

This section is to provide information to accountants who are preparing financial statements for TICO registrants. The relevant sections of the Regulation that relate to financial criteria are sections 22 - 29 of Regulation 26/05.

Due Date

Year end financial statements are due within three months after the registrant's year end and no extensions are granted. Should a registrant fail to file its financial statement by the due date the Registrar may issue a proposal to revoke the registrant's registration.

Type Of Financial Statements Required

The year end financial statements must be accompanied by a Review Engagement Report or an Audit Opinion Report. It must be prepared by a Licensed Public Accountant, a person licensed under the Public Accountancy Act, 2004.

Please note that TICO does check to ensure the preparer of the financial statements is properly licensed.

What Should The Financial Statements Include

The financial statements shall include a balance sheet, income statement, statement of Ontario gross sales and a reconciliation of consumer funds held pursuant to section 27 of the Regulation (trust funds) to the trust bank accounts.

The Ontario gross sales shall include all sales made by the registrant during the period being reported. This includes all credit card sales where the payment flows directly to the supplier and internet sales. The gross sales can be disclosed on the income statement or in a note to the financial statements. The gross sales disclosed in the financial statements are compared by TICO to the sales reported for the purpose of contributions made to the Compensation Fund. Any shortfall in contributions will be addressed with the registrant.

The disclosure of the reconciliation of customer funds compared to the trust bank statement can either be on the balance sheet or in the notes to the financial statements. If the disclosure is on the balance sheet the balance of funds held in trust should be disclosed separately from other cash or bank assets as well as any prepayments to suppliers that relate to the customer deposits.. The customer deposits on hand at the balance sheet date should be disclosed in the

liability section. Customer deposits would include gift certificates not yet redeemed. Even if there are no deposits on hand, a nil balance should be disclosed. If the customer funds are disclosed in the notes to the financial statements, the balance in the trust bank account should be disclosed along with the customer deposits and any related supplier prepayments.