

Statement on Standards for Accounting and Review Services

April 2025
27

Issued by the Accounting and Review Services Committee

Applicability of AR-C Section 70 to Financial Statements Prepared as Part of a Consulting Services Engagement

(Amends Statement on Standards for Accounting and Review Services [SSARS] No. 21,* Statements on Standards for Accounting and Review Services: Clarification and Recodification, *as amended, section 70,* Preparation of Financial Statements *[AICPA,* Professional Standards, *AR-C sec. 70])

© 2025 American Institute of Certified Public Accountants, Inc. All rights reserved.

For information about the procedure for requesting permission to make copies of any part of this work, please email copyright-permissions@aicpa-cima.com with your request. Otherwise, requests should be written and mailed to Permissions Department, 220 Leigh Farm Road, Durham, NC 27707-8110.

Accounting and Review Services Committee
(2024–2025)

Michael A. Westervelt, *Chair*
Jami Blake
David Duckwitz
Alison Houck
Douglas C. Koval
Sarah McConnell
Georgia Salinas

AICPA Staff

Jennifer Burns *Chief Auditor* *Professional Standards and Services* Kelly Hnatt *Hnatt Law Firm P.C.* *Outside Counsel to AICPA*	Michael P. Glynn *Associate Director* *Audit and Attest Standards — Public Accounting*

Note: *Statements on Standards for Accounting and Review Services are issued by the Accounting and Review Services Committee (ARSC), the senior technical body of the AICPA designated to promulgate standards under the "General Standards Rule" (ET sec. 1.300.001*)[1] *and the "Compliance With Standards Rule"* (*ET sec. 1.310.001*) *of the AICPA Code of Professional Conduct with respect to unaudited financial statements or other unaudited financial information of an entity that is not required to file financial statements with a regulatory agency in connection with the sale or trading of its securities in a public market.*

[1] All ET sections can be found in AICPA *Professional Standards*.

Amendment to SSARS No. 21, *Statements on Standards for Accounting and Review Services: Clarification and Recodification*, as Amended, Section 70, *Preparation of Financial Statements* (AICPA, *Professional Standards*, AR-C sec. 70)

1. This amendment is effective for the preparation of financial statements for periods ending on or after December 15, 2026. Early implementation is permitted.

(***Boldface italics*** denote new language. Deleted text is shown in ~~strikethrough~~.)

Introduction

Scope of This Section

.01 This section applies when an accountant in public practice is engaged to prepare financial statements or prospective financial information ***and is not engaged to perform an audit, review, or compilation of those financial statements or a compilation or examination of that prospective financial information***. ~~(Ref: par. .A1–.A2)~~ This section may also be applied, adapted as appropriate in the circumstances, to the preparation of other historical financial information. ~~(Ref: par. .A3)~~ This section ~~does not apply~~ ***is not required to be applied, but application is not precluded, in whole or in part,*** when an accountant prepares financial statements or prospective financial information ***(Ref: par. .A1–.A4)***

- ~~and is engaged to perform an audit, review, or compilation of those financial statements,~~**.**

a. as part of a consulting services engagement performed in accordance with CS section 100, **Consulting Services: Definitions and Standards,**[*] ***in which the preparation of financial statements is not the primary objective of the engagement. (Ref: par. .A5)***

b. as part of a personal financial plan performed in accordance with PFP section 100, **Statement on Standards for Personal Financial Planning Services.**[†]

c. as part of an engagement to estimate the value of a business, business ownership interest, security, or intangible asset in accordance with VS section 100, **Valuation of a Business, Business Ownership Interest, Security, or Intangible Asset.**[‡]

d. solely for submission to taxing authorities~~,~~**.**

- ~~for inclusion in written personal financial plans prepared by the accountant,~~**.**

e. - in conjunction with litigation services that involve pending or potential legal or regulatory proceedings**.**~~, or.~~

- ~~in conjunction with business valuation services~~.[fn1]

[fn 1] [Footnote omitted for purposes of this proposed SSARS.]

[*] All CS sections can be found in AICPA *Professional Standards*.
[†] All PFP sections can be found in AICPA *Professional Standards*.
[‡] All VS sections can be found in AICPA *Professional Standards*.

.02 The determination about whether the accountant has been engaged to prepare financial statements or merely assist in preparing financial statements (which is a bookkeeping service that is not subject to this section) is determined based on services the client requests the accountant to perform and ~~requires~~ the accountant***'s*** ~~to apply~~ professional judgment. (Ref: par. .~~A4~~***A5***)

[No amendment to paragraphs .03–.A3.]

Application and Other Explanatory Material

Scope of This Section (Ref: par. .01–.02)

...

.A4 ***An accountant may voluntarily apply certain requirements of this section in instances in which this section would not otherwise apply. For example, if the accountant is not required to apply this section, to address the risk that users of the entity's financial statements may be misled by the practitioner's perceived association with the financial statements, the accountant may include the statement required by paragraph .14 of this section that "no assurance is provided" on the financial statements. The inclusion of such a statement does not result in the accountant being required to perform the engagement in accordance with this section and no other requirements would be required to be applied.***

.A5 ***Consulting services differ fundamentally from the CPA's function of attesting to the assertions of other parties. In a consulting service, the practitioner develops the findings, conclusions, and recommendations presented. The nature and scope of work is determined solely by agreement between the practitioner and the client. Generally, the work is performed only for the use and benefit of the client.***[fn2]

[fn2] ***Paragraph .02 of CS section 100,*** Consulting Services: Definitions and Standards.

[No amendments to former paragraphs .A4–.A26, which are renumbered as paragraphs .A6–.A28. No further amendment to AR-C section 70.]