



Canadian Agricultural Income Stabilization (CAIS) Program

Guide to Completing the
Modified Accrual Accounting Option
(MAAO)

2005

CAIS
PCSRA



The **Modified Accrual Accounting Option (MAAO)** is an optional CAIS program feature that allows you to adjust your reference margin for net changes in inventories, deferred income and receivables, and accounts payable over your reference period. To substantiate these amounts, you must submit completed MAAO Schedules for each of the reference years.

Your MAAO form should not be sent to the Canada Revenue Agency (CRA). Instead, submit your MAAO form to the CAIS Administration at:

**CAIS Administration
PO Box 3200 Station Main
Winnipeg, MB R3C 5R7
Fax: 204-983-3947**

Your completed MAAO form may be submitted as an adjustment to your CAIS application (any time up to ninety days after the date indicated on your original Calculation of Program Benefits). The earlier you submit your MAAO form, the sooner it can be processed.

MAAO Schedules are subject to verification by the CAIS Administration.

IMPORTANT: Once submitted, the CAIS Administration will apply the change to your reference margin resulting from a MAAO only if it benefits your claim in the program year. However, once it has been applied, all of your future CAIS claims must be calculated using modified accrual reference margins regardless of whether it increases or decreases your benefits.

The MAAO form is only one part of the CAIS application. Individuals must also complete form T1273 Harmonized CAIS Program Information and Statement of Farming Activities for Individuals. Corporations, Co-operatives and Special Individuals must complete the Statement A Corporation /Co-operative and Special Individual Harmonized Form.

Eligibility

CAIS participants must meet the eligibility criteria set out in the *CAIS Program Handbook*.

MAAO adjustments will be made to your entire reference period. However, for years in which you were a CAIS participant, the CAIS Administration will use the modified accrual adjustments already available from the processing of your CAIS applications in those years.

For reference years in which you reported to CRA on the cash basis but to NISA on the accrual basis, the CAIS Administration will use the accrual information as provided to NISA for those years.

You may only use MAAO if you reported, or should have reported, farming income to Canada Revenue Agency (CRA) in all of your reference years.

Partnerships: Each partner in a partnership must submit separate MAAO forms, reporting 100% of the partnership's information.

Completing the Schedules – Important Information

If you wish to use the MAAO, you must complete and submit Schedules RA-1 through RA-6.

Report the inventories, deferred income and receivables, and accounts payable for all years that you reported (or should have reported) farming income to CRA but were not a CAIS participant.

The quantities of purchased inputs, crops, and livestock inventories, deferred income and receivables, and accounts payable at the end of the final reference year must match the quantities at the start of the program year that you report on your CAIS application form. The acreage information reported on the MAAO must match the acreage information reported on your CAIS application form.

Purchased Inputs: List all allowable purchased inputs and the dollar amounts that you had on hand (including those for prepaid inputs) at the start and the end of each fiscal year. Subtract the total of column “Start” from the total of column “End” to determine your net increase (decrease) in purchased inputs by year.

Deferred Income and Receivables: Provide a description of all allowable deferred income and receivables, and enter the dollar values that you had for each at the beginning in column “Start”, and at the end in column “End” for each fiscal year. Subtract the total of column “Start” from the total of column “End” to determine your net increase (decrease) in deferred income and receivables by year.

Accounts Payable: Provide a description of all allowable accounts payable, and enter the dollar values that you had for each at the beginning in column “Start” and at the end in column “End” for each fiscal year. Subtract the total of column “End” from the total of column “Start” for each year to determine your net decrease (increase) in accounts payable by year.

Crops: List all the crops, their grades or varieties, and the detail of all production and usage information for each fiscal year.

Livestock: List all the livestock, their class, and the detail of all production and usage information for each fiscal year.

Using Fair Market Values (FMVs): For the purposes of valuing the net change in your crops and livestock inventories over the reference period, you must use the prices provided on the *MAAO Price List*. The prices provided in this list are for each commodity for each year over the reference period.

Using FMVs other than those in the MAAO Price List: You may use alternative FMVs than those in the MAAO Price List only if:

- your commodity is substantially different than the commodity listed on the published price list; or,
- your method of marketing the commodity was substantially different than the general marketing practice reflected in the published price list.

In either of these cases, you may use FMVs based on sales or purchases of the specific commodity in your name occurring within 30 days before or after your fiscal year-end. For your own FMVs to be accepted, copies of receipts and/or supporting documents that substantiate these FMVs must be submitted to the CAIS Administration at the same time you are submitting your MAAO form, or within your adjustment time frame.

FMVs for Commodities not listed in the MAAO Price List: Where the MAAO Price List does not provide an FMV for a specific commodity, you must provide an FMV for your commodity based on the estimated market price at year end. Although it is not mandatory for you to provide documentation supporting prices submitted for unpublished commodities, doing so will assist the CAIS Administration in determining whether the FMV you have submitted is reasonable for your farming operation. Supporting documentation includes:

- receipts from sales or purchases of the commodity;
- price information from appropriate commodity marketing agencies.

Note: The CAIS Administration reserves the right to determine whether submitted prices are reasonable for your farming operation.

Completing Schedule RA-1

Complete Schedule RA-1 detailing your inventories. For further information on purchased inputs, deferred income and receivables, and accounts payable, refer to the **CAIS Program Handbook and guides**.

Completing Schedules RA-2, RA-3, RA-4, RA-5, and RA-6

Complete Schedule(s) RA-2, RA-3, RA-4, RA-5 and RA-6 (each year that is applicable) detailing your inventories. For further information on crop and livestock inventories, refer to the **CAIS Program Handbook and guides**.

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2005 CAIS Program
Modified Accrual Accounting Option (MAAO) Schedule RA-3

Operation #

Production and Usage Record - 2001

Name of Participant: _____

PIN # _____

CROPS RECORD													CHECK HERE IF NOTHING TO REPORT: <input type="checkbox"/>	
Crop/Grade	Code	Units	Starting Inventory	Acres	Quantity Produced	Quantity Purchased	Quantity Sold	Quantity Used as Feed	Quantity Used as Seed	Ending Inventory	FMV	Change in Inventory Value		
Starting Inventory + Quantity Produced + Quantity Purchased - Quantity Sold - Quantity Used as Feed - Quantity Used as Seed = Ending Inventory											Total	<input type="text"/>		
Ending Inventory - Starting Inventory X FMV = Change in Inventory Value											Total	<input type="text"/>		

LIVESTOCK RECORD													CHECK HERE IF NOTHING TO REPORT: <input type="checkbox"/>	
Description	Code	Starting Inventory # of head	Births # of head	Purchases # of head	Sales # of head	Deaths # of head	Transfers In # of head	Transfers Out # of head	Ending Inventory # of head	FMV	Change in Inventory Value			
Starting Inventory + Births + Purchases - Sales - Deaths + Transfers In - Transfers Out = Ending Inventory											Total	<input type="text"/>		
Ending Inventory - Starting Inventory X FMV = Change in Inventory Value											Total	<input type="text"/>		

Production and Usage Record - 2002

Name of Participant: _____ PIN # _____

CROPS RECORD											CHECK HERE IF NOTHING TO REPORT: <input type="checkbox"/>		
Crop/Grade	Code	Units	Starting Inventory	Acres	Quantity Produced	Quantity Purchased	Quantity Sold	Quantity Used as Feed	Quantity Used as Seed	Ending Inventory	FMV	Change in Inventory Value	
Starting Inventory + Quantity Produced + Quantity Purchased - Quantity Sold - Quantity Used as Feed - Quantity Used as Seed = Ending inventory											Total		

Ending inventory - Starting Inventory X FMV = **Change in Inventory Value**

LIVESTOCK RECORD											CHECK HERE IF NOTHING TO REPORT: <input type="checkbox"/>		
Description	Code	Starting Inventory # of head	Births # of head	Purchases # of head	Sales # of head	Deaths # of head	Transfers In # of head	Transfers Out # of head	Ending Inventory # of head	FMV	Change in Inventory Value		
Starting Inventory + Births + Purchases - Sales - Deaths + Transfers In - Transfers Out = Ending inventory											Total		

Ending inventory - Starting Inventory X FMV = **Change in Inventory Value**

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2005 CAIS Program Modified Accrual Accounting Option (MAAO) Schedule RA-5

Operation #

Production and Usage Record - 2003

Name of Participant: _____ PIN # _____

CROPS RECORD													<small>CHECK HERE IF NOTHING TO REPORT: <input type="checkbox"/></small>
Crop/Grade	Code	Units	Starting Inventory	Acres	Quantity Produced	Quantity Purchased	Quantity Sold	Quantity Used as Feed	Quantity Used as Seed	Ending Inventory	FMV	Change in Inventory Value	
Starting Inventory + Quantity Produced + Quantity Purchased - Quantity Sold - Quantity Used as Feed - Quantity Used as Seed = Ending Inventory												Total 	
Ending Inventory - Starting Inventory X FMV = Change in Inventory Value													

LIVESTOCK RECORD													<small>CHECK HERE IF NOTHING TO REPORT: <input type="checkbox"/></small>
Description	Code	Starting Inventory # of head	Births # of head	Purchases # of head	Sales # of head	Deaths # of head	Transfers In # of head	Transfers Out # of head	Ending Inventory # of head	FMV	Change in Inventory Value		
Starting Inventory + Births + Purchases - Sales - Deaths + Transfers In - Transfers Out = Ending Inventory											Total 		
Ending Inventory - Starting Inventory X FMV = Change in Inventory Value													

Starting Inventory + Births + Purchases - Sales - Deaths + Transfers In - Transfers Out = **Ending Inventory**
 Ending Inventory - Starting Inventory X FMV = **Change in Inventory Value**

Production and Usage Record - 2004

Name of Participant: _____ PIN # _____

CROPS RECORD

CHECK HERE IF NOTHING TO REPORT:

Crop/Grade	Code	Units	Starting Inventory	Acres	Quantity Produced	Quantity Purchased	Quantity Sold	Quantity Used as Feed	Quantity Used as Seed	Ending Inventory	FMV	Change in Inventory Value
Total												

Starting Inventory + Quantity Produced + Quantity Purchased - Quantity Sold - Quantity Used as Feed - Quantity Used as Seed = Ending Inventory

Ending Inventory - Starting Inventory X FMV = Change in Inventory Value

LIVESTOCK RECORD

CHECK HERE IF NOTHING TO REPORT:

Description	Code	Starting Inventory # of head	Births # of head	Purchases # of head	Sales # of head	Deaths # of head	Transfers In # of head	Transfers Out # of head	Ending Inventory # of head	FMV	Change in Inventory Value
Total											

Starting Inventory + Births + Purchases - Sales - Deaths + Transfers In - Transfers Out = Ending Inventory

Ending Inventory - Starting Inventory X FMV = Change in Inventory Value

**2005 CAIS Program
Modified Accrual Accounting Option (MAAO)
Calculation Estimation Worksheet**

This calculation worksheet allows you to estimate your reference margin after applying the Modified Accrual Accounting Option. Transfer values from your CAIS 2005 Estimated Payment Calculation Worksheets and from Schedules RA-1 through RA-6. If you participate in multiple farming operations, transfer values from the applicable worksheets and schedules for each operation.

	2000	2001	2002	2003	2004
Unadjusted Program Margins	1				

Add/Subtract:

Net increase (decrease) in purchased inputs (Schedule RA-1)	2				
Net increase (decrease) in deferred income and receivables (Schedule RA-1)	3				
Net decrease (increase) in accounts payable (Schedule RA-1)	4				
Net increase (decrease) in Crops and Livestock inventory (Schedules RA 2-6)	5				

Adjusted Program Margins (Box 1+2+3+4+5)	6				
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Partners: enter your share of the partnership in the program year for this operation	7				
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Your share of the adjusted gross reference year program margins (Box 6 X 7)	8				
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Adjusted Olympic Average Reference Margin					
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Note: to calculate your olympic average, omit the highest and lowest reference margins from Box 8. The remaining three reference margins are divided by three to arrive at your Adjusted Olympic Average Reference Margin.

