

# PROJECTED REFERENCE MARGIN CALCULATOR

## ABOUT THE WORKSHEET

This calculator is intended to provide participants with an approximation of what their Applied Reference Margin will be for the 2018 Program Year.

- Information can be entered into the green cells only.
- The “tab” key will move you from cell to cell.
- The Participant and AFSC ID cells are optional.
- If you own less than 100% of the farming operation you can adjust the percentage at the top of the summary sheet to include only your share.
- If you are a new farmer and have less than 5 years of tax and accrual information please enter a “Y” in the Beginning Farmer field at the top of the Summary Sheet.
- There are 5 tabs along the bottom of the spreadsheet. You will need to enter information into all tabs to ensure the most accurate estimate.
- The “Clear All” button on the top right of the summary sheet will clear all pages in the workbook.
- The “Print All” button on the top right of summary sheet will print all pages in the workbook.
- There is a “Clear Page” button on the top right of all sheets except for the summary sheet. The clear page buttons will only clear the sheet that you are working on.

## What information will you need to use this calculator?

- Copy of your 2016 Confirmation of Program Benefits Package (COPB)
- Copy of your 2016 crop and livestock inventory worksheets
- 2017 tax information and accrual information
- 2016 Structural Change Adjustments Report
- Access to AFSC’s published prices, available at [www.afsc.ca](http://www.afsc.ca)

*Note: If your COPB was issued prior to January 11, 2018 you will need to call our Client Contact Centre at 1-877-899-AFSC (2372) and request a copy as the Schedule 5 of the COPB will not be displaying all of the required information. You should also request a copy of the Structural Change Adjustments Report.*

**HELPFUL TIP:** Before you begin, gather the required information and use a highlighter to highlight the **2013-2016** year headings on Schedule 5 of the COPB, the **2016** Program Year Ending (\$) amounts on Schedule 1a/1b/1c, the **2016** Ending Inventory and Ending Price amounts on Schedule 2 & 3 and the **2013-2015** year headings on the Structural Change Adjustments Report.

This calculator will not work in the following circumstances:

- If you have multiple farm operations with varying ownership percentages.
- If you have a large amount of commodities that aren’t crop, cattle or hogs the structural change calculator *may* not work for your operation but the remainder of the workbook could still be used.
- If you were not a participant in the 2016 Program Year.

## STEP 1 – SUMMARY SHEET TAB

1. Using Schedule 5 from your **2016** COPB enter the “Production Margin” amounts from **2013-2016** on line 7 of the summary sheet. The “Production Margin” amounts are directly under line labelled “Your Share of Farm Operations”. **Do not use** the “Adjusted Production Margin” line.
2. Using your **2017** tax information, calculate your allowable income and enter the total amount into cell N9 on the worksheet. If you file tax on a cash basis ensure that you are using the cash basis figures. For a detailed list of allowable income and expense items please refer to the CAP AgriStability Handbook available on our website at [www.afsc.ca](http://www.afsc.ca)

3. Using Schedule 5 from your **2016** COPB enter the “Unadjusted Expense Margin” amounts for **2013-2016** onto line 11.
4. Using your **2017** tax information, calculate your allowable expenses and enter the total amount into cell N13 on the worksheet. If you file tax on a cash basis ensure that you are using the cash basis figures. For a detailed list of allowable income and expense items please refer to the CAP AgriStability Handbook available on our website at [www.afsc.ca](http://www.afsc.ca)

*Note: The amounts entered from the Production Margin line and the Unadjusted Expense Margin is your share of the farm. If you own 50% of the farm, your 50% share is reported on these lines. The ownership % amount on the Summary Tab will only impact the values reported in the 2017 column. If your ownership percentage in the farm has changed additional calculations may need to be done to ensure the most accurate results.*

*If needed, a Corporate Accrual to Tax Conversion Worksheet is available on our website under AgriStability/ Guides, Forms and Resources/Tools and Resources. This worksheet will assist you in converting your accrual basis financial statements to cash basis.*

## STEP 2 – SCHEDULE 1A, B, CTAB

This tab is where your farm accruals are entered. Farm accruals include deferred income (accounts receivable), unpaid expenses (accounts payable) and purchased inputs (prepaid expenses). These values should be entered at 100%. If you own less than **100%** of the farming operation the amounts will be prorated by the percentage entered on the Summary Sheet

1. Using the information from your **2016** COPB, enter the “**Program Year Ending (\$)**” descriptions and amounts from Schedules 1a, b, c into the “**Starting (\$)**” column.
2. Using your **2017** financial information, enter any ending accrual amounts into the “**Ending (\$)**” column

## STEP 3 – CROP INV TAB

This tab is where crop inventory amounts are entered for the **2017** year. When opening and closing quantities, along with corresponding prices, are entered the worksheet will calculate a change in the value of inventory for the **2017** year.

1. Using the information from your **2016** COPB, enter the crop description along with the “**Ending Inventory**” and “**Ending Price**” amounts from Schedule 2 into the “**Starting Inventory**” and “**Starting Price (\$)**” columns.
2. Using your own inventory information for **2017**, enter any ending crop inventory quantities and corresponding prices into the “**Ending Inventory**” and “**Ending Price (\$)**” columns.

*Note – AFSC published prices can be found on our website at [www.afsc.ca](http://www.afsc.ca)*

**HELPFUL TIP:** The inventory descriptions you see on Schedules 2 & 3 of your COPB package **do not** need to be entered as they are displayed on the report. For instance: “Peas, Field Commercial Feed \* Bushel” can simply be described as Peas in the worksheet along with the corresponding price for the unit of measure you are using (bushel, tons, tonnes).

## STEP 4 – LIVESTOCK INVTAB

This tab is where livestock inventory amounts are entered for the **2017** year. When opening and closing quantities, along with corresponding prices, are entered the worksheet will calculate a change in the value of inventory for the **2017** year.

1. Using the information from your **2016** COPB, enter the livestock description along with the “**Ending Inventory**” and “**Ending Price**” amounts from Schedule 3 into the “**Starting Inventory**” and “**Starting Price (\$)**” columns. Breeding Livestock will not need an opening price, only an ending price.
2. Using your own information for **2017**, enter any ending livestock inventory quantities and corresponding prices into the “**Ending Inventory**” and “**Ending Price (\$)**” columns.

*Note – AFSC published prices can be found on our website at [www.afsc.ca](http://www.afsc.ca)*

**HELPFUL TIP:** Livestock inventory lines that have \*\* beside the “change in value” column on the right hand side of Schedule 2 & 3 of the COPB are breeding livestock and should be entered into the breeding livestock portion of the Livestock InvTab. All other livestock (not marked with \*\*) is considered marketable livestock.

## STEP 5 – STRUCTURAL CHANGE TAB

This tab is where structural change amounts are calculated. If your farm size has changed enough, and structural change adjustments are applicable, they will transfer to the summary sheet automatically. If no amounts transfer to the summary sheet, your farm size has not changed enough to adjust the margins. If your farm has recently undergone a reorganization (ie rolling from a partnership to a corp) you may see productive units on two different pages of the report.

1. Using the information from your **2016** Structural Change Adjustments Report, enter the **2013-2016** production units from the report into the worksheet by selecting the drop down descriptions under the headings “**Crop Basket**”, “**Beef**” or “**Market Hogs**”.
2. Using your **2017** farm information, enter your productive units into the **2017** column.
3. Enter your **2018** projected productive units into the **2018** column.

This structural change calculator is intended to estimate structural change and only considers the more common productive units in the calculation. When structural change is calculated on your final 2018 benefit calculation, the results could differ from this calculator.

### **Additional notes about entering structural change information:**

Enter your productive units @ **100% of the farm**. If you only own a portion of the farm it will be prorated by the percentage you have entered on the summary tab.

### **Crop Basket Info:**

- Crop basket acres include canola, wheat, barley, oats, peas
- Silage and greenfeed acres should be included in crop basket
- For both forage and crop please ensure that you are correctly entering the information in as dryland or irrigated.

## Structural Change Adjustments Report Descriptions explained:

Dryland acres = Crop Basket – Integrated

Irrigated acres = Crop Basket – Integrated – \*

\*We are working on a solution to better display the dryland vs irrigated acres on this report. If you have irrigated acres, ensure that you are entering the correct information into the calculator. The only way to differentiate between dryland and irrigated on the report is the dash at the end of the irrigated line.

### Beef Info:

- Feeders/fats sold are usually the number of animals sold over 750lbs in a given Program Year. These numbers should not include breeding stock sold (culls, bred cows, bulls).
- If your structural change report includes a line for both feeders and fats, these numbers can be combined for purposes of this calculation.
- Custom fed animals are the number of head days. You can calculate this number as follows:

$$(\text{number of animals on feed} \times \text{number of days on feed}) / 365$$

### STEP 6 – SUMMARY SHEET TAB

Now that all of your information is entered, you can go back to the Summary Sheet to view the results. The Projected Applied Reference Margin is your estimated **2018** Reference Margin based on the information entered into this calculator.

Projected Applied Reference Margin

\$84,063

It is the lower of the Olympic Average and **Adjusted** Reference Margin Limit.

For your **2018** year to trigger benefits, the **2018** Program Year margin would need to drop at least 30% from the Projected Applied Reference Margin.

For additional information about margins and benefits calculations please view the CAP AgriStability Handbook now available on our website at [www.afsc.ca](http://www.afsc.ca)