

**Adjusted Gross Revenue (AGR) Insurance  
Case Study**

**Diversified Vegetable Farm  
with Direct Marketing Outlet  
Western, New York**

**Prepared by**

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# AN ADJUSTED GROSS REVENUE (AGR) INSURANCE ANALYSIS FOR THE SAMPLE FARM ANYTOWN, ABC COUNTY, NEW YORK

## Farm Description

- *Farming History*

The Sample family began farming in 1952. John Sample started farming in ABC County New York with his son Richard. He started with very small acreage and a retail farm market. The farm continued to grow over the years. In 1975, John Sample purchased a farm in Anothertown with a house, small barn and about 50 acres (22 acres are woodland). In 1992, the family purchased another farm in the Anothertown area. The new farm has apples, blueberries and raspberries already established. The farm buildings include a large packinghouse, storage barn, retail farm market, and maintenance shop and labor camp. In 1996, a total of 138 acres were under cultivation.

The farm is largely a wholesale operation with two retail farm markets operated in Anytown and Anothertown New York. It produces mainly vegetables and some fruits for fresh market sales with about 80% wholesale and 20% retail sales. The retail markets are open from May to October. The farm currently has 210 acres under cultivation of a wide variety of crops and 14,000 square feet greenhouse area (two-100x40 and one 150x40 greenhouses) for propagation purposes. At the peak of the season, the farm employs over forty people.

- *Insurance History*

Sample Farm began purchasing crop insurance in 1997. It was for apples only. The year of 2000 was the first year the farm purchased insurance for an additional crop – sweet corn. The farm has always maintained a commercial policy for the farm with liability coverage. The crop insurance was always bought through the government. Sample Farm is now considering the Adjusted Gross Revenue (AGR) Insurance Program for his operation in the year 2001.

- *Risk Reduction Practices*

The farm invested in irrigation equipment for watering and frost control. They also invested in machinery which will cut labor costs by reducing man hours, including new transplanter, cultivation equipment, and sweet corn harvester.

## Application

To be eligible for AGR coverage, Sample Farm must have less than 50% of the allowable income from agricultural commodities purchased for resale and less than 50% of the allowable income from insurable crop & livestock commodities, unless such commodities are insured under other available insurance.

Prior to applying for AGR coverage, Sample Farm needs to

- Prepare Form FCIC-18050 – Adjusted Gross Revenue Application Continuous Contract;
- Copies of the tax return forms from five consecutive tax years prior to the year immediately preceding the insurance year (2001) – Form 1040-Schedule F;
- Annual Farm Report (Form 821-AGR);
- Five-year cropping history (Form 823 – AGR); and
- The beginning inventory (Form 822 – AGR).

See attached for forms.

## Revenue History

To apply for AGR coverage, Sample Farm must furnish a summary of the cropping history over the five most recent years and five consecutive tax years of allowable income prior to the year immediately preceding the insurance year (2001). The attached AGR – Form 823 – Agricultural Commodity Profile shows the five-year cropping history (1995 – 1999). See Table 1 for Sample Farm’s five-year allowable income and expenses history. It should be noted that adjustments were made to gross income for two situations: 1) the cost of agricultural commodities bought for resale must be subtracted from the gross sales amount; and 2) gross income that includes added value received from post-production products including processing apples into cider and value added packaging were deducted from the gross income to reflect the allowable income. Copies of the Form 1040 – Schedule F for the years 1995 through 1999 are also attached to the end of document.

**Table 1. Sample Farm’s Five-Year Allowable Income and Allowable Expenses History**

	<i>Schedule F</i>	<i>1995</i>	<i>1996</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>
<b>Allowable Income</b>						
Sales of animals and other ag commodities bought for resale less the cost or other basis	line 3	8,346	15,968	18,365	24,234	25,707
Sales of animals, produce, and other ag commodities raised	line 4 (Adjusted) <sup>1</sup>	231,952	380,739	469,915	575,924	633,788
Taxable amount of total cooperative distributions	line 5b	0	0	0	0	0
Commodity Credit Corporation (CCC) loans	line 7a	0	0	0	0	0
Taxable amount of CCC loans forfeited	line 7c	0	0	0	0	0
Other income - exclude gas/fuel tax credits	line 10	0	800	800	800	1,200
<b>Total Allowable Income</b>		<b>240,297</b>	<b>397,507</b>	<b>489,080</b>	<b>600,958</b>	<b>660,694</b>
<b>Allowable Expenses</b>						
The cost of items bought for resale	line 2	4,600	5,000	9,000	9,976	11,164
Car and truck expenses	line 12	6,780	7,480	9,096	5,943	6,446
Chemicals	line 13	29,700	28,760	29,800	33,000	30,000
Conservation	line 14	0	0	0	0	0
Custom hire (machine work)	line 15	0	0	0	0	0
Depreciation	line 16 (Adjusted) <sup>2</sup>	0	0	0	0	0
Feed purchased	line 18	0	0	0	0	0
Fertilizer and lime	line 19	358	44,947	21,089	73,420	20,650
Freight and trucking	line 20	1,112	442	4,217	2,917	4,568
Gasoline, fuel and oil	line 21	5,348	8,145	10,742	12,191	15,724
Insurance (other than health)	line 22	18,930	15,795	17,898	29,368	33,621
Labor hired (less employment credits)	line 24 (Adjusted) <sup>3</sup>	42,508	71,677	155,443	181,998	249,629
Repair and maintenance	line 27	17,662	12,816	12,990	4,051	2,942
Seeds and plants purchased	line 28	18,700	20,800	21,300	19,800	23,000
Storage and warehousing	line 29	0	0	0	0	0
Supplies purchased	line 30 (Adjusted) <sup>4</sup>	4,005	7,563	21,436	31,743	28,608
Utilities	line 32	10,746	11,839	11,614	32,337	15,797
Veterinary, breeding, and medicine	line 33	0	0	0	0	0
Other farm expenses	line 34	11,061	11,675	15,101	19,012	33,201
<b>Total Allowable Expenses</b>		<b>171,510</b>	<b>246,939</b>	<b>339,726</b>	<b>455,756</b>	<b>475,350</b>

<sup>1</sup> Gross income adjusted for added value received for post-production operations such as processing, packing, packaging, etc.

<sup>2</sup> Include only the amount of depreciation allowed for animals.

<sup>3</sup> Exclude share holder wages if reported on this line.

<sup>4</sup> Exclude those used in post-production value added operations such as processing, packing, packaging, etc.

## AGR Calculation

To determine the revenue that will be covered by the AGR insurance plan, the average of the allowable income for the five consecutive years prior to the year immediately preceding the insurance year needs to be calculated. If either of the two most recent years' allowable income is greater than the average AGR, a trend adjustment may be employed to "Adjust" the Gross Revenue for insurance purposes. Because Sample Farm's allowable income of the two most recent years (1998 & 1999) are greater than the average, The adjustment to the average gross revenue (indexed average AGR) is carried out as follows:

- **Indexed AGR:** Divide each tax year's allowable income by the preceding tax year's allowable income. The factor may not exceed 1.200 (20% cap) or be less than 0.800 (20% cup). Therefore:

	<u>Indexed factor</u>
1. 1996 allowable income \$397,507/1995 allowable income \$240,297 = 1.654	1.200
2. 1997 allowable income \$489,080 /1996 allowable income \$397,507 = 1.230	1.200
3. 1998 allowable income \$600,958 /1997 allowable income \$489,080 = 1.229	1.200
4. 1999 allowable income \$660,694/1998 allowable income \$600,958 = 1.099	1.099
5. Average Indexed Factor = 1.175	
6. Income Trend Factor = (Average Indexed Factor) <sup>4</sup> = 1.175 <sup>4</sup> = 1.905	
7. The Adjusted Revenue = Average Allowable Income x Income Trend Factor = \$477,707 x 1.905 = \$910,106	

The attached Annual Farm Report (Form 821-AGR) also contains Sample's estimate of acreage, yields, and prices for the insurance year. Insurance levels will be based on the *lesser* of the Adjusted Revenue or the Expected Income from the Report. The Sample Farm's expected income from the Intended Commodity Report is \$1,449,670. Therefore, the Sample Farm's approved AGR is \$910,106.

- **Indexed Expenses:** Because the approved AGR is established at a greater amount than the average of Sample Farm's AGR income history. Sample Farm's average allowable expenses for the insurance year (2001) needs to be indexed in the following way:

	<u>Indexed factor*</u>
1. 1996 allowable expenses \$246,939/1995 allowable expenses \$171,510 = 1.440	1.200
2. 1997 allowable expenses \$339,726/1996 allowable expenses \$246,939 = 1.376	1.200
3. 1998 allowable expenses \$455,756/1997 allowable expenses \$339,726 = 1.342	1.200
4. 1999 allowable expenses \$475,350/1998 allowable expenses \$455,756= 1.043	1.043
5. Average Indexed Factor = 1.161	
6. Income Trend Factor = (Average Indexed Factor) <sup>4</sup> = 1.161 <sup>4</sup> = 1.815	
7. The Approved Expenses = Average x Expenses Trend Factor = \$337,856 x 1.815 = 613,315	

\* The factor may not exceed 1.200 (20% cap) or be less than 0.800 (20% cup).

Therefore, Sample Farm's approved allowable expenses is \$613,315.

## Possible Coverage Elections

Amount of Coverage: The amount of AGR coverage will be elected by the insured (Sample Farm). The options are as follows:

Elected Coverage	Revenue Coverage	Payment rate	Number of Crops			
			1	2	3	4 or more
65/75	65%	75%	Yes	Yes	Yes	Yes
65/90	65%	90%	No	Yes	Yes	Yes
75/75	75%	75%	No	Yes	Yes	Yes
75/90	75%	90%	No	Yes	Yes	Yes
80/75	80%	75%	No	No	No	Yes
80/90	80%	90%	No	No	No	Yes

To qualify for the two higher coverage amount (80% and 75%) in the initial year (2001), Sample Farm needs to meet the diversification requirements. The calculations are as follows:

**Diversification Formula** =  $(1 \div \text{the number of commodities to be produced} \times 0.33) \times (\text{the total expected income for the insurance year}) = (1 \div 19 \times 0.33) \times (\$1,449,670) = \$25,178$

- For 65/90, 75/75 and 75/90 coverage, at least two agricultural commodities will be produced whose expected income for the insurance year is equal to or greater than the amount determined by the formula (\$25,178).
- For 80/75 and 80/90 coverage, at least four agricultural commodities will be produced whose expected income for the insurance year is equal to or greater than the amount determined by the formula (\$25,178).

Based on the Intended Commodity Report, Sample Farm has 11 commodities with expected income greater than \$25,178. Therefore, Sample Farm qualified for the two higher coverage amount (80% and 75%) in the initial year (2001).

AGR losses begin with when the income to count for the insurance year is less than the product of multiplying the percentage for the coverage level elected times the Approved AGR. The payment rate is the percentage of the revenue deficiency that will then be paid by the insurance provider.

- **Sample Farm's insurance scenarios are as follows:**

Elected coverage	Coverage level	Payment rate	Approved AGR	Loss payment begin at when income lower than
65/75	65%	75%	\$ 910,106	\$ 591,570
65/90	65%	90%	\$ 910,106	\$ 591,570
75/75	75%	75%	\$ 910,106	\$ 682,580
75/90	75%	90%	\$ 910,106	\$ 682,580
80/75	80%	75%	\$ 910,106	\$ 728,085
80/90	80%	90%	\$ 910,106	\$ 728,085

## Annual Premium and Administrative Fee

The producer subsidy rates for AGR annual premiums for the years 2001-2004 are as the follows:

- 65% Coverage Level - 59%
- 75% Coverage Level - 55%
- 80% Coverage Level - 48%

RMA will offer a cost-share program as an incentive to producers in eleven underserved northeastern states to purchase AGR insurance. It will be available to New York producers located in the following counties - Cayuga, Chautauqua, Erie, Genesee, Monroe, Niagara, Onondaga, Ontraio, Orange, Orleans, Oswego, Seneca, Suffolk, Ulster, Wayne, and Yates.

Under this cost-share program, RMA will share in 50 percent of the premium cost of a producer's AGR policy. This 50 percent cost-share will be calculated on the premium remaining after the standard premium subsidy for AGR, as authorized under section 508 (e) of the Federal Crop Insurance Act, is applied. In addition, RMA will pay the entire administrative fee (\$30 per policy) for producers who purchase AGR policies in the eligible states and counties. The sales closing date for all states with AGR insurance is January 31, 2001. Information needed to calculate the annual premium includes five-year allowable income and allowable expenses prior to the year immediately preceding the insurance year and the intended commodity list for the insurance year.

Information needed to calculate the annual premium includes five-year allowable income and allowable expenses prior to the year immediately preceding the insurance year and the intended commodity list for the insurance year. Premium calculation is available at RMA web-site:

<http://www.rma.usda.gov/tools/>.

Assume Sample Farm is located in one of the pilot counties in New York.

### Premium Calculation For Sample Farm

Coverage Level	65%	75%	80%
Payment Rate	Premium / Coverage	Premium / Coverage	Premium / Coverage
90%	\$3,057 / \$532,648	\$5,946 / \$614,594	\$9,204 / \$655,567
75%	\$2,547 / \$443,874	\$4,955 / \$512,162	\$7,670 / \$546,306

## The Event of Damage or Loss

Insurance is provided against loss of revenue due to any unavoidable peril that causes a loss in revenue during the current insurance year. In the event of probable loss, the insured farm (Sample Farm) must provide the followings:

- A notice of loss within 72 hours of the initial discovery that the allowable income for the insurance year could fall below the amount determined by the coverage level elected. Such notice will not be accepted later than 15 days after the filing of farm tax forms for the insurance year;
- A copy of the farm tax forms and any amendments for the insurance year and any additional documentation required to convert the allowable income and allowable expenses for the insurance year to an *accrual accounting method*.

Sample Farm does not have to file the AGR – Form 822 – Inventory and Accounts Receivable Report because it did not have agricultural commodity inventory or account receivables at the beginning and the end of the insured year. The AGR – Form 822 is required to calculate allowable income to count on an accrual basis when an indemnity is claimed.

- When an insured's accounts receivables increase, cash basis allowable income for the insurance year will be increased by the increase in accounts receivables.
- When an insured's accounts receivables decrease, cash basis allowable income for the insurance year will be decreased by the decrease in accounts receivables.

If the allowable expenses for the insurance year fall below 70% of the approved expenses, reduce the result of approved AGR by 0.1% for each 0.1% the allowable expenses for the insurance year fall below 70% of the approved expenses.

**Loss Scenario 1:**

- Drought and heat (i.e. 1999 situation) during the year resulted in lower yields for many crops in Sample Farm. Sample Farm experienced 40 – 50% loss in sweet corn, pepper, strawberries and raspberries. Because of irrigation, the yields of other crops are not affected much. Due to sufficient supplies in the market, prices were stabled, and Sample Farm has a loss of 23% in revenue and an increase of 10 percent in water and utility expenses.
- Wet and cold weather in early summer and early frost in the fall caused 30-40% loss in strawberries, sweet corn, tomatoes, pumpkins, and squash, due to pollination problems and frost injury.
- Pest and disease problems could cause high percentage, especially in tomatoes, sweet corn and all vine crops.

Table 2 shows the possible revenue losses, insurance payments, and corresponding revenues assuming that the allowable expenses for the insurance year did not fall below 70% of the approved expenses.

**Table 2 Income Scenarios When Income Loss Occurs Under AGR Insurance**

Revenue Loss	No Insurance	Coverage Election					
		80/75		75/75		65/75	
	Revenue	Payment	Revenue	Payment	Revenue	Payment	Revenue
Dollars (\$)							
20%	728,085	0	728,085	0	728,085	0	728,085
30%	637,074	68,258	705,332	34,129	671,203	0	637,074
40%	546,064	136,516	682,580	102,387	648,451	34,129	580,193
50%	455,053	204,774	659,827	170,645	625,698	102,387	557,440
60%	364,042	273,032	637,074	238,903	602,945	170,645	534,687
70%	273,032	341,290	614,322	307,161	580,193	238,903	511,935
80%	182,021	409,548	591,569	375,419	557,440	307,161	489,182
90%	91,011	477,806	568,816	443,677	534,687	375,419	466,429
100%	0	546,064	546,064	511,935	511,935	443,677	443,677
Revenue Loss		80/90		75/90		65/90	
		Payment	Revenue	Payment	Revenue	Payment	Revenue
Dollars (\$)							
20%		0	728,085	0	728,085	0	728,085
30%		81,910	718,984	40,955	678,029	0	637,074
40%		163,819	709,883	122,864	668,928	40,955	587,018
50%		245,729	700,782	204,774	659,827	122,864	577,917
60%		327,638	691,681	286,683	650,726	204,774	568,816
70%		409,548	682,580	368,593	641,625	286,683	559,715
80%		491,457	673,478	450,502	632,524	368,593	550,614
90%		573,367	664,377	532,412	623,423	450,502	541,513
100%		655,276	655,276	614,322	614,322	532,412	532,412

**Loss Scenario 2:**

Assuming the allowable expenses is lower because of reduced expenses on harvesting, tracking due to crop loss. Assuming the allowable expenses for the insurance year is \$398,655 – 65 percent of approved expenses (\$613,315). The allowable expenses is 5 percent less than 70 percent. Therefore, the Approved AGR (\$910,106) is reduced by 5 percent to \$864,601.

Table 3 shows the possible income losses, insurance payments adjusted for lower allowable expenses (assuming 65% of approved expenses), and corresponding revenues.

**Table 3 Income Scenarios When Income Loss Occurs and Allowable Expenses Falls Below 70% of Approved Expenses Under AGR Insurance**

Revenue Loss	No Insurance <i>Revenue</i>	Coverage Election					
		80/75		75/75		65/75	
		<i>Payment</i>	<i>Revenue</i>	<i>Payment</i>	<i>Revenue</i>	<i>Payment</i>	<i>Revenue</i>
				<u>Dollars (\$)</u>			
20%	728,085	0	728,085	0	728,085	0	728,085
30%	637,074	40,955	678,029	8,532	645,606	0	637,074
40%	546,064	109,213	655,276	76,790	622,854	11,945	558,009
50%	455,053	177,471	632,524	145,048	600,101	80,203	535,256
60%	364,042	245,729	609,771	213,306	577,349	148,461	512,503
70%	273,032	313,987	587,018	281,564	554,596	216,719	489,751
80%	182,021	382,245	564,266	349,822	531,843	284,977	466,998
90%	91,011	450,502	541,513	418,080	509,091	353,235	444,246
100%	0	518,760	518,760	486,338	486,338	421,493	421,493
Revenue Loss		80/90		75/90		65/90	
		<i>Payment</i>	<i>Revenue</i>	<i>Payment</i>	<i>Revenue</i>	<i>Payment</i>	<i>Revenue</i>
				<u>Dollars (\$)</u>			
20%		0	728,085	0	728,085	0	728,085
30%		49,146	686,220	10,239	647,313	0	637,074
40%		131,055	677,119	92,148	638,212	14,334	560,398
50%		212,965	668,018	174,058	629,111	96,244	551,297
60%		294,874	658,917	255,967	620,010	178,153	542,196
70%		376,784	649,816	337,877	610,909	260,063	533,095
80%		458,693	640,715	419,786	601,808	341,972	523,994
90%		540,603	631,614	501,696	592,707	423,882	514,892
100%		622,513	622,513	583,606	583,606	505,791	505,791

# Attachments

OCTOBER 1998

FCIC-18050

FCI-12 AGR (10-98)	U. S. DEPARTMENT OF AGRICULTURE <b>Federal Crop Insurance Corporation</b> <b>ADJUSTED GROSS REVENUE APPLICATION</b> CONTINUOUS CONTRACT (Unless otherwise specified in the Contract)	OMB NO. 0563-0053
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1 Name of Applicant	5 Applicant's Tele. No.	6 Applicant's Authorized Representative
2 Street or Mailing Address	7 Policy Number	8 State and Code - County and Code
3 City and State	4 ZIP Code	9 Type of Entity
11 Identification Number	12 Check Applicable <input type="checkbox"/> SSN <input type="checkbox"/> EIN <input type="checkbox"/> OTHER	10 Is Applicant at least 18 years old? <input type="checkbox"/> Yes <input type="checkbox"/> No
13 I request insurance coverage for my approved Adjusted Revenue for the insurance year specified on my Annual Farm Report. <input type="checkbox"/> Yes <input type="checkbox"/> No		

A. Subject to the provisions of the Federal Crop Insurance Act and the regulations issued under that Act, I hereby apply for Adjusted Gross Revenue insurance on my tax entity. I understand that my insurable adjusted gross revenue (as indicated in box 13 above) must be insured. I also understand that the premium rates, and applicable deadlines are on file and available for my inspection in my agent's office. I further understand that no insurance will be available for my adjusted gross revenue unless this application and required forms (Annual Farm Report and farm tax forms) are completed and filed prior to the sales closing date for the insurance year. I also further understand that, although insurance under this application is continuous from year to year, policy terms, premium rates, the insurable adjusted gross revenue may change from year to year. All changes will be available in my agent's office prior to the contract change date.

14 Insurance Year	15 Annual Farm Report and farm tax forms attached. <input type="checkbox"/> Yes <input type="checkbox"/> No	16 Coverage Level/Payment Rate
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B. List all persons or entities with 10 percent or more interest in the applicant's farming operations. (See reverse side for additional space)

Name	Address	Phone (Include Area Code)	S-SSNE-EINO-OTHER (Enter Code & Number)	Entity Type

C. **CONDITIONS OF ACCEPTANCE:** This application is accepted and insurance attaches in accordance with the policy unless: (1) The Federal Crop Insurance Corporation determines that, in accordance with the regulations, the risk is excessive; (2) any material fact is omitted, concealed or misrepresented in this application or in the submission of this application; (3) you have failed to provide complete and accurate information required by this application; (4) the answer to any of the following questions is "yes." An answer of yes to these questions does not automatically result in rejection of the application. For example, if you answer yes to question (a) but your debt was discharged in bankruptcy, the application would not be rejected.

YES	NO	Question
		(a) Are you now indebted, and the debt is delinquent, for crop insurance under the Federal Crop Insurance Act?
		(b) Have you in the last five years been convicted under federal or state law of planting, cultivating, growing, producing, harvesting, or storing a controlled substance?
		(c) Have you ever had crop insurance terminated for violation of the terms of the contract or regulations, or for failure to pay your indebtedness?
		(d) Are you disqualified or debarred under the Federal Crop Insurance Act, or the regulations of the Federal Crop Insurance Corporation or the United States Department of Agriculture?
		(e) Have you ever entered into an agreement with the Federal Crop Insurance Corporation or with the Department of Justice that you would refrain from participating in the crop insurance program and that agreement is still effective?
		(f) Do you have like insurance on any of the agricultural commodity(ies) covered under this contract?

I understand that if coverage is currently terminated or would have subsequently terminated for indebtedness had this application been filed after the termination date no coverage can be provided and I am ineligible for any benefits under the Federal Crop Insurance Act until the cause for termination is corrected.

We will notify you of rejection by depositing notification in the United States mail, postage paid, to the above address. Unless rejected or the sales closing date has passed at the time you signed this application, the insurance contract shall be in effect for the insurance year specified and shall continue for each succeeding insurance year, unless otherwise specified in the policy until canceled, terminated or voided. The insurance contract, which includes the accepted application, is defined in the regulation published at 7 CFR chapter IV. No term or condition of the contract shall be waived or changed unless such waiver or change is expressly allowed by the contract and is in writing.

17 Name of Previous Carrier (if any)	18 Policy Number under Previous Carrier (if any)
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**False Claim Statement**

The information I have furnished on this form is complete and accurate. I understand that any false or inaccurate information may result in the sanctions outlined in my policy and administrative, civil, and criminal sanctions under 18 U.S.C. 1006 and 1014, 7 U.S.C. 1506, 31 U.S.C. 3729 and 3730 and other federal statutes.

I certify that the information and answers on this application are correct to my knowledge and belief; that none of the reasons for rejection in items 1 through 4 of the "Conditions of Acceptance" apply; and that I am aware of and understand the requirements of the Collection of Information and Data (Privacy Act), as well as all other provisions contained on this application.

19 Applicant's Signature	20 Date	21 Location of Farm Headquarters	Phone Number
22 Agent's Signature	23 Code Number	24 Date	25 Agent's Address
Phone Number			

**Schedule F****Profit or Loss From Farming****1995**

**Name of Proprietor** *Sample Diversified Vegetable Farm* **SSN** XXXXXXXX

**A. Principal product** *Vegetables and Fruits*

**Accounting method** *Cash*

**Part 1 Farm income-Cash Method**

1. Sales of livestock or other items you bought for resales	12,946
2. Cost or other basis of livestock and other items reported on line 1	4,600
3. Subtract line 2 from line 1	8,346
4. Sales of lvstk, produce, grains and other products you raised	229,949
5. Total cooperative distributions	0
6. Agricultural program payments	0
7. CCC loans	
a. CCC loans reported under election	0
b. CCC loans forfeited	0
8. Crop insurance proceeds and certain disaster payments	
a. Amount received in 1995	0
c. If election to defer to 1996 is attached enter amt. deferred	0
9. Custom hire (machine work) income	0
10. Other income inc. Fed. And State gasoline or fuel tax credit or refund	0
11. Gross Income	254,314

**Part 2 Farm Expenses**

12. Car and truck expenses	6,780	25. Pension and profit-sharing plans	
13. Chemicals	29,700	26. Rent or lease	
14. Conservation expenses	0	a. Vehicles	
15. Custom hire (machine work)	0	b. Other (land)	
16. Depreciation	19,692	27. Repairs and maintenance	17,662
17. Employee benefit programs		28. Seeds and plants purchased	18,700
18. Feed purchased	0	29. Storage and warehousing	0
19. Fertilizer and lime	358	30. Supplies purchased	20,024
20. Freight and Trucking	1,112	31. Taxes	0
21. Gasoline, fuel, and oil	5,348	32. Utilities	10,746
22. Insurance (other than health)	18,930	33. Veterinary, breeding, medicine	0
23. Interest:		34. Other Expenses (specify)	
a. Mortgage (pd. To banks, etc.)		a. <i>Water</i>	4,079
b. Other		b. <i>Legal/profession</i>	3,297
24. Labor hired	42,508	c. <i>miss</i>	3,685
		d.	
		e.	
		f.	

**35. Total Expenses****36. Net Farm Profit or (loss)**

**Schedule F****Profit or Loss From Farming****1996**

**Name of Proprietor** *Sample Diversified Vegetable Farm* **SSN** XXXXXXXX

**A. Principal product** *Vegetables and Fruits*

**Accounting method** *Cash*

**Part 1 Farm income-Cash Method**

1. Sales of livestock or other items you bought for resales	20,968
2. Cost or other basis of livestock and other items reported on line 1	5,000
3. Subtract line 2 from line 1	15,968
4. Sales of lvstk, produce, grains and other products you raised	398,385
5. Total cooperative distributions	0
6. Agricultural program payments	0
7. CCC loans	
a. CCC loans reported under election	0
b. CCC loans forfeited	0
8. Crop insurance proceeds and certain disaster payments	
a. Amount received in 1996	0
c. If election to defer to 1997 is attached enter amt. deferred	0
9. Custom hire (machine work) income	0
10. Other income inc. Fed. And State gasoline or fuel tax credit or refund	800
11. Gross Income	415,153

**Part 2 Farm Expenses**

12. Car and truck expenses	7,480	25. Pension and profit-sharing plans	
13. Chemicals	28,760	26. Rent or lease	
14. Conservation expenses	0	a. Vehicles	
15. Custom hire (machine work)	0	b. Other (land)	
16. Depreciation	28,953	27. Repairs and maintenance	12,816
17. Employee benefit programs		28. Seeds and plants purchased	20,800
18. Feed purchased	0	29. Storage and warehousing	0
19. Fertilizer and lime	44,947	30. Supplies purchased	25,209
20. Freight and Trucking	442	31. Taxes	
21. Gasoline, fuel, and oil	8,145	32. Utilities	11,839
22. Insurance (other than health)	15,795	33. Veterinary, breeding, medicine	0
23. Interest:		34. Other Expenses (specify)	
a. Mortgage (pd. To banks, etc.)		a. <i>Water</i>	2,754
b. Other		b. <i>Legal/profession</i>	2,649
24. Labor hired	71,677	c. <i>miss</i>	6,272
		d.	
		e.	
		f.	

**35. Total Expenses**

**36. Net Farm Profit or (loss)**

**Schedule F Profit or Loss From Farming 1997**

Name of Proprietor *Sample Diversified Vegetable Farm* SSN XXXXXXXX

A. Principal product *Vegetables and Fruits*

Accounting method *Cash*

**Part 1 Farm income-Cash Method**

1. Sales of livestock or other items you bought for resales	27,365
2. Cost or other basis of livestock and other items reported on line 1	9,000
3. Subtract line 2 from line 1	18,365
4. Sales of lvstk, produce, grains and other products you raised	519,932
5. Total cooperative distributions	0
6. Agricultural program payments	0
7. CCC loans	
a. CCC loans reported under election	0
b. CCC loans forfeited	0
8. Crop insurance proceeds and certain disaster payments	
a. Amount received in 1997	0
c. If election to defer to 1998 is attached enter amt. deferred	0
9. Custom hire (machine work) income	0
10. Other income inc. Fed. And State gasoline or fuel tax credit or refund	800
11. Gross Income	539,097

**Part 2 Farm Expenses**

12. Car and truck expenses	9,096	25. Pension and profit-sharing plans	
13. Chemicals	29,800	26. Rent or lease	
14. Conservation expenses	0	a. Vehicles	
15. Custom hire (machine work)	0	b. Other (land)	
16. Depreciation	29,803	27. Repairs and maintenance	12,990
17. Employee benefit programs		28. Seeds and plants purchased	21,300
18. Feed purchased	0	29. Storage and warehousing	0
19. Fertilizer and lime	21,089	30. Supplies purchased	71,453
20. Freight and Trucking	4,217	31. Taxes	
21. Gasoline, fuel, and oil	10,742	32. Utilities	11,614
22. Insurance (other than health)	17,898	33. Veterinary, breeding, medicine	0
23. Interest:		34. Other Expenses (specify)	
a. Mortgage (pd. To banks, etc.)		a. <i>Water</i>	6,704
b. Other		b. <i>Legal &amp; professional</i>	2,990
24. Labor hired	155,443	c. <i>Miss</i>	5,407
		d.	
		e.	
		f.	

**35. Total Expenses** 410,546  
**36. Net Farm Profit or (loss)** 128,551

**Schedule F****Profit or Loss From Farming****1998**

**Name of Proprietor** *Sample Diversified Vegetable Farm* **SSN** XXXXXXXX

**A. Principal product** *Vegetables and Fruits*

**Accounting method** *Cash*

**Part 1 Farm income-Cash Method**

1. Sales of livestock or other items you bought for resales	34,210
2. Cost or other basis of livestock and other items reported on line 1	9,976
3. Subtract line 2 from line 1	24,234
4. Sales of lvstk, produce, grains and other products you raised	649,992
5. Total cooperative distributions	0
6. Agricultural program payments	0
7. CCC loans	
a. CCC loans reported under election	0
b. CCC loans forfeited	0
8. Crop insurance proceeds and certain disaster payments	
a. Amount received in 1998	0
c. If election to defer to 1999 is attached enter amt. deferred	0
9. Custom hire (machine work) income	0
10. Other income inc. Fed. And State gasoline or fuel tax credit or refund	800
11. Gross Income	675,026

**Part 2 Farm Expenses**

12. Car and truck expenses	5,943	25. Pension and profit-sharing plans	
13. Chemicals	33,000	26. Rent or lease	
14. Conservation expenses	0	a. Vehicles	
15. Custom hire (machine work)	0	b. Other (land)	
16. Depreciation	30,258	27. Repairs and maintenance	4,051
17. Employee benefit programs		28. Seeds and plants purchased	19,800
18. Feed purchased	0	29. Storage and warehousing	0
19. Fertilizer and lime	73,420	30. Supplies purchased	105,811
20. Freight and Trucking	2,917	31. Taxes	
21. Gasoline, fuel, and oil	12,191	32. Utilities	32,337
22. Insurance (other than health)	29,368	33. Veterinary, breeding, medicine	0
23. Interest:		34. Other Expenses (specify)	
a. Mortgage (pd. To banks, etc.)		a. <i>Water</i>	2,231
b. Other		b. <i>Legal &amp; professional</i>	6,549
24. Labor hired	181,998	c. <i>Miss</i>	10,232
		d.	
		e.	
		f.	

**35. Total Expenses****36. Net Farm Profit or (loss)**

**Schedule F****Profit or Loss From Farming****1999**

**Name of Proprietor** *Sample Diversified Vegetable Farm* **SSN** *XXXXXXXX*

**A. Principal product** *Vegetables and Fruits*

**Accounting method** *Cash*

**Part 1 Farm income-Cash Method**

1. Sales of livestock or other items you bought for resales	36,871
2. Cost or other basis of livestock and other items reported on line 1	11,164
3. Subtract line 2 from line 1	25,707
4. Sales of lvstk, produce, grains and other products you raised	700,540
5. Total cooperative distributions	0
6. Agricultural program payments	0
7. CCC loans	
a. CCC loans reported under election	0
b. CCC loans forfeited	0
8. Crop insurance proceeds and certain disaster payments	
a. Amount received in 1999	0
c. If election to defer to 2000 is attached enter amt. deferred	0
9. Custom hire (machine work) income	0
10. Other income inc. Fed. And State gasoline or fuel tax credit or refund	1,200
11. Gross Income	727,447

**Part 2 Farm Expenses**

12. Car and truck expenses	6,446	25. Pension and profit-sharing plans	
13. Chemicals	30,000	26. Rent or lease	
14. Conservation expenses	0	a. Vehicles	
15. Custom hire (machine work)	0	b. Other (land)	
16. Depreciation	55,020	27. Repairs and maintenance	2,942
17. Employee benefit programs		28. Seeds and plants purchased	23,000
18. Feed purchased	0	29. Storage and warehousing	0
19. Fertilizer and lime	20,650	30. Supplies purchased	95,361
20. Freight and Trucking	4,568	31. Taxes	
21. Gasoline, fuel, and oil	15,724	32. Utilities	15,797
22. Insurance (other than health)	33,621	33. Veterinary, breeding, medicine	0
23. Interest:		34. Other Expenses (specify)	
a. Mortgage (pd. To banks, etc.)		a. <i>Water</i>	4,365
b. Other		b. <i>Legal &amp; professional</i>	6,393
24. Labor hired	249,629	c. <i>Miss</i>	22,443
		d.	
		e.	
		f.	

**35. Total Expenses****36. Net Farm Profit or (loss)**

## Sample Farm's Five-Year Cropping History

### UNITED STATES DEPARTMENT OF AGRICULTURE

Federal Crop Insurance Corporation

### AGRICULTURAL COMMODITY PROFILE – FORM 823

PART I – PRODUCER INFORMATION																				
SAMPLE FARM																				
CROP OR COMMODITY	TAX YEAR 1995				TAX YEAR 1996				TAX YEAR 1997				TAX YEAR 1998				TAX YEAR 1999			
	Acres	Market	%	Irr. Prac.	Acres	Market	%	Irr. Prac.	Acres	Market	%	Irr. Prac.	Acres	Market	%	Irr. Prac.	Acres	Market	%	Irr. Prac.
Strawberries	13	W/R <sup>1</sup>	80/20	I	15	W/R	80/20	I	25	W/R <sup>1</sup>	80/20	I	18	W/R <sup>1</sup>	80/20	I	18	W/R <sup>1</sup>	80/20	I
Cabbage	9	W/R	95/5	I	10	W/R	95/5	I	12	W/R	95/5	I	12	W/R	95/5	I	14	W/R	95/5	I
Blueberries	5	W/R	80/20	I	5	W/R	80/20	I	5	W/R	80/20	I	5	W/R	80/20	I	5	W/R	80/20	I
Raspberries	2	W/R	50/50	I	2	W/R	50/50	I					1	W/R	50/50	I	1	W/R	50/50	I
Sweet Corn	46	W/R	80/20	I	52	W/R	80/20	I	41	W/R	80/20	I	50	W/R	80/20	I	60	W/R	80/20	I
Tomatoes	20	W/R	80/20	I	15	W/R	80/20	I	25	W/R	80/20	I	25	W/R	80/20	I	25	W/R	80/20	I
Peppers	37	W/R	80/20	I	35	W/R	80/20	I	35	W/R	80/20	I	30	W/R	80/20	I	33	W/R	80/20	I
Squash, Summer	1	W/R	80/20	I	1	W/R	80/20	I	2	W/R	80/20	I	2	W/R	80/20	I	5	W/R	80/20	I
Melons	3	W/R	50/50	I	1	W/R	50/50	I	1	W/R	50/50	I	1	W/R	50/50	I	4	W/R	50/50	I
Tomatoes	1	W/R	90/10	I	1	W/R	90/10	I	1	W/R	90/10	I	2	W/R	90/10	I	2	W/R	90/10	I
Pumpkins	7	W/R	70/30	I	7	W/R	70/30	I	20	W/R	70/30	I	20	W/R	70/30	I	23	W/R	70/30	I
Fall Squash	1	W/R	90/10	I	10	W/R	90/10	I	17	W/R	90/10	I	17	W/R	90/10	I	27	W/R	90/10	I
Indian Corn													1	W/R	90/10	I	1	W/R	90/10	I
Apples	10	R	100	No	10	R	100	NO	10	R	100	NO	8	R	100	I	8	R	100	I
Apples		P for R <sup>2</sup>	100			P for R	100		N/A	P for R <sup>2</sup>	100		N/A	P for R <sup>2</sup>	100	NO	N/A	P for R <sup>2</sup>	100	NO

<sup>1</sup> W – Wholesale,

R – Retail

<sup>2</sup> P for R – Purchased for Retail

**UNITED STATES DEPARTMENT OF AGRICULTURE**

Federal Crop Insurance Corporation

**ANNUAL FARM REPORT – Form 821**

PRODUCER INFORMATION			INTENDED COMMODITY REPORT					
Sample Farm								
ADJUSTED GROSS REVENUE (AGR) REPORT			INTENDED COMMODITY REPORT					
<i>Tax Year</i>	<i>Allowable Income</i>	<i>Allowable Expenses</i>	<i>Commodity Name/Code</i>	<i># Years Produced</i>	<i>Intended Amount</i>	<i>Total Amount</i>	<i>Expected Value</i>	<i>Dollars</i>
			Blueberries 0012					
1995	240,297	171,510	Wholesale	5	4.5 acres	630 flats	13.00	8,190
1996	397,507	246,939	Retail	5	0.5 acres	70 flats	24.00	1,680
1997	489,080	339,726	Pumpkins 0605					
1998	600,958	455,756	Wholesale	48	18.31 acres	880 bins	65.00	57,200
1999	660,694	475,350	Retail	48	4.58 acres	220 bins	200.00	44,000
			Strawberries 0628					
<b>TOTAL</b>	<b>2,388,536</b>	<b>1,689,281</b>	Wholesale	48	14.4 acres	8,800 flats	11.00	96,800
<b>AVERAGE</b>	<b>477,707</b>	<b>337,856</b>	Retail	48	3.6 acres	2,200 flats	20.00	44,000
			Tomatoes 0086					
			Wholesale	48	17.6 acres	17,600 boxes	10.00	176,000
			Retail	48	4.4 acres	4,400 boxes	24.75	108,900
			Peppers 0104					
			Wholesale	48	26.4 acres	31,680 bu	11.00	348,680
			Retail	48	6.6 acres	7,920 bu	14.75	116,820
			Sweet Corn 0044					
			Wholesale	48	36 acres	7,200 bu	9.50	68,400
			Retail	48	24 acres	4,800 bu	12.50	60,000
			Eggplants 0613					
<b>Adjustment</b>	<b>477,707 x (1.175<sup>4</sup>) = 910,106</b>		Wholesale	48	0.8 acres	120 bu	11.00	1,320
			Retail	48	0.2 acres	30 bu	12.25	368
<b>Preliminary AGR</b>		<b>910,106</b>	Hot Peppers 0610					
			Wholesale	48	1.6 acres	1,600 bu	14.00	22,400
			Retail	48	0.4 acres	400 bu	24.75	9,900
			Guards 0652					
<b>Approved AGR</b>		<b>910,106</b>	Wholesale	48	3.36 acres	18 bins	200.00	3,520
			Retail	48	0.84 acres	4 bins	380.00	1,672
			Peas 0064					
			Wholesale	48	0.8 acres	142 bu	18.00	2,549
			Retail	48	0.2 acres	35 bu	25.00	885

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INTENDED COMMODITY REPORT - CONTINUED								
			<i>Commodity Name/Code</i>	<i># Years Produced</i>	<i>Intended Amount</i>	<i>Total Amount</i>	<i>Expected Value</i>	<i>Dollars</i>
			Cucumbers 0603					
			Wholesale	48	4.8 acres	3,250 bu	12.00	38,995
			Retail	48	1.2 acres	812 bu	16.00	12,998
			Zucchini 0640					
			Wholesale	48	4 acres	1,762 bu	12.00	21,144
			Retail	48	1 acres	441 bu	20.00	8,810
			Cucumbers (pickling) 0603					
			Wholesale	2	1.6 acres	267 bu	12.00	3,206
			Retail	2	0.4 acres	67 bu	18.00	1,202
			Winter Squash 0652					
			Wholesale	48	21.6 acres	8,000 bu	11.00	88,000
			Retail	48	5.4 acres	2,000 bu	12.00	24,000
			Cabbage 0070					
			Wholesale	48	11.48 acres	6,930 boxes	5.25	36,383
			Retail	48	0.12 acres	70 boxes	10.00	700
			Gladiolas 0683					
			Wholesale	1	1.35 acres	360 pales	13.00	4,680
			Retail	1	0.15 acres	40 pales	34.00	1,360
			Indian Corn 0651					
			Wholesale	3	1.6 acres	120 bu	25.00	3,000
			Retail	3	0.4 acres	30 bu	60.00	1,800
			Raspberries 0679					
			Wholesale	2	0.8 acres	52 flats	20.00	1,040
			Retail	2	0.2 acres	13 flats	36.00	468
			Apple 0054					
			Retail	5	8 acres	1,600 bu	8.00	12,800
			Purchased for resale			1,600 bu	10.00	16,000
			<b>Total Number Commodities</b>	<b>19</b>		<b>Total Expected Income</b>		<b>1,449,670</b>



