

RURAL LIVING YOUR WAY

LEADER

Farm Credit of the Virginias ~ Autumn 2015

Dairy Management Institute—
Learning to do Better!

Griffin Sport Horses

Knowledge Center Website




CUSTOMER APPRECIATION EVENTS

Thanks to everyone who attended this year's Customer Appreciation Events. We hope you enjoyed them as much as we did. We truly appreciate your business and friendship.



 **FARM CREDIT**
Country Mortgages 

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LEADER

is published quarterly for stockholders, directors and friends of Farm Credit of the Virginias.

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Address changes, questions, comments or requests for copies of our financial reports should be directed to Farm Credit of the Virginias, ACA by writing P.O. Box 899, Staunton, VA 24402 or calling 800-559-1016. Our quarterly financial report can also be obtained on our website: www.farmcreditofvirginias.com, or by email: chite@fcvirginias.com.

Farm Credit of the Virginias furnishes data to credit reporting agencies. The association's reporting efforts are important for aiding consumers in obtaining credit, assisting businesses in credit approval, providing consumers with timely and accurate personal credit information, reducing fraud and abuse, helping prevent identity theft and minimizing errors in credit reporting. If you have questions regarding this process, please contact our Credit Desk at 540-886-3435 ext. 5038.





FRESH PERSPECTIVES

Do you know an individual or group of individuals whose leadership and vision are changing the future of agriculture and rural America for the better? If so, we want to hear from you! We're searching for 100 leaders who are positively shaping what is next for rural communities and agriculture. **See page 5 for more information.**



Holiday Schedule

October 12—Columbus Day, Monday

November 26 and 27—Thanksgiving (Thursday and Friday)

December 24 and 25—Christmas (Thursday and Friday)

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Dave Lawrence

Keeping on Track

Board of Director Elections

Enclosed in this *Leader* edition is the Farm Credit of the Virginias Board of Director Election Notification.

I encourage you to vote in the upcoming FCV election of directors. Your cooperative has three seats up for director election. Be on the lookout for ballots arriving in the mail.

Planning for 2016 = “Stepping Up & Out for Farmer Producers”

It seems like the beginning of the 2015 year was only yesterday. It is the last of August as I write this article. Your elected Board of Directors and senior team held its 2016 planning session last week. Once a year the Board and senior team go off-site and do a SWOT analysis (strengths, weaknesses, opportunities and threats) of the association. The session is totally devoted to planning. We look at all aspects of the cooperative to determine if the current path is on track to achieve FCV's vision to be “rural America's Lender of Choice” and

a mission to be an “engaged partner in the rural community.”

The Board re-confirmed its strategic goals (1) conduct business in all aspects following the cooperative principles, (2) provide Board governance that ensures FCV remains focused on the customer's ultimate success — understanding the customers' individual needs, expectations and repayment capacity while delivering a timely level of service and (3) be a continually learning organization that implements best practices by the Board and employees while being a “trusted resource” for the customers. The Board charged the senior team with the challenge of developing action steps to achieve the strategic goals — to operate by stepping up and out for farmer producers.

Your Co-op Remains Positioned to Meet Farmer/Producer Lending Needs

FCV is in a strong financial position to take care of its customers' lending needs. The cooperative's capital position remains at

approximately 20% permanent capital, up from a 12% level in 2009. The patronage refund from your cooperative to its owner-customers should remain at the 12% level. The previous two years we have enjoyed a special patronage but it is too early in the year to know if this will happen for next year. Bottom-line, FCV is well positioned to be your lender of choice.

Closing

Our annual customer appreciation events held in all lending locations are about to come to a close for 2015 but let me say “THANKS” for allowing the FCV team to appreciate you, our owner/customers for the business you do at your cooperative. Again I encourage each voting stockholder to cast a vote for your board of directors when the ballot arrives in your mailbox.



Watch your mailbox!

Farm Credit of the Virginias, ACA

2015 Director Election Ballot

Be on the lookout, your ballot should be arriving very soon.
Don't miss your opportunity to be heard—Vote!

All ballots must be returned by **November 3, 2015**
to be included in the teller count.



FARM CREDIT

FRESH PERSPECTIVES



Farm Credit 100 Fresh Perspectives

Farm Credit has proudly supported the men and women of rural communities and agriculture during the last century, and we appreciate the vision it takes to remain successful over time in rapidly evolving, thriving rural industries. As we enter our 100th year, we are launching Farm Credit 100 Fresh Perspectives: a search to identify 100 leaders who are shaping the future of rural America and agriculture. As part of this effort, Farm Credit will contribute \$100,000 to further the efforts of 10 distinguished honorees. As part of our centennial celebration, Farm Credit of the Virginias is participating in the national Farm Credit Fresh Perspectives Program. The Fresh Perspectives search will identify and honor 100 people across the nation who are changing the future of rural America. To recognize the diverse ways individuals are contributing to the future success of rural communities, nominations will be accepted in 10 categories:

- *Leadership (over 21)*
- *Youth Leadership (21 and younger)*
- *Rural Policy Influence*
- *Beginning Farmer or Rancher Achievement*
- *Entrepreneurship and Innovation*
- *Sustainability and Natural Resource Conservation*
- *Financial Stewardship*
- *Mentoring and Volunteerism*
- *Agriculture Education and Community Impact*
- *Rural and Urban Connection*

To learn more and read the nomination category descriptions, visit www.FarmCredit100.com. Apply or nominate an agricultural leader you know for Farm Credit 100 Fresh Perspectives by **Dec. 18, 2015** by visiting www.farmcredit100.com/fresh-perspectives/search.



The Power of Wisdom

By: Dr. David M. Kohl

Sharing wisdom and institutional knowledge between generations is growing in importance as the transition of producers, lenders and suppliers in the agriculture industry accelerates. Personally, thinking back to graduate school at Cornell University, I remember listening to my professors' stories ranging from the Great Depression to the 1970s as we traveled together on field trips and to farm auctions. Their insight paid dividends later in my career and business endeavors. Officemates who were from Purdue University recalled similar experiences while being the driver for Dr. Earl Butz, former Secretary of Agriculture, as they had engaging conversations about the past, present, and the future. All of those experiences were treasured.

A recent wisdom-filled experience occurred at the Farm Credit University Ag Biz Planner graduation. In this experience, several CEOs of Farm Credit associations shared some of their nuggets of wisdom with this year's group of aspiring young farmers who had just completed an online curriculum to become incrementally better business managers through creating a business plan.

The power of organization and utilizing a good set of farm records were high on the list of advice from the CEOs. This includes production

and financial records that separate the business and personal cash flow and balance sheets. Speaking of cash flow, the lenders indicated that this is a method of conveying thoughts and financial outcomes on paper as one thinks through production, marketing, financial budgeting, and debt service requirements. This builds the lender's confidence that the producer understands anticipated periods of fluctuation in revenue, cost, and net cash flows so that they are running their business, rather than the business running them. All CEOs stressed that preparing a cash flow projection is great, but it needs to be executed and monitored.

Planning for the "but what ifs," a saying from my graduate school days, was another wisdom perspective from this event. Unexpected financial windfalls, loss of markets, and a rise in interest rates were high on the wisdom list. Working through these scenarios on paper allows one to be proactive rather than reactive in decision making.

The lenders emphasized the importance of shared sacrifice and moderation in living cost. As one CEO put it, you do not have to live like a pauper, but extravagant lifestyle is not the way to build a business. Developing a family living budget and living within your means are practices that will stand the test of time.

Another piece of wisdom is to stay financially liquid. That includes building four to six months of household living costs in cash in the bank. On the business side, setting aside a goal of one year's debt payments in the bank as a reserve to manage through abrupt economic cycles can be very important for young persons who are heavily financially leveraged. Build liquidity in the good times, holding back some of the profits for reserves to weather the downside of the cycle.

Invest in productive assets. While riding through the countryside back in graduate school with my professor mentors, stories about each farm and their characteristics were interesting and humorous at times. I recall phrases like "bigness on the brain," "don't put all your eggs in one basket," "blue tombstones," and "new paint fever." Each CEO indicated the investment in productive assets such as livestock, land, equipment, and human assets that will generate a positive bottom line will be a key to a sustainable business in the long run.

As we concluded our panel session, a special message went out to the producers and lenders in attendance. Seek balance in life and business, and enjoy the small victories and success along the way. As Forrest Gump said in the movie, "Life is like a box of chocolates. You never know what you're gonna get." ❧



David Kohl received his M.S. and Ph.D. degrees in agricultural economics from Cornell University. For 25 years, Kohl was Professor of Agricultural Finance and Small Business Management and Entrepreneurship in the Department of Agricultural and Applied Economics at Virginia Tech, Blacksburg, Va. He was on special leave with the Royal Bank of Canada working on advanced initiatives for two years, and also assisted in the launch of the successful entrepreneurship program at Cornell University. Kohl is Professor Emeritus in the AAEC Department at Virginia Tech.

Patronage Refunds




Vinson Snuffer, Loan Officer out of the Lewisburg, W.Va. branch office, presents Ed Tuckwiller with his patronage check.



Regional Lending Manager out of Ripley, W.Va., Joe Casto, stops for a quick picture with customer Paul Shockey as he receives his patronage.



Tim and Mandy Parsons stopped by the Ripley, W.Va., office to receive their patronage check from Teresa Karst, Branch Manager.



At Farm Credit,
"We Put
Our Profits
In Your
Pockets!"

Farm Credit of the Virginias
has distributed more than
\$183 Million
in cash refunds since 2001.

Year	% of Interest Accrued	Cash Amount
2001	12%	\$8,036,000
2002	13%	\$8,449,000
2003	12%	\$7,456,000
2004	16%	\$10,425,000
2005	20%	\$15,146,000
2006	20%	\$18,050,000
2007	18%	\$18,500,000
2008	12%	\$12,800,000
2009	10%	\$10,000,000
2010	12%	\$11,000,000
2011	12%	\$10,700,000
2012	12%	\$10,600,000
2013	12%	\$10,500,000
2013	Special Distribution	\$10,500,000
2014	12%	\$10,500,000
2014	Special Distribution	\$10,500,000

As profits are returned to you, your cost of borrowing is reduced. You get a competitive rate from Farm Credit and we reduce your effective interest rate with our profit sharing refunds.

Dairy Management Institute Learning to do Better!

Maya Angelou once said, “If you know better, you do better.” That statement is full of truth no matter the industry you serve. Many producers in our area put themselves in a position to do better by attending Farm Credit’s Dairy Management Institutes this year.

Farm Credit offers a dairy program called Dairy Management Institute (DMI) each year to dairy producers in our footprint. The Dairy Management Institute is a benchmarking

program designed to help dairymen assess the strengths and weaknesses of their dairy operation. DMI began in 2000 as a joint effort between Farm Credit and Virginia Cooperative Extension. The program has grown to include 85+ herds across Virginia.

DMI helps participants improve profitability and efficiency on their farms through strategic business and financial planning. Data output provides producers with an individualized analysis of their business.

This can be used to better identify strengths and weaknesses, make better management decisions, obtain financing and develop future business plans. ∞

If you are interested in learning more about DMI or participating in one of the 2016 programs, please contact Patti Craun, Farm Credit Regional Manager and Dairy Specialist at PCraun@FCVirginias.com or 540.434.5385.



Respected dairy farmers from Cool Lawn Farm and Stoneybrook Dairy are shown above during a producer panel discussion at this year's DMI in Dayton, Va.



Patti Craun, Farm Credit Regional Manager and Dairy Specialist, is shown talking to the participants of the DMI program that took place in Rocky Mount, Va.



Photo above was taken during the Harrisonburg DMI program.

Farm Credit Employees Learn About Risk Management Strategies to Better Serve Their Customers

One of the things that sets Farm Credit apart from other lenders is the emphasis that we place on providing employees with knowledge and information to not only loan money, but also be a resource for our customers. Our employees participate in training throughout the year that allows them to expand their knowledge of agriculture and the challenges that producers face so that we can better understand each customer's unique situation.

As a part of those continued trainings, Farm Credit of the Virginias and the Farm Credit Knowledge Center were proud to organize and host a two-day Beef and Crop Conference on July 22 and 23 for Farm Credit employees from four different Associations: Colonial Farm Credit, MidAtlantic Farm Credit, AgChoice Farm Credit and Farm Credit of the Virginias. This conference focused on providing employees with information on

different risk management strategies that are available to beef and crop producers, including forward contracting, hedging, FSA loans and guarantees, insurance options and much more.

The conference started with lunch on Wednesday, and then tenured loan officers from Farm Credit of the Virginias, Ed Blevins and Dave Cuddy, shared an economic outlook for the beef industry and risk management options available to beef producers. Included with their presentations were several real life examples of the positives and potential downfalls of the different options. Jonah Bowles of Virginia Farm Bureau then discussed different options for crop producers, and several loan officers from Colonial Farm Credit shared some of their experiences. Brandon Waldron from the Farm Service Agency (FSA) gave a brief presentation about the different programs that FSA could offer to help producers and Matt Rittenour and Jason Wisecarver, Insurance Specialists



Colin Woodall, Vice President of Government Affairs with NCBA, attended dinner to speak to the participants about latest happenings in the cattle industry.

with MidAtlantic Farm Credit shared different livestock and crop insurance options. As an added bonus, Colin Woodall, Vice President of Government Affairs for National Cattlemen's Beef Association addressed the group during dinner. He covered several important topics facing beef producers and assured the group that he and his team are doing everything in their power to ensure that the producers' voices are heard.

The second day was focused on a case study on a potential loan. This case study focused on helping put the information shared the previous day into perspective with a real life example. After a farm visit, participants worked in small groups to discuss various

CONTINUED ON PAGE 25.



John Day, Dave Walker and Greg Mitchell stopped for a quick snap shot while touring Glenmary Farm, LLC during the Regional Farm Credit and Beef Conference.



Participants from the beef and crops conference gathered for a group photo after touring Glenmary Farm, LLC.



The Griffins Griffin Sport Horses

By Ryan Tipps

One thing more challenging than building a farm from scratch is building a world-class reputation. Bruce and Staci Griffin have done both.

Nine years ago, with a horse training business in its infancy, Bruce and his wife, Staci, moved from California to Gretna, Virginia — a 2,700-mile trip that has paid off through hard work, a supportive family, an eye for good deals, and a helping hand.

Griffin Sport Horses has become one of the most respected names in the equine industry. The couple takes part in upward of 40 shows each year and have shown in as many as 95 classes at one National Show.

“You must to have a passion for horses if you’re going to work with them because it shows if you don’t,” Staci said. “They really draw from you and from your energy.”

That passion is evident through the hundreds of awards they have won. They are the exclusive trainers of Elis GV, the United States Equestrian Federation’s 2014 National Horse

of the Year, and they have won well over three hundred national and world titles with the International Friesian Show Horse Association. Bruce is the only person to be named a USEF Equestrian of Honor for three consecutive years, and he is the only person to win the organization’s Norm K. Dunn Excellence in Handling Award two years in a row.

The couple have trained a wide variety of horses, including warmblood breeds, Friesians, gypsies, Arabians, national show horses, and American saddlebreds. The Griffins have no more than twenty client horses that are in the training program in Gretna; together with their

own animals, they have a little more than three dozen horses on site.

Staci and Bruce are hands-on in all aspects of the farm along with their team. Hard work and competitive spirits are large parts of what define them. They have five children who have helped out over the years, and they get some assistance from interns and others. But the hands-on nature of the Griffins, from mucking the stalls daily to training the animals, amplifies their connection to the horses.

“Be good to your horses and honest to your clients. That’s the best way to go,” Bruce said.

Both trainers have engaging personalities

and are quick to laugh and tell stories. Bruce is somewhat more reserved than his wife but always appears poised to throw a quip into the conversation to see the smiles he draws out. Staci shows she is proud of what they have accomplished, but more specifically is proud of the way that they got to where they are.

From the other side of the United States, the initial leap was a risky one.





Piece by piece

Staci and Bruce, both in their early 40s, spent most of their lives having never met, even though they were born in the same Sacramento hospital about a year apart and grew up about an hour from each other.

Bruce was born into agriculture. His father worked with dairy cattle and owned and trained English pointers and bird dogs. Bruce spent time with horses but also showed an interest in baseball. At the age of 11, Bruce began cleaning stalls for an Arabian horse trainer named Gail Peterson, and that's when his showing career began.

"In sixth grade, I came home with my first check of \$3,000 in winnings," Bruce said. "Either baseball was going to feed me or horses were."

Though Bruce took a few years off to pursue baseball, he returned to the horse industry and linked up with trainer Jeff Wonnell, who bred famous show horse Khemosabi and TV's Mister Ed. It was there that he met Staci.

They became a couple, got deeper into horse training and showing, and looked for a place that they could call home.

Even though Bruce had considered himself a "California kid" who would never move to Virginia, the affordable land prices and tax rate lured him away from his native state. A nearby trainer helped them find the 73-acre piece of property they now live on. At the time, it had a dilapidated farm house and no barn, just an old tobacco shed filled with junk.

When they moved to Gretna, lenders considered them a start-up business even though they were already established in California.

"We found this property, and we had a difficult time getting financing for it," Staci said. "We got owner-financing initially, but Farm Credit was the organization that helped us achieve our dreams of owning this property. Because of the size and the fact that it had no livable home on it, we were getting turned down right and left. Then Farm Credit came along."

Chatham-based loan officer Earl Stanfield "believed in us," she said. "We told him what we do, and we told him that we work hard and that we're good for it. We signed our names, and we have been good for it."

The Griffins were living off-site initially but quickly worked to get their training operation rolling. The tobacco shed was cleaned out and stalls were added. Other elements were added in time to take in five horses and prepare them for the Dressage at Devon Horse Show in Pennsylvania soon afterward.

All five recieved blue ribbons at the event.

From there, the goal was expansion, no matter how gradual.

Bruce and Staci built a breaking pen and a hot walker. Other buildings followed.

"We scoured the whole county just to find reasonable wood" for the structures, Bruce said. That gave him the opportunity to meet his neighbors and become a part of the community.

The couple now takes their horses through the local Christmas parade and does other things to be involved in Gretna.

"We work real hard to support our local community, to help put Gretna on the map."

Bruce said that the culture shock wasn't difficult to handle in coming to Virginia, but the humidity was.

All in all, "we've been well-received," he said.

Coming out here "was a real big step of faith," Staci said. "It must be where God wanted us."

CONTINUED ON THE NEXT PAGE.



Philosophy for moving forward

In those early stages, Bruce notes that one young horse, named Leopold, “kept the family fed.” In one instance, the horse was trucked out to The Friesian National Championships in Las Vegas and won four out of six National titles and earned two reserves. Leopold showed so well that the judges thought Bruce had brought several different horses.

From that point, things have gotten bigger – and better. They even have a horse descended from Wonnell’s breeding program on site.

“We grew one stall at a time,” Staci said. “We didn’t take out big loans and build a big fancy facility. We home-schooled our kids, so they were home. The kids pitched in, and we built this facility as we could afford it. The first year we were out here, Bruce was on the road a lot and [daughter] Janae was just a little infant, and I stayed home and was trying to get things in order.”

“Our name is on it, and we do the work. I learned from my father, whose name was on his business, to take pride in what you do. Your name’s on it, so that’s who customers are going to look to,” she said.

Ginger Henderson, head of Averett University’s Equine Studies Department, brings students every spring to see the Griffins’ farm and to see how it has changed.

Henderson said she likes the visits particularly because “it shows that you don’t have to have a multi-million dollar facility to be able to produce national quality performance horses. Bruce and Staci bought a modest farm and have made improvements a little at a time, as they could afford to.

“I also like for the students to see the level of commitment and work ethic it takes to be successful at this level. They are not about frills, they are about the horses,” Henderson said.



Staci said she enjoys being a business owner and that she promotes a sense of unity that many other equine facilities don’t.

“We try to build a family with our clientele,” she said. “We try to set ourselves apart from the norm.”

Every time she and her husband take to the showring, there’s a sense they’re setting themselves apart.

The couple helped write the rules for the Friesian Nationals, which began in 2004, and Bruce is vice president for IFSHA and is a longtime board member. He is also a member of the Virginia Board of Agriculture. Bruce was also the first American invited and permitted to handle Friesians at a marquee show in the Netherlands, where he met then-Queen Beatrix.

Griffin Sport Horses has trained in saddle-seat, hunter, dressage, Western, Western dressage and different types of driving, and the business has been successful in all of those things. The Griffins also prepare breeds for breed inspections.

“We are one of the only facilities that I know of that trains as many different breeds and as many disciplines as we do,” Staci said. “We don’t just specialize in Western-style riding or in driving or English, we do it all. When a horse comes through our gates, we assess that horse and say, ‘OK, what is it you’re going to be good at and what is it you want to do.’ Because if a

horse is good at a discipline but doesn’t want to do it, you’re going to have a miserable time. Likewise, they might want to do something but not be talented enough to do it, and I’ll steer them into something different.”

“One thing that sets us apart is our integrity: We’re honest about what the horse’s abilities are, and we work really hard to help them develop and achieve their potential.”

Honesty and integrity. It’s something that Bruce echoed, but in a slightly different way. He said they’re not just honest about the horse, but about their own abilities and dedication to the client. He said that he’s been offered “a little extra” to run a horse better than another. But his standards and philosophy are rooted in fairness.

“I will sometimes run all the horses in one class,” Bruce said. “People will ask, ‘How do you do that? How are you fair to people?’ The only thing that’s going to be different is that I’m going to show each horse’s individual best. Everybody pays me exactly the same; I accept no bribes. And that’s the only way I can survive without having a shingle out at the street or an advertisement that I have to pay for. And I’m never going to compromise that. People will joke about it all the time, saying, ‘Can I pay you a little extra to run my horse better?’ It’ll never happen. It stands true to what I believe in, and I’ll show everybody’s horse according to their capabilities.”

The Griffin’s story exemplifies ‘The American Dream’ and Farm Credit helped that dream come true! ∞

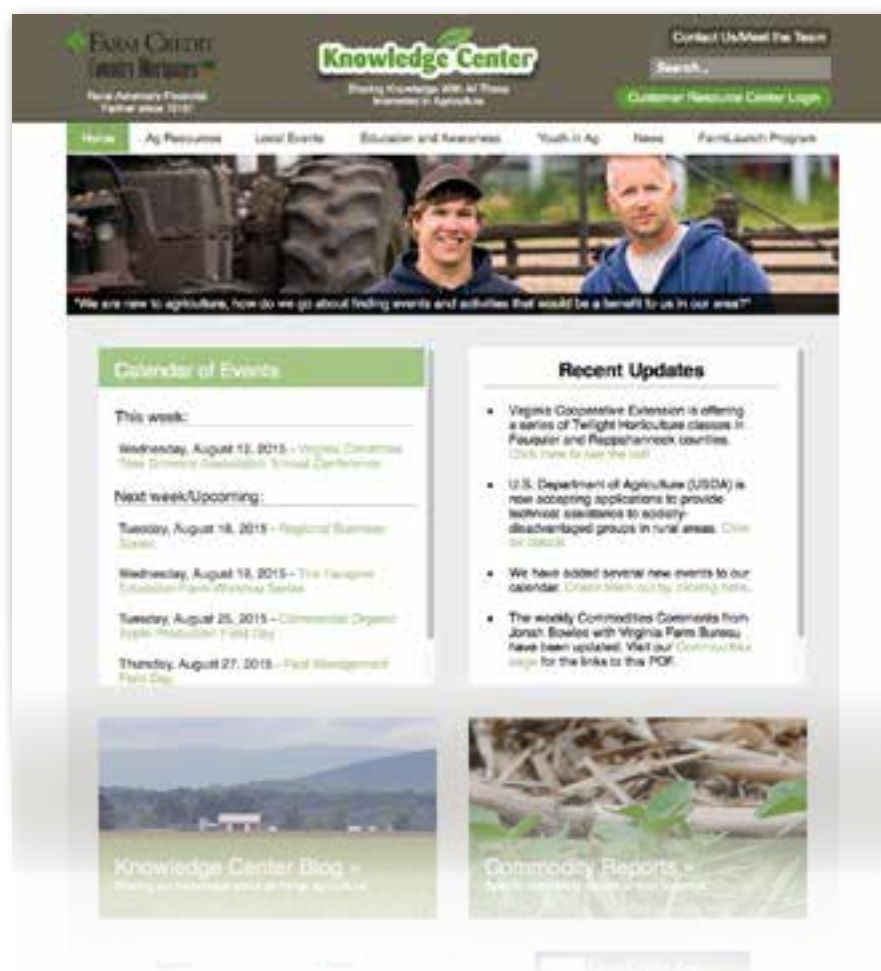
For more information about Griffin Sport Horses, visit their website at www.griffinsporthorses.com, or scan the code to the right with your smartphone.



Knowledge Center Website

"A variety of agricultural information at your fingertips!" In brief, this serves to describe the role of the Farm Credit Knowledge Center's website. The Farm Credit Knowledge Center was launched in early 2014 by Farm Credit of the Virginias to provide information and resources to agricultural producers as well as anyone interested in agriculture. The anchor of the Knowledge Center has always been its website, www.farmcreditknowledgecenter.com, which contains a broad array of information for many different audiences. As the Knowledge Center has continued to expand and adapt to meet the needs of Farm Credit customers, agricultural producers, youth, and people interested in learning more about agriculture; the website also continued to evolve.

A year and a half into this endeavor, the Farm Credit Knowledge Center is proud to announce the launch of a brand new website. The new site has been created to be able to continue to provide the best possible service to customers, employees and the general public. In addition to many of the features that people have come to expect from the Knowledge Center website including a weekly blog with a variety of information for all those interested in agriculture, commodity information and educational resources; the new site also features several exciting improvements. Some of these new features include a new responsive design which makes it easier to view on a variety of mobile devices, an interactive calendar that can be searched by topic, a section for current Farm Credit customer to log in for exclusive access to commodity marketing information provided by IHS Global,



a new bulletin board where farmers can post announcements related to internships, jobs and other opportunities, a page for producer grants, and a section on Farm Credit of the Virginias new FarmLaunch program for young and beginning farmers.

The goal of the Farm Credit Knowledge Center continues to be to provide up-to-date information and resources to a variety of agricultural producers, youth interested in agriculture and other who want to know more about agriculture. This new website

is a step in continuing to grow and adapt to meet the needs of these many different groups. Please visit the new and improved site at www.farmcreditknowledgecenter.com and reach out to the Farm Credit Knowledge Center through the contact us section if you have a project or a question that you would like assistance with. ❧





The 2015 Sunshine Goat Show was held at the Rockingham County Fairgrounds on August 20. This event gives individuals under the age of 22 with a developmental disability an opportunity to show a goat during the county fair. It was great to see previous Sunshine Goat Show exhibitors return to participate again. This show is all about the participants and making sure they get the same opportunity to experience what the other exhibitors get to year after year.

Our local office located in Harrisonburg, Va., has been responsible for heading up and sponsoring the event for the past several years and they have assisted in making it a huge success!

We have been proud supporters of the youth in agriculture and enjoy supporting them in a variety of ways now and in the future and we are already looking forward to the 2016 Sunshine Goat Show. If you know of someone who would like to participate, please contact the Harrisonburg office at 540.434.5385.



Sunshine Goat Show

CAP News

(Communications Advocacy Program)

The Farm Credit team and the Board of Directors understand the importance of building strong, lasting relationships with members of Congress who were responsible for the establishment of the Farm Credit cooperative in 1916. Since then, our team strives to maintain those relationships in order to keep Congress aware of the needs of those in the agriculture industry and to share the Farm Credit story and how we have been the rural lending experts for nearly 100 years. Farm Credit remains successful in maintaining those relationships by attending the events listed below.

May

May 16: Farm Credit co-sponsored the Virginia Horse Council's Annual Legislative Trail Ride that took place at Oakland Heights Farm, owned and operated by customers.



June

June 1-2: Farm Credit hosted the Homegrown by Heroes event on Capitol Hill to showcase agricultural products from America's farmer veterans.



Calvin Rigglesman, far right, owner and operator of Bigg Riggs and Gourmet Central located in Romney, W.Va., served items grown on his farm.



Pictured above are products provided by farmer veterans during the Homegrown by Heroes event that took place in DC in June.

July

July 6: David Sauer, Chief Financial Officer, attended a reception for Congressman Bob Goodlatte in Harrisonburg, Va.

July 7: Farm Credit of the Virginias' CEO, Dave Lawrence, and Director Paul House joined Colonial Farm Credit representatives in DC to meet with Congressman Rob Wittman to announce the amount of patronage given back to constituents in his district.



August

August 18: Director of Farm Credit's Knowledge Center, Matt Lohr, attended a tour with Congresswoman Barbara Comstock in Virginias Tenth Congressional District where she helped announced the patronage that was given back to constituents in her district.



August 27: Director for Farm Credit, Donna Brooke-Alt spent the evening with Congressman David McKinley sharing Farm Credit's commitment to their customers and the agriculture industry. He helped present the amount of patronage that has been given back to members in his district.



West Virginia and Virginia State FFA Conventions



FFA makes a positive difference in the lives of students by developing their potential for premier leadership, personal growth and career success through agricultural education. Each year we look forward to spending time with the youth agriculturalists who share our same passion for the agriculture industry. The state FFA conventions allow us to interact with the finest youth representatives within the industry and allow us to share what we do as leaders in rural financing and how we can help them pursue their agricultural dreams. ∞



We are proud to sponsor the VA and WV State FFA officer jackets again this year. Don't these officers look great?!



Summer intern, Megan Meador, attended the VA State FFA Convention as a Farm Credit representative.



2014-2015 VA State and National officers pose with our Farm Credit signs during the banquet we sponsored at the VA State FFA Convention at VA Tech.

1st Place- Molly Estep of Bergton, VA

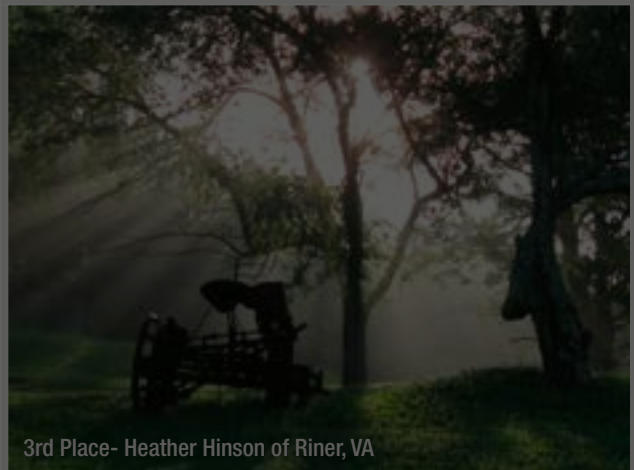


2016 Calendar Photo Contest Winners

We're pleased to announce the top three winners of our 2016 Photo Calendar Contest. The contest was extremely successful and competitive, with over 250 photo entries and 1,680 votes! First place goes to Molly Estep of Bergton, Va., Second place to Kami Keyser of Upper Tract, W.Va., and Third place to Heather Hinson of Riner, Va. The top three photos can be viewed on the Farm Credit of the Virginias website, <http://www.farmcreditofvirginias.com/news/photo-contest.aspx>. Congratulations to our winners and thanks to everyone who participated in this year's contest! Please visit our website beginning January 1 to participate in the 2017 Calendar Photo Contest. ∞



2nd Place- Kami Keyser of Upper Tract, WV



3rd Place- Heather Hinson of Riner, VA



Nate Aker

Wytheville, Va.

Nate, tell us about yourself:

My name is Nate Aker and I am originally from and currently reside in Wythe County, Va., with my wife April, daughter, Abby, who is seven and son Nixon who is six months old. I am a third-generation dairy farmer on my father's side and I am very proud of what I do.

My wife and I have our own farming operation aside from my family's dairy, which consists of corn, soybeans, pumpkins, 200 acres of hay pasture, and beef cattle.

Before I started my own farming enterprise, I worked on my family's dairy farm, Wolf Pen Dairy, which I still do to this day, where we milk 165 Holstein cows. The dairy is a family operation consisting of my father, uncle, cousin, and myself. We also have a full-time herdsman who assists with day-to-day responsibilities. My wife and daughter also enjoy helping out when they can.

The family farm has diversified itself a bit over the years. Instead of strictly focusing on

dairy, we have also tapped into some custom work such as planting, harvesting, and crops.

What have been some of your biggest obstacles?

When it comes to farming, there are always going to be obstacles. For us, obtaining land both rented and purchased to farm has been difficult especially with the high land prices in past years. There is stiff competition for rented land in our area and it has been tough to lock it down. Also trying to manage market swings both up and down from milk to grain has been tricky.

What have been some of your greatest successes?

Without a doubt, my family has been my greatest success. I have a wonderful wife and great kids who have been a huge support system. Purchasing our home a few years ago was a great accomplishment for us as it is for many families, and it is such an exciting step to take!

I was the past chairman of the 2013 Virginia Farm Bureau Young Farmers and in 2014 my wife and I won the Farm Bureau Ag Achievement Award and placed in the top ten at American Farm Bureau.

What is your ultimate goal?

My ultimate goal is to be successful in all aspects of my operation and my family's operation and to help my children grow up to be advocates for agriculture.

What have been your keys to success?

It takes a variety of things to be successful in any industry you are a part of. No matter what industry that may be, I believe that setting goals and having something to measure them by has been a big part of determining how well I am doing. It would be difficult to know if I was where I needed to be if I didn't set goals. How would I be able to measure my success if I didn't know if I reached a goal? Also, family



Above, Dairy cows from Wolf Pen Dairy farm in Wythe County, Va. Pictured on the opposing page is Nate Aker along with his wife, April, daughter, Abby, and son, Nixon.



Pumpkins are just one of the many crops Nate and his family plant on their farm.

support is very important. It would be very difficult to move forward in any part of my operation if my family wasn't on board.

What youth organizations were you a part of growing up? Did they help shape who you are today?

I was very involved in FFA which helped shape my future in the agriculture industry. I had great professors who realized my potential and pushed me to participate in a variety of contests and to further my education at Virginia Tech.

How would you explain your relationship with Farm Credit?

I have a very good relationship with Farm Credit! I can always call and talk to my loan officer at any time day or night which has been very helpful in growing my personal operation and my family's operation. Knowing that they are there whenever I need them has set them apart from other financial lenders. They understand the industry and that helps them to better serve me and the needs for my operation. I also participated in Farm

Credit's Ag Biz Planner that helped enhance my financial and business management skills. It also allowed me to gain more knowledge of how and what I needed to do in order to increase the success of my operation and my family's operation. ∞

For more information about Ag Biz Planner, contact Kiley Clevenger, Knowledge Center Relations Specialist, at 540.434.7035 ext. 5616 or visit www.farmcreditknowledgecenter.com.



Have you had a Checkup Lately?

By: David Cuddy, Commercial Ag Loan Officer, Farm Credit of the Virginias



David Cuddy

If you're anything like me, the thought of having to go to the doctor for a checkup is about as appealing as kissing a porcupine. All the

poking and prodding tends to make a lot of us uncomfortable, so we will go to great lengths to avoid the appointment. There's no limit to the number of excuses to get out of it, however, none of them are very good. It's human nature to avoid things that make us uncomfortable or that we don't understand very well.

The same can be said for many of us when it comes to another type of checkup. In fact, one that I'd much rather talk about, and that's a financial check-up. Now, if you're anything like me, it's a lot easier to go for a health checkup when you know you've lost a few pounds. The same thing holds true when looking at our finances as well. It's much easier to balance the checkbook if you know the balance is going to look good. So rather than waiting until things look bad again, now is a good time to take a few minutes to do a financial checkup on your farming operation.

Now, before you get your nose out of joint and throw this article in file 13, let me assure you that I'm not going to start spewing fancy equations, ratios or statistics. I think too often, when we talk about farm and/or business financials, it's easy to make it more difficult than it needs to be. Since I'm just a backwoods Southwest Virginia boy, I tend to use the same common sense approach to finance that my daddy taught me to use for most things in life.

It's the substance that matters, not the fluff. The same holds true for your financial statement. You can dress it up, but at the end of the day, you're left with what was really there all along. My logic says that when things are going pretty good, it might be a good time for a checkup. Maybe it won't be as tempting to add fluff and be a little easier to get to the important stuff.

So, with that fluff out of the way, where do we start? I think the simplest and best place to begin the process is to develop a financial statement for your operation. While it can be somewhat complicated to sort through everything you own and try to put a value on it, I'd suggest a more common sense approach. For the purposes of this discussion, I don't feel that you need to count sockets in the toolbox or cats in the barn, just make sure you do a reasonably good job of estimating the true value of your assets, and start with the big stuff. It might be a good idea, if you've not already done so, to list each piece of your farm equipment, along with the serial number and an estimate of value. While you may not need the serial number to fill out a financial statement, it could sure come in handy if something gets stolen or you have to make an insurance claim. But for smaller items like hand tools, a general (and realistic) lump-sum estimate should be more than adequate. I'm really not sure what to tell you about the barn cats, though.

Depending on how you do things, this might not include things like your personal bank account, your home, personal vehicles, etc. This could be the case, for example, if you operate your farm as a corporation. If, like the majority of folks, you simply file a schedule F as part of your personal return, and you own the

farm assets individually (or together with your spouse), you probably would include personal assets like the family vehicle, your personal residence, etc.

There are many places where you can find a blank financial statement, if you want something to go by. Most financial institutions can provide a copy of a blank statement or they are available through many sources online, or through your extension office. It's perfectly fine, though, to use a legal pad, or even a brown paper bag, if that's what works for you. Again, it's not the fluff that matters, just the substance. Getting the information and putting it to use is far more important than the package it's in.

Most, if not all templates you'll run across will generally divide assets up into three separate categories. The first class of assets we call "Current Assets." As the name implies, these are assets which either are cash or can be converted to cash very quickly. Examples of current assets include, of course, cash, including checking and savings accounts, short term CDs and even that money you hid in the mattress last fall. Other, less obvious examples of current assets include market livestock (calves, lambs, pigs, maybe those cats in the barn, etc.); basically these are animals that will not be on your place for more than a typical operating season. Here, we also include feed inventory, accounts receivable, investment in growing crops (What did you spend to get that corn you just put in the ground?), prepaid fertilizer or feed and stocks and bonds. Basically anything that you can either spend quickly, convert to cash quickly or that's not going to be around for more than a typical operating cycle.

Second, we need to list what are referred to as Intermediate Term or I/T assets. I/T assets include things such as cows, bulls, replacement heifers, vehicles, machinery and equipment. Basically, anything that's going to be around for a while, that may take a little longer to sell, if you have to. In this category, we'll also want to include things like retirement accounts, cash value of life insurance (not face value), personal property, such as tools, and fixtures, like cattle handling equipment or dairy equipment. We generally assume that I/T assets have a life span of 5 to 10 years.

Finally, list real estate assets and a realistic estimate of value. I probably run across more fudges here than anywhere, when I look at financial statements, although value of cattle might come in a close second. Again, it's important to be realistic here. We all know that a one-acre building lot is going to be worth a whole lot more per acre than a 50-acre field. We also know that a 50-acre field next to the lake is probably worth more than 50 acres on the side of a mountain. If you're not sure, a good place to start is the county tax assessment. Some counties do a much better job of estimating a true market value than others, so it's important to at least have a general idea how accurate the tax values are for your area. As a side note, I get a chuckle every now and then, and seems to always happen when the county's just completed a re-assessment, when the same guy who's just spent the last 15 minutes telling you about fighting with the assessor's office because they've got his property valued too high, nearly swallows his chew when you ask him if he wants to use the tax value on his financial statement. Invariable, the answer is "heck no, it's worth way more than that!" I say that to make a point. The work you're doing here will only be as valuable to you as the quality of the information you put in it. So whether it's the value of your real estate, machinery or cows, try to be realistic and objective.

Now that we've come up with a value for each of the three categories of assets, we're

ready to figure up the total, which of course will be reflected at the bottom of the sheet, page or paper bag as your total assets.

Talking about creating a personal or farm financial statement may sound like no big deal. Then when you get into it, it can quickly turn into an elephant.

Next, we'll do the same thing with debts. The process works basically the same as it did for assets. Start with current debts, including lines of credit, credit cards, current accounts (feed, fertilizer, and fuel), accounts payable, property taxes, etc. Then move on to I/T debts. This will include car/vehicle loans, loans for livestock, machinery and equipment, etc. Basically anything with a term longer than 12 months, but less than about 10 years. Generally, we don't include mortgages here, even if the term is under 10 years, but it certainly won't hurt for you to do that. The reason I steer away from that, though, is that I like to be able to compare debts vs. assets for each asset class. So, if I list real estate as a long-term asset, I like to list it as a long-term debt, regardless of the term. That way, I'm comparing the debt to the associated class of asset. And of course, finally, we list all loans against real estate as a long-term liability. Again, we total each category, and then add those totals together to come up with a total debt figure.

And the moment of truth has arrived. By subtracting total debt from total assets, we arrive at net worth. Now, I can hear some of you saying "why the heck did he need to waste all that ink, just to get me to figure up my net worth? Any chimpanzee with average intelligence can figure that out." And in some ways, you're right.

It's not that hard. But I meet with folks all the time who are very successful, but when they sit down with a blank financial statement, are quickly reduced to a confused mess. It gets hard when we try to look at everything all at once. The concept of a financial statement is very simple. The process of actually doing one can be anything but. A very wise man once asked me a question that I thought was completely ridiculous. The question was: "Do you know how to eat an elephant"? Of course I just kind of sat there, thinking where the heck did that come from. So he answered his own question, and it's one of the best pieces of advice I've ever gotten. Obviously, the answer is – just like you eat anything else – one bite at a time. If you are sitting there, fork in hand, looking at the whole elephant, it seems like an impossible task, but if, rather than focus on that huge elephant, we simply take a bite; we're that much closer to having him eaten.

Sorry if I made anyone gag, the analogy may be a little off-the-wall, but the concept is spot on. Talking about creating a personal or farm financial statement may sound like no big deal. Then when you get into it, it can quickly turn into an elephant. Keep it in perspective though. Focus on the big things first, don't count socket wrenches and be realistic. And if you need some help, talk to your tax professional, your lender or extension agent.

If you've managed to hammer something out, then congratulations! You've just taken the first and most important step in your farm financial checkup. The information that you've just put together can be an invaluable tool for improving your bottom line, as long as you used good information. There are several more steps, to completing a full check-up and I will address those in articles to come. When I get to meet with you again, we'll use the financial statement to start identifying how healthy our business really is, while also looking at ways to improve its health if we need to.

Until next time... Be sure to drink upstream from the herd and don't squat on your spurs. ∞

Community Service Corner

SOLES4SOULS

The past several employee Sales Meetings have given us the opportunity to work together as a team and to help support a charitable organization on a large level. This year was no different! We decided that we would tie in the theme of our meeting Step Up, Step Out by committing to work with Soles4Souls. This organization was founded as a disaster relief organization after philanthropists and shoe executives provided footwear to those most impacted by The Indian Ocean tsunami in 2004 and Hurricane Katrina in 2005. Since 2006, Soles4Souls has collected

and distributed more than 22 million pairs of new shoes to those in need in 127 countries around the world and all 50 states in the U.S.

Each employee was asked to bring a pair of shoes to the meeting. Some brought one pair and some brought their entire closet it seemed.

To see what impact shoes has in local and foreign communities, check out 'The Power of a Pair of Shoes' video at soles4souls.org/our-impact/.

Right, Leesburg, Va., Loan Officer Jessica Baker boxes shoes to donate to Soles4Souls.



Farm Credit employees donated more than 300 pairs of shoes for Soles4Souls in two days!





Farm Management Institute

You're Invited

Family and Business Affairs Matter

What an exciting time to be involved in agriculture! Join us for the 2015 Farm Management Institute that will be held in the Farm Credit footprint. This year's content and lecture will be relevant to lifelong learners, including young farmers, potential young farmers, parents, students and those continuing or expanding their farming operations. Dr. Dave Kohl and Dr. Alex White will provide insight, materials and techniques to enhance your growth and success in agriculture.

- Global and domestic economics
- News and trends impacting the agricultural industry
- Financial and business management tips and tricks
- Business Planning
- Transition and Estate Planning
- Communication and advocacy for agriculture

**Attend this institute of lifelong learning to become
reenergized for the new year and beyond.**

Date and Location

Thursday, November 5, 2015

Old Dominion Ag Complex
19783 US Highway 29, Chatham, Va.
9:00 a.m. – 4:00 p.m.

There is NO cost to attend!

For more information about the Farm Management
Institute, please call your local branch office or

800-919-3276



FARM CREDIT



West Virginia State Fair

The 2015 West Virginia State Fair was a success! We enjoyed the opportunity to sponsor the Dairy Birthing Center for another year as well as hand out the t-shirts we had created. From the pictures below it seemed that the attendees had as much fun as we did. ∞



Intern Jackie Cleaver and Loan Officer Vinson Snuffer try out the photo props we had set up at the Dairy Birthing Center!



We wrapped up the youth exhibitors meeting by presenting each state fair livestock participant with a Farm Credit t-shirt.



Visitors of the birthing center occupied themselves at the coloring table while waiting to see a dairy cow give birth.

Ag on the Move Program

Ag on the Move is a program that is headed up by the West Virginia Farm Bureau. This program serves elementary school students throughout the state of West Virginia. We are very excited about sponsoring this program as we have done for the past several years to the tune of \$10,000! To assist in educating young students in agriculture by providing hands-on lessons and experiments that introduce and reinforce science, technology, English and math skills is something we are very proud to be a part of. ∞

Right, Farm Credit of the Virginias Chairman Charlie Leech presented a check for \$10,000 to Charles Wilfong, President of West Virginia Farm Bureau, to support the purchase of a new Mobile Agriculture Education Science Lab.



Farm Credit employees and directors are shown above touring the mobile ag lab.

Farm Credit Employees Learn About Risk Management Strategies continued from page 9.

different aspects of the loan request including structuring and considerations. Following lunch, the entire group, facilitated by Farm Credit employees, J.T. Anderson and Cole Heizer, discussed the case study and how the different groups approached the loan request.

The two-day conference was a great opportunity for Farm Credit of the Virginias

employees to visit and network with employees from other Farm Credit Associations as well as hear from industry professionals about a variety of topics. Participants left the conference with additional tools, information and perspectives that will help them to continue to provide customers with the high level of service that is expected from Farm Credit. The Farm Credit

Knowledge Center is proud to act as a resource to plan and organize educational opportunities for both customers and employees as one part of the variety of services that it provides. For more information on these services visit the Farm Credit Knowledge Center website at www.farmcreditknowledgecenter.com. ∞

WVU Davis College of Agriculture, Natural Resources and Design

The 2014-2015 WVU Davis College of Agriculture, Natural Resources and Design Scholarship recipients have been announced! Keri Dinkel and Kayelynn Fike both received \$500 from Farm Credit to help pursue their degrees and dream careers in agriculture. Let's hear what they have to say about their future plans:

"I am very interested in how farms and firms produce, control, and operate to get their desired product, whether it be meat or the next great race horse."

"My long-term goal is to become a production manager at a large national company. Example—Perdue, Mountaire, Pilgrims, Tyson."

—Keri Dinkel, Agribusiness Management & Rural Development

"I have grown up on a farm and love everything about it. I think the world needs to learn more about the importance of farming and the hard work it takes to get the things we need in life."

"I know I would like to work for some type of agency that goes out to help farmers make their farms more efficient. Agriculture is very important and I want to be a part of what helps farms achieve more with goals they already set."

—Kayelynn Fike, Animal & Nutritional Sciences



WV Veterans to Agriculture-Parchment Valley Veteran Therapeutic Program

Farm Credit funded a training retreat for WV Veterans in Ripley, W.Va., in late July. The funds were used to host a Veterans Training Weekend Retreat at Parchment Valley. The grant allowed for 10 Veterans and their families to come to Ripley, W.Va., and stay on the PVCC campus, attend financial and basic training in soil health, beekeeping, marketing, and food safety. PVVTP assists Veterans who struggle with PTSD, TBI, MST, substance abuse and addiction, and other mental, emotional, and physical disabilities in healing and reintegrating into their communities, by becoming self-sustaining agri-business entrepreneurs. We achieve that goal by developing a network of sustainable Veteran farmers using agri-therapy, holistic training methods, and mentorship to ensure strong businesses that will contribute to the overall well-being of communities in the Ohio and West Virginia regions. ∞



Consolidated Balance Sheets

(dollars in thousands)	June 30, 2015		December 31, 2014	
	(unaudited)		(audited)	
Assets				
Cash	\$	3,848	\$	6,038
Loans		1,641,762		1,583,241
Allowance for loan losses		(12,975)		(12,465)
Net loans		1,628,787		1,570,776
Loans held for sale		1,175		1,077
Accrued interest receivable		11,622		7,854
Investments in other Farm Credit institutions		23,986		24,613
Premises and equipment, net		8,013		8,092
Other property owned		5,376		2,786
Accounts receivable		6,364		28,685
Other assets		3,266		4,592
Total assets	\$	1,692,437	\$	1,654,513
Liabilities				
Notes payable to AgFirst Farm Credit Bank	\$	1,308,829	\$	1,275,765
Accrued interest payable		2,927		2,809
Patronage refunds payable		184		21,209
Accounts payable		1,622		2,074
Other liabilities		25,828		16,429
Total liabilities		1,339,390		1,318,286
Members' Equity				
Capital stock and participation certificates		13,248		13,159
Retained earnings				
Allocated		92,568		92,568
Unallocated		247,258		230,527
Accumulated other comprehensive income (loss)		(27)	(27)	(27)
Total members' equity		353,047		336,227
Total liabilities and members' equity	\$	1,692,437	\$	1,654,513

Consolidated Statements of Comprehensive Income

(dollars in thousands)	For the three months ended June 30, 2015		For the six months ended June 30, 2015		For the six months ended June 30, 2014	
	(unaudited)		(unaudited)		(unaudited)	
Interest Income						
Loans	\$	20,991	\$	41,756	\$	39,220
Investments		—		—		5
Total interest income		20,991		41,756		39,225
Interest Expense						
Notes payable to AgFirst Farm Credit Bank		8,620		16,965		15,581
Net interest income		12,371		24,791		23,644
Provision for loan losses		1,000		1,000		1,200
Net interest income after provision for loan losses		11,371		23,791		22,444
Noninterest Income						
Loan fees		252		374		329
Fees for financially related services		9		14		18
Patronage refunds from other Farm Credit institutions		2,938		6,045		6,252
Gains (losses) on sales of rural home loans, net		247		469		145
Gains (losses) on sales of premises and equipment, net		9		9		28
Gains (losses) on other transactions		4		19		28
Other noninterest income		15		146		141
Total noninterest income		3,474		7,076		6,941
Noninterest Expense						
Salaries and employee benefits		4,269		8,934		8,515
Occupancy and equipment		371		675		655
Insurance Fund premiums		416		818		705
(Gains) losses on other property owned, net		54		220		186
Other operating expenses		1,690		3,461		3,240
Total noninterest expense		6,800		14,108		13,301
Income before income taxes		8,045		16,759		16,084
Provision for income taxes		14		28		52
Net income		8,031		16,731		16,032
Other comprehensive income		—		—		—
Comprehensive income	\$	8,031	\$	16,731	\$	16,032

The shareholders' investment in the Association is materially affected by the financial condition and results of operations of AgFirst Farm Credit Bank. Copies of AgFirst's quarterly and annual financial reports to shareholders are available free of charge at www.agfirst.com, or by writing to AgFirst Farm Credit Bank, Financial Reporting Department, P.O. Box 1499, Columbia, SC 29202. Farm Credit of the Virginias complete quarterly and annual financial reports are available online at www.farmcreditofvirginias.com



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