



# Accountant keeps farmers on track

By **BRENNA WIEGAND**  
For the Capital Press

One of the biggest challenges farmers and ranchers face is keeping track of their finances.

That's when a good accountant is important.

"A good accountant will help you plan for the future, retain as much cash as possible and even help you with

current decisions," Bob Kemble, a certified public accountant at the Nichols Accounting Group in Ontario, Ore., said.

"Like most people are, they're always tax-averse, but I always make sure, if a client asks advice on whether to make a purchase, that they're doing it for a good business reason," Kemble said. "If it fits your operation, if it will make your life easier, then by

all means make the purchase. But if you're buying something just to save taxes ... if you're spending a dollar to save 35 cents ... that's not the right reason.

"Don't let the tax tail wag the dog" is a cliché but it really is true," Kemble said. "I encourage my clients to look at their operation in a business sense."

The challenges ranchers

and farmers face vary depending on their crops and geography.

"We're facing a lot of challenges over here with ONDA (Oregon Natural Desert Association) trying to make a big land grab in the Owyhees that would designate about 2.5 million acres as a national conservation or wilderness area," Kemble said. "That could really af-

fect our ranchers."

For a large percentage of ag operators, navigating the maze of regulations, achieving proper bookkeeping and other business practices and developing strategies for risk prevention and crisis management proves a daunting task, one they shouldn't try to go alone.

"Oftentimes a farmer or rancher is the CEO and every-

thing else, so it sure helps to be able to bounce problems or concerns off a circle of trusted advisers," Kemble said. "A good accountant is not only concerned with minimizing the tax bill but also with the larger picture of how to increase income after taxes and over time ... and help them set up systems for record keeping, financial controls and management."

# Bankers, lenders weigh in on the business of ag

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When today's farmer approaches a lender, the questions he is asked are different from the ones his father got.

Brian Field, founder and president of agriculture real estate lender Harvest Capital, is much more interested in the structure of a balance sheet.

"When we get somebody coming in we ask, 'Is your balance sheet actually balanced as far as the level of debt goes?'" Field said. "That's a different question from what our dads got asked back in the '70s, which was 'Are you leveraged enough?'"

"What we're saying is: If you're using capital markets-type debt, are you using it to where, as agriculture changes, as your operation changes, you are protected against downturns, whether in the market or, more importantly, Mother Nature?"

Steve Terjeson, executive vice president and chief lending officer for Citizens Bank, oversees 15 branches across the

Willamette Valley of Oregon.

"About a quarter of our business is agriculture-related," Terjeson said.

The bank lends money for agriculture real estate, operating lines of credit and equipment loans, and is a full-service bank.

"That is one of our niches. Everything from loans to deposit to merchant accounts and other banking services, including cash management," he said.

"Our other niches are agribusiness and small business," Terjeson said. "We cater to both because they fit right into the type of relationship-making that we are proud of. If you don't have a close relationship, things could get out of hand before you even know it. They need to trust us to be around and we need to trust them to manage their business."

Brent Fetsch is Oregon president of Northwest Farm Credit Services. Among the benefits of cooperative ownership, he said, is the existence of customer advisory groups at each of their 11 Oregon offices. This kind of engagement gives them insight into local culture and afforded

them a front row seat to the recovery of many operations hit particularly hard by the housing crisis following 2008.

In their favor are well over 220 different commodities Oregon farmers grow.

"Our customers have various options and I just think that's a treasure," Fetsch said. "One need only to look at the trajectory of world population to feel pretty good about the increasing demand for food, but it won't be a straight line. Agriculture has generally enjoyed a very good run in recent years. However, we are seeing signals of a down cycle in many commodities."

Keeping a sense of perspective is an anchor in the storm-tossed existence that is farming.

"I marvel at the progress farmers and ranchers have made," Fetsch said. "Look at the yields off just about any crop on the same number of acres; the efficiency with which they're able to use irrigation water and so on ... when you look back 25 years to today the production increases are remarkable."



Brenna Wiegand/For the Capital Press  
Skip Gray, an Albany, Ore., farmer and Northwest Financial Credit Services board member; Northwest Financial Credit Services CEO Phil DiPofi and Brent Fetsch, Oregon President of Northwest Financial Credit Services check out a field.

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