

AGRIINVEST

2017

GENERAL PRINCIPLES

AgriInvest is a federal-provincial program that allows participants to annually deposit an amount into an account and, in turn, to receive a matching government contribution.

Given the similarities and complementarity between the AgriInvest and Agri-Québec programs, the management of the financial information, the issuing of the Deposit Notice and the administration of account operations are undertaken jointly.

The participant's deposit, the government contributions and accrued interest are deposited into an individual account administered by La Financière agricole.

The participant's account has two funds. The funds taken from the participant's deposit are not taxable and constitute Fund 1. The funds taken from the government contributions and interest constitute Fund 2 and are taxable as investment income.

Operations that are in their first participation year or that want to re-register must contact their service centre and transmit their financial information by the required deadlines.

The 2017 participation year concerns the participating operation's fiscal period or periods ending in 2017.

ELIGIBILITY CONDITIONS

The participating operation must:

- Undertake farming activity in Canada and report farm income or loss for the participation year to the Canada Revenue Agency.
- Provide a Social Insurance Number (SIN) or Québec Business Number (NEQ) and/or a federal business number (BN).
- Be registered with the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation du Québec and provide the operation's registration number (NIM)
- Market a product subject to the regulations and conventions in effect.
- Submit a valid phosphorus report (cross compliance measures).
- Abide by program requirements with regard to deadlines.

ALLOWABLE PRODUCTS

Most agricultural products are allowable except for:

- products under supply-management;
- forestry products;
- aquacultural products;
- racehorses;
- peat moss;
- wild animals in their natural environment.

Moreover, the resale of products that do not come from the farming operation and income derived from farming activities carried on outside of Canada are not eligible.

TRANSMISSION OF FINANCIAL INFORMATION

Participants may transmit their financial information once their fiscal year has ended or, at the latest, by the deadline shown in the financial information transmission document. When participants send their financial information late, but within three months after the deadline, their maximum allowable deposit is reduced by 5% per month or part of month late.

The financial information sent for the other AGRI programs will also be used for the AgriInvest program.

ALLOWABLE NET SALES (ANS)

ANS correspond to the sales of allowable agricultural products minus the purchases of allowable products. For participating operations that also have supply-managed products, the ANS are calculated as follows:

$$\text{ANS} = \left(\begin{array}{l} \text{SALES} \\ \text{of allowable} \\ \text{and supply-} \\ \text{managed} \\ \text{products} \end{array} - \begin{array}{l} \text{PURCHASES} \\ \text{of allowable} \\ \text{and supply-} \\ \text{managed} \\ \text{products} \end{array} \right) \times \begin{array}{l} \text{PROPORTION} \\ \text{of sales of} \\ \text{eligible products} \end{array}$$

ANS are calculated using an accrual method of accounting, the sales are adjusted to include changes in inventory. In addition, payments from certain other programs that compensate for the loss of an eligible agricultural product are taken into account when calculating ANS (e.g.: crop insurance, private insurance).

DEPOSIT

Upon receiving a participating operation's financial information, La Financière agricole calculates the ANS and the amount of the maximum deposit to receive the matching government contribution. A Deposit Notice confirms these amounts to the participating operation.

Once participants receive their deposit notice, they can deposit an amount up to the maximum allowed. To make a deposit, a transfer can be made from money in their account. The transfer must cover the entire amount the participant wishes to deposit, which is considered a withdrawal from the accounts.

Participating operations may make only one deposit for every Deposit Notice issued, up to 90 days following the date of the notice. The minimum amount that can be deposited is \$75.

Following a deposit, La Financière agricole pays the government contributions into the participant's account and confirms the amounts in writing, along with the new balance in the account.

The government contributions are equivalent to the participant's deposit up to an amount representing 1% of the operation's ANS. The calculation of the amount participants can deposit into their account annually is recorded in the table below.

WITHDRAWAL

At any time, participating operations can withdraw the amount they wish, up to the balance in the account. The minimum amount of a withdrawal is \$75. A withdrawal can however be below \$75 if it brings the account balance to zero or allows the participant to pay an amount due to La Financière agricole.

When a withdrawal is made, the amounts are taken from the accounts in the following order:

1. Fund 2 AgriInvest
2. Fund 1 AgriInvest
3. Fund 2 Agri-Québec
4. Fund 1 Agri-Québec

MAIN DIFFERENCES BETWEEN AGRINVEST AND AGRI-QUÉBEC

| | AgriInvest | Agri-Québec |
|--|--|--|
| Living in... | Canada | Québec only |
| Eligibility | Agricultural operations | Agricultural and aquacultural operations |
| Government contributions come from... | Government of Canada 60% Government of Québec 40% | Government of Québec 100% |
| The government contribution is equivalent to the participant's deposit. It is calculated as follows: | <ul style="list-style-type: none">• 1% of ANS, up to \$1.5 million of ANS;• The maximum amount of government contributions is \$15,000 (1% X \$1.5 million of ANS). | <ul style="list-style-type: none">• 3.2% of agricultural ANS and 3.9 % of aquacultural ANS up to \$1.5 million of ANS;• 2.0% of ANS from \$1.5 million to \$2.5 million;• 1.5% of ANS from \$2.5 million to \$5.0 million;• 1.0% of ANS over \$5.0 million;• Increases may apply. Please refer to the Agri-Québec program for details. |

OTHER INFORMATION

- A list of preparers who can gather financial information for participants is available on our website (www.fadq.qc.ca).
- Participants that wish to make adjustments in financial information already transmitted for any given participation year can do so within 18 months after the issue of the first Deposit Notice for the year in question.
- Farm Income Stabilization Insurance Program (ASRA) program intervention will be adjusted to take into account any amounts the farm types would have received if they had participated in the AgriInvest program.

This summary, valid for 2017, in no way takes precedence over the provisions of the Program Guidelines or of the Federal-Provincial-Territorial Agreement "Growing Forward 2".

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