Greetings from the Board President

Before retiring, I farmed for almost twenty years near Nevada City, California. The most obvious cause of the success of my farm was the community-minded character of our town, with 85% of sales being within five miles of the farm. Less visible was the significant support I received from California FarmLink and the impact of that support on my farm’s bottom line.

When I needed to pay labor and cover costs before I had anything to sell, FarmLink provided annual operating loans that ensured I had the cash flow I needed.

When I needed to improve efficiencies on the farm and transport an increased volume of produce to respond to demand, FarmLink provided an equipment loan to assist with those purchases.

When interest rates dropped and I wanted to refinance our farm mortgage, FarmLink provided that mortgage. And, when I decided to retire but wanted my farm to continue being farmed, FarmLink crafted a lease with a next generation farmer who assumed management of my farm, ensuring succession and the continuing viability of the farm.

As demand increases for the essential services that FarmLink provides, my story is being repeated again and again across rural California, and those farms that are the beneficiaries of FarmLink’s programs are gaining in wealth and resilience with each passing year.

As challenging as the work of farming is, I’ve often wondered if this work was a sensible choice for me, or if it is for anyone, for that matter. But when I consider the value my farm has had in the life of this community, the number of people we have fed with good, nutritious food, the environmental benefits of this farm in the ecosystem, the role of this farm in the local economy, and the pleasure the farm has provided to our many loyal customers, I can’t imagine more meaningful work.

It’s important to acknowledge, all the same, that most of that work would have been for naught had there been no FarmLink. FarmLink’s programs address needs that are basic to the viability of California farms, and for many of us who farm, those programs fill a gap that no other entity fills.

Having benefited so greatly from FarmLink’s work, when I retired I wanted to contribute to FarmLink’s continuing success in a meaningful way. After two years on the Board it’s time for me to step down, but I will carry forward the deepest respect and appreciation for Reggie, Brett and all the staff that work so hard to ensure the success of California’s small farms.

— Alan Haight
In this annual report, I’m excited to share FarmLink’s new mission statement. Board and staff members felt that our prior statement didn’t capture all that FarmLink does. In particular, we wanted to strengthen the statement’s active verb. While FarmLink still “links” farmers and ranchers with land and capital, we feel that the verb “invest” better represents our work. FarmLink’s updated mission is to invest in the prosperity of farmers and ranchers through lending, education, and access to land.

As I write this, our team is managing unprecedented demand for loans to address unprecedented circumstances in California agriculture. Now more than ever, people recognize the value of local, organic, and sustainable farmers whose prosperity supports healthy, resilient communities.

The pandemic has impacted many of the 160 farmers in FarmLink’s loan portfolio, disrupting sales to restaurants, food service, farmers’ markets, and wholesalers. In response, our staff have been working long days to decipher federal relief programs and make sure that small-scale and low-resource farmers have access to the Paycheck Protection Program. We provided 102 PPP loans totaling more than $2.3 million to farmers who could not otherwise access this program – 72 of those loans were to farmers of color. We also established a $1 million pool of impact investments to provide 0% emergency loans.

In 2019, our overall lending volume more than doubled. This included financing nine land loans in five counties, including one farm protected with a conservation easement, the expansion of a third-generation family almond farm, and a small goat dairy. We also helped 35 farmers establish secure land tenure with new leases. For over 20 years FarmLink has invested in the prosperity of farmers and ranchers. With your support, partnership and collaboration, let’s reach more farmers, and grow more impact for another 20 years. Thank you.

– Reggie Knox
California FarmLink’s mission is to invest in the prosperity of farmers and ranchers through lending, education, and access to land. We envision a healthy food system where farmers and ranchers have equitable opportunities to build wealth and conserve natural resources.

Impact Rooted in Shared Values

Similar to healthy, living soils that are the basis for organic and regenerative farming, California FarmLink’s work is rooted in our values. We value equitable access to opportunity, resilient working landscapes, fairness and accountability, and learning from diverse farmers and ranchers. Within this fertile set of values, the board of directors and staff envision a healthy food system where farmers and ranchers have equitable opportunities to build wealth and conserve natural resources.

During 2019 we explored how our values and vision could inform and update our mission statement. We sought to find a single verb that encapsulates how the organization generates impact across its programs. That verb is “invest.” Every day we are investing grants and donations, and social impact capital, in the prosperity of farmers and ranchers. FarmLink is committed to strengthening and growing a resilient and inclusive organization investing in the farmers and ranchers at the core of sustainable and organic food and farming in California.
Lending Profile: Aldo Gonzalez

Over seven years, Aldo Gonzalez has expanded his farm business from five to 44 acres, focused primarily on organic strawberries. As a farmworker many years ago, he was determined to have his own farm business. He knew he could do it, he said, “because I come from a farm family.” Aldo started out by looking for land for sale and asking if he could rent it, and with annual operating loans from FarmLink, his business has grown and diversified.

“I come from a farm family.”

Aldo grew up in a farm family producing a variety of vegetables in Oaxaca, Mexico, and today his sister serves as bookkeeper and payroll manager for his farm. He jump-started his growth with wholesale markets, and has become a valued grower for large strawberry shippers. Now he’s evolving his business strategy to include more direct marketing and Gonzalez Farms is now at farmers’ markets in Cupertino, San Juan Bautista, Oakland and Sunnyvale. Aldo enjoys everything about what he does, but most especially, he said, “seeing the business grow and helping people out” with his focus on good food and good jobs.
Lending

FarmLink’s loan program invests in the prosperity of farmers and ranchers by providing equitable access to business loans. Very often small-scale farmers, beginning farmers, and farmers of color have great difficulty accessing credit. Limited business history, non-traditional marketing channels, language, and small loan size can all present barriers to these farmers in the conventional world of credit. FarmLink plays a vital role for next-generation farmers who need fair and affordable financing. Our growth in 2019 is a testament to the vital role we play.

By making 61 loans totaling almost $7.5 million in 2019, FarmLink grew its total loan portfolio to $14.3 million by the end of the year (up from $6.5 million at the end of 2018). Lending volume grew 150% over the prior year in part because we made more land loans than ever before, with a total of six loans for $3.8 million. This included a farm purchase where an agricultural conservation easement played an important role in affordability thanks to a partnership with the Peninsula Open Space Trust. As overall loan volume grows, we remain committed to providing loans as small as $2,500 when it suits farmers’ needs. Two-thirds of the loans we made in 2019 were microloans of less than $50,000.

To support our continued growth in providing loans, we hired loan operations associate Blanca Mendoza and credit analyst Jane Garcia. These new team members greatly increase FarmLink’s capacity and experience in community development finance and agricultural lending. We also grew our lending footprint across the state, particularly in Nevada, Placer, and El Dorado counties thanks to an innovative loan guarantee partnership with BriarPatch Food Co-op in Grass Valley. In the coming years we will work to expand our collaborations and impact, enabling farmers to access the financing they need to grow sustainable and organic farms throughout California.
Total Loan Value Disbursed (2011–2019)

Types of Loans in 2019

- Operating Loans: $3,968,267
- Equipment Loans: $2,916,522
- Land Loans: $604,933
The quality of a farmer’s land tenure is fundamental to long-term business success and the ability to build wealth. Working with farmers to help them access land and establish good tenure agreements has led us to focus on the interconnection of land tenure, business resilience, and long-term planning. One of the ways this work has come together is the FarmLink Business Resilience Intensive, a five-part class based on our Business Resilience Self-Assessment. The intensive is a hands-on learning process that farmers have embraced as an opportunity to assess and optimize their business practices.

Our experience at the intersection of land tenure and business success resulted in improvements to our land lease template and lease clauses uniquely suited to creating win-win scenarios among landowners and farmers. In 2019 we created, with the support of the Mills Legal Clinic at Stanford Law School, a new farm/ranch business sale agreement that informs farmers about the value of their businesses and helps facilitate farm succession in ways that sustain farms. Our lease and purchase resources will also be used for our new FarmLink Succession Planning Intensive, a cohort-based planning process for farm families planned for 2021.

The “Intensives” are an investment in next-generation farmers’ knowledge, alongside our long-standing success helping farmers to access land. During 2019, we facilitated land tenure deals for 32 farmers, and provided land- and business-related technical assistance to more than 230 farmers. We are also helping land trusts that are leasing ag lands, including the Land Trust of Santa Cruz County and the Bear Yuba Land Trust and others. By working with FarmLink, land trusts and private landowners are helping to expand opportunities for land tenure. One exciting example in 2019 was a private farm purchase in San Benito County that resulted in six land leases for Latinx farmers, most of whom are beginning farmers, operating certified organic farms.
Business Resilience Profile: Sarah Silva

Land tenure and business skills are interwoven. Investing in the prosperity of farmers and ranchers requires access to land, strategies for good land tenure, and knowledge to build a resilient business. During 2019, we honed a new farmer workshop, the Business Resilience Intensive, as a five-week process with content based on the farmers’ priorities identified in a preliminary self-assessment.

One of the 2019 participants was Sarah Silva of Green Star Farm, which she operates on 85 acres in Sonoma County with a focus on pasture-based livestock, including eggs, chicken, pork, lamb, and goats. Reflecting on the workshop experience, Sarah said, “There were a lot of things going on for me at the time. I’m in a transformation, becoming the sole owner of the farm. So I just felt like it was a good time to be looking at things deeply.”

The Business Resilience Intensive starts with discussion of ownership structures for a farm or ranch business, and the legal risks and tax implications of various options. Sarah reported, “In hindsight, I had no idea how much this would prepare me. And I think the reason that the course is so amazing is because it’s about resilience. It helped me be prepared for all the many changes in circumstances that we encounter in our field.”

Those who complete the workshop series receive individual technical assistance follow-up to help establish new business practices. Another farmer commented, “It gave me the confidence and skills to be a savvy business owner that understands California rules and regulations and can engage in long-term planning.”

An extended version of this story will be posted on FarmLink’s blog.
Improving Tools for Land Access

In October 2013 California FarmLink first launched community-generated land listings on its website. Since then nearly 600 land listings have been posted by private landowners, open space districts, and land trusts. In 2019 we took it a few steps further by adding the ability for landseekers to share their profiles on a new online platform that we call the Land Portal. Now landseekers can express their vision for growing their farm enterprise with the right land opportunity, landowners can review landseeker qualifications, and everyone can communicate with each other in a secure private forum. As a result, FarmLink staff are able to serve clients more efficiently, build and follow relationships, and gather timely feedback.

Ultimately the Land Portal is a tool, and its greatest impacts are made possible by our staff creating high quality land tenure with sound land lease and purchase agreements. Over the past year we have also expanded our library of land lease materials with business purchase agreements. With the new Land Portal, our impacts for next-generation farmers will continue to grow as we expand the number of land listings and support farm business succession strategies.
2019 Financials

**REVENUE**

Contributions
  Government  ......................... $725,879
  Foundations  ...................... 1,530,000
  Banks  ............................ 528,500
  Individuals and other  .......... 67,594

Interest and loan fees  ............... 439,322
Other program revenue  ............... 26,429

**Total revenue**  ....................... $3,317,724

**EXPENSES**

Program Services
  Farm Opportunities Loan Program  $899,931
  Land Access & Business Education  885,133

Supporting Services
  Management and General  457,626
  Fundraising  232,154

**Total expenses**  ....................... $2,474,844

Change in net assets  .................. $842,880

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**Rainmaker Sponsor of the Farm Finance Expo:**

**Farm Credit**

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