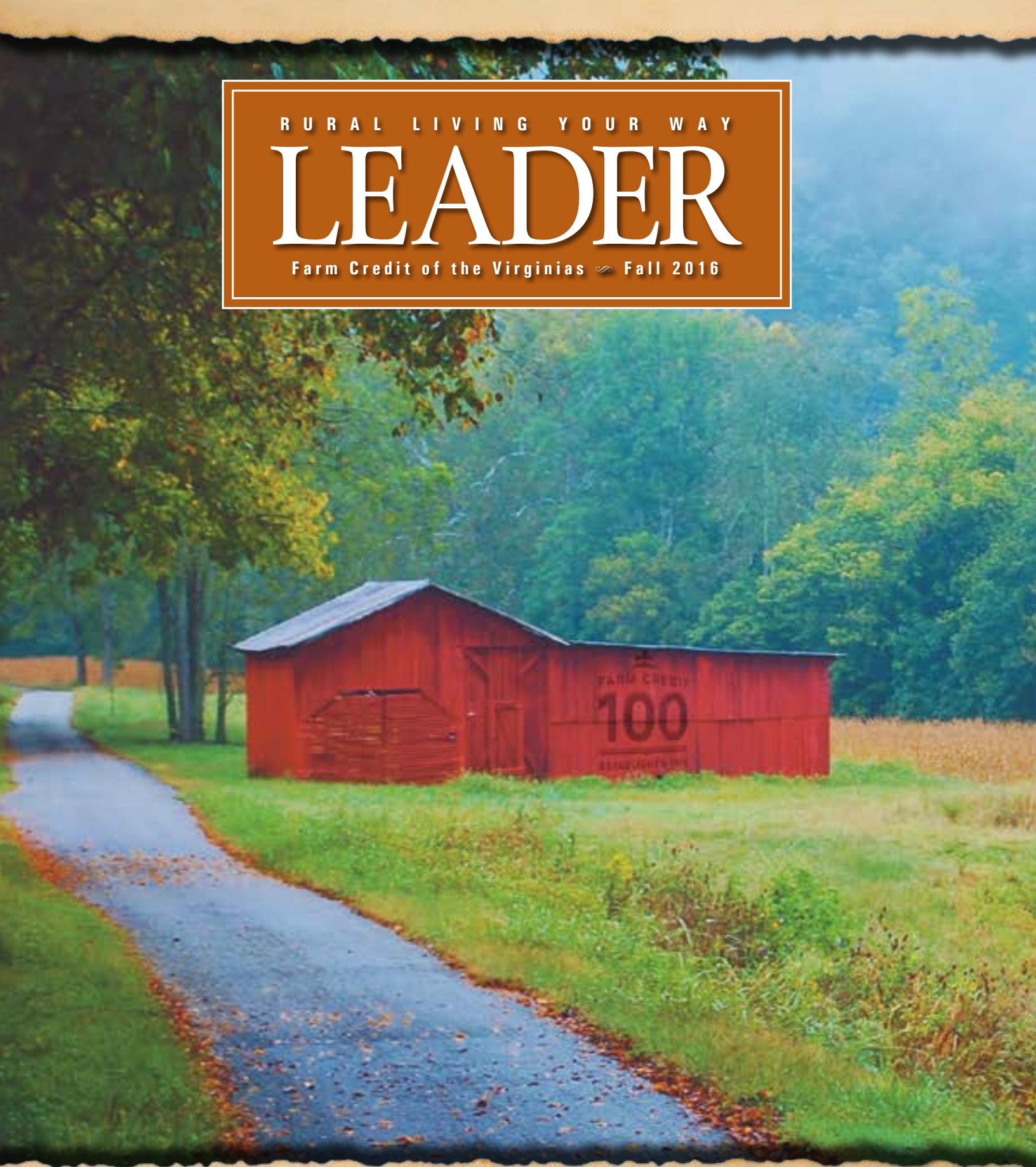


RURAL LIVING YOUR WAY

# LEADER

Farm Credit of the Virginias  Fall 2016



Centennial Farming Operations

The Sunshine Goat Show

Young Farmer Profile







The folks at Farm Credit would like to thank our customers for attending their local Farm Credit Customer Appreciation Events. We hope you enjoyed celebrating Farm Credit's 100th Birthday as much as we did!



# LEADER

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

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Dave Lawrence

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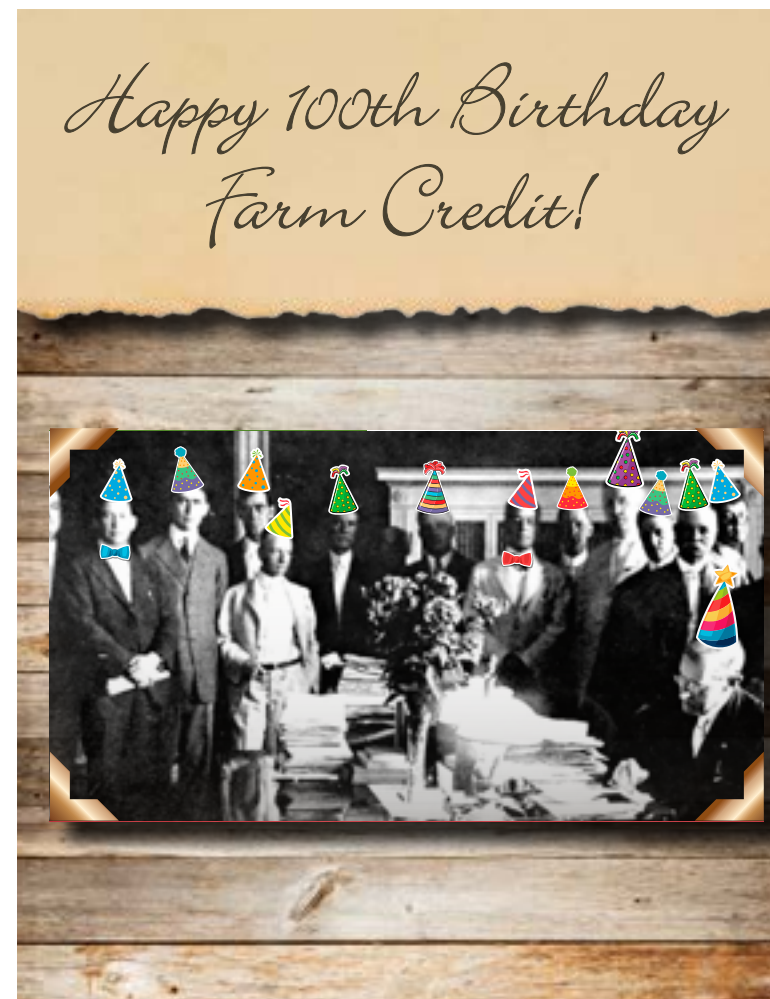
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## CIRCULATION

Kathi DeFlorio

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](http://www.farmcreditofvirginias.com), or by email: [chite@fcvirginias.com](mailto: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.




## Holiday Schedule

**October 10**—Columbus Day, Monday  
**November 24 and 25**—Thanksgiving (Thursday and Friday)  
**December 23 and 26**—Christmas (Friday and Monday)

## In This Issue

### MESSAGE FROM THE PRESIDENT

Strong Past, Stronger Future:  
 The future continues to remain  
 bright with announcement  
 of new CEO! 4

### INDUSTRY NEWS

Are You Willing to Repay? 5

### KNOWLEDGE CENTER

Menonite Ag Financial  
 Curriculum 8

AgBiz Trip to DC 9

Participants of the 5th  
 Program Attend  
 Graduation in N.C. 10

### ASSOCIATION NEWS

News Throughout  
 the Footprint 11

The 2016 Sunshine  
 Goat Show 12

Farm Credit Employees-  
 Centennial Farming  
 Operations 13

### FARM CREDIT TIMELINE

100 Years of History 14

### ASSOCIATION NEWS

Youth Essay Contest 19

Photo Contest Winners 19

### INDUSTRY NEWS

CAP News 20

CREP Program 22

### COMMUNITY NEWS

Community Service 23

### YOUNG FARMER PROFILE

Cheyenne Rhodes 24

### FINANCIAL REPORT

Second Quarter 2016 26







Dave Lawrence

## Strong Past, Stronger Future: The future continues to remain bright with announcement of new CEO!

As we near the fourth quarter of 2016, I'm pleased that our association remains in solid financial position, with good loan growth year-to-date and continued strong capital and earnings positions. Overall, through the strength of our customer-owners and the commitment of our team, both income and growth are on track with our expectations.

Farm Credit continues its commitment to supporting rural communities and agriculture on a national level, a mission we've pursued for a century. In June, as part of the celebration of our 100th anniversary, Farm Credit hosted a series of events in Washington, DC, that included a Congressional reception that featured a pop-up farmers' market with products from Farm Credit customers across the country. We'd like to thank the Farm Credit of Virginias (FCV) customers who provided a diverse selection of the food produced in our region, helping educate attendees about the depth and breadth of agriculture's contributions to our nation.

On a more serious note, our hearts go out to all those affected by the catastrophic flood in West Virginia in June. While thankfully few of our customer-owners were significantly affected, we encourage anyone who suffered a loss, such as to fences or facilities, to talk with your loan officer about how we can help you take care of your financial needs. We also encourage other customer-owners experiencing financial stress, especially those in the beef and dairy sectors, to talk to your loan officers soon.

As always, our loan officers are here to help support their customers through both good and troubled times, bringing expertise and compassion to their roles here at FCV. Each year, we recognize an especially outstanding group of dedicated employees with membership in the elite Circle of Excellence. This year, ten dedicated employees achieved this recognition for bringing new customer-owners into the FCV fold while continuing to serve and support their long-term customers as well.

Along with our staff, our board of directors is essential to the success of the organization.

As you know, the majority of our directors are elected from among our customer-owners, by our customer-owners. Our next election is coming up, with ballots being sent out following the annual stockholders meeting on September 22. I encourage every member of our cooperative to vote in the election to ensure a strong and representative board. Electing the leaders who represent your interests in setting strategy for the organization is one of the benefits of being a member of a cooperative, and your participation in this process helps keep our association strong and focused on the needs of our customer-owners.



**Farm Credit of the Virginias is excited to announce that Peery Heldreth, Chief Relationship Officer—Lending, Operations, Compliance & Technology has been selected as the new CEO starting in January of 2017.**

The annual stockholders meeting comes on the heels of our series of customer appreciation days held over the summer. I'd like to thank everyone who visited one of our events. We all truly enjoy the opportunity to meet with you and hear what's on your minds as we continue our efforts to serve your needs and build an even better organization.

The success of our customers is essential to the success of our cooperative, and I'm pleased that we have another strong group of young and dedicated ag producers signed up for the next AgBiz Planner program. This

10-module program will help them, as it has helped numerous beginning farmers before them, learn essential financial and business skills so they can effectively establish and grow their operations.

To help ensure our own continued growth, FCV leadership recently participated in a planning session to guide our efforts in 2017. After analyzing the association's strengths, weaknesses, threats and opportunities, we confirmed our three strategic goals as the most effective means to maintain our success: adhere to the cooperative principles that have served us so well for 100 years; focus our governance and our operations on our customer-owners' success; and be a continuous learning organization that implements best practices and serves as a trusted resource for our customer-owners.

Also focused on FCV's future strategy is Peery Heldreth, who was announced in mid-August as the new CEO selected by our board of directors to succeed me when I retire in early January 2017. Peery is the ideal leader to take over the reins, as he brings outstanding leadership, extensive knowledge of our operations, insight into our customer-owners and the broad capabilities of our talented staff, and enthusiasm for building on FCV's legacy of success and service. We're fortunate to have an experienced and stable board, and so it is an opportune time for this leadership transition. It has been an honor to lead this organization for the past 13 years, contributing to its consistent growth and its ability to attract top-tier employees to support our customers. Peery and I will be working together over the next four months to ensure that the transition is completed smoothly and that he is optimally positioned to deliver on FCV's strategic objectives.

With a talented new leader on deck, with key strategic goals in place, and with an effective board, a dedicated customer base committed employees, I'm confident that FCV will continue to thrive and serve the needs of our members long into the future. ∞

## Are You Willing to Repay?

By: Dr. David M. Kohl

The phrase "willingness to repay" may be simple, but it has powerful implications in today's challenging and changing agricultural economic environment. Referred to in agricultural credit training manuals, the willingness to repay is viewed by many seasoned lenders as a critical factor in accepting or denying credit. In one of our recent Farm Credit University courses, a young lender wanted the instructor team to expand on this variable and provide a more definitive meaning. Exploring this concept in depth, there are several ways to ascertain whether you, as a borrower, are a good bet for repayment.

Compared to input costs, commodity prices declined at record rates which resulted in negative margins for many producers. This scenario will continue to test the willingness to repay for some. Often, the willingness to repay in this type of environment requires generating additional income, either on or off the farm. Others will make the sacrifice by budgeting and executing reductions for family living and personal costs.

Sometimes the repayment of debt in tough times requires one to seek and accept consult. Work side-by-side with your lender or a team of advisors to develop improvement strategies for profitability. The real test for borrowers is their ability to execute on the improvement strategies and then, monitor progress.

In today's world of negative margins, requests for refinancing operating monies to longer-term debt are very prominent.

The proactive producer will develop a written plan of changes to be made as well as how they will be implemented in order to ensure repayment. Often, this plan follows the S.M.A.R.T. principle which stands for specific, measurable, attainable, rewarding and timely.

Another component of the commitment to repay is avoiding unexpected major capital purchases. In addition, utilize credit for its intended purpose. Operating money is intended for everyday variable expenses. Using this money for capital purchases or to place a down payment is a very good way to weaken the business relationship with your lender. Additionally, this misuse of funds often hinders the long-term ability to repay specifically, if the operating line of credit cannot be zeroed out at the end of the year or at the end of the terms of agreement.

Sometimes improving the ability to repay requires difficult decisions. For example, it may be necessary to drop an unprofitable enterprise even if it is one of passion. Other instances may require shedding unproductive assets such as, land, machinery, livestock or that "killer toy" acquired during the good times. Even more challenging could be cutting unproductive human assets in labor or management; particularly if it is a family member. Nevertheless, unproductive assets can be a significant factor in overall profitability.

It is said that when economic times are good the worst mistakes are made. This statement is true because when

financial management is not a top priority, complacency often occurs. Proactive managers stash a reserve in the form of working capital or even cash for those economic rainy days. These producers usually not only have the willingness to repay but the means as well.

Finally, the willingness attribute is sometimes in the form of communication. Maintaining open conversations in adverse times can greatly aid in working through problems concerning timely repayment. Generational transitions for both producers and lenders are accelerating, which will require a commitment to learn and educate on both sides of the producer-lender relationship.

Whether a lender or a producer, it is important to evaluate the level of commitment to debt obligations. In this challenging economic environment, producers may require additional capital. If this is the case, as a producer, you want to be a good bet for repayment. Strong principles along with a commitment to obligations through business and personal sacrifice will always be high on the list of attributes considered by lenders. Using available resources and support, assess your income, assets, expenses and goals to revise and update your strategy for long-term success and profitability in today's agricultural industry. ∞



*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.*





**More Than \$198 Million**

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

Farm Credit is the only lender in the area that returns profits to its borrowers. Our unique cooperative structure puts money in your pockets.

**Farm Credit of the Virginias** has distributed more than **\$198 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
2015	12%	\$10,500,000
2015	Special Distribution	\$4,500,000

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.

# SAVE *The* DATE

## STATE FAIR OF VA

SEPTEMBER 23-OCTOBER 2, 2016  
MEADOW EVENT PARK, DOSWELL, VA  
[WWW.STATEFAIRVA.ORG](http://WWW.STATEFAIRVA.ORG)

## WV WOMEN IN AG

3RD ANNUAL • NOVEMBER 4-5, 2016  
GLADE SPRINGS RESORT, DANIELS, WV  
[ANR.EXT.WVU.EDU/AG-WOMEN/WIA-CONFERENCE](http://ANR.EXT.WVU.EDU/AG-WOMEN/WIA-CONFERENCE)

## Farm Credit Customer Receives National Recognition!

Congratulations to Lauren Hartzler Arbogast, of the Shenandoah Valley of Virginia, on being selected as one of eight finalists for the U.S. Farmers & Ranchers Alliance Faces of Farming and Ranching! This is the third class that USFRA has sought to speak on behalf of the ag industry. Voting will open October 10-16 on the USFRA Facebook page, in the meantime you can learn more about Lauren by visiting her website at [www.PaintTheTownAg.com](http://www.PaintTheTownAg.com)!



## DAIRY MANAGEMENT INSTITUTE



March 30, 2017  
Rocky Mt., VA  
The Franklin Center

March 31, 2017  
Harrisonburg, VA  
Dayton United Methodist Church

More information to come in our Winter Leader Magazine!







Hickory Hollow Christian Academy students are shown above with their completion certificates for the Agricultural Financial Management course.

## Mennonite Ag Financial Curriculum

Sharing Knowledge With All Those Interested in Agriculture. This is more than just the Knowledge Center's slogan; it is something that we strive to do in many different ways and areas. Often this includes working with our talented loan officers to provide the resources needed. It was exactly this type of partnership that led to the development of an Agricultural Financial Management course for Mennonite students in the Shenandoah Valley of Virginia.

Approximately two years ago, loan officer Tim Long and Knowledge Center Director Matt Lohr reached out to the principal of Hickory Hollow Christian School in Dayton, Va., to pitch the idea of developing such a course. With the Knowledge Center's interest in improving educational opportunities for students and Tim's experience in working with the Mennonite community, this seemed like a perfect fit. After a few brainstorming sessions, principal Norwood Shank agreed to give it a try.

Most of the students at Hickory Hollow Christian School come from farms, but the school did not offer any formal type of agricultural curriculum. Tim, Matt and Mr. Shank had several meetings to discuss what topics were most needed. Once the topics were decided, Dr. Alex White of Virginia Tech was brought in to hear the idea. He agreed to develop one sample lesson plan to gauge the students' response. This lesson plan was taught in May of 2015, and the students were very enthusiastic. With that positive response, Dr. White then developed a total of 10 lesson plans to be taught. Topics included business structures, enterprise budgeting, balance sheets, income statements, breakevens, the time value of money and personal finance. A group project was also developed to tie all the information together into one final learning exercise.

In the spring of 2016, 17 juniors and seniors at Hickory Hollow Christian School began the 10 lesson curriculum. Teacher Josh Showalter and Norwood Shank taught the team lesson plans.

Farm Credit of the Virginias Loan Officers visited the school to help answer questions and assist in teaching the materials and answering questions. The lessons wrapped up in May, and a ceremony was held to recognize their hard work and completion of the program.

Following this initial course, Matt Lohr and Dr. White visited with teacher Josh Showalter to discuss the lessons and explore ways they could be expanded or improved. Feedback from the school indicated an interest in increasing the home reading, class examples and group work. Dr. White is currently working on incorporating these into the future lessons plans. The course will be offered again in the fall, this time as a part of a year-long economics course to add more benefit for the students.

Lessons on credit scores and ways students can improve their future financing opportunities will also be incorporated. The goal next year is for loan officers from Farm Credit of the Virginias to visit the school every few weeks to team teach the lesson plans and have more interaction with the students.

Knowledge Center Director Matt Lohr says "Even though some of these students may not pursue a career in agriculture, the lessons learned in the course can be very helpful for any career in life. We are proud to be able to offer these education materials to students in the Mennonite community and look forward to continuing this program in the future."



## AgBiz Trip to DC

Fifteen plus miles of walking, 10 visits with Congressmen, Congresswomen and Senators, and one stop to learn about how the Farm Bill, House Ag Committee and House Natural Resource Committee work all in 48 hours — that is the quick summary of a two-day trip the Farm Credit Knowledge Center organized to take a group of producers to Washington, D.C. to share their agriculture story with their representatives as well as other Congressmen (and Congresswomen) and Senators who represent Virginia and West Virginia.

### The details:

As a continuation of the Ag Biz Planner Program, a group of seven recent graduates, as well as several Farm Credit of the Virginias employees, traveled to Washington, D.C. in



L to R- Joe Casto, Regional Lending Manager, Jenna Roeder-Marketing Specialist, Nancy Huffstetler- Legislative & Public Affairs Coordinator from Columbia, SC and Jamie Kinsey, FCV Director and AgBiz graduate spent the day in DC visiting with W.Va. representatives.

April to visit with several representatives and allow the Ag Biz graduates to share their agriculture story. The trip started with a presentation from Nancy Huffstetler, the Legislative and Public Affairs Administrator for AgFirst Farm Credit Bank, who shared some insight into protocols for visiting with legislators.

Wednesday kicked off bright and early as several staff members and the Ag Biz graduates from West Virginia headed out for a coffee meeting with Senator Capito, followed by a visit to Senator Manchin's office. The remainder of the group headed to the Capitol, where they had an opportunity to take a tour of the Capitol building, which is beautiful even during its restoration, before meeting up as an entire group for lunch.

The afternoon was full of visits, including visits to Congressman McKinley, Senator Kaine, Senator Warner, Congressman

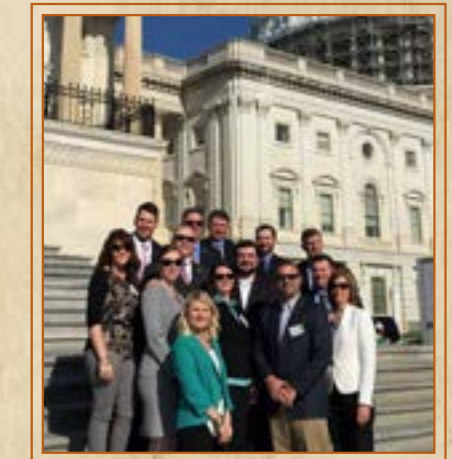


L to R- Senator Shelley Moore Capito met with Director, Jamie Kinsey and Regional Lending Manager, Joe Casto to gain a better understanding how Farm Credit supports agriculture and rural America.

Brat, Congressman Hurt, Congresswoman Comstock, Congressman Griffith and Congressman Goodlatte. At each of these visits, the Ag Biz graduates had an opportunity to share a little about themselves and their operations as well as some of their challenges and successes. They also answered questions that staff and representatives had. It was a great opportunity for the legislators and their staff to learn more about agriculture and some of their constituents, and it was wonderful to see our Ag Biz graduates in action as they shared about their operations.

Thursday brought a visit with Brent Blevins, who works for the House Natural Resources committee. Brent was kind enough to take time out of his schedule to visit with the group about how the House Natural Resources and House Ag committees work, and also discussed some of the mechanics of how the Farm Bill is written. After listening to part of a House Agriculture committee hearing, the group headed out of the city.

This two-day trip to Washington, D.C. was the first time that many of our Ag Biz graduates had a chance to visit with their representatives and tell their story. Farm Credit is proud to be able to help and support agriculture in many different ways, including helping to introduce legislators to people who are directly involved in the industry and impacted by decisions made by Congressmen and Senators. This trip was a wonderful opportunity to help continue to share the agriculture story! ∞



The AgBiz Planner graduates and members of the Farm Credit team stopped for a quick photo on the steps of the Capitol.





AgBiz Planner graduates and their mentors were excited to celebrate the successful completion of the program in Raleigh, N.C. for the AgBiz Planner graduation.

## AgBiz Planner Participants of the 5th Program Attend Graduation in N.C.

Who likes to travel unfamiliar territory without a roadmap or some sense of direction as to where you are headed? If you were to ask this question to a group of people, the majority of the crowd would say they would like to have some sort of idea or plan in place to get from point A to point B. This holds true for those who are in agriculture and own a farm or agribusiness. A business plan, which can be referred to as a “roadmap,” is essential to the long term success of an operation or business. The identification of goals with deadlines for completion and the breakout of financials and projections as well as mission statement and a contingency plan aid in the development of the business and are vital to its ultimate success.

Each fall, Farm Credit of the Virginias welcomes in a new class of eager and motivated individuals who are willing to step up to the challenge of creating a living, breathing business plan that will work for them and their operation. The Ag Biz Planner Program is conducted

through Farm Credit University and is hosted through individual Farm Credit Associations on the East Coast. Farm Credit of the Virginias was fortunate to have 10 participants enroll in the program in September 2015 and graduate this March.

The program consists of online modules that are available for participants to complete at their own pace. Each of these modules discuss and highlight various parts of a business plan as well as business and financial management practices. Each participant is paired with a loan officer mentor and three program mentors who serve as a resource to give guidance and assistance throughout their time in the program. Over the course of the six months, those in the program develop a “roadmap” for their farm, operation or business which they can use as they move forward. The class wrapped up in March with a graduation ceremony hosted with other participating Farm Credit Associations in Raleigh, N.C. During the graduation trip, participants not only received their certificate of completion, they were also able to engage in networking opportunities and build

relationships that will be invaluable to them moving forward.

This September will mark our 7th program year and we are excited to start a new class and travel alongside our participants on their journey to develop a “roadmap” for the farm, operation or business. One program mentor stated, “Those individuals who make the commitment to participate in the program are taking the necessary steps to ensure that their livelihood is around for the generations to come. It is exciting as a mentor, to see the enthusiasm and gratification come from those who are involved in the program and not to mention the networking opportunities and lifelong relationships that are formed during the time in the class.”

Do you know of someone who would benefit from or be interested in participating in the Ag Biz Program? Applications are accepted annual from May to July with classes beginning each September. For more information on this program, feel free to contact Kyle Clevenger at [kclevenger@fcvirginias.com](mailto:kclevenger@fcvirginias.com) or by calling 540-434-7035 ext. 5616.

## News Throughout the Footprint



The 2015 VA 4-H Livestock Judging Team traveled to Europe earlier this June after taking a big win in Denver, Colo. last year!



Check out what Newton Lee Elementary is doing to bring more agricultural awareness to their school! Newton Lee Elementary School in Leesburg, Va. is creating Farmer ‘Trading’ Cards to be handed out to students so they know EXACTLY where their school meals are coming from. Those featured on the cards have even been spotted autographing a few for the students!



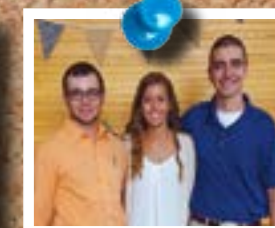
**State W.Va. FFA Convention- American Degree Recipients and Advisory Council Jackets**  
The W.Va. State FFA Convention had over 800 in attendance. A record year of 207 State Farmer Degree and 49 American Farmers. Congratulations to Sarah Page, Cheyanne Conrath and Ashton Sowers for receiving the American Farmer degree! Farm Credit was honored to present jackets to the W.Va. FFA Advisory council at Cedar Lakes Conference Center during the 2016 State FFA Convention.



The Pulaski County 4-H Youth Livestock Club was proud to be sporting their Farm Credit 100 t-shirts. The group traveled to the mid-western states learning about different aspects of agriculture. This picture was taken at the Del Monte Plant in Plover, Wis.



**We have a WINNER of the YETI Tundra 65 Cooler!!!**  
The NEW Moorefield, W.Va. Farm Credit office held their Grand Opening on Friday, June 3 where attendees could enter to win a Yeti Cooler. Congratulations to the winner, Nicole Fansler.



**Congratulations to the Dairy Bowl team for competing during the National Contest!**  
• **Jr Dairy Bowl Team** – (l-r) Regan Jackson, Rachel Craun, Hayley Daubert, Sarah Craun  
• **Jr Dairy Jeopardy** – Reagan Rhodes  
• **Sr Dairy Jeopardy Contestants** – (l-r) Cole Leonard, Erin Saacke, Logan Potts





## 2016 Sunshine Goat Show

**T**he 2016 Sunshine Goat Show is an event the Farm Credit team looks forward to each and every year. This event gives individuals under the age of 22 with a developmental disability an opportunity to show a goat during the week of the Rockingham County Fair.

It is wonderful to see kids participate year after year and to witness the excitement and pure joy they experience when exhibiting a market animal. We have been and will continue to be proud supporters of the youth in agriculture! ∞

If you know of someone who would like to participate in the next Sunshine Goat Show, please call the Harrisonburg Farm Credit office at 540.434.5385.

Participants of the 2016 Sunshine Goat Class received a Farm Credit t-shirt, a trophy and a ribbon along with a bag of goodies.



Each participant received a Farm Credit 100 t shirt, a blue ribbon and a 2016 Sunshine Goat Show trophy.



Lena Campbell, dedicated Sunshine Goat Show participant for several years before aging out, assisted Kyley Clevenger, Farm Credit Knowledge Center Relations Specialist, with passing out the trophies to this year's group.

## Farm Credit Employees – Centennial Farming Operations

Our association isn't the only one celebrating 100 years of service to agriculture. Check out a few of our Farm Credit employees who are celebrating 100 years or more of farming!

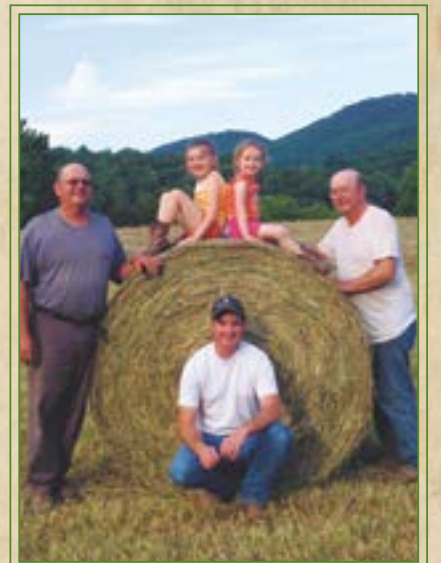


### Trey Keyser, Loan officer- Moorefield, W.Va.

Trey Keyser, 7th generation farmer. He grew up on the farm which is located on the Shenandoah River in Stanley, Va. This bicentennial farm has transitioned from sheep, cow/calf, and contract broilers along with various crops to a stocker cattle, hay, row crop, and sweet corn operation today. Trey's mother, Penny Keyser, oversees the daily operations in Virginia while Trey and his wife, Kami (Mallow) Keyser and daughters reside and help on Kami's family farm in Upper Tract, W.Va. Kami is a 5th generation farmer who has an avid love for animals and believes raising a family on a farm is a tradition that should be carried on from generation to generation. Kami's father, Roger Mallow, retired Farm Credit Loan Officer, manages this farm which has been in the Mallow family for over 150 years. It currently is a stocker

and feeder cattle, sheep, and hay farm. Roger is the main caretaker, but his brother, Richard Mallow, and Trey and Kami and their daughters, Katie and Kallie, all play an important role on the farm. Having dependable, hardworking, caring family members is a key part that has helped keep family farms successful over the years. Trey enjoys farming life and has been blessed to help on both family farms even though he spends a lot of time traveling between the two farms in Va. and W.Va. The days never

have enough hours of daylight but he reaps the benefits of both family farms, and hopes to see his daughters continue the family tradition of hard work and success.





# FARM CREDIT: *One Hundred Years of History*

## A Timeline of Important Milestones in the System's History

**July 17, 1916**

### *Founding the System*

President Wilson signs legislation creating the Federal Land Bank System—the first loan is made less than a year later.



**June 16, 1933**

### *The Great Depression*

In the midst of a great depression even greater for agriculture, the System is rescued and expanded, which helps save countless American farms.



**December 4, 1953**

### *An Independent Path*

The Farm Credit Act of 1953 makes the Farm Credit Administration an agency of the executive branch and sets the System on a path towards independence.



**December 24, 1980**

### *Expanding Authority, Greater Responsibility*

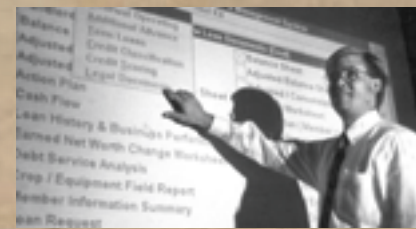
The Farm Credit Act Amendments of 1980 broaden the System's lending authority, provide for the creation of service organizations and reorganize the System's commitment to "YBS" farmers.



**October 1, 1999**

### *Associations Restructure for the Future*

After more than a decade of experimentation, the "Parent ACA" arrangement is developed, setting the pattern for subsequent mergers on the Association level.



**June 10, 2005**

Twenty years after the peak of the farm crisis, the System repays the last of the federal capital provided during the emergency, returning to fully borrower-owned status.



**March 4, 1923**

### *New Credit, New Service, Better Funding*

The Agricultural Credits Act of 1923 extends service and provides for short-term and intermediate operating credit, while the System strengthens its funding capability.



**December 10, 1941**

### *Production for the War*

Three days after Pearl Harbor, officials of the banks for cooperatives meet to set new priorities—the entire Farm Credit System prepares to fight inflation and feed a nation at war.



**December 2, 1971**

### *Full Borrower-Ownership, New Charter*

Comprehensive legislation completely updates the charter of the newly borrower-owned System, broadening its lending authority.



**January 6, 1988**

### *Farm Crisis: Toward Solvency and a New Structure*

In the midst of an extended farm crisis, the Agricultural Credit Act of 1987—the second important piece of legislation in as many years—provides federal financial assistance and requires the System to reorganize.



**July 17, 2016**

Farm Credit marks its centennial and looks ahead to continue serving as the financial underpinning of United States agriculture and rural America.







### Joe Casto, Regional Lending Manager- Ripley, W.Va.

Joe Casto represents the third generation of his grandparent's beef cattle operation, Casto Cattle Farm, located in Ripley, W.Va. where he currently lives. Joe is the sole operator of the farm and took over the majority of the responsibility in 1978. The operation today consists primarily of beef cattle where he maintains a cow herd of 100 head. When Joe's grandparents started farming the local community considered it the hub of the local area. The one room school house and church that were actively used are still standing to this day. The farm was quite a diverse operation with cattle, sheep and crops long before Joe's time. Casto Cattle Farm is honored to be recognized as one of West Virginia's Centennial Farms and looks forward to continuing the legacy for generations to come.



### Matt Lohr, Director of the Knowledge Center- Harrisonburg, Va.

The Lohr family began raising hogs, dairy and beef cattle and turkeys at Valley Pike Farm in 1904. Three generations later, the focus of the farm has shifted towards direct to consumer sales, and the operation has diversified to include broilers, corn, barley, soybeans, sweet corn, hay, pumpkins and agritourism. The Lohr's give credit to creativity, willingness to try new ideas, hard work, perseverance and Farm Credit for helping to sustain the Century Farm and allowing the family to receive such a prestigious honor. As for the next 100 years, Valley Pike Farm is excited to see all six children play an active role, increase public interaction and continue with new ideas and innovations.







### Chip Sautley, Chief Lending Officer- Staunton, Va.

The Sautley family has been farming since 1778. Like many farms dating back that far, the farm included cattle, hogs, chickens, dairy cattle for personal use, and corn. Chip Sautley, Farm Credit's Chief Lending Officer, is the 8th generation to operate the farm and his sons represent the 9th generation. Today, Long Meadow Farm consists of beef cattle, hay, small grains, corn and occasionally fall ornamentals such as pumpkins, gourds and Indian corn. The Sautley's advice to other farm families that are looking at transition planning is "to be smart about the process and do not let it get ahead of you." Long Meadow Farm can attribute their success and longevity to many generations who have had a passion for agriculture and most importantly enjoyed their day to day involvement in farming. ∞



## Youth Essay Contest

In honor of the year-long centennial celebration, earlier this year, Farm Credit of the Virginias launched the 'What Does Ag Mean to You?' youth essay contest. The contest ran for the first quarter of 2016 and was extremely successful, garnering almost 100 entries from across our territory. Contest participants fell into two age groups: 13-15 years of age and 16-18 years of age.

Farm Credit is excited to announce the winners of the essay contest in both age divisions. **In the 13-15 age group: 1st place- Morgan Thomas of Core, MD, 2nd place- Jayden Taylor of Mill Creek, W.Va. and 3rd place- Katie Funkhouser of Elkton, Va. In the 16-18 group: 1st place- Rachel Martin of Ripley, W.Va., 2nd place- Zack Richards**

**of Monongah, W.Va. and 3rd place- Anne Boyd of Buckhannon, W.Va.**

In addition to their accomplishments, contest award winners received gift cards in the following denominations: first place, \$300, second place, \$200 and third place, \$100. *Not pictured: Morgan Thomas, Jayden Taylor and Anne Boyd.*



Rachel Martin of Ripley, W.Va. won 1st place in the 16-18 year old age division of the Ag Essay Contest.



Katie Funkhouser received 1st place in the 13-15 age group of the Ag Essay Contest. Katie was presented her certificate by Cheyenne Rhodes, Loan Officer in Harrisonburg, Va.



Zack Richards of Monogah, W.Va. placed 2nd in the 16-18 age group of the Ag Essay Contest. He was presented the prize by Lacey Radabaugh, Loan Officer in the Clarksburg, W.Va. office.

## 2017 Photo Calendar Contest

We're pleased to announce the top 3 winners of our 2017 Photo Calendar Contest. The contest was extremely successful and competitive, pulling in over 150 photo entries and 1,800 votes!

First place goes to **Molly Estep of Bergton, Va.**, second place to **Kami Keyser of Upper Tract, W.Va.** and third place to **Hannah Cox of Staunton, Va.** The top three photos can be viewed by visiting [www.FarmCreditofVirginias.com](http://www.FarmCreditofVirginias.com).

Congratulations to our winners and thanks to everyone who participated in this year's contest! Please visit our website beginning January 1st to participate in the 2018 Calendar Photo Contest.



Molly Estep of Bergton, Va. – 1st Place



Kami Keyser of Upper Tract, W.Va.-2nd Place



Hannah Cox of Staunton, Va. – 3rd Place



# CAP News

(Communications Advocacy Program)

Farm Credit proudly celebrates 100 years as America's rural lender of choice! Since its inception in 1916 by members of Congress, the Farm Credit team understands the importance of building and maintaining relationships with representatives who believe in our mission and philosophy to continue to be number one lender in the agriculture industry. Those relationships are established by attending such events as the ones listed below.

**April 12:** The National 4-H Council hosted their 7th Annual Legacy Awards. Farm Credit representatives were joined by dignitaries, community leaders, philanthropists, advocates and entertainers to celebrate those youth members who are positively impacting our industry and world.



Jennifer Nettles, award winning country music singer and national 4-H spokesperson shared the stage with a 4-H member to perform during the 7th Annual Legacy Awards in D.C.



Graduates from the AgBiz Planner program went to DC to meet with their congressional representatives.

**April 12-14:** The Farm Credit team led a group of eight AgBiz Planner graduates on a trip to DC to meet with their congressional representatives. Participants representing the state of Virginia met with Senator Tim Kaine, Congressman Goodlatte, Congressman Morgan Griffith, and Congressman Robert Hurt. They also met with the staff of Congresswoman Barbara Comstock, Congressman Dave Brat and Senator Mark Warner. The AgBiz participants representing the state of West Virginia met with Senator Shelley Moore Capito and staffers for Congressman David McKinley and Senator Joe Manchin. Matt Lohr, Director of the Knowledge Center, Kiley Clevenger, Knowledge Center Relations Specialist, Rebecca Webert, Knowledge Center Communications Specialist, Mike Jonas, Regional Lending Manager, Jenna Roeder, Marketing Specialist and David Sauer, Chief Financial Officer represented the Farm Credit team.

**May 11-13:** Senator Manchin's Country Roads Leadership PAC event was held at The Greenbrier Resort in White Sulphur Springs, W.Va. Joe Casto, Regional Lending Manager attended on behalf of Farm Credit.

**May 20-22:** Virginia Horse Council Legislative Trail Ride took place at Graves Mountain Lodge in Syria, Va. Farm Credit proudly sponsored and Bette Brand attended to advocate for farmers and rural communities with members of the Virginia General Assembly.

**May 23:** Virginia Governor, Terry McAuliffe, issued a Proclamation celebrating Farm Credit's Centennial. Charlie Leech, Chairman of the Board, Dave Lawrence, Bette Brand and Matt Lohr joined other Farm Credit leaders as well as the Governor, Secretary of Agriculture, Todd Haymore and Commissioner of Agriculture, Sandy Adams.

**June 1:** Paul House, Director and Bette Brand met with Congressman Dave Brat and Congressman Rob Wittman along with Colonial directors to promote the amount of patronage distribution in their respective districts.

**June 7:** Congresswoman Barbara Comstock held a luncheon in DC for the agricultural community. Matt Lohr attended and spoke with her about agriculture in her district.



Matt Lohr, Director of the Knowledge Center attended a luncheon held by Congresswoman Barbara Comstock

**June 13-16:** The National Farm Credit System held the 100th Anniversary Celebration in Washington DC. Several Farm Credit employees and directors visited with representatives in their



Farm Credit of the Virginias and MidAtlantic Farm Credit employees visited with congressional representatives while in DC for the Farm Credit 100th Celebration.

district during this time. Congressmen Griffith, Goodlatte, Brat, Hurt, McKinley, Mooney and Congresswoman Comstock were among those representatives.

**June 14:** Congressman Evan Jenkins hosted 'Country Fair' themed event in Washington, DC. Bette Brand, Laura Staley, Marketing Manager and Jenna Roeder attended to share the Farm Credit story and the amount of patronage distributed to constituents in his district.



Laura Staley, Marketing Manager and Jenna Roeder, Marketing Specialist visited with Congressman Evan Jenkins at the 'County Fair' event held in DC

**July 9-10:** The Annual Good Fund event was held at the Homestead with Congressman Goodlatte and David Sauer attended.

**July 12:** Matt Lohr attended a reception for Senator Tim Kaine at the Holland and Knight Law firm where they spoke about the agriculture industry in the state of Va.



Congressman Morgan Griffith and members of his team Kristen Seum, Jake Tabor and Michelle Jenkins meet with Farm Credit representatives Mike Jonas and Anthony Watson.

**July 20-22:** Summer interns and new employees participated in the Farm Credit Council Washington Experience.

**August 2-3:** Farm Credit spent a couple of days showing Va. Congressional staff and members some of the agriculture industry in the 6th and 9th districts. This tour provided first-hand education of the type of operations that comprise the 6th and 9th districts.

**Aug 10:** Congressman Morgan Griffith held a Leadership event at Primland in Meadows of Dan, Va. Bill Franklin, Director attended on behalf of Farm Credit.

**Aug 23-24:** Members of the Farm Credit team hosted the second Congressional ag tour for the 7th and 10th districts in Va. to share importance of 'ag' in the state.

**Aug 23:** Director, Don Reese, met with Congressman Hurt to announce the amount of patronage that was paid to Farm Credit customers in his district.



The participants of the congressional ag tour stopped for a quick photo during a tour of Whitestone Farm by carriage.

**August 24:** Congressman Alex Mooney visits Farm Credit Customer, Alex Sowers, in Augusta W.Va.



Members of the Farm Credit team met with Congressman Alex Mooney to tour Windy Acres Farm in Augusta, W.Va. to showcase one of the many successful ag operations taking place in his district. Alex Sowers, owner and operator of the farm and Farm Credit customer, took all participants on a tour of the working facilities and explained what took place on a given day.

## Watch your mailbox!

### Farm Credit of the Virginias, ACA 2016 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, 2016**  
to be included in the teller count.







## The Conservation Reserve Enhancement Program (CREP) provides cost-sharing to participants!

The Conservation Reserve Enhancement Program (CREP) is an enhanced version of the **Conservation Reserve Program (CRP)**, the country's largest private-land conservation program. The CREP program is run by **Farm Service Agency (FSA)**, and targets high-priority conservation concerns identified by a State. Federal funds are supplemented with non-federal funds to address those concerns. In exchange for removing environmentally sensitive land from production and establishing permanent resource conserving plant species, farmers and ranchers are paid an annual rental rate along with other federal and state incentives as applicable per each CREP agreement. For more information or to sign up, call your local FSA County Office or visit <http://www.fsa.usda.gov/>

## Community Service



Knowledge Center



Boys & Girls Club



Charlottesville



Leesburg



Orange

**A**s Farm Credit continues to celebrate the System's 100th Anniversary, each branch office will continue to strive to meet the goals they set in December of 2015. Each office set a goal that tied to the '100' theme. For example, some offices have committed to collecting 100 canned items or 100 toys for Toys for Tots each quarter.

The Farm Credit Knowledge Center and Diversity & Inclusion Council joined forces with the Boys and Girls Club of Harrisonburg, Va. and Rockingham County to present the first 'Ag Day in the City'. Over 300 children from ages 5 to 13 spent the day learning how important agriculture is to the Valley. There were several stations set up for participants to visit where they learned different uses for livestock, how important it is to keep our streams and rivers clean, and even a place to pet the different animals that were exhibited. <http://www.whsv.com/content/news/Boys-Girls-Club-hosts-first-Ag-in-the-City-Day-387973872.html>

### CHARLOTTESVILLE BRANCH

Walked in the 5K Run & Remember - to benefit the Hospice of the Piedmont and collected 100 canned food items.

### ORANGE BRANCH

1st quarter collected 45 lbs food and \$40 as well as met their overall goal with 105 items and \$157 in donations.

### KNOWLEDGE CENTER

Bought 100 items for Blue Ridge Food Bank and worked 10 hours sorting and bagging potatoes and carrots.

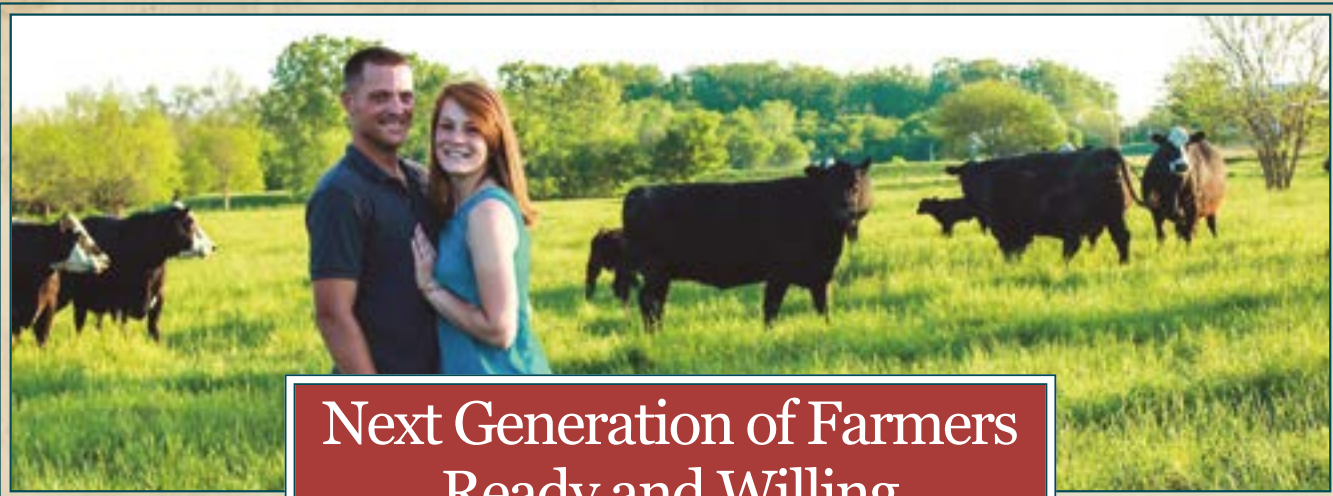
### LEESBURG BRANCH

Collected and distributed meals for Backpack buddies programs.

### BOYS AND GIRLS CLUB

The Farm Credit Knowledge Center and Diversity & Inclusion Council partnered with the Harrisonburg Boys and Girls Club for 'Ag Day in the City.'





## Next Generation of Farmers Ready and Willing

By: Karen MacDonald

With numerous Baby Boomers steadily moving toward retirement across all U.S. industries, it's fortunate that the next generation of both agricultural producers and Farm Credit employees is entering the

field with enthusiasm. Farm Credit of the Virginias Loan Officer and local farm owner Cheyenne Rhodes is one such professional, bringing optimism and commitment to her role both on the farm and in the office.

Cheyenne first joined FCV as an intern while studying Agribusiness Management at Virginia Tech. After spending two years as an FCV intern and graduating in 2014, she joined the organization full-time as a loan officer specializing in supporting country living customers out of the Harrisonburg, Virginia office. Of her work at FCV, Cheyenne says, "Working here combines my two passions in life: agriculture and helping people, and as a loan officer, I get to help others pursue their dreams in agriculture and rural living everyday."

Cheyenne and her husband, Titus, have their own agricultural dreams as well, and have wasted no time in pursuing them. Before marrying in September 2015, they purchased their own 101-acre farm in April. Both Cheyenne and Titus grew up in farming, she in Mt. Solon, Virginia and he in an Old Order Amish community.

"We both wanted to get back to farming and we'd been looking to purchase 30 acres where we planned to build new poultry houses," Cheyenne says. "But the timing wasn't right and we couldn't seem to find the right land."

Providence stepped in when her father, a long-distance truck driver, turned off interstate 81 to avoid a traffic jam and happened by the For Sale sign in front of what Cheyenne



"We have the joy and the satisfaction of knowing that we're helping to feed all those who have no idea what it takes to raise their food."

and Titus have named Sycamore Banks Farm. They closed on the Mount Jackson, Virginia property with financing from FCV and support from her parents.

"100 acres was more than we wanted to bite off, but we took a look and fell in love with it," Cheyenne says. "People asked us if we were sure we wanted to do this, but for us it was more a confidence that we could. We're passionate about it, and we're not going to give up."



Sycamore Banks Farm includes two 22-year-old poultry houses that first needed to be electronically updated with computers and new fans before accepting their first flock of chicks in June. Sold through contract with

Georgia's Food, Inc., Cheyenne and Titus raise the chicks for 35 days before the then-small broilers are sold to feed America's love of fast food chicken. Their farm also encompasses 40 acres of pasture where they run a 50 cow/calf Angus herd, 30 acres of crop ground rotated between soybeans and winter wheat.

All this adds up to a lot of work in addition to their full-time, off-farm jobs, Cheyenne at FCV and Titus with a commercial construction company primarily building agricultural structures, including poultry houses. Both are also pursuing additional schooling, she a master's degree in agribusiness from Kansas State University, and he his contractor's license. "As the number of people involved in farming is dwindling, and an alarming number of people don't fully understand where their food comes from, we have the joy and the satisfaction of knowing that we're helping to feed all those who have no idea what it takes to raise their food," Cheyenne says.

This dedication doesn't come without a personal cost. As their friends are out having fun and going away for the weekend or on longer vacations, Cheyenne and Titus are tied to their operation. "We don't have a lot of extra time to spend off the farm. Our schedules, when we're not at our other jobs, revolve around the work that needs to be done here and usually there isn't room for much else. We've adopted quite the work, eat, sleep

mentality," Cheyenne says. "That doesn't hinder us from wanting to do it."

Fun and relaxation aren't the only sacrifices the couple is making: they're currently living in a trailer on their property until the



pre-Revolutionary War farmhouse can be renovated, which may be quite some time in the future as they're investing any available money into the income-generating aspects of the farm rather than their own comforts. Plans include the addition of two more chicken houses once they're able to make the significant investment required.

"We both understand what this will take," Cheyenne says. "Our parents were good role models to us, and we want to do this for our future family and raise our children on our farm."

Financial and business management are two important aspects of building a successful ag operation, and with typical maturity the young couple is taking steps to learn all they can. Cheyenne studied financial management as part of her undergraduate degree, and they've also attended FCV's Young Farmer Institute. The organization's AgBiz Planner program is also on their radar, to be fit in between all their other responsibilities once they're closer to expanding their poultry operation.

But it's all worth it in the end for Cheyenne and Titus. Both devout, Cheyenne says, "We thank God every day for the opportunity to work his land and raise his livestock." ❧



## Consolidated Balance Sheets

	June 30, 2016 <i>(unaudited)</i>	December 31, 2015 <i>(audited)</i>
<i>(dollars in thousands)</i>		
<b>Assets</b>		
Cash	\$ 2,029	\$ 2,945
Loans	1,728,665	1,692,633
Allowance for loan losses	(15,203)	(14,487)
Net loans	1,713,462	1,678,146
Loans held for sale	1,056	2,269
Accrued interest receivable	12,437	8,680
Investments in other Farm Credit institutions	24,855	25,330
Premises and equipment, net	8,844	8,035
Other property owned	4,732	4,803
Accounts receivable	6,675	22,239
Other assets	4,098	5,228
Total assets	<b>\$ 1,778,188</b>	<b>\$ 1,757,675</b>
<b>Liabilities</b>		
Notes payable to AgFirst Farm Credit Bank	\$ 1,370,988	\$ 1,354,433
Accrued interest payable	3,182	3,060
Patronage refunds payable	225	15,259
Accounts payable	1,847	2,463
Other liabilities	20,467	17,682
Total liabilities	<b>1,396,709</b>	<b>1,392,897</b>
Commitments and contingencies (Note 8)		
<b>Members' Equity</b>		
Capital stock and participation certificates	12,666	12,606
Retained earnings		
Allocated	92,568	92,568
Unallocated	276,267	259,626
Accumulated other comprehensive income (loss)	(22)	(22)
Total members' equity	<b>381,479</b>	<b>364,778</b>
Total liabilities and members' equity	<b>\$ 1,778,188</b>	<b>\$ 1,757,675</b>

## Consolidated Statements of Income

	For the three months ended June 30, 2016		For the six months ended June 30, 2016	
<i>(dollars in thousands)</i>				
			<i>(unaudited)</i>	
<b>Interest Income</b>				
Loans	\$ 22,082	\$ 20,991	\$ 43,927	\$ 41,756
<b>Interest Expense</b>				
Notes payable to AgFirst Farm Credit Bank	9,427	8,620	18,686	16,965
Net interest income	12,655	12,371	25,241	24,791
Provision for loan losses	1,000	1,000	1,500	1,000
Net interest income after provision for loan losses	11,655	11,371	23,741	23,791
<b>Noninterest Income</b>				
Loan fees	199	255	357	378
Fees for financially related services	5	9	34	14
Patronage refunds from other Farm Credit institutions	3,206	2,938	6,487	6,160
Gains (losses) on sales of rural home loans, net	185	247	406	469
Gains (losses) on sales of premises and equipment, net	15	9	35	9
Gains (losses) on other transactions	41	4	11	19
Other noninterest income	18	15	38	31
Total noninterest income	<b>3,669</b>	<b>3,477</b>	<b>7,368</b>	<b>7,080</b>
<b>Noninterest Expense</b>				
Salaries and employee benefits	4,616	4,269	9,482	8,934
Occupancy and equipment	365	371	716	675
Insurance Fund premiums	537	416	1,064	818
(Gains) losses on other property owned, net	178	54	(137)	220
Other operating expenses	1,584	1,693	3,330	3,465
Total noninterest expense	<b>7,280</b>	<b>6,803</b>	<b>14,455</b>	<b>14,112</b>
Income before income taxes	8,044	8,045	16,654	16,759
Provision for income taxes	6	14	13	28
Net income	8,038	8,031	16,641	16,731
Other comprehensive income	—	—	—	—
Comprehensive income	<b>\$ 8,038</b>	<b>\$ 8,031</b>	<b>\$ 16,641</b>	<b>\$ 16,731</b>

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](http://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](http://www.farmcreditofvirginias.com)





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# A LOT CAN CHANGE IN 100 YEARS...



**BUT ONE THING  
WILL REMAIN THE  
SAME...**

**Farm Credit's commitment to serving rural America.** As 2016 marks our Centennial, we'll be celebrating all year long. Stay tuned into what's to come by visiting us at [www.farmcreditofvirginias.com/news/celebrating-farm-credit-100.aspx](http://www.farmcreditofvirginias.com/news/celebrating-farm-credit-100.aspx)



# HAPPY 100<sup>TH</sup> BIRTHDAY, FARM CREDIT!