

Financial Statements and Auditors for Co-operatives

Co-operatives are businesses. Some are for-profit and some are non-profit, but the *Co-operative Associations Act* requires that they all report on their finances to the members at every Annual General Meeting (AGM). Two financial reports should be reviewed at every AGM, and must be filed annually with the Provincial government through the Co-operatives Branch. Samples are attached. Feel free to add or delete categories to suit the needs of your co-operative.

1. A Statement of Revenue, Expenditures and Surplus (Deficit) shows whether the co-operative made money, lost money or broke even in the past year. It shows all of the money that came into your co-operative in one fiscal year, and all the money that went out, grouped into categories. Revenue may be grouped into categories like membership fees, sales, fund raising and other. Expenditure categories may include cost of sales, administration, education and other. The difference between revenue and expenditures is the "bottom line" and shows whether your co-operative had a surplus or deficit for the year.

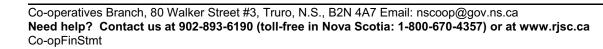
2. **A Balance Sheet** shows the co-operative's assets, liabilities and equity. Assets are what the co-operative owns (money in the bank, computers, buildings, etc.). Liabilities are what it owes (mortgage, unpaid bills at year end, etc.). Equity is the difference, so that assets - liability = equity. The Balance Sheet shows your co-operative's net worth on the last day of the fiscal year.

An auditor may be an accountant or other person appointed by the association. The *Co-operative Associations Act*, section 40(7) says that

None of the following persons shall be qualified for appointment as auditor of an association:

- (a) a director, officer or employee of the same association;
- (b) a person who is a partner of or in the employment of an officer or director of the association;
- (c) the immediate families of those mentioned in clauses (a) and (b).

For further details on audits and financial records see the *Co-operative Associations Act*, sections 40-42. The *Act* is available online at: <u>www.gov.ns.ca/legislature/legc/statutes/coopassc.htm</u>



Financial Statements

Co-operative Associations Act

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	Budget 20	Actual 20	Actual 20	
Revenue Sales				
Membership fees				
Fund raising				
Other revenue				
Total Revenue				
Expenditures Cost of Sales				
Administration				
Education and training				
Insurance				
Professional fees				
Salaries				
Other expenditures				
Total Expenses				
Gross Profit/Loss (sales less cost of sales)				
Net Profit/Loss (total income less total expenses)				
Surplus (Deficit), beginning of year				
Surplus (Deficit), end of year				

(beginning surplus plus net profit/loss)



Co-operative Limited

Fiscal year ended ______ (yyyy/mm/dd)

Statement of Revenue, Expenditures and Surplus (Deficit)

Financial Statements

Co-operative Limited

Co-operative Associations Act

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Fiscal year ended	(yyyy/mm/dd)	(yyyy/mm/dd)		
Balance S				
	20	20		
Assets				
Current Assets				
Cash and deposits				
Accounts receivable				
Prepaid expenses				
Total Current Assets				
Capital/Fixed Assets				
Investments		<u> </u>		
Land				
Buildings				
Other capital/fixed Assets				
Total Capital/Fixed Assets				
Total Assets				
Liabilities				
Current liabilities				
Amounts payable				
Taxes payable				
Long Term Debt				
Mortgage				
Total Liabilities				
Member Equity				
General Reserve				
Membership shares/fees				
Retained earnings/deficit				
Total Member Equity				
Total Liabilities and Member Equity (must be equal to total assets)				

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