

**SEC 35.05 Financial statements.** (1) All financial statements required by ch. 553, Stats., or rules adopted thereunder or utilized in connection with the offer to sell, sale or purchase of a franchise within this state shall be:

(a) Prepared in accordance with generally accepted accounting principles applied on a consistent basis; and

(b) 1. In the case of financial statements of franchisors, the franchises of which are required to be registered under s. 553.26, Stats., audited and certified by an independent certified public accountant, provided that this requirement may be waived by the commissioner in particular cases for good cause shown and does not apply to interim financial statements unless otherwise required by the commissioner in particular cases; or

2. In the case of financial statements of franchisors exempt from registration under ss. 553.22, 553.23 or 553.25, Stats., certified and audited by an independent certified public accountant unless such requirement be waived by the commissioner as not in the public interest or for the protection of investors.

(2) All unaudited financial statements when utilized, either when referred to orally or presented in writing, pursuant to sub. (1) of this rule, shall be accompanied by an oral statement at the same time or disclosure, immediately adjacent to the use of such statements if in written form, of the following:

**"THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. INVESTORS IN OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OPINION WITH REGARD TO THEIR CONTENTS OR FORM."**

**History:** Cr. Register, October, 1972, No. 202, eff. 11-1-72.