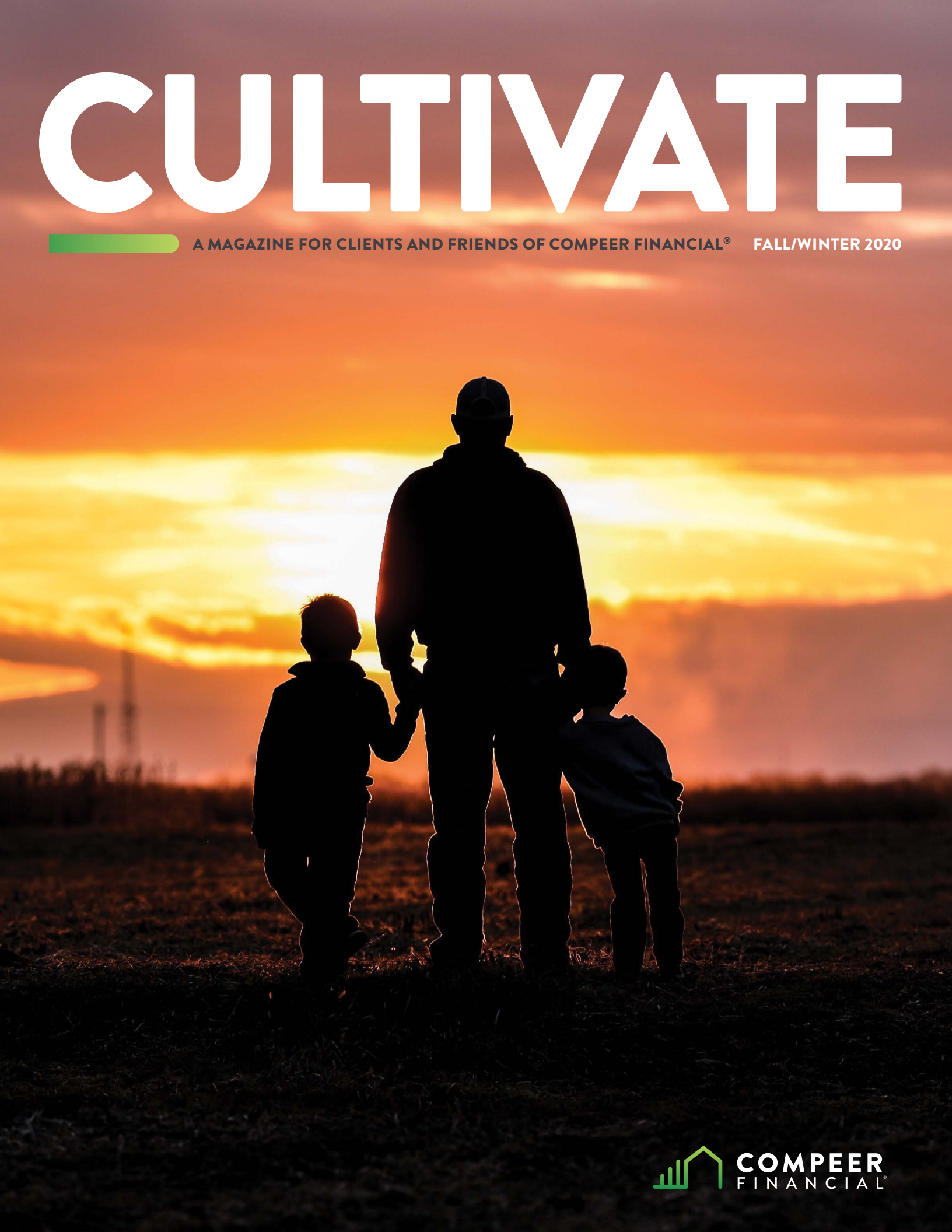


CULTIVATE

A MAGAZINE FOR CLIENTS AND FRIENDS OF COMPEER FINANCIAL® FALL/WINTER 2020



WISHING YOU A SAFE AND
HAPPY HOLIDAY SEASON.



CULTIVATE

Volume 4, Issue 3
Fall/Winter 2020

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This issue is interactive. Look for this icon throughout the issue, which indicates a link for additional information.



Cover: The 2021 Photo Calendar is now available at local offices. This beautiful image by Libby Heaton is a 2021 photo contest entry. Learn more about the calendar on page 22.

Cultivate is brought to you by Compeer Financial. This publication's name represents our cooperative's commitment to growing long-term relationships with our member-owners and championing the hopes and dreams of rural America. We hope you find the information and stories in each issue informational and inspiring. Comments or suggestions for future issues can be sent to compeer-communicationsteam@compeer.com.

THANK YOU AND HAPPY NEW YEAR.

At the close of another year, our thoughts turn gratefully to our clients. In this spirit, we say thank you for the opportunity to meet the financial needs of agriculture and rural America. It's an honor to serve you. We truly value our relationship and look forward to our continued partnership in the new year. May good health and joy be yours this holiday season.



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A RELIABLE PARTNERSHIP *in Any Environment*

In a year when everything seems different, fall reminds us there are some constants we can count on. Over the last several weeks, our landscape transformed from shades of green to hues of yellow, orange and red; and farmers across the region worked around the clock to harvest their crops as they do every year. On many weekend mornings, blaze orange dotted the countryside to signal the hunting season was underway. Even football couldn't be stopped this year.

The same is true when it comes to farming or running a business. While approaches may have been modified in response to what is happening in the world around us, key activities must continue — whether it's daily chores like feeding livestock or more cyclical tasks like reviewing your business plan for the year ahead.

There are constants at Compeer Financial as well. Although we've had to modify the way we deliver some services to you, we remain committed to supporting our clients today and into the future — to being that partner you can rely on no matter what is happening around you.

For example, although we haven't held in-person client events, we continue to provide relevant information via webinars, Facebook Lives and other virtual offerings to help our clients stay informed. Our traditional client appreciation picnics and dinners this summer became drive-through style, with takeout meals for everyone in the family. Our Board of Directors election still took place on schedule, as did Patronage Days, with \$125 million returned to member-owners in August.

Continuing to provide you with the services you've come to rely on is important to us, just as it's important that our team stays aware of your needs as they change and evolve. We're still listening to you during visits to your farm, reviewing feedback from surveys we send you and watching trends in the industry to inform our plans for future products and services. One of our most tried-and-true methods for checking in is our Client Advisory Councils (CACs), which are groups of clients with diverse backgrounds who meet with us a few times each year.

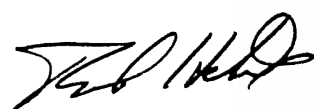
Our latest meetings with the CACs this summer gave us a chance to discuss how we're serving clients during the pandemic and what they'd like to see from Compeer going forward. We heard that our clients appreciate having the ability to use technology to do business with us, but they

“Continuing to provide you with the services you've come to rely on is important to us, just as it's important that our team stays aware of your needs as they change and evolve.”

want choices and still value seeing and talking with their financial representative. This was great to hear, as it was consistent with other feedback and with a direction the organization was already considering.

As a result, Compeer's Executive Leadership Team and Board of Directors have adopted a strategy for the coming year that focuses on expanding our digital transaction options, while providing a deeper level of personal support for clients. Our intent is to ensure our services are innovative, convenient and easy to use whenever you need them — with a financial consultant at your side who knows the unique aspects of your business and can personally discuss options and outcomes with you.

Just as we can count on fall to return in September and winter to arrive in December, our clients can count on Compeer to be here for you — whenever you need us. Thank you for choosing us to be your lending partner. We're excited about what's to come in 2021!



Rod Hebrink
President and CEO



FOUR DECADES *of Farm Credit Legacy*

Credit Leader Tim Tracy to Retire at End of 2020

Tim Tracy, Compeer Financial chief credit officer, plans to retire at the end of 2020 after 40 years with the Farm Credit System.

As one of Compeer's 10 executive leaders, Tim has provided exceptional leadership to the organization and credit department. His leadership, judgment and unique sense of humor will be missed by many. We sat down with Tim to reflect on his four decades of service to those in agriculture and rural communities.

Cultivate: How did you get your start with Farm Credit?

Tim: On the first working day of the year in 1977, I started my job as a loan officer with the Federal Land Bank in Omaha. It was my first job after graduating college. Our office served clients across four counties in Nebraska, and we had just five team members. Back then, we used adding machines to calculate, pencils to do analysis, and the loan officer did everything from start to finish.

Cultivate: Do you have a favorite memory from your Farm Credit career?

Tim: A lot of things have stuck with me over the years. A highlight is the formation of Compeer Financial. I'm grateful member-owners trusted in the vision and am proud to see them benefiting from the organization's success. I'm surrounded by really talented people working on behalf of our clients. It's been a really rewarding way to finish my career.



Congratulations to Tim Tracy on his upcoming retirement.

Cultivate: What wisdom have you taken from our clients?

Tim: I have learned a lot from our clients over the years. The people we work with are true entrepreneurs who are willing to take risks and make changes even in the face of adversity. I admire everything they have to do to run their business and take care of it.

Cultivate: What are your retirement plans?

Tim: Well, pre-COVID, we were planning a lot of travel. That's on the sidelines right now, which is OK because we will have more time to spend visiting our grandkids and other family members. I'd also like to reconnect with some hobbies and hope to raise my golf game above "Caddyshack," but not much more than that.

This December, Compeer's Chief Risk Officer, Bill Moore, will assume the leadership of the credit underwriting functions for the organization. Bill joined the organization nearly seven years ago, and currently oversees the risk management function for Compeer including monitoring its \$24 billion portfolio. He is working with Tim to ensure a smooth transition for clients and team members, and he is looking forward to championing the hopes and dreams of rural America as the newest member of Compeer's Executive Leadership Team.



Bill Moore

ELECTION RESULTS: *Board of Directors and Nominating Committee*

The results of the Compeer Financial Board of Directors and Nominating Committee election were tallied by an independent third party on October 2, 2020. Three candidates were elected to the Board of Directors, and 24 candidates were elected to a one-year term on the Nominating Committee.

BOARD OF DIRECTORS



DALE HOLMGREN
North Mankato, Minn.
Region 1 • Four-Year Term



Dale Holmgren is a swine, corn and soybean farmer, working with his brother on their fifth-generation farm near Mankato, Minn.

He serves on Compeer Financial's Enterprise Risk Committee and Legislative Affairs Committee. He graduated from the University of Minnesota with a bachelor's degree in agricultural business administration.

Dale is involved in many organizations, including the Minnesota Pork Producers Association and Minnesota Corn Growers Association. His hobbies include reading, golf, deer hunting and snowmobiling.

Dale was first elected to the board in 2001, and his current term expires in 2024.

MARK CADE
Westby, Wis.
Region 2 • Four-Year Term



Mark Cade is a self-employed soybean, alfalfa and beef farmer in Westby, Wis. He serves on Compeer Financial's Audit

and Finance Committee and Young, Beginning, Small Farmer Committee. Mark graduated from Western Technical College with degrees in farm business management and finance.

Mark is an active FFA alumnus and enjoys spending time with his family and farming. He and his wife Cheryl have one daughter and two sons who are involved on their family farm.

Mark was first elected in 2006, and his current term expires in 2024.

DAVID PETERS
Manteno, Ill.
Region 3 • Four-Year Term



Dave Peters runs his family's corn, wheat and soybean farm in Manteno, Ill. Dave serves on Compeer Financial's Enterprise Risk Committee

and Legislative Affairs Committee. He also serves on the AgriBank District Farm Credit Council and is a member of the Illinois Farm Credit Legislative Committee. He attended Kankakee Community College.

Dave is treasurer of the Kankakee County Soil and Water Conservation District, director on the Manteno Farmers Elevator Board and trustee of the Manteno Township Fire Protection District. He also is a member of the Illinois Farm Bureau, Kankakee County Corn Growers Association, Knights of Columbus and Manteno Sportsmen's Club. Dave and his wife Janis have two daughters and one son.

Dave was first elected in 2009, and his current term expires in 2024.

NOMINATING COMMITTEE



REGION 1

- Rick Alberts (I)**, Pine Island, Minn.
- Ruth Buck (I)**, Goodhue, Minn.
- Sharon Hirsch (I)**, Sleepy Eye, Minn.
- David Marquardt**, Howard Lake, Minn.
- Ron Mohr (I)**, New Ulm, Minn.
- Julie Sievert (I)**, Gibbon, Minn.
- Diane Stenzel (I)**, New Richland, Minn.
- Brent Ziegler (I)**, Green Isle, Minn.

REGION 2

- Dorothy Anderson (I)**, Cambridge, Wis.
- John Bertram (I)**, Malone, Wis.
- Marc Boettcher (I)**, Bloomer, Wis.
- Steven Endres (I)**, Waunakee, Wis.
- Sally Roe (I)**, Monticello, Wis.
- Brian Schaal (I)**, Burlington, Wis.
- Kimberly Wedig (I)**, Darlington, Wis.
- JoAnn Wingers (I)**, Randolph, Wis.

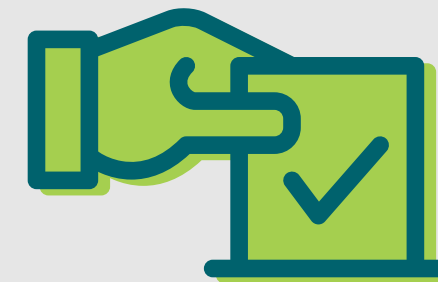
REGION 3

- Chad Bremmer (I)**, Pearl City, Ill.
- Zach Henkel (I)**, Sublette, Ill.
- Jenny Mennenga (I)**, LeRoy, Ill.
- Kathy Reinhardt (I)**, Seaton, Ill.
- Lynn Stoller (I)**, Gridley, Ill.
- Jacob Streitmatter (I)**, Sparland, Ill.
- Becky Thomas (I)**, Mazon, Ill.
- David Westerlund (I)**, Osco, Ill.

(I) - Incumbent

LEARN MORE ABOUT SERVING ON THE BOARD

The Board of Directors, elected by member-owners, is responsible for setting business direction, monitoring operations and evaluating success.



Election Timeline:

Spring 2021: Names Collected of Member-Owners Interested in Serving on the Board

May and June 2021: Nominating Committee Conducts Interviews

July 2021: Final List of Candidates Announced

August 2021: Annual Meeting Takes Place

September and October 2021: Ballots Mailed and Collected, Results Announced

November 2021: New Director Terms Start

Eligibility:

Any Compeer Financial voting stockholder with an outstanding loan balance who is not a team member or agent of the association may be eligible to stand for election to the board. Candidates are nominated by geographic regions.

Learn more at compeer.com/boardcandidates



LEASING SOLUTIONS TO MAXIMIZE FINANCING AND TAX MANAGEMENT OPTIONS.

We see potential in your plans. Our unique perspective is born from decades of working in agriculture to offer insights to overcome your challenges. **From leases for grain handling systems and machine sheds/shops/buildings to vehicle and fleet leasing services**, our leasing solutions are designed to give you the tools needed to succeed. And our experienced financial team will guide you every step of the way.

Contact your local Compeer Financial representative or visit us at:

COMPEER.COM/LEASING



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Investing in the Future: INTRODUCING THE COMPEER FINANCIAL AGRICULTURE AND RURAL INITIATIVE

Compeer Financial will focus on improving the future of vocational education and rural infrastructure related to food supply chain challenges as part of the new Agriculture and Rural Initiative.


In December 2019, the Compeer Financial board of directors made the decision to invest \$5 million to create a new donor-advised fund. Early in 2020, the Fund for Rural America Board of Trustees officially named the new fund the Compeer Financial Agriculture and Rural Initiative.

“We really saw it as an opportunity for the entire cooperative to make a difference for the future of agriculture and rural America,” said Dan Zimmerman, current director and fund board trustee. “We’ve seen the impact that the Fund for Rural America has had in its first three years, and we want to develop something from the ground up that could compliment that work in a new way.”

The fund board of trustees is leading the work of the initiative and has developed its objectives and first priorities. Feedback was gathered from Compeer’s Client Advisory Committees to better understand the challenges facing those served by Compeer. In July, the Fund Board met and set the first two main priorities – Vocational Education and Rural Infrastructure: Food Processing and Supply Chain Challenges.

“We wanted to take our time to do this right, to evaluate both short- and long-term benefits,” said Larry Fischer, current director and fund board trustee.

These initial steps will help drive the first series of signature investments in programs and projects to help improve agriculture and rural America.

“The initiative will allow Compeer to be more agile in supporting efforts as they arise,” said Zimmerman. “As an example, \$300,000 was invested in COVID-19 relief efforts already this year.” 

Before the end of 2020, the fund board will continue collecting information on each of the first priorities to better understand what opportunities and partnerships could exist.

“Our ultimate goal is to make an impact for our fellow member-owners by making smart, signature investments that will positively impact rural America for our next generation,” said Fischer.

PRIORITY 1: VOCATIONAL EDUCATION

Focusing on the community and technical college level

“We’ve seen the impact our high school senior scholarships have, but what about further down the road in their education? We want kids to get excited about being in agriculture through providing top-of-the-line ag programs and see the importance in being a part of that to ensure a bright future for agriculture and thriving rural communities.”
— Dan Zimmerman, Fund Board Trustee

PRIORITY 2: RURAL INFRASTRUCTURE

Focusing on food processing and supply chain challenges

“Now more than ever, consumers want to know where their food is coming from – during COVID-19, we’ve seen a surge in people wanting to support their local producers. We want to help be a part of solutions in our supply chain and processing that will help alleviate strain on our producers.” — Larry Fischer, Fund Board Trustee

SAVE THE DATE for These Upcoming Events

**All in-person events are subject to change. For additional event details and registration, please keep an eye on compeer.com, Compeer social media channels, and your mailboxes.*

GrainVantage Conference

December 8 (held virtually)

A single-day program designed to provide insights into all things grain. With a new virtual format in 2020, a special focus will be put on grain marketing, creating a marketing plan that works for individual operations and examining how the U.S. economy is changing. 

Resilient Farms Conference

Monthly virtual sessions kicking off December 15 on the third Tuesday of each month.

Learn how others are rethinking what’s possible for their operation in this monthly series on resilience for farm operations of all sizes and across all industries. These virtual sessions will give clients access to new ideas and tools to determine how to assess their own operation for increased resiliency.

Strengthening Your Roots

Virtual series taking place on January 19, 21, 26 and 28.

Sustainable operations start with success in the roots of their operational and business practices. Through this series, attendees will learn from a cross-functional team of Compeer experts. They’ll share best practices and tips to assess financials, benchmarking data, record keeping, the most recent tax updates and stay current with risk management strategies.

Transition Planning Seminars

- February 9: East Peoria, Ill.
- February 16: Wisconsin Dells, Wis.
- February 23: Mankato, Minn. (plus virtual option)

For those who are evaluating their options for transitioning their operation, this event is carefully crafted to help multiple generations move toward building a transition plan that works for their individual needs. To get the most out of this program, we encourage a member of each stakeholder generation to attend. Representatives from Compeer’s vetted transition planning partners will be available to answer questions and set follow-up meetings.

Transition Planning Monthly Virtual Series

January 12, March 9, April 13, May 11, June 15, July 13, August 10, September 14, October 12 and November 9

**New for 2021* A monthly virtual series devoted to answering your questions about transition planning. Join us to learn about long-term care, wills, trusts, key tips for successful transitions and more.*

GroundBreakers Conference

- February 19-20: Grand Geneva Resort, Lake Geneva, Wis.
- February 26-27: Mystic Lake Center, Prior Lake, Minn. (this location will be available virtually via livestream)

This engaging, energetic, invite-only conference is geared toward young, beginning and small farmers. Expand your knowledge and network while attending sessions led by expert speakers. Sessions address industry-specific challenges, including transition planning, farm financial basics, insurance, stress management and more.

Women’s Seminars (all locations TBD)

March 15-18 (held virtually, but in-person viewing available at various locations across our territory)

Don’t miss this opportunity to grow your knowledge, be inspired, feel empowered and connect with other women in agriculture. Our Women’s Seminar provides an opportunity to take a day away from your farm, job and/or family to invest in yourself.

Women’s Retreats

Wisconsin Women’s Retreat: March 12-13; The Abbey Resort, Fontana, Wis. (Space is limited.)

Minnesota Women’s Retreat: March 19-20; The St. James Hotel, Red Wing, Minn. (Space is limited.)

Hosted at a beautiful venue, this two-day event focuses on community building, self-reflection, personal growth and learning. You’ll deepen your networks and relationships through a framework of shared language that’s built throughout the retreat.

Organic JOURNEY

Wisconsin Herb Farm Connects People to Nature



NORTH FREEDOM, Wis. — As a young girl growing up in the 1960s, Jane Hawley Stevens looked forward to picking wild blueberries each fall with her grandmother in northern Wisconsin. Little did she imagine these outings planted seeds that would influence the rest of her life.

GUIDEPOSTS

At age 18 and while considering what to study in college, Stevens — with a wisdom beyond her years — turned inward when seeking a direction for her future.

“I thought about what made me happy,” she explained. “My favorite memories were of picking blueberries up north in the wild. Instinctively, I knew I had to do something that involved nature.

“I love being outside; it’s so inspiring,” she continued. “As a child, I visited my uncle’s farm near Shawano and experienced such joy and expansion in my heart every visit.”

Settling on horticulture, Stevens earned her degree in 1981 from the University of Wisconsin-Madison. Today, she is a nationally recognized expert on herbs and operates a 130-acre certified organic farm in the Baraboo Bluffs of Wisconsin. This pristine and ecologically significant area is ideal for Four Elements Organic Herbals, as it is surrounded by over 9,000 acres of land preserved for rare species of birds, plants and animals.

MILESTONES

Even while she had dreams of working on the family farm as a kid, Stevens never expected to own and run an herb farm, let alone one that earned the title of Midwest Organic & Sustainable Education Service (MOSES) 2020 Organic Farmer of the Year. This prestigious award has been in existence for more than 15 years and has recognized some of the biggest and best-known organic farmers in the country. 2020 was the first year an herb farm was awarded the honor.

Stevens’ induction into the herb industry immediately followed college, when she was recruited to work at a research facility to plan and develop a formal herb garden for visiting scientists. She’s been hooked ever since.

At right: Jane Hawley Stevens (right), owner of Four Elements Organic Herbals, and employee, Liz Radke, harvest holy basil with a new motorized, walk-behind herb harvesting machine purchased this fall from New Zealand. Previously, the basil was harvested by hand.





FOUR ELEMENTS ORGANIC HERBALS RECEIVES USDA VALUE-ADDED PRODUCER GRANT

In summer 2020, Jane Hawley Stevens, founder of Four Elements Organic Herbals, received a \$250,000 Value-Added Producer Grant from the U.S. Department of Agriculture (USDA). The working capital grant provides funding for agricultural producers to generate new products, create and expand marketing opportunities, and increase income.

Taking raw materials and turning them into a product, such as processing herbs into tea blends or cultivating certified organic raw material, is considered “value-added,” according to the USDA. To qualify for the Value-Added Producer Grant, applicants must grow and process the material themselves.

Stevens will use the grant mostly to increase market visibility for Four Elements. Before the pandemic, she hoped to make her products available on shelves at spas. However, with the temporary closures of many spas and similar businesses in the United States due to safety precautions, she will focus on online marketing instead. Ultimately, she hopes that by expanding her online presence, she can reach more people who value organic and natural products.

“I believe that in order to change the world, you need to educate the world,” said Stevens. “My real job is to get people to pay attention to our earth and to the fact that it sustains us.

“A big part of what I work on is connecting people to nature,” she added. “Our culture is disassociated from nature and nature is so powerful, a source of wellness. Even weeds like dandelion can help clean and heal your body.”

After a short stint in Texas, where she met her husband, David, while working at the Dallas Arboretum, Stevens returned to Wisconsin. They’ve been together and living on the property that became Four Elements Organic Herbals ever since.

TAKING ROOT

David, curator of the Longnecker Horticultural Gardens at the UW-Madison Arboretum, has been an ally, supporter, champion and helper on Four Elements farm since it began in 1987 when Stevens built a greenhouse during her pregnancy. Her goal at that time was to find a way to stay at home with her children while running a business to help support the family.

As their son, Forrest, grew and he experienced typical childhood ailments, Stevens’ curiosity about plants for healing piqued. She began concocting herbal remedies from her homegrown plants, starting with a treatment for a stubborn earache Forrest couldn’t shake.

“It’s really remarkable when you think about these simple remedies from nature,” said Stevens. “After several doctors’ appointments and

prescriptions, two drops of a basic weed soaked in oil and no more earache. I couldn’t believe it!”

Since that day, she hasn’t looked back. She became organic certified in the late 1980s and now manages a business that employs a team of local women who do everything from fieldwork to marketing, office management, sales and making tinctures.

North Freedom is a tiny town with a waning economic infrastructure, so having an agriculture-based business there that provides employment and economic stimulus is important to Stevens.

“Other than the school, we’re the largest employer in North Freedom,” explained Stevens. “It’s an honor to bring together a community of rural women who appreciate their jobs and to provide meaningful work people can be proud of.”

SEEDS OF CHANGE

Today, Four Elements Organic Herbals sells not only herbs, but also dozens of other products ranging from lip balm and facial toner to teas, outdoor body spray and medicinals. Sales are managed online as well as through many shops across the country and their own apothecary in North Freedom.

From rotating cover crops to managing the bottom line, over the years, Stevens learned every aspect of her business from the ground up, including the financial part of the operation. Operating loans, key ratios and risk management have all become a part of the daily routine. Stevens has also learned to surround herself with specialty

advisers. When it comes to the numbers, Paul Dietmann, senior lending specialist at Compeer Financial, is her go-to.

“Paul and I have known each other for years,” said Stevens. “We’ve both attended the organic farming conference every year since 1994. And we served together on the board of the Organic Processing Institute.”

It just seemed natural to contact Dietmann when Stevens needed some operating funds for a value-added herbal teas project that turned out to be very expensive to manage. Compeer is also financing a walk-behind herb harvesting machine Stevens recently ordered from New Zealand. She calls it a “very crucial piece of equipment” for the operation.

Dietmann has been nothing but impressed with Stevens and her operation. “It’s a great business,” he said.

“It’s fantastic to have someone of her caliber doing business with us. Her knowledge is nothing short of amazing. She’s a nationally recognized expert in the use of herbs. And she’s very generous about sharing her expertise with her community and the industry.

“A big part of what she does is education – workshops, field days all over the country on the use of herbs.”

Closer to home, Stevens also sees Four Elements Organic Herbals as a natural platform for teaching and engaging people, particularly young people, with nature.

As the local Community Partners agricultural liaison for elementary

school children, she was the driving force behind establishing a prairie at the local school. She also regularly visits the classes to teach the students about nature, growing plants and the study of herbs.

CULTIVATING FOR THE FUTURE

Since her start in the field some 40 years ago, Stevens has seen a lot of change. There is a renewed interest in herbs, natural products and connecting with nature, and Stevens couldn’t be more hopeful.

“People are looking for natural products,” Stevens pointed out. “They’re seeking growers and companies who have made a commitment to nature and who strive to give back to nature. It’s a great time to be in this business. I can visualize the ultimate outcome: healing ourselves and the earth.”

For more information about Four Elements Organic Herbals’ operation, products and workshops, check out their website at www.fourelementsherbals.com.

Above top left: Four Elements produces dozens of retail products ranging from lip balm and facial toner to teas, outdoor body spray, medicinals and fresh herb extracts. Above bottom left: Stevens employs a team of local women, including Liz Radke (pictured), who do everything from fieldwork to marketing, office management, sales and making tinctures. Above middle: Stevens walks with Paul Dietmann, senior lending specialist at Compeer Financial. Dietmann is her go-to adviser for financials. Above right: Stevens was recently named the Midwest Organic & Sustainable Education Service (MOSES) 2020 Organic Farmer of the Year.

Utilizing OUTSIDE PARTNERS

Building a Transition Plan for the Next Generation



Opposite page: Mark Dicke (left) and Micah Dicke (right) manage Dicke Farms, an operation their father, Jim (center), started in the mid-'70s and recently transitioned to his two sons. Above left: With the arrival of fall, the Dicks check their field corn to determine if the field is close to being ready for harvest.

RED WING, Minn. — On a warm fall day in September, brothers Mark and Micah Dicke are busy at their farm in rural Goodhue County preparing for the approaching harvest season. The brothers grow corn, soybeans and alfalfa on 950 acres, along with raising feedlot cattle and custom raising dairy heifers. The brothers have been farming full time since about 2014 with their father, Jim Dicke, who established the operation in the mid-'70s after coming home from the military.

"After I came home from the Army, my dad had a piece of property rented for me," Jim said. "He thought I should try farming, and that's the way it was."

Jim farmed with his brothers for several years until the farm was split off in 2006 and he began farming with his sons, Mark, 38, and Micah, 32. In 2015, Jim decided it was time to establish a formal transition and succession plan for the operation.

"For our family, it's just a natural transition — you're only going to be on this earth a short time, so you better get used to it," Jim explained. "Over the years, whenever I bought a piece of property, I was always thinking about the next generation — that's the way I look at things. What I'm building is for the long term."

While working part time on the farm, both Mark and Micah had jobs away from the operation before joining full time in 2014. Micah spent a few years at a feed company, while Mark farmed with other family members before getting into trucking

with a neighbor and also working as a sales rep for a seed company.

Today, both sons lead Dicke Farms and were heavily involved in developing the transition plan for the operation. The Dicks turned to Compeer Financial to get their planning started and were connected to a trusted transition planning partner.

"They did a good job of helping us to communicate," Mark explained. "They sat each of us down separately, along with our spouses, to get all of our viewpoints and thoughts on what we wanted for the future of the farm and how we wanted to see the transition play out. Then they started putting our preliminary plan together based on those conversations."

While transition planning primarily involved Jim, Mark and Micah, it was important to include other family members who aren't directly involved with the operation but are impacted by the plan.

"It was important for our mom to see everything spelled out," Mark said. "It's part of their retirement plan, and Mom and Dad need to have a feeling of security. Having our transition plan in place and making sure Mom was part of the planning helped to bring peace and security."

Jim added that he and his wife also have two daughters who aren't involved in the day-to-day operation at the farm. "It was important to include them in building this plan and involve

them in the process so they had the opportunity to share their point of view.”

The Dicke family went into planning with some ideas of what they wanted to do with their operation and learned a lot from the experts they worked with. The family was able to set up a plan that covered things they didn't even think of.

“We went in with a plan to sell some land to each of the kids,” Jim said. “They helped us put together a logical plan — helping us to understand the different tax and legal implications and the timing. They came up with a plan that met our needs and provided the right approach for our farm and how we wanted to handle things.”

Mark added that the plan included many things they didn't initially envision. “But the people we worked with provided good guidance and information to help build the best plan for us,” he said.

“And the plan isn't in cement,” Micah noted. “When we get to each step, we talk about the plan, and if someone needs something different, we'll discuss the options and are open to making slight modifications as we move forward.”

ADVICE TO FARM FAMILIES ABOUT TRANSITION PLANS

It took the Dicke family about a year and a half to build their blueprint for the future. Here's their advice for families looking to build a transition plan:

- **Be flexible.** “None of us went into the planning with an exact idea of how everything would go,” Micah explained. “It was important that we all had an open mind throughout this process.”
- **Take expert advice.** “Listen to people who know more than you,” Mark advised. “We really had to put a lot of trust in the transition planning company — and it was important that we took their advice and listened to their expertise.”
- **Rely on outside partnerships.** “It's important to have strong partnerships, including people you trust outside of the farm,” Jim added. “Throughout this process, I also relied on our tax partners to help us review the plan we were building to get an outside viewpoint and honest feedback.”



It's a little early for Mark and Micah to start thinking about the next transition of the farm — Mark's children are 6, 3 and 1; Micah has a 2-year-old and a newborn — but the work the family has done with transition planning will preserve the farm for years to come.

“With our young kids, it's important for us to have this security too,” Micah said. “It feels good to have this plan in place. In addition to the security it provides, it also gives us direction.”

The Dickses see the investment in building this plan for their future as well worth it.

“It wasn't always easy going through the process,” Jim reflected. “There were some things that were tough emotionally for me because my wife, Sue, and I worked so many years together building all of this. But the boys were ready to go, and we were on the same page, so it was easy from that perspective. Most of all, I'm just proud of my sons.”

BUILDING A TRANSITION PLAN WITH COMPEER FINANCIAL

The team at Compeer Financial is committed to helping our clients succeed and understands the importance of building an effective transition plan that safeguards and prepares the operation for future generations.

We've developed a vetted network of highly skilled professionals who offer innovative solutions, a collaborative approach and personalized planning for your farm's unique needs. Transition planning is a personal process and there's not a one-size-fits-all approach — it requires an experienced team that can meet the unique needs of your operation and your family.

A transition plan is only the beginning. Compeer Financial will be here to support you through implementation and ongoing review as your operation and needs change over time.

Learn more about Compeer Financial's transition planning services at compeer.com/transition. You can also contact your financial officer or email us at transitionplanning@compeer.com to get started.



UPCOMING TRANSITION PLANNING WORKSHOPS

In February 2021, join Compeer Financial for transition planning workshops. Learn from experts on how to get started with transition planning, what you need to have in place from a legal and tax perspective, ask questions of our vetted transition planning specialists and even set up an appointment to get your operation's transition plan started.

Learn more at compeer.com/transition.



Compeer Financial's Transition Planning Partners



Bottom (from left to right): Micah spreads out feed for some of the Dickses' cattle, the operation has a strong focus on livestock; Mark and Jim collect corn samples from the family's 950 acres; Mark checks moisture levels in the corn as harvest approaches; The Dicke brothers also operate a trucking business in conjunction with their operation.





SHARPEN YOUR BUSINESS IQ: *Tips for Farmers*

Tool developed by Dr. David Kohl, Professor Emeritus, Ag & Applied Economics, Virginia Tech



Great athletes, popular politicians and successful business people all have one thing in common: a sharp, intellectual grasp of their chosen sport, field or industry. This focused Intelligence Quotient, or “IQ,” is what sets apart average partakers from the prolific performers.

According to ag economist Dr. David Kohl, a strong business IQ is as relevant to farming operations as it is to any other endeavor — perhaps even more so.

“In an era of razor-thin margins and extreme economic volatility,” said Kohl, “bringing a high standard of business acumen to the business of agriculture is vital.”

Kohl believes that for a farm’s advisors, lenders in particular, understanding how much the manager knows about his or her business provides great insight into that manager and the operation itself.

COMPONENTS OF HIGH BUSINESS OR FINANCIAL IQ

Kohl identified 15 Business IQ Management Factors that help set up operations’ crucial conversations for the future. In order to best guide and counsel clients, our team at Compeer Financial works with clients to prioritize and objectively assess their management IQ to determine areas of business opportunity and risk.

From determining acumen and engagement in business practices like cost of production, goals, record keeping, marketing — and even attitude — Kohl’s simple, 15-question tool helps farmers determine how to strengthen their financial management skill set.

It can also provide a lender perspective into how to best work with specific clients. Typically, people with scores of 34 or above have a more proactive mindset, which can serve them well as Kohl predicts an entrepreneurial philosophy and the ability to improve

efficiencies will be what differentiate the average from the top producers.

“Likewise,” explained Kohl, “if a manager doesn’t have a willingness to fill in the screening and discuss their answers, it tells you something about this person and their business. Will their business model be sustainable long term?”

A CONSTANTLY CHANGING NORMAL

As the world recovers from the COVID-19 pandemic, new business models will emerge. Those who are proactive, creative and have a high ranking on Business IQ Management will enhance their chances for reaching their objectives, both for the short and the long hauls.

For example, Kohl believes that a solid marketing and risk management program is not an option. It’s a necessity. As are understanding working capital and liquidity and keeping those tempting family-living expenses under control.

“Investing in people, remaining agile and having a positive, proactive attitude are some of the softer skills that will help reinforce the success of those farmers already leveraging their high business IQs,” said Kohl.

One of the most reassuring and motivating things? It’s not a matter of all or nothing. The qualities outlined on Kohl’s Business IQ Tool are learnable. They can be practiced, worked on and improved, giving any producer the power to plan, strategize, execute and monitor.

If you’re looking for ways to improve your financial literacy, Compeer has many tools to help, including The Numbers Coach, DIY online learning modules and resources like our grain and dairy margin managers, available on your time, at your convenience.

STEP 1: Complete Business IQ Management Factors Scorecard and Calculate Your Total Score



Farmer Checklist	Your Score	Green (3 points or 4*)	Yellow (2 points)	Red (1 point)
1. Know cost of production		Written	In head	No idea
2. Know cost of production by enterprise		Written*	In head	No idea
3. Goals — business, family and personal		Written*	In head	No idea
4. Record keeping system		Accrual	Schedule F (one and done)	No idea
5. Projected cash flow		Written*	In head	No idea
6. Financial sensitivity analysis		Written*	In head	No idea
7. Understand financial ratios		Written*	In head	No idea
8. Work with an advisory team and lender		Yes*	Sometimes	Never
9. Marketing plan written and executed		Yes	Sometimes	Never
10. Risk management plan executed		Yes	Sometimes	Never
11. Modest lifestyle habits, family-living budget		Yes*	Sometimes	Non-existent
12. Written plan for improvement executed and strong management plan		Yes*	Sometimes	Non-existent
13. Transition plan/business owner plan		Yes	Working on plan	Non-existent/controversy
14. Educational seminars/courses		Yes	Sometimes	Never attend
15. Attitude		Proactive*	Reactive	Indifferent

*EXTRA POINTS:

See page 20 (next page) for definitions.

- Progressive Business may receive 4 points for Questions #2, 6, 7, 8 and 14
- Struggling Business Attempting Turnaround may receive 4 points for Questions #3, 5, 8, 11 and 12

TOTAL _____

Score	Overall Analysis
35-50	Strong management rating and viability
20-34	Moderate risk and viability; will most likely show previous refinancing
<20	High risk and lack of long term viability

Continued from previous page

Progressive Business Characteristics

To be considered a "Progressive" Business, farms must score in the green in four of these five checklist items (#2, #6, #7, #8, #14).

#2 Know cost of production by enterprise: Know the cost of production by enterprise and are able to readily explain which enterprise is the most profitable.



#6 Financial sensitivity analysis: Know how changes in price, production, cost and/or interest rates affect the bottom line. Complete different scenarios in their cash flows to test this for their business/operation.

#7 Understand financial ratios: Analyze a three- to five-year trend of a dashboard of five to seven key financial ratios on their business. Second, benchmark these ratios to other businesses using a financial database like the Illinois FBFM or University of MN's FINBIN.

#8 Work with an advisory team and lender: Establish an advisory team consisting of a lender, crop or livestock consultant, and possibly a financial planner, etc. If so, do they meet two to four times a year?

#14 Educational seminars/courses: Attend or take five educational seminars or courses a year. One should be outside of the industry of agriculture.



Struggling Business Attempting Turnaround Characteristics

To be considered attempting a successful turnaround, farms must score in the green in four of these five checklist items (#3, #5, #8, #11, #12)

#3 Goals — business, family and personal: Written business, family and personal goals.

#5 Projected cash flow: Completed a cash flow.

#8 Work with an advisory team and lender: Exhibit willingness to be coached by an advisory team and lender.

#11 Modest lifestyle habits, family-living budget: Take modest family withdrawals and have a family-living budget.

#12 Written plan/business owner plan: Developed and executed a one-page written plan on how they will improve cash flows, profits and what is the likelihood of the turnaround of business. If not, problems can continue.



HAVE YOU CONSIDERED LEASING? 6 Potential Benefits of Leasing Products

By Bill Pfingsten, Senior Leasing Specialist



Bill Pfingsten

Agriculture presents producers with many variables from year to year. When looking to finance new or used equipment, pole buildings or new livestock facilities, many producers have taken advantage of the benefits offered by leasing. Leasing offers some unique financial solutions and cost-saving benefits when compared to traditional lending.

Let's focus on six reasons why you may want to consider leasing.

- 1. Flexible Payment Options.** Lease payments are generally fixed for the term of the lease. They are spread evenly across the duration of the term, allowing for easier budgeting and the ability to split payments across multiple parties or lessees. In comparison, depending on the type of loan product you have, interest can be fixed or variable, meaning that your payment could change over time — and the ratio of principal and interest could change.
- 2. Lower Down Payment.** If you have experienced consecutive years of tightening cash flow and working capital, coming up with a 20 percent to 30 percent down payment may be challenging. However, in many cases when pursuing a lease financing option, the down payment can be much lower than traditional equipment loan financing.
- 3. Preserve Cash Flow.** Leases provide 100 percent financing for the value of the asset, with the first payment generally due in advance. Without having to come up with a large down payment, leasing may be an option to consider that will allow you to attain additional equipment or expansion without sacrificing working capital or cash flow. Also, with a residual/buyout at the end of the term, this provides a lower payment on a per-acre, per-hundred weight evaluation.
- 4. Single Item Financing.** Leases primarily deal with financing a specific asset. Terms are set up around that asset with a buyout/residual at the end. For example, in financing a pole building, a fixture filing is utilized versus filing a mortgage.

- 5. Tax Benefits.*** When leases are structured accordingly, the Internal Revenue Service (IRS) does not consider a lease to be a purchase, but rather a tax-deductible expense; this means you may be able to deduct the entire lease payment from your gross income. The equipment write-off is tied to the lease term, which can be shorter than IRS depreciation schedules, resulting in larger tax deductions each year. In comparison, with a traditional loan purchase, you can only claim a tax deduction for a portion of the loan payment as interest, and the depreciation can be spread out over a longer time frame. If you are considering leasing as an option for tax purposes, you are encouraged to reach out to your tax adviser.
- 6. Estate Planning.*** A properly structured lease can have estate planning benefits. If you're considering estate planning with the intent to transfer assets from one generation to the next, leasing may be a solution for you. As an example, Bob and Sue Johnson are working toward retirement while transitioning the farm to their two sons who are looking to purchase a new tractor. A partial solution to cut down on potential estate taxes is for Bob and Sue to lease the tractor through their lessor for five years. At the end of the five years, they forgo the option to purchase the tractor — however, the two sons take advantage of the option to buy the tractor from the lessor for the buyout price. Mom and Dad are able to get the income tax deduction, and the sons end up with a quality tractor at a reasonable price. In this scenario, the equipment is owned by the lessor, therefore bypassing the estate.

Compeer Financial's leasing program has been around for nearly three decades. For additional information on our leasing products and services, visit our leasing page on compeer.com to get connected with one of our leasing specialist team members.



**Disclaimer: Compeer Financial's leasing team does not provide tax, legal or estate planning advice in association with leasing transactions. Compeer Financial does not provide legal advice or certified financial planning. Producers should consult with their own professional advisers prior to making any decisions. This is not a commitment to lease, lend or extend credit. Other program restrictions, terms and conditions apply.*

STEP 2: After completing the scorecard, answer the following question:

What are three areas in your business that you will continue and three areas for improvement?

Three areas to continue:

- 1.
- 2.
- 3.

Three areas for improvement:

- 1.
- 2.
- 3.

HOLIDAY HOURS

All Compeer Financial offices will be **CLOSED** on the following days in celebration of upcoming holidays:

- Thanksgiving** (Nov. 26)
- Day after Thanksgiving** (Nov. 27)
- Christmas Eve** (Dec. 24) – *Open until noon*
- Christmas Day** (Dec. 25)
- New Year's Day** (Jan. 1, 2021)

For your convenience, our **CONTACT CENTER** will be open for calls:

- Day after Thanksgiving** (Nov. 27): 8:00 a.m. to 3:00 p.m.
- Christmas Eve** (Dec. 24): 7:30 a.m. to noon

To reach the Contact Center, please call (844) 426-6733.



SCHOLARSHIP APPLICATIONS OPEN IN JANUARY

The Compeer Financial Fund for Rural America is offering \$1,500 scholarships to high school seniors based on a combination of academic achievement, agricultural and community youth organization involvement, and an essay.

The application period is January 1 through March 15, 2021.

Visit [compeer.com/giving-back](https://www.compeer.com/giving-back) to download the application and for more details about qualifications.



YEAR-END REMINDERS

Important Year-End Information for 2020

Payments received at your local Compeer Financial office and by our Compeer Financial lockbox location will be applied as you direct on your payment stub (please include all payment stubs with your check for accuracy). **Payments are applied on the date and to the year in which they are received.**

Payments received at either your local Compeer Financial office or our lockbox location after noon on Thursday, December 31, 2020, will be treated as 2021 payments.

Due to increased mail volume during this time, please allow at least two weeks for delivery. Compeer has many digital tools available to avoid the possible delays with mail service. Please consider using electronic funds transfer by contacting us at (844) 426-6733 or through Online Banking.



If you have money in Funds Held on December 31, 2020, and a payment due on January 1, 2021, the interest portion of the installment will be paid in 2020 (to the extent of the balance in funds held) so you are credited for paying the interest in 2020. If you do not want your January 1, 2021, interest billing paid from Funds Held in 2020, please notify your Compeer Financial office or call us at (844) 426-6733 by December 28, 2020.

Introducing the Latest Feature on My Compeer

A new interest due calculator tool allows you to determine how much interest is due on your loan through the end of the year! To access this new tool, log into your MyCompeer account and go to the Tools & Forms menu to find the Interest Due Calculator. If you are not currently enrolled in MyCompeer, visit www.compeer.com/onlineservices to sign up today!

Year-End Electronic Funds Transfers

If you use the electronic funds transfer as a means of payment and would like it canceled, please notify us by 3:00 p.m. on Wednesday, December 30, 2020.

Online Banking Transactions

Loan payments and transfers submitted through Compeer Financial Online Banking before 4:00 p.m. on Wednesday, December 30, 2020 will be applied as directed in the online transaction. ACH Transactions submitted after 4:00 p.m. on Wednesday, December 30, 2020, will be posted to the loan on Monday, January 4, 2021.

2021 PHOTO CALENDAR NOW AVAILABLE

We loved seeing all of the photos submitted for our 2021 Photo Calendar contest. Overall, we received more than 400 submissions, highlighting and honoring the diverse clients we serve. We sincerely thank each of you who entered. Congratulations to those whose photos were selected. Additional copies of the calendar are available at your local Compeer Financial office.



OPERATING LOAN CREDIT LINE CHECKS CHANGE

Credit line checks will now clear directly through AgriBank instead of Wells Fargo. When you re-order your checks through Compeer, that new information will be automatically updated.

If you order your checks through an outside vendor, on your next re-order, order them through Compeer to get the new routing and account number or call our Contact Center for the new routing and account number.

ONLINE BANKING UPDATES

A new online banking platform was recently made available that provides additional enhancements and capabilities. To learn more about the new system, visit [compeer.com/onlinebanking](https://www.compeer.com/onlinebanking) or call (844) 426-6733 to enroll today.





HUNT OF A LIFETIME

GIVEAWAY

presented by  COMPEER FINANCIAL

2 WINNERS CHOSEN

Two random winners will be chosen for this awesome adventure in the Canadian Rockies of Alberta, Canada.



WINNERS RECEIVE

- Round-trip airfare to Calgary, Alberta Canada where you will be met by your host tour company for the week, Canada Outdoor Adventures.
- Transportation to Nordegg, Alberta located near the border of Banff National Park.
- All food and lodging at the beautiful Lodge at Coliseum Mountain Resort for five (5) days and six (6) nights.
- Delicious meals served each day by an on-staff chef.
- Personal hunting guide that will assist on your trophy whitetail hunt in the foothills of the Canadian Rockies.
- Hunting licenses
- Tours of Lake Louise, Crescent Falls and Banff National Park
- Return Transportation to Calgary International Airport.



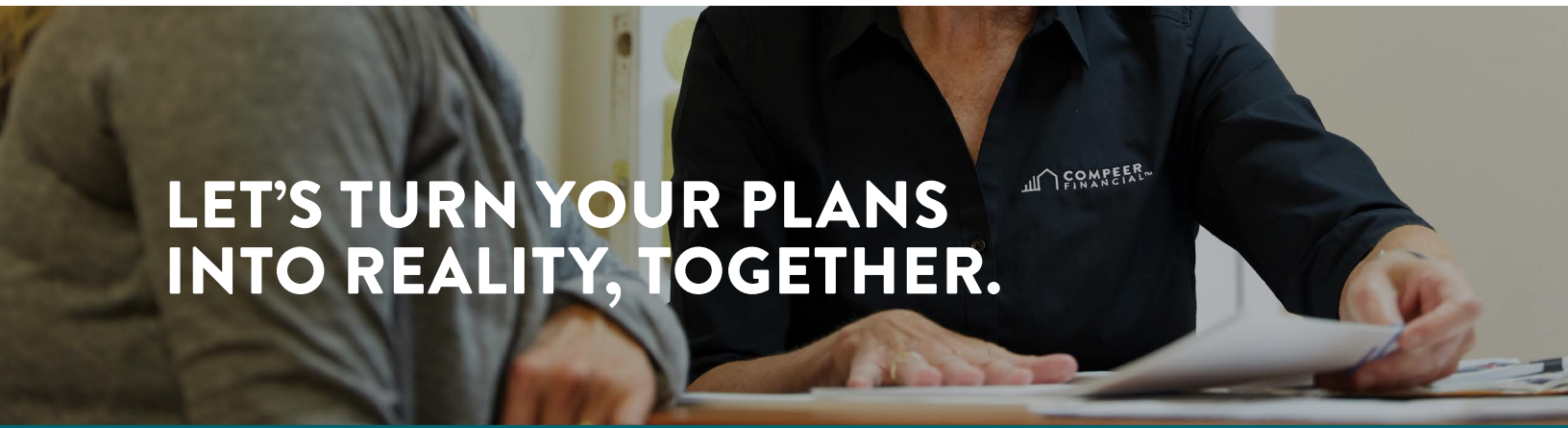
Trip will take place
NOVEMBER 6TH – 12TH, 2021

TO ENTER - [WWW.OUTDOORBOUND.TV/CONTEST](https://www.outdoorbound.tv/contest)





2600 Jenny Wren Trail
PO Box 810
Sun Prairie, WI 53590



LET'S TURN YOUR PLANS INTO REALITY, TOGETHER.

Our agricultural tax and accounting professionals are equipped with specialized expertise to help you make informed decisions and plan for the future. Our solutions — **from tax planning and preparation to succession planning, payroll processing, financial reporting and more** — are designed to give you the tools needed to succeed. And our experienced team will guide you every step of the way.

COMPEER.COM/TAX-ACCOUNTING



Coming soon!
SECURE DIGITAL PORTAL FOR TAX & ACCOUNTING CLIENTS

We're excited to soon offer clients a new, easy-to-use private portal to securely send and receive tax and accounting files and documents. It also provides a storage system to keep copies of your tax returns, source documents and more — all in one location that you can access online at your convenience. Talk to your local Compeer Financial tax or accounting professional to learn more.