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| SECTION: | Financial Statements |
| INDEX NO.: | F100-101 |
| TITLE: | Requirement to File Pension Plan Financial Statements <u>or</u> Pension Fund Financial Statements - Regulation 909 ss. 76(1), 76(2), 76(5), 76(6), 76(7) and 76(8). |
| APPROVED BY: | Superintendent of Financial Services |
| PUBLISHED: | FSCO website (May 2008) |
| EFFECTIVE DATE: | May 15, 2008 [No longer applicable - replaced by <u>F100-102</u> - October 2009] |
| REPLACES: | F100-100 |

This policy replaces F100-100 (Requirements to File Pension Plan Financial Statements or Pension Fund Financial Statements – Regulation 909 ss. 76(1), 76(2) and 76(8)) as of the effective date of this policy.

Note: Where this policy conflicts with the Financial Services Commission of Ontario Act, 1997, S.O. 1997, c. 28 (“FSCO Act”), Pension Benefits Act, R.S.O. 1990, c. P.8 (“PBA”) or Regulation 909, R.R.O. 1990 (“Regulation”), the FSCO Act, PBA or Regulation govern.

*Note: The electronic version of this policy, including direct access to all linked references, is available on FSCO’s website at www.fSCO.gov.on.ca. All pension policies can be accessed from the **Pensions** section of the website through the **Pension Policies** link.*

Section 76 of the Regulation sets out requirements for pension plan financial statements and pension fund financial statements filed with the regulator. The primary purpose of section 76 is to require disclosure regarding the assets of the plan, how the assets are invested and how these investments are performing. These financial statements are not general purpose financial statements, but are financial statements required for regulatory purposes.

Section 76(1) of the Regulation requires the plan administrator to file financial statements for the pension plan or financial statements for the pension fund as at the plan’s fiscal year end. Section 76(2) of the Regulation requires financial statements of both types to be audited if the plan has \$3,000,000 or more in assets calculated at market value at the end of the fiscal year. Section 76(5) of the Regulation states that the financial statements shall be comprised of a statement of net assets and a statement of changes in net assets. Section 76(6) of the Regulation states that the financial statements shall be prepared in accordance with generally accepted accounting principles (GAAP). Section 76(8) of the Regulation states that all financial statements and auditors’ reports (if applicable) shall be prepared in accordance with the principles and standards set out in the Handbook of the Canadian Institute of Chartered Accountants (the CICA Handbook).

The financial statements prepared solely in accordance with section 76 of the Regulation may not comply with GAAP since section 76 of the Regulation only requires disclosures related to pension plan or pension fund assets and not to pension plan or pension fund liabilities. The *PBA* specifies the requirements for determining and disclosing pension liabilities in actuarial valuation reports filed with FSCO. As a result, FSCO has accepted and

continues to accept financial statements that disclose plan or fund asset information only, as long as they are prepared in accordance with section 5600 of the CICA Handbook in which both the financial statements and the auditor's related opinion (if applicable) specifically indicate that the statements are prepared in accordance with section 76 of the Regulation.

When these financial statements are prepared for regulatory filing, a note to the financial statements should state the basis of accounting. As financial statements filed with FSCO may be inspected by individuals listed in section 29(1) of the PBA, the note should explain that the financial statements have been prepared for regulatory purposes only and are not general purpose financial statements. The note should also state that the financial statements do not disclose the pension liabilities but, in all other respects, are prepared in accordance with generally accepted accounting principles.