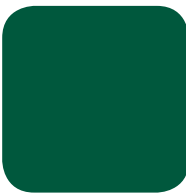




UNITED TO GROW FAMILY AGRICULTURE

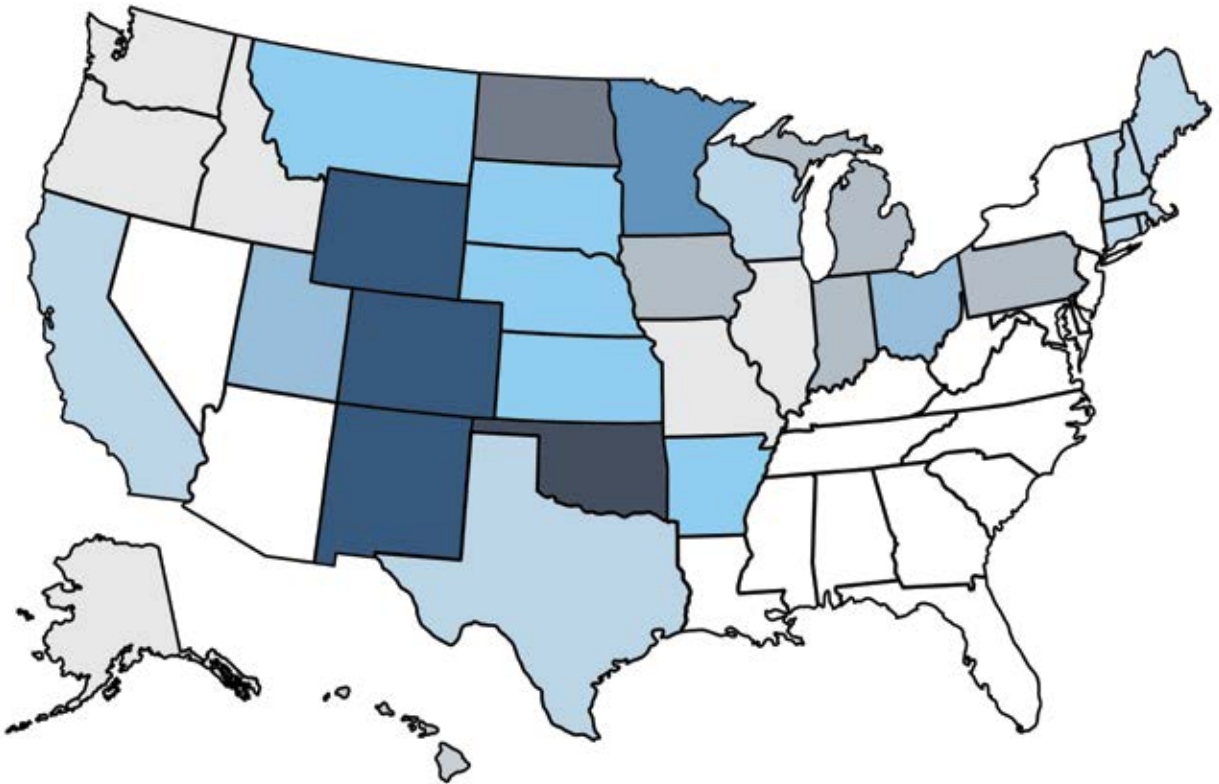
2013 ANNUAL REPORT



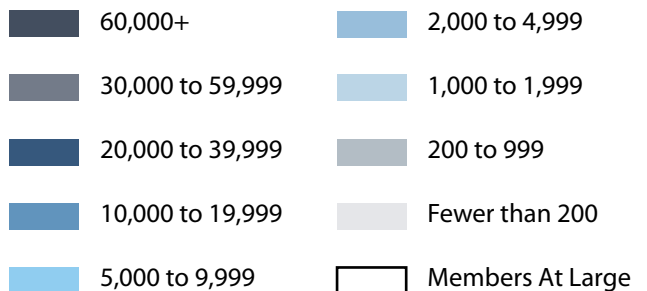


NATIONAL FARMERS UNION MEMBERS

National Farmers Union is organized in 33 states, with additional at-large members in every state.



MEMBERSHIP BY STATE/REGIONAL DIVISION





National Farmers Union (NFU) was founded in 1902 on the principles of education, organization/legislation and cooperation. I am proud to say that we remain true to those roots 111 years later. In 2013, NFU celebrated its ongoing success in these areas, and continued to lay the groundwork to remain the leading agriculture organization for family farmers, ranchers, fishermen, consumers and rural communities in the country.

We are proud to be a truly grassroots organization which is what empowers us to influence and lead. Here we report on the work NFU's Board of Directors, staff and members are doing each day to carry out the mission of our member-driven organization.

Over the past year, we have continued to expand our programs for people of all ages, backgrounds and interests across the country. While we have faced challenges legislatively, we have continued to represent the policy determined by our members to Congress and other policymakers.

If you are not already a Farmers Union member, I encourage you to join and take an active role in your organization. Everyone's voice must be heard, and we are here for you.

Sincerely,

Roger Johnson



Elected in 2009, Roger Johnson is the 14th president of National Farmers Union.

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MEMBERSHIP

POWERED BY MEMBERSHIP

One thing that sets NFU apart from other organizations is an active membership that is engaged at every level, from local farm education to advocacy in Washington, D.C.

Membership grows as people “willing and anxious to build a better community and a better life” unite around local issues, says Wes Sims, Texas Farmers Union president, where NFU was born 111 years ago in a schoolhouse near Point. Sims says Farmers Union has proven that it just takes 10 good citizens to “change the world.”

The primary means of growing membership continues to be either an invitation to join followed by a handshake from a fellow farmer, or

a helpful insurance partner bringing members to Farmers Union. In 2013, more than 40,000 members were serviced by NFU Property and Casualty Insurance Company, owned by QBE.

Insurance partnerships are expanding, with Hastings Mutual Insurance now providing a discount to members in Michigan, Wisconsin, Indiana, Illinois, Iowa and -- new in 2013 -- Ohio.

Since the inception of this partnership last year, 521 families have joined, and the good news continues to spread.

Members and local Farmers Union groups who excel in recruitment and leadership are recognized during NFU's convention. The 2013 convention, with the theme, “Making Waves in Agriculture,” was hosted by New England Farmers Union in Springfield, Mass. Among the 10 members recognized at the 2013 NFU convention for achievements in 2012, Gary Wertish, Bessie Klose, and Alan Perish were awarded the Silver Star and Tom Farber the Blue Star. The star awards are the top recruitment honor bestowed upon individual members. Leadership awards recognized 19 counties/local divisions.



NFU members participate in a briefing during NFU's Fly-In, one of our largest grassroots events.



Ohio Farmers Union members gathered in Washington, D.C., to meet with their members of Congress.



Minnesota Farmers Union (MFU) President Doug Peterson (left) and NFU President Roger Johnson (right) present Bessie Klose of MFU with the Silver Star Award.

PLANNING FOR THE FUTURE

The NFU Board of Directors and staff undertook a strategic planning process for the organization in the summer of 2010. In 2012 and again in 2013, the goals were reviewed and re-prioritized.

In July, the Board of Directors determined that the priority goals for the organization were to continue to improve marketing and membership growth initiatives while also improving, modernizing and increasing communications efforts. These goals provided the overarching framework for much of 2013's work and accomplishments.

As you read through this report, you will find many areas where we are progressing to meet the specific targets within each goal and plans for future growth.

LEADERSHIP AROUND THE WORLD

International Year Of Family Farming

The United Nations has declared 2014 the International Year of Family Farming. In preparation for celebrating the year, the NFU Board and staff have created a strategic marketing plan to communicate with media, consumers, family farmers and the general public about the importance of family farming to our country and the world. This plan is aligned with the organization's long-term strategic planning goals of increasing exposure and communications, while also growing membership.

World Farmers' Organisation (WFO)

Robert Carlson, NFU vice president of international relations, continued his service as the president of the World Farmers' Organisation (WFO) this year. At the General Assembly held in Japan in April, the delegates present took action on several policy positions, including trade agreement standards. The organization continues to expand to include more countries on its membership rolls.



Neetaben Shamik Trivedi with the Self-employed Women's Association in India, Erin Schneider, and Marilyn Jalloh the Deputy Minister of Agriculture of Sierra Leone at the WFO International Day of Rural Women meeting.

Sue Carlson and Erin Schneider, both Farmers Union members, have taken a leadership position in WFO by serving on its women's committee. Carlson chairs the women's committee, and Schneider was appointed to the committee this year. In October, WFO held a symposium in Zambia in celebration of the International Day of Rural Women. The meeting was successful in bringing together women from all corners of the world to discuss the challenges they face in farming in their own regions. The WFO women's committee is growing, and NFU is proud to play a role in its activities.

STRATEGIC PLAN
~
INTERNATIONAL
INITIATIVES



EDUCATION

FOCUS ON EDUCATION

From focusing on beginning farmers and ranchers to building tomorrow's rural leaders, Farmers Union's educational efforts are building on both well-established and relatively new programs. Farmers Union is working hard to expand its educational opportunities for members from coast to coast (including Hawaii and Alaska), and across the nation's heartland. Here is a summary of key events in 2013.

All-States Leadership Camp

Seventy-five leaders in the Farmers Union youth program from across the nation attended All-States Camp at NFU's Education Center June 23-28, near Bailey, Colo. The camp followed the theme, "Building Ourselves, Building Our Lives." Presentations were made by Roger Johnson, president of NFU, William Nelson, president of CHS Foundation and CoBank's Andrew Jacobs, executive vice president, regulatory, legislative and compliance. The first All-States Leadership Camp was held in 1936.

Olympic gold medalist Rulon Gardner inspired young adults from across the country with his winning ways. He grew up on his family's dairy farm in Wyoming where he learned the value of both hard work and teamwork.



All-States Leadership camp participants gathered this summer for leadership activities and team-building experiences.

National Youth Advisory Council

Campers attending All-States Leadership Camp elected six of their peers to represent them on the National Youth Advisory Council (NYAC). Members of the 2013-2014 NYAC are: Amanda Bitz, Dickey, N.D.; Forrest Carlson, Glenburn, N.D.; Violet Green, Highwood, Mont.; Adam Long, Berlin, N.D.; Meghan Osterbauer, Benson, Minn.; and Caleb Schmitz, New London, Minn.



The NYAC traveled to Washington, D.C., in September for NFU's Fly-In.

The NYAC traveled to Washington, D.C., during NFU's Fall Legislative Fly-In. During its capital visit, these outstanding young leaders planned educational activities for the 2014 All-States Camp and participated in leadership training. In addition, they attended a briefing at the U.S. Department of Agriculture (USDA), visited congressional offices and toured NFU headquarters.

Beginning Farmer Institute

Now in its third year, NFU's Beginning Farmer Institute (BFI) allows participants to gain a working knowledge of USDA programs, risk management, bookkeeping and discussing a business plan with a lender. BFI sessions also focus on lesser-known opportunities to generate farm income and keep production costs in line with budgets.

The 2013-2014 Institute class includes: Shannan Tenze, Colo.; Maggie Mills, Md.; Eric Hoese, Carsten Thomas, Brent Krohn and Bryce Krohn, Minn.; Paul Kanning, Mont.; Josh Norby, James Hansen and Loretta Hansen, N.D.; Amanda West, Va.; and Jennifer Gibson, Wis.

College Conference On Cooperatives

Thanks to the organizational efforts of Farmers Union and the CHS Foundation, Minneapolis, Minn., is home to a significant number of tomorrow's cooperative leaders. From across the nation, college students and instructors interested in cooperative education attended the 2013 College Conference on Cooperatives (CCOC) event held in February. CCOC attendees toured Twin Cities cooperatives, including CHS, Inc., REI, and 7500 York Cooperative, the nation's first cooperative retirement complex. Presenters included members, directors, employees and managers from traditional and value-added agricultural cooperatives.



Beginning Farmer Institute participants toured a dairy in Minnesota during one of the sessions.



Ellen Linderman (right) shared her farming experience with farmers in Zambia on the Farmer-to-Farmer program.

Farmer-to-Farmer

Several Farmers Union volunteers traveled to Zambia, to participate in the Farmer-to-Farmer (FTF) program run by the U.S. Agency of International Development (USAID). NFU staff member Brittany Jablonsky accompanied Ellen Linderman, a North Dakota Farmers Union member, to Zambia, where they conducted workshops on marketing and recordkeeping with farmers. Alaska Farmers Union President Bob Shumaker also participated in the Zambia program. Erin Schneider returned to the Republic of Senegal for a second time in two years. NFU works in conjunction with NCBA CLUSA on this venture.

EDUCATION

Evening For Education

The fourth "Evening for Education" fundraiser was held in conjunction with the NFU convention. The event generates funds for the NFU Foundation, which supports NFU's education programs.

Internships

The ongoing internship program allows college students with an interest in rural communities and agriculture to gain experience with NFU's grassroots initiatives. Focus areas for the paid internships include communications, cooperative education, economics, general education, membership marketing, policy research and political science.

2013 INTERNS:

Amy Lesperance
Anya Gandy
Samantha Paschal
Kate Giessel
Dallon Bitz
Jameil Saez
Justin Trammel



Interns Dallon Bitz (left) and Jameil Saez (right) met U.S. Secretary of Agriculture Tom Vilsack at NFU's Fly-In.

Scholarships

NFU annually distributes thousands of dollars of scholarships to students furthering their formal education.

Stanley Moore \$1,000 scholarships were awarded to Julia Birgen of Lafayette, Colo., Hunter Huff Towle of Bismarck, N.D., Kelsey Schlegel of Dalmatia, Pa., Hayley Siroky of Roy, Mont., and Derek Tarabetz of Chamberlain, S.D. The \$2,000 Hubert and JoAnn Seymour Scholarship was awarded to Kyle Knutson of Kathryn, N.D.

Curriculum

The 2013 theme for NFU's education curriculum was "Building Ourselves, Building Our Lives." The curriculum is designed to engage students using a variety of hands-on activities. Multiple lessons are available for students in grades 1-2, 3-5, 6-8, and 9-12, along with separate lessons for college students and adults. This free curriculum is available online for instructors.

Farm Safety

NFU recognizes that health and well being of all farm and ranch families is critical to the future of agriculture. Recent legislative activities regarding child labor prompted NFU leadership to investigate methods of farm safety education and develop a plan for creating a unique, comprehensive program that focuses on decreasing severe injury and death on farms and ranches.

The NFU staff has conducted a series of focus group activities to discuss and prioritize critical farm safety topics, determine which educational methods will deliver instruction and training most effectively, and discover innovative ways to increase awareness and interest in farm and ranch safety instruction and planning.

INVESTING IN OUR FUTURE

The National Farmers Union Service Association (NFUSA) is a wholly-owned, for-profit subsidiary of NFU. NFUSA explores business ventures and investments to increase revenue for the organization and enhance services to members.

NATIONAL
FARMERS
UNION
SERVICE
ASSOCIATION

Insurance

NFUSA owns, with other Farmers Union partners, the very successful Midwest Agency. It is a general insurance agency that operates in Kansas and Nebraska. In 2012, it purchased Eagle Agency of Bryant, Ark. Eagle Agency is contracted with Farmers Union Mutual Insurance Company of Arkansas as well as other insurance companies. These agencies serve current members and provide an excellent means to grow NFU's membership base.

Strengthening the important relationship with NFU's longtime partner, National Farmers Union Property Casualty Insurance Company (NFUIC), is always a top priority. NFU founded NFUIC in 1945. It is now owned by QBE. Agencies owned by various state Farmers Unions continue to sell their products. Crop insurance will now be available in many states with the NFU brand name.

Restaurants

NFUSA is invested in Agraria, a North Dakota-based corporation which owns two restaurants in Washington, D.C.: Farmers, Fishers and Bakers; and Founding Farmers. NFUSA also invested in a new Founding Farmers restaurant, which opened September 2011, in Potomac, Md. The restaurants are extremely popular and specialize in procuring their products from local farms that use sustainable farming practices. This past year, NFUSA invested in a third Founding Farmers, scheduled for a 2014 opening in Tyson's Corner, Va.



Renewable Energy

In 2010, NFUSA entered into a joint development agreement with OwnEnergy Inc., to provide community wind energy services and education to Farmers Union members, create joint venture arrangements between Farmers Union members and OwnEnergy for wind energy project development, and advocate for community wind energy policies.

In 2013, NFU and OwnEnergy focused on Wisconsin, Oklahoma and New England to identify prospective project partners and to begin the development process for community wind projects. Exclusive financial incentives have been put in place to provide additional sources of revenue for the state/regional Farmers Union divisions and NFU, once successful projects are operational.

REPRESENTING FAMILY AGRICULTURE

The battle for a new, comprehensive multi-year farm bill continued to dominate another year of advocacy. The Food, Conservation, and Energy Act of 2008, known as the 2008 Farm Bill, expired in 2012, but it was extended until Sept. 30, 2013, after congressional inaction.

NFU and its members continued to advocate for:

- ◆ An effective safety net for farmers and ranchers that protects against the risk of both short-term weather disasters and long-term price collapse
- ◆ Mandatory funding for homegrown renewable energy programs
- ◆ Streamlined and effective conservation programs
- ◆ Programs that support beginning farmers and ranchers, including military veterans
- ◆ Country-of-Origin Labeling for meat, seafood and poultry
- ◆ Direct-to-consumer marketing opportunities and local and regional food systems
- ◆ A dairy program that both stabilizes market prices and manages supply
- ◆ Policies and other efforts that ensure farm programs target the family farmers and ranchers who most need assistance



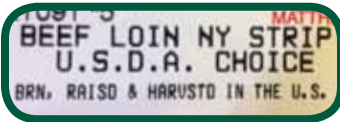
South Dakota Farmers Union President Doug Sombke (left) and NFU President Roger Johnson (right) presented Sen. Tim Johnson with the Friend of the Family Farmer Award.

Farmers Union members were once again active supporters both at home and in Washington, D.C. NFU hosted one of its largest legislative fly-ins in September, with nearly 300 Farmers Union members from across the country visiting every congressional office to convey the importance of passing a new farm bill and defending the Renewable Fuel Standard (RFS). A highlight of the fly-in was a press conference featuring Senate Majority Leader Harry Reid, D-Nev., Senate Agriculture Committee Chairwoman Debbie Stabenow, D-Mich., and Neil Young, well-known musician and staunch renewable energy advocate. Senator Tim Johnson, D-S.D., was honored with the Friend of the Family Farmer Award for his support over the years for Farmers Union.

GOVERNMENT
AFFAIRS
~
MISSION AND
VISION

NFU stayed firmly in the forefront on a number of other timely issues. The organization continues its decades-long fight for Country-of-Origin Labeling (COOL) of meat, seafood and poultry. USDA revised its COOL regulations in 2013 to provide more accurate information to consumers while meeting World Trade Organization (WTO) requirements. The new label went into effect Nov. 23. The meat-

packing industry responded by filing a lawsuit against USDA; NFU intervened in the lawsuit on USDA's behalf to defend this common-sense law.



New COOL labels went into effect Nov. 23, giving the consumer more specific information about the origins of the meat they are buying.

As Congress began its effort to reform immigration law, NFU joined forces with a number of other agricultural organizations to ensure that proposed changes to the agricultural workforce will have a positive impact on both farmers and farmworkers.



Farmers Union members ask questions during a briefing at the Fly-In.



Musician and renewable energy advocate Neil Young, Sen. Debbie Stabenow, NFU President Roger Johnson and Sen. Harry Reid with Sen. Stabenow's Golden Triangle Award.

The farm bill struggles of the past two years have shown once again that elections matter. The National Farmers Union Political Action Committee (NATFARMPAC) continues to support congressional candidates who agree with Farmers Union's philosophy and legislative priorities.

NFU MISSION - To advocate for the economic and social well-being, and quality of life of family farmers, ranchers, fishermen and consumers and their communities through education, cooperation and legislation. NFU advocates sustainable production of food, fiber, feed and fuel.

OUR VISION - NFU will continue to be the respected, influential and independent national voice and coalition leader that bridges family producers and consumers on behalf of a vibrant and growing grassroots membership.

AUDITED FINANCIALS

THE FARMERS' EDUCATIONAL AND CO-OPERATIVE UNION OF AMERICA AND AFFILIATES CONSOLIDATED STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2012 AND 2011

	2012	2011
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 408,135	\$ 513,560
Accounts Receivable - Other, Net of Allowance	101,646	6,603
Accounts Receivable - Use of Name Fees	110,689	159,569
Accounts Receivable - Dues	72,149	141,133
Prepaid Expenses and Deposits	137,563	131,469
Notes Receivable	47,933	54,486
Total Current Assets	<u>878,115</u>	<u>1,006,820</u>
PROPERTY AND EQUIPMENT, NET	745,713	769,808
LONG-TERM INVESTMENTS	<u>19,999,448</u>	<u>19,126,314</u>
Total Assets	<u>\$ 21,623,276</u>	<u>\$ 20,902,942</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 23,148	\$ 36,819
Accrued Expenses	161,345	168,591
Life Member Earnings Payable	12,549	9,455
Deferred Dues	5,048	4,724
Deferred Convention Revenue	98,798	46,800
Deferred Rent - Bailey Center	100,000	100,000
Accrued Pension Obligation	213,619	211,092
Total Current Liabilities	<u>614,507</u>	<u>577,481</u>
NON-CURRENT LIABILITIES		
Life Memberships Payable	659,095	657,945
Accrued Pension Obligation	1,069,073	816,852
Deferred Lease and Improvement Allowance	432,928	444,075
Total Non-Current Liabilities	<u>2,161,096</u>	<u>1,918,872</u>
Total Liabilities	2,775,603	2,496,353
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Unrestricted	18,606,822	18,102,665
Temporarily Restricted	240,851	303,924
Total Net Assets	<u>18,847,673</u>	<u>18,406,589</u>
Total Liabilities and Net Assets	<u>\$ 21,623,276</u>	<u>\$ 20,902,942</u>

See accompanying Notes to the Consolidated Financial Statements.

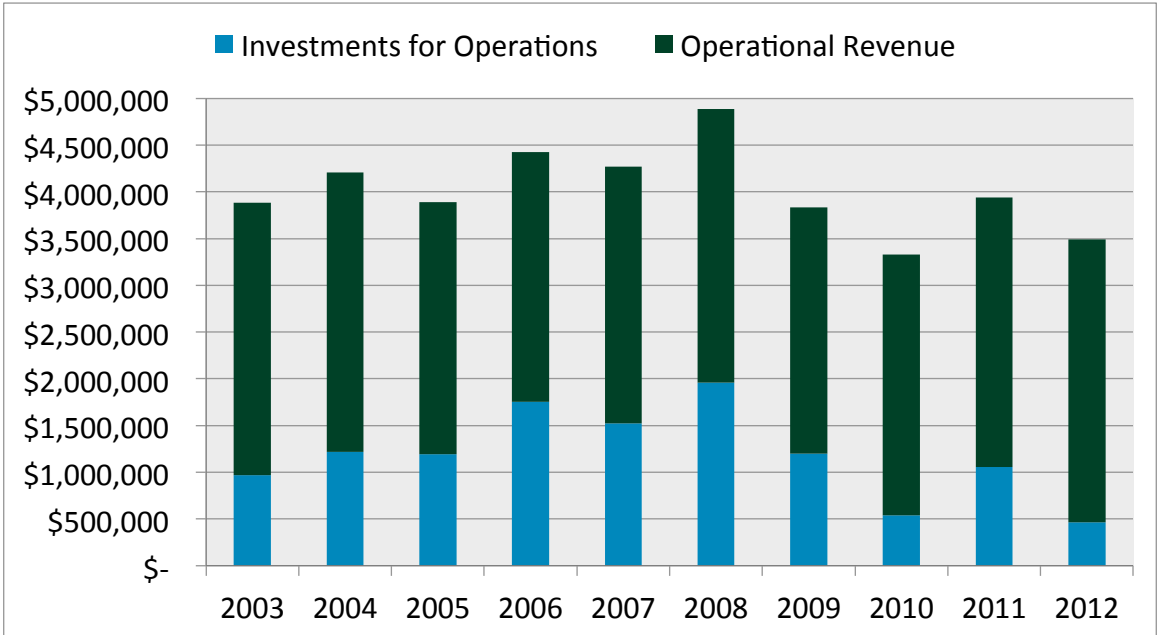
THE FARMERS' EDUCATIONAL AND CO-OPERATIVE UNION OF AMERICA AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
CHANGE IN UNRESTRICTED NET ASSETS		
REVENUE:		
Membership Dues	\$ 959,491	\$ 961,738
Convention	254,779	232,475
Use of Name Fees	1,058,185	1,065,296
Crop Insurance Advocacy Fees	200,000	200,000
Contributions	288,003	171,083
Commissions and Fees	3,783	14,181
WFO Grant	100,000	-
All States Camp	-	27,769
Bailey Center Rent	105,000	105,000
Newsletter Subscriptions	5,893	8,943
Legislative Budget Fund	-	2,762
Interest and Dividends	723,304	723,796
Earnings in Midwest Agency, LLP	234,979	136,388
Registration Fees	18,580	-
Miscellaneous	-	7,781
Net Assets Released from Restriction - Grants	225,694	501,061
Total Unrestricted Revenue	<u>4,177,691</u>	<u>4,158,233</u>
EXPENSES:		
Program Services:		
Membership	570,578	743,343
Convention	369,536	331,339
Communications	244,345	203,583
NFU Educational Programming	-	177,642
Foundation Educational Programming	458,307	413,792
WFO	351,014	-
Government Relations	636,926	487,813
Green Tech Grant	-	54,553
NATFARMPAC	49,250	31,482
Total Program Services	<u>2,679,956</u>	<u>2,443,547</u>
Supporting Services:		
General and Administrative	1,147,335	1,713,665
Organization and Board	344,020	318,598
Total Supporting Services	<u>1,491,355</u>	<u>2,032,263</u>
Total Expenses	<u>4,171,311</u>	<u>4,475,810</u>
CHANGE IN UNRESTRICTED NET ASSETS BEFORE OTHER ITEMS	6,380	(317,577)
OTHER ITEMS:		
Unrealized Gain (Loss) on Investments	958,029	(1,412,731)
Realized Gains on Investments	17,897	720,015
Pension Liability Adjustment	(396,909)	(485,256)
Loss on CAFUIA	(81,240)	(100,231)
Total Other Items	<u>497,777</u>	<u>(1,278,203)</u>
CHANGE IN UNRESTRICTED NET ASSETS	504,157	(1,595,780)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS		
Grant Revenue	162,621	320,050
Net Assets Released from Restriction - Grants	(225,694)	(501,061)
Change in Temporarily Restricted Net Assets	<u>(63,073)</u>	<u>(181,011)</u>
CHANGE IN NET ASSETS	441,084	(1,776,791)
Net Assets - Beginning of Year	<u>18,406,589</u>	<u>20,183,380</u>
NET ASSETS - END OF YEAR	<u>\$ 18,847,673</u>	<u>\$ 18,406,589</u>

See accompanying Notes to the Consolidated Financial Statements.

FINANCIALS

SOURCE OF FUNDS FOR OPERATIONAL EXPENSES



Expenses dropped significantly in 2009 and again in 2010 due to numerous staff vacancies and efficiencies gained through a single office location after the consolidation of the Denver and Washington, D.C., offices. Several grants were also secured by the NFU Foundation and NFU which offset significant staff salary expense.

The increase in expense seen in 2011 reflects completion of the first year of full staffing in the office since 2008 as well as a number of insurance initiatives and reorganizational and membership development projects in several state divisions.

Most of these projects continue in 2012 including a partnership with Hastings Insurance in several states as well as continued support for state and regional development initiatives.

BOARD OF DIRECTORS (AS OF DEC. 31, 2013)

Roger Johnson President	Claudia Svarstad Vice President	Robert Shumaker Alaska	David Coker Arkansas
Joaquin Contente California	Vincent Mina Hawaii	Gary Turner Idaho	Norbert Brauer Illinois
James Benham Indiana	Jana Linderman Iowa	Donn Teske Kansas	Robert Thompson Michigan
Doug Peterson Minnesota	Richard Oswald Missouri	Alan Merrill Montana	John Hansen Nebraska
Roger Noonan New England	Mark Watne North Dakota	Roger Wise Ohio	Terry Detrick Oklahoma
Dan Joyce Oregon	Kim Miller Pennsylvania	Kent Pepler Rocky Mountain	Doug Sombke South Dakota
Wes Sims Texas	Kent Bushman Utah	Kent Wright Washington	Darin Von Ruden Wisconsin



STAFF (AS OF DEC. 31, 2013)

Roger Johnson President	Claudia Svarstad Vice President	Dave Velde General Counsel	Linda Kendall Office Manager
Chandler Goule VP, Government Relations	Jeff Knudson VP, Operations	Vacant VP, Membership	Melisa Augusto Director of Communications
Martha Van Dale Director of Finance	Brittany Jablonsky Director of Advocacy Communications	Maria Miller Director of Education	Guy Rusche Director of Development
Ethan Whitmore Membership Database Manager	Jan Ahlen Government Relations Representative	Mike Stranz Government Relations Representative	David Thews Executive Assistant

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