North Dakota Soybean Council Leadership Report

Dear Valued Soybean Producers:

Seeing your soybeans unloaded at a grain elevator does not begin to tell the complex story of how they were grown. A simple glimpse at the soybeans in your hand can not possibly convey the cooperation, the planning, the risk taking or the hours of work required to grow them.

On top of all this, what happens beyond your farm gate and beyond our borders is having a profound impact on your business. Not only are you challenged by market, economic, political and climatic forces, you must also ensure that the soybeans you raise are of high quality, are produced in a sustainable manner and meet the needs of an ever-growing world population.

As you will read in this annual report, the North Dakota Soybean Council (NDSC) is positioned to remain a relevant and important partner in helping you meet these challenges today and into the future. From our leadership in production research to creating greater global demand for soybeans, we are committed to helping you remain competitive and profitable.

Our employees and board of directors play an integral role in our ability to deliver value to you. A special thank you is extended to them for their hard work, tireless energy and enthusiastic support during the past year. All of our efforts are made on your behalf. The NDSC is your organization, and we work hard to ensure that it serves you well.

This year saw the retirement of four board members: Harvey Pyle, Lucas Rode, David Gasal and Dusty Lodoen. We thank these gentlemen for their expertise, guidance and leadership to the NDSC. We also welcomed four new directors: Joe Morken, Matt Danuser, Levi Taylor and Derik Pulvermacher. We look forward to their contributions and counsel.

Although our industry continues to change and increase in complexity, we are optimistic about the future. Sticking to the fundamentals of good governance, prudent checkoff investments and keeping our eyes focused on what matters the most, the NDSC is ready and able to capitalize on opportunities in 2016 and beyond!

Sincerely,

Tyler Speich
Chairman of the Board

Diana Beitelspacher
Chief Executive Officer

On the Cover
North Dakota soybean farmers Dana and Travis Dagman of Enderlin.
**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.

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**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 grower needs.

**Knowledge**

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

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**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.

**International And Domestic Market Development**

Create and expand the market for North Dakota soybeans in the U.S. and overseas markets through a continued focus on education, market diversification and transportation.

*Measurement:* Buyers and end users will understand the use and benefits of North Dakota soy leading to increased use of North Dakota soy for human and animal consumption and new uses.

**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 the NDSC through ongoing communications, promotion and education.

*Measurement:* The 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 of how checkoff dollars are invested for the benefit of soybean producers.
With over 70 percent of North Dakota’s soybeans exported overseas, it is critical that North Dakota soybean farmers highlight the quality, reliability and sustainability of their soy crops to their international customers. Not only does NDSC regularly host overseas visitors on North Dakota farms, but NDSC also annually invests in the following organizations that are dedicated to international marketing efforts.

**U.S. Soybean Export Council (USSEC)**

USSEC’s mission is to optimize the utilization and value of U.S. soy in the international markets by meeting the needs of stakeholders and global customers. In FY 2015, NDSC supported two USSEC activities in China. The projects focused on educating Chinese soybean buyers about the high quality and value of purchasing U.S. soy, as well as working directly with the Chinese soybean industry on collaborative efforts to support and grow the soybean industry partnership between the U.S. and China. NDSC attended and supported the 9th Annual Asia Grains Transportation Conference in Singapore. NDSC connected with soybean buyers from around the world to discuss North Dakota soybean quality and supply.

**World Initiative for Soy in Human Health (WISHH)**

NDSC has been a long-time supporter of WISHH, whose purpose is to create new consumers of U.S. soy in developing markets around the world. In FY 2015, 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 June 2015 for further training and education on buying U.S. soy.

**Midwest Shippers Association (MSA)**

MSA is active in supporting exports of North Dakota soybeans in the Identity Preserved (IP) sector of the industry, which are in high demand by food manufacturers around the world. In FY 2015, NDSC supported MSA’s annual conference to promote North Dakota soybean producers to world buyers. NDSC also supported a project to improve the availability of containers for shipping IP soybeans via intermodal systems. Transportation is a challenge to soybean producers in our region, and working with MSA

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**International and Domestic Marketing**

Jim Thompson of Page discusses soybean harvest and farming with foreign buyers.

NDSC supported a WISHH African food-industry trade team at the Northern Crops Institute for a course in Baking with Soy.
helps producers and exporters make headway in finding solutions to these challenges.

**Northern Crops Institute (NCI)**

NCI is an international meeting and learning center that unites customers, commodity traders, technical experts and professors for discussion and education. Partnering with NCI continues to reap benefits for North Dakota soybean producers by enhancing market development efforts for continued growth and increase demand for North Dakota soybeans. NCI’s Annual Soybean Quality Survey supplies buyers with information about North Dakota’s soybean crop each year to aid in purchasing decisions. The multiple educational courses held at NCI for food manufactures each year opens opportunities for high quality soybeans from North Dakota to make their way into ever-increasing global markets. NCI courses are also geared to livestock feed manufacturers to educate them on northern grown soybeans that are naturally high in amino acids. In FY 2015, NCI courses brought in soy buyers and food manufactures from Myanmar, China, Thailand, Vietnam, Indonesia, South Korea, Japan, Nigeria, Burkina Faso and many others.

**Essential Amino Acids Project**

This project (funded by the North Dakota, South Dakota and Minnesota state soybean 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.

**Grays Harbor International Marketing Project**

This project (funded by the Iowa, Kansas, Minnesota, Nebraska, North Dakota and South Dakota state soybean 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 into 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.

While export markets are vital, many NDSC programs are focused locally, working to increase the domestic utilization of soybeans, which helps ensure long-term profitability for our soybean farmers. NDSC does this by investing checkoff dollars into programs that increase the demand for soybean meal and soybean oil, which results in new and continued uses for the soybeans that North Dakota farmers grow.

NDSC’s partnership with 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.

In FY 2015, other domestic marketing projects that NDSC funded included finding new uses for soy, promoting soyfoods, and supporting North Dakota’s livestock and dairy industries. NDSC also works closely with NDSU Department of Agribusiness and Applied Economics by funding the Commodity Trade Room. Annually, NDSC and NDSU sponsor a Soybean Trading Seminar in Fargo in the Commodity Trade Room. The two-day seminar is offered free to North Dakota soybean producers who learn more about trading in today’s fast-paced markets.

United Soybean Board member Joel Thorsrud of Hillsboro visits with international guests.

NDSC Director Joe Morken answers questions from international delegates at his Casselton farm.

Biodiesel contributed to a $15 billion increase in soybean-oil revenues between 2006 and 2012. Todd Sinner of Casselton fuels up with biodiesel.
Transportation

Since approximately 95 percent of soybeans harvested in North Dakota leave the state, reliable transportation infrastructure is critically important for soybean production. NDSC continues its efforts to identify transportation opportunities and to overcome challenges that impact producer profitability.

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.

Rail transportation in North America was compromised in 2013-14 when an unusually harsh winter exposed service problems and shortages of rail cars, locomotives and overall capacity on the network. Also, agricultural shippers competed for space with shippers of oil. Soybean shippers in the state of North Dakota experienced significant service problems that took an economic toll on the agricultural industry.

In 2014, STC worked with the University of Minnesota on a research project, “2014 Harvest: Attaching a Garden Hose to a Fire Hydrant.” Results of STC’s project showed a remarkable 94 percent of participating grain handling facilities reported that cycle times for railroads were faster than a year ago. Survey respondents reported experiencing 2.49 turns per month between their facilities and the Pacific Northwest – the highest number recorded throughout the ten survey periods. In 2015, rail service has been much more reliable and responsive, and this trend is expected to carry through the end of harvest.

NDSC is also 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 to provide a forum for communication and understanding about customer, producer and Burlington Northern-Santa Fe (BNSF) Railway interests.

Because North Dakota soybeans and soy products are transported to market and processing facilities by rail and truck, strengthening the transportation infrastructure continues to be a priority for NDSC.

Consumer Information

Food-purchasing decisions are personal and emotional, so it’s natural for consumers to seek more information about today’s food supply. Sometimes, however, they receive incorrect information.

NDSC continues to support the CommonGround movement in North Dakota. CommonGround is a group of female farmers who start conversations with urban moms who are concerned about food and where it originates. CommonGround volunteers share the facts about food using personal experience as farmers along with supporting science and research. CommonGround was developed by the United Soybean Board (USB) and the National Corn Growers Association (NCGA) to provide a platform and support to help farmers reach urban consumers. With the help of North Dakota farm women volunteers, CommonGround North Dakota organizes events and programs across the state throughout the year.

This summer, CommonGround North Dakota hosted its 2nd Annual Banquet in a Field at Peterson Farms Seed, near Prosper, North Dakota.
The event connected Fargo-area influencers with the farmers who raise and produce food. Guests were invited to ask food and agricultural questions as they toured different crop plots. More than 120 people enjoyed a 5-course meal featuring 11 crops and 3 meats, all products from North Dakota farms and ranches.

NDSC also exhibits at state agricultural trade shows, health fairs, energy conferences and other events to build a greater awareness about the benefits of soy and its end uses.

Annually, during Living Ag Classroom events, NDSC educates over 4,000 fourth graders in Bismarck, Fargo, Jamestown and Lisbon about the importance of soybeans to the state, including how soybeans are grown and the array of products made from this "miracle bean."

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

Ensuring that North Dakota producers receive the most current education on key topics that impact their operations is a top priority for NDSC. Farmers need to know how their soybean checkoff dollars are being invested to ensure that the program is delivering value.

In North Dakota, soybean farmers keep up with the latest checkoff developments 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, 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 five times per year.

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

This summer, NDSC hosted the 3rd annual See for Yourself Program and sent North Dakota soybean growers to the Pacific Northwest to see how their soy checkoff is put to work.

March 2015, NDSC sponsored the annual Soybean Marketing and Risk Management Seminar at NDSU in Fargo. The two-day seminar, led by Dr. Bill Wilson and Dr. Frayne Olson of NDSU’s Agribusiness and Applied Economics Department, is offered free to North Dakota soybean producers so that they could learn more about marketing soybeans in today’s fast-paced markets. Participants spent the two days using the state-of-the-art equipment in NDSU’s Commodity Trading Room at Barry Hall and learned how trading impacts a farmer’s bottom line.

To be added to NDSC’s email list and to be the first to learn about producer-education opportunities, such as the See for Yourself Program and Soybean Marketing and Risk Management Seminar, please send your email address to swolf@ndsoybean.org

You can also find NDSC online at www.ndsoybean.org as well as on social media at www.facebook.com/NDSoybeanCouncil, Twitter: NDSoybean and www.pinterest.com/NDSoybean

Over 300 farmers and industry representatives attend the annual Northern Soybean Expo to learn and network. North Dakota soybean farmers saw city buses in Portland, Oregon successfully using biodiesel during NDSC’s annual See for Yourself Program.
Leadership
North Dakota Soybean Council Board of Directors

Tyler Speich
Chairman
Milnor, District 2

Mike Appert
Vice Chairman
Hazelton, District 12

Rick Albrecht
Secretary
Wimbledon, District 5

Troy Uglem
Treasurer
Northwood, District 7

Scott Gauslow
Colfax, District 1

Matt Danuser
Marion, District 3

Joe Morken
Casselton, District 4

Levi Taylor
Ypsilanti, District 6

Perry Ostmo
Sharon, District 8

Charles Linderman
Carrington, District 9

Art Wosick
Minto, District 10

Derik Pulvermacher
Crosby, District 11
Leadership

North Dakota United Soybean Board Representatives

Joel Thorsrud
Hillsboro

Jared Hagert
Emerado

Jay Myers
Colfax

North Dakota Soybean Council Employees

Diana Beitelspacher
Director of Finance

Molly Fern
Chief Executive Officer

Kendall Nichols
Director of Research

Stephanie Sinner
Director of Marketing

Kathy Wiltse
Administrative Assistant

Suzanne Wolf
Communications Director

District Map

NDSC 2015 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, 2015**

<table>
<thead>
<tr>
<th>Assets</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$9,892,681</td>
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<tr>
<td>Investments</td>
<td>1,558,300</td>
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<tr>
<td>Assessments receivable</td>
<td>172,420</td>
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<tr>
<td>Interest receivable</td>
<td>636</td>
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<tr>
<td><strong>Total assets</strong></td>
<td>$11,624,037</td>
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<table>
<thead>
<tr>
<th>Liabilities and Fund Balance</th>
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</thead>
<tbody>
<tr>
<td>Liabilities</td>
</tr>
<tr>
<td>Accounts payable</td>
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<tr>
<td>Accrued payroll</td>
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<tr>
<td>Due to other state agencies</td>
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<tr>
<td>Due to the United Soybean Board</td>
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<tr>
<td><strong>Total liabilities</strong></td>
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<table>
<thead>
<tr>
<th>Fund Balance</th>
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<tbody>
<tr>
<td>Restricted</td>
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<tr>
<td><strong>Total fund balance</strong></td>
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</table>

**Total liabilities and fund balance** $11,624,037

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#### Statement of Revenues, Expenditures and Changes in Fund Balances
**For The Fiscal Year Ended June 30, 2015**

**Governmental Funds**

<table>
<thead>
<tr>
<th>Revenues</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Assessment revenues collected from 1st Purchasers</td>
<td>$10,029,231</td>
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<tr>
<td>Less:</td>
<td></td>
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<tr>
<td>Assessment revenue remitted to Qualified State Soybean Boards</td>
<td>(341,648)</td>
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<tr>
<td>Assessment revenue remitted to United Soybean Board</td>
<td>(4,635,947)</td>
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<tr>
<td><strong>Net assessment revenues</strong></td>
<td>$5,051,636</td>
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<tr>
<td>Interest income</td>
<td>31,134</td>
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<tr>
<td>Miscellaneous revenue</td>
<td>10,672</td>
</tr>
<tr>
<td>Transfers from general fund</td>
<td>3,255</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>$5,096,697</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditures</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing</td>
<td>$1,374,701</td>
</tr>
<tr>
<td>Communications</td>
<td>901,692</td>
</tr>
<tr>
<td>Research</td>
<td>1,887,280</td>
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<tr>
<td><strong>Total program expenditures</strong></td>
<td>$4,163,673</td>
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<tr>
<td>Administration</td>
<td>$858,719</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td>$5,022,392</td>
</tr>
<tr>
<td>Revenues over expenditures</td>
<td>$74,305</td>
</tr>
<tr>
<td>Fund Balance, Beginning of Year</td>
<td>$9,993,515</td>
</tr>
<tr>
<td><strong>Fund Balance, End of Year</strong></td>
<td>$10,067,820</td>
</tr>
</tbody>
</table>

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This audited financial statement for the fiscal year ending June 30, 2015 is provided courtesy of the Office of the State Auditor.
North Dakota Soybean Council
County Representatives

Rick Albrecht ......................... Barnes
Randy Benson ....................... Benson
Matt Peterson ...................... Bottineau
Joe Morken ......................... Cass
Jeff Howatt ......................... Cavalier
Derik Pulvermacher ............... Divide
David Flemming ................. Eddy
Mike Appert ....................... Emmons
Charles Linderman .............. 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
Scott Gauslow ..................... Richland
Tyler Speich ..................... Sargent
Perry Ostmo ....................... Steele
Levi Taylor ...................... Stutsman
Brent Kohls ...................... Traill
Art Wosick ...................... Walsh
Roger Neshem .................. Ward