



Financial Partner



AgHeritage
Farm Credit Services

FARM CREDIT
100
ESTABLISHED 1916

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CEO's Remarks

By Greg Cole, President & CEO, AgHeritage Farm Credit Services

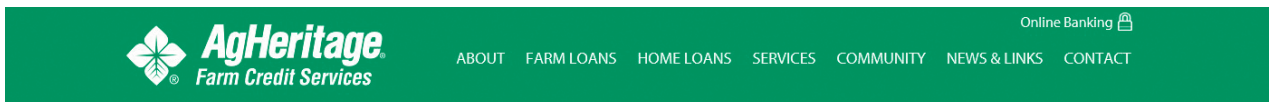
The 2015 crop is in the bin and with substantially lower crop prices compared to the recent past, the reality of an efficiency cycle continues. The good news is that we've finally received the Price Loss Coverage (PLC) and Agriculture Risk Coverage (ARC) payments from 2014. The payment on rice turned out to be substantial due to rice prices being lower during the marketing year. When adding back these payments to the 2014 producer balance sheet, profitability was restored or losses were reduced. For 2015, producers' profitability is expected to be mixed again. Some producers will be challenged to navigate through this cycle, especially those with high costs, low efficiencies, high percentage of farmland that is rented and low equity and liquidity. Given that 2016 revenue is expected to be similar to the last couple of years, equity preservation has become a new strategy. Producers will need to make some changes in their operation to maintain profitability or at least minimize the losses. They must focus on knowing their costs and reducing them. These costs include variable and fixed expenses, capital expenses, living expenses and rent. We encourage producers to take a comprehensive look at their business plan and make appropriate adjustments to insure operational sustainability over the next few years. Though the crop sector continues to experience stress, protein is seeing moderate profitability with lower feed costs offsetting declining meat prices. We expect these conditions to continue into next year.

The Association is accepting director nominees for the 2016 direction election. I would encourage customer-owners to consider running for the Board of Directors. A privilege of being a customer-owner is electing the governance of the Association. Please refer to page 10 for information about the upcoming director election process.

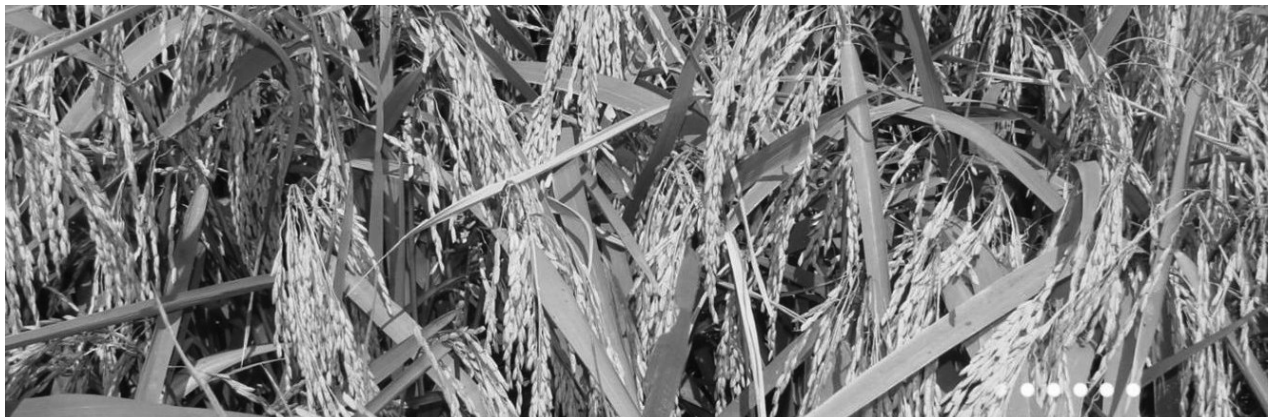
If you have need for financial capital and ag expertise stop by or call one of our convenient branch offices. Serving agriculture and Rural America is not just our mission; it's our passion.

Have you seen the new AgHeritage Farm Credit Services website?

Visit our site today: www.agheritagefcs.com



FINANCING FOR **YOUR** LIFESTYLE.





THANK YOU.

Before the turkey is stuffed and the potatoes mashed, there are the farm families who proudly grow and harvest our bounty. On a day when America pauses to give thanks, Farm Credit thanks the farmers and ranchers who provide everyone with safe nutritious food, today and every day. For more about Farm Credit's support of rural communities and agriculture visit farmcredit100.com



100 Growing Seasons & Still Going Strong

Farm Credit Timeline: 1916-2016

1916 — Founding the System

President Wilson signs legislation creating the Federal Land Bank System—the first loan is made less than a year later.

1923 — New Credit, New Service, Better Funding

The Agricultural Credits Act of 1923 extends service and provides for short-term and intermediate operating credit, while the System strengthens its funding capability.

1933 — The Great Depression

In the midst of a Great Depression even greater for agriculture, the System is rescued, expanded, and helps save countless American farms.

1941 — Production for War

Three days after Pearl Harbor, officials of the Banks for Cooperatives meet in Washington to set new priorities—the entire Farm Credit System prepares to fight inflation and feed a nation at war.

1953 — An Independent Path

The Farm Credit Act of 1953 makes the Farm Credit Administration an agency of the executive branch and sets the System on a path towards independence.

1971 — Full Borrower-Ownership, New Charter

Comprehensive new legislation completely updates the charter of the newly borrower-owned System, broadening its lending authority.

1980 — Expanding Authority, Greater Responsibility

The Farm Credit Act Amendments of 1980 broaden the System's lending authority, provide for the creation of Service Organizations, and recognize the System's commitment to "YBS" farmers.

1988 — Farm Crisis: Toward Solvency and a New Structure

In the midst of an extended farm crisis, the Agricultural Credit Act of 1987—the second important piece of legislation in as many years—provides federal financial assistance and requires the System to reorganize.

1999 — Associations Restructure for the Future

After more than a decade of experimentation, the "Parent ACA" arrangement is developed, setting the pattern for subsequent mergers on the association level.

2005 — Paid in Full

Twenty years after the peak of the Farm Crisis, the System repays the last of the federal capital provided during the emergency, returning to fully borrower-owned status.

2016 — Farm Credit 100

Farm Credit marks its centennial and looks ahead to continuing serving as the financial underpinning of U.S. agriculture and rural America.



Arkansas Agriculture Department & Farm Credit Announce Arkansas Grown School Gardens of the Year

Among 28 school garden contestants from across Arkansas, four have been chosen as Arkansas Grown School Garden of the Year contest winners. School garden criteria included any Arkansas school, grades pre-K-12, with a working school garden during the 2014-2015 school year with photo or video documentation of garden activities.

Winning schools from Marion, Madison, Pulaski, and Hot Spring Counties are as follows:

- Overall School Garden Winner: **Yellville-Summit Schools, Yellville**
- Best Nutrition Education Based School Garden: **Kingston School, Kingston (near Jasper)**
- Best Environmental Based Education School Garden: **Forest Park Elementary School, Little Rock**
- Best Community Collaboration School Garden: **Magnet Cove High School, Malvern**

“We congratulate these schools for their commitment to hands-on education initiatives in outdoor learning environments that promote lifelong healthy habits for families and communities. A healthier future for Arkansas begins with healthy habits from our students,” said Governor Asa Hutchinson.

Through funds provided by Farm Credit, a \$1,500 donation is presented to Overall Winner Yellville-Summit, and \$500 is awarded to all other winning school gardens, during special presentations by Arkansas Agriculture Secretary Wes Ward and Farm Credit at each respective school. The Arkansas Agriculture Department and Farm Credit began the Arkansas Grown School Garden of the Year contest to raise awareness about the importance of involving young people in the process of fresh food cultivation and production.

“We believe, as a farmer-owned cooperative, it is important to support local food system initiatives such as the Arkansas Grown School Garden Program,” said Farm Credit MidSouth President & CEO, James McJunkins, on behalf of the Farm Credit cooperatives of Arkansas. “Local food projects like this are a great way to educate the next generation and the public about food production and agriculture,” he said.

Winning schools in Yellville-Summitt, Kingston, Forrest Park, and Magnet Cove grow a variety of produce including all varieties of fruits and vegetables, as well as herbs and flowers. In most cases, gardens are supported by community donations, grant funding, or student fundraising efforts. Raised and in-ground garden bed structures, greenhouses and/or hoop houses, as well as containers were used by schools to grow produce.

“The interest in local foods continues to expand. It is exciting to support partners in the education system that are increasing knowledge of food production. Together, we will create opportunities that build upon and strengthen agriculture and the important role it plays in Arkansas,” said McJunkins.

The Arkansas Grown program promotes food and products grown in Arkansas by Arkansas producers, and helps make the connection between growers and buyers. Arkansas Grown is a program of the Arkansas Agriculture Department. Find producers, farmer’s markets, and other local fresh food resources at www.arkansasgrown.org.



Reporting Information in Regards to Claims

By Mala Turner, Appraisal and Insurance Coordinator, AgHeritage Farm Credit Services

Crop insurance covers many types of losses due to perils of nature. In the case of excess moisture or flood a prevented planting claim can be filed if you are unable to plant the acres you intended. However there could be issues with your claim if the acres were not listed on your acreage report or if they were not reported to FSA. It is extremely important that the information you provide is accurate and timely. Another thing that will make losses go smoother is that the information you report on your crop insurance matches what you report to your FSA office. Reporting your harvest production can also affect the outcome of a loss. If you do not report you are given a yield that is much lower than your average, therefore bringing down the threshold of a payable loss. There are a lot of things that can affect your eligibility for a loss so make sure you report timely and correctly. When a loss is being worked by the adjuster it will be too late to make changes.

Multi-peril crop insurance is provided and the rules are written by the RMA (Risk Mangement Agency) of the USDA branch of the government. As always, call your agent if you have any questions or are not sure what you need to report.

Farm Credit supports Arkansas Veterans with \$10,000 award to the Arkansas Homegrown by Heroes Program

The Farm Credit cooperatives of Arkansas announce a \$10,000 award to the Arkansas Homegrown by Heroes program in support of Arkansas veterans. Arkansas has adopted the national Homegrown by Heroes branding program that enables farmer veterans to market their local agricultural products by labeling them as veteran-produced.

The Homegrown by Heroes program was formally launched by Governor Asa Hutchinson at the capitol in July and is administered by the Arkansas Agriculture Department. Farm Credit's gift will assist with participant signage, product stickers and help promote the program among Arkansas veterans.

"Farm Credit appreciates the service and commitment made by military members and is proud to support the Homegrown by Heroes program in our state," said CEO Greg Cole of AgHeritage Farm Credit Services.

"According to the Farmer Veteran Coalition, only 16 percent of America's population lives in rural areas, yet 40 percent of the men and women serving in the U.S. military come from rural communities. There's a connection between veterans and farming, and Farm Credit hopes the Homegrown by Heroes program provides Arkansas farmer veterans with an advantage in the marketplace."



(From left) AgHeritage Farm Credit Services, President & CEO, Greg Cole; Arkansas Secretary of Agriculture, Wes Ward; Farm Credit of Western Arkansas, President & CEO, Glen Manchester; and Farm Credit Midsouth, President & CEO, James McJunkins.

A-State Agribusiness Conference will focus on global and state agricultural trends and issues, farm business estate planning, and the outlook for commodity markets

The 22nd annual Arkansas State University Agribusiness Conference will be held Wednesday, February 10, 2016 in the A-State Fowler and Convocation Centers in Jonesboro, Arkansas. On-site registration begins at 7:45 AM in the Fowler Center. Lunch will be served in the Convocation Center at Noon. Afternoon sessions end at 4:00 PM.

The morning General Session features five presentations and a panel discussion. Speakers include estate planning specialist Stan Miller, National Agricultural Law Center Director Harrison Pittman, USA Rice COO Bob Cummings, Michigan State University economist David Schweikhardt, and Purdue University Extension Director Jason Henderson.

U.S. Farm Report commentator John Phipps will deliver the luncheon address.

Commodity marketing issues and the outlook for rice, cotton, and other crops will be discussed by University of Arkansas economist Eric Wailes, Stephen Scott of Scott Agri, and Jeff Johnson of Allenberg Cotton Co.

The poultry and livestock Industry session features Mark Jordan from Informa Economics and Brian Williams from Mississippi State University.

Continuing education credits will be available according to guidelines of the Arkansas State Board of Public Accountancy, the American Society of Farm Managers and Rural Appraisers, the Arkansas Certified Crop Advisors and Arkansas Crop Consultants, and the Arkansas Department of Education.

Admission to the conference and luncheon is free, but preregistration is encouraged. Detailed conference information and on-line registration will be available in January on the College of Agriculture & Technology web site www.astate.edu/coat. For telephone registration, contact the college at 870-972-2085 or rjoslin@astate.edu.

Farm Credit 100 Fresh Perspectives

Farm Credit has proudly supported the men and women of rural communities and agriculture during the last century, and we appreciate the vision it takes to remain successful over time in rapidly evolving, thriving rural industries. As we enter our 100th year, we are launching Farm Credit 100 Fresh Perspectives: a search to identify 100 leaders who are shaping the future of rural America and agriculture. As part of this effort, Farm Credit will contribute \$100,000 to further the efforts of 10 distinguished honorees.

Nominate a leader today at FarmCredit100.com/Fresh

Nominations accepted until December 18, 2015.

A panel of experts on rural matters, including Farm Credit leaders and representatives from around the agriculture industry, will evaluate and select the top 100 honorees who showcase the ability to build appreciation for rural communities and agriculture, and further contribute to a vibrant future for rural America. The final 100 honorees will be announced in the spring of 2016. Of these, 10 distinguished honorees — one from each nomination category — will receive a \$10,000 award to help further their contributions to a thriving rural America. These individuals will also be recognized at a special event in Washington, D.C., in 2016.

Beef Cattle/Forage Producer Educational Opportunities

AgHeritage Farm Credit Services and the Division of Agriculture, Cooperative Service, Animal Science teamed up to offer beef cattle/forage producers two unique educational opportunities – Little Red River Beef Cattle Conference and Arkansas Beef Cattle Improvement Workshops.

The Little Red River Beef Cattle Conference is an annual conference to address the current concerns related to beef cattle and forage production. The conference started in 2012; therefore, the March 17, 2016 conference is the 5th year anniversary. Over the past 5 years, nationally recognized speakers addressed topics ranging from sire selection to market outlook to herd health. The Little Red River Beef Cattle Conference has always provided applied practical information which helped solve problems for cattle and forage producers.

The goal of the Arkansas Beef Improvement Program (ABIP) was to demonstrate cost effective beef cattle and forage management practices. The ABIP workshop exemplifies what those practices were and how production was cost effectively improved. The workshop is a two evening program and families are encouraged to attend. It is an excellent interactive educational atmosphere with a positive learning experience.

Arkansas Women in Agriculture

Arkansas Women in Agriculture, Inc. is a private non-profit organization, led by a team of volunteers and designed with the mission to:

- provide educational programs for women involved in agriculture in Arkansas
- provide a network with other Arkansas women involved in agriculture and rural community issues
- identify new ways to balance the demands of family, community and professional lives

Learn more about us at arkansaswomeninag.com

SAVE THE DATE



Annual Conference

March 10-11, 2016
Little Rock, Arkansas



For more up-to-date information on ARWIA activities, other agriculture-related events and news impacting Arkansas, please like us on Facebook at www.facebook.com/arwia

Annual/Quarterly Report Availability

The annual report is made available each year on the AgHeritage Farm Credit Services website 75 days after the end of the calendar year. Members are provided a copy of such report 90 days after the end of the calendar year. The quarterly reports are available on our website 40 days after the end of each calendar quarter.

To access financial statements online, go to the association's website at www.agheritagefcs.com, select the About Us drop down, choose the Management/Governance page and click on Financial Information.



From the Board Room

By Michael Taylor, Chairman, AgHeritage Farm Credit Services



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The long dry spell that provided near perfect harvest weather came to an end in the Midsouth in late October. The remnants of Hurricane Patricia brought low pressure and rain, and Arkansas has been wet ever since. Significant soybean acreage remains unharvested in the northeast part of the state as of November 9, and very little harvest progress has been made in the last two weeks.

Low commodity prices, coupled with the new Farm Bill, have made 2015 a difficult year for many farmers. As farmers adjust to the downturn, many input costs will necessarily be forced down. At the present time, this is most notable in used equipment and rental rates. Anecdotal evidence suggests that seed and fertilizer prices are also being affected. Land prices have posted more modest price increases in the last year.

From a historical perspective, interest rates continue to be a real bargain. Rates have been so low for so long that it is easy to forget that large increases can occur very rapidly. According to the website multpl.com, the 10 year treasury rate was 2.34 percent on November 6, 2015. On September 1, 1981, the 10 year treasury rate was 15.32 percent. Adjustable rates have been attractive and have worked well for several years. However, the Fed is poised to begin raising rates late this year or early next year. It is a good time to consider locking in a fixed rate for your intermediate and long term loans. Your loan officer can provide you with all the details.

Your association continues to perform well. Credit quality is excellent at the present time, and net income is high. Thank you very much for your business.

AgHeritage Farm Credit Services... *Supporting ag and rural life*

1. Cole Plafcan and Lana Stovall were the winners in a team building competition at the 2015 AgHeritage FCS Employee Fall Conference.
2. Farm Safety Day in DeWitt. Harlen Patterson And Kevin Wingfield, Ag Lending Officer, AgHeritage FCS cooked 400 hamburgers.
3. 100 year anniversary cake.
4. UA Bumpers College Scholarship Luncheon. From left, Jordan Bryan, Amy Hasenauer, Amy Lyman, AgHeritage FCS, and Paige Acklie.
5. Harvest Cookout in Star City.
6. Thank you from Star City FFA.
7. Harvest cookout in Star City.
8. Fall cookout in Dermott.

Staff Updates



Keith Tucek has been promoted to Credit Analyst.

Keith has a Bachelor of Science in Finance from the University of Arkansas at Little Rock.

Keith, his wife and son reside in Cabot.

Marlee Burnett has joined the AgHeritage FCS Lonoke team as part time clerical office support. Marlee is currently working towards her Ag Business Degree at ASU Beebe.

FFA & 4-H Program

AgHeritage FCS will donate up to \$100 to a local 4-H or FFA county chapter every time you finance an equipment purchase through either a branch office or our financing programs at participating dealerships. Donation amounts depend on the amount of the loan. Donations will be made to the local 4-H or FFA of your choice and in your name. Contact your branch for details.

AgHeritage FCS Accepting Director Nominations

AgHeritage Farm Credit Services is accepting director nominations from **November 2 – December 4**. If you or someone you know, who is a stockholder of the Association, is interested in being considered as a director nominee, contact your local branch office or a member of the Nominating Committee (see listing below).

In order to be considered as a nominee, the following requirements must be met:

- Be a voting stockholder and a bona fide farmer. Bona fide means a person owning agricultural land or engaged in the production of agricultural products, including aquatic products under controlled conditions,
- Must reside or farm in the Association's territory,
- Have an active loan balance with the Association and an acceptable credit classification rating.

Board of Director Positions up for Election

- Central Region position currently held by **Keith Watkins** - 4 year term representing Lonoke, Monroe, Prairie, White and Woodruff counties
- Central Region position currently held by **Michael Taylor** - 4 year term representing Lonoke, Monroe, Prairie, White and Woodruff counties
- Southern Region position currently held by **Tracy Borgognoni** – 4 year term representing Arkansas, Ashley, Bradley, Chicot, Cleveland, Desha, Drew, Jefferson, Lincoln and Pulaski

Nominating Committee

Batesville Office-Ronald Aaron, P.O. Box 718, Mountain View, AR 72560, (870) 213-5770

Brinkley Office-Jeff Reidhar, 4581 Buckhorn Drive, Des Arc, AR 72040, (870) 256-5333

Dermott Office-Clay Poole, 667 Hwy 160 E, Portland, AR 71663, (870) 997-0822

Lonoke Office-Brandon Parker, 1361 Otis Parker Road, Carlisle, AR 72024, (501) 951-6611

Newport Office-Tommy Young, 107 Young Street, Tuckerman, AR 72473, (501)412-0598

Pocahontas Office-Matt Hibbard, 1869 Whippoorwill Drive, Pocahontas, AR 72455, (870) 219-1469

Searcy Office-Nicky Hamilton, 184 Jim Hamilton Road, Searcy, AR 72143, (501) 278-0917

Star City Office-Matthew Tucker, P.O. Box 508, Star City, AR 71667, (870) 692-1257

Stuttgart Office-Frank Prislovsky, 2007 Strait Place, Stuttgart, AR 72160, (870) 830-0710

For additional information about the election process, please visit our website at www.agheritagefcs.com.

AgHeritage Farm Credit Services Scholarship Program: *Customer Scholarship Program; University Scholarship Program*

Customer Scholarship Program

Since 2001, AgHeritage Farm Credit Services has provided scholarships to ease the burden of higher education for our customer-owners. Scholarships are awarded each year to AgHeritage FCS customer-owner's children and grandchildren based on academic records, involvement in school related activities and extracurricular activities/work.

Ken Shea Memorial Scholarship

The Ken Shea Memorial Scholarship recipient will be chosen from Customer Scholarship applicants from the AgHeritage FCS Southern Region.

University Scholarship Program

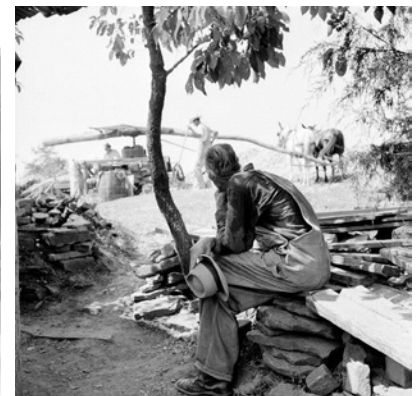
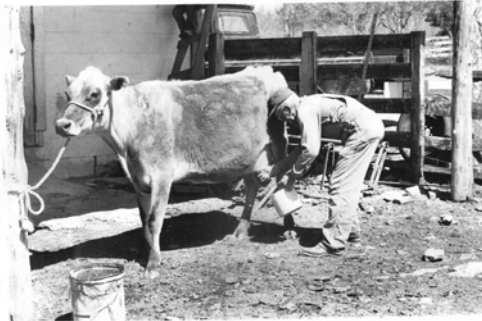
AgHeritage Farm Credit Services will provide a \$1000 scholarship to a current college student studying agriculture at an Arkansas university or college. You do not need to be a customer of AgHeritage FCS to apply for this scholarship.

Eligibility and requirements and official applications for Customer Scholarships, Ken Shea Memorial Scholarship and the University Scholarship will be available online January 1, 2016 at www.agheritagefcs.com. Applications will be due by March 15, 2016.

If you have any questions, contact Leslie Brown, Vice President Human Resources, at 501-210-4028 or at leslie.brown@agfcs.com.

Farm Credit Historic Photo Contest

Participation in our state-wide HISTORIAL PHOTO CONTEST was amazing! We received many interesting submissions and wanted to share the top ten. Thank you again to all those who submitted photos!



Board of Directors

Michael Taylor, *Chairman*
Dwain Morris, *Vice Chairman*
Russell Bonner
Tracy Borgognoni
Jerry Burkett
Mike Burkett
Chuck Culver, *Outside Director*
Mike Ellis
Sandra Morgan, *Outside Director*
Clay Schaefer
Keith Watkins
Scott Young

Branch Locations

Batesville 255 East College Street
Batesville 72501
870-698-9044 · 800-572-8165

Brinkley 498 Broadmoor Drive
Brinkley 72021
870-734-4561 · 800-689-1304

Dermott 106 South Freeman
Dermott 71638
870-538-5205 · 800-689-6978

Lonoke 1121 W. Front Street
Lonoke 72086
501-676-3144 · 800-689-1309

Newport 2800 Stegall Road
Newport 72112
870-523-5867 · 800-698-5867

Pocahontas 1105 Pace Road
Pocahontas 72455
870-892-4579 · 800-689-6976

Searcy 2620 South Main Street
Searcy 72143
501-268-3524 · 800-689-6977

Star City 904 North Drew Street
Star City 71667
870-628-4218 · 800-689-1306

Stuttgart 1102 East 22nd Street
Stuttgart 72160
870-673-1558 · 800-689-1307

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Financial Partner is published by AgHeritage Farm Credit Services. Comments should be addressed to Editor, *Financial Partner*, AgHeritage Farm Credit Services, 119 East Third Street, Suite 200, Little Rock, AR 72201 or to email: amy.lyman@agfcs.com.



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Events Calendar

2015

- November 26-27:** AgHeritage Farm Credit Services offices will be closed in observance of Thanksgiving.
- December 1:** Pocahontas Office Customer Dinner & Farm Credit 100 Anniversary Celebration, Black River Technical College, 1410 Highway 304 East, Pocahontas, 6 p.m.
- December 2:** Stuttgart Office Customer Dinner & Farm Credit 100 Anniversary Celebration, The Bull Pen, 523 S. Jefferson Street, DeWitt, AR, 6 p.m.
- December 8:** Searcy Office Customer Dinner & Farm Credit 100 Anniversary Celebration, Dondie's White River Princess, Curran St., Des Arc, 6 p.m.
- December 8:** Four States Cattle Conference, Four States Fairgrounds, Texarkana. For more information, contact Jerry Clemons at 870-246-2281 or jclemons@uaex.edu. AgHeritage FCS is a sponsor.
- December 9-11:** USA Rice Outlook Conference, New Orleans, Louisiana. For more information, contact, Jeanette Davis, jdavis@usarice.com or 703-236-1447. AgHeritage FCS is a sponsor.
- December 10:** Arkansas Farm Family of the Year Luncheon, Wyndham Riverfront, North Little Rock. AgHeritage FCS is a sponsor.
- December 10:** Brinkley Office Customer Dinner & Farm Credit 100 Anniversary Celebration, Brinkley Convention Center, 1501 Weatherby Drive, Brinkley, 6 p.m.
- December 24-25:** AgHeritage Farm Credit Services offices will be closed in observance of Christmas.

2016

- January 1:** AgHeritage Farm Credit Services offices closed in observance of New Year's Day.
- January 10-12:** Arkansas Agricultural Aviation Association Annual Convention, Little Rock Marriott, Little Rock. For conference details, go to www.agaviation.net.
- February 10:** 2016 ASU Agribusiness Conference, Fowler Center & Convocation Center, Arkansas State University, Jonesboro. See page 6. AgHeritage FCS is a sponsor.
- February 15:** AgHeritage Farm Credit Services offices closed in observance of President's Day.
- February 26-27:** Midsouth Farm & Gin Show, Cook Convention Center, Memphis, TN. Visit www.southerncottonginners.org or call 901-947-3104.
- February 28:** Multi-peril crop insurance spring sales closing date.
- March 10-11:** Arkansas Women in Ag Conference, Wyndham Riverfront, North Little Rock. See page 7. AgHeritage FCS is a sponsor.
- March 15:** AgHeritage Farm Credit Services Scholarship Program application deadline. See page 10.



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