

Federated Youth Foundation, Inc.

2010 Report

We are pleased to report that Federated Youth Foundation (FYF) is in sound financial condition. It has been a much better year than 2009! Total assets are \$1,591,782 at year-end, compared to \$1,490,071 a year ago, up by 6.83 percent.

2010 by the numbers:

- FYF received **\$458,925** in contributions from members and gave out **\$420,592** in scholarships and charitable contributions.
- **539** scholarships totaling **\$325,698** were given to students
- **111** charitable contributions were made totaling **\$86,794**
- **4** projects were supported with donations totaling **\$8,100** from the Cooperative Education and Training Fund. They included sponsorship of:
 1. one page in the Wisconsin Agribusiness Foundation's book, *This Business Called Agriculture*, which goes to over 85,000 4th graders;
 2. the College Conference on Cooperatives, which reaches about 90 college students in the Midwest;
 3. the Wisconsin Agriculture Education and Workforce Development Council
 4. 11 youth leaders to participate in the NICE Program.

We continue to operate the foundation very efficiently. Total management expenses for 2010 were \$37,973, compared to \$42,633 a year ago. Part of this decrease was due to the fact that director liability insurance for 2010-2011 was not paid until the start of the new fiscal year. Still, professional fees, audit fees, and meeting costs were down significantly. Administrative expenses as a percent of member contributions received were 8.27 percent this year, compared to 9.46 percent last year. Payout as a percent of total assets was 26.42 percent in 2010, compared to 30.05 percent last year. Any time a foundation gives out over 25 percent of its assets in one year, it's very good. And FYF allocated \$35,956 to member accounts and replenished the Cooperative Education and Training Fund to \$15,000.

Looking ahead...

In 2011, we will continue to focus on more member communications and membership development. We plan to do semi-annual newsletters to update members on important issues and provide highlights from board meetings. Also, with a slightly better economy, we plan to contact 20-30 potential member cooperatives, with a goal of recruiting 5-8 new members.

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The Federated Youth Foundation, Inc. board members include (left to right), row 1: Todd Rosvold, Pulaski, FYF president; and Brian Kulas, Medford, FYF vice president. Row 2: Cheri Gibeaut, Endeavor, FYF sec./treas.; Tony Wagner, Cecil; Clarence Boettcher, Fairchild; Greg McFarland, Black River Falls; David Erickson, FYF executive director; and Tom Haynes, Cottage Grove.



Todd Rosvold
Pulaski Chase Cooperative
FYF President



David Erickson
Cooperative Network
FYF Executive Director



Rose Bartholomew
Oakdale Electric Cooperative
FYF Accountant



Linda Pierce
Oakdale Electric Cooperative
FYF Administrative Staff

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Federated Youth Foundation members are very satisfied with FYF's administration, communications, and cooperative education efforts. FYF members gave the foundation a rating of 8.8 on a 10-point scale in a recent member survey. A few members indicated that they would like to see financial reports sent out on a more timely basis and the same members felt that scholarship requests should be processed more quickly. Overall, however, most members indicated that they were very satisfied with FYF, commenting, "excellent job—keep up the good work."

Looking back...

This year marks the 40th anniversary of Federated Youth Foundation. On December 2, 1970, articles of incorporation were filed for the Wisconsin REC Youth Foundation. Incorporators of the foundation were Gordon Meistad, Arcadia; Walter Zimmerman, Portage; Walter Seaborg; Madison and Donald Webb, La Crosse. The initial directors of the foundation were Gordon Meistad, Arcadia, president; Walter Zimmerman, Portage, vice president; Walter Seaborg, Madison, secretary-treasurer; James Sherwood, Stoddard; and James Dollahon, River Falls.

The Foundation was established in response to the state Legislature passing of the 1969 Uniform Unclaimed Property Act, which repealed the right of cooperatives to forfeit funds of members and give scholarship awards to children of co-op members. Charles Van Sickle and Floyd Wheeler, partners and attorneys with the Wheeler & Van Sickle Law firm, helped set up the foundation to which electric cooperatives could assign their forfeited, unclaimed capital credits.

In July of 1971, the foundation's articles of incorporation were amended to broaden its application to all types of cooperatives, and a new name was picked: Federated Youth Foundation, Inc. Although the foundation's articles authorized it to make low-interest loans, grants, and scholarships to worthy children of members, the board decided to only make student loans, preserving the principal amounts for future use. It signed an agreement with the Wisconsin Higher Education Corporation to administer the program.

Although the foundation proved to be popular with co-ops for a time, the legal standing under which the foundation operated came under consistent scrutiny from state officials, who periodically questioned the applicability of unclaimed property statutes to its functions.

In the early 1980s, the FYF board recognized that something needed to be done to clarify FYF's status and the procedure co-ops used to forfeit unclaimed funds. FYF had 19 members in 1981 and \$105,000 in assets. Few student loans were being made. After considering filing for a declaratory ruling or introducing separate legislation, the board decided that the changes should be made in the larger revisions of Wisconsin Chapter 185 that were being considered by a special committee appointed by the Wisconsin Federation of Cooperatives. Although the forfeiture provisions were controversial and opposed by the state treasurer, attorney general, and some legislators, cooperative leaders made the case that these provisions should be restored and cooperatives should have the right to forfeit these funds and use them for educational and charitable purposes in the communities where they were generated. In a relatively rapid move through the Legislature, Assembly Bill 185 passed both houses and was signed into law by Governor Tony Earl on August 13, 1985.

Today...

With the new law in place, cooperative participation in FYF increased. Today, 76 cooperatives have accounts with FYF with account balances ranging from \$142 to \$227,099. Thousands of scholarships and charitable contributions have been made by FYF over the last 40 years, totaling \$6,180,805. That's impressive! The foundation has had quite an impact on the lives of young people and the communities served by member co-ops. We can all be proud of what we've accomplished through FYF.

Todd Rosvold
FYF President

David Erickson
FYF Executive Director

Federated Youth Foundation, Inc. Mission

Federated Youth Foundation (FYF) is a Wisconsin non-profit organization organized under Chapter 181, exempt from federal taxation under Section 501(c)(3) of the Internal Revenue Code. The mission of FYF is:

1. To solicit and receive unclaimed property funds, gifts and donations from cooperatives, credit unions and mutual insurance companies;
2. To dispense member organization funds as scholarships and charitable contributions;
3. To act as trustee and efficient manager for member organization funds, providing for investment growth within a reasonably secure investment policy; and
4. To foster statewide cooperative education efforts.