

# Guideline

## Financial Statements Provided to Members

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### INTRODUCTION

This Guideline outlines the requirements under the *Financial Institutions Act* ("FIA") and *Credit Union Incorporation Act* ("CUIA") for credit unions to provide audited financial statements to their members and sets out expectations concerning condensed (or summarized) financial statements.

This Guideline repeals and replaces Information Bulletin CU-1999-002 'Requirement of Credit Unions to Provide Audited Financial Statements to Their Members'.

### BACKGROUND INFORMATION

The FIA and CUIA require credit unions to provide audited financial statements to their members. Key legislative references are summarized below:

- Section 39.48(1) of the CUIA requires credit unions to send each member a copy of their audited financial statements not less than 10 days prior to their annual general meeting;
- Section 39.49(1) of the CUIA requires that every financial statement issued, published, or circulated by a credit union first be approved by the directors and the approval evidenced by the signatures of two directors; this includes condensed financial statements. The signature requirement can be satisfied by an electronic signature;
- Section 39.56(5) of the CUIA requires that all financial statements, including condensed financial statements, submitted to an annual general meeting must first be submitted to the Audit Committee for review. Upon completing a review, the Audit Committee must submit a report to the Board of Directors prior to their approval of the financial statements;
- Sections 39.49 and 39.57 of the CUIA require that an auditor's report be attached to financial statements, including condensed financial statements, circulated by the credit union that are to

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be presented to an annual general meeting; and

- Section 128(5) of the FIA requires a credit union to have a copy of its full audited financial statements available at every branch and to provide a copy free of charge to any member who requests one.

In addition to the general requirements related to financial statements above, the FIA and CUIA contains some specific requirements for condensed financial statements, as follows:

- Section 128(3) of the FIA provides that a credit union can fulfill the requirements of section 39.48(1) of the CUIA using condensed financial statements;
- Section 128(4) of the FIA requires that the condensed financial statements contain:
  - a condensed statement of profit or loss for the relevant financial year;
  - a condensed balance sheet made up to the end of that financial year; and
  - a notice in conspicuous type that any member or auxiliary member may obtain a free copy of the full financial statements at any branch of the credit union; and
- Section 74.1 of the CUIA requires that the condensed financial statements include comparative information for the previous year-end.

This list is not exhaustive of all applicable requirements. Credit unions are expected to familiarize themselves with the relevant legislation to ensure they remain in compliance.

## EXPECTATIONS FOR CONDENSED FINANCIAL STATEMENTS

In addition to the legislative requirements outlined above, condensed financial statements should include “other comprehensive income” as set out in the Chartered Professional Accountants (“CPA”) Canada Handbooks<sup>1</sup>. This is consistent with generally accepted accounting principles, defined in the *Audit and Audit Committee Regulation* under the FIA and CUIA as the principles recommended in the CPA Canada Handbooks.

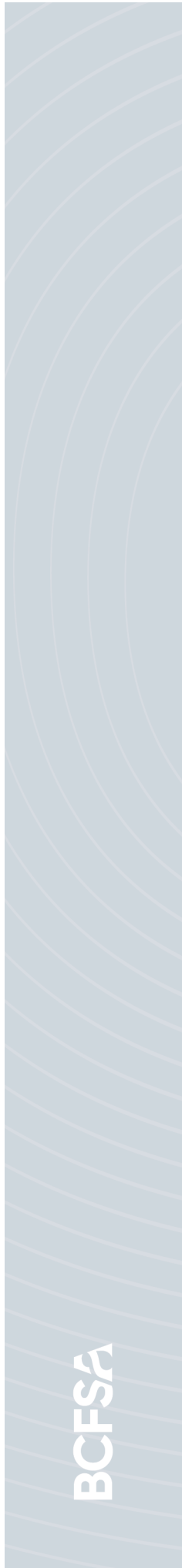
If the full financial statements are posted on the credit union’s website, a link to the location should also be included in the condensed financial statements.

Condensed financial statements should include assets, liabilities, equity, and results of operations and other comprehensive income under no fewer than the following headings, where applicable.

### Format for Condensed Statement of Financial Position

	Current Year	Previous Year
<b>Assets</b>		
Cash and cash equivalents		
Investments		
Loans		
Premises and equipment		
Intangible assets		
Other assets		
<hr/> Total assets		
<hr/>		

<sup>1</sup> Refer to International Accounting Standard 1 Presentation of Financial Statements of the CPA Canada Handbooks for further details.



Current Year Previous Year

**Liabilities and Members' Equity**

Member deposits
Borrowings
Accounts payable and accrued liabilities
Other liabilities
Members' equity
Equity shares <sup>2</sup>
Contributed surplus
Retained earnings
Accumulated other comprehensive income (loss)
<hr/> Total liabilities and members' equity

**Format for Condensed Statement of Profit or Loss and Other Comprehensive Income**

	Current Year	Previous Year
Interest income		
Interest expense		
Net interest income		
Other income		
Operating expenses		
Salary and employee benefits		
General and administrative		
Occupancy and equipment		
Income before income taxes		
Income taxes		
Net income		
Other comprehensive income (loss)		
Items that will be reclassified to net income		
Items that will never be reclassified to net income		
<hr/> Total comprehensive income		

**CONTACT INFORMATION**

For questions about this Guideline, please contact BCFSA at [filings@bcfsa.ca](mailto:filings@bcfsa.ca).

**APPLICABLE LEGISLATION**

CUIA Part 2.2 Division 4, and Part 2.3

FIA ss. 128, 129

*Electronic Transactions Act* s.11

Audit & Audit Committee Regulation s.2

Copies of the legislation are available from [BC Laws](#).

<sup>2</sup>The presentation and disclosure of equity shares must be made in accordance with the standards outlined in IFRS 9 (Financial Instruments) of the CPA Canada Handbooks. These standards require every class of equity shares to be classified as liabilities or member equity, according to the respective terms of issue and the respective redemption rights. As credit unions offer different classes of equity shares with varying terms of issue and redemption rights, proper presentation and disclosure will differ. Credit unions should consult their external auditors to determine the appropriate presentation and disclosure.