2024

ANNUAL REPORT

FARM CREDIT FOUNDATIONS

WHO WE ARE

Farm Credit Foundations is a collaboration of Farm Credit employers who have come together to create centralized HR shared services focused on meeting their own human capital needs. We are a federally chartered instrumentality of the United States, chartered by the Farm Credit Administration, operating independently since January 1, 2012.

Our participating Farm Credit organizations span 48 states and employ over 11,500 employees. We provide competitive and economic value by acting as one employer. Farm Credit Foundations employers access HR industry thought leadership and best practices through the expertise and breadth of experience of Foundations team members located in St. Paul, MN. Employers capture the efficiencies and effectiveness of shared benefits design, administration, asset management, payroll services, and related HR offerings.

Through Foundations, their organizations are able to stay ahead of an increasingly complex and competitive workforce management environment. Foundations Consulting offers cost effective, customized solutions in a wide range of HR services to support Farm Credit organizations and agricultural cooperatives.

We help ensure Farm Credit offers market competitive compensation and compliance with affirmative action planning and other laws and regulations. Foundations Consulting offers boards the support they need to make decisions on chief executive pay decisions.

48

STATES

11,500

EMPLOYEES

FARM CREDIT FOUNDATIONS

An equal opportunity employer

LETTER FROM CHAIR AND CEO

As we reflect on the past year, we acknowledge the unprecedented challenges and volatility that continue to shape the U.S. healthcare landscape. Rising costs, evolving regulations, and the complexities of healthcare delivery have created an environment that demands diligence, adaptability, and unwavering commitment. Through it all, the Farm Credit Foundations team, our governance leaders, and our vendor partners have partnered to balance cost efficiency with the highest standards of care, ensuring that our benefits programs remain strong, sustainable, and competitive.

This past year was particularly challenging as we faced the heartbreaking loss of valued team members to illness and unexpected circumstances. Despite these difficulties, our team demonstrated remarkable resilience and dedication, rising to meet the needs of your businesses with staunch professionalism.

Amidst these challenges, we are proud to report on key accomplishments that reinforce our commitment to providing best-in-class HR and benefits services. We continue to leverage economies of scale, deep industry expertise, and strategic vendor partnerships to deliver high-value benefits and solutions. We maintained strong financial stewardship, ensuring the stability of our benefit programs. Our governance committees have remained proactive in addressing emerging healthcare trends, advocating for innovative solutions, and safeguarding the financial health of our plans.

A key focus this past year has been harnessing technology to improve efficiency and enhance service delivery. We continue to refine our systems to provide more seamless HR and benefits administration, ensuring that data-driven insights support better decision-making. By integrating advanced technology solutions, we can improve user experiences, streamline processes, and offer more transparency to employers and employees. This ongoing investment in technology enables us to operate more effectively while providing the high-quality benefits and services our stakeholders expect.

Looking ahead, we recognize that volatility in healthcare is unlikely to subside. The rising cost of medical services and prescription drugs, coupled with evolving workforce expectations, necessitate a forward-thinking approach. Our focus remains on delivering high-quality benefits that attract and retain top talent while maintaining financial sustainability. We will continue to explore new opportunities, enhance our service offerings, and invest in technology-driven efficiencies to better serve our owners and their employees.

We sincerely appreciate the trust you place in Farm Credit Foundations. Your partnership and engagement are vital to our collective success. As we navigate the complexities of the healthcare landscape together, we remain committed to innovation, excellence, and our shared mission to support the people and businesses that drive Rural America forward.

Thank you for your continued support. We look forward to another year of progress and shared success.

Susan Voss
Board Chair

Teresa Heath-Alva
Chief Executive Officer

OUR MISSION

To provide competitive employee benefits and HR services that help attract, retain, and care for the people of Farm Credit.

Farm Credit Foundations delivers the best total value in HR services, enabling those we serve to be the employers of choice for those who serve Rural America.

HOW WE BRING VALUE

Foundations helps our owners and clients achieve strategic advantage by:

- Designing and offering a competitive benefits package to attract and retain talent
- Pooling plan assets to gain economic muscle and lower fee structures
- Ensuring expertise is readily available for the challenges of benefits, payroll, and HRIS
- Providing employees and their families with the best network of healthcare providers for where they live
- Leveraging new generation HR information technology to achieve efficiencies and service at economical costs
- Providing support and expertise in compensation strategy and HR compliance
- Advocacy for navigating difficult medical issues and complex retirement situations
- Ensuring decisions are made on what is best for our owners' businesses and not on profitability

401(k) Plan

$4.2B Assets

PARTICIPATION RATE

2022	2023	2024
97.9%	97.0%	96.0%

Voya Book of Business: 50.0%

AVERAGE CONTRIBUTION RATE

2022	2023	2024
9.7%	10.0%	10.0%

Voya Book of Business: 9.0%

Legacy Pension Plans

$1.9B Assets

ACTIVE PARTICIPANTS IN LEGACY PENSION RETIREMENT PLANS (#% of employee population)

900	8	37
AgriBank District	Western Employers	Wichita Employers

RETIREMENT PLANS GLIDE PATH STRATEGY (pension de-risking strategy)

The glide path strategy involves shifting assets from return-seeking assets (equities) to liability-hedging assets (fixed income) over time as the Plans' funded ratios improve. The glide path is triggered when a Plan reaches 80% funded.

	AgriBank District	Western Employers	Wichita Employers
2024	105%	104%	110%
2023	102%	102%	108%

Medical Plan

46.5
AVERAGE AGE OF PARTICIPANT

$170M
ANNUALLY IN MEDICAL EXPENSES

27,254
LIVES COVERED

2.7
AVERAGE FAMILY SIZE ON FCF BENEFITS

Cancer & Musculoskeletal
(knee and hip replacements)
TOP DIAGNOSED CONDITIONS

Health Savings Account

8,581
EMPLOYEES
have an active Health Savings Account totaling more than...

$79
MILLION
that can be used to support medical costs or saved for retirement, when medical costs are often larger

Member Rewards

Employees are incented to find a quality provider at a lower cost in order to save on common services.

596
EMPLOYEES
used Member Rewards and received...

$79,765
IN INCENTIVES
for being actively engaged in their healthcare while...

SAVING THE PLAN
$421,142
in claims costs.

Additional Benefits

sword

Digital physical therapy for back, joint and muscle pain that you can do from the comfort of your home, or anywhere.

1,447
MEMBERS ENROLLED

18,900
SESSIONS COMPLETED

9.0 of 10
PROGRAM SATISFACTION

bloom

Digital pelvic therapy for women's physical health issues.

583
MEMBERS ENROLLED

7,100
SESSIONS COMPLETED

8.6 of 10
PROGRAM SATISFACTION

progyny
Smarter Fertility Benefits

A fertility benefit to give employees and their covered spouse or domestic partners access to the nation's leading fertility specialists and solutions.

15,821
ELIGIBLE MEMBERS

106
MEMBERS WITH CLAIMS

294
TOTAL TREATMENTS

58 babies
since prgram begain in 2023

EXPERTISE AND SUPPORT

7 independent annual audits create assurance for your financial records

120+ payroll quality reviews each pay period to provide accuracy

Merger experience with a focus on HR functions to ensure a smooth transition

Compensation services to 75% of Farm Credit organizations

Affirmative action reporting for all owner organizations

Centralized data repository for on-demand, flexible access to data

178 data file feeds each pay period

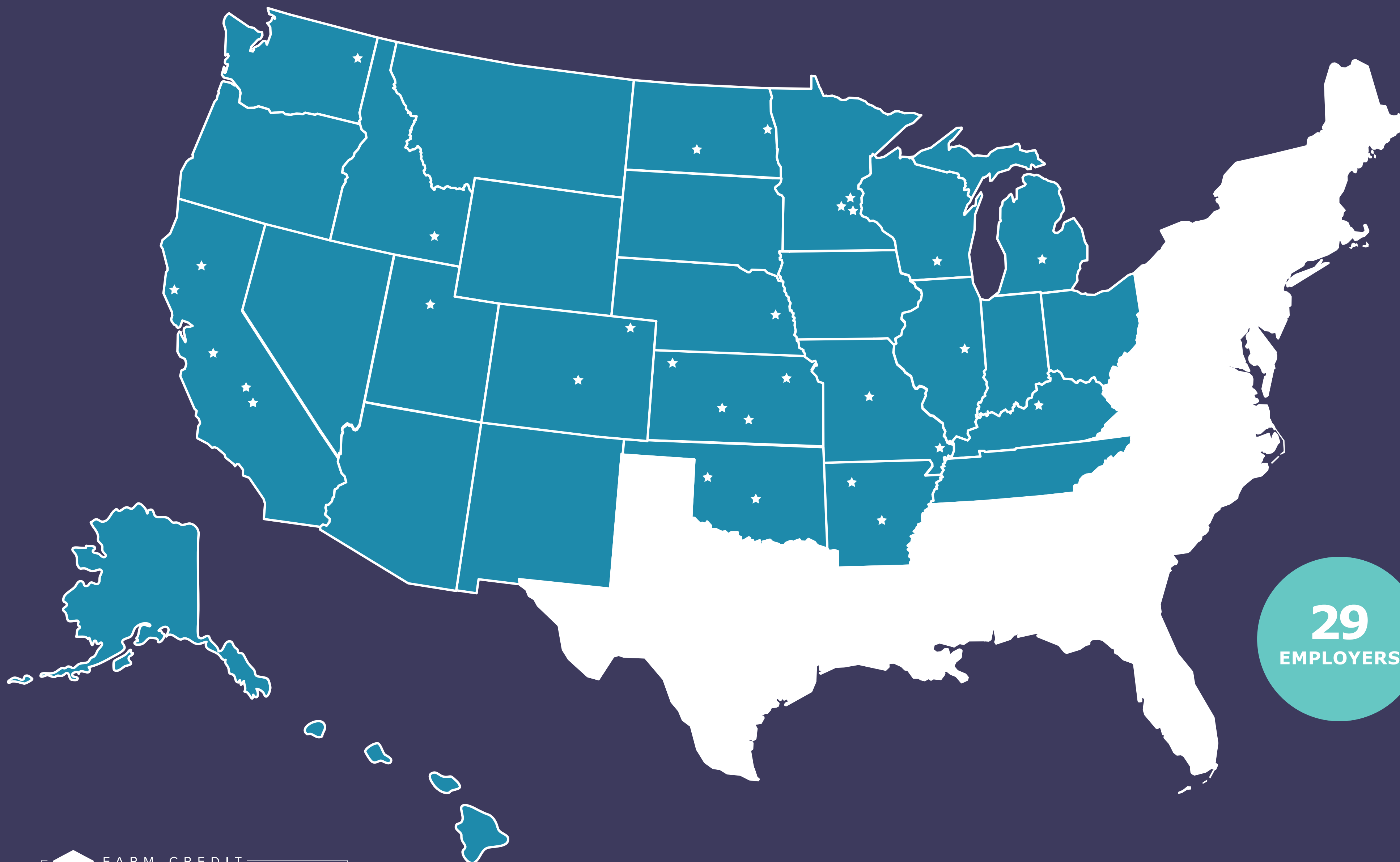
Provide employer payroll tax filing support for 675+ cases

100% employer satisfaction

"We appreciate the partnership and guidance provided by the team at Foundations."

– CEO of Farm Credit Employer

2024 Map of Participating Employers



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EMPLOYERS

FARM CREDIT
FOUNDATIONS

2024 Board of Directors / Plan Sponsor Committee

The Board of Directors and Plan Sponsor Committee are two distinct governance bodies with separate responsibilities. However, the members are the same individuals. The Board is responsible for the safe and sound operation of FCF and for ensuring FCF fulfills its mission. In meeting these responsibilities, the Board is accountable to its stockholders.

The Plan Sponsor Committee governs the employee benefits. The Plan Sponsor Committee determines what benefits are to be offered, who is eligible, and under what conditions and how cost is shared between employers and employees.

Jeremy Anderson

President and Chief Executive Officer, Farm Credit of Southern Colorado

Jessica Fyre

Executive Vice President Chief Administration Officer, FCS of America / Frontier Farm Credit / AgCountry

Stephanie Hopper

Director, Farm Credit Mid-America

Paul Kohls

Chief Administratove Office and General Counsel, Compeer Financial

Kristin McMenomey

Director, American AgCredit

Kathy Payne

Chief Human Resources Officer, AgWest Farm Credit

Beth Schnitker

Director, FCS Financial

Lisa Shinn

Director, Premier Farm Credit

Tracy Sparks

President and CEO, Yosemite Farm Credit

Susan Voss

Board Chair, Director, FCS of America

Dan Wagner

President and CEO, Farm Credit Mid-America

Stephanie Wise

Board Vice Chair, Director, Compeer Financial

2024 Trust Committee

The Trust Committee serves as the fiduciary for the benefits plans and assets held in trust for employee medical and retirement benefits. Oversight of investments and administration of the plans.

Kim Brunner

Executive Vice President and Chief Financial Officer, GreenStone, FCS

Tim Koch

Executive Vice President Business Development, FCS of America / Frontier Farm Credit

Jeff Moore

Chief Financial Officer, AgriBank

Erik Person

Executive Head of Enterprise Risk Management, American AgCredit

John Phelan

Chief Credit Officer, AgWest Farm Credit

Bob Rhode

Senior Vice President and General Counsel, Farm Credit Illinois

Kevin Swayne

President / CEO, High Plains Farm Credit

Heather Vidourek

Committee Vice Chair, Chief Administrative Officer, Farm Credit Mid-America

Jase Wagner

Committee Chair, President and Chief Executive Officer, Compeer Financial

Farm Credit Foundations Officers

Teresa Heath-Alva
Chief Executive Officer

Sandy Engen
Vice President
Governance and Corporate Admin
Corporate Secretary

Michelle Meyer
Vice President
Technology and Innovation

Beth Ostrem
Vice President
Consulting

Ken Roth
Vice President
Chief Financial Officer

Suzanne Smith
Vice President
Employee Benefits

“We love Foundations - we’re very fortunate to have such a dynamic group of HR professionals that support the FCS associations and employees! ”

– HR Partner of Farm Credit Employer

FINANCIAL STATEMENTS

Years ended December 31, 2024,

2023, 2022 Financials

REPORT OF MANAGEMENT

Farm Credit Foundations

We prepare the Financial Statements of Farm Credit Foundations and are responsible for their integrity and objectivity, including amounts that must necessarily be based on judgments and estimates. The Financial Statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The Financial Statements, in our opinion, fairly present the financial condition of Farm Credit Foundations. Other financial information included in the Annual Report is consistent with that in the Financial Statements.

To meet our responsibility for reliable financial information, we depend on accounting and internal control systems designed to provide reasonable, but not absolute assurance that assets are safeguarded and transactions are properly authorized and recorded. Costs must be reasonable in relation to the benefits derived when designing accounting and internal control systems. Financial operations audits are performed to monitor compliance. CliftonLarsonAllen, our independent auditors, audit the Financial Statements. They also consider internal controls to the extent necessary to design audit procedures that comply with auditing standards generally accepted in the United States of America. The Farm Credit Administration also performs examinations for safety and soundness as well as compliance with applicable laws and regulations.

The Board of Directors has overall responsibility for our system of internal control and financial reporting. The Board of Directors and its Audit Committee consults regularly with us and meets periodically with the independent auditors and other auditors to review the scope and results of their work. The independent auditors have direct access to the Board of Directors, which is composed solely of directors who are not officers or employees of Farm Credit Foundations.

The undersigned certify we have reviewed Farm Credit Foundations Annual Report, which has been prepared in accordance with all applicable statutory or regulatory requirements. The information contained herein is true, accurate, and complete to the best of our knowledge and belief.

Susan Voss,
Chair, Board of Directors, Farm Credit Foundations

Teresa Heath-Alva,
Chief Executive Officer, Farm Credit Foundations

Ken Roth,
Chief Financial Officer, Farm Credit Foundations

March 5, 2025

REPORT OF AUDIT COMMITTEE

Farm Credit Foundations

The Financial Statements were prepared under the oversight of the Audit Committee. The Audit Committee is composed of a subset of the Board of Directors of Farm Credit Foundations. The Audit Committee oversees the scope of Farm Credit Foundations internal audit program, the approval, and independence of CliftonLarsonAllen as independent auditors, the adequacy of Farm Credits Foundations internal controls and procedures, and the adequacy of management's actions with respect to recommendations arising from those auditing activities. The Audit Committee's responsibilities are described more fully in the Internal Control Policy and the Audit Committee Charter.

Management is responsible for internal controls and the preparation of the Financial Statements in accordance with accounting principles generally accepted in the United States of America. CliftonLarsonAllen is responsible for performing an independent audit of the Financial Statements in accordance with auditing standards generally accepted in the United States of America and to issue their report based on their audit. The Audit Committee's responsibilities include monitoring and overseeing these processes.

In this context, the Audit Committee reviewed and discussed the audited Financial Statements for the year ended December 31, 2023, with management. The Audit Committee also reviewed with CliftonLarsonAllen the matters required to be discussed by Statement on Auditing Standards AU-C 260, *The Auditor's Communication with Those Charged with Governance*, and both CliftonLarsonAllen and the internal auditors directly provided reports on any significant matters to the Audit Committee.

The Audit Committee had discussions with and received written disclosures from CliftonLarsonAllen confirming its independence. The Audit Committee also reviewed the non-audit services provided by CliftonLarsonAllen, if any, and concluded these services were not incompatible with maintaining CliftonLarsonAllen's independence. The Audit Committee discussed with management and CliftonLarsonAllen any other matters and received any assurances from them as the Audit Committee deemed appropriate.

Based on the foregoing review and discussions, and relying thereon, the Audit Committee recommended that the Board of Directors include the audited Financial Statements in the Annual Report for the year ended December 31, 2024.

David Wagner

Dan Wagner,
Chairperson of the Audit Committee
Farm Credit Foundations

Committee Members
Ed Reed
Lisa Shinn
Tracy Sparks

March 5, 2025

INDEPENDENT AUDITORS' REPORT

Board of Directors
Farm Credit Foundations
St. Paul, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Farm Credit Foundations, which comprise the balance sheets as of December 31, 2024, 2023, and 2022, and the related statements of operations, changes in member equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Farm Credit Foundations as of December 31, 2024, 2023, and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Farm Credit Foundations and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Farm Credit Foundations' ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Farm Credit Foundations' internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Farm Credit Foundations' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
March 5, 2025

	2024	2023	2022
ASSETS			
Cash	$ 2,975,703	$ 2,699,351	$ 2,626,409
Deferred Tax Asset, Net	345,622	306,626	284,641
Accounts Receivable	221,828	333,665	303,456
Prepaids and Other Assets	51,170	24,914	27,828
Furniture and Equipment, Net	311,161	431,309	494,290
Right of Use Asset, Net	520,108	773,279	1,014,729
Total Assets	$ 4,425,592	$ 4,569,144	$ 4,751,353
LIABILITIES AND MEMBER EQUITY			
LIABILITIES			
Accounts Payable	$ 5,518	$ 34,326	$ 63,896
Accrued Salaries	994,419	945,205	913,992
Accrued Annual Leave	65,913	65,913	65,510
Current Tax Liability	9,579	-	34,776
Death Benefit Liability	28,042	28,042	33,042
Patronage Liability	1,113,746	1,018,669	913,138
Benefits Liability	411,705	401,301	386,472
Lease Liability - Financing	55,919	85,462	114,348
Lease Liability - Operating	520,109	773,280	1,014,729
Other Liabilities	52,100	48,404	42,906
Total Liabilities	3,257,050	3,400,602	3,582,809
MEMBER EQUITY			
A Stock	1,168,542	1,168,542	1,168,542
Total Liabilities and Member Equity	$ 4,425,592	$ 4,569,144	$ 4,751,353

	2024	2023	2022
OPERATING INCOME	$ 11,070,888	$ 10,504,650	$ 9,940,840
OPERATING EXPENSES			
Salaries and Employee Benefits	7,461,230	7,233,089	7,027,704
Purchased Services	1,416,518	1,136,601	1,048,230
Occupancy and Equipment	284,437	284,437	284,437
Depreciation	220,296	192,354	97,349
Insurance	146,916	147,340	139,572
Board of Director's Expenses	86,604	142,644	135,520
Interest	1,619	2,276	2,918
Other	305,183	314,757	260,888
Total Operating Expenses	9,922,803	9,453,498	8,996,618
INCOME BEFORE INCOME TAXES	1,148,085	1,051,152	944,222
Provision for Income Taxes	34,339	32,483	31,084
NET INCOME	$ 1,113,746	$ 1,018,669	$ 913,138

	Class A Stock	Class B Stock	Unallocated Surplus	Total Member Equity
BALANCE AT DECEMBER 31, 2021	$ 1,175,805	$ -	$ -	$ 1,175,805
Member Capital Retired	(7,263)	-	-	(7,263)
Net Income	-	-	913,138	913,138
Unallocated Surplus Designated for Patronage Distributions	-	-	(913,138)	(913,138)
BALANCE AT DECEMBER 31, 2022	$ 1,168,542	$ -	$ -	$ 1,168,542
BALANCE AT DECEMBER 31, 2022	$ 1,168,542	$ -	$ -	$ 1,168,542
Net Income	-	-	1,018,669	1,018,669
Unallocated Surplus Designated for Patronage Distributions	-	-	(1,018,669)	(1,018,669)
BALANCE AT DECEMBER 31, 2023	$ 1,168,542	$ -	$ -	$ 1,168,542
BALANCE AT DECEMBER 31, 2023	$ 1,168,542	$ -	$ -	$ 1,168,542
Net Income	-	-	1,113,746	1,113,746
Unallocated Surplus Designated for Patronage Distributions	-	-	(1,113,746)	(1,113,746)
BALANCE AT DECEMBER 31, 2024	$ 1,168,542	$ -	$ -	$ 1,168,542

	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income	$ 1,113,746	$ 1,018,669	$ 913,138
Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	193,106	165,164	70,158
Amortization of Right of Use Assets - Financing	27,190	27,190	27,191
Amortization of Right of Use Assets - Operating	253,171	241,449	230,269
Patronage Accrual	(1,113,746)	(1,018,669)	(913,138)
Net Change in:			
Deferred Tax Asset	(38,996)	(21,985)	(35,644)
Accounts Receivable	111,837	(30,209)	(20,412)
Prepaids and Other Assets	(26,256)	2,914	23,363
Accounts Payable	(28,808)	(29,572)	37,372
Accrued Salaries	49,214	31,213	75,052
Patronage Liability	95,077	105,531	(530,372)
Benefits Liability	10,404	14,829	34,329
Lease Liability - Operating	(253,171)	(241,449)	(230,269)
Other Liabilities	13,275	(53,964)	33,467
Net Cash Provided (Used) by Operating Activities	406,043	211,111	(285,496)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of Fixed Assets	(100,148)	(109,228)	(105,686)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal Paid on Financing Lease	(29,543)	(28,941)	(28,297)
Net Cash Used by Financing Activities	(29,543)	(28,941)	(28,297)
NET INCREASE (DECREASE) IN CASH	276,352	72,942	(419,479)
Cash - Beginning of Year	2,699,351	2,626,409	3,045,888
CASH - END OF YEAR	$ 2,975,703	$ 2,699,351	$ 2,626,409
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES			
Amount Paid for Taxes	$ 63,573	$ 63,348	$ 34,954
Cash Paid for Interest	$ 66,447	$ 67,104	$ 67,746

NOTE 1 ORGANIZATION AND OPERATIONS

Farm Credit Foundations (Foundations) is engaged principally in providing human resource services to Farm Credit System institutions on a fee basis. Foundations provides benefits design and administration, payroll processing, HRIS technology, compensation consulting, performance management and compliance support. Capitalization for Foundations was obtained through the sale of stock to certain Farm Credit System entities, including 26 Farm Credit associations, two service corporations (AgVantis and SunStream Business Services), and one Farm Credit Bank (AgriBank, FCB).

The Farm Credit Administration (FCA) chartered Foundations as a service corporation under Section 4.25 of the Farm Credit Act of 1987, as amended. The FCA has authority to charter and regulate the Farm Credit System Banks, Associations, and Service Corporations. The FCA examines the activities of Farm Credit System institutions to ensure their compliance with the Farm Credit Act, FCA regulations, and safe and sound practices.

The board of directors of Foundations is comprised of 12 directors, who are affiliated with the 29 employee owner entities.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of Foundations conform to accounting principles generally accepted in the United States of America (GAAP). The preparation of financial statements in conformity with GAAP requires Foundations' management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying footnotes, as applicable. Actual results may differ from those estimates.

Cash

Cash, as included in the financial statements, represents Foundations' funds invested with Farm Credit Employee Credit Union. The account is interest bearing. At times, the amount will exceed deposit insurance limits.

Receivables

Accounts receivable consist primarily of amounts due for program services. Management individually reviews all past due accounts receivable balances and estimates the portion, if any, of the balance that will not be collected. When all collection efforts have been exhausted, the accounts are written off against the related allowance. All amounts are expected to be collected within one year. Based on this information, management believes Foundations is likely to collect all receivables and no allowance is warranted as of December 31, 2024, 2023 and 2022.

Furniture and Equipment

Property and equipment are stated at cost. All major expenditures for property and equipment $8,000 and above are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to seven years.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee Benefits Plan

The AgriBank District has various post-employment pension related benefit plans in which Foundations employees participate.

Certain employees also participate in the AgriBank District Retirement Plan. The plan is comprised of two benefit formulas. At their option, employees hired prior to October 1, 2001 are on the cash balance formula or on the final average pay formula. Benefits eligible employees hired between October 1, 2001 and December 31, 2006 are on the cash balance formula. Effective January 1, 2007, the AgriBank District Retirement Plan was closed to new employees. The AgriBank District Retirement Plan utilizes the “Projected Unit Credit” actuarial method for financial reporting and funding purposes.

Foundations also provides certain health insurance benefits to eligible retired employees according to the terms of those benefit plans. The anticipated cost of these benefits is accrued during the employees’ active service period.

The defined contribution plan allows eligible employees to save for their retirement either pre-tax, post-tax, or both, with an employer match on a percentage of the employee’s contributions. We provide benefits under this plan for those employees that do not participate in the AgriBank District Retirement Plan in the form of a fixed percentage of salary contribution in addition to the employer match. Employer contributions are expensed when incurred.

Certain employees also participate in the Nonqualified Deferred Compensation Plan. Eligible participants must meet one of the following criteria: certain salary thresholds as determined by the Internal Revenue Service (IRS), are either a Chief Executive Officer or President of a participating employer or have previously elected pre-tax deferrals in 2006 under predecessor nonqualified deferred compensation plans. Under this plan the employee may defer a portion of his/her salary, bonus, and other compensation. Additionally, the plan provides for supplemental employer matching contributions related to any compensation deferred by the employee that would have been eligible for a matching contribution under the retirement savings plan if it were not for certain IRS limitations. Currently no employees are participating in this plan.

Certain employees also participate in the Nonqualified Defined Benefit Pension Restoration Plan of the AgriBank District. This plan restores retirement benefits to certain highly compensated eligible employees that would have been provided under the qualified plan if such benefits were not above the Internal Revenue Code compensation or other limits. Currently no employees are participating in this plan.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

Foundations has provided for federal and state income taxes. Deferred tax assets and liabilities are established for the expected future tax consequences of temporary differences between the carrying amounts and tax basis of assets and liabilities. Temporary differences are transactions reported for tax purposes in periods different from the periods when such transactions are reported in Foundations' financial statements. Deferred tax assets represent the tax benefit of future deductible temporary differences.

Recognition of deferred tax assets is based upon management's belief that it is more likely than not that the tax benefits associated with Foundations' temporary differences will be realized in the future. A valuation allowance is recorded when it is more likely than not that realization will not occur. The expected future tax consequences of uncertain income tax positions are accrued.

Earnings Patronage

Foundations accrues patronage distributions according to a prescribed formula approved by the board of directors. Generally, accrued patronage distributions are paid during the first quarter subsequent to year-end.

Income Recognition

Income is recognized on an accrual basis when services are provided and the performance obligations are met related to payroll processing and other consulting and administrative support, and recognized as services are provided, which happens evenly over the course of the year.

Fair Value Measurement

The Financial Accounting Standards Board (FASB) guidance defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. It describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities that Foundations has the ability to access at the measurement date. Level 1 assets include assets held in trust funds that relate to deferred compensation and the supplemental retirement plans. The trust funds include investments that are actively traded and have quoted net asset values that are observable in the marketplace.

Level 2 – Observable inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly. Level 2 inputs include the following: (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in markets that are not active so that they are traded less frequently than exchange-traded instruments, the prices are not current or principal market information is not released publicly; (c) inputs other than quoted prices that are observable such as interest rates and yield curves, prepayment speeds, credit risks and default rates, and (d) inputs derived principally from or corroborated by observable market data by correlation or other means.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement (Continued)

Level 3 – Unobservable inputs are those that are supported by little or no market activity and that are significant to the determination of the fair value of the assets or liabilities. These unobservable inputs would reflect Foundations' own assumptions about assumptions that market participants would use in pricing the asset or liability.

The fair value disclosures are presented in Note 7.

Leases

Foundations determines if an arrangement is a lease at inception. The assets are recorded within property and equipment on the balance sheet and are also detailed out in Note 10.

These assets represent Foundations' right to use an underlying asset for the lease term and lease liabilities represent Foundations' obligation to make lease payments arising from the lease. The assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that Foundations will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. The reclassifications had no effect on net income or total member equity as previously reported.

NOTE 3 INCOME TAXES

The provision for income taxes consisted of the following:

	2024	2023	2022
Current:			
Federal	$ 46,427	$ 44,427	$ 44,427
State	26,725	25,302	25,302
Total Current Tax Expense	73,152	69,729	69,729
Deferred Tax Benefit:			
Federal	(25,517)	(27,870)	(29,269)
State	(13,296)	(9,376)	(9,376)
Total Deferred Tax Benefit	(38,813)	(37,246)	(38,645)
Total Provision for Income Taxes	$ 34,339	$ 32,483	$ 31,084

NOTE 3 INCOME TAXES (CONTINUED)

The provision for income taxes differs from the amount of income tax determined by applying the applicable U.S. statutory federal income tax rate to pretax income.

	2024	2023	2022
Federal Tax at Statutory Rate	$ 243,637	$ 202,094	$ 200,695
State Tax, Net of Federal Benefit	2,658	2,484	2,484
Permanent Differences between Book and Tax Provision	21,932	19,664	19,664
Deductible Patronage Distributions	(233,888)	(191,759)	(191,759)
Provision for Income Taxes	$ 34,339	$ 32,483	$ 31,084

Deferred tax assets and are comprised from the following:

	2024	2023	2022
Deferred Income Tax Assets:			
Accrued Incentives	$ 285,816	$ 271,671	$ 262,700
Accrued Annual Leave	18,945	18,945	18,829
Depreciation	40,861	16,010	3,112
Right of Use Assets	149,489	222,256	291,653
Deferred Tax Asset	$ 495,111	$ 528,882	$ 576,294

	2024	2023	2022
Deferred Income Tax Liabilities:			
Right of Use Assets	$ (149,489)	$ (222,256)	$ (291,653)
Deferred Tax Liability	$ (149,489)	$ (222,256)	$ (291,653)

The calculation of tax assets and liabilities involves various management estimates and assumptions as to the future taxable earnings. A valuation reserve for the deferred tax assets was not necessary at December 31, 2024, 2023, and 2022. The presentation on the balance sheets is showing the deferred tax asset net of the deferred tax liability.

Foundations had no uncertain tax positions to be recognized as of December 31, 2024, 2023, and 2022.

NOTE 4 EMPLOYEE BENEFIT PLANS

Complete financial information for the pension and post-employment benefit plans may be found in the Combined AgriBank and Affiliated Associations 2024 Annual Report (District financial statements).

The Farm Credit Foundations Plan Sponsor and Trust Committees provide oversight of the benefit plans. These governance committees are comprised of elected or appointed representatives (senior leadership and/or board of director members) from the participating organizations. The Plan Sponsor Committee is responsible for employer decisions regarding all benefit plans including retirement benefits. These decisions could include plan design changes, vendor changes, determination of employer subsidies (if any), and termination of specific benefit plans. Any action to change or terminate the retirement plan can only occur at the direction of the AgriBank District participating employers. The Trust Committee is responsible for fiduciary and plan administrative functions.

Pension Plan

Certain employees participate in the AgriBank District Retirement Plan, a District-wide multiple-employer defined benefit retirement plan. The Department of Labor has determined the plan to be a governmental plan; therefore, the plan is not subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). As the plan is not subject to ERISA, the plan's benefits are not insured by the Pension Benefit Guaranty Corporation. Accordingly, the amount of accumulated benefits that participants would receive in the event of the plan's termination is contingent on the sufficiency of the plan's net assets to provide benefits at that time. This Plan is noncontributory and covers certain eligible District employees. The assets, liabilities, and costs of the plan are not segregated by participating entities. As such, plan assets are available for any of the participating employers' retirees at any point in time. Additionally, if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. Further, if we choose to stop participating in the plan, we may be required to pay an amount based on the underfunded status of the plan. Because of the nature of the plan, any individual employer is not able to unilaterally change the provisions of the plan. If an employee transfers to another employer within the same plan, the employee benefits under the plan transfer. Benefits are based on salary and years of service. There is no collective bargaining agreement in place as part of this plan.

NOTE 4 EMPLOYEE BENEFIT PLANS (CONTINUED)

Pension Plan (Continued)

AgriBank District Retirement Plan Information			
(in thousands)			
As of December 31,	2024	2023	2022
Unfunded (Excess Funded) Liability	$ (55,398)	$ 31,065	$ 87,688
Projected Benefit Obligation	1,096,603	1,245,052	1,204,130
Fair Value of Plan Assets	1,152,001	1,213,987	1,116,442
Accumulated Benefit Obligation	1,011,357	1,140,936	1,083,610
For the Year Ended December 31,	2024	2023	2022
Contributions by Participating Employers	$ 40,000	$ 45,000	$ 90,385
Our Allocated Share of Contributions	209	260	402

The unfunded liability (or excess funded liability) reflects the net of the fair value of the plan assets and the projected benefit obligation at the date of these financial statements. The projected benefit obligation is the actuarial present value of all benefits attributed by the pension benefit formula to employee service rendered prior to the measurement date based on assumed future compensation levels. The accumulated benefit obligation is the actuarial present value of the benefits attributed to employee service rendered before the measurement date and based on current employee service and compensation. The funding status is subject to many variables including performance of plan assets and interest rate levels. Therefore, changes in assumptions could significantly affect these estimates.

Costs are determined for each individual employer based on costs directly related to their current employees as well as an allocation of the remaining costs based proportionately on the estimated projected liability of the employer under this plan. We recognize our proportional share of expense and contribute a proportional share of funding. Our allocated share of plan expenses is included in “Salaries and employee benefits” in the statement of operations.

Benefits paid to participants in the District were $127 million in 2024. While the plan is a governmental plan and is not subject to minimum funding requirements, the employers contribute amounts necessary on an actuarial basis to provide the plan with sufficient assets to meet the benefits to be paid to participants. The amount of the total District employer contributions expected to be paid into the pension plan during 2025 is $15 million. Our allocated share of these pension contributions is expected to be $158 thousand. The amount ultimately to be contributed and the amount ultimately recognized as expense as well as the timing of those contributions and expenses, are subject to many variables including performance of plan assets and interest rate levels. These variables could result in actual contributions and expenses being greater than or less than the amounts reflected in the District financial statements.

NOTE 4 EMPLOYEE BENEFIT PLANS (CONTINUED)

Retiree Medical Plans

District employers also provide certain health insurance benefits to eligible retired employees according to the terms of the benefit plans. The anticipated costs of these benefits are accrued during the period of the employee's active status. Post-retirement benefit costs are included in Salaries and Employee Benefits in the statements of operations. Our cash contributions are equal to the benefits paid.

Defined Contribution Plans

Foundations participates in a District-wide defined contribution plan. For employees hired before January 1, 2007, employee contributions are matched dollar for dollar up to 2.0% and 50 cents on the dollar on the next 4.0% on both pre-tax and post-tax contributions. The maximum employer match is 4.0%. For employees hired after December 31, 2006, Foundations contribute 3.0% of the employee's compensation and will match employee contributions dollar for dollar up to a maximum of 6.0% on both pre-tax and post-tax contributions. The maximum employer contribution is 9.0%.

Foundations also participates in a District-wide Nonqualified Deferred Compensation Plan. Eligible participants must meet one of the following criteria: certain salary thresholds as determined by the IRS, are either a chief executive officer or president of a participating employer, or have previously elected pre-tax deferrals in 2006 under predecessor nonqualified deferred compensation plans. Under this plan the employee may defer a portion of his/her salary, bonus, and other compensation. Additionally, the plan provides for supplemental employer matching contributions related to any compensation deferred by the employee that would have been eligible for a matching contribution under the defined contribution plan if it were not for certain IRS limitations.

Employer contribution expenses for the defined contribution plan, included in Salaries and Employee Benefits in the statements of operations were $360 thousand, $336 thousand, and $365 thousand in 2024, 2023, and 2022, respectively. These expenses were equal to our cash contributions for each year.

NOTE 5 CAPITAL

Foundations is authorized to issue 232,000 shares each of Class A Common Stock, and no Class B Common Stock. All classes of stock have a par value of $5.00. Dividends may be paid on shares as determined by a board of directors' resolution. Outstanding shares shall be retired at the sole discretion of the board. Losses which result in any impairment of Foundations' stock shall be borne: first equally by each share of common stock outstanding; and second equally by each share of Class D and Class E Preferred Stock outstanding, on a pro rata basis. Impaired stock shall be restored in the reverse order until each share of stock has a book value equal to the par value.

NOTE 5 CAPITAL (CONTINUED)

As of December 31, 2024, 2023, and 2022, Foundations owners held 232,000 shares of Class A Common Stock and no shares of Class B Common Stock. The minimum stock requirement for Class Common Stock shareholders is 1,453 per shareholder and for Class B Common Stock shareholders is -0- shares per shareholder.

Descriptions of each class of stock authorized by Foundations Bylaws and the number of shares outstanding at December 31, 2024, 2023, and 2022 are provided below.

Class A Common Stock (Voting, 232,000 shares outstanding) – Issued only to owners using services under a Services Agreement when such issues are authorized by a plan approved by the board of directors. At the time a Class A Common Stock Services Agreement is terminated (with no renewal), any such relative holder's Class A Common Stock shall be automatically converted to nonvoting Class B Common Stock.

Class B Common Stock (Nonvoting, no shares outstanding) – Issued solely to shareholders, which are Farm Credit System institutions under the Act.

Patronage Distributions

Foundations accrued patronage distributions of $1,113,746, $1,018,669, and $913,138 at December 31, 2024, 2023, and 2022, respectively. Generally, the patronage distributions are paid in cash during the first quarter after year-end. The board of directors may authorize a distribution of earnings provided Foundations meets all statutory and regulatory requirements.

NOTE 6 RELATED PARTY TRANSACTIONS

Foundations primary business is to provide services to other Farm Credit System entities, including 26 Farm Credit associations, two service corporation (AgVantis and SunStream Business Services), and one Farm Credit Bank (AgriBank, FCB). Revenue from these entities was $10,361,141, $9,866,014, and $9,940,840 in 2024, 2023, and 2022, respectively, which includes excess receipts offset by the patronage accrual described in Note 6.

Additionally, Foundations pays AgriBank for services received to support both its operations and services to Employers. Foundations paid AgriBank $928,521, $716,450, and $570,622 for these services in 2024, 2023, and 2022, respectively, which are included in Purchased Services in the statements of operations. Also included in Purchased Services are supervisory and examination costs paid to Farm Credit Administration that totaled $216,250, $95,000, and $73,750 in 2024, 2023, and 2022, respectively.

Foundations leases office space from AgriBank. Included in occupancy and equipment are tenant fees paid to AgriBank of $284,437 in 2024, 2023, and 2022. In 2014, the lease terms were amended to revise the premises Foundation occupies as part of the lease. The amended lease expires October 31, 2026, and provides for Foundations to pay $26,300 per month, or $315,600 per year. Foundations' minimum lease payments over the term of this lease are included in Note 9.

NOTE 6 RELATED PARTY TRANSACTIONS (CONTINUED)

Foundations entered into a line of credit agreement with AgriBank, FCB. The total line of credit is $1 million and it bears interest on any outstanding balance at a variable rate of AgriBank's marginal cost of debt plus the bank's spread plus 2.00%, which was 5.53% at December 31, 2024. At December 31, 2024, 2023, and 2022, the outstanding principal borrowed under the line of credit was $-0- and it expires May 31, 2026, at which time it may be renewed with AgriBank.

NOTE 7 FAIR VALUE MEASUREMENTS

Accounting guidance defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market for the asset or liability. The fair value measurement is not an indication of liquidity. FASB guidance establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. See Note 2 – Summary of Significant Accounting Policies for additional information. Foundations has no assets and no liabilities measured at fair value.

NOTE 8 FURNITURE AND EQUIPMENT

Furniture and equipment as of December 31 consists of the following:

	2024	2023	2022
Cost:			
Furniture and Equipment	$ 778,551	$ 778,551	$ 778,551
Software	731,899	631,752	502,379
Total Cost	1,510,450	1,410,303	1,280,930
Accumulated Depreciation	(1,199,289)	(978,994)	(786,640)
Net Property and Equipment	$ 311,161	$ 431,309	$ 494,290

NOTE 9 LEASES

As noted in Note 6, during 2014, Foundations entered into a lease that included office furniture and that portion of the lease qualifies as a financing lease. The furniture portion of the lease requires monthly payments of $2,597 for a term of 148 months. The following summarizes the assets under the lease:

Lease – Financing

	2024	2023	2022
Furniture	$ 335,349	$ 335,349	$ 335,349
Accumulated Depreciation	(285,499)	(258,309)	(231,119)
Net Furniture	$ 49,850	$ 77,040	$ 104,230

NOTE 9 LEASES (CONTINUED)

Lease – Financing (Continued)

For the portion of the lease that is considered financing (with a weighted-average discount rate of 2.00%), the future minimum lease obligations for the years ending December 31 are:

Year Ending December 31,	Amount
2025	$ 31,163
2026	25,969
Total Payments	57,132
Interest Portion	(1,213)
Total Lease Obligation	$ 55,919

This lease also includes space and was amended and now expires October 31, 2026. The lease provides for Foundations to pay $26,300 per month, or $315,600 per year and is considered an operating lease. The following summarizes the assets under the lease:

	2024	2023	2022
Building	$ 1,857,506	$ 1,857,506	$ 1,857,506
Accumulated Depreciation	(1,337,398)	(1,084,227)	(842,777)
Net Building	$ 520,108	$ 773,279	$ 1,014,729

For the portion of the lease that is considered operating (with a weighted average discount rate of 4.75%), the future minimum lease obligations for the years ending December 31 are:

Year Ending December 31,	Amount
2025	$ 284,437
2026	260,734
Total Payments	545,171
Interest Portion	(25,062)
Total Lease Obligation	$ 520,109

The following table provides additional quantitative information concerning Foundations' financing and operating leases.

	2024	2023	2022
Lease Cost:			
Finance Lease Cost:			
Amortization of Right-to-Use Asset	$ 27,190	$ 27,190	$ 27,191
Interest on Lease Liabilities	2,818	2,818	2,818
Operating Lease Cost	253,171	241,450	230,270
Total Lease Cost	$ 283,179	$ 271,458	$ 260,279

NOTE 9 LEASES (CONTINUED)

	2024		2023		2022	
Other Information:						
Cash Paid for Amounts Included in the						
Measurement of Lease Liabilities:						
Operating Cash Flows from Finance Leases	$	2,818	$	2,818	$	2,818
Operating Cash Flows from Operating Leases	$	253,171	$	241,450	$	230,270
Financing Cash Flows from Finance Leases	$	29,543	$	28,941	$	28,297
Weighted-Average Remaining Lease Term -						
Finance Leases		1.8 Years		2.8 Years		3.8 Years
Weighted-Average Remaining Lease Term -						
Operating Leases		1.8 Years		2.8 Years		3.8 Years
Weighted-Average Discount Rate -						
Finance Leases		2.25%		2.25%		2.25%
Weighted-Average Discount Rate						
Operating Leases		2.25%		2.25%		2.25%

NOTE 10 CONTRACT COMMITMENT

In 2015, Foundations entered into a contract with a vendor for a human resource information system (HRIS). This system is a cloud-based payroll processing system. The contract requires a three-year commitment by Foundations with annual fees estimated at $1,320,000, of which Foundation’s portion is $68,000. The three-year commitment expired in April 2019, at which time the contract transitioned to a pay-as-you-go contract. Pricing is approximately $110,000 monthly. Foundations must provide a 90-day notice before the contract can be terminated.

NOTE 11 SUBSEQUENT EVENTS

Foundations has evaluated subsequent events through March 5, 2025, which is the date the financial statements were available to be issued, and no material subsequent events were identified.

OUR OWNERS

AgCountry Farm Credit Services

AgHeritage Farm Credit Services

AgriBank

AgVantis

AgWest Farm Credit

American AgCredit

Compeer Financial

Farm Credit Illinois

Farm Credit Mid-America

Farm Credit of Southern Colorado

Farm Credit of Western Kansas

Farm Credit of Western Oklahoma

Farm Credit Services of America

Farm Credit Services of Mandan

Farm Credit Services of Western Arkansas

Farm Credit Southeast Missouri

FCS Financial

FCS of Colusa Glenn

Fresno Madera Farm Credit

Frontier Farm Credit

Golden State Farm Credit

GreenStone Farm Credit Services

High Plains Farm Credit

Idaho AgCredit

Oklahoma AgCredit

Premier Farm Credit

SunStream Business Services

Western AgCredit

Yosemite Farm Credit

BEST TOTAL VALUE
IN HR SERVICES

FARM CREDIT
FOUNDATIONS