



Marketing Tipsheet Series

Documentation and Recordkeeping for Whole-Farm Revenue Protection (WFRP)

Whole-farm revenue protection (WFRP) crop insurance provides a guarantee of income for all crops and livestock (with a few exceptions) produced on a farm or ranch. This safety net provides benefits to diversified, specialty-crop, and organic producers who were previously underserved by crop insurance. WFRP is designed to cover farmers in the event of a loss of revenue due to unavoidable natural causes or market fluctuations. An individual policy will cover up to \$8.5 million of insured revenue. Producers can choose a whole-farm coverage level between 50% and 85% of total farm revenue. Livestock and nurseries represent special cases under WFRP; in both these situations, the farmer is limited to \$1 million of insured revenue.



Diversified farms with several revenue-producing crops may benefit from WFRP.
Photo: Rex Dufour, NCAT

Is WFRP right for me? *WFRP is designed for the diversified farmer who is comfortable with recordkeeping and has filed farm taxes for the past five years. It allows farmers to insure all revenue from farming enterprises.*

For more information on the basics of WFRP, see ATTRA's [Primer on Whole-Farm Revenue Protection Crop Insurance: Updates for 2018](#).

A listing of insurance brokers/agents, specific to your state, can be found at www.rma.usda.gov/tools/agent.html.

Records Required for WFRP

- **Crop Insurance Application Form:** to assess eligibility.
- **Schedule F** tax forms are necessary for filling out the following documents. Five consecutive years of schedule Fs are required to obtain WFRP. If you are a beginning farmer or rancher (nine years or less of farming experience), three consecutive years are required. If you don't have five years of Schedule F tax forms, other tax records can be used to complete a Substitute Schedule F form. Information on Schedule F can be found on the IRS website: www.irs.gov/pub/irs-pdf/i1040sf.pdf.

Use Your Schedule F Tax Forms to Fill Out the Following WFRP Documents

- **Whole-Farm History Report:** this shows historical revenues and expenses of your farm operation.
- **Allowable Expenses Worksheet:** the worksheet assists in identifying and documenting adjustments to the applicant's tax-reported expenses. A list of allowable expenses can be found on pages 21-22 of the RMA handbook, available at www.rma.usda.gov/-/media/RMAweb/Handbooks/Coverage-Plans---18000/2018-18160-WFRP-Pilot-Handbook.ashx?la=en.
- **Allowable Revenue Worksheet:** This worksheet includes revenue from all of the insurable crops grown on the farm.
- **Excluded Commodities:** Some commodities and enterprises are to be excluded from the allowable revenue section. A complete list of excluded commodities can be found on page 20 of the RMA handbook at www.rma.usda.gov/-/media/RMAweb/Handbooks/Coverage-Plans---18000/2018-18160-WFRP-Pilot-Handbook.ashx?la=en.
- **Farm Operation Report** is divided into three parts that are submitted to the approved insurance provider. These reports are a timeline of information about what will be produced on the farm. They are submitted prior to planting, at planting, and at harvest (see Table 1 below):
 - **Intended Farm Operation Report.** The farmer provides all required information about the commodities that he or she plans to grow during the insurance period and the expected revenue from each commodity during the insurance period
 - **Revised Farm Operation Report.** This must be submitted during the insurance period, to reflect the activities that actually occurred on the farm.
 - **Final Farm Operation Report.** This is used to show the total production for each commodity actually produced or purchased for resale in the insurance period and the revenue actually received, or the expected value as of the last day of the insurance period, if the production was not sold.
- Other supporting records may include organic certification forms provided by the certifier, inventory forms, accounts payable/receivable report, or market animal and nursery inventory/accounting worksheet that the farmer uses for recordkeeping.

The percentage of revenue derived from crops purchased for resale is limited to 50%. If you are a farmer who is increasing production and wish to claim increasing revenue (up to 35% greater than the historical average) you have two options:

- The indexed average is used if you have more revenue in either of the last two years over the historical average.
- An expanded operation can be claimed if proof can be provided indicating any of the following: the operation is physically expanding (i.e., more land, greenhouse, etc.), increasing existing production capacity (i.e., double cropping, maturing orchard, etc.), or making physical alterations to existing production capacity (i.e., adding irrigation, beginning organic production, etc.).



WFRP subsidies are maximized, and recordkeeping minimized, on farms with three crops that provide revenue. Revenue from additional crops can be insured but requires additional recordkeeping for each crop. Photo: Rex Dufour, NCAT

Table 1: Example of the type of information required for the Farm Operation Report for one crop

| Crop | Yield/Ac (in tons) | \$/Ton | Expected Revenue per Acre | Intended Quantity | Total Expected Revenue |
|-----------------------|--------------------|--------|---------------------------|-------------------|------------------------|
| (Previsto) Cebollas | 3.3 | \$162 | \$534 | 10 acres | \$5,340 |
| (Modificado) Cebollas | 3.5 | \$170 | \$595 | 8 acres | \$4,760 |
| (Final) Cebollas | 4.0 | \$150 | \$600 | 8 acres | \$4,800 |

Important Dates: WFRP application, sales closing, cancellation, and termination dates vary depending on when farm taxes are filed.

January 31, February 28, or March 15: Deadline if you are an early fiscal filer. Check with insurance agent for county-specific deadlines.

November 20: Deadline if you are a late fiscal filer. Speak with your crop insurance agent about county-specific dates and details.

Insurance Period: Coverage is provided for either calendar year or fiscal year, depending on when taxes are filed.

Estimate Your Premium Costs: If you would like to estimate your premium cost, there are two premium calculators available online:

<https://ag-analytics.org/Calculators>

<https://ewebapp.rma.usda.gov/apps/costestimator>

What Considerations Should I Take Into Account If I Am a Livestock Producer?

Using Whole-Farm Revenue Protection for Livestock

By and large, animals are insured in much the same way as crops. However, there are a few considerations if animals are to be a part of your WFRP policy.

Coverage

- WFRP covers livestock revenues up to \$1 million.
- If a calf is purchased to fatten and sell at a later date, the calf is listed as inventory and the *growth for the insured year* is what counts. Example: Calves worth \$800 at the beginning of the year and sold for \$2,000 are insured for \$1,200 (the difference in value).

Expected Value / Expected Revenue

- "Local market prices for the same breed and type of animal being valued should be used as expected values. A commodity code may be used more than once to indicate animals that have varying prices due to different sex, weight, breed, market, etc. Commodity codes will then be summed and averaged prior to the commodity count calculation being applied." (USDA WFRP Handbook, p. 80)
- "Expected revenue must be adjusted by removing the cost of any animals purchased for resale from the amount of expected revenue on the Farm Operation Report. The Market Animal and Nursery Inventory Report is used to document these numbers for the Intended Farm Operation Report." (USDA WFRP Handbook, p. 81)

Categorizing Your Livestock

- If animals were purchased with the intention of resale, their purchase is reported under inventory on Schedule F.
- If livestock are purchased for draft, breeding, or dairy, you can list the animals as either an asset or inventory. If not included in inventory, then they can be depreciated as assets. Depreciating the animals allows you to deduct a portion of their purchase cost each year.
- "Animals kept as breeding stock that the farmer does not intend to sell, including culls, during the insurance period *are not included in the insured revenue.*" (USDA WFRP Handbook, p. 81)
- Sales of breeding stock, including culls, are normally reported on Form 4797 (Sale of Business Property). Such income should not be reported on Schedule F, but there may be instances where culls are placed in a finishing operation and may be reclassified as market animals. Any culls that are reclassified as market animals, for which revenues are reported on Schedule F, require adjustments to the beginning inventory and the Farm Operation report. Otherwise, breeding animals or culls reported on Form 4797 are considered uninsured animals, and their sales are not included as allowable revenue or revenue to count. (USDA WFRP Handbook, p. 81)

Market Animal and Nursery Inventory Report

- “The Market Animal and Nursery Inventory calculates the change in value over the insurance period for claims, using increases and decreases in inventory values during the tax year, less the cost for animals purchased during the insurance period.” (USDA WFRP Handbook, p. 81)
- Animals must be grouped according to the type/category of intended market. Local market value is determined for each type/category at the following times:
 - Beginning of the tax year for beginning inventor
 - End of the insurance year for ending inventory

| MARKET ANIMAL AND NURSERY INVENTORY REPORT | | | | | | | | | | | | | | |
|---|--------|---|-------------------|--------------------------|----------------|----------------------------------|---|-----------------------|---|-----------------------|----------|----|----|--|
| Part 1 - Producer Information | | | | | | | | | | | | | | |
| 1. NAME | | 2. POLICY NUMBER | | | 3. POLICY YEAR | | | 4. AGENCY INFORMATION | | | | | | |
| J.M. DOUGLAS | | XXXXXXXXXX | | | XXXX | | | I.R. AGENT XXXXXX | | | | | | |
| Part 2 - Breeding Livestock Only | | | | | | | | | | | | | | |
| Type of Animal or Commodity | | Section A - Beginning Inventory First Day of the Insurance Period | | | | | Section B - Ending Inventory Last Day of the Insurance Period | | | | | | | |
| Type/Category | Number | | | | | | Number | | | | | | | |
| Bulls | 3 | | | | | | 3 | | | | | | | |
| Bred Cows | 67 | | | | | | 67 | | | | | | | |
| Bred Heifers | 3 | | | | | | 3 | | | | | | | |
| Replacement | 3 | | | | | | 3 | | | | | | | |
| Part 3 - Market Animals or Nursery | | | | | | | | | | | | | | |
| Type of Animal or Commodity | Number | Average Weight or Container Size | Average Value | Total Value | Number | Average Weight or Container Size | Average Value | Total Value | Cost or Basis | Net Value | | | | |
| Type/Category | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | |
| Feeder | 34 | 588 | \$1.35 | \$47,554 | 34 | 588 | \$1.35 | \$47,554 | | \$47,554 | | | | |
| Feeders | 62 | 590 | 1.30 | \$767.54 | 0 | | | | | 0 | | | | |
| Bulls (Calves) | 2 | | \$2,250/bd | \$4,500 | 2 | | \$2,250 | \$4,500 | | \$4,500 | | | | |
| Bulls (yearlings) | 2 | | \$2,250/bd | \$4,500 | 2 | | \$2,250 | \$4,500 | | \$4,500 | | | | |
| Bulls (2 Year) | 1 | | \$5,250/bd | \$5,250 | 0 | | | | | 0 | | | | |
| Bull (yearling) Deceased | 1 | | | | 1 | | \$2,250 | \$2,250 | | \$2,250 | | | | |
| Cow (basis higher than sold price) | 3 | | | | 3 | | \$200 | \$600 | | \$600 | | | | |
| | | | | 21 Total Beginning Value | \$52,304 | | | | | 22 Total Ending Value | \$30,196 | | | |
| Part 4 - Inventory Adjustment (to be completed ONLY if a claim is filed) | | | | | | | | | | | | | | |
| 23 Adjustment | | | | | | | | | | | | | | |
| Amount in item 22 | | \$30,196 | Amount in item 21 | | \$52,304 | Inventory Adjustment | | \$-19,108 | Enter each cell on U.S. Form 28 as the Claim for Indemnity Basis. | | | | | |

Market Animal and Nursery Inventory Report, USDA WFRP Handbook, p. 134.

Note about Part 4 of the Market Animal and Nursery Inventory Report: WFRP only covers revenue produced during the insurance year. Inventory adjustments are used to remove production during previous years and to add revenue for production that hasn't been harvested or sold yet.

Resources

Crop Insurance Options for Specialty, Diversified, and Organic Farmers. 2018. ATTRA publication. By Jeff Schahczenski. National Center for Appropriate Technology, Butte, MT.

<https://attra.ncat.org/attra-pub/summaries/summary.php?pub=413>

Primer on Whole-Farm Revenue protection Crop Insurance: Updates for 2018. ATTRA publication. 2018. By Jeff Schahczenski. National Center for Appropriate Technology, Butte, MT.

<https://attra.ncat.org/attra-pub/summaries/summary.php?pub=595>

Whole-Farm Revenue Protection Pilot Handbook 2018 and Succeeding Policy Years. 2017. USDA Risk Management Agency.

www.rma.usda.gov/-/media/RMAweb/Handbooks/Coverage-Plans---18000/2018-18160-WFRP-Pilot-Handbook.ashx?la=en

Whole-Farm Revenue Protection Fact Sheet. 2018. USDA Risk Management Agency.

www.rma.usda.gov/en/Fact-Sheets/National-Fact-Sheets/Whole-Farm-Revenue-Protection-2018

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