

2003 Annual Meeting Minutes

March 1, 2004

Las Vegas, Nevada

President Eddie Hamilton started the session at 8:10 a.m. with introductions of board members and guests.

Introduction of Directors and Guests

Directors/Officers Present

Jeff Bushey
John J. Collins
John Crowgey, Jr.
Joe Daughhetee
David Eggimann
Jon Farquharson
Don Gillings
Christine Hamilton
Eddie Hamilton
Ken Hilton
Mike Hinton
Steve Hofing
John Larson
Alan Miller
Ron Swanson
Kendal Thompson
Dick Wittman

Guests/Non-Voting Attendees

John Cole
Gary Edwards
E. Allen Iash
Carroll Merry
Jean Merry
Cathy Rancour

Management Accounting Project Overview

Steve Hofing, chairman of the Technical Committee, provided an overview on the Management Accounting Project. (See PowerPoint presentation at www.ffsc.org.) He noted that there are a number of issues at question and that there may need to be changes in the core Guidelines in order to coordinate and resolve inconsistencies. Dick Wittman presented case study based on producer and professional exposure to MA called "Spread 'N' Grow." (See PowerPoint presentation at www.ffsc.org.)

Following questions and answers, Wittman called upon Christine Hamilton to give her views on actual adoption of the MA program. Her company is Christiansen Land and Cattle Company, based in Kimball, SD.

She noted that the opportunities presented by this type of accounting is huge. She noted some simple caveats:

- need the software
- ramp up consulting help
- initial design is important
- learning curve is great
- define terminology
- on-line monitoring of information
- allocation formulas need to get implemented consistently
- need to translate production information consistently
- educating bankers is important as they tend to see no need to do all this
- accountants see no need at first -- need to bring them on board
- time commitment is considerable

- comparison to manufacturing accounting processes needs to be done to gain understanding
- tax implications are considerable
- work will never be done -- refine continuously

(Short Break)

Following the break Hofing continued his presentation noting five broad purposes of the accounting system:

The accounting system is the principal – and the most credible – quantitative information system in almost every organization. The system should provide information for five broad purposes:

- **Formulating overall strategies and long-range plans.** This includes new product development and investment in both tangible and intangible assets, and frequently involves special purpose reports.
- **Resource allocation decisions such as product and customer emphasis and pricing.** This frequently involves reports on the profitability of products or services, brand categories, customer, distribution channels, and so on.
- **Cost planning and cost control of operations and activities.** This involves reports on revenues, costs, assets, and the liabilities of divisions, plants, and other areas of responsibility.
- **Performance measurement and evaluation of people.** This includes comparisons of actual results with planned results. It can be based on financial or nonfinancial measures.
- **Meeting external regulatory and legal reporting requirements.** Regulations and statutes typically prescribe the accounting methods to be followed.

(Continuation of PowerPoint presentation cited above.)

Don Gillings then gave a presentation -- “Cost Allocation Process/Cost Centers/Cost Pools.”
(See PowerPoint presentation at www.ffsc.org.)

John Larson then gave a presentation “Intersection of Guidelines and MA Project.” (See PowerPoint presentation at www.ffsc.org.)

General discussion followed.

Business Meeting

President Eddie Hamilton called the business meeting to order at 2:33 p.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.

Confirmed quorum

Minutes of 2002 Annual Meeting (Nashville, Tennessee)

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

Financial report

Secretary/Treasure John Larson reviewed spreadsheets with the financial information. Closing balance for the year was estimated at \$18,000 including cash and inventory. There are currently financial pledges amounting to approximately \$15,000. This leaves a shortfall of approximately \$11,000 in the operating budget.

There were no other questions or discussions regarding the Financial Report. Moved by John Crowgey, seconded by John Collins that the Financial Report be accepted as presented.

Committee Reports

Finance Committee

Finance Committee Chairman Kevin Moss reviewed the status of sponsorship pledges. He noted that the group needs to find a new chairman for this position.

Eddie Hamilton lead discussion regarding grant-writing information. It was noted that the Risk Management Agency and other risk management groups have funding for projects such as the Council has considered undertaking. "We are too modest and don't think large enough," Hamilton told the group. "We need to get access to some of those funds.?"

Communications Committee

Committee Chairman Kendal Thompson noted that he, John Crowgey and Carroll Merry had developed a list of "sound bytes" to be used in communicating the work of the council. He said much input was received from several board members in this project. (See 2004 Annual Meeting/Communications Committee Report at www.ffsc.org.)

It was noted that there needs to be a specific individual assigned for content development for the site Paul Ellinger at the University of Illinois does site posting.

Nominating Committee

Joe Daughhete, as immediate past-president and chairman of the nominating committee, reviewed the composition of the board of directors and explained terms of office. Those serving on the nominating committee were Daughhete, Thompson, Jeff Bushey and John Crowgey.

A slate for election for the 2003-2004 meeting years was presented to the assembly.

Expiring Terms:

Eddie Hamilton, President
Kevin Moss, Vice President
John Larson, Secretary/Treasurer
Paul Havick, Board Member
Chuck Van Dike, Board Member
Michael Fassler, Board Member
Rick Green, Board Member
Daryl Ellis, Board Member

Those nominated for election were:

President - Kevin Moss
Vice President - John Larson
Secretary/Treasurer - Dick Wittman

Directors:

Agricultural Producers - Paul Havick, Pam Lyford
Farm Credit System - Craig Register
Supply Industry - Chuck Van Dike
Service Industry - Mike Fassler
Accounting Industry -- Rick Greene, Jeff Bushey
At-Large - Daryl Ellis

Eddie Hamilton assumes new position at Immediate Past-President; Joe Daughhete assumes new position as

Past President

There were no nominations from the floor. Moved by John Crowgey and seconded by Dick Wittman that the nominations be closed and the slate be accepted as presented. Passed by acclamation.

Management Accounting Program

A motion was made by Steve Hofing and seconded by John Larson that the Board accept recommendations that came out of the technical symposium to modify and make format revisions and book depreciation as recommended.

After brief discussion, John Crowgey called the question. Motion passed by acclamation.

Mike Hinton, USDA, noted that the government supports the work of the Council. He explained that according to FSA, producers are taking depreciation off of taxes. Technically the system complies, but it cannot do book depreciation. The USDA is going this way with their lending programs and by Oct. 1, 2004 will be as close as it can get to compliance.

Depreciation -- recommended approach but the alternative may be a necessary solution
Lenders have an option to do something else.

Comments by outgoing President

Eddie Hamilton discussed plans to further pursue further getting grant funding from Risk Management Agency or other government sources. This funding would be used to further the cause of the Council and could also be put to work funding training programs for academics and others involved in the field.

New President's Message

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

He then called for a special executive committee meeting to immediately follow the close of the regular business session. He also called for a volunteer to step in as Chairman of the Finance Committee.

Adjournment

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