



ORGANIC FARMERS
OF MICHIGAN LLC

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We provide full service marketing of organic edible beans, soybeans, barley, corn, oats, spelt, wheat, hay & other commodities.

organicfarmersofmichigan.com

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Organic Farmers of Michigan, LLC

Fall 2014

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Marketing News

So far 2014 has shown very strong organic markets. Demand continues to grow for organic commodities which has helped keep prices at very good levels. We have seen some negative pressure from the reduction in pricing of conventional crops on the Chicago Board and imported corn coming in. Except for a few short periods of reduced pricing the demand for organic products has brought the price back up to good levels for those that held out through the low price times. We continue to see growth in the organic poultry and egg business that will continue to increase the need for corn and soybeans and other small grains for feed. We are seeing more companies wanting to start, or expand, their organic dry bean side of their business which has the demand far higher today than what the production side can keep up with. The food grade wheat situation continues to run on the tight side due to the amount of winter kill in this year's crop and some quality issues in some parts of the county. Our biggest challenges will be meeting the growing needs of the organic market so that we don't stall the growth because we can't supply what they need and they move to all natural or non-GMO. We will also have to be careful with pricing so we don't push the prices too high and send the consumers looking to all natural or non-GMO as an

alternative. Even with the concerns I still see the potential for increased production and pricing for organic crops coming our way for the next couple years.

Wheat - We contracted wheat at \$14.00 per bushel earlier this spring which turned out to be a good price so far since harvest. I have seen some buyers that didn't contract much or lost contracted amounts to quality issues get up to \$15.00 per bu. for a short time. We moved most of our wheat out in August with a small amount left to go out in the first half of September.

Dry beans - We contracted all of our dry beans early last fall at \$0.86 per lb. for blacks and navy's, \$1.25 per lb. for dark reds and \$1.75 per lb. for adzuki's. We will be moving all of our dry beans out in October and early November this year. Most of them will be picked up right at the farm.

Soybeans - We were able to contract our high protein soybeans at \$30.00 per bu. for food grade clean beans. We also have a contract for super high protein soybeans, for a buyer that provides the seed, at \$35.00 per bu. for the clean beans. This is a very short day soybean that is supposed to yield, according to trials, around 43 bu. We are trying it this year and if it works out we are supposed

to be able to get more acres each year for a long term relationship with this customer. The lower protein soybeans have been more difficult to contract this year. The last two years we have been able to get the same price for these as the high protein soybeans, but this year they have tried to lower the price on these soybeans as much as \$3.00 per bu. We have been holding out to get the same price again this year. We may not be able to get the same price but it looks like we may be able to bring them up from \$27.00 per bu. to \$29.00 per bu. We will be locking this in soon before we get too close to harvest, when they traditionally lower the price for a while.

Corn - We contracted a large portion of our corn early at \$12.00 per bu. to the grower for shipping in November and December. We have since contracted some for November thru January shipment at \$12.15 per bu. to the grower. We also have some contracted for shipment in April at \$12.40 per bu. And in May at \$12.60 per bu. to the grower.

Paperwork Priorities

Just a reminder of how important paperwork is:

- We need to have a copy of your current certification on file in order to ship and receive payment for any commodity.
- It is also very important that when anything is shipped out you have your BOL filled out with the proper information and correct lot numbers. You will need to put an OFM lot number and your own grower lot number on each BOL. Please call us if we haven't informed you of the BOL information to insure that you have the correct information on your BOL. As soon as your product is shipped we need a copy of your BOL, clean truck affidavit and scale slip faxed (989-872-3733) or emailed (ofmlc@yahoo.com) to us so we can invoice the buyer and do the proper paperwork to insure a speedy payment.

Money that went back to the Members

This is the fourth year in a row that we have been able to return money back to our growers. OFM operates on a 3% Marketing Fee on your net sales with us. We work hard to keep our operating expenses as low as possible and at the end of the year we return to you any portion of the marketing fee that we didn't use. This year we returned \$64,097.76. Which reduced our marketing fee to 2.2% on all 2013 sales. This is a very good reason to stay involved in OFM because we not only work very hard to get you the highest prices, we also try to do it at the lowest possible cost to you.

Taking commodities to Processing Facilities

Make sure when you take your commodities to the processing facilities you fill out a BOL just the same as when you ship anything else out. You will be the shipper, OFM the seller, and the processing facility will be the consignee. Leave the buyer blank. You will put your own lot number on the BOL and include in the commodity section the words "for processing only." This shows a transfer from you to the processing facility. We will then get the BOL information to the processing facility, when the cleaned product is shipped out to the customer, to complete the paperwork trail. Make sure you get a scale slip and any other information as far as moisture, TW, FM or grading results that the processing facility performs on your sample they take. Please fax or email this information to us immediately after delivering your commodity to the processing facility. We need to keep track of everything we have going in and out of the processing facilities.

Harvest Preparation

Harvest time is a very busy and important time of the year. You are harvesting your crops that you worked all spring and summer to plant, cultivate, and nurture to grow into good quality grains and beans to sell. Please make sure that your harvesting and handling equipment is in good condition so that they don't damage your commodities. Make sure augers in combines, handling equipment, and bins are in good condition. Augers in poor condition will cut, chip, and crack seed coats and sometimes even partially grind product creating quality issues that can greatly reduce your return on the sale of your crops. It is also an excellent idea to use a rotary screen or fanning mill to run your commodities thru to reduce the amount of FM and weed seed in them. This will allow you to store them, even for short periods of time, with less chance of poor quality issues occurring. Make sure moisture levels are not too high when storing commodities. Dry beans should be 16-17%, corn 15% or less, soybeans and wheat 13.5% or less. You really don't want to get down below 12% moisture on anything. It is also important to pay attention to weeds in the fields before harvesting. If the weeds haven't died down and you start harvesting you will probably stain your beans which can cause a reduced price situation, or even being downgraded to feed quality if the staining is bad enough. You also need to monitor your stored crops on a regular basis to make sure they are staying in good condition. You should check condition of stored crops no less than once a month, monitoring appearance odor and moisture. If you pay attention to all these details it should keep you from having any of those bad surprises that we see each year and make it possible for you to sell the best quality products possible which ensures long term markets and better prices. Wishing you a safe and bountiful harvest!

Summer Crop Tour and Information Meeting

We had a summer meeting this year at Tom Stings new shop, near Sebewaing on Tuesday, August 26th. We had a total of 38 people in attendance, a few presenters with interesting information for us and a great organic lunch with beef and chicken provided by local farms. It started with Dan Bewersdorff from Herbruck Poultry filling us in on there 800,000 new hens. They have 400,000 on now and another 400,000 coming on for next year which will bring them up to 2,000,000 organic hens. Herbruck is a large user of organic corn and wheat to feed their chickens in our local area. We have a good relationship with them and provide them with a lot of our local corn and wheat to help them fill their needs. Jim Sattelberg, from Everbest Organics, talked about the closing of his Snover Facility and the expansion of the Munger Facility. He has storage space at Munger and some state of the art cleaning and drying equipment to clean more product with a better quality final product. He also has more cleaned product storage room and a refrigerated warehouse to keep better quality for longer term storage. Brian Gierling from Herbruck Poultry spoke about their pelletized fertilizer for use on organic farms. Currently the price is \$79.00 per ton FOB Saranac. Eric Ford Blue River Hybrids introduced himself and let us know that Steve Ewald was our local dealer. Dean Bass from MSU talked about the four organic research plots they have for soybeans in Kalamzoo, Gratiot, Lapeer and Tuscola Counties. They have ten different sources for the seed. We will be looking at their plot on Sting Family Organics land in Tuscola County. Vicky Morrone let us know about some of the things her department is doing and some cost sharing programs that are available for organic growers. Tom Sting then told us about his new shop. He talked about the geo-thermal heat in the floor and the air conditioning that we were enjoying as a second benefit that went along with the efficient low cost heat. We then enjoyed our organic lunch and then went out to the MSU soybean test plot. They had most of the varieties that everyone has been growing plus quite a few more. It was interesting to look at how podded up the different varieties were and the size of the pods and the size of the beans in them. We will get the yield results later this fall after it is harvested along with results from the other three plots in Michigan. We didn't go as a group but, individual growers could go look at the MSU organic dry bean plot on Dean Berdens land near Snover. We should be getting results from the MSU dry bean plots this fall also. If you weren't able to make it to this years meeting please try to get there next summer to share in the information and learn what is available to you and what things others are doing to improve organic farming.



Organic Farmers of Michigan LLC Marketing Release

The Organic Farmers of Michigan, L.L.C came together in January to review prices for the 2013-2014 growing season. We have, after reviewing sales information, these prices to report as marketing recommendations:

Prices for Certified Organic commodities cleaned or bin run weight, and FOB farm or cleaning facility.

*Actual Prices received within range listed.

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|-----------------------------------|-----------------|------------------------|--------------------|
| Navy Beans | .84-.90/lb* | SWWW Food Grade | 12.75-14.00/bu* |
| Black Turtle Beans | .84-.90/lb* | Soft Red Winter Wheat | 12.75-14.00/bu* |
| Pinto Beans | .85-.92/lb* | Hard Red Spring Wheat | 16.00-20.00/bu* |
| Great Northern Beans | .85-.92/lb* | Buckwheat (Food) | .28-.35/lb* |
| Small Red Beans | .85-.92/lb | Buckwheat (Feed) | .25-.30/lb* |
| Dark Red Kidney Beans | 1.15-1.25/lb* | Spelt (whole) | .28-.32/lb* |
| Light Red Kidney Beans | 1.15-1.25/lb | Spelt (dehulled) | .55-.60/lb* |
| White Kidney Beans | 1.15-1.25/lb | Oats | 4.50-5.50bu* |
| Adzuki Beans | 1.50-1.75/lb | Barley | 6.00-7.00/bu* |
| Feed Soybeans & Splits | 24.00-26.00/bu* | Rye | 15.00-20.00/bu* |
| Vinton 81, HP204 Soybeans | 29.00-31.00/bu* | Medium Red Clover Seed | 2.25-2.75/lb* |
| High Protein Clear Hylum Soybeans | 29.00-31.00/bu* | Corn | 11.50-13.00/bu* |
| Low Protein Clear Hylum Soybeans | 29.00-31.00/bu* | Hay-minimum 140 RFV | 180.00-220.00/ton* |
| Feed Grade Wheat | 11.00—12.00/bu* | Milk | 29.00-32.00/cwt* |

- Transitional/non-GMO-on selected crops 75% of above prices.
- Above pricing for quantity orders. For small or special orders pricing may increase. Note that these are only recommendations. Prices may change in different geographical areas because of shipping costs, demand or market base.
- A marketing cost of 5% should be expected.
- There are several terms that we should define to help establish common ground ideas.
- Prices Received: These are prices received by willing sellers/growers from willing buyers.
- Parity Prices: In 1910 to 1914 the American Farmers made a wage equal to his city cousins wage.
- The organic market has established standards on the quality and purity of each commodity. Therefore, each product must be in a clean marketable state.
- If we, as farmers, do not establish our own prices, it will be done for us and not to our benefit. We will be glad to add any commodities to this list after reviewing your sales information and recommended prices.

If we work together at maintaining a high standard of production and pricing we will be able to maintain a true sustainable agriculture. In the future we also need to have a strong base of added value to our raw products, such as marketing our own flour, bean soups, and sprouts. This will help us keep market share and more of the market dollars in our local communities.