Farm Credit Foundations
Pre-409A Frozen Nonqualified Deferred Compensation Plan

Financial Statements
December 31, 2018 and 2017
INDEPENDENT AUDITORS' REPORT

Participants and Farm Credit Foundations Trust Committee
Farm Credit Foundations Pre-409A
Nonqualified Deferred Compensation Plan
St. Paul, Minnesota

Report on the Financial Statements
We have audited the accompanying financial statements of Farm Credit Foundations Pre-409A
Nonqualified Deferred Compensation Plan (the Plan), which comprise the statements of net assets
available for benefits as of December 31, 2018 and 2017, and the related statements of changes in net
assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in
accordance with accounting principles generally accepted in the United States of America; this includes
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.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We
conducted our audits in accordance with auditing standards generally accepted in the United States of
America. Those standards require that we plan and perform the audit to obtain reasonable assurance
about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in
the financial statements. The procedures selected depend on the auditors' judgment, including the
assessment of the risks of material misstatement of the financial statements, whether due to fraud or
error. In making those risk assessments, the auditor considers internal control relevant to the Plan's
preparation and fair presentation of the financial statements 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 the Plan's internal control. Accordingly, we express no such opinion. An audit also includes
evaluating the appropriateness of accounting policies used and the reasonableness of significant
accounting estimates made by management, as well as evaluating the overall presentation of the
financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for
our audit opinion.
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2018 and 2017, and the changes in net assets available for benefits for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

Minneapolis, Minnesota
August 8, 2019
## Statements of Net Assets Available for Benefits

**Farm Credit Foundations**  
Pre-409A Frozen Nonqualified Deferred Compensation Plan  
December 31, 2018 and 2017

<table>
<thead>
<tr>
<th>Assets</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments at contract value</td>
<td>$364,179</td>
<td>$314,004</td>
</tr>
<tr>
<td>Investments at fair value</td>
<td>2,496,285</td>
<td>3,240,400</td>
</tr>
<tr>
<td><strong>Net assets available for benefits</strong></td>
<td><strong>$2,860,464</strong></td>
<td><strong>$3,554,404</strong></td>
</tr>
</tbody>
</table>

See accompanying notes to the financial statements.
## Statements of Changes in Net Assets Available for Benefits

### Farm Credit Foundations

**Pre-409A Frozen Nonqualified Deferred Compensation Plan**

**Years Ended December 31, 2018 and 2017**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net assets available for benefits, beginning of year</strong></td>
<td>$3,554,404</td>
<td>$3,808,133</td>
</tr>
<tr>
<td><strong>Net investment (loss) income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net (depreciation) appreciation in fair value of investments</td>
<td>$(167,740)</td>
<td>402,380</td>
</tr>
<tr>
<td>Interest and dividend income</td>
<td>61,221</td>
<td>69,164</td>
</tr>
<tr>
<td><strong>Total net investment (loss) income</strong></td>
<td>$(106,519)</td>
<td>471,544</td>
</tr>
<tr>
<td><strong>Deductions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefits paid to participants</td>
<td>587,421</td>
<td>725,273</td>
</tr>
<tr>
<td><strong>Net decrease</strong></td>
<td>$(693,940)</td>
<td>$(253,729)</td>
</tr>
<tr>
<td><strong>Net assets available for benefits, end of year</strong></td>
<td>$2,860,464</td>
<td>$3,554,404</td>
</tr>
</tbody>
</table>

See accompanying notes to the financial statements.
**Notes to Financial Statements**

**Farm Credit Foundations**

**Pre-409A Frozen Nonqualified Deferred Compensation Plan**

**December 31, 2018 and 2017**

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**NOTE 1: DESCRIPTION OF THE PLAN**

The following description of the Farm Credit Foundations Pre-409A Frozen Nonqualified Deferred Compensation Plan (the Plan) provides general information regarding the Plan. Refer to the Plan document for a complete description of Plan provisions.

**General**

The Plan is sponsored and maintained by the participating employers in this Plan for the benefit of their eligible employees. The Plan is intended to be an unfunded nonqualified deferred compensation plan for tax purposes and is not intended to meet the qualification requirements of Internal Revenue Code (Code) § 401(a).

The Plan resulted from the merger of the Ninth Farm Credit District Nonqualified Deferred Compensation Plan, (the Ninth District Plan), the Farm Credit Consolidated Supplemental Retirement Savings Plan (the Consolidated Plan), and the Harvest Benefit Restoration Provisions of the Ninth Farm Credit District Nonqualified Benefit Restoration Plan (the Harvest Plan Plus), which was effective January 1, 2007. Upon the merger of the three plans, the name was changed to the Farm Credit Foundations Pre-409A Frozen Nonqualified Deferred Compensation Plan. The Plan is considered an amendment and restatement of the three plans. The Plan was last amended effective January 1, 2014.

The purpose of this Plan is to provide benefits to former participants in the Ninth District Plan, the Consolidated Plan, and the Harvest Plan Plus, which benefits were earned and vested under those plans prior to January 1, 2005. Participants in this Plan are not permitted to accrue additional benefits under this Plan, other than earnings on the amounts that were earned and vested prior to January 1, 2005.

The Ninth District Plan was established on July 1, 1996, by the Farm Credit Bank of Wichita, which later changed its name to U.S. AgBank, FCB (AgBank). Effective January 1, 2012, AgBank merged with CoBank, ACB (CoBank). The Ninth District Plan and the Consolidated Plan split, effective January 1, 2007, between this Plan and the Farm Credit Foundations Nonqualified Deferred Compensation Plan (the Farm Credit Foundations NQDC Plan).

The Consolidated Plan resulted from an earlier merger of the AgAmerica District Supplemental Executive Retirement Plan, the AgAmerica District Benefit Restoration Plan, and The Eleventh Farm Credit District Supplemental Retirement Savings Plan, which was effective January 1, 2003. The Consolidated Plan was split, effective January 1, 2007, between this Plan and the Farm Credit Foundations NQDC Plan.

Amounts that were earned and vested under the Ninth District NQDC Plan and the Consolidated Plan prior to January 1, 2005, (including earnings thereon) have been “grandfathered” under Code § 409A and have been transferred into the Ninth District and the Consolidated accounts in this Plan. Amounts that were not earned and vested prior to January 1, 2005, (including earnings thereon) have been transferred into accounts in the Farm Credit Foundations NQDC Plan, effective January 1, 2007.

The Ninth District Benefit Restoration Plan (the Benefit Restoration Plan) was established on July 1, 1996, by the Farm Credit Bank of Wichita, which later changed its name to U.S. AgBank, FCB. The Harvest Benefit Restoration Provisions of the Benefit Restoration Plan were frozen effective December 31, 2004. The Benefit Restoration Plan was split, effective January 1, 2007, between this Plan, which plan includes the Harvest Plan Plus, and the U.S. AgBank District Pension Restoration Plan, which plan includes the pension restoration component of the Benefit Restoration Plan. Amounts that were earned and vested under the Harvest Plan Plus prior to January 1, 2005, (including earnings thereon) have been “grandfathered” under Code § 409A and have been transferred into the Harvest Plan Plus accounts in this Plan. Amounts that were not earned and vested prior to January 1, 2005, (including earnings thereon) have been transferred into accounts in the Farm Credit Foundations NQDC Plan, effective January 1, 2007.

It is the intent of the participating employers in this merged, amended, and restated Plan that the provisions of the Ninth District Plan, the Consolidated Plan, and the Harvest Plan Plus not be “materially modified,” as that term is defined in Code § 409A and the Internal Revenue Service (IRS) guidance thereunder, by the adoption of this Plan. Therefore, pursuant to the IRS Treasury guidance issued under Code § 409A, provisions of the Ninth District Plan,
the Consolidated Plan, and the Harvest Plan Plus that were in effect as of October 3, 2004, have not been “materially modified” as to amounts that were earned and vested in those plans prior to January 1, 2005.

In agreeing to the provisions of the Administrative Agreement, the participating employers agreed to the establishment of the Farm Credit Foundations Trust for Nonqualified Plans (the Trust) for the purpose of contributing assets that may be used to satisfy the liabilities they have incurred, or expect to incur, under their respective nonqualified deferred compensation plans, including supplemental executive retirement plans. The participating employers intend that any assets that are so contributed will be held in trust, subject to the claims of their respective creditors in the event of a party’s insolvency, until paid to participants in their respective nonqualified deferred compensation plans and their beneficiaries in such manner and at such times as specified in the applicable plan. It is the intention of the participating employers that contributions made by each employer for a specific plan will be available solely for the purpose of providing benefits to participants and/or beneficiaries of that participating employer and for that specific plan, subject only to the claims of that participating employer’s creditors in the event of that employer’s insolvency, and that contributions made by one participating employer may not be used for the purpose of satisfying claims made against any other participating employer.

Plan Governance
The Farm Credit Foundations Plan Sponsor Committee (Plan Sponsor Committee) and the Farm Credit Foundations Trust Committee (Trust Committee) provide consideration and oversight of the benefit plans offered by participating employers as defined by the Farm Credit Foundations Administrative Agreement. As of December 31, 2018, Farm Credit Foundations served 37 participating employers across 29 states with over 9,000 active employees. The governance committees are either elected or appointed representatives (senior leadership and/or Board of Director members) from the participating organizations. The Plan Sponsor Committee is responsible for decisions regarding benefits at the direction of the participating employer. The Trust Committee is responsible for fiduciary and plan administrative functions.

Investment Direction
Participants in the Plan may direct employee and employer contributions in one percent increments to any of the Plan’s investment options.

Participant Accounts
Each participant’s account is credited with the Plan allocations of earnings or losses. Allocations are based on account balances. The benefit to which a participant is entitled is the vested portion of the participant’s account. Participant accounts are valued on a daily basis.

Vesting
Participants are 100% vested and have a non-forfeitable interest in amounts credited to his/her Ninth District Account, Consolidated Account, and Harvest Plan Plus Account.

Payment of Benefits
All amounts credited to a participant’s Ninth District Account or Harvest Plan Plus Account under the Plan document shall be distributed to or with respect to the participant only upon termination of the participant’s employment with the employer, as that term was defined in the Plan on October 3, 2004, for any reason, including death.

If the participant’s balance does not exceed $25,000 on the date of termination of employment, the total amount of the participant’s balance will be distributed in a lump sum as soon as administratively practicable, but no later than 90 days, after the participant’s termination of employment.

If the participant’s balance exceeds $25,000 on the date of termination of employment, the total amount of the participant’s balance will be distributed at the time and manner elected by the participant, choosing from the alternatives determined by the Plan Administrator and provided in the Election of Time and Manner of Distribution form. The distribution alternatives provided by the Plan Administrator shall include an option to receive the participant’s balance in substantially equal annual installments payable over a period not to exceed five years. If the participant’s balance equals or exceeds $250,000 on the date of termination of employment, the distribution alternatives provided by the Plan Administrator shall include an option to receive the participant’s balance in substantially equal annual installments payable over a period not to exceed ten years.

In the event a participant incurs an unforeseeable emergency, as defined in the Plan, the participant may take a hardship withdrawal from his/her Harvest Plan Plus Account or Ninth District Account.
Distribution of a participant’s Consolidated Account shall be made or commence to the participant (or in the event of the participant’s death, to his/her beneficiary) as soon as administratively practicable following the earlier of the participant’s termination of employment with the employer, as that term was defined in the Plan, as of October 3, 2004 or the participant’s death.

Each participant shall specify, on his/her initial deferral form for the Plan, or subsequent election, the form of payment with respect to the participant’s Consolidated Account. In this regard, the following are the available choices for the form of payment of a participant’s Consolidated Account:

1. a single lump sum cash payment or
2. substantially equal annual installment cash payments over a period not exceeding ten years, in accordance with the schedule below:

<table>
<thead>
<tr>
<th>Account Balance at Termination or Retirement</th>
<th>Number of Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>$25,000 or less</td>
<td>1</td>
</tr>
<tr>
<td>$25,001 - $50,000</td>
<td>2</td>
</tr>
<tr>
<td>$50,001 - $150,000</td>
<td>4</td>
</tr>
<tr>
<td>$150,001 - $300,000</td>
<td>6</td>
</tr>
<tr>
<td>$300,001 - $500,000</td>
<td>8</td>
</tr>
<tr>
<td>$500,001 or greater</td>
<td>10</td>
</tr>
</tbody>
</table>

The first installment payment shall be made in the January following the participant’s termination of employment with the employer. Each subsequent installment will be made each following January. Upon the death of a participant, the remaining balance of the participant’s Consolidated Account will be distributed to the participant’s beneficiary. The Plan Administrator may direct the payment of a participant’s Consolidated Account be accelerated and paid prior to the time the account would otherwise be payable. In the event of incapacity of a participant, the Plan Administrator may cause payment to certain individuals of the benefit of the participant’s Consolidated Account, as defined in the Plan.

Regulatory Compliance
This merged, amended, and restated Plan has been drafted to comply with provisions of Code § 409A and the IRS and Treasury guidance issued thereunder. The amendments were made within the transition period provided by IRS Notice 2005-1, as extended by IRS Notice 2006-79. Under the provisions of the Farm Credit Act of 1971, AgriBank and those Participating Employers that are Farm Credit Banks are defined and declared to be an “instrumentality of the United States.” Those Participating Employers that are Production Credit Associations and/or Federal Land Bank Associations are also defined and declared by statute to be “federally chartered instrumentalities of the United States.” Those Participating Employers that are Agricultural Credit Associations and Federal Land Credit Associations are defined and declared to be “instrumentalities of the United States” in the charters issued to them by the Farm Credit Administration. For this reason, the Plan is intended to be a “governmental plan” as that term is defined in Code § 414(d). For the same reason, the Plan is also intended to be a “governmental plan” as that term is defined in the Employee Retirement Income Security Act of 1974, as amended (ERISA) § 3(32). As such, the Plan is not subject to the provisions of Title I of ERISA.

Plan Administration
The Plan provides that an employee of a participating employer, who has satisfied the Plan’s eligibility requirements, will have rights to benefits under the Plan. Farm Credit Foundations serves as Plan Administrator. The Trust Committee has primary responsibility for administration and interpretation of the Plan and investment of the Plan assets.

The Trust Committee is the trustee for the Plan assets. The trustee supervises and administers all investments and related activities, including such functions as purchases, sales, reinvestment, and collection of investment income. John Hancock Trust Company, LLC is the third party administrator and custodian for the Plan assets.

Plan Termination
Although there has been no expression of intent to do so, the Plan Sponsor Committee may amend or terminate this Plan at any time in accordance with the Administrative Agreement. No amendment or termination shall be made except as permitted by Code § 409A and the IRS and Treasury guidance issued thereunder. Any approved change will be added to the Plan in writing and communicated to participants at such time and in such manner as the Plan Administrator deems necessary.
**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**
The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Accordingly, income is recorded in the year earned and expenses are recorded in the year incurred.

**Use of Estimates**
The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and changes therein, as well as disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

**Fair Value Measurements**
The accounting guidance describes three levels of inputs that may be used to measure fair value.

*Level 1:* Unadjusted quoted prices in active markets for identical assets that the Plan has the ability to access at the measurement date.

*Level 2:* Observable inputs other than quoted prices included within Level 1 that are observable for the asset either directly or indirectly. Level 2 inputs include:

- Quoted prices for similar assets in active markets
- Quoted prices for identical or similar assets in markets that are not active so that they are traded less frequently than exchange-traded instruments, quoted prices are not current, or principal market information is not released publicly
- Inputs other than quoted prices that are observable for the asset
- Inputs derived principally from or corroborated by observable market data by correlation or other means

*Level 3:* Unobservable inputs are supported by little or no market activity and are significant to the fair value of the assets. These unobservable inputs reflect the Plan’s own judgments about assumptions that market participants would use in pricing the asset. Level 3 assets include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the valuation methodologies used at December 31, 2018, or 2017.

**Investment Valuation and Income Recognition**
The Plan's investments are measured at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

Mutual funds are measured at the daily published net asset value of shares held by the Plan at year end.

Purchases and sales of investments are recorded on a trade date basis. Interest income is accrued based on the terms of the underlying instruments and dividend income is recorded on the ex-dividend date. Net appreciation includes the Plan’s gains and losses on investments purchased and sold as well as held during the year.

**Insurance Contract**
The Plan maintains a group annuity contract (insurance contract) with New York Life. As part of the contract, New York Life maintains a portion of the contributions in a “guaranteed account.” The account is credited with interest, as determined by New York Life, and charged for Plan withdrawals and administrative expenses. The guaranteed account is included in the financial statements at contract value, (which represents contributions made under the contract, plus earnings, less withdrawals and administrative expenses), because it is fully benefit responsive. Upon termination of the contract, the lump sum liquidation value of the general account portion of the participant’s accumulation value shall be equal to the product of the participant’s general account accumulation value on the liquidation date. There are no reserves against contract value for credit risk of the contract issuer or otherwise.

**Benefits and Expenses**
Benefit payments to participants are recorded upon distribution. Administrative and other expenses of the Plan consisting of legal, auditing, recordkeeping, and custodial fees, are paid by the participating employers.
Recently Issued or Adopted Accounting Pronouncements
We have assessed the potential impact of accounting standards that have been issued, but are not yet effective, and have determined that no such standards are expected to have a material impact to our financial statements.

NOTE 3: INCOME TAX STATUS

The Trust qualifies as an irrevocable grantor trust under the guidelines of the Code. Earnings of the Trust are allocated to participating employers. Contributions by participating employers to the Trust on behalf of the participants are not taxable to participants until the participant or beneficiary receives payment.

GAAP requires the Trust Committee to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. We had no uncertain income tax positions at December 31, 2018, or 2017. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 4: RISKS AND UNCERTAINTIES

The Plan provides for investment in a variety of investment funds. In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect participants’ account balances and the amounts reported in the Statements of Net Assets Available for Benefits.

NOTE 5: RELATED PARTY

Farm Credit Foundations paid certain expenses on behalf of the Plan and was reimbursed by the participating employers for those expenses.

NOTE 6: FAIR VALUE

The Plan uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. For additional information on how the Plan measures fair value refer to Note 2.

The following table presents the fair value hierarchy for the assets of the Plan measured at fair value on a recurring basis as of December 31:

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mutual funds</td>
<td>$2,496,285</td>
<td>$</td>
<td>$</td>
<td>$2,496,285</td>
</tr>
<tr>
<td>Total investment assets at fair value</td>
<td>$2,496,285</td>
<td>$</td>
<td>$</td>
<td>$2,496,285</td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mutual funds</td>
<td>$3,240,400</td>
<td>$</td>
<td>$</td>
<td>$3,240,400</td>
</tr>
<tr>
<td>Total investment assets at fair value</td>
<td>$3,240,400</td>
<td>$</td>
<td>$</td>
<td>$3,240,400</td>
</tr>
</tbody>
</table>

NOTE 7: SUBSEQUENT EVENTS

The Plan has evaluated subsequent events through August 8, 2019, the date the financial statements were available to be issued. There have been no material subsequent events that would require recognition in these financial statements or disclosure in the Notes to Financial Statements.