



CALIFORNIA
FARMLINK 1999 – 2019



2018 ANNUAL REPORT



Greetings from the Board President

This year, we celebrate the 20th anniversary of California FarmLink's vision to create a vibrant rural landscape of economically viable farms, and a rural economy to which all are given equitable access. As Board President and on behalf of all the members of the FarmLink Board of Directors, I am honored to serve this unique organization and to support Reggie and all of the FarmLink staff in furthering their vital mission.



Alan Haight

Even at first glance at this year's Annual Report, it is apparent that FarmLink as an organization is playing an essential role in California's rural economy. Even more impressive than last year's achievement is the extraordinary growth and development of FarmLink over the past twenty years, and especially the last ten. It is plainly evident that California FarmLink serves a need, and serves it well.

As much as these numbers tell you about California FarmLink, they don't say enough about the true source of vitality that drives this growth and development: the people who do the work. Each year when Board and staff gather together for an annual planning retreat, I am impressed by the depth of commitment, clarity of purpose, and heartfelt dedication to their task that is displayed by staff at all levels of the organization. Reggie is innovative, visionary and broad-minded in his pursuit of more effective and deeper ways to serve disadvantaged members of the farm economy, and has gathered around him a strong group of serious-minded individuals, each deserving of praise and gratitude for their hard work.

Resilience, wealth building, business literacy, economic opportunity, environmental sustainability and equitable access are central to California FarmLink's mission. To the staff of FarmLink, these are not just current trending words, they are urgently necessary goals in a landscape marked by great opportunity, but opportunity that tends to be for the few. FarmLink's work opens the door to economic opportunity for many who do not have access to traditional pathways to agricultural success: women, people of color, young beginning farmers dedicated to the task but without assets or business experience, individuals without a typical pathway to credit or secure land tenure.

If you are looking for a bright spot where the light shines, if you are craving stories that inspire, uplift and transcend human differences, if you want to find a source of hope, look no further. In the pages of this annual report and in the stories told about farmers feeding their communities with healthful, delicious food, here it is.

Report from the Executive Director

California FarmLink is helping a new generation of farmers address longstanding and systemic barriers to success in California agriculture. Focusing on access to land, capital and business skills education, FarmLink seeks to support sustainable farm businesses that create wealth, conserve natural resources and contribute to healthy rural communities. By directing resources to farmers of color, immigrants and women, we hope to increase equitable access to economic opportunity and address the persistent forces of institutional discrimination and inter-generational poverty.



Reggie Knox

Over the last six months, FarmLink board and staff developed a new five-year strategic plan with **four new initiatives**. Interwoven through each initiative is a desire to help farmers create and preserve wealth, enhance natural resources, and provide communities with resilient food systems.

- **Wealth Building** focuses on farmers who have historically been denied equal access to land, education and capital. These farmers have had limited opportunities to build equity in their business and personal assets. We're designing a Spanish language, cohort-based learning program, along with one-on-one technical assistance, and a peer-to-peer learning component.
- **Equity on Conservation Lands** provides opportunities for low-income farmers to farm and build wealth on lands improved with conservation practices or protected by conservation easements. Through partnerships with land trusts and Resource Conservation Districts the initiative helps farmers to implement nutrient and water conservation and build soil health.
- **Resilience and Succession** provides lending and education, including cohort-based farm succession and transition planning, business management education and support for implementing conservation and climate adaptation measures.
- **Capacity Building** includes growing our loan portfolio from \$8 million to \$38 million, and growing a diverse and resilient organization. We seek to build a team that reflects the communities we serve. We are also exploring new loan products to diversify the types of food and farm businesses we serve.

We've recently reached a significant milestone – since becoming a direct farm lender in 2011, FarmLink has made \$18 million in financing available to farmers throughout California. As demand for FarmLink's loans and technical assistance continues to grow, we're actively seeking loan funds from both individuals and institutions. We are growing our capacity and impact and are excited about the work ahead! Thank you for your support.

A man wearing a red long-sleeved shirt, khaki pants, and a blue and white baseball cap stands in a field, looking towards a hillside. The field has rows of green plants and brown soil. In the background, there are green trees and a clear blue sky.

Creating Opportunity, Effecting Change

California FarmLink effects change by providing access to land, capital and education. These tools are the foundation of sustainable farm businesses that can create and preserve wealth while conserving and enhancing natural resources. Successful farm and ranch businesses can support healthy rural communities with resilient food systems, living-wage jobs, and a healthy environment where working lands provide ecosystem services. The farmers we serve are working toward and achieving these goals; and demonstrating how land, capital and education are helping grow their success.

Lending Profile: Bucio Organic Farm

Fifteen years ago, Rigoberto Bucio worked on a small organic farm and entered the farm business incubator program at the Agriculture and Land-Based Training Association (ALBA) near Salinas. With FarmLink's financing, and business advising from Kitchen Table Advisors, he has started and maintained his own farm since 2012, and operates on 17 acres with a long-term lease growing organic strawberries, kale, cauliflower and celery.

"If I hadn't gotten into this business ten years ago, I wouldn't be here today. Before [operating my own farm] I made a lot less. Apart from the money and the satisfaction it gives me, it opens your mind. You're aware of another person you didn't know was in you," explained Rigoberto.

Bucio Organic Farm uses annual FarmLink operating loans to invest in the upcoming season purchasing transplants, making lease payments in months with low cash flow, and sustaining his labor. Rigoberto reported, "I use the loan capital to put people on the land and have them produce, always with good intentions."



Rigoberto and his father Joaquin



Fair Financing

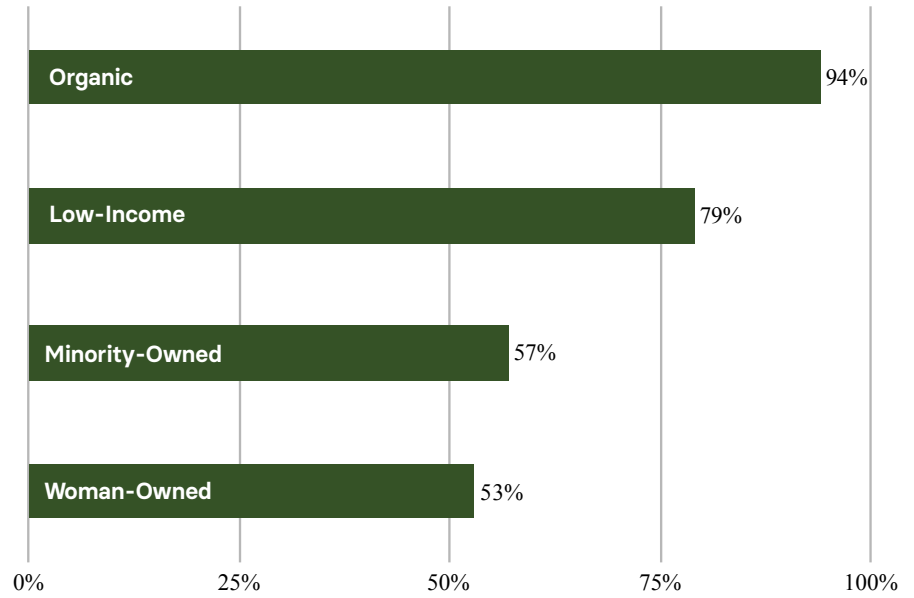
Throughout 2018, FarmLink loans continued to serve farmers across the state. We made 53 loans totaling \$3.72 million, and surpassed \$12 million in total lending since 2011. More than half the loans served farmers' need for annual operating capital. These short-term loans support farmers in preparing for the growing season and provide financial stability despite seasonal cash flow. Farmers like Rigoberto Bucio, featured below, used these loans to sustain successful farms by investing in soil health and labor. Most FarmLink operating loans are smaller than other lenders are able to provide, providing an important resource for smaller-scale farmers.

One major goal for 2018-2019 has been to grow the loan team, with a focus on recruiting experienced lending professionals with roots in farm communities. As a result, by mid-2019 we welcomed three new colleagues: Jane Garcia, Credit Analyst; Mario Graciano, Lending & Loan Services Associate; and Blanca Mendoza, Loan Operations Associate. Learn more about these and other staff members on our website.

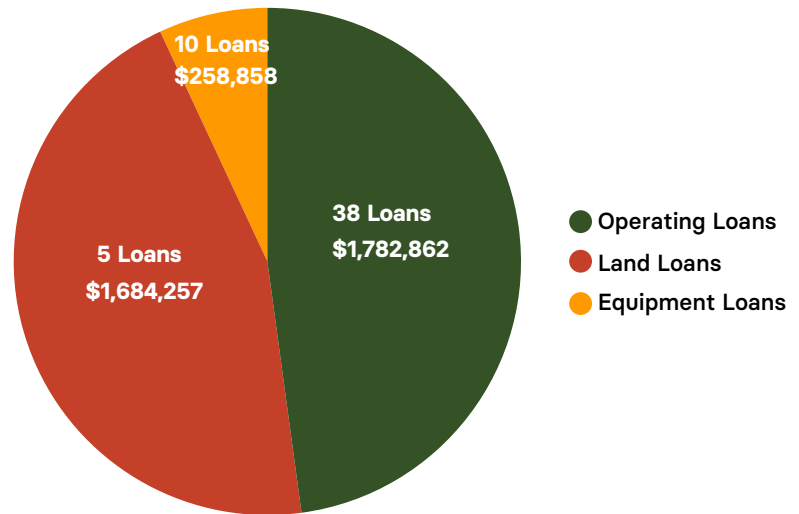
Another recent focus has been on growing access to land loans with co-lending partnerships and creative strategies to help farmers and ranchers establish pathways to ownership. In total, FarmLink closed six land loans in 2018 for the purchase of 1,918 acres, 1,630 of which is primarily rangeland. We also invested in planning new approaches, including a land loan that enabled the Andreotti family in Half Moon Bay to re-assemble their historic ag parcels with an agricultural conservation easement by the Peninsula Open Space Trust. After nearly two years of discussion and planning, the deal was finalized in Spring 2019.

Core to FarmLink's lending is social impact, serving people who have been historically denied access to land, credit, and education, and growing personal wealth and business equity as part of our Wealth Building Initiative. In the coming years, FarmLink will continue to grow its long-term capacity to serve sustainable and organic farmers.

Farmers Served with Loans in 2018



Types of Loans in 2018



Secure Land Tenure



Land tenure is fundamental to the success of any farm or ranch, and almost always comes with a backstory that can make it uncertain, risky, secure or essentially permanent. Whether through a lease, purchase, inheritance, or other arrangements, throughout its 20-year history FarmLink has worked alongside farmers on their paths to land tenure. There is no one size fits all, and sometimes the best option is to walk away from a lease or purchase opportunity. FarmLink does its best to create win-win scenarios for landholders and farmers, develops equity-building leases in partnership with land trusts, and helps farmers move towards land ownership when it makes business sense.

During 2018, FarmLink staff helped 50 farmers with 55 land leases, on parcels ranging from one-half to 300 acres, for a total of 800 acres. Along with our sample land lease, staff utilize a library of more than 20 unique lease clauses, including various options to purchase, infrastructure risk-sharing, and managing u-pick days. The clauses were updated and expanded in 2018 thanks to lessons learned in the field along with pro bono support from the Mills Legal Clinic at Stanford Law School. The Clinic's next pro bono project for FarmLink will focus on business purchase agreements for use in farm succession planning and pathways to ownership. In addition, FarmLink is growing partnerships with land trusts to work toward the goals of our Equity on Conservation Lands Initiative.

We continue to innovate with our Land Portal, an online tool for landholders and farmers seeking land. It enables landseekers to post and update profiles, provides improved messaging tools for people to connect with each other, and expands search options for land opportunities and farmer profiles. It's an investment in the next 20 years' work to help sustain and grow farms and ranches across California.

Land Profile: Bierwagen Family Lands

Through the generations, ownership of family lands often evolves through subdivision or forced sale, which may be necessary to meet family needs. California FarmLink is continually learning about these dynamics, and searching for opportunities that support land access for non-heir next generation farmers. One recent case is the Bierwagen family of Nevada County, who faced the question of how to split the farm among siblings and still keep it in the family.

The Bierwagen siblings provide an example of what's possible. In their case, several siblings had taken ownership of separate parcels. Taken together, the parcels comprised the family's deep agricultural roots.

Thanks in part to our technical assistance, local beginning farmers have secured access to these family lands.

Molly Nakahara and Paul Glowaski of Dinner Bell Farm, and Jeremy Mineau of Super Tuber Farm, are both operating on Bierwagen family lands. The farmers have entered into multiple agreements with the Bierwagen siblings, on adjacent parcels, to create contiguous tracts of land for their farm operations. The multiple leases

are the basis for the farmers' land tenure, rooted in clear lease language and neighborly cooperation. For example, Dinner Bell Farm's pigs occasionally graze in Chris Bierwagen's peach orchard, a win-win scenario that helps to manage vegetation while contributing to soil fertility.

"FarmLink's lease development was way beyond boilerplate, with things I never would have thought to include," said Chris Bierwagen, who remains an active farmer. "You have to have good growing to have good eating. How we transition good growing to the next generation is the next challenge."



One-one-One Assistance, Workshops, and Farm Finance Expo

There is no substitute for the one-on-one relationships and support that FarmLink staff maintain with farmers, ranging from a brief phone calls to multiple site visits. During 2018 we worked with more than 340 individual farmers in the areas of business and financial management, financing, land tenure, and land linking.



We also re-introduced our unique Farm Finance Expo as a full-day event in West Sacramento that brought together 62 farmers and 10 lenders. Early in 2019 it was replicated in Clovis to reach farmers in the southern San Joaquin Valley, and it's planned for Petaluma in March 2020. Given the difficulty of finding lenders who can work with small and beginning growers, the Expos aim to introduce farmers and ranchers to local financing options and empower them to make informed financial decisions that best fit their business. We are honored that for two years in a row, our top Rainmaker sponsor of the Farm Finance Expo has been the Farm Credit Alliance, which consists of cooperatively owned agricultural lenders that are part of the nationwide Farm Credit System. Thank you!



Funders

2018 Financials

Bank of America
 Bank of the West**
 California Department of Food and Agriculture
 California FreshWorks Fund*
 Cienega Capital*
 Clarence E. Heller Charitable Foundation
 Clif Bar Family Foundation
 Comerica Bank**
 Community Development Financial Institutions Fund**
 Community Foundation for Monterey County**
 Community Foundation for San Benito County
 Community Foundation Santa Cruz County**
 Farm Aid
 Farm Credit
 Federal Home Loan Bank / First Capital Bank
 Five Star Bank
 Johnson Ohana Foundation*
 Monterey Peninsula Foundation
 National Sustainable Agriculture Coalition
 New Belgium Family Foundation**
 Rabobank, N.A.**
 Resources Legacy Fund
 SBA Microloan Program*
 SBA Program for Investment in Micro-Entrepreneurs (PRIME)
 Swift Foundation**
 The 11th Hour Project
 The SEED Fund**
 U.S. Bank
 UNFI Foundation
 Union Bank
 USDA Beginning Farmer and Rancher Development Program
 USDA Office of Advocacy and Outreach
 USDA Risk Management Agency
 USDA Rural Microentrepreneur Assistance Program**
 Wells Fargo**
 Western Extension Risk Management Education Center

* = loan funds ** = grant and loan funds

REVENUE

Contributions	
Government (CDFI Fund)	\$632,000
Foundations	333,203
Banks	70,000
Individuals and other	70,293

Government Grants	770,422
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Interest and loan fees	<u>382,666</u>
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Total revenue	\$2,258,584
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EXPENSES

Program Services	
Loan Program	\$742,109
Land Access Program	679,673

Supporting Services	
Management and General	331,985
Fundraising	<u>169,742</u>

Total expenses	\$1,923,509
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Change in net assets	\$335,075
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GIFTS IN MEMORY OF
R. Stanley Webb
 Sharon Lebherz
 Regan Musgrave



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FogDog Farm