

Surplus Funds

After a member's account is paid, all surplus funds will be paid to the member immediately. Where other cattle on the same farm have the same brand, no surplus funds will be paid until all accounts are paid. No advance on surplus funds will be paid to a member until his/her account has been paid in full.

Income Tax

For income tax purposes, individual members can either report revenue from and purchases of feeder association cattle as they occur or the gross return (sales-purchases).

Although the feeder association retains legal ownership of the cattle, the member is responsible for their purchase, care, sale and profit or loss.

Bred Heifers

Members wishing to raise and/or sell bred heifers are permitted to finance the activity through the feeder association subject to the following:

- Feeder association heifers bred on pasture must be sold and/or the contract paid out before January 5 of each year.
- Bred females or bulls intended for breeding cannot be financed under the feeder association program.

Custom Feedlots

Members may feed cattle financed by a feeder association in a custom feedlot provided a "custom feeding agreement" signed by the member and the feedlot, is approved by the feeder association supervisor and is on file with the secretary.

Export Permits

All cattle leaving the province require an export permit issued by a brand inspector from Livestock Identification Services.

It is the responsibility of feeder members to obtain a written brand release from an association before contacting a brand inspector. Associations may require that the member's contract be paid in full before a written brand release is provided.

Inspections

As part of the feeding agreement signed by members, authority is provided to the supervisor for entering the premises and inspecting cattle at any time. In addition, the association has the authority to sell a member's cattle if the member is not operating according to the rules and regulations for the *Feeder Associations Guarantee Act*.

Livestock Indemnity Trust Program

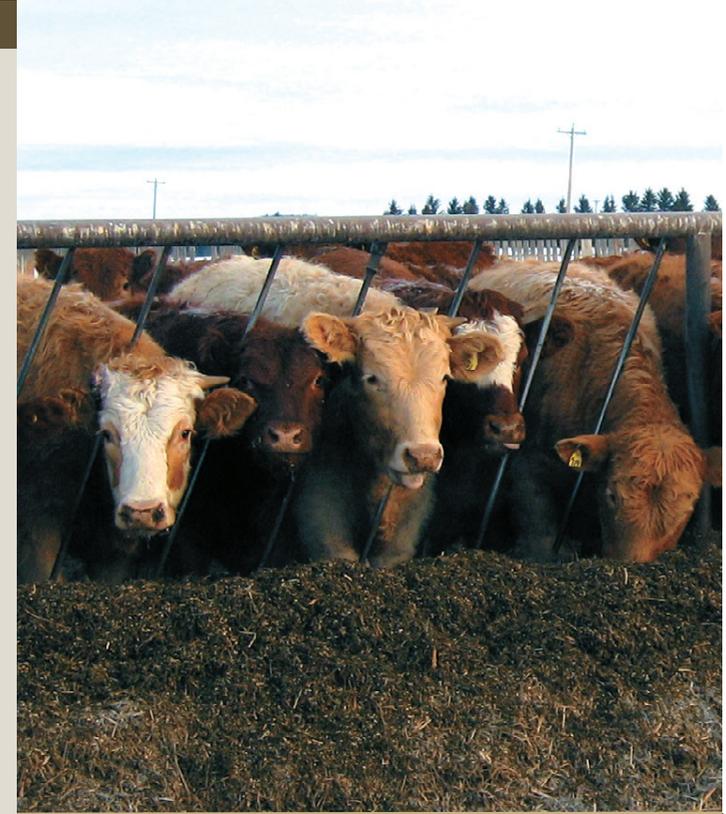
The Feeder Associations of Alberta is a provincial organization representing associations across the province. This organization operates the Livestock Indemnity Trust Program as a safety net against losses due to animal deaths.

If the local feeder association belongs to the insurance program, all members must participate.

The feeder must provide proper care for the livestock and must notify the supervisor of any livestock deaths immediately. Any feeder association member may lose two animals within a 10-day period without showing records of veterinary care. However, claims for the third and subsequent animal must be accompanied by either a signed veterinarian's certificate, stating the treatment and dates, or an autopsy report from a veterinarian.

The *Livestock Indemnity Trust Program/Management Guide* is available from:

Garry and Sylvia Bielert
Box 4190
Barrhead AB T7N 1A2



Information for Feeder Association Members

Place your association information here

Alberta

The *Feeders Associations Guarantee Act* provides farmers with a method of acquiring cattle for growing and finishing purposes. The livestock are owned by the feeder association, but the care, feeding and marketing are the responsibility of the individual member. Local feeder associations, which are co-operatives, are located in 59 communities throughout the province. In each association, a Board of Directors approves and monitors loans for feeder cattle. Each board hires a supervisor and secretary/treasurer to administer loans and maintain financial records.

Member Eligibility

To be eligible for financing under the *Feeder Associations Act*, an individual must be a farmer who is at least 18 years old, resides in Alberta and owns or leases land. Eligible individuals must meet the standards of and be approved by a local association. New feeder association members can have up to \$100,000 worth of livestock purchased by the association on their behalf. After six months, members may receive financing for up to \$300,000 worth of livestock (subject to approval by the local board).

Each member has a responsibility to ensure his/her local association is properly administering loans. Members should attend annual meetings and participate in the elections of directors. As well, members should review financial statements and be knowledgeable about how the association selects members and administers its affairs.

Fee Schedules

Assurance Account Deposit: Before receiving cattle, members must pay a security deposit to their association of five per cent of the value of the contract. These funds are maintained in a separate assurance account to be used for repayment of the defaulted bank loans incurred by the local association.

As such, a member is at risk of losing a portion or all of their deposit due to the actions of other members. However, a member is not responsible for the liabilities of their association beyond the security deposits. Because security deposits are at risk, boards are extremely careful when approving members.

A member's security deposit is not included in their contract for livestock. A non-active member can withdraw his/her security deposit three months after his/her last contract is completed, provided the association has no members with overdue accounts.

Association Fee: Fees for administering contracts are set by individual associations. Clarification on association charges should be obtained from your local supervisor or secretary/treasurer.

Length of Contracts

The maximum contract is one year or less for feeder steers and heifers.

In the case of financing feeder cows for finishing, the maximum length of agreement is 120 days.

Branding

All cattle financed by the feeder association must be branded with the split bar brand specific to the local association. Each association has up to six locations on which to use their brand. A number under the split bar may also be assigned by the association.

Should a husband and wife wish to use the same brand and location, the due dates must be the same, and any proceeds from the sale of cattle will be applied equally to each account. No surpluses will be paid to either spouse until both contracts are paid out. In joint contracts, feeder agreements must be co-signed by both spouses.

Procedures to be Followed by the Member Feeder

- Contact the local feeder association supervisor or secretary-treasurer to obtain an application for membership/livestock. Membership is subject to board approval.
- Obtain approval to purchase livestock from the feeder association.
- Provide the association with the required security deposit (5% of contract amount).
- Obtain a cattle purchase order before making cattle purchases.
- Purchase the cattle: by doing your own buying or hiring an order buyer. In private treaty purchases, ensure livestock are brand inspected. Check for clear title.
- Have the cattle branded with the appropriate association brand as directed by the supervisor.
- Contact the supervisor or secretary for completion of the contract. The supervisor must inspect the cattle to verify branding before the animals are paid for.
- Advise the supervisor when the cattle are to be sold. When selling the cattle, the feeder must manifest the cattle in the name of the feeder association on the account of the member feeder.