

**AN ADJUSTED GROSS REVENUE (AGR) INSURANCE ANALYSIS  
FOR JOHN DOE NURSERY, ANYTOWN  
CUMBERLAND COUNTY, NEW JERSEY**

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**Farm Description**

• **Farming History**

John Doe began the nursery business in 1985. He rents the land on a long-term lease. He specializes in wholesaling native plants. His plants are sold in all different sizes. If he has inventory at the end of the year, he transplants into larger pots and tries to sell them the next year. He prints a catalog each spring based on the inventory at the end of the year. His customers are mostly landscapers. He also sells some plants via mail order. He rents 5 acres, but uses only 2 acres for production. He has 4,800 square feet of propagation greenhouses (2 houses which are 24 feet by 100 feet). He has 8,000 square feet of hoop houses. The remaining production is in pots on black plastic. He begins all of the plants from seeds or cuttings. John does most of the labor himself, but hires part time employees to help with transplanting, watering and other purposes. John would like to expand the business, but is hesitant to do so until he secures another 10-year lease in 2005.

• **Insurance History**

John carries liability insurance and insurance on the greenhouse structures and other buildings, with a commercial insurance company. He carries only CAT coverage on the crops. John is now considering the Adjusted Gross Revenue (AGR) Insurance Program for his operation in the year 2001. He is concerned that the value of his inventory is more than the value of annual revenue. He feels that a major loss would be more than just his annual revenue, but would destroy his income for 2 or more years, since the larger plants take several years to produce.

• **Risk Reduction Practices**

John has invested in hoop houses and polyethylene blankets that he puts on top of plants during the winter to control cold and frost damage. He also irrigates through the winter so that he only loses a small percentage of plants to desiccation. However, he always loses some crops to cold damage because there is usually a warm spell where plants get soft, and then they are destroyed by a later cold spell.

## Application

To be eligible for AGR coverage, John Doe Nursery 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, John Doe Nursery 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, Form 821-AGR - Annual Farm Report, and the beginning inventory.

## Revenue History

To apply for AGR coverage, John Doe Nursery must furnish a summary of the sales history over the five most recent years (Table 1) and five consecutive tax years of allowable income prior to the year immediately preceding the insurance year (Table 2). Prices have remained flat over the last five years. It should be noted that adjustments should be 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 must be 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.

## Sales Intentions for 2001

For his own planning purposes, and because his lender requests it, John has developed his sales intentions for 2001. He intends to sell several crops as follows:

### John Doe Nursery's Sales Intentions for 2001 (Nursery Code: 0073)

Crop	Prices	Units	Value
<b>Trees</b>			
1 gallon	\$ 5.50	3400	\$ 18,700
1.5 gallon	\$ 6.00	700	\$ 4,200
2 gallons	\$ 7.50	3050	\$ 22,875
2.5 gallons	\$10.00	200	\$ 2,000
5 gallons	\$18.00	400	\$ 7,200
1 pint	\$ 1.00	0	\$ -
1 inch plug	\$ 0.55	0	\$ -
3 inch plug	\$ 0.75	0	\$ -
4 inch pot	\$ 1.00	0	\$ -
Bare root	\$ 0.75	0	\$ -
<b>Shrubs</b>			

1 gallon	\$ 4.50	3100 \$	13,950
1.5 gallon	\$ 5.50	1200 \$	6,600
2 gallons	\$ 7.50	2500 \$	18,750
5 gallons	\$18.00	200 \$	3,600
1 pint	\$ 1.00	0 \$	-
1 inch plug	\$ 0.55	0 \$	-
2 inch plug	\$ 0.65	0 \$	-
3 inch plug	\$ 0.75	0 \$	-
1 quart	\$ 1.50	0 \$	-
6 inch pot	\$ 2.00	0 \$	-
Bare root	\$ 0.75	0 \$	-
<b>Herbaceous Plants</b>			
1 gallon	\$ 2.00	4050 \$	8,100
1.5 gallon	\$ 5.50	200 \$	1,100
2 gallons	\$ 7.50	180 \$	1,350
5 gallons	\$18.00	0 \$	-
1 pint	\$ 1.00	280 \$	280
1 inch plug	\$ 0.55	0 \$	-
2 inch plug	\$ 0.65	0 \$	-
3 inch plug	\$ 0.75	0 \$	-
1 quart	\$ 1.50	180 \$	270
4 inch pot	\$ 1.00	0 \$	-
6 inch pot	\$ 2.00	0 \$	-
<b>Vines</b>		0 \$	-
1 pint	\$ 1.00	200 \$	200
1 inch plug	\$ 0.55	1500 \$	825
2 inch plug	\$ 0.65	\$	-
1 quart	\$ 1.50	0 \$	-
6 inch pot	\$ 2.00	0 \$	-
Total		\$	110,000

His total Expected Income for the 2001 insurance year is: \$110,000.

### **AGR Calculations:**

To determine the income that will be covered by the AGR insurance plan it is necessary to take a simple average of the allowable income from John's last five years of Form 1040-Schedule F. If either of the two most recent years is greater than the average, a trend adjustment may be employed. The adjustment to the Average Allowable Income is accomplished as follows:

Beginning with the first year's revenue, divide the allowable income in year two by the allowable income in year one. Move to year three and divide that allowable income by year two and so on through year five. Four values will be obtained, average these figures and multiply the result itself three times (fourth power). This value is known as the income trend factor to "Adjust" the Average Allowable Income for insurance purposes. Insurance levels will be based on the *lesser* of the Adjusted Average Allowable Income or the total Expected Income for the business plan.

John's most recent year Allowable Incomes are: \$105,490 in 1995, \$130,774 in 1996, \$116,450 in 1997, \$90,656 in 1998 and \$102,000 in 1999. His Average Allowable Income is:  $(\$105,490 + \$130,774 + \$116,450 + \$90,656 + \$102,000) / 5 = \underline{\$109,074}$ .

Since John's Allowable Income for neither 1998 (\$90,656) nor 1999 (\$102,000) is greater than the Average Allowable Income (\$109,074), he does not have to adjust the Average Allowable Income using an income trend factor. The Approved AGR is the lesser of: 1) the average AGR (\$109,074) or the Indexed Average AGR, whichever is applicable, or 2) the total Expected Allowable Income (\$110,000). In John's case, the level of Approved Adjusted Gross Revenue is \$109,074.

- **Possible Coverage Elections**

Once the Approved AGR has been determined, it is then up to the grower to choose the level of coverage s/he desires. The options are as follows:

- (1) 65% coverage level with 75% payment rate (applies to any number of crops).
- (2) 75% coverage level with 75 or 90% payment rate (at least 2 crops required).
- (3) 80% coverage level with 75 or 90% payment rate (at least 4 crops required).

The 65% coverage level with a 75% payment rate is available to producers of agricultural commodities (it does not matter if one or a dozen crops are produced).

To be eligible for 75% coverage level with a 75% or 90% payment rate, the grower must produce at least two crops where expected revenue for the insurance year is equal to or greater than the amount determined by the diversification formula *{Diversification formula:  $(1/\text{the number of commodities to be produced}) \times 0.33(\text{the total Expected Revenue for the insurance year})$ }*.

To be eligible for 80% coverage level with a 75% or 90% payment rate, the grower must produce at least four crops where expected revenue for the insurance year is equal to or greater than the amount determined by the diversification formula.

Loss payments are triggered when the AGR for the insured year is less than the loss inception point *{the loss inception point is calculated by multiplying the Approved AGR by the chosen percent coverage level (0.60, 0.75, 0.80)}*. Once the loss is triggered, the payment rate is 75% or 90% of the Revenue shortfall. The AGR protection is calculated by multiplying the Approved AGR times the percent coverage level and payment rate selected by the grower.

- **AGR Protection and Loss Payments**

For AGR purposes, nursery is considered one crop. John is specialized in nursery production and qualifies for the 65% coverage rate at the 75% payment rate.

### **Insurance Scenarios**

The following are his coverage and payment rate and the corresponding protection level and loss inception point.

Elected coverage	Coverage level	Payment rate	Approved AGR	Loss inception point	AGR protection
65/75	65%	75%	\$109,074	\$70,898	\$53,173

John qualifies for the 65% coverage rate at the 75% payment rate. Since, his Approved AGR is \$109,074, his loss inception point is:  $\$109,074 * 0.65 = \$70,898$ . His AGR protection is:  $\$109,074 * 0.65 * 0.75 = \underline{\$53,173}$

### **Revenue Loss Scenarios**

Expected Revenue for 2001: \$110,000.

John's loss payments will be triggered when his AGR for the insured year is less than his loss inception point (\$70,898).

Revenue loss	Loss inception point	Actual revenue	Revenue deficiency	Payment rate	Paid Revenue deficiency
20%	\$70,898	\$88,000	\$0	0.75	\$0
40%	\$70,898	\$66,000	\$4,898	0.75	\$3,673
60%	\$70,898	\$44,000	\$26,898	0.75	\$20,173
80%	\$70,898	\$22,000	\$48,898	0.75	\$36,673
100%	\$70,898	\$0	\$70,898	0.75	\$53,173

In this case, loss payments would trigger when the revenue for 2001 is less than \$70,898. For example, if John had actual revenue of \$44,000 or 40% of expectation, the payment rate is equal to the revenue deficiency that will be paid by the insurance provider:  $(\$70,898 - \$44,000) * 0.75 = \underline{\$20,173}$ .

### **John's Premium**

Elected coverage	Coverage level	Premium (75% payment rate)
65/75	65%	\$319

**Table 1. John Doe Nursery's Five-year Sales History**

Crop	Prices	1995		1996		1997		1998		1999	
		Units	Value	Units	Value	Units	Value	Units	Value	Units	Value
<b>Trees</b>											
1 gallon	\$ 5.50	1000	\$ 5,500	1300	\$ 7,150	500	\$ 2,750	500	\$ 2,750	900	\$ 4,950
1.5 gallon	\$ 6.00	0	\$ -	50	\$ 300	100	\$ 600	0	\$ -	0	\$ -
2 gallons	\$ 7.50	2600	\$ 19,500	2921	\$ 21,908	2300	\$ 17,250	2500	\$ 18,750	3675	\$ 27,563
2.5 gallons	\$10.00	0	\$ -	150	\$ 1,500	200	\$ 2,000	0	\$ -	0	\$ -
5 gallons	\$18.00	0	\$ -	56	\$ 1,008	1600	\$ 28,800	0	\$ -	0	\$ -
1 pint	\$ 1.00	0	\$ -	8	\$ 8	50	\$ 50	0	\$ -	0	\$ -
1 inch plug	\$ 0.55	800	\$ 440	2816	\$ 1,549	200	\$ 110	4500	\$ 2,475	2000	\$ 1,100
3 inch plug	\$ 0.75	2000	\$ 1,500	1689	\$ 1,267	2000	\$ 1,500	500	\$ 375	1100	\$ 825
4 inch pot	\$ 1.00	0	\$ -	615	\$ 615	500	\$ 500	500	\$ 500	400	\$ 400
Bare root	\$ 0.75	0	\$ -	2607	\$ 1,955	1400	\$ 1,050	2500	\$ 1,875	1700	\$ 1,275
<b>Shrubs</b>											
1 gallon	\$ 4.50	3500	\$ 15,750	4023	\$ 18,104	2000	\$ 9,000	2500	\$ 11,250	2670	\$ 12,015
1.5 gallon	\$ 5.50	0	\$ -	10	\$ 55	1200	\$ 6,600	0	\$ -	0	\$ -
2 gallons	\$ 7.50	4900	\$ 36,750	5921	\$ 44,408	1600	\$ 12,000	3600	\$ 27,000	4300	\$ 32,250
5 gallons	\$18.00	0	\$ -	35	\$ 630	900	\$ 16,200	0	\$ -	0	\$ -
1 pint	\$ 1.00	0	\$ -	0	\$ -	200	\$ 200	0	\$ -	0	\$ -
1 inch plug	\$ 0.55	750	\$ 413	962	\$ 529	200	\$ 110	0	\$ -	500	\$ 275
2 inch plug	\$ 0.65	100	\$ 65	100	\$ 65	200	\$ 130	0	\$ -	80	\$ 52
3 inch plug	\$ 0.75	2000	\$ 1,500	2000	\$ 1,500	200	\$ 150	2500	\$ 1,875	1700	\$ 1,275
1 quart	\$ 1.50	400	\$ 600	431	\$ 647	300	\$ 450	0	\$ -	300	\$ 450
6 inch pot	\$ 2.00	700	\$ 1,400	750	\$ 1,500	50	\$ 100	500	\$ 1,000	600	\$ 1,200
Bare root	\$ 0.75	1050	\$ 788	1050	\$ 788	700	\$ 525	0	\$ -	800	\$ 600
<b>Herbaceous Plants</b>											
1 gallon	\$ 2.00	4300	\$ 8,600	4316	\$ 8,632	3000	\$ 6,000	3500	\$ 7,000	3400	\$ 6,800
1.5 gallon	\$ 5.50	0	\$ -	0	\$ -	100	\$ 550	0	\$ -	0	\$ -
2 gallons	\$ 7.50	180	\$ 1,350	185	\$ 1,388	500	\$ 3,750	300	\$ 2,250	0	\$ -
5 gallons	\$18.00	0	\$ -	3	\$ 54	100	\$ 1,800	0	\$ -	0	\$ -
1 pint	\$ 1.00	3700	\$ 3,700	3728	\$ 3,728	500	\$ 500	4500	\$ 4,500	2800	\$ 2,800
1 inch plug	\$ 0.55	0	\$ -	4266	\$ 2,346	2000	\$ 1,100	3000	\$ 1,650	3000	\$ 1,650
2 inch plug	\$ 0.65	4800	\$ 3,120	4816	\$ 3,130	2500	\$ 1,625	6500	\$ 4,225	6300	\$ 4,095
3 inch plug	\$ 0.75	0	\$ -	189	\$ 142	300	\$ 225	0	\$ -	0	\$ -
1 quart	\$ 1.50	2800	\$ 4,200	2900	\$ 4,350	100	\$ 150	2000	\$ 3,000	1300	\$ 1,950
4 inch pot	\$ 1.00	0	\$ -	200	\$ 200	200	\$ 200	0	\$ -	0	\$ -
6 inch pot	\$ 2.00	0	\$ -	200	\$ 400	100	\$ 200	0	\$ -	0	\$ -
<b>Vines</b>											
1 pint	\$ 1.00	0	\$ -	20	\$ 20	100	\$ 100	0	\$ -	0	\$ -
1 inch plug	\$ 0.55	1200	\$ 660	1260	\$ 693	500	\$ 275	100	\$ 55	800	\$ 440
2 inch plug	\$ 0.65	180	\$ 117	200	\$ 130	100	\$ 65	300	\$ 195	200	\$ 130
1 quart	\$ 1.50	0	\$ -	36	\$ 54	0	\$ -	0	\$ -	\$	\$ -
6 inch pot	\$ 2.00	0	\$ -	25	\$ 50	0	\$ -	0	\$ -	\$	\$ -
Total			\$105,952		\$ 130,800		\$ 116,615		\$ 90,725		\$ 102,095

**Table 2. John Doe Nursery 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					
Sales of animals, produce, and other ag commodities raised	line 4 (Adjusted) <sup>1</sup>	105,490	130,774	116,450	90,656	102,000
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	0	0	0	0
<b>Total Allowable Income</b>		<b>105,490</b>	<b>130,774</b>	<b>116,450</b>	<b>90,656</b>	<b>102,000</b>
<b>Allowable Expenses</b>						
The cost of items bought for resale	line 2	0	0	0	0	0
Car and truck expenses	line 12	4,222	4,026	4,444	4,820	4,624
Chemicals	line 13	0	0	0	0	0
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
Employee benefit	line 17	0	0	0	0	0
Feed purchased	line 18	0	0	0	0	0
Fertilizer and lime	line 19	0	0	0	0	0
Freight and trucking	line 20	0	0	0	0	0
Gasoline, fuel and oil	line 21	0	0	0	0	0
Insurance (other than health)	line 22	2,250	2,464	2,209	3,426	3,600
Interest	line 23	0	0	0	0	0
Labor hired (less employment credits)	line 24 (Adjusted) <sup>3</sup>	21,974	35,562	29,000	20,000	24,000
Pension and profit share	line 25	0	0	0	0	0
Rent or lease	line 26	0	0	0	0	0
Repair and maintenance	line 27	452	968	1,000	1,050	1,070
Seeds and plants purchased	line 28	32,218	36,124	31,735	16,954	35,000
Storage and warehousing	line 29	0	0	0	0	0
Supplies purchased	line 30 (Adjusted) <sup>4</sup>	0	0	0	0	0
Taxes	line 31	0	0	0	0	0
Utilities	line 32	5,138	8,116	6,702	7,572	7,970
Veterinary, breeding, and medicine	line 33	0	0	0	0	0
Other farm expenses	line 34					
Advertising		0	0	0	0	0
Bad debt		0	0	0	0	0
Other expenses		3,542	190	120	540	800
Total expense – add lines 12 through 34	line 35	69,796	87,450	75,210	54,362	77,064
Net profit (loss) – line 11 minus 35	line 36	35,694	43,324	41,240	36,294	24,936

<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.

**Table 3. John Doe's Five-Year Inventory**

Crop	Prices	1995		1996		1997		1998		1999	
		Units	Value	Units	Value	Units	Value	Units	Value	Units	Value
<b>Trees</b>											
1 gallon	\$ 5.50	2000	\$ 11,000	1236	\$ 6,798	1547	\$ 8,509	2154	\$ 11,847	5982	\$ 32,901
1.5 gallon	\$ 6.00	50	\$ 300	189	\$ 1,134	36	\$ 216		\$ -	1256	\$ 7,536
2 gallons	\$ 7.50	4521	\$ 33,908	6781	\$ 50,858	5897	\$ 44,228	8816	\$ 66,120	5496	\$ 41,220
2.5 gallons	\$10.00	300	\$ 3,000	600	\$ 6,000	0	\$ -		\$ -	280	\$ 2,800
5 gallons	\$18.00	6	\$ 108	4523	\$ 81,414	0	\$ -		\$ -	652	\$ 11,736
1 pint	\$ 1.00	16	\$ 16	32	\$ 32	65	\$ 65	2	\$ 2	96	\$ 96
1 inch plug	\$ 0.55	5632	\$ 3,098	369	\$ 203	9874	\$ 5,431	4816	\$ 2,649	0	\$ -
3 inch plug	\$ 0.75	3221	\$ 2,416	3254	\$ 2,441	1298	\$ 974	2660	\$ 1,995	0	\$ -
4 inch pot	\$ 1.00	1230	\$ 1,230	1365	\$ 1,365	1254	\$ 1,254	934	\$ 934	0	\$ -
Bare root	\$ 0.75	5214	\$ 3,911	3655	\$ 2,741	5198	\$ 3,899	4078	\$ 3,059	0	\$ -
<b>Shrubs</b>											
1 gallon	\$ 4.50	7123	\$ 32,054	5698	\$ 25,641	6695	\$ 30,128	6428	\$ 28,926	5566	\$ 25,047
1.5 gallon	\$ 5.50	20	\$ 110	3100	\$ 17,050	0	\$ -		\$ -	2110	\$ 11,605
2 gallons	\$ 7.50	9874	\$ 74,055	4569	\$ 34,268	8951	\$ 67,133	10392	\$ 77,940	4466	\$ 33,495
5 gallons	\$18.00	35	\$ 630	1569	\$ 28,242	0	\$ -		\$ -	340	\$ 6,120
1 pint	\$ 1.00	0	\$ -	569	\$ 569	48	\$ 48	8	\$ 8	0	\$ -
1 inch plug	\$ 0.55	1500	\$ 825	569	\$ 313	369	\$ 203	1224	\$ 673	0	\$ -
2 inch plug	\$ 0.65	200	\$ 130	369	\$ 240	369	\$ 240	192	\$ 125	0	\$ -
3 inch plug	\$ 0.75	4000	\$ 3,000	587	\$ 440	5871	\$ 4,403	3990	\$ 2,993	0	\$ -
1 quart	\$ 1.50	862	\$ 1,293	698	\$ 1,047	753	\$ 1,130	762	\$ 1,143	0	\$ -
6 inch pot	\$ 2.00	1500	\$ 3,000	52	\$ 104	1798	\$ 3,596	1450	\$ 2,900	0	\$ -
Bare root	\$ 0.75	2100	\$ 1,575	1893	\$ 1,420	2200	\$ 1,650	1944	\$ 1,458	0	\$ -
<b>Herbaceous Plants</b>											
1 gallon	\$ 2.00	8632	\$ 17,264	7895	\$ 15,790	7963	\$ 15,926	8206	\$ 16,412	7268	\$ 14,536
1.5 gallon	\$ 5.50		\$ -	57	\$ 314	0	\$ -		\$ -	468	\$ 2,574
2 gallons	\$ 7.50	365	\$ 2,738	789	\$ 5,918	695	\$ 5,213	228	\$ 1,710	430	\$ 3,225
5 gallons	\$18.00	6	\$ 108	68	\$ 1,224	0	\$ -	2	\$ 36	0	\$ -
1 pint	\$ 1.00	7456	\$ 7,456	921	\$ 921	9632	\$ 9,632	6798	\$ 6,798	580	\$ 580
1 inch plug	\$ 0.55	8532	\$ 4,693	3578	\$ 1,968	6934	\$ 3,814	7206	\$ 3,963	0	\$ -
2 inch plug	\$ 0.65	9632	\$ 6,261	6987	\$ 4,542	13597	\$ 8,838	15276	\$ 9,929	0	\$ -
3 inch plug	\$ 0.75	369	\$ 277	695	\$ 521	624	\$ 468	362	\$ 272	0	\$ -
1 quart	\$ 1.50	5698	\$ 8,547	129	\$ 194	4496	\$ 6,744	3162	\$ 4,743	282	\$ 423
4 inch pot	\$ 1.00	321	\$ 321	597	\$ 597	369	\$ 369	160	\$ 160	0	\$ -
6 inch pot	\$ 2.00	369	\$ 738	84	\$ 168	159	\$ 318	202	\$ 404	0	\$ -
<b>Vines</b>											
1 pint	\$ 1.00	36	\$ 36	72	\$ 72	0	\$ -	16	\$ 16	32	\$ 32
1 inch plug	\$ 0.55	2514	\$ 1,383	1547	\$ 851	2369	\$ 1,303	1920	\$ 1,056	3840	\$ 2,112
2 inch plug	\$ 0.65	365	\$ 237	69	\$ 45	692	\$ 450	528	\$ 343	1056	\$ 686
1 quart	\$ 1.50	65	\$ 98	58	\$ 87	0	\$ -	4	\$ 6	8	\$ 12
6 inch pot	\$ 2.00	23	\$ 46	92	\$ 184	36	\$ 72	6	\$ 12	12	\$ 24
Total			\$225,858		\$ 295,712		\$ 226,249		\$ 248,631		\$ 196,760



# Schedule F

## Profit or Loss From Farming

1995

Name of Proprietor *John Doe Nursery* SSN XXXXXXXX

A. Principal product *Nursery Products*

Accounting method *Cash*

### Part 1 Farm income-Cash Method

1. Sales of livestock or other items you bought for resales		
2. Cost or other basis of livestock and other items reported on line 1		0
3. Subtract line 2 from line 1		0
4. Sales of lvtstk, produce, grains and other products you raised		105,490
5. Total cooperative distributions		0
6. Agricultural program payments		0
7. CCC loans		0
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		105,490

### Part 2 Farm Expenses

12. Car and truck expenses	4,222	25. Pension and profit-sharing plans	0
13. Chemicals	0	26. Rent or lease	0
14. Conservation expenses	0	a. Vehicles	
15. Custom hire (machine work)	0	b. Other (land)	
16. Depreciation	1,828	27. Repairs and maintenance	452
17. Employee benefit programs	0	28. Seeds and plants purchased	32,218
18. Feed purchased	0	29. Storage and warehousing	0
19. Fertilizer and lime	0	30. Supplies purchased	0
20. Freight and Trucking	0	31. Taxes	3,500
21. Gasoline, fuel, and oil	0	32. Utilities	5,138
22. Insurance (other than health)	2,250	33. Veterinary, breeding, medicine	0
23. Interest:	1,054	34. Other Expenses (specify)	
a. Mortgage (pd. To banks, etc.)		a. Advertising	1,014
b. Other		b. Dues and subscriptions	612
24. Labor hired	21,974	c. Other expenses	3,542

**35. Total Expenses** 77,804  
**36. Net Farm Profit or (loss)** 27,686

## Schedule F

## Profit or Loss From Farming

1996

Name of Proprietor *John Doe Nursery* SSN XXXXXXXX

A. Principal product *Nursery Products*

Accounting method *Cash*

### Part 1 Farm income-Cash Method

1. Sales of livestock or other items you bought for resales		
2. Cost or other basis of livestock and other items reported on line 1		0
3. Subtract line 2 from line 1		0
4. Sales of lvtstk, produce, grains and other products you raised		130,774
5. Total cooperative distributions		0
6. Agricultural program payments		0
7. CCC loans		0
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		130,774

### Part 2 Farm Expenses

12. Car and truck expenses	4,026	25. Pension and profit-sharing plans	0
13. Chemicals	0	26. Rent or lease	0
14. Conservation expenses	0	a. Vehicles	
15. Custom hire (machine work)	0	b. Other (land)	
16. Depreciation	1,828	27. Repairs and maintenance	968
17. Employee benefit programs	0	28. Seeds and plants purchased	36,124
18. Feed purchased	0	29. Storage and warehousing	0
19. Fertilizer and lime	0	30. Supplies purchased	0
20. Freight and Trucking	0	31. Taxes	4,842
21. Gasoline, fuel, and oil	0	32. Utilities	8,116
22. Insurance (other than health)	2,464	33. Veterinary, breeding, medicine	0
23. Interest:	1,302	34. Other Expenses (specify)	
a. Mortgage (pd. To banks, etc.)		a. Advertising	354
b. Other		b. Dues and subscriptions	612
24. Labor hired	35,562	c. Other expenses	3,542

35. Total Expenses 96,276  
 36. Net Farm Profit or (loss) 34,498



## Schedule F

## Profit or Loss From Farming

1998

Name of Proprietor *John Doe Nursery* SSN XXXXXXXX

A. Principal product *Nursery Products*

Accounting method *Cash*

### Part 1 Farm income-Cash Method

1. Sales of livestock or other items you bought for resales	
2. Cost or other basis of livestock and other items reported on line 1	0
3. Subtract line 2 from line 1	0
4. Sales of lvtstk, produce, grains and other products you raised	90,656
5. Total cooperative distributions	0
6. Agricultural program payments	0
7. CCC loans	0
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	90,656

### Part 2 Farm Expenses

12. Car and truck expenses	4,820	25. Pension and profit-sharing plans	0
13. Chemicals	0	26. Rent or lease	600
14. Conservation expenses	0	a. Vehicles	
15. Custom hire (machine work)	0	b. Other (land)	
16. Depreciation	1,828	27. Repairs and maintenance	1,050
17. Employee benefit programs	0	28. Seeds and plants purchased	16,954
18. Feed purchased	0	29. Storage and warehousing	0
19. Fertilizer and lime	0	30. Supplies purchased	0
20. Freight and Trucking	0	31. Taxes	4,920
21. Gasoline, fuel, and oil	0	32. Utilities	7,572
22. Insurance (other than health)	3,426	33. Veterinary, breeding, medicine	0
23. Interest:	906	34. Other Expenses (specify)	
a. Mortgage (pd. To banks, etc.)		a. Advertising	770
b. Other		b. Dues and subscriptions	500
24. Labor hired	20,000	c. Other expenses	540

**35. Total Expenses** 63,886  
**36. Net Farm Profit or (loss)** 26,770

