

UNITED SOYBEAN BOARD

CONSOLIDATED FINANCIAL STATEMENTS
WITH
SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
United Soybean Board
Chesterfield, MO 63017

We have audited the accompanying consolidated financial statements of the United Soybean Board (a nonprofit organization), which comprise the consolidated statements of financial position as of September 30, 2018, and the related consolidated statement of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of United Soybean Board as of September 30, 2018, and the changes in its consolidated net assets and its consolidated cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our reported dated February 5, 2019, on our consideration of United Soybean Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering United Soybean Board's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

St. Louis, Missouri
February 5, 2019

UNITED SOYBEAN BOARD

Consolidated Statement of Financial Position

September 30, 2018

Assets

Cash and Cash Equivalents	\$	18,501,181
Investment Securities		122,638,023
Accounts Receivable:		
Checkoff Assessments		7,764,572
Other		1,059,233
Prepaid Expenses and Other Assets		111,839
Equipment, Net		52,527
Total Assets	\$	150,127,375

Liabilities and Net Assets

Liabilities

Accounts Payable	\$	24,521,287
Accrued Expenses		242,574
Total Liabilities		24,763,861

Unrestricted Net Assets

Board-Designated Net Assets:		
Program Commitments		16,752,805
Designated Program Reserves		20,000,000
Total Board-Designated Net Assets		36,752,805
Undesignated Net Assets		88,610,709
Total Net Assets		125,363,514

Total Liabilities and Net Assets	\$	150,127,375
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The accompanying notes are an integral part of these consolidated financial statements.

UNITED SOYBEAN BOARD

Consolidated Statement of Activities

Year ended September 30, 2018

Revenues:

Checkoff Assessments, Net	\$	102,825,886
Contract Revenue		26,500
Contributions		38,500
Realized and Unrealized Gains on Investments		426,923
Interest Income, Net		1,353,114
Miscellaneous		280,889

Total revenues		104,951,812
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Expenses:

Program Activities:		
Meal		24,554,186
Oil		23,913,724
Sustainability		14,056,071
High Oleic Soybean Oil		4,000,000
Prior Structure Programs		148,027
ASA Communication and Education		1,844,617
USB Program Management		929,347
USB Contract Program Implementation		18,223,175
USB Strategic Support		6,007,129
Program Evaluation		950,845
General and Administrative		3,433,828
Operating Expenses		98,807
U.S. Department of Agriculture		304,215

Total Expenses		98,463,971
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Change in Net Assets		6,487,841
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Net Assets at Beginning of Year		118,875,673
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Net Assets at End of Year	\$	125,363,514
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The accompanying notes are an integral part of these consolidated financial statements.

UNITED SOYBEAN BOARD

Consolidated Statement of Cash Flows

Year ended September 30, 2018

Cash Flows From Operating Activities:

Change in net assets	\$	6,487,841
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Gains on investments		(269,580)
Accrued interest on investments		(333,732)
Depreciation		29,209
(Increase)decrease in operating assets:		
Accounts receivable - checkoff assessments		1,728,185
Accounts receivable - other		125,471
Prepaid expenses and other assets		40,841
Increase(decrease) in operating liabilities:		
Accounts payable		7,862,563
Accrued expenses		(48,507)

Net Cash Provided by Operating Activities 15,622,291

Cash Flows from Investing Activities:

Purchases of investment securities	(125,049,653)
Proceeds from maturities of investments	124,188,026
Proceeds from coupon payments on investments	1,784,691
Purchases of fixed assets	(28,743)

Net Cash Provided by Investing Activities 894,321

Net Increase in Cash and Cash Equivalents 16,516,612

Cash and Cash Equivalents at Beginning of Year 1,984,569

Cash and Cash Equivalents at End of Year \$ 18,501,181

The accompanying notes are an integral part of these consolidated financial statements.

UNITED SOYBEAN BOARD

Notes to Consolidated Financial Statements

September 30, 2018

Note A – Organization

United Soybean Board

United Soybean Board (USB) was established on November 28, 1990, pursuant to the Soybean Promotion, Research and Consumer Information Act of 1990 (7 U.S.C. 6301-6311) (the Act) and began official operations on July 9, 1991 upon the enactment of the Soybean Promotion, Research and Consumer Information Order (7 CFR Part 1220) (the Order). The purpose of USB is to establish a coordinated program of promotion designed to strengthen the soybean industry's position in the marketplace and to maintain and expand domestic and foreign markets and uses for soybeans and soybean products, and to develop new markets and uses for soybeans and soybean products produced in the United States.

As stipulated in the Act, a referendum (Initial Referendum) was conducted on February 9, 1994, at which time soybean producers voted on whether to continue the national checkoff established by the Order. The Initial Referendum was approved by a majority vote and became effective on April 1, 1994.

In addition, as stipulated in the Act, a poll was conducted on July 26, 1995, at which time soybean producers voted on whether to continue the payment of refunds under the Order (Refund Poll). Based on the results of the poll, it was determined that a refund referendum was not to be conducted. As a result, soybean producers were not entitled to refunds of checkoff assessments paid on soybeans sold on or after October 1, 1995.

The Act requires that the Secretary of Agriculture provide U.S. soybean producers the opportunity to petition for a referendum on the Soybean Promotion and Research Program every five years. A request for referendum was conducted by the United States Department of Agriculture (USDA) in October and November, 1999. Subsequent requests for referendum were conducted by USDA in May, 2004, May, 2009, and May, 2014. Based upon the results of the requests for referendum conducted, USDA did not conduct a referendum on the Soybean Promotion and Research Program.

The major programs and activities of USB are carried out in the following target areas and committees:

Standing Program Target Areas - Meal, Oil, & Sustainability

The three Target Areas (Meal, Oil, & Sustainability) are responsible to the Board of Directors of USB. Its primary function is to review and make recommendations to USB for the funding of goals related to the fulfillment of the strategic objectives set by the Long-Range Strategic Plan (LRSP) and implemented through the Action Teams.

UNITED SOYBEAN BOARD

Notes to Consolidated Financial Statements

September 30, 2018

Note A – Organization (Continued)

Standing Support Committees:

Executive Committee - Committee is established to provide oversight and leadership to USB, to provide oversight to USB's operations and to recommend related business priorities and policies to the Board of Directors of USB for approval. In addition it is responsible for the oversight of USB's contract program implementation and strategic support activities.

Strategic Management - Committee is responsible to the Board of Directors of USB. Its primary function is to review proposed target area budgets to assure consistency and relevancy with the goals and milestones of the LRSP and recommend best practices related to planning, project oversight and investment for USB adoption.

Audit & Evaluation - Committee is responsible to the Board of Directors of USB. Its primary functions are to ensure that checkoff funds are being spent for the intended purpose and to determine if soybean producers have received a reasonable return on investments made by USB.

Financial Audit Committee - Committee is established to serve as liaison between the external auditors and USB, to provide oversight to USB's financial reporting and to develop policies regarding financial approval and authorization.

Creation of Related Entities

U. S. Soybean Export Council, Inc.

On February 26, 2005, USB and the American Soybean Association (ASA) executed a Memorandum of Understanding (MOU) outlining preliminary terms and conditions under which a new entity would be created to conduct international marketing activities effective October 1, 2005.

On March 2, 2005, the U. S. Soybean Export Council, Inc. (USSEC), was incorporated as a nonprofit corporation in the State of Delaware under Section 501(c)(6) of the Internal Revenue Code of 1986, as amended. The bylaws of USSEC, provide for representation on the board of directors by four members appointed by USB, four members appointed by ASA, and seven additional members elected from the Exporter and Allied membership classes. In addition, a Member-At-Large may be elected at a duly-constituted board meeting to bring the total number of board members for USSEC to sixteen.

UNITED SOYBEAN BOARD

Notes to Consolidated Financial Statements

September 30, 2018

Note A – Organization (Continued)

Creation of Related Entities (Continued)

As provided for in the MOU between USB and ASA, USSEC entered into a license and use agreement with ASA for a ten-year period beginning October 1, 2005. Under this agreement, USSEC is obligated to pay to ASA an annual royalty of \$615,000. In exchange, ASA grants to USSEC an exclusive, non-assignable, non-transferable right and license to use, reproduce, copy, and distribute the “ASA International Marketing” trademark and other trademarks as listed in the agreement. The royalty fee is fully reimbursable to USSEC by USB under the international marketing management agreement. The expense will be recognized by USB in the periods incurred under the applicable international marketing management agreement between USB and USSEC.

In November 2012, USSEC and ASA executed the first amendment to the license and use agreement. The amendment extends the termination date to September 30, 2025 and requires ASA to perform certain services and to provide market insights and expertise in addition to the transfer of assets and licensing of intellectual property previously required. The agreement is subject to the annual review and appropriation process by USB that covers all multi-year contracts.

USB Management, Inc.

USB Management, Inc. (USB, Inc.) was incorporated on February 8, 2018 as a management company to assist USB by facilitating the employment of staff on behalf of USB. USB, Inc., provides coordination and efficiency in the marketing programs and projects undertaken by USB’s contractors and manages the strategic implementation of USB’s Long Range Strategic Plan, under the direction of USB’s CEO. USB provides funding to USB, Inc. on a cost reimbursement basis. USB, Inc. was dissolved as of September 30, 2018. All assets and staff were transferred to USB.

Note B – Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of USB are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The accrual basis of accounting requires recognition of revenues in the period earned and expenses in the period incurred.

UNITED SOYBEAN BOARD

Notes to Consolidated Financial Statements

September 30, 2018

Note B – Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board regarding financial statements of not-for-profit organizations. USB is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted; temporarily restricted; and permanently restricted net assets. At September 30, 2018, there were no temporarily restricted or permanently restricted net assets.

Principles of Consolidation

The consolidated financial statements include the accounts of the United Soybean Board and its affiliated entities: Qualisoy, Soy Nutrition Institute, and USB Management, Inc. All significant inter-company accounts and transactions have been eliminated in consolidation.

Use of Estimates

USB has made certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, accounts receivable, contractor billings payable, and other liabilities approximate fair value due to the short maturity of these financial instruments. Investments are recorded at fair value.

Cash Equivalents

USB considers all highly liquid investment securities with an original maturity of three months or less to be cash equivalents.

Investments

USB's investment securities are reported at fair value. Fair value is established as readily determinable current market values for investment securities. Unrealized gains and losses are included in the consolidated statement of activities.

UNITED SOYBEAN BOARD

Notes to Consolidated Financial Statements

September 30, 2018

Note B – Summary of Significant Accounting Policies (Continued)

Equipment

All purchases of non-expendable, tangible personal property with a useful life of more than one year and an acquisition cost of \$2,500 or more are recorded as fixed assets. USB uses the straight-line method of depreciation over the estimated useful life of the asset, which ranges from 3 to 15 years.

Checkoff Assessments

Checkoff assessments revenue is generated by a mandatory assessment of one-half of 1% of the net market price of soybeans bought or otherwise acquired by the first purchaser from the producer. Assessment revenue is recognized in the month in which soybeans are bought by the first purchaser from the producer.

Net Assets

All consolidated net assets of USB and its affiliates at September 30, 2018, were unrestricted.

Designated program reserves have been established to fund cooperative commitments with seed industry partners for promotion and marketing of high oleic soybean oil.

Income Taxes

As an instrumentality of the United States Government, USB is exempt from income taxes under Section 501(c)(1) of the Internal Revenue Code. Qualisoy is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code. Soy Nutrition Institute is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. USB Management Inc. had not obtained tax-exempt status notification from the Internal Revenue Service at the of the organization's dissolution.

Note C – Cash and Cash Equivalents

USB is required to follow the Agricultural Marketing Service (AMS) investment policy. At September 30, 2018, the bank balance of USB's operating cash deposits were entirely covered by federal depository insurance or were covered by collateral held by the pledging bank's agent in USB's name.

UNITED SOYBEAN BOARD

Notes to Consolidated Financial Statements

September 30, 2018

Note C – Cash and Cash Equivalents (Continued)

At September 30, 2018, cash and cash equivalents consisted of the following:

Description	Amount
Operating cash	\$ 763,905
Money market	17,836,468
Less outstanding checks	(99,192)
TOTAL	\$ 18,501,181

Note D – Fair Value Measurements

Financial assets and liabilities have been disclosed at their respective fair values or measured at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date on a recurring basis. The financial assets and liabilities are valued using the following fair value hierarchy in order to disclose the measurement of fair value based on three levels of observable or unobservable inputs.

Level 1: Quoted prices (unadjusted) in active markets for identical assets that USB has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect USB's own assumptions about the assumptions that market participants would use in pricing the asset, based on the best information available in the circumstances.

All assets and liabilities held by USB are considered to be Level 1.

Note E – Investment Securities

Under the AMS investment policy, USB is authorized to invest in certificates of deposit insured by the Federal Deposit Insurance Corporation or securities consisting of obligations issued, fully insured, or guaranteed by the U.S. or any U.S. government agency.

UNITED SOYBEAN BOARD

Notes to Consolidated Financial Statements

September 30, 2018

Note E – Investment Securities (Continued)

At September 30, 2018, investment securities consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>
Certificates of Deposits	\$ 15,500,000	\$ 15,500,000
U.S. Treasury Notes	106,534,711	107,138,023
TOTAL	<u>\$ 122,034,711</u>	<u>\$ 122,638,023</u>

Note F – Equipment

Equipment at September 30, 2018 consists of:

Computer equipment	\$ 118,230
Less Accumulated Depreciation	<u>(65,703)</u>
TOTAL	<u>\$ 52,527</u>

Depreciation expense was \$29,209 for the year ended September 30, 2018.

Note G – Operating Leases

USB has various operating lease agreements for equipment and facilities used in its activities, which expire on various dates through 2024.

Future minimum lease payments under non-cancellable operating leases are as follows:

2019	\$ 257,896
2020	259,170
2021	261,479
2022	266,674
2023	226,076
Thereafter	<u>120</u>
	<u>\$ 1,271,415</u>

Lease expenses included in the financial statements totaled \$252,001 for the year ended September 30, 2018.

UNITED SOYBEAN BOARD

Notes to Consolidated Financial Statements

September 30, 2018

Note H – Funding Agreements and Contracts

USB has established various target areas and committees to aid in its promotion of soybeans and soybean products. These include Meal, Oil, and Sustainability.

There are numerous specific projects under each of these target areas and committees to enable USB to achieve the respective goals of each. USB has entered into various funding agreements and contracts with the U. S. Soybean Export Council, Inc.; SmithBucklin Corporation; Osborn & Barr; and others to conduct USB's activities as stipulated in the Act and the Order.

As of September 30, 2018, USB has commitments through its various target areas and committees, as detailed on the table below, is by current and prior years. Program commitments represent unexpended budgeted funds as of September 30, 2018. Also included are the contract program implementation and strategic support projects managed by the Executive Committee of USB and the Audit & Evaluation Committee.

	Program Commitments		
	Funding Year		
	2017 & Prior	2018	TOTAL
Meal	\$ 36,966	\$ 4,467,453	\$ 4,504,419
Oil	100,500	4,357,752	4,458,252
Sustainability	56,963	4,217,451	4,274,414
Prior Structure Programs	146,881	-	146,881
ASA Education Program	655,383	-	655,383
USB Program Management	-	-	-
Program Implementation	-	465,893	465,893
Strategic Support	30,089	1,545,278	1,575,367
Program Evaluation	-	626,411	626,411
Other	-	45,785	45,785
TOTAL	\$ 1,026,782	\$ 15,726,023	\$ 16,752,805

During the year ended September 30, 2018, USB incurred expenses relating to fiscal years 2014-2017 projects that were extended into fiscal year 2018 and fiscal year 2018 projects. These expenses are summarized by target area or committee, including a breakout of expenses relating to contract program implementation and strategic support projects managed by the Executive Committee of USB and the Audit and Evaluation Committee, as follows:

UNITED SOYBEAN BOARD

Notes to Consolidated Financial Statements

September 30, 2018

Note H - Funding Agreements and Contracts (Continued)

	Program Expenses		
	Funding Year		
	2017 & Prior	2018	TOTAL
Meal	\$ 1,445,432	\$ 23,108,754	\$ 24,554,186
Oil	2,210,625	21,703,099	23,913,724
Sustainability	1,159,868	12,896,203	14,056,071
Prior Structure Programs	148,027	-	148,027
ASA Education Program	1,844,617	-	1,844,617
High Oleic Soy Program	-	4,000,000	4,000,000
USB Program Management	-	929,347	929,347
Program Implementation	-	18,223,175	18,223,175
Strategic Support	1,070,326	4,936,803	6,007,129
Program Evaluation	102,471	848,374	950,845
TOTAL	\$ 7,981,366	\$ 86,645,755	\$ 94,627,121

Note I – Transactions with the U.S. Department of Agriculture

Under the provisions of the Act and the Order, USB is required to pay the U.S. Department of Agriculture for certain fees and monitoring costs.

Note J – Relationship with Prime Contractors

To ensure coordination and efficient use of funds, the Act and the Order provide that USB may enter into contracts or agreements for the implementation and carrying out of the activities authorized by the Act and the Order with national, nonprofit, producer-governed organizations that represent producers of soybeans. Under terms defined in the Act and the Order, USB is required to coordinate its contracts or agreements for the implementation and carrying out of activities authorized to ensure that all plans or projects implemented for promotion, research, consumer information, and industry information are each implemented by a single entity. Based on these terms, during the year ended September 30, 2018, USB contracted with USSEC for its international opportunities projects; with SmithBucklin Corporation, for its domestic opportunities and supply projects; and with OsbornBarr for its communications projects. The percentage of expense concentrated with these prime contractors approximates 89% for the year ended September 30, 2018.

UNITED SOYBEAN BOARD

Notes to Consolidated Financial Statements

September 30, 2018

Note K – Retirement Plan

USB sponsored defined contribution benefit plan covering all employees. Effective June 30, 2018, all contributions to the plan were terminated and assets were distributed to participants on October 12, 2018. Annual contributions by USB are determined each year by the Executive Committee of USB and the plan's trustees. For the year ended September 30, 2018, USB contributed \$72,935.

USB, Inc. established a defined contribution plan covering all employees. Annual contributions are determined each year by the Executive Committee of USB. For the year ended September 30, 2018, USB, Inc. contributed \$63,639.

After the dissolution of USB, Inc., USB established a defined contribution plan, effective October 1, 2018, covering all employees, including those employees transferred from USB, Inc. Annual contributions by USB are determined each year by the Executive Committee of USB.

Note L – Related Entities

USSEC

USSEC is a separate not-for-profit organization for which USB has the authority to appoint 4 of the 16 members of USSEC's board of directors. USB reimburses substantially all the domestic administration costs for USSEC's international opportunities programs. In addition, USB provides funding for certain administration costs in foreign markets and for program costs. For the year ended September 30, 2018, USB funded domestic and foreign administration costs of \$9,776,843 and project costs of \$15,021,406. The balance due to USSEC for USB funding commitments at September 30, 2018 is \$7,144,122, which is included in accounts payable.

Soy Nutrition Institute

Soy Nutrition Institute (SNI) is a separate not-for-profit organization for which USB appoints SNI's board of directors. Four of the twelve SNI board members are also board members of USB, and USB's CEO also serves as one of the SNI board members. USB provides administrative support in the form of staff, certain administrative expense reimbursement, and financial support for SNI's board of directors. For the year ended September 30, 2018, those costs were absorbed by USB and totaled \$76,827. Beginning October 2017, SNI is consolidated with USB for financial statement presentation and these costs have been eliminated in consolidation at September 30, 2018.

UNITED SOYBEAN BOARD

Notes to Consolidated Financial Statements

September 30, 2018

Note L – Related Entities (Continued)

QUALISOY

QUALISOY is a separate not-for-profit organization for which USB appoints the board of directors based on recommendations from industry partners. USB also provides QUALISOY with administrative support in the form of staff, certain administrative expense reimbursement, and financial support for QUALISOY's board of directors. In February 2017, QUALISOY amended its bylaws to change its fiscal year to align with USB's fiscal cycle and to eliminate a separate audit requirement. QUALISOY will no longer charge membership fees but will continue to consider collective funding opportunities with industry to accomplish its strategic objectives. As of October 2017, QUALISOY is consolidated with USB for financial statement presentation. The total amount provided by USB for these administrative costs was \$204,308 for the year ended September 30, 2018 and these costs have been eliminated in consolidation.

USB also funded project costs of \$1,258,021 for the year ended September 30, 2018, which benefit QUALISOY and the soybean industry.

USB Management, Inc.

USB Management, Inc. is a separate organization for which the USB Executive Committee serves as the board of directors. Inc. is funded by USB on a cost reimbursement basis. For the year ended September 30, 2018, USB funded costs of \$960,542. The activities of USB Inc. are consolidated with USB for financial statement presentation and eliminated in consolidation at September 30, 2018. USB Inc. was dissolved as of September 30, 2018.

Note M – Compliance Matters

In accordance with the provisions of the Act, USB's general and administrative expense budget is limited to 5% of projected checkoff assessment income. USB is also limited to 1% of projected checkoff assessment revenue for administrative employee salary and benefits. During fiscal year ended September 30, 2018, USB did not exceed either of these limitations.

Note N – Subsequent Events

USB evaluated all subsequent events through February 5, 2019, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

UNITED SOYBEAN BOARD

Consolidating Statement of Financial Position

September 30, 2018

(See Independent Auditors' Report)

	USB	USB Management, Inc.	Qualisoy	Soy Nutrition Institute	2018 TOTAL
Assets					
Cash and Cash Equivalents	\$ 18,237,276	\$ -	\$ 174,712	\$ 89,193	\$ 18,501,181
Investment Securities	122,638,023	-	-	-	122,638,023
Accounts Receivable:					
Checkoff Assessments	7,764,572	-	-	-	7,764,572
Other	1,059,233	-	-	-	1,059,233
Prepaid Expenses and Other Assets	111,839	-	-	-	111,839
Equipment, Net	52,527	-	-	-	52,527
Total Assets	\$ 149,863,470	\$ -	\$ 174,712	\$ 89,193	\$ 150,127,375
Liabilities and Net Assets					
Liabilities					
Accounts Payable	\$ 24,521,287	\$ -	\$ -	\$ -	\$ 24,521,287
Accrued Expenses	235,569	-	-	7,005	242,574
Total Liabilities	24,756,856	-	-	7,005	24,763,861
Unrestricted Net Assets					
Board-Designated net assets:					
Program Commitments	16,752,805	-	-	-	16,752,805
Designated Program Reserves	20,000,000	-	-	-	20,000,000
Total Board-Designated Net Assets	36,752,805	-	-	-	36,752,805
Undesignated Net Assets	88,353,809	-	174,712	82,188	88,610,709
Total Net Assets	125,106,614	-	174,712	82,188	125,363,514
Total Liabilities and Net Assets	\$ 149,863,470	\$ -	\$ 174,712	\$ 89,193	\$ 150,127,375

The accompanying notes are an integral part of the consolidated financial statements.

UNITED SOYBEAN BOARD

Consolidating Statement of Activities

Year ended September 30, 2018

(See Independent Auditors' Report)

	USB	USB Management, Inc.	Qualisoy	Soy Nutrition Institute	Eliminations	2018 TOTAL
Revenues:						
Checkoff assessments, net	\$ 102,825,886	\$ -	\$ -	\$ -	\$ -	\$ 102,825,886
Contract revenue	-	960,277	-	26,500	(960,277)	26,500
Contributions	-	-	204,308	115,327	(281,135)	38,500
Realized and unrealized gains on investments	426,923	-	-	-	-	426,923
Interest income, net	1,352,548	265	301	-	-	1,353,114
Miscellaneous	280,889	-	-	-	-	280,889
Total revenues	104,886,246	960,542	204,609	141,827	(1,241,412)	104,951,812
Expenses:						
Program activities:						
Meal	24,554,186	-	-	-	-	24,554,186
Oil	23,913,724	-	-	-	-	23,913,724
Sustainability	14,056,071	-	-	-	-	14,056,071
High Oleic Soybean Oil	4,000,000	-	-	-	-	4,000,000
Prior Structure Programs	148,027	-	-	-	-	148,027
ASA Communication and Education	1,844,617	-	-	-	-	1,844,617
USB Program Management	935,937	591,630	-	-	(598,220)	929,347
USB Contract Program Implementation	18,223,175	-	-	-	-	18,223,175
USB Strategic Support	6,007,129	-	-	-	-	6,007,129
Program Evaluation	950,845	-	-	-	-	950,845
General and Administrative	3,426,973	368,912	-	-	(362,057)	3,433,828
Operating Expenses	-	-	206,622	173,320	(281,135)	98,807
U.S. Department of Agriculture	304,215	-	-	-	-	304,215
Total Expenses	98,364,899	960,542	206,622	173,320	(1,241,412)	98,463,971
Change in Net Assets	6,521,347	-	(2,013)	(31,493)	-	6,487,841
Net Assets at Beginning of Year	118,585,267	-	176,725	113,681	-	118,875,673
Net Assets at End of Year	\$ 125,106,614	\$ -	\$ 174,712	\$ 82,188	\$ -	\$ 125,363,514

The accompanying notes are an integral part of the consolidated financial statements.



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
United Soybean Board
Chesterfield, MO 63017

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the consolidated financial statements of United Soybean Board, which comprise the statement of financial position as of September 30, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated February 5, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered United Soybean Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of United Soybean Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of United Soybean Board's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Directors
United Soybean Board

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the United Soybean Board’s consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

St. Louis, Missouri
February 5, 2019



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INDEPENDENT AUDITORS' REPORT

Board of Directors
United Soybean Board
Chesterfield, Missouri

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated statement of financial position of United Soybean Board (USB) as of September 30, 2018, and the related consolidated statement of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated February 5, 2019.

In connection with our audit, nothing came to our attention that caused us to believe that USB failed to comply with Section 1220.229 of the Federal Register Volume 56, Number 131, Rules and Regulations, relating to the use of checkoff assessment funds collected or received by USB for the purpose of influencing any action or policy of the United States Government, any foreign or state government, or any political subdivision thereof, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the organization's noncompliance with the above referenced terms, covenants, provisions, or conditions of the Indenture, insofar as they relate to accounting matters.

This communication is intended solely for the information and use of management, board of directors, others within the organization, and the U.S. Department of Agriculture and is not intended to be and should not be used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Louis, Missouri
February 5, 2019



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INDEPENDENT AUDITORS' REPORT

Board of Directors
United Soybean Board
Chesterfield, Missouri

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated statement of financial position of United Soybean Board (USB) as of September 30, 2018, and the related consolidated statement of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated February 5, 2019.

In connection with our audit, nothing came to our attention that caused us to believe that USB failed to comply with Subtitle E, Section 1969, Subsection (o)(1) of the Soybean Promotion, Research and Consumer Information Act, relating to the limitations on the types of investments which may be purchased with checkoff assessment funds collected by USB under the Soybean Promotion, Research and Consumer Information Order, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the organization's noncompliance with the above referenced terms, covenants, provisions, or conditions of the Indenture, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the board of directors, USB's management, and the U.S. Department of Agriculture and is not intended to be and should not be used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Louis, Missouri
February 5, 2019