

Related producers are producers with whom the applicant **does not** deal at arm's length. A related producer can include siblings, parents, children, spouses or individuals with whom the applicant is cohabiting, and any corporation, partnership or cooperative of which the applicant or the applicant's related producer is a shareholder, partner or member.

- Read the related producers definition in the *Related producers* section and on the back of the advance application.
- Answer the related producers questions on the front of the application.
- Complete a Related Producers Declaration if the related producer has a new advance or an outstanding advance from a previous production period and shares income and losses.
- Complete the Rebuttal of Relatedness form if the related producer has a new advance or an outstanding advance from a previous production period and does not share income or losses.

A related producer can affect an applicant's eligibility to receive an advance and the amount of the advance.

Applicants have a legal obligation to disclose all farming operations in which they have a financial interest.

The applicant must complete a Related Producers Declaration form if:

- the related producer(s) has received an APP advance for the 2011-12 production period, including a 2011-12 winter wheat Pre-harvest; or
- the related producer(s) has an outstanding APP advance from a previous production period.

See pages 14 and 15 of the guide for instructions on completing the Related Producers Declaration form.

Applicants who are affected by the Related Producers Provision but deal at arm's length may rebut the presumption of relatedness by completing a Rebuttal of Relatedness form:

Advance Payments Program (APP) - Rebuttal of relatedness			
Complete if you are rebutting the presumption of relatedness for any of your related producers. The information contained in this document will apply to all future 2011-12 production period cash advances issued to the applicant.			
Applicant's name		Applicant's signature	
Applicant's CWB ID No.		Date (mm/dd/yr)	
List all related individual producers who received an advance for this production period or have an outstanding advance from a previous production period, including advances issued by other APP Administrators. If you are unable to rebut the relatedness, transfer the producer's name to the Related Producers Declaration.			
Name	CWB producer ID No.	Name of administrator who issued the advance	Production period of previous advance
1.			
2.			
3.			
4.			
Answer the questions below for each related producer listed above.			
1. Related individual producer name			
Do you and your related producer file separate tax returns and/or produce separate financial statements?		YES	NO
Are you and your related producer employees or act as agents of the other?		YES	NO
Do you and your related producer conduct all business transactions (e.g. sharing of equipment and/or land) at fair market value and such transactions are documented?		YES	NO
2. Related individual producer name			
Do you and your related producer file separate tax returns and/or produce separate financial statements?		YES	NO
Are you and your related producer employees or act as agents of the other?		YES	NO
Do you and your related producer conduct all business transactions (e.g. sharing of equipment and/or land) at fair market value and such transactions are documented?		YES	NO
3. Related individual producer name			
Do you and your related producer file separate tax returns and/or produce separate financial statements?		YES	NO
Are you and your related producer employees or act as agents of the other?		YES	NO
Do you and your related producer conduct all business transactions (e.g. sharing of equipment and/or land) at fair market value and such transactions are documented?		YES	NO
4. Related individual producer name			
Do you and your related producer file separate tax returns and/or produce separate financial statements?		YES	NO
Are you and your related producer employees or act as agents of the other?		YES	NO
Do you and your related producer conduct all business transactions (e.g. sharing of equipment and/or land) at fair market value and such transactions are documented?		YES	NO
<ul style="list-style-type: none"> • If you answered 'YES' to all of the questions, you have successfully established that you deal at arm's length with the related producer. The Administrator may request the appropriate documentation to support your response, such as income tax, financial statements, leases, receipts or articles of incorporation. • If you answered 'NO' to any of the questions, you have not rebutted the presumption of relatedness with the related producer. Transfer the producer's name to the Related Producers Declaration. 			
Attach a separate sheet if required.			

If an applicant cannot successfully rebut their relatedness, they must complete a Related Producers Declaration.

Upon receipt of the Rebuttal of Relatedness, the Administrator may request appropriate documentation such as income tax, financial statements, leases or receipts and articles of incorporation to support the responses.

Examples:

- A.** Brothers Gord and James West farm together. Neither Gord nor James has a financial interest in any other farming operation. Gord and James do not have to complete a Related Producers Declaration but must complete a Continuing Declaration and Guarantee form. All cash advance applications to Gord and James must be completed under their joint CWB producer ID number. The maximum advance available for Gord and James under the Pre-harvest advance program for wheat and barley and all other agricultural products is \$400,000.
- B.** Company Green Acres has two guarantors, Bob Greene and Jim Brown. Bob Greene also has a delivery permit book in his own name. Jim Brown is not affected by the Related Producers Provision, however, Bob is affected. A Related Producers Declaration form is required for Bob Greene. The elevator manager should attach a note stating that Jim Brown is not involved in any other farming operation. It is not necessary for Jim Brown to complete a Related Producers Declaration.

Attribution

- The amount issued to related producers can affect the amount that can be issued to the applicant.
- The maximum any producer can be attributed is \$100,000 interest-free and \$400,000 overall, for all advances on all agricultural products.

Determining attribution

Advances to related producers are attributable to the applicant as follows:

Related producer is a(n):	Amount attributable to the applicant:
Individual	100 per cent
Corporation	based on the percentage of the participant's voting shares
Partnership	based on the percentage of profits to which the participant is entitled

Example

Three producers are partners and the partnership applies for a \$100,000 advance. None of the partners have a previous advance. Each is entitled to one-third profits, so each is attributed one-third of the \$100,000 cash advance. Each producer is attributed \$33,333.

Producer A has his own CWB delivery permit book and wants to receive the entire \$400,000 he is eligible for, so he applies for the balance ($\$400,000 - \$33,333 = \$366,667$) through his own CWB delivery permit book. In total, producer A is eligible to receive:

	Maximum	Interest-free
Through partnership	\$33,333	\$33,333
As an individual	<u>\$366,667</u>	<u>\$66,667</u>
TOTAL	\$400,000	\$100,000