

Auditor's Guide to the Annual Information Return

June 2019, Version 4.0

... the co-operative's audited financial statements and a copy of the statements and the auditor's report. Co-ops with agreements with Canada Mortgage and Housing Corporation (CMHC) and Agency administrators must submit the statements to the Agency instead of CMHC. If the co-op operates under the Section 95 Program, a detailed reconciliation of income-tested assistance allocated to occupants during the year must accompany the statements. That reconciliation is not included within the AIR. Co-ops may download and use the electronic spreadsheet provided for this purpose on the Agency's website, or they may use a form of their own design, provided it includes the same information. Section 95 co-ops no longer have to submit an Asset Data Report (ADR).



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Introduction

How to Use this Guide

You can print this guide in its entirety or, once you have begun filing an AIR on the Agency's secure website, consult it on line by clicking the "Help" button whenever you have a question. Within the **Co-operative's Representations** and **Financial Information** pages, you can get help with a specific item by clicking on the green representation or line number. You may find it convenient to download the PDF version of the guide to your desktop. Doing so will allow you to use the search function within Acrobat Reader to find all references to a subject of interest.

The Annual Information Return contains some fields that apply to all filers and others that apply only to certain programs or only to clients whose agreements with CMHC have ended. The printed guide refers to all fields. When you file the AIR on line, however, only those relevant to your client's circumstances will appear, simplifying the filing process.

We suggest that you familiarize yourself with the contents of the return and consult this guide before starting your next audit of a housing co-operative. You can print a blank return from the Agency's secure website.

This guide is for your use. We encourage you to share any suggestions you may have for improving it. Simply click on "Contact Us" on any screen and send us a line, or call 1.866.660.3140.

How Version 4.0 of this Guide is Different

Version 4.0 of the guide includes a number of clarifications to Version 3.0, published in January 2010, and reflects several significant changes to the Annual Information Return. These include changes to certain of the **Co-operative's Representations**, the expansion of Schedule ML (Mortgages and Loans) and the addition of a breakdown of capital repairs and replacements. Agency clients with provincial-program or other non-CMHC program operations must now file a detailed statement of operations for those segments. This guide reflects all of these changes and provides guidance related to the new Rent Supplement Program module used by some Agency clients in Ontario and PEI. The guide also addresses the subject of filers that are no longer CMHC clients.

Purpose of the AIR

The Annual Information Return does not replace the co-operative's year-end financial statements. Every Agency client has to provide the Agency with a copy of the statements and the accompanying auditor's report or, where a review engagement

only is performed,¹ a copy of the review report. If the co-op operates under the Section 95 Program, the statements must be accompanied by a detailed reconciliation of income-tested assistance allocated to occupants during the year. That reconciliation is not included within the AIR. Co-ops may download and use the electronic spreadsheet provided for this purpose on the Agency's website, or they may use a form of their own design, provided it includes the same information.

The AIR recapitulates, in standardized categories, the information found in the co-operative's year-end financial statements, the notes to those statements and the auditor's or accountant's report. In some instances, detail is requested that the co-op may not routinely disclose in its statements. In addition to a financial report, the return includes statistical information and a set of representations by the co-op respecting its management and operations.

The Agency uses the AIR to

- monitor the co-operative's compliance with its operating agreement with CMHC and, if relevant, its rent supplement agreement;
- assess the co-op's financial wellbeing and the financial risk it poses to its mortgage lender and to CMHC;
- identify co-operatives that need help, allowing the Agency to devote more of our resources to clients at risk, identify the best-performing co-operatives, discover the source of their success and share with other co-ops the best practices to which they owe their results.

With information submitted in a standardized format, the Agency is in a unique position to observe the comparative performance of co-operatives in all the provinces in which we operate, in a single region or community, under different programs, and for different housing forms. Analysing aggregated data allows the Agency to differentiate between portfolio-wide problems and co-op-specific issues, permitting us to find better ways to address co-ops' difficulties.

When is the AIR due?

The Annual Information Return is due at the Agency at the same time as the co-operative's annual financial statements: no later than four months after the end of the co-op's fiscal year.

1. In British Columbia, housing co-operatives must have their annual financial statements audited only if the terms of a government program under which the co-op is receiving funding stipulate this requirement. All CMHC assisted-housing programs have such a requirement. In other provinces, co-operatives that no longer have an operating agreement with CMHC and that meet certain criteria under their provincial co-operatives act are permitted to commission a review engagement instead of a financial-statement audit. Throughout the balance of this guide, "audit" should be read, where appropriate, to include an engagement review, "audited financial statements" to include statements for which a review engagement has been performed and "auditor" to include a licensed public accountant performing a review engagement.

Filing the annual financial statements and providing the additional information requested through the AIR is a requirement under the co-operative's operating agreement with CMHC. Financial and other remedies are available to CMHC and the Agency, as CMHC's representative, when a co-op fails to comply with the agreement. Agency clients that no longer have an operating agreement have signed a service agreement with the Agency under which they have undertaken to file their annual statements and complete an annual return.

It may happen that, for reasons outside the auditor's control, the return cannot be filed within four months of the fiscal year end. This could be because

- the auditor was prevented from performing the audit in a timely manner;
- the auditor could not meet with the co-operative's board of directors before the filing deadline; or
- the auditor is waiting for the co-operative to certify the AIR.

Some co-operatives have chosen not to file the return until the board has submitted the audited statements to the members. This practice is acceptable only when it does not prevent the co-op from meeting the filing deadline. (Provincial law requires only that the members receive the statements, not that they approve them).

If for any reason you think the co-operative's return will be late, please advise your client to let the Agency know at the earliest opportunity.

The Auditor's Responsibilities

Audit of the Co-operative

The auditor's work is governed by

- the code of professional conduct established by the accountant's provincial institute, and
- the accounting principles and auditing standards outlined in the Chartered Professional Accountants Canada handbook ("CPA Canada Handbook").

The audit of the co-operative and the resulting auditor's report are not specifically regulated by CMHC or the Agency. However, for those co-operatives that continue to have an operating agreement with CMHC, the Agency will continue to ask, as a specified user of the financial statements, that certain accounting principles originally stipulated by CMHC and now in general use be applied (see [Co-operative's Representation 120](#)).

Preparation and Filing of the AIR

The accounting firm performing the audit or review engagement is required to complete the **Accountant's Report** within the AIR and to file that report with the Agency, along with the other sections of the return, on the client co-operative's behalf. Note, however that the Agency is not engaging the auditor directly, so you should not proceed with filing a return until you have your client's authorization. We encourage you to solicit your client's assistance in preparing the return. While much of the material to be reported may be drawn from the co-operative's books of account and financial statements, other information, such as that requested through the **Co-operative** pages, goes beyond the matters that are part of your normal engagement.

The AIR is a web-filed report that can be prepared entirely on line. (If your client has asked you to complete the Income-Tested Assistance Reconciliation on its behalf, note that this form cannot be completed on line.) You do not have to complete the return in a single session. You can save your work at any time and return to it later. You may start in any section and move back and forth between sections. In some instances, the value entered on one line is carried automatically to another. You should complete the schedules to the financial-position statement first and then the operating-statement schedules. You can print all or part of the return at any time in order to consult your client as necessary about the information to be provided.

If this is the co-operative's first return, the filing will comprise a full return for the just-completed fiscal year and a partial return, encompassing financial information only, for the previous year. In future years, you will only have to file financial data for one year. Previous-year entries will appear on the screen when you open the **Financial Information** pages. You can hide or display the prior-year numbers while you work on the return, as you wish.

When you open a new return for your client each year on the Agency's secure website, data already on file with the Agency will appear automatically on the **Accounting Firm Identification** and **Co-operative** pages, allowing you to edit only those fields where the information has changed. This should considerably speed up the process of preparing the return.

The format of the financial statements within the AIR will not correspond exactly with the format of the co-operative's year-end financial statements. Where more detail is requested than is provided on the statements, you will need to refer to the co-op's closing trial balance, and possibly to the detail within the general ledger.

Every effort has been made to categorize and label clearly the line items in the AIR. A context-sensitive help function will assist you in determining what to report in each field. In the **Co-operative's Representations** and **Financial Information** pages, simply click on the green representation or line number to reach the help function. Throughout the rest of the return, just click at any time on "Help" at the top of the Web screen. Or call the Agency at 1.866.660.3140.

The Annual Information Return was developed after extensive consultation with CMHC and the co-operative housing audit community. We modify it over time in response to user feedback and changing requirements. Your suggestions on the content, organization and wording of the return and the process for completing it are welcome at all times. To find out how to reach us, click the "Contact Us" button on the Agency website or within the on-line AIR.

Does your client report on a fund-accounting basis?

Because a key purpose of the AIR is to obtain financial data from co-operatives in a consistent format, the return necessarily takes a "one size fits all" approach. Beyond the capital-replacement reserve and, as applicable, the security-of-tenure and subsidy-surplus reserves, the majority of Canadian housing co-operatives do not report on a fund-accounting basis. If your client reports on a fund-accounting basis, you will need to consolidate numbers in some instances, reporting them on a single line on the form. Some co-operatives in British Columbia report capital-asset acquisitions and depreciation in a separate fund and use inter-fund transfers to meet CMHC's accounting policies in the operating fund. This allows them simultaneously to follow GAAP and to meet CMHC's requirements. When the capital and operating funds are combined on the AIR, the statements reflect GAAP only. This does not present a problem for the Agency: [representation 120](#) will tell us what accounting

policies the co-op is following and, where the technique described is used, the year-end statements will show this clearly.

Income-Tested Assistance Reconciliation

If your client has operations under the Section 95 Program, it must submit a unit-by-unit reconciliation of CMHC income-tested assistance provided to households over the course of the year. The total shown on the reconciliation must agree with the total entered in the **Financial Information** pages of the AIR. If the co-operative is supplementing with its own resources funds received from CMHC for income testing, it should first show all assistance provided to households during the year, then deduct the amount booked as internal subsidies to arrive at the amount of CMHC assistance used in the year.

The reconciliation is not part of the AIR and the Agency does not require the auditor to prepare it. A downloadable Excel spreadsheet is available on the Agency website for your client's use in preparing the reconciliation. The co-op may use a form of its own design, provided it includes all of the same information.

The Co-operative's Responsibility

The co-operative, through its authorized representative, has ultimate responsibility for the Annual Information Return and specific responsibility for the representations contained within it. If you print a copy of the return through the Agency's secure website, you will see a certification section at the end of the form. Once you have successfully completed the AIR, but before formally filing it with the Agency (a matter of clicking "File"), you will need to present the full return to your client and have the certification completed. (Some auditors find it most convenient to present the AIR and draft statements at the same time.) The signed certification must be sent to the Agency, in paper form or PDF, with a copy of the year-end financial statements and auditor's report and, in the case of co-operatives with properties under the Section 95 Program, the co-op's reconciliation of income-tested assistance allocated to households during the year. The certification is required only once; if the Agency requires any changes to the AIR, we will *not* ask for a new certification.

Getting Help

The on-line AIR includes a context-sensitive help index. To reach it from within the **Co-operative's Representations** and **Financial Information** pages, simply click on the green representation or line number. On the other pages, just click "Help" at the top of the screen. For further assistance, click on the "Contact Us" button at the top of each screen or call the Agency at 1.866.660.3140.

Completing the Annual Information Return (AIR)

General

As soon as you open an annual return for a client on the Agency's secure website, the Agency's information system will mark it as "In Progress." You may move between sections of the form while completing it, as you wish. However, note that, once entered, some amounts in the **Financial Information** pages are automatically carried to other lines. The point of entry for any such item is the place on the financial statement or schedule where it appears for the first time. Income-tested assistance allocated to households, for instance, appears on Schedule I—a financial-position statement schedule—and then on Schedule M—an operations-statement schedule. It is entered on Schedule I and from there carried automatically to Schedule M.

You can start and stop working on the return any number of times, but you cannot submit it until it is complete. The AIR is considered complete only when all mandatory data fields have been filled in and all required explanations provided. An automated check function looks for errors. You will need to correct any that it finds before the system will accept your return. When you have successfully submitted the return, it will be identified in the Agency information system and on the Agency's secure website as "Filed."

Once filed, the return must be validated at the Agency. The validation process involves

- verifying that financial-statement items are entered on the correct line;
- ensuring that all explanations provided are complete;
- following up any discrepancies;
- verifying updated data as necessary.

If changes to the return are required as a result of the validation process, Agency staff will change the status of the return in the information system to "Unfiled," allowing further editing.

The validation process will not be considered complete until the Agency has received the following:

- signed financial statements;
- signed certification section of the return;
- if applicable, a reconciliation of income-tested assistance allocated during the year.

When the AIR has been validated, it will be identified as "Validated" in our information system. At that point, no further changes can be made.

Language

You may print a PDF of the completed AIR in either English or French to keep in your files and share with your client. However, note that text you enter in the return will always appear in the language of entry. In completing the AIR, you should be sure to use the official language of your client's choice.

Accounting Firm Identification

The information in this section should be current as of the date the return is filed. Some mandatory fields will be blank when you file a first return for a co-operative. In subsequent years, you will only need to update information that has changed.

During the AIR validation process, the Agency may wish to communicate directly with the co-operative's auditor or accountant. To facilitate this, the AIR Certification contains an authorization permitting you to communicate directly with the Agency to correct errors or omissions in the return.

At "Accounting firm designation," enter "Chartered Professional Accountant," followed, if you are in Ontario, by "Licensed Public Accountant." The designation will appear following the firm's name in the Accountant's Report letter and the AIR Filing Statement.

The "person responsible for engagement" is the person the Agency will contact if any questions arise when we validate the return. You may provide the name of the partner or manager responsible for the client. Or you may choose to name another person in the firm who is familiar with the file and the contents of the AIR. The telephone, fax and e-mail information provided should be for the person you have indicated.

Identification of Co-operative

Information provided in this section should be current as of the AIR *filing date*, rather than the year end. If this is a co-operative's first return, some of the fields in this section may be blank. In subsequent years, all mandatory fields should contain data when you open the return. Where a field is pre-populated, you will need to review the information that appears and confirm with your client that it remains current. All fields may be updated, other than "fiscal year start" and the CMHC and Agency identification numbers.

"Fiscal year start" is a system-generated field and is always the first day following the previously reported fiscal year end. The "Year end" field is editable in the event that the co-operative has changed its fiscal year.

There is a place to indicate the co-operative's mailing address, if different from its head-office address. (Co-operatives that use the services of a property-management firm, for instance, often cite the manager's office as their mailing address.)

The co-operative's primary and alternate contacts can be anyone the co-op designates. The primary contact is typically the co-op's manager or an officer of the board. If the co-op has no alternate contact, leave the associated fields blank.

Profile of Co-operative

All fields in this section may be updated and all are mandatory. Unless otherwise stated, the detail required is as of the AIR *filing date*, not the year end.

If this is a co-operative's first return, some of the fields may be blank. In subsequent years, the latest data from the Agency's information system will be displayed. Review it carefully and confirm with your client that it remains current. You need only enter information that has changed, e.g., the number of units receiving income-tested assistance or rent supplements.

Properties and Units

If this is a co-operative's first return, the latest data from the Agency's information system will be displayed. Review the information carefully and confirm with your client that it remains current. You will probably have to enter new housing charges, as most co-operatives raise their charges each year.

The detailed listing should include information on both residential and non-residential units for CMHC-program properties, grouped by operating agreement. This should be followed by information on any non-CMHC-program units, including former CMHC-program units, units operated under provincial programs and any other units.

Members and Officers of the Board of Directors

If this is a co-operative's first return, the fields in this section may be blank. In subsequent years, the most current data from the Agency's information system will be displayed. Review the information carefully with your client and update it as necessary. The information on officers and members of the board of directors should be current as of one of the following dates, at the co-op's discretion: the year end reported, the AIR filing date, or the date of the annual meeting. Be sure to enter the effective date.

Co-operative's Representations

The **Co-operative's Representations** are intended to assist the Agency in evaluating the co-operative's financial soundness and its compliance with the terms of its agreements with CMHC and, in Ontario and PEI, with the terms of the federal Rent Supplement Program. All representations are made as at *the end of the fiscal year reported*, except where otherwise stated. When you log onto the Agency's secure website to file your client's return, only those representations required of your client will appear.

The accountant should print the representations section of the AIR and submit them to the client to complete, assisting the co-operative as necessary where the representation concerns a matter reported in the audit or review engagement report, the year-end financial statements, the notes to the statements, or the auditor's letter to management. While the co-op, not the auditor, is making the representations, the auditor should point out to the co-op that the representations must agree with the information provided elsewhere in the return, including the **Financial Information** pages.

ALL CO-OPERATIVES

Representation 101

Except for qualifications relating to the application of accounting policies stipulated by CMHC, the auditor's report contains *[active CMHC clients only]*

or

The auditor's report contains *[non-CMHC clients with audits only]*

or

The accountant's report contains *[non-CMHC clients with review engagements only]*

- (a) an unmodified (unqualified) opinion; or
- (b) a qualified opinion; or
- (c) an adverse opinion; or
- (d) a disclaimer (denial) of opinion.

If (b), (c) or (d), please give details.

Check only one box. If (b), (c) or (d) is selected, you will need to assist the co-operative in providing the required explanation.

Representation 102

The year-end financial statements report a contingent liability or future commitment.

If yes, select the applicable items below

- (a) Federal Renovation and Retrofit Contribution
- (b) contractually forgivable interest on CMHC workout loan *[active CMHC clients only]*
- (c) other (specify):

If (c), please give details.

Check all that apply. Be sure to note every contingent liability or future commitment identified in the notes to the year-end financial statements.

Representation 103

The year-end financial statements report an event or events that occurred subsequent to the date of the financial statements.

If yes, please give details.

Report any events subsequent to the year-end identified in the notes to the financial statements here.

Representation 104

Any correction to the Co-operative's accounts relating to prior periods has been made in the current period and there has been no restatement of prior-year numbers in the current financial statements.

If no, please give details.

Once the Agency validates the AIR, you cannot change it. To ensure that the comparative numbers carried in the Agency's system remain correct, any correction of previous years' accounts should be reported on the Statement of Operations section of the AIR for the current period. If, for any reason, the correction was not made in the current year, but instead was made through the accumulated surplus account, or if any prior-year amounts have been restated, contact the Agency for guidance.

Representation 105

The auditor issued a Communication of Matters Identified during the Audit of the Financial Statements that identified significant weaknesses in internal controls, fraud, illegal acts or possible illegal acts. *[active CMHC clients and non-CMHC clients with audits only]*

or

The accountant issued a communication identifying significant weaknesses in internal controls, fraud, illegal acts or possible illegal acts discovered during the review of the financial statements. *[non-CMHC clients with review engagements only]*

If yes, please give details.

If the answer is affirmative, provide details. It is a matter of professional judgement whether or not a weakness in internal controls is significant.

The Agency does not routinely require a copy of the management letter, but, if circumstances warrant, may request one.

Representation 106

All mortgage loans are current (i.e., no scheduled payments are overdue).

If no, please give details.

If the answer is negative, provide details. Regular accrued interest and contractually deferred principal or interest charges on a workout loan from CMHC are not considered overdue amounts.

Representation 107

All property taxes are current (i.e., no payments are overdue).

If no, please give details.

If the answer is negative, provide details. Accrued amounts are not considered overdue unless a required payment was past due at year end.

Representation 108

Directors' housing charges:

(a) All directors of the Co-operative are current with all housing and other charges payable to the Co-operative. *[ON, AB, PE co-ops only]*

or

All directors of the Co-operative are current with all housing charges payable to the Co-operative. *[B.C. co-ops only]*

If no, please indicate how many directors are not current, and the combined amount owing from all directors, before any allowance for doubtful accounts.

_____ Number of directors not current at year end

_____ Combined amount owing from all directors at year end, before any allowance for doubtful accounts

(b) The Co-operative's by-laws prohibit members who are behind with their housing charges from standing for election or continuing to serve on the board of directors, whether or not they have signed a repayment agreement. *[ON, AB, PE co-ops only]*

or

The Co-operative's rules prohibit members who are behind with their housing charges at month end from standing for election or continuing to serve on the board of directors, whether or not they have signed a repayment agreement for overdue housing charges. *[B.C. co-ops only]*

If (b) is yes, please give details.

If the answer to representation 108 (a) is negative, indicate the number of directors in arrears, including directors with approved repayment agreements, and the amount owing from all directors together, before deduction of any allowance for doubtful accounts. A director in arrears with an approved repayment agreement is not considered current with their charges, even if all scheduled payments under the agreement have been made on time. The answer to this representation must be consistent with the Accountant's Report.

If the answer to representation 108 (b) is affirmative, provide details.

Representation 109

All directors and officers have served in that capacity without payment or benefit other than reimbursement of expenses incurred on behalf of the Co-operative. *[active CMHC clients only]*

If no, please give details.

The co-operative is eligible for assistance under the CMHC programs only as long as it remains a non-profit corporation. The *National Housing Act* defines a non-profit corporation as "a corporation, no part of the income of which is payable to or is otherwise available for the personal benefit of any proprietor, member or shareholder thereof."

If the answer to the representation is "No," provide details, but do not include the names of the directors or officers concerned. The answer to this representation must be consistent with the Accountant's Report.

Representation 110

The Co-operative has a budget approved by the members in place for the fiscal year following the year reported and has submitted its audited financial statements for the year previous to the year reported to the members. *[active CMHC clients only]*

If no, please give details.

There are two separate questions here. If the answer is "No" to either one, provide details.

Representation 111

Expenses charged to the Co-operative's CMHC-program housing operations were directly incurred in those operations or represent a fair allocation of the Co-operative's general operating expenses. *[active CMHC clients only]*

If no, please give details.

If the answer is negative, provide details. The purpose of this representation is to assist the Agency in monitoring the co-operative's compliance with its operating agreement with CMHC. The answer given must be consistent with the information provided in the **Financial Information** pages of the return.

If the co-operative has a non-housing component or housing operations outside the CMHC programs, e.g., a provincial-program segment or units with an expired CMHC operating agreement, it is important to ensure that costs are properly attributed and any shared costs appropriately allocated among the different segments. Expenses not associated with operating the housing project, including material donations or gifts to third parties, should be funded from non-housing revenues or revenues earned from units that are not subject to a government agreement. Both the expenses and the offsetting revenues should be reported in Part C (Schedule U). If Part A of the Statement of Operations includes no expenses that are not attributable to the CMHC-program housing operations, then the right answer to this representation is "Yes." If you are unsure about a

specific type or amount of cost, contact the Agency for advice.

Representation 112

The Co-operative has maintained its CMHC-program capital replacement-reserve investments only in eligible accounts or securities in accordance with the terms of its operating agreement with CMHC. *[active CMHC clients only]*

If no, please give details.

If the answer is negative, provide details. Each of the CMHC-program operating agreements contains specific provisions respecting permitted replacement-reserve investments. If you are unsure whether an investment complies with the stipulated restrictions, contact the Agency.

Where a co-operative that does not have a capital-replacement reserve because, for instance, under a workout agreement it has entered into with CMHC, it is not permitted to hold one, the right answer to the question is "Yes."

Representation 113

The Co-operative has made allocations to the CMHC-program capital replacement reserve at no less than the level stipulated in its operating agreement with CMHC or subsequently approved by CMHC or the Agency. The reserve is fully funded and income earned in the year from the investment of the reserve has been allocated to the reserve. *[active CMHC clients only]*

If no, please give details.

The representation contains three different tests. An affirmative answer means that all three are true. If you answer “No” to the representation, the explanation given should indicate clearly which of the three tests has not been met and why.

Note that “No” is the right response to the first test only if the co-operative has made less than the required annual contribution, not if it has exceeded it. If a co-operative has a financial workout agreement prohibiting or restricting contributions to the capital-replacement reserve, that agreement supersedes the operating agreement.

If the co-operative’s financial statements are prepared on a fund-accounting basis, the replacement-reserve assets may include amounts due from other funds. Include only cash and investments in determining whether the reserve is funded. If the co-op commingles its replacement reserve and other investments, the total of all of its cash and investments must be at least equal to the sum of this reserve and any other mandatory reserves, less, as applicable, any income-tested assistance receivable from CMHC. If this test is not met, then one or more of the reserves cannot be said to be fully funded. If it is met, then the reserve is fully funded, notwithstanding the fact that the cash is not segregated from the co-operative’s other cash and investments.

Where cash or investments are commingled, an appropriate share of the co-operative’s investment earnings should be allocated to the capital-replacement reserve, taking into

account the development of the reserve balance over the course of the year.

Representation 114

All expenditures from the Co-operative’s CMHC-program capital replacement reserve have been made in accordance with the operating agreement with CMHC or a capital replacement reserve plan approved by CMHC or the Agency, or with the specific approval of CMHC or the Agency. *[active CMHC clients only]*

If no, please give details.

If the answer is negative, provide details.

If all expenditures funded from the reserve in the year meet any of the tests below, the answer to this representation should be “Yes”:

- a) the expenditure falls within a class of expenditures set out in a schedule to the operating agreement; or
- b) the item of expenditure is set out in a capital-replacement reserve plan with an unexpired approval from the Agency;
- c) the item of expenditure appears in an annual budget approved by the Agency; or
- d) the Agency has approved the specific expenditure in writing.

If you are unsure whether a particular item of spending qualifies as an approved expenditure, contact the Agency.

Representation 115

The Co-operative has the following insurance coverage in place:

- (a) fire and extended perils with guaranteed replacement-cost coverage for all buildings and equipment and, for Vancouver Island and lower-mainland B.C. co-operatives only, earthquake cover, including coverage for CMHC-program properties of \$_____. *[active CMHC clients only]*
or
fire and extended perils with guaranteed replacement-cost coverage for all buildings and equipment of \$_____, including, for Vancouver Island and lower-mainland B.C. co-operatives only, earthquake cover. *[non-CMHC clients only]*
- (b) loss-of-housing-charge insurance providing at least 12 months' coverage;
- (c) public-liability insurance of at least \$2,000,000;
- (d) a fidelity bond of at least \$25,000 covering losses arising from fraudulent or dishonest acts committed by directors, officers, or other volunteers of the Co-operative; *[co-operatives with contract property management firm]*
or
a fidelity bond of at least the lower of \$100,000 or \$1,000 per unit covering losses arising from fraudulent or dishonest acts committed by volunteers or by an individual or individuals working in their own name for the Co-operative, as either employees or independent contractors; *[co-operatives without contract property management firm]*

(e) directors' and officers' liability coverage of at least \$500,000.

If no to any of the above, please give details of current coverage.

Information on the coverage carried may be found in the Declaration section on the front page of the co-operative's insurance policy. If any of the specified coverage is lacking, give details. The answer to this representation must be consistent with the Accountant's Report.

Care must be taken in determining whether the co-operative is carrying *guaranteed* replacement cost coverage (115 (a)). If the word "guaranteed" does not appear on the Declaration, the co-operative should not answer "Yes" to the representation, unless it can furnish other evidence from the insurer that the coverage is, in fact, guaranteed-replacement-cost.

For all but the Urban Native and Post-86 Non-profit (PEI) programs, "At least 12 months' coverage" in representation 115 (b) means an amount equal to 12 times the co-operative's full monthly housing charges, assuming all units are occupied and no occupants are paying a geared-to-income housing charge. For co-operatives operating under the Urban Native and Post-86 Non-profit (PEI) programs, it means the geared-to-income housing charges budgeted for the year.

Representation 115A

The Co-operative's property insurer is

- (a) Co-operators General Insurance company

(b) Other (specify): _____

Enter the name of the insurance carrier, as found on the front page of the co-operative's insurance policy, rather than the name of the broker.

Representation 116

In the fiscal year reported or since, the Co-operative has *[active CMHC clients only]*

- (a) ceased to be a non-profit corporation as defined in the *National Housing Act*;
- (b) mortgaged, charged or encumbered a property that is subject to an operating agreement with CMHC;
- (c) lent money or guaranteed a loan to a third party;
- (d) made other than small gifts or donations from revenues from its CMHC-program housing operations;
- (e) sold or leased all or part of a property that is subject to an operating agreement with CMHC, other than through the granting of ordinary occupancy agreements or leases to members or residential tenants;
- (f) prepaid all or part of its mortgage(s);
- (g) changed the repayment terms or conditions of its mortgage(s) other than as reported to CMHC.

If yes to any of the above, please give details.

116 (a): The *National Housing Act* defines a non-profit corporation as "a corporation, no part of the income of which is payable to or is otherwise available for the personal benefit of any proprietor, member or shareholder thereof."

116 (b): Section 97 (1) of the *National Housing Act* provides that "It is a condition of every agreement respecting the operation of a housing project to which the Corporation is a party that the housing project or any part thereof must not, during the term of the agreement and any extension thereof, be... charged, in any manner whatever, for the purpose of securing payment of a debt or performance of any obligation, without the consent of the Corporation, except in such circumstances as are prescribed by regulation."

116 (c): Expense advances to volunteers and advances or deposits paid in the normal course of trade are not considered loans for the purposes of this representation. Loans made from funds not derived from the CMHC-program housing project are permitted but should nonetheless be reported.

116 (d): Judgement must be used in determining what constitutes a small gift. The different program operating agreements have slightly different rules on the subject. If in doubt, contact the Agency for advice. Gifts or donations made from income from social events, the investment of member shares or non-interest-bearing member loans or deposits, or other non-housing sources need not be declared.

116 (e): The *National Housing Act* provides in section 97 (1) as follows: "It is a condition of every agreement respecting the operation of a housing project to which the Corporation is a party that the housing project or any part thereof must not, during the term of the agreement and any extension thereof, be (a) sold or otherwise

disposed of, (b) leased for a term of more than three years,..., without the consent of the Corporation, except in such circumstances as are prescribed by regulation.”

116 (f): Report any pre-payment, whether in full or in part, of any mortgage, whether or not authorized under the operating agreement, including a mortgage secured by a charge against a non-CMHC-program property.

116 (g): Report any changes in the terms or conditions of any mortgage, whether at a scheduled renewal or at another time, except those changes already reported to CMHC.

Representation 117

The Co-operative has municipal status for GST/HST purposes and has filed for all rebates for which it is eligible. *[active CMHC clients only]*

If no, please give details.

This representation has two parts. The first concerns municipal status for GST/HST rebate purposes. If the co-operative is eligible for municipal status, but has not applied for it, answer “No” and provide an explanation.

The second part concerns all rebates, both municipal and non-profit. If the co-operative has not filed for all rebates for which it is eligible, answer “No” and provide an explanation.

For information on how to maximize the GST/HST rebates for which the co-op is eligible, contact the Agency.

Representation 118

All occupant households include at least one member of the Co-operative.

If no, please indicate the number of non-member households at year end.

All co-operative-program operating agreements contain rules respecting minimum levels of occupancy by members. Similarly, several of the provincial co-operative statutes have requirements respecting doing business with members. If the answer is negative, indicate the number of non-member households at year end.

Representation 119

The Co-operative remains a co-operative corporation in good standing under the applicable provincial co-operative statute and is current with provincial filing requirements. *[active CMHC clients only]*

If no, please give details.

This representation is intended to assist the Agency in monitoring the co-operative’s compliance with its operating agreement. If the answer is negative, provide an explanation.

Representation 120

The Co-operative’s year-end financial statements have been prepared in accordance with

- 1) a special purpose framework prescribed by CMHC
or
- 2) Canadian GAAP.

Some co-operatives follow Canadian Generally Accepted Accounting Principles (GAAP) exclusively, but most prepare Special Purpose Framework (SPF) financial statements, which depart from GAAP in a few key ways. The AIR now explicitly asks which standard is followed. If capital assets funded by a first mortgage are amortized at the rate the mortgage principal is repaid, choose 1) above, otherwise choose 2).

Based on your answer, one of the lists of accounting policies below will appear.

Special Purpose Framework:

- (a) Non-material equipment purchases and replacements are expensed in full to income in the year acquired.
- (b) Expenditures eligible for funding from the capital-replacement reserve are expensed to the reserve in full as made.
- (c) Capital assets funded from the proceeds of debt financing are capitalized and amortized to income over their estimated useful life (workout-funded assets); capital assets funded from the proceeds of debt financing are capitalized and amortized to income at the rate of principal repayment of the loan (other loan-funded assets).
- (g) Other capital assets are expensed in full to income in the year acquired.

If “No” to any of the above, please give details.

Canadian GAAP:

- (a) Non-material equipment purchases and replacements are expensed in full to income in the year acquired.

- (h) Capital assets are capitalized and amortized to income over their estimated useful lives.

If “No” to any of the above, please give details.

In providing details, be sure to explain clearly the accounting policy followed.

Representation 121

The Co-operative is aware of a financial conflict of interest that affected it in the fiscal year reported or afterwards. (A financial conflict of interest is present in any situation where a person's financial interests, or those of any member of the person's family or household, conflict with the person's duty to the Co-operative. Any person making or taking part in a decision on the Co-operative's behalf, or advising the Co-operative, e.g. a staff member or member of the board, has a duty to the Co-operative.) *[active CMHC clients only]*

If yes, please give details.

If the answer is affirmative, give details of the conflicts without reporting the names of those involved. Conflicts of interest that have been properly declared and cured, e.g., through the recusal of the conflicted party from the discussion and decision, need not be declared. If uncertain as to whether a conflict of interest has arisen or needs to be declared, contact the Agency for guidance.

Representation 122

In accordance with its operating agreement with CMHC, the Co-operative has given advance notice or sought advance approval,

as applicable, before entering into a contract for the management of any properties it operates under CMHC programs. *[active CMHC clients only]*

If no, please give details.

If the answer is negative, provide details. The representation is not intended to cover ordinary employment agreements or contracts for maintenance, bookkeeping or the like. It refers instead to contracts entered into during the year with a firm to manage all or part of the operations of the co-operative. If the co-operative either did not use the services of a property-management firm during the year or did not enter a new agreement, answer "NA."

Check the co-operative's operating agreement or with the Agency to determine the applicable rules respecting the awarding of property-management contracts. If the co-operative has received a workout loan or other special assistance from CMHC or the Federal Co-operative Housing Stabilization Fund, additional restrictions may apply.

Representation 123

The Co-operative is fully compliant with the terms of any mortgage loan it has taken out to replace or supplement its original financing. (Note: Answer N/A if there is no additional loan or if the additional loan is a workout loan). *[active CMHC clients only]*

If no, please give details.

Where the co-operative has refinanced its CMHC mortgage with a loan from a private lender or has taken out a

second or subsequent mortgage, it will have entered into a legal agreement with the new lender. This representation requires the co-operative to attest that it is compliant with the terms of that agreement.

Representation 124

The Co-operative has had a building-condition assessment done within the past five years and has a capital replacement reserve plan or an asset management plan in place.

Give details (optional).

The answer to this representation will assist the Agency in assessing the co-operative's risk.

Representation 125

The Co-operative has a policy or well-established practice of prohibiting members from settling housing and other charges with cash.

If no, please indicate under what circumstances the Co-operative will accept cash payments.

The answer to this representation will assist the Agency in assessing the co-operative's risk.

Representation 126

In the past year, the Co-operative has written off amounts owing from current residents. (Do not answer "Yes" if a doubtful-account allowance has been established but the receivable remains in the Co-operative's accounts.)

Number of current residents for whom amounts due to the Co-operative have been written off in full or in part _____

Combined amount written off _____

Give details (optional).

The answer to this representation will assist the Agency in assessing the co-operative's risk.

SECTION 95, POST 85 URBAN NATIVE AND POST 85 NP (PEI) CO-OPERATIVES ONLY

Representation 201

The Co-operative has complied with the terms of its operating agreement with CMHC with respect to the verification of incomes of households paying a housing charge geared to income.

If no, please give details.

This representation is intended to assist the Agency in monitoring the co-operative's compliance with its operating agreement.

Representation 202

The Co-operative has calculated the housing charges of households paying a housing charge geared to income in accordance with the terms of its operating agreement with CMHC.

If no, please give details.

This representation is intended to assist the Agency in monitoring the co-operative's compliance with its operating agreement.

Representation 203

The Co-operative has added an amount to the geared-to-income housing charge for cable/satellite-television service or light and power, where the Co-operative pays the cost of either service.

If no, please give details.

The definition of "fully serviced accommodation" in the operating agreement does not include the listed services. Where the co-operative pays them on the member's behalf, an amount must be added to the housing charge calculated in accordance with the Graduated Occupancy Charge Scale in the operating agreement. (No adjustment should be made for common-area utilities, which are the co-operative's responsibility to pay.)

Answer "NA" if the co-operative does not pay for either of the services in question.

Representation 204

The Co-operative has added an amount for parking to the geared-to-income housing charge where the household has been allocated a parking space that is not attached or adjacent to the dwelling.

If no, please give details.

The definition of "fully serviced accommodation" in the operating agreement does not include parking. Where parking is provided without charge in a common parking lot or garage, an amount must be added to the housing charge calculated in accordance with the Graduated

Occupancy Charge Scale in the operating agreement. Answer "NA" if the co-op does not have a parking lot or garage.

SECTION 95 CO-OPERATIVES ONLY

Representation 301

The Co-operative's subsidy-surplus reserve, less income-tested assistance due from CMHC, is fully funded and income earned in the year from the investment of the reserve has been allocated to the reserve.

If no, please give details.

This representation is intended to assist the Agency in monitoring the co-operative's compliance with its operating agreement. If the answer is negative, provide details. Answer "NA" if the co-op is not allowed to maintain a subsidy-surplus reserve or the reserve balance is zero.

If the co-op's financial statements are prepared on a fund-accounting basis, the subsidy-surplus reserve assets may include amounts due to or from other funds. Include only cash and investments in determining whether the reserve is funded. If the co-op commingles its subsidy reserve with other investments, the total of all of its cash and investments must be at least equal to the sum of this reserve, less income-tested assistance receivable from CMHC, plus, as applicable, any other mandatory reserves. If it is not, then one or more of the reserves is not fully funded. If it is, then the reserve is fully funded, notwithstanding the fact that the cash is not segregated from the co-operative's other cash and investments.

Where cash or investments are commingled, an appropriate share of earnings should be allocated to the subsidy-surplus reserve, taking into account the fact that CMHC pays the income-tested assistance to the co-op monthly in arrears, not in advance.

Representation 302

The Co-operative has maintained its subsidy-surplus investments only in eligible accounts or securities, in accordance with the terms of its operating agreement with CMHC.

If no, please give details.

The operating agreement contains specific provisions respecting permitted subsidy-surplus reserve investments. If unsure whether an investment complies with the stipulated restrictions, contact the Agency. If the answer to the representation is negative, provide an explanation.

Answer "NA" if the co-op is not allowed to maintain a subsidy-surplus reserve or the reserve balance is zero.

POST 85 URBAN NATIVE AND POST 85 NP (PEI) CO-OPERATIVES ONLY

Representation 401

The Co-operative has allocated units to eligible households only, in accordance with the terms of its operating agreement with CMHC.

If no, please give details.

The co-operative's operating agreement with CMHC contains provisions respecting who is eligible for

occupancy in the co-op. If the answer to the representation is negative, explain the circumstances.

Representation 402

The Co-operative has reduced the geared-to-income housing charge where the cost of heat, hot water or water is paid by the occupant and not the Co-operative or where no refrigerator or stove is provided.

If no, please give explain.

The definition of “fully serviced accommodation” in the operating agreement includes heat, hot water and water. Where any of these services is paid directly by the occupant, or a refrigerator and stove are not provided by the co-op, an appropriate amount must be deducted from the geared-to-income housing charge. Answer “NA” if the co-op pays for these services and supplies a refrigerator and stove.

FCHP (ILM) CO-OPERATIVES ONLY

Representation 501

The Co-operative's sector-support cost, if any, is fully offset by sector-support levies or non-housing revenues.

If no, please give details.

If the answer is negative, provide details. Under the terms of the program, the part of the co-operative's debt service attributable to a sector-support contribution, if any, must be met through a sector-support levy or non-housing revenues. Where the levy was added to the initial regular housing charges established for the co-op and the charges have risen over time to

meet rising costs, they are presumed to include a levy in the appropriate amount. A specific levy need then be added only to the reduced housing charges paid by households receiving rent supplements.

A co-op need not impose a levy if it can identify sufficient non-housing revenues to cover the sector-support cost for all households. Income from the investment of member shares is a common source. If the co-op financed the original sector-support contribution through shares or cash from sources other than the CMHC-insured loan, there is no sector-support cost and no requirement for a levy. If you are uncertain as to what constitutes a sector-support contribution or non-housing revenue, contact the Agency.

Answer "NA" If there is no sector-support cost.

Representation 502

The Co-operative has made the proper allocations to the security-of-tenure reserve and has used the reserve in accordance with the terms of its operating agreement with CMHC.

If no, please give details.

If the answer is negative, provide details. Minor and isolated clerical errors do not constitute non-compliance.

Answer “Yes” if the required allocation is zero.

Representation 503

The Co-operative has applied the income

ceilings applicable to it and has levied surcharges to members with incomes in excess of the income ceiling. *[1991 FCHP projects only]*

If no, please give details.

Incoming income ceilings were added as a program feature for all new projects in 1991. If the answer to the representation is "no," explain the circumstances. Minor and isolated clerical errors do not constitute non-compliance.

CO-OPERATIVES IN ONTARIO AND P.E.I. WITH CMHC RENT SUPPLEMENT PROGRAMS ONLY

Representation 601

The Co-operative has complied with the terms of the CMHC Rent Supplement Program with respect to the verification of incomes of households receiving rent-supplement assistance.

If no, please give details.

If the answer is negative, provide an explanation.

Accountant's Report

The accountant is required to perform specified procedures in relation to several of the [Co-operative's Representations](#). The procedures are identified in the Annual Information Return. The **Accountant's Report** included with the return was prepared in consultation with CPA Canada (then the Canadian Institute of Chartered Accountants). Its purpose is to report that the required procedures have been performed and to disclose the results. The report is intended solely for the use of the Agency.

Representation 602

The Co-operative has calculated the housing charges of households in receipt of rent-supplement assistance in accordance with the terms of the CMHC Rent Supplement Program.

If no, please give details.

If the answer is negative, provide an explanation. Minor and isolated clerical errors do not constitute non-compliance.

SECTION 27 AND 61 CO-OPERATIVES ONLY

Representation 701

The Co-operative has complied with the ongoing income limits or surcharge requirements of its operating agreement with CMHC.

If no, please give details.

If the answer is negative, explain the circumstances. Minor and isolated clerical errors do not constitute non-compliance.

Financial Information

This section consists of a statement of financial position, one or more statements of operations and multiple schedules. Some of the line items and schedules apply to all co-operatives and others to certain classes of co-operatives only. This guide includes information on all line items and schedules. However, when you log on for a particular client, you will see only those items and schedules that apply to that client.

Statement lines for which there is no supporting schedule are editable. Non-editable fields will fill automatically as you complete the associated schedules. To reach a specific schedule, click on its name on the screen, e.g., click on "Schedule A" to begin entering cash and investments. Each section of the statements and many of the schedules have an "other" line where you may report items not specifically listed.

The information provided in the AIR must be consistent with the co-operative's year-end financial statements. Except for certain of the accounting policies set out in [representation 120](#), the AIR presumes that the co-op's accounting policies conform to generally accepted accounting principles (GAAP) as they apply to non-profit organizations (Accounting Standards for Non-for-Profit Organizations). If this is not the case, you should advise the Agency.

N.B.: The explanations below appear in the same order as the fields in the Annual Information Return, not necessarily in numerical or, for the schedules, alphabetical order.

Statement of Financial Position

The statement reports the co-operative's assets, liabilities, reserves and members' equity at year end.

A single statement of financial position is required, regardless of whether the co-op has properties under a single housing program or multiple programs. Amounts reported should be for the co-op's combined operations, including any provincial-program or non-government segment, except where otherwise indicated. The statement is not organized on a fund-accounting basis. If your client uses fund accounting, report the total for all funds on a single line, as necessary; do not report amounts due between funds.

ASSETS

automatically to this line.

Line 109

Line 119

Cash and investments

Accounts receivable

Begin by completing [Schedule A](#). The total from Schedule A is carried

Begin by completing [Schedule B](#). The total from Schedule B is carried

automatically to this line.

Line 120

Loan advances receivable

If the co-operative has financing in place for capital repairs or improvements and is entitled to an advance at the statement date for work completed, record the amount of the expected advance on this line. A workout loan from CMHC and a second mortgage from a private lender are examples of such financing.

Line 139

Prepaid expenses

Begin by completing Schedule C. The total from Schedule C is carried automatically to this line.

Line 149

Capital assets

Begin by completing Schedule D. The total from Schedule D is carried automatically to this line. Use the schedule to report all assets that will be amortized to income over multiple fiscal periods, as well as capital assets that will remain indefinitely on the balance sheet.

Line 160

Forgivable interest asset [*B.C. co-ops with a workout and a CMHC*]

Insurance Loan only]

Begin by completing Schedule ML. The year-end forgivable interest balance is carried automatically to this line.

Line 190

Other assets (specify):

List any other non-capital assets in the space provided and record their combined value. Report all capital assets on Schedule D, not this line. Do not use this line to report inter-fund receivables. (See the discussion of fund accounting above.)

Line 199

Total assets

Calculated automatically.

LIABILITIES AND RESTRICTED RESERVES

Line 210

Lines of credit and overdrafts

Record the sum of any amount drawn against a line of credit and any bank overdraft.

Line 219

Accounts payable and accrued liabilities

Begin by completing Schedule E. The total from Schedule E is carried automatically to this line.

Line 229

Unearned income

Begin by completing [Schedule F](#). The total from Schedule F is carried automatically to this line.

Line 239

Liabilities to occupants

Begin by completing [Schedule G](#). The total from Schedule G is carried automatically to this line.

Line 240

Repayable mortgages and loans

Begin by completing [Schedule ML](#). The “Balance due at fiscal year end” amount is carried automatically to this line.

Line 245

Forgivable mortgages and loans

Begin by completing [Schedule ML](#). The “Balance due at fiscal year end” amount is carried automatically to this line.

Line 250

RRAP loans

Use this line to record any unamortized portion of Residential Rehabilitation Assistance Program (RRAP) loans received. Enter the current-period forgiveness on [line N80](#) on Schedule N and the current-period

depreciation expense for the RRAP-funded asset on [line 522](#).

Line 255

Deferred interest charges

This line is no longer used. Deferred interest charges are now reported on Line 240 through [Schedule ML](#).

Line 290

Other liabilities (specify):

List any other liabilities in the space provided and record their combined book value on this line. Use this line to report the future lease payment obligations associated with capital leases reported on [line D10](#). Do not use this line to report inter-fund payables. (See the discussion of fund accounting above.)

Line 309

Capital-replacement reserve

Begin by completing [Schedule H](#). The total from Schedule H is carried automatically to this line.

Line 319

Subsidy-surplus reserve [*S95 co-ops only*]

Begin by completing [Schedule I](#). The total from Schedule I is carried automatically to this line.

Income-tested subsidy reserve
[non-CMHC clients and active CMHC clients that formerly had S95 units only]

Begin by completing [Schedule I](#). The total from Schedule I is carried automatically to this line.

Line 329

Security-of-tenure reserve *[FCHP (ILM) co-ops and non-CMHC clients with retired ILM units only]*

Begin by completing [Schedule J](#). The total from Schedule J is carried automatically to this line.

Line 339

Other reserves

Begin by completing [Schedule K](#). The total from Schedule K is carried automatically to this line.

Line 370

Restricted reserves, other operations *[active CMHC clients only]*

Enter restricted reserves for any non-CMHC-program operations whether internally or externally restricted, except capital-replacement reserves, which are reported on [Schedule H](#). Such reserves could include reserves created from earnings not directly

generated through the co-operative's housing operations, e.g., earnings from social events or the investment of member shares or non-interest-bearing loans or deposits.

See note at [Schedule U](#) for a discussion of an alternative treatment of revenues and expenditures not directly associated with the co-operative's housing operations.

Note that, when a co-operative ceases to be a CMHC client, it will use [Schedule K](#) in place of line 370.

Line 379

Total liabilities and restricted reserves

Calculated automatically.

Line 389

Co-operative's equity

Begin by completing [Schedule L](#). The total from Schedule L is carried automatically to this line.

Line 399

Total liabilities, restricted reserves and co-operative's equity

Calculated automatically.

Statement of Operations

The statement consists of three parts. Complete [Part A](#) for all housing operated under CMHC programs. If the co-operative has a provincial-program segment, enter

the revenues and expenses for that segment on Part B1. Use Part B2 if the co-op has one or more housing operations that were formerly under a CMHC program or if it has other housing operations. Use [Part C](#) to report the operation of any commercial space, any other non-housing operations and, for housing operated under a CMHC program, any expenses considered ineligible under that program. Co-operatives with a separate membership fund may report the operations of that fund in Part C, instead of Part A, at their option.

N.B.: The explanations below appear in the same order as the fields appear in the Annual Information Return and not necessarily in numerical order.

PART A: CMHC-PROGRAM OPERATIONS AND PART B: OTHER HOUSING OPERATIONS

Complete a separate Part A for each separate CMHC program under which the co-operative operates. If, for instance, the co-op purchased units under both the Section 61 Program and the Section 95 Program, you will need to complete two Part As. But if the co-op purchased two properties at different times under the same CMHC program, only one Part A is required.

If the co-operative has operations under two active CMHC Programs, A1 and A2 should be assigned between them in the following order: S27, S61, S95, FCHP (ILM), Post 85 NP (PEI), UN Pre-86, UN Post 85.

Complete Part B1 if the co-operative has a provincial-program housing operation. Complete Part B2 for all other non-CMHC-program housing operations.

Revenue

Line 401

Housing charges, net [S27/61/95 and FCHP (ILM) co-ops and non-CMHC housing operations only]

Begin by completing [Schedule M](#). The total from Schedule M is carried automatically to this line. This schedule is not used for co-operatives operating under CMHC's urban native programs or the Post 85 Non-profit (PEI) Program.

Line 490

Less contribution from housing charges to security-of-tenure reserve [FCHP (ILM) co-ops only]

This is not an editable field. The amount entered on [line J20](#) is carried automatically to this line from Schedule J.

Line 498

Sub-total [FCHP (ILM) co-ops only]

Calculated automatically.

Line 402

Geared-to-income housing charges

[Post 85 Urban Native and Post 85 NP (PEI) co-ops only]

Record the full amount of the geared-to-income charges levied over the year to occupants, including amounts that remain unpaid at year end. This schedule is not used for S27/61/95 and FCHP (ILM) co-operatives.

Line 404

Surcharges to occupants *[S27/61 co-ops only]*

Surcharges to occupants in the S27/61 programs are levied in addition to the regular gross housing charge and so are not included in [Schedule M](#). Surcharges levied by FCHP (ILM) co-operatives are payable to CMHC and are properly reported on [line E30](#) on Schedule E. They do not constitute revenue to the co-op.

Line 410

Operating assistance from government sources *[CMHC-program housing operations only]*

Begin by completing [Schedule N](#). The total from Schedule N is carried automatically to this line.

Line 480

Other revenue

Begin by completing [Schedule O](#). The total from Schedule O is carried

automatically to this line.

Line 499

Total operating revenue

Calculated automatically.

Expenses

Line 502

Property taxes

Use this line to report the applicable property-tax expense for the year, including accrued taxes to the end of the period. Enter water and sewerage charges on [Schedule P](#), not here.

Line 504

Utilities

Begin by completing [Schedule P](#). The total from Schedule P is carried automatically to this line.

Line 506

Insurance

Record the cost of fire and extended perils, loss-of-housing charges, public liability, directors' and officers' liability insurance and commercial blanket bond or fidelity coverage on this line. Record the cost of any insurance provided as an employee benefit on [line 510](#) or [line 532](#).

Line 510

Maintenance and repairs

Record non-capital maintenance and repair costs, including salaries, benefits and training expenses for maintenance employees, and cleaning or janitorial services, on this line, as well as any landscaping, snow removal and garbage-collection charges.

Line 515

Security

Security includes the cost of maintaining and operating security cameras and monitors, as well as contracted security services.

Line 520

Interest on mortgages and loans

Calculated automatically from information entered on [lines ML620](#) and [ML730](#) on Schedule ML.

Line 522

Amortization and depreciation, loan-funded assets

Use this line to record all current-period amortization and depreciation charges related to loan-funded assets.

Line 523

Amortization and depreciation, other assets

Use this line to record all current-

period amortization and depreciation charges related to assets not funded by borrowing.

Line 524

Ground rent

If the co-operative has a long-term ground lease and the rent was not fully prepaid at the start of the term, record the annual rent expense on this line.

Line 530

Marketing and advertising

Record all marketing costs and charges for advertising of vacant units on this line. Report incentives and inducements offered to attract new occupants on [line M34](#) on Schedule M.

Line 532

Administration

Administration costs include such items as salaries, benefits and training expenses for management employees and fees charged by a property-management firm, bookkeeping costs, accounting fees other than for services related to the annual audit or review engagement, as well as telephone costs, office supplies, office-equipment lease charges and maintenance, and bank service charges. Report marketing and advertising expenses on [line 530](#), professional fees on [Schedule Q](#), and association dues, member education and training, and other governance costs on [Schedule R](#), not here.

Line 534

Professional fees

Begin by completing Schedule Q. The total from Schedule Q is carried automatically to this line.

Line 536

Governance

Begin by completing Schedule R. The total from Schedule R is carried automatically to this line.

Line 538

Collections and bad-debt expense (recoveries)

Bad debts and collection costs should be entered here, not netted against revenue from housing charges. Record bad-debt recoveries here, rather than as other revenue on Schedule O. If recoveries exceed bad debts in a year, the amount recorded on this line will be negative.

Line 540

GST/HST

The preferred accounting treatment is to include the non-recoverable portion of the GST/HST expense with the associated operating expense. However, if the co-operative has not prepared its accounts on this basis, the net GST/HST expense may be entered here. Occasionally, a small adjustment to the tax expense is required at year end, when the

percentage rebate for which the co-op is eligible may need to be recalculated. Any such adjustment may be entered here. The non-recoverable GST/HST expense associated with capital assets or expenditures charged to reserves must be accounted for with those expenditures, not here.

Line 548

Other (specify):

List any expenses not properly recorded elsewhere and record their combined value on this line. If in doubt whether a cost should be included here or under administration, maintenance or another listed expense, contact the Agency.

Line 549

Total expenses before contributions to mandatory reserves *[CMHC housing operations only]*

Total expenses before extraordinary items *[non-CMHC housing operations only]*

Calculated automatically.

Line 559

Net operating income before contributions to mandatory reserves *[CMHC housing operations only]*

Calculated automatically.

Line 560

Less contribution to capital-replacement reserve *[CMHC housing operations only]*

The amount entered on line H20 is carried automatically to this line from Schedule H.

Line 579

Surplus (deficit) before extraordinary items

Calculated automatically.

Line 589

Extraordinary revenue (expenditure) items

Begin by completing Schedule S. The total from Schedule S is carried automatically to this line.

Line 599

Surplus (deficit) from CMHC-program operations *[CMHC housing operations only]*

Surplus (deficit) *[non-CMHC housing operations only]*

Calculated automatically.

Line 699

Surplus (deficit) from other housing operations *[CMHC housing operations only]*

Surplus (deficit) from housing operations *[non-CMHC housing operations only]*

CALCULATED AUTOMATICALLY. PART C: OTHER OPERATIONS

Line 799

Surplus (deficit) from other operations

Begin by completing Schedule U. The total from Schedule U is carried automatically to this line.

SURPLUS (DEFICIT) ALL OPERATIONS

Line 899

Calculated automatically and carried to line L42.

Restatement of Net Income *[CMHC Program Clients only]*

This section of the return restates as necessary the co-operative's net income for the year to reflect CMHC's preferred approach to accounting for fixed assets.

Line Z10

Reported current year surplus (deficit) from CMHC-program operations (carried from line 599)

Carried automatically from line 599.

Line Z20

Add back reported amortization and depreciation, loan funded assets (carried from line 522)

Carried automatically from line 522.

Line Z30

Calculated automatically.

Line Z40

Subtract principal repaid during the year on long-term debt (carried from line ML340)

Schedules

SCHEDULE A: CASH AND INVESTMENTS

Line A10

Cash on hand and deposit

Enter any petty cash, un-deposited cash, cash balances in brokerage accounts and balances in all bank and credit-union accounts on this line. Record any negative balances on line 210 on the Statement of Financial Position, not here.

The amount from Schedule ML is carried automatically to this line.

Line Z50

Subtract amortization of 10% federal grant (carried from line ML420) [S27 and S6195 co-ops only]

The amount from Schedule ML is carried automatically to this line.

Line Z98

Current year surplus (deficit) from CMHC-program operations restated to reflect CMHC policy on accounting for capital assets

Calculated automatically.

N.B.: For S95-Program co-operatives, the amount shown at line Z98 is subject to CMHC's Net Operating Revenue Policy.

Line A20

Term deposits, GICs, government bonds and treasury bills, including accrued interest

Record the total of the principal and accrued interest for all investments issued or guaranteed by Canada or a Province, e.g., term deposits, GICs, bonds or treasury bills.

Line A30

Other (specify):

List any investments not properly included on [line A20](#), e.g., credit-union shares, corporate bonds and coupons, mutual funds and equity investments. Report their combined book value, including any accrued interest.

Line A99

Total cash and investments

Calculated automatically.

Line A70

Fair market value of cash and investments as noted in the financial statements

Enter the fair market value of the co-operative's cash and investments as reported in the year-end financial statements.

Allocation of cash and investments

This section shows whether the co-operative's reserves are fully backed by cash and investments. For this purpose, the Agency treats all of the co-op's cash and investments as commingled, regardless of whether the co-op actually commingles its funds.

Where there are insufficient cash and investments to fund the required reserves fully, the funds available are to be allocated in the following order:

CMHC clients:

- to the capital-replacement reserve, non-CMHC program properties ([line A87](#)) (manually entered);
- to the subsidy-surplus reserve [*S95 co-ops only*] ([line A82](#)) (calculated automatically);
- to the capital-replacement reserve, CMHC-program properties ([line A80](#)) (calculated automatically).

Non-CMHC clients:

- to the capital-replacement reserve, non-CMHC clients ([line A85](#)) (calculated automatically).

If the total of a co-op's cash and investments falls short of the sum of all reserves less, as applicable, any income-tested assistance receivable from CMHC at the statement date, then one or more of the reserves cannot be said to be fully funded. If the total of cash and investments either equals or exceeds the sum total as described, then the reserves are deemed to be fully funded. (This, even though a co-op that does not commingle funds may not consider one or more of the reserves to be fully funded.)

Line A80

Capital-replacement reserve, CMHC-program properties [*active CMHC clients only*]

Calculated automatically to equal [line H99](#) – Capital-replacement reserve, CMHC-program operations,

unless the co-operative's total cash and investments are insufficient to fund all mandatory reserves.

Line A82

Subsidy-surplus reserve [S95
co-ops only]

Calculated automatically to equal line 319 – Subsidy-surplus reserve, CMHC-program operations minus line B30 – CMHC income-tested assistance receivable, unless the co-operative's total cash and investments are insufficient to fund all mandatory reserves.

Line A83

Income-tested subsidy reserve
[*non-CMHC clients and former S95 co-ops only*]

Record the book value of any cash and investments allocated to the income-tested subsidy reserve.

Line A84

Security-of-tenure reserve [*past and present FCHP (ILM) co-ops only*]

Calculated automatically to equal line 329 – Security-of-tenure reserve unless the co-operative's total cash and investments are insufficient to fund all mandatory reserves.

Line A85

Capital-replacement reserve [*non-CMHC clients only*]

Calculated automatically to equal line 309 – Capital-replacement reserve unless the co-operative's total cash and investments are insufficient to fund this reserve.

Line A86

Other restricted reserves, CMHC-program housing operations
(**specify**): [*active CMHC clients only*]

Indicate the names of other restricted reserves associated with the co-operative's CMHC-program operations and record the combined book value of cash and investments specifically allocated to them, or the share of commingled assets represented by them, on this line. The amount cannot be negative.

Other restricted reserves
(**specify**): [*non-CMHC clients only*]

Indicate the names of other restricted reserves and record the combined book value of cash and investments specifically allocated to them, or the share of commingled assets represented by them, on this line. The amount cannot be negative.

Line A87

Capital-replacement reserve [*non-CMHC program properties*]

Record the book value of any cash and investments allocated to any capital-replacement reserve for non-CMHC program properties reported on Schedule H.

Line A88

Calculated automatically.

Line A89

Other (specify):

Record the book value of any cash and investments allocated to the reserves listed on line 370 on the Statement of Operations.

Line A90

Cash and investments not represented by the above reserves

Calculated automatically so that line A98 equals line A99. It represents the book value of any cash and investments *not* allocated to reserves.

Line A98

Total cash and investments

Calculated automatically to equal line A99.

SCHEDULE B: ACCOUNTS RECEIVABLE

Report amounts net of any allowance for doubtful accounts.

Line B10

Occupants of CMHC-program properties *[active CMHC clients only]*

Enter all amounts receivable from past and present occupants of the co-operative's CMHC-program

properties, including housing charges, fines, charge-backs, member shares, loans and deposits, and any other amounts due, net of any allowance for doubtful accounts. "Occupants" includes both residential and commercial tenants, as well as members of the co-op. The amount cannot be negative. Record prepaid housing charges and overpayments on Schedule F, not as negative accounts receivable on this schedule.

Line B15

Other occupants *[active CMHC clients only]*

Enter all amounts receivable from past and present occupants of any non-CMHC-program properties the co-operative owns (e.g., provincial-program or former CMHC-program properties), including housing charges, fines, charge-backs, member shares, loans and deposits, and any other amounts due, net of any allowance for doubtful accounts.

"Occupants" includes both residential and commercial tenants, as well as members of the co-op. The amount cannot be negative. Record prepaid housing charges and overpayments on Schedule F, not as negative accounts receivable on this schedule. Record all amounts due from occupants of CMHC-program properties on line B10, not here.

Amounts receivable from past and present occupants *[non-CMHC clients only]*

Enter all amounts receivable from past and present occupants, including

housing charges, fines, charge-backs, member shares, loans and deposits, and any other amounts due, net of any allowance for doubtful accounts.

“Occupants” includes both residential and commercial tenants, as well as members of the co-op. The amount cannot be negative. Record prepaid housing charges and overpayments on Schedule F, not as negative accounts receivable on this schedule.

Line B19

Calculated automatically.

Line B20

Government operating assistance receivable [*active CMHC clients and non-CMHC clients with provincial-program operations only*]

Operating assistance under most housing programs is paid one month in arrears, to coincide with the co-operative’s debt-service obligations, resulting in a receivable at month end. Record all such assistance receivable, including pre-determined assistance under the S95 Program, federal assistance under the FCHP (ILM), Urban Native or Post 85 Non-profit programs, or operating assistance due under a government program not delivered by CMHC. Record income-tested assistance due from CMHC under the S95 Program and rent-supplement assistance receivable on lines B30 and B41-B46 below, not on this line.

Line B30

CMHC income-tested assistance receivable [*S95 co-ops only*]

Income-tested assistance from CMHC is usually received at the beginning of the month for the previous month, so that one full month’s assistance is normally receivable on the last day of the fiscal year. If CMHC’s assistance allocation for the year was less than the co-operative’s full entitlement and less than the amount the co-op allocated to eligible households, there may be a further amount due from CMHC. (See note at line 120 for further information.)

Lines B41 to B46

Rent-supplement and RGI assistance receivable

Record any amount due at year end for rent-supplement or RGI assistance from CMHC, a province or a municipality by program using the appropriate lines. (Some co-operatives have assisted units under more than one government program.) Record prepaid assistance as unearned income on Schedule F.

Line B50

GST/HST rebates and ITCs receivable

Record any recoverable portion of GST or HST paid, whether by way of input tax credits or a municipal or non-profit-organization rebate, on this line.

Line B60**Other (specify):**

List any receivables not recorded above, such as B.C. homeowner grants or expense advances to committees or members, and their combined amount on this line. Enter accrued interest on investments on line A20 on Schedule A, not on this line.

Line B99**Total accounts receivable**

Calculated automatically.

Line B80

Line B10 above includes member shares, loans and deposits receivable of \$_____.

If the co-operative records amounts receivable for member shares, loans or deposits separately from amounts receivable for housing and other current charges, or is readily able to identify receivables from this source, report the amount here.

SCHEDULE C: PREPAID EXPENSES**Line C10****Property taxes**

Enter any portion of property taxes paid or due in the year that is attributable to a future period. Report property taxes payable on Schedule E.

Line C20**Insurance**

Enter any portion of insurance paid or due in the period that represents coverage for a future period. Report insurance premiums payable on Schedule E.

Line C30**Utility deposits**

Record recoverable deposits or prepaid utilities on this line. Report any utility charges payable on Schedule E.

Line C35**Dues and affiliations**

Enter any portion of membership dues paid to an association of housing co-operatives or other affiliation costs, e.g., conference fees, that are applicable to a future period.

Line C40**Other (specify):**

List any other prepaid expenses and enter their combined value on this line. Examples include inventory, prepaid service contracts and group benefit premiums paid in advance.

Line C99**Total prepaid expenses**

Calculated automatically.

SCHEDULE D: CAPITAL ASSETS

Line D10

Land, buildings, furnishings and equipment

Use this line to report the cost of all capital assets that are being amortized to income over time. Typically, this includes the original capital cost of the co-operative's properties and subsequent improvements and acquisitions, including land, buildings, furnishings, and equipment. Capital leases, mortgage-insurance premiums, sector-support contributions and Stabilization Fund enrolment fees should be included, as should the cost of assets funded through RRAP loans or the 10% forgivable portion of the CMHC loan under the S27/61 program, where the grants and forgiveness are being amortized to income over time.

Line D20

Less accumulated depreciation

Use this line to record accumulated depreciation and amortization charges for those assets reported on [line D10](#). Refer to [representation 120](#) for details on CMHC's policy on accounting for capital assets.

Line D29

Calculated automatically.

Line D40

Non-amortizing capital assets (specify):

List any capital expenditures that were not charged at the time of their acquisition to the capital-replacement reserve or expensed in full to income and that will not be amortized to income, e.g., land acquired after the co-operative's initial development and held for future development or used for parking. Record their combined book value. Do not record non-capital assets on this line.

Line D80

Additions to capital assets

Use the drop-down menu to report additions in the current year to the capital assets reported on [line D10](#).

Line D81

Capital assets removed

Report the amount of capital assets written off during the year and removed from [line D10](#).

Line D82

Other adjustments (specify):

Report any other adjustments reflected in [line D10](#), adding an explanation.

Line D85

The change to line D10 from the prior year comprises

The total on line D85 must equal the change to [line D10](#).

Line D99

Total capital assets, net of accumulated depreciation

Calculated automatically.

SCHEDULE E: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Line E10

Property taxes due and accrued

Use this line to record both overdue property taxes and accrued taxes for the current period. Record the gross amount of any overdue tax payments, without deducting any portion attributable to a future period.

The amount cannot be negative. Prepaid taxes are reported on [Schedule C](#).

Line E20

CMHC income-tested assistance repayable *[S95 co-ops only]*

Record the amount of any income-tested assistance on hand or due from CMHC at the statement date in excess of the maximum permitted subsidy-surplus reserve of \$500 per S95 unit plus accumulated interest, including the current-year amount, if any, from

[line I90](#). The amount entered may not be less than the amount entered on [line I90](#) on Schedule I and cannot be negative. It could exceed the amount on line I90 if the co-operative exceeded the permissible maximum reserve in an earlier year and has not yet refunded the excess to CMHC. Record any subsidy receivable from CMHC, including assistance due for the last month of the year, on [Schedule B](#).

Lines E23 to E29

Rent-supplement and RGI assistance repayable

Where rent-supplement or RGI assistance is paid on a monthly basis, with the amount needed estimated at the start of the year and adjusted after the year, the co-operative may be holding unused assistance at year end. If the unused amount must be refunded to government, record it on the appropriate line on this schedule. If the amount due does not have to be refunded but may be retained and applied to the next period, report it on the appropriate line on [Schedule F](#) instead. If the result of the year-end reconciliation is an amount receivable, report it on the appropriate line on [Schedule B](#).

Line E30

FCHP surcharges payable to CMHC *[1991 FCHP (ILM) co-ops only]*

Surcharges levied on occupants whose incomes are above the stipulated income ceilings are payable to CMHC and should be reported here. The surcharges do not constitute revenue

to the co-operative and should not be included on [Schedule M](#).

Line E40

Interest payable on loans and mortgages (carried from [Schedule ML](#))

Begin by completing [Schedule ML](#). The amount on [line ML 690](#) is carried automatically to this line.

Line E60

Trade payables and other accrued expenses

Use this line to record all trade payables and any accrued expenses, e.g., professional fees, payroll liabilities and utilities, not reported on lines E10 through E50 or line E70. The amount reported cannot be negative.

Line E70

Construction holdbacks

Record all legally required construction holdbacks on this line. The amount reported cannot be negative. Enter amounts withheld above and beyond statutory holdbacks on [line E60](#), not here.

Line E80

Other (specify):

Use this line to report any payable not properly recorded on [lines E10](#) through [E70](#). Include amounts received in advance for share purchases and payments due for redeemed shares.

The amount reported cannot be negative. (Use [Schedule B](#) to report all accounts receivable.)

Line E99

Total accounts payable and accrued liabilities

Calculated automatically.

SCHEDULE F: UNEARNED INCOME

Line F10

Prepaid housing charges

Report overpayments and prepayments of housing charges on this line, not on [Schedule B](#).

Lines F21 to F26

Unearned rent-supplement or RGI assistance

Where rent-supplement or RGI assistance is paid on a monthly basis, with the amount needed estimated at the start of the year and adjusted after the year, the co-operative may be holding unused assistance at year end. If the amount does not have to be refunded but may be retained and applied to future periods, report it on the appropriate line on this schedule. If the co-operative is required to refund the unearned assistance, report it on the appropriate line on [Schedule E](#), not here.

Line F30

Unearned federal assistance *[Post 85 Urban Native and Post 85 NP (PEI) co-ops only]*

Federal assistance received under the Urban Native and Post 85 (PEI) Non-profit programs must be reconciled at year end. Record any assistance received above and beyond the assistance earned here. Record assistance receivable on line B20 in Schedule B.

Line F40

Other (specify):

Specify the sources and total amount of any other unearned income on this line. Note that only amounts that will be taken into income within 12 months of the statement date should be reported on this line. Use line 290 to report amounts that will not be taken into income in full over the year following the statement date, such as contributions received through the Federal Social Housing Renovation and Retrofit Initiative.

Line F99

Total unearned income

Calculated automatically.

SCHEDULE G: LIABILITIES TO OCCUPANTS

Line G10

Member loans, occupants of CMHC-program properties *[active CMHC clients only]*

Use this line to record the total of any member loans held from past or present occupants of properties the co-operative operates under CMHC programs.

Line G20

Member loans, other occupants *[active CMHC clients only]*

Use this line only to record member loans held from past or present occupants of properties the co-operative operates outside of the CMHC programs.

Member loans *[non-CMHC clients only]*

Use this line to record member loans currently held from past and present occupants.

Line G30

Member deposits, occupants of CMHC-program properties *[active CMHC clients only]*

Use this line to record the total of any deposits paid by past or present occupants of CMHC-program properties that are not properly classified as either member loans or shares, e.g., maintenance, security,

pet, key or last-month-housing-charge deposits. Record deposits from non-members on either [line G50](#) or [line G60](#), not here.

Line G40

Member deposits, other occupants *[active CMHC clients only]*

Use this line to record the total of any member deposits not properly classified as either member loans or shares, e.g., maintenance, security, pet, key or last-month-housing-charge deposits, from past or present occupants of properties the co-operative operates outside of the CMHC programs. Record deposits from non-members on either [line G50](#) or [line G60](#), not here.

Member deposits *[non-CMHC clients only]*

Use this line to record the total of any deposits from present or former occupants that are not properly classified as either member loans or shares, e.g., maintenance, security, pet, key or last-month-housing-charge deposits.

Line G50

Tenants' deposits and last-month rents, occupants of CMHC-program properties *[active CMHC clients only]*

Some co-operatives have commercial tenants or non-member households occupying residential units. Use this line to enter deposits and last-month rents from all such occupants of

properties the co-op operates under CMHC programs.

Line G60

Tenants' deposits and last-month rents, other occupants *[active CMHC clients only]*

Some co-operatives have commercial tenants or non-member households occupying residential units. Use this line to enter deposits and last-month rents from all such occupants of properties the co-op operates outside of the CMHC programs.

Tenants' deposits and last-month rents *[non-CMHC clients only]*

Some co-operatives have commercial tenants or non-member households occupying residential units. Use this line to enter deposits and last-month rents from all such tenants.

Line G99

Total liabilities to occupants

Calculated automatically.

SCHEDULE ML: MORTGAGES AND LOANS

The information reported in this section is used for risk-rating and other purposes. It supports amounts reported under both assets and liabilities.

Loan Identification

Once completed for the first time, these fields are populated automatically every year.

Line ML105

Loan identifier

System generated.

Line ML110

Housing operation

System generated for co-operatives operating under a single program. For other co-operatives, select the applicable program from the drop-down list.

Line ML115

Agreement/address

System generated for co-operatives with a single agreement or property. For other co-operatives, select the applicable agreement or address from the drop-down list.

Line ML120

Loan priority

Select the applicable priority of the charge against the property from the drop-down list.

Line ML125

Workout loan?

If the loan priority is "First mortgage" or "Demand loan," the field defaults to "No." For other loans, answer "Yes" or "No," as applicable.

Line ML130

Lender

Use the drop-down menu to select a lender. Choose "Other" if the lender is not listed.

Line ML140

Charge against CMHC-Program Properties?

Answer "Yes" if the loan is secured by a charge against a property that is subject to an operating or workout agreement between the co-operative and CMHC; otherwise, answer "No."

Loan Terms

Information reported in the Loan Terms section should be current as of the AIR filing date, **not** the fiscal year end.

Once completed for the first time, the fields are populated automatically every year. Certain fields will need updating if an existing loan has been renewed.

Line ML205

Current monthly payment (principal and interest)

Enter -0- if the co-operative has a workout loan that is not yet on repayment, or if repayments are required only irregularly (e.g., when the co-op ends the year with an unexpected cash surplus).

For S27/S61-Program mortgages, report the current monthly payment net of any interest-reduction grant.

Line ML210

Interest rate (per cent)

For S27/S61-Program mortgages, report the effective interest rate, i.e., the nominal rate net of any interest reduction grant.

Line ML215

Next loan renewal date

The loan renewal date is the first day following the end of the current mortgage term.

If the loan had a single term or is in its last term, and there will be no further renewals, enter "NA."

Line ML220

Term (months)

Enter the full duration in months of the current term of the mortgage, not the months remaining in the term. Note that the term is not normally the same as the amortization period.

Line ML225

Amortization period end date

Enter the end date of the amortization period, i.e., the date by which the loan will be fully repaid. This date will change only if the amortization period is extended with the agreement of the lender.

Principal, Repayable Mortgages and Loans

Line ML310

Balance at beginning of year

If this is the co-operative's first-ever return, enter the loan balance at the beginning of the year. In subsequent years, this line will be pre-populated with the closing balance from the previous year.

Line ML320

Plus advances

Enter the amount of any advances of principal received during the year.

Line ML330

Plus interest added to loan principal (carried to line ML650)

Use this line to record any interest charges added to the loan principal during the year, e.g., contractually deferred interest charges on a workout loan.

Line ML340

Less principal payments (carried to line Z40)

Enter the portion of the payments made during the year that was applied to principal.

Line ML380

Other changes (add a comment)

Use this line to record anything else that affected the repayable loan balance during the year, e.g., interest charges during a major construction project that were added to capital assets rather than expensed. Include an explanation for any amount recorded on this line.

Line ML390

Balance at end of year (carried to line 240)

Calculated automatically.

Principal, Forgivable Mortgages and Loans [S27/S61 co-ops only]

Line ML410

Balance at beginning of year

If this is the co-operative's first-ever return, enter the forgivable loan balance at the beginning of the year. In subsequent years, this line will be pre-populated with the closing balance from the previous year.

Line ML420

Less amortization of 10% federal grant (carried to line N70)

Co-operatives financed under the S27/61 programs were required to repay only 90% of the loan CMHC extended to finance the project, with the balance forgiven over the

mortgage-amortization period. Use this line to record the annual amortization of the 10% forgiveness, if reported on the audited financial statement. (The amortization expense reported on line 522 should include amortization of the assets funded through the forgivable portion of the loan, calculated at the same rate as the annual forgiveness.) Recording the forgiveness amount as revenue can be beneficial for purposes of determining the co-op's eligibility for GST/HST rebates.

Line ML480

Other changes (add a comment)

Use this line to record anything else that affected the forgivable loan balance during the year and include an explanation.

Line ML490

Balance at end of year (carried to line 245)

Calculated automatically.

Accrued Interest

Line ML610

Accrued interest at beginning of year

If this is the co-operative's first-ever return, enter the accrued interest at the beginning of the year. In subsequent years, this line will be pre-populated with the closing balance from the previous year.

Line ML620

Plus interest expense

Use this line to record interest charged on the loan for the current period, including interest accrued but not paid.

If the loan is a workout loan, the amount entered should include any interest the payment of which is deferred to a future period, including any contractually forgivable interest.

If on the audited statements interest charges are carried on the balance sheet during the deferral period and reported on the operating statement only upon payment, you will need to report them as follows on the AIR:

- Instead of entering the interest charged on the loan for the current period on this line (ML620), enter the deferred amount on line ML380 and provide the required explanation.
- Enter previously deferred charges that were paid in the period on this line (ML620) and on line ML630.

Line ML630

Less interest payments

Once a loan is on repayment, payments are applied first to interest, then to principal. When a workout loan is still advancing, payments are applied first to principal, then to interest.

Line ML640

Less interest-rate assistance (carried to line N60) [S27/S61 co-ops only]

Some, but not all, S27/61 co-operatives have a mortgage loan from CMHC written at a nominal interest rate above 8%, but repayable at 8%. The difference in interest charges calculated at the nominal rate and at 8% is an interest write-down. If the full interest charges before the write-down are recorded on line ML620, enter the write-down amount on this line. Recording the write-down as revenue can be beneficial for purposes of determining the co-op's eligibility for GST/HST rebates.

Line ML650

Less interest added to loan principal (carried from line ML330)

The amount entered on line ML330 is automatically carried to this line.

Line ML680

Other changes (add a comment)

Use this line to record anything else that affected the accrued interest balance during the year and include an explanation.

Line ML690**Accrued interest at end of year
(carried to [line E40](#))**

Enter the accrued interest at the end of the year.

Forgivable Interest Asset *[B.C. co-ops with a non-HPO workout loan only]*

Provided they meet certain conditions stipulated in the loan agreement, some co-operatives are entitled to partial forgiveness of the interest on their workout loan from CMHC. Contractually forgivable interest is reported here. When the interest forgiveness is confirmed, the amount is removed from the forgivable interest asset account and the mortgage payable written down accordingly. In the event that forgivable interest from previous years becomes repayable for any reason, enter the amount on [line ML740](#) and [line ML620](#).

Line ML710**Percentage of interest that is forgivable**

This field is pre-populated.

Line ML720**Forgivable interest asset at beginning of year**

This field is pre-populated.

Line ML730**Plus forgivable interest for current year**

Calculated automatically.

Line ML740**Less forgivable interest deemed repayable during the year**

Use this line to report interest previously booked as forgivable that subsequently becomes repayable. The offsetting entry is to [line ML620](#).

Line ML780**Other changes (add a comment)**

Use this line to record anything else that affected the accumulated forgivable interest balance during the year and include an explanation.

Line ML785**Net change in forgivable interest during the year**

Calculated automatically.

Line ML790**Forgivable interest asset at end of year (carried to [line 160](#))**

Calculated automatically.

Consistency with Lender Statement of Account

Line ML910

Do any of the ending balance amounts reported above differ from amounts shown on the Statement of Account from the lender?

Answer "Yes" or "No."

Line ML920

If yes, explain the difference in detail.

Answer "Yes" regardless of the size of the difference. If it is very small, "Very small difference" is a sufficient explanation.

SCHEDULE H: CAPITAL-REPLACEMENT RESERVE

Line H10

Balance at beginning of year

If this is the co-operative's first-ever return, enter the balance held in the capital-replacement reserve at the beginning of the year. In subsequent years, the closing balance from the previous year will automatically appear here. The opening balance cannot be less than zero. If the co-op is carrying a negative reserve balance, record the amount as a reduction in opening accumulated surplus or increase in opening accumulated deficit.

Line H20

Contribution from operations (carried to line 560)

Record the current-year contribution to the reserve on this line. The amount entered here is carried automatically to line 560 on the Statement of Operations. For S95 co-operatives, only the planned contribution should be reported here. Supplemental contributions made under CMHC's Net Operating Revenue Policy are properly reported on line H62.

Line H21

Contribution from operations (carried to line 560, Part A2)

[co-operatives with operations under multiple CMHC programs only]

Use this line to record the current-year contribution to the reserve for operations under the specified program. The amount entered here is carried automatically to line 560 on the Statement of Operations for that operating segment.

Line H22

Investment returns

Report the returns for the year on designated replacement-reserve investments, or a pro-rata allocation of general investment returns, if the capital-replacement reserve and other investments are commingled. Any pro-rata allocation should take into account the evolution of the reserve balance during the year.

Line H23

Transfer from accumulated surplus to capital-replacement reserve (carried to line L47) *[clients with non-CMHC Program operations only]*

Use this line to record the co-operative's annual allocation to the reserve where the co-op is not accounting according to CMHC's Special Purpose Accounting Framework.

Line H25

Transfer (to) replacement reserve (non-CMHC-program operations) *[active CMHC clients with one or more operating agreements only]*

Where a co-operative has both active and expired operating agreements, use this line to report any transfer of funds from the replacement reserve associated with the CMHC-program operations to the reserve associated with the non-CMHC-program operations.

Line H29

Total additions to reserve

Calculated automatically.

Line H40

Expenditures

Record expenditures charged to the capital-replacement reserve during the year, by category. See

representation 114 respecting eligible expenditures.

Line H50

Transfer (to) accumulated surplus to reflect capitalized eligible expenditures (carried to line L43)

Instead of charging major repairs and replacements directly to the capital-replacement reserve, some co-operatives capitalize and amortize them to operations over their useful life. To recover the cost from the reserve, they make a transfer out of the reserve into surplus in an amount equal to the amount expended. If this is the co-op's practice, use this line to record the transfer. The amount entered is carried automatically to line L43 on Schedule L.

Line H55

Total deductions from reserve

Calculated automatically.

Line H62

Supplemental transfer from (to) accumulated surplus (carried to line L45) *[active CMHC clients only]*

Under CMHC's Net Revenue Policy (applicable to S95 co-operatives), surplus earnings transferred to the capital-replacement reserve are considered supplemental contributions. Such contributions may be transferred back to accumulated surplus, at the co-op's discretion, to offset future operating losses. Some co-ops operating under other programs have

also elected to adopt this practice. All such transfers should be reported on this line. The amount is carried automatically to line L45 on Schedule L.

Line H70

Other transfers from (to) accumulated surplus (carried to line L49) (specify):

Use this line to record transfers not properly recorded elsewhere on Schedule H, e.g., a transfer to offset a negative reserve balance.

Line H99

Balance at end of year (cannot be less than zero)

Calculated automatically. A co-operative cannot report a year-end reserve balance of less than zero. If the result of the entries on the earlier lines is a negative balance, the system will calculate and record a transfer from co-operative's equity to make up the shortfall.

Line H80

Total supplemental contributions to date, net of withdrawals

When filing the first return for a co-operative, the auditor will need to record the total supplemental contributions to the CMHC-program capital-replacement reserve to date, net of withdrawals, on this line. (In subsequent years, the system will calculate and display the number automatically.)

If cumulative supplemental contributions are not reported on the audited financial statements, the auditor should consult previous statements to determine the balance to report on the first return. The amount entered cannot be less than zero or higher than the closing reserve balance (line H99). In other words, once the supplemental contributions have been spent, they can no longer be withdrawn.

SCHEDULE I: SUBSIDY-SURPLUS RESERVE *[S95 co-ops only]*

INCOME-TESTED SUBSIDY RESERVE *[non-CMHC clients and active CMHC clients with retired S95 units only]*

If the co-operative has both active and retired S95 units, report any subsidy reserve for the retired units on Schedule K.

Line I 10

Balance at beginning of year

If this is the co-operative's first-ever return, enter the balance in the subsidy-surplus reserve at the beginning of the year. In subsequent years, the closing balance from the previous year will automatically appear on this line. The opening balance cannot be less than zero. If the co-op is carrying a negative reserve balance, record the amount as a reduction in opening accumulated surplus or an increase in opening accumulated deficit.

Line I 20

CMHC allocation for income-tested assistance *[active CMHC clients only]*

Until it is allocated to eligible households, income-tested assistance (ITA) from CMHC is not revenue. Record the total ITA provided by CMHC for the period, including accrued assistance for the last month of the year, on this line.

Note: If the audited financial statements report the amount provided by CMHC on the income statement and then transfer in or out of income or surplus any deficiency or excess of assistance provided over assistance used, the amounts of assistance provided and used must be disaggregated and reported on the proper lines on the return.

For co-operatives that are receiving their full ITA entitlement from CMHC, the amount allocated for the year is shown on the Federal Assistance Confirmation. If CMHC has reduced its regular payment to the co-op because the co-op has not used its full entitlement in the past, the assistance allocated for the year is the lesser of (a) or (b) below:

- (a) the total allocation for the year as shown on the Federal Assistance Confirmation plus the sum of “reduced subsidy needed” adjustments made during the year;
- (b) the amount that will bring the balance at [line I 99](#) to the maximum permissible reserve ([line I 89](#)).

See note at [line B30](#) respecting recording the assistance receivable from CMHC.

Line I 26

Enter the amount reported on the Federal Assistance Confirmation: *[active CMHC clients only]*

If the amount entered on this line is not the amount reported on [line I 20](#), the system will prompt you to explain the difference.

Line I 23

Enhanced Assistance (EA) designated for income-tested assistance

In exceptional circumstances, CMHC may provide Enhanced Assistance to a co-operative for the specific purpose of providing income-tested assistance to eligible households. Use this line to enter any such assistance for the period reported, including accrued assistance for the last month of the year.

Line I 24

Investment returns

Report the returns in the year on designated subsidy-surplus-reserve investments, or a pro-rata allocation of general investment returns, if the subsidy-surplus reserve and other investments are commingled. Any pro-rata allocation should take into account the fact that the CMHC assistance is paid after the month end, while the allocations to individual

households are made at the beginning of the month, so that funds available to invest are always reduced by one full month's assistance from CMHC.

Line I 25

Transfers from (to) accumulated surplus (carried to [Line L51](#)) *[non-CMHC clients only]*

Record any allocations to the fund or transfers out of the fund here.

Line I 29

Total additions to reserve *[active CMHC clients only]*

Calculated automatically.

Line I 39

Total available before deductions *[active CMHC clients only]*

Calculated automatically.

Line I 40

Income-tested assistance used (carried to [line M70](#)) *[active CMHC clients only]*

Record the amount of income-tested assistance allocated to individual households during the year on this line. The amount is automatically carried to [line M70](#) on Schedule M. The total entered should agree with the co-operative's unit-by-unit reconciliation of assistance.

See note at [line L54](#) on Schedule L regarding how to record transfers to

the subsidy-surplus reserve under CMHC's Net Operating Revenue Policy.

Income-tested assistance used (carried to [line M70](#)) *[non-CMHC clients with retired S95 units only]*

Record the amount of income-tested assistance allocated to individual households during the year on this line. The amount is automatically carried to [line M70](#) on Schedule M.

Line I 42

Approved one-time reprofiling of unused funds (carried to [line L46](#)) *[active CMHC clients only]*

Very occasionally, when a co-operative is in financial difficulty, CMHC may allow it to apply unused income-tested assistance towards an accumulated deficit. The amount entered on this line is automatically carried to [line L46](#) on Schedule L. Do not record a transfer if the reprofiling has not been expressly approved by CMHC or the Agency.

Line I 46

Enter the total amount allocated to households and reported on the co-operative's ITA Reconciliation: *[active CMHC clients only]*

If the amount entered on this line is not the sum of the amounts reported on [lines I20](#) and [M32](#), the system will prompt you to explain the difference.

Line I 49

[active CMHC clients only]

Calculated automatically.

Line I 59

Sub-total *[active CMHC clients only]*

Calculated automatically.

Line I 90

Less assistance repayable to CMHC for the year and included in line E20 *[active CMHC clients only]*

If at year end either the reserve balance exceeds the maximum permissible reserve or the co-op has unused Enhanced Assistance (EA) designated for income-tested assistance, the higher of the excess income-tested assistance or unused EA is automatically entered on this line. This amount is repayable to CMHC and must be included in the amount reported on line E20 on Schedule E.

Line I 99

Balance at end of year

Calculated automatically. The reserve balance at year end cannot be less than zero, or more than the maximum permissible reserve. If the result of the entries on the earlier lines is a negative balance, an adjustment should be made to the internal subsidies amount entered at line M32 on Schedule M to offset the shortfall.

Line I 80

Maximum permissible principal (\$500 per eligible Section 95 unit)

[active CMHC clients only]

S95 co-operatives may accumulate unused income-tested assistance to a maximum of \$500 per eligible S95 unit, plus accumulated earnings from the investment of unused assistance. The maximum principal amount is system generated, based on the number of S95 housing units the co-op owns.

Line I 82

Plus accumulated investment returns *[active CMHC clients only]*

Calculated automatically.

Note that any excess of assistance allocated to households over the total income-tested assistance available from CMHC for the current year is charged first to accumulated investment income and then to the reserve principal, as required by CMHC.

Line I 89

Maximum permissible reserve *[active CMHC clients only]*

Calculated automatically.

SCHEDULE J: SECURITY-OF-TENURE RESERVE *[past and present FCHP (ILM) co-ops only]*

Line J10

Balance at beginning of year

If this is the co-operative's first-ever return, enter the balance in the security-of-tenure reserve at the beginning of the year. In subsequent years, the closing balance from the previous year will automatically appear on this line. The opening balance cannot be less than zero. If the co-op is carrying a negative reserve balance, record the amount as a reduction in opening accumulated surplus or increase in opening accumulated deficit.

Line J20

Contribution from housing charges (carried to line 490) *[active CMHC clients only]*

Record the contribution to the reserve from current-year housing charges on this line. The amount is carried automatically to line 490 on the Statement of Operations.

Line J21

Transfers from (to) accumulated surplus (carried to line L56) *[non-CMHC clients only]*

Use this line to record a contribution to the reserve from surplus. The amount is carried automatically to line L56.

Line J22

Voluntary allocation of investment returns *[active CMHC clients only]*

The co-operative may, but is not obliged, to allocate returns from the investment of the security-of-tenure funds directly to the reserve. An allocation should not be made if the co-op had an operating loss for the year or has an accumulated deficit.

Investment returns *[non-CMHC clients only]*

Use this line to record investment returns allocated to the reserve.

Line J29

Total additions to the reserve

Calculated automatically.

Line J39

Total available before deductions

Calculated automatically.

Line J40

Security-of-tenure assistance provided (carried to line M74)

Use this line to report the amount of security-of-tenure assistance provided to members during the year. The amount is carried automatically to line M74 on Schedule M.

Line J42

Approved one-time reprofiling of unused funds (carried to [line L48](#))

[active CMHC clients only]

Very occasionally, when a co-operative is in financial difficulty, CMHC may allow it to apply unused security-of-tenure reserve funds towards an accumulated deficit. If this has occurred, record the approved one-time reprofiling on this line. The amount is automatically carried to [line L48](#) on Schedule L. Do not record a transfer if the reprofiling has not been expressly approved by CMHC or the Agency.

Line J49

[active CMHC clients only]

Calculated automatically.

Line J99

Balance at end of year

Calculated automatically. A co-operative cannot report a year-end reserve balance of less than zero. If the result of the entries on the earlier lines is a negative balance, an adjustment should be made to the internal subsidies amount entered at [line M32](#) on Schedule M to offset the shortfall.

SCHEDULE K: OTHER RESERVES, CMHC-PROGRAM HOUSING OPERATIONS *[active CMHC clients only]*

Note: Co-operatives with CMHC-program operations should **not** use Schedule K to report the activities of the member-equity fund or reserves associated with operations under a provincial or municipal housing program. They should use [Part C](#) and [B](#), respectively, of the Statement of Operations instead. Alternatively, the member equity fund could be reported on [line 370](#) of the Statement of Financial Position.

Other Reserves *[non-CMHC clients only]*

Note: Co-operatives without CMHC-program operations that previously reported their reserves on [line 370](#) should now report them on Schedule K.

Line K10

Balance at beginning of year

If this is the co-operative's first-ever return, use this line to record the combined opening balance of any reserves that are not required under the terms of a government program. In subsequent years, the closing balance from the previous year will automatically appear on this line.

The opening balance cannot be less than zero. If the co-op is carrying a negative balance, record the amount as a reduction in opening accumulated surplus or an increase in opening accumulated deficit.

Line K20

Transfers from (to) accumulated surplus (carried to [line L50](#))

Use this line to record any transfers between accumulated surplus and reserves other than the capital-replacement, subsidy-surplus or security-of-tenure reserve. The amount is automatically carried to [line L50](#) on Schedule L. See note at [line K10](#) respecting the proper use of [Schedule K](#).

Line K30

Investment returns

Use this line to record any returns in the year fairly attributable to the investment of reserves other than the replacement, subsidy-surplus or security-of-tenure reserve.

Line K49

Total available before expenditures

Calculated automatically.

Line K50

Less expenditures

Use this line to record expenditures charged in the year to all reserves associated with the CMHC-program properties other than the replacement, subsidy-surplus or security-of-tenure reserve. See note at [line K10](#) respecting the proper use of [Schedule K](#).

Line K99

Balance at end of year

Calculated automatically. The year-end balance of other reserves cannot be less than zero. If negative, allocate reserve expenditures as necessary to operations to bring the balance to zero.

Balance comprises the following reserves:

Line K80

Give the name of the reserve and the balance at the end of the year.

Line K82

Give the name of the reserve and the balance at the end of the year.

Line K84

Give the name of the reserve and the balance at the end of the year.

Line K86

Give the name of the reserve and the balance at the end of the year.

Line K89

Total other reserves

Calculated automatically.

SCHEDULE L: CO-OPERATIVE'S EQUITY

Line L10

Contributed surplus

Use this line to record any contributed surplus, such as lifetime membership fees received from members in Ontario before the statutory requirement to treat these as contributed surplus was revoked.

Line L20

Member Shares, Occupants of CMHC-program properties *[active CMHC clients only]*

Record the amount in member shares held by occupants of CMHC-program properties on this line.

Line L22

Member shares, other occupants *[active CMHC clients only]*

Use this line to record the amount in member shares held by occupants living in non-CMHC-program properties.

Member shares *[non-CMHC clients only]*

Record the amount held in member shares, if any, on this line.

Line L29

[active CMHC clients only]

Calculated automatically.

Accumulated surplus (deficit)

Line L40

Balance at beginning of year

If this is the co-operative's first-ever return, enter the amount of the co-op's accumulated surplus or deficit at the beginning of the year, adjusting it first for any negative opening balance in any reserve. In subsequent years, the closing balance from the previous year will automatically appear on this line.

Line L42

Surplus (deficit) for the year (carried from line 899)

The surplus or deficit for the year is automatically carried to this line from line 899.

Line L43

Transfer from CMHC-program-properties capital-replacement reserve to reflect capitalized expenditures (carried from line H50)

A transfer from the CMHC-program capital-replacement reserve entered on line H50 on Schedule H is automatically carried to this line.

Line L44

Transfer (to) CMHC-program-properties capital-replacement reserve to offset negative balance (not in use)

Line L49 has replaced this line.

Line L45

Supplemental contribution transferred from (to) CMHC-program properties capital-replacement reserve (carried from line H62)

A transfer from or to the CMHC-program capital-replacement reserve entered on line H62 on Schedule H is automatically carried to this line.

Line L46

One-time reprofiling of unused subsidy-surplus reserve funds (carried from line I42) [S95 co-ops only]

Very occasionally, CMHC has allowed co-operatives in financial difficulty to apply unused income-tested assistance on a one-time basis towards an accumulated deficit. If this has occurred, the amount reprofiled should be entered on line I42 on Schedule I. It will be carried automatically to this line. Any reprofiling must have the express written approval of CMHC or the Agency.

Line L47

Transfer (to) capital-replacement reserve to increase reserve (carried from line H23) [non-CMHC clients only]

A transfer to the CMHC-program capital-replacement reserve entered on line H23 on Schedule H is automatically carried to this line.

Line L48

One-time reprofiling of unused security-of-tenure reserve funds (carried from line J42) [FCHP (ILM) co-ops only]

The amount entered on line J42 on Schedule J is carried automatically to this line.

Line L49

Other transfer from (to) capital-replacement reserve (carried from line H70)

A transfer from or to the CMHC-program capital-replacement reserve entered on line H70 on Schedule H is automatically carried to this line.

Line L50

Transfer from (to) other reserves, CMHC-program housing operations (carried from line K20) [active CMHC clients only.]

Transfer from (to) other reserves (carried from line K20) *[non-CMHC clients only]*

A transfer from or to other reserves entered on line K20 on Schedule K is automatically carried to this line.

Line L51

Transfer from (to) subsidy-surplus reserve (carried from line I25) *[non-CMHC clients only]*

A transfer from or to the subsidy-surplus reserve entered on line I25 on Schedule I is automatically carried to this line.

Line L52

Transfer from (to) restricted reserves, other operations *[active CMHC clients only]*

Use this line to record a transfer from accumulated surplus to offset any deficiency in restricted reserves associated with any non-CMHC-program operations.

Line L54

Other changes to accumulated surplus (deficit) (cash affected) (specify):

Use this line to record any adjustment to accumulated surplus that affected the co-operative's cash flows and that is not properly recorded above. Provide an explanation.

Line L55

Other changes to accumulated surplus (deficit) (cash not affected) (specify):

Use this line to record any adjustment to accumulated surplus that did not affect the co-operative's cash flows and that is not properly recorded above. Provide an explanation.

Line L56

Transfer from (to) security-of-tenure reserve (carried from line J21) *[FCHP (ILM) co-ops and non-CMHC clients with retired ILM units only]*

Line L59

Calculated automatically.

Line L69

Balance at end of year

Calculated automatically.

Line L79

Sub-total

Calculated automatically.

Less deferred interest charges:

Line L82

Planned interest deferral on Stabilization Fund loan [FCHP (ILM) co-ops only]

Some FCHP (ILM) co-operatives received loans from the Federal Co-operative Housing Stabilization Fund on which principal and interest payments are deferred for an agreed period of time. These loans are now held by CMHC.

This line was used in the past to record the accumulated contractually deferred interest charges on these loans. The preferred treatment is now to expense all interest charges to operations in the year they are incurred, regardless of when payment is due. Use [line ML620](#) for this purpose.

Line L84

Planned interest deferral on CMHC workout loan

Some co-operatives have received workout loans from CMHC on which principal and interest payments are deferred for an agreed period of time.

This line was used in the past to record the accumulated contractually deferred interest charges on these loans. The preferred treatment is now to expense all interest charges to operations in the year they are incurred, regardless of when payment

is due. Use [line ML620](#) for this purpose.

Line L89

Calculated automatically.

Line L99

Total co-operative's equity

Calculated automatically.

Composition of end-of-year accumulated surplus (deficit)

Line L90

Portion attributable to CMHC-program housing operations

Identify the share of the accumulated surplus or deficit reported on [line L69](#) attributable solely to the results of the operation of the CMHC-program segment. For most co-operatives, this amount will be equal to the full accumulated surplus or deficit.

Line L92

Portion attributable to other housing operations

If the co-operative also operates properties under municipal or provincial programs or outside of any government program, record the portion of the accumulated surplus or deficit reported on [line L69](#) that is attributable to those operations here.

Line L94

Portion attributable to other operations

If the co-operative has commercial space or other non-residential operations, record the portion of the accumulated surplus or deficit reported on [line L69](#) attributable to those operations. This line may also be used to record the accumulated results of a separate member equity fund.

Line L98

Calculated automatically.

SCHEDULE M: HOUSING CHARGES, NET *[only S27/61, S95, FCHP (ILM) co-ops, and clients not under CMHC programs]*

Line M10

Total gross housing charge potential

The total gross housing charge potential is the maximum revenue attainable from housing charges before deducting any rent-geared-to-income subsidies, rental inducements, or other discounts, if all residential units in the co-operative are occupied. Sector-support levies for FCHP (ILM) co-ops are above and beyond the gross housing charge potential and are reported on [line M50](#). Surcharges levied by FCHP (ILM) co-ops are payable to CMHC and do not constitute income. Report such surcharges on [line E30](#) on Schedule E. Surcharges paid under the S27 and S61 programs are considered income, but are above

and beyond the gross housing charge potential and are reported on [line 404](#) on the Statement of Operations.

Note that, if the co-operative, has commercial space, rents from this source should be reported on [Schedule U](#).

Line M30

Vacancy losses

Record the total income lost to vacancies in residential units on this line.

Line M32

Internal subsidies

Internal subsidies are housing-charge subsidies provided to occupants during the year from the co-op's current revenues, rather than from government sources or an internal subsidy reserve.

Under CMHC's Section 95 Net Revenue Policy, applicable only to co-operatives with active CMHC operating agreements, a co-operative may use any surplus earnings to top up its subsidy-surplus reserve. To avoid recycling revenue through the statement of operations, which is contrary to GAAP, S95 co-ops are advised *not* to record a transfer of surplus to the subsidy-surplus reserve. Instead, they should record an internal subsidy cost on this line in the amount they wish to add to the CMHC income-tested assistance and should reduce the sum entered at [line I40](#) on Schedule I by the same amount.

The same treatment is recommended where an FCHP (ILM) co-op wishes to increase the resources available for security-of-tenure assistance, with the offset being [line J40](#) on Schedule J.

Line M34

Inducements and incentives

If the co-operative offers move-in bonuses or other incentives to attract occupants, include the full regular charge for the unit in the amount recorded on [line M10](#) and the amount of the incentive or discount on this line.

Line M36

Other (specify):

If the full gross housing charge potential was not earned for any reason not attributable to vacancy losses, internal subsidies, inducements or incentives, explain the reason for the difference and record the amount on this line.

Line M39

Calculated automatically.

Line M49

Sub-total [FCHP (ILM) co-ops only]

Calculated automatically.

Line M50

Plus: Sector-support levies [FCHP (ILM) co-ops only]

If the cost of servicing the debt assumed to finance a sector-support contribution is included in the amount reported on [line 520](#) on the Statement of Operations, report the amount earned from sector-support levies on this line. If the sector-support cost is covered through non-housing revenues, report both the cost and the corresponding revenue on [Schedule U](#) or [line 370](#) on the Statement of Financial Position.

Line M99

Housing charges, net (carried to [lines 401](#) and [M60](#))

Calculated automatically and carried to [line M60](#) on this schedule and [line 401](#) on the Statement of Operations.

Line M60

Housing charges, net (carried from [line M99](#))

The amount calculated at [line M99](#) is automatically carried here.

Line M70

Income-tested assistance used (carried from [line I40](#)) [S95 co-ops and non-CMHC clients with retired S95 units only]

The amount of income-tested assistance used is carried

automatically to this line from [line I40](#) on Schedule I.

Line M71

Provincial-program RGI assistance *[provincial-program co-ops only]*

Record the total assistance allocated during the year to eligible households under the program on this line. Report the difference between the amount earned, as reported here, and the amount received in the year on [Schedule B](#), [Schedule E](#) or [Schedule F](#), as applicable.

Line M72

Section 27/61 program rent-supplement assistance *[S27/61 co-ops only]*

Section 95 program rent-supplement assistance *[S95 co-ops only]*

FCHP (ILM) program rent-supplement assistance *[ILM co-ops only]*

Other rent-supplement assistance *[former CMHC-program and other housing operations only]*

Record the total assistance allocated during the year to eligible households under the program on this line. Report the difference between the amount earned, as reported here, and the amount received in the year on [Schedule B](#), [Schedule E](#) or [Schedule F](#), as applicable.

Line M73

Municipal rent-supplement assistance *[ON S27/61, S95 and FCHP (ILM) co-ops only.]*

Use this line to record the total municipal rent-supplement assistance allocated to eligible households during the year. Report the difference between the amount earned, as reported here, and the amount received in the year on [Schedule B](#), [Schedule E](#) or [Schedule F](#), as applicable.

Line M74

Security-of-tenure assistance provided (carried from [line J40](#)) *[FCHP (ILM) co-ops and non-CMHC clients with retired ILM units only]*

The amount of security-of-tenure assistance provided to eligible households during the year is carried automatically to this line from [line J40](#) on Schedule J.

Line M79

Calculated automatically.

Line M89

Calculated automatically.

Line M92

Gross housing charge potential (carried from [line M10](#))

System generated.

Line M93

Less: Total gross housing charge potential for current year as reported on last year's AIR—Properties and Units page

The total gross housing charge potential is carried automatically to this line from the previous year's AIR (Properties and Units page).

Line M94

Difference (explain)

The amount of any difference is calculated automatically. You must enter an explanation.

SCHEDULE N: OPERATING ASSISTANCE FROM GOVERNMENT SOURCES

Income-tested assistance under the S95 Program and rent supplements are not considered operating assistance and should not be reported on this schedule. The full amount of federal assistance earned under the Urban Native and Post 85 Non-profit (PEI) programs is to be reported on Schedule N. Use [Schedule F](#) to report any unearned portion of government assistance and [Schedule B](#) to report assistance receivable at year end.

Line N10

Pre-determined assistance [S95 co-ops only]

Use this line to record the share of the maximum federal assistance identified as pre-determined assistance,

including accrued assistance for the last month of the year. Record the portion identified as income-tested assistance on [line I20](#) on Schedule I.

Line N20

Enhanced assistance [S95 co-ops only]

Some S95 Program co-operatives that have experienced financial difficulties are receiving Enhanced Assistance from CMHC. Report any such assistance earned for the period, including accrued assistance for the last month of the year, on this line.

Line N40

Federal assistance [FCHP (ILM), Post 85 Urban Native, Post 85 NP (PEI) co-ops only]

Use this line to record the amount of assistance payable for the year, including accrued assistance for the last month of the year. Rent supplements and income-tested assistance under the S95 Program are not operating assistance. They should not be entered on this schedule.

Line N46

Enter the amount reported on the Federal Assistance Confirmation [active CMHC clients only]

If the amount entered on this line is not the amount reported on [line N40](#), the system will prompt you to explain the difference.

Line N60

Interest-rate assistance (carried from line ML640) [S27/61 co-ops only]

The amount entered on line ML330 is automatically carried to this line.

Line N70

Amortization of 10% federal grant (carried from line ML420) [S27/61 co-ops only]

Line N80

RRAP loan forgiveness

Loans under the Residential Rehabilitation Assistance Program (RRAP) are normally forgivable over ten years. Record the annual amount of the forgiveness on this line. The income recorded will count as government funding for purposes of determining the co-operative's eligibility for GST/HST rebates. The repairs and improvements funded through the loan should be included in the value of the capital assets recorded in Schedule D and amortized to income at the same rate at which the RRAP loan is forgiven.

Line N90

Other (specify):

Specify the nature and amount of any other operating assistance from government sources earned in the year on this line. Do not include rent

supplements or S95 income-tested assistance on this line.

Line N99

Total government operating assistance

Calculated automatically.

SCHEDULE O: OTHER REVENUE

Line O10

Parking

Record the amount of all parking charges payable by occupants and others for the period, net of any vacancy loss, on this line. If the co-operative provides parking without charge to households paying a geared-to-income housing charge, other than in a garage, carport or driveway adjacent to the unit, the geared-to-income charge must be increased by an appropriate amount.

Line O20

Laundry revenue, net of laundry-equipment rental charges

Record the amount of laundry receipts for the year on this line. If the co-operative leases the laundry equipment, deduct the rental charges from the receipts.

Line O30

Cable/satellite TV

If the co-operative has a bulk cable/satellite TV contract and

explicitly charges occupants a monthly amount to recover this cost, record the total of such charges on this line.

If the co-op does not directly recover the cost of the service from all occupants, the geared-to-income charges payable by assisted occupants must be increased by an appropriate amount.

Line O40

Investment returns

Use this line to record returns from the investment of excess working capital. Do not include returns on the investment of the capital-replacement or subsidy-surplus reserve. Those amounts are to be reported on Schedule H and Schedule I, respectively. FCHP (ILM) co-operatives may, but are not required, to allocate a portion of their investment returns directly to the security-of-tenure reserve.

Some co-operatives will use returns from the investment of member shares or non-interest-bearing loans or deposits to offset expenses not properly attributable to their housing operations. These co-ops should report such earnings on Schedule U or, alternatively, for co-ops with operations under CMHC programs only, on line 370 on the Statement of Financial Position.

Line O50

Rent-supplement administration fees

Some jurisdictions pay a per-unit fee to the co-operative for administering the Rent Supplement Program. Record the total of any rent-supplement administration fees earned in the year on this line. Do **not** record any revenue on this line if the co-op does not receive rent-supplement assistance.

Line O55

Correction to prior year rent-supplement assistance (specify):

Adjustments made in the current year to rent-supplement assistance related to a prior year should be reported here.

Line O60

Other (specify):

Specify the nature and amount of any other revenue earned in the year, e.g., late-payment fines and room-rental fees.

Line O99

Total other revenue

Calculated automatically.

SCHEDULE P: UTILITIES

Note: Waste removal and telephone services are properly recorded on [line 510](#) and [line 532](#), respectively.

Line P10

Water and sewerage charges

Use this line to record the amount of any water and sewerage charges paid or payable by the co-operative for the year.

Line P20

Electricity

Use this line to record the amount of any electricity charges paid or payable by the co-operative for the year.

Line P30

Natural gas

Use this line to record the amount of any natural gas charges paid or payable by the co-operative for the year.

Line P40

Oil

Use this line to record the amount of any heating oil charges paid or payable by the co-operative for the year.

Line P50

Utility equipment rentals

Some co-operatives rent the appliances that supply units with heat or hot water. Record the charges for the year for such equipment rentals on this line. The cost of laundry equipment should be netted against laundry revenue on [line O20](#) on Schedule O. Record rental charges for non-utility-related equipment under either administration ([line 532](#)) or maintenance ([line 510](#)), as appropriate.

Line P60

Cable/satellite TV

Record the gross cost of all cable/satellite TV charges payable by the co-operative on this line, without deducting levies charged to occupants. Record the fees charged to occupants to recover the cost of cable/satellite TV service, if any, on [line O30](#) on Schedule O.

Line P70

Other (specify):

List any other utility charges incurred by the co-operative for the year, including charges for alternative energy sources, and record the total cost on this line. Utilities for vacant units and utility-cost rebates not included on a specific utility-expense line above may be reported here.

Line P99

Total utilities

Calculated automatically.

SCHEDULE Q: PROFESSIONAL FEES

Line Q10

Audit and review engagement fees

Use this line to record professional fees incurred to conduct the annual financial-statement audit or review engagement and to prepare and file the Annual Information Return. Bookkeeping and accounting costs not related to the above are properly reported on [line 532](#) on the Statement of Operations, not here.

Line Q20

Legal fees

Record any legal fees paid or accrued for the year on this line.

Line Q30

Other (specify):

List any other professional fees incurred in the year, e.g., fees charged for a building-condition assessment or an appraisal, and record the total amount on this line.

Line Q99

Total professional fees

Calculated automatically.

SCHEDULE R: GOVERNANCE

Line R10

Dues and affiliations

Many co-operatives belong to local, provincial or national associations of housing co-operatives or non-profit housing providers. Record the amount of dues payable to such organizations and other affiliation costs for the year, e.g., meeting attendance costs, on this line.

Line R20

Education and training

Use this line to record the cost of providing education and training during the year to members, directors and officers.

Line R30

Other (specify):

There is no final definition of what constitutes a governance cost as opposed to an administrative cost. Generally, a governance cost is one incurred in supporting, directly or indirectly, the democratic functioning of the co-operative, including, but not exclusively, the operation of the co-op's committees and board, the cost of members' meetings, and incidental costs incurred in supporting membership involvement in the co-op, such as refreshments and child-care costs.

Line R99

Total governance

Calculated automatically.

SCHEDULE S: EXTRAORDINARY REVENUE (EXPENDITURE) ITEMS

Line S10, S12

Extraordinary revenue items (specify):

It may occasionally happen that the co-operative will earn a material amount of revenue from an unusual and non-recurring source, e.g., the settlement of a lawsuit in the co-op's favour or the forgiveness of all or part of a loan to the co-op. Specify the sources of extraordinary revenue in the year and use these lines to record the amount earned in each case.

Line S19

Calculated automatically.

Less extraordinary expenditure items

Line S22

Specify:

A co-operative may occasionally incur a material non-capital cost of an unusual and non-recurring nature. If the co-op has incurred such a cost in the year, e.g., damages awarded under a lawsuit, specify the nature of the item and use this line to record the associated cost.

This line may also be used to record a large capital asset that is not eligible for funding from the capital-replacement reserve, has not been capitalized, and is not properly classified as a maintenance expense. However, it must not be used to record major repairs or improvements funded through loans or grants. (See [representation 120](#) respecting accounting for capital assets.) For further guidance, contact the Agency.

Line S99

Total extraordinary revenue (expenditure) items

Calculated automatically.

SCHEDULE U: PART C - OTHER OPERATIONS

Line U10

Revenue

Use this line to report rents from any commercial space or other non-residential operations and, at the co-operative's discretion, any other revenues not generated from its housing operations, e.g., receipts from social events or earnings from the investment of member shares or non-interest-bearing loans or deposits.

Alternatively, the latter revenues may be reported on [line 370](#) (Restricted Reserves: Other Operations) on the Statement of Financial Position. This is the preferred option for a co-op using Schedule U to report the results of any commercial operations.

Line U20

Less expenditures

Use this line to report expenses associated with any commercial space and, at the co-operative's discretion, any expenses not properly chargeable to its housing operations, e.g., other than nominal gifts or donations or the portion of debt service attributable to a sector-support contribution in a FCHP (ILM) co-op where the cost is not offset by sector-support levies.

Alternatively, the latter expenses may be applied to reduce any amount reported on line 370 on the Statement of Financial Position.

Line U99

Surplus (deficit) from other operations

Calculated automatically.

Line U80

The expenditure total reported above includes property taxes of \$_____

Report all property-tax costs for the year not attributable to the co-operative's housing operations. Include the expense in the amount reported on line U20 above.

Line U82

The expenditure total reported above includes utilities of \$_____

Report utility costs for the year not attributable to the co-op's housing operations. Include the expense in the amount reported on line U20 above.