

2009 Annual Report



INVESTING IN THE FUTURE

Fund Mission

The AgStar Fund is committed to enhancing the quality of life and future opportunities for rural residents and their communities.

AGSTAR FUND FOR RURAL AMERICA 2009 ANNUAL REPORT

AGSTAR FUND Overview

AgStar Financial Services, headquartered in Mankato, Minnesota, operates in 69 counties in Minnesota and northwest Wisconsin as part of the Farm Credit System. The company primarily serves the cash grain, livestock and renewable energy sectors. AgStar also has developed successful programs in loans, leases, crop insurance, tax services, accounting and rural home mortgages.

In 2001, the AgStar Board of Directors acted to establish a formal corporate giving program. They wanted to add structure and dimension to AgStar's commitment to the agricultural community by supporting agriculture and rural interests. The AgStar Fund for Rural America was developed to carry out AgStar's philanthropic mission.

The AgStar Fund focuses its giving programs in geographic areas where AgStar has a continuing business presence. For maximum impact, these programs fit strategically with the interest of AgStar business and areas of concern facing rural America. We are committed to being a leading corporate citizen in the communities we serve.

Through self-directed programs, the Fund establishes their own programs or partners with others to extend their reach into rural communities as illustrated in this publication. By partnering with groups who support rural communities and agriculture, our combined efforts will enable us to promote participation, advance program causes and heighten issue awareness.

Fund Focus

EDUCATION Educating young, beginning, or future farmers.

ENVIRONMENT Maintaining or improving the quality of the rural environment.

TECHNOLOGY Supporting the advancement and utilization of technology for the benefit of farmers and rural communities.

QUALITY OF LIFE Enhancing the quality of life for farmers and rural communities.

Grant Applications

- Programs must specifically benefit farmers and rural communities.
- Up to \$10,000 available per organization.
- Four focus areas: education, environment, technology, quality of life.

Annual application: October 1–November 30.
Visit agstar.com for more information or to apply.

*We believe
that just as ripples in a pond transform the shoreline,
we can make a positive impact on rural America.
Over time, each pebble dropped creates a wave that shapes
the landscape for the rural community, for the betterment of all.*

AgStar Team Members Give Back

The AgStar Fund for Rural America regularly partners with team members to reach out to neighboring rural communities in the true spirit of giving.



Toys for Tots

- The Fund matched the \$2,000 financial contributions from team members to give over \$4,000 in cash and hundreds of toys to local Toys for Tots programs this holiday season. With the generosity of so many team members, we were able to give back and reduce the extra burden of the holiday season for many families in our local service area.



Care Packages for Troops

- Thanks to a generous contribution from the AgStar Fund, team members collectively assembled 127 care packages for the 32nd Infantry Brigade Combat Team serving in Iraq. Sending care packages is one way for us to say “Thank You” to these men and women soldiers who left their families, homes, and jobs when called to duty. At least two AgStar clients are serving in this unit.

“I wanted to let you know we received all our packages over a 4-day period this week.

They are going over so well!

We still have soldiers not getting much mail, so it’s a big hit with them especially.

We will be sending notes your way, but in the meantime, please pass on to all the contributors our sincere thanks. Take Care!”

— CPT Shannon Kilcoyne



Each care package included specific requested items the soldiers can use throughout their mission. The most valued were the personalized messages from AgStar team members. Serving officials told us the messages from home showing our support and appreciation were priceless.



AGSTAR SUPPORTS

Agriculture Education

One key initiative for AgStar's Fund for Rural America is to educate and encourage students to thrive in agriculture. That's why we support programs that give children first grade through college the opportunity to learn about agriculture and the impact it has on everyday life. The AgStar Fund is devoted to the education of children, teens, and young adults.

Over the years, the AgStar Fund has given grants to organizations like the FFA, 4-H and Minnesota Agriculture in the Classroom (MAITC). In addition, AgStar's two scholarship programs support higher learning for rural and ag-interested students. Over the years, AgStar has awarded over \$195,000 to students through the High School Senior Scholarship Program, the AgStar Scholars Program, and a new program, the Agriculture Classroom Equipment Grant Program.

The AgStar Fund not only believes in, but actively and tangibly supports ag education on many different levels. Making it easier and more rewarding for ag-involved students of all ages is a solid investment in the future of agriculture and rural communities.

FFA AgStar is proud to support the Future Farmers of America and has supported their initiatives for years. Since 2007 AgStar has been the sole sponsor of the FFA *Stars Over Minnesota Program*. This program recognizes top FFA members for their Supervised Agricultural Experience (SAE). Every year, a Star is awarded in each of the following four categories: Agribusiness, Agri-Science, Farmer, and Production Placement. These programs allow students to develop life-long skills to help them be successful in business and life. It encourages excellence in the development and implementation of SAE programs.

"AgStar Financial Service's support of Minnesota FFA plays a valuable role in our ability to grow future leaders for Minnesota agriculture. Sponsorship of the Stars over Minnesota Program salutes the best that FFA members can achieve.

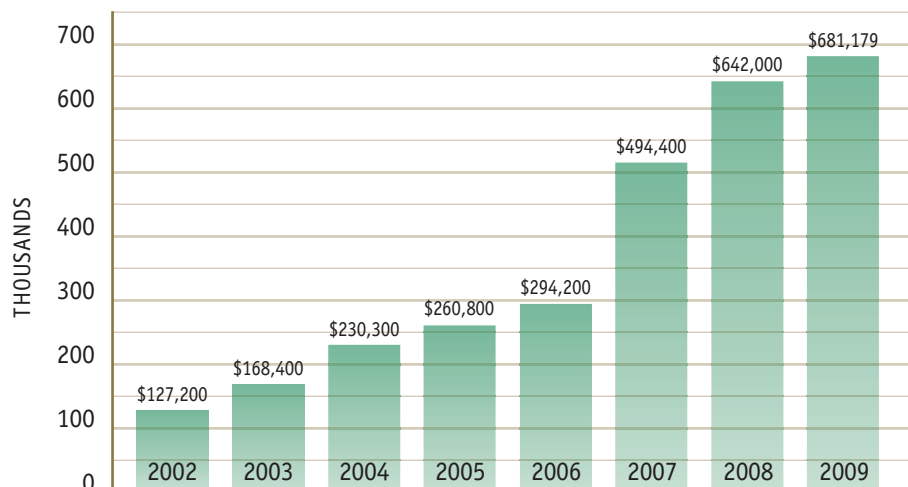
We are grateful for the support that AgStar Financial Services provides."

— Val Aarsvold, FFA Foundation Executive Director

High School Ag Equipment Grant Program AgStar knows how vital ag education courses are in high schools and we want to make sure students are provided with the most up-to-date equipment to enhance their learning environment. Agricultural education develops leadership skills and prepares students interested in careers in the agricultural field. AgStar awarded \$50,000 in grants to twenty-four rural high school agriculture programs in their service area.

AgStar Scholars Program Every year, AgStar selects six to twelve college juniors for the Scholars program; a partnership between AgStar, the University of Minnesota and the University of Wisconsin, River Falls. The program not only includes a monetary scholarship of \$2,000, but also the opportunity to be an intern with AgStar during summer breaks. Each recipient must complete a financial research project related to agriculture during their senior year and present it to AgStar representatives and college faculty.

AGSTAR FUND FOR RURAL AMERICA ANNUAL GIVING





High School Senior Scholarship Program

It's not easy to let go. Maybe we can help.

**Scholarship Application
Deadline: April 1, 2010**

Applications are available at
AgStar.com and school
guidance offices.

Where does the time go? Yesterday it was hopscotch and teddy bears. Today, it's college applications and apartment hunting. You think that every birthday and milestone along the way prepares you for the empty nest, but letting your children go is not easy no matter what their age. You've set the foundation and they understand that along with independence comes responsibility, but you can't help but worry.

The AgStar Fund for Rural America can help make this transition a little less stressful. We offer scholarships to high school seniors who plan to study in an ag-related field or have an ag background. These scholarships not only help ease the financial burden for our college-bound students, they help ensure a strong future for agriculture. That's why we will again be awarding twenty \$1,000 scholarships in 2010.

Applicant Qualifications Include:

- Resident of AgStar's local service area
- Graduating high school senior
- GPA of 3.0 or better
- Designated major or interest in an ag-related field or have an ag background

Applicants are selected based on academic achievement, leadership characteristics and community involvement.



“Suddenly school becomes reality.”

For more information on the Prairie Ecology Bus Center, please visit their website: www.ecologybus.org

Innovative Teaching Center

Imagine a classroom without walls; one that expands to the outdoors and engages all the senses. That’s the vision behind the Prairie Ecology Bus. This bus is a state-of-the-art teaching center with a scientific laboratory and classroom all in one mobile unit. Based off of a similar idea from Sweden, the Bus is the staple of the Prairie Ecology Bus Center (PEBC) located in Lakefield, MN and the only one of its kind in North America. According to the Executive Director, Chrystal Dunker, the PEBC is much different than a normal four-wall classroom. The Bus is able to take its students — kids and adults alike — out into nature to experience and explore.

Chrystal has many amazing stories about the Prairie Ecology Bus and how it has helped students. One touching story included an autistic boy who interacted with his classmates for the first time while on the Bus — bringing tears to his teacher’s eyes.

It seems students who tend to have “behavioral issues” in a regular classroom often thrive with the Bus. Although, it is not only these students who show such a reaction — Chrystal said that it is awesome to see the initial reaction of all of the students especially when those “light bulbs” go on. “Suddenly school becomes reality.” The PEBC works hard to bring the information students learn on the Bus and the information they learn in the classroom together.

However, the Bus does come with a lot of expenses — and these expenses cannot all be covered by activity fees. Chrystal mentioned that the fees they charge are usually “50% or less” than the overall costs. That is where corporate sponsorship comes in — Chrystal could not express how vital corporate sponsors were for the PEBC. “The AgStar Fund has been a blessing,” Chrystal said.



“This is an opportunity for actual pork producers to tell their stories first-hand and also enables those who are not pork producers to discover responsible pork production.”

For more information, please visit the website: www.porkcares.com

We Care

Two Words—But They Say A Lot

That's why the National Pork Producers Council and the National Pork Board selected “We Care” as the signature for an important program designed to unite pork producers and enlighten consumers regarding the pork industry.

This is an opportunity for actual pork producers to tell their stories first-hand. Yet it also enables those who are not pork producers to discover responsible pork production. The goal of the program is to equip, engage and empower the state associations and U.S. pork producers to tell the positive story of responsible pork production. The initiative also includes the Pork Quality Assurance (PQA) Plus program, which provides pork producers guidelines on food safety and animal well-being.

The “We Care” initiative is all about gaining and maintaining trust. In this day-and-age, social responsibility is no longer the exception — it is the rule. Ethics and principles are necessary for all facets of life and U.S. pork producers are working hard to show the consumers and the world the standards they have set for their products and their practices. Members of “We Care” work hard to:

- produce safe food
- protect and promote animal well-being
- ensure practices to protect public health
- safeguard natural resources in all of their practices
- provide a work environment that is safe
- contribute to a better quality of life in their communities



The “We Care” program enhances the lives of everyone involved. That is why the AgStar Fund wanted to be included. In June of this year, the AgStar Fund gave the “We Care” initiative a grant to develop and maintain a website. Fund Administrator Jody Bloemke announced the grant at the World Pork Expo news conference saying, “We definitely wanted to be involved in this. This is a proactive initiative that is not only great for our producers, but also a wonderful way to educate the consumers and share our message about what we do and that we care.” With the new website, “We Care” is hoping they will achieve their goal of having 100% compliance with producers by 2010.



Contact Us

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employer and provider.*

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Emergency Response Equipment Grant Program

The Emergency Response Equipment Grant Program helps rural emergency response departments with funds to keep their equipment updated. Every year the Fund has distributed a total of \$50,000 in grants to area departments. **Grant applications are accepted annually during the month of August.**



Feasibility Grant Study Program

The purpose of the program is to fund feasibility studies that may result in economic development for rural areas. The program is designed to provide funding to determine the feasibility of a project or to plan for a project located in rural areas of AgStar's service area. Such projects will need to meet an economic development or sustainability objective and, if implemented, will create new, permanent jobs that result in the economic development of a rural area.