



2017-18 Annual Report

NCC Mission Statement:

To defend, protect, and enhance the agricultural cooperative movement through pro-active programs in education, legislation, government affairs, communication, and regulatory issues.

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Cooperative Principles:

- Voluntary and Open Membership
- Democratic Member Control
- Member Economic Participation
- Autonomy and Independence
- Education, Training & Information
- Cooperation among Cooperatives
- Concern for Community

NCC Member Cooperatives by the Numbers (Annual)

(estimated as of 8-31-18)

31	Nebraska supply/marketing co-ops operating:
341	additional branch locations in Nebraska
85	additional branch locations out of state
3	Rural electric co-ops
1	Transport co-op
1	Telephone co-op
2	Out-of-state co-ops with a branch in Nebraska
1	Out-of-state rural electric co-op
2	Livestock Marketing Agencies
7	Participating Members
32	Supporting Members

NCC Member Supply/Marketing Co-op Stats:

57,278	total voting members
5,276	employees (full and part-time)
\$5.7 billion	total sales
\$3.2 billion	total assets
\$96.4 million	net savings
\$330.9 million	employee payroll with benefits
\$162.9 million	investment in new equipment and facilities in past year
\$33.7 million	total patronage refunds in past year
\$23.8 million	equity/estate redemption in past year
\$15 million	property taxes paid in past year
\$4 million	federal/state income taxes paid in past year

Message from the Chairman & President



David Briggs
Board Chairman



Rocky Weber
President

We are pleased to present the Membership with the 2017/18 Annual Report of the Nebraska Cooperative Council. This Report records the activities and status of the Council as it ends its 73rd year.

On the Council's office wall is a picture of the seven original members of the Council's first Board of Directors. Representing cooperatives from Wahoo, Grant, Herman, Wauneta, Scribner, Aurora and Grand Island, that Board of Directors guided the Council through its infancy believing that Nebraska's farmer owned cooperative system was stronger with a common vehicle for the protection and advancement of its interests. While the mission statement of the Council has been amended from time to time since, that Board's ultimate mission to "defend and protect the cooperative movement in Nebraska" has not wavered.

The events of 2018 clearly demonstrated the value of the cooperative system having an association dedicated solely to defending and protecting cooperative interests.

In late 2017 it became clear that the House of Representatives was going to pass the first major tax code changes in a generation and intended to repeal Internal Revenue Code Section 199, commonly known as the Domestic Production Activities Deduction (DPAD). Section 199 had provided material tax savings to farmer owned cooperatives and their members since 2004.

Even before the Tax Cuts and Jobs Act (the "Act") was first published on November 2, 2017, the Council had numerous and substantive contacts with Nebraska's congressional delegation and their respective staffs, educating them on the importance of DPAD to Nebraska cooperatives and encouraging the retention of DPAD in any new tax code. As the Senate prepared to vote on final passage of the Act in the early morning hours of December 22, 2017, the Council was on the phone with both Nebraska Senator Deb Fischer's office and the National Council of Farmer Cooperatives (NCFC) in collective efforts to keep some form of DPAD in effect.

As passed, the Act contained very favorable tax treatment for cooperatives and their farmer patrons in the form of new Section 199(A). By the day after Christmas; however, many non-cooperative grain companies were protesting loudly that the final result benefitted farmers delivering grain to cooperatives and thus benefitted cooperative over non-cooperative grain entities. This ultimately became known as the "grain glitch".

This opposition was largely led by national and state grain and agricultural associations that counted both cooperative and non-cooperative grain entities as members. These associations sided with their non-cooperative members and against cooperatives on this issue. Acting in concert with their non-cooperative members, these associations made an all-out effort to repeal new Section 199(A). This in turn set off a furious round of legislative efforts by cooperatives and their dedicated national and state associations, including your Council, to maintain the original DPAD provisions.

Through the early months of 2018 we maintained close contacts with the Nebraska congressional delegation and their staffs and the NCFC in daily efforts to protect DPAD for the benefit of Nebraska's farmer owned cooperative system. These efforts included personal meetings with our delegation and their staffs, numerous phone calls, emails and letters as well as communicating with our Membership to encourage their active participation in the process.

By the time Congress finally acted in March of 2018 to fix the "grain glitch," the cooperative system was able to retain, with some modification, the benefits of Section 199 DPAD. The history of this national debate will reflect that it was the farmer owned cooperatives and their dedicated cooperative state and national trade associations, that held the line and kept the original provisions of Section 199 DPAD largely intact.

The Nebraska Cooperative Council was there, in each step of this process, concerned only with protecting and defending Nebraska's farmer owned cooperative system.

Elsewhere in this Report you will read of other State and Federal Government Relations activities of the Council in 2018, of its Education Programs, of its Political Action Committee activity in this election year, and of the progress on the Legacy Initiative. We hope that you will agree that the mission set by the Council's founders 73 years ago was met in 2018 and that a Nebraska Cooperative Council solely dedicated to protecting and defending the interests of your cooperative is no less a valuable necessity today than at the time of its founding.

Cooperatively yours,

2017/18 Council Leadership

Board of Directors



Chair:
David Briggs
WESTCO
Alliance



Vice Chair:
Dean Thernes
Farmers Pride
Battle Creek



Secretary:
Dave Beckman
Central Valley Ag Co-op
York



Evan Brandes
Aurora Co-op Elevator Co.
Aurora



Mike Hechtner
CoBank
Omaha



John Oehlerking
Midwest Farmers Co-op
Elmwood



Randy Robeson
Frontier Co-op Co.
Brainard



Tim Rowe
Country Partners Co-op
Gothenburg



Kent Taylor
Ag Valley Co-op
Edison

Committees

Legislative Advisory Committee

Rocky Weber Nebraska Cooperative Council (*Co-chair*)
Dean Thernes Farmers Pride, Battle Creek (*Co-chair*)
Aaron Becker Farmers Co-op, Pilger
Matt Caswell AGP, Omaha
Jeff Loschen Cooperative Producers Inc., Hastings
Jamey Nygren Farm Credit Services of America, Omaha
John Oehlerking Midwest Farmers Co-op, Elmwood
Randy Robeson Frontier Co-op Co., Brainard
Tim Rowe Country Partners Co-op, Gothenburg
David Briggs WESTCO, Alliance (*ex-officio*)

NCC-Political Action Committee

Dean Thernes Farmers Pride, Battle Creek (*Chair*)
Carl Dickinson Central Valley Ag Co-op, York
Mary Kay Lyon CHS Inc, Holdrege
Douglas Olsen Panhandle Co-op Assn., Scottsbluff
Greg Sabata Frontier Co-op Co., Brainard
Bill Schuster Aurora Co-op Elevator Co.
Kent Taylor Ag Valley Co-op, Edison
Ron Velder Farmers Co-op, Dorchester
David Briggs WESTCO, Alliance (*ex-officio*)

Excellence in Cooperative Education Committee

Dave Beckman Central Valley Ag Co-op, York (*Chair*)
Don Anthony CHS Inc, Lexington
Evan Brandes Aurora Co-op Elevator Co.
Tod Clark Country Partners Co-op, Gothenburg
Jay Geu Frenchman Valley Farmers Co-op, Imperial
Tom Houser CoBank, Omaha
Bart Moseman Farmers Co-op Elevator Co., Hemingford
Mike Nohavec Farmers Co-op, Dorchester
Allan Zumpfe Cooperative Producers Inc., Hastings
David Briggs WESTCO, Alliance (*ex-officio*)
Dr. Greg McKee.. University of Nebraska-Lincoln (*ex-officio*)
Ed Woeppel Nebraska Cooperative Council

Hall of Fame Committee

Daryl Erickson Greenwood (*Chair*)
Don Wiseman Fairbury (*Vice Chair*)
Jerrell Dolesh Tilden
Galen Kuska Exeter
Doug Nuttelman Stromsburg
David Briggs WESTCO, Alliance (*ex-officio*)
Rocky Weber Nebraska Cooperative Council (*ex-officio*)

Staff

Rocky Weber President & General Counsel
Ed Woeppel Education & Program Director

Glenda Gaston Office Manager/Admin Assistant
Deb Mazour Program Coordinator/Admin Assistant

Legacy Initiative



At the Council's Annual Meeting in November 2017, Council President Rocky Weber introduced the Membership to the Legacy Initiative that had been authorized by the Board of Directors earlier in 2017.

The purpose of the Legacy Initiative is to (1) Re-establish the ownership value proposition between producer patrons and farmer owned cooperatives, and (2) Create a platform for introducing young farmers to Nebraska's farmer owned cooperatives to engage them as owners and customers.

In the late summer of 2017 Beck Ag was engaged to act as consultants and conduct surveys and studies of cooperative members, farmers who do not patronize cooperatives and young producers. The Council formed the Legacy Initiative Committee to help guide the survey process and serve as a sounding board for propositions as to what messaging and tools could be developed to help Nebraska's farmer owned cooperatives achieve the purposes of the Legacy Initiative.

From late 2017 through the end of the fiscal year in August of 2018 the Legacy Committee met three times. Beck Ag conducted interviews over two phases with over 50 Nebraska agricultural producers and with key staff of the cooperatives and conducted a specific focus group of young producers under the age of 32. Initial survey results were reviewed by the committee and narrowed down specified issues that had been revealed in the Phase I survey. Key findings from Phase I indicated that farmers have misperceptions about how patronage

and equity work and as a result do not place much value in patronage or equity. Likewise, the ownership propositions of democratic voting and electing a farmer board of directors was undervalued. Some key findings were: cooperatives are perceived as returning money locally, but that perception is not internalized in a way that creates loyalty; young producers' attitudes about cooperatives generally mirrored the larger group; and technology, internet purchasing and social media elements were not strong components of what cooperatives need to be providing.

Phase II included additional producers, and for the first time cooperative employee surveys, that are intended to uncover what factors played a role in the findings from Phase I. The purpose of Phase II is to develop tools to educate boards of directors, patrons and employees and explore new ways of managing equity, patronage and patron input to create a greater bond between cooperatives and their owners, particularly young producers.

The Legacy Initiative Committee will be convening in early September 2018 to review the results of the Phase II Survey and determine the value propositions to test with focus groups to educate producers about their relationship with the cooperative and redevelop the cooperative ownership value proposition.

Legacy Initiative Steering Committee

PRODUCERS:

Dave Beckman Central Valley Ag Co-op, York (Chair)
Chad Fehringer Farmers Pride, Battle Creek
DJ Hladky Farmers/Ranchers Co-op, Ainsworth
John Oehlerking Midwest Farmers Co-op, Elmwood
Ryan Sands Aurora Co-op Elevator Co.
Jerrad Stroh Cooperative Producers Inc., Hastings
Rick Taylor Frenchman Valley Co-op, Imperial

MANAGERS:

Aaron Becker Farmers Co-op, Pilger
David Briggs WESTCO, Alliance
Dean Thernes Farmers Pride, Battle Creek
Jeremy Wilhelm Midwest Farmers Co-op, Elmwood

CO-OP STAFF:

Jon Brabec Frontier Co-op Co., Brainard
Dawn Caldwell Aurora Co-op Elevator Co.
Dale Hayek Farmers Co-op, Dorchester
Scott Hillius Country Partners Co-op, Gothenburg
Jeff Krejdl Ag Valley Co-op, Edison
Tom Palmertree Central Valley Ag Co-op, York

OTHER:

Dr. Greg McKee University of Nebraska-Lincoln
Rocky Weber NCC



During the 2017 Annual Meeting, NCC President Rocky Weber introduced the Legacy Initiative to the membership.

State Legislation - 2018 Session



While the Council monitors all legislative activity in order to keep its cooperative members abreast of any legislative changes that may affect how cooperatives conduct business, the primary responsibility of the Council in the legislative arena is to monitor and effect legislation that pertains to “cooperative specific issues.” This legislative priority includes, but is not limited to, legislative action affecting:

- Cooperatives as business entities unique from corporations and limited liability companies
- Cooperative corporate governance and the rights and obligations of cooperative board members, stockholders and patrons
- Laws, including tax codes, that may affect how cooperatives allocate patronage to their patrons
- Equity management and equity redemption restrictions
- Securities and other “safe harbor” exemptions that provide cooperatives the ability to raise and manage equity

These legislative priorities involve issues that affect the very nature of the cooperative business model, whether it be a local or regional cooperative, a utility cooperative, a transportation cooperative, or the Farm Credit System, CoBank or related cooperative entities uniquely formed to serve the needs of cooperative business organizations.

The 2018 Legislature adjourned on April 18. A total of 131 bills became law. Full descriptions of the status of the bills affecting cooperatives were emailed out to members in the form of *Legislative Updates* with a total of 9 forwarded during the session.

During the session, the Council tracked 172 bills and resolutions that could impact cooperatives. Listed here are some of the more significant bills we followed. The Council’s position is indicated in parentheses (S=support, O=oppose, M=monitor).

SIGNED INTO LAW

LB 105 - Forced Sale on Execution (O)

LB 105 raises the dollar amount exempted from a forced sale for each individual from the current \$2,500 to \$5,000. The debtor’s interest in household goods etc. exemption increases from \$1,500 to \$3,000, and in tools, implements, etc. from \$2,400 to \$5,000. In addition, \$5,000 for a motor vehicle is exempt in the case of a forced sale. Provisions became effective July 19, 2018.

LB 496 - Community Development Law (S)

LB 496 creates an avenue for a public/private incentive plan for construction of new housing for current or new employees that would include investments by municipalities and private developers. The key purpose is to encourage sufficient quality housing for a community’s workforce. It specifically makes villages and cities of the first and second class eligible to participate in workforce housing incentive programs which is intended to promote workforce housing development in rural communities. Provisions became effective July 19, 2018.

LB 629 - Commercial Drivers Licenses (S)

LB 629 allows a person possessing a CDL authorizing operation of a Class A combination vehicle to operate a Class A, B or C commercial motor vehicle without a hazardous materials endorsement if the person (1) Is acting within the scope of his or her employment as an employee of a custom harvester operation, agri chemical business, farm retail outlet and supplier, or livestock feeder; and (2) Is operating a service vehicle that (A) is transporting diesel fuel of 1,000 gallons or less; and (B)

is clearly marked with “flammable” or “combustible” placard, as appropriate.

Cooperatives face a continuing shortage of qualified CDL drivers to handle over the road deliveries of commodities and agricultural inputs. This is a helpful step in expanding the scope of tasks that current CDL drivers may be able to perform.

LB 629 was passed and signed into law on April 11. Provisions became effective July 19, 2018.

LB 710 - Civil Lawsuits (S)

LB 710 changes provisions for any costs, interest, and attorney fees on any lawsuit of \$4,000 or less (excluding personal injury lawsuits) allowing for recovery of interest as agreed to by the parties and attorneys fees for the plaintiff. The intent is to have an incentive for parties to resolve these claims before a plaintiff needs to resort to legal action. Provisions became effective July 19, 2018.

LB 1009 - New “Super-Two” Rural Highway Classification (S)

LB 1009 provides “super-two” as an additional rural highway classification and is defined as two-lane highways designed primarily for through traffic with passing lanes spaced intermittently and on alternating sides of the highway to provide predictable opportunities to pass slower moving vehicles.

As passed, the bill increases the speed limit:

- From 60mph to 65mph on any part of the state highway system
- From 65mph to 70mph on an expressway or a super-two highway
- From 65mph to 70mph on a freeway that is part of the state highway system but not part of the National System of Interstate and Defense Highways
- From 60mph to 65mph for any portion of the National System of Interstate and Defense Highways located in Douglas County; and Interstate 180 in Lancaster County and Interstate 129 in Dakota County.

The bill maintains language that maximum speed limits may be reduced by the Department of Transportation or by local authorities.

Provisions became effective on July 19, 2018.

LB 1030 - Public Power District Vehicles and Trailers (S)

LB 1030, introduced on behalf of the Nebraska Rural Electric Association by Senator Friesen of Henderson, was passed and signed into law with provisions becoming effective January 1, 2021.

As passed, the bill changes sales tax sourcing rules

for motor vehicles and trailers operated by public power districts. Under LB 1030 for purposes of sales and use tax, the place where the vehicle or trailer is stored and kept for the greater portion of the year would be the place used for calculation of sales and use tax, not the headquarters of the entity.

However, the headquarters entity could go to one courthouse to register all the vehicles and trailers, and then the county would transfer the appropriate funds to the county where the vehicle or trailer is kept.

This legislation may provide a blue-print for registration of vehicle fleets that could benefit Nebraska’s agricultural cooperatives in the future.

KILLED

LB 477 - Fuel Pricing/Labeling (O)

LB 477, as introduced by Senator McCollister of Omaha and Senator Groene of North Platte and given priority designation by the Ag Committee, would have placed limitations on how automotive engine fuel is advertised and sold in the state of Nebraska. The bill would have made it illegal to advertise an engine fuel on a price sign that is not available at all fueling positions unless a second engine fuel is available at all fueling positions and is advertised on the same sign, in the same font size and illumination.

LB 712 - Unemployment Benefits/Failed Drug Test (S)

LB 712 would have provided that an individual shall be considered to have refused to accept suitable work if he or she failed a pre-employment drug screening test required by a subsequent employer as a condition of employment.

The bill further would have provided that the Commissioner of Labor may by rule or regulation provide for drug testing of individuals applying for or receiving unemployment compensation benefits. If a person failed or refused to take a drug test, he or she would have been ineligible for benefits for the week in which he or she failed or refused to take a drug test and any intervening weeks until a test was successfully passed.

LB 752 - Limit Acquisition of Right of Way for Energy Projects (O)

LB 752 would have limited the authority to acquire right of way for energy projects. Currently public power districts, ethanol plants, and hydrogen plants/distributors can acquire right of way for necessary power lines.

(Continued on page 8)

State Legislation

(continued from page 7)

Under LB 752, third parties (not PPD, ethanol plants, or hydrogen plants/distributors) would have been excluded from acquiring right of way for necessary power lines.

LB 763 - Prohibit Obstruction of a Public Power District Employee (S)

LB 763 would have made it a Class I misdemeanor for any person who obstructed, impaired, or threatened a public power employee performing their lawful duty of constructing, maintaining, or repairing district facilities or equipment.

LB 772 - Ag & Horticultural Land Valuations / Green Belt (S)

LB 772 would have changed requirements regarding special valuation for ag and horticultural land. What has been referred to as “Green Belt” valuations has been limited to counties with populations of 100,000 or more. LB 772 would have extended Green Belt valuation to ag and horticultural land outside the corporate boundary of any sanitary improvement district in counties of 100,000 or less. In these lower populated counties, the land may have been within the corporate boundary of any city or village.

LB 833 - Petroleum Liens (S)

LB 833, introduced on behalf of the Council by Senator McCollister of Omaha, would have changed provisions relating to petroleum liens to have no limitation period on the time for enforcement. This would have made it consistent with the current law for existing fertilizer/ag chemical, seed and feed liens.

The Petroleum Products Lien must be filed or perfected within six months of the date petroleum products or related goods or services were delivered to the debtor. Current law requires that any action to enforce the lien be taken within 90 days of the filing of the lien.

Most of Nebraska’s farmer owned cooperatives are ag input suppliers. The standard inputs are seed, fertilizer and ag chemicals, petroleum and feed. All, except the Petroleum Products Lien, have no limitation period on the time for enforcement.

We plan to seek introduction of a similar bill in the 2019 session.

LB 843 - NE Wage Payment & Collection Act / Wage Disclosure (O)

LB 843 would have provided protection for employees regarding wage disclosure. Under the bill an employer could not have:

1. Required non-disclosure by an employee of their wages as a condition of employment
2. Required employees to sign a waiver to deny an employee the right to disclose wages
3. Coerced, intimidated or threatened an employee to discourage disclosure
4. Retaliated against an employee for disclosure
5. Discharged an employee for disclosure

Civil action against an employer for violation could have included a judgement award, back pay, reinstatement, restoration of lost service credit, order costs, and attorney fees.

LB 843 would have created additional legal jeopardy for employers regarding policies concerning wage disclosure.

LB 844 - Health and Safe Families and Workplace Act (O)

LB 844 would have established the Health and Safe Families and Workplace Act to require all employers with four or more employees to provide a minimum of one hour of paid sick or safe time for every 30 hours worked to a maximum of 40 hours per calendar year. The time would have began accruing upon the commencement of employment, but could not have been used until the employee had worked for 60 days. Unused time could have been carried forward from year to year.

LB 900 - Transport Hazardous Materials (S)

LB 900 would have changed the requirements for transporting hazardous materials, specifically diesel fuel, under a CDL license for farmers and agribusinesses. Under the bill a CDL license holder would not have needed a hazardous material endorsement to transport diesel fuel if the following criteria were met:

1. Operating within the state as an employee of a custom harvest operation, agri-chemical business, a farm retail outlet, or a livestock feeder; and
2. Transporting 1,000 gallons of diesel fuel or less; and
3. The transport is clearly marked with a flammable or combustible placard.

The bill would have also clarified the maximum gross weight for any vehicle fueled by natural gas to allow for the weight of the tank and fueling system. The

total weight for these vehicles could not have exceeded 82,000 lbs.

LB 1022 - Adopt the Irrigation Tax Act and change the valuation of ag land for property tax purposes (O)

LB 1022 would have adopted the Irrigation Tax Act and imposed a tax on the use of water to irrigate agricultural and horticultural land. Under the bill a tax of 1¢ for every 10 gallons of water pumped from a covered water well shall have been paid by the owner of the ag and horticultural land being irrigated.

LB 1026 - Nebraska Highway Bond Act (S)

LB 1026 would have authorized the issuance of highway bonds to assist in the construction and maintenance of state infrastructure.

Under the bill, the Department of Transportation could have issued up to \$200 million of bonds to facilitate highway construction and rehabilitation. Twenty-five percent (25%) of the money would have been designated for the expressway systems and 75% for other surface projects.

LB 1075 - Impose a fee on transfers of real estate (O)

LB 1075 would have imposed a fee on the grantor executing a deed as defined in section 76-203 upon the transfer of a beneficial interest in or legal title to real estate equal to 1% of the value of the real estate. This fee would have been in addition to the documentary stamp tax that LB 1076 proposed to also increase 50¢ per \$1,000 of valuation.

LB 1134 - NE Worker Adjustment & Retraining Notification Act (O)

LB 1134 would have established the Nebraska Worker Adjustment and Retraining Notification (WARN) Act. The federal WARN act, which requires employers to notify employees and the Department of Labor of planned layoffs of more than 100 workers, has existed since 1988. If passed, the Nebraska WARN Act would have expanded on federal law by requiring notification to employees and the Department of Labor of planned layoffs of more than 25 workers.

Workers Comp Bills:

Several bills dealing with workers' compensation were considered during the session. The Council is a member of the Nebraskans for Workers Compensation Equity and Fairness (NWCEF) coalition.

LB 957 - Payment Methods (M)... was passed and signed into law on April 23. Provisions became effective July 19, 2018. LB 957 allows direct deposits, prepaid cards, or similar electronic payment to be used for workers' compensation claims as long as the employer, insurer, and the employee agree. Under the bill, an employer or the insurer can not penalize a worker for not utilizing any of these previous mentioned payment options.

LB 858 - NE for Workers' Compensation Act / Disability Income (O)... was killed. It would have provided annual adjustments for total disability benefits in proportion to the annual increase in the state's average weekly wage. The automatically escalating disability benefits proposed under LB 858 would have resulted in increased costs for employers.

LB 928 - Death of an Employee (O)... was killed. It would have changed provisions relating to compensation paid upon the death of an employee. The current amount of \$10,000 for burial would have been changed to 14 times the state average weekly wage.

If there are no dependents, \$25,000 would have been forwarded to the personal representative of the estate of the deceased. Currently law does not provide for a benefit if there are no dependents.

LB 952 - Dismissal of Cases (S)... was killed. Under LB 952, if a case was dismissed by a plaintiff, it could have been re-filed without prejudice, unless it was the second time a plaintiff had asked for dismissal. The bill was introduced to keep plaintiffs from filing for and then asking for dismissal of the same case.

LB 1015 - Workers' Compensation / Public Disclosure (S)... was killed. It would have changed provisions relating to access to public records. State law protects the confidentiality of various types of information which is allowed to be withheld from public disclosure by governmental agencies. Under LB 1015, reports filed for workers' compensation that revealed the identify of the employee would have been added to the list of items that would be withheld from public disclosure.

NCC Political Action Committee

The Nebraska Cooperative Council - Political Action Committee (NCC-PAC) conducted interviews with 22 candidates in July. Interviews were held in LaVista on July 10-11 and in Lincoln on July 19. Members of the committee are listed on page 4.

The NCC Political Action Committee continues to be a significant part of the Council's overall legislative program. The NCC-PAC was established in 1999 to help gain access to legislators from urban and rural areas of the state through voluntary contributions from members.

As the urban areas of the state continue to grow in population, it is important that the Council has access to the state senators serving those areas. Through the PAC, the Council has the opportunity to communicate with and educate state senators regarding issues that are important to cooperatives and rural Nebraska.

With term limits, the ability to update and educate senators has become even more crucial. As senators move in and out of leadership positions much more rapidly, maintaining open communication has become much more critical. The NCC-PAC actively participates in urban and rural legislative races to help develop a broad base of relationships with policy-makers.

Following the July 2018 interviews, the NCC-PAC provided campaign donations totaling \$41,500 to 34 legislative candidates in 24 legislative races. In addition, the NCC-PAC contributed \$5,650 to incumbents from September 1, 2017 thru August 31, 2018.

Contributions to the NCC-PAC by members of the Nebraska Cooperative Council were \$17,995 for the 2017-2018 cycle. Twenty-seven (27) Local Members, 2 Participating Members and 5 Supporting Members voluntarily contributed to the NCC-PAC during this period. At the end of the fiscal year on August 31, 2018, The NCC-PAC maintained a balance of \$66,587 for use in the 2018-2019 legislative cycle.

In order to provide state senators and other policy makers with the most current information regarding cooperatives, the Council will once again prepare and distribute a Legislative Reference Guide booklet. The Guide will contain (1) an overview of the Council and cumulative figures for the impact cooperatives have on Nebraska's economy; (2) a map of the cooperative locations in each legislative district; (3) an individualized Fact Sheet for each cooperative member with the headquarters and all branch locations and other pertinent information; (4) and a Fact Sheet on the regional cooperatives in Nebraska and their impact on Nebraska's economy.



The NCC-PAC interviewed 22 candidates over 3 days, including Myron Dorn of Adams (top center), candidate for District 30.



...to the following members who provided voluntary contributions to the NCC-PAC for the 2017-18 fiscal year:

Ainsworth - Farmers/Ranchers Co-op Assn
Alliance - Panhandle Rural Electric
Alliance - WESTCO
Aurora Co-op Elevator Co
Battle Creek - Farmers Pride
Brainard - Frontier Co-op Co
Dodge - Cooperative Supply Inc N/S
Dorchester - Farmers Cooperative
Edison - Ag Valley Co-op N/S
Elmwood - Midwest Farmers Co-op
Elsie - Hi-Line Co-op Inc
Fairfield N/S Co-op Fertilizer

Friend - Farmers Union Co-op Co
Gothenburg - Country Partners Co-op
Hastings - Cooperative Producers Inc
Hemingford - Farmers Co-op Elevator Co
Holdrege - CHS Inc
Holyoke CO - CHS/Grainland Co-op
Imperial - Frenchman Valley Farmers Co-op
Lindsay - Farmers Co-op Assn
Pilger - Farmers Co-op
Scottsbluff - Panhandle Co-op Assn
Sidney - Crossroads Co-op Assn
Talmage - Farmers Co-op Co

Wausa - CHS Inc
York - Central Valley Ag Co-op
Ag Processing Inc
Allied Producers Co-op
Capital Recovery, Inc.
CHS Inc
CHS Insurance
Gardiner Thomsen
Milliman, Inc.
United Benefits Group

Federal & State Government Relations

The Council continues to work closely with the National Council of Farmer Cooperatives (NCFC) and the Agricultural Retailers Association (ARA) regarding federal legislation and regulations. NCFC has a continuous presence with Nebraska's congressional delegation, their respective staffs, and policy makers which allows the views of farmer owned cooperatives to be held in the forefront of any discussions. NCC President Rocky Weber is an elected state-council representative on the NCFC governing council.

NCFC, along with strong support from state councils such as Nebraska, monitors any efforts that would threaten the cooperative business model. Issues such as mandatory equity redemption, interest on members' equity, securities, patronage redemption, Capper Volstead repeal, and many more are continually monitored to ensure that the cooperative business model is not compromised.

The ARA represents retailers, distributors, and suppliers of crop protection products, fertilizer, equipment, technology and other services.

FEDERAL LEGISLATIVE AND REGULATORY ACTION

Section 199-Domestic Production Activities Deduction

The adoption of the Tax Cuts and Jobs Act of 2017 by Congress in December 2017 comprised a great deal of activity and coordination by the Council. Early in



NCC co-op representatives met with Congressman Smith on February 21, 2018 in Lincoln to discuss resolutions to Section 199A. Pictured above are Rocky Weber, John Oehlerking, David Briggs, Congressman Smith, Dean Thernes, Ron Velder, and Dave Beckman. Not pictured: Carl Dickinson.

2017 and continuing through March of 2018, we engaged the Nebraska Congressional Delegation regarding the importance of maintaining the Section 199 Domestic Production Activities Deduction as part of any tax overhaul. The President/Chairman's Message found on page 3 of this Annual Report provides more detail.

Activity on this issue by the Council included several visits on the Hill as well as in Nebraska with our senators, congressmen and staffs. In addition several pieces of substantive correspondence and emails were exchanged with these parties on this issue. The Council also coordinated with NCFC staff and cooperative industry accounting professionals regarding messaging and provided liason between NCFC staff and the Nebraska congressional delegation on this issue.

PBGC Pension Premium Relief

Since 2016, the Council has been involved with our congressional delegation in support of the "Right Sizing Pension Premium Act of 2017" (H.R. 3596) also known as "Kelly/Kind". This is an issue of great importance to Nebraska's farmer owned cooperatives and the over 7,900 employees of those cooperatives that are participants in the Co-op Retirement Plan (the "Plan"), which is a defined-benefit "multiple-employer" pension plan sponsored by United Benefits Group.

Without a change in the law that the "Right Sizing Pension Premium Act of 2017" will bring, there will occur an overcharging of premiums by the Pension Benefit Guaranty Corporation (PBGC) for the Plan in which nearly all of Nebraska's farmer owned cooperatives participate.

Without this legislation, and if interest rates remain at current levels, the Co-op Retirement Plan is projected to be paying \$23.3 million in PBGC premium for the year ending March 31, 2021 versus the \$8.9 million paid in the year ending March 31, 2016. The \$23.3 million represents 2.4% of projected payroll in the fiscal year ending in 2021.

Hours of Service/Ag Input Exemption

The Council further coordinated communication between Nebraska Senator Sasse's office and the ARA regarding ag exemptions from hours of service requirements for truck drivers. Hours of Service regulations imposed by the Obama Administration created transportation challenges faced by the industry. Compressed

(continued on page 12)

Federal & State Government Relations

(continued from page 11)

input and harvest seasons and new federal ELD and driver regulations had a major impact on the industry. The ARA was seeking to have the FMCSA grant temporary emergency relief from the HOS regulations which would help alleviate this transportation shortage while the industry would maintain its strong driver safety record.

In May 2018 Senator Sasse led a bipartisan coalition to introduce legislation in an effort to give drivers hauling livestock and bees some reprieve from the U.S. Department of Transportation's strict Hours of Service (HOS) rules. NCC and ARA encouraged Senator Sasse and his staff to include the transportation of input supplies into this legislation.

Fertilizer Trailer Lights

In June 2018, NCC again partnered with ARA and joined with other state agriculture associations in the sending of a Memorandum to American Society of Agricultural and Biological Engineers (ASABE) regarding lighting on fertilizer trailers. In June 2016, the U.S. Department of Transportation (DOT) published final regulations governing lighting and marking for agricultural equipment. This federal regulation which applies only to manufacturers superseded existing state standards regarding lighting and marking for agricultural equipment. Manufacturers were required to be in compliance with the ASABE standards no later than June 22, 2017.

As new agricultural equipment is being sold by manufacturers, some problems have arisen related to anhydrous ammonia nurse tank trailers. The main issues relate to maintenance upkeep costs due to rough field conditions and corrosive properties of ammonia; requirements to maintain supplies of connectors for farmers with differing lighting connection systems; lack of acceptance of new nurse tank trailers with lights; the impact on farmer customer relations; and potential compliance with state enforcement issues.

While these standards applied only to manufacturers of agricultural equipment, at least one Nebraska state patrolman cited a cooperative for not having lights on a liquid fertilizer tender. Once the patrol was given the applicable statutes the citation was rescinded. Nebraska statutes specifically exempt such trailers from lighting standards. The conflict lies in the fact that manufacturers must follow the DOT code while trailers in use are not required to have such equipment.

STATE REGULATORY

Energy Source Exemption

In 2016 the Nebraska Legislature passed LB 774 which was introduced on behalf of the Council. It amended Neb. Rev. Stat. §77-2704.13(2) to provide that sales and use tax shall not be imposed on the sale and purchase of energy when more than 50% of the energy purchased is used in processing grain, with the term processing including drying and aerating grain in commercial agricultural facilities. Beginning October 1, 2016, the inclusion of grain drying AND aeration resolved disputes arising after that date with the Nebraska Department of Revenue (NDOR).

Regarding refund claims filed for periods before the new law went into effect, the NDOR's interpretation of what constitutes "processing" grain for purposes of the sales tax exemption continues to be unclear.

Several cooperatives remain under sales tax audit for periods prior to October 1, 2016. In order to preserve the ability to challenge adverse determinations by the NDOR, the balance of the Energy Source Exemption Fund is being maintained for the time being.

PSC Schedule A & E Rates

On May 15, 2018, the Nebraska Public Service Commission voted to maintain the current Schedule A and E rates. This means the maximum rates for receiving, handling, and delivery (one-time charge) will remain at 36¢/bu for all grains, 15¢/cwt for dry edible beans, and 30¢/cwt for popcorn. The storage and insuring maximum rates will remain at not exceeding .00165¢/bu/day for all grains, .00187¢ for soybeans, .0039¢/cwt/day for dry edible beans, and .0025¢/cwt/day for popcorn.

Farmer Patron Health Insurance

In 2018 the Council was pleased to be able to assist Participating Member Land O'Lakes in pursuing the extension of its Minnesota health insurance plan for farmer members of cooperatives into the State of Nebraska. This initiative requires approval by the Nebraska Department of Insurance (NDOI). NCC facilitated fact finding and introductions to foster communication and relationships with NDOI regulators and clear the road for quick approval of such a plan in Nebraska. At the time of the preparation of this Report, an application for a Nebraska cooperative member Multi Employer Welfare Plan has been filed with a goal toward regulatory approval in November 2018.

Director Education

The Council's education programs for 2017/18 concluded with the Board Leadership Seminar on February 22nd in LaVista. Throughout the winter of 2018, a total of 417 people from 80% of our local cooperative members and 1 Participating Member attended the Council's director/management programs.

The tightening of the ag economy was a constant theme throughout the programs. Presenters were asked to challenge the thinking of attendees during their presentations regarding current and future changes that farmer cooperatives will face from the rapidly growing digital economy. At the end of the day, the goal of NCC education programs is to not only educate but to also expand the horizons of what the future demands for successful cooperatives, their managers, and directors.

This year's participants in our education programs had the opportunity to hear from speakers from three universities and seven different states. This diversity allowed for a wide avenue of perspective and discussion on the issues facing cooperatives.

DIRECTOR/MANAGER WORKSHOP

The Director/Manager Workshop, with the theme of "Is Profitability Possible? (How Do We Stay There?)", was held on November 16, 2017, the day after the Council's Annual Meeting in Kearney, with 86 people attending. Margin pressures and the tightening of agricultural credit continue to be issues that ag producers and cooperatives face during the current ag economy reset. Effective cost cutting and strategic positioning of resources will be essential for all cooperative leadership teams to implement. To address these issues, the Director/Manager Workshop began with a presentation by Cortney Cowley from the Kansas City Federal Reserve Bank who addressed the ag financial condition in Nebraska. Dr. Michael Swanson, Chief Agricultural Economist for Wells Fargo, then provided an overview of the current ag economy and addressed the issue of how cooperatives can provide the best value proposition for their members. Following him was Jonah Kolb of Moore & Warner Ag Group with Teays River Investments who addressed the who, what, why, where, when and how of ag investing.



A portion of Advanced Director Training had participants working in small groups on a case study to help them understand a co-op's financial picture and predict its balance sheet.

DIRECTOR CERTIFICATION PROGRAM

Held this year in Kearney on January 3-4, DCP is designed to accelerate the process by which directors become active, effective board members. For the new director, training is very important to establish an understanding of the responsibilities of the position.

All four phases were offered during the two days with 74 phases completed and 18 graduates this year. Phase 1 focuses on the roles and responsibilities of directors and the legal foundation of cooperatives. Phase 2 addresses planning and control for board members. Phase 3 focuses on financial statements and utilizing terms in analysis of the cooperative. Phase 4 is dedicated to communication issues, primarily between board and management.

Facilitators were Dr. Greg McKee, UNL; Tom Houser, CoBank; Dr. Keri Jacobs, Iowa State University; Bill Kutilek, Crosby Guenzel LLP; and Rocky Weber and Ed Woeppel from the Council. In addition, Neil Stedman (Midwest Farmers Co-op, Elmwood) and Rod Schroeder (retired manager) served on a panel for Phase 4.

ADVANCED DIRECTOR TRAINING

In response to increased interest of experienced board members and suggestions from management teams, the Council developed Advanced Director Training (ADT) as a "refresher" for directors who are DCP graduates and have been serving on local cooperative boards for several years. Forty-four (44) participants attended the session that was held in Kearney on January 5.

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Director Education

(continued from page 13)

We focused on the Board's responsibility to determine the future plans/vision for the cooperative. Planning for the future requires a full understanding of the financial picture of the cooperative so the first session focused on balance sheets, sources and uses of funds, and a balance sheet predictor. Facilitators were Dr. Keri Jacobs from Iowa State University and Tom Houser with CoBank.

The session also incorporated situational analysis using financial acumen to analyze situations that boards of directors may encounter as well as assessment of ongoing profitability of the cooperative.

COOPERATIVE ISSUES SYMPOSIUM

The Cooperative Issues Symposium (CIS) was held on January 31 in Lincoln with 85 participants. The program is designed to address specific issues cooperatives are facing and drill down on those issues. This year's topic focused on Generational Changes in the Marketplace.

To begin the day we looked at in-depth research showing the demographic changes taking place in agriculture. It has been said that retail ag may see 50% of the "decision makers" change in the next five years. Chad Gent from Farm Credit Services of America provided research that suggested that 50% may be a conservative number.

Kristen Hadeed, an entrepreneur and millennial engagement expert with "Start with Why", helped us unravel the mystery of millennials in order to bridge the gap to understanding what it takes to inspire and engage this unique generation. She also led a panel discussion of young professionals to get their views and expectations of the workplace.

Following an evening reception/dinner sponsored by CoBank, the final speaker was Matt Rush, a fourth generation farmer and cattle rancher from New Mexico.



Following her CIS presentation about millennials, Kristen Hadeed (far right at podium) led a panel discussion with two young professionals--Lukas Fricke of Ulysses and Taylor Hart of Lincoln--of their views and expectations in the workplace.

COOPERATIVES FOR TOMORROW SEMINAR

Eighty-three (83) participants attended Cooperatives for Tomorrow (CFT) in Lincoln on February 1. It continued with its "Big Picture" theme by featuring a variety of speakers and presenters that normally would not be available to local directors in Nebraska.

Dr. Michael Langemeier, Ag Economist at Purdue University, provided the background, trends, and projections that have occurred in production agriculture. While we all believe farms will continue to grow in size, Dr. Langemeier provided a clearer vision of this trend and the potential impact on cooperatives.

During the second session, Dr. Langemeier addressed the consolidation of agribusinesses. He discussed how this corporate consolidation will impact farmers and cooperatives alike.

The final presentation of the day was provided by Dr. Robert Reiter, Global Vice President of Research from Monsanto.

BOARD LEADERSHIP SEMINAR

The final program of the winter was BLS. This year we renamed the program from Board Officer Seminar to Board Leadership Seminar.

BLS was held on February 22 in LaVista, the day prior to CoBank's meeting, with 45 people attending. Council President Rocky Weber and Bill Kutilek with



During the Board Leadership Seminar, Attorney Bill Kutilek and NCC President Rocky Weber answered a wide variety of questions from participants.

Crosby Guenzel LLP facilitated the day's discussion. The BLS format is an open forum discussion with local board leaders. A variety of topics were discussed during the day. This was once again the highest rated program of all our offerings.

Youth Education

CO-OPS 101

The Council continues to provide *Co-ops 101* presentations at community colleges/NCTA, UNL, high schools, and this year we added UNK. Overall, during the 2017/2018 academic year, we made 16 presentations for 250 students.

Contacts with the community colleges involved 11 presentations for 164 students at 4 community colleges (Southeast Community College-Beatrice, Central Community College-Hastings, Central Community College-Columbus, and the Nebraska College of Technical Agriculture at Curtis). Contacts with the University of Nebraska-Lincoln involved the undergraduate Cooperatives class with 12 students, and at the University of Nebraska-Kearney we provided two presentations for the ag business classes with a total of 48 students attending.

This year we had two high school presentations - one for 16 students at Blair High School and then one for 10 students at The Career Academy at Southeast Community College-Lincoln. SCC during their 2-day SCC Early Ag Experience. This provides students the opportunity to learn about the many careers that agriculture has to offer. With a host of guest speakers and a number of field trips, students became much more aware of agricultural opportunities. The Council provided the opening presentation of the program.

These presentations allow us to reach a critical audience with the cooperative message. These students will become future employees and members of cooperatives so it is important that they have a working understanding of cooperatives. This program has been partially funded by the CHS Foundation. Cooperative educa-

tion from high school grades through college remains a stated goal of the Excellence in Cooperative Education Committee.

STATE AG TEACHERS CONFERENCE

On June 6, Ed Woeppel provided remarks at the State Ag Teachers Conference in Kearney. He highlighted the career opportunities within cooperatives and the need for high school students to consider a cooperative career. He further emphasized the amount of dollars that are returned to local communities through patronage refunds and equity redemptions that cooperatives provide.

COOPERATIVES CLASS AT UNL

The University of Nebraska-Lincoln offered the "Cooperatives" class for the fourth year in the fall of 2017. While initially offered as a one-credit-hour class, this was the second year that it was offered as a three-credit-hour class taught by Dr. Greg McKee. A total of 12 students were enrolled in the fall 2017 class that allowed students to gain an in-depth understanding of the cooperative business model.



COOPERATIVE SPEAKING CONTEST

The Council, along with the CHS Foundation, sponsored the State FFA Cooperative Speaking Contest on April 5-6 in Lincoln. A total of 78 students participated at the district contests with 22 qualifying for the state contest.

This year's winner was Thomas Bos-

meniel from the Seward FFA Chapter. Second place was awarded to Jocelyn Pohl of the Bridgeport FFA Chapter, and third place went to Jadyn Burenheide of the Howells-Dodge FFA Chapter.



On August 29, 2018, employee Taylor Collins from Farmers Cooperative, headquartered in Dorchester talked to students at Southeast Community College in Beatrice about career opportunities available at cooperatives.

Annual Meeting

The 72nd Annual Meeting of the Nebraska Cooperative Council attracted 224 people and was held at the Holiday Inn in Kearney on November 15, 2017.

NCC President & General Counsel Rocky Weber presented the 2016/17 Financial Report as well as the President's Report, followed by NCC Board Chair David Briggs (Chairman's Report); NCC Board Vice Chair and NCC-PAC Co-chair Dean Thernes (NCC-PAC Report); and NCC Board Secretary and ECEC Chair Dave Beckman (Education Report).

During the President's Report, Rocky Weber announced the kick-off of the "Legacy Initiative" (Read more about this on page 5).

Board election results were announced with producer Evan Brandes (Aurora Co-op Elevator Co) and manager Kent Taylor (Farmers/Ranchers Co-op - Ainsworth) both re-elected to the Board.

Damian Mason, an Indiana farmer and ag spokesperson, was the featured speaker at the Annual Meeting. His presentation was full of humor and also contained

the message that agriculture needs to do a much better job of communicating their story.

The final portion of the Annual Meeting was the induction of Rod Schroeder and Fred Temme into the Cooperative Hall of Fame (see article on page 17). Following adjournment, the member reception was held which provided a great opportunity for networking and allowed members to catch up with Schroeder and Temme.



NCC Chair David Briggs (at podium) and President Rocky Weber thanked Doug Ohlson and Bruce Favinger for their years of service on the Council's Board of Directors



During his Chairman's Report, NCC Board Chair David Briggs (at podium) updated attendees on activities over the past year.



Over 200 co-op representatives attended the Council's 2017 Annual Meeting.



Keynote speaker Damian Mason



Participants enjoyed the reception and time for fellowship.

Hall of Fame

Rodney Schroeder of Ashland and Fred Temme of Wayne have become the 64th and 65th inductees into the Nebraska Cooperative Council Hall of Fame. The induction ceremonies were held on November 15 during the Council's Annual Meeting at Kearney.

Both of these gentlemen have provided significant leadership for cooperatives in Nebraska and in the Midwest and complement previous members of the Hall of Fame.

Rod Schroeder

Rod Schroeder grew up on a farm near Leigh, Nebraska and began his career as an accountant at Gooch Mills in Lincoln. Ten months later at the ripe age of 21, he accepted a job at the Aurora Cooperative. Rod quickly rose through the ranks and was named CEO of the Cooperative in 1984.

Rod spent 18 years as CEO at Aurora, and during his tenure the sales of the cooperative grew from under \$1 million per year to \$162 million in his final year. During that same period, the cooperative grew from 3 locations to 23 locations.

In 2002, Rod left Aurora to join Agrilience, and during that time he provided leadership to bring the cultures of the regionals together to successfully run the business. Agrilience then integrated with Winfield Solutions, and through Rod's leadership pre-tax earnings grew from \$40 million to \$162 million.

In addition to his leadership and vision at work, Rod also served on many local, state and national boards during his career. These would include service as chairman of United Benefits Group and on the boards of the Co-op Retirement Committee, Farmers Commodity Corporation, Ag Retailers Association, The Fertilizer Institute, Crop Life America, Cooperative Mutual Insurance Company, Heritage Bank, FLM+, and Nebraska Energy Cooperative.

Fred Temme

Fred Temme is truly one of the most dedicated cooperative supporters that the dairy industry in Nebraska has ever seen. His service on cooperative boards throughout his career distinguish him as a true leader of agricultural cooperatives.

Fred began farming near Wayne in 1955 after serving his country in the U.S. Army. He began share renting the farm from his father and milking 25 cows. Today the operation, that his son and grandson operate, includes over 1,000 acres of farmland and 850 milk cows.

While building a successful business, Fred also provided leadership throughout the industry. Fred began his service to his cooperative as a district officer for Associated Milk Producers Inc (AMPI) in 1977. He served on numerous AMPI committees throughout the years and as a corporate director until his retirement in 1998. He served as Chair, Vice Chair, and Secretary of the Dairy Council of Central States ADA; Vice Chair of the Nebraska Dairy Industry Development Board; and as a board director on the Federal Order 65 Production Board and Nebraska Dairy Review Board; and he also had the honor of testifying before Congress.

Locally Fred served on the Wayne County Extension Board, Wayne County Farm Bureau Board, Wayne County Soil & Water Conservation Board, and Lower Elkhorn Natural Resources District Board. He also served on his local school board and church council.



Pictured with NCC Board Chair David Briggs (far left) and NCC President Rocky Weber (far right) are inductee Rod Schroeder (photo on left) and his wife Mary of Ashland and inductee Fred Temme (photo on right) and his wife Joann of Wayne.

2017/18 Financial Statements

STATEMENTS OF FINANCIAL POSITION August 31, 2018 and 2017

STATEMENTS OF ACTIVITIES August 31, 2018 and 2017

ASSETS

	2018	2017
Current Assets:		
Cash and Cash Equivalents:		
Cash - Unrestricted	\$701,373	\$933,628
Cash - Restricted - FFE	46,926	36,556
Cash - Restricted - NCC-PAC	66,587	98,597
Cash - Restricted - NACA	-	44,980
Cash - Restricted - UNL Tickets	1,976	1,488
Cash - Restricted - Energy Source	<u>13,426</u>	<u>13,419</u>
Total Cash and Cash Equivalents	830,288	1,128,668
Marketable Securities Investment	305,853	-
Mutual Fund Investments - Restricted - FFE	583,290	693,965
KRVN Golden Notes - Unrestricted	2,500	1,250
KRVN Golden Notes - Restricted - FFE	2,500	-
Certif of Dep - Unrestricted	102,474	146,584
Certif of Dep - Restricted - NACA	58,354	13,200
Interest Receivable - Unrestricted	1,475	758
Interest Receivable - Restricted - FFE	185	185
Interest Receivable - Restricted - NACA	157	-
Deferred Compensation Assets	4,186	4,186
Prepaid Expenses	<u>22,402</u>	<u>14,590</u>
Total Current Assets	1,913,664	2,003,386
Investments:		
KRVN Golden Notes - Unrestricted	38,250	40,750
KRVN Golden Notes - Restricted - FFE	4,000	6,500
Certif of Dep - Unrestricted	94,990	48,689
Cash Value of Deferred Comp. Assets	<u>29,305</u>	<u>33,492</u>
Total Investments	166,545	129,431
Property & Equipment:		
Furniture & Office Equipment	95,859	97,891
Accumulated Depreciation	(95,163)	(92,861)
Net Property & Equipment	<u>696</u>	<u>5,030</u>
TOTAL ASSETS	<u>\$2,080,905</u>	<u>\$2,137,847</u>

LIABILITIES & NET ASSETS

Current Liabilities:		
Trade Payables - FFE	\$ -	\$ 22,178
Prepaid Dues	406,079	409,949
Prepaid NCC-PAC Contributions	-	3,125
Prepaid Meetings	500	-
Deferred Compensation Payable	4,186	4,186
Accrued Expenses	<u>40,929</u>	<u>36,865</u>
Total Current Liabilities	451,694	476,303
Long-Term Liabilities:		
Deferred Rent	6,730	8,313
Deferred Compensation Payable	<u>29,305</u>	<u>33,492</u>
Total Long-Term Liabilities	36,035	41,805
Net Assets:		
Unrestricted	815,774	736,151
FFE - Restricted	636,902	715,028
NCC-PAC - Restricted	66,587	95,472
NACA - Restricted	58,511	58,181
NCC-UNL Tickets - Restricted	1,976	1,488
Energy Source - Restricted	<u>13,426</u>	<u>13,419</u>
Total Net Assets	1,593,176	1,619,739
TOTAL LIABILITIES & NET ASSETS	<u>\$2,080,905</u>	<u>\$2,137,847</u>

GENERAL FUND

	2018	2017
Revenue and Support:		
Members' Dues	\$620,023	\$625,641
Participating Members' Dues	101,328	102,962
Meetings	37,803	40,097
Workshops	152,098	148,814
Interest Income	10,984	3,545
Unrealized Gain on Marketable Securities	6,139	-
Miscellaneous	-	2,188
Total Revenue and Support	<u>928,375</u>	<u>923,247</u>
Expenses:		
Salaries	424,251	409,384
Social Security Tax	25,758	25,405
Unemployment Tax	290	301
Employee Insurance	18,257	19,090
Retirement	<u>45,427</u>	<u>44,348</u>
Total Personnel Expenses	513,983	498,528
Accounting Fees	7,385	7,653
Books and Magazines	1,172	1,798
Consulting Services/Contract Labor	25,000	25,000
Depreciation	3,521	7,982
Directors' Fees	10,505	10,991
Dues/Contributions	6,028	6,633
Equipment Leases	1,771	1,689
Information Technology	12,624	7,162
Insurance	6,722	7,462
Legacy Initiative	63,602	39,875
Legal Fees	5,412	4,551
Loss on Disposal of Property & Equipment	813	-
Meetings	56,492	46,039
Office Supplies	4,831	6,625
Parking	4,535	4,545
Postage	919	890
Promotions	1,948	2,232
Property Taxes	45	213
Rent	30,714	30,701
Repairs and Maintenance	5,166	5,174
Telephone	6,024	5,933
Travel	9,634	12,373
Workshops	69,883	70,030
Miscellaneous	<u>25</u>	<u>-</u>
Total Expenses	848,754	804,079
Increase (Decrease) in Net Assets	79,621	119,168
Net Assets - Beginning of Year	<u>736,151</u>	<u>616,983</u>
Net Assets - End of Year	<u>\$815,772</u>	<u>\$736,151</u>

ANHYDROUS SALES & USE TAX FUND

	2018	2017
Revenue and Support:		
Contributions Received	\$ -	\$ -
Interest Income	-	-
Total Revenue and Support	-	0
Expenses:		
Legal Fees	-	175
Total Expenses	-	175
Increase (Decrease) in Net Assets	-	(175)
Net Assets - Beginning of Year	-	175
Net Assets - End of Year	<u>\$ -</u>	<u>\$ -</u>

ENERGY SOURCE FUND

	2018	2017
Revenue and Support:		
Interest Income	\$ 7	\$ 10
Total Revenue and Support	<u>7</u>	<u>10</u>
Expenses:		
Legal Fees	-	13,754
Total Expenses	<u>-</u>	<u>13,754</u>
Increase (Decrease) in Net Assets	7	(13,744)
Net Assets - Beginning of Year	13,419	27,163
Net Assets - End of Year	<u>\$13,426</u>	<u>\$13,419</u>

FUND FOR EXCELLENCE (FFE) FUND

	2018	2017
Revenue and Support:		
Interest Income	\$ 305	\$ 533
Investment Income from Marketable Securities	20,087	16,099
Unrealized Gain on Marketable Securities	(10,257)	16,467
Total Revenue and Support	<u>10,135</u>	<u>33,099</u>
Expenses:		
Professor Expenses	88,261	93,193
Total Expenses	<u>88,261</u>	<u>93,193</u>
Increase (Decrease) in Net Assets	(78,126)	(60,094)
Net Assets - Beginning of Year	715,028	775,122
Net Assets - End of Year	<u>\$636,902</u>	<u>\$715,028</u>

NATIONAL AFFAIRS COOPERATIVE ACTION (NACA) FUND

	2018	2017
Revenue and Support:		
Interest Income	\$ 330	\$ 162
Total Revenue and Support	<u>330</u>	<u>162</u>
Expenses:		
Meetings	-	-
Travel	-	-
Total Expenses	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Assets	330	162
Net Assets - Beginning of Year	58,181	58,019
Net Assets - End of Year	<u>\$58,511</u>	<u>\$58,181</u>

NCC-PAC FUND

	2018	2017
Revenue and Support:		
Contributions Received	\$17,995	\$21,694
Interest Income	275	192
Total Revenue and Support	<u>18,270</u>	<u>21,886</u>
Expenses:		
Donations	47,150	8,100
Office Supplies	5	15
Total Expenses	<u>47,155</u>	<u>8,115</u>
Increase (Decrease) in Net Assets	(28,885)	13,771
Net Assets - Beginning of Year	95,472	81,701
Net Assets - End of Year	<u>\$66,587</u>	<u>\$95,472</u>

UNL TICKETS FUND

	2018	2017
Revenue and Support:		
Contributions Received	\$46,535	\$45,202
Interest Income	3	1
Total Revenue and Support	<u>46,538</u>	<u>45,203</u>
Expenses:		
UNL Tickets	21,656	20,604
UNL Contribution	24,000	24,000
Postage	394	549
Total Expenses	<u>46,050</u>	<u>45,153</u>
Increase (Decrease) in Net Assets	488	50
Net Assets - Beginning of Year	1,488	1,438
Net Assets - End of Year	<u>\$1,976</u>	<u>\$1,488</u>

2017/18 Membership

SUPPLY/MARKETING COOPERATIVES

Ainsworth - Farmers/Ranchers Co-op Assn
 Alliance - WESTCO
 Aurora Co-op Elevator Co
 Battle Creek - Farmers Pride
 Brainard - Frontier Co-op Co
 Cedar Bluffs - Farmers Union Co-op Assn
 Clarkson - Farmers Union Co-op Supply Co
 Dodge - Cooperative Supply Inc N/S
 Dorchester - Farmers Cooperative
 Edison - Ag Valley Co-op, N/S
 Elmwood - Midwest Farmers Co-op
 Elsie - Hi-Line Co-op Inc
 Fairfield N/S Co-op Fertilizer Assn
 Friend - Farmers Union Co-op Co
 Gothenburg - Country Partners Co-op
 Hastings - Cooperative Producers Inc
 Hayes Center - Hayes County Farmers N/S Co-op
 Hemingford - Farmers Co-op Elevator Co
 Henderson Community Co-op Assn
 Holdrege - CHS Inc
 Imperial - Frenchman Valley Farmers Co-op
 Lindsay - Farmers Co-op Assn
 Pilger - Farmers Co-op
 Ravenna - Farmers Co-op Assn
 Scottsbluff - Panhandle Co-op Assn
 Sidney - Crossroads Co-op Assn
 St Paul Co-op Grain Assn
 Talmage - Farmers Co-op Co
 Wausa - CHS Inc.
 York - Central Valley Ag Co-op

RURAL ELECTRIC COOPERATIVES

Alliance - Panhandle Rural Electric
 Membership Assn
 Grant - Midwest Electric Co-op Corp
 O'Neill - Niobrara Valley Electric Member-
 ship Corp

TRANSPORT COOPERATIVE

Grand Island - Central Co-op N/S Transport Co

TELEPHONE COOPERATIVE

Blue Hill - Glenwood Telephone
 Membership Corp

**OUT-OF-STATE SUPPLY/
MARKETING COOPERATIVES**

Hiawatha KS - Ag Partners Co-op, Inc
 Holyoke CO - CHS/Grainland Co-op

**OUT-OF-STATE RURAL
ELECTRIC COOPERATIVE**

Torrington WY - Wyrulec Company

LIVESTOCK MARKETING AGENCIES

Allied Producers' Co-op
 Producers Livestock Marketing

PARTICIPATING MEMBERS

Ag Processing Inc
 CHS Inc
 CoBank
 Dairy Farmers of America, Inc
 Farm Credit Services of America
 GROWMARK, Inc
 Land O'Lakes Inc

SUPPORTING MEMBERS

AON Risk Solutions
 Arthur J. Gallagher Risk Management
 Services, Inc
 Associated Benefits Corp
 Associated Milk Producers, Inc
 Austin Mutual Insurance Co
 Berkley Agribusiness Risk Specialists
 BNSF Railway
 Capital Recovery, Inc
 CHS Insurance Services, LLC
 Chubb Agribusiness/Penn Millers
 CliftonLarsonAllen CPAs
 Continental Western Group
 EBM Construction, Inc
 Farm Credit Counseling Services
 Four Points Federal Credit Union
 G&L Clothing
 Gardiner Thomsen CPAs
 Holmes Murphy & Associates
 Howalt+McDowell Insurance
 Inspro Inc
 INTL FCStone, LLC
 KFSA
 Lewis Goetz
 Lincoln Inspection Service
 LOL Winfield Solutions LLC
 McPherson Concrete Storage Systems, Inc
 Milliman, Inc
 Nationwide Agribusiness Insurance Co
 Nebraska Corn Board
 Nebraska Ethanol Board
 Nebraska Rural Radio Assn
 Olsson Associates
 SilverStone Group
 The Cooperative Finance Assn
 Triangle Insurance
 Union Pacific Railroad
 United Benefits Group

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