

PROJECTED REFERENCE MARGIN CALCULATOR

ABOUT THE WORKSHEET

This calculator is intended to provide participants with an approximation of what their Projected Reference Margin will be for the 2023 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 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 **2022 Calculation of Program Benefits Package (COPB) if available. If your 2022 COPB is not available, you will need the 2021 COPB and:**
 - Copy of your 2022 crop and livestock inventory worksheets
 - 2022 tax information and accrual information
- 2022 or 2021 **Structural Change Adjustments Report – can be requested from the AFSC Client Care Center 1-877-899-2372**
- Access to AFSC’s published prices, available at www.afsc.ca

HELPFUL TIP: Before you begin, gather the required information and use a highlighter to highlight the 2018-2021 or 2022 year headings on Schedule 4 of the COPB, the 2021 Program Year Ending (\$) amounts on Schedule 1a/1b/1c, the 2021 Ending Inventory and Ending Price amounts on Schedule 2 & 3 and the 2018-2021 or 2022 year headings on the Structural Change Adjustments Report. If your 2022 program year is processed, you can highlight the opening and closing values for Schedule 1a/1b/1c as well as Schedule 2 & 3 on the 2022 COPB.

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 2021 or 2022 Program Years.

STEP 1 – SUMMARY SHEET TAB

1. Using Schedule 4 from your **2022** COPB enter the “*Production Margin*” amounts from **2018-2022** on line 7 of the summary sheet. The “Production Margin” can be found on the last page/bottom of schedule 4 – “Production Margin” box. If you do not have a 2022 COPB, only enter the 2018 - 2021 amounts.
2. If you have a 2022 COPB, you can enter the total allowable income amount from Schedule 4 into the Total Allowable Income cell under the 2022 year. If you do not have a 2022 COPB, use your **2022** tax information to calculate your allowable income and enter the total amount into the Total Allowable Income cell under the 2022 year 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 refer to the Sustainable CAP AgriStability Handbook 2023 available on our website at www.afsc.ca
3. If you received any private insurance proceeds in 2022 that you **haven't** already included in total allowable income, add the total proceeds to the Private Insurance Adjustment cell. Proceeds from some types of private insurance, such as private hail or GARS, are treated as non-allowable income in the program year but allowable income in the reference period. The amount entered in the adjustment line should include amounts reported for tax plus any amount reported closing accounts receivable less any amount reported opening accounts receivable.
4. If you received any AgriRecovery program payments in 2022 that are included in total allowable income, these amounts need to be removed. Payments received from AgriRecovery are treated as allowable in the program year, but non-allowable in the reference period. An example of an AgriRecovery program payment is the Canada-Alberta Livestock Feed Assistance Program (CALFA). You can enter the amount as a positive number in the AgriRecovery Program Payment Adjustment cell in the workbook and the template will deduct the amount from total allowable income. The amount entered in the adjustment line should include amounts reported for tax plus any amount reported closing accounts receivable less any amount reported opening accounts receivable.
5. If you have a 2022 COPB, you can enter the total allowable expense amount from Schedule 4 into the Total Allowable Expense cell under the 2022 year. If you do not have a 2022 COPB, use your **2022** tax information to calculate your allowable expenses and enter the total amount into the Total Allowable Expenses line under the 2022 year 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 refer to the CAP AgriStability Handbook 2023 available on our website at www.afsc.ca

Note: The amounts entered from the Production Margin line are 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 2022 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, C TAB

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 are 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 **2021** COPB, enter the “**Program Year Ending (\$)**” descriptions and amounts from Schedules 1a, b, c into the “**Starting (\$)**” column. If you already have a 2022 COPB, use the amounts shown in the “**Program Year Opening (\$)**” into the “**Starting (\$)**” column.
2. Using your **2022** financial information, enter any ending accrual amounts into the “**Ending (\$)**” column.

Note: What is listed as a closing amount on Schedule 1a, b, c becomes the opening amount for the next year

STEP 3 – CROP INVENTORY TAB

This tab is where crop inventory amounts are entered for the **2022** 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 **2022** year.

1. Using the information from your **2021** 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. If you already have a 2022 COPB, enter the opening inventory amounts into the “Starting Inventory” and “Starting Price” columns in this worksheet.
2. Using your own inventory information for **2022**, enter any ending crop inventory into the “**Ending Inventory**” column. You can find the corresponding prices on our website at www.afsc.ca . The AFSC published price** can be entered into the “**Ending Price**” column. If you already have a 2022 COPB you can simply enter the ending inventory amounts into the “**Ending Inventory**” and “**Ending Price**” columns.
3. Once you have the information entered, verify that the change in crop inventory in the worksheet agrees to the change in crop inventory on your COPB

***Note – Pick the price that matches your year end*

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 INVENTORY TAB

This tab is where livestock inventory amounts are entered for the **2022** 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 **2022** year.

1. Using the information from your **2021** 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. Note the breeding livestock will *not* need an opening price, only an ending price. If you already have a 2022 COPB, enter the opening inventory amounts into the “**Starting Inventory**” and “**Starting Price**” columns in this worksheet.
2. Using your own information for **2022**, enter any ending livestock inventory into the “**Ending Inventory**” column. You can find the corresponding prices on our website at www.afsc.ca . The AFSC published price** can be entered into the “**Ending Price**” column. If you already have a 2022 COPB you can simply enter the ending inventory amounts into the “**Ending Inventory**” and “**Ending Price**” columns.
3. Once you have the information entered, verify that the change in livestock inventory in the worksheet agrees to the change in livestock inventory on your COPB.

***Note – Pick the price that matches your year end.*

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 Inventory Tab. 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 (i.e. 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 **2021** or **2022** Structural Change Adjustments Report (whichever is applicable), enter the **2018-2021** or **2018-2022** production units from the report into the worksheet by selecting the drop-down descriptions under the headings “**Crop Basket**”, “**Beef**” or “**Market Hogs**”.
2. If your 2021 COPB is not available, use your **2022** productive unit information from your 2022 supplementary forms, to enter your productive units into the **2022** column.
3. Enter your **2023** projected productive units into the **2023** 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 **2023** 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 ensure that you are correctly entering the information in as dryland or irrigated.

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:
(number of animals on feed x 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 Reference Margin is your *estimated 2023* Reference Margin based on the information entered into this calculator.

For your **2023** year to trigger benefits, the **2023** Program Year margin would need to drop at least 30% from the Projected Reference Margin.

For additional information about margins and benefits calculations view the Sustainable CAP AgriStability Handbook 2023 now available on our website at www.afsc.ca