

2016 Annual Report



**North Dakota
Soybean Council**
Our World Is Growing.

Developing Markets Worldwide



North Dakota Soybean Council Leadership Report

*It's a world of laughter,
A world of tears.
It's a world of hopes,
And a world of fears.
There's so much that we share,
That it's time we're aware,
It's a small world after all.*

—Lyrics and music by Richard M.
and Robert B. Sherman

As the cover of our annual report illustrates – our world is truly small. Not in the literal, geographic sense but from a global business perspective. This is why the North Dakota Soybean Council (NDSC) is focused on creating an international preference for soybeans in this region by developing and maintaining relationships with our overseas customers and taking steps to educate them about the quality, reliability and sustainability of our commodity.

With over 70% of North Dakota soybeans leaving the state for overseas markets, we work hard to ensure that our soybeans always have an end user. As you will read in this report, NDSC has made significant inroads toward achieving this goal through a focus on sponsoring trade missions to such destinations as China, Mexico, Costa Rica, Columbia, Myanmar, Sri Lanka, Bangladesh, India and Southeast Asia among others. These missions – and our reverse trade missions – are critical to building relationships between our soybean farmers and the buyers – and in building their trust and confidence in our product.

We continue to make good progress educating our international customers about the importance of measuring soybean quality based on the critical amino acids value profile versus solely on crude protein when making their purchasing decisions – all with the goal of garnering more

favorable prices for the soybeans you grow.

It is clear that because it is a small world, our industry will be increasingly impacted by global economic and social challenges. Since we are only one part of a large global soybean value chain team, we are committed to engaging partners who seek progress on our shared challenges. We are proud of the relationships we have built with many highly respected organizations around the country, including U.S. Soybean Export Council, United Soybean Board, American Soybean Association, Soy Transportation Coalition, North Central Soybean Research Program, National Biodiesel Board, World Initiative for Soy in Human Health and others.

We will continue seeking new opportunities to develop collaborative solutions to issues most significant to our industry and on which we can make a meaningful impact. We are confident that with the investments of your checkoff dollars underway in international marketing, research, education and promotion, we will be able to achieve our ultimate goal: helping you grow and be more profitable — today, tomorrow and well into the future.

This past year saw the retirement of board member and former Chairman, Scott Gauslow after nine years of service, Charles Linderman after four years of service and Rick Albrecht after three years of service. We also welcomed three new directors – Matt Gast, Austin Langley and Mike Langseth. We look forward to their contributions and counsel.

We thank our NDSC team of employees for their hard work and dedication to our industry. We also thank our board of directors for

their efforts and their leadership in establishing NDSC's vision and direction. Thanks to their efforts, we head into 2017 with a sense of accomplishment and anticipation of continued success!

Sincerely,



A handwritten signature in black ink that reads "Tyler Speich".

Tyler Speich
Chairman of the Board



A handwritten signature in black ink that reads "Diana Beitelspacher".

Diana Beitelspacher
Chief Executive Officer

On the Cover

Soybean harvest in Wimbledon, thanks to Joe Ericson and Mike Clemens

Vision

North Dakota soybeans are the most sought-after agricultural commodity in the global market.

Mission

Effectively invest and leverage North Dakota soybean checkoff resources to maximize the benefits of North Dakota soy.

Core Values

Commitment

We work to achieve maximum value for each producer's checkoff dollars.

Relationships

We base our relationships on integrity, openness, trust and respect.

Teamwork

We work as a team to create value for our growers, researchers and the communities we serve.

Innovation

We continually evaluate and refine our programs and processes in anticipation of growers' needs.

Knowledge

We invest in training and development for our employees, directors and growers.

Strategic Objectives

Soybean Quality

Increase the value of North Dakota soybeans through continued research in the area of essential amino acids; identify and communicate marketing opportunities; and educate international customers that higher essential amino-acid values are a key advantage.

Measurement: Changes in the volume and value of North Dakota soybeans.

Infrastructure

Maintain and enhance the efficiency and reliability of North Dakota's transportation infrastructure.

Measurement: Changes in the volume of North Dakota soybeans that flow to destination markets.

Agronomy

Address North Dakota soybean producers' greatest production challenges through continued investment in research programs.

Measurement: Agronomic opportunities and challenges are identified, addressed and communicated to North Dakota soybean producers and other key constituents.

Branding

Continue to enhance the image of the soybean industry and NDSC through ongoing communications, promotion and education.

Measurement: NDSC is top of mind with soybean producers and key constituents as a valued and respected source for information and education. There is increased awareness about how checkoff dollars are invested for the benefit of soybean producers.

International and Domestic Market Development

The North Dakota Soybean Council (NDSC) supports the growth and development of international markets as well as the cultivation of domestic markets. Annually, NDSC invests in the following organizations and programs that are dedicated to international marketing efforts.

U.S. Soybean Export Council

The U.S. Soybean Export Council's (USSEC) mission is to optimize the utilization and value of U.S. soy in the international markets by meeting the stakeholders and global customers' needs.



While in India as part of USSEC's soybean mission, NDSC Director Matt Cast (far left) had the opportunity to meet with soyfood manufacturers. For the first time in the summer of 2016, five containers of North Dakota food-grade soybeans were sent to India to be distributed to soyfood manufacturers in that country.

World Initiative for Soy in Human Health

NDSC has been a long-time supporter of the World Initiative for Soy in Human Health (WISHH), whose



NDSC director Matt Danuser promotes North Dakota soybeans in Myanmar with WISHH.

purpose is to create new consumers of U.S. soy in developing markets around the world. NDSC was a key supporter of a Soyfoods Kick-off Program in Myanmar. This program helped increase consumers' knowledge of the benefits of eating soy, as well as connecting them with soybean suppliers in North Dakota. A trade team from Myanmar visited Fargo in 2015 and 2016 for further training and education on buying U.S. soy.

Midwest Shippers Association

The Midwest Shippers Association (MSA) is a regional, trade-association cooperative that promotes marketing and also facilitates the shipping and delivery of specialty grains to consumers as well as the food industry worldwide.

Northern Crops Institute

The Northern Crops Institute (NCI) is an international meeting and learning center that unites customers, commodity traders, technical experts and professors for discussion and education. NCI supports regional agriculture and value-added processing by conducting educational and technical programs that expand and maintain domestic and international markets for northern-grown crops.



NDSC tours the NCI to see the new soy milk and tofu machine that NDSC funded.

Essential Amino Acids Project

The Essential Amino Acids (EAA) project (funded by the North Dakota, South Dakota and Minnesota state soybean checkoff boards) is designed to educate soybean-market buyers to recognize critical amino-acid values rather than crude protein as the true indicator of the soybean feeding value. The goal is to no longer discount northern-grown soybeans due to the lower crude protein.



NDSC Secretary Joe Morken (center) makes personal connections on an EAA mission trip to China.

North Dakota Livestock Industry

Animal agriculture is U.S. soy's primary customer at home and abroad, and both industries rely on this strong relationship. Domestic animal agriculture remains important for all U.S. soybean farmers. Not only do poultry, swine and fish consume the meal from billions of soybeans each year, but the sector also supports local communities. With the help of the United Soybean Board, NDSC has partnered with the North Dakota Beef Commission, the North Dakota Pork Council and the North Dakota Dairy Coalition in FY 2016 to educate farmers, urban and rural neighbors and key influencers about the importance of livestock production in their state.

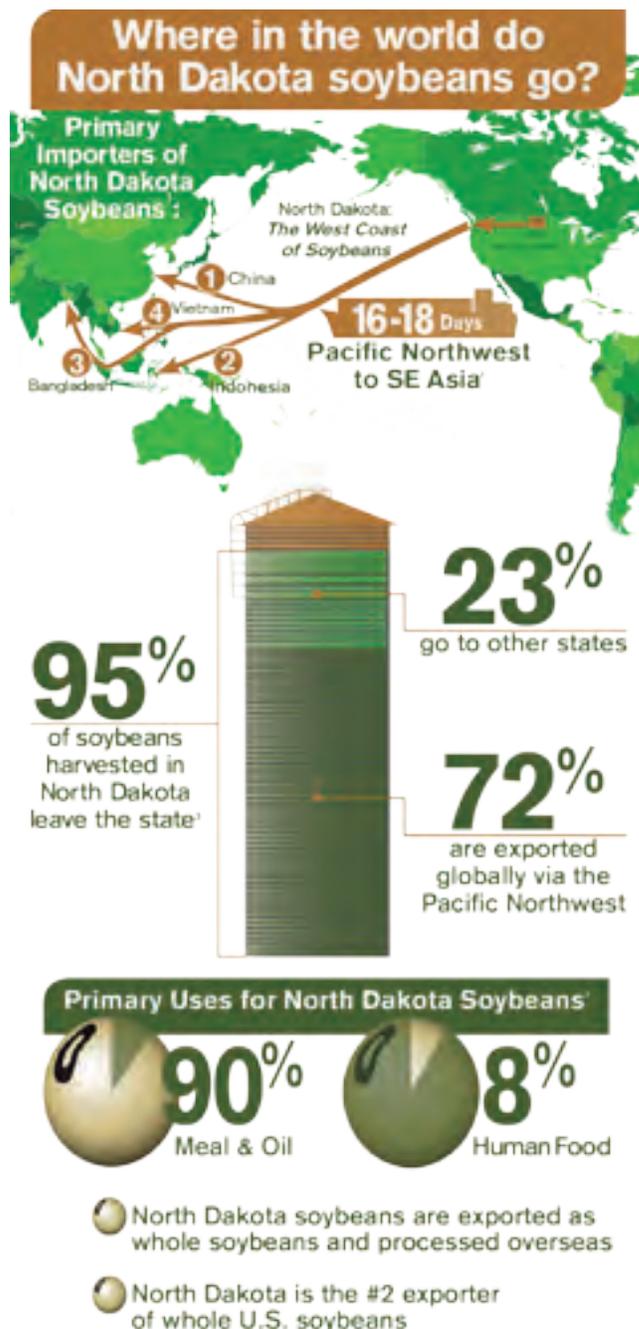


The animal agriculture industry consumes 97 percent of domestically used soybean meal - that translates to nearly 1.2 billion bushels, or more than 32 million acres of soybeans each year. NDSC works to support the advancement of North Dakota's livestock industry.

Grays Harbor International Marketing Project

This project (funded by the Iowa, Kansas, Minnesota, Nebraska, North Dakota and South Dakota state soybean checkoff boards) is designed to enhance product and logistical awareness and, ultimately, to increase the sales of U.S. soybeans and soybean meal from the Pacific Northwest (PNW) ports to southeast and east Asia. Bringing buyers from these markets to visit farms in the U.S. Midwest and the export facilities (particularly Grays Harbor in the PNW) is also a focus.

—continued on page 5



SOURCES: North Dakota State University; Transportation Consultants, Inc. High-Cost Report; United Soybean Board report (usbb.com); North Dakota Soybean Council

—continued from page 4

National Biodiesel Board

NDSC's membership on the National Biodiesel Board and NDSC's soybean checkoff efforts support U.S. biodiesel production and increase consumer awareness for alternative fuel sources, keeping soybean demand and markets strong.



A study co-funded by NDSC found that biodiesel demand increases the soybean price by \$0.63 per bushel.

Transportation

The U.S. transportation system plays a big part in export opportunities. With 95 percent of our soybeans leaving the state and over 70 percent exported overseas, farmers' ability to transport soybeans thousands of miles to the coast for export is just as important as their ability to grow them. NDSC continues its efforts to identify transportation opportunities and to overcome the challenges that impact producer profitability.

Soy Transportation Coalition

Since 2007, NDSC has been a funding member of the Soy Transportation Coalition (STC). STC's goal is to position soybean-industry stakeholders to benefit from a transportation system that delivers cost-effective, reliable and competitive service.

North Dakota Ag Rail Business Council

NDSC is a member of the North Dakota Ag Rail Business Council (NDARB). NDARB's mission is to enlist a diverse group of North Dakota ag-industry stakeholders in order to provide a forum for communication and understanding about customer, producer and BNSF Railway interests.



Upper Great Plains Transportation Institute

NDSC supports the work the Upper Great Plains Transportation Institute (UGPTI) does to maintain and compile the annual Grain Movement Database. The database and research serve to develop and publish monthly web-based updates for major grain commodities' transportation activities around and outside North Dakota.



Consumer Information

With multiple farming-related topics on consumers' minds right now, it's important for farmers to engage those food purchasers with the true story of today's agriculture.

NDSC continues to support the CommonGround movement in North Dakota. CommonGround is a group of volunteer farmers who have conversations about the food they grow and how they produce it. They share their personal experiences, as well as science and research, to help consumers sort through the myths and misinformation about food and farming. CommonGround was developed by farmers through the United Soybean Board (USB) and the National Corn Growers Association (NCGA), and aimed to create a unified voice for modern agriculture.



To learn more about CommonGround North Dakota, check out its Facebook page:
www.facebook.com/CommonGroundNorthDakota

Producer Education and Communication

It's important to NDSC that North Dakota soybean farmers know how their soybean checkoff dollars are being invested. Ensuring that North Dakota farmers receive the most current communication and education about key topics that affect their operations is a priority for NDSC.

NDSC keeps producers updated with checkoff news through a variety of tools, including print, television, radio, electronic and digital communication. This includes the annual report, the research update, radio messages, television advertisements, timely brochures and periodicals, print ads, presentations, and exhibits at various meetings and trade shows. NDSC offers timely information via social media, email and news releases, as well as being interviewed and responding to the news media. NDSC's official publication continues to be The North Dakota Soybean Grower Magazine which is printed bi-monthly.



North Dakota soybean farmers see their checkoff at work with the See For Yourself program.

In the spring of 2016, NDSC sponsored the 4th annual Soybean Marketing and Risk Management Seminar at North Dakota State University (NDSU) in Fargo. The annual two-day seminar, led by Dr. Bill Wilson and Dr. Frayne Olson of NDSU's Agribusiness and Applied Economics Department, was offered (free) to North Dakota soybean producers so that they can learn more about marketing soybeans in today's fast-paced markets. Participants spent the two days using state-of-the-art equipment in NDSU's Commodity Trading Room at Barry Hall and learned how trading impacts a farmer's bottom line.



The 2016 Northern Soybean Expo hosted the U.S. Farm Report program.

NDSC continues annual sponsorship of the Northern Soybean Expo, the Best of the Best in Soybean and Wheat Research, and the Getting it Right in Soybean Production meetings, among other pertinent and timely educational meetings throughout the year.

This summer, NDSC hosted the 4th annual See for Yourself program and took North Dakota soybean growers to the Pacific Northwest so that they could see how their soy checkoff is invested.



Annual soybean marketing and risk management seminar.

You can find NDSC online at ndsoybean.org as well as on social media:

 facebook.com/NDsoybeanCouncil

 [@NDsoybean](https://twitter.com/NDsoybean)

 pinterest.com/NDsoybean

 instagram.com/ndsoybean

Leadership

North Dakota Soybean Council Board of Directors



Tyler Speich
Chairman
Milnor, District 2



Mike Appert
Vice Chairman
Hazelton, District 12



Joe Morken
Secretary
Casselton, District 4



Troy Uglem
Treasurer
Northwood, District 7



Mike Langseth
Barney, District 1



Matt Danuser
Marion, District 3



Matt Gast
Valley City, District 5



Levi Taylor
Ypsilanti, District 6



Perry Ostmo
Sharon, District 8



Austin Langley
Warwick, District 9



Art Wosick
Minto, District 10



Derik Pulvermacher
Crosby, District 11

Leadership

North Dakota United Soybean Board Representatives



Joel Thorsrud
Hillsboro



Jared Hagert
Chairman of USB
Emerado



Jay Myers
Colfax

North Dakota Soybean Council Employees



Diana Beitelspacher
Chief Executive Officer



Molly Fern
Director of Finance



Kendall Nichols
Director of Research



Stephanie Sinner
Director of Market Development

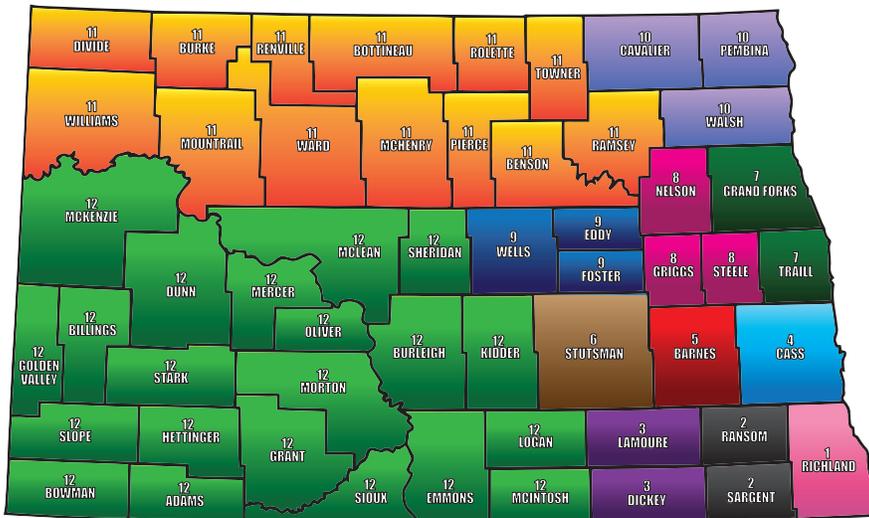


Kathy Wiltse
Administrative Assistant



Suzanne Wolf
Communications Director

District Map



NDSC 2016 Research Update

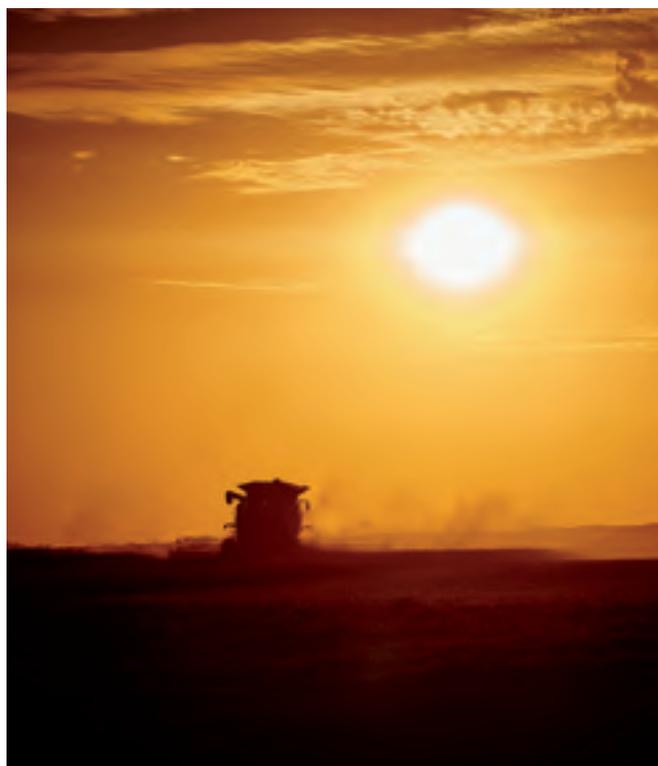
Look for this useful publication that highlights research programs funded by the North Dakota Soybean Council. You can also find this report online at ndsoybean.org



Financial Report

Balance Sheet June 30, 2016

Assets	
Cash and cash equivalents	\$ 6,751,283
Investments	3,558,300
Assessments receivable	900,465
Interest receivable	1,076
Total assets	\$ 11,211,124
Liabilities and Fund Balance	
Liabilities	
Accounts payable	\$ 594,512
Accrued payroll	52,923
Due to Qualified State Soybean Boards	103,542
Due to the United Soybean Board	617,648
Total liabilities	\$ 1,368,625
Fund Balance	
Restricted	\$ 9,842,499
Total fund balance	\$ 9,842,499
Total liabilities and fund balance	\$ 11,211,124



Statement of Revenues, Expenditures and Changes in Fund Balances For The Fiscal Year Ended June 30, 2016 Governmental Funds

Revenues	
Assessment revenues collected from 1st Purchasers	\$ 8,605,494
Less:	
Assessment revenue remitted to Qualified State Soybean Boards	(332,062)
Assessment revenue remitted to United Soybean Board	(3,906,758)
Net assessment revenues	\$ 4,366,674
Interest income	15,108
Miscellaneous revenue	51,321
Transfers from general fund	3,150
Total revenues	\$ 4,436,253
Expenditures	
Program expenditures:	
Marketing	\$ 999,864
Communications	1,004,798
Research	1,650,479
Total program expenditures	\$ 3,655,141
Administration	\$ 1,006,433
Total expenditures	\$ 4,661,574
Revenues (under) over expenditures	\$ (225,321)
Fund Balance, Beginning of Year	\$ 10,067,820
Fund Balance, End of Year	\$ 9,842,499

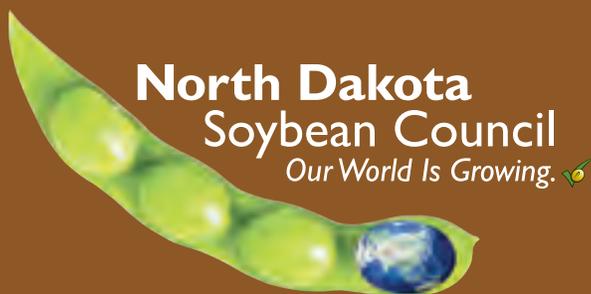
This audited financial statement for the fiscal year ending June 30, 2016 is provided courtesy of the Office of the State Auditor



North Dakota Soybean Council County Representatives

Matt Gast..... Barnes
 Randy Benson Benson
 Matt Peterson..... Bottineau
 Joe Morken Cass
 Jeff Howatt..... Cavalier
 Derik Pulvermacher Divide
 Austin Langley Eddy
 Mike Appert Emmons
 Darwin Topp..... Foster
 Troy Uglem..... Grand Forks
 Terry Nagel..... Grant
 Neil Fanta..... Kidder
 Matt Danuser..... LaMoure
 Troy Jangula..... Logan
 Keith Reinowski McHenry

Terry Ulrich McIntosh
 Robert Sondrol McLean
 Aaron Skarsgard Mountrail
 Kevin Landeis Nelson
 Rob Watson Pembina
 Mike Heidlebaugh..... Pierce
 Paul Billing..... Ransom
 Mike Langseth..... Richland
 Tyler Speich Sargent
 Perry Ostmo..... Steele
 Levi Taylor..... Stutsman
 Art Wosick..... Walsh
 Roger Neshem..... Ward
 Chad Reimche..... Wells



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