**Section 5601.70 Financial Statements**

a) Each trust approved pursuant to the Act shall file audited financial statements in accordance with the requirements of Section 14 of the Act containing or accompanied by the following information:

1) A balance sheet listing all assets and liabilities presented on an accrual basis which provides for an estimate of the ultimate net cost of all losses and related loss adjustment expenses incurred as of the statement date. Liabilities for such incurred losses and loss adjustment expenses shall be presented on an undiscounted basis; provided however, that a trust may present such reserves on a discounted basis in accordance with Section 5601.75 of this Part.

2) A statement of income, expenses and fund balance.

3) A complete and detailed listing of each investment or asset held, such listing similar to the appropriate investment schedules contained in the Convention Annual Statement of the National Association of Insurance Commissioners for insurance companies.

4) A statement of cash flows.

b) With the exception of loss reserve discounting permitted by Section 5601.75 of this Part, the financial statements shall be prepared in accordance with accounting principles permitted or prescribed for use by property casualty insurance companies.

c) In addition, each trust shall file audited financial statements audited by an independent certified public accountant designated in the application required by Section 5601.20 of this Part. The auditing standards to be employed are those recommended by the American Institute of Certified Public Accountants. In addition to any other information the Director may require to be disclosed, the audited financial report shall include the following:

1) Report of independent certified public accountant.

2) Balance sheet reporting assets, liabilities and surplus fund.

3) Statement of gain or loss from operations.

4) Statement of cash flows.

5) Notes to the financial statement essential for an adequate understanding of the trust and its financial statements.

(Source: Amended at 18 Ill. Reg. 2282, effective February 1, 1994)