

Working Toward the Development of a Statement of Recommended Practice for Co-operative Reporting

Project 5.3 – GAAP and Co-operative Accounting

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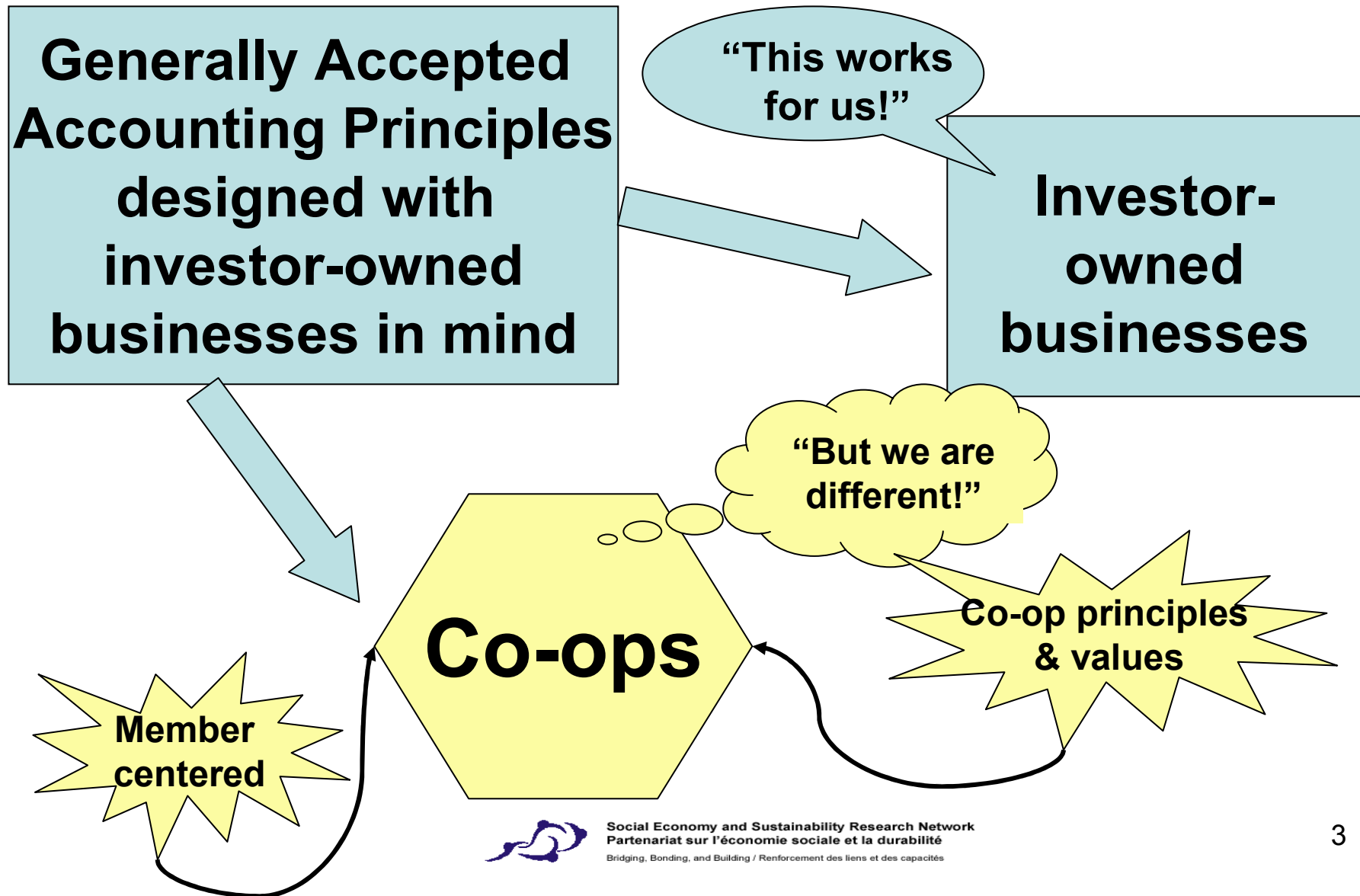
Social Economy and Sustainability Research Network
Partenariat sur l'économie sociale et la durabilité
Bridging, Bonding, and Building / Renforcement des liens et des capacités

Co-operative Accounting & Reporting

Improve accountability to co-operative members & other stakeholders & develop co-operative accounting practice.



Background & Rationale



Literature review



Reviewed co-op responses to proposed GAAP



Project Methodology

Examined Cdn. co-operative & credit union legislation



Examined Cdn. co-operative & credit union financial statements



Examined risk with respect to member shares



**Key link:
Research
Advisory Committee
& CEARC Mgt. Board**

Develop research
questions

CEARC working
papers & reports

Create work plan

Community and University Collaboration

Engage CEARC
management board

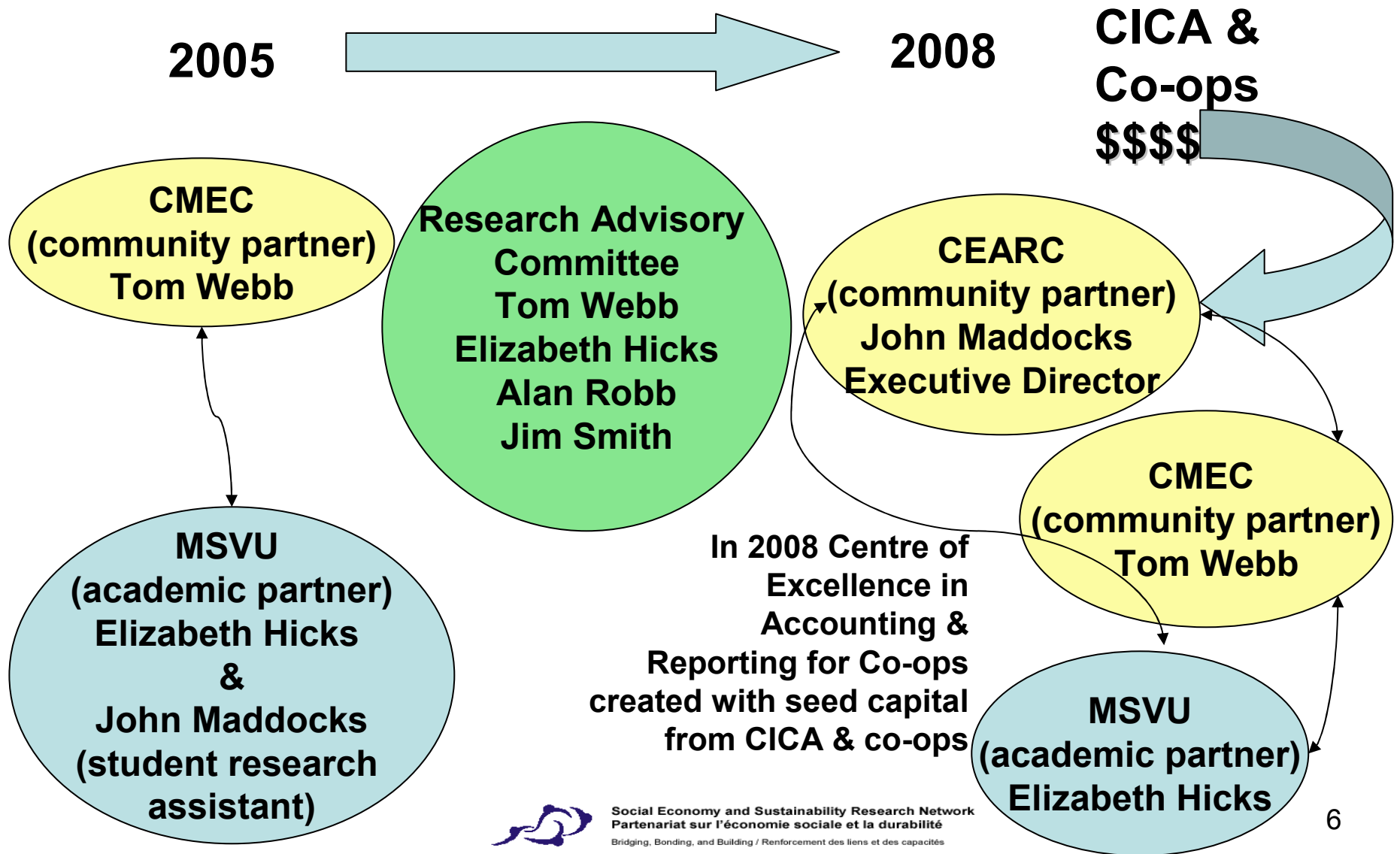
Supervise & conduct
data collection
& analysis

Preview papers
& reports

Plan dissemination



Partnership Evolution



Many NS co-op financial statements do not comply with GAAP & report very little on wider social goals.

Need for a co-operative perspective on accounting standards & sector specific guidance (i.e. a SORP) for co-operative accounting and reporting

Main Findings to Date

Classifying co-operative member shares as debt or equity on financial statements is complex:

- shares tend not to have a debt-like impact on systematic risk
- a sample of Canadian credit union financial statements revealed a close to equal split between those that classified member shares as debt and those classified as equity
 - member shares exhibit characteristics of ownership (i.e. equity) albeit different from that of investor-owned business.



Planned Deliverables

Presentation to the Atlantic Schools of Business Conference (October 2008)

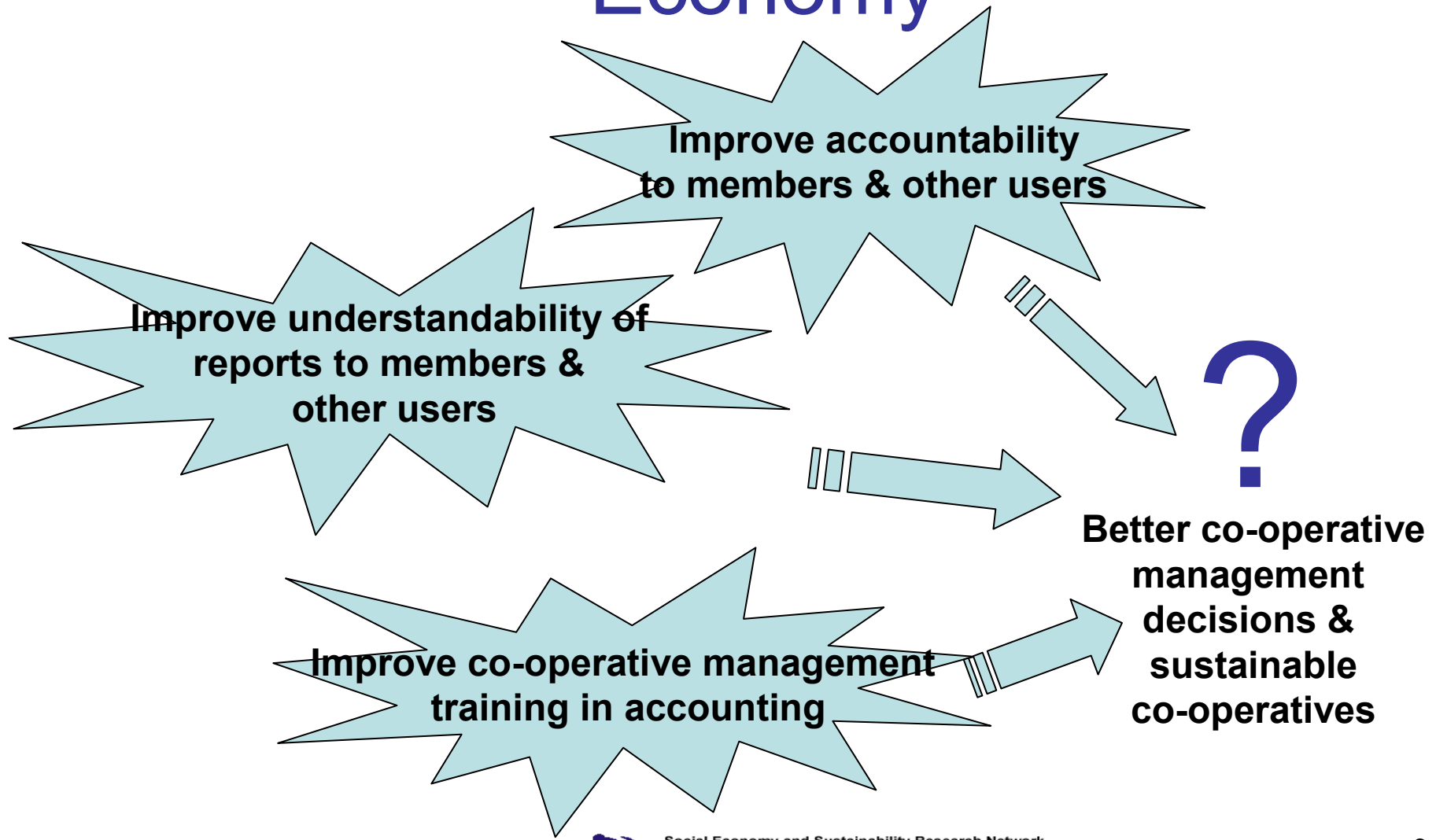
Final deliverable to International Academic Association for Accounting Education and Research project panel on the equity / liability distinction (April 2009)

Presentation at Congress - CASC and /or ANSER (spring 2009)

Ultimately contribute to the co-operative accounting module in the Masters of Management of Co-operatives and Credit Unions program



Implications for the Social Economy



How Student Benefited from the Project

A highly valued member of the team & involved in all aspects of research project:

- Lit. review
- Design
- Methodology
- Data collection
- Data analysis
- Writing papers
- Presenting papers
- Research meetings



Established co-operative & research networks

Software skills

- RefWorks
- PowerPoint
- Excel
- Word

Understanding of co-operative organizations & their accounting & reporting issues

Research skills

Upon graduation, hired as executive director of CEARC, has career aspirations in research & considering enrolling in a doctoral program.



Conclusions and Next Steps

- Continue to identify areas in Generally Accepted Accounting Principles that do not serve the needs of co-operative members, managers and other stakeholders.
 - Analyze content of financial reports of co-operatives to identify best practices & deficiencies in reporting
 - Analyze content of social responsibility reports of co-operatives to identify best practices & deficiencies in non-financial reporting
- Continue to contribute to CEARC discussion papers and statements of recommended practice to co-operative apex organizations, accounting standards boards and other interested individuals for comment.



**Thank
You**

