



We thrive because of

individuals



2006  
Annual  
Report



Farm Foundation

Farm Foundation's mission is to improve the economic and social well-being of U.S. agriculture, the food system and rural communities by serving as a catalyst to assist private- and public-sector decision makers in identifying and understanding forces that will shape the future.

# individuals

make Farm Foundation's mission a reality.

# From the Chairman and President

The vision and leadership of Alexander Legge and Frank Loudon more than 70 years ago established Farm Foundation to be a catalyst, creating opportunities for individuals to broaden their understanding of complex issues and challenging those individuals to generate innovative alternatives to move forward. Their focus was economic and public policy to improve the well-being of agriculture, the food system and rural communities.

Achieving that mission requires creative and thoughtful individuals putting forth new ideas and avenues for exploration. It requires a leadership team committed to objective analyses of opportunities. It also requires financial support to implement specific projects, as well as to ensure the long-term financial health of the organization.

In its 2006 fiscal year, Farm Foundation supported numerous individuals in development of ideas, provided an environment to initiate new programs, and strengthened networks of industry, government and community leaders.

The year saw completion of one of the Foundation's largest and most challenging projects, the *Future of Animal Agriculture in North America*. More than 160 individuals helped carry out this 18-month project. They were from Canada, Mexico and the United States.

They were from industry, government, academia and special interest groups. They contributed ideas and diverse opinions. Through discussions and shared information, they developed a comprehensive report to help public- and private-sector leaders make better decisions in the years ahead.

Farm Foundation's leadership of this project was the catalyst that brought people to a common table for productive discussions of issues and options. It stimulated thinking and challenged norms, developing potential for new approaches. It promoted new professional relationships, a groundwork for future cooperative efforts.

In the pages that follow, you'll learn more about Farm Foundation's work in the 2006 program year. You will also see recognition of the many contributors to Farm Foundation's work in 2006. The Foundation received more than \$500,000 in support for its annual fund drive, project specific work, and endowment development.

The work completed during 2006 reflects the Foundation's catalytic role, energizing individuals to address critical issues with objective analysis, constructive dialogue and innovative ideas. We look forward to Farm Foundation's continuing contributions to the economic and policy issues facing agriculture and rural people.



Walter J. Armbruster

David M. Dooley

# The Leadership of Farm Foundation

Farm Foundation is directed by a Board of Trustees comprised of individuals who are leaders in production agriculture, agribusiness, academia and rural communities. Trustees direct implementation of the mission of Farm Foundation by setting the program priority areas and identifying high priority topics within each. This process draws opinions and ideas from a broad spectrum of public- and private-sector leaders, and gives direction to the staff as it carries out the day-to-day work of the Foundation.

Trustees provide staff with valuable insights on evolving issues, enhancing the Foundation's ability to respond in an appropriate and timely manner. Trustees also have a crucial role in outreach, helping to communicate Farm Foundation's unique role in serving agriculture, the food system and rural communities. Representing the diversity of audiences served by Farm Foundation, Trustees are messengers of the Foundation's work and benefits. These individuals help make Farm Foundation's mission a reality.

## Executive Committee

**Daniel M. Dooley, Chairman**

**Victor L. Lectenber, Vice Chairman**

**Richard Hahn**

**Greg Heying**

**Barry Flinchbaugh**

**Sara Wyant**



*The Executive Committee members (standing from left) Sara Wyant, Richard Hahn, Victor Lechtenberg, Greg Heying, Barry Flinchbaugh and Dan Dooley (seated).*

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*\* Resigned January 2006*

## Farm Foundation Staff

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and Program Manager

### **Laurie Marsh**

Administrative Assistant

### **Vickie Liszewski**

Administrative Assistant

# The Work of Farm Foundation

Farm Foundation is a catalyst to increase knowledge of current and emerging economic and policy issues impacting agriculture, the food system and rural communities. We bring together individuals—producers, industry executives, interest group representatives, government employees and academics—through conferences and workshops to address current and emerging issues that will impact the economics of agriculture, the food system and the people of rural America. We create opportunities for these leaders to meet, learn, converse and build new ideas in an agenda-free environment.

Unlike many nonprofits, Farm Foundation does not advocate, lobby or press a point of view. Our 73-year history of objectivity gives us the ability to engage diverse viewpoints and encourage dialogue among individuals and groups with different agendas. We are also unique in addressing economic and policy issues significant across the face of agriculture and rural America—regardless of geographic, livestock or

crop boundaries. A publicly-supported 501(c)(3), Farm Foundation works to build understanding of the many facets of issues, and to help generate innovative options to meet the challenges. The results provide a broad basis for informed private- and public-sector decisions.

Farm Foundation sponsors three types of projects:

*Risk/Incubator projects* build professional networks, incubate innovate ideas and highlight new approaches to issues.

*Keystone projects* enrich project partnerships, extend the work of project partners to key stakeholder audiences and inform public policy debate and private-sector action.

*Leadership projects* are staff-directed explorations of critical issues that identify policy options, provide objective analyses of these options and engage private and public decision makers in thoughtful long-term policy dialogue.



Farm Foundation's Board of Trustees has identified four program goals to direct the work of the Foundation:

- Identify forces of change that will shape the future.
- Stimulate education and research that increase human capital and build a body of knowledge on the forces of change and issues evolving from them.
- Foster informed dialogue and build networks to increase understanding and move toward consensus on important economic issues and public policies.
- Encourage public and private institutions to communicate to the media and the public about issues facing agriculture and people living in rural communities.

Program goals are implemented in six priority areas, with high priority topics identified within each. Many projects overlap one or more of the six priority areas, which are:

## **Environmental and Natural Resource Issues**

## **Rural Community Viability**

## **New Technologies**

## **Globalization**

## **Role of Agricultural Institutions**

## **Consumer Issues**

*The following pages highlight the High Priority Topics for each priority area and profile some projects from our 2006 Fiscal Year.*



**Program area  
and high priority topics:**

***Consumer Issues***

- Examine the implications of current concerns about animal diseases on consumer perceptions of the meat industry and potential impacts on the dairy, beef, pork and poultry sectors of U.S. agriculture.
- Explore the long-term implications of the various proposals for more extensive labeling and traceability of food products and their potential impacts on food processors, retailers, producers, consumers and trade.
- Examine risks of intentional contamination of the food system and institutional arrangements in the food chain that might mask or distort the risks of action or inaction by isolated participants in the system.
- Increase our understanding of the potential long-term impacts of growing public concern about animal welfare issues on the structure, costs and economic efficiency of the food system.

# Project Profiles

## *The Future of Animal Agriculture in North America*

In December 2004, Farm Foundation brought together about 50 farmers, commodity group leaders, agribusiness representatives and government agency staffers to discuss the feasibility of a study of the future of the animal agriculture industry.

The project that evolved, *The Future of Animal Agriculture in North America*, involved more than 160 individuals from Canada, Mexico and the United States in a comprehensive and objective review of current and emerging issues. The project report is a valuable tool for public- and private-sector decision makers.

At the heart of this project was the leadership commitment of our Board of Trustees for more Farm Foundation-lead exploration of critical issues facing agriculture, the food system and rural communities. Farm Foundation continues its tradition of partnering with other organizations and agencies to maximize returns of human and financial capital. But the Trustees recognized the importance of the Foundation's unique reputation for objectivity—and the value of that objectivity to agriculture, the food system and rural communities. To maximize that value, Trustees put emphasis on Farm Foundation leading projects to identify policy options, provide quality, objective analysis of those options and engage private and public decision makers in thoughtful, long-term policy dialogue.



**“As a cattle producer, I deal day-to-day with the complexity of issues facing our industry. Understanding the opportunities and consequences of options is an important part of decision making.”**  
Carol Keiser, C-ARC Enterprises, Illinois



The *Future of Animal Agriculture in North America* project did just that. The Farm Foundation staff:

- Administered a Steering Committee, co-chaired by Farm Foundation President Walt Armbruster and former Texas Congressman Charles Stenholm, which provided direction for the study.
- Involved more than 160 producer, industry, NGO, academic and government representatives from Canada, Mexico and the United States in the seven Working Groups that did the work of the study.
- Coordinated the editing and production of the final report.
- Lead outreach efforts to maximize the impact of the report. Government officials in all three nations have been briefed on the report. Commodity and industry groups are using the report.
- Coordinated the commitment of human and financial resources from Canada, Mexico and the United States to make the project a reality. Industry, NGOs, foundations and government agencies helped fund the effort with more than \$300,000 in financial support.

This project yielded a comprehensive, objective analysis of the state of the North American livestock industry. Released in April 2006, the project report does not praise or condemn the industry, nor does it offer magic solutions. The report highlights areas of consensus and disagreement, as well as areas where more knowledge or research is needed. The report's value to public- and private-sector decision makers is the diversity of issues, impacts and options analyzed.

Financial support for this effort came from the following industry organizations, government agencies and other foundations:

- Agriculture and Agri-Food Canada
- American Farm Bureau Federation
- Canadian Cattlemen's Association
- Canadian Pork Council
- Grocery Manufacturers Association
- Joseph and Jeanne Sullivan Foundation
- National Cattlemen's Beef Association
- National Corn Growers Association
- National Farmers Union
- National Pork Producers Council
- Secretaría de Agricultura, Ganadería y Desarrollo Social, Pesca y Alimentación (SAGARPA), Mexico
- United Soybean Board
- U.S. Department of Agriculture through seven agencies: Agricultural Marketing Service; Animal and Plant Health Inspection Service; Agricultural Research Service; Cooperative State Research, Education and Extension Service; Economic Research Service; Foreign Agricultural Service; and Natural Resources Conservation Service
- U.S. Meat Export Federation
- W.K. Kellogg Foundation



*Animal agriculture project participants Gary Baise, left, and John Hardin.*

**"It's an enriching experience to be at the table with your industry counterparts, working together to broaden understanding of the complexities and nuances of this North American industry."**

**John Hardin, Hardin Farms, Indiana**

**Program area  
and high priority topics:**

***Environmental and  
Natural Resource Issues***

- Examine the impacts of farmland preservation programs on production agriculture and rural communities, and increase our understanding of the public's willingness to pay for environmental amenities on private agricultural land.
- Explore alternative approaches to the conservation and energy titles of the Farm Bill that may be considered in the 2007 legislative process.
- Assess the impacts of energy policy on agriculture, both as a consumer and producer of energy.
- Examine the impacts of competition for available water supplies on agriculture and the options for dealing with increases in water cost or loss of access to water supplies.
- Assess the impacts of agriculture on air quality and the options for remedying the identified issues related to animal agriculture, dust and equipment emissions.
- Explore the program initiatives of the NGO community in the United States to determine what issues related to agriculture, the food system and rural communities are generating funding.

## Project Profiles

### *Energy from Agriculture: New Technologies, Innovative Programs, Success Stories*

Agriculture's role in energy production is garnering increased attention as consumers, business leaders and government leaders struggle with high fuel costs, rapid developments in biofuels and implementation of the Energy Policy Act of 2005. Building on the June 2004 conference, *Agriculture as a Producer and Consumer of Energy*, this December 2005 conference provided a comprehensive picture of current knowledge on the economics of energy production from agriculture.

This conference provided farmers and ranchers, rural community leaders, energy executives and state and regional government officials with practical, science-based information on agriculture's role in energy production. The conference was a collaboration of Farm Foundation and three USDA agencies—Office of Energy Policy and New Uses, Office of Rural Development and Natural Resources Conservation Service.

### *25X'25*

One impact of the June 2004 conference, *Agriculture as a Producer and Consumer of Energy*, was the formation of 25X'25, a group of agricultural leaders working for the goal of 25% of the total energy consumed in the United States to be provided by agriculture by the year 2025. Economic analyses out to the year 2025 on agriculture's role as an energy producer do

**"The individuals involved in the 25X'25 project are working to explore the potential of renewable energy to benefit not just farmers, but all energy users and the nation as a whole."  
Don Villwock, Indiana Farm Bureau**



not exist. Farm Foundation worked with this group to help develop realistic goals for an economic analysis of its policy goal. Through this project, parameters were established for a study, including assumptions for the contributions various agricultural energy technologies will make, and a request for proposals was constructed.

With funds from other sources, 25X'25 commissioned a team from the University of Tennessee to conduct the analysis. Preliminary findings were presented in March 2006 at the 25x'25 summit in Washington, D.C.

### *Disaster Community Redevelopment*

Rebuilding from the damage of a natural disaster is a long-term process that requires the work of many individuals, especially when the disaster is on the scale of Hurricane Katrina. With seed money from Farm Foundation, academic, government and non-profit professionals met to develop a comprehensive disaster response plan for community development professionals working in areas impacted by Katrina. They discussed strategies to rebuild rural communities and detailed the capacity of the Land Grant university system to sustain long-term community rebuilding initiatives. The blueprint created at the summit is a comprehensive, integrated plan of what the Land Grant university system can effectively do to help rural communities impacted by natural disasters.

Long term, this project will help improve decision making by public- and private-sector leaders working to rebuild and restructure rural communities after natural disasters. It could result in expansion of the Land Grant system's Extension Disaster Education Network (EDEN) first responder program, to include a second phase focused on long-term redevelopment.

## **Program area and high priority topics:**

### ***Rural Community Viability***

- Examine the impacts of the Farm Bill, particularly the conservation, rural development and energy titles, on rural communities and how these provisions might be strengthened in the 2007 legislation.
- Explore the implications for rural people and communities of shifts in key demographic/ethnic groups, socio-economic indicators, and migrant and immigrant labor.
- Explore innovative ways to improve access to capital for rural entrepreneurs.
- Examine the impact of a changing animal agriculture sector on rural community viability, including the development of innovative animal products targeted to niche markets.
- Facilitate coalitions and working relationships among agricultural and non-agricultural groups and organizations with interests in rural economic development.

**Program area  
and high priority topics:**

***Role of Agricultural Institutions***

- Develop materials and analyses that engage stakeholders in informed debate on the 2007 Farm Bill.
- Encourage Land Grant colleges to enhance multi-state and interdisciplinary activities and to update college curriculums to include a foreign language requirement to better prepare students to work in a global and rapidly changing food industry.
- Explore issues of animal welfare in the context of a comprehensive examination of the future of animal agriculture in North America.
- Examine the impact of biotechnology and related intellectual property law on all agricultural institutions, including research and development institutions, commodity and farm organizations, and trade and policy institutions.
- Examine the long-term economic viability of cooperatives of all types with particular attention to issues of access to capital and the role of cooperatives.

## Project Profiles

### *2007 Farm Bill Forums*

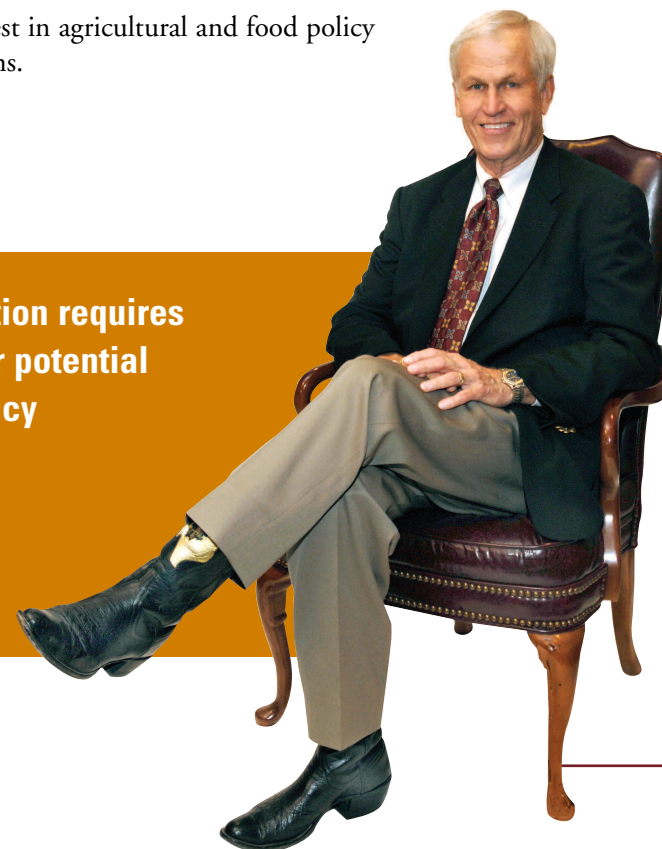
Food and agricultural policy is at a crucial crossroad. Federal budgets have moved from surplus to deficit. The increasing integration of the world agricultural economy presents challenges in trade, food safety, animal health and food security. More citizens and interest groups are actively working to influence agricultural and food policy issues.

To engage diverse stakeholders in informed dialogue on food and agricultural policies, Farm Foundation launched the 2007 Farm Bill Forum in February 2006. These monthly forums will continue as Congress wrestles with the process of writing new farm, food and rural legislation. Former Texas Congressman Charles Stenholm moderates the forums, at which participants examine current policies, explore and analyze alternative policy proposals, and give voice to new proposals. Speakers provide brief topic summaries, with the majority of time devoted to discussion.

To date, almost 300 individuals with an interest in agricultural and food policy have participated in one or more of the sessions.

**“Building strong, practical legislation requires knowledge of the options and their potential implications. Rich and diverse policy debate among all stakeholders enriches that process.”**

**Charles Stenholm,  
former Texas Congressman**



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## *National Public Policy Education Committee & Conference*

The key to quality public policy education is the ability to deliver information about a controversial issue without advocating a particular point of view. The educator must be able to foster dialogue and discussion in a way that allows program participants to reach their own conclusions.

Since 1951, Farm Foundation's National Public Policy Education Conference has been a forum where public policy educators can gather information and new insights on current or emerging policy issues, and refine their methods for delivery of this information to stakeholder groups. The conference targets Extension policy educators and others who use public policy/issues education techniques to help agricultural and rural community stakeholders increase their understanding of controversial public issues.

In 2005, the NPPEC program addressed the federal policy-making process, rural governance, the 2007 farm bill, environmental conflicts, and nutrition and obesity.

## *Farm Bill Education Project*

Prior to every farm bill debate for at least the last 20 years, Farm Foundation has provided educational materials on the diverse issues to be addressed. The project has two key elements. The first is a series of white papers identifying key issues, options that Congress might pursue to address those issues, and the consequences of those options. The goal is informed decision making by public and private leaders.

The second element of the Farm Bill Education Project is a survey of farmers and ranchers, conducted by the National Public Policy Education Committee, in collaboration with Land Grant universities and state offices of USDA's National Agricultural Statistics Service. Many factors will influence development of the next farm bill. Understanding producer attitudes and policy preferences can be valuable to the discussions. As part of the National Agricultural, Food and Public Policy Preference Survey, producers in 27 states were asked about issues ranging from conservation and commodity programs to trade policy and regulatory policies.



*National Public Policy Education Conference participants Joe Outlaw, left, and Barry Flinchbaugh.*

**Program area  
and high priority topics:**

***New Technologies***

- Explore the use of innovation and technology to secure the food supply by helping markets function efficiently in the global food system.
- Examine the role of intellectual property law, public funding and other federal and state public policies on the development of new technologies and efficient commercialization and access to new technologies.
- Explore interactions and relationships among all technologies used in the food system, from farm to table, to develop a better understanding of how each technology contributes value and how technologies are introduced into the system.
- Examine innovative ways to commercialize new technologies and innovations from public and private sponsored research including, but not limited to, smaller scale enterprises and niche markets facilitating the development of products to meet consumer demands and serve a global differentiated marketplace.
- Evaluate emerging technologies used to convert agriculturally produced feed stocks into energy, and technologies targeted to fertilizer and industrial biotechnology.

## Project Profiles

### *Agricultural Biotechnology Research: The Roles of University-Industry Relationships*

There are benefits to private- and public-sector collaborations in agricultural research, especially in the area of biotechnology. But with those benefits come questions regarding research focus, licensing and the mix of public and private goods generated by such collaborations. A \$2 million grant from the U.S. Department of Agriculture funded a national study of university-industry relationships in agricultural biotechnology. The grant was funded from the Initiative for Future Agriculture and Food Systems under USDA's Cooperative State Research, Education and Extension Service. Farm Foundation was one of the collaborating institutions for the project, which was headquartered at Portland State University.

This study is one of the first to document and analyze these public-private relationships and their effects on products. The report also offers policy options for stakeholders to consider as they plan agricultural and biotechnology research.

### *Farmer Cooperatives Conference*

The continued success of a cooperative is important to the economic activity of the community in which it operates, as well as to its owner-members. Through the Farmer Cooperatives Conferences, executives and board members gain insights on forces that will impact the decisions made for their cooperatives. The 2005 conference, which focused on global opportunities, was the eighth organized in a partnership of Farm Foundation and the University of Wisconsin Center for Cooperatives.

This conference has earned a reputation as the premier educational activity for cooperative executives and board members as they explore new ways to thrive in a changing business environment.

**“Understanding the relationships between the public science and commercial technology development sectors allows both to optimize their strengths. Long-term benefits are realized by taxpayers, producers and consumers.”**

**Dave Ervin, Portland State University**



## Program area and high priority topics:

### *Globalization*

- Examine the role of GMOs and other technical barriers to trade in emerging trade disputes.
- Explore the impact China, Brazil and the group of 21 will have on the future of global agricultural trade.
- Explore the multi-faceted issues of animal health and international trade. Emphasis should be placed on consumer attitudes and preferences, border protocols and inspections, food safety, and institutions to assure the health, safety and economic well-being of animal agriculture.
- Examine the new economic realities of global agricultural/food trade, including U.S. and other country direct equity investment in global agricultural/food enterprises.

### *North American Agrifood Market Integration Workshop*

Industry, government and academic leaders from Canada, Mexico and the United States have met annually for more than a decade to identify ways to overcome hurdles slowing integration under the North American Free Trade Agreement. The workshop in 2004 concluded that coordination of policies and regulations across the NAFTA countries is needed for a more uniform consensus position in WTO. The 2005 workshop evaluated alternative methods for achieving policy, program and regulatory coordination under NAFTA. Participants reviewed the experience with existing coordination mechanisms, drawing on case studies from beef and pork, and evaluated the potential for coordination of domestic farm policies.

Workshop discussions developed suggestions for institutional and policy changes needed to aid market integration consistent with the NAFTA objectives. Outreach efforts targeted public- and private-sector decision makers in all three nations, providing individuals the materials needed for informed decision making.

**"Through the AgriFood Market Integration Workshop, individuals from Canada, Mexico and the United States exchange ideas, discuss new approaches and offer options for improving market integration."**

**Ron Knutson, professor emeritus, Texas A&M University**



# Farm Foundation Round Table

Farm Foundation builds knowledge by developing networks of individuals, promoting discussion and interaction of diverse parties—producers, researchers, agribusiness leaders, community leaders, regulators, interest groups and policy makers. One of the longest-running of these networking programs is the Farm Foundation Round Table.

The Farm Foundation Round Table is an invitational discussion forum comprised of agricultural and agribusiness leaders. Meeting twice yearly, these leaders examine current and developing issues. Programs are designed to explore ideas, analyses and insights that participants may use in their own work.

The Round Table's June 2005 meeting in Portland, Oregon, examined sustainable agriculture, land use and resources in conflict. The 2007 Farm Bill debate was the topic for the January 2006 meeting in Phoenix, Arizona.

The Round Table is governed by a 12-member Steering Committee. Members of the Steering Committee are:

**George Hoffman, Chair**  
**Thayne Larson, Vice Chair**  
**Reg Gomes**

**Sheldon Jones**  
**Thayne Larson**  
**Jim Lerwick**

**Gary MacDonald**  
**Cecil Medders**  
**Madeline Mellinger**

**Rob Robinson**  
**Randy Smith**  
**Patrick Takasugi**

*Round Table Steering Committee members, from left, Pat Takasugi, Thayne Larson, John Hardin, Sheldon Jones, Madeline Mellinger and Rob Robinson.*





## Round Table Membership

### **Duane Acker**

TALYCOED II  
Atlantic, IA

### **Chuck Ahlem**

Hilmar Cheese Company  
Hilmar, CA

### **JoAnn Alumbaugh**

Benchmark  
Linden, IA

### **Vincent Amanor-Boadu**

Kansas State University  
Manhattan, KS

### **Eric Anderson**

Ione, OR

### **Bruce Andrews**

Andrews & Associates Consulting LLC  
West Linn, OR

### **Jay Armstrong**

Armstrong Farms  
Muscotah, KS

### **Philip W. Ashcraft**

Stason Farms Inc.  
Loveland, CO

### **Nicholas C. Babson**

Babson Holdings, Inc.  
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### **Varel G. Bailey**

Bailey Farms, Inc.  
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Kilpatrick Stockton LP  
Washington, DC

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Emmett Barker & Associates  
Jackson, TN

### **Sandra S. Batie**

Michigan State University  
East Lansing, MI

### **Frank L. Bauer**

Bulgarian-American Enterprise Fund  
Chicago, IL

### **Keith D. Bjerke**

North Dakota State University  
Fargo, ND

### **William T. Boehm**

The Kroger Company  
Cincinnati, OH

### **Michael Bowman**

Bowman Farming Company  
Wray, CO

### **Joe Brasher**

First State Bank  
Sharon, TN

### **Paul G. Brower**

Marietta, GA

### **Michael Brubaker**

The Agricultural Issues Forum  
Lititz, PA

### **Robert V. Call**

Call Farms/My-T Acres, Inc.  
Batavia, NY

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Stahlbush Island Farms  
Corvallis, OR

### **David L. Chicoine**

University of Illinois  
Urbana, IL

### **James A. Christenson**

University of Arizona  
Tucson, AZ

### **Jeffrey A. Conrad**

Hancock Agricultural Investment Group  
Boston, MA

### **John C. Cottingham**

Agricultural Investment Associates Inc.  
Wilmette, IL

### **John W. Creer**

Farm Management Company  
Salt Lake City, UT

### **Herbert (Hub) Daniel**

Bay Branch Farms  
Claxton, GA

### **Mark L. Darrington**

Mark L. Darrington Farms  
Declo, ID

### **Ed Dickinson**

Alex City, AL

### **Daniel M. Dooley**

Dooley, Herr & Peltzer, LLP  
Visalia, CA

### **Becky Doyle**

Hickory Grove Pork Farm  
Gillespie, IL

### **Mark R. Drabenstott**

Kansas City Federal Reserve  
Kansas City, MO

### **Richard A. Dudden**

Padley & Dudden P.C.  
Venango, NE

### **William H. Dunklin**

McGehee, AR

### **Jack Eberspacher**

Agricultural Retailers Association  
Washington, DC

### **Michael Espy**

Mike Espy, PLLC  
Jackson, MS

### **A. Charles Fischer**

Midland, MI

### **Barry L. Flinchbaugh**

Kansas State University  
Manhattan, KS

### **Bill Flory**

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Columbus, OH

### **Robert L. Foster**

Foster Brothers Farm  
Middlebury, VT

### **J. Erik Fyrwald**

DuPont Agriculture & Nutrition  
Johnston, IA

### **Cornelius L. Gallagher**

Bank of America  
Roseville, CA

### **Dan R. Glickman**

Motion Picture Association of America  
Washington, DC

### **Reg Gomes**

University of California  
Oakland, CA

### **Larry L. Groce**

Groce Farms  
Plainville, IL

### **Richard C. Hahn**

Omaha, NE

### **Paul E. Hammes**

Union Pacific Railroad  
Omaha, NE

### **John Hardin**

Hardin Farms  
Danville, IN

### **Jim Hauge**

Blue Hill Ranch  
Carson, ND

### **Lynn O. Henderson**

Henderson Communications LLC  
Chesterfield, MO

### **Greg Heying**

SUPERVALU INC.  
Chanhassen, MN

### **Sonja Hillgren**

Farm Journal Media  
Philadelphia, PA

### **Gerald E. Hillier**

Hillier Consulting and Management  
Riverside, CA

### **Chip Hinton**

Florida Strawberry Growers Assn.  
Plant City, FL

### **Stephen H. Hoefler**

Fayetteville, NY

### **George Hoffman**

Restaurant Services, Inc.  
Coral Gables, FL

### **Sheldon R. Jones**

Colorado Department of Agriculture  
Lakewood, CO

### **Marlyn L. Jorgensen**

JorgAnna Farms  
Garrison, IA

### **John Kautz**

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### **Carol A. Keiser**

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Lafayette, IN

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### **Terry McClure**

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### **David L. Moore**

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### **Bill Northey**

Spirit Lake, IA

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Fargo, ND 58103

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### **Randall Smith**

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### **Charles R. Stamp Jr.**

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### **Larry Wooten**

North Carolina Farm Bureau Federation  
Raleigh, NC

### **Stephen R. Wright**

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### **Sara R. Wyant**

Agri-Pulse Communications, Inc.  
St. Charles, IL

# Financial Highlights

## Statement of Position For Fiscal Years Ended April 30a

	<b>2005b</b>	<b>2006b</b>
<b>Cash</b>	129,255	95,603
<b>Securities</b>		
Vanguard REIT Index Fund	1,440,704	1,390,687
Vanguard Int'l Stock Index Fund	1,344,329	1,524,132
Vanguard Stock Market Index Fund	11,669,988	13,642,408
PIMCO Total Return Fund	8,587,005	8,446,115
PIMCO Low Duration Fund	399,432	406,302
<b>TOTAL ASSETS</b>	<b>23,570,713</b>	<b>25,505,247</b>

## Statements of Activities For Fiscal Years Ended April 30a

	<b>2005b</b>	<b>2006b</b>
<b>REVENUES AND GAINS</b>		
Dividends and Interest	846,479	699,081
Net realized and unrealized gains on investments	1,022,292	2,278,972
Investment expenses	(9,385)	(9,338)
<b>NET INVESTMENT RETURN</b>	<b>1,859,386</b>	<b>2,968,715</b>
Gifts	472,423	577,163
<b>TOTAL REVENUE AND GAINS</b>	<b>2,331,809</b>	<b>3,545,878</b>
<b>PROGRAM AND OPERATING EXPENSES</b>		
Administration	330,511	268,900
Development	183,675	145,434
<b>Programs</b>		
Globalization	143,091	225,213
Environmental Issues	338,303	234,807
New Technologies	4,881	12,115
Consumer Issues	206,567	203,220
Agricultural Institutions	178,010	216,176
Rural Communities/Leadership	95,503	267,744
Farm Foundation Round Table	18,376	37,735
<b>TOTAL PROGRAM AND OPERATING EXPENSES</b>	<b>1,498,917</b>	<b>1,611,344</b>
<b>INCREASE IN UNRESTRICTED NET ASSETS</b>	<b>832,892</b>	<b>1,934,534</b>

a Modified Cash Basis  
b Taken from 2005 and 2006 audited financial statements

# Financial Contributors

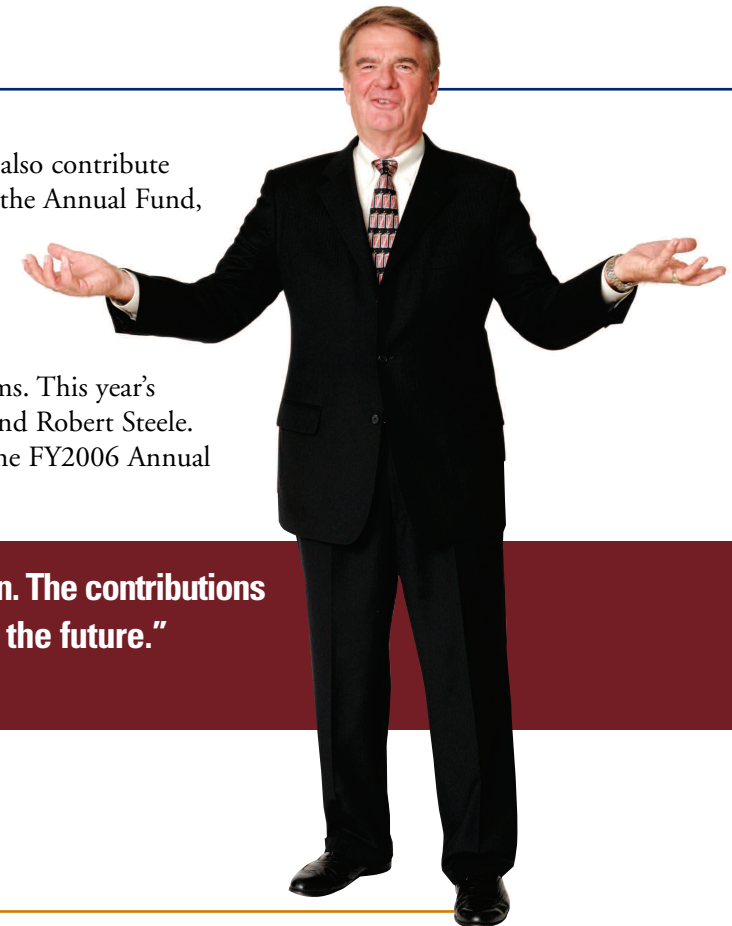
Individuals make Farm Foundation's mission a reality. They provide leadership and human capital. They also contribute financial resources to ensure that the work of Farm Foundation continues. Financial support is given for the Annual Fund, Project Specific Funds and Endowment Growth.

## Annual Fund

Annual Fund contributions provide unrestricted support for ongoing Foundation operations and programs. This year's drive was lead by Barry Flinchbaugh, co-chair, Richard Hahn, co-chair, Bruce Andrews, Cecil Medders and Robert Steele. We gratefully acknowledge the individuals, companies and organizations for their generous support for the FY2006 Annual Fund Drive (ending April 30, 2006).

**"Endowments from two individuals provide the financial framework for Farm Foundation. The contributions of hundreds of individuals and organizations maintain and build that framework for the future."**

**Richard Hahn, Farmers National (retired)**



### President's Team - \$5,000 and over

#### Deere and Company

### Catalyst - \$2,500 - \$4,999

#### Michael Bowman

#### MacDon Industries Ltd.

#### Joseph P. Sullivan

#### Union Pacific Foundation

### Bennett Sustaining Members - \$1,000 - \$2,499

#### Chuck Ahlem

#### Philip W. Ashcraft

#### Nicholas C. Babson

#### Call Farms Inc.

#### Daniel M. Dooley

#### W.H. Dunklin & Sons Inc.

#### Farmers National Company

#### Farmland Management Services

#### Florida Fruit and

#### Vegetable Association

#### Dan R. Glickman

#### John Hardin

#### Gerald E. Hillier

#### John H. Kautz Farms

#### Mary Keough Ledman

#### James R. Lerwick

#### Madeline Mellinger

#### Met Life Foundation

#### North Carolina Soybean

#### Production Association

#### Nuffer Smith and Tucker

#### R.D. Offutt Company

#### Pioneer Hi-Bred International Inc.

#### Edward (Rob) Robinson

#### Mark Scholl

#### Charles Stamp

#### University of California-DANR

#### Verdant Partners

#### Donald B. Villwock

#### William J. Whitacre

#### Clayton Yeutter

## Venture Partners - \$500 - \$999

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Agricultural Investment Associates  
JoAnn Alumbaugh  
Vincent Amanor-Boadu  
Eric Anderson  
Bruce Andrews  
Animal Health Institute  
Jay Armstrong  
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Victor L. Lechtenberg

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Ewell E. Long  
Cecil B. Medders  
Richard N. Morrison  
James R. Moseley  
Bobby D. Moser  
Owen J. Newlin  
Jack Odle  
Joe Outlaw  
John C. Owens  
James F. Patterson  
Kenneth L. Peoples  
David C. Petritz  
Red Hill Farms  
William J. Richards  
Allen R. Rider  
Martha Roberts  
Henry E. Rodegerdts  
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Orion Samuelson

William B. Sayre  
Robert D. Scherer  
Scott Farm  
Joe P. Silveira  
Darrell Smith  
Edward G. Smith  
Randall Smith  
Robert Stallman  
Robert D. Steele  
Charles W. Stenholm  
Patrick Takasugi  
Steve G. Tate  
Robert L. Thompson  
Wolf Farms  
Larry Wooten  
Sara R. Wyant  
Robert Young

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## Donors - up to \$499

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Eric P. Thor  
Alan T. Tracy  
James K. Trotter  
Bronson Van Wyck  
Ann M. Veneman  
Luther Waters  
Wendy Wintersteen  
Wolf Foundation  
W. Fred Woods  
Robert Yonkers

# Project Specific Funding

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Farm Foundation seeks funding for specific projects from a variety of sources—individuals, agribusinesses, government agencies, other foundations, commodity organization and special interest groups. These donors recognize the importance of Farm Foundation’s unique work and the Foundation’s unwavering focus on objective analyses. We acknowledge their generous support during the past year.

## **Project Patrons (Funding support of more than \$50,000)**

**USDA Economic Research Service  
W.K. Kellogg Foundation**

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## **Project Partners (Funding support of up to \$50,000)**

**Agriculture and Agri-Food Canada  
American Farm Bureau Federation  
Canadian Cattlemen’s Association  
Grocery Manufacturers of America Inc.  
Portland State University  
National Corn Growers Association  
Joseph and Jeanne Sullivan Foundation  
USDA Forest Service  
USDA Office of Energy Policy and New Uses  
USDA Natural Resources Conservation Service**

Projects often receive funding support that does not come directly to the Foundation. These “leveraged” funds are substantial. In the FY2006, for every \$1 invested by Farm Foundation, \$11 was invested by project collaborators.

# Endowment Funding

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To continue its service to agriculture, the food system and rural communities well into the future, Farm Foundation strives to grow its endowment, the keystone of the organization's funding. Donors are recognized as **Legge Pioneers (gifts of \$25,000 or more)** or as members of the Farm Foundation **Builders Club, (gifts of up to \$24,999)**. We acknowledge the generous investment made by the following Builders Club members in the Endowment Fund this fiscal year.

## **Agricultural Investment Associates, Inc.**

**Animal Health Institute**

**Philip W. Ashcraft**

**BASF Plant Science LLC**

**William T. Boehm**

**Michael Espy**

**Barry L. Flinchbaugh**

**Larry L. Groce**

**John Hardin**

**Lynn O. Henderson**

**Sonja Hillgren**

**JorgAnna Farms**

**William F. Kirk**

**Knutson & Associates**

**James R. Lerwick**

**William J. Loughmiller**

**Cecil B. Medders**

**Bobby D. Moser**

**Bill Northey**

**Joe P. Silveira**

**Donald B. Villwock**

**Luther Waters**

*Founding members of the Legge Pioneers are from left, Bill and Grace Richards, and Dan Smalley, representing Gold Kist Foundation.*



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## Farm Foundation

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1301 West 22nd Street

Suite 615

Oak Brook, IL 60523

Tel (630) 571-9393

Fax (630) 571-9580

*[www.farmfoundation.org](http://www.farmfoundation.org)*