

Information session for Yukon societies

October 26, 2023

Preparing your financial statements




Yukon



Who's here?

- Please introduce yourself in the chat
- Sign up for our mailing list, if you haven't already:

<https://forms.office.com/r/JRBv8Aw4W2>



On the agenda for today...

- Timing considerations
- Common issues that arise and how to solve them
- Basic requirements for financial statements
- New and old thresholds for financial review
- Appointing an accountant and types of accountant review that qualify
- How to keep financial statements

Timing considerations

Financial statements must be prepared in time for your AGM

- AGMs take place **4 months** after your fiscal year-end;
OR
- **16 months** after incorporating



You may need to allow time to:

- Prepare materials for a bookkeeper
- Hand draft statements or other materials to an accountant
- Plan for a board meeting so your board members can approve the financials
- Have two board members sign the statements before the AGM

When is my fiscal year?



When is my fiscal year?



Your first fiscal year



What if we changed our fiscal year-end this year?

Plan to:

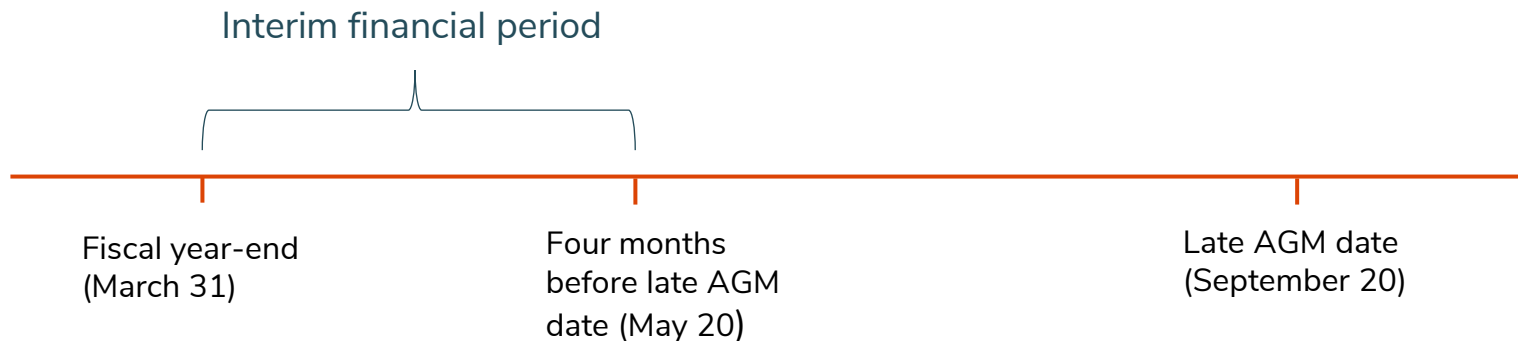
- Hold an AGM within 4 months of your new fiscal year-end
- Consider the longer or shorter fiscal year when you prepare your financial statements

This might affect your revenue thresholds.



What if we hold our AGM late?

If you hold your AGM late, you need to provide **interim financial statements** for your members.



To calculate your interim period, count four months back from your late AGM date. This is the minimum period your additional financial statements need to cover.



What if our financial statements are not ready in time for our AGM?

Option 1: Stay in default and hold your AGM late

- The main purpose of an AGM is to present financial statements to members
- If you have no financial statements ready in time for your AGM – not even a draft from your bookkeeper – we recommend postponing the AGM
- You will need to risk manage being in default
- You may need to prepare interim financial statements, depending on how late your AGM is.



What if our financial statements are not ready in time for our AGM?



Option 2: Hold your AGM with draft financial statements

- Recommended if your accountant's report isn't ready before the AGM but you have draft financial statements
- Once your accountant review is ready, share with members
- Check your bylaws or policies to see if you need a vote of approval from members on your financial statements
- If you do, plan to hold a special general meeting for a vote
- If not, you may plan to share financial statements with members another way – by email, by posting on your website, or another option.

Basic requirements for financial statements

Financial statements must be

- ✓ Prepared according to generally accepted accounting principles as found in the CPA handbook
- ✓ Be approved by the board and signed by two board members
- ✓ Consist of a balance sheet and a statement of revenue and expenditure
 - ✓ Include amounts received as public donations or government funding
 - ✓ If your funding came from YG, you need to specify which department it came from
- ✓ Be reviewed by an accountant if required





Include details about..

Payment of board members

- A list of board members or people associated with board members that the society paid during that fiscal year
- The amount each person was paid
- Whether the payment was for being a board member or for a separate contract of employment or services.

Wages

- A list of all positions that make over \$75,000
- The amount they were paid, rounded to the nearest multiple of \$5,000
- The position or title; or the nature of services they were hired for

Include details about..

Financial assistance

If a society has received financial assistance, you need to include the amount and the nature of the financial assistance.

Financial assistance could be:

- A loan
- A guarantee
- An indemnity

You don't need to include these details if the purpose of the society is to receive financial assistance.





When do I need an accountant?

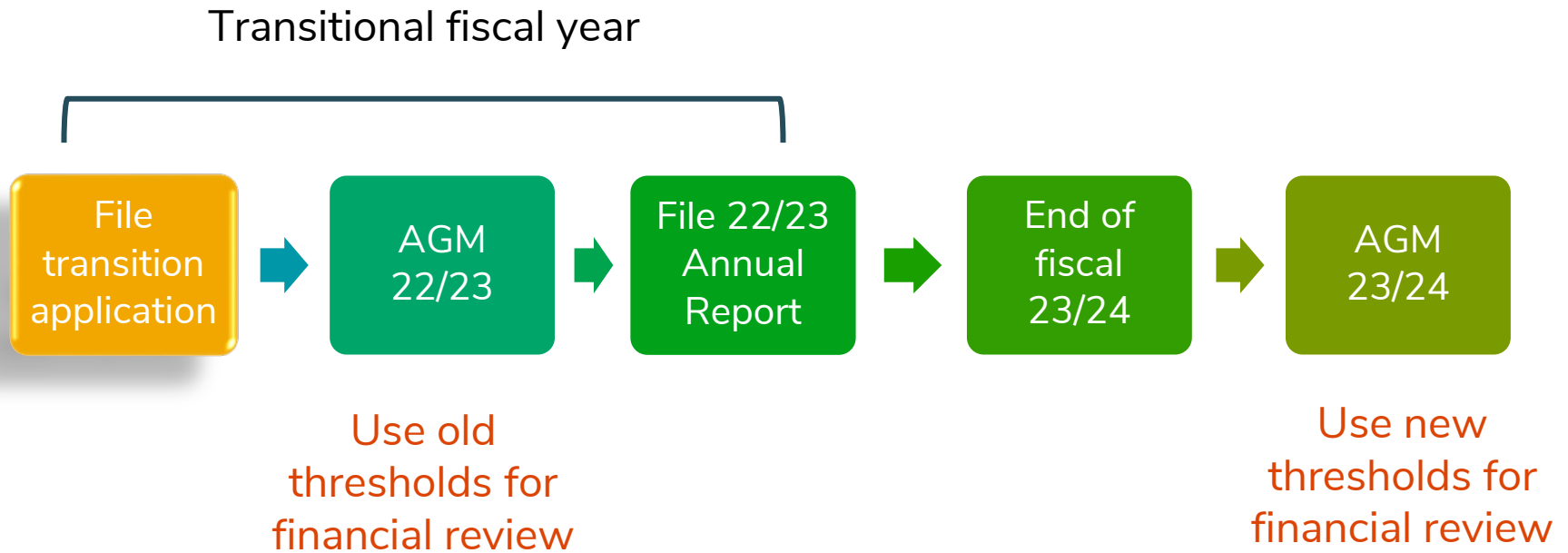
Category	Do you need an accountant to review your financial statements before your AGM?
Class A – Revenues over \$120,000 and / or assets over \$250,000	Yes, unless the society's bylaws has allowed them to pass a special resolution to waive the requirement. They can only waive for two years in a row.
Class B – Revenues less than \$120,000 and / or assets less than \$250,000	No. The society can decide at their AGM whether they want to appoint an accountant for the upcoming fiscal year.
Member-funded societies – This is a special category of society that is not eligible for funding or donations.	No. The society can decide at their AGM whether they want to appoint an accountant for the upcoming fiscal year.



Old thresholds for financial review

- **Category A** = Revenues above \$150K, assets above \$300K
 - Finances must be reviewed or signed by a CPA, unless an exemption request has been submitted to the registrar
- **Category B** = Revenues less than \$150K, assets less than \$300K
 - Financial statements must be reviewed and signed by a CPA unless the society has passed a special resolution to waive the need for financial review in the 12 months prior to the AGM
- **Category C** = Revenues less than \$40K, assets less than \$100K
 - No requirement for financial review, must submit a declaration of Category C form

When do I switch between old and new thresholds?



Planning ahead

- If you aren't sure what your revenues will be, you can:
 - Pass a special resolution to waive the requirement for a review just in case (if your bylaws allow it)
 - Plan to have a review done regardless



Plan ahead for an accountant review if you think you might need one



Try to anticipate whether you'll fall into a different threshold next fiscal year



Types of accountant review that qualify

There are three different kinds of accountant review that qualify:

- Compilation engagement
- Review engagement
- Audit engagement

You can learn more about the differences between the different types of review from [CPA Canada](#).



Appointing an accountant



- Accountants are appointed by a simple majority vote at an AGM
- Your accountant must be
 - part of a professional accounting association
 - independent from the society



What if we need to change our financial statements?

If you find out something that would require the financial statements to change, you need to:

- Share the information with the board members and the accountant
- Update the financial statements accordingly
- Send the members the updated financial statements and explain the changes



How to keep your financial statements



- Make sure they are signed by two board members before your AGM
- Keep those signed statements as a record for 10 years
- Anyone can request a copy of your financial statements, and you're obliged to provide them
- If you are fully transitioned to the new Act, you don't need to provide us with your financial statements when you file your annual report



More resources for societies

- [Sign up for our mailing list](#)
- [Reading financial statements – what do I need to know? FAQ](#) from CPA Canada
- [Guide to review engagements](#) – check out page 12 for a comparison of review, audit and compilation engagements.
- [Information sessions and resources](#) – where you will find slides and recordings from previous sessions.
- Yukon.ca/societies has lots of useful tips on different topics
- Contact me at 332-7950 or societies@yukon.ca



Next information session

- [Give me feedback on my information sessions](#) and tell me what you want to learn about next!
- I will be in this position until January, so if you need more information sessions, please reach out: societies@yukon.ca