

UNITED SOYBEAN BOARD

CONSOLIDATED FINANCIAL STATEMENTS
WITH
SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2019

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of United Soybean Board (a nonprofit organization), which comprise the consolidated statement of assets, liabilities, and net assets – modified cash basis as of September 30, 2019, the related consolidated statements of revenues, expenses, and changes in net assets – modified cash basis and functional expenses – modified cash basis 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 consolidated financial statements in accordance with the modified cash basis of accounting described in Note B; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 audits. 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 consolidated 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 consolidated financial statement referred to above present fairly, in all material respects, the assets, liabilities, and net assets – modified cash basis of the United Soybean Board as of September 30, 2019, and its revenues, expenses, and changes in net assets – modified cash basis, for the year then ended, in accordance with the basis of accounting as described in Note B.

Change in Accounting Principle

As described in Note B to the financial statements, the United Soybean Board has adopted the accounting guidance in Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-04, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-For-Profit Entities*, which changes presentation and disclosure requirements for non-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors and other users. Accordingly, the accounting change has been retrospectively applied. No cumulative-effect adjustment to net assets were recorded because the adoption did not significantly impact the United Soybean Board’s reported historical net assets. Our opinion is not modified with respect to this matter.

Basis of Accounting

We draw attention to Note B of the financial statements, which describes the basis of accounting. The financial statements were prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Report on Supplementary Information

Our audit were conducted for the purpose of forming an opinion on the consolidated financial statement taken as a whole. The accompanying supplementary information is presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and were 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 report dated January 30, 2020, on our consideration of the 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 results of that testing, and not to provide an opinion on the effectiveness of the United Soybean Board’s 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 the United Soybean Board’s internal control over financial reporting and compliance.

Other Matters

In connection with our audit, nothing came to our attention that caused us to believe the United Soybean Board 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. Further, in connection with our audit, nothing came to our attention that caused us to believe that the United Soybean Board failed to comply with Section 5D of the United States Department of Agriculture (USDA) Guidelines for Agricultural Marketing Service Oversight of Commodity Research and Promotion Programs (Guidelines), dated October 2019, insofar as they relate to the following: monetary funds used for the purpose of influencing governmental policy or action; monetary funds were used only for projects and other expenses authorized in the budget approved by the USDA; and monetary funds used in accordance with the Guidelines referenced above.

However, our audit was not directed primarily towards 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, provision, or conditions of the Indenture, insofar as they relate to accounting matters.

The report is intended solely for the information and use of the board of directors, United Soybean Board'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 specific parties.



CliftonLarsonAllen LLP

St. Louis, Missouri
January 30, 2020

UNITED SOYBEAN BOARD

Consolidated Statement of Assets, Liabilities, & Net Assets (Modified Cash Basis)

September 30, 2019

Assets

Cash and Cash Equivalents	\$ 21,364,213
Investments	106,677,128
Other Receivables	159,269
Prepaid Expenses and Other Assets	12,139
Equipment, Net	33,830

Total Assets	\$ 128,246,578
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Liabilities and Net Assets

Liabilities

Other Liabilities	\$ -
Total Liabilities	-

Net Assets - Without Donor Restriction

Program Commitments	68,630,726
Undesignated	59,615,852
Total Net Assets	128,246,578

Total Liabilities and Net Assets	\$ 128,246,578
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UNITED SOYBEAN BOARD

Consolidated Statement of Revenues, Expenses, & Changes in Net Assets (Modified Cash Basis)

Year ended September 30, 2019

Revenues:

Checkoff Assessments, Net	\$ 84,988,641
Realized and Unrealized Gains on Investments	1,583,731
Interest Income, Net	1,688,692
Other Revenue	1,155
	<hr/>
Total revenues	88,262,219

Expenses:

Program Activities:	
Action Team Initiatives	70,421,503
Contract Program Implementation	18,650,890
Program Operations	8,678,866
Program Evaluation & Measurement	1,329,874
Qualisoy & SNI Expenses	66,959
General & Administrative:	
USB Administrative	2,111,156
U.S. Department of Agriculture	447,885
	<hr/>
Total Expenses	101,707,133

Change in Net Assets **(13,444,914)**

Net Assets at Beginning of Year - Restated **141,691,492**

Net Assets at End of Year **\$ 128,246,578**

UNITED SOYBEAN BOARD

Consolidated Statement of Functional Expenses

(Modified Cash Basis)

Year ended September 30, 2019

	Program Expenses					General & Administrative			TOTAL	
	Action Team Initiatives	Contract Program Implementation	Program Operations	Program Evaluation & Measurement	Qualisoy & Soy Nutrition Institute	Total Program Expenses	USB Administrative	U.S. Department of Agriculture		Total General & Administrative
Expenses:										
Contractor Expenses	\$ 70,421,503	\$ 18,650,890	\$ -	\$ -	\$ -	\$ 89,072,393	\$ -	\$ -	\$ -	\$ 89,072,393
Compensation	-	-	1,814,404	210,523	-	2,024,927	739,849	62,826	802,675	2,827,602
Professional Services	-	-	4,774,555	1,064,733	-	5,839,288	795,855	96,799	892,654	6,731,942
Legal	-	-	127,469	-	-	127,469	65,010	-	65,010	192,479
Travel	-	-	723,061	14,442	-	737,503	2,425	13,221	15,646	753,149
Meetings	-	-	541,786	39,594	-	581,380	269,416	-	269,416	850,796
Occupancy and Other	-	-	697,591	582	66,959	765,132	238,601	275,039	513,640	1,278,772
TOTAL	\$ 70,421,503	\$ 18,650,890	\$ 8,678,866	\$ 1,329,874	\$ 66,959	\$ 99,148,092	\$ 2,111,156	\$ 447,885	\$ 2,559,041	\$ 101,707,133

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

UNITED SOYBEAN BOARD

Notes to Consolidated Financial Statements

September 30, 2019

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, May, 2014 and May, 2019. Based upon the results of the requests for referendum conducted, USDA did not conduct a referendum on the Soybean Promotion and Research Program.

USB's soybean promotion program is carried out in the following target areas, action teams, and committees:

Standing Program Target Areas and Action Teams

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 (Supply, Marketplace, & Demand).

UNITED SOYBEAN BOARD

Notes to Consolidated Financial Statements

September 30, 2019

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.

Strategic Management - Committee is responsible to the Board of Directors of USB. Its primary function is to evaluate and advise on the future strategic direction for USB.

Audit & Evaluation - Committee is responsible to the Board of Directors of USB. Its primary functions are to ensure that checkoff funds are being spent pursuant to the Act and Order 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 responsible to the Board of Directors of USB. Its primary functions are to oversee USB's financial audit process and to serve as liaison between the external auditors and USB.

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, 2019

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.

Note B - Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of USB are prepared on the modified cash basis of accounting. Under this method, certain revenues are recognized when received rather than when earned and certain expenses are recognized when paid rather than when 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 two classes of net assets: with donor restrictions and without donor restrictions. At September 30, 2019, there were no net assets with donor restrictions.

UNITED SOYBEAN BOARD

Notes to Consolidated Financial Statements

September 30, 2019

Note B - Summary of Significant Accounting Policies (Continued)

Principles of Consolidation

The consolidated financial statements include the accounts of the United Soybean Board and its affiliated entities: Qualisoy and Soy Nutrition Institute. 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.

Cash, Cash Equivalents, and Investments

USB considers all highly liquid investment securities with an original maturity of three months or less to be cash equivalents. The carrying amounts of cash and cash equivalents approximate fair value due to the short maturity of these financial instruments. USB's investment securities are reported at fair value. Fair value is established as readily determinable current market values for investment securities. Certificates of Deposits are recorded at cost which approximates fair value. Unrealized gains and losses are included in the consolidated statement of activities.

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 USB receives payment of the assessments.

Net Assets

All consolidated net assets of USB and its affiliates at September 30, 2019, were without donor restriction.

UNITED SOYBEAN BOARD

Notes to Consolidated Financial Statements

September 30, 2019

Note B - Summary of Significant Accounting Policies (Continued)

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)(6) of the Internal Revenue Code.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to program or supporting functions. These expenses include depreciation, office and occupancy, information technology consulting and other general overhead expenses. These expenses are allocated proportionally based on the number of hours recorded by USB staff for program or supporting functions.

Change in Basis of Accounting

As of October 1, 2018, USB changed its basis of accounting to the modified cash basis of accounting from full accrual basis of accounting. Under the modified cash basis of accounting, certain revenues are recognized when received rather than when earned and certain expenses are recognized when paid rather than when incurred. The modified cash basis of accounting is preferred in order to produce more timely reporting and avoid the risk of improper cutoff reporting related to the complexities in obtaining contractor expense invoicing. The impact of the financial statement as of and for the year ended September 30, 2018, of the change in basis of accounting is as follows:

	As Originally Reported	As Restated	Effect of Change
Beginning Net Assets	\$125,363,514	\$ 141,691,492	\$ 16,327,978

Change in Accounting Principle

On August 18, 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statement for Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. USB has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly.

UNITED SOYBEAN BOARD

Notes to Consolidated Financial Statements

September 30, 2019

Note C - Cash, Cash Equivalents, and Investments

USB follows the Agricultural Marketing Service (AMS) investment policy. At September 30, 2019, 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.

At September 30, 2019, cash and cash equivalents consisted of the following:

Description	Amount
Operating cash	\$ 727,374
Money market	21,029,191
Less outstanding checks	(392,352)
TOTAL	\$ 21,364,213

Under the AMS investment policy, USB is authorized to invest, on a short-term basis, 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.

At September 30, 2019, investments consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>
Certificates of Deposits	\$ 12,000,000	\$ 12,000,000
U.S. Treasury Notes	93,724,495	94,677,128
TOTAL	\$ 105,724,495	\$ 106,677,128

UNITED SOYBEAN BOARD

Notes to Consolidated Financial Statements

September 30, 2019

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 - Available Resources and Liquidity

The following represents USB's financial assets at September 30, 2019:

Financial Assets at year end:	
Cash	\$ 335,022
Money Market Funds	21,029,191
Investments	106,677,128
Other Receivables	159,269
	<hr/>
	128,200,610
Less Program Commitments	68,630,726
	<hr/>
Total Financial Assets Available	\$ 59,569,884

As part of USB's liquidity management, cash in excess of daily requirements is invested in short-term investments.

UNITED SOYBEAN BOARD

Notes to Consolidated Financial Statements

September 30, 2019

Note F - Equipment

Equipment at September 30, 2019 consists of:

Computer equipment	\$	128,285
Less Accumulated Depreciation		<u>(94,455)</u>
TOTAL	\$	<u>33,830</u>

Depreciation expense was \$28,752 for the year ended September 30, 2019.

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:

2020	\$	259,170
2021		261,479
2022		266,674
2023		226,076
2024		<u>239</u>
		<u>\$ 1,013,638</u>

Lease expenses included in the financial statements totaled \$270,744 for the year ended September 30, 2019.

Note H - Funding Agreements and Contracts

USB has established various target areas and action teams to aid in its promotion of soybeans and soybean products. There are numerous specific projects under each of these target areas and action teams 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 Consolidated Financial Statements

September 30, 2019

Note H - Funding Agreements and Contracts (Continued)

As of September 30, 2019, USB has commitments through its various target areas and action teams, as detailed on the table below by current and prior years. Program commitments represent unexpended budgeted funds as of September 30, 2019. Also included are the contract program implementation, program operations, program evaluation projects managed by USB's Executive Committee, Strategic Management Committee, and Audit & Evaluation Committee.

	Program Commitments		
	Funding Year		
	2018 & Prior	2019	TOTAL
Action Team Initiatives	\$ 992,671	\$ 62,258,267	\$ 63,250,938
Contract Program Implementation	-	3,532,203	3,532,203
Program Operations	-	1,106,391	1,106,391
Program Evaluation	-	309,775	309,775
USDA	-	431,419	431,419
TOTAL	\$ 992,671	\$ 67,638,055	\$ 68,630,726

Note I - Retirement Plan

Effective October 1, 2018, USB established a defined contribution plan, covering all employees. Annual contributions by USB are determined each year by the Executive Committee of USB. Contributions for the year ended September 30, 2019 were approximately \$254,000.

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.

UNITED SOYBEAN BOARD

Notes to Consolidated Financial Statements

September 30, 2019

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, 2019, 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 90% for the year ended September 30, 2019.

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, 2019, USB funded domestic and foreign administration costs of approximately \$9,976,000 and project costs of approximately \$18,873,000.

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, 2019, those costs totaled \$47,681. SNI is consolidated with USB for financial statement presentation and these costs have been eliminated in consolidation at September 30, 2019.

UNITED SOYBEAN BOARD

Notes to Consolidated Financial Statements

September 30, 2019

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. QUALISOY is consolidated with USB for financial statement presentation. The total amount provided by USB for these administrative costs was \$128,562 for the year ended September 30, 2019 and these costs have been eliminated in consolidation.

USB also funded project costs of \$942,000 for the year ended September 30, 2019, which benefit QUALISOY and the soybean industry.

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, 2019, USB did not exceed either of these limitations.

Note N – Subsequent Events

USB evaluated all subsequent events through January 30, 2020, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

UNITED SOYBEAN BOARD

Consolidating Statement of Assets, Liabilities, & Net Assets (Modified Cash Basis)

September 30, 2019

(See Independent Auditors' Report)

	USB	Qualisoy	Soy Nutrition Institute	2019 TOTAL
Assets				
Cash and Cash Equivalents	\$ 21,136,839	\$ 174,712	\$ 52,662	\$ 21,364,213
Investments	106,677,128	-	-	106,677,128
Other Receivables	159,269	-	-	159,269
Prepaid Expenses and Other Assets	12,139	-	-	12,139
Equipment, Net	33,830	-	-	33,830
Total Assets	\$ 128,019,204	\$ 174,712	\$ 52,662	\$ 128,246,578
Liabilities and Net Assets				
Liabilities				
Other Liabilities	-	-	-	-
Total Liabilities	\$ -	\$ -	\$ -	\$ -
Net Assets - Without Donor Restriction				
Program Commitments	68,630,726	-	-	68,630,726
Undesignated	59,388,478	174,712	52,662	59,615,852
Total Net Assets	128,019,204	174,712	52,662	128,246,578
Total Liabilities and Net Assets	\$ 128,019,204	\$ 174,712	\$ 52,662	\$ 128,246,578

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

UNITED SOYBEAN BOARD

Consolidating Statement of Revenues, Expenses, & Changes in Net Assets (Modified Cash Basis)

Year ended September 30, 2019

(See Independent Auditors' Report)

	USB	Qualisoy	Soy Nutrition Institute	Eliminations	2019 TOTAL
Revenues:					
Checkoff assessments, net	\$ 84,988,641	\$ -	\$ -	\$ -	\$ 84,988,641
Realized and unrealized gains on investments	1,583,731	-	-	-	1,583,731
Interest income, net	1,688,692	-	-	-	1,688,692
Other Revenue	(36,278)	128,562	85,114	(176,243)	1,155
Total revenues	88,224,786	128,562	85,114	(176,243)	88,262,219
Expenses:					
Program activities:					
Action Team Initiatives	70,421,503	-	-	-	70,421,503
Contract Program Implementation	18,650,890	-	-	-	18,650,890
Program Operations	8,678,866	-	-	-	8,678,866
Program Evaluation & Measurement	1,329,874	-	-	-	1,329,874
Qualisoy & SNI Expenses	-	128,562	114,640	(176,243)	66,959
General & Administrative					
USB Administrative	2,111,156	-	-	-	2,111,156
U.S. Department of Agriculture	447,885	-	-	-	447,885
Total Expenses	101,640,174	128,562	114,640	(176,243)	101,707,133
Change in Net Assets	(13,415,388)	-	(29,526)	-	(13,444,914)
Net Assets at Beginning of Year - As Restated	141,434,592	174,712	82,188	-	141,691,492
Net Assets at End of Year	\$ 128,019,204	\$ 174,712	\$ 52,662	\$ -	\$ 128,246,578

The accompanying notes are an integral part of these 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 consolidated statement of assets, liabilities, and net assets – modified cash basis as of September 30, 2019, and the related consolidated statements of revenues, expenses, and changes in net assets – modified cash basis and functional expenses – modified cash basis for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 30, 2020.

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.

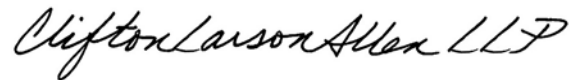
Board of Directors
United Soybean Board

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
January 30, 2020