

# ANNUAL Report **2012**





**2012**  
International  
Year of  
**Co-operatives**

The United Nations General Assembly declared 2012 as the International Year of Cooperatives (IYC), highlighting the global impact cooperatives make on families, neighborhoods, villages, towns, cities, and countries around the world. As an IYC partner, NCBA CLUSA organized the United States IYC steering and youth committees, and promoted a number of member events and activities around the country, and the world.

Throughout the year NCBA CLUSA highlighted the contribution cooperatives make to socio-economic development, particularly their impact on poverty reduction, employment generation and social integration.

In May of 2012, NCBA CLUSA took the message that co-ops provide jobs and strengthen local economies to the White House during a Community Leaders Forum focused on cooperatives. In addition, the CooperateUSA online directory and mobile app were created so that consumers can find values-based businesses that invest in their local communities.

For NCBA and CLUSA International the close of the International Year of the Cooperative will serve as a springboard for continued promotion of the cooperative solution. Throughout the world cooperatives fill a key role in combating chronic issues such as poverty and hunger. Empowering individuals and instructing them in the cooperative approach places the future of each affected community in their own hands.

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*Letter from the*

# Chairman & Chief Executive Officer

The process or period of changing from one state to another—the definition of transition—is a good way to think about 2012 for NCBA CLUSA. And with both its challenges and triumphs, change is a good thing.

In 2012, a change in NCBA CLUSA leadership introduced new and innovative energy into the organization. As these leadership transitions occurred, the organization began to close an important chapter in its 96-year history and embark on a new venture of cooperative leadership in the United States and around the world.

2012 was momentous in other ways—NCBA CLUSA helped formulate new Cooperative Development legislation that it will continue to advocate for and on behalf of all cooperative business. The White House welcomed NCBA CLUSA and 150 cooperative leaders from all sectors around the country to propose ways that cooperatives can transform communities, sectors, and our economy.

We reached our largest international budget in history, empowering over 3 million small-holder farmers, members of cooperatives, and rural women and youth in 13 countries in Africa, Asia, and Latin America to farm better, connect to markets, access healthcare, steward natural resources, and improve their own lives and the communities around them.

Our members and partners around the globe celebrated the United Nations International Year of Cooperatives to communicate to the world the economic and social impact of cooperative businesses—with their 1 billion members—on almost every area of life for people around the globe. NCBA CLUSA led a delegation to the International Summit of Cooperatives in Quebec, where the world's leading business and cooperative leaders shared research and evidence of the power of cooperatives, as the United States is the country with the largest number of cooperators in the world.

As we reflected on both the year's challenges and great successes, we both re-commit ourselves on behalf of the board, staff, and membership to becoming an even stronger, more effective leadership organization, which is recognized as a leading voice and advocate for the cooperative business solution.

We plan to do this in three ways: First, through improved member services and events, we will serve as the national and international platform for multi-sectorial collaboration and partnerships that transform the way cooperative businesses work together.

Second, we will fundamentally change how Congress, the Administration, corporations, and the American people view cooperative businesses through effective advocacy and public awareness campaigns based on member needs and engagement.

Finally, we commit to international leadership in cooperative and rural development, both in the United States and around the world, representing the best of our cooperative principles and values, telling the stories of our success, and being recognized as thought leaders and innovators, adding value to our membership.

With these commitments and support from all of our members, NCBA CLUSA will emerge with stronger systems, an energized membership, higher visibility, and better value and services. We know that our members represent the very best in cooperative experience, whose energy and hard work will guide us as we embark on the next season of cooperative leadership.

Wilson Beebe  
Michael V. Bell, Esq.

# Advocacy

NCBA CLUSA's Public Policy program focuses the voice of cooperatives across all sectors, educating the U.S. Congress and the executive branch about the importance of cooperatives in communities and benefits of the co-op business model, actively lobbying for programs and supporting policies that help co-ops, and protecting co-ops from negative legislation.

In 2012, NCBA CLUSA brought 150 cooperative leaders from around the United States to the White House to engage in open dialogue with senior Obama Administration and federal agency officials on a range of key issues, including how co-ops are impacting job creation, food security, and energy.

# Domestic Development

Cooperatives are a proven strategy for achieving positive economic and social development outcomes in wide range of settings. NCBA CLUSA is dedicated to raising the profile and awareness of cooperatives; promoting economic advantages from the cooperative business model, and facilitating cross-sector relationships and business among cooperatives.

An important focus for NCBA CLUSA begun in 2012 and going forward into 2013 is a specific focus on an overarching Rural Development Strategy. As a grant recipient of USDA's Rural Cooperative Development Grant (RCDG) program since 2011, NCBA CLUSA has worked to identify the appropriate niche for pursuing cooperative development in rural communities. Application of the Cooperative Principles coupled with the Ford Foundation-funded Wealth Creation project has opened doors for significant development opportunities in southern rural communities. NCBA CLUSA will partner with organizations such as the Federation of Southern Cooperatives and credit unions like Shreveport Federal Credit Union to build an effective 'wealth value chain' in underrepresented communities in the south.

NCBA CLUSA is also committed to linking our domestic and international expertise providing American farmers and agribusiness professionals the opportunity to assist farmers in Senegal and Zambia through the USAID-funded Farmer-to-Farmer program. NCBA CLUSA draws upon a pool of volunteers knowledgeable in agriculture, cooperative development, finance, insurance, energy, technology and housing.

# Membership

For nearly 100 years the National Cooperative Business Association has been the apex trade association for cooperative businesses in the United States, NCBA CLUSA provides cooperatives and individuals with networking opportunities, key innovative research data, and timely news and information for the cooperative community, increasing business opportunities for its members.

After a slight decline in membership in 2012, NCBA CLUSA reevaluated its membership offerings and increased its focus on membership value offering increased benefits and opportunities to its members. In partnership with Credit Union Strategic Planning (CUSP), NCBA CLUSA began development of the Community Development Certified Financial Counseling (CDCFC), an interactive, web-based staff training, testing, and certification tool. Launched in 2013, it is the first in a series of offerings in technical assistance and capacity building resources offered by NCBA CLUSA.

## dotCoop

As a wholly owned subsidiary of NCBA CLUSA, the DotCooperation, LLC (dotCoop), was created in 2001 to manage the .coop top-level domain. Since then .coop has allowed cooperatives to identify themselves as member-owned businesses on the Internet, helping consumers find the businesses they trust online.

In 2012 dotCoop celebrated the 10th anniversary of its launch and continues to promote the value of the .coop domain to the cooperative community and public through a number of initiatives both here in the United States and around the world. The year ended with 7,284 domain registrations representing more than 4,800 cooperatives and cooperative organizations from 78 different countries.

Our successful “First Year Free” program has increased our registrations by allowing lowresource co-ops to benefit from their cooperative identity and get started online with a .coop domain. The renewal rate for these registrations is close to industry norms at 65% while other renewals continue at above industry norms at more than 80%.

***According to the Global300 List, in 2008 the world's largest 300 co-operatives generated revenues of USD 1.6 trillion (1,600 billion), which is comparable to the GDP of the world's ninth largest economy.***

# International Development

NCBA CLUSA International has been an innovative leader in international development for nearly 60 years. We are recognized leaders in organizing people to gain the skills and resources to help themselves. NCBA CLUSA International facilitates cooperation and sustainable development in four key sectors: food security and agricultural development; natural resources management and climate adaptation; democracy and governance; and community-based health.

## ***Public-Private Partnerships***

We specialize in creating linkages between smallholder farmers, producer organizations and cooperatives, local and national governments, and the private sector. These public-partnerships strengthen market opportunities and local capacity. Market-driven approaches are the only way farmers and vulnerable families can achieve success over the long run.

Our private sector partners range from small local businesses to medium and large-sized national firms to international and multinational companies. Examples of these public-private partnerships include our collaboration with Cooperative Business International (CBI) and the Cooperative Café Timor in Timor-Leste and several Indonesian coffee cooperatives, together which generated in 2012 over \$100 million in sales of high-quality specialty coffees sold on world markets, including to buyers like Green Mountain Coffee, Starbucks, and others. A partnership with Chevron in Angola provided support to over 30,000 small- & mediumscaled coffee & banana farmers and their families.

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## ***The CLUSA Solution***

What sets us apart from other organizations is a commitment to the seven cooperative principles, cooperative values, and a belief that our clients are the decision-makers when it comes to creating solutions to their most pressing needs. We focus on locally designed and managed solutions based on the latest research; local, regional, and national development priorities; innovative ideas; and sound best practices that work. We strengthen farmers, cooperatives, civil society groups, governments, and other local actors using

entrepreneurial and practical training and technical assistance. Our approach to development leads to tangible results with staying power. When we engage with our clients and partners, they are the owners of the knowledge, skills, relationships, and technologies that will allow their continued success in improving incomes, creating jobs, and enhancing health and well-being.

### ***Engaging NCBA CLUSA Members***

We seek to engage our members from the U.S. cooperative sector in exciting opportunities to get involved in NCBA CLUSA International's work abroad. Volunteer programs like Farmer to Farmer and international business linkages between U.S. coop buyers and to international coop producers not only support cooperative businesses in the developing world, but also provide a rich experience for our U.S. members and supporters.

### ***Leading Innovation as Thought Leaders***

NCBA CLUSA International is seen as a leader and innovator within Feed the Future, the flagship food security initiative of the U.S. Agency for International Development (USAID). We also innovate in all of our programs, including USDA Food for Progress and programs funded by the Gates Foundation, the Government of Norway, and others. One such innovation is the creation of local private sector agricultural and nutrition agents called Community Based Solution Providers. These market-based agents sell and distribute input supplies and services as trusted local providers. They alleviate bottlenecks in reaching smallholder farmers with the supplies, services, and training they need while helping the private sector expand.

Some of our other innovations include the integration of Conservation Farming into food security and nutrition and value chain development efforts; incorporating cutting edge biofortification research into crop production that targets nutritional needs; creation and local manufacture of new tillage equipment; and expanding new livelihood opportunities that build resilience in drought-stricken areas. A combination of what we know works with new ideas and solutions that farmers and partners choose themselves to adopt, makes us a leader in innovative and sustainable development.

***“NCBA CLUSA International’s mission is to alleviate poverty through economic and social empowerment through cooperative principles and values.”***

# Finance

## Financial Report

Assets for year-end 2012 increased \$4 million from 2011, now totaling \$29.1 million. This was achieved through funding received from increased international grants and contracts. The increase in assets was offset by a decrease in unrestricted reserves of more than \$700,000 due to the operating loss in 2012. Contributing to this loss were expenses incurred for the International Year of Cooperatives, an increase and renovation of the headquarters space; and a decrease in membership dues collected which reduced revenues available for funding domestic development initiatives. A significant restructuring of office operations and staff has occurred in order to achieve profitability during 2013.

## Audit Report

Although 2012 proved to be challenging financially, the audit reflects improvements in the NCBA's operations. Reconcilements of the balance sheet accounts, long an area cited as a material deficiencies in audit reports, were completed and up to date at the completion of the 2012. As a result this area was not mentioned within the audit report.

Internal controls are also shown as an area of improvement although issues of segregation of duties are still present due to the limited staffing in field offices. The one significant deficiency reported in the Federal Awards audit report relates to the lack of segregating funds received for a Uganda USDA award. The situation was rectified prior to the end of 2012. The audit report continues to find NCBA as a low-risk auditee; a critical designation for federal awards eligibility.

I thank the staff for their efforts to address prior audit deficiency findings and providing timely financial and operational support to the audit team. This allowed for the prompt initiation of the audit following the close of the calendar year and timely completion of the audit.

Jerry McGeorge  
Chair, NCBA Audit Committee

**NCBA CLUSA INTERNATIONAL  
CONSOLIDATED STATEMENTS OF ACTIVITIES**

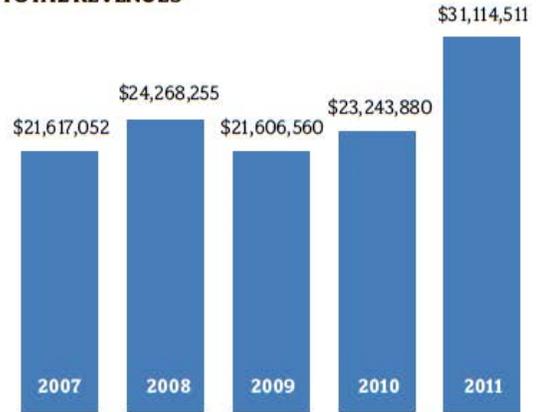
Revenues	
Contracts and Grants	\$31,839,155
Membership	\$747,981
Publications & Other	\$346,835
Contributions	\$10,544
Registration and Fixed Fee Income	\$243,595
<b>Total Revenues</b>	<b>\$33,188,110</b>

Expenses	
International Development	\$24,713,238
Domestic Development	\$361,272
Finance & Administration	\$6,881,509
Public Affairs & Membership Services	\$1,947,559
<b>Total Expenses</b>	<b>\$33,903,578</b>

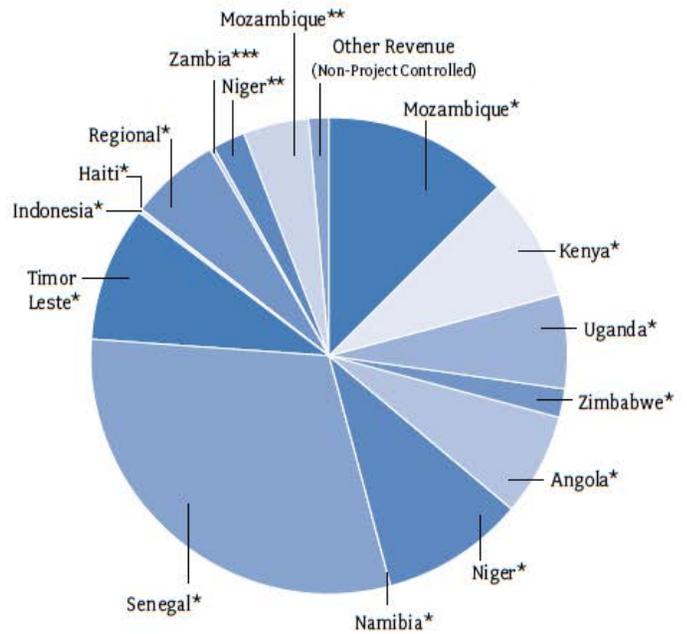
<b>Net Income</b>	<b>(\$715,468)</b>
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Reserves	
Unrestricted (Jan. 2012)	\$2,543,273
Unrestricted (Dec. 2012)	\$1,828,257
Temporarily Restricted (Jan. 2012)	\$15,222,996
Temporarily Unrestricted (Dec. 2012)	\$15,058,589

**TOTAL REVENUES**



**TOTAL PROJECT EXPENDITURES IN 2012**



\* subtotal \*\* extension \*\*\* carryover

# Board of Directors

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Anthony LaCreta  
Chief Financial & Administrative Officer

Amy Coughenour-Betancourt  
Chief Operating Officer, CLUSA International

Patricia Brownell Sterner  
Chief Operating Officer, NCBA

Liz Bailey  
Chief Operating Officer, CDF

Jack Deeds  
Vice President of Finance

Alex Serrano  
Vice President of Program Development

Gina Miller  
Vice President of Human Resources

R. L. Condra  
Vice President for Advocacy

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