

Pre-Audit AIR Checklist

This checklist lists the information your auditor will need to complete your co-op's AIR (Annual Information Return). Please complete the checklist and have all the information ready when the auditor arrives to audit your books. This will help ensure that your return can be quickly filed.

This checklist does not replace any audit-preparation checklist your auditor may give you, but supplements it.

- 1. Review and update AIR sections for the previous year, entitled
 - "Identification of Co-operative"
 - "Profile of Co-operative"
 - "Agreements"
 - "Units"
 - "Members and Officers of the Board of Directors"
 - "Co-operative's Representations."

Note any changes for the current year so that your auditor knows to make them when filing the AIR. (See the attached guidelines on how to print these sections from the Agency's client website.)
- 2. Provide photocopies of current insurance documents that indicate the total fire and extended perils, with guaranteed replacement-cost coverage for all buildings, as well as loss-of-housing-charge insurance. (See guidelines.)
- 3. Calculate "Total Gross Housing Charges" for the year being audited. (See guidelines.)
- 4. Calculate the break-out of governance costs for the year being audited. (See guidelines.)
- 5. A. Provide a photocopy of the CMHC subsidy confirmation, indicating total subsidy received and accrued for the year being audited. (See Guidelines.)
- B. **For Section 95 Co-ops Only:** Prepare your ITA reconciliation. It should be equal to the total amount of ITA that your co-op's financial records and audited financial statements show was used in the year. (See guidelines.)
- 6. **Year End Insurance Reminder:** If you haven't already done so, this would be a good time to contact your insurance company and update your loss-of-housing-charge insurance so that you have full coverage for your current year's housing charge, including the planned increase.

AIR Filing Reminder

The due date for filing the AIR is the last day of the fourth month following your co-op's fiscal year end. **Please note that the filing is not considered complete until you have submitted the signed Audited Financial Statements and your signed Board of Director's certification page and they have been received at the Agency's local office.** In view of this deadline, please set the earliest possible appointment with your auditor to begin the audit.

Guidelines for the Pre-Audit AIR Checklist

We have developed this checklist and these guidelines to help your co-op compile all the information your auditor needs to complete the AIR. This checklist should be completed and ready for your auditor when they arrive at the co-op to begin your audit. If you have to collect this data later in the process, your audit will take longer and cost you more. The checklist will also help your co-op comply with its CMHC operating agreement to file the AIR within four months of your co-op's fiscal year end.

Item 1 Review and Update AIR Sections from Previous Year.

- In order to review the previous year's AIR, you will need one of the following:
- A photocopy from your co-op's files of the sections of the previous year's AIR indicated on the checklist

OR

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

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

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

Note: Although this printout will include the section "Mortgages and Term Loans," you need not review it. Your auditor will update this section.

Reviewing Information from Last Year's AIR

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

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

- The total amount of guaranteed replacement-cost coverage is used in calculating a co-op's risk rating, and so accurate reporting of this amount is important for your co-op.

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

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

Item 4 Calculate the governance costs for the year being audited.

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

Note: For Items 5 A and 5 B, accuracy is very important. Most of the follow-up time spent on the audit and AIR by co-op staff, the auditor and Agency staff is due to discrepancies between the audited financial statements and the confirmations and/or ITA reconciliation.

Item 5 A. Provide a photocopy of CMHC subsidy confirmation.

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

Item 5 B. Section 95 Co-ops Only: Prepare the ITA reconciliation so that it is ready for the auditor when the audit begins.

- The income-tested assistance (ITA) reconciliation should equal the total amount of subsidy used by the co-op for the entire fiscal year (including internal subsidy), as indicated in the co-op's financial records and on the audited financial statements.
- This will go more smoothly if you use one of spreadsheets available on the Agency Client website (Resources) to help you prepare this report. Please choose the right one for your co-op with the help of the accompanying text.

Thank you.