

As our clients' First Choice Advisor, RBT CPAs, LLP, is prepared to assist our clients in navigating the challenges created by the fallout from the COVID-19 virus. The Coronavirus Aid, Relief and Economic Security (CARES) Act created or extended several programs to provide financial assistance and relief, including the Economic Injury Disaster Loan Assistance program, the Paycheck Protection Program and the Main Street Business Lending Program involving loans, loan guarantees and other investments in support of eligible businesses, states and municipalities. In addition to these new programs, the CARES Act also introduced significant tax provisions affecting individuals and businesses. Assisting clients with these programs raises a number of issues concerning scope of service, independence and risk management, and some of the assistance required by our clients must be performed by their attorneys or other advisors.

This document provides guidance regarding the financial and business advisory services that may be offered by RBT CPAs, LLP professionals to our clients seeking CARES Act or similar loans or financial assistance. This document does not address tax advisory or tax compliance services relating to the tax provisions in the CARES Act. If a client requests that we perform an atypical service not included in our normal assurance, tax and business consulting services, consult with the National Office of Risk Management.

This document includes a section at the end for frequently asked questions, and it will be updated as necessary to respond to these questions.

Frequently Permitted Services

All services to assurance clients and their affiliates must be performed in accordance with the general independence requirements related to performing non-attest services under AICPA, SEC/PCAOB, and GAO rules. See Sections [4.000.100](#) and [4.000.103](#) of the Independence Manual. We cannot make management decisions on behalf of any client or act as management without impairing independence, nor can our work advocate for our client. Our client must take responsibility for all work product and have adequate skills, knowledge and expertise to oversee the project. Subject to these independence requirements:

- We can provide our clients with financial, accounting, tax and business advice to help them evaluate the options available to them in seeking financial assistance under the CARES Act or similar legislation.
- We can help educate our clients regarding the general terms and requirements for the various programs under the CARES Act.
- We can perform financial modeling and analysis for management review to compare different scenarios involving the CARES Act programs. Financial models should be prepared solely for the client's internal use, since they will not necessarily meet the professional standards required to provide them to third parties.
- We can consult with clients and their attorneys concerning the effect of the terms of CARES Act programs and financing agreements on future accounting and operational matters.
- We can advise clients regarding the accounting treatment and financial reporting of participation in CARES Act programs.
- We can consult with clients and their attorneys concerning the impact of participation in CARES Act programs on their existing financing arrangements.
- We can provide guidance as to collecting information for use in an application for loans under the CARES Act programs. Since assisting the client in preparing information for use in a loan application would be considered "bookkeeping" services, these services would be prohibited for

clients subject to SEC/PCAOB independence standards unless provided to a “sister affiliate” under the “not subject to audit rules”. For clients subject to AICPA / GAO standards, these services must be performed in accordance with the General Standards for Independence referenced above with management taking documented responsibility for the services.

Prohibited Services

- We cannot prepare **any** client’s application for loans or other financial assistance. We also cannot submit any application on behalf of the client, nor can we serve as an “agent” for any client in connection with an SBA application. Many banks are establishing online portals that integrate application and submission activities, and application submission is a management function.
- We cannot negotiate contracts on behalf of our clients, nor can we provide definitive advice concerning the interpretation of nontax laws or regulations. Those are advocacy or legal services that should be performed by the client’s attorneys.
- We cannot make factual representations on the client’s behalf to lenders or to governmental authorities.
- We cannot attest to or “certify” financial information without performing the appropriate procedures under professional standards applicable to attestation services. Requests that we attest to specific financial accounts should be discussed with the National Professional Standards Group.

Frequently Asked Questions

1. Can we advise clients regarding the paid sick leave and paid family leave requirements of the Families First Coronavirus Response Act?

We cannot advise clients regarding the legal interpretation of the mandated paid leave requirements, since that would involve legal advice. We can advise clients and assist in calculating the payroll tax credits associated with those mandates.

2. Can we advise clients regarding the affiliation rules for SBA loan programs?

The SBA affiliation rules are different than the common control or affiliated service group rules in the Internal Revenue Code. While we can discuss our understanding of the SBA rules with our clients, we cannot provide them with definitive advice concerning this nontax legal issue. When discussing SBA affiliation with clients, we should advise our clients that they should consult their attorneys to understand how these rules apply to their specific situation.

3. How should we assist clients with the new or modified tax provisions in the CARES Act or related legislation?

Assistance with these provisions should be provided in a manner consistent with other tax services under a statement of work separate from the one for business advisory services. Written tax advice, tax representation, tax compliance services and tax statements of work are subject to the tax services authorizations requirements in the RSM North American Tax Policies. All tax services are subject to the AICPA Code of conduct and Statements of Standards for Tax Services, Circular 230 (for U.S. federal tax services), and RSM Tax Policies.

4. How should we respond if a client asks us to review an application for a loan under one of the CARES Programs?

The challenge in reviewing CARES Program loan applications is that SBA rules and definitions in some cases differ from the rules and definitions under GAAP or the Internal Revenue Code. We should strongly encourage our clients to engage competent legal counsel to provide them with definitive guidance under the SBA rules. RSM professionals who are generally authorized to review and approve client deliverables (e.g., audit reports, tax returns) may review a client’s loan application under a CARES

Program so long as he or she clearly communicates to the client the limited nature of the review. An [email template](#) to communicate these limitations is available at the [COVID-19 Client Response and Resource Center](#) site. While the limited amount of time for this review should be recorded in IPM, partners should consider not billing for this time to avoid any suggestion that we have prepared the loan application. AICPA has [indicated](#) that many CPA firms are not charging their clients for assistance with Paycheck Protection Program loan applications.

Additional FAQs will be added as necessary to respond to inquiries from RSM professionals.