

**UNITED SOYBEAN BOARD**

FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITORS' REPORT

**YEAR ENDED SEPTEMBER 30, 2017**

## TABLE OF CONTENTS

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	<u>Page</u>
<b>Independent Auditors' Report</b> .....	1
<b>Financial Statements</b>	
Statement of Financial Position .....	3
Statement of Activities .....	4
Statement of Cash Flows.....	5
Notes to Financial Statements .....	6
 <b>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 <i>Government Auditing Standards</i></b> .....	 18

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of United Soybean Board (a nonprofit organization) as of September 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Board of Directors  
United Soybean Board

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Soybean Board as of September 30, 2017, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our reported dated February 5, 2018, 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, 2018

# UNITED SOYBEAN BOARD

## Statement of Financial Position

September 30, 2017

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### Assets

Cash and cash equivalents	\$ 742,222
Investment securities	123,689,970
Accounts receivable:	
Checkoff assessments	9,492,757
Other	1,184,704
Prepaid expenses	72,022
Other assets	78,410
Equipment, net	<u>52,993</u>

**Total assets** \$ 135,313,078

### Liabilities and net assets

#### Liabilities

Contractor billings payable	\$ 15,635,312
Accrued expenses and other liabilities	<u>1,092,499</u>

**Total liabilities** 16,727,811

#### Net assets

Unrestricted net assets:	
Committee commitments	16,682,435
Other unrestricted net assets	<u>101,902,832</u>

**Total net assets** 118,585,267

**Total liabilities and net assets** \$ 135,313,078

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

# UNITED SOYBEAN BOARD

## Statement of Activities

Year ended September 30, 2017

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### Revenues:

Checkoff assessments, net	\$ 100,590,128
Realized and unrealized losses on investment securities	(47,113)
Interest income	904,599
Miscellaneous	159,189

<b>Total revenues</b>	<u>101,606,803</u>
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### Expenses:

Payments to contractors for program activities:	
Meal	16,739,393
Oil	15,051,669
Sustainability	10,036,668
High Oleic Soybean Oil	8,000,000
Prior Structure Programs	7,069,392
Value Task Force	260,123
USB contract program implementation	17,424,877
USB strategic support	5,439,282
Program evaluation	1,785,396
General and administrative	3,552,624
U.S. Department of Agriculture	314,084

<b>Total expenses</b>	<u>85,673,508</u>
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<b>Change in net assets</b>	15,933,295
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<b>Net assets at beginning of year</b>	<u>102,651,972</u>
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<b>Net assets at end of year</b>	<u><u>\$ 118,585,267</u></u>
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The accompanying notes are an integral part of these financial statements.

# UNITED SOYBEAN BOARD

## Statement of Cash Flows

Year ended September 30, 2017

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<b>Cash flows from operating activities:</b>	
Change in net assets	\$ 15,933,295
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Losses on investment securities	47,113
Accrued interest on investments	(892,508)
Depreciation	26,531
(Increase)decrease in operating assets:	
Accounts receivable - checkoff assessments	(1,939,795)
Accounts receivable - other	50,709
Prepaid expenses	(17,004)
Increase(decrease) in operating liabilities:	
Contractor billings payable	(6,463,856)
Accrued expenses and other liabilities	<u>(306,908)</u>
<b>Net cash provided by (used in) operating activities</b>	<b>6,437,577</b>
<b>Cash flows from investing activities:</b>	
Purchases of investment securities	(152,393,735)
Proceeds from maturities of investment securities	142,129,814
Proceeds from coupon payments on investment securities	<u>806,575</u>
<b>Net cash provided by (used in) investing activities</b>	<b><u>(9,457,346)</u></b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(3,019,769)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b><u>3,761,991</u></b>
<b>Cash and cash equivalents at end of year</b>	<b><u>\$ 742,222</u></b>

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

# UNITED SOYBEAN BOARD

## Notes to Financial Statements

September 30, 2017

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### 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** - Target area is 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 Meal strategic objectives set by the Long-Range Strategic Plan (LRSP) and implemented through the Action Teams.

# UNITED SOYBEAN BOARD

## Notes to Financial Statements

September 30, 2017

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### Note A - Organization (Continued)

#### **Standing Program Target Areas: (Continued)**

***Oil*** - Target area is 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 Oil strategic objectives set by the LRSP and implemented through the Action Teams.

***Sustainability*** – Target area is 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 Sustainability strategic objective set by the LRSP and implemented through the Action Teams.

#### **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.

***Special Initiative Committees*** - Initiative committees are short term ad hoc committees that are established to address a special purpose, a specific need, or an emerging opportunity that arises from changes in the soybean industry.

***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.

# UNITED SOYBEAN BOARD

## Notes to Financial Statements

September 30, 2017

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### Note A - Organization (Continued)

#### Creation of a Related Entity

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, adopted on March 30, 2005, and amended February 2008, April 2010, February 2013, and February 2014, April 2016, July 2017, and August 2017, 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.

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.

# UNITED SOYBEAN BOARD

## Notes to Financial Statements

September 30, 2017

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### 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.

#### **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, 2017, there were no temporarily restricted or permanently restricted net assets.

#### **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 statement of activities.

# UNITED SOYBEAN BOARD

## Notes to Financial Statements

September 30, 2017

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### 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 net assets of USB at September 30, 2017 were unrestricted.

#### 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.

### Note C - Cash and Cash Equivalents

USB is required to follow the Agricultural Marketing Service (AMS) investment policy. At September 30, 2017, 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 Financial Statements

September 30, 2017

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### Note C - Cash and Cash Equivalents (Continued)

At September 30, 2017, cash and cash equivalents consisted of the following:

<u>Description</u>	<u>Amount</u>
Operating cash in bank and on hand	\$ 500,000
Repurchase agreements with commercial bank	499,081
Less outstanding checks	<u>(256,859)</u>
	<u>\$ 742,222</u>

At September 30, 2017, the repurchase agreements were secured as to principal plus accrued interest by U.S. government securities held in the respective banks' safekeeping account, in USB's name, with the Federal Reserve Bank.

### 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.

# UNITED SOYBEAN BOARD

## Notes to Financial Statements

September 30, 2017

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### Note E - Investment Securities

Under the AMS investment policy, USB is authorized to invest in securities consisting of obligations issued, fully insured, or guaranteed by the U.S. or any U.S. government agency. USB's investment securities are held by the counterparty's trust department or agent in USB's name.

At September 30, 2017, investment securities consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>
Insured Cash Sweep	\$ 732,195	\$ 732,195
Certificates of Deposit	29,254,000	29,254,000
U.S. Treasury Bills	10,492,220	10,532,395
U.S. Treasury Notes	<u>82,982,507</u>	<u>83,171,380</u>
	<u>\$ 123,460,922</u>	<u>\$ 123,689,970</u>

### Note F - Equipment

Equipment at September 30, 2017, consists of:

Computer equipment	\$ 110,367
Less accumulated depreciation and amortization	<u>(57,374)</u>
	<u>\$ 52,993</u>

Depreciation expense was \$26,531 for the year ended September 30, 2017.

### Note G - 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, Sustainability, and Special Initiatives.

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.

# UNITED SOYBEAN BOARD

## Notes to Financial Statements

September 30, 2017

### Note G - Funding Agreements and Contracts (Continued)

As of September 30, 2017, USB has commitments through its various target areas and committees, as detailed on the table below, by funding year. Program commitments represent unexpended budgeted funds as of September 30, 2017. Also included are the contract program implementation and strategic support projects directly managed by the Executive Committee of USB and the Strategic Management Committee, and projects managed by the Audit and Evaluation Committee.

	Program Commitments						
	Funding Year						
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Total</u>
				(Remaining)			
Meal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,353,276	\$ 3,353,276
Oil	-	-	-	-	-	4,307,639	4,307,639
Sustainability	-	-	-	-	-	2,387,717	2,387,717
Prior Structure Programs	44,347	-	33,513	143,279	557,922	-	779,061
Value Task Force	-	-	-	-	-	73,379	73,379
ASA Education Program	-	-	-	-	-	2,500,000	2,500,000
Contract Program Implementation	-	-	-	-	-	1,056,231	1,056,231
Strategic Support	17,447	116,142	-	-	23,364	1,621,526	1,778,479
Project evaluation	20,770	-	75,614	-	34,727	315,542	446,653
<b>Total</b>	<u>\$ 82,564</u>	<u>\$ 116,142</u>	<u>\$ 109,127</u>	<u>\$ 143,279</u>	<u>\$ 616,013</u>	<u>\$ 15,615,310</u>	<u>\$ 16,682,435</u>

# UNITED SOYBEAN BOARD

## Notes to Financial Statements

September 30, 2017

### Note G - Funding Agreements and Contracts (Continued)

During the year ended September 30, 2017, USB incurred expenses relating to fiscal years 2012, 2013, 2014, 2015 and 2016 projects that were extended into fiscal year 2017 and fiscal year 2017 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 directly by the Executive Committee of USB and the Strategic Management Committee, and projects managed by the Audit and Evaluation Committee, as follows:

	Program Expenses						Total
	Funding Year						
	2012	2013	2014	2015	2016	2017	
Meal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,739,393	\$ 16,739,393
Oil	-	-	-	-	-	15,051,669	15,051,669
Sustainability	-	-	-	-	-	10,036,668	10,036,668
High Oleic Soybean Oil	-	-	-	-	-	8,000,000	8,000,000
Prior Structure Programs	4,082	-	55,777	1,101,437	5,908,096	-	7,069,392
Value Task Force	-	-	-	-	125,450	134,673	260,123
Contract Program Implementation	-	-	-	-	-	17,424,877	17,424,877
Strategic Support	608	46,811	-	72,478	246,840	5,072,545	5,439,282
Project evaluation	12,720	-	-	-	333,830	1,438,846	1,785,396
Total	<u>\$ 17,410</u>	<u>\$ 46,811</u>	<u>\$ 55,777</u>	<u>\$ 1,173,915</u>	<u>\$ 6,614,216</u>	<u>\$ 73,898,671</u>	<u>\$ 81,806,800</u>

### Note H - Other Unrestricted Net Assets

Other unrestricted net assets at September 30, 2017, consist of:

Program unallocated funds	\$ 5,681,193
Designated program reserves	4,000,000
Cumulative unrestricted net assets	<u>92,221,639</u>
	<u>\$ 101,902,832</u>

Program unallocated funds are funds allocated by USB to target areas and committees for program purposes which have not yet been attributed to projects.

Designated program reserves have been established to fund cooperative commitments with seed industry partners for research and development of high oleic soybeans. The reserve is \$4,000,000 as of September 30, 2017.

# UNITED SOYBEAN BOARD

## Notes to Financial Statements

September 30, 2017

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### Note I - Operating Leases

USB has various operating lease agreements for equipment and facilities used in its activities, which expire on various dates through 2023.

Future minimum lease payments under noncancellable operating leases are as follows:

2018	\$	251,846
2019		257,042
2020		257,926
2021		260,043
2022		265,239
Thereafter		<u>224,640</u>
		<u>\$ 1,516,736</u>

Lease expenses included in the financial statements totaled \$178,247 for the year ended September 30, 2017.

### Note J - 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 K - 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, 2017, USB contracted with USSEC for its international opportunities projects; with SmithBucklin Corporation, for its domestic opportunities and supply projects; and with Osborn & Barr for its communications projects. The percentage of expense concentrated with these prime contractors approximates 92% for the year ended September 30, 2017.

# UNITED SOYBEAN BOARD

## Notes to Financial Statements

September 30, 2017

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### Note L - Retirement Plan

USB has a defined contribution benefit plan covering all employees. 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, 2017, USB contributed \$133,404. The plan provides for death, disability, and retirement benefits.

### Note M - 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 of 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, 2017, USB funded domestic and foreign administration costs of \$9,208,864 and project costs of \$14,652,968. The balance due to USSEC for USB funding commitments at September 30, 2017, is \$5,588,271, which is included in contractor billings 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, including the CEO, certain administrative expense reimbursement, and financial support for SNI's board of directors. For the year ended September 30, 2017, those costs were absorbed by USB and totaled \$278,229. Beginning October 2017, SNI will be consolidated with USB for financial statement presentation.

#### ***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, including the CEO, certain administrative expense reimbursement, and financial support for QUALISOY's board of directors. The total amount provided by USB for these costs was \$260,877 for the year ended September 30, 2017.

USB also funded project costs of \$608,682 for the year ended September 30, 2017, which benefit QUALISOY and the soybean industry.

# UNITED SOYBEAN BOARD

## Notes to Financial Statements

September 30, 2017

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### Note M - Related Entities (Continued)

#### **QUALISOY (continued)**

In 2012, QUALISOY was engaged as a subcontractor on several USB funded projects under the SmithBucklin Corporation management agreement. For the year ended September 30, 2017, those costs totaled \$608 and are included in program expense for USB and in both revenue and expense for QUALISOY.

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. Beginning October 2017, QUALISOY will be consolidated with USB for financial statement presentation.

### Note N - 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 employee salary and benefits. During fiscal year ended September 30, 2017, USB did not exceed either of these limitations.

### Note O – Subsequent Events

In December 2017, USB approved a new management model. The model requires the creation of a management company which will be a related entity. The new entity will contract with USB, will provide USB's operational and program support, and will be responsible for the strategic implementation of USB's LRSP under the direction of USB's CEO. The target for full implementation of the new management model is December 2018.

USB evaluated all subsequent events through February 5, 2018, the date the financial statements were available to be issued.

**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 financial statements of United Soybean Board, which comprise the statement of financial position as of September 30, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 5, 2018.

**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 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 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 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 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, 2018



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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 statement of financial position of United Soybean Board (USB) as of September 30, 2017, and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 5, 2018.

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, 2018



**CliftonLarsonAllen**

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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 statement of financial position of United Soybean Board (USB) as of September 30, 2017, and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 5, 2018.

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, 2018