Annual Report

March 31, 2014

Centre of Excellence in Accounting and Reporting for Co-operatives

Annual Report

For the period April 1, 2013 to March 31, 2014

Report from the Chair of the Board of Directors and Executive Director, CEARC

The Centre of Excellence in Accounting and Reporting for Co-operatives (CEARC) is pleased to provide its annual report for the fiscal year ended March 31, 2014. The past year has been very productive for the Centre. We have successfully completed the third year of our three-year strategic plan, secured two new funding partners, National Rural Utilities Cooperative Finance Corporation and the National Society of Accountants for Cooperatives and awarded three research grants.

During the year, CEARC associates presented papers at eight conferences attended, one publication and one paper under review. In addition, we are in the process of working on six new papers.

Respectfully submitted,

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A. Mandate and goals of CEARC

a) The purpose of the Centre of Excellence is to provide a focal point for research into issues about how accounting and reporting systems may best be designed to fit the unique nature of co-operative businesses around the world. More specifically, the Centre explores issues such as:

- Accounting principles
- Application of accounting standards
- Accounting for the co-operative purpose and multiple bottom lines
- Integration of financial and non-financial reporting
- Content of annual reports
- Accounting for co-op P H P E H U 1i i 7“ ñw ¿Q/ `%'1áëó ÍŠé

x Gordon Beal ± Vice President, Guidance and Support, CPA Canada
x Russ Wasson - National Rural Electrical Cooperative Association
x Dr. Louis Beaubien ± Associate Professor, Dept. of Accounting, SMU
x John Maddocks ± Chartered Institute of Public Finance and Accountancy (UK)
x Dr. Daphne Rixon ± Dept. of Accounting, SMU, and Executive Director is an ex-officio member of the Board.

We are pleased to announce that Russ Wasson, CPA has joined the CEARC Board of Directors.

'RHV &RUSRUDWH 6RFLDO 5HSRUWLQJ $IIHFW WKH from Italian Cooperative Banks. Principle researcher ± Michele Andreaus. Funded amount – $4,000 ($2,000 in fiscal 2012-13 and $2,000 in fiscal 2013-14).

Non-financial Reporting by Retail Cooperatives: A Comparison with Investor Owned Firms. Principle researcher ± Elizabeth Hicks. Funded amount – $4,500.

2. To encourage more researchers to conduct studies into accounting and reporting for co-operatives and credit unions.

Goal: Issue request for proposals in Fall, 2012 and Fall, 2013 and award grants in Spring, 2013 and Spring, 2014 respectively.

Results: Eight proposals were received and the Research Committee recommended funding the following four proposals. The Board of Directors approved this recommendation and the grants were awarded in the last quarter of the 2013-14 fiscal year.

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4. Commence development of a handbook/on-line reference manual for accounting, reporting and auditing for co-operatives. This handbook/on-line reference manual will include International Statements of Recommended Practices (iSORPs) and best practices related to accounting and reporting for cooperatives.

   Goal: This on-line handbook/reference manual will reflect best practices and will contain the iSORPs developed by CEARC.

   Results: As research papers were completed, they were posted on the CEARC website.

5. Journal for Co-operative Accounting and Reporting (JCAR).

   Goal: Ensure there are a minimum of two editions published annually

   Results: We have published 2 editions in 2012, 2 editions in 2013 and are on track for 2 editions in 2014, one of which is a Special Joint Issue Journal of Co-operative Accounting and Reporting (JCAR) and International Journal of Co-operative Management (IJCM).

   JCAR enjoyed a successful two years. The journal has published multiple volumes which included nearly two dozen papers covering issues of a variety of topics of interest to managers as well as academics working in the co-operative field. The papers addressed timely and relevant issues such as financial accounting practices in co-operatives and credit unions, management accounting practices in co-operatives and governance. Authors publishing in JCAR GHPRQVWUDWH WKH MRXUQDO¶V North America, Asia, EDO UH Europe and Australia and New Zealand. As the journal enters its third year, we hope to expand the author base and continue to publish high quality scholarly material that will be useful to practitioners and academics.

6. ,GHQWLI\ SDUWQHUV WKDW ZRXOG EH LQWHUHVWHG LQ research initiatives to expand research and dissemination activity. CEARC will also continue to encourage the research community to seek other sources of funding, such as SSHRC, for research into co-operative accounting and reporting.

   Goal: Develop a research funding campaign by December 31, 2013. This campaign will identify the research themes and will include campaign co-chairs for the co

Cooperative Finance Corporation and $7,500 (US) from the National Society of Accountants for Co-operatives.

7. Conduct a survey of our research participants to evaluate their level of satisfaction with the research carried out by CEARC.

   Goal: Complete survey in the 4th quarter of 2014.

   Results: The survey will be undertaken in 2013-14.

8. Disseminate tK H & H Q W U H ¶ V U H V H D U F K W K U R X J K D W W H Q G D Q F H the form of member of a panel or presenting a paper.

   Goal: Attendance at two conferences annually

   Results: CEARC associates attended 9 conferences (8 presentations and one booth participation) in the 2013-14 fiscal year.

   Throughout the past year, representatives of CEARC [¤ MäÙ a8œBÁ“œN@8šIë÷ ñ q • F H

employed by a cooperative or provide professional services for cooperatives. NSAC is based in the United States.

During the year, Daphne Rixon met with the NSAC board and it was agreed that CEARC would work with NSAC to establish a Canadian chapter. For the upcoming 2014 conference, scheduled for August 3 ±6, San Diego, we will host a Canadian reception and roundtable meeting to discuss the establishment of a Canadian chapter and to identify topics of interest to Canadian

F. Publications

a. Papers/chapters accepted for publication

Rixon, D. (2013), Credit Union Performance Reporting in North America, Filene Research Institute, Madison, Wisconsin.

b. Papers under review

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by Euricse and the International Co-operative Summit

c. Research in progress

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on Credit Unions LQ &DQDGD´

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Hicks, E., and Brown, L. (2013), "Sustainability reporting: A comparison of reporting by co-
operatives and investor-owned organizations."

Brown, L., Hicks, E., and Leclerc, A. (2013), "Retail co-operative sustainability and planning
scorecard".

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Financial Crisis

G. Financial Report

As illustrated in Appendix 1, the Centre began the year with $119,179 and with revenue of $43,475 less expenses of $38,740, resulting in an excess of revenue over expenditures of $3,735. The Centre ended the year with a balance of $123,914. Overall, we are in a sound financial position, since our fund balance exceeds that of our minimum required balance of $50,000. During the year, we received donations totalling $43,475 which is comprised of $25,000 from CPA Canada, $10,300 from

Appendix 1

Centre of Excellence in Accounting and Reporting for Co-operatives
Statement of Revenue, Expenditures and Fund Balance
March 31, 2014

	March 31, 2014	March 31, 2013
Revenue		

Appendix 2

Centre of Excellence in Accounting and Reporting for Co-operatives (CEARC)

In-Kind Funding

2012 ±2014

CEARC associates are encouraged to seek additional sources of funding to support further research into co-operatives and credit unions.726.g93ugh these 26.were not 26.paid 26.directly to CEARC, indirectly they support the Centre's research.

Recipient	Source	2011-12 Actual	2012-13 Actual	2013-2014 Actual	3-Year Total
D. Rixon	SMU - Student Employment	$ 5,000	$ 5,000	$ 5,000	