

# Farm Financial Standards Council

## 2005 Annual Meeting

Golden Nugget, Las Vegas, Nevada  
December 2-3, 2005

Friday, December 2

Call to Order -- The meeting was called to order at 1:08 P.M.. by President John Larson.

Quorum -- Following introductions, Administrator Carroll Merry announced that there was a quorum and that the meeting could proceed.

Attendance --

Voting Members

Norm Brown  
Charles Brown  
John Crowgey  
Joe Daughhetee  
Paul Ellinger  
Donald Gillings  
Christine Hamilton  
Eddie Hamilton  
Ken Hilton  
Mike Hinton  
Steve Hofing  
John Larson  
Dale Nordquist  
Ron Swanson  
Kendal Thompson  
Dick Wittman  
Jon Farquharson

Guests/Non-Voting Members

Steve Eckroth  
Sharilyn Hice  
Philip LaVine  
Dennis Loman  
Carroll Merry  
Brad Palen  
Phyllis Parks  
Kathy Rancour  
Stan Schraufnagel  
Klade Williams

Proceedings -- Following a review of the prepared agenda, the program was begun.

*Managerial Accounting Project Update* – Steve Hofing reviewed the history of the project and recommended approaches for moving forward. He noted that the document will be posted on the Website as a series of individual chapters that can be updated one at a time.

### **Need Powerpoint from Hofing**

*Teaching Activities or Steps for Preparing Producers to Adopt a Managerial Accounting System* – This presentation was made by Vice President Dick Wittman.

Don Gillings then reviewed where presentations have been made recently and offered tips on approaches to take when making presentations. “It is one thing to create awareness. It’s another to come back with a multi-year training process. The biggest thing will be the value of the farm manager’s time.

*What Accountants are Looking for in Terms of Guidance for Promoting Management Accounting* -- A panel

discussion moderated by Dick Wittman.

Participants: Steve Eckroth, Eide Bailly, LLP  
Brad Palen, Kennedy and Coe, LLC  
John McNutt, Latta Harris  
Dennis Loman, LeMaster and Daniels, PLL

General Comments (in no particular order):

- Initial reaction from accountants is hesitation. If they can be educated in the process of managing their managing their business processes, there would be a lot more interest in the area.
- There are large feedlots that are doing something close to this, but not full managerial accounting. Maybe the top 10 percent would have an interest in it. There is a lot of education that needs to be done.
- Issues -- Level of producer interest; level of client expertise to implement; Cost of implementation; Tools needed to train and implement.
- Producers don't have the expertise to do it themselves, nor the discipline to keep doing it.
- Important is the education of what the process can provide for producers.
- Educating clients has been an ongoing process just to get them to this point. We have to find which of them are capable.
- 75 percent are bringing fairly decent records in terms of preparing tax returns.
- Interest is easy to pique, but you are still dealing with the top 10-15 percent in ag who will take advantage of it.
- If producers aren't willing to invest \$50,000 a year, it's not worth it. Someone is going to have to have a full-time accountant. They would have to bring somebody in-house.
- 1.5 to 2 percent of gross income is the maximum producers are willing to pay for accounting services. Palen – many are willing to invest in it.
- A key is educating producers and making them aware of what they don't know.
- Software vendors have a real opportunity. But they have to make it easy for the producer. They have to have a system that will allow producers write cash basis and accrual basis information on any kind of time-line.
- Current expectation of the software is so much higher than the software can deliver.
- Council should consider FAQs for web site
- The Council should focus on those top 5 - 10 percent. Disregard smaller operators.
- The Council needs to talk to Extension. They have the contacts with smaller producers.

Sessions adjourned at 5:05 P.M.

Saturday, December 3

President John Larson opened the program at 8:00 A.M. and reviewed day's agenda.

*Revive congressional funding of the Council* – Eddie Hamilton and Christine Hamilton led the group through a “Backcasting” project. The group was to assume is a \$10 budget and then work backward to determine how it would be developed while staying within the mission of the Council. After an hour of discussion, the groups came back with the following suggestions:

- Need to get education systems in sync with Councils programs.
- Advisable to promote farm program for management development.
- Council should develop a support mechanism in place to supply technical support.
- Council should not be direct distribution but rather help service providers make money so they will promote and market the program.
- Council should Contract for development of materials and trainers.
- Council needs to consider how information could be distributed through colleges and schools.
- Need to thoroughly define the role of the council in developing training and delivery systems.
- Consider the possibility of a full time director and a more formal organization. This person would coordinate all training so there would be consistency and continuity.
- Establish a resource bank or referral service.
- Consider a formal marketing campaign using media and organizations.
- Develop On-line course programs.
- Mirror the success of RMA for recognition.
- Include producer, lender and banker in training sessions.
- Offer scholarships
- Develop pilot programs in different parts of the country. This would include hired instructors and certification.
- FAQ center
- Establish benchmarks
- Accounting courses need to be geared toward agriculture
- Identify common themes.
- What about ownership?
- Product is non-commodity specific.
- Will commodity groups buy in? Attitude is the groups do not have the frame of mind to support.

*Repayment Capacity Measures & Others* – **need presentation from Hofing/Larson**

Recommendations will be posted for comment along with MA project.

## **Business Meeting**

Business meeting was called to order at 1:07 P.M.. by John Larson.

*Minutes from 2004 Annual Meeting* - Moved by Ron Swanson, seconded by John Crowgey that the Minutes stand approved as presented. Passed.

### *Treasurer's Report*

Discussion on the Guidelines sales. AEC is paying a \$5 royalty for each cd they use. Publication expense is for rebate for returned units.

Questions regarding meeting costs for annual meeting and summer symposium. It was noted that budgets for these

events are based on anticipated attendance. With the number of sponsors currently supporting the program, there are also a corresponding number of complimentary registrations. Motion by John Crowgey, second by Jon Farquharson, to accept the report as presented. Carried.

*Election of Officers*

Nominating Committee: Kevin Moss, Jeff Bushey, Christine Hamilton, Joe Daughhetee, Kendal Thompson

<u>Name</u>	<u>Affiliation</u>	<u>Office</u>	<u>End of Term</u>
<b>Executive Committee</b>			
R. L. "Dick" Wittman	National Association of Wheat Growers	President	2006
Ron Swanson	National Corn Growers Association	Vice President	2006
Ken Hilton	Red Wing Software	Sect/Treas	2006
John Larson	AAgMaC	Imm. Past Pres.	2006
		Technical Chair	2006
		Finance Chair	2006
		Communications Chair	2006

**Agricultural Producers**

Christine Hamilton      Christiansen Land & Cattle Co.      2008

**Academic**

Jim Kelm      Riverland Community College      2008

**Providers of Service (other than accounting) to Agricultural Producers**

Charles Brown      Iowa Farm Bureau Federation      2008

**Insurance/Secondary Industry Markets**

David Eggimann      AgQuest      2008

**Suppliers of Inputs to Agricultural Producers**

Norm Brown      FBS Systems      2008

Motion by Kendal Thompson, second by Eddie Hamilton that the slate be approved as presented.

Clarifications: NAWG is not a sponsor of Dick Wittman. He should be listed as farmer/consultant; Ron Swanson should be listed as Swanson Farms. Motion passed.

*MA Project* -- Motion was made by John Crowgey, seconded by Ken Hilton, authorizing the Technical Committee to approve present draft for public posting without further board review. Passed.

*2006 Annual Meeting Discussion.* Council should proceed with aligning itself with ABA meeting Nov. 12-15, 2006 in Las Vegas.

A recognition plaque was presented to John Larson.

*Adjournment* -- 3:40 P.M..

**Executive Committee Meeting.**  
**Saturday, December 3**

In attendance: John Crowgey, Steve Hofing, Ken Hilton, Ron Swanson, Dick Wittman, Kendal Thompson, John Larson, Carroll Merry

**Annual Meeting** – Need to get on program at ABA. Rotate staff at booth. Official request to come from Dick Wittman and address long-term arrangement. Carroll Merry to notify when might be a good time to contact.

**Monthly Conference Calls** – 10 A.M. Central on the last Friday of each month. – Carroll Merry to establish

**Management Documents** – Committee structure to come from Steve Hofing.—Wittman to organize Mission, job descriptions, procedures, etc. Need to re-look at committee structures

**Web site** – needs re-look and list past presidents. Jon Farquharson and Paul Ellinger to coordinate making changes.

**Priorities**

- Communications – Need to find a chairman.
- MA-Document – Need to get posted.
- Clean up mailing list – Ron Swanson and Carroll Merry to coordinate.
- Vice president to become in charge of membership.
- Summer Symposium – defer until we get date information from Illinois CPA Society. Carroll Merry to provide dates and to ask for agenda items. Les Heitger to review document. Do a round table on benchmarking and data comparison.
- Need to check with AAEEA regarding possible participation.
- Is there a need for a Strategic Planning Meeting in springtime?