

ANNUAL REPORT

2017



Farm
Foundation[®]



CHAIRMAN'S/PRESIDENT'S MESSAGE:

The world of food and agriculture is exciting, dynamic and constantly reshaped by change elements—everything from market fluctuations and climate conditions, to new technologies and increasingly engaged consumers. Farm Foundation recognizes that serving this sector requires maintaining a sharp eye on how today's events will shape tomorrow's needs.

Preparing for the future is an exciting, often daunting challenge. That's a nice way of saying that most leadership boards—whether corporate, charitable or private—approach strategic planning with little anticipation. They know the end-product is vital for the life of the organization, but they also know the process can be a difficult one.

We take our hats off to the volunteers who serve on the Farm Foundation Board of Trustees and the Farm Foundation, NFP Board of Directors. In FY2017, they diligently worked through the strategic planning process with thoughtful comments, input and direction. The result is a dynamic document—*The Farm Foundation Road Map*—that will serve the organization well over the next five years. The *Road Map* is a compass for why we do what we do, how we will operate and the work we will pursue.

When Henry C. Taylor took over as the Foundation's First Managing Director more than eight decades ago, he identified four broad areas where the organization would seek opportunities to work: land ownership and tenancy; land utilization and conservation; farmer cooperatives; and national and international policies affecting agricultural production, marketing and income.

It is interesting to note that the areas of work identified by the Foundation leadership in FY2017 have striking similarities to Taylor's. Land ownership, use and conservation are now encompassed in resource management and stewardship. Building knowledge and leadership capacity expands Taylor's focus on farmer-led cooperatives and national policy. Understanding the evolving business climate no doubt includes national and international policies regarding production, marketing and incomes.

We consider these similarities a testament to the wisdom of Taylor and the founding leadership to focus the Foundation's work in very broad areas. Specific issues may come and go, but natural resources, human capital and public policies are, and likely will continue to be constants in the food and agriculture sector. With a deep appreciation for how those areas have evolved broadly, Farm Foundation is well positioned to help today's thought leaders explore the potential for the future.

To best achieve the goals laid out in the Road Map, it was necessary to do a complete review of our governance structure. Farm Foundation was created as a trust—an appropriate legal structure in 1933. But in the ensuing eight decades, changes in laws governing trusts and foundations made it prudent to review our structure.

As the 2017 fiscal year came to a close, the governance review was generating three major outcomes: The original Farm Foundation Trust is renamed the Legge Lowden Farm Foundation Trust, with oversight assigned to a six-member Board of Trustees. Farm Foundation, NFP, the

operating entity, is renamed Farm Foundation, with governance assigned to a 29-member Board of Directors. Both entities have fully revised and updated governance documents.

With a governance fitness program completed, and a plan of action defined in the Road Map, Farm Foundation is superbly positioned to continue its unique role convening the great minds of the food and agriculture sector for the meaningful conversations and thoughtful debates needed to yield mindful decision making.



Mark S. Scholl

Chairman

Farm Foundation Board of Directors



Constance E. Cullman

President and CEO

Farm Foundation

Farm Foundation Road Map

Mission: Farm Foundation is an agricultural policy institute cultivating dynamic non-partisan collaboration to meet society's needs for food, fiber, feed and energy. Since 1933, we have connected leaders in farming, business, academia, organizations and government through proactive, rigorous debate and objective issue analysis.

Our purpose: Catalyze robust debate to ensure informed policy decisions

Areas of Work:

- Resource management and stewardship
- Science and technology
- Building knowledge and leadership capacity
- Understanding the evolving business climate

Farm Foundation Values:

- Constructive debate centered on comprehensive, factual information and objective analysis
- The role of social, economic and natural sciences in expanding knowledge
- People of diverse opinions, perspectives and backgrounds
- Respect for the past and innovation for the future
- Diverse agricultural systems



THE LEADERSHIP

FY2017: May 1, 2016 through April 30, 2017

Farm Foundation Board of Trustees

Chuck Ahlem, Charles Ahlem Ranch
Jay Armstrong, Armstrong Farms, Past Chair
Philip Ashcraft, Loveland, CO
James Borel, DuPont-Pioneer, retired
William Buckner, Noble Research Institute
Jonathan Bryant, BASF Plant Sciences
Luke Chandler, Deere & Company
David Cleary, The Nature Conservancy
Richard Crowder, Virginia Tech
Charlene Finck, Farm Journal Media
Claudia Garcia, Elanco Animal Health
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Mark Scholl, J&M Scholl, Inc., Chairman
Joe Swedberg, Hormel Foods Corporation, retired, Vice Chairman
Mike Torrey, Michael Torrey Associates
Wendy Wintersteen, Iowa State University
Craig Yunker, Cy Farms LLC



Back row from left: Brad Lubben, John Miller, Joe Swedberg, William Nelson, Jay Armstrong, Mike Torrey, George Hoffman, Jim Borel and Mark Scholl. From row from left, Larkin Martin, Phil Ashcraft, Jerome Lyman, William Buckner and Wendy Wintersteen. Absent: Chuck Ahlem, Jonathan Bryant, Luke Chandler, David Cleary, Richard Crowder, Charlene Finck, Claudia Garcia, Dan Glickman, John Hardin, Gregg Hillyer, Elizabeth Hund, Steve Irsik, Klaas Martens, Michael Martin, Nathan Rudgers and Craig Yunker.

Farm Foundation, NFP Board of Directors

Mark Scholl, J&M Scholl, Inc., Chairman
Joe Swedberg, Hormel Foods Corporation, retired, Vice Chairman
Jay Armstrong, Armstrong Farms, Past Chairman
Charlene Finck, Farm Journal Media
George Hoffman, Restaurant Services Inc.
Elizabeth Hund, U.S. Bank, Treasurer
Constance Cullman, Farm Foundation, NFP, Ex officio member

Staff of Farm Foundation, NFP

Constance Cullman, President and CEO
Timothy Brennan, Vice President, External Affairs
Mary Thompson, Vice President, Communications
David Shamsi, Senior Finance Manager
Vicki Liszewski, Operations Manager
Morgan Craven, Events Manager



PROGRAMS

Antimicrobial Education Project: In collaboration with the Animal Health Institute, Farm Foundation developed communication tools targeting small livestock producers with information on the Food and Drug Administration's revised Veterinary Feed Directive (VFD) rule, that took effect Jan. 1, 2017. A web page was built with VFD information resources, www.farmfoundation.org/VFDrules. An informational point of sale card was made available in print and electronic formats to educators and veterinarians, as well as to rural retailers throughout the nation, including Land O'Lakes, Growmark and Mid-States Distributing. The third tool was a series of radio interviews with government officials, veterinarians, feed industry representatives and retailers. Thirty-six radio stations aired the interviews in 32 states.

This project expanded the impact of work begun the previous year involving 12 education workshops on the revised VFD. Convened by Farm Foundation, those workshops provided unique opportunities for federal regulatory officials to talk directly with the livestock producers, veterinarians and feed suppliers impacted by the revised VFD. The conversations that resulted clarified some issues and raised questions about other points that remained unaddressed.



Partnering with NRCS: Farm Foundation has two ongoing projects with USDA's Natural Resources Conservation Service. Through an NRCS Conservation Innovation Grant, Farm Foundation is leading a three-year project to build a database on the economics of conservation practices, including cover crops, that promote soil health. The findings will help to enhance producer and land owner decision-making on conservation practices. This work complements work Farm Foundation continues to pursue with the Soil Health Institute on decision-making tools related to the economics of soil health.

The second NRCS collaboration is a multi-year program to gather input from land owners and producers about the impact and structure of conservation programs. Regional focus groups convened across the country provide an opportunity to engage producers as part of the Soil and Water Resources Conservation Act.

Changing Dynamics of Farm Ownership & Agricultural Finance: Partnering with USDA's Economic Research Service and Bank of America Merrill Lynch, Farm Foundation convened a workshop to explore the implications of changes in the landscape of farm ownership and agricultural finance. Farmers, lenders, and investors discussed such factors as the growing non-farmer investor interest in U.S. agricultural resources, implications of generational land transfers, the ability of young operators to access land, and farmer use of more diverse farm organizational tools to respond to the new business environment. How the changes may impact not only farmers and landowners, but local agribusinesses, lenders, rural communities and the structure of agricultural policies was also explored by workshop participants. Two papers commissioned for the workshop were published as *Farm Foundation® Issue Reports*: "Reconciling Farm Commodity Policy," and "Farmland Ownership: Trends and Future Implications."

Global Perspective on Farm Size and Productivity: Sustaining agricultural productivity growth is a key factor in the ability to feed the world's increasing population. Farm Foundation collaborated with USDA's Economic Research Service (ERS) to bring together economic researchers from Europe, Africa, Asia, Australia and the United States to expand understanding of the relationship between the size and structure of farm operations and agricultural productivity in different location and cropping scenarios worldwide. About 100 people, including those working in government, international development, finance and hunger/feeding programs, participated in the discussions. The workshop is part of a series of ERS-Farm Foundation collaborations to highlight aspects of agricultural productivity.

FARM FOUNDATION FORUMS:

The 11th year of Farm Foundation® Forums provided opportunities for nearly 1,400 food and agriculture thought leaders to have meaningful conversations on issues ranging from trade to federal agricultural policies. In October 2016, the Forum hosted representatives of the two Presidential candidates, providing one of the few indepth exchanges of the candidates' perspectives on specific food and agricultural issues. The Forums take place at the National Press Club in Washington, D.C., but free audiocasting, made possible by a grant from Farm Credit, expands the audience across the nation.

- July 2016: *What Brexit Means for Agriculture.*
- September 2016: *What's Next for Food & Agriculture Policy?*
- October 2016: *Food and Agricultural Platforms of the Presidential Candidates.*
- November 2016: *Agendas for the Next Farm Bill.*
- April 2017: *The Future of the North American Free Trade Agreement.*



FARM FOUNDATION® ROUND TABLE

As a conversation catalyst, Farm Foundation engages great minds across the food and agriculture value chain in meaningful conversations and thoughtful debate to generate mindful decision making.

One example of this unique service is the Farm Foundation® Round Table, an invitational discussion group comprised of agricultural and agribusiness leaders from across the North American food and agriculture value chain. These leaders meet twice yearly to examine current and developing issues. Programs are designed to explore ideas, analyses and insights that participants may use in their own work.

Farm Foundation has administered the Round Table since the 1983 retirement of its founders, Charles Dana and Edith Thoman Bennett. The Bennetts originally helped bring together a diverse group of agricultural leaders to advise the Eisenhower Administration on agricultural policy development. Recognizing the value of exchanging ideas and discussions on timely policy issues impacting the business of agriculture, the leaders continued to meet on an informal basis. Those meetings evolved into the Round Table.

In June 2016, the group gathered in Louisville, KY, with program sessions examining the consumer trends reshaping the food and agriculture sectors. Over the two-day meeting, Round Table members examined issues and had perspectives challenged through presentations from and dialogue with agribusiness leaders, consumer advocates and academic researchers.

January 2017 found the Round Table in Orange County, CA, taking a first-hand look at the challenges and opportunities of urban agriculture—from farmers' markets to fields cultivated in a former Air Force base. Appropriately, the program sessions focused on resiliency and adaptation in the food and agriculture sectors.

In addition to the approximately 150 Round Table members, the membership rolls include about five dozen Honorary Life Members, individuals who have demonstrated their service to the Round Table and their commitment to the mission of Farm Foundation, NFP.



The FY2017 Round Table Steering Committee, from left: David Hill, Don Halcomb, Charlene Finck, Ann Duignan, Thayne Larson, Becky Doyle, John Cottingham, Cheri DeJong, Jonathan Bryant and Shane Burgess. Absent: Kip Tom and Jay Vroom.



Tours offered as part of Farm Foundation Round Table meetings are an opportunity for members and guests to learn more about the multiple and diverse segments that comprise the nation's food and agriculture sector.

CULTIVATORS

Cultivators - Leaders of the Future

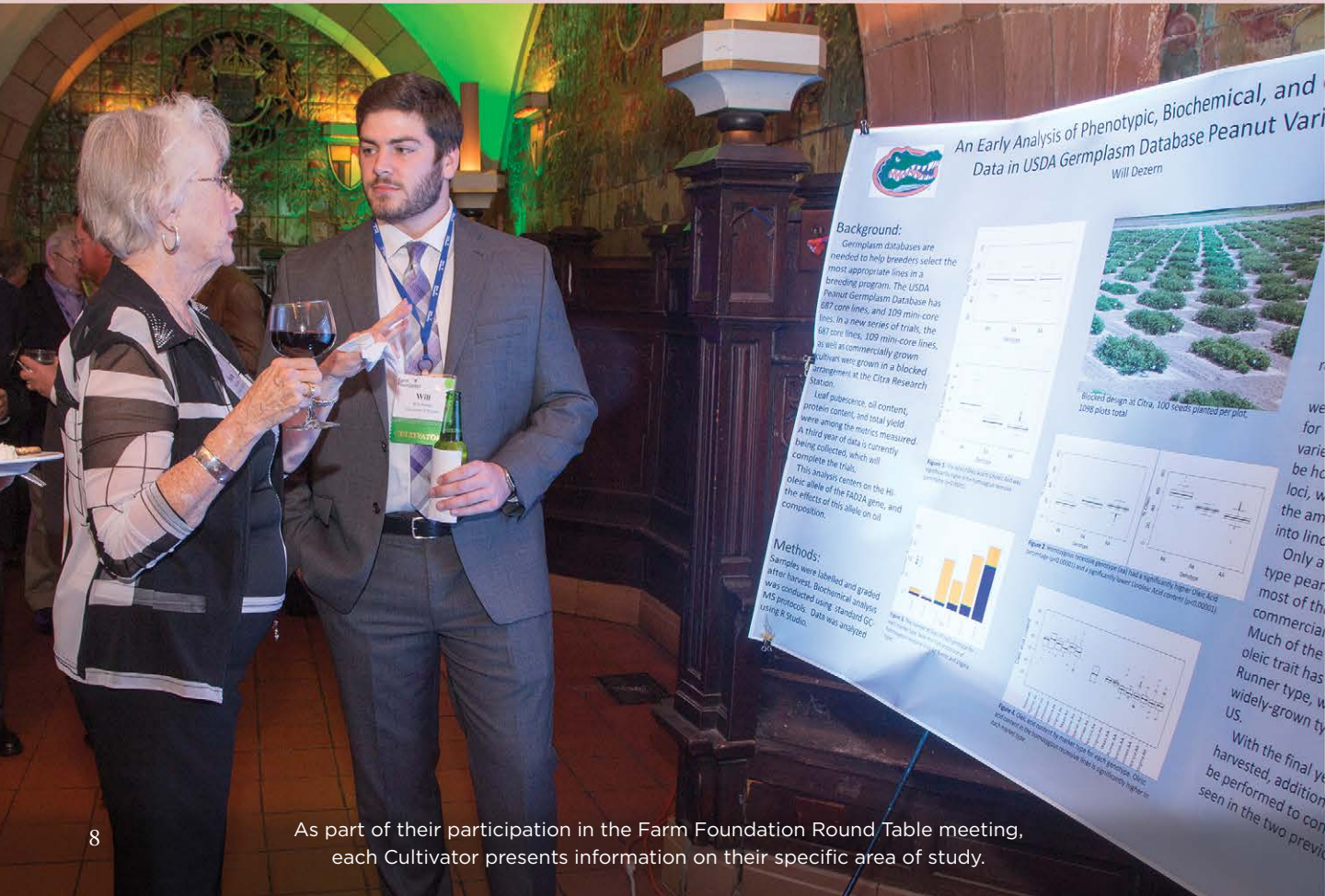
Since June 2013, Farm Foundation® Round Table meetings have included as special guests upper class or graduate-level students in food and agriculture from accredited North American Land Grant universities.

The students' participation provides Round Table members an opportunity to engage the next generation of industry leaders. The students, who present information on their specific area of study, are able to interact with the diversity of agricultural and food system leaders who comprise the Round Table. A Round Table member volunteers to serve as a mentor for each student, further broadening the interaction of students with the professionals at the meeting. Conversations and meeting discussions are enriched by the perspectives of the students.

The January 2017 Round Table featured the eighth class of Cultivators, bringing to 48 the number of students who have participated since the program began. Students are nominated by their respective college Deans and selected by a committee of Round Table members to participate in each meeting. Funding to pay the student's transportation costs is provided through a grant from the CHS Foundation and support from Round Table members and their companies.



Cultivators at the June 2016 Round Table meeting were from left: Logan Britton of Kansas State University; Rachel Martin of Michigan State University; Will Dezern of the University of Florida; Mariano Resendiz of the University of California, Riverside; Jessie Stewart III of the University of Kentucky and Karmella Dolecheck of the University of Kentucky.



As part of their participation in the Farm Foundation Round Table meeting, each Cultivator presents information on their specific area of study.

Cultivator Contributors

Farm Foundation and the Farm Foundation Round Table Steering Committee recognize and thank the following donors who together contributed more than \$55,000 in January 2017 to support and expand the Cultivator program:

- | | | |
|------------------|--------------------|--------------------|
| Chuck Ahlem | Craig Gundersen | Ken Peoples |
| Phil Ashcraft | Steve Hageman | Martha Roberts |
| William T. Boehm | Allan Johnson | Rob Robinson |
| Jim Borel | Mary Keough Ledman | Teresa Siles |
| Garth W. Boyd | John Kautz | Rod Stacey |
| Jonathan Bryant | Carol Keiser-Long | Joe & Amy Swedberg |
| William Buckner | Woody Long | Kerry Tucker |
| CHS Foundation | Gary MacDonald | Sara Wyant |
| Cheri DeJong | Larkin Martin | |
| Daniel M. Dooley | John Miller | |

FINANCIALS

Audited Consolidated Financial Highlights (\$'000's)

	April 30, 2017	April 30, 2016	April 30, 2015
FINANCIAL POSITION:			
ASSETS			
Cash and equivalents	622	133	517
Receivables, net	58	106	315
Investments (mkt.)	25,185	23,904	25,857
Prepaid expenses	42	31	13
Equipment, net	6	11	15
Total	25,913	24,185	26,717
LIABILITIES			
Accounts payable & accrued expenses	294	409	301
Deferred revenue	62	42	56
Total	356	451	357
NET ASSETS			
Unrestricted	25,294	23,555	25,934
Temporarily restricted	263	179	426
Total	25,557	23,734	26,360
LIABILITIES AND NET ASSETS			
	25,913	24,185	26,717
	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
ACTIVITIES:			
REVENUE			
Contributions	257	253	295
Program	397	650	600
Investment return	2,967	(633)	1,768
Other	1	8	0
Satisfaction of program restrictions	80	334	183
Total	3,702	612	2,846
EXPENSES			
Program	1,077	2,008	1,683
Management & general	886	983	892
Total	1,963	2,991	2,575
INCREASE IN UNRESTRICTED NET ASSETS	1,739	(2,379)	271
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS			
Contributions	164	87	576
Satisfaction of program restrictions	(80)	(334)	(183)
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	84	(247)	393
CHANGE IN NET ASSETS	1,823	(2,626)	664
Memo: Investments - unrealized gain/(loss)	2,227	(6,560)	29

FY2017 DONORS

Financial Contributions

The Farm Foundation's primary source of funding is an endowment established by founders Alexander Legge and Frank Lowden. As demand for the Foundation's work has expanded, we have grown to rely more and more on project-based fundraising. Essential to the Foundation's operating budget are unrestricted funds raised through the Annual Fund effort.

Many characteristics make Farm Foundation unique in today's competitive marketplace of ideas, including our work to bring together people who normally would not have an opportunity to interact. We have taken the same approach with our fundraising efforts. Rather than rely on a large, single donor to fund a project, we work carefully to build thoughtful coalitions of funders who share our ideals and value our unique approach.

Since its founding in 1933, Farm Foundation's work and legacy has been protected and advanced by generation after generation of leaders. Building on the work of our founders, each subsequent generation has strengthened Farm Foundation in thoughtful and, at times, game-changing ways. The Board of Trustees, friends, volunteers and staff of Farm Foundation extend their deep gratitude to everyone who invested in the Foundation this year.

The FY2017 Development Committee: William Nelson and Jeff Whetstine, co-chairs; Del Craig, Craig Gundersen, Mike Seyfert, Joe Swedberg and Lance Woodbury.

Chairman's Table - \$10,000 or more

Animal Health Institute	Land O'Lakes, Inc.
Deere & Company	Jerome Lyman
Hormel Foods Corporation	Gary MacDonald
Elizabeth Hund	Syngenta Corporation

President's Team - \$5,000 to \$9,999

BASF Plant Science LLC	Steve Hageman	Samuel Roberts Noble Foundation
Jim Borel	Steven Irsik	Michael Seyfert
Jonathan Bryant	Michael Jacobson	Joe C. Swedberg
William Buckner	Kentucky Department of Agriculture	William J. Whitacre
CHS Foundation	MetLife Foundation	Sara R. Wyant
Cheri DeJong	John Miller	
FMC Corporation	Monty's Plant Food	

Catalysts
\$2,500 to \$4,999

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Dan Basse
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Constance Cullman
George Hoffman
John Kautz
Kelly Keithly
Carol Keiser-Long
Thayne Larson
Mary Keough Ledman
Ewell "Woody" Long
Larkin Martin
Madeline Mellinger
Michel Nischan
Cheryl Queen
Edward (Rob) T. Robinson
Marcus Rust
Roderick N. Stacey
Michael Torrey
Jay Vroom
Richard Wildman
Lance Woodbury

Bennett Sustaining
Members \$1,000 to \$2,499

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Jay T. Akridge
Eric Anderson
Philip Ashcraft
Nicholas C. Babson
Jack Bernens
Barry Bogseth
Garth W. Boyd
Gale A. Buchanan
Shane C. Burgess
Peter Call
John C. Cottingham
Del Craig
Herbert "Hub" Daniel
Daniel M. Dooley
Rebecca C. Doyle
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Bill Dunklin
Ed Eggers
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Kip Tom
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\$750 to \$999

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Jeff Whetstine
Michael W. Yost

Up to \$749

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Walter J. Armbruster
John R. Block
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California Avocado Commission
D. C. Coston
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