

National
Farmers
Union

UNITED TO GROW FAMILY AGRICULTURE

2012 ANNUAL REPORT

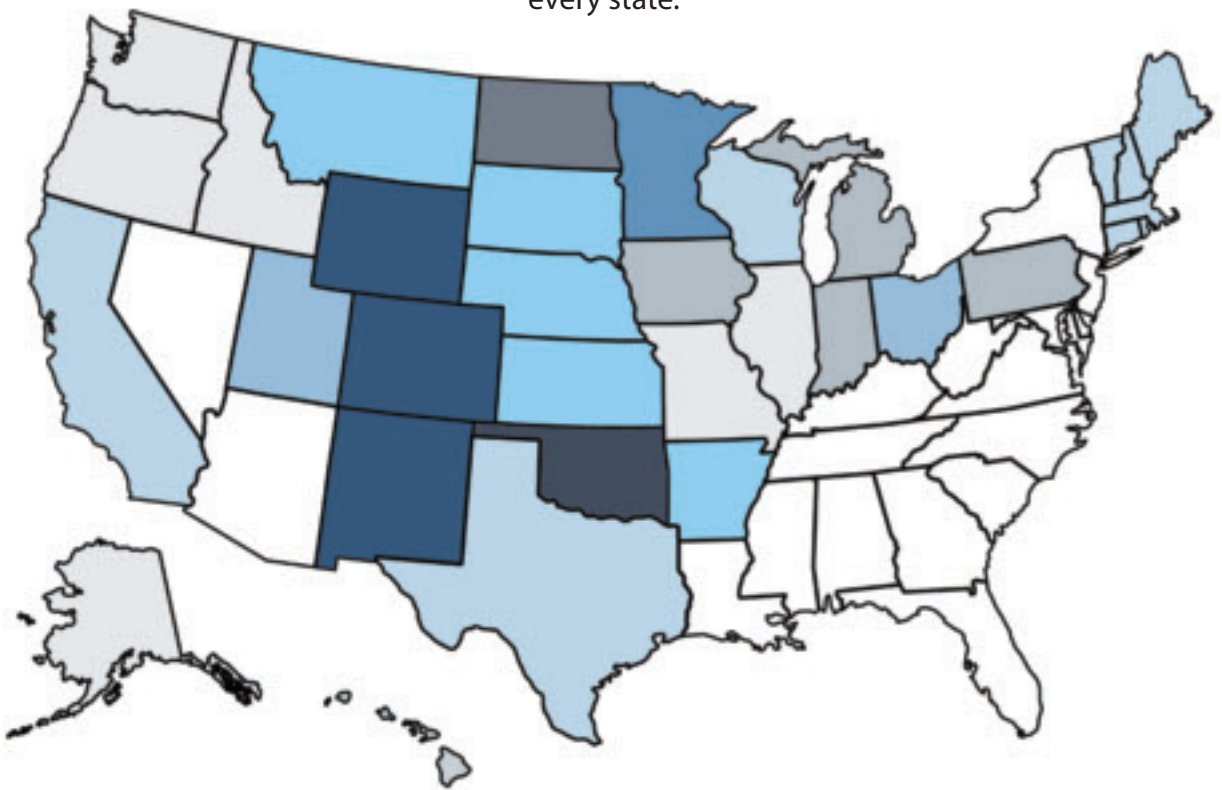


CELEBRATING 110 YEARS OF NATIONAL FARMERS UNION













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

	60,000+		2,000 to 4,999
	30,000 to 59,999		1,000 to 1,999
	20,000 to 39,999		200 to 999
	10,000 to 19,999		<200
	5,000 to 9,999		Members At Large



National Farmers Union celebrated 110 years of education, legislation and cooperation in 2012. As we celebrate last year's accomplishments and more than a century of excellence, we are also planning for the future - as you will see in this report.

We are proud of how far we have come as an organization while staying true to our founding principles. We truly are a grassroots organization and take great pride in the family farmers, ranchers, fishermen and rural residents we call our members.

As an organization, we will continue to work to be the most prominent general farm organization in the country. 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 met challenges legislatively, we have continued to represent the policy determined by our members to Congress and other policymakers.

If you are not already a member, I encourage you to join and take an active role in our organization. You can truly make a difference.

Sincerely,

Roger Johnson
President



Roger Johnson is the 14th President of the National Farmers Union.

TABLE OF CONTENTS

4	STRATEGIC PLAN
5	MEMBERSHIP
6	LEGISLATIVE ACTIVITIES
8	NFUSA
9	CELEBRATING 110 YEARS
12	FEEDING AMERICA
13	WFO
14	EDUCATION PROGRAMS
16	FINANCIALS

The National Farmers Union Board of Directors and staff underwent a strategic planning process for the organization in the summer of 2010. In 2012, the plan was reviewed by the Board to evaluate progress and re-establish priorities.

After careful deliberation, the Board voted to reprioritize the plan's objectives. The goals, in priority order are:

1. Membership growth
2. Long-term financial planning
3. Updating and improving communication strategies
4. Legislation
5. Education and leadership
6. Insurance
7. Cooperatives
8. Staff and plan review

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

"The strategic plan serves as the long-term roadmap for the work of the NFU Board and staff. It ensures that we will remain a strong organization for another 110 years."

-- Roger Johnson, NFU president

In order to continue to be a thriving, active organization for at least another 110 years, we must build our membership base. We have already taken up several initiatives that are intended to help us grow our membership. You will read about some of the insurance endeavors later in this report, as well as new benefits that are being offered to add value to membership in Farmers Union.

We continue to work on our finances, to maintain fiscal responsibility and to build a solid future for the organization.



As time goes on, communications have become more and more sophisticated. We are continuing to analyze and update how we are communicating with our members, the media, the public and policymakers.

You will read about the successes and hurdles we have faced legislatively throughout the past year. We are continually developing plans to ensure that we are imparting as much influence on Congress and the administration as we can, bringing the voice of our members to Washington, D.C.

Our education programs continue to grow and thrive. We are proud to offer educational opportunities to people of all ages and backgrounds.

We are proud of the progress we have made over the past few years on the strategic plan, and it is a part of the big picture planning in the national office and across the country.

A HISTORY OF EXCELLENCE

For more than 110 years, National Farmers Union has grown with the enthusiasm of its members who recruit their friends and neighbors to join.

The **Membership** Committee has refined the national awards program to recognize the efforts of these recruiters.

In 2012, a **data quality audit** of our membership records was conducted, and the upgrade to our data system was completed, enabling the future collection and reporting of demographic and marketing metrics for 13 state organizations and members-at-large whose data is hosted therein.

The **member value proposition** has also been significantly enhanced this year. NFU forged a new relationship with Hastings Mutual Insurance, and in the fall members in several states began to enjoy substantial discounts on their new farm policy premium. The program is rolling out in Michigan, Iowa, Illinois, Indiana, Wisconsin, and is anticipated to include Ohio. NFU also introduced value-added benefits for family and business—discounts on prescriptions, hearing screenings, pet insurance, wireless phones, office supplies and e-marketing services.

A majority of these offerings are **available in all 50 states**. A discounted energy program is available in over a dozen states, plus discounted Lifeline mobile cardiovascular screenings are available in the lower 48 states.



AWARDS

Each year NFU recognizes the leadership of its members and state divisions that excel in membership recruitment. At the 2012 convention, one Silver Star and 12 Membership Awards were presented to individual members. Forty counties were recognized with Leadership Achievement awards, and three states achieved the Outstanding Leadership Award.



“They say that one person can change another. A group can change a community and a community can change the world. I believe Farmers Union does that and much more.”

— Gavin, NFU All-States Camp attendee

It has been an **active legislative year** for NFU, marked by both successes and struggles.



IN OUR NATION'S CAPITAL

NFU's primary legislative focus in 2012 was the reauthorization of the farm bill. As Congress began consideration of a new five-year farm bill, NFU president Roger Johnson and other Farmers Union representatives testified before both the Senate and House of Representatives on how to improve programs for family farmers, ranchers and growers, including:

- Eliminating wasteful direct payments;
- Enacting a farm and livestock program that protects against extreme weather disasters and long-term price collapse;
- Ensuring dairy program reforms are targeted toward family-sized dairies and effectively manage supply;
- Preserving crop insurance and expanding products for underserved crops;
- Streamlining and consolidating conservation programs;
- Expanding programs that support beginning farmers, spur local food production and allow farmers to add value to their products; and
- Maintaining funding for valuable on-farm renewable energy production.

We continued to promote a Market-Driven Inventory System (MDIS) for inclusion in the farm bill. While MDIS was not adopted, it clearly raised awareness of the need for long-term price support, which was successfully included in the House bill.

Farmers Union members traveled to Washington, D.C., in April and September to talk to policymakers and advocate NFU's priorities. Despite their efforts, the farm bill was not spared from the inaction that plagued Congress in 2012. The Senate passed its version of the 2012 Farm Bill, and the House Agriculture Committee passed its draft of the legislation with a bipartisan vote, but despite pressure from NFU, nearly unanimous support from other farm organizations, and the grassroots advocacy of Farmers Union members, House leadership refused to bring the committee-passed bill to the House floor for a vote.

In the face of this resistance, NFU led a broad coalition of 90 endorsing organizations on the U.S. Capitol grounds to tell Congress to pass a new, five-year farm bill. Johnson co-emceed a rally drawing hundreds of farmers and allies, media outlets such as the *The New York Times*, CNN, and the Associated Press, and more than 20 members of Congress.



As the farm bill's Sept. 30, 2012, expiration date came and went, it became clear that, in spite of bipartisan political pressure, congressional leaders were determined to leave rural America with another year of uncertainty. Congress passed a partial nine-month extension of the 2008 Farm Bill on Jan. 1, 2013, which left dozens of important programs unfunded and failed to include critical disaster assistance. Overcoming this inexcusable congressional inaction will be NFU's primary task in the year to come.



Other advocacy challenges the organization faced this year included withdrawal of the Obama administration's proposed Grain Inspection, Packers and Stockyards Administration (GIPSA) rule. NFU strongly supported the rule, which would have alleviated some of the adverse effects of an extremely consolidated livestock marketplace.

Mandatory Country-of-Origin Labeling (COOL) of meat, poultry and seafood, a huge victory for all American livestock producers and consumers in the 2008 Farm Bill, faced a setback when Canada and Mexico won a World Trade Organization case against the COOL law. NFU continues to defend the law and seeks a resolution to the dispute.

One victory Farmers Union members can celebrate is the U.S. Supreme Court's decision to uphold the Affordable Care Act. The law provides incentives for physicians to practice in underserved rural hospitals, helps seniors afford prescription drugs, and gives tax credits to the self-employed who cannot afford to purchase insurance in the costly individual market.

Elections matter. NFU's political action committee, NATFARMPAC, endorsed many congressional candidates who understand and support family farmers and would fight to uphold the principles that Farmers Union members believe in so strongly.



IN THE COUNTRYSIDE

NFU is ramping up for another active year in advocacy, beginning with engaging our members from Hawaii to Maine. NFU representatives attended many Farmers Union state conventions and spoke across the country at events hosted by renewable energy, commodity, crop insurance, sustainable agriculture, cooperative and conservation stakeholders.

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

INSURANCE

NFUSA owns, with other Farmers Union partners, the very successful Midwest Agency. It is a general 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. NFUSA is always looking for insurance opportunities and this last year it established a new relationship with Hastings Mutual Insurance Company of Hastings, Mich. Membership in Michigan, Wisconsin, Illinois, Indiana and Iowa will now benefit from professional farm insurance programs and discounts.



Strengthening the important relationship with our longtime partner, National Farmers Union Property Casualty Insurance Company (NFUIC), is always a top priority. NFUIC was founded 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 National Farmers Union brand name.

RESTAURANTS

NFUSA is invested in Agraria, a North Dakota-based corporation which owns both Farmers, Fishers and Bakers and Founding Farmers restaurants in Washington, D.C. 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.



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. As a result of this partnership, a community wind project near Rothsay, Minn., is well underway with other projects in the exploratory stage.

"One Bushel of Wheat Will Buy Six Loaves," declared the headline of *Kansas Union Farmer* on July 10, 1930. The story noted that 200 bushels of wheat would buy a new wagon, almost 400 bushels would buy a wheat binder and one bushel of wheat would buy three gallons of gasoline.

"The only true measure of the value of a dollar is what it will buy; the only true measure of the farmers' prosperity is the price their products will



Pictured: A glance at what the Farmer's Share publication looks like today.

bring on the market in comparison with the prices of things which they have to buy. With the price of farm products the lowest in 16 years is it a wonder that the farmers of this country are hard up? Is it any wonder than banks are failing in rural districts? Is it any wonder that there is a great spirit of unrest in this country?" the paper asked.

Consumer spending, as reported by the *Farmers Union Herald* in Novem-

ber 1955, rose to an all-time high of \$256.5 billion, but the increase was of little help to farmers as their share of the retail food dollar continued to drop and reached a 15-year low of 40 cents during the third quarter. This was a decline of two cents from a year earlier.

Today, NFU releases its own version of the farmer's share in the likeness of the reports of the past, which are based on calculations derived from the monthly Agricultural Price Report produced by USDA's National Agricultural Statistics Service (NASS), and compared to price points of common grocery food items at a local Washington, D.C., supermarket.

"While we're at our local supermarket, it's easy to forget the true value of our farmers and ranchers, who in some cases are only making pennies to the dollar on their goods," says current NFU President Roger Johnson. "Our Farmer's Share report reflects the true value that our farmers and ranchers are receiving."

In 2012, farmers and ranchers merely receive 15.8 cents of every food dollar spent by consumers outside the home in the United States, according to USDA's Economic Research Service (ERS). Additionally, more than 80 cents of every food dollar is spent on marketing, processing, wholesaling, distribution and retailing.

NFU releases a new Farmer's Share every month. For more information, or to download the latest edition, visit www.NFU.org/farmers-share.

Below is the final report by state for our Feeding America Campaign. It was an amazing effort throughout many states. Thank you all! Farmers Union members raised a bit over \$58,000. With Mr. Buffett's match of \$50,000, and Feeding America's capacity to secure \$17 of groceries for every dollar donated, more than \$1,800,000 of groceries was provided to hungry folks all over the country. Our \$58,000 will be donated in the states that it was raised.

This was a wonderful effort by our camp youth, members, many of you personally, and within our various allied organizations and partners. There were new ideas of "jeans days," involvement of our insurance agents, and campaign events. The challenge grant from FUE was invaluable to our ultimate success.

We have not yet heard if Mr. Buffett will offer his challenge again. We may hear by our annual convention. Regardless, Chandler Goule has already secured \$10,000 from the 2013 Bipartisan Inaugural Gala Celebrating American Agriculture, which was held during the Inauguration. Thanks, Chandler for pitching Feeding America as one of two charities their Gala donated to. Also, thanks to Maria Miller for securing a \$5,000 gift from CoBank. Thank you! If we do this again, we have a great start.



North Dakota	\$17,098.87
South Dakota	\$9,600
Minnesota	\$7,000
Colorado	\$6,245
Arkansas	\$4,000
Montana	\$3,040
Wisconsin	\$3,025
Nebraska	\$1,225
District of Columbia	\$1,100
Ohio	\$1,085
Michigan	\$710
Kansas	\$685
Pennsylvania	\$660
Virginia	\$600
Alaska	\$600
Missouri	\$550
Utah	\$200
Illinois	\$200
Rhode Island	\$135
Massachusetts	\$90
Maryland	\$50
Vermont	\$25
New Hampshire	\$25
Oklahoma	\$20
Idaho	\$15
TOTAL	\$58,508.87

NATIONAL FARMERS UNION 1902 - 2012 110 YEARS OF LEADERSHIP



Founded as the Farmers Educational Cooperative Union of America in Point, Texas, to help the family farmer address profitability issues and monopolistic practices, National Farmers Union has been working to protect and enhance the economic well-being and quality of life for family farmers, ranchers and rural communities through advocating grassroots-driven policy positions adopted by its membership for 110 years.

As you will see in this special feature, Farmers Union members have been leaders in their communities, states, the country and the world for more than a century.

National Farmers Union believes that good opportunities in production agriculture are the foundation of strong farm and ranch families, and strong farm and ranch families are the basis for thriving rural communities.

A special note of thanks to NFU Honorary Historian Tom Giessel for assisting in the research for this special feature.

As an organization, NFU is constantly striving to educate and enlighten its members, agricultural stakeholders, and the American public on the critical value family farmers and ranchers provide to our nation.

One of the most effective tools in spreading that message to the masses has been reporting on the farmer's share of the consumer food dollar. Steeped in a legacy dating back as early as World War I, Farmers Union has reported the sometimes startling figures that reflect the actual bottom-line return farmers receive on their crops against the prices paid by consumers.

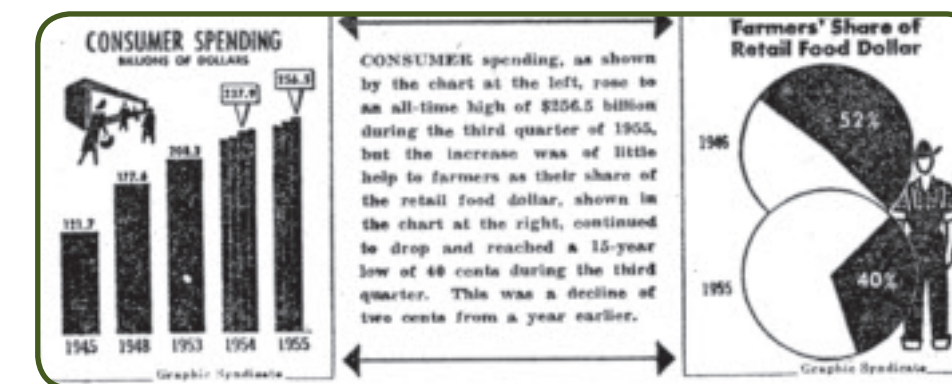
For the first 200 years of U.S. history, agricultural policy was dominated by programs directed at developing and supporting family farms and the inputs of the total agricultural sector, such as land, research and human labor. Fundamental policy included legislation like the Land Act of 1820, the Homestead Act, and the Morrill Act of 1862, which helped provide public support for agricultural research and education.

By 1918, the destructive effects of World War I bankrupted much of Europe, closing major export markets in

the United States and triggering a series of events that would lead to the development of agricultural price and income support policies, now known as subsidies. The concept of subsidies grew out of acute farm income and financial crises, which led to widespread political beliefs that the market system was not adequately rewarding farmers for their agricultural commodities.

Promoting a "farmer's share" of prices for different crops grew out of the idea of building farmer-owned cooperatives in order to cut out the middleman and take on the costs and revenues of supplying inputs and marketing their crops themselves.

An early article of the *Kansas Union Farmer* from September 1917 reported that the price of wheat was fixed at \$2.20 a bushel by President Woodrow Wilson on the recommendation of the United States Price Fixing Board, a commission on which then NFU president Charles S. Barrett served. The commission also set the price of bread at five cents per loaf, so both the miller and the baker made a fair profit. Today the price of wheat is about \$7, nearly three times the 1917 price, and bread is priced at about \$2.50, an astounding 50 times higher than the 1917 price.



Pictured: An article from the Farmers Union Herald dated Nov. 21, 1955.

NATIONAL FARMERS UNION CELEBRATES 110 YEARS

1902

2012



1902 – A charter of the new Farmers Union was drafted and signed on August 28, and the first Local Union was organized near Point, Texas, in September with ten members, led by Newt Gresham. Within 15 months, Farmers Union had 700 Local Unions and 40,000 members.

1909 – President Theodore Roosevelt appointed then NFU President Charles Barrett to the Commission on Country Life. Barrett contributed heavily to drafting the Commission's report that would influence farm and rural policy for the century ahead.

1913 – Colorado Farmers Union established a cooperative insurance program. By 1920, similar programs were common in Nebraska, Kansas, Montana and Indiana.



1926 to 1927 Farmers Union Exchange was launched as a subsidiary of the Farmers Union Terminal Association (FUTA). Eventually, it was reorganized as an independent company in 1931, as the Farmers Union Central Exchange. The name would later be shortened to CENEX Inc., and in 1997, it reconnected with GTA, now called Harvest States. With Cenex Harvest States a complex name, the company changed its name to CHS Cooperatives in 2001.



1934 - The first All-States Camp was held at Camp Judson in Black Hills, S.D.

1946 – The national convention in Topeka, Kan., called for farmer-to-farmer exchange visits in 1946, and an initial exchange took place that year with France. Later that year, young people from Canada, India and China attended All-States Leadership Camp as observers.



1985 – Farmers Union joined with several cooperating organizations to form the Family Farm Defense Fund. It sought improvement in farm bankruptcy laws.



2000 – Farmers Union organized the Rally for Rural American that brought together more than 3,500 people from 40 farm, labor, religious, and rural development organizations to the U.S. Capitol to call for improvements in the misguided U.S. farm policy.



1905 – The first national convention was held in Texarkana, Texas, in December.

1909 – Governor Donagney announced that he decided to allow Farmers Union of Arkansas to select three of the five trustees for each of the four agricultural schools for which the last legislature appropriated \$160,000.



1914 – Farmers Union's first group lobbying event was held. Members traveled by train to Washington, D.C.

1920 – The Farmers Union Elevator in Hazelton, N.D., became one of the earliest U.S. cooperatives to sell gasoline.

1930 – President C.E. Huff appointed a committee to establish a Farmers Union youth program.



1942 – NFU President James G. Patton proposed that postwar planning take place for full production and full employment. The Patton amendment eventually became the Employment Act of 1946.



1948 – Farmers Union launched bus trip campaigns to Washington, D.C., enabling about 2,000 farmers per year to engage in grassroots lobbying.

1965 - Farmers Union created a community employment program for rural, low-income workers, under contract with the U.S. Department of Labor. It became known as the Green Thumb program.

1979 – A widespread "Save Our Co-Op" effort was carried out by Farmers Union, successfully rejecting proposals of the National Antitrust Review Commission.

1998 – Farmers Union was successful in pushing for \$6.7 billion in emergency relief funds for farmers impacted by natural and farm program disasters.



2012 – Farmers Union helped lead a coalition of 90 organizations to organize a "Farm Bill Now!" rally at the U.S. Capitol. More than 200 Farmers Union members joined hundreds of other farmers, ranchers and agriculture industry supporters to urge Congress to finish the farm bill.

1959 – Construction began on the Farmers Union Educational Center in Bailey, Colo.

GLOBAL LEADERSHIP

National Farmers Union is a founding member of the World Farmers Organization (WFO) and continues to support WFO in its third year of international farmer advocacy. NFU Vice President of International Relations Robert Carlson is the first president of the WFO.

The group has achieved a place of prominence at the global table as a reliable voice for all farmers. Symbolic of that respect, the Food and Agriculture Organization of the United Nations (FAO) has graciously given space to the WFO to maintain its office in the FAO headquarters in Rome.



The next General Assembly will be held April 15-18 in Niigata, Japan. The group's trade policy will be a widely watched debate, as it will set the direction of the organization toward a new multinational trade agenda. Improving farmers' power in the food chain, the outlook for world food production in a changing climate, and many other farm issues will also be discussed.



As an organization, WFO nearly doubled membership last year, with 54 member-countries. Paraguay, Mozambique and Cambodia are among the newest to join, while there are several other countries that are exploring the possibility of becoming part of the organization.

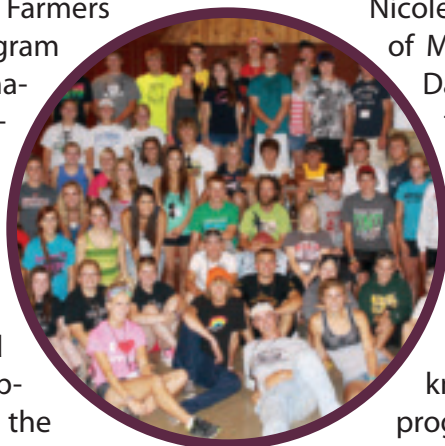
The WFO board, members and staff have represented farmers at many international meetings on a wide range of topics, including international food security and climate change, the unique needs of women farmers, the need for expanded agricultural research and promotion of cooperative development.



Decades ago, National Farmers Union leaders knew the key to thriving as a rural organization was education. Today, NFU's education department hosts a series of events and programs annually in keeping with this rich history.

ALL-STATES LEADERSHIP CAMP

Leaders in the Farmers Union youth program from across the nation attended All-States Camp at NFU's Education Center June 24 to 29, near Bailey, Colo. The camp followed the theme "Cooperation Across the Nations," celebrating the 2012 International Year of Cooperatives.



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). The 2012-2013 NYAC is comprised of Mitchell Farmer-Lies of Minnesota, William Felzien of Colorado, Briana Green of Montana, Cole Musland of North Dakota, Bre Stafford of Colorado, and Patrick Swift of North Dakota. NYAC traveled to Washington, D.C., during NFU's annual fall fly-in. The young adults used the time to plan educational activities for the 2013 All-States Leadership Camp and participate in leadership training. In addition, they were able to sit in on briefings at the U.S. Department of Agriculture (USDA). NYAC members also serve as pages during NFU's convention.

BEGINNING FARMER INSTITUTE

NFU's second Beginning Farmer Institute class met for the first time in Washington, D.C. Participants include Laura Arvidson of Montana, Bryn Bird of Ohio, Lee Bird of Ohio, Thomas Burkhead of Iowa, Natalie Cash of Hawaii, Eric Kornacki of Colorado, Nicole Mroz of Florida, Benjamin Peterson of Montana, Steve Wolterstorff of South Dakota, and Kent Wright of Washington. The second session was held in Minneapolis, Minn., while the third and final session will be held at the 2013 NFU annual convention in Springfield, Mass.

Institute participants gain a working knowledge of topics including USDA programs, risk management, bookkeeping and lesser-known opportunities to generate farm income and keep production costs in line.

COLLEGE CONFERENCE ON COOPERATIVES

The NFU College Conference on Cooperatives was held in Minneapolis, Minn., in February. The annual event draws students from across the United States and Canada. They tour several local cooperatives, including CHS, Inc., REI and 7500 York Cooperative, the nation's first cooperative retirement complex. The event, sponsored in part by CHS Foundation, attracts nearly 100 students.

Presenters included members, directors, employees and managers from traditional and value-added agricultural cooperatives, as well as perspectives from electric, housing, and worker-owned co-ops.

FARMER-TO-FARMER PROGRAM

Several Farmers Union volunteers traveled to Senegal and Zambia to participate in the Farmer-to-Farmer Program this year. NFU

works in conjunction with the National Cooperative Business Association on this venture that sends farmers and industry experts to Africa to share their expertise with farmers, cooperatives and other businesses.

My NFU internship has dramatically increased my understanding of agricultural issues and policy. I absolutely recommend NFU to any curious, engaged student seeking an enjoyable and productive internship in the heart of Washington, DC.

-- Anya, NFU Intern

Scholarships are awarded, ranging from \$1,000 to \$2,000 total.

CURRICULUM

The 2012 NFU curriculum of “Cooperation: The Business of Teamwork” was timely, as 2012 was declared the International Year of Cooperatives by the United Nations. The curriculum has been enhanced with additional lessons for collegiate and adult students. In addition, NFU developed a separate, adult-focused cooperative curriculum which is available to the public as a free download on the NFU website.

EVENING FOR EDUCATION

The third “Evening For Education” fundraiser was held in conjunction with NFU’s annual convention. The event generates funds for the NFU Foundation, which supports Farmers Union education programs.

INTERNSHIPS

NFU’s ongoing paid internship program allows college students with an interest in rural communities and agriculture to learn about Farmers Union initiatives while living and working in Washington, D.C. Interns gain valuable experience in communications, cooperative education, membership marketing, policy research and political science. Graduate students or those looking for work experience are invited to apply for an extended internship in the non-summer months.

SCHOLARSHIPS

The NFU Foundation annually distributes thousands of dollars of scholarships to students furthering their formal education. It presently awards several \$1,000 Stanley Moore National Scholarships to Farmers Union members enrolled in a two- or four-year college or university. In addition, one or two Hubert K. and JoAnn Seymour

These lesson plans were made possible by funding from CHS Foundation. Each of these curricula has been enhanced with additional lessons for collegiate and adult students. Volunteer youth leaders and state education directors participated in a webinar hosted by NFU that explored how the curricula may be used.

WOMEN’S CONFERENCE

Nearly 40 farm women from six states gathered June 21 to 23 at the NFU Education Center in Bailey, Colo., for a three-day women’s conference based in part on the well-respected “Annie’s Project” risk management education program. Participants learned about family farm finances, cooperatives, marketing, farm transfer and estate planning, business planning, leadership assessment and skills, and action planning.

THE FARMERS' EDUCATIONAL AND CO-OPERATIVE UNION OF AMERICA AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2011 AND 2010

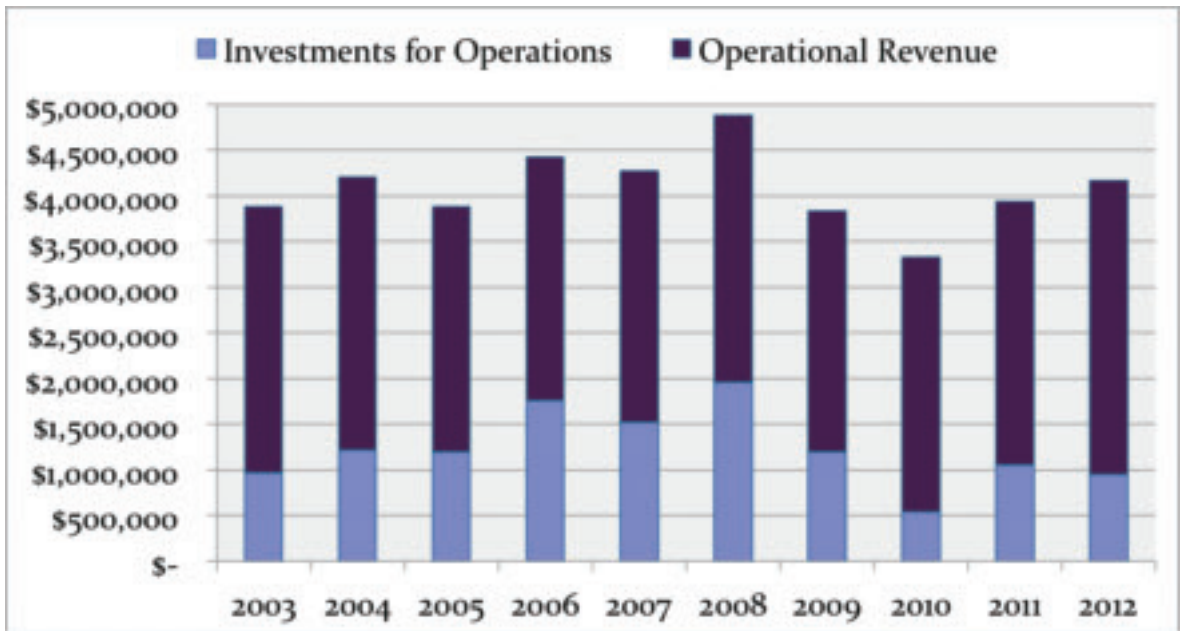
	2011	2010
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 513,560	\$ 816,596
Accounts Receivable - Other, Net of Allowance	6,603	5,535
Accounts Receivable - Use of Name Fees	159,569	105,748
Accounts Receivable - Dues	141,133	151,531
Prepaid Expenses and Deposits	131,469	70,071
Notes Receivable	54,486	62,635
Short-term Investments	-	2,083,133
Total Current Assets	1,006,820	3,295,249
PROPERTY AND EQUIPMENT, NET	769,808	817,125
LONG-TERM INVESTMENTS	19,126,314	18,003,839
Total Assets	\$ 20,902,942	\$ 22,116,213
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 36,819	\$ 46,773
Accrued Expenses	168,591	121,402
Life Member Earnings Payable	9,455	10,082
Deferred Dues	4,724	1,380
Deferred Convention Revenue	46,800	15,000
Deferred Rent - Bailey Center	100,000	-
Accrued Pension Obligation	211,092	203,512
Total Current Liabilities	577,481	398,149
NON-CURRENT LIABILITIES		
Life Memberships Payable	657,945	660,645
Accrued Pension Obligation	816,852	424,207
Deferred Lease and Improvement Allowance	444,075	449,832
Total Non-Current Liabilities	1,918,872	1,534,684
Total Liabilities	2,496,353	1,932,833
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Unrestricted	18,102,665	19,698,445
Temporarily Restricted	303,924	484,935
Total Net Assets	18,406,589	20,183,380
Total Liabilities and Net Assets	\$ 20,902,942	\$ 22,116,213

**THE FARMERS' EDUCATIONAL AND CO-OPERATIVE UNION OF AMERICA AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2011 AND 2010**

	2011	2010
CHANGE IN UNRESTRICTED NET ASSETS		
REVENUE:		
Membership Dues	\$ 961,738	\$ 752,393
Convention	232,475	264,020
Use of Name Fees	1,065,296	1,040,711
Crop Insurance Endorsement Fees	200,000	228,056
Contributions	171,063	444,036
Commissions and Fees	14,181	15,395
All States Camp	27,769	13,195
Bailey Center Rent	105,000	105,077
Newsletter Subscriptions	8,943	9,703
Legislative Budget Fund	2,762	175
Interest and Dividends	723,796	696,273
Earnings in Midwest Agency, LLP	136,368	151,012
Realized Gains on Investments	720,015	229,018
Miscellaneous	7,781	76,109
Net Assets Released from Restriction - Grants	501,061	197,228
Total Unrestricted Revenue	<u>4,878,248</u>	<u>4,222,401</u>
EXPENSES:		
Program Services:		
Membership	1,074,682	605,419
Communications	203,583	256,096
NFU Educational Programming	177,642	172,674
Foundation Educational Programming	413,792	338,024
Coop/Econ Development	-	1,666
Government Relations	487,813	566,220
Green Tech Grant	54,553	109,624
NATFARMPAC	31,482	40,280
Total Program Services	<u>2,443,547</u>	<u>2,090,003</u>
Supporting Services:		
General and Administrative	1,713,665	1,384,033
Organization and Board	318,598	357,217
Total Supporting Services	<u>2,032,263</u>	<u>1,741,250</u>
Total Expenses	<u>4,475,810</u>	<u>3,831,253</u>
CHANGE IN UNRESTRICTED NET ASSETS BEFORE OTHER ITEMS	402,438	391,148
OTHER ITEMS:		
Unrealized (Loss) Gain on Investments	(1,412,731)	400,273
Pension Liability Adjustment	(485,256)	91,568
Loss on CAFUIA	(100,231)	-
Total Other Items	<u>(1,998,218)</u>	<u>491,841</u>
CHANGE IN UNRESTRICTED NET ASSETS	(1,595,780)	882,989
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS		
Grant Revenue	320,050	507,500
Net Assets Released from Restriction - Grants	(501,061)	(197,228)
Change in Temporarily Restricted Net Assets	<u>(181,011)</u>	<u>310,272</u>
CHANGE IN NET ASSETS	(1,776,791)	1,193,261
Net Assets - Beginning of Year	<u>20,183,380</u>	<u>18,990,119</u>
NET ASSETS - END OF YEAR	<u>\$ 18,406,589</u>	<u>\$ 20,183,380</u>

SOURCE OF FUNDS FOR OPERATIONAL EXPENSES

NFU/NFUSA 2002 - 2011



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 expenses.

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 re-organizational 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.

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.

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.

BOARD OF DIRECTORS

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