



The Farmer's "Market"

What's Inside:

PAGE 1:

Message from the
President

PAGE 2:

7th Annual Photo
Contest

Paycheck Protection
Program (PPP)

PAGE 3:

4 Ways Farmers Can
Manage Risk in a Crisis

PAGE 4:

USDA Coronavirus Food
Assistance Program



Message from the President

ALAN HOSKINS

Honestly, there has been a day or two throughout this pandemic where I've looked at my wife after watching a network news broadcast and asked "Is there anything good happening in the world today?". I know fully well there are many, many good things still occurring but few of those get publicized, in my opinion, not nearly as much as they should. A great exception of what I am referencing occurred in the July 4th episode of U.S. Farm Report.

Mr. Greg Peterson (a/k/a Machinery Pete) did a fantastic segment on an individual from Beresford, South Dakota, Mr. Nick Sievers. Unfortunately, Mr. Sievers had to discontinue his farming operation and, as part of that action, liquidate his equipment line including the first tractor he had ever purchased, a 1970 John Deere 4520. He commented, "Selling all this equipment was hard on me. Quitting farming was hard on me. I liked doing it. It was a good occupation, a noble one." Indeed, Mr. Sievers, indeed. These are sentiments expressing a true depth only farmers can fully comprehend.

As Mr. Sievers described in the segment, he watched the online auction and observed the tractor "brought a lot more than it should have" and "there was one guy that just couldn't be beat on the bid". Unbeknownst to him, the actual purchaser of the tractor was one his close friends. That individual had coordinated with other friends of Mr. Sievers and the group had collected the funds necessary to ensure Mr. Sievers was able to retain ownership of the tractor. He commented that "It's not really a tractor anymore, it's a monument to human decency and I get to be the caretaker. That's pretty neat".

Mr. Peterson described the actions of those involved as "a humble act of kindness with the ultimate tractor gift". He also stated this was yet another example of a "a community coming together in a time of need. Showcasing the good in people and the heart of rural America." I think it would be impossible to improve on that summary of these events.

If you have not seen this episode of U.S. Farm Report, I strongly urge you to see and hear the story for yourself. Be forewarned however, if you have a true passion for people involved in agriculture, it may bring a tear to your eye in a very good way. It certainly did to mine.

I want to close by saying THANK YOU to both the host of U.S. Farm Report, Ms. Tyne Morgan, and the host of Machinery Pete TV, Mr. Greg Peterson. They are media personalities who work extremely hard in telling the real story of rural America and accurately educating as many people as possible through their work. I can also say that, being fortunate enough to have met them, they are truly great people who care about the people and industry they cover. If you are not doing so already, please make time to either watch their shows (U.S. Farm Report and Machinery Pete TV) or tape them for later viewing. You will definitely come away with more knowledge and see positivity even during these challenging times we face in today's world. I want to thank them again for the work they do and for taking the time to tell the truly great stories of people like Nick Sievers.



20/20 VISION IN AGRICULTURE

7TH ANNUAL PHOTO CONTEST

GRAND PRIZE
\$250 VISA GIFT CARD



MONTHLY FEATURE PRIZE
\$50 VISA GIFT CARD

SUBMIT YOUR PHOTOS IN THREE EASY STEPS!

- 1) Visit AmericanFarmMortgage.com/about/photo-contest
- 2) Complete submission form
- 3) Upload your images using the link on page



American Farm
Mortgage & Financial Services
a subsidiary of Legence Bank

PAYCHECK PROTECTION PROGRAM (PPP) LOANS

The Paycheck Protection Program (PPP) provides potentially forgivable loans to small businesses to cover up to two months of payroll costs and/or self-employment income during the Covid-19 crisis. Farmers are eligible for PPP loans through the Small Business Administration (SBA). Farmers must have fewer than 500 employees.

WHO IS ELIGIBLE?

Small businesses, including farms, who have fewer than 500 employees (those receiving W2s in the previous year). Independent contractors/self-employed farmers and small businesses are also eligible to make their own applications to this program.

Partners in partnerships or members of an LLC taxed as a partnership should submit one PPP application for the partnership/LLC. The self-employment income of general active partners or LLC members/managers can be reported as payroll costs (up to \$100,000 annual salary basis) filed on behalf of the partnership or LLC.

WHAT COSTS ARE COVERED?

Payroll costs, including benefits, such as paid leave, health care benefits, and state and local taxes. The portion of federal taxes that are normally taken from the employee's gross wages can be included in the calculations and used to pay their portion of federal employment tax. The employer's share of payroll taxes should be excluded from the calculations. Housing stipends or allowances are considered part of payroll and subject to the \$100,000 per employee limits. Interest on mortgage obligations, incurred before February 15, 2020. Rent, under lease agreements in force before February 15, 2020. Utilities, for which service began before February 15, 2020.

WHAT ARE THE AMOUNT OF THE LOANS?

The amount of the loans are 2.5 times the amount of your average monthly payroll costs from 2019, capped at \$10 million.

ARE THESE TRULY FORGIVABLE LOANS?

PPP loans will be forgiven as long as:

- The loan is used to cover payroll costs, and mortgage interest, rent, and utility costs over the 24-week period after the loan is made; and
- Employee and compensation levels are maintained.
- For a loan to be completely forgiven, no more than 40% of the loan can be used for anything other than payroll. For example, if you use 45% of the loan for mortgage interest, rent and/or utilities, you are required to pay back 5% of the total loan because that is the amount over the 40% you spent on things other than payroll costs.

**DEADLINE TO APPLY IS
AUGUST 8, 2020.**

**APPLY FOR PPP LOAN
THROUGH OUR
EXPERIENCED
SBA LENDERS TODAY!**

4 Ways Farmers Can Manage Risk In A Crisis

By Raylene Nickel
Successful Farming

THE CORONAVIRUS IS A NEW CRITTER IN TERMS OF THE RISKS IT PRESENTS TO FARMING AND RANCHING OPERATIONS.

Managing risk is second nature to farmers and ranchers. Planting diverse crops to provide staggered harvesting windows and marketing options, buying crop insurance, stockpiling grass and hay for cattle in case of drought, vaccinating calves against disease – all are well-worn risk-management tools.

But then in 2020 came the novel coronavirus, and the concept of risk management took on a whole new meaning. Who could have predicted – let alone planned for – the startling and rapid elevation of a simple hug or handshake of friends, family, and neighbors into a potentially deadly act? Who could have predicted the interruption the disease would bring to the availability of some simple household supplies? And who could have foreseen that the specter of worsening conditions could potentially threaten to choke our access to other staples?

“The coronavirus is a new critter in terms of the risks it presents to farming and ranching operations,” says Jeff Tranel, agricultural and business management Extension economist with Colorado State University. “For instance, how do you keep family members and employees safe during routine trips to town to pick up supplies? And how do you even get certain supplies if the feedstores are closed?”

LEARN FROM HISTORY

Stockpiling an inventory of inputs when they're readily available is one option, but Tranel also sees the potential for a novel and yet indeed, old-school, approach: imagining substitutes. “You may have to think creatively,” he says. “If you can't buy feed for livestock, for instance, what would work as a substitute? Or how could you manage the livestock in ways not requiring the purchased feed?”

Imagining substitutes was a well-worn practice of folks who lived through the Great Depression of the 1930s – or who learned it from those folks.

To illustrate, Tranel says: “I was raised on a ranch along the Colorado-Wyoming border, 75 miles from town. When

preparing meals, my mother had substitute ingredients she could fall back on if she ran out of something. In that same way, farmers and ranchers can manage risk by imagining substitutes or backup plans for times when certain inputs may not be available.”

Such a strategy could modify whole-farm production plans. “You could end up spending less on inputs and seeing reduced yields as a result, but profitability could stay the same,” he says.

GET YOUR PLAN IN PLACE

While the coronavirus pandemic may have increased the risks facing farmers and ranchers, it hasn't changed the basic tenets of risk management. The tried-and-true strategies for mitigating risk begin with the development of a whole-farm risk-management plan.

“Farm and ranch operators who have a risk-management plan in place increase their odds for both the near-term and long-term success of their operations,” says Tranel.

He suggests four steps for developing a plan for managing risk:

1. CONSIDER THE FIVE MAIN SOURCES OF RISK.

Frame the whole-farm, whole-family plan within the context of the ever-present risks associated with finances, production, marketing, human interaction, and legal issues. These shape the overview for managing risk.

“The plan should address what happens if prices dry up, for instance,” says Tranel. “Or what happens if weather reduces quality or yields of crops? Or what happens if the cow herd has fertility problems? Is there a plan to address health issues for people or a plan for the transition of the farm to the next generation?”

2. TAKE STOCK OF YOUR OPERATION AND ITS COURSE.

Get a reading of your present circumstances by asking, “Where am I?” Says Tranel: “Do an inventory of your land assets and its resources, such as water. Inventory your cow herd and line of equipment.”

Ask yourself, “Where do I want to go?” Answering this question helps you identify

your long-range objectives and paint a futuristic picture of what you would like your farm or ranch – as well as family – to look like. Is it a farm producing more diverse crops? Building healthier soil? A ranch where cattle are managed in sync with nature's rhythms? A farm where profitability is sustained? A farm that is effectively transferred into the hands of the next generation of farmers?

3. IDENTIFY ACTION STEPS.

Setting near- and long-term goals lets you build a path that leads you from your present circumstances to the imagined picture you see of your farm or ranch in the future.

“Well-defined goals can help owners and managers focus energy and efforts,” says Tranel. “Goals can provide a basis for making business and family decisions, and they provide a means for measuring progress. Goals should be SMART, meaning they should be specific, measurable, achievable, relevant, and time bound.

“Just for example, you might establish a goal of generating net farm profit of at least \$63,000 every year,” he says. “Or you might set a goal of reducing operating costs by \$50 per cow in the next two years. Or reduce debt by \$40,000 over the next five years.”

4. CHART A NEAR-TERM AND LONG-TERM COURSE OF ACTION.

Set a timeline for your goals and the triggers that will instigate each action step. “Each production period has its own timeline,” says Tranel. “If you have a wheat farm, for instance, you know that if you want to harvest at a certain time, you need to plant by a certain time.

“But there are also multi-year timelines,” he says. “What steps will you take over the next decade, for instance, to make room for a son or daughter to join the operation?”

Build flexibility into timelines in order to take advantage of unforeseen opportunities, he says, and to safeguard your operation against unforeseen threats. This flexibility might help you imagine the creative substitutes and alternative management approaches that you could fall back on in the direst of circumstances.

Understanding Your Business... From The Ground Up

USDA CORONAVIRUS FOOD ASSISTANCE PROGRAM

Are you a farmer or rancher whose operation has been directly impacted by the coronavirus pandemic? The Coronavirus Food Assistance Program will provide direct relief to producers who faced price declines and additional marketing costs due to COVID-19.

USDA's Farm Service Agency is accepting applications now through August 28, 2020 from agricultural producers who have suffered losses.

For information, visit www.farmers.gov/cfap or call your local FSA office.