

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARY

Des Moines, Iowa

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IOWA SOYBEAN ASSOCIATION AND SUBSIDIARY

Des Moines, Iowa

BOARD OF DIRECTORS

IOWA SOYBEAN ASSOCIATION

<u>Name</u>	<u>Position</u>	<u>District</u>
John Askew	President	7
Ray Gaesser	President-Elect	7A
Larry Marek	Secretary	9
Dean Coleman	Treasurer	2
Curt Sindergard	Exec. Committee Member	1
Brian Kemp	Director	1A
Dan Beenken	Director	2A
John Hoffman	Director	3
Yvonne Wente	Director	3A
Sheila Hebenstreit	Director	4
Delbert Christensen	Director	4A
Randy VanKooten	Director	5
A J Blair	Director	5A
Ed Ulch	Director	6
Kevin Green	Director	6A
Cliff Mulder	Director	8
John Heisdorffer	Director	9A
Tom Oswald	Director	At Large
Roy Arends	Director	At Large
Ron Heck	Director	At Large
Jim Andrew	Director	At Large

SCHNOES & DAHM, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

MICHAEL F. SCHNOES
GREGORY D. DAHM

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WEST DES MOINES, IOWA 50265
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Iowa Soybean Association
Des Moines, Iowa

We have audited the accompanying consolidated statements of financial position of Iowa Soybean Association and Subsidiary as of September 30, 2005 and 2004, and the related consolidated statements of activities and net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provided a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Iowa Soybean Association and Subsidiary as of September 30, 2005 and 2004 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Schnoes & Dahm, P.C.

November 15, 2005

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARY

Consolidated Statements of Financial Position

September 30, 2005 and 2004

	<u>Assets</u>	
	<u>2005</u>	<u>2004</u>
Current Assets:		
Cash and Cash Equivalents	\$ 4,573,930	1,170,376
United States Treasury Bills	766,309	-
Certificates of Deposit	307,371	204,000
Accrued Interest Receivable	3,242	1,203
Accounts Receivable	2,642,339	1,009,498
Prepaid Memberships	102,178	120,961
Income Tax Receivable	5,071	20,827
Prepaid Expense and Other Assets	154,328	71,233
Total Current Assets	<u>8,554,768</u>	<u>2,598,098</u>
Property and Equipment:		
Office Equipment	607,610	538,972
Leased Computers	53,401	41,916
Leasehold Improvements	154,525	114,589
Less Accumulated Depreciation and Amortization	<u>(651,308)</u>	<u>(575,624)</u>
Net Property and Equipment	<u>164,228</u>	<u>119,853</u>
Other Assets:		
Prepaid Memberships	<u>63,432</u>	<u>91,141</u>
Total Other Assets	<u>63,432</u>	<u>91,141</u>
Total Assets	<u>\$ 8,782,428</u>	<u>2,809,092</u>
 <u>Liabilities and Net Assets</u>		
Current Liabilities:		
Accounts Payable	\$ 2,968,798	1,001,583
Capital Lease Obligation, Current Portion	19,638	13,837
Accrued Payroll and Related Expenses	112,944	92,360
Deferred Revenue:		
Memberships	151,624	169,604
ISPB Contract	-	729,641
Sponsorships	381,968	67,275
Total Current Liabilities	<u>3,634,972</u>	<u>2,074,300</u>
Long-Term Liabilities:		
Accrued Pension Liability	142,508	92,321
Capital Lease Obligation	5,982	15,900
Deferred Revenue - Memberships	93,979	132,551
Total Long-Term Liabilities	<u>242,469</u>	<u>240,772</u>
Total Liabilities	<u>3,877,441</u>	<u>2,315,072</u>
Net Assets:		
Unrestricted	728,599	494,020
Restricted	4,176,388	-
Total Net Assets	<u>4,904,987</u>	<u>494,020</u>
Total Liabilities and Net Assets	<u>\$ 8,782,428</u>	<u>2,809,092</u>

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

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARY

Consolidated Statements of Activities and Net Assets

For the Years Ended September 30, 2005 and 2004

	2005		2004
	Unrestricted	Restricted	
Revenue:			
Membership	\$ 110,979	-	112,079
Communications	794,127	-	738,069
Special Events	1,734,724	-	1,045,782
Contract Revenue	3,100,554	-	4,573,312
Assessments-National Checkoff	-	2,998,211	-
Other States	479,902	-	417,330
Administrative:			
Interest Income	7,893	30,784	4,735
Other	161,305	-	131,061
Total Revenue	6,389,484	3,028,995	7,022,368
Expenses:			
Membership	79,536	-	90,778
Communications	654,176	-	606,152
Special Events	1,705,608	-	1,045,700
Contract Expense	3,074,816	-	4,519,047
Checkoff Assessments Paid to QSB & Other States	-	1,595,141	-
Production Technology	-	700,468	-
Market Development	-	1,187,904	-
Other States	479,902	-	443,865
Administrative	143,490	131,647	168,550
Total Expenses	6,137,528	3,615,160	6,874,092
Income from Operations			
Before Income Taxes	251,956	(586,165)	148,276
Income Taxes	17,377	-	25,437
Increase (Decrease) in Net Assets	234,579	(586,165)	122,839
Net Assets, Unrestricted - Beginning of Year	494,020	-	371,181
Soybean Checkoff Net Assets Received	-	4,762,553	-
Net Assets, Restricted & Unrestricted - End of Year	\$ 728,599	4,176,388	494,020

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

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARY

Consolidated Statements of Cash Flows

For the Years Ended September 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Cash Flows from Operations:		
Increase (Decrease) in Net Assets	\$ (351,586)	122,839
Adjustments to Reconcile Decrease in Net Assets to Net Cash (Used in) Provided by Operations:		
Depreciation and Amortization	75,684	84,948
Accretion of Discount	(5,643)	-
Increase in Receivables	(355,767)	(354,088)
Decrease (Increase) in Prepaid Memberships	46,492	(12,503)
Decrease (Increase) in Income Tax Receivable	15,756	(5,513)
Decrease in Prepaid Expenses	302,057	51,796
Increase (Decrease) in Accounts Payable and Accrued Expenses	238,495	(4,918)
(Decrease) Increase in Deferred Revenue	<u>(471,500)</u>	<u>223,058</u>
Net Cash Flows (Used in) Provided by Operations	<u>(506,012)</u>	<u>105,619</u>
 Cash Flows from Investing Activities:		
Net Purchase of Certificates of Deposit	(204,000)	(204,000)
Maturity of Certificates of Deposit	204,000	202,000
Net Purchase of U.S. Treasury Bills	(637,874)	-
Maturity of U.S. Treasury Bills	638,000	-
Purchase of Property and Equipment	(108,573)	(15,639)
Net cash and cash equivalents received from Soybean Checkoff	<u>4,033,616</u>	<u>-</u>
Net Cash Flows (Used In) Provided by Investing Activities	<u>3,925,169</u>	<u>(17,639)</u>
 Cash Flows from Financing Activities:		
Payments on Capital Lease	<u>(15,603)</u>	<u>(12,179)</u>
Net Cash Flows Used in Financing Activities	<u>(15,603)</u>	<u>(12,179)</u>
 Net Increase in Cash and Cash Equivalents	3,403,554	75,801
 Cash and Cash Equivalents - Beginning of Year	<u>1,170,376</u>	<u>1,094,575</u>
 Cash and Cash Equivalents - End of Year	<u><u>\$ 4,573,930</u></u>	<u><u>1,170,376</u></u>
 Supplemental Disclosure of Cash Flow Information:		
Cash Paid During the Year for Income Taxes	<u><u>\$ 1,878</u></u>	<u><u>30,950</u></u>

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

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARY
Des Moines, Iowa

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2005 and 2004

(1) Organization and Nature of Business

The Iowa Soybean Association is a membership organization created to aid in the promotion of the soybean industry in Iowa through education, research, marketing, transportation studies, and public relations programs. The Association also fosters research designed to develop new, additional, and improved uses for soybean products and determine better methods of converting them to various industrial and human uses.

The Association was incorporated in the state of Iowa and qualifies as a nonprofit association organized for charitable or mutual benefit purposes, which is exempt from income taxation under Section 501(c)(5) of the Internal Revenue Code. The Association is, however, liable for income taxes to the extent that it records unrelated business income net of related expenses.

The Association receives support from the Iowa Soybean Promotion Board in the form of contract services to support projects of the Iowa Soybean Association.

The Association's wholly owned subsidiary, AgInsight, Inc. was incorporated in the state of Iowa as a for-profit entity on April 15, 2000, and is engaged in the promotion of the agricultural industry.

(2) Summary of Significant Accounting Policies

The significant accounting practices and policies are summarized below:

Restricted and Unrestricted Net Assets

The Association classifies its net assets and revenues and expenses based on the existence or absence of restrictions. Accordingly the net assets of the Association and changes therein are classified and reported as follows:

Unrestricted net assets are those not subject to any restrictions.

Restricted net assets are those net assets and revenues and expenses associated with the Soybean Checkoff Account and the restriction as established by the State of Iowa.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Association considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. At September 30, 2005 and 2004, certificates of deposit totaling \$95,000 and \$99,197, respectively, were included in cash and cash equivalents.

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

(2) Summary of Significant Accounting Policies, continued

United States Treasury Bills and Certificates of Deposit

United States Treasury Bills and certificates of deposit are carried at cost, which approximates the market value.

Bad Debt Expense

Bad debt expense is recorded by the specific write-off method. The Association has determined that a provision for bad debts is not material at this time.

Nature of Operations and Concentration of Credit Risks

The Association grants credit in the normal course of business to its advertising and sponsorship customers, substantially all of who are associated with the agricultural industry. Consequently, the ability of the Association to collect amounts due is affected by economic fluctuations in the agricultural industry.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property and Equipment

Property and equipment are carried at cost. Depreciation expense is calculated primarily using the straight-line method over the estimated useful lives of 3 to 10 years. Amortization of leasehold improvements is calculated using the straight-line method over the related lease terms, which range from 36 to 60 months.

Maintenance and repairs are expensed as incurred. When property and equipment are sold or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and gains or losses on the dispositions are recognized in earnings.

Depreciation expense amounted to \$64,262 and \$68,399 for the years ended September 30, 2005 and 2004, respectively. Amortization expense of leasehold improvements amounted to \$11,422 and \$16,548 for the years ended September 30, 2005 and 2004, respectively.

Membership Dues

Membership dues are recognized as revenue in the applicable membership period. Such amounts received but not yet earned are recorded as deferred revenue.

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

(2) Summary of Significant Accounting Policies, continued

Income Taxes

The Association qualifies as a nonprofit association organized for charitable or mutual benefit purposes, which is exempt from income taxation under Section 501(c)(5) of the Internal Revenue Code. The Association is, however, liable for income taxes to the extent that it records unrelated business income net of related expenses.

AgInsight, Inc. operates as a for-profit entity and as such is subject to federal and state corporate income taxes. The subsidiary has generated federal and state net operating losses since inception.

Income tax expense includes federal and state income taxes payable currently and deferred taxes arising from temporary differences between income from financial reporting and income tax reporting are recorded when material.

Advertising Expenses

The Association and subsidiary expense advertising costs in the year in which they are incurred. Advertising expenses amounted to \$425,391 and \$387,936 for the years ended September 30, 2005 and 2004, respectively.

(3) Income Taxes

Components of the provision for income tax expense for the year ended September 30, 2005 and 2004 are as follows:

	2005			2004		
	Current	Deferred	Total	Current	Deferred	Total
Federal	\$ 12,406	--	12,406	19,559	--	19,559
State	4,971	--	4,971	5,878	--	5,878
	\$ 17,377	--	17,377	25,437	--	25,437

The current provision for income taxes resulted from unrelated business income from advertising at the Association. As of September 30, 2005, the Association's subsidiary has federal and state net operating losses approximating \$243,000, which are available to offset future operating profits of the subsidiary through September 2022.

Deferred income taxes, when material, arise from temporary differences resulting from the treatment of income and expense items reported for financial accounting and tax purposes in different years. Deferred taxes are classified as current or non-current, depending on the years in which the temporary differences are expected to reverse.

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

(3) Income Taxes, continued

The amount for deferred income tax assets, all related to the Association's subsidiary, as of September 30, 2005 and 2004, are as follows:

	2005	2004
Deferred tax asset:		
Net operating loss carryforward	\$ 97,000	102,000
Valuation allowance	(97,000)	(102,000)
Net deferred tax asset	-	-
Deferred tax liabilities	-	-
Net deferred taxes	\$ -	-

During the year ended September 30, 2005, the Association's subsidiary decreased the valuation allowance by \$5,000. During the year ended September 30, 2004, the Association's subsidiary decreased the valuation allowance by \$11,600.

(4) Retirement Plans

The Association has a 401(k) savings plan covering substantially all employees. Employees may contribute up to 20 percent of their pre-tax earnings. In addition, the Association matches the employee contribution, 100 percent of the first 5 percent of employee contribution. For the years ended September 30, 2005 and 2004, the Association recognized matching contribution expense of \$83,640 and \$71,714, respectively.

The Association participates in a defined benefit retirement plan, which covers substantially all eligible full-time employees and is funded solely by employer contributions. The plan provides for monthly income for life upon retirement or upon total and permanent disability. Plan benefits are generally based on years of service and employee compensation during the last years of employment.

The Association intends to continue to participate in the plan indefinitely, however, it may voluntarily discontinue the plan at any time. This plan, which has no funding deficiencies, uses the aggregate cost method of evaluation. Under this method, the normal cost is adjusted each year to reflect the experience under the plan, automatically spreading gains or losses over future years.

The actuarially calculated funding status of the pension plan as of September 30, 2005 and 2004, is as follows:

	2005	2004
Projected Benefit Obligation	\$1,207,127	904,664
Plan Assets at Fair Value	614,883	491,989
Plan Assets in Excess (Deficit) of Projected Benefit	(592,244)	(412,675)
Unrecognized Prior Service Cost	4,309	4,776
Unrecognized Net (Gain) Loss	445,427	315,578
Prepaid (Accrued) Pension Costs	\$ (142,508)	(92,321)

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

(4) Retirement Plans, continued

Pension expense for the years ended September 30, 2005 and 2004, includes the following components:

	2005	2004
Components of Net Periodic Pension Cost:		
Service Cost	\$ 96,885	100,311
Interest Cost	49,487	47,041
Expected Return on Assets	(40,612)	(34,899)
Amortization of Prior Service Cost	467	467
Recognized Net Actuarial Loss	17,852	20,512
Net Periodic Pension Cost	\$ 124,079	133,432

The discount rate and rate of increase in future salaries used in determining the actuarial present value of the projected benefit obligations were 5.50 and 6.00 percent for the years ended September 30, 2005 and 2004, respectively. The expected long-term rate of return on plan assets is 7.75 and 8.00 percent for the years ended September 30, 2005 and 2004, respectively.

(5) Capital Lease

The Association has a capital lease on computer equipment, which requires monthly payments ranging from \$67 to \$307 through April 2008. The Association is responsible for the maintenance, insurance and other operating costs of the equipment. The following is a summary of future minimum payments under the capitalized lease:

<u>Year ending September 30,</u>	
2006	\$ 22,393
2007	5,221
2008	822
Total minimum payments	28,436
Imputed interest	(2,815)
Present value of minimum capitalized lease payments	25,621
Less current portion	19,638
Long-term capitalized lease	\$ 5,982

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

(6) Operating Leases

The Association leases office space located Urbandale, Iowa through August 31, 2009. The Company pays a base rent amount plus an additional rental amount for maintenance, taxes, etc. Rent expense under this lease for the years ended September 30, 2005 and 2004 was \$213,333 and \$223,154, respectively.

The Association also leases equipment and vehicles under noncancelable operating leases, with various terms. Total rent and lease expense on these leases in effect for the years ended September 30, 2005 and 2004 was approximately \$134,846 and \$104,196, respectively.

The following is a schedule of future minimum rental payments, including additional rents for maintenance and taxes, under noncancelable operating leases in existence as of September 30, 2005:

	<u>Office</u>	<u>Equipment</u>
2006	210,707	81,633
2007	210,707	54,965
2008	210,707	40,297
2009	193,148	1,682
2010	-	-
Thereafter	-	-
	<u>\$ 1,029,604</u>	<u>178,577</u>

(7) Related Party Transactions

The Association has various transactions with its national affiliate, American Soybean Association, most significant of which is the collection and remittance of national dues from members.

The Association, at September 30, 2005 and 2004, had receivables of \$749 and \$31,731, respectively, and payables of \$3,737 and \$27,393, respectively, with the American Soybean Association.

Effective July 1, 2005 the Association merged with the Iowa Soybean Promotion Board (now named the Soybean Checkoff Account), prior to the merger the Association had various transactions with the Iowa Soybean Promotion Board, which had significant influence over the Association's operation, including the receipt of revenue and payment of expenditures, for purposes of carrying out projects on behalf of the Iowa Soybean Promotion Board. Additionally, the Association received support from the Iowa Soybean Promotions Board, in the form of contract services to support projects of the Association. These contract services amounted to \$3,056,963 and \$4,519,047, for the years ended September 30, 2005 and 2004, respectively. At September 30, 2004, the Association had receivables of \$9,153 and amounts payable of \$ -0-, with the Iowa Soybean Promotions Board.

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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

Board of Directors
Iowa Soybean Association
Des Moines, Iowa

Our audit of the basic financial statements was made primarily to form an opinion on such financial statements taken as a whole. The accompanying supplemental information is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Schnoes & Dahm, P.C.

November 15, 2004

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARY
Consolidating Statement of Financial Position
September 30, 2005

Assets

	<u>Iowa Soybean Association</u>	<u>AgInsight, Inc.</u>	<u>Eliminations</u>	<u>Consolidated</u>
Current Assets:				
Cash and Cash Equivalents	\$ 4,515,001	58,929	-	4,573,930
United States Treasury Bills	766,309	-	-	766,309
Certificates of Deposit	307,371	-	-	307,371
Accrued Interest Receivable	3,242	-	-	3,242
Accounts Receivable	2,583,744	108,595	(50,000)	2,642,339
Prepaid Memberships	102,178	-	-	102,178
Income Tax Receivable	5,071	-	-	5,071
Note Receivable	179,205	-	(179,205)	-
Prepaid Expense and Other Assets	154,328	-	-	154,328
Total Current Assets	<u>8,616,449</u>	<u>167,524</u>	<u>(229,205)</u>	<u>8,554,768</u>
Property and Equipment:				
Office Equipment	607,610	-	-	607,610
Leased Computers	53,401	-	-	53,401
Leasehold Improvements	154,525	-	-	154,525
Less Accumulated Depreciation and Amor	(651,308)	-	-	(651,308)
Net Property and Equipment	<u>164,228</u>	<u>-</u>	<u>-</u>	<u>164,228</u>
Other Assets:				
Prepaid Memberships	63,432	-	-	63,432
Investment in AgInsight, Inc.	(48,840)	-	48,840	-
Total Other Assets	<u>14,592</u>	<u>-</u>	<u>48,840</u>	<u>63,432</u>
Total Assets	<u>\$ 8,795,269</u>	<u>167,524</u>	<u>(180,365)</u>	<u>8,782,428</u>

See Independent Auditor's Report on Supplementary Information.

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARY
Consolidating Statement of Financial Position
September 30, 2005

Liabilities and Net Assets

	<u>Iowa Soybean Association</u>	<u>AgInsight, Inc.</u>	<u>Eliminations</u>	<u>Consolidated</u>
Current Liabilities:				
Accounts Payable	\$ 2,981,639	37,159	(50,000)	2,968,798
Capital Lease Obligation, Current Portion	19,638	-	-	19,638
Accrued Payroll and Related Expenses	112,944	-	-	112,944
Note Payable to ISA	-	179,205	(179,205)	-
Deferred Revenue:	-			
Memberships	151,624	-	-	151,624
ISPB Contract	-	-	-	-
Sponsorships	381,968	-	-	381,968
Total Current Liabilities	<u>3,647,813</u>	<u>216,364</u>	<u>(229,205)</u>	<u>3,634,972</u>
Long-Term Liabilities:				
Accrued Pension Liability	142,508	-	-	142,508
Capital Lease Obligation	5,982	-	-	5,982
Deferred Revenue-Memberships	93,979	-	-	93,979
Total Long-Term Liabilities	<u>242,469</u>	<u>-</u>	<u>-</u>	<u>242,469</u>
Total Liabilities	<u>3,890,282</u>	<u>216,364</u>	<u>(229,205)</u>	<u>3,877,441</u>
Net Assets:				
Unrestricted	547,736			547,736
Restricted	4,357,251	-	-	4,357,251
Net Assets	<u>4,904,987</u>	<u>-</u>	<u>-</u>	<u>4,904,987</u>
Stockholder's Equity:				
Common Stock	-	200,000	(200,000)	-
Accumulated Deficit	-	(248,840)	248,840	-
Total Net Assets and Stockholder's Equity	<u>4,904,987</u>	<u>(48,840)</u>	<u>48,840</u>	<u>4,904,987</u>
 Total Liabilities and Net Assets	<u>\$ 8,795,269</u>	<u>167,524</u>	<u>(180,365)</u>	<u>8,782,428</u>

See Independent Auditor's Report on Supplementary Information.

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARY
Consolidating Statement of Financial Position
September 30, 2004

Assets

	<u>Iowa Soybean Association</u>	<u>AgInsight, Inc.</u>	<u>Eliminations</u>	<u>Consolidated</u>
Current Assets:				
Cash and Cash Equivalents	\$ 1,125,536	44,840	-	1,170,376
Certificates of Deposit	204,000	-	-	204,000
Accrued Interest Receivable	1,203	-	-	1,203
Accounts Receivable	918,466	113,220	(22,188)	1,009,498
Prepaid Memberships	120,961	-	-	120,961
Income Tax Receivable	20,827	-	-	20,827
Note Receivable	228,676	-	(228,676)	-
Prepaid Expense and Other Assets	71,233	-	-	71,233
Total Current Assets	<u>2,690,902</u>	<u>158,060</u>	<u>(250,864)</u>	<u>2,598,098</u>
Property and Equipment:				
Office Equipment	538,972	-	-	538,972
Leased Computers	41,916	-	-	41,916
Leasehold Improvements	114,589	-	-	114,589
Less Accumulated Depreciation and Amor	(575,624)	-	-	(575,624)
Net Property and Equipment	<u>119,853</u>	<u>-</u>	<u>-</u>	<u>119,853</u>
Other Assets:				
Prepaid Memberships	91,141	-	-	91,141
Investment in AgInsight, Inc.	(87,733)	-	87,733	-
Total Other Assets	<u>3,408</u>	<u>-</u>	<u>87,733</u>	<u>91,141</u>
Total Assets	<u>\$ 2,814,163</u>	<u>158,060</u>	<u>(163,131)</u>	<u>2,809,092</u>

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARY
Consolidating Statement of Financial Position
September 30, 2004

Liabilities and Net Assets

	<u>Iowa Soybean Association</u>	<u>AgInsight, Inc.</u>	<u>Eliminations</u>	<u>Consolidated</u>
Current Liabilities:				
Accounts Payable	\$ 1,009,029	14,742	(22,188)	1,001,583
Capital Lease Obligation, Current Portion	13,837	-	-	13,837
Accrued Payroll and Related Expenses	92,360	-	-	92,360
Note Payable to ISA	-	228,676	(228,676)	-
Deferred Revenue:				
Memberships	169,604	-	-	169,604
ISPB Contract	729,641	-	-	729,641
Sponsorships	64,900	2,375	-	67,275
Total Current Liabilities	<u>2,079,371</u>	<u>245,793</u>	<u>(250,864)</u>	<u>2,074,300</u>
Long-Term Liabilities:				
Accrued Pension Liability	92,321	-	-	92,321
Capital Lease Obligation	15,900	-	-	15,900
Deferred Revenue-Memberships	132,551	-	-	132,551
Total Long-Term Liabilities	<u>240,772</u>	<u>-</u>	<u>-</u>	<u>240,772</u>
Total Liabilities	<u>2,320,143</u>	<u>245,793</u>	<u>(250,864)</u>	<u>2,315,072</u>
Net Assets:				
Unrestricted	494,020	-	-	494,020
Stockholder's Equity:				
Common Stock	-	200,000	(200,000)	-
Accumulated Deficit	-	(287,733)	287,733	-
Total Net Assets and Stockholder's Equity	<u>494,020</u>	<u>(87,733)</u>	<u>87,733</u>	<u>494,020</u>
 Total Liabilities and Net Assets	<u>\$ 2,814,163</u>	<u>158,060</u>	<u>(163,131)</u>	<u>2,809,092</u>

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARY

Consolidating Statement of Activities

For the Year Ended September 30, 2005

	<u>Iowa Soybean Association</u>	<u>AgInsight, Inc.</u>	<u>Eliminations</u>	<u>Consolidated</u>
Revenue:				
Membership	\$ 110,979	-	-	110,979
Communications	761,768	142,945	(110,586)	794,127
Special Events	1,734,724	-	-	1,734,724
Contract Revenue	3,056,963	141,470	(97,879)	3,100,554
Assessments-National Checkoff	2,998,211	-	-	2,998,211
Other States	479,902	-	-	479,902
Administrative:				-
Interest Income	46,088	-	(7,411)	38,677
Other	164,173	-	(2,868)	161,305
Total Revenue	<u>9,352,808</u>	<u>284,415</u>	<u>(218,744)</u>	<u>9,418,479</u>
Expenses:				
Membership	79,536	-	-	79,536
Communications	646,879	117,883	(110,586)	654,176
Special Events	1,705,608	-	-	1,705,608
Contract Expense	3,056,964	115,731	(97,879)	3,074,816
Checkoff Assessments Paid	1,595,141	-	-	1,595,141
Production Technology	700,468	-	-	700,468
Market Development	1,187,904	-	-	1,187,904
Other States	479,902	-	-	479,902
Administrative	273,508	11,908	(10,279)	275,137
Total Expenses	<u>9,725,910</u>	<u>245,522</u>	<u>(218,744)</u>	<u>9,752,688</u>
Income (Loss) from Operations				
Before Income Taxes	(373,102)	38,893	-	(334,209)
Income Taxes	<u>17,377</u>	<u>-</u>	<u>-</u>	<u>17,377</u>
Income Before Equity in				
Net Loss of Subsidiary	(390,479)	38,893	-	(351,586)
Equity in Net Income of Subsidiary	<u>38,893</u>	<u>-</u>	<u>(38,893)</u>	<u>-</u>
(Decrease) Increase in Net Assets	<u>\$ (351,586)</u>	<u>38,893</u>	<u>(38,893)</u>	<u>(351,586)</u>

See Independent Auditor's Report on Supplementary Information.

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARY

Consolidating Statement of Activities

For the Year Ended September 30, 2004

	<u>Iowa Soybean Association</u>	<u>AgInsight, Inc.</u>	<u>Eliminations</u>	<u>Consolidated</u>
Revenue:				
Membership	\$ 112,079	-	-	112,079
Communications	688,775	176,397	(127,103)	738,069
Special Events	1,045,782	-	-	1,045,782
Contract Revenue	4,519,047	86,014	(31,749)	4,573,312
Other States	417,330	-	-	417,330
Administrative:				-
Interest Income	12,662	-	(7,927)	4,735
Other	134,099	-	(3,038)	131,061
Total Revenue	<u>6,929,774</u>	<u>262,411</u>	<u>(169,817)</u>	<u>7,022,368</u>
Expenses:				
Membership	90,778	-	-	90,778
Communications	594,402	138,853	(127,103)	606,152
Special Events	1,045,700	-	-	1,045,700
Contract Revenue	4,519,047	-	-	4,519,047
Other States	417,330	58,284	(31,749)	443,865
Administrative	167,505	12,010	(10,965)	168,550
Total Expenses	<u>6,834,762</u>	<u>209,147</u>	<u>(169,817)</u>	<u>6,874,092</u>
Income (Loss) from Operations				
Before Income Taxes	95,012	53,264	-	148,276
Income Taxes	<u>25,437</u>	<u>-</u>	<u>-</u>	<u>25,437</u>
Income Before Equity in				
Net Loss of Subsidiary	69,575	53,264	-	122,839
Equity in Net Income of Subsidiary	<u>53,264</u>	<u>-</u>	<u>(53,264)</u>	<u>-</u>
Increase in Net Assets	<u>\$ 122,839</u>	<u>53,264</u>	<u>(53,264)</u>	<u>122,839</u>

See Independent Auditor's Report on Supplementary Information.

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARY

Iowa Soybean Association Schedule of Revenues

For the Years Ended September 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>	<u>Increase (Decrease)</u>
Contract Revenue:			
Iowa Soybean Promotion Board	\$ 3,056,963	4,493,504	(1,436,541)
Expense Reimbursement	2,289,248	1,445,973	843,275
Other	17,500	26,211	(8,711)
	<u>5,363,711</u>	<u>5,965,688</u>	<u>(601,977)</u>
Assessments-National Checkoff	2,998,211	-	2,998,211
Membership Dues	99,178	94,070	5,108
Registration, Exhibit Fees, and Other	18,985	12,560	6,425
Sponsorships	548,160	586,437	(38,277)
Magazine Advertising Income	278,475	258,357	20,118
Investment Revenue	46,088	12,662	33,426
Gain on Sale of Equipment	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 9,352,808</u>	<u>\$ 6,929,774</u>	<u>2,423,034</u>

See Independent Auditor's Report on Supplementary Information.

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARY

Iowa Soybean Association Schedule of Expenses

For the Years Ended September 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>	<u>Increase (Decrease)</u>
Checkoff Assessments Paid	\$ 1,595,141	-	1,595,141
Production Research	382,622	-	382,622
Utilization Research	35,829	-	35,829
Per Diem	4,200	-	4,200
Copier Suplies	5,457	7,240	(1,783)
Depreciation and Amortization	75,684	84,948	(9,264)
Insurance - Business	14,366	12,839	1,527
Capital Lease Interest	3,585	4,201	(616)
Rent	213,333	223,154	(9,821)
Equipment Expenses	191,680	127,983	63,697
Internet	13,441	12,198	1,243
Salaries and Benefits	2,754,899	2,363,299	391,600
Staff Development	8,891	2,641	6,250
Employee Recruitment	5,364	2,609	2,755
Temporary Employment Agency	-	416	(416)
Contracted Personnel	451,020	457,302	(6,282)
Postage	161,544	170,391	(8,847)
Printing	288,457	336,435	(47,978)
Professional Fees	285,627	368,633	(83,006)
Field Staff Expenses	7,682	8,150	(468)
Commission	56,541	44,796	11,745
Conference Fees	14,468	16,170	(1,702)
Public Relations Agency	-	10,394	(10,394)
Software Maintenance	6,788	7,925	(1,137)
Supplies	202,975	56,015	146,960
Travel	62,209	134,091	(71,882)
Board Travel	95,929	80,216	15,713
Staff Travel	226,457	190,333	36,124
Recognition/Awards	7,434	8,983	(1,549)
Telephone	41,071	34,745	6,326
Dues and Subscriptions	39,285	25,349	13,936
Marketing Funds	1,744,509	1,393,768	350,741
General Sponsorship	55,500	19,465	36,035
ISPB Sponsorship	-	6,350	(6,350)
Leadership Program	15,000	15,000	-
Salute Dinner	-	1,507	(1,507)
World Food Prize Luncheon	-	10,000	(10,000)
Publications - Miscellaneous	16,964	1,933	15,031
Press Releases	2,674	4,118	(1,444)
List Rental	1,842	5,204	(3,362)
Polling	10,767	10,961	(194)
Trade Show/Displays	18,097	21,985	(3,888)
Advertising	425,391	387,936	37,455
Speaker Fees	32,287	47,490	(15,203)
Facilities/Food	145,683	110,448	35,235
Other	5,217	7,141	(1,924)
	<u>\$ 9,725,910</u>	<u>6,834,762</u>	<u>1,296,007</u>

See Independent Auditor's Report on Supplementary Information.

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARY

AgInsight, Inc. Schedule of Revenues

For the Years Ended September 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>	<u>Increase (Decrease)</u>
Contract Revenue:			
Expense Reimbursement	\$ 269,955	231,945	38,010
Other Revenues	14,460	(350)	14,810
	<u>284,415</u>	<u>231,595</u>	<u>52,820</u>
Registration, Exhibit Fees, and Other	-	13,154	(13,154)
Sponsorships	-	17,662	(17,662)
Investment Revenue	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 284,415</u>	<u>262,411</u>	<u>22,004</u>

See Independent Auditor's Report on Supplementary Information.

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARY

AgInsight, Inc. Schedule of Expenses

For the Years Ended September 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>	<u>Increase (Decrease)</u>
Conference Fees	\$ -	1,919	(1,919)
Copier Supplies	215	394	(179)
Equipment Expenses	24,948	36	24,912
Internet	920	874	46
Salaries and Benefits	80,894	91,817	(10,923)
Interest Expense on Note	7,411	7,927	(516)
Contracted Personnel	6,790	25,951	(19,161)
Postage	3,935	5,812	(1,877)
Printing	6,322	5,280	1,042
Professional Fees	59,268	9,207	50,061
Supplies	4,729	5,765	(1,036)
Travel	5,682	2,110	3,572
Board Travel	-	610	(610)
Staff Travel	9,459	8,618	841
Telephone	1,964	1,585	379
Dues and Subscriptions	1,065	1,964	(899)
Publications - Miscellaneous	25	82	(57)
Speaker Fees	625	-	625
Facilities/Food	-	679	(679)
Trade Show/Displays	315	177	138
Marketing Funds	2,199	4,482	(2,283)
Press Releases	357	1,198	(841)
Other	45	879	(834)
Administrative Allocable	28,354	31,781	(3,427)
Total	<u>\$ 245,522</u>	<u>209,147</u>	<u>36,375</u>

See Independent Auditor's Report on Supplementary Information.

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARY

AgInsight, Inc. Revenues and Expenses by Division

For the Year Ended September 30, 2005

<u>Division</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Net Revenue (Expense)</u>
Association Insight	141,470	115,731	25,739
Business Opportunities	-	11,908	(11,908)
Communications Insight	2,571	2,788	(217)
Food Insight	90,374	65,095	25,279
Research Services	50,000	50,000	-
Total	<u>\$ 284,415</u>	<u>245,522</u>	<u>38,893</u>

See Independent Auditor's Report on Supplementary Information.

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARY

AgInsight, Inc. Revenues and Expenses by Division

For the Year Ended September 30, 2004

<u>Division</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Net Revenue (Expense)</u>
Association Insight	\$ 86,014	58,284	27,730
Business Opportunities	-	12,010	(12,010)
Communications Insight	-	207	(207)
Food Insight	137,140	99,389	37,751
Research Services	39,257	39,257	-
Total	<u>\$ 262,411</u>	<u>209,147</u>	<u>53,264</u>

See Independent Auditor's Report on Supplementary Information.

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARY

Soybean Check-Off Revenues and Expenses by Activity

For the Three Month Period Ended September 30, 2005

	<u>Administration</u>	<u>Market Development</u>	<u>Production Technology</u>	<u>Total</u>
Operating Revenues:				
Assessments - National Check-Off				\$ 2,969,756
Assessments collected from other QSSBs				28,455
Less:				
Assessment revenue remitted to other QSSBs				(197,108)
Assessment revenue remitted to USB				(1,398,033)
Net Operating Revenue				<u>1,403,070</u>
Operating Expenses:				
Check-off and refund maintenance	\$ 4,726	-	-	4,726
Board expenses	26,924	-	-	26,924
Auditing by Iowa Department of Agriculture	6,922	-	-	6,922
Insurance	1,375	-	-	1,375
Legal fees	3,082	-	-	3,082
Miscellaneous	4,260	-	-	4,260
Strategic planning	12,897	-	-	12,897
Contracted programs	71,461	1,172,825	340,722	1,585,008
In-State/Regional research		10,829	358,371	369,200
U.S. Meat Export Federation	-	-	1,375	1,375
Soyfoods Council	-	250	-	250
National Biodiesel Board	-	2,500	-	2,500
U.S. Poultry and Egg Export Council	-	1,500	-	1,500
Total Operating Expenses	<u>\$ 131,647</u>	<u>1,187,904</u>	<u>700,468</u>	<u>2,020,019</u>
Operating Income (Expense)				<u>\$ (616,949)</u>