



MNP'S AGRISTABILITY PROGRAM SERVICES

Helping You Get the Most From Your Farm

Your farm's continuing growth and success depends on the steps you take today to improve your operation tomorrow. If you're like most farmers, you juggle many responsibilities and worries about your financial future and may not know how to manage the risk. The good news is — there is help.

In 2013, federal, provincial and territorial governments agreed to a new vision for Canada's agriculture, agri-food and agri-based products industry — Growing Forward 2. One key aspect of this vision is AgriStability—a whole-farm, margin-based insurance program that gives you income support when you have a significant loss.

THE PROGRAM BENEFITS

AgriStability payments are based on a decline of more than 30% in a producer's current year margin, relative to a historical average, to a maximum of \$3,000,000 per participant. AgriStability is more responsive to income losses than previous programs, such as CAIS, CFIP, AIDA, WFIP and FIDP because it:

- Reflects current market price decreases.
- Ensures historical margins better reflect your farming operation and management practices.
- Calculates historical margins to better represent actual business performance.
- Provides better coverage when there are negative margins, allowing you to survive sizeable but temporary drops in income.

WHAT YOU NEED TO KNOW

It's important to understand that your reference margin (historical average) needs to be as high as possible because it determines your level of coverage for current and future years. Adjustments for changes in inventories, receivables, payables and prepaids also need to be accurately calculated so that your reference margin is correct and maximized, especially in good years. This process increases the level of coverage (a potential multi-year effect) and automatically sets you up to maximize a claim in the following year.

Declines in the program year margin are the result of four potential variables:


1. The prices received on the sale of commodities.
2. The amount of each commodity produced.
3. The prices paid for farm inputs.
4. The amount of each input that needs to be applied.

Production (crop) insurance only covers one or two of these variables. Many producers who don't want to participate in the program are focusing only on one of these variables, such as record high prices.

WHAT YOU DON'T KNOW COULD COST YOU

Some producers try to time their participation in the program or have opted out altogether. This could result in large uninsured losses and missed opportunities. The costs of being involved in the program (including accounting fees to prepare the applications) versus the potential benefits make AgriStability one of the most cost-effective insurance programs on the market.

Producers should only opt out of the program if they have considered all variables and are certain they will never have more than a 30% drop in their current year margin relative to their historical average. This is difficult to predict.

A photograph of a farmer wearing a cap and overalls, standing in a field of golden wheat under a clear blue sky. The farmer is looking down at a small bundle of wheat he is holding in his hands.

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HOW MNP ADDS VALUE

MNP's full-service approach to AgriStability applications helps ensure you maximize your coverage and benefits. To assist in the process, we have developed an AgriStability software program that was specifically designed to efficiently file AgriStability applications with the various Administrations. Our program also allows us to track and build strong support for all the calculations underlying each submission. Most importantly, this software enables us to provide estimates of the expected payments to you. These calculations and payment estimates have proven invaluable as a means of comparison to the final Administration calculations shown on the Calculation of Program Benefits notices. Often, additional follow up is required so you receive the maximum entitlements. Without the underlying calculations and payment estimates, producers may not be aware of any missed entitlements or the need to follow up.

Our full-service approach to providing AgriStability services includes:

- Maximizing your current and future benefits through careful application completion.
- Helping you understand what the numbers mean and how AgriStability fits into your risk management strategy.
- Calculating your reference margin and estimating the potential current payment, including any structure change implications.
- Assisting with any required follow-up adjustments and/or appeals to ensure you receive maximum benefits from the program.

With more than 600 Ag professionals serving over 15,000 Ag clients, no other chartered accountancy and business advisory firm has dedicated as much time or as many resources understanding the needs of your industry as we have.

MNP's Farm Income Programs Service Line was established in June 2000. Our teams of specialists draw on our extensive research, long-term relationships with various levels of government and full-service approach to AgriStability applications to help you maximize your coverage and benefits.

We are committed to becoming an integral part of your risk management strategy and to helping you understand how your operation is performing as well as what you can do to ensure a successful tomorrow.



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ABOUT MNP

MNP is a leading national accounting, tax and business consulting firm in Canada. We proudly serve and respond to the needs of our clients in the public, private and not-for-profit sectors. Through partner-led engagements, we provide a collaborative, cost-effective approach to doing business and personalized strategies to help organizations succeed across the country and around the world.

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By Aon Hewitt

Wherever business
takes you.



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