

Pre-Audit AIR Checklist

This checklist sets out the information your auditor will need to file your co-op's AIR (Annual Information Return). Please complete the checklist and have all the information ready when the auditor arrives to audit your books. If you have to collect these data at a later point, your audit will take longer and cost more. The checklist will also help your co-op file the AIR within four months of your fiscal year end, as your CMHC agreement requires.

This checklist does not replace any audit-preparation instructions from your auditor, but supplements them. Attached to the checklist, you'll see guidelines with more information to help you with this work.

- ☐ 1. **Review and, if necessary, update the following sections of the AIR for the previous year:**
 - Identification of Co-operative
 - Profile of Co-operative
 - Properties and Units (In this section, indicate the new housing charges for the current year.)
 - Board of Directors
 - Co-operative's Representations

Note any changes for the current year so that your auditor can fill in the correct information when filing the AIR.
- ☐ 2. **Provide photocopies of current insurance documents** that indicate the total coverage for fire and extended perils, with guaranteed replacement-cost coverage for all buildings, as well as loss-of-housing-charge insurance.
- ☐ 3. **Calculate Total Gross Housing Charges** for the year being audited.
- ☐ 4. **Calculate and break out the governance costs** for the year being audited.
- ☐ 5. **Provide a copy of your mortgage statements** that indicates ending balance, payments and interest charges for the full year.
- ☐ 6. **Provide a copy of your latest property-tax assessment notice.**
- ☐ 7. **Provide a photocopy of your CMHC subsidy confirmation.**
- ☐ 8. **Ontario and PEI Rent-Supplement Co-ops Only: Submit your on-line Rent Supplement Claim,** which is due by the last day of the second month following your co-op's fiscal year end.
- ☐ 9. **Rental Assistance Program (FCHI-2): Finalize your on-line Rental Assistance Claim** by the last day of the second month following your co-op's fiscal year end. You will need to do this before your audit starts.
- ☐ 10. **Co-ops with workout only:** Calculate and break out from maintenance the portion of costs relating to capital expenses.
- ☐ 11. **Provide a list of expenditures from the Capital Replacement Reserve Fund.**

AIR Filing Reminder: Note that the filing is not complete until you have submitted the **signed Audited Financial Statements** and **your signed Board of Director's certification page**, and the Agency has received them. Your completed AIR is due on the **last day of the fourth month following your co-op's**

fiscal year end. *In view of this deadline, please set the earliest possible appointment with your auditor to begin the audit.*

Guidelines for the Pre-Audit AIR Checklist

Item 1: Review and, if necessary, update sections of the AIR from the previous year.

In order to review the previous year's AIR, you will need one of the following:

- A photocopy from your co-op's files of the sections of the previous year's AIR indicated on the checklist

OR

- A copy of your previous year's AIR downloaded from the Agency's client website through the following process:

Note: You will need your co-op's username and password to access your AIR.

1. Go to the Agency's website: www.agency.coop
2. Click on Client Login at the top of the home page near the centre.
3. Enter your co-op's username and password.
4. On the dark-grey menu bar, click on Agency Reports. Under Annual Information Returns, you will see a list of your validated AIRs.
5. Open the PDF of the previous year's AIR by clicking on the View AIR link.
6. Your AIR will open in a PDF format. Go to the last page of the Co-operative's Representations. (For most co-ops, this will be page ten unless your co-op has multiple programs.)
7. Click on the printer icon located on the menu bar. This will bring up the printer menu.
8. In the print range, click on Pages and enter pages 2–10 (or the page number of the last page of the Co-op Representations, as noted in step 6).
9. Click OK to print.

Reviewing Information from Last Year's AIR

Carefully review all data in each section. With a pen, cross out the data that have changed since last year and clearly write the new information beside the crossed-out item. **All information should be current as of the AIR filing date (including housing charges)**, with two exceptions: information about assisted households is for the last month of the year being reported, and Co-operatives' Representations are as at the end of the fiscal year being reported.

Item 2: Provide photocopies of current insurance documents that show total fire and extended-perils coverage with guaranteed replacement-cost coverage for all buildings, as well as loss-of housing-charge insurance.

Because the total amount of guaranteed replacement-cost coverage is used in calculating a co-op's risk rating, your co-op needs to report this amount accurately.

Year-End Insurance Reminder: If you haven't already done so, you should contact your insurance company and update your loss-of-housing-charge insurance to be sure that you have full coverage for your current year's housing charge, including the planned increase.

Item 3: Calculate Total Gross Housing Charges for the year being audited.

This means all the housing charges that your co-op would have received for the year if there were no vacancies and no one received any subsidy. (This is usually the budgeted amount of housing charges and housing charge-related subsidies for the year.) Where extra charges, such as cable, are accounted for separately in your co-op's bookkeeping, please do not include them in your total gross housing charges. Sector support should not be reported as part of the Gross Housing Charges.

Item 4: Calculate and break out the governance costs for the year being audited.

On the AIR, governance and administration are treated separately. If your general ledger does not account for the following items separately, you will need to split them up into these three categories: Dues and Affiliations, Education and Training, Other (committee and meeting costs, for example.)

Item 5: Provide a copy of your mortgage statements.

Request and provide copies of mortgage statements of account from the lender(s) for all your mortgages. These statements should indicate ending balance, payments and interest charges for the full year.

Item 6: Provide a copy of your latest property-tax assessment notice.

The AIR asks for the value of your properties and the year assessed.

Note: For Items 7 and 8, accuracy is very important. Most of the follow-up time spent on the audit and AIR by co-op staff, the auditor and Agency staff is due to differences between the audited financial statements and the subsidy confirmation and/or ITA reconciliation.

Item 7: Provide a photocopy of the CMHC subsidy confirmation.

- This is the letter CMHC sends to your co-op confirming the amount of subsidy received over the year. It usually shows amounts from the second month of operation last year to the first month of operation in the current year. (This is because subsidy is paid one month in arrears.) Your auditor will set up an accrual of one month's subsidy, which is receivable in the first month of the current year. If you have not yet received this CMHC letter, contact your co-op's relationship manager at the Agency.
- The amount of subsidy shown in the letter should equal subsidy received on the audited financial statement once the accrual is set up.

Item 8: Section 95 Co-ops Only—Prepare your ITA reconciliation(s).

- If your co-op received interim funding between April 1 and August 31, 2020, you will need to prepare two **reconciliations**, one for the period when you received **ITA** and a second for the **Interim Funding** period. We recommend you use our newest [ITA Reconciliation form](#) and watch the [tutorial video](#) if you need guidance,

as this will smooth your preparation of the reconciliation(s). Once you have completed your reconciliation(s), please complete and submit the [Interim Funding Worksheet](#), which will help your auditor prepare financial statements and file the AIR. The [Interim Funding Worksheet](#) automates the calculations and explains the accounting. It also explains what to do if your **Interim Funding** spans two fiscal years.

- Have the reconciliation(s) and the Interim Funding Worksheet ready for the auditor when the audit begins.
- The income-tested-assistance (ITA) reconciliation(s) should equal the total amount of subsidy used by the co-op for the period during which you received ITA and Interim Funding.

Item 9: Ontario and PEI Rent-Supplement Co-ops Only: Submit your on-line Rent Supplement Claim.

- Your claim is due by the last day of the second month following your co-op's fiscal year-end.

Item 10: Rental Assistance Program (FCHI-2): Submit your on-line Rent Supplement Claim.

- Your claim is due by the last day of the second month following your co-op's fiscal year-end beginning September 1, 2020.

Item 11: Co-ops with workouts only

- Calculate and separate the costs relating to capital expenses from those for maintenance.

Item 12: Provide a list of expenditures from the Capital Replacement-Reserve Fund.

- Categorize the expenditures according to the following categories.

| Categories | Sub-categories |
|-------------------|--|
| Site Components | |
| | Asphalt paving and concrete work |
| | Fencing |
| | Landscaping |
| | Other (specify): |
| Building Envelope | |
| | Exterior wall cladding (siding, stucco, brick ...) |
| | Windows and doors |
| | Roofs |
| | Balconies |
| | Parking garage |
| | Other (specify): |
| Unit Interiors | |
| | Kitchens |
| | Bathrooms |
| | Flooring |
| | Painting (on turnover only) |

| | |
|------------------|---|
| | Appliances |
| | Other (specify): |
| Common Interiors | |
| | Interior finishes (flooring, painting, bathrooms) |
| | Laundry room |
| | Other (specify): |

| | |
|---------------------------------|---------------------------|
| Mechanical & Electrical Systems | |
| | Furnaces |
| | Boiler system |
| | Domestic water piping |
| | Hot water tanks |
| | Elevators |
| | Fire alarm panel / system |
| | Lighting |
| | Other (specify): |
| Other | |
| | Other (specify): |

