

Working together and growing together to give the next generation every advantage.



2018 ANNUAL REPORT

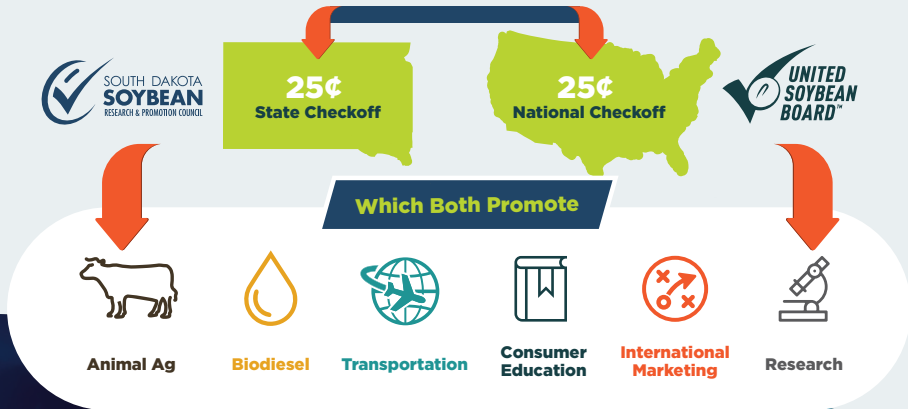
SOUTH DAKOTA SOYBEAN RESEARCH AND PROMOTION COUNCIL



WORKING FOR SOUTH DAKOTA FARMERS

The soybean checkoff invests in research for new production techniques, market development and uses for soybeans that benefit South Dakota soybean farmers. Checkoff investments also sponsor a number of events and programs that reinforce the role South Dakota soybeans play in our state.

For every \$100 of farmer soybean sales



SOY-BASED **BIODIESEL**

U.S. soybean farmers helped establish the biodiesel industry and have benefited from its growth. That's because demand for biodiesel increases demand for, and the value of, U.S. soybean oil. Biodiesel is a cleaner-burning, renewable alternative to petroleum diesel, which reduces greenhouse gasses by up to 86 percent. It also reduces U.S. dependence on foreign oil, creates jobs and benefits both soybean and livestock farmers.

- The biodiesel industry contributed \$11.42 billion in U.S. economic impact in 2016, along with nearly 64,000 jobs and about \$2.5 billion in wages paid.
- U.S. consumers used a record of nearly 2.9 billion gallons of biodiesel and renewable diesel in 2016, which represents nearly a 40 percent increase from 2015.
- Demand for biodiesel adds 63 cents of value to every bushel of soybeans between 2006 and 2015. This contributed to an \$18.8 billion increase in the value U.S. soybean farmers received for their soybean oil and decreased the price of soybean meal (used by livestock farmers) by \$21 per ton.
- Because soybeans can be crushed for both oil and meal, biodiesel production supports animal agriculture. Increased demand for soybean oil to make biodiesel also increases the supply of soybean meal that can be used to make animal feed. That increased supply leads to lower feed prices paid by poultry and livestock farmers.

Hungry for Truth™

CONSUMER OUTREACH

Over the last decade, a gradual but noticeable disconnect has appeared between consumers and farmers. At the same time, consumers are more interested in their food, where it's coming from and how it is raised.

That's why we launched the Hungry for Truth initiative in 2015, which focuses on connecting with South Dakota consumers. Just two years into the initiative, recall among South Dakotans grew by 113 percent in Sioux Falls and 342 percent in Rapid City.

South Dakota Soybean leaders have committed to a comprehensive effort to connect with fellow South Dakotans and engage in discussions about food and farming. The Hungry for Truth outreach initiative helps separate fact from fiction by bringing farmers and consumers together. By building on shared values and engaging in open and honest discussions, we can grow consumer confidence in food and farming.

Hungry for Truth addresses issues that consumers care about, but that also have the potential to impact our farms in the future, such as:

- The use of pesticides and crop protection products
- The safety of GMOs
- Sustainability of farms, including environmental practices as they relate to soil health and water quality
- Soybean uses and quality

CONSUMERS WHO RECALL SEEING HUNGRY FOR TRUTH MESSAGING

SIoux FALLS	37,778 2015	80,593 2017	+113%
RAPID CITY	10,089 2015	44,682 2017	+342%

From 2015 to 2017, recall of the Hungry for Truth initiative has grown from 37,778 to 80,593 consumers in Sioux Falls and from 10,089 to 44,682 in Rapid City.

OUR APPROACH

The Hungry for Truth approach is based on research and years of experience discussing food and farming with consumers. Here's what we've found that works and resonates:

- **Establish shared values and build trust.** According to the Center for Food Integrity, shared values are three to five times more important in building trust than sharing facts or demonstrating technical skills/expertise.
- **Provide information when and where consumers are looking.** Consumers more often seek information on food, recipes and food safety than on farming. Hungry for Truth integrates farmers' conversations into consumers' everyday habits.
- **Support choice.** Hungry for Truth supports consumer and farmer choice. We don't tell people what or how to eat. Consumers need to make the best food choices for their families, just as farmers need to select the best production practices for their operations.
- **Farmer-focused.** Research from many different organizations shows consumers trust farmers, even if they don't understand much about actual on-farm practices. Volunteer farmers are critical to connecting with consumers.



86% OF SOUTH DAKOTA SOYBEAN FARMERS SAID THEY SUPPORT CONSUMER OUTREACH



86% YES

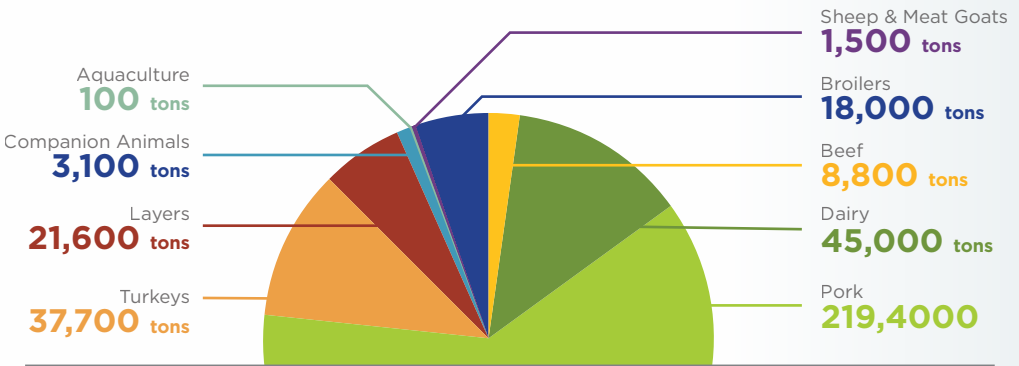
Survey of 300 South Dakota soybean farmers, 200+ acres, January 2016



ANIMAL AGRICULTURE

The number one customer for soybeans at home and abroad is animal agriculture. The continued growth and success of the livestock industry is critical to soybean growers' bottom lines—and to South Dakota's economy.

SOUTH DAKOTA'S ANIMAL AGRICULTURE CONSUMPTION OF SOYBEAN MEAL (2014):



PRAIRIE AQUATECH - A SOYBEAN CHECKOFF SUCCESS STORY

A new, expanded Prairie AquaTech facility is taking shape near Volga, South Dakota, and that's good news for the state's soybean farmers. Prairie AquaTech was founded in 2012 in Brookings with products originated from soybean checkoff funded-research at South Dakota State University (SDSU). Prairie AquaTech broke ground in May for a 30,000-square-foot production facility that will greatly increase the facility's capacity for products like fish feed ingredients from soy. Prairie AquaTech uses a high-tech fermentation process to generate highly concentrated protein products.



Prairie AquaTech received support from multiple organizations including early proof-of-concept support from the state and national soybean checkoff organizations, the South Dakota Soybean Research and Promotion Council and later funding from the United Soybean Board. The expansion is expected to potentially double the current number of jobs at the plant and also increase Prairie AquaTech's production capacity to about 30,000 tons per year. The new facility is expected to use about 50,000 tons of soybean meal annually from the nearby South Dakota Soybean Processors facility.

**ESTIMATED
2017 ECONOMIC
IMPACT OF
ANIMAL
AGRICULTURE IN
SOUTH DAKOTA:**



**\$7.5 BILLION IN
ECONOMIC OUTPUT**



**\$1.6 BILLION IN
HOUSEHOLD EARNINGS**



33,206 JOBS



**\$313 MILLION IN
INCOME TAXES**

INTERNATIONAL MARKETING

According to the American Soybean Association, in 2017, whole soybeans account for 82 percent of exports, soybean meal for 15 percent and soybean oil for 3 percent. Countries in Asia, particularly China, are the top soybean export destinations.

Not only does the South Dakota Soybean Research and Promotion Council regularly host overseas visitors on South Dakota farms, but we also invest in the following organizations that are dedicated to international marketing efforts:

• **USA Poultry Egg Export Council:**

This project has opened the New Zealand export market for poultry and egg products and is working to do the same in Australia.

• **U.S. Meat Export Federation:**

This nonprofit trade association works to create new opportunities and develop existing international markets for U.S. beef, pork, lamb and veal. We partner with USMEF to grow international demand for U.S. pork in Japan, and consequently domestic consumption of South Dakota soybeans.

• **U.S. Soybean Export Council:** This organization's mission is to maximize the use of U.S. soy internationally by meeting the needs of stakeholders and global customers. Through our partnership with USSEC, we continue to see growth in U.S. soybean exports overseas, particularly in Asia.

• **World Initiative for Soy in Human Health:** This program of the American Soybean Association focuses on trade and long-term market development for U.S. soybean farmers, while fueling economic growth and value chain development.

TOP 3 DESTINATIONS FOR WHOLE U.S. SOYBEAN EXPORTS

COUNTRY

VALUE MILLION DOLLARS

CHINA

\$12.356

MEXICO

\$1.586

NETHERLANDS

\$1.103

See soystats.com for more information on soybean exports.

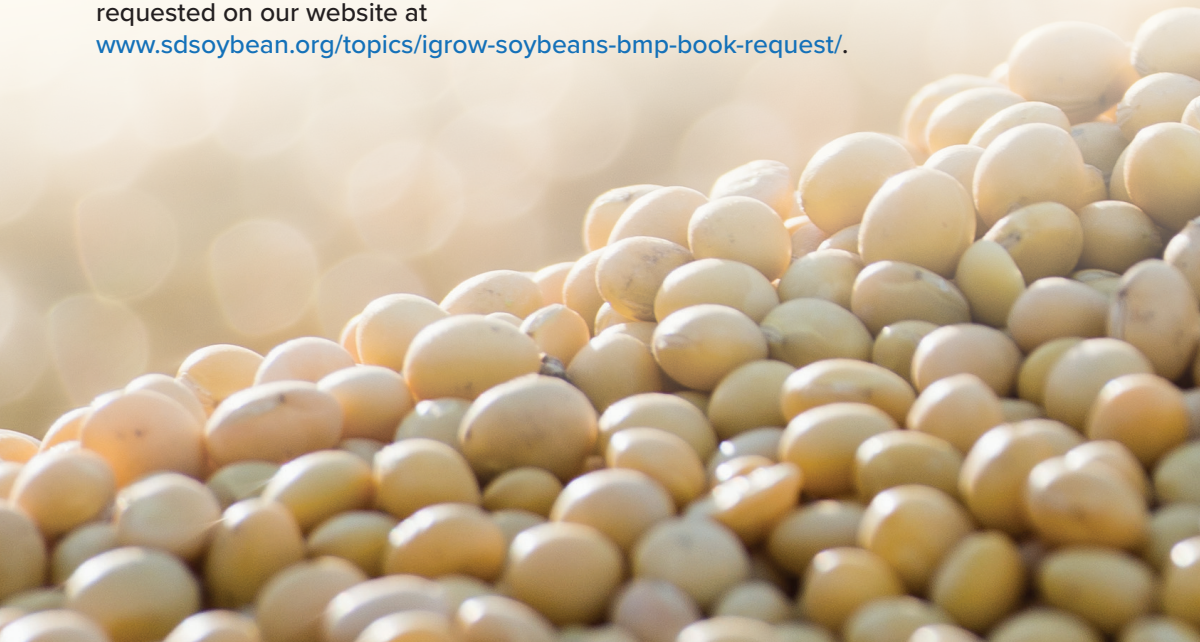
SOYBEAN RESEARCH

To increase profitability and provide farmers with the tools needed for risk management, the South Dakota Soybean Research and Promotion Council invests checkoff dollars into soybean research.

RESEARCH AREAS INCLUDE:

- Increasing soybean yield through best management practices
- Weed management and herbicide-resistant weeds
- Soybean Cyst Nematode and Sudden Death Syndrome management
- Soybean aphid management and other emerging pests
- Fertility and nutrient needs for the soybean plant
- Water management
- More inclusion of soybean meal into animal diets
- Increasing the possibility of soybean inclusion into aquaculture feed
- Developing an on-farm research program in South Dakota through partnerships with industry and universities. The program has its own website at www.onfarmresearch.sdsoybean.org where farmers can access compiled data.

South Dakota Soybean also collaborated with South Dakota State University Extension on the iGrow Soybeans Best Management Practices Manual, which can be requested on our website at www.sdsoybean.org/topics/igrow-soybeans-bmp-book-request/.



SPONSORED RESEARCH: SOYBEAN CYST NEMATODE

Currently, Soybean Cyst Nematode (SCN) causes more yield loss than all other soybean diseases in South Dakota. An SDSU study funded by the South Dakota Soybean Research and Promotion Council investigated the devastating disease complex created by the combination of SCN and Fusarium, a fungus that causes Sudden Death Syndrome and root rot. Research is ongoing; first-year findings included advice for growers on fighting SCN and Fusarium. This important research can potentially save soybean farmers millions of dollars.

ON-FARM RESEARCH PROJECTS



ON-FARM RESEARCH PROGRAM

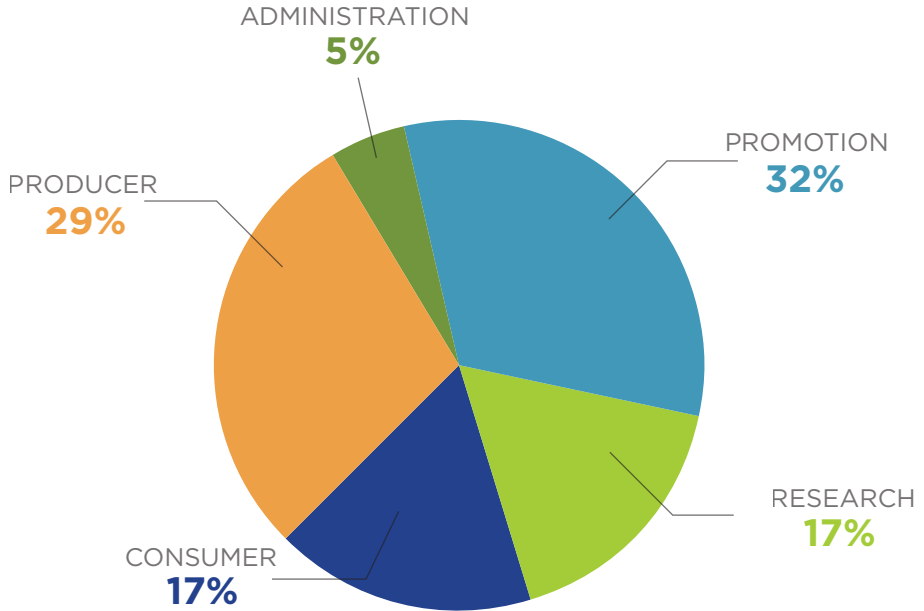
In partnership with SDSU Extension, the South Dakota Soybean Research and Promotion Council has launched the South Dakota Soybean On-Farm Research Program. It allows farmers to access information that can help them make efficient management decisions. Growers can:

- View and filter results from on-farm research projects in South Dakota.
- Obtain information specific to their area, filtering by county, soil type, brand and variety, fertilizer type, maturity, use of inputs, tillage type, seed treatment, year and row spacing.
- Access individual test field reports that include elevation mapping and rainfall, over time, by county.
- Conduct their own on-farm research trials with the help of SDSU.



FY18 FINANCIAL BREAKOUT

July 1, 2017 – June 30, 2018



Promotion.....	\$2,023,792
Research	\$1,091,503
Consumer.....	\$1,097,570
Producer	\$1,799,393
Administration	\$312,289

FY18 INVESTMENTS
\$6,324,547



BALANCE SHEET

ASSETS	2016	2017	2018
Total Assets	\$7,651,175	\$7,442,330	\$6,468,256

LIABILITIES & FUND BALANCE

Liabilities	\$2,537,888	\$2,934,513	\$2,208,390
Fund Balance	\$5,113,287	\$4,507,817	\$4,259,866
Total Liabilities & Fund Balances	\$7,651,175	\$7,442,330	\$6,468,256

REVENUES

Gross Soybean Checkoff	\$9,416,053	\$11,156,244	\$11,479,344
Net Soybean Checkoff	\$4,315,269	\$5,577,186	\$5,680,345
Grants	\$71,815	\$67,932	\$2,700
Other	\$163,038	\$30,221	\$88,122
Total Revenues	\$4,550,122	\$5,675,339	\$5,771,167

EXPENDITURES

Programs	\$5,601,141	\$6,913,969	\$6,012,258
Administration	\$372,693	\$480,908	\$312,289
Total Expenditures	\$5,973,834	\$7,394,877	\$6,324,547
Excess Of Revenues Over Expenditures	(\$1,423,712)	(\$1,719,538)	(\$553,380)
Fund Balance, Beginning Of Year	\$6,536,999	\$5,113,287	\$4,507,817
Restatement		\$1,114,068	\$305,429
Fund Balance, End Of Year	\$5,113,287	\$4,507,817	\$4,259,866





South Dakota Soybean Research & Promotion Council
605-330-9942

www.sdsoybean.org