

Farm Financial Standards Council

12th Annual Meeting – San Antonio, Texas

February 24-25, 2001

Call to Order

Introduction of Directors and Guests

Kevin Moss called the Annual Meeting of the Farm Financial Standards Council (Council) to order at 1:00 p.m. on Saturday, February 24, 2001. He welcomed the 28 members and guests present. It was noted that a quorum of directors was present. Those attending introduced themselves (Attachment 1). Moss reviewed the charge given by the board at the 1999 meeting regarding the future direction of the Council regarding the Management Accounting Project and explained that a good part of this meeting would focus on that effort. He asked that the directors provide their inputs throughout the meeting. He then reviewed and confirmed the agenda for the meeting.

Minutes of 1999 Annual Meeting (Colorado Springs)

Joe Daughhete presented minutes from the 1999 Annual Meeting. (Attachment 2) It was noted that these minutes had previously been distributed to the board members. A motion was made by John Crowgey, seconded by John Collins, to dispense with a reading of the minutes and approve them as distributed. Motion was passed on voice vote.

Treasurer's Report

Joe Daughhete presented a Revised Financial Position (Attachment 3) Statement presented with promise of copies to be mailed.

Joe explained line items

It was noted that because of the availability of the Financial Guidelines for Agricultural Producers (Guidelines) on the Web site, there had been a substantial reduction in sales of the document, hence a lower income figure.

Daughhete then presented a proposed budget for 2001 (Attachment 3a). It was noted that many of the long-term sponsors completed their initial financial commitments during 2000. The 2001 "zero-based" budget, after adjustments, includes Revenues of \$24,350 and operating expenses of the same \$24,350.

There were no further questions or comments.

Committee/Subcommittee Reports

Administrator's Report

Carroll Merry explained that with the advent of the Guidelines being available on the Internet, individual unit sales had dropped dramatically. He reported that during fiscal 2000 259 copies had been shipped with 233 of those being in bulk orders of 5 units or more. The IRS lists the Guidelines as a tax reference and he has been receiving 6 to 8 calls per week inquiring about the document. He stated that when he explains there is a charge for hardcopy and that individuals can download copies at no charge from the Web site, only one individual had called back asking to be sent a printed copy. The question was asked if it was possible to capture names of those people downloading copies. It was noted that this would become possible in the future. (See Web Site Report.)

Strategic Planning Session

Kevin addressed group on the Strategic Planning Session undertaken by the Executive Committee in January 2000 at the Noble Foundation in Ardmore, OK (Attachment 4). He thanked Jim McGrann for assisting in

making the arrangements for the planning session.

He noted that it was at that time that the decision was made to coordinate the 2000 Annual Meeting with the Commodity Classic. He explained that because of on-site limitations at the 2000 ABA Conference, it was deemed unfeasible to hold the meeting in conjunction with that event. The ABA Conference was a joint venture with ABA and the Canadian Bankers Association and there were limited facilities in Winnipeg, Manitoba.

Finance Committee Report

Finance Committee Chairman David Eggiman introduced the members of the committee (Attachment 5) and reviewed the Honor Roll of benefactors. (Attachment 6) He reiterated that some Visionary Sponsors had met their obligations and new funding would be needed to replace that income.

In regards to the Management Accounting Project, a single contribution of \$10,000 has been received from the National Cattleman's Beef Association. Firm pledges of \$10,000 each have been received from the National Pork Producers Council and the United Soybean Board with an unconfirmed pledge from the National Corn Growers Association. (Attachment 7)

It was noted for the minutes that the Management Accounting Project is an "in-process" item and funds received for the Project will be maintained as a separate funding/cost center, as it represents a performance-based activity funded by the commodity groups. This is clearly separate from the contributions as represented by the Honor Roll of Contributors.

Communications Committee Report

Committee Chairman John Crowgey recognized and thanked those members who participated in the activities of the committee. (Attachment 8)

He noted that the FFSC service mark was now registered with Steve Turner, Counsel for the organization. The Certificate of Registration is scheduled to be issued by March 31, 2001. Crowgey thanked the efforts of Ms. Victoria Finley at the law office of Baird Holm et al for her assistance in obtaining the registration.

He presented a draft of a Power Point presentation on FFSC and asked that directors provide their input into developing a final program. He noted that the focus of the presentation is to provide a broad overview of the origins and work of the Council.

Crowgey presented a proposed revision to the promotional brochure on the Council and the Guidelines. He noted that the new piece is more user-friendly to attract the attention of agricultural producers and those who provide advice and counsel to them. He encouraged comments and suggestions.

Steve Hofing explained that the server for the Council Web site has now been moved to the University of Illinois, which is providing the service at no charge to the Council. Paul Ellinger is the new Web Master. It was noted that considerable upgrading has been done to the site and it should provide considerable support to the Council's Management Accounting Project.

He went on to explain that in the future, registration will be required for downloads which will allow the Council to track users. This raised a question regarding the Privacy Policy and no determination was made in the ensuing discussion.

Report on the Summer Technical Symposium

Kendal Thompson presented an overview of the 2000 Summer Symposium, which was held Aug. 12-13 in Bloomington, IL. (Attachment 9)

He noted that six basic items were discussed, debated and resolved by participants at the Symposium:

1. The constituency for the Management Accounting Project
2. The Focus Project
3. The Foundation of the Project
4. Validation of the Inventory Valuation Question
5. Production and Marketing Contracts
6. Deferred Taxes

On the subject of deferred taxes, Thompson reported the conclusion was that the Council should be more proactive in the way it is dealing with deferred taxes, recognizing that it was acceptable to generate ratios without deferred taxes if labeled correctly.

The 2001 Technical Symposium is scheduled for Aug. 18-19 at the Radisson Hotel and Conference Center in Bloomington, IL. This will directly precede the annual Agribusiness Conference sponsored by the Illinois CPA Society.

Management Accounting Guidelines Project

Technical Committee Chairman Steve Hofing led a presentation and general discussion on the framework, background and objectives of the Management Accounting Project. (Attachment 10)

- Topics of Discussion

- Terminology confusion and the importance of a sound, conceptual framework
- Issues and challenges around each of the three project components
 - Conceptual Framework
 - Chart of Accounts
 - Standard Integrated Financial and Production Measures
- The Council's process for execution of the project

- The Challenge of the Project
 - Build a foundation of concepts
 - Balance usefulness and cost
 - Create a forum for acknowledging commonality of purpose while allowing industry specific requirements
 - Involve all key users with interest and background in management information systems for agricultural producers
 - Integrate systems guidance, benchmarking requirements, and managerial flexibility

- Project Components
 - Conceptual Framework
 - Zero-Level Chart of accounts
 - Enterprise Level Production and Financial Measures

He noted that the traditional focus of the Council has been on whole entity reporting to answer questions relating to:

- True earnings of the business
- Capital structure
- Overall profitability (ROA, ROE)

The focus of the MA project is on what segments of the business are discreetly management where the producer is trying to manage or measure:

- Personnel/Area Performance
- Revenue/Profitability/Viability
- Asset Utilization
- Costs

Hofing explained that the budget for the project is \$40,000 and was being met by funding and pledges from commodity groups. He noted that the Council needs to commit some people to do the necessary writing and to be able to pay them to do so. There are also meeting and some travel costs involved.

The next MA Project meeting will be held in Kansas City May 17-18. There was discussion about a possible one-day meeting in July.

The group adjourned the meeting at 5:00 p.m. and was set to reconvene the following morning.

Sunday, Feb. 25

The group officially reconvened at 9:52 a.m. following a period of committee activities.

Committee Activity Reports

- Jim McGrann led discussion on Management Accounting – “Commodity Report” for the Production and Marketing Cycle and outlined the findings and recommendations of his group.

- Don Gillings presented an overview of 85-3 and related issues, noting that managerial accounting is not necessarily governed by GAAP.

- John Crowgey discussed feedback presented regarding the communications tools that are being developed, including the development of mailing lists to commodity groups and other professional management organizations including ASFMRA, FFA, and ASAC. He also stressed the need for a marketing plan for the Council to take a higher visibility role among bankers, academia and the media and

- Dave Eggimann reported that the membership program discussed at the 1999 Annual Meeting was on hold at this point. He suggested the Council consider adding a subset of directors to get information out to users of the program. It was also suggested that the group find a grant writer so the Council could approach foundations for financial support.

2001 Annual Meeting Location

There was general discussion regarding the timing and location of the 2001 Annual Meeting with no consensus in the group. The executive committee is to review options and make recommendations to the board.

Outgoing President’s Report

Kevin Moss expressed his thanks to the commodity groups as well as Council members and volunteers for the work done on developing the MA project. He noted that his report (Attachment 11) would be available on the Web site for review.

Election of Officers/Directors

Jeff Bushey presented a slate of officers and directors (Attachment 12). He asked for nominations from the floor. It was moved by John Crowgey, seconded by John Collins, that nominations be closed and the slate be accepted as presented. The motion was approved.

New Council Officers

President: Kendal Thompson

Vice President:	Joe Daughhete	
Secretary/Treasurer:	Eddie Hamilton	
Past President:	Kevin Moss	
New or re-elected		
Directors:	Paul Havick	Leslie Miller
	Denniss E. Grizzell	Michael Fassler
	Ricky Greene	Daryl Ellis

Kendal Thompson then presented a plaque honoring him for his service to the Council.

New President's Comments

Kendal Thompson noted that the request by commodity groups for assistance in developing managerial accounting indicates that the Council has "arrived." He said he feels the areas of focus for the Council during the next months are Technical, Marketing and Finance. He added that the Council's greatest assets are: Creativity, Commitment and Conviction. He noted that committee assignments would be forthcoming.

Adjournment

Moved by John Crowgey, seconded by John Collins that the meeting be adjourned. Carried. The meeting adjourned at 11:40 a.m.