



Agri**Stability**

2010 Corporations/Co-operatives/ Other Entities Guide

Delivered by Saskatchewan
Crop Insurance Corporation (SCIC)

This guide explains how to complete the *Corporations/Co-operatives/Other Entities* form. You can choose to participate in AgriInvest only, AgriStability only or both programs together, depending on the business risk management needs of your farm. To ensure your program forms are filled out correctly and your benefits are calculated accurately, it is important that you carefully review the information in this guide.

AgriStability – A margin based program, delivered by the Saskatchewan Crop Insurance Corporation (SCIC), that provides income support when a producer experiences larger income losses. Payments are based on a decline in your farm's current year margin compared to an average historical margin.

AgriInvest – Delivered by Agriculture and Agri-Food Canada (AAFC), AgriInvest helps manage small income declines, and provides support for investments to mitigate risks or improve market income. An AgriInvest account builds as annual deposits can be made based on a percentage of Allowable Net Sales and receive matching contributions from federal, provincial, and territorial governments.

Is this guide for you?

This guide, along with the 2010 Corporations/Co-operatives/Other Entities form, is to be used in the province of Saskatchewan by:

- Corporations
- Co-operatives
- Communal organizations
- Trusts
- Limited liability partnerships that are applying as an entity
- Status Indians who are Farming on a Reserve
- Estates of deceased participants (rights and things only)
- Band farms

AgriStability and AgriInvest Deadlines

September 30, 2011 – Initial (non-penalty) deadline to submit your program forms.

December 31, 2011 – The final deadline (with penalty) to submit your program forms.

For more information on deadlines and penalties, refer to the AgriStability Program Handbook and/or AgriInvest Program Handbook. For a copy of the AgriStability Program Handbook contact Saskatchewan Crop Insurance Corporation (SCIC) or for a copy of the AgriInvest Program Handbook contact Agriculture and AgriFood Canada (AAFC).

For more information on AgriStability, contact:

Saskatchewan Crop Insurance Corporation (SCIC)

Toll-free telephone: 1-866-270-8450

Toll-free fax: 1-888-728-0440

Website: www.saskcropinsurance.com

Mailing address:

484 Prince William Drive
PO Box 3000
Melville SK S0A 2P0

For more information on AgriInvest, contact:

Agriculture and Agri-Food Canada (AAFC)

Toll-free telephone: English or French: 1-866-367-8506

Websites:

www.agr.gc.ca/agriinvest (English)

www.agr.gc.ca/agriinvestissement (French)

Mailing address:

Program Administration

PO Box 3200

Winnipeg MB R3C 5R7

The information contained in this guide is accurate at the time of printing, but may be subject to change. This guide contains general information only. It is not intended to be a substitute for legislation and does not contain all program rules and requirements. Where a discrepancy exists between the information in this guide and the program authorities, (the Growing Forward Agreement and related Program Guidelines) the program authorities will take precedence in all cases.

For additional and updated program information visit the program web sites at www.saskatchewancropinsurance.com/agristability/program and www.agr.gc.ca/agriinvest.

These websites provide useful tools for participants including an online calculator to help AgriStability participants estimate their program margins and potential payments.

Program handbooks providing details on eligibility, program deadlines, and program policies for both the AgriStability and AgriInvest programs can also be found on these web sites.

Participating in the AgriStability and AgriInvest programs

As a program participant, you are responsible for knowing program deadlines and understanding program policies. Information about deadlines and policies can be found on the program web sites or in the program handbooks.

Check list for participants

In order to ensure timely processing of your AgriStability application please ensure you:

- Include your AgriStability PIN and SCIC identification number on your application.
- Attach a copy of the T2 Schedule 1 from your income tax.
- Include end of year prices for any unpublished commodities held in inventory.
- Complete the contact person information on the application including signing page two if you are the participant and are adding, updating or changing a contact person.
- Provide separate program forms for each operation and identify them by number.
- For corporations in a partnership, provide partnership information.

Helpful Hints

- If you are filing as a corporation in 2010 for the first time, you must advise SCIC of the change by completing the Change Business Type form and submitting Section 85 rollover documents.
- If indicating you did not have a production cycle due to a disaster, provide a description of the disaster.
- If you are filing grain sales on the gross basis, ensure freight and elevation charges are indicated using the expense code *Point of Sale - 575*.
- Ensure all Crop Insurance proceeds are recorded; including deferred indemnities which should be listed as an account receivable in Section 11.
- Report all purchased inputs for the next program year, even those applied in the fall.

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Chapter 1: Completing Your Forms

Section 1: Participant Information

Name and Address of Program Participant

Enter your name, address, phone and fax numbers. Program benefits are mailed directly to the participant, not to a form preparer, contact person or other representative.

Enter your Participant Identification Number (PIN) in the top right hand corner, as found on your Enrolment/Fee Notice. If you participated previously in AgriStability, this number will be the same as your AgriStability PIN. Enter your Saskatchewan Crop Insurance Corporation (SCIC) identification number which can be found on your Enrolment/Fee Notice from SCIC.

Name and Address of Contact Person

Complete this area if you are authorizing someone else (such as your spouse, common-law partner or accountant) to receive information from, disclose information, and/or make changes to your program forms for both the AgriInvest and AgriStability programs. SCIC will communicate with your contact person as the first point of contact. Written correspondence will be sent to both you and your contact person. Enter complete contact person information, including first and last name of your contact person, business name (if applicable) and daytime phone and fax numbers. To ensure SCIC has the most current contact person information, any contact person information you previously provided will be replaced with new information included on this form. You must also complete this section and the participant must sign page two of this document for any changes or additions to the contact person information to be accepted. If you wish to have more than one contact person listed, please list information for all your contacts. If you leave this area blank, we will contact you directly if we require additional information. Also, please indicate if you want a copy of your Calculation of Program Benefits (COB) automatically mailed to your contact person.

Section 2: Participant Profile

Indicate the type of farming arrangement(s) for this farming operation:

Co-operative - The farming business is an incorporated entity, beneficially owned by its members and reports its farming income on a corporate tax return.

Corporation - The farming business is an incorporated entity, beneficially owned by its shareholders and reports its farming income on a corporate tax return.

Communal organization - The farming business is carried on as a communal organization which reports farming income on a trust tax return.

Trust - The farming business is carried on by a trust holding property and reporting farming income on a trust tax return. In this case the trust, rather than the individual beneficiaries, must participate in AgriStability and/or AgriInvest.

Limited Liability Partnership - For program purposes, a limited liability partnership may apply as an entity. A list of the partners in the partnership with PINs is required on page 5 of the program forms.

Status Indian Farming on a Reserve - If you are a Status Indian who carries on the business of farming on a reserve, check this box.

Other Entity - Such as an estate for a deceased participant (rights and things only) or a corporation that is a member of a partnership.

Band farm - If the farming business is operating as a Status Indian Band farm, check this box. You must provide your Band number.

Indicate whether you are applying for AgriStability only, both AgriStability and AgrilInvest, or AgrilInvest only.

Enter the province of main farmstead where all or the majority of the gross farming income was earned over the previous five years. For more information on determining the province of main farmstead and multi jurisdiction farms, please see the program handbook. Enter your Rural Municipality (a comprehensive list of Rural Municipalities can be found in the Regional Code List found in the Commodity Code Guide) and list the legal land description of your main farmstead.

If the participant is deceased, enter the date of death. If farming business income or loss was reported on the deceased participant's T1 tax return, prepare the program forms:

- in the name of the individual, noting "Estate" in the name and address area; and
- using income/expenses reported on the individual's final 2010 T1 tax return(s).

Attach a copy of the individual's death certificate and probated will (or letters of administration). If the farming business was continued by the surviving spouse (or a spousal trust), prepare an additional program form:

- in the name of the surviving spouse or spousal trust; and
- using the income/expenses from the spouse's 2010 T1 tax return.

If 2010 is the last year of farming check yes, if not check no.

Indicate whether you have completed a production cycle on at least one of the commodities you produce. If "No", you must have been prevented from completing a production cycle due to disaster circumstances in order to be eligible for AgriStability. You do not need to complete a production cycle to be eligible for AgrilInvest.

For AgriStability purposes, it may be necessary to combine operations that report separately for tax purposes under the whole farm approach. This approach ensures only actual income declines and not financial accounting procedures trigger a payment. Generally, you should answer yes to this question if you are applying for an operation that:

- is not legally, financially or operationally independent from another one; or
- has engaged in significant transactions not at fair market value.

Individuals or members in a partnership do NOT need to be combined. Further details on combining are available in the AgriStability Program Handbook.

If you should be combined with another operation for the 2010 program year check the add box and provide the AgriStability PIN(s) you should be combined with. If you were previously combined but should no longer be combined, check the remove box and provide the AgriStability PIN(s). Provide a brief explanation of why you should, or should not, be combined.

Note: Operations that need to be combined cannot be processed until the necessary information from all operations is received.

Supporting Documentation

Attach all necessary supporting documentation. Check the corresponding box to indicate which documents you will be submitting. If you are submitting a supporting document that is not listed, check the Other box and list documents enclosed.

The participant or signing officer is required to sign and date the bottom of page 2.

Chapter 2: Reporting Your Income and Expenses

Section 3: Identification

From this section forward, provide information only about your main farming operation. If you have more than one operation, complete separate program forms for each additional operation. Identify each operation with successive operation numbers in the box at the top left-hand corner of each page.

Note: If you previously participated in AgriStability, be sure to number each operation in the same order that was used when you submitted this information in prior years.

Indicate if you were involved in any of the following for this particular operation:

- A member of a feeder association
- Crop share (landlord)
- Crop share (tenant)

Indicate if the operation is managed as a:

- Single farm
- Partnership

Method of Accounting

If you file on a cash basis to the Canada Revenue Agency (CRA), you must also file to the AgriStability and AgriInvest programs on a cash basis. If you file on an accrual basis to the CRA, you must also file to the AgriStability and AgriInvest programs on an accrual basis.

Transfer your farming income and expenses as reported to CRA for income tax purposes onto the program forms as per the instructions in this guide. Status Indians and Bands who do not file income tax to CRA must report income and expenses in the same manner as if they were reporting for tax purposes with a December 31 fiscal year-end.

If you use the accrual method of accounting, all changes in opening and closing commodity inventories must be allocated to the applicable commodity code. Commodity sales are reduced by the amount of opening inventory and increased by the amount of closing inventory. If this year is your first year of farming, your opening inventory will be zero, so you will only add the closing inventory amount to your commodity sales.

Codes not printed on the form are either included in the guide instructions or listed in the Commodity List and the Program Payment List found in the Commodity Code Guide. Please round all figures to the nearest dollar.

Fiscal Period

Enter the operation's fiscal period. Record the year, month and day of the beginning and end of the farming operation's taxation year. The 2010 fiscal period must end in 2010.

Partnerships: The fiscal period of a partnership must fall into the fiscal period of each partner.

Section 4: Income

To be eligible for coverage under AgriStability and AgriInvest, farming income must result from the production and sale of an eligible commodity that is an agricultural product (plant or animal), that is produced in a farming business. Some commodities that are considered agricultural commodities for tax purposes are not eligible for coverage under the AgriStability and AgriInvest programs.

These include but are not limited to:

- aquaculture;
- trees sold for use in reforestation;
- wood sales;
- peat moss; or
- income or expenses generated from wild game reserves.

Note: Hunt farms, which are distinguished from wild game reserves, are eligible. Sales and purchases of livestock in the operation of a hunt farm (where permitted by law) are allowable, excluding amounts related to any ancillary services. If you operate a hunt farm, contact SCIC for information on how to apply.

If you produce both eligible and ineligible commodities on your farm:

- record the income from ineligible commodities on line 9600; and
- record income from eligible commodities by reporting the appropriate commodity codes (found in the Commodity Code Guide) on the Commodity Sales and Program Payments section of this form. Record eligible commodity sales based on the point of sale criteria below. If you have questions about whether the commodity you produce is eligible for AgriStability, contact SCIC and for AgriInvest, contact AAFC.

Point of Sale Guidelines

Because AgriInvest benefits are based on allowable net sales (ANS), it is necessary to determine the point at which the sale occurs. For AgriInvest purposes, the point of sale is determined by the following criteria:

- it is separate and identifiable from other producers' commodities; and
- you produce it on your farm; and
- you bear full risk for it; and
- you have a separate billing or accounting transaction that clearly shows the commodity sales value and any deductions from that value.

The point of sale occurs when your commodity is no longer identifiable as your own and you are no longer at risk for the value of the commodity. If your commodity sales meet this point of sale criteria, record the code, name and gross sale amount of each commodity on the form.

Example:

Your cash ticket from the elevator shows gross wheat sales of \$7,000, freight charges of \$1,500 and elevation charges of \$300. Report the gross wheat sales of \$7,000 as income. Report the freight charges of \$1,500 and elevation charges of \$300 as a point of sale adjustment on line 575 under Commodity Purchases and Repayment of Program Benefits (not under Allowable Expenses) because these expenses were incurred after you delivered your grain to the elevator (i.e. after point of sale).

While point of sale adjustments are not a commodity purchase, recording them in the Commodity Purchases and Repayment of Program Benefits section will ensure your allowable net sales (ANS) are calculated correctly for AgriInvest purposes.

Payment in Kind

If you give a commodity to another person as a payment in-kind, record the value as a sale using the code for the commodity. If the payment was made to settle a business expense, also record the value as an offsetting expense.

Example:

You owed your landlord \$1,000 for rent. Instead of cash, you pay him by giving him \$1,000 worth of seed. Report the fair market value of the seed crops (\$1,000) you gave the landlord as a commodity sale (We consider your rent was paid by giving your landlord the seed). Report the \$1,000 on line 9811, Rent (land, building, pastures).

If you receive a payment in kind for a product you would have normally sold, record the fair market value of the product as income,

Gifts

In your income, include the fair market value of livestock or other items you gave away that you would normally have sold. Once you give the livestock or other items away, you cannot deduct any more costs for raising or maintaining them.

Crop Share

Tenants in a crop share are eligible to apply for AgriStability and AgriInvest. Landlords are eligible to apply for AgriStability and AgriInvest if the crop share arrangement constitutes a joint venture.

For AgriStability program purposes, a crop share arrangement qualifies as a joint venture if the landlord's share of the **allowable expenses** (as reported to CRA) reasonably approximates their share in the allowable related income.

For AgriInvest program purposes, a crop share arrangement qualifies as a joint venture if the landlord's share of **eligible purchases** reasonably approximates their share of the related allowable income.

Generally for AgriInvest and AgriStability eligible tenants and landlords must report only their respective shares of allowable income and expenses.

Example:

You are a tenant in a crop share and take 60 per cent of the income. You should report 60 per cent of the gross sales amounts under Commodity Sales and Program Payments.

Example:

You are a landlord where your crop share arrangement constitutes a joint venture and you take 40 per cent of income and pay 40 per cent of allowable expenses. You should report 40 per cent of gross sales amounts under Commodity Sales and Program Payments. Report your 40 per cent share of expenses under Allowable Expenses.

However, if you are a tenant and for tax purposes your gross sales must include your landlord's share of the crop, you must record your landlord's share as a commodity purchase using the code for the commodity, under Commodity Purchases and Repayment of Program Benefits. This will ensure your program benefits are calculated correctly.

Example:

You are a tenant in a crop share; you sell the crop and then pay the landlord 40 per cent of income from the sale. You should report 100 per cent of the gross sales amount under Commodity Sales and Program Payments and 40 per cent of that amount under Commodity Purchases and Repayment of Program Benefits.

If you have income from crop share in addition to your sole proprietorship or entity, combine your totals from both onto one program form.

Partners in a Crop Share

If you are in a crop share and you have income from a crop share that is separate from the partnership, complete the program forms for each operation. Otherwise, we will apply the partnership allocation to the crop share income.

Commodity Futures

Income transactions involving commodity futures may be recorded as a commodity sale for AgriStability and AgriInvest purposes if:

- you reported the futures transaction as farming income (loss) for income tax purposes;
- the transaction involves a primary agricultural product produced on your farm; and
- the transaction is considered a hedging strategy, not speculation.

If your futures transactions meet the above criteria, report them as follows:

- For futures transactions reported as a gross amount, record the income as a commodity sale using the commodity code, and record related purchases as a commodity purchase using the commodity code.
- For futures transactions reported as a net amount, record the net gain as a commodity sale using the commodity code. Record the net loss as a commodity purchase using the commodity code.

Record income from futures transactions involving commodities you did not produce or were not considered a hedging strategy as other farming income on line 9600. Record losses from futures transactions involving commodities you did not produce or were not considered a hedging strategy as a non-allowable expense online 9896.

Cash Advances

Cash advances, as administered under the Agricultural Marketing Programs Act, are treated as a loan and; therefore, should not be reported as income for income tax, AgriStability and AgrilInvest purposes. The commodity that repays the loans should be reported as income in the fiscal period that the sale occurs.

Tree Production

Allowable tree production (excluding non-allowable items listed below) must be generated through farming activity to be allowable under AgriStability and AgrilInvest.

Farming activity includes planting, nurturing and harvesting of trees, with significant attention paid to managing growth, health and quality of the trees. This activity can involve regular seeding and harvesting of trees, shrubs, herbaceous perennials or annuals, including ornamental, fruit and Christmas trees.

These operations incur normal input and harvesting costs, therefore the crop is considered an agricultural commodity. The income and expenses associated with these commodities is allowable and should be included as inventory on your AgriStability program form.

Income, expenses and inventories related to production and/or harvesting of trees used as the following are non-allowable under AgriStability and AgrilInvest:

- firewood;
- construction material;
- poles or posts;
- fibre, pulp and paper; and
- trees and seedlings destined for use in reforestation

Income from the above must be reported on line 9600. Other Income will not be included in AgriStability or AgrilInvest calculations, regardless of the activities used to produce them.

Woodlots

If you operated or regularly harvested a woodlot, include the sale of trees, lumber, logs, poles or firewood in your income. This income is non-allowable income for AgriStability and AgrilInvest program purposes, but it must be reported as a commodity sale, using commodity code 259.

Livestock Producers

Include any insurance payments received for losses of livestock in the sales amount using the applicable livestock commodity code.

If your farming business was located in a prescribed drought region or prescribed flood region in 2010, you may be able to defer including income from the sale of breeding animals in your taxable income. See Prescribed Drought Region (PDR) & Prescribed Flood Region (PFR) on page 12. These deferrals do not apply if you were a non-resident and were not carrying on a farming business through a fixed place of business in Canada at the end of the tax year. They also do not apply in the year of the farmer's death.

Income Generated From the Use of Commodities

Income generated from the use of commodities should be reported with commodity sales.

For example, record income from stud fees with horse sales; however, income generated from pollination services should be recorded using code 376.

If you have used these services, record any amounts paid as a purchase to the corresponding commodity.

Custom Feedlot Operators

Custom feedlot operators feeding cattle, calves, swine, sheep and lambs are eligible for AgriStability and AgriInvest based on the value of qualifying grain they produce and feed to custom-fed livestock.

If your custom feeding invoices are **itemized**:

- record allowable feed and protein supplements as a prepared feed sale under Commodity Sales and Program Payments using code 243; and
- record other charges itemized under Commodity Sales and Program Payments using code 576.

If your custom feeding invoices are **not itemized**:

- record the total amount invoiced as prepared feed sale under Commodity Sales and Program Payments using code 246. Seventy per cent of this amount will be included in the calculation of your ANS, as an allowable commodity sale.

PMU Contract Cancellation Income

Income received from the buy-out of PMU contracts will be allowable to the extent it is paid in lieu of the commodity income otherwise receivable under the contract. Penalty fees and other compensation that may be paid in addition to the amount in lieu of commodity income are non-allowable.

Report amounts received for your Collection Agreement, Herd and Health payments, West Nile Reimbursement and Equine Placement Fund in allowable income code 322. Report amounts received for the Rancher payment, Business Planning Subsidy and capital costs in other income code 9600.

Prescribed Drought Region (PDR) & Prescribed Flood Region (PFR)

In some cases, you may be able to defer the applicable income received from the sale of breeding animals in your 2010 fiscal period to a later fiscal period. To be able to do this, you have to meet these two conditions:

- your farming business was located in a PDR or PFR at some time during your 2010 fiscal period; and
- you reduced, by sale or other means, the number of breeding animals in your breeding herd by at least 15 per cent.

The following are considered to be breeding animals:

- bovine cattle;
- bison;
- goats;
- sheep;
- deer, elk, and other similar grazing ungulates you keep for breeding; and
- horses you breed to produce pregnant mare's urine (PMU) that you sell.

All your breeding animals must be older than 12 months.

Report income received from the sale of breeding animals as a commodity sale using the appropriate commodity code. Report the amount deferred as a commodity purchase using the appropriate PDR/PFR code from the Commodity Code Guide. When reporting deferred income from a prior year, report the amount as a commodity sale with the same deferred livestock code that was used before.

Canadian Food Inspection Agency (CFIA) - Destroying livestock

Report the full amount received under the *Health of Animals Act* for destroying animals as a commodity sale using program payment code 469, 479, 587 or 588 – CFIA payments.

Report the amount of payment you chose to deduct under commodity purchases using a code from the Commodity Code Guide. When reporting the amount you deducted in the previous year as income, report the amount as a commodity sale using the appropriate code from the Commodity Code Guide.

Only the portion of CFIA payments that compensate producers for loss of an allowable qualifying commodity will be included in the ANS calculation for AgriInvest.

Report amounts of CFIA payments compensated to you for loss of an allowable commodity under code 469, CFIA payment for non-supply managed commodities.

If you received a CFIA payment to compensate for the loss of a supply-managed commodity, report this amount under code 479, CFIA payment for supply-managed commodities.

If you received a CFIA payment to compensate you for the loss of a commodity that is non-allowable for AgriStability or AgriInvest, report this amount using code 587, CFIA payment for non-allowable commodities. For example, you would use this code if you received a CFIA payment to compensate you for the loss of trees destined for use in reforestation.

If you received a payment from CFIA that compensates you for costs not directly related to a commodity loss, report these amounts using code 588 – CFIA Payments – Other Amounts.

Insurance Proceeds for Allowable Items

Insurance proceeds for allowable items such as fertilizers, chemicals, fuel, etc., should be recorded using code 406.

Program Payments

Treatment of program payment income is determined by the type of loss you were compensated for.

For AgrilInvest, your ANS will only include program payment income received directly for the loss of a qualifying commodity (e.g. crop insurance). For AgriStability, your program year margin will only include payments which have compensated you for the same type of loss covered under AgriStability.

You should receive an AGR-1 slip, Statement of Farm Support Payments, to identify your 2010 taxable farm support payments. Using the Program Payment List found in the Commodity Code Guide, record the program payment code, name, and amount of each payment under "Commodity Sales and Program Payments".

If the program payments on your Income tax have been reported as a net of expenses recognized in the calculation of farming income (loss), adjust your income to include the full amount of the payment.

Example:

You were entitled to a payment of \$6,000 as proceeds from a crop insurance program for your wheat crop. The program deducted \$2,000 in premiums, so the net cheque was for \$4,000. You would report \$6,000 as a crop insurance program payment for grains, oilseeds and special crops as code 401. You would claim \$2,000 for allowable expense on line 9665, Insurance premiums (crop or production).

If you received any payments from programs that are not listed in the Program Payment List see line 9540, *Other program payments* to record these amounts.

AgriStability and AgrilInvest Program Payments

For income tax purposes, the government contributions from AgrilInvest payments and payments from the AgrilInvest Kickstart program are considered investment income and should not be reported on this form.

Payments from AgriStability are considered farming income. Record the amount received for AgriStability as Business Risk Management (BRM) and Disaster Assistance Payments, line 9544.

If you received an AGR-1 slip with a positive amount in box 14, include it as income on line 9544 - Business Risk Management (BRM) and Disaster Assistance Program Payments.

If you received an AGR-1 slip with a negative amount showing in box 14, do not enter this amount on line 9544. You could have a negative amount in box 14 if you repaid an amount to the AgriStability program. Enter the amount on line 9896 - Other (specify), noting "AgriStability".

Inventory Adjustments

Do not include current year inventory adjustments (mandatory or optional) as income. Record them on lines 9941 and 9942 on page 5 of the program forms.

Other Farming Income

Crop Insurance payments should be recorded using codes found on the Program Payment List found in the Commodity Code Guide. Do not record Crop Insurance payments under code 9540 or 9544.

Line 9540 - Other program payments

Record any program payments that are not listed on the Program Payment List in the Commodity Code Guide, or are not listed under line 9544 (below). If you paid back an overpayment amount from any programs on line 9540, claim the amounts you paid on line 9896, Other (specify).

Line 9544 - Business Risk Management and Disaster Assistance Payments

Record payments received from the following federal or provincial business risk management and disaster assistance programs:

- The Canadian Agricultural Income Stabilization (CAIS) program; and
- The AgriStability program.

Include interim or targeted advance payments.

Line 9574 - Resales and rebates, GST/HST for allowable expenses

Record the total resales and rebates of allowable expenses (including GST/HST rebates) unless you have already reduced your expenses by these amounts.

Line 9575 - Resales and rebates, GST/HST for non-allowable expenses, recapture of capital cost allowance (CCA).

Record the total rebates of non-allowable expenses (including GST/HST rebates), unless you have already reduced your expenses by these amounts.

Include in your income the amount of any recapture of CCA you have from selling depreciable property.

Line 9601 - Agricultural contract work

Record the total of incidental farming income from such things as custom or contract work, harvesting, combining, crop dusting or spraying, seeding, drying, packing, cleaning and treating seeds. Do not include income received from farm machinery rental on this line (see line 9614, Machine rental).

If you are a custom feeder, do not report your income on this line. See page 11 for instructions on reporting your custom feeding income.

Line 9605 - Patronage dividends

Enter the total patronage dividends (other than those for consumer goods or services) received during your fiscal period.

Line 9607 – Interest

Record any interest that was reported as farming business income for tax purposes.

Line 9610 - Gravel

Enter the total amounts received from the sale of soil, sand, gravel or stone.

Line 9611 - Trucking (farm-related only)

Record any trucking that was reported as farming business income for tax purposes.

Line 9612 - Resales of commodities purchased

Record sales of commodities you did not produce (i.e. bought for resale). Record the corresponding purchases on line 9827.

Line 9613 - Leases (gas, oil well, surface, etc.)

Record payments received for leasing your farmland for petroleum or natural gas exploration.

Line 9614 - Machine rental

Record amounts received from rental of your farm machinery.

Line 9600 - Other (specify)

If you have other types of farming income not listed on the form, enter the total amount of all other types of farming income on line 9600. Then list the items on the blank lines provided under it. In this section, record all ineligible farming income. Ineligible income includes, but is not limited to, aquaculture, trees sold for use in reforestation, wood sales, peat moss and income generated from wild game reserves.

Section 5: Expenses

For AgriStability program purposes, there are two types of expenses:

- allowable expenses; and
- non-allowable expenses.

Allowable expenses are the operating or input expenses paid that directly relate to the production of your commodities.

Non-allowable expenses include interest and capital related expenses, as well as costs not directly related to the production of your commodities.

For AgrilInvest purposes, only purchases of allowable commodities are used in the calculation of the ANS.

Commodity Purchases and Program Repayments

Use the Commodity List found in the Commodity Code Guide to record the code, name and purchase amount of each commodity bought at any stage of maturity. This includes seed, plants, transplants, livestock and marketable products. For example, if you are a saskatoon berry producer replacing damaged or dead shrubs, record these purchases using the code for shrubs. If you are buying shrubs to expand your operation, this amount would be a capital expenditure and would not be entered as a commodity purchase.

Include expenses incurred from the use of commodities with the commodity purchases. For example, record stud fees with horse purchases; however, pollination fees should be recorded using code 376.

If you made a **payment-in-kind** for a farming business commodity purchase, deduct the value of the payment as a purchase. For more details, see the definition of **payment-in-kind** on page 8.

Tenants: If the gross sales reported to the CRA include your landlord's crop share, record the landlord's share of the sale as a commodity purchase.

Water purchases: If you have an expense for the purchase of water that is used in the production of a commodity and it has not been included in your municipal taxes, **do not** include this expense with the commodity purchases. Record this expense on line 9662, Fertilizers and Soil Supplements, even if the water was used for livestock. Expenses for the transportation or the hauling of water are non-allowable.

Livestock owners and custom feedlot operators with prepared feed purchases

If your purchase invoices of prepared feed **are itemized by ingredient:**

- record qualifying commodities (such as grains, forage, oilseeds) and protein supplements as an allowable commodity purchase using code 046; and
- record other charges itemized separately (such as minerals and salts) under Commodity Purchases using code 570.

If your invoices of prepared feed and protein supplements are **not itemized by ingredient:**

- record total purchases under Commodity Purchases using code 571. Sixty-five per cent of this amount will be included in the calculation of your ANS, as an allowable commodity purchase.

Livestock owners with custom feeding expenses

If your purchase invoices are **itemized by ingredient:**

- record allowable commodities (such as grains, forage, oilseeds) and protein supplements as an allowable commodity purchase using code 577; and
- record other charges itemized separately (such as minerals and salts) under Commodity Purchases using code 572.

If your purchase invoices are **not itemized by ingredient:**

- record total purchases under Commodity Purchases using code 573. Seventy per cent of this amount will be included in the calculation of your ANS, as an allowable commodity purchase.

Ranch fur operators with prepared feed purchases

If your purchase invoices of prepared feed and protein supplements are **itemized by ingredient:**

- record allowable commodities and protein supplements using code 046; and
- record the remaining expenses under Commodity Purchases using code 310.

If your purchase invoices of prepared feed and protein supplements are **not itemized by ingredient:**

- record total purchases under Commodity Purchases using code 574. Twenty per cent of this amount will be included in the calculation of your ANS, as an allowable commodity purchase.

Livestock Insurance Premiums

Use code 463 to record the total amount of any premiums for livestock insurance. Do not include any premiums for private, business-related (business interruption) or motor vehicle insurance (see line 9804, Other insurance premiums).

AgriStability Program – Allowable Expenses

Line 9661 - Containers and twine

Enter the total amount paid for material to package, contain or ship farm produce or products. If you operated a nursery or greenhouse, enter the cost of your containers and pots for plants you sold.

Line 9662 - Fertilizer and soil supplements

Enter the total amount paid for fertilizers and lime used in your farming business. If you used soil supplements or other growth media, enter amounts paid here. Examples of soil supplements include mulch, sawdust and weedmats.

Line 9663 - Pesticides and chemical treatments

Enter the total amount paid for herbicides, insecticides, rodenticides and fungicides. Insecticides include chemicals for pest control purposes as well as any predators or parasites introduced for that use. Also record the total amount paid for chemicals used in treating water, manure or slurry, as well as those used in disinfecting equipment and facilities. Record seed treatment as an allowable expense if the treatment was itemized separately from the seed purchase on your original invoice; otherwise, include the treatment as part of commodity purchase.

Line 9665 - Insurance premiums (crop or production)

Enter the total amount of deductible premiums for any crop-related programs. Include premiums for hail insurance on this line. Do not include any premiums for private, business-related or motor vehicle insurance. See line 9804, Other insurance premiums on page 19 for details on other types of insurance premiums.

Line 9713 - Veterinary fees, medicine, and breeding fees

Enter the total amount paid for medicine, veterinary and breeding fees for your animals. Examples include the cost of artificial insemination, embryo transplants, disease testing and castration. If you used disposable veterinary supplies for your farming business, enter costs here.

Line 9714 - Minerals and salts

Record purchases of minerals, salts, vitamins and premixes (which are mainly minerals and vitamins). Do not report purchased feed under this code.

Line 9764 - Machinery (gasoline, diesel fuel, oil)

Enter the total amount paid for fuel and lubricants for machinery used in your farming operation.

Line 9799 - Electricity

Enter only the part of your electricity costs that relate to your farming business.

Line 9801 - Freight and shipping

Enter the amount paid for shipping farm inputs to your operating site and shipping farm produce to market. Also include amounts you paid for disposal of carcasses on this line.

Do not include costs incurred when trucking for someone else on this line, as they are considered non-allowable for AgriStability and should be reported on line 9798, Agricultural Contract Work.

Do not include freight and shipping incurred after the point of sale on this line. These amounts must be recorded on line 575, Point of Sale Adjustments in order to calculate your AgriInvest benefits correctly.

Line 9802 - Heating fuel

Enter the total amount paid for natural gas, coal and oil to heat farm buildings. Also enter expenses for fuel used for curing tobacco, crop drying or greenhouses.

Line 9815 - Arm's length salaries

Enter the amount of gross wages paid to your employees. Include the cost of board for hired help. Do not include salaries paid to related persons (see the definition below). For these, see Line 9816, Non-arm's length salaries.

Related persons are:

- 1) Individuals connected by blood relationship, marriage, common-law partnership or adoption.
- 2) A corporation and:
 - an individual, group of persons or entity that controls the corporation;
 - an individual, group of persons or entity of a related group that controls the corporation; or
 - any individual related to a person described in (1) above.

Include in this total your share of Canada Pension Plan contributions and Employment Insurance premiums for arm's length salaries.

Line 9822 - Storage/drying

Enter the amount paid for storing and drying commodities. Examples include amounts paid for storage and drying services, air treatment expenses, and the purchase of germination inhibitors and other preservative agents. Electricity and heating fuel costs incurred in the storage and drying of commodities should be entered on lines 9799, Electricity and 9802, Heating fuel.

Line 9836 - Commissions and levies

Enter the amount paid in commissions and levies incurred in the sale, purchase or marketing of commodities. Also include amounts paid in levies to marketing boards, except those due as a result of penalties or fines incurred. Do not include commissions paid to salespeople contracted to market your product.

Producers marketing fruit or vegetables through a co-operative should enter any pack and sell expenses here. **Do not** include pack and sell expenses that were incurred after the point of sale. These amounts must be recorded on line 575, Point of Sale Adjustments, in order to calculate your AgriInvest benefits correctly.

Line 9953 - Private insurance premiums for allowable commodities

Enter the total amount of private insurance premiums paid for allowable commodities such as livestock. Do not include premiums for hail insurance on this line. They should be reported on line 9665, Insurance premiums (crop or production). Do not include any premiums for private (for non-allowable commodities or items), business-related or motor vehicle insurance (see line 9804, Other insurance premiums).

AgriStability Program – Non-Allowable Expenses**Line 9760 - Machinery (repairs, licenses, insurance)**

Enter the total amount of repair, license fee and insurance premium expenses incurred for your machinery.

Line 9765 - Machinery lease/rental

Enter the expenses incurred for leasing machinery used to earn your farming income. If you lease a passenger vehicle, see line 9829, Motor vehicle interest and leasing costs.

Line 9792 - Advertising and promotion costs

Enter the expenses incurred for advertising and promoting your farm products. Producers marketing fruit or vegetables through a co-operative should **not** enter any pack and sell expenses here. See line 9836, Commissions and levies for information on how to report your pack and sell expenses.

Line 9795 - Building and fence repairs

Enter the amounts for repairs to fences and buildings used for farming, except your farmhouse.

Line 9796 - Land clearing and draining

Enter the total amount for the expenses such as clearing the land of brush, trees, etc., first ploughing of the land for farm use, installing land drainage, etc.

Line 9798 - Agricultural contract work

If you are a custom feedlot operator, do not report your custom feeding expenses on this line. See page 16 for instructions on reporting your custom feeding expenses.

If you have incurred expenses for custom and contract work, other than custom feeding, report them on this line. For example, you could have contracted someone to do your harvesting, combining, crop dusting or contract seed cleaning.

For AgriStability purposes, agricultural contract work is a non-allowable expense; however, if you have contract work receipts that are itemized, enter the amounts of the contract work that pertain to the allowable portions (such as fuel, fertilizer), on the appropriate lines as allowable expenses. Enter on line 9798 any amounts that are non-allowable expenses.

Line 9804 - Other insurance premiums

Enter the total amount of business-related insurance premiums paid to insure your farm buildings, farm equipment (excluding machinery and motor vehicles) and business interruption.

Do not include any premiums for hail insurance or livestock on this line. See line 9665, Insurance premiums and/or code 463 Livestock Insurance Premiums for information on where to report these premiums.

Line 9805 - Interest (real estate, mortgage, other)

Enter the total amount of interest paid on money borrowed to earn farming income, such as interest on a loan used to buy a baler. Do not include the interest on money borrowed to buy a passenger vehicle used in your farming business. Include this amount under line 9829, Motor vehicle interest and leasing costs.

Line 9807 - Memberships/subscription fees

Enter the amount of annual dues or fees paid to keep your membership in a trade or commercial farming association.

If you received an AGR1 slip with a positive amount in box 14 and the amount of your AgriStability program payment does not have your Administrative Cost Share (ACS) or your program fee already deducted, enter the amount paid for your ACS and fee on this line.

Line 9808 - Office expenses

Enter the amount of office expenses, such as stationery, invoices, receipts and accounting books and any other office supplies.

Line 9809 - Legal and accounting fees

Enter any legal fees incurred for your farming business. Also, enter any accounting or bookkeeping fees paid to have someone maintain your books and records, and to prepare your income tax return and GST/HST returns.

Line 9810 - Property taxes

Enter the total amount of land, municipal and realty taxes paid for property used in your farming business.

Line 9811 - Rent (land, buildings, pastures)

Enter the total amount of rent expense paid for land, buildings and pastures used for your farming business. If you farmed on a crop-share basis and paid your landlord a share of the crop, add the fair market value of the crops you gave your landlord to your income as a commodity sale. This amount should represent what you would have paid in cash to your landlord for rent. Deduct the same amount as a commodity purchase.

Line 9816 - Non-arm's length salaries

Enter the amount of gross wages paid to related persons. For a definition of related persons, see line 9815, Arm's length salaries.

Line 9819 - Motor vehicle expenses

Enter the amount of motor vehicle expense incurred for farming business use.

Line 9820 - Small Tools

Enter the amount of expenses incurred for small tools.

Line 9821 - Soil testing

Enter the amount of expenses incurred for testing soil samples.

Line 9823 - Licences/permits

Enter the total of annual licence and permit fees incurred to run your business.

Line 9824 - Telephone

Enter telephone expenses related to your farming business.

Line 9825 - Quota rental (tobacco, dairy)

Enter the amount of expenses incurred for quota rentals in the fiscal year.

Line 9826 - Gravel

Enter the amount of expenses incurred for gravel used to earn farming income in the fiscal year.

Line 9827 - Purchases of commodities resold

Enter purchases of commodities bought for resale and then sold. Enter the corresponding sales of commodities purchased for resale on line 9612, Resales of commodities purchased.

Line 9829 – Motor vehicle interest and leasing costs

Enter the leasing costs for your motor vehicle or the interest on the money borrowed for a motor vehicle.

Line 9935 - Allowance on eligible capital property

Enter the annual allowance calculated for capital property from the operation's income tax.

Line 9936 - Capital Cost Allowance

Enter the amount of capital cost allowance (CCA) calculated on all eligible assets used in your farming operation.

Line 9937 - Mandatory inventory adjustment – prior year

Record the total of any mandatory inventory adjustments (prior year) from the operation's income tax.

Line 9938 - Optional inventory adjustment - prior year

Record the total of any optional inventory adjustments (prior year) from the operation's income tax.

Line 9896 - Other (specify)

The expenses listed on the form are the most common ones. If you have other farming expenses (non-allowable for AgriStability program purposes) that are not listed on the form, enter the total amount on line 9896, then list the items on the blank lines provided under line 9896. You may have received an overpayment from one of the programs identified on lines 9540 and 9544. Use line 9896 to record any overpayments you repaid. Record losses from futures transactions involving commodities which you did not produce or were not considered a hedging strategy.

Section 6: Statement of Farming Activities

The information on the income tax section is used to verify that the information reported on your AgriStability and AgriInvest form is the same as what you reported to the CRA. Completion of this section is mandatory. If you are a Status Indian and do not file a tax return, skip this section. Please ensure that you fill out Shareholder/Member and/or Partnership Information section(s) if applicable. Use the operation's income tax to complete the following information.

Line 9959 - Gross farming income

Record the gross farming income from the operation's income tax.

Line 9968 - Total farming expenses

Record the total farming expenses from the operation's income tax.

Line 9969 - Net farming income (loss) before adjustments

Record the net farming income (loss) before adjustments from the operation's income tax.

Line 9941 - Optional inventory adjustments/current year

Record the total of any current year optional inventory adjustments from the operation's income tax. The optional inventory adjustment only applies if you use the cash method of accounting for income tax.

Line 9942 - Mandatory inventory adjustments/current year

Record the total of any current year mandatory inventory adjustments from the operation's income tax. The mandatory inventory adjustment only applies if you use the cash method of accounting for income tax. Do not include accrual inventories from your financial statements here. See "Method of Accounting" on page 5.

Line 9944 - Net farming income (loss) after adjustments

Record the net farming income (loss) after adjustments from the operation's income tax.

Line 9946 - Net farming income (loss)

Record the net farming income (loss) from the operation's income tax.

Shareholder/Member Information

Corporations, use your Statement of Share Capital to complete the following.

Line 865 - Number of members in co-operative

Complete this line only if the operation is a co-operative.

Line 854 - Total number of outstanding common shares (voting and non-voting).

Enter the total number of outstanding common shares (voting and non-voting) held by shareholders.

Shareholders

Name of shareholder/member

Enter the name and Participant Identification Number (PIN) of the shareholder/member or group of related shareholders/ members who have controlling interest in the corporation. When a corporation is a shareholder, list the names and PINs of the participating shareholder or group of related shareholders that has controlling interest in the corporation. Attach a separate sheet if necessary.

Line 855 - Number of common shares (voting and non-voting) per shareholder

Corporations, enter the number of common shares held by each shareholder(s) listed.

Partnership Information

Complete this section only if the operation is a partnership.

Partnership name

Enter the partnership's name.

Partners' names

Record the first and last name of each individual, starting with your own. If a corporation or co-operative is a partner, record the name of the corporation or co-operative. If another partnership is a partner, list the names of the partners in that partnership.

Percentage share

Record each partner's percentage share based on the allocation of partnership net income/loss reported to the CRA (excluding Status Indians) unless:

- interest has been paid on partner's capital; or
- salaries have been paid to partners.

In these cases, exclude these amounts in determining the partner's percentage share. If another partnership is a partner, determine the beneficial ownership of each individual member.

Example:

The Smith & Smith Partnership owns 60 per cent of the Sunny Skies Partnership. Since Fred Smith Ltd. and Mary Smith Ltd. each own 50 per cent of the Smith & Smith Partnership, each corporation has a 30 per cent beneficial ownership in the Sunny Skies Partnership.

AgriStability and AgriInvest Participant Identification Number (PIN)

Enter the PIN, if available, for each partner. If your partner did not participate in AgriStability or AgriInvest, but previously participated in CAIS or NISA, this number will be the same as their PIN from either of those programs.

Chapter 3: Inventories, Purchased Inputs, Deferrals, Receivables and Payables

For AgriStability Participants

In addition to completing sections 1-6, all AgriStability participants must complete sections 7-12 of the program forms that are relevant to their farming operation. If you file to the CRA on an accrual basis, you will only need to complete the productive capacity section and certain parts of the crop inventory valuation and productive capacity and the livestock inventory valuation as it applies to your operation.

If there are not enough lines on this page to provide all of your information, attach a second copy of this page to your form with the remainder of the information on it. If any information is missing or incomplete, your program form may be considered ineligible or the processing of your forms may be delayed. It is your responsibility, even if a third party completes the program form on your behalf, to ensure that your program form is complete and has been sent to SCIC prior to the deadline.

AgriStability Program Codes

When completing sections 7 through 12 you will need to use the following code lists found in the Commodity Code Guide:

- **Inventory Code List** to identify codes and descriptions for commodities in Sections 7 and 8 of the form.
- **Units of Measurement Code List** to fill in column 'c' of Section 8.
- **Expense Code List** to fill out Sections 10 and 12.
- **Commodity List** to identify codes and descriptions of commodities for Sections 10, 11, and 12.
- **Program Payment Lists** to identify codes and descriptions for Section 11.
- **Productive Capacity List** to identify codes and the units required for reporting "other" commodities that are not already listed in Section 9.

Year-End Prices for Commodities marked with an "X" on the Inventory Code List

You are not required to provide year-end prices in sections 7 and 8 of your program forms if the commodities you are reporting are marked with an "X" on the Inventory Code List. The AgriStability Price List and Commodity Code Guide will no longer be automatically mailed to program participants. In keeping with the government's initiative to reduce paper consumption, we are working to reduce our impact on the environment and save money by offering more information online. The AgriStability Price List and Commodity Code Guide will be available upon request or can be downloaded from www.saskcropinsurance.com. In the AgriStability Price List, you will find the year-end prices for commodities listed in the Inventory Code List. SCIC will use these year-end prices when processing your program form. If you feel that the year-end prices in the AgriStability Price List are not appropriate to your farm, you may use year-end prices other than those in the AgriStability Price List **only** if you can demonstrate that:

- your commodity is substantially different than the commodity listed on the published price list; or
- your method of marketing the commodity was substantially different from the general marketing practice reflected in the published price list.

In either case, you may use year-end prices based on sales or purchases of the specific commodity in your name and occurring within 30 days either before or after your fiscal year-end.

For your own year-end prices to be accepted, you must send copies of receipts and/or supporting documents that substantiate these year-end prices to SCIC. SCIC reserves the right to determine whether submitted year-end prices are reasonable for your entire inventory.

Year-end Prices for Commodities not marked with an X in the Inventory Code List

You **must** provide year-end prices for both the Crop and Livestock Inventories that are listed without an X in the Inventory Code List. The year-end price you provide for your commodity must be based on the estimated market prices at year-end. Although it is not mandatory to provide documentation supporting your prices for these commodities, doing so will assist SCIC when processing your program form and will increase the likelihood of your price being accepted. Supporting documentation includes:

- receipts from sales or purchases of the commodity; or
- commodity specific price information from appropriate commodity marketing agencies.

Sending the information in at the same time you submit your program form ensures that SCIC has the information at the time your program form is being processed. SCIC reserves the right to determine whether submitted year-end prices are reasonable for your entire inventory.

Provincial prices are collected from the Saskatchewan Ministry of Agriculture, Statistics Canada, Agriculture and Agri-Food Canada (AAFC), the Canadian Wheat Board (CWB) and commodity organizations.

Organic Commodities

Producers who are reporting organically produced commodities must be able to provide organic certification upon request.

To be completed by AgriStability Participants Only

Indicate for crops and/or livestock whether the productive capacity of your operation has decreased due to disaster circumstances. A decrease in productive capacity means a decrease in the overall amount produced.

Example 1: Producers who had their livestock ordered destroyed by CFIA due to disease should check "Yes" to a decrease due to disaster circumstances.

Example 2: Producers who were unable to seed or harvest some or all of their land due to excessively wet or dry conditions, should check "Yes" to a decrease being due to disaster circumstances.

If you have purchased crop insurance in the program year, provide all contract numbers in the section provided.

Section 7: Livestock Inventory Valuation

You must complete this section of the form if you had livestock in your inventories during the program year (including livestock carried over from a previous fiscal year and/or carried into the following fiscal year). **Note:** If you filed to the CRA on an accrual basis for all years, do not complete column (d).

If you have nothing to report please check the Nothing to Report box. If additional lines are required, Section 7 continues on page 8.

Livestock Lease Agreements

If you are involved in a lease agreement, or if you own a portion of an animal, list only your share (e.g. ½ bull). **Lessee:** If you lease a breeding herd but take only a percentage of the calf crop, list only your share of the herd based on your share of the calf crop, using the Breeding Females, Leased (not owned) code 8134.

Example:

If you lease 100 cows but take only 60 per cent of the calf crop, report only 60 cows under code 8134, Breeding Females, Leased (not owned). You would also then report the corresponding number of calves (according to your lease agreement) using the appropriate code for their weight class.

Lessor: If you own cows but lease them out and take a percentage of the calf crop, you should record 100 per cent of your cows on the Livestock Inventory using the applicable codes found in the Inventory Code Lists. Do not use code 8134, Breeding Females, Leased (not owned). You would also then report the corresponding number of calves (your share according to the lease agreement) using the appropriate code for their weight class.

How to complete the columns

Columns a and b: List all livestock by code and description on hand at the end of your 2010 fiscal period. List each class of livestock separately. Use the Inventory Code List to identify each code and description for each livestock class.

Column c: Indicate the number of head of each livestock class on hand at the end of your 2010 fiscal period. **Note:** You must use the actual number of head. Do not round numbers, and do not enter dollar values instead of number of head.

Column d: You will only need a year-end price to value each class and species of livestock if they are listed in the Inventory Code List. If the livestock category you are reporting is marked with an "X" on the Inventory Code List, leave the year-end price column blank.

Section 8: Crop Inventory Valuation and Productive Capacity

You must complete this section if you meet any of the following criteria:

- you produced or seeded crops or forage (with the expectation of harvest) during the program year;
- you had unseedable acres in the program year (see page 28 for an explanation of unseedable acres); or
- you carried over crops or forage in your inventories from your previous fiscal year.

If you have nothing to report please check the Nothing to Report box.
If additional lines are required, Section 8 continues on page 8.

This section is used to measure your crop and forage inventory change from the ending amount reported for 2009 to the ending amount in the 2010 program year. This section is also used to establish if your farm has completed a production cycle. **Note:** If you filed to the CRA on an accrual basis for all years, do not complete column (g).

Crops/forage carried over from 2009 but no longer seeded/produced in 2010

If you had an ending inventory amount in 2009 for a commodity you stopped producing in 2010, complete columns a to c of Section 8, and enter zero in the 'Acres' and 'Quantity Produced' columns. Indicate the amount (if any) of ending inventory in column f.

Landlords/Tenants

If you are a tenant involved in a crop share, list only your share of acres and quantities. Landlords are not eligible unless their share of allowable income is in accordance with their share of allowable expenses. This is considered a joint venture.

Example:

Joe rents 300 acres from Bill on terms that he receives 2/3 of the crop, and Bill pays 1/3 of the eligible expenses. In 2008, the rented land produces 300 tonnes of wheat. Joe, the tenant, will report 200 acres and 200 tonnes of wheat (2/3 of both the acreage and production). Bill, the landlord, will report 100 acres and 100 tonnes of wheat (1/3 of both the acreage and production).

Canadian Wheat Board (CWB) Commodities

Commodities marketed through the Canadian Wheat Board (CWB) are valued using the Early Payment Option (EPO) at 100 per cent (EPO 100). The EPO is the highest estimated value a producer can receive at year end. EPO values are based on the CWB Pool Return Outlook and are adjusted for a discount factor. On CWB commodities, a receivables adjustment is necessary to calculate the difference between the initial price and EPO for each CWB commodity on a per-unit basis. The adjustment will be calculated automatically by SCIC based on the information included in your program form. Alternatively, you can opt to complete a CWB Receivables Adjustment (CWB-RA) worksheet which will provide additional information upon which to calculate the adjustment. Once the worksheet has been used to calculate your CWB-RA, you must submit the worksheet annually. Therefore, if you used the worksheet in 2009, you must complete and submit a 2010 CWB-RA worksheet.

Perishable Horticulture Crops

For a commodity that is considered a perishable horticulture crop for program purposes (i.e. a horticulture crop that spoils or decays easily and cannot be stored for periods longer than 10 months, such as potatoes, apples, carrots etc.), adjustments are made on an accounts receivable basis and not on an inventory valuation basis. **Do not record** ending inventories for perishable crops. Report the quantity produced from your 2010 fiscal period. Do not report any production from the previous fiscal year. See Section 11: Deferred Income and Receivables on your program forms to report any income from sales of 2010 crops received in 2011.

Snowed-Under Crops

If, at the end of your 2010 program year, you were unable to harvest some or all of the 2010 crop due to snow, report the snowed-under crop acres as production. Report the number of acres under the inventory code for that crop and report any estimated production that you may be able to harvest in the next year (if the crop was not salvageable, report a quantity of zero). Once the crop has been reported using the correct inventory code, use code 6826, Harvest Discount Allowance to indicate the total acreage (regardless of the commodity) that was snowed under.

Example:

You had a total of 350 acres seeded. There were 100 acres seeded to canola while the other 250 acres were seeded to barley. You were able to harvest 80 canola acres and 200 barley acres before the remainder of your crops were snowed under. Therefore, on your crop inventory, you would report 100 acres for canola and 250 acres for barley, reporting the actual harvest amount you received from those acres. You would then report 70 acres as snowed under using code 6826, Harvest Discount Allowance.

Standing/Unharvested Crops

If your fiscal year-end is such that your farm always has a standing crop (e.g. July 31) do not include the standing crop in inventory. If your fiscal year-end is such that a standing crop occurs in some years because harvesting may or may not have been completed by fiscal year-end (e.g. September 30), include the standing crop in inventory. Fall and winter crops should also be reported in this manner. Once the crop has been reported using the correct inventory code for that commodity, use code 6826, Harvest Discount Allowance, to indicate the total acreage (regardless of the commodity) that was still standing at your fiscal year-end.

Example:

You had a total of 400 acres seeded to flax. You were only able to harvest 250 of these acres before your fiscal year-end, leaving you with 150 acres still standing. Therefore, on your crops inventory, you would report 400 acres for flax, reporting the actual harvest amount received from those acres. You would then report 150 acres as standing using code 6826, Harvest Discount Allowance.

Multi-Stage Crops

Producers of multi-stage crops should report all acres of those crops even if no production was expected in the program year. Use the codes from the Inventory Code List that reflect the stage of production for the program year. The multi-stage crops are Christmas trees, sod, echinacea and ginseng.

Berry Producers

In some operations where early harvesting of berries is possible, a second planting of another commodity may occur. If there is expectation of harvest for both commodities in the same program year, you would report the acreage and production on section 8 for each commodity.

Sod producers

Report your total sod acres (not just harvested). Sod producers must complete a Sod Productive Capacity worksheet, which will allow SCIC to more accurately measure structural changes in sod operations. If you do not automatically receive this worksheet, contact SCIC at 1-866-270-8450.

Swath Grazing

If you use swath grazing as a management practice to extend your grazing season, report the number of acres you used for swath grazing using inventory code 5588. Provide (in tonnes) your estimated production and any swath remaining at your fiscal year end as ending inventory.

How to complete the columns

Column a: Use the Inventory Code List to identify each commodity by grade and variety, if applicable. Leave the code blank if the commodity is not listed in the Inventory Code List.

Column b: List all commodities produced, or on hand at the end of your 2010 fiscal period. List each grade or variety of crop separately (e.g. list 6405 - Wheat CWB, CWRS, No. 2 (12.0) separately from 6380 - Wheat CWB, CWRS, No. 1 (15.0)).

Column c: Enter the code for the unit of measurement used to measure the commodity you are reporting. Commodities must be reported using units of measurement (e.g. tonnes), not dollars. Use the same unit of measurement for all entries in a single row. Refer to the Units of Measurement Code List to complete.

Column d: Indicate the number of acres used to produce each crop. List only those acres for crops that produced, or should have produced, a crop during the program year. For commodities not measured in acres, use the unit of measurement considered standard for that commodity. For example, greenhouse operations must report their unit of measurement in square metres, based on productive area.

Column e: Indicate the quantity produced in the fiscal year. Use the unit of measurement considered standard for the commodity and report it in column c.

Column f: Indicate your inventory at the end of your 2010 fiscal period.

Column g: If your year-end price for each crop is a non-published price, enter it in this column.

Unseedable acres

Be sure to report all acres you would normally have seeded in the program year, but could not due to your land being too wet or too dry, beside "Unseedable Acres" near the bottom of the "Crop Inventory Valuation and Productive Capacity". Report all summerfallow and pasture/wasteland acres on the designated lines.

Unharvestable Acres

If you grew a commodity and expected to harvest it in the program year, but could not harvest due to reasons beyond your control, report the commodity and corresponding acres, and report your production for the commodity as zero. Snowed under crops are not included in this section, see Snowed Under Crops on page 26.

Section 9: Livestock Productive Capacity

The AgriStability program uses the information on this part of the form to adjust your reference margins, where necessary, to account for a structural change occurred in your farming operation.

Livestock Lease Agreements

If you lease animals but do not take 100 per cent of the revenue from the animal, report only your share of the agreement. For example, if you lease 100 cows but only keep 60 per cent of the calf crop, report 60 cows and follow the instructions below for cow-calf operators.

Productive Animals

Code 104 - Cattle

Cow-calf operations should provide a breakdown of the number of cows that have calved in this operation within the 2010 fiscal year. Calves born in the program year are automatically factored in with each cow in this category. Calves, therefore, should not be reported as feeders in the same fiscal period they were born regardless of whether they were weaned, sold or held over to sell in a different fiscal period. Calves held over and sold in a different fiscal period would be reported as feeders at that time (if they have had an appreciable gain in that fiscal period).

Note

Calves which are held over to the next fiscal period must still be reported in section 7.

Codes 123 and 145 – Hogs

Farrowing and farrow-to-finish operations should report a breakdown of the number of sows in the breeding herd within the 2010 fiscal year, ensuring the sows are categorized based on the type of operation (farrowing or farrow-to-finish). You can determine the average number of breeding sows by dividing the births in your 2010 fiscal year by your average birth rate per sow for the 2010 fiscal year. For example 10,000 births/23 (or your average birth rate per sow per year) is equal to 435 sows.

If your hog operation was only producing for part of the year, your average number of breeding sows should be lower to reflect that the operation was not producing for the entire year. As an example, if the farm produced only one litter during the year for many of the sows, that farm would have fewer births and the size of the breeding herd at year-end may not be reflective of the farm size.

If the number of breeding sows was impacted by disaster circumstances ensure that you indicate this on your program form.

Codes 105 and 106 - Number of Feeder Livestock - Cattle

Enter the number of animals fed. In order to be considered a fed animal, the producer must have made an appreciable contribution to the growth and maturity of the animal in the program year (exclude all breeding animals, culls, and animals that have not been weaned and weaned animals born in the program year). An appreciable contribution is defined as 90 kilograms (200 pounds) weight gain or a minimum of 60 days on feed for cattle.

Categorize the animals fed based on sale weight, if sold in the program year, or expected sale weight, if not sold in the program year.

Note: Feeder categories can include both animals born on the farm (if not reported in same year they are born) and purchased animals. Custom fed livestock should be reported under the Custom Fed category.

Codes 124 and 125 - Number of Feeder Livestock – Hogs

Enter the number of animals fed. Animals fed should not include breeding animals, culls, animals that have not been weaned and weaned animals born in the program year. Categorize the animals fed based on sale weight, if sold in the program year, or expected sale weight, if not sold in the program year.

Example:

You purchased, fed, and sold 100 Isoweans to weanling weight (8 to 50 pounds) and have fed another 100 feeder hogs (50 pounds to slaughter). Assuming all animals had an appreciable contribution in the program year, you would report 100 Hogs, Nursery (fed to 50 pounds), and 100 Hogs, Feeders (fed over 50 pounds).

Custom Fed livestock (not owned)

Enter the number of animal feed days. Animal feed days is calculated as the number of animals x number of days each animal was fed. For example: 100 animals fed for 3 months = $100 \times 90 = 9,000$ feed days.

Supply Managed Commodities

Dairy - enter the amount of quota/contract held in kg of butterfat/day.

Chickens, layers, broiler eggs for hatching – enter the number of hens producing

Chickens, layers, broiler eggs for consumption – enter the number of hens producing

Chickens, broilers – total number of kilograms produced in year

Turkey broilers – total number of kilograms produced in year

Ranch Fur Operators

Enter the number of females that birthed.

Other (specify below)

Use the Productive Capacity List in the Commodity Code Guide to determine the code and units needed to report any commodity that does not fit into the above categories.

Section 10: Purchased Inputs

All participants, except those who filed to the CRA on an accrual basis, must complete this section if it is relevant to their farming operation. Examples of inputs include fuel, chemicals, purchased seed, etc. If you have nothing to report please check the Nothing to Report box.

How to complete the columns

Code and Description

For each item you are listing, enter the appropriate code and description. For a list of codes, please refer to the Expense Code List or Commodity Code List. If your item is not listed, please leave the code blank. List all inputs you had on hand at the end of your 2010 fiscal period. This includes fall application of fertilizer and chemicals (if applicable) and prepaid purchases. If you choose to report purchased seed in this section, do not report the amount again on the crop inventory valuation and productive capacity section.

Livestock owners and custom feedlot operators with prepared feed purchases

Report the value of prepared feed and protein supplements on hand at the end of your 2010 fiscal year using code 571.

Ranch fur operators with prepared feed purchases

Report the value of prepared feed and protein supplements on hand at the end of your 2010 fiscal year using code 574.

Year-end Amount

Indicate the dollar amount on hand at the end of your 2010 fiscal period. Include any applicable 2010 fall applications and any prepaid purchases in 2010 designated for the 2011 fiscal year.

Example:

Based on a December 31 fiscal year-end:

In October of 2010, you purchased \$45,000 worth of fertilizer. You applied half of this amount in the fall and carried the other half in inventory into the 2011 fiscal year. In this instance, you would report a total of \$45,000 in the Year-end Amount column.

Section 11: Deferred Income and Accounts Receivable

All participants, except those who filed to the CRA on an accrual basis, must complete this section if it is relevant to your farming operation. Deferred income is income you have chosen to postpone receipt of to the following tax year. A receivable is income owed to you for goods delivered or services provided in one fiscal year, but are not paid to you until the following tax year. In order for deferred income or a receivable to be considered allowable for the AgriStability program, it must be associated with income that is considered allowable for the AgriStability program (e.g. a receivable for a commodity sale is allowable; a receivable for machinery rental is non-allowable). For further details on allowable and non-allowable items, refer to the AgriStability Program Handbook. Crop Insurance must be reported as a receivable if you have not received your full indemnity before your 2010 fiscal year end.

If you have nothing to report please check the Nothing to Report box.

Canadian Wheat Board Payments

For AgriStability purposes, Canadian Wheat Board (CWB) adjustment, interim, and final payments or payments from any other pooled commodity, are not to be reported as receivables on this section unless you specifically requested the payment be deferred by the CWB from one fiscal year into the next.

Custom Feedlot Operators

If you are a custom feedlot operator, report any amounts you are owed for custom feeding cattle, calves, swine, sheep and lambs using code 246.

Fed Cattle Set-Aside

If you received or will receive a payment under the Fed Cattle Set-Aside Program for cattle held over at your 2010 fiscal year end, you must report the portion of income attributable to 2010 as a receivable for your 2010 fiscal year in this section.

Example:

With a December 31 fiscal year end, if the effective date of the set-aside was December 1, 2010, and the amount per head per day was \$1.50 (as per auction price), the producer's 2010 AgriStability receivable would be 31 days x \$1.50 = \$46.50 per animal. The total amount of the receivable would be entered on this section.

Feeder Calf Set-Aside

Payments from this program are considered income in the year they are received.

Prescribed Drought Region (PDR), Prescribed Flood Region (PFR) and Canadian Food Inspection Agency (CFIA) Deferrals

If you deferred a PDR, PFR or CFIA payment out of your 2010 fiscal year, report the amount of the deferral. Use the codes from the "PDR & PFR Deferred/CFIA Livestock Codes" chart in the Commodity Code List.

Perishable Horticulture Crops

For a commodity that is considered a perishable horticulture crop for AgriStability purposes (i.e. a horticulture crop that spoils or decays easily and cannot be stored for periods longer than 10 months, such as potatoes, apples, carrots, etc), adjustments are made on an accounts receivable basis and not on an inventory valuation basis. Record the total of actual sales of your 2010 program year crop that occurred in the 2011 program year as an ending receivable, once your entire 2010 crop has been marketed and sold. Your completed forms must be sent by the 2010 program deadline date. If you have not marketed your entire 2010 crop or received all of your income from your 2010 program year at the time of completing your program forms use, code 4999, Perishables-Unreported Deferral to indicate this, leaving the ending receivable blank. When the ending receivable value is known, submit the information to SCIC. Your forms cannot be processed until you have provided this amount.

How to complete the columns

Code and Description

Enter the appropriate code and description for each item you are listing. For a list of codes, refer to the Commodity Code List and the Program Payment List. If your item is not listed, leave the code blank.

Ending Receivables and Income Deferred to 2011

Indicate the dollar value of accounts receivable or deferred income item owed to you at the end of your 2010 fiscal period.

Section 12: Accounts Payable and Unpaid Expenses

All participants, except for those who filed to the CRA on an accrual basis, must complete this section if it is relevant to their farming operation. An accounts payable is an expense you owe for goods and services received but have not paid for by the end of your fiscal year. In order for an accounts payable to be considered allowable for the AgriStability program, it must be associated with an expense that is considered allowable for the AgriStability program (e.g. a payable for a livestock purchase is allowable; a payable for building a barn is non-allowable). Include in this part:

- any expenses for inputs that were not paid for but were used during your fiscal period or on hand in your inventory at the end of your 2010 fiscal year (they must also be reported appropriately in Purchased Inputs); and
- any expenses for feed or livestock unpaid but used during your fiscal period or on hand in your inventory at the end of your 2010 fiscal year (they must also be reported appropriately on your Crop and/or Livestock Inventory).

Do not include:

- the interest portion of an accounts payable;
- amounts owed for items purchased through loans, lines of credit, or credit cards already reported as an expense to the CRA for tax purposes; and
- CWB advance payments.

If you have nothing to report please check the Nothing to Report box.

Livestock owners and custom feedlot operators with prepared feed purchases

Report the value of prepared feed and protein supplements which were not paid for by the end of your 2010 fiscal year using code 571.

Livestock owners with custom feeding expenses

Report custom feeding expenses which were not paid for by the end of your 2010 fiscal year using code 573.

Ranch fur operators with prepared feed purchases

Report the value of prepared feed and protein supplements which were not paid for at the end of your 2010 fiscal year using code 574.

How to complete the columns

Code and Description

For each item you are listing, please enter the appropriate code and description. For a list of codes, please refer to the Expense Code List or Commodity Code List. If your item is not listed, please leave the code blank.

Year-end Amount

Indicate the dollar amount owed for the payable item at the end of your 2010 fiscal period.