

SHARPEN UP THE 2017 ILLINOIS CORN CHECKOFF ANNUAL REPORT

BUILDING DEMAND INCREASING PROFITABILITY

ilcorn.org

A MESSAGE FROM OUR CHAIRMAN



Dear IL Corn farmers:

Please take the time to review this annual report of your Illinois Corn checkoff program. Through the Illinois Corn Marketing Board (ICMB), your checkoff dollars are invest- ed to return profitability to your bottom line by building demand, researching threats to corn demand, and improving the image of corn and corn farmers through outreach and education programs.

At IL Corn, your profitability is our bottom line. We’re sharpening our vision of the future, of new and expanded corn markets and opportunities, so you can sharpen your pencils and prospects for the season ahead.

We know you’ve seen several years of price declines and maybe even losses on your farm. We know the situation may not turn around soon. But we see bright spots for corn demand, and we’re focusing on them for your IL Corn crop. Those bright spots are primarily in export growth for corn., ethanol, DDGS, and value-add- ed products like meat. That’s not to say we’re turning our backs on the long-term, reliable domestic markets for livestock feed and ethanol use, however.

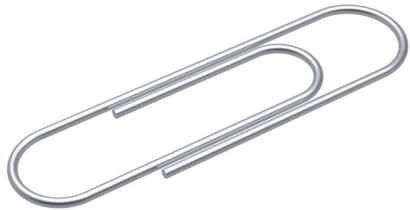
Everything we do at ICMB is considered, funded, and executed with the need for growing demand in mind. We are keenly aware of low corn prices and shrinking margins. We’re proud of the IL Corn checkoff program and the precision manner in which your dollars are invested to make a difference to your farm and your family.

Take a look at this annual report and touch base with us on our website, at www.ilcorn.org throughout the year, so that you can keep track of the work of the Illinois Corn Marketing Board in making your IL Corn checkoff work for your farm’s bottom line. It’s our focus, every day.

Sincerely,

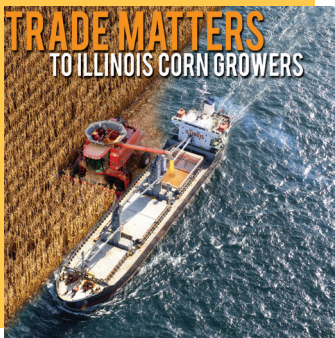
Paul Jeschke

Paul Jeschke
Illinois Corn Marketing Board Chairman
Mazon, IL



IMPROVED LOCKS AND DAMS HELP DELIVER YOUR GOODS

Trade Matters to IL Corn farmer profitability. Period. There are no if’s, and’s or but’s about it. Although the story may seem clear to you, there are many folks that still need that baseline level of education on trade and on the waterways transportation infrastructure system – locks and dams. Your IL Corn checkoff dollars are funding educational outreach on this topic, with a new video currently in the works to target decisions makers and other influential people in key markets. The last video you funded on this topic racked up over 1.6 million views.



2017-2018 CORN MARKETING DIRECTORS

District 1
Pat Dumoulin / Hampshire, IL
District 2
Lou Lamoreux / Lanark, IL
District 3
Tom Mueller / Taylor Ridge, IL
District 4
Mark Wilson / Toulon, IL

District 5
Paul Jeschke / Mazon, IL
District 6
Dirk Rice / Philo, IL
District 7
Jim Reed / De Land, IL
District 8
Mike Wurmnest / Deer Creek, IL

District 9
Dan Cole / Plainville, IL
District 10
Bill Long / Franklin, IL
District 11
Don Murphy / Harvel, IL
District 12
Roger Sy / Newman, IL

District 13
Don Duvall / Carmi, IL
District 14
Karen Neff / Belleville, IL
District 15
Jim Raben / Ridgway, IL



CONSUMER EDUCATION: When IL Corn farmers talk to their neighbors, everyone grows

Talking with our neighbors – in and out of the city – benefits us all.

Conversations build relationships, change minds, and turn folks with questions into advocates for agriculture. We’ve always known farmers care, now consumers know it, too. We’re sharing farmers’ stories about homegrown corn and how it makes greener, safer, better products. Con- sumers learn that means things like cleaner-burning ethanol, better soil health and environmen- tally-friendly choices like biotechnology and biodegradable corn plastics. Whenever Illinois corn gets its best chance to grow, our whole state reaps the rewards.

We’re talking with consumers, and they’re spreading the word.

We help farmers share their stories, reaching 650,000 Illinois consumers through advertising and social media, drawing hundreds of thousands of web visits and video views. Our message is changing minds. Consumers we reach become influencers – advocates for Illinois farmers. After one farm tour, 80% of attendees became less concerned about GMOs once they under- stood why and how they’re used. They’re reassured about farm sustainability practices they can see working firsthand. That’s real ROI for Illinois corn checkoff dollars.

CLEARING THE AIR: ETHANOL EXPORTS

From Tokyo to Rio de Janeiro to Mexico City, your corn-based ethanol will help clear the air of harm- ful, toxic pollutants that endanger health for countless people. Your corn checkoff dollars support science-based greenhouse gas emissions research to clearly demonstrate how ethanol can make a difference. With that data in place, new export markets for IL Corn-based ethanol are coming online. Mexico has approved the move to a 10% blend of corn ethanol in its fuel. Japan is a few steps away from importing U.S. corn-based ethanol to meet its clean-air requirements. By investing your check- off dollars with the U.S. Grains Council, we’re leveraging research-based evidence to grow markets around the globe. **Renewable. Sustainable. Profitable. Definitely Exportable.** Your IL Corn ethanol is helping clear the air around the world while building demand to grow corn prices at home.

High-octane, low carbon fuels are in your future

Your IL Corn checkoff dollars support the work of the Ag Auto Ethanol working group. The AAE Work Group’s overarching goal is to accelerate the transition of transportation fuels to higher-octane/low- er-carbon (HOLC) blends for use in the North American light duty vehicle fleet. The AAE Work Group functions as a platform for developing strategies and action plans to accomplish this goal. And guess where that high-octane fuel comes from? That’s right: Your IL Corn crop, as corn-based ethanol is the world’s most widely available, least expensive octane source. Where does your corn checkoff investment come in? It funds engine testing that clearly demonstrates how engines like the one in the Ford F-150 can run on HOLC fuels. Your checkoff has funded tests on pistons to prove their func- tionality and durability using HOLC fuels. Your checkoff is placing thousands of new fuel pumps certified to dispense HOLC fuels around the country. That way, as soon as the HOLC-ready vehicles hit the road, your IL Corn based ethanol will be ready to fill ’em up.



PRECISION CONSERVATION/BMPS DRAW ‘SUSTAINABLE’ BUYERS

We know IL Corn farmers are among the world’s best. And with profit margins where they are, we know you’re looking for every opportunity to be more efficient, reduce nutrient loss, and manage water quality. The good news is, these also are ways your farm can be more attractive to retailers looking to source corn from sustainable operations. We’re here to back you up with on-the-ground, science-based information that demonstrates how sustainable you are. That includes research de- signed to provide agronomic, economic, and environmental data farmers need to feel informed and confident about a new best management practice (BMP). It includes field labs, demonstration, adop- tion, measurement, and modeling. The IL Corn-founded signature program Precision Conservation Management (PCM) puts numbers where they matter: on the positive side of the balance sheet. Soil health, water testing, and precision conservation are part of the IL Corn farmer profitability picture.

FINANCIALS ILLINOIS CORN MARKETING BOARD

Bloomington, Illinois - Year Ended September 30, 2017

CURRENT ASSETS	
Cash and cash equivalents	\$200,177
Investments	5,464,215
Investments designated for contingency (Note 1 below)	1,500,000
Accounts Receivable:	
Related party	20,612
Other	10,749
Accrued interest receivable	18,450
Prepaid rent (Note 2)	8,221
Prepaid expense	24,102
TOTAL CURRENT ASSETS	\$7,246,526
NON-CURRENT INVESTMENTS	
Long-term investments	993,886
Prepaid rent	230,908
	\$1,224,794
PROPERTY & EQUIPMENT	
Billboard	\$147,574
Office furniture & equipment	332,899
Field equipment	62,698
	\$543,171
Less accumulated depreciation	415,953
	\$127,218
	\$8,598,538

LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Due to related party	\$64,444
Expenses accrued and payable (Note 3)	378,416
Contributions payable	310,250
TOTAL CURRENT LIABILITIES	\$753,110
LONG-TERM LIABILITIES	
Post Management Services Agreement (Note 3)	\$361,228
Contributions payable-long-term	60,000
	\$421,228
NET ASSETS	
Unrestricted- Designated for contingency (Note 1)	\$1,500,000
Unrestricted- Designated for projects in process (Note 4)	5,039,149
Unrestricted- Undesignated	885,051
	\$7,424,200
	\$8,598,538

STATEMENT OF ACTIVITIES	
Changes in Unrestricted Net Assets	
Operating revenue and other support:	
Check-off receipts, net of first purchaser handling commissions (Note 5)	\$12,121,436
Less check-off refunds to producers	443,533
Net check-off receipts	\$11,677,903
Project co-funding revenue	249,138
Total unrestricted operating revenue and other support	\$11,927,041
Operating expenses:	
Program services:	
Industrial programs	\$5,038,441
Export programs	5,094,522
Communications plan (Note 6)	255,990
Executive programs (Note 7)	130,773
	\$10,519,726
Management and general	281,508
TOTAL EXPENSES	\$10,801,234
Excess (deficiency) of operating revenue and other support	\$1,125,807
Nonoperating revenues:	
Interest income	\$63,586
Gain (loss) on disposal of fixed assets	21
Realized gain (loss) on sale of investments	(2,690)
Unrealized gain (loss) on investments	(9,900)
Other	(74,500)
	\$(23,483)
INCREASE (DECREASE) IN NET ASSETS	\$1,102,324
NET ASSETS AT BEGINNING OF YEAR	6,321,876
NET ASSETS AT END OF YEAR	\$7,424,200

Note 1: This is a reserve of \$1,500,000 which has been established to maintain funding for research and market develop- ment projects in case of an unforeseen decline in check-off receipts.
Note 2: ICMB has entered into a long-term rental agreement. Rent has been paid for the term of the agreement. On an annual basis, the rent is less than the annual amount paid prior to 1996, when this agreement started.
Note 3: The Marketing Board was notified by the Illinois Agricultural Association that management services agreement will be terminated effective August 31, 2018. Costs associated with the termination are accrued within these two lines.
Note 4: Represents amount committed, but not yet disbursed, for projects which were funded in previous fiscal years.
Note 5: When the check-off is remitted on a timely basis, the first purchaser is allowed a 2% commission to defray collection and remittance costs.
Note 6: The ICMB Communications Plan works with major agricultural organizations on state, national and international market development efforts and the dissemination timely industry information.
Note 7: Executive Programs provide sponsorship of agricultural-related organizations and participates in educational and promotional activities within the agricultural community.