“No hassle, quick turnaround time.”
Paul Harris, AgCarolina Customer

The flexibility of our new Special Equipment Financing Program will put a smile on your face, too.

Contact a financial services officer today to learn of the program advantages.
Mission Statement
To improve the quality of life on farms and in rural areas of eastern North Carolina through a financially strong cooperative structure and a commitment to provide competitive lending and financial services, ensuring a feeling of partnership with our customers.

Vision Statement
We will strive to be the customer’s first choice for service and reliability; providing sound, constructive credit and financial services with emphasis on customer service and increasing customer wealth.

Holiday Schedule
The offices of AgCarolina Financial will be closed in observance of the following holidays:
September 6, 2010 Labor Day
November 11, 2010 Veterans Day
November 25 & 26, 2010 Thanksgiving

Contents
Message from the President ............... 4
Finance Your Equipment with AgCarolina Financial ............... 5
Parker Farms, Inc. ............... 6
Banking on the Farmers ............... 8
John M. Langdon Family Farm ............... 9
Conventional NC Century Farm is Turning to Organics ............... 10
AgBiz Planner Program—Geared Up for October Start ............... 12
Leadership Wayne County ............... 13
Congratulations to the 2010 AgCarolina Scholars ............... 14
Employee Retirements ............... 15
A Warm Welcome to ............... 15
Quick and Easy Tips for Freezing Fruits and Vegetables ............... 16
New Funds Available for Family Farms ............... 17
It’s Almost Tailgate Time! ............... 18
Second Quarter Financial Report ............... 19

Leader
An AgCarolina Financial Member Publication
is published quarterly for stockholders, friends, and business associates of AgCarolina Financial.

If you have any questions or ideas for the editorial staff of the Leader, contact Linda Strickland at 800-951-3276, e-mail her at lstrickland@agcarolina.com or write her at AgCarolina Financial, 4000 Poole Road, Raleigh, NC 27610. This publication is for you, our reader. We’d love to hear from you!
Message from the President

AgCarolina Now Offers Special Equipment Financing Program

It should come as no surprise that 2010 will likely bring many challenges. For many North Carolina farmers, 2009 was a tremendous year. Good weather, great crops, and reasonable prices prevailed for most areas and most commodities.

Many have not been as fortunate in 2010. Drought conditions have plagued much of eastern NC for the first half of the summer. While rains have partially rescued some crops, many producers are seeing reduced yields, prices, and markets. But obtaining competitive financing for expensive and necessary farm equipment does not have to be an ordeal.

AgCarolina Financial is now offering a new Special Equipment Financing Program that gives farmers more options, and we think far better ones, than those offered from dealers and other lenders. When farmers need a break, most commercial banks and other lenders tighten lending requirements, costing farmers more to run their operations. When you need to borrow money to update, repair, or replace farm equipment, including cars and trucks, AgCarolina can limit or reduce your interest expense.

Many AgCarolina customers are used to taking the deal offered at the dealership. In fact, some may not realize that dealers will often offer a greatly reduced purchase price at the expense of reasonable interest rates. This summer, dealer credit programs are far less competitive than financing through your cooperative.

AgCarolina’s new program offers no fees or closing costs, flexible repayment periods that coincide with your cash flow, and the lowest rates we’ve ever offered.

AgCarolina can save you thousands on your equipment purchase. Before accepting any deal, contact a financial services officer. We can provide fast and convenient financing, within 24 hours on most loans under $250,000, so that you can walk into a dealership and negotiate a cash transaction.

Unlike commercial banks, our cooperative structure reduces the cost of borrowing and returns a portion of the profits generated from our lending activity to our borrowers in the form of patronage refunds. Since 1988, our cooperative has returned more than $161 million to our members.

We realize that farming decisions are business decisions, and your crops won’t wait while you secure financing. We’re here to serve you and provide you with the most competitive rates and terms so that borrowing money is sensible and advantageous, not a burden.

Here’s how our Special Equipment Financing program works:

- Program begins August 1
- New or used equipment may be financed
- Vehicles or any type of equipment are eligible
- Loans may be used to finance purchases or refinance other lenders
- For refinancing—the purpose must have been to finance the purchase of vehicles or equipment and the loan must have been secured by the items being acquired

How can you benefit from this Special Equipment Financing program?

- No fees or closing costs*
- Low fixed rates**
  - Three years: 3.49%
  - Five years: 3.99%
- Patronage refunds further reduce rates
- No prepayment penalties
- Normal credit and underwriting requirements apply

*New customers incur cost of one time stock purchase **Rates subject to change based on market conditions
There's no better time to get the equipment you need than NOW!! Through a Special Equipment Financing Program, AgCarolina Financial is offering special low rates that are good on both new and used equipment.

E. B. Harris, President of E. B. Harris, Inc. Auctioneers has worked with AgCarolina Financial for many years. His business was started in 1977 and the office for his auction business is located on the family farm in Warren County. This farm has been in his family since 1916. In the 1920s his granddaddy bought a tract of land that was financed with a loan from the Production Credit Association.

He recommends AgCarolina Financial to many of his buyers and says, “Everyone involved in agriculture should consider AgCarolina Financial for their financing needs.”

“AgCarolina Financial offers a lot to my customers who own mainly family farms and are purchasing equipment or real estate,” he continues. “AgCarolina Financial helps in keeping the farmers bottom line positive and they are dedicated to helping keep the family farm viable,” he adds.

“Now is a good time to buy equipment, if it works in your plans,” he says. “Quality will always sell—equipment that is solid, good equipment is selling as good as ever in the ag sector.”

Louisburg Tractor and Truck Company in Louisburg, N.C. has been in the equipment business for 58 years. Over these 58 years, the implement dealer has referred many customers to AgCarolina Financial. Owner James Bumpass says, “AgCarolina Financial is a strong, stable organization that understands farmers and agriculture.” “They are focused on providing good customer service and best of all their financial services officers have a farm background. They are like “one of us,” he adds.

Jackie Vick, sales manager, agrees and adds, “AgCarolina is very involved in the communities that they serve. Not only does AgCarolina work with farmers but with the Special Equipment Financing Program they are offering, they can benefit the lifestyle farmers too.”

Paul Harris, AgCarolina customer for 16 years, likes dealing with AgCarolina because of the “no hassle, quick turnaround time,” he says. “If you’re looking for equipment financing, it’s hard to find a better deal than AgCarolina,” he says. “With their low rates, plus their patronage program, other dealers find it hard to beat,” adds Harris. “AgCarolina has always been there for the farmers,” he says. “I hope they stay.”

Contact a financial services officer today to take advantage of this special financing offer. Program includes:

- No fees or closing costs*
- Low fixed rates**
  - Three years: 3.49%
  - Five years: 3.99%
- No prepayment penalties
- Eligible for Patronage Refund Program, putting cash back into your pocket!

*New customers incur cost of one time stock purchase  **Rates subject to change based on market conditions
Parker Farms, Inc.

By: Jim Haskins, ABC Communications Group

One of North Carolina’s Largest Organic Growers

Richard Parker’s family-farming operation in Pasquotank Co. dates back to the 1700s, making it one of North Carolina’s oldest Century Farms. Richard and his wife, Laura, and son Joseph have returned to their roots, growing most of their crops organically.

Parker’s ancestors were organic farmers out of necessity, with nothing but organic materials to grow their crops. And in 1990, Parker decided to try his hand at organic farming with four acres of vegetables.

Parker used a field that had previously been a wildlife food plot, and since it had been fallow for three years was certified organic. On that plot he grew cabbage, Irish potatoes, and squash. After finding his efforts productive, Richard added 20 or so acres to his organic operation each subsequent year.

At the peak of his produce business, Parker was growing 200 acres of beans, 90 acres of cabbage, 50 acres of Irish potatoes and collards, and smaller acreages of squash, sweet potatoes, cucumbers, kale, and brussel sprouts. He sold his produce primarily at the Raleigh Farmers Market. But soon his reputation grew, largely by word of mouth, and he was selling produce up the East Coast, to Chicago, all the way to California, and up into Canada.

While his operation was very successful, making him one of the state’s largest producers of organic produce, Richard says, “It really took a lot of time to market our products, and the pressure contributed to some of my pretty serious health problems in early 2000.”

Seeking a way to continue growing organic crops that required less time and attention than organic vegetables, he started growing grains organically in 2003.

Today, Richard is the state’s largest grower of organic grains, growing 425 acres of corn and...
wheat double-cropped with soybeans and milo. “We've got some pretty good markets. Most of our organic corn goes to Braswell Milling, our organic wheat to Organic Valley, Horizon, or Linley Mills, and our organic soybeans go to organic processors up north,” Parker states.

“Growing up to 425 organic acres is about all we can do. We have to keep an extra person employed during some parts of the growing season because growing organic grains is so labor intensive. In the time it takes me to manage 400 acres of organic grain, I could probably farm 1,500 acres or so of conventional grain,” adds Parker. His son, Joseph, handles most of the 2,000-acre, conventional grain operation, which is kept separate on the books to comply with “organic certification” requirements.

AgCarolina Financial has been working with Parker Farms for three years, providing them with operating loans to plant, grow, and harvest their crops. “Most banks don’t want to deal with and understand the plight of the farmer anymore,” says Parker, “but that’s the positive thing about Farm Credit. They really know what it takes to run a farm and understand what our financial needs are, even though our operation is pretty different from others in the state.”

Parker’s wife, Laura, who keeps books for the family operation, adds, “I really like that patronage dividend, too. Anything that will bring in more income for the farm is great for us.”

Richard checks on the germination of his recently planted organic soybeans.

Why Go Organic?

There are plenty of reasons to consider going organic … and not all have to do with dollars. And, there are plenty of resources out there to help you transition to organic. The Organic Trade Association provides a plethora of the best information about organic farming. Their website, http://www.ota.com/organic_and_you/10reasons.html takes you on a guided tour of the best information, events, people, and resources available to help you with certification, record keeping, sourcing organic products, weed management, new approaches to marketing, and much, much more.

North Carolina growers interested in organic crops should review the following websites:

NC State Crop Science: www.organicgrains.ncsu.edu
NCDA&CS: www.agr.state.nc.us/markets/commodity/horticulture/ncorganics

Even though he quit growing produce on a large scale since early 2000, Parker has planted what he calls his “organic garden.” In his garden of several acres, Richard grows potatoes, sweet corn, tomatoes, pickles, and collards. The harvest goes to people in need of food in Pasquotank County. Some work for their food by gleaning the fields or receive their produce from area churches that work with Parker and his wife, Laura. The Parkers have also been regular contributors to the NC Food Bank and sent a truckload of potatoes to New Orleans after Hurricane Katrina struck.
Banking on the Farmers

Reprinted with permission from the Triangle Business Journal

Raleigh co-op remains strong in downturn, with $1.2B lent for agriculture development.

It's a key eastern North Carolina institution in one sector of the credit system that didn't break down during the financial crisis.

AgCarolina Financial is a cooperative with $1.2 billion in loans made to 3,000 farmer members scattered across 34 counties from Raleigh to Swan Quarter.

And its CEO is a busy Ohio transplant, Eugene Charville, who has been at his post for 21 years.

"The satisfaction comes from knowing what you do makes a difference," he says.

AgCarolina is part of the nearly 100-year-old federal Farm Credit System, which was set up during another period of hard times under the Wilson administration way back in 1917.

The Farm Credit System Funding Corp., a government-sponsored entity whose financial practices haven't come under withering criticism, sells Triple A-rated bonds to raise proceeds that eventually flow through the system and into the hands of rural folk.

Even during the worst part of the 2007-08 financial crisis, investor appetite didn't wane for Farm Credit System bonds, which meant the money kept flowing. "This was something we were concerned about for a while," Charville says, adding that the fears didn't materialize.

In North Carolina, the cash raised by the Farm Credit System goes out into agricultural communities through three cooperatives. There's AgCarolina's 34-county eastern North Carolina footprint. Cape Fear Farm Credit, with $760 million in loans, covers a dozen southeastern counties stretching from Harnett south to Cumberland east to New Hanover.

The third group, Carolina Farm Credit, with $1.2 billion in loans, covers 54 counties from parts of Durham County all the way to Cherokee County in the far western mountains.

They all basically work the same. At AgCarolina, to become a member, farmers purchase $1,000 worth of the cooperative's common stock at $5 a share. In return, they get access to the agency's wide-ranging loan menu, plus a profit sharing program that Charville says has returned $161 million to members since 1988.

AgCarolina makes loans touching nearly every aspect of the rural experience—for buying and developing land, building farm houses, for equipment, livestock, machinery, and for ginning, sawmilling, and general operations.

"AgCarolina's farmer members are into just about everything—tobacco, cotton, peanuts, soybeans, corn, wheat, poultry, and livestock. We meet farmers in the field or around the kitchen table," he says. "It doesn't matter."

In addition to the Raleigh headquarters, the agency operates 11 satellite offices throughout its district. The employee roster number 91.

Roughly half the $1.2 billion in loan volume has gone for land and improvements, a quarter for equipment and a quarter for short-term operations.

Even though the system's funding sources and basic structure survived the credit crisis, the area in which AgCarolina operates, the eastern North Carolina farming community hasn't escaped the subsequent recession.

Charville sees the effects in lower demand for loans, off 5 percent last year. AgCarolina's net income from operations declined by 18 percent, to $14.7 million, in 2009, while impaired and loans no longer repaying nearly doubled, to $23 million, according to the organization's 2009 annual report.

One bright spot has been the decision by Mississippi-based Sanderson Farms to construct a $126 million poultry processing plant, hatchery, and feed mill in Kinston.

Charville and his loan officers have been busy making loans for the construction of chicken houses, helping make up for the fall-off in demand elsewhere.

In the 34 counties in which AgCarolina works, the organization wrote 60 percent of the farm loans. Banks and other lenders wrote the remaining 40 percent. "That means," he says, "there's still that 40 percent that doesn't do business with us—and all those farms and farmers who could benefit by being with us."
Protection of natural resources has always been a priority with the John M. Langdon family.

On June 18, the Langdon family was recognized as the 2010 North Carolina Outstanding Conservation Farm Family. The award recognizes farm families who are taking the initiative to implement sound, innovative and cost-effective conservation techniques and are actively involved in conservation education.

Approximately 250 guests attended the celebration at the family farm. Guests included local, state, and federal soil and water conservation agency staff and district supervisors, elected officials, family friends, legislators, and local businesses.

The Langdon family includes John, his wife, Eileen, who is a veterinarian, and their three children, John Michael, Hunter, and Megan.

Conservation runs in the Langdon family. “Land ownership gives you a responsibility to that property and everyone connected with it,” John said. “We must work the land and preserve it for the next generation.” John’s father began a legacy of conservation when he bought the Langdon farm and, 29 years later, was presented the Outstanding Conservation Farm Family Award. John and Eileen’s son, John Michael, has continued the tradition of conservation, winning the state Future Farmers of America award for Soil and Water Conservation.

“Conservation is the right thing to do,” said John Langdon, “it’s family heritage.”

The entire family is very involved in extracurricular activities that support agriculture and informs the public of the importance of it in our society. All three children are members in FFA and 4-H, and have exhibited steers, heifers, lambs, and market hogs in local area and state events. In 2008, Megan exhibited the Reserve Grand Champion Red Angus bull at the NC State Fair.

In addition to being named the 2010 Conservation Farm Family, the Langdon’s were selected as River Friendly Farmers in 1999, and in 2007, they received the NC Environmental Stewardship Award.

Congratulations Langdon family on your recent award. We salute you on your conservation efforts.
Member Feature

Conventional NC Century Farm is Turning to Organics

By Jim Haskins, ABC Communications Group

“We were a bit skeptical of the idea (organic farming), but told them I was willing to give it a try and I’m glad we did.”

he O.J. Smith Farms near Whitakers is a NC Century Farm operated by AgCarolina Financial customer, Orpha Gene Watson. He owns the farm, along with his two sisters, Sandra McDaniel and Lori Strickland.

Like many farming operations over the years, O.J. Smith Farms has grown tobacco, peanuts, corn and soybeans using conventional farming methods. Once the family decided to get out of growing tobacco, which at its highest point included 150 of 800-planted acres, Orpha Gene, an NC State graduate with a degree in agriculture engineering technology, knew the farm needed to go in a different direction. And as it turned out, the next generation of young farmers, who will one day operate O.J. Smith Farms knew which way to go.

It all began when the three NC State students—Phillip Watson (Watson’s son) and Billy and Peyton McDaniel (Watson’s nephews)—started looking at their future in farming. Says Orpha Gene, “If all the boys want to come back and farm, we’ve got be able to afford to do it. We’ve been expanding our acreage, but we also need to be focusing on getting more out of every acre we produce.”

The boys caught the “organic bug” in the summer of 2007 when they attended an Organic Field Day sponsored by NC State. While they didn’t know that much about organic farming at the time, the boys came home and told Orpha Gene that they were interested in trying to grow a few organic acres.

After talking it over and studying the idea, Orpha Gene said, “I was a bit skeptical of the idea, but told them I was willing to give it a try and I’m glad we did.” There were a number of former tobacco plots that had been dormant for three years and could be certified organic. The first year, they planted 20 acres of organic oats, adopting the name Hickory Meadows Organics to differentiate it from the conventional operation. But it didn’t take long before Billy and his clan wanted to get back into growing tobacco. Shortly thereafter, they signed a contract with Santa Fe Natural Tobacco Co. to grow 15,000 pounds of organic tobacco and had a great first year, growing seven acres of organic tobacco.

The family has since added additional organic tobacco acreage and crops to their farm but found that managing organic crops can be tough. “The extra labor was the toughest and most time-consuming part because controlling weeds was a real big problem,” Phillip relates.

Peyton, who takes care of all the paperwork to keep the operation certified, found his first certification inspection challenging. “I had to show them maps of all our fields, how far they were away from conventional crops, and what products we used on the crop to assure we were following organically-approved practices,” he says.
“We all have things we’re responsible for, yet chip in where and whenever needed. I think it’s been getting a little easier as we go along.”

Through it all, the family has discovered that working together is the essential. The oldest of the three young farmers, Billy says, “We all have things we’re responsible for, yet chip in where and whenever needed. I think it’s been getting a little easier as we go along.”

This year, Hickory Meadows Organics is growing 25 acres of tobacco, 85 acres of sweet potatoes and 225 acres of organic corn, soybeans, and wheat. With the additional acreage, Orpha Gene brought in labor crews to help with the growing and harvest season. In addition to their tobacco contract with SFNTC, the farm sells its corn to nearby Braswell Milling and plans to sell its soybean crop to East Carolina Soy Processors.

O.J. Smith Farms is now only growing conventional cotton, corn, and soybeans alongside the organic enterprise, bringing the total planted acreage on the two very different operations to about 1,300 acres. Orpha Gene says, “The key to our success has been that we work well together. We’re enthusiastic about it and want to make it work.”

Generations of Farm Credit History

O.J. Smith Farms history with the Farm Credit System dates back to the 1930s, when Orpha Gene’s grandfather was buying land that had originally been in the family’s 510-acre land grant from King George II in 1756. While some of that land had been farmed by the family for over 250 years, a good deal of the acreage was subsequently owned by family members not interested in farming.

So, his grandfather and father started buying up some of that land with the help of the Federal Land Bank, a distant forerunner of farm credit system, as we know it today. Over the years, they and Orpha Gene, with loans from AgCarolina Farm Credit, were able to buy up 408 acres of the original plat of land.

More recently, Orpha Gene’s been borrowing from AgCarolina Financial for their yearly operating expenses. Of their relationship with their Financial Services Officer, Sam Johnson, Orpha Gene says, “He now understands what we’re trying to do with organics. He knows it’s not going to be a big money maker right now but will be best for us in the long run.”

Orpha Gene’s sister, Sandra, who keeps the books for the farm, adds, “What I like is that Sam will come out to our farm to do business rather than us having to go to the branch office all the time. In addition, I use all of their electronic services as well.”
AgBiz Planner Program—
Geared Up for October Start

We were thrilled to have ten AgCarolina Financial members participate in the first AgBiz Planner program. A tremendous learning tool, the program provides college-level, online training in developing business and financial skills needed to run a successful operation.

The program is aimed at young, beginning, small, and minority farmers and is an investment in our members we think will bring great dividends. These members found the course taught essential financial and management principles critical to their unique farming situations.

The great news is that we are looking for another group to complete the course. AgCarolina Financial will be offering a new, second year of the AgBiz Planner program, which will start this fall. This course will help you build a strategic business plan for your operation, improve your budgeting and management skills, and make you more competitive in applying for credit.

The AgBiz Planner curriculum is part of the AgFirst Farm Credit Bank’s Farm Credit University blended training program. AgFirst Farm Credit Bank partnered with Dr. David Kohl, Professor Emeritus of Ag Finance and Small Business Management at Virginia Tech, in developing the e-Learning content for the AgBiz Planner curriculum.

AgCarolina Financial, along with the two other Farm Credit associations in the Tar Heel state, received a $94,500 grant from the NC Tobacco Trust Fund Commission, allowing them to sponsor AgBiz Planner attendees over the next two years.

If you are or know a young, small, beginning, or minority farmer who would benefit from participating in this course, please contact a financial services officer. Applications are also available on our website at www.agcarolina.com. We are pleased to provide these educational opportunities so our farmer-customers can learn and benefit in ways that are certain to enhance their farming operations.
Robert Winder is a graduate of Leadership Wayne County, a nine-month program to assist present and future community leaders in their efforts to prepare for leadership positions in local business, industry, non-profit, community, and government affairs. He was also elected to serve on the Board of Regents. The class is required to choose a project that will benefit the community in a positive manner. The program is designed to help the class further understand Wayne County and much of its resources.

This year’s agenda consisted of Agri-Business Day, History Day, Law & Government Day, Education Day, Community Services Day, Business & Industry Day, Seymour Johnson Air Force Day, and Arts & Leisure Day. In addition to the required attendance and participation with the project, all class members were required to attend an opening retreat at Fort Caswell in Oak Island, N.C.

The project was to provide a fresh coat of paint inside the Community Soup Kitchen, new surveillance system, new pots & pans, and a new entrance door and lock. In addition to the project, participants were able to provide a cash donation to the Soup Kitchen from the remaining funds that were raised for the project.

The Leadership Wayne County Program is an excellent opportunity to give back to the community, network with other local business associates and public officials, and learn more about Wayne County.
Fourteen young people have been awarded scholarships through the Fund for Rural North Carolina, AgCarolina Financial’s corporate giving program.

Five additional scholarships of $2,000 each to NC State University will be awarded to students who are pursuing an ag related degree, along with five $750 scholarships to the NC State Ag Institute. Recipients of these scholarships are selected by NC State and will be recognized in a later Leader edition and on the association website.

**$1,000 At-Large Scholarship**

Zack M. Credle  
Scranton, N.C.  
East Carolina University  
Parents: Jeff and Gina Credle

Jonathan E. Nethercutt  
Maury, N.C.  
University of North Carolina – Chapel Hill  
Parents: Robert and Donna Nethercutt

Elizabeth A. Price  
Mt. Olive, N.C.  
East Carolina University  
Parents: Michael and Sherry Price

Erin R. Whitford  
Ernul, N.C.  
North Carolina State University  
Parents: Wyatt and Abbey Whitford

**$750 Community College Scholarship**

David C. Herring  
La Grange, N.C.  
Lenoir Community College  
Parents: David and Pam Herring

Forrest C. Howell  
Plymouth, N.C.  
Beaufort County Community College  
Parents: Glenn and Fran Howell

**$500 FFA Scholarship**

Kylie Gayle Glisson  
Goldboro, N.C.  
North Carolina State University  
Parents: William and Kim Glisson

Morgan Carol Herring  
Goldboro, N.C.  
East Carolina University  
Parent: Sheila Rollins

Joseph Warren Lancaster  
Dudley, N.C.  
North Carolina State University  
Parents: George and Nancy Lancaster

Nicholas Tyler Lannon  
Camar, N.C.  
North Carolina State University  
Parents: Brian and Darlene Lannon

Kelsey Diane Wolfe  
Goldboro, N.C.  
East Carolina University  
Parents: Jeff and Kerry Wolfe

For information on the scholarship program, go to www.agcarolina.com and select careers.
Employee Retirements

Congratulations to two long-time employees upon their retirements!

Deborah Pearce retired from AgCarolina Financial on May 1, after a 36-year career with the association. In 1974, Deborah began her career with Tar Heel Production Credit Association (PCA) and the Federal Land Bank of Smithfield (FLBA) as a customer service representative. She worked for several years as an assistant to the credit manager of Tar Heel PCA before moving to the accounting department where she worked until her retirement.

Deborah and husband, Larry, have two daughters, Marci and Amy. Marci and husband Josh Ginn, are the parents of a four-month old baby daughter, Caitlyn, and Amy and husband David Sheets are expecting a baby girl in September. Deborah plans to keep busy playing Nana and spending a lot of time with her new babies. Deborah is a fabulous cook and also has a part-time catering business that will keep her as busy as she wants to be.

“It’s been an honor to be part of such a great organization as Farm Credit,” says Deborah.

Kent Redett, Vice President of Special Assets Management, retired on June 1. Kent began his Farm Credit career in 1976 in the Louisville District where he served as a loan officer with Ashland Production Credit Association. In 1997, Kent joined AgCarolina Financial as an Agribusiness Financial Services Officer where he was based in the Elizabeth City office. In 2000, upon the merger of East Carolina and Tar Heel Farm Credit, Kent was named Vice President of Special Assets Management.

Kent is looking forward to traveling and spending more time with his family.

“It’s been a fabulous 34 years,” says Kent. “I’ve enjoyed every place that I have worked.”

A Warm Welcome to …

Robert Winders, Financial Services Officer, who joined AgCarolina Financial on May 13. Robert will be based in the Smithfield office and will serve customers in both Wayne and Johnston counties. Robert is a graduate of North Carolina State University where he received a BS Degree in Ag Business Management. He was previously employed with KS Bank in Goldsboro. Robert and his wife, Amber, reside in Wayne County in the Rosewood community. He enjoys hunting, fishing, and snow skiing. Robert is excited to have the opportunity to utilize his degree in agriculture. He looks forward to working with the ag producers in both Wayne and Johnston counties.

Michelle Wilkins, Customer Service Representative in the Halifax office. Michelle joined the association on June 14. Prior to coming to AgCarolina, she was employed with the Halifax County School System. Michelle holds an Associate’s Degree from Edgecombe Community College. She and her husband, Lorenzo reside in the Red Oak community of Nash County, along with their three children Lorenzo, Jr., age 16, Chasadee, age 13, and Kendall, age 11. When time allows, Michelle enjoys shopping, cooking and spending time with her family. The Wilkins family also enjoys pro basketball. Michelle is looking forward to a long and prosperous career with AgCarolina Financial.
Quick and Easy Tips for Freezing Fruits and Vegetables

Freezing is an easy and convenient way to preserve fruits and vegetables. Freezing slows the growth of microorganisms that cause food to spoil and the chemical changes that affect food quality. A frozen product’s quality is determined by the freshness of the original product, the type of pack, and the techniques used to prepare it for freezing. Follow these guidelines and tested directions for freezing fruits and vegetables and enjoy high quality, nutritious frozen food.

Fruits can be packed a variety of ways including with syrup, sugar, artificial sweeteners, or unsweetened. For a lower-calorie product, freeze fruit without added sugar or use non-caloric sweeteners. Proper packing can help the fruit maintain a pleasing texture and taste.

Reliable sources of up-to-date and research-based guidelines for freezing fruits and vegetables include:

- The National Center for Home Food Preservation; a comprehensive online source of food preservation information. For freezing information, go to http://www.uga.edu/nchfp/how/freeze.html
- So Easy to Preserve, a book published by the University of Georgia Cooperative Extension contains the latest USDA recommendations for safe food preservation.

Enzymes in Vegetables

Inactivate the enzymes in vegetables by boiling or steaming them briefly, then rapidly cooling them in ice water to prevent further cooking. This process is known as blanching. Blanching helps destroy microorganisms on the surface of the vegetables and is essential for producing high-quality frozen vegetables. Be sure to follow the recommended time for each vegetable because blanching for too long results in a cooked product. Under-blanching stimulates enzymes, resulting in a poor product.

How to Blanch

Wash, sort, trim, drain, and cut vegetables.
In a large kettle, bring water to a vigorous boil. Use one-gallon water per pound of prepared vegetables.
Put vegetables into a blancher, or fit a wire basket into a large pot, lower into rapidly boiling water, and cover.
Begin counting blanching time as soon as the water returns to a boil. Keep heat high for the time given in the directions for the vegetable you are freezing. Using the correct time is important for a quality product. For correct blanching times, go to http://www.uga.edu/nchfp/how/freeze/blanching.html.

As soon as blanching is complete, plunge vegetables into cold water (60°F or below) to thoroughly stop them from cooking. Cooling generally takes about as long as blanching. Change water between batches.
Drain vegetables thoroughly when cool, and package loosely without seasoning.

Enzymes in Fruits

Most fruits freeze satisfactorily, but the enzymes in fruits can cause browning and loss of vitamin C. Because fruits are typically served raw and the uncooked texture is preferred, fruits are not blanched. Browning can be prevented by using ascorbic acid (vitamin C) in its pure form or in commercial mixtures.

Freezing Vegetables

<table>
<thead>
<tr>
<th>VEGETABLE</th>
<th>PREPARATION</th>
<th>BLANCHING TIME</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beans, Snap</td>
<td>Wash, snip, blanch and chill only tender whole beans. Cut to desired length after chilling</td>
<td>3 minutes</td>
</tr>
<tr>
<td>Beets</td>
<td>Top and clean. Boil until tender. Chill. Peel, slice, dice or pack whole</td>
<td>Cook in skins until done</td>
</tr>
<tr>
<td>Carrots</td>
<td>Clean them, slice or dice. Small carrots may be left whole. Blanch, chill and pack</td>
<td>3-4 min - slices; 5 mins - whole</td>
</tr>
<tr>
<td>Corn, Yellow</td>
<td>Whole kernel corn: Blanch cleaned ears, chill thoroughly in cold water, cut from cob and pack</td>
<td>4 minutes</td>
</tr>
<tr>
<td>Okra</td>
<td>Wash only tender pods without breaking, blanch and chill. Pack in alternate directions. For frying, freeze on cookie sheet and then package.</td>
<td>3-5 minutes depending on size</td>
</tr>
<tr>
<td>Peas, English</td>
<td>Wash in pod, shell, blanch tender juicy peas. Chill</td>
<td>2 minutes</td>
</tr>
<tr>
<td>Peas, Field</td>
<td>Wash in pod, shell, blanch, chill and pack</td>
<td>2 minutes</td>
</tr>
<tr>
<td>Pepper, Sweet</td>
<td>Wash, halve, blanch, chill, cut as desired and pack</td>
<td>2 minutes</td>
</tr>
<tr>
<td>Squash: Summer, Yellow; Zucchini, Patty Pan</td>
<td>Use while skin is tender. Wash, slice in 1/2 inch pieces. Blanch and chill. Pack. Summer squash may also be precooked, cooled and packaged.</td>
<td>3 minutes</td>
</tr>
</tbody>
</table>
New Funds Available for Family Farms


Under the Family Farm Innovation Fund (FFIF), five state and federal programs will help farmers lower energy costs, launch renewable energy projects, implement value-added production and develop other sources of farm income. Over the next year, these programs are expected to provide grants for up to 1,500 farm projects and energy efficiency training for an additional 2,400 farmers.

“This initiative builds on the legacy of innovation in North Carolina’s family farms, and it is another step forward in our JobsNOW economic recovery efforts,” Perdue said in making the announcement at the N.C. Rural Economic Development Center.

The FFIF received a $1 million infusion from the General Assembly this budget year. The NC Tobacco Trust Fund Commission matched this amount with an additional $1 million. “Our Commission Board felt it was very important to be a part of this program,” said Billy Carter, Chairman. “These funds gave a significant boost to three major projects already supported by the Tobacco Trust Fund.”

Farmers may also qualify for federal assistance through grant programs administered by USDA’s Office of Rural Development. The agency provides dollars for qualifying energy and value-added projects. The FFIF is coordinated by the NC Rural Center, based in Raleigh.

Applications are available now for:

- **Rural Energy for America Program (REAP)**—USDA Office of Rural Development: REAP grants and guaranteed loans help farmers, ranchers and rural small businesses with energy efficiency improvements and renewable energy projects.
- **Value-Added Producer Grants**—These USDA-Rural Development grants help farmers produce and market value-added agricultural products.
- **Farm Energy Efficiency Project**—NC Farm Bureau: Provides low-cost energy audits and grants to help farmers boost energy efficiency. The energy audits and grants may be used to fulfill requirements of USDA’s REAP program.
- **Tobacco Communities Reinvestment Fund**—RAFI: Cost-share grants to help farmers develop new sources of income.
- **N.C. Value-Added Cost Share Program**—NC MarketReady: Assistance with grant writing, feasibility assessment, matching funds and equipment to help farmers implement value-added production. The assistance may be used in applying for the USDA VAPG program.

For more information, click on “Family Farm Innovation Fund” at www.tobaccotrustfund.org.

“This initiative builds on the legacy of innovation in North Carolina’s family farms, and it is another step forward in our JobsNOW economic recovery efforts.”
Recipes

It’s Almost Tailgate Time!

These recipes are sure to please fans from all teams.

Ham Delights
2 sticks butter
3 Tbsp. dried mustard
1 tsp. Worcestershire sauce
1 Tbsp. sesame seed
1 small grated onion
3 slices of ham
Sliced Swiss cheese

Mix melted butter with all sauce ingredients in pan. Spread mixture on onion buns. Stack thin slices of ham and a slice of Swiss cheese on each bun. Wrap in foil. (You can freeze at this point.) Heat before serving. 400 degrees for ten minutes.

Trash
6 Tbsp. margarine
1 tsp. All Seasoned salt
4 tsp. Worcestershire Sauce
1 cups Corn Chex
2 cups Rice Chex
2 cups Wheat Chex
1 ½ cups salted mixed nuts

Melt margarine in shallow pan over low heat. Stir in seasoned salt and Worcestershire sauce. Add all cereal and nuts. Mix until all pieces are coated. Heat in 250 deg. oven for 45 minutes. Stir every 15 minutes. Spread out on absorbent paper to cool. Pretzels and cheerios may also be added.

“Somebody Loves You” Cheeseball
2 eight oz. pkgs. Cream cheese
1 seven oz. can crushed pineapple—drained
¼ bell pepper
1 Tbsp. onion, chopped very fine
1 Tbsp. seasoned salt
1 cup pecans, finely chopped

Combine all ingredients and shape into a ball. Roll in additional pecans. Chill in refrigerator overnight. Delicious with Ritz or Triscuits.

ECU Tailgating Wings Recipe
1 cup water
½ cup soy sauce
½ cup Worcestershire sauce
¼ cup minced fresh ginger root
¼ cup white sugar
2 limes, quartered
1 pinch red pepper flakes, or to taste
3 lbs. chicken wings

Combine the water, soy sauce, Worcestershire sauce, ginger, sugar, limes, and red pepper in a gallon-sized sealable bag; seal and shake to combine. Add the chicken wings; refrigerate 24-48 hours. Preheat an outdoor grill for medium-low heat and lightly oil grate. Drain the marinade from the wings and discard. Cook the wings on heated grill, turning occasionally, 25 to 30 minutes.

Note: Marinating the wings in a zip lock bag makes it easy to toss in a cooler and take to the tailgate.
## Second Quarter Financial Report

### Consolidated Balance Sheets

<table>
<thead>
<tr>
<th>(dollars in thousands)</th>
<th>June 30, 2010</th>
<th>December 31, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$1,325</td>
<td>$3,272</td>
</tr>
<tr>
<td>Loans</td>
<td>869,155</td>
<td>836,369</td>
</tr>
<tr>
<td>Less: allowance for loan losses</td>
<td>9,970</td>
<td>9,682</td>
</tr>
<tr>
<td>Net loans</td>
<td>859,185</td>
<td>826,687</td>
</tr>
<tr>
<td>Other investments, held to maturity</td>
<td>55,011</td>
<td>66,944</td>
</tr>
<tr>
<td>Accrued interest receivable</td>
<td>10,774</td>
<td>14,006</td>
</tr>
<tr>
<td>Investment in other Farm Credit institutions</td>
<td>14,248</td>
<td>14,423</td>
</tr>
<tr>
<td>Premises and equipment, net</td>
<td>8,605</td>
<td>8,247</td>
</tr>
<tr>
<td>Other property owned</td>
<td>1,526</td>
<td>515</td>
</tr>
<tr>
<td>Due from AgFirst Farm Credit Bank</td>
<td>2,985</td>
<td>6,588</td>
</tr>
<tr>
<td>Other assets</td>
<td>9,166</td>
<td>11,343</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$962,825</td>
<td>$952,025</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes payable to AgFirst Farm Credit Bank</td>
<td>$782,316</td>
<td>$780,436</td>
</tr>
<tr>
<td>Accrued interest payable</td>
<td>1,951</td>
<td>2,197</td>
</tr>
<tr>
<td>Patronage refund payable</td>
<td>215</td>
<td>5,713</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>11,205</td>
<td>15,149</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>795,687</td>
<td>803,495</td>
</tr>
<tr>
<td><strong>Members’ Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital stock and participation certificates</td>
<td>27,480</td>
<td>18,340</td>
</tr>
<tr>
<td>Retained earnings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allocated</td>
<td>69,390</td>
<td>69,536</td>
</tr>
<tr>
<td>Unallocated</td>
<td>70,268</td>
<td>60,654</td>
</tr>
<tr>
<td><strong>Total members’ equity</strong></td>
<td>167,138</td>
<td>148,530</td>
</tr>
<tr>
<td><strong>Total liabilities and members’ equity</strong></td>
<td>$962,825</td>
<td>$952,025</td>
</tr>
</tbody>
</table>

### Consolidated Statements of Income (unaudited)

<table>
<thead>
<tr>
<th>(dollars in thousands)</th>
<th>For the three months ended June 30, 2010</th>
<th>For the six months ended June 30, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interest Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td>$10,810</td>
<td>$21,236</td>
</tr>
<tr>
<td>Other</td>
<td>719</td>
<td>1,689</td>
</tr>
<tr>
<td><strong>Total interest income</strong></td>
<td>$11,520</td>
<td>$23,012</td>
</tr>
<tr>
<td><strong>Interest Expense</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes payable to AgFirst Farm Credit Bank</td>
<td>5,933</td>
<td>13,828</td>
</tr>
<tr>
<td><strong>Net interest income</strong></td>
<td>5,587</td>
<td>10,873</td>
</tr>
<tr>
<td>Provision for (reversal of allowance for) loan losses</td>
<td>500</td>
<td>1,590</td>
</tr>
<tr>
<td><strong>Net interest income after provision for (reversal of allowance for) loan losses</strong></td>
<td>5,087</td>
<td>9,283</td>
</tr>
<tr>
<td><strong>Noninterest Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan fees</td>
<td>1,013</td>
<td>2,190</td>
</tr>
<tr>
<td>Fees for financially related services</td>
<td>177</td>
<td>271</td>
</tr>
<tr>
<td>Equity in earnings of other Farm Credit institutions</td>
<td>1,966</td>
<td>3,194</td>
</tr>
<tr>
<td>Gains (losses) on other property owned, net</td>
<td>(46)</td>
<td>(2)</td>
</tr>
<tr>
<td>Gains (losses) from sale of rural home loans</td>
<td>--</td>
<td>18</td>
</tr>
<tr>
<td>Insurance Fund premium</td>
<td>--</td>
<td>1,091</td>
</tr>
<tr>
<td>Other noninterest income</td>
<td>1</td>
<td>165</td>
</tr>
<tr>
<td><strong>Total noninterest income</strong></td>
<td>3,111</td>
<td>5,846</td>
</tr>
<tr>
<td><strong>Noninterest Expense</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and employee benefits</td>
<td>2,580</td>
<td>5,587</td>
</tr>
<tr>
<td>Occupancy and equipment</td>
<td>241</td>
<td>562</td>
</tr>
<tr>
<td>Insurance Fund premium</td>
<td>11</td>
<td>699</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>565</td>
<td>1,410</td>
</tr>
<tr>
<td><strong>Total noninterest expense</strong></td>
<td>3,496</td>
<td>8,278</td>
</tr>
<tr>
<td><strong>Income before income taxes</strong></td>
<td>4,792</td>
<td>6,871</td>
</tr>
<tr>
<td>Provision (benefit) for income taxes</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>$4,792</td>
<td>$6,871</td>
</tr>
</tbody>
</table>

AgCarolina Financial • August 2010 19
That's AgCarolina!

While some lenders are rethinking how they do business, AgCarolina Financial continues to be a dependable source of financing. We offer flexible loan programs, an easy application process and more than 90 years of reliability and experience financing homes and land in rural America. Call us. We’re the experts.

800-951-3276
www.agcarolina.com

“AgCarolina Financial offers a lot to my customers … ”

E. B. Harris, E. B. Harris, Inc. Auctioneers

For equipment or real estate financing the choice is clear.

AgCarolina Financial offers a host of financial products. We can help keep you growing, or be there to get you started.

Contact a financial services officer today to learn more.

800-951-3276
www.agcarolina.com