

# COMPARISON OF CO-OPERATIVE LEGISLATION IN CANADA: AUDIT EXEMPTION SECTIONS

## ONTARIO

### Ontario Co-operative Corporations Act

Section	Type	Prescribed Capital Threshold, OR	Prescribed Gross Revenue Threshold, OR	Prescribed Assets Threshold	Member Threshold Exemption
123 (1)	Exemption				<b>MAXIMUM NUMBER OF MEMBERS:</b> <b>15 or less</b> , and all agree in writing, OR <b>&gt;15 and &lt;51</b> , approved by special resolution.
123.(1.1)*	Exemption	\$500,000	\$500,000	\$500,000	
		<b>Capital Threshold, AND</b>	<b>Assets Threshold</b>		
123 (2)	Never issued securities	<\$5,000	<\$5,000		
	<b>Notes</b>				
	Exemption does not apply if co-op receives a gov't grant or subsidy that requires an audit.				
	3 or member members may request an audit within 14 days of a special resolution exemption.				
	*Prescribed in Regulation 178 Section 13.1				

# BRITISH COLUMBIA

## Cooperative Association Act

Section	Type	Prescribed Capital Threshold, OR	Prescribed Gross Revenue Threshold, OR	Prescribed Assets Threshold	Member Threshold Exemption
109 (1)a	Exemption				<b>VOTE.</b> 3/4 special vote, unless the co-op decides to lower its majority to a 2/3rds special vote.
109 (1)b	Exemption				<b>VOTE.</b> (b) "If the association has issued investment shares, by separate resolutions of investment shareholders of each class of issued investment shares."
Section	Type	Capital Threshold	Assets Threshold		
<a href="http://bccacoop.com/news/community-investment-fund-co-ops-canadian-success-stories-environment-policy-hurdles">http://bccacoop.com/news/community-investment-fund-co-ops-canadian-success-stories-environment-policy-hurdles</a>	Share exemption, before requiring B.C. Securities Commission approval.	\$5,000	\$5,000		
<b>Notes</b>					
Housing co-ops are mandated to submit audited financial statements to BC Housing or the CMHC.					
Agriculture and Agri-Food Canada. <a href="http://www4.agric.gc.ca/resources/prod/coop/doc/creatcoopguide.pdf">http://www4.agric.gc.ca/resources/prod/coop/doc/creatcoopguide.pdf</a>	"Originally, all members had to agree to waive the need for an auditor for one year. Now, members of a non-reporting co-operative may waive the need for an auditor by passing a special resolution."				
236 (2)	Dispensing with auditor is only valid for one financial year.				

# ALBERTA

## Cooperatives Act

Section	Type	Prescribed Capital Threshold	Prescribed Gross Revenue Threshold	Prescribed Assets Threshold	Member Threshold Exemption
236 1 a	Exemption				<b>VOTE.</b> 2/3rds special resolution of the members.
236 1 b	Exemption				<b>VOTE.</b> 2/3rds special resolution of all investment shareholders, including individuals who do not otherwise have voting rights.
		Capital Threshold	Assets Threshold		
<a href="http://bccca.coop/news/community-investment-fund-co-ops-canadian-success-stories-environment-policy-hurdles">http://bccca.coop/news/community-investment-fund-co-ops-canadian-success-stories-environment-policy-hurdles</a>	Never issued securities	\$10,000	\$10,000		
	Notes				
236 (2)	Dispensing with an auditor is only valid until the next annual meeting of members.				

# MANITOBA

## Cooperatives Act

Section	Type	Prescribed Capital Threshold	Prescribed Gross Revenue Threshold	Prescribed Assets Threshold	Member Threshold Exemption
264(1) a	Exemption				<b>VOTE.</b> A non-distributing co-operative may dispense with an auditor with a special resolution of its members, involving a 2/3rds vote.
264(1) b	Exemption				<b>VOTE.</b> A non-distributing co-operative may dispense with an auditor with a special resolution of all its shareholders, including those who do not otherwise have the right to vote, with a 2/3rds vote.
		<b>Capital Threshold</b>	<b>Assets Threshold</b>		
	Never issued securities	n/a	n/a		
	<b>Notes</b>				
264(2)	Dispensing with auditor is only valid until the next annual members meeting.				
"special resolution" a) ii	For special resolutions, a voting threshold can be raised higher than 2/3rds with a unanimous agreement.				

# SASKATCHEWAN

## The Co-operatives Act

Section	Type	Prescribed Capital Threshold	Prescribed Gross Revenue Threshold	Prescribed Assets Threshold	Member Threshold Exemption
133 (2)	Exemption				<b>VOTE.</b> For <20 members, an auditor can be dispensed of without being verified by the Registrar, according to the co-op's by-laws.
133 (2) b	Exemption				<b>VOTE.</b> 20+ members, notification of the resolution must be filed with the Registrar within 30 days after the resolution is passed.
133 (4)	Exemption				<b>VOTE.</b> 20+ members, a resolution to dispense of an auditor must be consented to by all members, shareholders, and members not otherwise entitled to vote, who voted on the resolution.
			<b>Capital Threshold</b>	<b>Assets Threshold</b>	
	Never issued securities		N/A	N/A	
	<b>Notes</b>				
133 (3)	Resolutions to not appoint an auditor are valid until the next annual meeting of members.				
133 (5) a	Exemptions are void if in the opinion of the Registrar, the co-op does not provide goods or services mainly for its members.				
133 (5) b	Exemptions are void in the event of receiving or soliciting donations, financial gifts or property from the public.				
133 (5) c	Exemptions are void if a co-operative has obtained funding from a government or government agency above 10% of its total income for a fiscal year.				
133 (5) d	Exemptions are void if a co-operative is a registered charity				

## QUEBEC

### The Cooperative Act

Section	Type	Prescribed Capital Threshold	Prescribed Gross Revenue Threshold	Prescribed Assets Threshold	Member Threshold Exemption
136.	Exemption				<b>APPLY.</b> If no auditor is appointed, 3+ members of the co-op or a federation in which the co-op is a member, may make an application to the Minister.
136.1	Exemption				<b>VOTE.</b> An auditor can be exempted at a special meeting called by the B of D, co-op President, or the B of D of the co-op's federation.
77.	Exemption				<b>VOTE.</b> A special meeting must be called by at least 500 members of a co-op that has 2000+ members. A special meeting can also only be called by at least 25% of members for co-ops with <2000 members.
		<b>Capital Threshold</b>		<b>Assets Threshold</b>	
Regulation under the Cooperative Act 4.	Never issued securities				REGULATION 135. "The Government, by regulation, may exempt a cooperative from the application of the second paragraph, in consideration of its volume of business."
	<b>Notes</b>				
128.2.	If a co-op (e.g. without an auditor) does not stipulate the percentage of business transacted with its members in its annual report, the government will deem the percentage to be below government prescribed regulation unless verified by an auditor within 90 days of the notice.				
Regulation under the Cooperatives Act 4.	If a co-op shows revenue below \$250,000 during the fiscal year before appointing an auditor, the co-op must be ready to make available any necessary information as indicated under Schedule I.				

## NEW BRUNSWICK

### The Co-operative Associations Act of New Brunswick (EXISTING LEGISLATION)

Section	Type	Prescribed Capital Threshold	Prescribed Gross Revenue Threshold	Prescribed Assets Threshold	Member Threshold Exemption
38. (1.1) b	Exemption	>\$50, 000	> \$50, 000	>\$50,000	<b>VOTE.</b> An extraordinary resolution, passed by a 3/4ths vote of members, at a special meeting or at an annual meeting.
38 (1.2)	Exemption	<\$50,000	<\$50,000	<\$50,000	<b>VOTE/PERMISSION.</b> An extraordinary resolution, passed by a 3/4ths vote of members, at a special meeting or at an annual meeting. With the permission of the Inspector.
		<b>Capital Threshold</b>	<b>Assets Threshold</b>		
38(1.1) a	Never issued securities.	Below \$50,000	Below \$50,000		
	<b>Notes</b>				
<b>41(1) b</b>	A co-op operating without an auditor may still be required to provide financial information to the Inspector in regards to the previous fiscal year.				
38. (1.1) b <b>38 (1.2)</b>	For co-operatives with a business volume of more than \$50, 000, the extraordinary resolution to not appoint an auditor must be passed in accordance with bi-laws that are verified by the Inspector and filed with the Registrar.				
<b>38 (1.3)</b>	A co-op operating without an auditor may still be subject to additional requirements as the Inspector sees fit.				
<b>38 (1.4)</b>	Dispensing of an auditor is only valid until the next annual general members meeting.				

### New Brunswick PROPOSED co-op legislation. Recommended Audit Exemption Categories

Type	Prescribed Revenue Threshold	Prescribed Capital Threshold	Membership Requirement
Audit	>\$200,000	>\$200,000	<b>VOTE.</b> Special resolution
Review Engagement	>\$500,000	>\$500,000	<b>VOTE.</b> Special resolution, Registrar exemption.

# NOVA SCOTIA

## Co-operative Associations Act

Section	Type	Prescribed Capital Threshold	Prescribed Gross Revenue Threshold	Prescribed Assets Threshold	Member Threshold Exemption
40 (1)	Exemption				<b>VOTE.</b> 2/3rds consent in writing of members during a financial year.
		<b>Capital Threshold</b>		<b>Assets Threshold</b>	
	Never issued securities	N/A		N/A	
	<b>Notes</b>				
40 (1)	An auditor exemption is valid until the next annual general members meeting.				
40 (13)	The Inspector can appoint an Auditor to a co-op at any point in time, for purposes of producing an audit.				
41. (1)	Even if a co-op has exempted an auditor, the co-op must still send a financial statement to the Inspector within 2 weeks of its annual general members meeting.				



## PRINCE EDWARD ISLAND

### Co-operative Associations Act

Section	Type	Prescribed Capital Threshold	Prescribed Gross Revenue Threshold	Prescribed Assets Threshold	Member Threshold Exemption
38.	Exemption				<b>VOTE.</b> 2/3rds extraordinary resolution at a membership meeting made by the members.
		<b>Capital Threshold</b>		<b>Assets Threshold</b>	
	Never issued securities	n/a		n/a	
	<b>Notes</b>				
39. (13)	The Minister can appoint an Auditor at any point in time to produce a report for the Minister.				
38.	A vote to exempt an auditor is valid for one year from the decision to give consent.				

**NEWFOUNDLAND & LABRADOR  
Co-operative Societies Act**

<b>Section</b>	<b>Type</b>	<b>Prescribed Capital Threshold</b>	<b>Prescribed Gross Revenue Threshold</b>	<b>Prescribed Assets Threshold</b>	<b>Member Threshold Exemption</b>
91. (1)	Exemption				<b>VOTE.</b> Auditor appointed by member resolution, otherwise financials presented at AGM.

**COMPARISON WITH FEDERAL COOPERATIVES ACT,  
AND OTHER ONTARIO CORPORATION LEGISLATION**

<b><u>Entity</u></b>	<b><u>Act / Section</u></b>	<b><u>Never Issued Securities Exemption</u></b>	<b><u>Voting Requirements</u></b>	<b><u>Financial Requirements</u></b>	<b><u>Length</u></b>
Co-operative	Ontario Co-operative Corporations Act, 123 (1, 1.1)	To dispense with an auditor <15 members, unanimous; special resolution, 16-50 members.	2/3rds vote	Capital: < \$5,000	One financial year
Co-operative	Federal Cooperatives Act Section 225	To dispense with an auditor	2/3rds special resolution	n/a	Next annual members meeting
Corporation	Business Corporations Act, 148. (a) and (b)	To dispense with an auditor	All shareholders consent in writing	n/a	One financial year
Corporation	Corporations Act, 96.1 (a), (b), and (c)	To dispense with an auditor	All shareholders (members, for non-share capital) consent in writing	Annual income, <\$100,000	One financial year

**Summary of audit exemption provisions in the new Ontario Non for Profit Corporations Act (ONCA) - section 76 and its Regulations**

<b>Public Benefit Corporation</b>	<b>Prescribed Revenue Threshold</b>	<b>Membership Requirement</b>
Audit	\$500,000 or more (or other prescribed amount)	n/a
Review Engagement	>\$100,000 (or other prescribed amount) - <\$500,000 (or other prescribed amount)	n/a
Compilation	\$100,000 or less (or other prescribed amount)	n/a
If membership passes an "extraordinary resolution" (to be passed annually)		
<b>Non-Public Benefit Corporation</b>	<b>Prescribed Revenue Threshold</b>	<b>Membership Requirement</b>
Audit	n/a	n/a
Review Engagement	>\$500,000 (or other prescribed amount)	n/a
Compilation	\$500,000 or less (or other prescribed amount)	n/a
If membership passes an "extraordinary resolution" (to be passed annually)		

**Public Benefit Corporations.** A distinction is made between public benefit corporations and other not-for-profit corporations. A public benefit corporation is defined as: (a) a charitable corporation, or (b) a non-charitable corporation that received external funds (e.g. donations, grants or government financial assistance in excess of \$10,000 in year

Special rules apply to public benefit corporations under ONCA that do not apply to other not-for-profit corporations. Examples include:

- Different audit and review engagement requirements (section 76 of ONCA)
- A three-year asset lock for voluntary dissolution (section 167 of ONCA)