



# Far Western Chapter



## ***President's Message (continued)***

private event at the world-class Monterey Aquarium. Make plans and mark your calendars now, for you know the Far Western Chapter always delivers a great program and the Monterey area is ripe for personal and family fun, exploration, and reflection. And oh, did I mention golf? You just may need to extend your stay and block out the whole week!

Finally, we are still looking for a few good folks to volunteer to help with your chapter's planning and operations. Give it some deep thought, then give me a call at (209) 254-2213.

See ya in Monterey or sooner at a chapter planning meeting!

## **NATIONAL DIRECTOR'S REPORT**

*Matt Connors*

### **2004 ANNUAL CONFERENCE:**

We just returned from the National Conference at the Omni Interlocken Resort near Boulder, Colorado. The event and speakers were absolutely fantastic.

Two speakers from the Financial Accounting Standards Board were present to discuss FASB's "Liabilities and Equity Project" and "FAS 141 - Combinations between Mutual Enterprises." Both topics are hot now and could have enormous impact on cooperatives. The presentations were particularly informative as our speakers are directly involved in writing FASB pronouncements.

Another session featured Elizabeth Paris, Counsel to the Senate Republican Tax Committee, who discussed timely issues including the Dividend Allocation Rule and revisiting Subchapter T. There were additional speakers addressing other critical issues; the National Office will soon issue a brief summary of the key points of each presentation.

Attendance was up this year over last. This contributed to the other significant benefit of attending

the National Conference, which is networking. Whether you are with a small or large cooperative, NSAC National Conferences feature relevant roundtable sessions and other opportunities to meet professionals from across the country. This "free" consulting time is a great resource and makes the trip well worthwhile.

All work and no play would make the NSAC a dull bunch of accountants, and we certainly couldn't have that. There were many opportunities to sample a number of nearby attractions. The grand finale was a trip to Coors Field to see the Colorado Rockies play the Chicago Cubs. A great time was had by all.

### **NATIONAL BOARD ACTIONS:**

The National Board of Directors met and discussed a number of issues. The following six strategic steps were adopted for next year:

1. Realize an income surplus.
2. Obtain a 90% membership renewal rate and attract 210 new members.
3. Enhance and expand educational programs.
4. Provide support and value to enhance chapter development.
5. Identify opportunities for collaboration with other cooperative groups.
6. Identify and respond to accounting and tax issues on a timely basis.

Each standing committee is drawing up specific action plans to implement these goals.

The Board of Directors also elected new officers and replaced departed Board members. I am extremely pleased to announce that our own Richard French was elected to the Executive Committee. We can look forward to some future year when Richard will be President. Please direct all comments about national dues to Richard. He is waiting to hear from you.

We also attended various standing committees. Two specific items of interest were from the Accounting & Auditing and Education committees. Incoming president Bill Erlenbush reported that the

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recent webcast "Introduction to Cooperatives" was a great success. This is a great low-cost way to get cooperative training without having to go offsite. The fees last time were \$56 dollars for members, which entitled companies to have up to 12 people participating. There are plans for additional seminars that you can learn about at [www.NSACoop.org](http://www.NSACoop.org), or by calling the National Office at (937) 222-6707.

Auditing and Accounting Committee chairman Greg Taylor reported in depth on NSAC's involvement with FAS 150 and FAS 141. Those who attended the Chapter Conference at Lake Tahoe in May know the seriousness of the issues raised by FAS 150.

It has been said that "FASB can't even spell the word cooperative," but Greg and his team have helped change that and we are definitely on their radar screen now. The bad news is that FAS 150 is not the end and FASB is well on their way to issuing Phase II. Greg promises ongoing communication to the membership on the ever-changing status of FAS 150 and other issues in front of the FASB. Check out the latest at [www.NSACoop.org](http://www.NSACoop.org) and watch for an article from Phil Miller in the next issue of "The Cooperative Accountant."

## MANAGEMENT UPDATES:

Aside from the financial considerations in making the administrative change earlier this year, we believed there could be significant upside potential in the scope of services offered by Advanced Management Concepts. From all reports and from what I have seen personally, their contribution to the National Conference resulted in huge improvements. The great work by Kim Fantaci and Carole Wiltsee was a major factor in the conference's success and it should only get better in the future. Further, I urge you to visit our website at [www.NSACoop.org](http://www.NSACoop.org) if you have not done so recently; you will be impressed by the improvements made by our new team.

## 2005 NATIONAL CONFERENCE:

As you probably know, our Far Western Chapter hosts next year's annual conference in Monterey, August 1 through 3, 2005. This will be your chance to

experience the depth of speakers and networking opportunities offered by a national conference at a minimal cost. Remember, this will be the only event for our chapter next year as there will be no chapter meeting in May.

Dan Nutley is chairman of the Host Committee for the 2005 Annual Conference. Dan met with the local Host Committee in Colorado to learn from their experiences as well as with the National Program Committee to present an overview of next year's program. We need help from our members to ensure that next year is a success, so let's all pitch in and help out. If you would like to volunteer, please contact Dan at (209) 955-6108.

There is much more, but I will stop for now. As always, please feel free to contact me any time by email at [mconnors@diamondnuts.com](mailto:mconnors@diamondnuts.com) or by office phone at 209-467-6767. Or you may contact our new national Executive Committee Member, Richard French, at (818) 376-7402 or by email at [rfrench@sunkistgrowers.com](mailto:rfrench@sunkistgrowers.com). We would like to hear from you.

## Hearings Scheduled on HIRE Act

*Brent Morrison*

The NSAC National Office recently forwarded a press release regarding an upcoming U.S. Senate Finance Committee hearing on the proposed Heartland Investment and Rural Employment (HIRE) Act, sponsored by Iowa senator and Senate Finance Committee chair Chuck Grassley.

Titled "Saving America's Great Places: The Role of Tax Incentives in Preserving Rural Communities," the hearing will be held Wednesday, August 25, 2004, at 10:00 a.m., in the Martin Ballroom, located at 410 Pierce Street, 2nd Floor, Sioux City, Iowa. The hearing will be open to the public.

Iowa may be a little out of the way, but the HIRE Act covers areas of vital interest to farmer cooperatives and their members, including:

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- Subchapter T commission. The HIRE Act would create a commission to study the tax laws pertaining to cooperatives. Congress has not reviewed Subchapter T in over 40 years
- Farmer co-op initiatives. The bill addresses several other tax matters directly impacting farmer cooperatives, including:
  - › The IRS has determined that some cooperatives should pay regular corporate tax because they have value added from organic practices rather than from manufacturing. The bill would correct this
  - › A modification to cooperative marketing rules to include value-added processing involving animals
  - › An extension of declaratory judgment procedures to farmer cooperatives
  - › Payment of dividends on stock of cooperatives without reducing patronage dividends
  - › The apportionment of credits, meaning cooperatives could allow eligible patrons the benefit of general business credits earned by the cooperative
- FFARRM accounts. Farmer savings accounts that would allow farmers to contribute up to 20 percent of their income in an account and deduct it in the same year
- Reversing IRS decisions on self-employment tax for farmers. Court rulings treat Conservation Reserve Program payments as farm income subject to the additional self-employment tax rate of 15 percent. This ignores the intent of Congress and discourages farmers from using environmentally proactive measures. The bill would correct this
- Tax deductions for farmers. Tax deductions for farmers and restaurants for donations to food banks
- Income averaging. Income averaging for farmers who are caught in the Alternative Minimum Tax
- Reforms for small business. The bill would simplify the tax treatment of S corporations in order to encourage their continued growth as the nation's chief job-creating force

Several influential witnesses are scheduled to appear, including California's own Jean-Mari Peltier, President, National Council of Farmer Cooperatives.

The text of the HIRE Act is available at <http://finance.senate.gov/sitepages/leg/072204Leg.pdf>.

The press release forwarded by the NSAC national office can be seen at

<http://finance.senate.gov/press/Gpress/2004/prg081804.pdf>.

## TIDBITS

*News from around the Far Western Chapter*

Congratulations to Tere Castanias of the Sacramento office of KPMG on being named the new chair of NSAC's National Tax Committee, which plans and presents Tax Day at the annual conference. She replaces former national director Don Butwill, also a Far Western Chapter member.

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"A Legal Sourcebook for California Cooperatives: Start-Up & Administration" should be available through the University of California Center for Cooperatives this fall. Authored by NSAC member Van Baldwin, an attorney and CPA, the Sourcebook supersedes two earlier guides written by Van, "Co-op Incorporation Sourcebook," and "A Legal Guide to Co-op Administration." The new publication is funded by a USDA grant and focuses on cooperatives incorporated under the California Consumer Cooperative Corporation Law.

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You may have noticed that this is the first Far Western Chapter Newsletter in Portable Document Format (PDF). This should eliminate problems that occasionally arose from the use of the Word format, which happen due to the use of varying versions of Word and Windows or non-Windows operating systems. Please let newsletter editor Brent Morrison ([Brent@Morrisonco.net](mailto:Brent@Morrisonco.net), 530-893-4764) know if you experience any problems with this format.

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If you have news about yourself, your cooperative, or anything else of interest to NSAC members, please let us know. We are also interested in articles that have run in your cooperative's

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newsletters or other company publications. Contact  
newsletter editor Brent Morrison at  
[Brent@Morrisonco.net](mailto:Brent@Morrisonco.net), or call (530) 893-4764.

## New Members

We would like to welcome the following new member to the Far Western Chapter:

**Ms. Tamara Jean Staggs**

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# Far Western Chapter



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The NSAC Board of Directors has approved a policy to permit approved organizations to present graphics, text, and/or artwork promoting their businesses in **The Cooperative Accountant** and certain other publications. In exchange, these organizations are asked to support NSAC as follows:

- One-half page presentation in each of four consecutive quarterly issues of **The Cooperative Accountant**, as well as the **Membership Directory & Resource Guide** - \$1,000
- Full page presentation in each of four consecutive quarterly issues of **The Cooperative Accountant**, as well as the **Membership Directory & Resource Guide** - \$2,000

To promote your business in our future publications, please contact Debbie Kay, NSAC Membership Manager.



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