



# Canadian Agricultural Income Stabilization (CAIS) Program

Guide to Completing the  
Modified Accrual Accounting Option  
(MAAO)

# 2004

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.

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. Once it has been applied, all of your future CAIS claims must be calculated using modified accrual reference margins.**

The MAAO form is only one part of the CAIS application. Individuals must also complete form T1163 – *CAIS Program Information and Statement of Farming Activities*; Corporations, Cooperatives and Special Individuals must complete the appropriate *Statement A*; and all applicants must complete the *CAIS Supplementary Form* by the applicable deadline.

### Eligibility

CAIS participants must meet the eligibility criteria set out in Section 3.1 of the ***CAIS Program Handbook***.

You may only use modified accrual adjustments for those reference years in which:

- a) You reported farming income to Canada Revenue Agency (CRA).
- b) You reported on the cash basis. Reference years reported to CRA on the cash basis but to NISA on the accrual basis cannot be adjusted using the MAAO.
- c) You were not a participant in CAIS. For years in which you were a CAIS participant, the CAIS Administration will already have the necessary modified accrual adjustments from your CAIS Supplementary Forms in those years.

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

### Using the MAAO

To ensure the most efficient processing of your claim, you should attach the MAAO to your Supplementary Form and submit them together to the CAIS Administration. A completed MAAO form may be submitted as an adjustment to the Supplementary Form (any time up to ninety days after the date indicated on your original Calculation of Program Benefits) but doing so will result in a delay in processing the MAAO portion of your claim.

**Send or fax completed MAAO forms to:**

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

### Completing the Schedules

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 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 Supplementary Form. The acreage information reported on the MAAO must match the acreage information reported on your CAIS Supplementary 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 deferred income and receivables 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 FMV’s 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 FMV's 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 FMV's to be accepted, you must submit copies of receipts and/or supporting documents that substantiate these FMV's with your form.

**FMVs for Commodities not listed in the MAAO Price List:** Where the MAAO Price List does not provide a FMV for a specific commodity, you must provide a FMV for your commodity. Although it is not mandatory for you to provide documentation supporting prices submitted for unpublished commodities, doing so will assist CAIS program 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:** CAIS reserves the right to determine whether submitted prices are reasonable for your farming operation.

### 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 the **CAIS Guide to Completing the Supplementary Form**.

### Schedule 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 purchased inputs, deferred income and receivables, and accounts payable, refer to the **CAIS Program Handbook** and the **CAIS Guide to Completing the Supplementary Form**.

















**2004 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 2004 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.

	1999	2000	2001	2002	2003
<b>Unadjusted Program Margins</b>	<b>1</b>				

Add/Subtract:

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

<b>Adjusted Program Margins (Box 1 +2+3+4+5)</b>	<b>6</b>				
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Partners: enter your share of the partnership in the program year for this operation **7**

Your share of the adjusted gross reference year program margins (Box 6 X 7) **8**

<b>Adjusted Olympic Average Reference Margin</b>	
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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.





