



The *Cooperatives Act* – All About Financial Statements

1. As per s. 81 of the *Act*, cooperatives must, within 30 days after its annual meeting, provide the Director with the audited financial statements of the cooperative, or in the case of a cooperative exempted by regulation from the requirement to audit its financial statements, the financial statements of the cooperative.

Exemptions from Audited Financial Statements

2. Section 78 of the RULE COOP-001 *General*

A cooperative that has between \$250,001 and \$499,999 in business volume as stated in its financial statements for the preceding fiscal year may have its auditor review its financial statements instead of an audit if the members have, by an extraordinary resolution passed at a special meeting duly called for that reason or at an annual meeting of members, resolved not to have an audit and to instead have a review.

3. Section 79 of the RULE COOP-001 *General*

A cooperative that has between \$100,000 and \$250,000 in business volume as stated in its financial statements for the preceding fiscal year may either have its auditor compile or review its financial statements instead of an audit if the members have, by an extraordinary resolution passed at a special meeting duly called for that reason or at an annual meeting of members, resolved not to have an audit and to instead have a compilation or review.

Requirements

4. Section 80 of the RULE COOP-001 *General*

For the purposes of subsection 82(1) of the *Act*, financial statements of a cooperative shall include at least the following:

- (a) a balance sheet;
- (b) a statement of retained earnings;
- (c) an income statement; and
- (d) a statement of changes in financial position.



Requirements for Auditors' Reports

5. Section 81 of the RULE COOP-001 *General*

The auditor of a cooperative that has between \$100,000 and \$250,000 in business volume as stated in its financial statements for the preceding fiscal year may either report on a compilation, review or audit of the financial statements, subject to the level of engagement.

6. Section 82 of the RULE COOP-001 *General*

The auditor of a cooperative that has between \$250,001 and \$499,999 in business volume as stated in its financial statements for the preceding fiscal year may either report on a review or audit of the financial statements, subject to the level of engagement.

7. Section 83 of the RULE COOP-001 *General*

The auditor of a cooperative that has more than \$500,000 in business volume as stated in its financial statements for the preceding fiscal year must report on an audit.

Exemptions from Appointing an Auditor and Audited Financial Statements

8. Section 84 of the RULE COOP-001 *General*

Cooperatives that have less than \$100,000 in business volume as stated in their financial statements for the preceding fiscal year may, by an extraordinary resolution passed at a special meeting duly called for that reason or at an annual meeting of members, resolve not to appoint an auditor pursuant to subsection 84(3) of the *Act*.

A cooperative that resolves to not appoint an auditor must send notice in the form set out by the Director within 40 days after the date of the extraordinary resolution. (Form 13)

9. Section 85 of the RULE COOP-001 *General*

Cooperatives that have not completed their first fiscal year may by extraordinary resolution passed at the first meeting of members, resolve not to appoint an auditor pursuant to subsection 84(3) of the *Act*.

A cooperative that resolves to not appoint an auditor must send notice in the form set out by the Director within 40 days after the date of the extraordinary resolution. (Form 13)

10. Section 86 of the RULE COOP-001 *General*

Cooperatives that do not appoint an auditor in accordance with sections 84 and 85 of the rule must prepare their financial statements in accordance with section 80 of the rule.



Approval and Presentation to Members

11. The directors of a cooperative shall approve the financial statements and the approval is evidenced by the signature of one or more directors, or a facsimile of the signatures reproduced on the statements.
12. The directors shall present to the members the approved financial statements of the cooperative at every annual meeting of members and, if applicable, at any other time set out in the by-laws of the cooperative.

Any information provided here is for educational and informational purposes only. FCNB considers this information reliable as of the time of posting; however, the *Cooperatives Act* should always be consulted for the most current information.