

ANNUAL REPORT

2025



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



An equal opportunity employer

Letter from Chair and CEO

As we look back on the past year, it is clear that uncertainty continues to define the healthcare landscape. Cost pressures across medical care and prescription drugs, along with ongoing market and regulatory changes, remain top of mind for employers and employees. In this environment, Farm Credit Foundations remains focused on providing stability—bringing thoughtful oversight, disciplined decision-making, and a long-term perspective to benefits and HR services.

Strong governance remains at the center of this effort. Throughout the year, our governance entities worked deliberately to evaluate benefit strategies through both an employer and employee lens, weighing affordability alongside the quality and usefulness of benefits offered. This balanced approach ensures that our programs continue to deliver meaningful value while remaining financially responsible to the organizations that support them.

We also recognize that governance itself must continue to evolve. Our current governance structure has been in place since 2012, and while it has provided continuity and strength, we are actively preparing for the future. During 2025, significant analysis and planning were completed to assess opportunities to enhance representation and alignment with today's Farm Credit System. Building on that foundation, we will take additional steps in 2026 as we thoughtfully advance this work.

One notable initiative this year was the transition of Health Savings Accounts from Inspira to HSA Bank. This change demonstrates our ongoing commitment to fiscal stewardship, resulting in an annual reduction of approximately \$100,000 in administrative fees. At the same time, the move expands choice and flexibility for employees. Participants now have access to curated, fee-free investment options through HSA Select and HSA Choice, a self-directed brokerage account, and professionally managed accounts supported by a Registered Investment Advisor—allowing employees to invest in ways that align with their financial goals and risk preferences.

While healthcare volatility shows no signs of easing, Farm Credit Foundations remains well positioned to navigate what lies ahead. Our scale, experience, and governance discipline enable us to respond to change with intention, ensuring benefits remain competitive, sustainable, and aligned with the needs of the Farm Credit System.

We are grateful for the continued trust of our owners, governance members, and partners. As we look at the year ahead, we remain committed to strengthening our governance, managing cost pressures responsibly, and delivering value that supports both employers and employees. We look forward to continuing this work together and to another year of steady progress.



Susan Voss
Board Chair

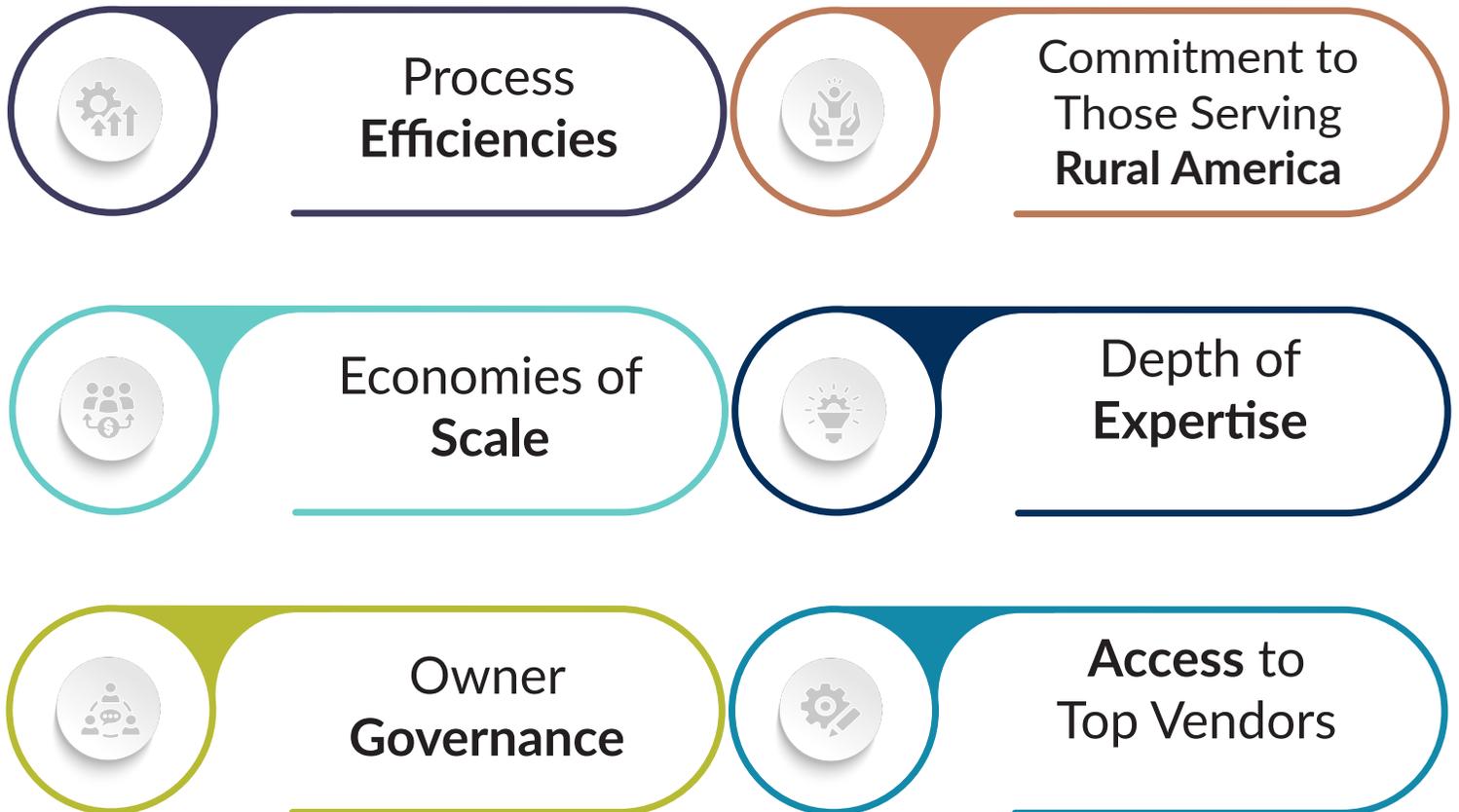


Teresa Heath-Alva
Chief Executive Officer

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

\$4.9B Assets

PARTICIPATION RATE



Voya Book of Business: 83.7%

AVERAGE CONTRIBUTION RATE



Voya Book of Business:
10.2%

Legacy Pension Plans

\$1.73B Assets

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

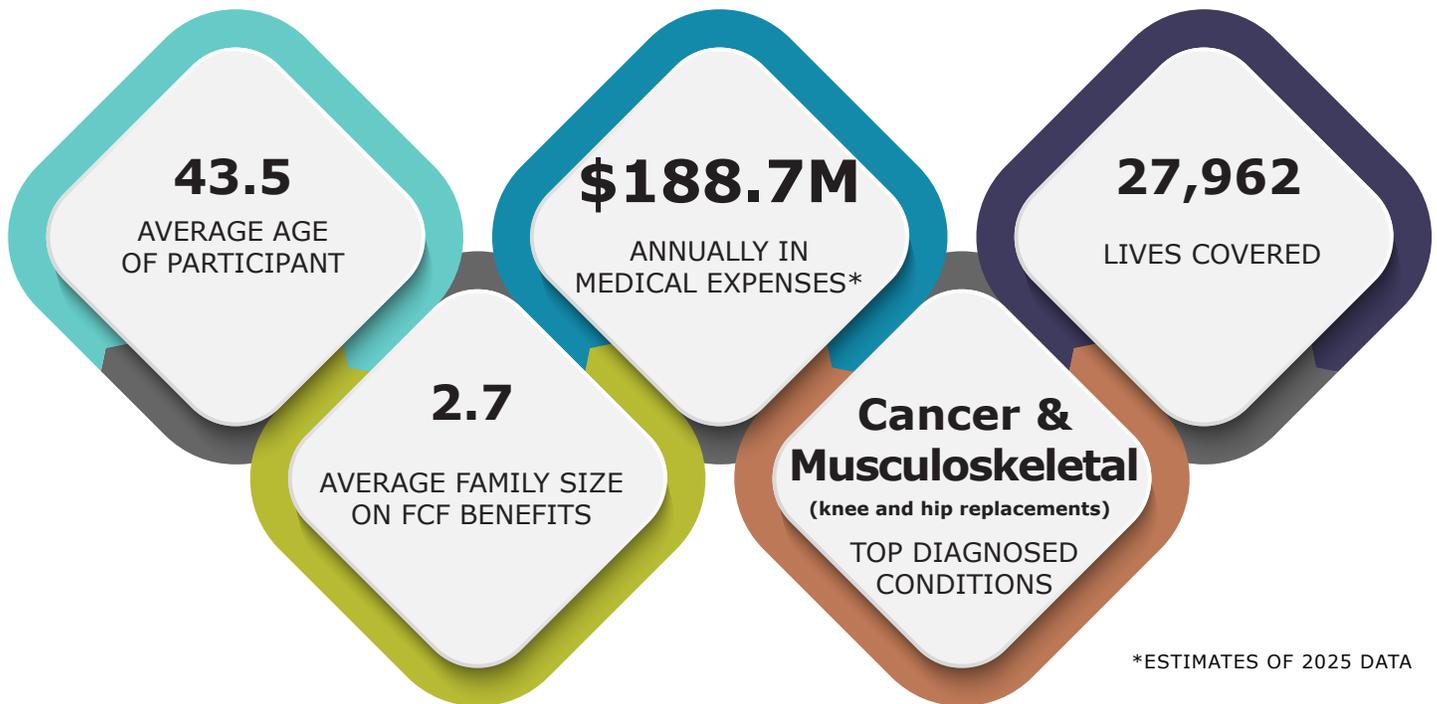


RETIREMENT PLANS GLIDE PATH STRATEGY (pension de-risking strategy)

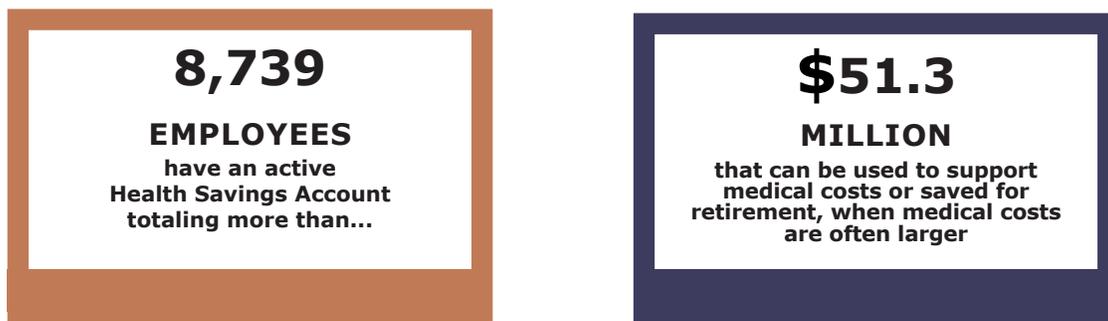
The Retirement Plans glide path strategy was established to progressively reduce investment risk by shifting assets from return-seeking investments (primarily equities) to liability-hedging investments (primarily fixed income) as the Plans' funded status improved. The strategy originally contemplated glide path triggers beginning when a Plan reached approximately 80% funded. Through the disciplined execution of this strategy and favorable funding outcomes, the de-risking objectives have been achieved, with all Pension Plans currently funded in excess of 100%.

	AgriBank District	Western Employers	Wichita Employers
2025	110%	108%	111%
2024	105%	104%	110%

Medical Plan



Health Savings Account



Member Rewards

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



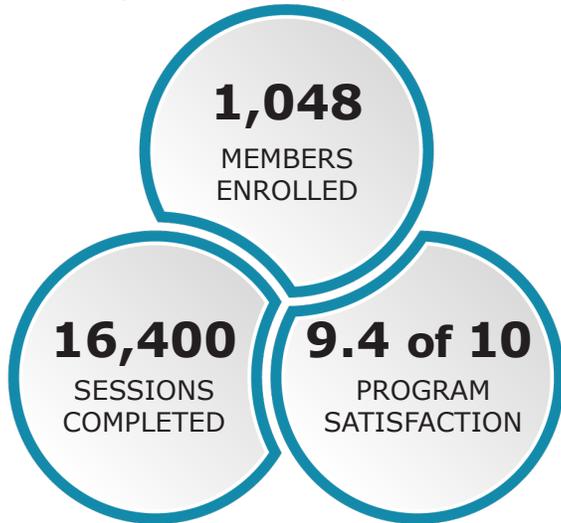
Additional Benefits



Digital physical therapy that you can do from the comfort of your home, or anywhere.



A fertility benefit providing access to the nation's leading fertility specialists and solutions.



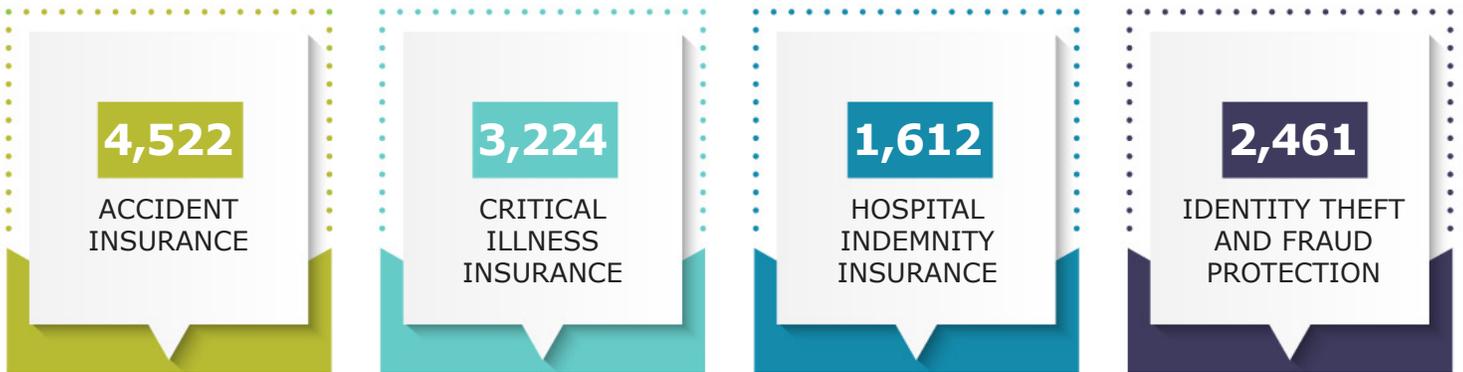
2025 DATA AS OF 10/31/25



2025 DATA AS OF 10/31/25

Voluntary Benefits

Based on feedback from the Employee Perception Index survey, four new voluntary benefits were introduced for 2025 to better align our offerings with employees' evolving needs and priorities.



Annual Enrollment

Farm Credit Foundations provides educational resources and tools to help employees choose the benefits that best meet the needs of their family.



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

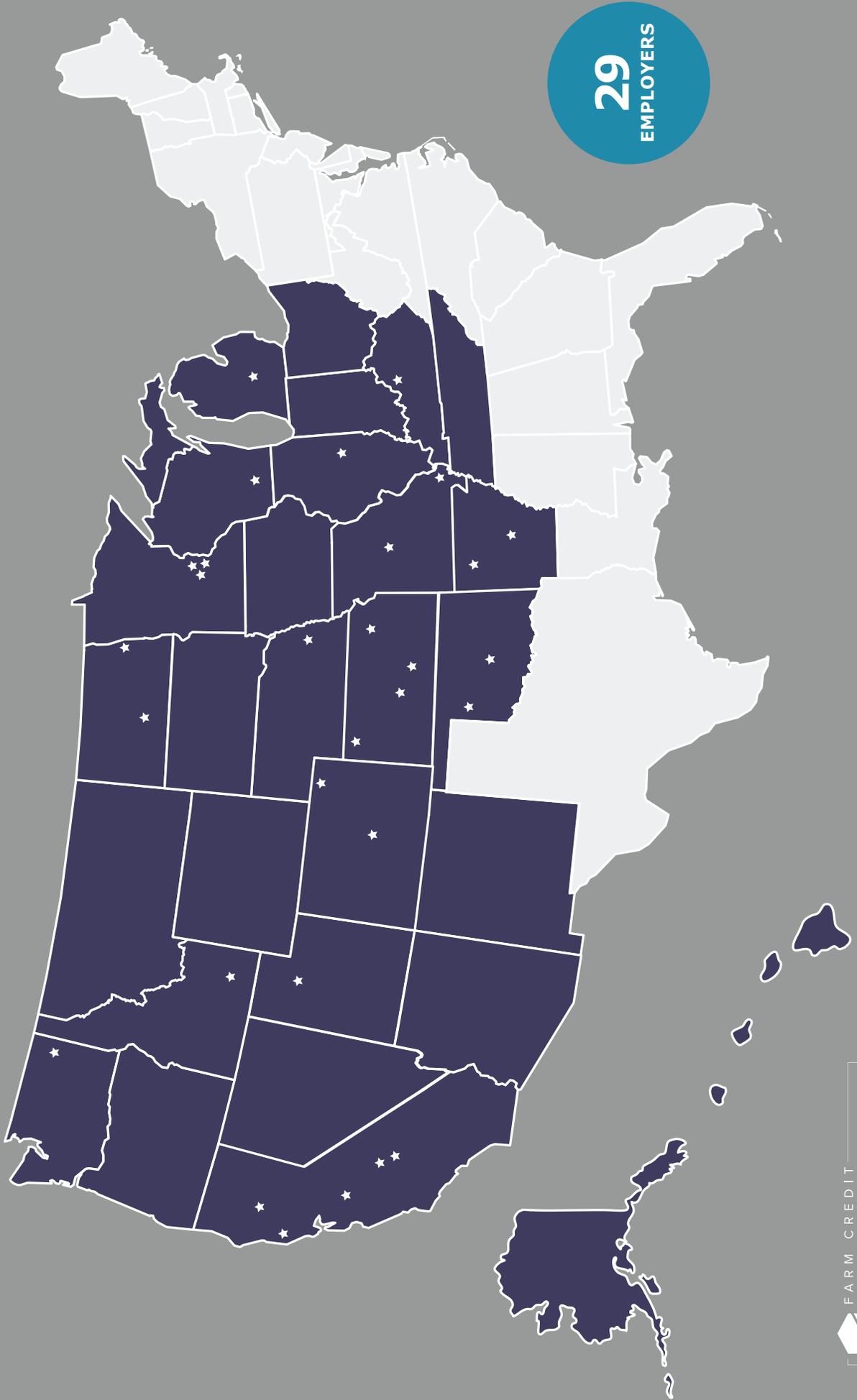


100% employer satisfaction

“Thank you for balancing
great options for our team
members with costs to
Associations.”

– CEO of Farm Credit Employer

2025 Map of Participating Employers



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EMPLOYERS

2025 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 Administrative Officer
and Mission Officer,
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*

2025 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*



Curt Hudnutt
*President and Chief
Executive Officer,
American AgCredit*



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



John Phelan
*Committee Vice Chair,
Chief Credit Officer,
AgWest Farm Credit*



Bob Rhode
*Senior Vice President and
General Counsel,
Farm Credit Illinois*



Luis Sahmkow
*Senior Vice President -
Treasurer,
AgriBank*



Kevin Swayne
*President / CEO,
High Plains Farm Credit*



Heather Vidourek
*Committee Chair,
Chief Administrative Officer,
Farm Credit Mid-America*



Jase Wagner
*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



Jamie Frass
Vice President
Chief Financial Officer
(effective December 1, 2025)



Michelle Meyer
Vice President
Technology and Innovation



Beth Ostrem
Vice President Consulting



Ken Roth
Chief Executive - Senior Advisor
(effective December 1, 2025 -
March 31, 2026)



Suzanne Smith
Vice President
Employee Benefits

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“I value the partnership we have with all the Foundation’s teams. The expertise and support that is provided is unmatched.”

– *HR Partner of Farm Credit Employer*

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Financial Statements

Years ended December 31, 2025, 2024, 2023

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.

A handwritten signature in blue ink that reads "Susan R. Voss".

Susan Voss,
Chair, Board of Directors
Farm Credit Foundations

A handwritten signature in blue ink that reads "Teresa Heath-Alva".

Teresa Heath-Alva,
Chief Executive Officer
Farm Credit Foundations

A handwritten signature in blue ink that reads "Jamie S. Frass".

Jamie Frass,
Chief Financial Officer
Farm Credit Foundations

March 11, 2026

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 Credit 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, 2025, 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, 2025.

A handwritten signature in black ink, appearing to read "Tracy Sparks", is written over a horizontal line.

Tracy Sparks,
Chairperson of the Audit Committee
Farm Credit Foundations

Committee Members
Jeremy Anderson
Beth Schnitker
Lisa Shinn

March 11, 2026

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 financial statements of Farm Credit Foundations, which comprise the balance sheets as of December 31, 2025, 2024, and 2023, and the related statements of income, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Farm Credit Foundations as of December 31, 2025, 2024, and 2023, 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.

Emphasis-of-Matter Regarding a Correction of an Error

As discussed in Note 11 to the financial statements, Farm Credit Foundations has restated the financial statements for the years ending December 31, 2024 and 2023 to properly reflect patronage distributions paid within the statement of cash flows. Our opinion is not modified with respect to this matter.

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 within one year after the date that 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

Minneapolis, Minnesota
March 11, 2026

As of December 31,	2025	2024	2023
ASSETS			
CURRENT ASSETS			
Cash	\$ 2,615,482	\$ 2,975,703	\$ 2,699,351
Accounts receivable	226,861	221,828	333,665
Prepaid and other assets	227,639	51,170	24,914
Total current assets	3,069,982	3,248,701	3,057,930
LONG-TERM ASSETS			
Deferred tax asset, net	415,772	345,622	306,626
Furniture, equipment, and software, net	249,694	311,161	431,309
Right of use assets, net	254,646	520,108	773,279
Total long-term assets	920,112	1,176,891	1,511,214
Total assets	<u>\$ 3,990,094</u>	<u>\$ 4,425,592</u>	<u>\$ 4,569,144</u>
LIABILITIES			
CURRENT LIABILITIES			
Accrued employee benefits	\$ 1,268,320	\$ 1,060,332	\$ 1,011,118
Patronage payable	591,415	1,113,746	1,018,669
Income taxes payable	31,729	9,579	-
Lease liabilities, net	280,351	576,028	858,742
Total current liabilities	2,171,815	2,759,685	2,888,529
LONG-TERM LIABILITIES			
Other liabilities	649,737	497,365	512,071
Total long-term liabilities	649,737	497,365	512,071
Total liabilities	<u>2,821,552</u>	<u>3,257,050</u>	<u>3,400,600</u>
SHAREHOLDERS' EQUITY			
Class A common stock	1,168,542	1,168,542	1,168,542
Total liabilities and shareholders' equity	<u>\$ 3,990,094</u>	<u>\$ 4,425,592</u>	<u>\$ 4,569,144</u>

For the year ended December 31,	2025	2024	2023
OPERATING REVENUE	\$ 11,751,845	\$ 11,070,888	\$ 10,504,650
OPERATING EXPENSES			
Salaries and employee benefits	8,183,078	7,456,523	7,232,771
Purchased services	1,242,716	1,200,268	1,041,601
Occupancy and equipment	936,557	621,566	576,502
Director's compensation	256,435	86,604	142,644
Insurance	169,793	146,916	147,340
Supervisory assessments	165,000	216,250	95,000
Other expenses	170,851	194,676	217,640
Total operating expenses	11,124,430	9,922,803	9,453,498
OPERATING INCOME BEFORE TAXES	627,415	1,148,085	1,051,152
Provision for income taxes	36,000	34,339	32,483
NET INCOME	\$ 591,415	\$ 1,113,746	\$ 1,018,669

	Class A	Class B	Unallocated	Total
	Common Stock	Common Stock	Retained Earnings	Equity
BALANCE AT DECEMBER 31, 2022	\$ 1,168,542	\$ -	\$ -	\$ 1,168,542
Net income	-	-	1,018,669	1,018,669
Earnings reserved for patronage distributions	-	-	(1,018,669)	(1,018,669)
BALANCE AT DECEMBER 31, 2023	<u>\$ 1,168,542</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,168,542</u>
BALANCE AT DECEMBER 31, 2023	\$ 1,168,542	\$ -	\$ -	\$ 1,168,542
Net income	-	-	1,113,746	1,113,746
Earnings reserved for patronage distributions	-	-	(1,113,746)	(1,113,746)
BALANCE AT DECEMBER 31, 2024	<u>\$ 1,168,542</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,168,542</u>
BALANCE AT DECEMBER 31, 2024	\$ 1,168,542	\$ -	\$ -	\$ 1,168,542
Net income	-	-	591,415	591,415
Earnings reserved for patronage distributions	-	-	(591,415)	(591,415)
BALANCE AT DECEMBER 31, 2025	<u>\$ 1,168,542</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,168,542</u>

For the year ended December 31,	2025	(As Restated) 2024	(As Restated) 2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 591,415	\$ 1,113,746	\$ 1,018,669
Adjustments to reconcile net income to cash flows (used in) provided by operating activities:			
Depreciation on furniture, equipment and software	166,538	193,106	165,164
Amortization on right of use assets	292,653	280,361	268,639
Changes in operating assets and liabilities:			
Increase in deferred tax asset, net	(70,150)	(38,996)	(21,985)
Increase (decrease) in accounts receivable	(5,033)	111,837	(30,209)
Increase (decrease) in prepaid and other assets	(176,469)	(26,256)	2,914
Increase in accrued employee benefits	207,988	49,214	16,470
Increase in income taxes payable	22,150	9,579	(34,776)
Decrease in lease liabilities, net	(265,462)	(253,171)	(241,449)
Increase (decrease) in other liabilities	152,372	(14,706)	(19,188)
Net cash provided by operating activities	916,002	1,424,714	1,124,249
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of furniture, equipment and software	(132,262)	(100,150)	(109,228)
Net cash used in investing activities	(132,262)	(100,150)	(109,228)
CASH FLOWS FROM FINANCING ACTIVITIES			
Patronage distribution paid	(1,113,746)	(1,018,669)	(913,138)
Principal paid on financing lease	(30,215)	(29,543)	(28,941)
Net cash used in financing activities	(1,143,961)	(1,048,212)	(942,079)
NET (DECREASE) INCREASE IN CASH	(360,221)	276,352	72,942
Cash - beginning of year	2,975,703	2,699,351	2,626,409
CASH - END OF YEAR	<u>\$ 2,615,482</u>	<u>\$ 2,975,703</u>	<u>\$ 2,699,351</u>
SUPPLEMENTAL INFORMATION			
Taxes paid	\$ 75,373	\$ 63,573	\$ 63,348
Interest paid	717,896	66,447	67,104
Patronage declared not yet paid	591,415	1,113,746	1,018,669

NOTE 1 ORGANIZATION AND OPERATIONS

The Farm Credit System (System) is a federally chartered network of borrower-owned lending institutions comprised of cooperatives and related service organizations, established by Congress to meet the credit needs of American agriculture. The System consists of Farm Credit banks, borrower-owned cooperative lending institutions (Associations), and various service corporations. The Farm Credit Administration (FCA) chartered Farm Credit Foundations (Foundations) as a service corporation under Section 4.25 of the Farm Credit Act of 1987, as amended, on January 1, 2012. 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.

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, Human Resource Information System (HRIS) technology, compensation consulting, performance management and compliance support. Capitalization was secured through the sale of stock to certain Farm Credit System entities, including 26 Farm Credit Associations, two service corporations (AgVantis, Inc. and SunStream Business Services), and one Farm Credit Bank (AgriBank, FCB).

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 on the financial statements, represents deposits invested with Farm Credit Employees Federal Credit Union. The account is an interest bearing savings account. At times, the amount will exceed insured amounts by the Federal Deposit Insurance Corporation (FDIC) of \$250 thousand. Foundations has not experienced any loss in such accounts. Balances exceed the FDIC insured amount by approximately \$4.2 million, \$4.4 million, and \$4.2 million, as of December 31, 2025, 2024, and 2023, respectively. Additionally, cash represents amounts held in bank accounts for operations and for which is in process of clearing between both accounts payable and payroll disbursement accounts.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

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. Management believes it is likely to collect all receivables and no allowance was warranted as of December 31, 2025, 2024 or 2023.

Furniture, Equipment and Software

These fixed assets are stated at cost. All major greater than \$15 thousand 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.

Post-Employment Benefit Plans

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

Certain employees also participate in the AgriBank District Retirement Plan (Pension 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Post-Employment Benefit Plans (Continued)

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.

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 Reserved for 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.

Revenue Recognition

Revenue 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. Foundations recognizes revenue from fixed-price support over time depicting the pattern of service delivery and recognizes the costs associated with these contracts as incurred.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement

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.

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.

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.

Leases

Foundations determines if an arrangement is a lease at inception. The assets are recorded within furniture, equipment, and software and right of use assets on the balance sheet and are also detailed out in Note 8.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Leases (Continued)**

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 shareholders' equity as previously reported.

NOTE 3 INCOME TAXES

The provision for income taxes consisted of the following:

	2025	2024	2023
Current:			
Federal	\$ 68,750	\$ 46,427	\$ 44,427
State	38,352	26,725	25,302
Total current tax expense	107,102	73,152	69,729
Deferred tax benefit:			
Federal	(47,183)	(25,517)	(27,870)
State	(23,919)	(13,296)	(9,376)
Total deferred tax benefit	(71,102)	(38,813)	(37,246)
Total provision for income taxes	\$ 36,000	\$ 34,339	\$ 32,483

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.

	2025	2024	2023
Federal tax at statutory rate	\$ 131,757	\$ 243,637	\$ 202,094
State tax, net of federal benefit	2,787	2,658	2,484
Permanent differences between book and tax provision	22,488	21,932	19,664
Deductible patronage distributions	(121,032)	(233,888)	(191,759)
Provision for income taxes	\$ 36,000	\$ 34,339	\$ 32,483

NOTE 3 INCOME TAXES (CONTINUED)

Deferred tax assets and are comprised from the following:

	2025	2024	2023
Deferred income tax assets:			
Accrued incentives	\$ 342,411	\$ 285,816	\$ 271,671
Accrued annual leave	22,129	18,945	18,945
Depreciation	51,232	40,861	16,010
Right of use assets	79,190	149,489	222,256
Deferred tax asset	<u>\$ 494,962</u>	<u>\$ 495,111</u>	<u>\$ 528,882</u>
Deferred income tax liabilities:			
Right of use assets	\$ (79,190)	\$ (149,489)	\$ (222,256)
Deferred tax liability	<u>\$ (79,190)</u>	<u>\$ (149,489)</u>	<u>\$ (222,256)</u>
Deferred tax asset, net	<u>\$ 415,772</u>	<u>\$ 345,622</u>	<u>\$ 306,626</u>

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, 2025, 2024, or 2023. 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, 2025, 2024, or 2023.

NOTE 4 POST-EMPLOYMENT BENEFIT PLANS

Pension Plan

We participate in the AgriBank District Retirement Plan, a District-wide multiple-employer defined benefit retirement plan. Complete financial information for the pension and post-employment benefit plans may be found in the AgriBank 2025 Annual Report.

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. Our allocated share of these pension contributions during 2026 is expected to be \$145 thousand. Employer contribution expenses for the pension plan, included in salaries and employee benefits in the statements of income were \$151 thousand, \$209 thousand, and \$260 thousand in 2025, 2024, and 2023, respectively.

NOTE 4 POST-EMPLOYMENT BENEFIT PLANS (CONTINUED)

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 percent and 50 cents on the dollar on the next 4.0 percent on both pre-tax and post-tax contributions. The maximum employer match is 4.0 percent. For employees hired after December 31, 2006, Foundations contribute 3.0 percent of the employee's compensation and will match employee contributions dollar for dollar up to a maximum of 6.0 percent on both pre-tax and post-tax contributions. The maximum employer contribution is 9.0 percent.

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 income were \$394 thousand, \$360 thousand, and \$336 thousand in 2025, 2024, and 2023, respectively. These expenses were equal to our cash contributions for each year.

NOTE 5 SHAREHOLDERS' EQUITY

Foundations is authorized to issue 232,000 shares each of Class A Common Stock and 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.

As of December 31, 2025, 2024, and 2023, 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.

NOTE 5 SHAREHOLDERS' EQUITY (CONTINUED)

Descriptions of each class of stock authorized by Foundations Bylaws and the number of shares outstanding at December 31, 2025, 2024, and 2023 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 \$591 thousand, \$1.1 million, and \$1.0 million at December 31, 2025, 2024, and 2023, respectively. Generally, 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 \$11.4 million, \$10.4 million, and \$9.9 million in 2025, 2024, and 2023, respectively, which includes excess receipts offset by the patronage accrual described in Note 5.

Additionally, Foundations pays AgriBank and SunStream for services received to support both its operations and services to Employers. We paid \$777 thousand, \$712 thousand, and \$621 thousand for these services in 2025, 2024, and 2023, respectively, which are included in purchased services in the statements of income.

Foundations subleases office space from AgriBank. Included in occupancy and equipment in the statements of income are tenant fees paid to AgriBank of \$284 thousand in 2025, 2024, and 2023. 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 thousand per month, or \$316 thousand per year. Foundations' minimum lease payments over the term of this lease are included in Note 8.

Foundations entered into a line of credit agreement with AgriBank. The total line of credit is \$1 million and it bears interest on any outstanding average balance at a variable rate of AgriBank's marginal cost of debt plus Bank spread plus 200 basis points. There were no draws or outstanding balance on the line of credit at December 31, 2025, 2024, or 2023. The line of credit expires on May 31, 2026. We are currently in the process of renewing the line of credit with an increase to \$2 million.

NOTE 7 FURNITURE, EQUIPMENT AND SOFTWARE

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

	2025	2024	2023
Cost:			
Furniture and equipment	\$ 778,551	\$ 778,551	\$ 778,551
Software	864,161	731,899	631,752
Total cost	1,642,712	1,510,450	1,410,303
Accumulated depreciation	(1,393,018)	(1,199,289)	(978,994)
Net	\$ 249,694	\$ 311,161	\$ 431,309

NOTE 8 LEASES

As noted in Note 6, during 2014, Foundations entered into a sublease that included office furniture and that portion qualified as a financing lease. The monthly payments were \$3 thousand for a term of 148 months. The following summarizes the assets under the lease:

Right of Use Asset – Finance Lease

	2025	2024	2023
Furniture	\$ 335,349	\$ 335,349	\$ 335,349
Accumulated depreciation	(312,690)	(285,499)	(258,309)
Net	\$ 22,659	\$ 49,850	\$ 77,040
Future Minimum Lease Obligations			
Year Ending December 31,		Amount	
2026		\$ 25,969	
Interest portion (weighted-average discount rate of 2.00 percent)		(265)	
Total lease obligation		\$ 25,704	

The sublease included space and that portion qualified as an operating lease. The monthly payments were \$26 thousand for a term of 148 months. The sublease expires on October 31, 2026. The following summarizes the assets under the lease:

	2025	2024	2023
Office space	\$ 1,857,506	\$ 1,857,506	\$ 1,857,506
Accumulated depreciation	(1,602,860)	(1,337,398)	(1,084,227)
Net	\$ 254,646	\$ 520,108	\$ 773,279

NOTE 8 LEASES (CONTINUED)

Future Minimum Lease Obligations			
Year Ending December 31,		Amount	
2026		\$ 254,647	
(weighted-average discount rate of 4.75 percent)			

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

	2025	2024	2023
Lease cost:			
Finance lease cost:			
Amortization of right of use assets	\$ 27,191	\$ 27,190	\$ 27,190
Interest on lease liabilities	2,818	2,818	2,818
Operating lease cost	265,462	253,171	241,450
Total lease cost	<u>\$ 295,471</u>	<u>\$ 283,179</u>	<u>\$ 271,458</u>
Finance lease cost:			
Amortization of right of use assets	\$ 27,191	\$ 27,190	\$ 27,190
Interest on lease liabilities	2,818	2,818	2,818
Operating lease cost	265,462	253,171	241,450
Total lease cost	<u>\$ 295,471</u>	<u>\$ 283,179</u>	<u>\$ 271,458</u>
	2025	2024	2023
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	\$ 265,462	\$ 253,171	\$ 241,450
Financing cash flows from finance leases	\$ 30,215	\$ 29,543	\$ 28,941
Weighted-average remaining lease term -			
finance leases	0.8 Years	1.8 Years	2.8 Years
Weighted-average remaining lease term -			

During 2025, Foundations entered into a lease agreement for office space beginning November 2026. The lease will expire in October 2039 and total payments over the course of the lease will be approximately \$3.7 million.

NOTE 9 COMMITMENTS AND CONTINGENCIES

In the normal course of business, we have various contingent liabilities and commitments outstanding, which may not be reflected in the financial statements. We do not anticipate any material losses because of the contingencies or commitments.

Additionally, from time to time, we may be named as defendants in lawsuits or legal actions in the normal course of business. At the date of these financial statements, our management team was not aware of any material actions. However, management cannot ensure that such actions or other contingencies will not arise in the future.

NOTE 10 SUBSEQUENT EVENTS

We have evaluated subsequent events through March 11, 2026, which is the date the financial statements were available to be issued, and no material subsequent events were identified.

NOTE 11 RESTATEMENT

For the years ended December 31, 2024 and 2023, it was determined that patronage distributions paid should be presented within financing activities on the statements of cash flow. Additionally, supplemental non-cash information related to patronage distributions approved but not yet paid were added to the statements of cash flow. As a result, the below line items were impacted by this restatement for the years impacted:

Year ending December 31, 2024	As Restated	As Previously Reported	Restatement
CASH FLOWS FROM OPERATING ACTIVITIES			
Patronage accrual	\$ -	\$ (1,113,746)	\$ 1,113,746
Net change in: patronage liability	\$ -	\$ 95,077	\$ (95,077)
CASH FLOWS FROM FINANCING ACTIVITIES			
Patronage distribution paid	\$ (1,018,669)	\$ -	\$ (1,018,669)
SUPPLEMENTAL INFORMATION			
Patronage declared not yet paid	\$ 1,113,746	\$ -	\$ 1,113,746
Year ending December 31, 2023	As Restated	As Previously Reported	Restatement
CASH FLOWS FROM OPERATING ACTIVITIES			
Patronage accrual	\$ -	\$ (1,018,669)	\$ 1,018,669
Net change in: patronage liability	\$ -	\$ 105,531	\$ (105,531)
CASH FLOWS FROM FINANCING ACTIVITIES			
Patronage distribution paid	\$ (913,138)	\$ -	\$ (913,138)
SUPPLEMENTAL INFORMATION			
Patronage declared not yet paid	\$ 1,018,669	\$ -	\$ 1,018,669

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

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