

Balance Sheet FAQs

Who is required to file a balance sheet?

All financial advisory firms who either have custody or discretion for the entire year or a portion of the year that falls during the firm's fiscal year end and have the Commonwealth of Pennsylvania as their principal place of business.

When do I need to submit my balance sheet by?

All balance sheets should be submitted for review 120 days following the firm's fiscal year end.

I have accounting questions or need professional guidance; Can the Department assist?

No. The complexities and nuances for each firm are individual and varied. The Department can answer questions about the deadline for filing and the basic items required for compliance. Further assistance should result in inquiries of a professional services firm.

What is required to file?

For firms with discretion- A balance sheet dated as of the year end of the firm evidencing \$10,000 net worth, a signed true and accurate assertion statement and basic footnotes explaining how the elements of the balance sheet are valued and reported.

For firms with custody- an audited balance sheet as of the fiscal year end evidencing \$35,000 net worth complete with footnotes and a signed true and accurate assertion statement. A surprise examination needs to be conducted with 120 days of filing the audited financial statements with the Department. This report must state that an accountant has made an examination of the client funds and securities and describes the nature and extent of the examination.

For new applicants- in addition to these items listed above, a bank statement will be requested which corroborates the cash reported on the initial balance sheet.

If applicable, a copy of the Surety Bond in place clearly evidencing the amount of the Surety Bond and evidencing that it was in effect as of the date of the balance sheet. A copy of the continuation certificate issued by most underwriters is sufficient.

Does the Department recommend or require the balance sheet be filed using a particular software company?

The Department does not make recommendations regarding the suitability of accounting software for any IA firm. Firms must determine their accounting needs as part of their application process. The Department does not require the use of any particular software package.