

Virginia Cooperative Extension



Farm Business Management Update August-September 2009

To: Extension Unit Directors, Extension District Directors, Extension Program Directors, and Farm Management Agents, and ANR Specialists

Dear Co-Workers:

Farm Business Management Update is a joint effort of the Agricultural and Applied Economics faculty and the area farm management agents. Subject matter areas include timely information on farm management, marketing, tax management, finance, credit, labor, agricultural law, agri-business, estate planning, 4-H and economic education, natural resources, and CRD. Please feel free to reproduce any article. However, please cite the title, author(s), date, and this Newsletter.

Farm Business Management Update is electronically accessible via the Virginia Cooperative Extension World Wide Web site (<http://pubs.ext.vt.edu/news/farm-business-management-update.html>). To see the articles listed in the reverse chronological order, select "News," then select "Farm Business Management Update" listed under the heading "Periodicals."

Gordon E. Groover
Extension Economist, Farm Management
and Extension Project Leader

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VIRGINIA STATE UNIVERSITY

The Management Calendar

By Gordon Groover (xgrover@vt.edu), Extension Economist, Farm Management, Department of Agricultural and Applied Economics, Virginia Tech

Listed below are a few items that might be of interest to farm business managers:

- Interest in local food systems, also known as “Eat Local” by farmers and consumers, has increased dramatically in the last few years. The Economic Research Service, Agricultural Marketing Service, and other agencies at USDA in cooperation with the Farm Foundation sponsored a one-day session on local food systems. The presentations from this workshop can be viewed at:
http://live.blueskybroadcast.com/bsb/client/CL_DEFAULT.asp?Client=300868.
- Farmers interested in national market reports of various commodities, including *organics*, see the USDA-AMS site: <http://www.ams.usda.gov/AMSV1.0/LSMarketNews> and Virginia market and price information is available at www.vdacs.virginia.gov/marketnews/index.shtml
- Want to see graphs and a chart displaying national economic indicators? The Richmond Federal Reserve publishes this information quarterly. There is everything from real GDP to housing starts (latest data is for the first quarter of 2009).
www.richmondfed.org/research/national_economy/national_economic_indicators/index.cfm

Farm business managers: consider the following activities to put on your management calendars for August-September.

- As harvest time approaches, be sure to get your crop records in shape. Include yields, machine times, and equipment used (this information will help with next year’s budgeting); identify weed problems and differences in hybrids. In addition to recording information on weeds, etc., think about labor constraints and bottlenecks slowing down tasks during the harvest season. Have employees and family members record problems and successes (maybe give them a cash payment for each problem identified). When the crunch is over, spend a couple hours reviewing notes on what can be done next year to solve the problems and duplicate the successes. During the post-harvest review make sure the discussion centers on how to resolve problems, not who to blame. Also take a close look at the yield potential of each field; with input costs at their current levels, some fields may no longer provide sufficient profit margin during periods of moderate drought – changing crops may provide that hedge against a major loss.
- Always pay close attention to cash flow needs as you generate cash reserves during fall harvest and get ready for real estate and personal property taxes this winter. Almost all computerized recordkeeping software, e.g. Quicken® or Microsoft Money® and accounting software, e.g. QuickBooks® or FarmWorks, create cash flow reports that assist in managing cash available for debt service, family living, and cash expenses. Compare this year’s cash flow to the budgeted amount and highlight deviations. If you did not develop a budget for this year, compare your inflows and outflow to last year’s August totals. Make sure you have a series of possible plans to address any projected

cash short falls. Projected surplus should be added to your retirement program, e.g. 401-K's, or used to pay down debt.

- The time to make tax management decisions is quickly approaching. Make sure that you have set aside a few days in October to summarize all farm and family financial records, and make an appointment now with your accountant to work on end-of-year tax management strategies. As the forms and publications for the 2009 tax year become available, they can be obtained from the Internal Revenue Service site www.irs.gov/formspubs/index.html.
- Livestock producers should develop a feed budget for the next 12 months. Make use of the feed budget just like you would a projected cash flow statement. Chart out deficits and develop strategies to fill in the deficits using local sources at harvest or planned purchase during the next 12 months.

The Growing Attention to Food and Agriculture – Examining Virginia’s Direct Marketing Industry¹

By Matthew C. Benson (mcbenson@vt.edu), Extension Specialist, Community Viability, Northern District

"One of the Obama Administration's top priorities is to make sure that all Americans – especially children – have access to fresh, nutritious food, and USDA's ongoing support of farmers' markets is important to reaching that goal,"... "At the same time, farmers markets help support small family farms, help revitalize rural communities, and often promote sustainable agricultural practices."

—USDA Secretary of Agriculture Tom Vilsack, July 31, 2009²

It can be said, and easily debated, that never before in the history of the U.S. has agriculture and food received so much attention from mainstream media than it is currently receiving today. It seems like weekly, if not daily, mainstream media outlets such as the New York Times and Washington Post are publishing lifestyle stories about food or agriculture, or an issue directly affected by them such as our health, nutrition and environment.

This same analogy can also probably be said for U.S. agriculture and food policy. Last year in May, Congress finally passed the 2008 Farm Bill and already this year, the U.S. House of Representatives has passed major climate change / energy legislation affecting U.S. agriculture. The House has also passed food safety legislation and next up for Congress will be Child Nutrition Reauthorization, which affects programs such as the National School Lunch Program, Woman, Infants, and Children (WIC) and the newly implemented Fresh Fruit & Vegetable Program. With so much of this attention and legislation around, and having implications for sustainable agriculture and local food, and with the recent passing of National Farmers Market Week (August 2-8), I thought it would be both interesting and helpful to explore the Mid-Atlantic's, and especially Virginia's, direct marketing industry.

¹ The author would like to thank Eric Bendfeldt, Community Viability Specialist, Northwest District, for his thoughtful suggestions and additions to this article.

² [USDA News Release No. 0360.09](#)

Direct marketing is a technical term for selling agricultural and/or food products directly to individuals for human consumption. More developed direct marketing outlets include farmers markets, roadside stands, U-PICKS and community supported agriculture farms (often referred to as CSAs). Emerging direct marketing models and opportunities include farm to school, farm to chef, or even farm to institution such as colleges or hospitals.

According to the 2007 U.S. Census of Agriculture, there were almost 137,000 farms selling direct to consumers across the nation for a total dollar value of \$1.21 billion. In the Mid-Atlantic region (Delaware, District of Columbia, Maryland, New Jersey, Pennsylvania, Virginia, and West Virginia), \$166.7 million contributed to this total sales output (approximately 14%). This is a dramatic increase of approximately 74% from 1997 when Mid-Atlantic direct marketing sales were just \$96.0 million. This increase is even more dramatic when compared to total agricultural sales, which saw a growth of just 33%. As we think about traditional and emerging direct marketing outlets, the Mid-Atlantic States, including Virginia (VA), were not in the top ten for states share of direct marketing dollars compared to total agricultural dollars in 2007. The same was true for past Census years including 1997 and 2002.³

Taking a closer look at the growth of direct marketing in VA; direct marketing grew approximately 72% over the last 5 years according to the 2007 U.S Census of Agriculture, from a \$16.8 million industry in 2002 to a \$ 28.9 million industry in 2007. During this same time period, the number of farms selling direct in VA grew almost 14% (2,513 farms to 2,855 farms), with the average sales per farm growing from \$6,695 to \$10,115, an over 51% increase. If this sales growth of 51% were to continue during the next Census period, farms that grossed \$6,695 in 2002 would gross \$15,273 in 2012.

Exploring farmers markets as one historical indicator of direct marketing sales growth, according to the USDA there are more than 4,800 farmers markets nationally.⁴ Fifteen years ago in 1994, there were just 1,755 farmers markets, which equates to a growth rate of 174%. Since the USDA started recognizing National Farmers Market Week in 2000, the number of markets listed in the USDA official directory of farmers markets has increased almost 68%.

According to the USDA National Farmers Market Survey 2006, one result of this tremendous growth in farmers markets is that nearly 30% of all farmers markets are less than five years old.⁵ Managers of these young markets reported monthly sales only half the national average of all markets and also reported fewer vendors (22 vendors compared with a national average of 31 vendors) and fewer customers per week (430 customers compared with a national average of 959 customers). Examining all farmers markets (young and old), the Mid-Atlantic region reported monthly sales of approximately \$41,000 with approximately 975 customers per week at each market. Average annual sales per farmers market in the Mid-Atlantic region were reported to be \$306,000, second highest in the nation. One possible reason for this high ranking is because of the Mid-Atlantic regions large urban centers, such as Washington D.C., where consumer demand for local food has been historically strong.

³ [Facts on Direct-to-Consumer Food Marketing- Incorporating Data from the 2007 Census of Agriculture](#)

⁴ [USDA National Farmers Market Week Proclamation](#)

⁵ [USDA National Farmers Market Survey 2006](#)

Taking a closer look at VA’s farmers markets, VA had just 88 farmers markets across the Commonwealth in 2005 according to the Virginia Department of Agriculture & Consumer Services (VDACS). By April of 2008, VA had 111 farmers markets and by August 2008, 134 markets. Currently, VA has just over 170 farmers markets, which is a cumulative increase of approximately 94% in less than five years. Between 2005 and 2009, the average annual increase in VA farmers markets was 23.5%.

In late 2008, Charlottesville City Farmers Market reported 2008 annual sales of \$1.1 million, while Loudoun County reported 2008 annual sales for its five markets to be approximately \$750,000. Although these annual market sales are most likely high compared to Virginia’s average, it is a good indication that farmers markets can be real economic engines while bridging the gap between our rural and urban populations. To provide a more complete historical perspective of VA’s farmers markets, below is a breakdown of the annual and cumulative increase in farmers markets from 2005 to 2009 in the Commonwealth.⁶

Year	Number of Virginia Farmers Markets	Annual Increase (%)	Cumulative Increase (%)
2005	88 farmers markets	-	-
2006	90 farmers markets	2.3%	2.3%
2007	123 farmers markets	36.7%	39.8%
2008	134 farmers markets	8.9%	52.3%
2009	171 farmers markets	27.6%	94.3%

It is hard to accurately predict if the direct marketing industry will continue to grow nationally within the Mid-Atlantic region and in VA, or if this increased attention to food and agriculture will continue. But one thing is for certain; if history is an accurate predictor, the answer will certainly be “yes”.

Can I Make Money Farming?

By Peter Callan (peter.callan@vt.edu), Extension Agent, Farm Business Management, Northern District

One of the most common questions asked at local extension offices today seems to begin with the phrase, “I just bought X (number) of acres.” The initial phrase is followed by the following comment: “I would like to start a farm on my property but I am not sure what the best type of farm is for my property.”

⁶ Virginia farmers market information provided by Ms. Cathy Belcher of VDACS on June 22, 2009. More information about Virginia’s farmers markets is available online [here](#).

The land owner needs to take an inventory of resources needed to establish a business. What are the land resources – acreages, hillside or bottom land, and fertility - well cared for or low fertility, availability of water, buildings? What are the financial resources needed to establish the business? Will savings or borrowed capital be used to finance the startup costs? Some businesses require significant capital investments, e.g. stables for horse boarding business or equipment to raise and harvest crops. How much time do you want to devote to the business – full time or part time? Will you depend on family labor to operate the business? Your spouse and family members may have different ideas on the amount of time they wish to devote to the business. If you are depending on family members to help in the business, will they be available to work in the business when they are needed? When your teenagers have their drivers' licenses, how much time will they be willing to help on the farm? A warm sunny day with a slight breeze that is great for making hay is also a great day for sailing, hiking, or bike riding. Privacy is an issue that needs to be considered. Are you comfortable having people on your farm? Owners of U pick operations and boarding operations will have customers on their farms during weekends and times when people are not at work. Finally, owners need to determine how much time they will be willing to commit to the business during the year. Crop enterprises have seasonal time commitments. Livestock enterprises require someone to feed and monitor the animals 365 days a year.

Land owners need to ask themselves, how much money do I want to make from this business? Will the business be full time or part time? By determining the amount of money they wish to generate, the business owner can select an enterprise that provides the required income and utilizes the farm's resources. Once the enterprise has been selected, the entrepreneur needs to conduct market research. Who is going to buy their product and where do they live? How much will people pay for the product? Where will the product be sold? Producers need to develop strategies that will help them meet their financial goals. Realistic cash flow budgets are the keys to determining the viability of the prospective businesses.

A new land owner needs to spend time thinking over and answering a majority of these questions. By answering these questions, an extension agent can help guide the landowner through the process of choosing a direction for the management of their land. Land owners need to be realistic in their expectations on the time commitment, land resources, and the income that can be generated on their land. If agriculture was a high return industry, more than two percent of our nation/s population would be engaged in it!

Business Structure and Biology Make the Difference in Two Virginia Agricultural Industries

By Tom Stanley (stanleyt@vt.edu), Extension Agent, Farm Business Management, Northwest District

Two of Virginia's leading animal enterprises are in the throws of a months-long market disruption that is one for the history books. Starting with a run-up in feed prices in the fall of 2007 (due to exploding international demand and government bio-fuel mandates) and carrying through to the current world-wide financial crisis, the dairy and poultry sectors have experienced

some of their worst margins ever. How the two industries have responded is a lesson in business organization and biology.

Faced with soft consumer demand and increasing costs of production, the poultry industry has responded over the past eight months with a significant decrease in supplies of both turkey and chicken meat. While the industry continues to confront serious challenges related to costs of production and many Virginia poultry producers are not operating their houses at full capacity, the poultry industry has by-in-large managed to address the immediate problem of too much product in the market place. They have been able to achieve this thanks to a vertically integrated business model that was largely invented in the Shenandoah Valley and has been the hallmark of the poultry industry's success in the United States over the past 40 years. The companies own the birds and provide the feed while the farmers own the poultry houses and care for the birds. Since the companies control how many birds are placed in houses for grow-out, they can make significant shifts in supply in a relatively short period of time. This business model has had many critics over the years who believe the vertically integrated system undermines free enterprise and the independence of the farmer, as evidenced by some farmers in other regions having their grower contracts terminated. In this instance, however, vertical integration seems to have facilitated a rapid adjustment to a changing market. Biology has had a vital role in this market adjustment as well. Both turkeys and chickens have a very short generation interval with a bird completing its full life cycle anywhere from six to twelve weeks. As a result, a decision to reduce production on the part of a company can have an effect on supply in a matter of weeks.

The dairy industry has confronted the aforementioned economic challenges very differently. From a business structure standpoint, our dairy industry is still largely composed of independently owned and operated farms. The further processing components of the dairy industry remain separate from the farms producing the milk. Biologically, the generation interval of dairy cattle is something on the order of 24 to 36 months with each dairy cow representing a huge investment of time and money. Independent dairy farmers faced with declining prices and increasing input costs have been reluctant to reduce production, hoping that other dairy farm(s) would choose to exit the industry first. While the decision to reduce production can have fairly immediate effects on the supply of a perishable commodity like milk, the high cost of raising and maintaining a dairy cow makes an independent producer unwilling to send productive animals to slaughter. Consequently, the dairy industry continues to wrestle with too much product in the market place.

For both the poultry and dairy industries, it is very difficult to conclude this article with an upbeat assessment for the near term. The agriculture markets appear to still be seeking equilibrium in a very unstable economic environment. Most projections show input costs (fuel, fertilizer, and feed) increasing with an economic recovery. Developing economies like India and China are poised for further expansion and appear to have cash reserves necessary to buy the inputs they demand. Ultimately, however, this will translate into higher prices for the dairyman and poultry grower, but that does not make the wait any easier.

Who Will Operate My Farm in Ten Years?

By Peter Callan (peter.callan@vt.edu), Extension Agent, Farm Business Management, Northern District

A comment that farm management agents hear from numerous older farmers begins with the phrase, “I am 65 years, have farmed all my life, and would like to slow down. I still want to keep farming at a slower pace, but I am not sure if any of the family would want to operate the farm in the future. The farm has been in the family over 100 years and I hate to sell it.” Remember all farms will be sold at some point to either a family member or someone else!

Transferring the farm to the next generation is more than estate planning. Farm transition is the key to the survival of the farm! Farm transition planning involves many topics, e.g. goals of the older and younger generation, living arrangements and income needs, analysis of the farm’s resources and operating environment, equal versus equitable: consideration of the heirs, business organization, tax management, and estate planning.

Communication is the key to developing a farm transition program. Family members must consider several factors in starting the farm transition process. First, what are the personal and business goals of the older/younger generation, spouses, heirs, etc? Second, family members’ abilities need to be assessed. Some individuals enjoy the challenge of managing and operating a business in a rapidly changing economic environment. Others may not wish to “put up with the head aches” of operating a business. The farm’s operating environment needs to be evaluated. Can existing farm operators find additional land to rent or afford to purchase land in areas where the land is being sold for housing developments? Will the farm’s owners be faced with complaints from their new neighbors about the dust and odors from the farm? Convenient access to farm suppliers, e.g. feed stores, equipment dealers, veterinarians is crucial to the survival of agriculture in an area. What is the long term viability of the farm? **Realistic** prices and input costs need to be used to evaluate the long term profitability of the farm. The older generation may have lived a frugal lifestyle in order for them to keep the farm profitable. The Bureau of Labor Statistics estimated that the average U.S. household family living expense was pretax \$48,000 in 2006. The younger generation may work full time off the farm and operate the farm on a part time basis. The farm transition process is started by the older and younger generations sitting around the kitchen table and discussing the previously mentioned factors. A summary of a family’s thoughts on these topics can be the basis of a business plan. Third, what are the owners’ goals for the future of the farm? How profitable is the farm? Can the next generation operate the farm full time in the context that local farms are impacted by changes in the world wide economy? Would the next generation want to live on farm and operate the farm on a part time basis or do they want to live on the farm and rent it to a neighboring farmer? What are the owners’ thoughts on selling the farm or leasing the farm if the younger generation does not want to live on the farm? How will the older generation fund their retirement? These are a few of the many questions that need to be addressed in transferring the farm to the next generation.

Communication is the key and the first step in developing a farm transition program. How many families have held a family meeting where the owners have expressed their goals for the farm? What are the younger generations’ thoughts on owning and/or operating the farm?

New Publications from the Agricultural and Applied Economics Department

The Virginia Cooperative Extension Publication, *A Characterization of Direct-Marketed Beef Production in Virginia* (448-124), authored by Denise Mainville, Gordon Groover, Bradley Webb, and Ashleigh Waddle can be found at <http://pubs.ext.vt.edu/448/448-124/448-124.html>.

Abstract: As farmers contemplate direct-marketing their beef, they – and the professionals who serve them – need information about the different approaches and methods available so that they can consider their options and the tradeoffs among them. This publication describes the production practices employed by direct-marketers of beef in Virginia. It describes the characteristics of producers' farms and production techniques, including breeding and calving, pasture management, feeding and nutrition, finishing methods, and animal health care. The information presented in this publication comes from a telephone survey of 42 direct-marketers of beef in Virginia.

“FARM” Marketing 101 *Producer* Workshop Series With Dairy Emphasis
Futures, Assumptions, Risk, and Markets (FARM)
October 15 – November 19, 2009

All Sessions from 10:00 a.m. -12:00 p.m. Eastern Time

- Thursday- *OCTOBER 15, 2009* - *MARKETING 101 10:00 – 10:45 a.m.*
Presenter: Dan Gramza, CME Group
 1. Who/What is the Chicago Board of Trade; CME; CME Group?
 2. How is trade conducted?
 3. Hedger vs. Speculator
 4. Commercials vs. Non-Commercials

OUTLOOK 11:00 – 11:45 a.m. Outlook – U.S. Economy
Presenter: Ray Owens, Richmond Federal Reserve

- Thursday- *OCTOBER 22, 2009* - *MARKETING 101 10:00 – 10:45 a.m.*
Presenter: David Anderson, Texas A&M University
 1. How do futures contracts work (bears & bulls / longs and shorts)?
 2. Hedgers defined
 3. Speculators Defined
 4. Commercials vs. Non-Commercials

OUTLOOK 11:00 – 11:45 a.m. Outlook – U.S. Dairy Industry
Presenter: Scott Brown, University of Missouri

- Thursday- *OCTOBER 29, 2009* - *OUTLOOK 10:00 – 10:45 a.m.* Outlook –
FRENCH/European Union Dairy Markets and trade – European - Imports & Exports
Presenter: Dr. Philippe Jachnik, Chef du service Economie, La Maison du Lait, Paris, France

MARKETING 11:00 – 11:45 a.m. *Note: This session has a different order due to time difference in France*
Presenter: Gavin Maguire - Iowa Grain, CNBC

1. How do options contracts work (calls & puts)?
2. Who would sell and who would buy?

BONUS PRESENTATION from 1:00-2:00 p.m. – sponsored by RMA & VFBF – Livestock Revenue Protection - Jonah Bowles

- Thursday- *NOVEMBER 5, 2009* - *MARKETING 10:00 – 10:45 a.m.*
Presenter: Jonah Bowles
 1. Basis Defined
 2. Basis as a barometer
 3. How do World markets affect basis?

OUTLOOK 11:00 – 11:45 a.m. Outlook –Farm Energy / Bio-Fuels / Grain Outlook
Presenter: Bob Wisner- Professor Emeritus, Iowa State Univ.

- Thursday- *NOVEMBER 12, 2009* - *MARKETING 10:00 – 10:45 a.m.*
Presenter: Brenda Boetel, University of Wisconsin
 1. Fundamental Analysis Basics
 2. Overview of Technical Analysis
 3. Gaps & Triangles / Chart Patterns / Relative Strength Index

OUTLOOK 11:00 – 11:45 p.m. Outlook – Input Costs
Presenter: Greg Ibendahl, Mississippi State University

BONUS PRESENTATION from 1:00-2:00 p.m. – sponsored by RMA & VFBB – Gross Margin Protection for Dairy producers – Emmit Rawls

- Thursday- *NOVEMBER 19, 2009* - *MARKETING 10:00 – 10:45 a.m.*
Presenter: Dan Gramza, CME Group
 1. I want to trade!
 1. What are the risks of trading my own account?
 2. What are the Odds in our predictions?
 3. What impacts our predictions?

OUTLOOK 11:00 – 11:45 a.m. Outlook – 2010 American Farm Outlook – General Health of U.S. Agriculture Industry – Where we've been and where are we going?

Presenter: Danny Klinefelter, Texas A&M University

Contact: Mike Roberts, Agricultural Extension Commodity Marketing and Farm Business Management Extension Agent, by phone at 804-733-2686 or by e-mail at mrob@v.edu

Southern Piedmont Regional Forage Field Day

Tuesday, September 15, 2009, 2:15 - 6:30 PM

Cost: \$10.00 per person; pay at event

Concord, VA 24538

- 2:15PM Welcome and Opening Remarks
- 2:30PM Nitrogen Sources for Hay Field and Pasture: Does it really Matter? *Dr. Chris Teutsch, VT*
Transitioning Cutover Land into Productive Pasture (Grinder/Mucher Demo)
Pasture Weed and Brush Control, *Blox Daugherty, Dow AgroSciences*
- 3:45PM Controlled Grazing: Managing Stocking Rate and Forage Height for Increased Forage Persistence, Vigor, and Productivity, *Todd Scott, VCE*
Soils and Livestock Management: The Underground Effect on Forage Productivity, *J. B. Daniel, NRCS*
Hay Storage: You Can't Afford Not to Do It, *Scott Baker, VCE*
Conservation Programs Supporting Forage and Grassland Management, *Local NRCS and SWCD Representatives*
- 5:00PM Travel to Community Center (2 miles)
- 5:20PM Evening Meal
- 5:50PM Producing and Using Biodiesel on the Farm
- 6:30PM Adjourn

Questions? Contact Todd Scott, Campbell County Extension Office, by phone at 434-332-9538 or by email at todds08@vt.edu

Directions:

Concord, Virginia 24538

From Rustburg:

East on Highway 24, Right onto Spring Mill Road (Highway 646). Approximately 1 mile on 646, look for Field Day signs. End at 1191 Spring Mill Road.

From U.S. 460:

U.S. 460 to VA 24. Follow 24 West through Village of Concord. Turn left onto Spring Mill Road. Approximately 1 mile on 646, look for Field Day signs. End at 1191 Spring Mill Road.

Shenandoah Valley Regional Forage Field Day
Tuesday, September 22, 2009, 3:00 - 6:00 PM

Cost: \$10 per participant; pay at the event
Lucky Charm Farm - Bud Shaver
126 Craig Shop Road, Weyers Cave, VA

3:00PM Welcome: *Leo Tammi, VFGC Board*

3:05PM Introduction: *Jason Carter, Agriculture Extension*

3:10PM Overview of Lucky Charm Farm forage program: *Bud Shaver*

4:00 PM Visit CREP acreage, *Bud Shaver*

Overview of Farm Bill Programs for forage/livestock producers: *Bobby Whitescarver, Natural Resources Conservation Council*

Forages and wildlife: Quail Management Action Plan: *David Kocka, Department of Game and Inland Fisheries*

5:00PM Visit Lucky Charm Low Stress Cattle Handling Facility: *Bud Shaver*

6:00PM Meal

Please register by September 16, Phone Augusta Agriculture Extension office at 540-245-5750.

Questions? Contact Leo Tammi by phone at 540-234-8526 or by email at Shamokarun@aol.com

Directions:

Weyers Cave, VA 24486

Start out going Southeast on Weyers Cave Road/VA 256 toward Wayside Drive (go 3.8 miles).

Turn right onto Rockfish Road (go 1.0 miles).

Turn slightly right onto Battlefield Road (go 1.4 miles).

Turn right onto Craig Shop Road (go 0.3 miles) and follow the Field Day signs.

49th Virginia Tech Income Tax School

By L. Leon Geyer (gever@vt.edu), Professor, Agricultural Law, Department of Agricultural and Applied Economics, Virginia Tech

This fall we have three seminars to offer:

1. General Income Tax Seminar

Two days of general sessions of intensive study with farm, Maryland tax, and ethics sessions at selected locations (see Table 1). All details can be found by contacting

Income Tax School Registrar
Mail Code 0272
Blacksburg, VA 24061
Fax: (540) 231-3306 Phone: (540) 231-5182
Email: vttax@vt.edu Web Page: www.tax.vt.edu

Topics covered in the agricultural session

Agricultural Issues

- 5-year depreciation recovery period
- Qualified deferred payment contracts
- Transitioning farm businesses to rental
- Social security strategies

Topics covered in the general sessions

<ul style="list-style-type: none">• Sale of a vacation home following rental property treatment• Stock options and AMT• Foster care• Adoption and surrogate mother• Reverse mortgages• Business use of home: planning—tax effect of claiming the business use of home deduction including the effect on listed property and the effect on sale of home• Cell phones and land lines as fringe benefits• Internet and computers• Passive loss• Constructive receipt and expense deduction (checks at end of year)• I.R.C. § 179 deduction income limit• Energy credits/provisions• EITC due diligence• Notices from more than one campus for the	<ul style="list-style-type: none">• Sales of royalties and working interests• Stock options and credits• Real Estate Issues: financial distress; I.R.C. § 1031 exchanges; and easements• Standard mileage rate and recapture• Passenger automobile limits• I.R.C. § 179 deduction• Partial business use of automobiles• Leasing an automobile• Trade-in of vehicle• Employee use of vehicle• Reimbursement of employee for vehicle use• Entity versus employee ownership of vehicles• Safe harbor for farmers• Recapture provisions• Energy credits• Hobby losses and vacation home limits• Basis limitation
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<ul style="list-style-type: none"> • same taxpayer and the same tax year • Substitute for returns • Transferring collection cases to local offices • Tax audits: explanation of the different types of audit • How to communicate with IRS to fix problems • How to perfect a general power of attorney • Basis of mutual funds and other investments • Form 1041: expenses subject to the 2% of adjusted gross income floor 	<ul style="list-style-type: none"> • At risk rules • Passive activity losses • Net operating losses • C Corporations • Military pay • Combat zones (timing of bonuses) • Financial distress issues • Family issues • Schedule A (Form 1040) deductions • Basic return filing information • Retirement issues • Educational assistance
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Site	Date General Session 16 hrs.	Farm Session 2 hrs.	Maryland Session 2 hrs.	\$20 extra Ethics Session 2 hrs.
Richmond I	November 2-3	Day 1	none	Day 2
Staunton	November 4-5	Day 1	none	Day 2
Bristol	November 9-10	Day 1	none	Day 2
Roanoke	November 11-12	Day 1	none	Day 2
Falls Church	November 16-17	none	none	none
Lynchburg	November 18-19	Day 1	none	Day 2
Reston	Nov 30 Dec 1	none	Day 2	Day 1
Fredericksburg	December 2-3	Day 1	none	Day 2
Williamsburg	December 7-8	Day 1	none	Day 2
Chesapeake	December 9-10	none	none	Day 2
Richmond II	December 14-15	none	none	Day 1

2. Introductory Tax Preparation

Three 1-day seminars on Introductory Tax Preparation are scheduled for 4 locations and held in January 2010 (Table 2). These Introductory Tax Preparation Seminars are designed for those who are new or returning to tax preparation and want a course in basic preparation for a professional. The course is based on the 1040 Form. Other forms are discussed in terms of income and the 1040 form.

Site	Date	Time
Roanoke	Jan. 6, 2009	8:30-4:45
Falls Church	Jan. 7, 2009	8:30-4:45*
Richmond	Jan. 8, 2009	8:30-4:45

Virginia Cooperative Extension

A partnership of Virginia Tech and Virginia State University

 **VirginiaTech**
College of Agriculture
and Life Sciences



School of Agriculture
Virginia State University



Bedford County/City Office
County Administration Building
122 East Main Street, Suite 102
Bedford, Virginia 24523-2000
540/586-7675 Fax: 540/586-4214
scbaker@vt.edu

Want to learn more about this emerging sector of agriculture???

Interested in tapping into the local food movement???

LOCAL FOODS WORKSHOP

Bring lunch... network after the sessions!

Guest Speakers!!!



Host Farms Will Share Experiences!!!

\$5 per person/\$10 per family per workshop

ALL WORKSHOPS RUN FROM 9:30 A. M. – NOON:

THURSDAY, AUGUST 27

DEVELOPING THE ENTERPRISE

FROG BOTTOM FARM,
APPOMATTOX COUNTY

www.frogbottomfarm.com

THURSDAY, SEPTEMBER 24

KEEPING YOUR BUSINESS & YOUR CUSTOMERS SAFE

MOUNTAIN RUN FARM,
BEDFORD COUNTY

www.mountainrunfarm.com

THURSDAY, OCTOBER 29

GETTING YOUR PRODUCT SOLD

BLACK EAGLE FARM,
NELSON COUNTY

www.blackeaglefarm.com

To get more information and to register, call your local Extension Office:

Amherst: (434) 946-9365
Appomattox: (434) 352-8244
Bedford: (540) 586-7675
Campbell: (434) 332-9538

Pre-Registration Required

If you are a person with a disability and desire any assistive devices, services or other accommodations to participate in this activity, please contact Scott Baker of the Bedford County Extension Office at (434)332-9538 [TDD: (800)828-1120] during business hours of 8:30 a.m. and 5:00 p.m. to discuss accommodations 5 days prior to the event.

www.ext.vt.edu

Extension is a joint program of Virginia Tech, Virginia State University, the U.S. Department of Agriculture, and state and local governments.

Virginia Cooperative Extension programs and employment are open to all, regardless of race, color, national origin, sex, religion, age, disability, political beliefs, sexual orientation, or marital or family status. An equal opportunity/affirmative action employer.

Calendar of Events

August

- 27 Local Foods Workshop – Developing the Enterprise. Central Virginia. See flyer on page 15.

September

- 15 Southern Piedmont Regional Forage Field Day. Concord. 2:15 - 6:30 PM. Contact Todd Scott by phone at (434) 332-9538 or by email at todds08@vt.edu.
- 16 Dealing with the Dairy Crisis. Weyers Cave. Agenda: Analyzing the farm business, business organization and tax management considerations for difficult times, the do's and don'ts of working with creditors, dealing with stress, taking care of yourself and your family, and rebuilding cash reserves when the market improves. Contact the Augusta Agriculture Extension Office by phone at (540) 245-5750 for information.
- 22 Shenandoah Valley Regional Forage Field Day. Weyers Cave. 3:00 - 6:00 PM. Contact the Augusta Agriculture Extension Office by phone at (540) 245-5750 for information.
- 24 Local Foods Workshop – Keeping Your Business and Your Customers Safe. Central Virginia. See flyer on page 15.

October

- 15 Marketing 101 Producer Workshop. 10:00-10:45 AM. Outlook on U.S. Economy. 11:00-11:45 AM. Contact Mike Roberts by phone at (804) 733-2686 or by email at mrob@vt.edu.
- 20 An Introduction to Grass-based Dairying. Topics include economics of grass-based dairying on the East Coast, and examples of limited and complete conversion to grazing. Contact the Augusta Agriculture Extension Office by phone at (540) 245-5750 for information.
- 22 Marketing 101 Producer Workshop. 10:00-10:45 AM. Outlook on U.S. Dairy Industry. 11:00-11:45 AM. Contact Mike Roberts by phone at (804) 733-2686 or by email at mrob@vt.edu.
- 23-24 Mid-Atlantic Grass-Finished Livestock Conference. Holiday Inn Conference Center, Staunton. Contact Margaret Kenney by phone at (434) 292-5331 or by email at makenny@vt.edu.

- 29 Outlook on French/European Union Dairy Markets and Trade. 10:00-10:45 AM. Marketing 101 Producer Workshop. 11:00-11:45 AM. Bonus Presentation on Livestock Revenue Protection. 1:00-2:00 PM. Contact Mike Roberts by phone at (804) 733-2686 or by email at mrob@vt.edu.
- 29 Local Foods Workshop – Getting Your Product Sold. Central Virginia. See flyer on page 15.

November

- 2-3 Income Tax Seminar. Richmond I. General Session: 8:30 AM – 4:45 PM; Evening Session: 5:00-7:00 PM. Cost: \$270; after October 1: \$300. A two-hour farm session is offered on Day 1. Ethics session offered on Day 2 is \$20 extra. Contact Income Tax School Registrar by phone at (540) 231-3306 or by email at vttax@vt.edu.
- 4-5 Income Tax Seminar. Staunton. General Session: 8:30 AM – 4:45 PM; Evening Session: 5:00-7:00 PM. Cost: \$250; after October 1: \$280. A two-hour farm session is offered on Day 1. Ethics session offered on Day 2 is \$20 extra. Contact Income Tax School Registrar by phone at (540) 231-3306 or by email at vttax@vt.edu.
- 5 Marketing 101 Producer Workshop. 10:00-10:45 AM. Outlook on Farm Energy / Bio-Fuels / Grain Outlook. 11:00-11:45 AM. Contact Mike Roberts by phone at (804) 733-2686 or by email at mrob@vt.edu.
- 9-10 Income Tax Seminar. Bristol. General Session: 8:30 AM – 4:45 PM; Evening Session: 5:00-7:00 PM. Cost: \$250; after October 1: \$280. A two-hour farm session is offered on Day 1. Ethics session offered on Day 2 is \$20 extra. Contact Income Tax School Registrar by phone at (540) 231-3306 or by email at vttax@vt.edu.
- 11-12 Income Tax Seminar. Roanoke. General Session: 8:30 AM – 4:45 PM; Evening Session: 5:00-7:00 PM. Cost: \$250; after October 1: \$280. A two-hour farm session is offered on Day 1. Ethics session offered on Day 2 is \$20 extra. Contact Income Tax School Registrar by phone at (540) 231-3306 or by email at vttax@vt.edu.
- 12 Marketing 101 Producer Workshop. 10:00-10:45 AM. Outlook on Input Costs. 11:00-11:45 AM. Bonus Presentation on Gross Margin Protection for Dairy Producers. 1:00-2:00 PM. Contact Mike Roberts by phone at (804) 733-2686 or by email at mrob@vt.edu.

- 16-17 Income Tax Seminar. Falls Church Express. General Session: 7:30 AM – 3:45 PM. Cost: \$280; after October 1: \$310. No farm session or ethics session offered at this location. Contact Income Tax School Registrar by phone at (540) 231-3306 or by email at vttax@vt.edu.
- 18-19 Income Tax Seminar. Lynchburg. General Session: 8:30 AM – 4:45 PM; Evening Session: 5:00-7:00 PM. Cost: \$250; after October 1: \$280. A two-hour farm session is offered on Day 1. Ethics session offered on Day 2 is \$20 extra. Contact Income Tax School Registrar by phone at (540) 231-3306 or by email at vttax@vt.edu.
- 19 Marketing 101 Producer Workshop. 10:00-10:45 AM. Outlook on 2010 American Farm Outlook – General Health of U.S. Agriculture Industry. 11:00-11:45 AM. Contact Mike Roberts by phone at (804) 733-2686 or by email at mrob@vt.edu.
- 30-Dec. 1 Income Tax Seminar. Reston. General Session: 8:30 AM – 4:45 PM; Evening Session: 5:00-7:00 PM. Cost: \$280; after October 1: \$310. No farm session is offered at this location. Ethics session offered on Day 1 is \$20 extra. Contact Income Tax School Registrar by phone at (540) 231-3306 or by email at vttax@vt.edu.

December

- 2-3 Income Tax Seminar. Fredericksburg. General Session: 8:30 AM – 4:45 PM; Evening Session: 5:00-7:00 PM. Cost: \$270; after October 1: \$300. A two-hour farm session is offered on Day 1. Ethics session offered on Day 2 is \$20 extra. Contact Income Tax School Registrar by phone at (540) 231-3306 or by email at vttax@vt.edu.
- 7-8 Income Tax Seminar. Williamsburg. General Session: 8:30 AM – 4:45 PM; Evening Session: 5:00-7:00 PM. Cost: \$270; after October 1: \$300. A two-hour farm session is offered on Day 1. Ethics session offered on Day 2 is \$20 extra. Contact Income Tax School Registrar by phone at (540) 231-3306 or by email at vttax@vt.edu.
- 9-10 Income Tax Seminar. Chesapeake. General Session: 8:30 AM – 4:45 PM; Evening Session: 5:00-7:00 PM. Cost: \$270; after October 1: \$300. No farm session is offered at this location. Ethics session offered on Day 1 is \$20 extra. Contact Income Tax School Registrar by phone at (540) 231-3306 or by email at vttax@vt.edu.

14-15 Income Tax Seminar. Richmond II. General Session: 8:30 AM – 4:45 PM; Evening Session: 5:00-7:00 PM. Cost: \$270; after October 1: \$300. No farm session is offered at this location. Ethics session offered on Day 2 is \$20 extra. Contact Income Tax School Registrar by phone at (540) 231-3306 or by email at vttax@vt.edu.

February 2010

5-12 North American Farmers' Direct Marketing Association (NAFDMA) Annual Convention. Lancaster, PA. Please see their web site for details as they become available at <http://www.nafdma.com/>.