AGAINST CORPORATION AGREEMENT

CCR, Title 16, section 75.8 states:

- a) An accountancy corporation shall provide and maintain adequate security for claims against it by its clients arising out of the rendering of, or failure to render, professional services. Security for such claims shall consist of either of the following:
 - (1) Insurance for each claim in an amount equal to at least \$100,000 per licensee, provided that the maximum amount for each claim shall not be required to exceed \$1,000,000, and that the minimum amount guaranteed for all claims during any one calendar year shall be at least an amount equal to \$250,000 per licensee, provided that the maximum amount shall not be required to exceed \$3,000,000; or
 - (2) A written agreement of the shareholder(s), that they shall jointly and severally guarantee payment by the corporation of liabilities to its clients arising out of the rendering of, or failure to render, professional services.
- b) In the event of failure to comply with the requirements of this section, each and every shareholder of the corporation shall be deemed to have agreed to be jointly and severally liable for claims against the corporation by its clients arising out of the rendering of, or failure to render, professional services.

SHAREHOLDER(S) MUST COMPLETE AND SIGN ONE OF THE FOLLOWING DECLARATIONS.

The undersigned is/are the shareholder(s) of _____ Name of Corporation

(1) Section 75.8(a)(1)– Signature(s) required if the following declaration is completed.

The undersigned certify that the corporation has insurance in the amounts at least equal to those minimum amounts specified in section 75.8(a)(1) for each licensee, each claim, and all claims during the calendar year.

Executed this _____ day of _____, 20____.

CPA/PA Shareholder(s) (Print Name and Sign Below)	Nonlicensee Shareholder(s) (Print Name and Sign Below)
_____	_____
_____	_____
_____	_____
_____	_____

(2) Section 75.8(a)(2) – Signature(s) required if the following declaration is completed.

The undersigned shareholder(s) agree(s) to jointly and severally guarantee payment by the corporation of liabilities to its clients arising out of the rendering of, or failure to render, professional services as specified in section 75.8(a)(2).

Executed this _____ day of _____, 20____.

CPA/PA Shareholder(s) (Print Name and Sign Below)	Nonlicensee Shareholder(s) (Print Name and Sign Below)
_____	_____
_____	_____
_____	_____
_____	_____

PERSONAL INFORMATION COLLECTION AND ACCESS

The information provided in this form will be used by the California Board of Accountancy, to determine qualifications for an Accountancy Corporation. BPC sections 5019 and 5150 through 5155 and CCR, Title 16, sections 75.4 through 75.9 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 2450 Venture Oaks Way, Suite 300, Sacramento, CA 95833, telephone number (916) 263-3680 regarding questions about this notice or access to records.