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ILCORN ON THE MOVE
FACING THE CHALLENGES & GREETING THE FUTURE

THE 2018 CORN CHECKOFF ANNUAL REPORT



Illinois Corn Marketing Board

ilcorn.org

2018-2019 ILLINOIS CORN MARKETING BOARD DIRECTORS

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HIGH OCTANE FUEL OF THE FUTURE

High-octane, low carbon (HOLC) fuel is the next big thing for domestic ethanol demand. As automakers are obligated to build high efficiency, cleaner vehicles to meet the so-called CAFE and greenhouse gas emissions standards set by Congress, they're looking for new fuels that will play an integral role. IL Corn is a leader in moving the ball forward on this future fuel, with your corn checkoff dollars providing the research and expertise to prove that ethanol made from your corn provides exactly the octane needed to fuel the high-compression engines of the future.

By increasing the compression ratios of engines and optimizing them to run on HOLC fuels, auto manufacturers can increase vehicle efficiency and reduce emissions. The introduc-

PCM-PRECISION CONSERVATION MANAGEMENT

IL Corn's flagship water quality and nutrient management program, PCM (Precision Conservation Management) is quickly growing to be the best available system for farmers to understand the real costs and benefits of Illinois Nutrient Loss Reduction Strategy-recommended best management practices. PCM has millions of dollars in grant funding available to facilitate the program,



including a \$5 million USDA grant that goes directly to participating farmers. PCM farmers now cover 200,000 acres in 16 counties across four priority watersheds in Illinois.

PCM Specialists are busy this winter delivering Resource Analysis and Assessment Plans (RAAPs) to 117 PCM cooperators in Illinois. We hosted 3 PCM quarterly meetings this winter with great speakers focusing on cover crops. PCM Enrollment Coordinators met with cooperators after planting to collect 2018 data and enroll new farmers. PCM has an enrollment goal of 200 farmers in Illinois this year.

PCM is expanding its service area to include Piatt, DeWitt, and Macon counties, enabled in part, through a relationship with The Nature Conservancy (TNC). TNC has committed substantial time, money, and effort to promote greater adoption of conservation practices in Illinois' Upper Sangamon River watershed, and they have chosen PCM as their engagement partner.

GROWING THE LIVESTOCK INDUSTRY

IL Corn is always partnering with Illinois livestock groups to grow the industry in Illinois and support our livestock farmers. This year, the corn checkoff supported the Illinois Pork Producers Association Pork Expo – both with general funds and a postcard to help with promotion. The IL Corn checkoff also supports Pork Power, a foodbank donation program that has provided more than 721,000 pounds of pork, amounting to more than **2.4 MILLION** servings, donated to hungry Illinois residents since the program began in 2008.

IL Corn also partnered with the IL beef checkoff on a signature consumer outreach program called the Corn and Beef connection. Featured on the Illinois Farm Families corn-specific page and branded as the Illinois Runs on Homegrown Corn program, the effort proved to be successful. The sustainable nature of the partnership between corn farmers and cattle producers was the program centerpiece. The corn checkoff also supports engagement of Illinois beef producers in export market opportunities, as beef exports qualify as corn-in-all-forms.

In 2018, pork and beef exports totalled 459.7 million bushels of corn and \$1.62 billion. Total impact of pork and beef exports to corn farmers is \$1.9 billion, combined corn and DDGS value.



PUBLIC EDUCATION: ILLINOIS RUNS ON HOMEGROWN CORN

IL Corn's public education signature program, Illinois Runs on Homegrown Corn, is now in its fourth year of programming and will be kicking off a brand video in 2019. Its 360-degree virtual reality videos that track corn production from planting through harvest are still in heavy circulation. Your checkoff dollars have delivered these messages to highly valued, influential consumers in Illinois through digital advertising and placement using social media and search engines. All this work dovetails with the award-winning Illinois Farm Families (IFF) program by sending consumers to the IFF website to learn more about corn, at www.watchusgrow.org/corn. The corn-specific page is the second most popular page on the website, after the homepage.

In FY18, more than 187,000 consumers discovered IL Corn resources on social media. The YouTube video ads reached more than 2.4 million people through four unique videos. The most popular video was the 360° harvest video, with more than 104,000 viewers. More than 1,500 consumers visited the website.

The corn-specific page on the IFF website was updated in 2018 to match current trends in website design and appeal, especially for mobile users. The new page contains information about family farms, the economic impact of corn, the many uses for corn, and sustainable corn growth.

tion of HOLC liquid transportation fuels into North America will expand ethanol markets for Illinois corn farmers. Analyses have shown that with a 50% adoption rate of E25 in new vehicles with high compression engines, ethanol usage in 2030 and beyond could increase as much as 5 billion gallons.

Five billion gallons of ethanol takes about 1.8 billion bushels of corn, roughly equivalent to the corn carryout figures for the 2018 crop (or half the yield growth over the next two decades). Corn-based ethanol is the lowest cost, highest quality, non-toxic source of octane available in the world.



ETHANOL EXPORTS: JAPAN AND MEXICO

Your IL Corn checkoff dollars continue to fund and support initiatives that are opening up valuable export markets for corn-based ethanol.

With the substantial changes in the Mexican government leadership due to its newly-elected president's vision and priorities, IL Corn checkoff dollars are working hard to educate a new slate of regulators and policymakers to get a nationwide E10 blend across the finish line. Currently, E10 is legal everywhere in Mexico except for three cities. Those three cities account for about 40% of fuel demand. It is estimated that within five years, we will see E10 at about 50% market share in Mexico. That is the equivalent of growing Mexico's corn demand by about 50% of current levels, a substantial growth since Mexico is one of the top two export destinations for U.S. corn.

Japan also is ready to import a growing amount of corn-based ethanol to improve its air quality standards, beginning this spring. The IL Corn checkoff funded a groundbreaking study that proves ethanol blended gasoline saves lives by improving air quality through the reduction of toxic tailpipe emissions. The study reveals that bringing an E10 blend to Tokyo alone would save more than a billion dollars in the economic value associated with human lives that would be saved from cancer-caused deaths.

WATERWAYS INFRASTRUCTURE INVESTMENT

IL Corn checkoff investments supported the development and implementation of a public relations campaign that played a significant role in bringing attention to the poor condition of locks and dams on the Illinois and Upper Mississippi Rivers.

Then-ICMB chairman Paul Jeschke, from Mazon in Grundy County, was featured on the HBO news program VICE. Jeschke and his wife, Donna, also were featured in a video from the Waterways Council Inc., that was used as an education piece targeted specifically at members of Congress, their aids, and other influential people in D.C.



IL Corn funded a research project that helped prove a pathway forward for the completion of the Olmsted Lock and Dam project, and the project was completed in 2018, more than 30 years after Congress approved initial funding. The project is the largest and most expensive inland waterway project ever in the United States. Initially estimated to cost \$775 million, with completion slated for 1998, engineers far underestimated the costs and time for an innovative technique called "in-the-wet construction." Twenty years after initial estimated completion, the project will be completed with final price tag around \$3 billion.

More than 90 million tons of goods pass through this section of river every year, the most in the country.



FINANCIALS

ILLINOIS CORN MARKETING BOARD
Bloomington, Illinois - Year Ended September 30, 2018

CURRENT ASSETS	
Cash and cash equivalents	\$294,741
Investments	6,707,821
Accounts Receivable:	
Related party	37,802
Other	11,029
Accrued interest receivable	47,602
Prepaid rent (Note 1)	8,221
Prepaid expense	1,548,079
TOTAL CURRENT ASSETS	\$8,655,295
NON-CURRENT INVESTMENTS	
Long-term investments	1,490,984
Investments designated for contingency (Note 2 below)	1,500,000
Prepaid rent	205,521
	\$3,196,505
PROPERTY & EQUIPMENT	
Billboard	\$147,574
Office furniture & equipment	341,142
Field equipment	62,698
	\$551,414
Less accumulated depreciation	464,989
	\$86,425
	\$11,938,225
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Due to related party	\$68,806
Expenses accrued and payable (Note 3)	341,850
Deferred revenue	450,683
TOTAL CURRENT LIABILITIES	\$861,339
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)	5,972,004
Unrestricted- Undesignated	3,183,654
	\$10,655,658
	\$11,938,225
STATEMENT OF ACTIVITIES	
Changes in Unrestricted Net Assets	
Operating revenue and other support:	
Check-off receipts, net of first purchaser handling commissions (Note 5)	\$13,891,015
Less check-off refunds to producers	484,380
Net check-off receipts	\$13,406,635
Project co-funding revenue	94,487
Total unrestricted operating revenue and other support	\$13,501,122
Operating expenses:	
Program services:	
Industrial programs	\$4,369,263
Export programs	5,410,065
Communications plan (Note 6)	266,790
Executive programs (Note 7)	111,114
	\$10,157,232
Management and general	254,326
TOTAL EXPENSES	\$10,411,558
Excess (deficiency) of operating revenue and other support	\$3,089,564
Nonoperating revenues:	
Interest income	\$144,190
Gain (loss) on disposal of fixed assets	0
Realized gain (loss) on sale of investments	0
Unrealized gain (loss) on investments	(2,296)
Other	0
	\$141,894
INCREASE (DECREASE) IN NET ASSETS	\$3,231,458
NET ASSETS AT BEGINNING OF YEAR	7,424,200
NET ASSETS AT END OF YEAR	\$10,655,658

Note 1: 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 2: This is a reserve of \$1,500,000 which has been established to maintain funding for research and market development projects in case of an unforeseen decline in check-off receipts.

Note 3: The Marketing Board was notified by the Illinois Agricultural Association that the 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 of timely industry information.

Note 7: Executive Programs provide sponsorship of agricultural related organizations and participates in educational and promotional activities within the agricultural community.