Virginia Cooperative Extension

Farm Business Management Update
August – September 2006

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 use this information in your on-going Extension programs and circulate to all Extension staff. **Farm Business Management Update** is electronically accessible via the Virginia Cooperative Extension World Wide Web site (http://www.ext.vt.edu/). 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

Karen Mundy
Rural Economic Analysis Program
Communications Specialist

Item Page

Virginia Tech
VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY

Issued in furtherance of Cooperative Extension work, Virginia Polytechnic Institute and State University, Virginia State University, and the U.S. Department of Agriculture cooperating. Mark McCann, Director, Virginia Cooperative Extension, Virginia Tech, Blacksburg; Alma C. Hobbs, Administrator, 1890 Extension Program, Virginia State, Petersburg.

VIRGINIA STATE UNIVERSITY

Peter Callan is Virginia's Newest Farm Business Management Agent

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

August 25 will be Peter Callan's first day on the job as farm business management agent in Northern District.

Peter grew up on a 1,000-acre dairy and cash crop farm in western New York. As an undergraduate majoring in agricultural economics at Cornell University, he learned the skills required to own and operate a successful agricultural business, with a specific interest in dairy production. His early training was followed by a M.S. in agricultural economics from Michigan State where he focused on dairy farm management and completed additional finance courses that were part of the Master of Business Administration.

On the applied side, Peter has experience working on his home farm and 10 years as owner and manager of his own dairy farm in Wyoming County, New York. His firsthand experience as a farmer started with rebuilding the dairy farm ravaged by fire, managing a business in which net profit per cow was significantly higher than state average, and successfully managing full and part-time employees in a positive work environment.

Following his successful career as a farmer, Peter began a new career as loan officer with the Farm Service Agency in Hollidaysburg, Pennsylvania. As a loan officer, he was responsible for making, servicing, and supervising loans.

Peter will be housed in the Culpeper Cooperative Extension office, please contact him there after August 25. We look forward to Peter's experience and knowledge.

Alex & Dave's Economic "Fore-guess"

By Alex White (axwhite@vt.edu), Instructor, Agricultural Finance and Small Business, and David M. Kohl (sullylab@vt.edu), Professor Emeritus, Agricultural Finance and Small Business, Department of Agricultural and Applied Economics, Virginia Tech

What kind of a story we can tell about the U.S. economy? Before we go too far, be forewarned that it may not be the happiest story ever told. To be honest, we're a little concerned about the state of the economy over the next 6 to 9 months. We've broken the main indicators into 3 groups – the Good, the Bad, and the Ugly.

The Good

Purchasing Managers Index is still strong at 54.7 but lower than its recent high of 57.3 (April 2006).

- The retail industry is still expecting strong sales but maybe not as strong as they thought a few months ago. The relatively low unemployment rate in the U.S. may be the underlying reason for the relative strength in this index.

U.S. unemployment rate is decreasing, from 4.8% in February to 4.6% in June

- More people in the workforce leads to increased disposable income and usually an increase in consumer spending. Furthermore, to expand production businesses have to pay higher wages to attract competent workers – this increase in wages is passed along to consumers in the form of higher prices. We use 4.5% as the support level for the unemployment rate – anything below that tends to be inflationary in nature.

The Bad

CPI is increasing at an annual rate of 4.3%

- Partially due to increased energy prices, partially due to increased earnings in the work force. Households will start to notice higher prices at the grocery store, the utility companies, and the gas pumps. A natural reaction is to reduce consumption expenditures and the purchase of big-ticket items, especially if wages aren't increasing in step with expenses.

Capacity Utilization Rate is increasing, up to 82.4% from 80.9% in January

- U.S. manufacturers are trying to expand production and are utilizing more of their production capacity. This change leads to increased labor costs, which are passed along to consumers in higher prices. We tend to get a little concerned when this index approaches 85%, as it tends to signal an overheating economy.

Gold prices are increasing, from $570/oz. in January to $634/oz. in June

- Traditionally, gold is considered to be an inflation hedge. Increased demand for gold is driving up the price. Why is there increased demand for gold? Investors are feeling the inflationary pressures as well, so they are starting to park their money in gold.

U.S. T-Bill yields are starting to fall

- To protect their funds, investors are looking to fixed income investments, such as T-bills and bonds. As demand for bonds increases, the yield of those same bonds decreases. Foreign investors are also a part of the increased demand for U.S. T-bills – worldwide inflation has investors pulling in their horns and getting more conservative. Also the geopolitical risk in the Middle East has individuals seeking safe havens in investments.

The Ugly

Higher oil prices

- Oil prices are up around $68/bbl, driving up the cost of petroleum and related products. This increase has a relatively large impact on household spending. We hate to think what heating oil prices might be this autumn and winter! As consumers spend more on gasoline and heating, they will probably start to spend less on housing and big-ticket items (durable goods). Then, inventories start to pile up, jobs tend to be cut, and a nice little recession might just be in the works.

Core Inflation Index is creeping up – from 2.1% in January to 2.6% in June

- Core inflation does not include energy or food costs. So households will be spending more of their disposable income on "necessities" besides energy and food. Households are already spending more than they are earning as evidenced by the negative national savings rate. The target for the Fed is around 2%. As the Core Inflation Index climbs above 2%, watch for further increases in the Federal Funds Rate and other interest rates.

The yield curve is flattening out even more

- The spread between short-term and long-term bonds is narrowing, indicating that funds are being shifted from short-term to long-term bonds. The spread is narrowing as increased demand for long-term bonds drives down the yield of the bonds, relative to T-bills. This narrowing spread indicates that the conservative bond market is looking to lock-in relatively higher long-term rates in anticipation of lower yields on alternative investments – a strong indicator of an upcoming recession.

So what does this mean to us?

We can expect the Fed to continue to raise interest rates to try to rein in these inflationary pressures. What outcomes are we seeing?

- There is a 60% probability of interest rates reaching 5.50% by year-end and a 20% to 25% chance they will reach 5.75%. Of course, any major disruption of the economy or world events would spur the Federal Reserve to lower rates, so there is a 10% to 15% chance of declining rates.

The Prime Interest Rate is creeping up

- The prime rate has increased from 7.5% in January to 8.25% in June, causing an increase in the cost of borrowed funds for businesses and households. Increased cost of funds should lead to decreased demand for big-ticket items, as well as a disincentive for businesses to expand their production capabilities. An increase may lead to a lack of growth in the overall economy or possibly recessionary times.

Housing starts are decreasing

- Housing starts are down from 2.3 million (annual rate) in January to 1.85 million in June. The construction industry is sensing the inflationary pressures and is starting to slow down the production of new houses. Now, think about the snowball effect – less new houses leads to a slow down in work for carpenters, plumbers, electricians, lenders, insurance agents, landscapers, etc. Less new houses also leads to less purchases from hardware stores, furniture stores, lawn/garden stores, etc. So lower housing starts doesn't just impact the construction industry – it filters throughout the entire economy. For example, Applebee's, Outback Steakhouse, and other mid-market restaurants have seen a 2% to 3% decline in sales for the first time.

30-year mortgage rates are decreasing

- With higher consumer prices, higher housing costs, and a concern about the collapse of the housing bubble, consumers are not running to banks looking for long-term mortgages. As demand for these mortgages decreases, the "price" (interest rate) of the mortgage falls. In certain areas of the country like California and Florida, home and condo prices are already declining. Some owners of higher-end homes are offering a new BMW as an incentive to sell their home.

Some indications suggest that a recession is not out of the question. Regardless, this is a time to be more defensive in your spending and purchasing – time to start monitoring your household budget more closely, think about postponing some big-ticket purchases, and start to build up your savings accounts. "But Alex," you say, "if everyone begins to reduce their spending the economy will start to slow down – you are adding to the probability of a recession by recommending a defensive position!" My point is that if you are facing a cash flow problem, now is the time to get control of your spending and build your liquidity (savings accounts).

The Management Calendar

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

Farm business managers, consider the following sources of information and activities to put on your management calendars for August-September.

- Want to compare your financials to other farms? Take a look at the FINBIN Farm Financial Database maintained by the Center for Farm Financial Management at the University of Minnesota. The majority of the data is from North Central and Midwestern states (Minnesota, Missouri, Nebraska, North Dakota, Ohio, Utah, and Wisconsin) yet is a good source of financial data to benchmark profitability measures for crop, livestock, and dairy farms. The database has 615 dairy farms for 2005. FINBIB can be found at http://www.finbin.umn.edu/.
- Gain some basic information on the World Trade Organization (WTO) negotiation. Robert L. Thompson at the University of Illinois has a series of frequently asked questions on the WTO that gives the basics of the issues that effect prices farmers receive in Virginia. The FAQ's can be found at http://www.farmdoc.uiuc.edu/policy/ag_policy_briefs/abp_06-01/apb_06-01.html.
- Thinking about leasing a farm building? Take a look at the Bob Fleming's and Dave Jones' publication *Leasing Farm Buildings and Livestock Facilities* (Ohio State University Extension Fact Sheet FR-0007-02) for examples of what needs to be considered as a landlord or as a tenant. This Ohio State publication can be found at http://ohioline.osu.edu/fr-fact/0007.html.
- Want background information on Biodiesel? A University of Tennessee publication titled *Economic Feasibility of Producing Biodiesel in Tennessee*, authored by Burton English, Kim Jensen, and Jamey Menard in cooperation with Frazier, Barnes & Associates, LLC., will provide much of the background and layout the basics of what is needed for making biodiesel feasible. The report can be found at http://economics.ag.utk.edu/pubs/business/biodiesel.pdf. NOTE: This larger publication may take a long time to load unless you have high speed internet access.
- Be sure to get your crop records in shape as harvest time approaches. 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) and 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** whom to blame.

- 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., IRA's, 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.

Financial Analysis of an Agricultural Business - the Balance Sheet

By Alex White (axwhite@vt.edu), Instructor, Agricultural Finance and Small Business, Department of Agricultural and Applied Economics, Virginia Tech

The previous article briefly discussed some of the main tools of financial analysis, such as breakevens, financial ratios, and marginal analysis. These powerful tools identify the strengths and weaknesses of a business. However, you will need good, dependable records to actually perform these analyses. This article will briefly introduce the one of the main financial statements that I like to use when analyzing a business – the Balance Sheet.

The balance sheet, also called the financial statement, lists all of the assets and liabilities of the business as of a certain date. You will get a mixed bag of balance sheets when working with producers – some will include only business-related assets and liabilities, while others may include personal assets and liabilities. I tend to use the combined business and personal balance sheet whenever possible. My reason is that most businesses are sole proprietorships, so the personal assets are indistinguishable from the business assets in the eyes of the courts. Also, I can always omit the personal assets from my analysis, and I'd rather have more information than less!

The assets are usually grouped in the following categories:

- *Current Assets* are liquid or will be converted to cash within one operating year. Examples are cash, savings accounts, feed inventories, market livestock inventories, supplies on hand, and investment accounts (stocks, bonds, mutual funds).

- *Intermediate Assets* support production in the business and typically have a normal life of 1-10 years. They include machinery and equipment, vehicles, breeding livestock, and non-liquid assets such as cooperative stocks. Personal assets (vehicles, boats, clothing, household goods, etc.) are commonly listed as intermediate assets.

- *Long-Term (Fixed) Assets* are mainly real estate assets – land, buildings & facilities, houses, and improvements to the property (fences, tile fields, etc.). You may occasionally see personal assets.

Recently, I've been seeing more balance sheets that just list Current and Non-Current Assets. These balance sheets combine intermediate and long-term assets. From an analysis standpoint this alternative doesn't present much of a problem – none of the ratios I use are affected by the use of non-current assets instead of intermediate and long-term assets.

One of the big problems with balance sheets is valuation of the assets, that is how do you determine the value for each asset? You can use two methods: book value or market value. Book value is how the business world values assets. With this method, assets are listed at their original purchase value. All accumulated depreciation is subtracted from the original cost to get the book value. With the rapid appreciation of real estate in Virginia, this method can understate the actual value of the assets by a tremendous amount.

The market value approach is more common. This method lists the assets at their estimated net market value. Net market value is the current value of the asset (in today's market) minus the costs of disposing of the asset (transportation costs, commissions, etc.). The problem is accurately determining the current market value of the asset. To implement this method, you need to have a good feel for market values in your area. Watch out for artificially high values! If dairy cows are selling for $2,000 in your area, don't use a value of $5,000 per cow. When in doubt, be conservative – you are better off undervaluing assets rather than overstating their value.

Liabilities are obligations that the business owes to its suppliers and creditors. It is usually relatively easy to identify the accounts payable and the periodic loan payments. However, short of contacting the individual creditors, it can be tough to determine the outstanding balances for loans. Liabilities are also grouped into three categories:

- *Current Liabilities* are obligations that are scheduled to be paid within the next calendar year. This typically includes the total accounts payable as well as the current portion of term debt that is due this year (called "principal due within one year") and accrued interest. Accrued interest is the amount of interest on all debts that the business owes as of the day the balance sheet is constructed. I also include total credit card balances as current liabilities.

- *Intermediate Liabilities* consist mainly of the principal remaining on loans with a life of 1-10 years. These loans are typically for livestock and machinery. Be careful not to double count the principal due within one year – it should be listed as a current liability, not in the intermediate liabilities section.

- *Long-Term Liabilities* is typically the principal remaining on loans with an original life of more than 10 years. These loans are primarily mortgages. Again, do not double count the principal due within one year.

As with assets, you might see a balance sheet that combines Intermediate and Long-Term Liabilities into a "Non-Current Liabilities" section. Quite often you will have to work backwards to determine the principal due within one year and the principal remaining. Producers typically know how much they borrowed initially and the interest rates (APR) on the loans. They can also tell you the exact amount of the monthly payment. But they will just be guessing at the principal due this year and the principal remaining. You will have to estimate an amortization schedule to determine these figures or ask your lender.

The reason a balance sheet is called a balance sheet is relatively simple – the total assets must be balanced out by the total liabilities and the net worth (also called "owners equity"). I explain this to my students in terms of buying a car. If the purchase price of the car is $20,000, I can list the car as an intermediate asset worth approximately $20,000. I have two ways of paying for that car – using my own funds (equity) or using borrowed funds (liabilities). If I make a down payment, which would come from the net worth section, of $5,000 and borrow the remaining $15,000, my partial balance sheet on that day will look like this:

Total Assets	$20,000	Total Liabilities	$15,000
		Net Worth	$5,000
		Total Liabilities & Net Worth	20,000

So the balance sheet actually tells me what the business owns and how it has paid for those assets (liabilities or equity). As a rule, Net Worth = Total Assets – Total Liabilities is what makes a balance sheet balance.

A balance sheet is useful in analyzing the liquidity and solvency of a business. Liquidity is a measure of the business' ability to meet it's short-term obligations without disrupting the normal operations of the business. Solvency is a measure of the business' overall capital structure – its total assets and total liabilities.

Liquidity is a crucial aspect of financial analysis. If a business is not liquid it may have significant problems meeting its cash flow requirements. Regardless of how good a producer is or how profitable a business is, if bills aren't paid on time, the business will cease to be. If you have to resort to selling your breeding livestock or selling a parcel of land to meet your payments, you are disrupting the normal operations of the business. The main measure of liquidity is the Current Ratio (Current Assets/Current Liabilities). I like to see a current ratio of at least 1:1, preferably 1.5:1. The higher the better (to a point). A ratio greater than 1:1 indicates that the business has more than enough liquid assets (cash, checking, savings, etc.) on hand to meet any debt payments it owes this year. For example, a Current Ratio of 1.5:1 indicates that the business has $1.50 in liquid assets for every $1.00 it owes in debt payments (including accounts payable and credit cards) this year.

Solvency is also a critical factor in financial analysis. If a business has too many liabilities in comparison to its assets, tough times are ahead and large debt service payments will put a lot of pressure on the cash flow of the business. The main measure of solvency is the Debt/Asset Ratio (Total Liabilities/Total Assets). Other measures you might run across include the Percent Equity (Total Net Worth/Total Assets) or the Debt/Worth (also called the "Leverage Ratio" and calculated as Total Liabilities/Total Net Worth). I like to see a Debt/Asset ratio of less than 50%. For this ratio, the lower the better (from a risk standpoint). I'm currently working with a producer who has a Debt/Asset ratio of 65%. He has borrowed $0.65 for every $1.00 of assets in his business. As you would expect, a fairly substantial portion of his income is automatically diverted to his loan payments – leaving him with severe cash flow problems.

From a lender's standpoint, you can also use a balance sheet to determine who all of the business' creditors are and what assets are available as collateral. At a glance, you can see how the debts are structured – were the intermediate assets funded with loans with a life of 1-10 years or were real estate assets funded with longer-term loans? Too often, I see the repayment schedules of agricultural loans structured over a very short time period. Again, this improper debt structure leads to cash flow problems for the business. And yes, "cash is king" in the business world.

Future articles will focus on income statements, cash flow statements, and the main financial ratios. I'll also discuss the financial analysis process that I use to give you some tips to help you when a producer drops a stack of financial records on your desk and says "help!"

Virginia Tech Student Presents on Specialty Beef Markets at International Conference

By Denise Mainville (mainvill@vt.edu), Assistant Professor, Agricultural Marketing, Department of Agricultural and Applied Economics, Virginia Tech

Ashleigh Waddle, a native of Saltville, Virginia and an undergraduate double-major in Animal & Poultry Science and Dairy Science, recently traveled to Buenos Aires Argentina, to present a paper on specialty beef markets at the International Food and Agribusiness Management Association's annual meetings. The paper, titled "Niche Market Opportunities for Small Farmers: Case Study of Virginia Beef Markets," was co-authored by Dr. Denise Mainville of Virginia Tech's Agricultural and Applied Economics Department and is the product of a semester-long independent study that Ms. Waddle completed under the supervision of Dr. Mainville.

In the paper, Waddle and Mainville analyzed four alternatives to commodity beef production, focusing on their relevance to small producers in Virginia. The four markets are grid-priced beef under retained ownership, natural, organic, and pasture-fed beef.

Ms. Waddle's trip to the conference was funded by a Pratt Fellowship from the College of Agriculture and Life Sciences at Virginia Tech and by the Animal and Poultry Science Department. The scholarship funding enabled Ms. Waddle to participate in the Student Travel Grant program which involved several additional activities to enhance her and other grant recipients' experience at the conference. Ms. Waddle plans to continue her research on beef markets in the coming year and hopes to travel to IAMA's conference next year which will be held in Parma, Italy.

Pasture-fed Beef Markets the Focus of a New Research and Education Program

By Denise Mainville (mainvill@vt.edu), Assistant Professor, Agricultural Marketing, Department of Agricultural and Applied Economics, Virginia Tech

Research and extension faculty at Virginia Tech's Agricultural and Applied Economics Department have recently initiated a research and education program on pasture-fed beef markets in Virginia. The research is made possible through a grant from Sustainable Agriculture Research and Education (SARE), USDA. Project leaders are Denise Mainville and Gordon Groover, both of whom are specialists in Virginia Cooperative Extension and faculty members in Agricultural and Applied Economics.

Pasture-fed beef is a livestock production system that has been receiving considerable attention in the press recently, with feature articles in prominent publications such as the *New York Times* and *Time* magazine. While consumers are clamoring for the health benefits that pasture-fed beef provides, such as Omega 3 Fatty Acids and Conjugated Linoleic Acids (CLA's), producers look to it as a means to diversify away from commodity beef production and gain access to growing markets. In fact, previous research has shown that pasture-fed beef is a niche market that has the potential to contribute to the ecological sustainability of farming; the economic well-being of farmers; the economic vitality of rural communities; and regional economic growth.

The current research will address some of the informational needs that must be resolved if the true potential of pasture-fed beef markets is to be developed. Specifically, the project will address four research needs: 1) the identification and description of the economic properties of different pasture-fed beef systems; 2) an analysis of the pasture-fed beef marketing chain as it currently exists in Virginia; 3) an analysis of the potential for diverse retailers and restaurants to participate in the pasture-fed beef market and the identification of requirements for producers to market to these outlets; and 4) an analysis of consumers' demand for pasture-fed beef, focusing on ethnic consumer markets which are of growing importance in much of Virginia and the D.C. area. The research findings will be disseminated through an educational program offered by Virginia Cooperative Extension, as well as in industry, extension, and professional publications.

Work on the pasture-fed beef market research project is already underway. Ashleigh Waddle, an undergraduate double-major in Animal and Poultry Science and Dairy Science at Virginia Tech is working under the supervision of Dr. Mainville to implement a survey of pasture-fed beef producers in Virginia. The results of this survey will permit an analysis of the production and marketing systems that are currently in place, and provide a better understanding of the marketing chain. Meanwhile, Drs. Groover and Mainville, Ms. Waddle, and several Virginia Cooperative Extension agents have initiated case studies of several pasture-fed beef farms. These case studies will provide a basis for the farm-level analysis of pasture-fed beef systems. In the coming year, taste tests of pasture-fed beef produced under different production systems will be used to provide insight into different consumers' demand for pasture-fed beef.

If you are interested in knowing more about the project, please feel free to contact Denise Mainville at (540) 231-5774 or mainvill@vt.edu.

Organic Dairy Project Funded

By Denise Mainville (mainvill@vt.edu), Assistant Professor, Agricultural Marketing, Department of Agricultural and Applied Economics, Virginia Tech

USDA's Federal-State Marketing Improvement Program announced on July 14 the funding of a research and education program on organic dairy markets to Virginia Tech through the Virginia Experiment Station. The award, 1 of 25 proposals which were awarded a total of $1,330,530, will analyze consumer demand for organic milk products using household level data on national consumption over several years. Project investigators include Drs. Denise Mainville, Gordon Groover and Everett Peterson, all of Agricultural and Applied Economics, Virginia Tech, and Dr. Oral Capps, of Texas A&M University. Doctoral student Zelalem Chala will undertake much of the analysis at Virginia Tech.

Organic dairy is a rapidly growing market segment, and as major processors such as Organic Valley and Horizon establish plants in the Southeast, offers obvious opportunities to Virginia producers. At the same time, however, transition to organic dairy is a costly and time-consuming process, and producers face the risk of making the investment to produce organic milk only to find that the market is no longer as attractive by the time they obtain certification as it is currently. The demand analysis will aid producers in making the decision of whether to produce organic milk by identifying key factors determining demand, such as regional and demographic consumption patterns of organic consumers and responses to changes in prices and their own income levels. As producers understand the demand side of the market, they will be in a better position to anticipate what market conditions might be by the time they make the transition to organic milk production.

46th Virginia Tech Income Tax School, WWW.TAX.VT.EDU

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 you:

1**. Income Tax Seminar** -- 2 days of general sessions of intensive study with farm and forestry sessions at selected locations.
Register at: https://www.conted.vt.edu/ssl/tax/index.lasso
More info at: http://www.tax.vt.edu/tax_about.html

General Session Topics

- New Legislation
- Domestic Production Activities Deduction
- Rulings and Cases

- Individual Tax Payer Issues
- Business Issues
- Investment Issues
- Business Entities
- IRS Issues
- Retirement
- Estate and Gift Taxes
- Tax Aspects of Divorce
- Tax Practice
- Tax Credits
- Tax Consequences of being a "Trade or Business"
- Ethics

Farm and Forestry Session Topics

- Conservation Security Program payments
- What is farm income for different income tax purposes
- Gifts of farm products
- Tobacco tax problems

2. **Technology Seminar** is for tax professionals who want to better understand the role of technology in their practice. We cover the laws, rules, risks technology poses in our workplace and then the solutions, procedures, and help that is available to comply to reduce risks.
Register at: http://www.conted.vt.edu/reg/introtax/
More info at: http://www.tax.vt.edu/technology_about.html

3. **Introductory Tax Preparation Seminar** is designed for those who are new or returning to tax preparation and want a course in basic preparation.
Register at: http://www.conted.vt.edu/reg/introtax/
More info at: http://www.tax.vt.edu/1040_about.html

Seminar Schedules

Income Tax Seminar

Site	Date	Farm & Forestry Session	$ Fee	$ Fee after Oct. 6
Richmond	November 6-7	Nov. 6	242	272
Staunton	November 8-9	Nov. 8	217	247
Bristol	November 13-14	Nov. 13	217	247
Roanoke	November 15-16	Nov. 15	217	247
Lynchburg	November 20-21*	Nov. 20	197*	227*
Dulles	November 27-28		242	272
Fredericksburg	November 29-30	Nov. 29	242	272
Williamsburg	December 4-5	Dec. 4	232	262
Chesapeake	December 6-7	Dec. 6	217	247
Richmond II	December 14-15		217	247

*In Lynchburg lunches not included

Introductory Tax Preparation Seminar

Site	Date	$ Fee	$ Fee after Sept. 12
Northern Virginia	Oct. 3	107	122
Richmond	Oct. 4	107	122
Roanoke	Oct. 5	107	122
Chesapeake	Jan. TBA	107	122 after Dec. 12

Sincerely,
From all of us at the Virginia Tech Income Tax School

Contact the registrar:
Income Tax School Registrar
MC 0272
Blacksburg, VA 24061
Fax: (540) 231-3306
Phone: (540) 231-5182
vttax@vt.edu

WWW.TAX.VT.EDU

Calendar of Events

August

22 Agri-Tourism 21st Agriculture Field Day at Randolph Farm, Virginia State University. Starts at 8:00 AM and ends at 3:00 PM. Contact Andy Hankins by phone at (804) 524-5960, by Fax at (804) 524-5714, or by e-mail at agsuite@vsu.edu.

September

1 Managing the Risks of Equine Businesses and Enterprises. Celebration Hall at North Warren Volunteer Fire and Rescue, Front Royal. Contact Bill Whittle by phone at (540) 778-5794 or by email at wwhittle@vt.edu or Crystal Smith by phone at (540) 635-4549 or by email at csmith06@vt.edu.

28-Oct. 8 State Fair of Virginia. Strawberry Hill, Richmond. Information can be found on the following web site: http://www.statefairva.org.

October

4-7 Natural Products Expo East. Baltimore Convention Center, Baltimore, Maryland. Information can be found at http://www.expoeast.com or by calling 1 (866) 458-4935.

November

6-7 Income Tax Seminar. Richmond I. Contact seminar registrar at (540) 231-4084 or by email at vttax@vt.edu or Leon Geyer, Program Director, at (540) 231-4528 or by email at geyer@vt.edu.

8-9 Income Tax Seminar. Staunton. Contact seminar registrar at (540) 231-4084 or by email at vttax@vt.edu or Leon Geyer, Program Director, at (540) 231-4528 or by email at geyer@vt.edu.

13-14 Income Tax Seminar. Bristol. Contact seminar registrar at (540) 231-4084 or by email at vttax@vt.edu or Leon Geyer, Program Director, at (540) 231-4528 or by email at geyer@vt.edu.

15-16 Income Tax Seminar. Roanoke. Contact seminar registrar at (540) 231-4084 or by email at vttax@vt.edu or Leon Geyer, Program Director, at (540) 231-4528 or by email at geyer@vt.edu.

20-21 Income Tax Seminar. Lynchburg. Contact seminar registrar at (540) 231-4084 or by email at vttax@vt.edu or Leon Geyer, Program Director, at (540) 231-4528 or by email at geyer@vt.edu.

27-28 Income Tax Seminar. Dulles. Contact seminar registrar at (540) 231-4084 or by email at vttax@vt.edu or Leon Geyer, Program Director, at (540) 231-4528 or by email at geyer@vt.edu.

29-30 Income Tax Seminar. Fredericksburg. Contact seminar registrar at (540) 231-4084 or by email at vttax@vt.edu or Leon Geyer, Program Director, at (540) 231-4528 or by email at geyer@vt.edu.

December

4-5 Income Tax Seminar. Williamsburg. Contact seminar registrar at (540) 231-4084 or by email at vttax@vt.edu or Leon Geyer, Program Director, at (540) 231-4528 or by email at geyer@vt.edu.

6-7 Income Tax Seminar. Chesapeake. Contact seminar registrar at (540) 231-4084 or by email at vttax@vt.edu or Leon Geyer, Program Director, at (540) 231-4528 or by email at geyer@vt.edu.

14-15 Income Tax Seminar. Richmond II. Contact seminar registrar at (540) 231-4084 or by email at vttax@vt.edu or Leon Geyer, Program Director, at (540) 231-4528 or by email at geyer@vt.edu.