

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: <http://nslegislature.ca/legc/statutes/coopassc.htm>

Co-operative Name _____

Fiscal year ended _____ (yyyy/mm/dd)

Statement of Revenue, Expenditures and Surplus (Deficit)

| | Budget 20__ | Actual 20__ | Actual 20__ |
|--|----------------|----------------|----------------|
| Revenue | | | |
| Sales | _____ | _____ | _____ |
| Membership fees | _____ | _____ | _____ |
| Fund raising | _____ | _____ | _____ |
| Other revenue | _____ | _____ | _____ |
| Total Revenue | ===== | ===== | ===== |
| Expenditures | | | |
| Cost of Sales | _____ | _____ | _____ |
| Administration | _____ | _____ | _____ |
| Education and Training | _____ | _____ | _____ |
| Repairs and Maintenance | _____ | _____ | _____ |
| Insurance | _____ | _____ | _____ |
| Professional fees | _____ | _____ | _____ |
| Salaries | _____ | _____ | _____ |
| Other expenditures | _____ | _____ | _____ |
| Total Expenses | ===== | ===== | ===== |
| Gross Profit/Loss <i>(sales less cost of sales)</i> | _____ | _____ | _____ |
| Net Profit/Loss <i>(total income less total expenses)</i> | _____ | _____ | _____ |
| Surplus (Deficit), beginning of year | _____ | _____ | _____ |
| Surplus (Deficit), end of year <i>(beginning surplus plus net profit/loss)</i> | _____ | _____ | _____ |



Co-operative Name _____

Fiscal year ended _____ (yyyy/mm/dd)

Balance Sheet

| | 20__ | 20__ |
|--|-------|-------|
| Assets | | |
| Current Assets | | |
| Cash and deposits | _____ | _____ |
| Accounts receivable | _____ | _____ |
| Prepaid expenses | _____ | _____ |
| Total Current Assets | _____ | _____ |
| Capital/Fixed Assets | | |
| Investments | _____ | _____ |
| 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 | _____ | _____ |
| <i>(must be equal to total assets)</i> | | |