



# FIVE-YEAR REVIEW AND UPDATE

[WWW.CALIFORNIAFARMLINK.ORG](http://WWW.CALIFORNIAFARMLINK.ORG)



# The values that drive our work

## DEAR FRIENDS,

FarmLink believes in a simple but powerful method to create a food system rooted in the values listed on this page. Our method is to provide access to land and capital to small and mid-scale farmers who are historically underserved and face significant barriers to establishing successful businesses. We believe that access to land and capital will help to create a food system with increased social equity, and with environmental and economic resilience.

Our vision for the food system is one with:

- Equitable access to economic opportunity in food and agriculture,
- Skilled farmers and ranchers who are able to build wealth, and
- Healthy food, people, and natural resources.

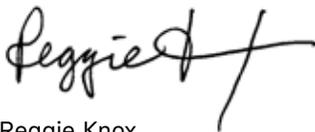
Over the years we've never wavered from these central elements.

Many farmers who receive FarmLink loans also receive support to establish and improve land tenure, including land lease clauses that establish pathways to ownership, allowing farmers to invest in both community and conservation. Our land loan program has exceeded expectations with 14 loans since 2015. This year, we overhauled our website to improve our land listings and create a landseeker directory, with more improvements to follow.

We've also expanded our educational strategy using a new Farm and Ranch Business Health Assessment tool as a guide. The purpose of the assessment is to let farmers and ranchers self-evaluate their business knowledge and the degree to which they have implemented good business practices. Based on their self-assessment, farmers and ranchers can then prioritize areas for improvement. Supporting this work is a network of people and organizations who share our values in creating a food system where small and mid-scale farmers can thrive. This network includes educators, distributors and retailers, fellow non-profit service providers, funders, investors and experienced farmers – all of whom have helped shape this organization.

With steady growth over the last five years, we're generating big impacts. I invite you to learn more in the pages of this five-year review and update. Thank you for your role in helping to make this work possible.

Sincerely,



Reggie Knox  
Executive Director  
reggie@cafarmlink.org



## VALUES AND PRINCIPLES

Over the past two years, the Board of Directors and staff worked together to summarize the values and principles that guide our work:

### **Equitable Access to Opportunity**

We value opportunities for beginning, immigrant, and women farmers and ranchers, and farmers of color, to establish themselves in California agriculture.

**Creativity and Innovation** We value innovative tools and strategies that support and connect farmers and ranchers with land, financing, and assistance.

**Partnership and Commitment** We value long-term relationships with farmers, landowners, and other partners that create and sustain opportunities for beginning farmers and ranchers.

**Environmental Stewardship** We value good land stewardship and resilient working landscapes that provide the basis for sustainable and organic agriculture.

**Honesty and Fairness** In the high-stakes business of agriculture, we value fairness, accountability, and transparency in our work to connect people with land and financing.

**Learning and Growth** We value continuing education and learning from diverse farmers and ranchers who inform, teach, and inspire us to improve our work.

# Technical assistance & education

The FarmLink team works alongside farmers year-round. In 2017, staff provided more than 500 technical assistance meetings with 156 farmers and landholders, about 80% of whom were beginning, minority or women farmers. We cover a wide variety of topics and sometimes refer clients to additional expertise. The most popular recent topics include land tenure, business record-keeping, and land-lease negotiations.

The work takes place on farms as well as in workshops around the state. During 2017-18, we held more than 20 training workshops with about 400 farmers and other ag professionals, from San Diego to Sacramento, on topics including farm succession planning, financing, land leases, crop insurance, and business planning.

New workshops, called *Ag Elders and the Next Generation: Planning for Succession*, took place in Santa Cruz and San Mateo counties. They were a vital start in helping more than 30 families to get underway with farm or ranch succession planning. Looking ahead, staff are planning additional approaches to help advance farm families' long-term planning.

Another new workshop is the *FarmLink Business Skills Camp* to enable farmers and ranchers to use our "Farm and Ranch Business Health Assessment" to assess their progress on a wide variety of business skills. Over the next two years, the Business Skills Camp will be repeated in various regions of California to help more farmers and ranchers develop strong business skills.



# Secure land tenure

Land remains one of the most challenging barriers to success for new-entry and next-generation farmers and ranchers. FarmLink knows firsthand how new-entry farmers struggle to achieve and maintain affordable, secure, equitable access to land. Simultaneously, retiring farmers struggle to transition their land and businesses to the next generation in ways that meet their retirement needs and provide viable opportunities for the successor(s). Too often other landholders have limited options for learning about and providing access to farmland for new, increasingly diverse farm businesses.

The most common starting point for California's next generation of farmers and ranchers is to lease land. FarmLink maintains an online, user-generated land access portal on its website, and over the past five years the number of new landseekers, averaging 250 per year, has exceeded the average of 60 land listings received each year. During 2018, FarmLink updated the website and will continue to improve its land access and

linking functions. There is now a landseeker Directory, visible only to active FarmLink registrants, that staff members "curate" to assure that farmers' interests and qualifications are demonstrated for landholders.

During 2017, FarmLink staff helped develop 46 land leases for farmers and landholders across the state, including lease clauses that are uniquely suited to the needs and expectations of both parties. Examples include first rights of refusal for purchase and clauses that define how to share or protect investments made on the property.

Faced with land insecurity, most new farmers find it difficult to grow viable farm businesses and invest in conservation. We've deepened relationships with land trusts to generate access to easement-protected farms and ranches, worked to establish ways to help farmers purchase protected lands, and developed conservation lease clauses and loan products to help farmers invest in conservation practices on their land.

## VICTOR CORTES AND VERONICA CEJA: LA GRANJITA ORGANICA

On a typical summer afternoon in the Salinas Valley, a cool sea breeze moderates the temperatures that enable the specialty vegetables grown by Victor Cortes and Veronica Ceja to thrive: seven types of sweet peppers along with gherkins, cherry tomato mixes, and others are the hallmarks of La Granjita Organica. It's a family farm that's grown to four acres at ALBA, the organic farm incubator where they enrolled in 2013, and where they started farming the following year with loans provided by FarmLink.

Prior to ALBA, Victor had ably advanced from field worker to a ranch manager. Veronica transitioned from managing a beauty salon to working on the farm, where she enjoys her management responsibilities helping to grow the family business. Victor and Veronica successfully repaid four FarmLink loans from 2014-2017 as they grew La Granjita from one to four acres. In preparation for their transition out of the ALBA incubator, in 2018 the pair secured joint financing from FarmLink and the USDA Farm Service Agency to purchase an eleven-acre property and house in nearby Chualar Canyon. The family's children and pets are enjoying the open spaces and share their parents' pride in their new home.

Since their first loan from FarmLink, it was clear that Victor and Veronica are proactive and diligent in their management, and established an excellent repayment history. Their plan is to cultivate four acres on the new farm after a winter season of cover crops and irrigation improvements. Victor explains, "For us, our priority is to do a really good transition [from ALBA], and FarmLink, USDA, and ALBA are part of the process." FarmLink's partner Kitchen Table Advisors was also instrumental in helping the farm business with financial projections that have supported their growth and successful use of loan capital.

"We are always looking for products that will be consistently unique," explains Victor, citing detailed crop plans which help to ensure that La Granjita Organica remains distinctive in the marketplace. Looking ahead, he is proactive in seeking assistance to manage their taxes, accounting and maintaining markets: "We need to be honest, to tell the truth, so people can help. If you are a beginning farmer like me, California FarmLink is one of the best options to help you get established."

# Fair financing

During 2017, California FarmLink expanded its lending program by over 50% compared to 2016, resulting in nearly \$3.4 million in loans for farmers and ranchers. Our lending activity in 2017 helped sustain nearly 200 full-time jobs, with 81 loans outstanding at the end of the year.

Each FarmLink loan represents new opportunities for low-income business owners, along with access to technical assistance and an extensive referral network. Nearly 85% of borrowers are immigrants, Latinx, women, or farmers of color, and almost 90% of all loans are made to certified organic farms.

In 2018, lending continues at a steady pace with 33 loans for \$1.9 million closed to date, with several more loans in the pipeline, including a handful of land loans pre-approved and ready for deployment when farmers find land that meets their criteria.

In order to expand its impact and serve more farmers who don't otherwise have access to business loans, FarmLink partners with government agencies and other nonprofits that also provide capital, to expand



the impact of our loan funds. For example, FarmLink participates in the co-lending program of the USDA Farm Service Agency, where our capital is blended with up to \$300,000 from FSA at lower interest rates for farm ownership.

FarmLink has also maintained partnerships with distributors and retailers who help to identify farmers in need of capital and who can sometimes share risk.

Since becoming a direct lender in 2011, FarmLink has made 253 loans to farmers totaling more than \$12 million, with an average loan size of \$48,000. About 80% of these loans have been for annual operating costs, serving an important role in meeting farmers' annual financing needs.



**Loans for Conservation:** FarmLink offers conservation incentive loans to farmers working to improve their irrigation and nutrient use efficiency. In partnership with the Resource Conservation District of Santa Cruz County and Sustainable Conservation, the program monitors soil moisture levels and offers loan products with tiered financial incentives for environmental performance.

# 2017 financial snapshot

Over the five-year period from 2013-2017, California Farmlink significantly grew its impact as a Community Development Financial Institution, providing critical technical assistance and loans to farmers and ranchers who otherwise have limited access to capital. Farmlink's loan fund is made up of investments, in the form of loans at below-market rates, from banks, foundations, and impact investors, with terms ranging from five to ten years.

*Note: The total amount of loan capital lent to farmers and ranchers over the past five years is detailed in the Loans section of this report.*

FarmLink has strategically grown its Total Net Assets (aka equity) thereby strengthening the organization's long-term sustainability and ability to attract new investments. As the organization has grown, so too have its systems for analyzing financial health. FarmLink is also growing its ability to help farmers and ranchers to access land and capital, and creating a path toward sustaining educational and technical assistance programs for the long term.

For the next five years, FarmLink has set specific growth targets to continue expanding access to land and loans for next-generation farmers.



## REVENUES

### Contributions

Government (CDFI Fund)	\$930,405
Foundations	\$661,834
Banks	\$90,500
Individuals and other	\$28,040
<b>Government Grants</b>	<b>\$348,765</b>
<b>Interest and loan fees</b>	<b>\$235,974</b>
<b>Other</b>	<b>\$2,137</b>
<b>Total revenue</b>	<b>\$2,297,655</b>

## EXPENSES

### Program Services

Loan Program	\$658,328
Land Access Program	\$349,869
<b>Supporting Services</b>	
Management and general	\$293,647
Fundraising	\$151,882
<b>Total expenses</b>	<b>\$1,453,726</b>
<b>Change in net assets</b>	<b>\$843,929</b>

## NEW WEBSITE IN 2018

After pioneering online land linking years ago, we have replaced our website with a new look, better security, and improved land listings. It now also includes Spanish translation, landseeker profiles, retiring farmer registration, online loan inquiries, and more stories from the field. Watch for more improvements as we continue to expand its functions and services.



# Board and staff

## BOARD OF DIRECTORS



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Agricultural Lands Consultant

**Alan Haight, Vice President**  
Retired Farmer, Riverhill Farm

**Rob Hurlbut, Treasurer**  
Agriculture Capital

**Angela Reed, Secretary**  
Comerica Bank

**Marisa Alcorta**  
Center for Land-Based  
Learning & Terra Firma Farm

**Larry Cretan**  
Banking Consultant &  
Craft Brewery Owner

**Kate Danaher**  
RSF Social Finance

**Chris Mittelstaedt**  
The Fruit Guys

**Thomas Nelson**  
Capay Valley Farm Shop

## STAFF TEAM

**Reggie Knox**  
Executive Director

**Camila Bobroff\***  
Programs & Admin Associate

**Emily Buczko**  
Programs & Admin Associate

**Ellen DeSimone**  
Finance & Operations Manager

**Mario Graciano**  
Lending & Loan Services Associate

**Jonathan Harrison**  
Chief Financial Officer

**Tamela Hudson**  
Loan Portfolio Manager

**Mika Maekawa\***  
Central Coast Program Coordinator

**Kerry McGrath**  
North Coast Program Coordinator

**Brett Melone**  
Director of Lending

**Deborah Nares**  
Conservation Program Manager

**Iris Nolasco**  
Central Coast Regional Program  
Coordinator

**Gary Peterson**  
Director of Communications &  
Philanthropy

**Ali Robinson\***  
Lending Manager

**Liya Schwartzman**  
Central Valley Program Coordinator

**Catherine Van Dyke**  
Loan Officer

**Nathan Weller**  
Grants and Programs Manager

## CONSULTANTS

**Herb Aarons**  
Loan Program Consultant

**Poppy Davis**  
Program Consultant

*\* former staff*

### ePlantWorld

Heeseung Lee and Jong Inn Jun, wife-and-husband owners of ePlantWorld in Half Moon Bay, are Korean immigrants who transplanted their family legacy growing orchids. They now have 14 years' experience in California, but operated for more than a decade relying on credit cards because they were unable to get approval by business lenders. One day, when looking into additional acreage, another farmer suggested that FarmLink may be a solution. Ultimately they found success; receiving both equipment and operating loans from FarmLink to expand into growing organic herbs and vegetables.



# Thank you to all of our generous 2017 funders!

## MAJOR FUNDERS

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 Alliance  
Federal Home Loan Bank - AHEAD in collaboration with  
First Capital Bank  
Five Star Bank  
Gaia Fund  
Globetrotter Foundation  
Johnson Ohana Foundation\*  
Iroquois Valley Farms  
Leichtag Foundation  
Monterey Peninsula Foundation  
New Belgium Family Foundation\*\*

Orchard Hill Family Foundation  
Rabobank, N.A.\*\*  
Raley's  
Resources Legacy Fund  
SBA Microloan Program\*  
Swift Foundation\*\*  
The 11th Hour Project of the Schmidt Family Foundation  
The SEED Fund\*  
U.S. Bank  
UNFI Foundation  
Union Bank  
USDA Beginning Farmer and Rancher Development  
Program  
USDA Farm Service Agency  
USDA Intermediary Relending Program\*  
USDA Office of Advocacy and Outreach  
USDA Risk Management Agency  
USDA Rural Business Development Grants Program  
USDA Rural Microentrepreneur Assistance Program\*\*  
Wells Fargo\*\*  
Western Extension Risk Management Education Center

List includes grants, sponsorships, and investments

\* = loan fund investment

\*\* = grant and investment



## FARM FINANCE EXPO

In March 2018, FarmLink produced **Growing Opportunity: Farm Finance Expo**, a day-long event attended by more than 60 farmers, several lenders, and guest speakers. It's a rare opportunity for farmers and ranchers to discuss financing with a variety of lenders all in one place. The next expo will take place in Clovis on February 28, 2019.



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