

# SOYBEAN PRODUCERS

present



## MINNESOTA SOYBEAN ANNUAL REPORT

*"A non-stop thrill ride through the  
Year of Minnesota Soybean"*

- Patrick O'Leary

# 2017





Keith Schrader  
District 8



Patrick O'Leary  
Chairman, District 4



Rochelle Krusemark  
District 8



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District 9



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Drew Parsley  
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Jim Call  
District 4



Paul Dahlseng  
District 4



Joe Serbus  
Treasurer, District 5 & 6



Pat Sullivan  
Secretary, District 5 & 6



Craig Bangasser  
District 7



Gene Stoel  
District 7



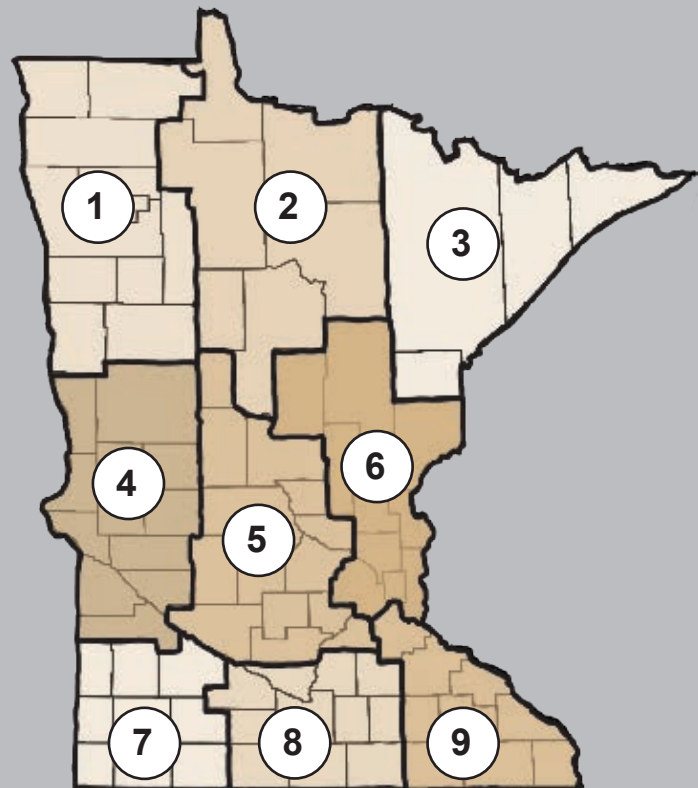
Jim Willers  
District 7



Cole Trebesch  
Vice Chairman, District 8



Robb Hanks  
District 9



## DIRECTORS

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MINNESOTA  
SOYBEAN  
RESEARCH & PROMOTION COUNCIL



**MINNESOTA SOYBEAN RESEARCH AND PROMOTION COUNCIL**  
**Statements of Activities**  
**Modified Accrual Basis**  
**For the Years Ended August 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>		
<b>REVENUES AND SUPPORT</b>		
Assessment revenue collected from 1st purchasers	<b>\$18,564,432</b>	\$16,557,181
Assessment revenue collected from other QSSBs	<b><u>2,987,284</u></b>	<u>2,978,561</u>
	<b>21,551,716</b>	19,535,742
Less assessment revenue remitted to other QSSBs	<b>2,983,142</b>	2,978,561
Less assessment revenue remitted to USB	<b><u>9,118,996</u></b>	<u>8,557,941</u>
	<b><u>12,102,138</u></b>	<u>11,536,502</u>
Net assessment revenue	<b>9,449,578</b>	7,999,240
Interest and dividend income	<b>33,835</b>	33,121
Royalty income	<b>18,570</b>	21,278
Rental income	<b>8,580</b>	8,580
Other income	<b>1,336</b>	1,682
Gain (loss) on disposition of fixed assets	<b><u>27,141</u></b>	<u>(502)</u>
Total unrestricted support	<b><u>9,539,040</u></b>	<u>8,063,399</u>
<b>EXPENSES</b>		
Program Expenses		
New uses	<b>2,184,754</b>	986,268
International marketing	<b>1,640,451</b>	1,645,607
Consumer education	<b>824,994</b>	482,037
Marketing Communications	<b>898,587</b>	1,364,991
Research and tech transfer	<b><u>2,581,064</u></b>	<u>2,623,516</u>
Total program expenses	<b><u>8,129,850</u></b>	<u>7,102,419</u>
Administration Expenses		
Compliance	<b>43,658</b>	61,488
Management	<b>184,240</b>	149,489
Depreciation	<b>218,329</b>	213,189
Insurance and bonding	<b>6,677</b>	6,677
Council member expenses	<b>69,681</b>	73,209
Contracted overhead allocation	<b><u>1,677,952</u></b>	<u>1,700,940</u>
Total administration expenses	<b><u>2,200,537</u></b>	<u>2,204,992</u>
Total expenses	<b><u>10,330,387</u></b>	<u>9,307,411</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	<b>(791,347)</b>	(1,244,012)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b><u>9,514,858</u></b>	<u>10,758,870</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 8,723,511</u></b>	<u>\$ 9,514,858</u>

**MINNESOTA SOYBEAN RESEARCH AND PROMOTION COUNCIL**  
**Statements of Financial Position**  
**Modified Accrual Basis**  
**August 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	<b>\$ 3,225,090</b>	\$ 6,183,390
Accounts receivable	<b>14,831</b>	-
Total current assets	<b><u>3,239,921</u></b>	<u>6,183,390</u>
Property and Equipment		
Building	<b>1,081,922</b>	1,081,922
Equipment	<b>603,391</b>	578,398
Vehicles	<b>237,463</b>	224,102
Other	<b><u>300,000</u></b>	<u>300,000</u>
Total	<b>2,222,776</b>	2,184,422
Less: accumulated depreciation	<b><u>1,031,089</u></b>	<u>874,892</u>
Net property and equipment	<b><u>1,191,687</u></b>	<u>1,309,530</u>
Other assets		
Designated cash	<b>4,659,029</b>	4,141,852
Investment in subsidiary	<b>25,000</b>	-
Prepaid expenses	<b><u>556,250</u></b>	<u>-</u>
Total	<b><u>5,240,279</u></b>	<u>4,141,852</u>
Total assets	<b><u>\$ 9,671,887</u></b>	<u>\$ 11,634,772</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable	<b>\$ 169,276</b>	\$ 389,891
Payable to United Soybean Board	<b>535,028</b>	518,242
Payable to Minnesota Soybean Growers Association (MSGA)	<b><u>244,072</u></b>	<u>1,211,781</u>
Total current liabilities	<b><u>948,376</u></b>	<u>2,119,914</u>
Total liabilities	<b><u>948,376</u></b>	<u>2,119,914</u>
Net Assets		
Unrestricted:		
Designated PRE-SPARC funds	<b>219,227</b>	293,587
Designated for contingency	<b>1,500,000</b>	1,500,000
Designated for prior year project commitments (carryover)	<b>2,939,802</b>	2,348,265
Net investment in equipment	<b>1,191,687</b>	1,309,530
Undesignated, available for general use	<b><u>2,872,795</u></b>	<u>4,063,476</u>
Total net assets	<b><u>8,723,511</u></b>	<u>9,514,858</u>
Total liabilities and net assets	<b><u>\$ 9,671,887</u></b>	<u>\$ 11,634,772</u>



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## LETTER FROM THE CHAIR

***“Farmer profitability has never  
been so satisfying”***

*- Patrick O’Leary*

## Letter from the Chair

Fiscal Year 2017 was a certified blockbuster, featuring a series of critically acclaimed projects. Sandwiched between two harvests and the Chicago Cubs’ first World Series title since 1908, the United States of America saw an upset victory as Donald Trump became the 45th president.

While farmers didn’t win the World Series or get elected president, the fiscal year did hold importance to Minnesota agriculture as the Minnesota Soybean Research & Promotion Council (MSR&PC) invested soybean checkoff money into several significant projects.

Mostly visibly, FY17 marked the kickoff of a unique partnership with a bearded, celebrity foursome. With 2018 on the horizon and B20 (20 percent biodiesel blended diesel) set to begin, the Council invested in a high-profile education and promotion campaign, part of which entailed a deal with the DieselSellerz, stars of Discovery’s “Diesel Brothers,” to build a truck to promote the benefits of biodiesel.

Biodiesel in Minnesota adds to farmers’ bottom lines by driving demand for soybeans and soybean oil (biodiesel adds 63 cents to a bushel of soybeans). Biodiesel also adds jobs for rural communities and generates billions of economic impact (an estimated \$1.7 billion annually) for the state.

The Council made this a priority because we make profitability for Minnesota soybean farmers a priority. On top of our B20 campaign, we also invested in the continued commercialization of biobased road products, most notably RePLAY Agricultural Oil Seal and Preservation Agent. RePLAY uses the soybean oil from nearly 200 bushels of soybeans to seal a one-mile, two-lane road.

In 2017, we also saw the highly anticipated launch of high-oleic soybeans in Minnesota; about 25,000 acres of high oleic beans were planted. Several of our counties took the step of promoting heart-healthy high oleic cooking oil to consumers in their communities.

Minnesota is a large state, and not everything the Council invests in is going to apply to every soybean farmer. As such, the Council hosted farmers and researchers at the second-annual research retreat. Here, experts learn what farmers across Minnesota actually need to be successful producers. Not only do the researchers engage with farmers, but MSR&PC directors as well. Together with researchers, we make more informed decisions on how to invest your checkoff dollars.

We also invest considerable checkoff money into developing relationships and markets at home and abroad. These efforts help us provide farmers new markets while maintaining current markets. And because farmers don’t always see our direct investments, every two years we invite farmers to on a See For Yourself mission to these markets because we want our investments to measure up to farmers’ expectations.

As you’ll find in the following pages, the Council has made wise decisions on behalf of farmers while keeping profitability at the forefront. These are difficult times, and from our farmer leaders to our staff, we’ve worked tirelessly to promote our work and show farmers the enduring value of their soybean checkoff investments. For the sequel in 2018, we’ll continue to keep Minnesota soybean farmers and their profitability at the forefront of everything we do.

Get your popcorn ready.

Sincerely,

**Patrick O’Leary**  
**MSR&PC Chairman**

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## MEET THE DIESELSELLERZ



## Meet the DieselSellerz

Fiscal year 2017 was anything but typical. The Minnesota Soybean Research & Promotion Council, eyeing the May 2018 implementation of 20 percent biodiesel (B20), set a course to bring awareness and education to the important biofuel. The Council was meticulous in its search for the perfect partner, finally approaching the DieselSellerz, stars of Discovery's hit TV show the "Diesel Brothers," about building a truck to celebrate and highlight the benefits of biodiesel.

The pitch was a success, and with a celebrity partnership in hand, the Council set off to promote the benefits of biodiesel to all Minnesotans. The partnership included:

- ▶ The DieselSellerz building a truck for MSR&PC
- ▶ The truck is a Ford F550 6x6
- ▶ The DieselSellerz loaning its most iconic build, the Mega RamRunner, to MSR&PC
  - The truck was on display at Farmfest and Big Iron
- ▶ The DieselSellerz appearing at Farmfest and the United Pullers of Minnesota tractor pull at the Redwood County Fairgrounds
- ▶ A sweepstakes for people to pledge support for higher blends of biodiesel
  - Participants win weekly DieselSellerz gear
  - Twenty five lucky participants will win a private meet-and-greet for meet the DieselSellerz at MN Ag Expo 2018
- ▶ An appearance at MN Ag Expo by the DieselSellerz.

Additionally, Discovery latched on to the topic of biodiesel, and the build was filmed for a future episode of the show.

### By the numbers

**4** - The number of guys who make up the DieselSellerz team: Heavy D, Diesel Dave, The Muscle and Red Beard

**25** - The number of winners to be picked for the DieselSellerz private meet-and-greet

**5,400** - The number of jobs the biodiesel industry creates in Minnesota

**\$1.7 BILLION** - The number of economic output biodiesel contributes to Minnesota's economy

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## COMING ATTRACTIONS



*“So many bright ideas for soybean products  
it will leave farmers wanting more”*

- Jim Willers

## Coming Attractions

One of the main goals of the Minnesota Soybean Research & Promotion Council is to invest in new products and bring them to commercialization. A couple of those products include High Oleic soybean oil and RePlay Agricultural Oil Seal and Preservation Agent, both of which got their start at the national level with the United Soybean Board before Minnesota took them on and grew interest in both.

### In FY17, the Council:

#### Promoted the use of High Oleic soybean oil through organized county soybean organizations

- ▶ Nobles County requested funds from the Council to promote High Oleic to non-chain restaurants in Nobles County
- ▶ Fourteen restaurants participated and each was given a 35 gallon jug of Plenish High Oleic soybean oil
- ▶ The restaurants reported back to the county about their experience with the soybean oil via a survey
- ▶ Said one participant from Countryside Inn Steakhouse in Adrian: “The high oleic oil was awesome – the food was golden brown and looked excellent. It was a great community effort. ... We would consider using high oleic oil (in the future).”

#### Promoted the use of BioSpan Technologies’ RePlay at a “Parade of Roads” event in Hutchinson

- ▶ Hutchinson Public Works Manager John Olson led the event, taking media, county and city engineers and legislators on a tour of bio-based projects within Hutchinson
- ▶ Olson said he estimates the city saves 30 percent on its road maintenance budget by using RePlay

### Also on display at the “Parade of Roads”

**Opti-Seal Penetrating Concrete Seal:** Also a product of BioSpan Technologies, Opti-Seal seals and protects concrete from electrolytic deterioration, stopping Alkali Silica Reaction (ASR) and seals out further moisture, strengthening and preserving concrete surfaces.

**BioStripe:** The soy friendly product comes from Aexcel and is the world’s first soy alkyd, latex marking and striping traffic paint. BioStripe has been proven to have excellent shelf life and is durable and chemical resistant.

### By the numbers

**420** - The number pounds of soybeans it takes to product 100 gallons of Biostripe

**200** - The number bushels it takes to seal one, two-lane mile of road with RePlay

**30K** - The number of approximate acres planted with High Oleic soybean oil

**0** - The number of transfat grams in High Oleic soybean oil

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## BACK TO THE FUTURE

*"Science has never been so rewarding"*

- Kris Folland

## Back to the Future

Each year MSR&PC is charged with directing checkoff dollars to sponsor unbiased production research projects. Unbiased production research is crucial to farmers throughout Minnesota. Projects supported by MSR&PC help gather valuable management information and new soybean cultivars available to farmers across the state.

Checkoff dollars are leading the way to increasing soybean yield and enhancing environmental stewardship.

### MSR&PC invested in 24 major production research projects in 2017

- ▶ 11 agronomic research and technology transfer
- ▶ 4 disease and pest management
- ▶ 2 insect management
- ▶ 7 soybean breeding, molecular genetics and functional genomics

**Funded projects included:** developing genetic resistance to SCN, soybean aphid and Sudden Death Syndrome, development of biological control of soybean cyst nematode, enhancing soybean aphid management, optimizing soybean plant nutrition management and continued technology transfer program support for control of herbicide-resistance weeds optimizing soybean pest (insect and disease) management and improving soil health.

**Wells Drainage Site:** A 17-acre soybean researcher site was designed to investigate how large-scale interactions of drainage with production practices will impact soybean yield and quality. Current studies being conducted include: soybean yield, drainage interactions with tillage, soybean production practices, N management on corn and seed treatment on environmental impacts. Results from these cutting-edge studies will be used to develop best management practices that will affect soybean profitability and environmental quality.

**Grower-Researcher retreat:** In July, MSR&PC hosted its second annual grower-researcher retreat on Gull Lake. More than 50 of the brightest minds in agriculture jumpstarted the discussions ranging from weed management to plant breeding, agronomy and environmental issues.

**39** - Researchers from four universities/colleges were present

**30** - Farmers from across the state attended the retreat

- ▶ Also included in the conversations were the Minnesota Department of Agriculture, Monsanto, Houston Engineering, Winfield and Bayer
- ▶ Topics ranged from weed management to plant breeding, agronomy and environmental issues

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## IN DEVELOPMENT

*“Suddenly, the world doesn’t seem so big”*

*- Patrick O’Leary*

## In Development

The MSR&PC market development (MDAT) team systematically investigates unmet market needs, both domestically and overseas. In 2017, Minnesota Soybean’s Market Development action team funded 48 projects applicable to development of markets for Minnesota-origin soybeans, plus the infrastructure needed to get those soybeans to market.

MSR&PC focuses on four key areas within Market Development: New markets, livestock, trade relations and transportation. All four play key roles in developing and maintaining markets.

### **Domestic markets:**

Market Development assists the University of Minnesota in its efforts to license-out the innovative soybean varieties that were earlier created by University of Minnesota soybean breeders. These efforts increase Minnesota soybean growers’ opportunities to diversify their soybean plantings and serve specialty soy market needs in addition to commodity soy markets.

### **Overseas markets:**

Because the world market is growing faster than ever before, market development works to build relationships with overseas buyer so they’ll remember Minnesota first when buying soybeans. MDAT funds “boots on the ground” marketing efforts in Vietnam, India, China, Japan and Mexico.

### **Incoming trade teams**

Minnesota Soybean farmer leaders hosted 20 international trade teams in 2017. Those visitors toured Minnesota farmers and soybean handling and processing facilities. These groups heard presentations ranging from soybean agronomics to soybean quality/sustainability and its impact on their security.

### **Outgoing trade teams**

Minnesota Soybean farmer leaders participated in numerous international trips, where they engaged in soy-applicable market development efforts.

### **See for Yourself 2018**

See for Yourself trips are a unique, up-close and personal opportunity for Minnesota leaders to evaluate their checkoff investments. The next mission will take place in February 2018, when a team of farmer leaders head to Chile and Colombia. In Santiago, Chile, they will visit the University of Minnesota’s research plot, which is the oldest of its kind.

### **By the numbers:**

- ▶ China, Mexico and Japan are the top three buyers of whole U.S. soybeans
- ▶ Mexico, Philippines and Canada are the top three buyers of U.S. soybean meal
- ▶ 1 out of every 4 rows of soybeans is shipped to China
- ▶ Minnesota grows twice as many soybeans as are consumed domestically
- ▶ Today’s farmer feeds 155 people, compared to 26 people in 1960

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# STRANGER THINGS



*“For once, an organization that takes  
a fresh look at helping farmers”*

*- Pat Sullivan*

## Stranger Things

The Minnesota Soybean Research & Promotion Council continued its dedication to conservation in 2017 by harnessing partnerships with groups who generally make strange bedfellows with soybean farmers. These environmental groups, while not the ideal partner, help farmers leverage common interests, such as the removal of buckthorn or participation in Water Restoration and Protection Strategy meetings.

### Bucking the trend

In 2017, one of those projects, the removal of buckthorn, was a focus of a greater investment by the Council in understanding the relationship of the invasive shrub and aphids, the No. 1 yield-robbing foe of soybeans.

Under the study, researchers at the University of Minnesota's department of forest resources worked with soybean farmers who had more than 10 acres of woodlands or forests adjacent to a soybean field. Field crews sampled aphid populations in both the woodland and the soybean fields throughout the summer. Field crews also set up forest inventory plots in the woodlands during the summer growing season. The long-term goal of this project is to explore treatment methods for controlling buckthorn and decreasing soybean aphid populations.

### Got goats?

From breeding and genetics to field management and goats, the Council turns over every rock or chews every leaf to find solutions that make economic and environmental sense. While no one knows yet how much of an impact buckthorn has on the populations of aphids in a soybean field, plenty of research does show aphids overwinter on buckthorn. One environmentally friendly way the Council is exploring to reduce buckthorn in woods is to employ goats to gobble up the troublesome shrubs. If you can't beat them, eat them.

### Conservation Road Map

Late in 2017, the Council laid the foundation for the "Conservation Road Map," which will be a guide for farmers looking to implement conservation practices on their farm. The "Conservation Road Map," which will be completed late in fiscal year 2018, will also point farmers to resources to help complete the desired conservation practice for their farm.

### By the Numbers

**70%** of soybean acres use conservation tillage, including no-till, which helps preserve healthy soil

**94%** of soybean acres are under continuously rotated plantings, helping to increase biodiversity

**95%** of soybean farmers personally scout their fields for the presence of pests before spraying

**98%** of U.S. soybeans are grown using sustainable practices

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## LOOK WHO'S TALKING

*"Minnesota Soybean doesn't know how to stop talking ... and that's a good thing!"*

- Gene Stoel

## Look Who's Talking

Marketing and communications efforts play a critical role for the Minnesota Soybean Research & Promotion Council.

If a soybean drops from a pod and a farmer isn't around to hear it, does it make a sound? Likewise, if a soybean checkoff investment returns value to a farmer and no one shares that story with the farming community, does the investment really matter?

Without communicating the message, the Council wouldn't be able to share the valuable checkoff investments that have been made on behalf of Minnesota farmers.

In 2017, the Council more than shared its story, and MSR&PC did so across several channels: press releases, media advisories, advertising, radio spots, television, Facebook, twitter, e-newsletters, Soybean Business magazine and mnsoybean.org.

### The Top 3 soybean stories picked up by media in FY17 were:

- ▶ 125 placements/14,017,205 impressions: *Bean There. Done That. Minnesota's Top Agriculture Export Goes Beyond Food and Fuel*
- ▶ 11 placements/2,505,625 impressions: *2017 may be 'tipping year' in tightening farm economy*
- ▶ 74 placements/1,162,329 impressions: *Invasive 'superweed' threatens soybeans, other crops in Midwest*

### The Council was also very active on social media. Here is a general breakdown of the Council's social media accounts:

#### Facebook

- ▶ Total Likes: 10,674
- ▶ Total Impressions: 1.2 million
- ▶ Total Engagement: 9.3K
- ▶ Engagement increase compared to previous year: 287.6 percent

#### Twitter

- ▶ Total Followers: 4,641
- ▶ Engagement: 3.1 K
- ▶ Total impressions: 589.8 K

#### Instagram

- ▶ Total Followers: 553

### Minnesoyta Store opens

Not only did the Council promote soybean farming and soybean checkoff investments, it also opened a storefront where farmers and soybean supporters can get Minnesoyta clothing and gear. Also available from the Minnesoyta store is Plenish High Oleic soybean oil. Shop Minnesoyta at [mnsoybean.org](http://mnsoybean.org).

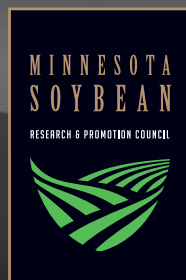
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**MISSION STATEMENT:**

***“The Minnesota Soybean Research & Promotion Council (MSR&PC) is the elected board of soybean producers from Minnesota who direct investments of the state’s checkoff dollars in programs designed to increase profitability to Minnesota soybean farmers.”***



Annual Report of Program Area Expenditures  
Fiscal year September 1, 2016 - August 31, 2017  
Certified through an independent audit by the  
accounting firm of Scanlon, Murch & Associates, LLC

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