



Koomiut Co-operative Association Limited

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January 28, 2025

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We are writing to express our concern regarding the legislated audit requirement currently imposed on Nunavut Co-operatives. While we recognize the importance of transparency and accountability, we believe this requirement creates disproportionate challenges and financial burdens, which has serious implications for the sustainability of Member Co-ops and their communities.

Since the establishment of the Nunavut territory, Co-ops have successfully relied on financial statements prepared through review engagements by reputable audit firms. Transitioning to full audited financial statements has introduced several significant concerns:

Significant Financial Impact

- Audit fees for 2024 increased by 150% compared to review engagement fees.
- Future costs are expected to rise by an additional \$5,000 to \$10,000 due to in-person audit testing.
- These increased expenses directly reduce patronage dividend payouts to community members.

Delays and Operational Strains

- The extensive testing required for audits has extended the timeline for producing financial statements from 90 days under review engagements to 7–9 months.
- These delays have postponed Co-op AGMs, which are essential for completing GN's Statement of Affairs documentation.
- Missing the legislated 90-day filing period for Statements of Affairs puts Co-ops at risk of default and jeopardizes their good standing status.

Hindrance to Key Business Operations

- Certificates of good standing, which depend on timely financial reporting, are crucial for financing construction projects, debt refinancing, obtaining ATM services, renewing NNI status, and accessing grant funding (e.g., CanNor).

Given these challenges, we respectfully request that the Government of Nunavut reconsider the legislated audit requirement or amend the legislation to allow Nunavut Co-ops to waive the appointment of an auditor on an annual basis. Review engagements have consistently met the needs of our Member Co-ops and their stakeholders, ensuring financial accuracy without imposing undue burdens.

We urge you to take these concerns into consideration and support legislative changes that will protect and sustain the vital work of Co-ops in Nunavut communities.

Thank you for your attention to this important matter. We welcome the opportunity to discuss this further and provide additional information as needed.

Sincerely,

A handwritten signature in black ink, appearing to read 'Margaret Inaksajak'.

Margaret Inaksajak
President, Koomiut Board of Directors