

2002 Annual Meeting Minutes
January 28, 2003
Nashville, TN

President Joe Daughhete called the meeting to order at 8:04 a.m. FFSC Administrator Carroll Merry confirmed that there was a quorum of directors present and official business could be conducted. The meeting agenda was then reviewed and the meeting was gotten underway.

Introduction of Directors and Guests

Directors/Officers Present

Freddie Barnard
John Colliins
John Crowgey, Jr.
Joe Daughhete
Jon Farquharson
Trenna Grabowski
Eddie Hamilton
Mike Hinton
Steve Hofing
David Hogan
John Larson
Alan Miller
Kevin Moss
G.. Michael Smith
Ron Swanson
Kendal Thompson
Dick Wittman

Guests/Non-Voting Attendees

Christine Hamilton
Ken Hilton
Pam Lyford
Carroll Merry
Jean Merry
Bruce Sherrick

Minutes of 2001 Annual Meeting (Denver, Colorado)

A motion was made by G. Michael Smith, seconded by John Crowgey that there be no formal reading of the minutes and that the minutes be approved as presented. The motion was carried.

Financial Report

In the absence of Jeff Bushey, Kevin Moss reviewed the Balance Sheet and the Preliminary Income Statements. It was noted that on the Preliminary Income Statements, Category 664 - Fees - Other, the amount of \$4,121.12 was listed under the Countryside Marketing subhead. This entry should be itemized and posted under Category 630 - Symposium Expenses.

It was also noted that under the Visionary Income History report, there is a \$3,000 shortfall with one of the Visionary Sponsors. Carroll Merry will check with the sponsor to see if there has been a miscommunication regarding the payment of the commitment.

There were no other questions or discussion regarding the Financial Report. Moved by John Crowgey and seconded by John Larson that the Financial Report be accepted with the appropriate revisions as discussed.

Committee/Subcommittee Reports
Summer Symposium

Joe Daughhettee reported that there were 38 attendees at the 2002 Summer Symposium which was once again held in conjunction with the Illinois CPA Society. The meeting was held in St. Louis. The focus was on the Managerial Accounting project, and Daughhettee noted that the Council did pick up additional registrations because of the affiliation with the CPA Society. The current plan for 2003 is to again hold the Symposium in conjunction with this group in August.

Finance Committee

Kevin Moss reviewed the history of the Visionary Sponsorship program and noted that some of those sponsorships had reached their end. He questioned if it was time to contact that group regarding renewing their sponsorships, and to solicit new sponsors for the ongoing efforts of the Council.

Communications

John Crowgey reported that in the absence of a product from the Management Accounting project, there had been little to communicate regarding the activities of the Council. He noted that the Council should work toward procuring mailing lists from appropriate producer groups such that those data bases would be readily available when needed.

Administrator's Report

Carroll Merry reported that the role of Countryside Marketing was continuing on an on-going basis. He noted that during the 2002-2003 year there had been 23 shipments of single issues of the Guidelines, three bulk shipments of 40 each, all to Centrec Consulting, and 41 Guidelines shipped in mixed quantities.

Technical Committee

Steve Hofing presented an overview of the Management Accounting project noting:

Special Presentations

Dr. Bruce Sherrick, Associate Professor of Agricultural Economics at the University of Illinois, gave two special presentations:

“Implications of Basel II on Financial Analysis.” The Basel Committee is charged with creating consistent international standards for capital adequacy — an activity that directly affects only the largest international banks. However, the indirect impacts of a much more refined credit quality assessment, the necessity for developing “Internal Risk Based” models, and other transparency issues will impact national and regional institutions as well. The end result may once again put the issue of quality and scope of ag credit analysis front and center among U.S. Banks.

“Crop Insurance and the Implications on Farm Level Risk.” The past several years have seen dramatically increased federal support for crop insurance, a strong increase in utilization, and continued poor financial performance by private insurers. The real question, however, is whether or not any progress is being made at mitigating farm level risk with products that can be understood and applied by today's producers. Are the current trends sustainable or will we soon be looking for another “savior” on the risk management front?

The content for both presentations can be seen in the 2003 Annual Meeting section at www.ffsc.org

Outgoing President's Message

Joe Daughhettee told the group that there are four major ingredients needed for a successful business:

- Production
- Marketing
- Finance and Accounting
- Management

He stressed that the goal of the Council is to get useful management information to producers and lenders, and noted that the Council brings together multiple disciplines to accomplish that goal. He said he would like to see a greater understanding of economic issues by accountants, and greater understanding of accounting issues by economists. The bridging of that understanding is very critical to the mission of the Council.

Annual Election

Kendal Thompson, as immediate past-president and chairman of the nominating committee, reviewed the composition of the board of directors and explained terms of office. He noted the members serving on the nominating committee: Jeff Bushey, Eddie Hamilton, Jim McGrann and Paul Havick.

A slate for election for the 2002-2003 meeting year was presented to the assembly.

Expiring Terms:

Joe Daughhete, President

Eddie Hamilton, Vice President

Brad Broolsma, Secretary/Treasurer

Ron Swanson, Board Member

John Nitz, Board Member

John Larson, Board Member

Jim Kelm, Board Member

Those nominated for election were:

President- Eddie Hamilton

Vice President - Kevin Moss

Secretary/Treasurer - John Larson

Directors:

Agricultural Producers - Ron Swanson, Christine Hamilton

Secondary Industry Markets - David Eggimann

Supply Industry - Ken Hilton, Norm Brown

Service Industry - Charles Brown

Charles Brown had been inadvertently omitted from the printed slate and was added from the floor.

Moved by John Crowgey, seconded by John Collins to accept the slate as amended. Passed by acclamation.

New President's Message

As his first official order of business, Eddie Hamilton thanked Joe Daughhete for his contributions as Council President and presented him with a special plaque citing his work for and contributions to the Council.

He then reviewed the mission and organization of the Council. He then asked the group what should be realistic goals for the Council during the coming year and made these observations:

- The Council is a small, core group that enjoys meeting and interacting
- There is no source for continual funding
- The group has high intellectual integrity
- It is a volunteer group with some follow-through issues.
- Is this a "Membership Group"?
- The group deals with complex technical issues
- Are the goals of the Council measurable?

- Where the Council is concerned, the “process” is more important than the “product.”

The content of his presentation can be seen in the 2003 Annual Meeting section at www.ffsc.org

Continuing with Goals for 2003, Kevin Moss then led the group through a review of the Strategic Retreat which was held January 18-19 at the Samuel Roberts Noble Foundation in Ardmore, Oklahoma.

He raised questions regarding sources of funding for the activities of the Council including greater corporate sponsorship. He also questioned if the Council’s primary customer is the wholesale provider of information or should it be producers.

This set the stage for an open discussion of the short-term goals for the coming year. Steve Hofing facilitated the discussion which focused on the activities of the Council’s committees. The points of discussion are summarized below.

Executive Committee

- Need exists to re-evaluate the strategic plan.
- Identify possible sources of funding if strategic proposals are developed.
- Challenge each of the committees first and feed that back to the executive committee for the strategic planning session.
- Put the executive committee in a role of prioritizing.
- Is the website an appropriate vehicle for getting input from a wider group of people.
- Should there be greater use of e-mail? There needs to be greater communication.
- A strategic planning session needs to be interactive and needs to happen fairly quickly.
- Less than 10 percent of the board are actual producers. There needs to be greater producer/grassroots involvement.
- Should the Council offer to provide some fundamental education to all types of producer groups?
- Should there be a re-evaluation of the structure of the Board?
- Or are we not creating the right opportunities for people to be involved
- There should be more communication with business farm management people providing them the opportunity to become more involved.
- The professional farm management industry needs to be contacted and invited to become involved.
- The communications plan needs to be re-evaluated.
- Should the Council pursue grant to hire a person to do this fulltime.
- There needs to be greater communications between the executive committee and the Board.
- Any strategic plan needs to examine the Council’s committee structure and involvement.
- A means of measuring the success of a new strategic plan would be participation at the Council’s Annual Meeting and Summer Symposium by both board and non-board attendees.
- The Annual Meeting should address topics other than technical issues and should be a place to get new information.
- Consideration should be given to renaming the Technical Symposium.
- Every board member should have a meaningful conversation with an executive committee member during the year.

Finance Committee

- An annual operating budget needs to be developed.
- In the future, outgoing and incoming presidents will have annual budget to present and have approved at annual meeting.
- Should there be a fee charged for the review and endorsement.
- The group should explore grant-writing opportunities and develop a procedure.

- The organization should consider applying for a grant from RMA -- or be a cooperator with RMA -- as a not-for-profit and become part of their budget stream.
- Fund-raising plan should be developed within 30 days of adopting a new strategic plan.

Communicaton Committee

- Consider having someone write a technical paper on the implications of adoption of the Guidelines.
- Develop a plan to produce greater involvement by information providers and producers.
- There needs to be plan for finding and involving other groups in FFSC activities.
- Identify and encourage interaction with key support groups and associations
- Develop a plan and procedures for greater media relations. -- help pubs to get information out
- Improve administration of the website and keep it current.
- Develop a program for regular communications with the board.

Technical Committee

- Evaluate the the split between the technical committe and the Management Accounting project committee
- Make greater use of website for technical issues.
- Develop a format for people to raise issues and to obtain dialogue on issues.
- Develop a revised piece on depreciation, i.e. the Council's old positon vs new position
- Publish and examine the Council's position on depreciation.
- Set deadlines for developing Council position inventory and the income statement

The Executive Committee will set a time, date and location to meet to formulate a plan to identify and implement the goals of the Council.

Summer Technical Symposium

It was announced that the Illinois Ag CPA group will again be meeting in St. Louis in August. The executive committee is to decide if the Summer Technical Symposium should be held preceding or following the CPA meeting.

Exposure draft for existing changes

A motion was made by John Crowgey to give executive and technical committees the authority to release exposure drafts for exisitng documents. Seconded by Trena Grabowski. Motion carried by voice vote.

Adjournment

A motion to adjourn was made by John Crowgey and seconded by Kevin Moss. Motion carried by voice vote.