Virginia Cooperative Extension

Farm Business Management Update
August-September 2010

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 Farm Management Coordinator

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The Management Calendar

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

Look's like most of the state is facing some level of drought and, from what I have heard and seen, the drought goes from conditions being a little bit dry to where the crops are no longer harvestable. A few quick comments on dealing with drought from the farm management side:

- There are federal tax provisions for weather-related sales of livestock (see Peter Callan's article in this issue titled *Drought Tax Laws May Benefit Livestock Producers in 2010*). Also, check with your tax consultant or CPS for advice
- If you have crop insurance or other risk management products, make sure you check with your crop insurance agent before plowing under a crop or selling livestock.
- Droughts add additional financial stress to a series of turbulent years. To help evaluate alternatives become familiar with enterprise budgets and how to use them. See the VCE enterprise budgets at http://pubs.ext.vt.edu/category/enterprise-budgets.html.
- Take a look at the Agricultural and Applied Economics web site for an explanation of using a partial budget to compare alternatives: www.extension.agecon.vt.edu/word%20docs/Partial%20Budgets%20definition%202007.doc.
- Three timely articles to help in making decisions on coping with the drought:
    - My article below titled *A Simple Management Tool: Breakeven Analysis* comparing selling beef cows or buying hay;
    - Tom Stanley's article below titled *Feed Hay to Grow Grass;*
    - Peter Callan's article titled *When Do I Cull a Cow From My Cow-Calf Herd?* in the June-July 2010 *Farm Business Management Update* at: http://pubs.ext.vt.edu/news/fbmu/2010/04/article_7.html.

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

- Want to know statistics about American farms or farmers? Take a look at the USDA-ERS publication *Structure and Finances of U.S. Farms Family Farm Report* (2010) by Robert Hoppe and David Banker. A few highlights: 98 percent of all farms are family operations, and even the largest farms are predominantly family run. Large-scale family farms and non-family farms account for 12 percent of U.S farms but 84 percent of the value of production. In contrast, small family farms make up most of the U.S. farm count but produce a modest share of farm output. Small farms are less profitable than large-scale farms, on average, and their operator households tend to rely on off-farm income for their livelihood. The full report Economic Information Bulletin No. (EIB-66), 72 pp, July 2010 can be found at: http://www.ers.usda.gov/publications/eib66/
- In the July 2010 Updates at the Iowa State *Ag Decision Maker* (www.extension.iastate.edu/agdm/) there are four articles that Virginia farmers may find useful:
    - Financial Trouble Shooting, by Robert W. Jolly (http://www.extension.iastate.edu/agdm/wholefarm/html/c3-53.html).

- Understanding Restaurant and Institutional Sales by Mary Holz-Clause (www.extension.iastate.edu/agdm/wholefarm/html/c5-38.html).
- How to Approach Potential Buyers by Mary Holz-Clause (www.extension.iastate.edu/agdm/wholefarm/html/c5-39.html).
- Hay Storage Cost Comparison by William Edwards (www.extension.iastate.edu/agdm/crops/xls/a1-15haystoragecost.xls).

Farm business managers should consider the following activities for their management calendars in August-September.

- As you start into harvest season, be sure to think about your crop records. Make sure you get information on yields, machine times, and equipment used (this information will help with next year's budgeting); identify weed problems and differences in varieties. 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 2010 tax year become available, they can be obtained from the Internal Revenue Service site www.irs.gov/formspubs/index.html. Consider attending one of the farm tax workshops conducted by the Virginia Tech Income Tax School (see the article below titled *51st Virginia Tech Income Tax School* for details).
- 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.

Feed Hay to Grow Grass

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

Most people with grazing livestock are dealing with drought-stressed pastures and are facing some decisions regarding hay supplies for the winter ahead.

For some, the best solution may be found in confining livestock to an appropriately sized lot or paddock that can be easily reseeded and providing a least cost combination of hay and supplemental feed while the pastures are allowed to recover.

This may seem counter intuitive, especially if we enjoy some rain during August that spurs some re-growth in our pastures and hayfields. Here are some reasons why "feeding hay to grow grass" may be a good strategy for someone with grazing animals:

1) Removing animals from the pasture protect sensitive growth points of grasses and legumes that are close to the ground or just below the surface thus protecting the existing forage stand and insuring more rapid recovery once the rains do come.
2) Fescue is the predominant forage species in our pastures. Fescue retains much of its forage quality well into the winter. Fescue that is allowed to grow from now until after the first hard freeze provides a stockpile of grazeable forage into the winter months and reduces the amount of hay that has to be fed in muddy winter conditions.
3) For part-time farmers, it is often easier to feed hay now than in December and January when available daylight is limited and stockpiled fescue could be utilized.

How do we pay for hay? Selling calves early is the solution beef producers often look to when dry weather demands above normal hay purchases. This year may be different in that cull cow values are exceptionally high right now. For some cattlemen, now may be the time to sort through the cow herd and cull the older cows and those that are open that should be pregnant.

Of course, the correct strategy for meeting the nutritional needs of animals depends on the particular farm situation and the resources available. If you would like to construct a customized partial budget to determine what pasture and feeding management strategy makes the most economic sense for your situation, feel free contact your region's Farm Management Agent through your local Extension Office.

A Simple Management Tool: Breakeven Analysis

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

I'm not sure when I first saw someone calculate a breakeven price or table, yet I am certain it was in one of my Agricultural Economics classes during the 1970's. If I could find that notebook, I know there would be a very yellowed sheet of paper on budgeting with something like the following equations:

Costs = Returns

Then the equation would be expanded to reflect both dollars and units:

Cost * Units = Price * Units

I would have a note somewhere about solving for a breakeven price by dividing the costs (right-hand side) by the units. So let's consider a real simple example using a corn budget with a total cost per acre of $365 ($365 * 1 acre) and an estimated yield of 100 bu. Then what's the breakeven price? To answer this question let's write this out in full detail:

$365 cost * 1 acre = Price $ * 100 bushels yield

So dividing the cost by the estimated yield gives the breakeven price of $3.65 per bu. This means that a field that produces 100 bushels of corn will only cover total costs when prices are above $3.65/bu.

This really simple example can be used to compare many alternatives by expanding what is included in the equation. Now to make this a bit more complicated, let's consider a current question driven by this summer's drought, "Should I buy hay or sell cows?" The simple breakeven analysis can be expanded to answer to this question and my answer to this question may not fit every farm in Virginia, yet it will provide a framework to consider most situations.

Consider a farm that has a short hay crop and will need to buy hay to feed 10 cows for 180 days (to maintain the current herd size until spring) or sell the 10 cows as culls. A key question is what is the breakeven price between cull cows and buying hay? That is, how high can hay prices go before I should sell cows?

Important assumptions:

- Average weight of the 10 cows is 1,200 lbs.
- Hauling and marketing costs, $20/head = $200 for the 10 head.
- Hay will be fed for 180 days (a worst-case scenario).
- Assume that cows will average 26 lbs of hay per day or a total of 23.4 tons for the 10 cows for 180 days (26 lbs * 180 days * 10 cows = 46,800lbs or 23.4 tons).
- 15% feeding and handling loss for purchased hay. A feeding and handling loss must be added to the amount consumed to obtain how much hay to purchase. To arrive at the final amount to be purchased, multiply the amount fed by 1.0 ÷ (1.0 - loss percentage). For this example the daily amount of hay to be purchased is 30.59 lbs (26 lbs * (1.0 ÷ (1.0-0.15)) or (26 lbs * 1.1765). In this example, the farmer must purchase 30.59lbs/cow/day * 180 days or 5,506 lbs.
- For the farm to feed 10 cows, the farmer will need to purchase approximately 27.5 tons of hay (5,506 lbs/cow x 10 cows = 55,060 lbs) to cover the hay eaten and the 15% loss.
- Total hay hauling costs $500.
- Hay price $175 per ton.

Putting it all together into a breakeven equation:

Breakeven price of cull cows in cwt's =
{(ton of hay to be fed * (1.0 ÷ (1.0 - loss percentage)) * price of hay/ton)
+ total hay hauling costs + total cow hauling and marketing costs}
÷ Cwt of cows sold

Plugging in the vales for the assumptions yields:

((23.4 tons * 1.1765 *$175) + $500 + $200) ÷ 120 = $45.98 per cwt or
$5517.65 ÷ 120 = $45.98 per cwt

How do we interpret $45.98 per cwt? In Table 1, cull cow prices are determined from an array of hay prices ($100-$225/ton) and as hay prices increase (the costs of keeping a cow) the greater value she has as a cull. Based on the assumptions listed above (hay at $175/ton), a farmer would consider culling the 10 cows if cull prices were $45.98/cwt or less. Note: The last week of July VDACS reported cull cow prices were around $51/cwt and at this price of culls the farmer should buy hay at $175/ton. However, if hay was only available for more than $225 per ton and the long-term outlook was for cull prices to soften then it might be time to sell cows; that is, as long as cull prices are below $57.45. Note: The cow price is net of hauling and marketing ($20/hd).

Table 1: Breakeven Price of Cull Cows at Varying Purchased Hay Prices $/ton

	----------Hay $ per ton----------					
	$ 100	$ 125	$ 150	$ 175	$ 200	$ 225
B/E $/cwt for cull cows	**$ 28.77**	**$ 34.51**	**$ 40.25**	**$ 45.98**	**$ 51.72**	**$ 57.45**

A few points to consider that go beyond this example (thanks to David Fiske and Peter Callan for comments and questions):

- Are the cows open or bred? Investing in pregnancy testing will definitely pay off this year by reducing the total costs of carrying an open cow that will not generate any cash flow for a year.
- Culling poorer producing cows (a very good reason for having cow records) that require more inputs than they return in calf value is a good decision regardless of weather conditions.
- If you reach the point of selling bred cows, these cows should sell for more than cull prices.
- This example does not look beyond the winter feeding season. Reducing herd size will make multiple-year changes (positive and/or negative) in the farm's financial structure.
- Consider:
    - Culling poorer cows and replacing them with genetically improved heifers may improve profitability in a few years.
    - Culling poorer cows might improve the forage quality for the remaining cows, replacement heifers, and calves.

- Culling bred cows will reduce cash flow and maybe profitability next year. To understand the complete impact of this action will require and individualized whole farm analysis.
- Buying hay when you have already spent funds to make hay is the "double-whammy" of managing a drought. That is, the winter feed supply must be purchased twice. Cash flow management will be critical for the next 12 months.

In summary, this example points out a worst case situation where hay has to be fed for 180 days at an above average price. I find the take-away point to be, do not dismiss what appears to be outrageously expensive hay until you have pushed the pencil on the breakeven consequences of selling cows.

Individual farm situations vary greatly with higher hauling costs for hay and/or cows, lower feeding losses, and so on. To consider alternatives to this example, an Excel spreadsheet is available to generate an individualized breakeven table. To obtain a copy e-mail me at groover@vt.edu.

Drought Tax Laws May Benefit Livestock Producers in 2010*

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

The federal tax code includes two provisions, sections 1033(e) and 451(e), which may benefit livestock producers who have been forced to sell larger numbers of livestock than normal during 2010 due to the drought conditions across Virginia. These provisions of the tax law allow farmers to either postpone gain by purchasing replacement animals within two years, 1033(e) election, or choose to defer income to the next tax year, 451(e) election. These tax management tools may help to level revenues over time resulting in a reduced tax liability for the 2010 tax year. The following information has been reprinted from Internal Revenue Service (IRS) Publication 225.

Weather-related sales of livestock

"If you sell or exchange livestock (other than poultry) held for draft, breeding, or dairy purposes solely because of drought, flood, or other weather-related conditions, treat the sale or exchange as an involuntary conversion. Only livestock sold in excess of the number you normally would sell under usual business practice, in the absence of weather-related conditions, are considered involuntary conversions." (2009 Internal Revenue Service Publication 225, p.69)

For example, if a beef producer normally sells 20 cows per year; however, in 2010 he sold 35 beef cows due to the drought, the sale of 15 animals is treated as an involuntary conversion.

If a farm elects not to report income from the sale of the animals in 2010, he needs records to show that he sold more animals in 2010 from the lack of feed due to the drought compared to the number sold in years of normal rainfall.

The producer can elect to not report he gain on the sale of the additional sale of 15 animals due to the lack of feed supplies for the 2010 tax year. However, within two years he must purchase replacements and adjust the basis of the newly purchased cows accordingly. If the replacements are not purchased in the prescribed time, the taxpayer must file an amended 2010 return, include the income from those 15 cows and pay the tax. No disaster declaration is required to qualify for this provision."

The other option is to defer the sale of any livestock (including mature, producing animals or feeder/stocker livestock) to the next tax year. This provision would be more suitable in the situation in which greater than normal numbers of feeder cattle, lambs, etc. are sold due to the drought. As with the other provision, only the income from the number of animals sold during the year exceeding the normal number can be carried over to the following tax year. For livestock producers to take advantage of this election, the county must have been declared a disaster area. In many Virginia counties having numerous livestock and dairy operations, this tax option is the most important advantage of being declared a disaster area, since the majority of farmers will not be eligible for disaster loans from the federal government.

The following information has been reprinted from IRS Publication 225.

Sales Caused by Weather-Related Conditions

"If you sell or exchange more livestock, including poultry, than you normally would in a year because of a drought, flood, or other weather-related condition, you may be able to postpone reporting the gain from the additional animals until the next year. You must meet all the following conditions to qualify.

- Your principal trade or business is farming.
- You use the cash method of accounting.
- You can show that, under your usual business practices, you would not have sold or exchanged the additional animals this year except for the weather-related condition.
- The weather-related condition caused an area to be designated as eligible for assistance by the federal government." (2009 Internal Revenue Service Publication 225, p.9)

This is a brief overview of two provisions in the tax code which may reduce a producer's tax liability in 2010 and succeeding years. Producers need to keep accurate records of 2010 sales to document the sales of additional animals due to the drought. Producers should consult with their tax professionals to determine if these two provisions would be useful in filing 2010 tax returns.

IRS Publication 225, Farmers Tax Guide, contains more detailed information regarding using these elections and other agricultural tax issues.

IRS Publication 225 is available at the following web site: http://www.irs.gov/pub/irs-pdf/p225.pdf. *This article is an update from a December 1998 Farm Business Management Update article by Jack Dunford.

Exploring Options with Teff Grass

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

In recent years, teff grass (*Eragrostis tef*) has gained some attention in the U.S. as a heat-tolerant summer annual that produces abundant high quality forage with relatively limited rainfall. Teff, also known as Tef, Abyssinian Lovegrass, or Annual Bunchgrass, has its origin in Ethiopia where it is used both as fodder and as a cereal crop. In the Mid Atlantic, teff appears best suited for producing high quality grazing July – September or as a cash hay crop. For grazing, independent trials have shown cattle gaining in the range of 1 lb per head per day over and above fescue/clover pastures. Hay yields can range from just under 3 tons to over 5 tons per acre depending on moisture and fertility. Multiple hay cuttings are typical with the first cutting in the early boot-stage of growth taking place 45 – 60 days after planting.

One challenge with teff is its small seed size and shallow planting depth that necessitates a tilled firm seed bed. The abbreviated list of establishment costs reveals equipment costs (including operator labor) can make up 34% of the total establishment bill.

Table 1. Teff Budget

Item	Cost per Acre	Description
Seed	$26.60	7 lbs @ $3.80 / lb
Nitrogen Fertilizer	$33.50	50 lbs @ $.53 / lb + $7.00 application cost
Other Fertilizer, Lime, Herbicides	$43.00	Some P & K, pro-rated lime costs, one application of Glyphosate herbicide
Labor	$31.76	2.19 hours @ $14.50/hr
Variable Equipment Costs	$25.74	Fuel, Lube, Repairs
Fixed Equipment Costs	$23.53	One trip over the field w/ each: plow, off-set disk, off-set disk w/ harrow, cultipacker, and grain drill
Interest and Overhead	$20.51	7% APR
Variable Cost of Establishment	$85.84 - $181.11	Cash Expenses
Variable + Fixed Establishment Cost	$204.64	Per Acre

While out-of-pocket costs could be as low as $85 / acre (if labor is $0), the equipment and time involved in establishing Teff are significant and should not be ignored.

Once established, what are the options with teff? Table 2 illustrates a partial budget analysis comparing three different haying and grazing options. It is important to note that for grazing, an initial period of growth followed by some type of mowing is necessary to establish a root system sufficient to withstand grazing and animal traffic.

Teff grass has been shown to produce very high quality hay suitable for dairy cattle and horses. Assuming a Teff grower can successfully market high quality small square bales, it appears hay might be the preferred method for marketing teff. However, this can change with different cattle

stocking rates, rates of gain, and cattle values. If you would like an electronic copy of this budget to conduct your own analysis, contact Tom Stanley at (540) 463-4734.

Table 2. Teff Management Options: Hay vs. Graze, Partial Budget Analysis

	HAY		1 HAY CUTTING + GRAZE*		MOW ONLY + GRAZE
Additional Income					
Yield (T/Ac)	4.5	Yield (T/Ac)	1.5		0
Value / Ton (F.O.B the Field)	$150.00	Value / Ton (F.O.B. the Field)	$150.00		0
		Avg Daily Gain (over and above that of fescue/clover pasture)	1		1
		Days Grazed	60		70
		No. 6 cwt steers per acre	2.25		2.25
		Value / lb	$1.10		$1.10
A. TOTAL (per acre)	**$675.00**	**TOTAL (per acre)**	**$373.50**		**$173.25**
Additional Expenses					
Harvest Cost / Ton	$80.00	Harvest Cost / Ton	$80.00	Mowing Cost / Acre	$18.00
Additional Fertilizer / Acre	$0.00	Temp Electric Fencing per acre	$10		$10
		Portable water per acre	$10		$10
B. TOTAL (per acre)	**$360.00**	**TOTAL (per acre)**	**$140**		**$38**

	HAY	HAY then GRAZE	GRAZE ONLY
Net Change per Acre* Line A –B	**$315.00**	**$233.50**	**$135.25**

***Establishment Cost NOT included**

It is recommended that teff grass be mowed once before allowing livestock to graze, as this insures the root development in the stand is sufficient to withstand grazing and animal traffic. Harvest costs are based on the 2010 Shenandoah Valley custom rate survey indicating $2.00 / small square bale to cut, rake, & bale (40 bales / ton).

Temple Grandin to Speak at the 2011 Winter Forage Conferences

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

Essential Topics in Animal Agriculture: What Farmers Need to Know is the theme for the Virginia Forage and Grassland Council (VFGC) and Virginia Cooperative Extension winter forage conferences. This is an ideal opportunity for all livestock producers to gain an understanding of animal psychology and behavior leading to: reduced stress and injury to animals and people; higher quality animal products; a safer work environment; improved animal welfare; and lower total costs of production.

This year's keynote speaker is Dr. Temple Grandin, Professor of Animal Science at Colorado State University and internationally known expert on animal behavior. She is listed in the 2010 TIME 100, Time magazine's annual list of the 100 most influential people in the world. Dr. Grandin will provide research-based insights and knowledge into animal behavior and how to improve transportation, handling, and working facilities to reduce stress and improve animal welfare.

Participants will also hear from Dr. Fred Provenza, Professor Emeritus in the Department of Wildland Resources at Utah State University and Dr. John Anderson, Livestock Economist for the American Farm Bureau Federation. Dr. Provenza will help famers understand the practical science behind grazing behavior and how to train animals to enhance the environment. Dr. Anderson will provide insights into the global economics of animal agriculture and what that means for individual farm profitability.

The daylong conference will be repeated at three locations:

- Tuesday, January 18, in Wytheville at the Wytheville Meeting Center
- Wednesday, January 19, in Madison Heights at the Madison Heights Community Center
- Thursday, January 20, in Weyers Cave at the Weyers Cave Community Center.

The conferences will run from 8:30 am to 3:00 pm.

Please visit the VFGC web site (http://vaforages.org) for additional details and registration information.

The U.S. Department of Agriculture Natural Resources Conservation Service is also a sponsor.

51st Virginia Tech Income Tax School

By L. Leon Geyer (geyer@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, Continuing and Professional Education
702 University City Blvd., Virginia Tech, 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

• 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	• 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

• Notices from more than one campus for the 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	• Basis limitation • 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

Table 1. General Sessions

Site	**Date General Session 16 hrs.**	**Farm Session 2 hrs.**	**Maryland Session 2 hrs.**	**$20 extra Ethics Session 2 hrs.**
Richmond I	November 1-2	Day 1	none	Day 2
Staunton	November 3-4	Day 1	none	Day 2
Abingdon	November 8-9	Day 1	none	Day 2
Lynchburg	November 10-11	Day 1	none	Day 2
Roanoke	November 15-16	Day 1	none	Day 2
Falls Church	November 18-19	none	none	none
Herndon	November 29-30	none	Day 1	Day 2
Fredericksburg	December 1-2	Day 1	none	Day 2
Williamsburg	December 6-7	Day 1	none	Day 2
Virginia Beach	December 8-9	none	none	Day 1
Richmond II	December 13-14	none	none	Day 1

2. Introductory Tax Preparation

Three 1-day seminars on Introductory Tax Preparation are scheduled for 3 locations and held in January 2011 (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.

Table 2. Introductory Tax Preparation Seminars

Site	**Date**	**Time**
Roanoke	Jan. 4, 2011	8:30-4:45
Falls Church	Jan. 5, 2011	8:30-4:45*
Richmond	Jan. 6, 2011	8:30-4:45

8th Mid-Atlantic Dairy Grazing Conference and Organic Dairy Field Day
October 11-13, 2010

By Steve Washburn (Steve_Washburn@ncsu.edu), Professor, Extension Specialist, North Carolina State University

Dairy graziers and dairy grazing enthusiasts from several states will be gathering in October to share and increase their knowledge about pasture-based and organic dairy production systems. The conference is based in Wytheville in Southwestern Virginia where Interstates 77 and 81 meet. The event begins with registration at the Wytheville Meeting Center on Monday, October 11, at 3:00 p.m. and concludes on Wednesday, October 13, at 2:15 p.m.

The program will feature speakers from several states including Dr. John Niezen of the Greenstone Grazing Group in Louisville, Georgia; Jon Bansen of Double J Jerseys in Monmouth, Oregon; Mr. Joe Horner, Extension Economist with the University of Missouri in Columbia, Missouri; and Dr. Larry Tranel, Dairy Field Specialist, Iowa State University Extension in Dubuque, Iowa. Eric Crowgey of Wytheville and Jay Richardson of Sugar Grove are two local dairy graziers that have agreed to host on-farm visits during the 3-day event. We will also have involvement of other resource people from the region including other dairy producers, NRCS and Extension personnel, and various representatives of companies and organizations that provide services to dairy graziers.

The program will cover many aspects of dairy grazing systems applicable to both experienced and to beginning dairy graziers. Topics include financial strategies to become "millionaire model dairy farms," low-cost milking parlors, and management of cattle and pastures in various pasture-based and organic production systems. Some topic areas will be covered by presentations on farm and at the Meeting Center while other topics will be covered by panel discussions of dairy graziers and other speakers.

Location: Wytheville Meeting Center: www.wythevillemeetingcenter.com

Contacts:
Program information: Steve Washburn
North Carolina State University
Steve_Washburn@ncsu.edu (919) 515-7726

Local arrangements: Chase Scott
Virginia Cooperative Extension
miscott1@vt.edu (276) 223-6040
Several hotels are available near the Wytheville Meeting Center

Program Registration

Mid-Atlantic Dairy Grazing Conference and Organic Dairy Field Day

Names_____($100)

2nd_____($50)

Additional_____($50)

Additional_____($50)

Address_____

_____

City State Zip

County_____

Daytime Phone_____

Email_____

Registration: $100 early registration (by September 30) and $150 for on-site registration. Discounted rates of $50 in advance or $75 (on site) are available for students or family members from same farm. Limited scholarships available.

Early registration: Post marked by September 30th, 2010

Registration confirmation by email.

Make Check Payable to:

VFGC

Mail Check and Registration to:

2010 Dairy Grazing Conf.
Ms. Margaret Kenny
3599 Indian Oak Road
Crewe, VA 23930

Calendar of Events

August

23-30 Family Forestland Short-Course: Focusing on Land Transfer to Generation "NEXT." Warrenton. Airlie Center. 12:30 to 7:00 p.m. Contact Madison County Extension Office by phone at (540) 948-6881 or by e-mail at slillard@vt.edu.

25 Forage Drought Risk Management Workshop. Weyers Cave. Weyers Cave Community Center. 10:30 AM to 2:30 PM. No charge. Featured speaker is Dr. Jay Parsons with 'Right Risk, LLC' of Fort Collins CO., sponsored by RMA. Contact Tom Stanley by phone at (540) 463-4734 or by e-mail at stanleyt@vt.edu.

26 Lamb-LRP: Livestock Risk Protection Insurance (LRP). Speaker: Dr. Jay Parsons, sponsored by RMA. Contact Tom Stanley by phone at (540) 463-4734 or by e-mail at stanleyt@vt.edu.

27 Lamb-LRP: Livestock Risk Protection Insurance (LRP). Speaker: Dr. Jay Parsons, sponsored by RMA. Contact Tom Stanley by phone at (540) 463-4734 or by e-mail at stanleyt@vt.edu.

28 Sheep Field Day. Steeles Tavern. Several topics, including LRP-Lamb, immediately precedes annual performance tested ram sale at Noon. Contact Tom Stanley by phone at (540) 463-4734 or by e-mail at stanleyt@vt.edu.

October

11-13 8th Mid-Atlantic Dairy Grazing Conference and Organic Dairy Field Day. Wytheville. Wytheville Meeting Center, 333 Community Blvd. Contact Chase Scott by phone at (276) 223-6040 or by e-mail at miscott1@vt.edu.

November

1-2 Income Tax Seminar. Richmond I. General Session: 8:30 AM – 4:45 PM; Evening Session: 5:00-7:00 PM. Cost: $280; after October 1: $310. A two-hour farm session is offered on Day 1. Ethics session offered on Day 2 is $25 extra. Contact Income Tax School Registrar by phone at (540) 231-5182 or by email at vttax@vt.edu.

3-4 Income Tax Seminar. Staunton. General Session: 8:30 AM – 4:45 PM; Evening Session: 5:00-7:00 PM. Cost: $260; after October 1: $290. A two-hour farm session is offered on Day 1. Ethics session offered on Day 2 is $25 extra. Contact Income Tax School Registrar by phone at (540) 231-5182 or by email at vttax@vt.edu.

8-9 Income Tax Seminar. Abingdon. General Session: 8:30 AM – 4:45 PM; Evening Session: 5:00-7:00 PM. Cost: $260; after October 1: $290. A two-hour farm session is offered on Day 1. Ethics session offered on Day 2 is $25 extra. Contact Income Tax School Registrar by phone at (540) 231-5182 or by email at vttax@vt.edu.

10-11 Income Tax Seminar. Lynchburg. General Session: 8:30 AM – 4:45 PM; Evening Session: 5:00-7:00 PM. Cost: $260; after October 1: $290. A two-hour farm session is offered on Day 1. Ethics session offered on Day 2 is $25 extra. Contact Income Tax School Registrar by phone at (540) 231-5182 or by email at vttax@vt.edu.

16-17 Income Tax Seminar. Roanoke. General Session: 8:30 AM – 4:45 PM; Cost: $260; after October 1: $290. Evening Session: 5:00-7:00 PM. A two-hour farm session is offered on Day 1. Ethics session offered on Day 2 is $25 extra. Contact Income Tax School Registrar by phone at (540) 231-5182 or by email at vttax@vt.edu.

18-19 Income Tax Seminar. Falls Church Express. General Session: 7:30 AM – 3:45 PM. Cost: $290; after October 1: $320. No farm session or ethics session offered at this location. Contact Income Tax School Registrar by phone at (540) 231-5182 or by email at vttax@vt.edu.

29-30 Income Tax Seminar. Herndon. General Session: 8:30 AM – 4:45 PM; Evening Session: 5:00-7:00 PM. Cost: $290; after October 1: $320. Maryland Tax Update offered on Day 1. Ethics session offered on Day 2 is $25 extra. Contact Income Tax School Registrar by phone at (540) 231-5182 or by email at vttax@vt.edu.

December

1-2 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) 231-5182 or by email at vttax@vt.edu.

6-7 Income Tax Seminar. Williamsburg. General Session: 8:30 AM – 4:45 PM; Evening Session: 5:00-7:00 PM. Cost: $280; after October 1: $310. A two-hour farm session is offered on Day 1. Ethics session offered on Day 2 is $25 extra. Contact Income Tax School Registrar by phone at (540) 231-5182 or by email at vttax@vt.edu.

8-9 Income Tax Seminar. Virginia Beach. 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) 231-5182 or by email at vttax@vt.edu.

13-14 Income Tax Seminar. Richmond II. 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 $25 extra. Contact Income Tax School Registrar by phone at (540) 231-5182 or by email at vttax@vt.edu.

January

4 Introductory Tax Preparation Seminars. Roanoke. 8:30 AM - 4:45 PM. Cost: $140; after December 3: $160. Contact Income Tax School Registrar by phone at (540) 231-5182 or by email at vttax@vt.edu.

5 Introductory Tax Preparation Seminars. Falls Church. 7:30 AM - 3:45 PM. Cost: $140; after December 3: $160. Contact Income Tax School Registrar by phone at (540) 231-5182 or by email at vttax@vt.edu.

6 Introductory Tax Preparation Seminars. Richmond. 8:30 AM - 4:45 PM. Cost: $140; after December 3: $160. Contact Income Tax School Registrar by phone at (540) 231-5182 or by email at vttax@vt.edu.

18 VFGC Winter Forage Conferences. Wytheville, VA at the Wytheville Meeting Center. 8:30 AM - 4:00 PM. Visit http://vaforages.org/ for details or contact Gordon Groover (540) 231-5850 or by email at vttax@vt.edu.

19 VFGC Winter Forage Conferences. Madison Heights, VA at the Madison Heights Community Center. 8:30 AM - 4:00 PM. Visit http://vaforages.org/ for details or contact Gordon Groover (540) 231-5850 or by email at vttax@vt.edu.

20 VFGC Winter Forage Conferences. Weyers Cave, VA at the Weyers Cave Community Center. 8:30 AM - 4:00 PM. Visit http://vaforages.org/ for details or contact Gordon Groover (540) 231-5850 or by email at vttax@vt.edu.

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