Kansas Administrative Regulations

Department of Insurance Assistant Commissioner, Securities Division

Article 7.—Policy Relating to Registration

81-7-3. Financial statements required for securities registration.

(a) The historical financial statements in each registration statement or prospectus required under the act shall be presented in conformity with GAAP. In addition, each of the financial statements shall be audited by an independent CPA in accordance with standards of the PCAOB, or in accordance with generally accepted auditing standards in the United States if the audit is not subject to standards of the PCAOB, except under either of the following circumstances:

(1) If an issuer complies with K.A.R. 81-4-2 or K.A.R. 81-7-2(b)(3), as applicable, the financial statements in a registration statement filed by qualification under K.S.A. 17-12a304, and amendments thereto, may be reviewed by an independent CPA rather than audited.

(2) Interim financial statements in a registration statement may be unaudited.

(b) Prospective financial statements may be included in a registration statement or prospectus if the prospective financial statements are presented in the form of financial forecasts, conform with guidelines established by the AICPA, and are accompanied by an examination report of an independent CPA prepared in accordance with standards established by the AICPA. Prospective financial statements shall not be delivered in connection with an offer of securities, unless they are included in the prospectus. (Authorized by K.S.A. 2005 Supp. 17-12a605(a); implementing K.S.A. 2005 Supp. 17-12a605(c); effective Jan. 19, 2007.)