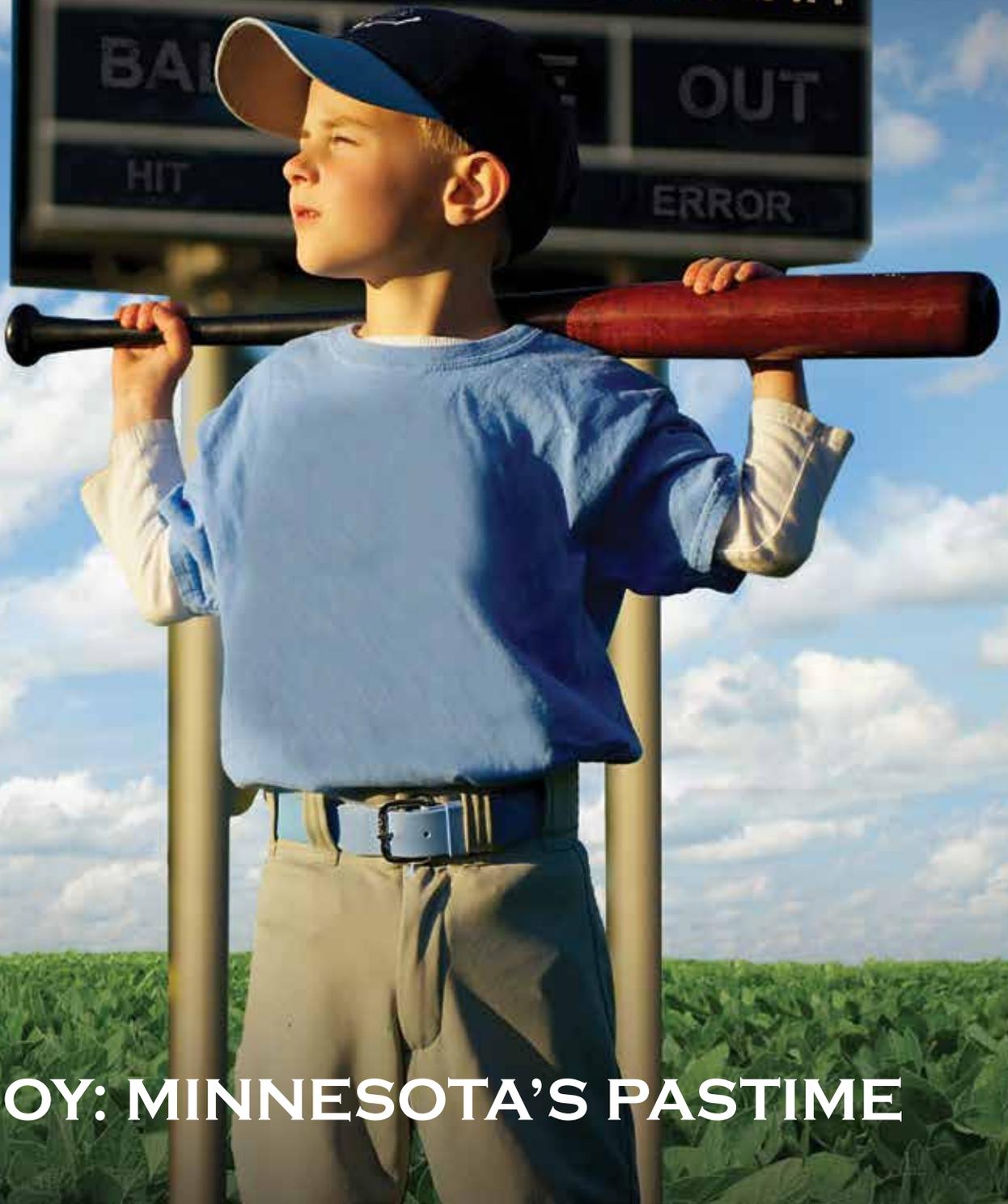


MINNESOTA SOYBEAN 2018 ANNUAL REPORT



SOY: MINNESOTA'S PASTIME



Keith Schrader
District 8



Patrick O'Leary
Chairman, District 4



Rochelle Krusemark
District 8



Ben Storm
District 9



Kris Folland
District 1, 2 & 3



Bill Zurn
District 1, 2 & 3



Jim Call
District 4



Paul Dahlseng
District 4



Joe Serbus
Treasurer, District 5 & 6



Pat Sullivan
Secretary, District 5 & 6



Ron Obermoller
District 7



Gene Stoel
District 7



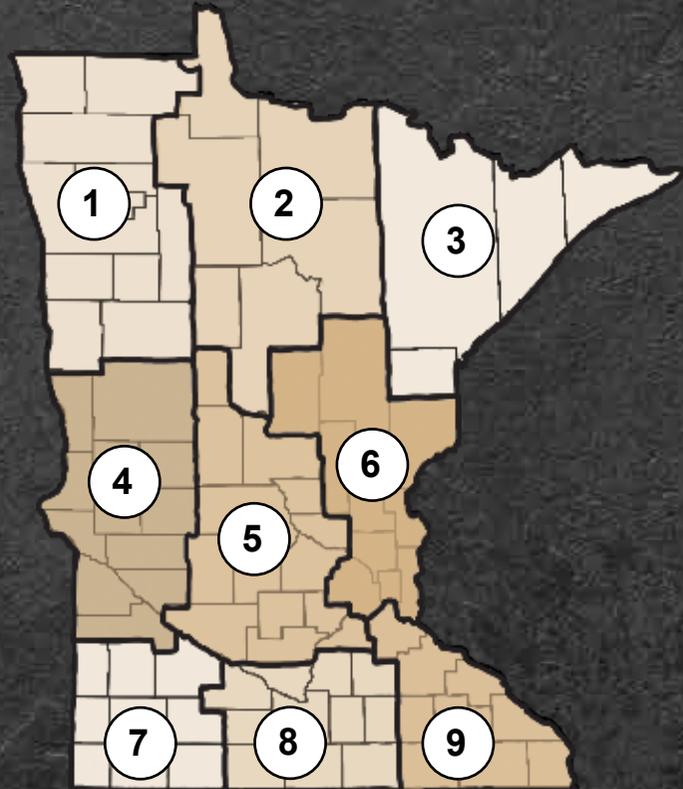
Jim Willers
District 7



Cole Trebesch
Vice Chairman, District 8



Rob Hanks
District 9



DIRECTORS

LINEUP:

NAME:	POSITION:
<i>PRODUCTION</i>	<i>Page 8</i>
<i>PRODUCTION</i>	<i>Page 10</i>
<i>MARKET DEVELOPMENT</i>	<i>Page 12</i>
<i>MARKET DEVELOPMENT</i>	<i>Page 14</i>
<i>NEW USES</i>	<i>Page 16</i>
<i>NEW USES</i>	<i>Page 18</i>
<i>MARKETING COMMUNICATIONS</i>	<i>Page 20</i>
<i>MARKETING COMMUNICATIONS</i>	<i>Page 22</i>
<i>ENVIRONMENTAL STEWARDSHIP</i>	<i>Page 24</i>
<i>NEW USES MVP</i>	<i>Page 26</i>

MINNESOTA SOYBEAN RESEARCH AND PROMOTION COUNCIL
STATEMENT OF FINANCIAL POSITION
MODIFIED ACCRUAL BASIS
AUGUST 31, 2018

MINNESOTA SOYBEAN RESEARCH AND PROMOTION COUNCIL
STATEMENT OF ACTIVITIES
MODIFIED ACCRUAL BASIS
FOR THE YEAR ENDED AUGUST 31, 2018

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$	3,586,969	
Accounts Receivable		6,682	
Accounts Receivable - Related Parties		4,368	
Prepaid Expenses		<u>604,210</u>	
Total Current Assets	\$		4,202,229

PROPERTY AND EQUIPMENT

Building		1,081,922	
Equipment		461,081	
Vehicles		223,503	
Other		<u>300,000</u>	
		2,066,506	
Less: Accumulated Depreciation		<u>1,066,183</u>	
Net Property and Equipment			1,000,323

OTHER ASSETS

			<u>119,676</u>
TOTAL ASSETS	\$		<u>5,322,228</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable		382,588	
Accounts Payable - Related Parties		<u>2,420</u>	
Total Current Liabilities	\$		385,008

UNRESTRICTED NET ASSETS

Unrestricted		(314,573)	
Designated by the Board			
PRE-SPARC Funds		219,929	
Contingency		1,500,000	
Prior Year Project Commitments		2,531,544	
Net Investment in Property and Equipment		<u>1,000,320</u>	
Total Unrestricted Net Assets			<u>4,937,220</u>

TOTAL LIABILITIES AND NET ASSETS

	\$		<u>5,322,228</u>
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REVENUE

Assessment Revenue Collected	\$	20,486,780	
Less: Assessment Revenue Remitted		<u>(11,931,626)</u>	
Net Assessment Revenue	\$		8,555,154
Royalty		17,694	
Rental		8,250	
Direct Contributions		80	
Late Fees		4,618	
Interest Income		41,196	
Gain on Investments		94,676	
Gain on Disposal of Fixed Assets		7,973	
Other Revenue		<u>30,773</u>	
Total Revenues			8,760,414

EXPENSES

Program Services			
Promotion		6,213,879	
Research		2,165,987	
Industry Information		321,804	
Producer Communication		<u>2,432,145</u>	
Total Program Services			11,133,815
Support Services			
Administration			<u>1,412,890</u>
Total Expenses			<u>12,546,705</u>

CHANGE IN NET ASSETS

			(3,786,291)
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NET ASSETS - BEGINNING OF YEAR

			<u>8,723,511</u>
--	--	--	------------------

NET ASSETS - END OF YEAR

	\$		<u>4,937,220</u>
--	-----------	--	-------------------------

FINANCIALS

Letter from the Chair



Fiscal year 2018 was a home run for our all-star lineup of checkoff-funded projects. In the face of crippling retaliatory Chinese tariffs, with farm income down for the fifth straight year, the

Minnesota Soybean Research & Promotion Council put their best feet forward and left it all out on the field in 2018.

Soybeans, of course, are a global commodity. Despite the lingering trade dispute with China, which contributed to a steep decline in soybean prices, the Council remained laser-focused on growing markets in 2018. Throughout the year, our directors and staff met with international buyers, culminating in a \$1.6 billion trade agreement with Taiwan. We also increased our exports to the European Union and other flourishing markets. Talk about hustling on behalf of

Minnesota's 27,000 soybean growers.

The Council launched our biennial "See for Yourself" mission (the 2018 team traveled to Colombia and Chile) to oversee how your checkoff dollars invested in foreign countries are working for farmers back home. The Council also hosted 19 trade team missions in Minnesota, forging relationships with trade teammates in the universal language of soy.

Up here in the beautiful North Country, where soybeans are the state pastime, we're not afraid to get our uniforms dirty. To that end, we swung for the fences and resumed our unique partnership with the DieselSellerz. The foursome from Utah completed the build of a mammoth truck for the Council, which was unveiled in the spring and documented over two episodes on Discovery in August 2018. The prime time exposure was a grand slam for MSR&PC, garnering millions of media impressions over a plethora of media

platforms. Most importantly, the Ford truck, named "Indomitus," helps us continue to drive the biodiesel conversation nationwide.

On May 1, we celebrated the successful implementation of Minnesota transitioning to a 20 percent biodiesel blend in the summer months. To commemorate, our communications staff traversed the state that momentous day, meeting folks at fuel stations, touting biodiesel's benefits and purchasing homegrown biodiesel for lucky customers.

Minnesota is a large state, with varying environmental and production interests and concerns depending on the region. A grower in Olmsted County likely runs their operation differently than one in Kittson County. To address the diverse issues in our state, the Council invested in more than two dozen research projects focusing on the needs of farmers from Wannaska to Wabasha, and everywhere in between. The Council also hosted farmers and researchers at the

third annual grower-researcher retreat. Here, farmers expressed to researchers what tools they need to flourish. Together with researchers, we made more informed decisions on how to wisely invest your checkoff dollars.

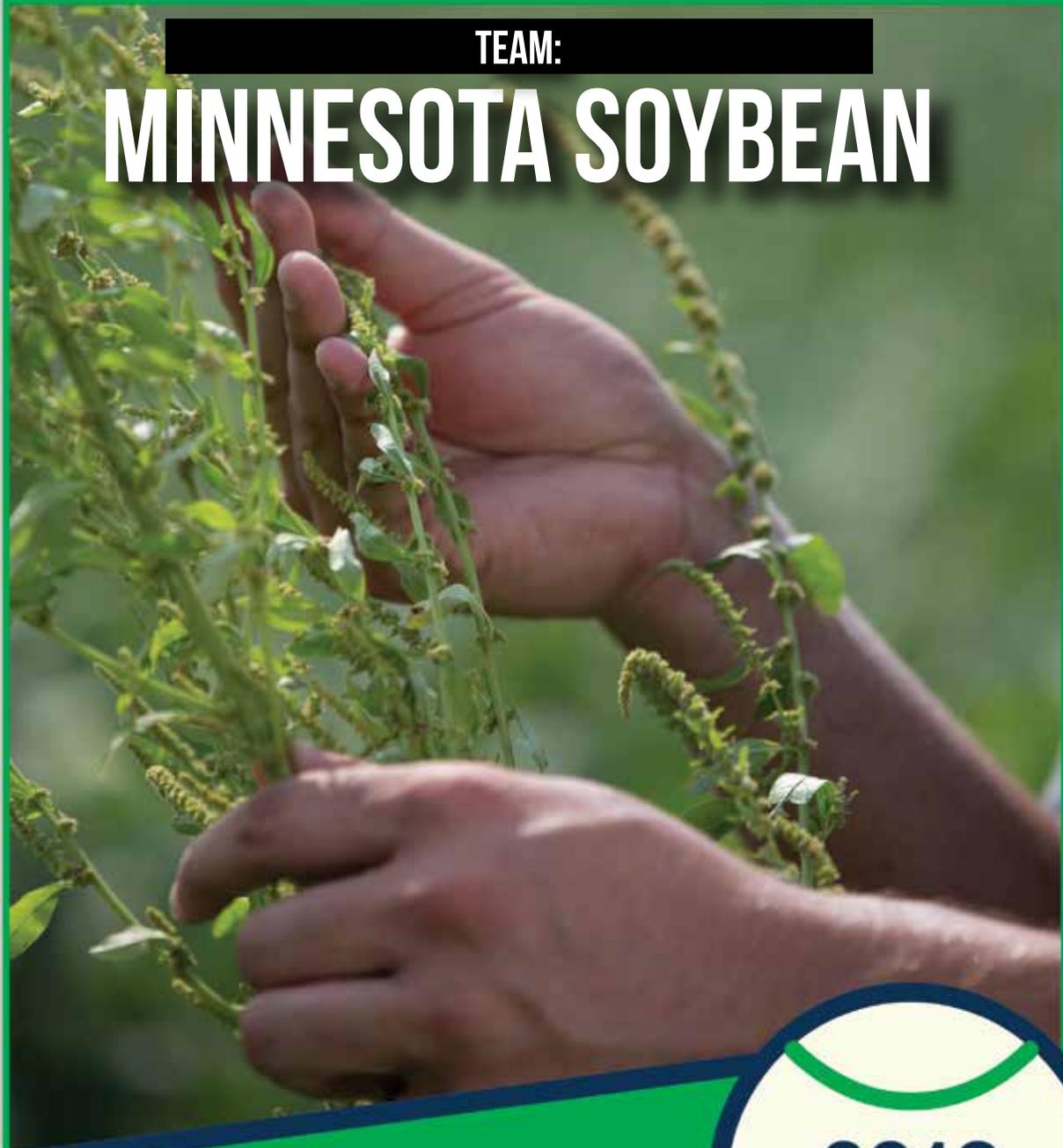
2018 saw a few bad hops along the way – namely retaliatory tariffs, low commodity prices and disagreeable weather patterns. But the Council is always ready to brush off our uniform and get back in the game. We always keep our eyes on the ball in our core mission: improving the profitability of the Minnesota's soybean farmers.

Let's go around the horn and review 2018. Batter up!

Sincerely,
Patrick O'Leary
MSR&PC Chairman

TEAM:

MINNESOTA SOYBEAN



PLAYER:
PRODUCTION

2018

MINNESOTA SOYBEAN ANNUAL REPORT



PLAYER:

PRODUCTION

BIO:

Checkoff dollars continue to lead the way in increasing soybean yield and enhancing environmental stewardship. Every year MSR&PC is charged with directing and investing checkoff dollars to sponsor unbiased research projects. Unbiased production research is critical to farmers throughout Minnesota. Projects supported by MSR&PC help gather valuable management information and new soybean cultivars to farmers across the state.

STATS:

MSR&PC approved 28 major production projects in 2018, including:

- 10 agronomic research and tech transfer
- 8 disease and soybean cyst nematode management
- 2 insect management
- 8 soybean breeding, molecular genetics and functional genomics

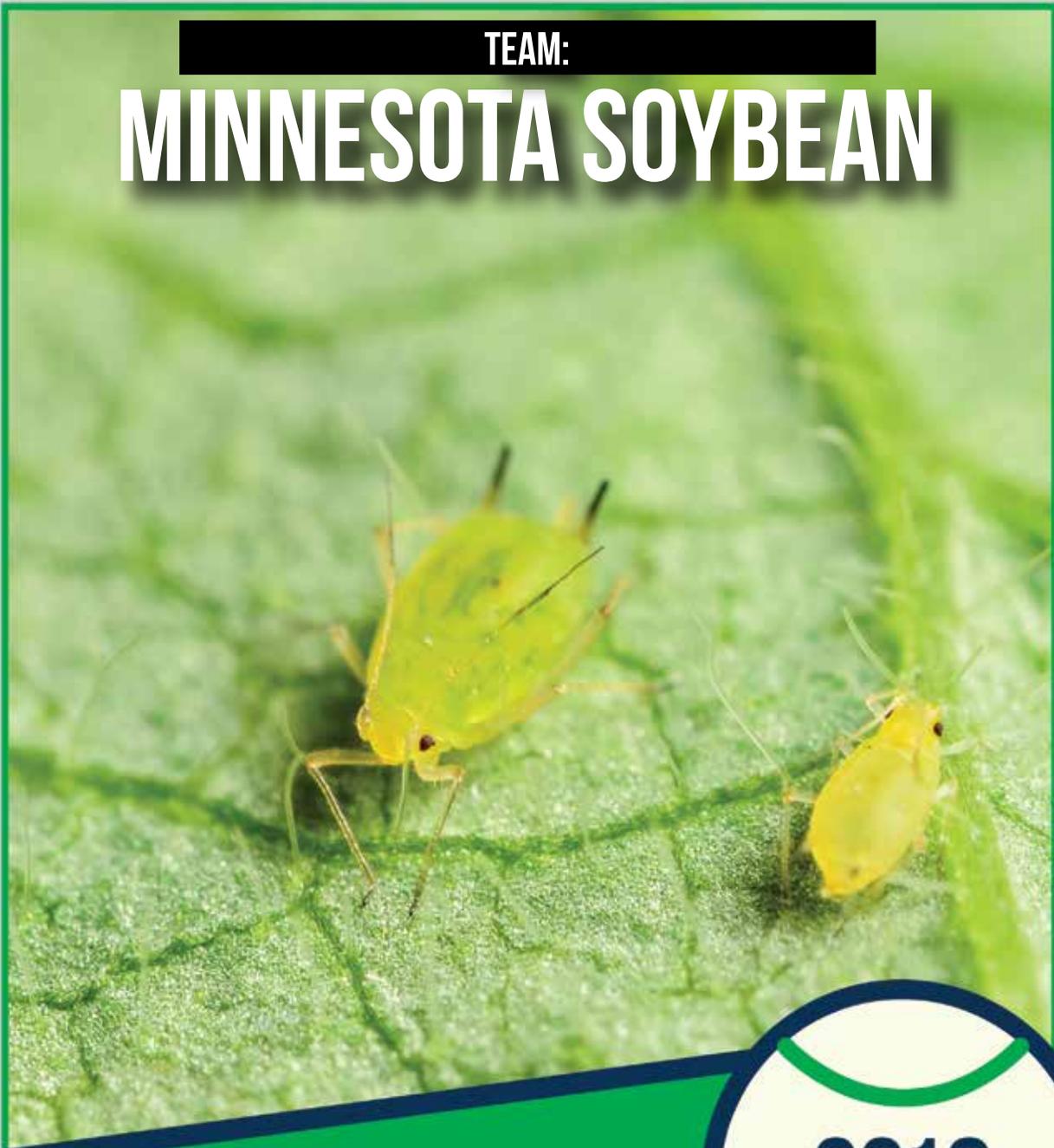


POSITION:

RESEARCH ROUNDUP

TEAM:

MINNESOTA SOYBEAN



PLAYER:
PRODUCTION

2018

MINNESOTA SOYBEAN ANNUAL REPORT



PLAYER:

PRODUCTION

BIO:

The third annual Grower-Researcher Retreat, sponsored by the Minnesota Soybean Research & Promotion Council (MSR&PC), was held in 2018. Farmer leaders spent 30 minutes at six tables, discussing a variety of topics: general agronomy, soil fertility, plant pathology, insect and weed management, soil hydrology and soybean utilization. Continued engagement between growers and researchers was also a focal point of the retreat. Earlier in 2018, many of these same farmer leaders and researchers attended the Council's 8th annual Soybean Symposium in Chanhassen, Minn.

STATS:

- 23 farmer leaders attended the retreat
- The farmer leaders met with 39 researcher and industry leaders
- Five University of Minnesota graduate students, funded by the soybean checkoff, discussed their research projects



POSITION:

GROWER-RESEARCHER RETREAT

TEAM:

MINNESOTA SOYBEAN



PLAYER:
MARKET DEVELOPMENT

2018

MINNESOTA SOYBEAN ANNUAL REPORT



PLAYER:

MARKET DEVELOPMENT

BIO:

The Council invests heavily in developing foreign markets. In 2018, the Council took 10 Minnesota soybean producers not affiliated with soy checkoff organization, plus four representatives from the North Dakota Soybean checkoff, on a trip to visit soybean-applicable sites across the countries of Chile and Colombia. Participants examined candidates in winter soybean growing plots in Chile that are utilized by University of Minnesota and ND State University soybean breeders to speed-up the creation of new soybean varieties. Additionally, the Council hosted trade teams throughout the growing season. The Council entirely funded a team from Thailand as part of its summer activities. Following that visit, Thailand soybean processors purchased a record 221,400 metric tons of soybeans from PNW ports in FY18, which was 10 times larger than the average amount during that calendar quarter over the prior six years. In September 2018, MSR&PC notched a historic win for farmers when Taiwan agreed to purchase \$1.6 billion worth of soybeans from Iowa and Minnesota.

STATS:

- 3.75 million: the amount the \$1.6 billion agreement with Taiwan equates to in soybean acreage
- 10: the number of Minnesota farmers to tour checkoff investments in Chile and Colombia
- 19: the number of trade teams to visit Minnesota farms
- \$34K: the amount MSR&PC invested to bring a trade team from Thailand to Minnesota
- 221,400: the metric tons purchased by Thailand soy processors as a result of that investment

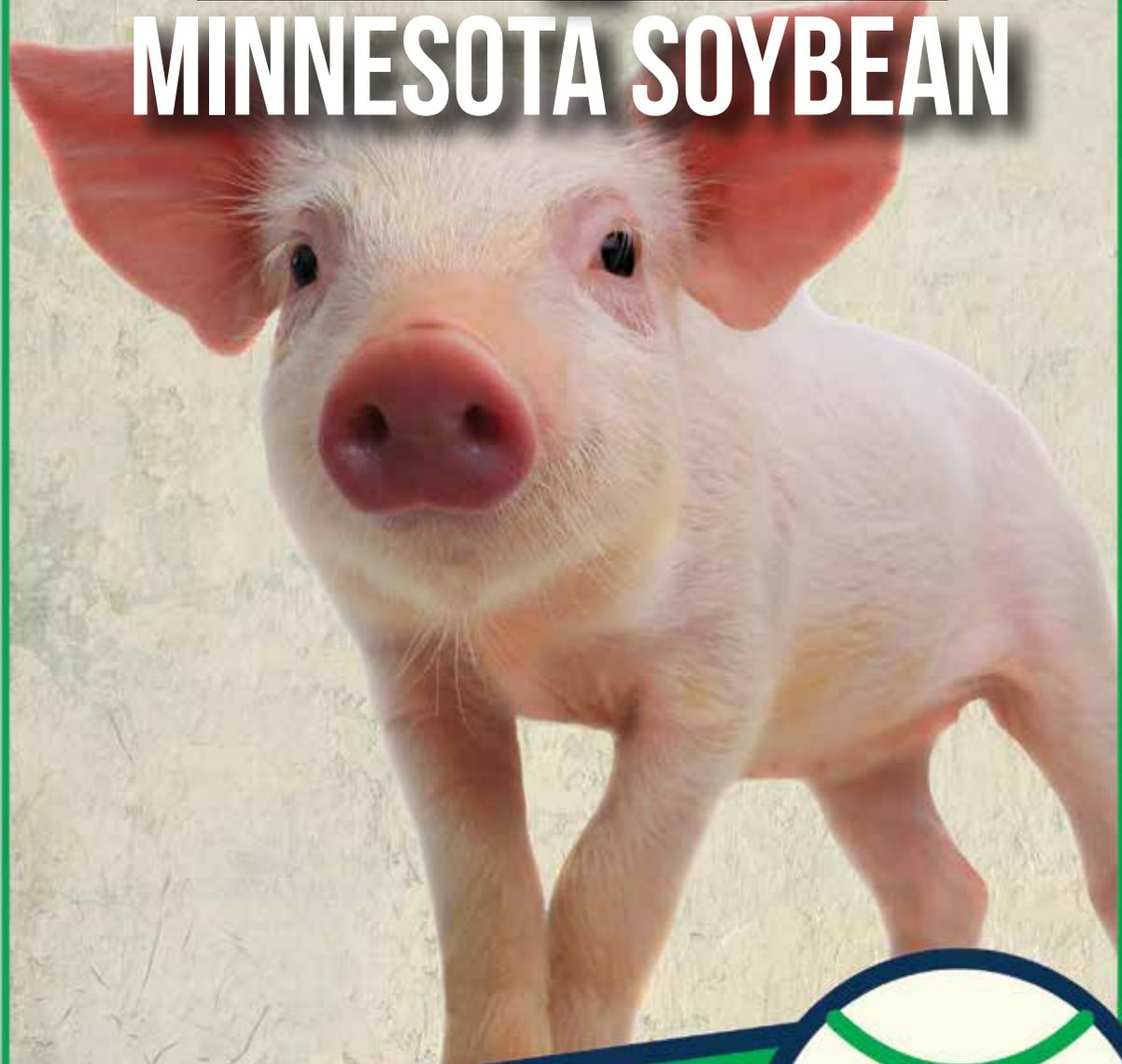


POSITION:

INTERNATIONAL MARKETING

TEAM:

MINNESOTA SOYBEAN



PLAYER:
**MARKET
DEVELOPMENT**

2018

MINNESOTA SOYBEAN ANNUAL REPORT



PLAYER:

MARKET DEVELOPMENT

BIO:

The Council invests heavily in its partners in the livestock industry. No industry is more important to the success of soybean farmers than the industry that consumes the most soybean meal. As a result, the Council invested heavily in the U.S. Meat Export Federation (USMEF). In addition, the Council continued its partnerships with the Minnesota Beef and Pork councils, allowing the state to again outpace the nation in agricultural export growth, with beef and pork exports leading the way.

STATS:

- \$475K: The amount MSR&PC invested in USMEF programs
- 14: The percent of growth of agriculture exports in Minnesota in 2018
- \$1.2%: The percent growth of agricultural exports for the U.S. in 2018
- 1: Minnesota's rank among all states for growth of agricultural exports in 2018



POSITION:

U.S. PORK, BEEF PROMOTION

TEAM:

MINNESOTA SOYBEAN

BIODIESEL
BIODIESEL

PLAYER:
NEW USES

2018

MINNESOTA SOYBEAN ANNUAL REPORT



PLAYER:

NEW USES

BIO:

The purpose of this project is to support and expand current markets for soybean oil through technical support, education and promotion of biodiesel. Education and promotion activities include conducting workshops, staffing trade shows and meeting one-on-one with members of targeted audiences. Targeted audiences include fuel distributors, fuel purchasing decision makers, fleet managers, mechanics and other interested parties. Topics include the benefits of biodiesel, proper storage, handling and use of fuel, housekeeping tips and understanding biodiesel economics. Technical assistance is provided to fuel distributors, diesel users and diesel technicians when needed to facilitate successful outcomes.

STATS:

- Represented biodiesel at 12 seminars/tradeshows/meetings
- Conducted 12 "Be Ready for B20" workshops throughout the state
- 8 previous workshops held for fuel suppliers, businesses and county soybean boards; 25 workshops are planned for 2019
- 7-plus Troubleshooting kits delivered to fuel suppliers and farmer customers
- 68: the number of calls received and troubleshooted by the Minnesota Diesel Helpline; problems with water was the number one issue reported



POSITION:

BIODIESEL EDUCATION

TEAM:

MINNESOTA SOYBEAN

PLAYER:
NEW USES

2018

MINNESOTA SOYBEAN ANNUAL REPORT



PLAYER:

NEW USES

BIO:

Minnesota faces a host of critical transportation-related issues. Continued expansion and maintenance of this vital infrastructure is essential, and that's where soy-based road treatment comes into play. Biobased road treatment technologies present an opportunity to reduce overall maintenance costs of bituminous roadways by extending surface life and delaying costly repairs. This was the third part of a three-year plan with the Agriculture Utilization Research Institute (AURI) and a five-year vision. Through the long-term partnership of the organizations, greater awareness, acceptance and ultimately use of soy-based road preservation technology is occurring. Already treated partner locations continue to serve as long-term testing and outreach sites across the state of Minnesota. The Council showed off its investments in RePlay Agriculture Oil and Preservation Agent and soy-based road treatment at the 2018 Farmfest by laying down strips of the products. Soy-based road treatment could be found literally every step of the way in Minnesota Soybean's booth at Farmfest.

STATS:

- The City of Hutchinson estimates using RePlay saves the city 30 percent on its road maintenance budget
- 400 bushels of soybeans are needed to produce 100 gallons of Biostripe
- 200 bushels of soybeans needed to seal one, two-lane mile of road with soy-based road treatment
- RePlay is 88 percent biobased
- One application of RePlay can last between three and five years
- The Minnesota Department of Transportation conducted their first full scale test of soybean asphalt sealant in 2018



POSITION:

SOY-BASED ROAD PRESERVATION

TEAM:

MINNESOTA SOYBEAN



PLAYER:
**MARKETING
COMMUNICATIONS**

2018

MINNESOTA SOYBEAN ANNUAL REPORT



PLAYER:

MARKETING COMMUNICATIONS

BIO:

At the county level, Minnesota Soybean reigns supreme above all others. Dating back to the late 1970s, Minnesota is the only state in the country to support a grassroots county soybean program. This program utilizes checkoff dollars to assist local soybean associations in promoting Minnesota Soybean and its priority messages through digital, radio and print media. The county boards also are heavily involved in soy-based promotional events like Breakfast on the Farm, ag appreciation nights, county fairs, parades and annual meetings. In 2018, the Council boasted one of its most successful years promoting biodiesel and high oleic soybean cooking oil with several counties, along with other special projects, taking advantage of county funding set aside to promote these and other focus areas.

STATS:

- 45: the number of county soybean associations in Minnesota
- The first county association was formed in 1979 in Lyon County
- 40: the number of annual meetings Minnesota soybean county associations held in 2018
- Promotional items such as Minnesoyta hats, t-shirts, lip balms, pizza cutters, cooler, rain gauges and more were given away at county events
- The Nobles County Soybean Growers continued their high oleic soybean oil promotion events by giving away 35-pound, five-gallon drums of the cooking oil to local restaurants
- As part of a county promotion, the Martin County Soybean Growers board hosted a two-day ag tour for 35 Minnesota educators, influencers and the next generation of decision makers
- The Kandiyohi Soybean Growers hosted a “Farmtastic Night” at the Willmar Stingers baseball game in July 2018; hundreds of kids learned about modern agriculture and equipment



POSITION:

COUNTY PROMOTIONS PROGRAM

TEAM:

MINNESOTA SOYBEAN



PLAYER:
**MARKETING
COMMUNICATIONS**

2018

MINNESOTA SOYBEAN ANNUAL REPORT



PLAYER:

MARKETING COMMUNICATIONS

BIO:

To celebrate the historic implementation of B20 in Minnesota, three county soybean organizations in northern Minnesota ran a multi-pronged biodiesel promotion throughout summer 2018. The promotion featured radio ads, promotional items for county fairs, billboards, live-remote broadcasts, fuel promotion events, social media and interviews with producers and Meg Corp. Polk, Norman and Becker-Mahnomen counties all participated in the project. This special promotional effort was intended to increase awareness of the economic and environmental benefits of biodiesel in northern Minnesota.

STATS:

- B20 promotional ads ran on seven radio stations in the three-county region
- The promotion featured “biodiesel buydown” events, where the county boards discounted 20 cents off each gallon of biodiesel
- Biodiesel made up 28 percent of mnsoybean.org traffic in FY18, and was the number one read topic, edging blog posts by .5 percent

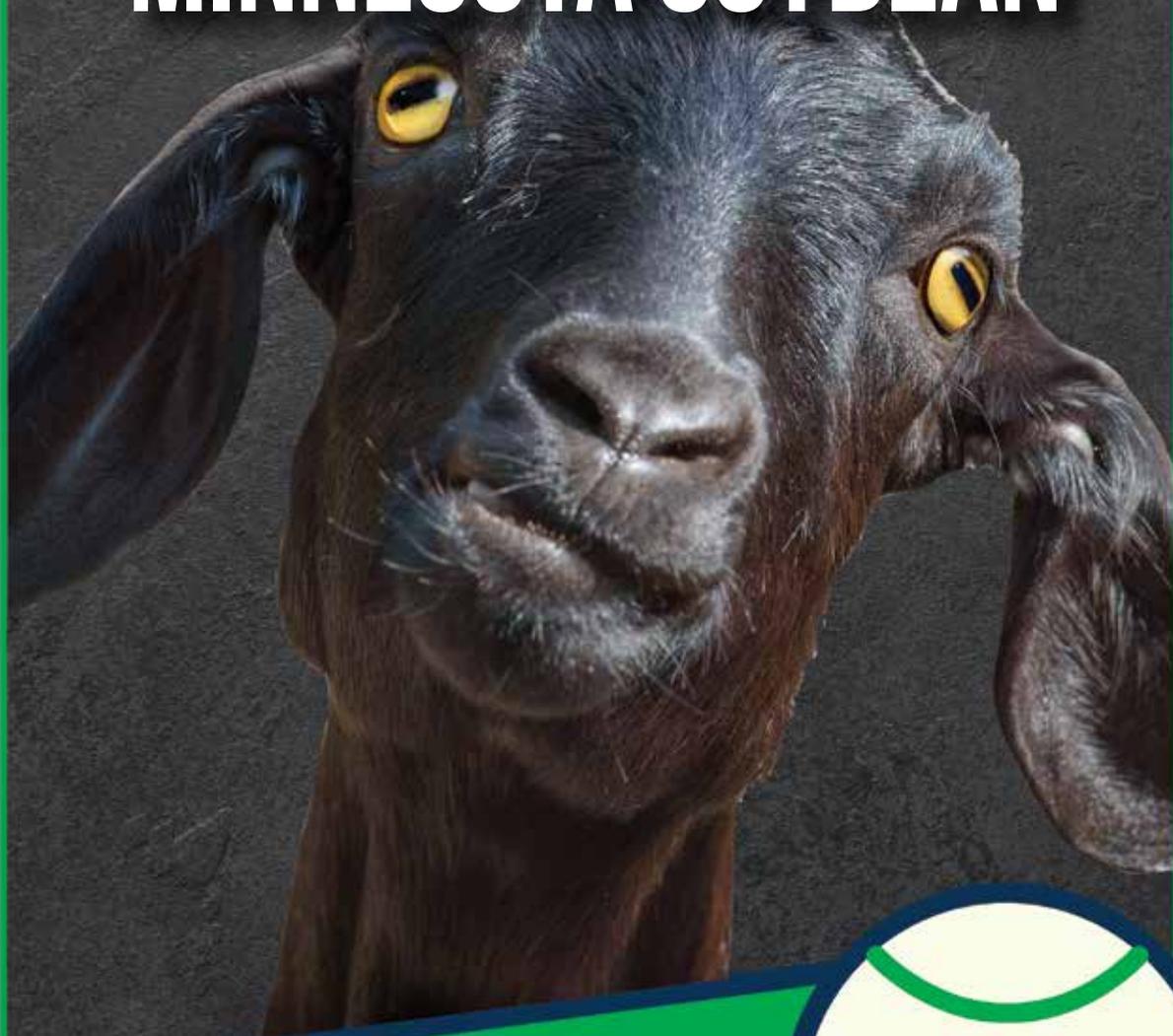


POSITION:

B20 REGIONAL PROMOTION

TEAM:

MINNESOTA SOYBEAN



PLAYER:
**ENVIRONMENTAL
STEWARDSHIP**

2018

MINNESOTA SOYBEAN ANNUAL REPORT 

PLAYER:

ENVIRONMENTAL STEWARDSHIP

BIO:

The Council continued to emphasize steadfast dedication to conservation in 2018. The removal of buckthorn – and in particular – the relationship between the invasive shrub and aphids, was of paramount importance to MSR&PC in 2018. As part of the study, University of Minnesota’s department of forest resources worked with soybean farmers who had more than 10 acres of woodland or forests adjacent to a soybean field. Field crews sampled aphid populations in both the woodland and the soybean fields. Field crews also set up forest inventory plots in the woodlands during the summer growing season. Because aphids are the No.1 yield-robbing foe of soybeans, this is a long-term project aimed at exploring treatment methods for controlling buckthorn and decreasing soybean aphid population.

STATS:

- 23: The number of soybean fields U of M researcher Dr. Marcella Windmuller-Campione used for her buckthorn research
- 1,228: Average buckthorn stems per acre in Minnesota, according to Windmuller-Campione’s data
- 25: The number of feet in height a buckthorn plant can grow

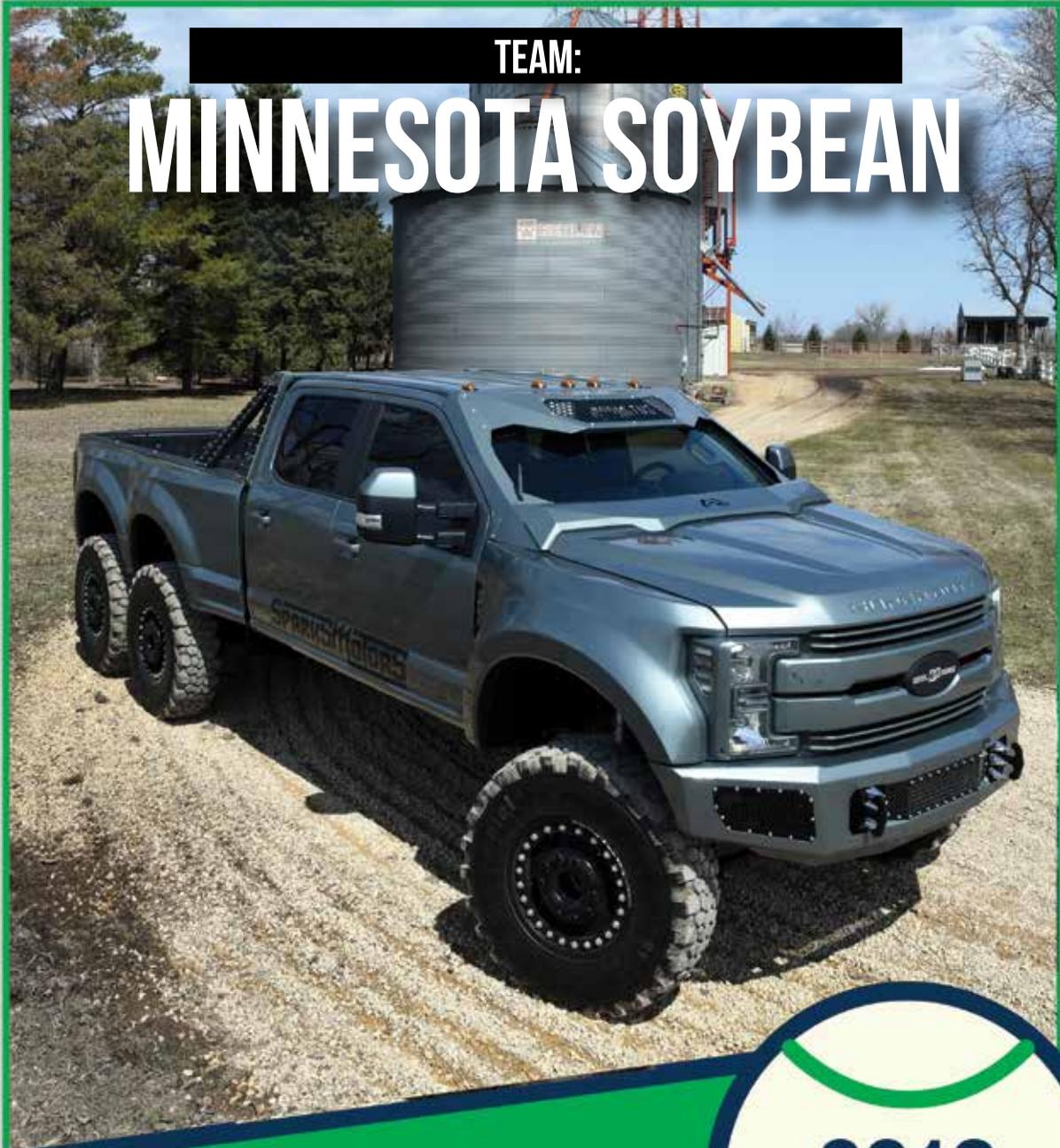


POSITION:

BUCKTHORN STUDY

TEAM:

MINNESOTA SOYBEAN



PLAYER:
NEW USES MVP

2018

MINNESOTA SOYBEAN ANNUAL REPORT



PLAYER:

NEW USES MVP

BIO:

The Council needed to cover all the bases and highlight Minnesota's historic transition to B20 with an exclamation point. The Council partnered with the DieselSellerz, stars of Discovery's "Diesel Brothers," to build a truck to promote the benefits of biodiesel across Minnesota. The truck the DieselSellerz built for MSR&PC, "Indomitus," was unveiled in Minnesota in spring 2018. The four bearded bros from Utah traveled to Minnesota several times during FY 2018 participating in promotional events for MSR&PC, highlighted by an appearance at the Bandit Big Rig Series. The Year of B20 was capped by Discovery's two-episode chronicle of the build of Indomitus, which also featured three MSR&PC former and current directors.

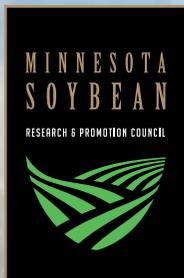
STATS:

- Indomitus appeared at more than 50 county and state events in Minnesota in 2018
- Indomitus traveled more than 11,000 miles from May through August 2018
- Indomitus is 11 feet long, and is currently the only true 6x6 super duty pickup
- 41,509 people visited Minnesota Soybean's pledge page for the Meet and Greet with the DieselSellerz
- The first Bandit event at Elko Raceway resulted in 93 media placements both in Minnesota and nationally; those placements resulted in 9,134,567 media impressions
- For FY18, Minnesota biodiesel stories reached 1,592 media outlets with a total reach of nearly 121 million media impressions



POSITION:

**DIESELSELLERZ "INDOMITUS"
PROMOTION**



Annual Report of Program Area Expenditures
Fiscal year September 1, 2017 - August 31, 2018
Certified through an independent audit by the
accounting firm of Schlenner Wenner & Co.

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