



# Canadian Agricultural Income Stabilization (CAIS) Program

Guide to Completing the  
Modified Accrual Accounting Option  
(MAAO)

# 2006





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 Administration at:

**CAIS Program**

PO Box 3200 Station Main

Winnipeg, MB R3C 5R7

Toll free fax line at: 1-877-949-4885

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 Administration.

**IMPORTANT: Once submitted, the Administration will apply the MAAO adjustments to your reference margin only if it benefits your claim in the program year. 2006 will be the final year in which the MAAO is available to CAIS participants. Beginning with the 2007 program year, all CAIS participants will automatically have their reference margins calculated on a modified accrual basis, using the hybrid inventory valuation method.**

**NOTE:** If you applied for the MAAO in 2005, but did not have it applied because it did not benefit your claim in the program year, you must still complete and submit page 1 of the MAAO form if you wish to apply for the MAAO again this year. This ensures the Administration has a record of your request to apply for the MAAO. You can submit the additional schedules with “already provided in 2005” written across the pages.

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 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 the CRA on the cash basis but to the Net Income Stabilization Account (NISA) on the accrual basis, the Administration will use the accrual information as provided to NISA for those years.

You may only use the 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

Report the inventories, deferred income and receivables, and accounts payable for all years that you reported (or should have reported) farming income to the 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.

**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 and Livestock:** Complete each column for the crops and/or livestock produced or carried over on your farm in each year.

**Using End of Year Prices (EYPs):** 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 EYPs other than those in the MAAO Price List:** You may use different EYPs 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 EYPs 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 EYPs to be accepted, copies of receipts and/or supporting documents that substantiate these EYPs must be submitted to the Administration at the same time you are submitting your MAAO form, or within your adjustment time frame.

**EYPs for Commodities not listed in the MAAO Price List:** Where the MAAO Price List does not provide an EYP for a specific commodity, you must provide an EYP 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 Administration in determining whether the EYP 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.

### 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.

If you have any questions about the MAAO, please call the CAIS toll-free line at **1-866-367-8506**.



Name of Participant: \_\_\_\_\_ PIN # \_\_\_\_\_ Operation # \_\_\_\_\_

**Production and Usage Record - 2001**

<b>Crops Record</b>						Check here if nothing to report: <input type="checkbox"/>
Crop/Grade	Code	Units	Starting Inventory	Ending Inventory	End of Year Price \$	Change in Inventory Value
<b>Total Change in Inventory Value</b>						

Box A2

**Note:** Ending Inventory - Starting Inventory x End of Year Price = Change in Inventory Value

<b>Livestock Record</b>						Check here if nothing to report: <input type="checkbox"/>
Description	Code	Starting Inventory # of head	Ending Inventory # of head	End of Year Price \$	Change in Inventory Value	
<b>Total Change in Inventory Value</b>						

Box B2

**Note:** Ending Inventory - Starting Inventory x End of Year Price = Change in Inventory Value

Name of Participant: \_\_\_\_\_ PIN # \_\_\_\_\_ Operation # \_\_\_\_\_

**Production and Usage Record - 2002**

<b>Crops Record</b>						Check here if nothing to report: <input type="checkbox"/>
Crop/Grade	Code	Units	Starting Inventory	Ending Inventory	End of Year Price \$	Change in Inventory Value
<b>Total Change in Inventory Value</b>						

Box A3

**Note:** Ending Inventory - Starting Inventory x End of Year Price = Change in Inventory Value

<b>Livestock Record</b>					Check here if nothing to report: <input type="checkbox"/>
Description	Code	Starting Inventory # of head	Ending Inventory # of head	End of Year Price \$	Change in Inventory Value
<b>Total Change in Inventory Value</b>					

Box B3

**Note:** Ending Inventory - Starting Inventory x End of Year Price = Change in Inventory Value



Name of Participant: \_\_\_\_\_ PIN # \_\_\_\_\_ Operation # \_\_\_\_\_

**Production and Usage Record - 2003**

<b>Crops Record</b>						Check here if nothing to report: <input type="checkbox"/>
Crop/Grade	Code	Units	Starting Inventory	Ending Inventory	End of Year Price \$	Change in Inventory Value
<b>Total Change in Inventory Value</b>						

Box A4

**Note:** Ending Inventory - Starting Inventory x End of Year Price = Change in Inventory Value

<b>Livestock Record</b>					Check here if nothing to report: <input type="checkbox"/>
Description	Code	Starting Inventory # of head	Ending Inventory # of head	End of Year Price \$	Change in Inventory Value
<b>Total Change in Inventory Value</b>					

Box B4

**Note:** Ending Inventory - Starting Inventory x End of Year Price = Change in Inventory Value

Name of Participant: \_\_\_\_\_ PIN # \_\_\_\_\_ Operation # \_\_\_\_\_

**Production and Usage Record - 2004**

<b>Crops Record</b>						Check here if nothing to report: <input type="checkbox"/>
Crop/Grade	Code	Units	Starting Inventory	Ending Inventory	End of Year Price \$	Change in Inventory Value
<b>Total Change in Inventory Value</b>						

Box A5

**Note:** Ending Inventory - Starting Inventory x End of Year Price = Change in Inventory Value

<b>Livestock Record</b>					Check here if nothing to report: <input type="checkbox"/>
Description	Code	Starting Inventory # of head	Ending Inventory # of head	End of Year Price \$	Change in Inventory Value
<b>Total Change in Inventory Value</b>					

Box B5

**Note:** Ending Inventory - Starting Inventory x End of Year Price = Change in Inventory Value

Name of Participant: \_\_\_\_\_ PIN # \_\_\_\_\_ Operation # \_\_\_\_\_

**Production and Usage Record - 2005**

<b>Crops Record</b>						Check here if nothing to report: <input type="checkbox"/>
Crop/Grade	Code	Units	Starting Inventory	Ending Inventory	End of Year Price \$	Change in Inventory Value
<b>Total Change in Inventory Value</b>						

Box A6

**Note:** Ending Inventory - Starting Inventory x End of Year Price = Change in Inventory Value

<b>Livestock Record</b>					Check here if nothing to report: <input type="checkbox"/>
Description	Code	Starting Inventory # of head	Ending Inventory # of head	End of Year Price \$	Change in Inventory Value
<b>Total Change in Inventory Value</b>					

Box B6

**Note:** Ending Inventory - Starting Inventory x End of Year Price = Change in Inventory Value

This calculation worksheet allows you to estimate your reference margin after applying the Modified Accrual Accounting Option.

Transfer the values recorded in the Unadjusted Program Margins of your 2005 Calculation of Program Benefits (COB) and from Schedules RA-1 through RA-6. For years in which you were not a CAIS participant you can estimate your Unadjusted Program Margins by using the 2006 CAIS Program calculator found on our web-site at [www.agr.gc.ca/caisprogram](http://www.agr.gc.ca/caisprogram). Alternatively, you can record your Unadjusted Program Margins once you have received your 2006 COB.

If you participate in multiple farming operations, transfer values from the applicable worksheets and schedules for each operation.

**2001      2002      2003      2004      2005**

**Unadjusted Program Margins:**

1					
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**Add/Subtract:**

Net increase (decrease) in purchased inputs (Boxes A-E on Schedule RA-1)

2					
---	--	--	--	--	--

Net increase (decrease) in deferred income and receivables (Boxes A-E on Schedule RA-1)

3					
---	--	--	--	--	--

Net decrease (increase) in accounts payable (Boxes A-E Schedule RA-1)

4					
---	--	--	--	--	--

Net increase (decrease) in crops inventory (Boxes A2-A6 on Schedules RA 2-6)

5					
---	--	--	--	--	--

Net increase (decrease) in livestock inventory (Boxes B2-B6 on Schedules RA 2-6)

6					
---	--	--	--	--	--

**Adjusted Program Margins (Boxes 1+2+3+4+5+6):**

7					
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Partners: enter your share of the partnership in the program year for this operation

8					
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Your share of the adjusted gross reference year program margins (Box 7 x 8)

9					
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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 9. The remaining three reference margins are divided by three to arrive at your Adjusted Olympic Average Reference Margin.