

193A—11.1(542C) Definitions. The following definitions of terminology are applicable wherever such terminology is used in the rules of professional conduct.

“Client.” The term “client,” when used, means a person(s) or entity which retains a CPA or AP or an accounting firm, engaged in the practice of public accountancy, for the performance of professional services.

“Commission.” “Commission” means any form of compensation in a fixed or variable amount or percent received for selling, recommending or referring a product or service of another. “Commission” includes a referral fee.

“Compensation.” “Compensation” means anything of value received by a CPA or AP while practicing public accounting or for selling, recommending or referring a product or service of another.

“Contingent fee.” “Contingent fee” means a fee established for the performance of any service pursuant to an arrangement under which a fee will not be charged unless a specified finding or result is attained, or under which the amount of the fee is otherwise dependent upon the finding or result of such service. “Contingent fee” does not mean a fee fixed by a court or other public authority, or a fee related to any tax matter which is based upon the results of a judicial proceeding or the findings of a governmental agency.

“Enterprise.” The term “enterprise,” when used, means any person(s) or entity, whether organized for a profit or not, for which a CPA or AP performs professional services.

“Financial statements.” The term “financial statements,” when used, means the statements and footnotes related thereto that purport to show financial position which relates to a point in time or cash flows which relate to a period of time, including statements which use a cash or other incomplete basis of accounting. The term includes balance sheets, statements of income, statements of retained earnings, statements of cash flows and statements of changes in owners’ equity, but does not include incidental financial data included in management advisory services reports to support recommendations to a client, nor does it include tax returns and supporting schedules.

“Practice of public accountancy.” Offering to perform or performing for a client one or more types of services involving the use of accounting or auditing skills, including the issuance of reports on financial statements, or of one or more types of management advisory, financial advisory, or consulting services, or the preparation of tax returns or the furnishing of advice on tax matters, while holding oneself out in such a manner as to state or imply that one is a CPA or AP.

“Professional services.” Any services performed or offered to be performed by a CPA or AP for a client in the course of the practice of public accountancy.

“Public communication.” A communication made in identical form to multiple persons or to the world at large, as by television, radio, motion picture, newspaper, pamphlet, mass mailing, letterhead, business card or directory.