

**IOWA SOYBEAN ASSOCIATION
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL REPORT

**YEARS ENDED
SEPTEMBER 30, 2011 AND 2010**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Iowa Soybean Association and Subsidiaries
Ankeny, Iowa

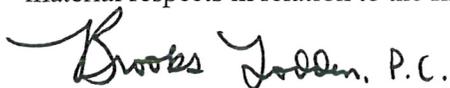
We have audited the accompanying consolidated statements of financial position of Iowa Soybean Association and Subsidiaries as of September 30, 2011 and 2010 and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Iowa Soybean Association and Subsidiaries as of September 30, 2011 and 2010, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2012 on our consideration of the organization'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedules and information contained on pages 23-32 are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.



West Des Moines, Iowa
January 17, 2012

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
September 30, 2011 and 2010

ASSETS	<u>2011</u>	<u>2010</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 5,685,927	\$ 4,222,319
U.S. treasury bills	429,996	419,782
Certificates of deposit	4,516,430	2,758,741
Receivables:		
Accounts receivable	2,531,876	2,404,048
Promise to give	25,000	-
Income taxes receivable	72,325	-
Accrued interest receivable	4,817	4,020
Employee advances	3,188	1,949
Prepaid expenses	218,589	77,528
Investments	3,891	3,891
Inventory	1,319	1,452
Total current assets	<u>\$ 13,493,358</u>	<u>\$ 9,893,730</u>
PROPERTY AND EQUIPMENT		
Land	\$ 1,200,000	\$ 1,200,000
Building	7,470,160	7,470,160
Office equipment	1,148,904	1,036,728
Leased computers	303,135	274,870
Leasehold improvements	-	178,240
Research equipment	337,158	273,510
	<u>\$ 10,459,357</u>	<u>\$ 10,433,508</u>
Less accumulated depreciation	1,512,940	1,223,911
	<u>\$ 8,946,417</u>	<u>\$ 9,209,597</u>
OTHER ASSETS		
Cash surrender value of life insurance	\$ 82,549	\$ 78,511
Goodwill	342,500	-
Noncompete agreement (net of amortization 2011 \$56)	4,944	-
	<u>\$ 429,993</u>	<u>\$ 78,511</u>
 Total assets	 <u><u>\$ 22,869,768</u></u>	 <u><u>\$ 19,181,838</u></u>

See Notes to Consolidated Financial Statements.

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF ACTIVITIES

Years Ended September 30, 2011 and 2010

	2011			
	Unrestricted		Temporarily	Total
	Operating	Checkoff	Restricted Operating	
REVENUE				
Public affairs and membership	\$ 51,832	\$ -	\$ -	\$ 51,832
Supply	2,363,415	314,848	-	2,678,263
Demand	52,353	143,333	-	195,686
Information and education	398,897	113,527	-	512,424
Organizational	1,168,199	192,066	-	1,360,265
Checkoff revenue	-	29,557,392	-	29,557,392
Other states	437,283	-	-	437,283
Contributions	4,630	-	113,850	118,480
Special event	9,985	-	17,000	26,985
Investment income	4,414	29,639	-	34,053
	<u>\$ 4,491,008</u>	<u>\$ 30,350,805</u>	<u>\$ 130,850</u>	<u>\$ 34,972,663</u>
NET ASSETS RELEASED FROM RESTRICTIONS				
Satisfaction of purpose restrictions	\$ 57,774	\$ -	\$ (57,774)	\$ -
Total public support and revenue	<u>\$ 4,548,782</u>	<u>\$ 30,350,805</u>	<u>\$ 73,076</u>	<u>\$ 34,972,663</u>
EXPENSES				
Program services:				
Public affairs and membership	\$ 276,336	\$ -	\$ -	\$ 276,336
Supply	2,158,683	5,374,489	-	7,533,172
Demand	52,718	2,508,978	-	2,561,696
Information and education	217,829	2,507,792	-	2,725,621
Organizational	745,580	978,694	-	1,724,274
Checkoff assessments paid	-	15,901,873	-	15,901,873
Other states	380,259	-	-	380,259
Total program services	<u>\$ 3,831,405</u>	<u>\$ 27,271,826</u>	<u>\$ -</u>	<u>\$ 31,103,231</u>
Supporting services:				
Administrative	\$ 633,542	\$ 1,000,364	\$ -	\$ 1,633,906
Cost of direct benefit to donors	11,039	-	-	11,039
Cost of sales	214	-	-	214
Total supporting services	<u>\$ 644,795</u>	<u>\$ 1,000,364</u>	<u>\$ -</u>	<u>\$ 1,645,159</u>
Total expenses	<u>\$ 4,476,200</u>	<u>\$ 28,272,190</u>	<u>\$ -</u>	<u>\$ 32,748,390</u>
CHANGE IN NET ASSETS BEFORE INCOME TAXES	\$ 72,582	\$ 2,078,615	\$ 73,076	\$ 2,224,273
INCOME TAX BENEFIT (EXPENSE)	<u>27,657</u>	<u>-</u>	<u>-</u>	<u>27,657</u>
CHANGE IN NET ASSETS BEFORE PENSION COSTS	\$ 100,239	\$ 2,078,615	\$ 73,076	\$ 2,251,930
PENSION ADJUSTMENT	<u>134,831</u>	<u>219,987</u>	<u>-</u>	<u>354,818</u>
CHANGE IN NET ASSETS	\$ 235,070	\$ 2,298,602	\$ 73,076	\$ 2,606,748
NET ASSETS, beginning of year	<u>2,331,457</u>	<u>11,576,414</u>	<u>119,226</u>	<u>14,027,097</u>
NET ASSETS, end of year	<u>\$ 2,566,527</u>	<u>\$ 13,875,016</u>	<u>\$ 192,302</u>	<u>\$ 16,633,845</u>

See Notes to Consolidated Financial Statements.

2010

Unrestricted		Temporarily Restricted	Total
Operating	Checkoff	Operating	
\$ 73,054	\$ -	\$ -	\$ 73,054
2,218,162	164,250	-	2,382,412
-	186,380	-	186,380
401,033	35,685	-	436,718
1,239,985	87,336	-	1,327,321
-	26,010,628	-	26,010,628
332,909	-	-	332,909
7,380	-	83,818	91,198
-	-	56,266	56,266
4,201	37,786	-	41,987
<u>\$ 4,276,724</u>	<u>\$ 26,522,065</u>	<u>\$ 140,084</u>	<u>\$ 30,938,873</u>
<u>\$ 20,858</u>	<u>\$ -</u>	<u>\$ (20,858)</u>	<u>\$ -</u>
<u>\$ 4,297,582</u>	<u>\$ 26,522,065</u>	<u>\$ 119,226</u>	<u>\$ 30,938,873</u>
\$ 198,740	\$ -	\$ -	\$ 198,740
2,072,963	4,485,100	-	6,558,063
4,722	2,328,924	-	2,333,646
189,130	1,644,683	-	1,833,813
710,045	715,375	-	1,425,420
-	13,969,379	-	13,969,379
284,037	-	-	284,037
<u>\$ 3,459,637</u>	<u>\$ 23,143,461</u>	<u>\$ -</u>	<u>\$ 26,603,098</u>
\$ 481,380	\$ 1,141,187	\$ -	\$ 1,622,567
5,295	-	-	5,295
-	-	-	-
<u>\$ 486,675</u>	<u>\$ 1,141,187</u>	<u>\$ -</u>	<u>\$ 1,627,862</u>
<u>\$ 3,946,312</u>	<u>\$ 24,284,648</u>	<u>\$ -</u>	<u>\$ 28,230,960</u>
\$ 351,270	\$ 2,237,417	\$ 119,226	\$ 2,707,913
(106,613)	-	-	(106,613)
\$ 244,657	\$ 2,237,417	\$ 119,226	\$ 2,601,300
(235,391)	(519,625)	-	(755,016)
\$ 9,266	\$ 1,717,792	\$ 119,226	\$ 1,846,284
2,322,191	9,858,622	-	12,180,813
<u>\$ 2,331,457</u>	<u>\$ 11,576,414</u>	<u>\$ 119,226</u>	<u>\$ 14,027,097</u>

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 2,606,748	\$ 1,846,284
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	485,013	448,912
Loss on sale of property and equipment	-	13,256
Amortization of premium/accretion of discount	117	(749)
Stock received in demutualization	-	(3,891)
(Increase) decrease in cash value of life insurance	3,962	(6,600)
Change in assets and liabilities:		
(Increase) in receivables	(129,864)	(645,806)
(Increase) in pledge receivable	(25,000)	-
(Increase) in tax receivable	(72,325)	-
(Increase) decrease in prepaid expenses	(141,061)	119,313
(Increase) decrease in inventory	133	(1,452)
Increase (decrease) in accounts payable and accrued expenses	891,262	(183,393)
Increase (decrease) in taxes payable	(51,264)	43,159
Increase (decrease) in deferred revenue	248,142	(71,699)
Net cash provided by operating activities	<u>\$ 3,815,863</u>	<u>\$ 1,557,334</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of certificates of deposit	\$ (13,817,298)	\$ (4,500,028)
Maturities of certificates of deposit	12,059,492	2,159,553
Purchases of U.S. treasury bills	(1,280,971)	(2,123,047)
Maturity of U.S. treasury bills	1,270,757	2,554,000
Purchase of property and equipment	(175,823)	(173,541)
Proceeds from sale of property and equipment	-	3,276
Payments for business acquisitions (asset purchases)	(347,500)	-
Premiums paid for life insurance	(8,000)	(8,000)
Net cash (used in) investing activities	<u>\$ (2,299,343)</u>	<u>\$ (2,087,787)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease obligations	\$ (30,772)	\$ (33,023)
Proceeds from issuance of note payable	-	24,861
Principal payments on note payable	(22,140)	(2,721)
Net cash (used in) financing activities	<u>\$ (52,912)</u>	<u>\$ (10,883)</u>
Net increase (decrease) in cash and cash equivalents	\$ 1,463,608	\$ (541,336)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>4,222,319</u>	<u>4,763,655</u>
End of year	<u>\$ 5,685,927</u>	<u>\$ 4,222,319</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash payments for interest	<u>\$ 5,874</u>	<u>\$ 7,545</u>
Cash payments for income taxes	<u>\$ 784</u>	<u>\$ 66,849</u>
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING TRANSACTIONS		
Equipment acquired under capital lease obligations	<u>\$ 45,954</u>	<u>\$ 31,368</u>
Principal Financial Group stock received from demutualization	<u>\$ -</u>	<u>\$ 3,891</u>

See Notes to Consolidated Financial Statements.

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Organization and Significant Accounting Policies

The Iowa Soybean Association (the Association) is a not for profit membership organization incorporated in the State of Iowa. The Association was created to aid in the promotion of the soybean industry of 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 also administers the Iowa Soybean Checkoff Account, which receives .5% of the net market value of soybeans grown in Iowa. One half of the amount received, adjusted for refunds, assessment revenue remitted to other Qualified State Soybean Boards (QSSB), and penalties received, is disbursed to the United Soybean Board. Soybeans grown in Iowa and sold to another state are assessed by the QSSB and those assessments are returned to the Iowa Soybean Checkoff Account. Soybean assessments are deposited into the Soybean Checkoff Account and are accounted for separately from all other Association funds.

A summary of the Association's significant account policies follows:

Principles of consolidation:

The consolidated financial statements include the accounts of the Association, its wholly-owned for-profit affiliate, AgInsight, Inc. (AgInsight), and its not-for-profit affiliates, Ag Technology and Environmental Stewardship Foundation, Inc. (AgTech), The Soyfoods Council (Soyfoods), and Soy for Life Foundation, Inc. (Soy for Life). AgTech is a private foundation incorporated in the state of Iowa and is engaged in the promotion and research in the use of technology in agriculture. Soyfoods is a not-for-profit entity incorporated in the state of Iowa and is engaged in the promotion and development of soybean foods and food ingredients. Soy for Life is a not-for-profit entity incorporated in the state of Iowa and is engaged in the promotion and development of soybean foods and food ingredients. The board of directors for AgTech, Soyfoods, and Soy for Life consists of the members of the Executive Committee of the board of directors for the Association. All material intercompany balances and transactions have been eliminated in the consolidation.

Major programs:

Research - The information and education objective is met through research projects conducted at state universities to stabilize and increase yield while improving production efficiency and the environment. Projects focus on increasing genetic yield potential of soybeans and reducing stress-related yield losses.

Supply Committee - Conduct on-farm research to stabilize and increase yield while improving production efficiency and the environment. The primary focus of this objective is to help growers become more profitable by collecting science-based information relating to crop production.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Organization and Significant Accounting Policies *(Continued)*

A summary of the Association's significant account policies follows: *(Continued)*

Major programs: *(Continued)*

Demand Committee - Increase demand of Iowa soybeans by meeting the needs of our customers. This program's main goal is to increase and maintain exports of whole soybean, soybean meal, and pork and poultry products through market development and promotional efforts.

Public Affairs and Membership - Work on matters affecting soybean producers related to public policy and industry relations, communication with elected officials and governmental representatives and association policy membership recruitment.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

We have identified one significant estimate related to the defined benefit pension plan as described in Note 10.

Cash and cash equivalents:

For purposes of reporting the statements of cash flows, the Association considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less at inception to be cash equivalents.

Certificates of deposit and treasury bills:

The Association considers all certificates of deposits and treasury bills with maturities greater than three months but less than twelve months to be short-term investments that are recorded at cost, which approximates market.

Marketable securities:

Marketable securities are carried at fair value using Level 2 inputs, determined by quoted market prices for similar assets in active markets as of the statement of financial position date, with the resulting unrealized gain or losses reported under unrestricted net assets.

Accounts receivable:

The Association accounts for its accounts receivable when services have been performed. Accounts are considered past due 30 days past invoice date. The Association does not assess finance charges on past due accounts. Past due accounts are written off when they are deemed uncollectible by management. Bad debt expense is recorded by the specific write-off method. Based on management's assessment of historical write-offs, the Association has determined that a provision for uncollectible receivables is not material at this time.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Organization and Significant Accounting Policies (Continued)

A summary of the Association's significant account policies follows: (Continued)

Property and equipment:

Property and equipment are capitalized at cost. Depreciation and amortization is provided over the estimated useful lives of the assets on a straight-line method. The organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$500. The useful lives of the assets are as follows:

	<u>Years</u>
Buildings and improvements	39
Leasehold improvements	3 - 5
Furniture and equipment	3 - 7

The applicable accounts are relieved of costs and related accumulated depreciation when any items are sold or otherwise disposed.

Goodwill:

Goodwill represents the excess of the purchase price over the fair value of tangible and specifically identifiable intangible assets acquired in business combinations. Goodwill is not amortized, but is instead tested for impairment annually or more frequently, if circumstances indicate that impairment may have occurred.

Deferred revenue:

The Association contracts with businesses and organizations to provide services. Each contract is for a specific purpose provided over time, and monies received are recognized as revenue as services are rendered. Deferred services at September 30, 2011 and 2010 were \$656,495 and \$453,219, respectively. The Association also has deferred memberships and deferred compensation as of September 30, 2011 and 2010.

AgInsight contracts with business to provide accounting services. These services are provided over time, and monies received are recognized as revenue as services are rendered. Deferred services at September 30, 2011 and 2010 were \$51,111 and \$42,725, respectively.

AgTech contracts with businesses and organizations to provide services. Each contract is for a specific purpose provided over time, and monies received are recognized as revenue as services are rendered. Deferred services at September 30, 2011 and 2010 were \$53,838 and \$-0-, respectively.

Classification of net assets:

Unrestricted – assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. The organization's governing board may earmark portions of its unrestricted net assets as board-designated for various purposes.

Temporarily restricted – assets resulting from contributions and other inflows of assets whose use by the organization is limited to donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of the organization meeting the purpose of the restriction.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Organization and Significant Accounting Policies *(Continued)*

A summary of the Association's significant account policies follows: *(Continued)*

Classification of net assets: *(Continued)*

Permanently restricted – assets resulting from contributions which are permanently restricted by donors. Although such assets may not be expended, the investment income earned on them is generally to be expended for unrestricted operations. There were no permanently restricted net assets as of September 30, 2011 or 2010.

Promises to give and contributions:

The organization distinguishes between contributions received with permanent restrictions, temporary restrictions, and those without donor-imposed restrictions. Contributions with donor-imposed restrictions are reported as restricted support unless the organization meets the donor-imposed restriction on all or a portion of the amount contributed in the same reporting period in which the contribution was received. In those cases the contribution, to the extent the restrictions have been met, are reported as unrestricted support. Receipts of unconditional promises to give with payments due in future periods are reported as restricted support unless it is clear that the donor intended the gift to be used to support activities in the current period. Gifts of long-lived assets received without donor-imposed restrictions are considered unrestricted support.

Unconditional promises to give with payments due in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise was received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Expiration of donor-imposed restrictions:

The organization recognizes the expiration of donor-imposed restrictions on contributions in the period in which the restriction expires. A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Expirations are recorded separately in the statement of activities as reclassifications.

Revenue recognition:

The Association recognizes checkoff revenue from the qualified state soybean boards based on the date provided in the documentation that comes with the checks. Interest income is recognized when earned. Contract and membership revenue are recognized when work has been properly established and the revenue is earned. Other sources of revenue are recognized as the services are performed.

Special events:

All revenue relating to special events is recorded as special event revenue. The portion of special event revenue that is a contribution is recognized in accordance with the FASB Codification. The costs of food and entertainment for donors are reported as costs of direct benefits to donors.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Organization and Significant Accounting Policies (*Continued*)

A summary of the Association's significant account policies follows: (*Continued*)

Functional expense allocations:

The expenditures for all payroll related expenses and administration were allocated based on the ratio of the hours spent per project to total number of hours spent on all projects within each pay period. Building expenses are allocated based on a square footage allocation. All other costs are charged directly as they were specifically identified to a project.

Advertising expense:

The Association and its subsidiaries expense advertising costs as incurred.

Income taxes:

The Association is exempt under section 501(c)(5) of the Internal Revenue Code of 1986. The Association has filed for and received income tax exemptions in the various jurisdictions where it is required to do so. The Association files Form 990 and Form 990-T tax returns in the U.S. federal jurisdiction and an 1120 in the state of Iowa.

In regard to the Association's subsidiaries:

AgInsight files a Form 1120 in the U.S federal jurisdiction and the state of Iowa. AgTech is exempt under section 501(c)(3) of the Internal Revenue Code of 1986. AgTech has filed for and received income tax exemptions in the various jurisdictions where it is required to do so. AgTech files Form 990 tax return in the U.S. federal jurisdiction.

Soyfoods is exempt under section 501(c)(6) of the Internal Revenue Code of 1986. Soyfoods has filed for and received income tax exemptions in the various jurisdictions where it is required to do so. Soyfoods files Form 990 tax return in the U.S. federal jurisdiction.

Soy For Life is exempt under section 501(c)(3) of the Internal Revenue Code of 1986. Soy For Life has filed for and received income tax exemptions in the various jurisdictions where it is required to do so. Soy For Life files Form 990 tax return in the U.S. federal jurisdiction.

With few exceptions, the organizations are no longer subject to U.S. federal, state and local or non-U.S. income tax examinations by tax authorities for years before fiscal year 2008. The organizations adopted the provisions of the FASB Codification, *Accounting for Uncertainty in Income Taxes*, in the year ended September 30, 2010. Management of the organizations believes they have no material uncertain tax positions and, accordingly, they have not recognized any liability for unrecognized tax benefits. Any interest and penalty payments would be recorded in separate accounts within operating expenses.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Concentration of Credit Risk

Financial instruments that potentially subject the organization to concentrations of credit risk consist principally of demand deposits located at a financial institution. These demand deposits exceeded the federally insured limit of \$250,000 at times throughout the year. All checkoff accounts are either under the \$250,000 limit or are further insured by the Association.

The Association grants credit in the normal course of business to its advertising and sponsorship customers, substantially all of whom 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.

Note 3. Promises to Give

In 2011 Soy for Life recorded the receipt of an unconditional promise to give in the amount of \$25,000 which is receivable in less than one year.

In 2010 the Association received a grant for \$177,700, of which \$88,850 was conditional. During 2011 the condition was met and the organization received and recorded the remaining \$88,850 as a contribution.

Note 4. Fair Value Measurement of Financial Instruments

The Association's assets that are measured at fair value consist of certificates of deposit, U.S. treasury bills, Principal stock, and pension plan assets. Assets are stated on the statement of financial position at fair value at September 30, 2011 and 2010 were composed of the following:

	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>September 30, 2011</u>				
Iowa Soybean Association:				
Certificates of deposit	\$4,516,430	\$ -	\$4,516,430	\$ -
U.S. treasury bills	429,996	-	429,996	-
Principal stock	3,891	3,891	-	-
Pension plan assets:				
Large U.S. equity	681,813	272,786	409,027	-
Small/Mid U.S. equity	177,478	102,462	75,016	-
International equity	248,404	178,731	69,673	-
Fixed income	<u>693,017</u>	<u>102,502</u>	<u>590,515</u>	<u>-</u>
Total assets	<u>\$6,751,029</u>	<u>\$ 660,372</u>	<u>\$6,090,657</u>	<u>\$ -</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4. Fair Value Measurement of Financial Instruments

	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
September 30, 2010				
Iowa Soybean Association:				
Certificates of deposit	\$2,758,741	\$ -	\$2,758,741	\$ -
U.S. treasury bills	419,782	-	419,782	-
Principal stock	3,891	3,891	-	-
Pension plan assets:				
Equity securities	830,629	-	830,629	-
Debt securities	493,267	-	493,267	-
Real estate	<u>74,219</u>	<u>-</u>	<u>74,219</u>	<u>-</u>
Total assets	<u>\$4,580,529</u>	<u>\$ 3,891</u>	<u>\$4,576,638</u>	<u>\$ -</u>

SFAS No. 157, *Fair Value Measurements*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of quoted prices of similar assets or liabilities in active markets or quoted prices for identical or similar assets in inactive markets, and Level 3 inputs have the lowest priority. When available, the organization measures fair value using Level 1 inputs because they generally provide the more reliable evidence of fair value.

Level 1 Fair Value Measurements

The fair value is based on quoted market prices of shares held by the Association and the Association's defined benefit plan at year-end.

Level 2 Fair Value Measurements

The fair value is based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from observable market data.

Level 3 Fair Value Measurements

The fair value is based on unobservable inputs which are the organization's own assumptions about what market participants would assume when determining a price to pay. Level 3 are used when there is little, if any, market activity for the asset or liability at the measurement date. The organization has no level 3 inputs.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 5. Business Combination

On July 26, 2011, the organization acquired Association Management, Ltd., a company engaged in the same business activities as AgInsight, through an asset purchase agreement. The organization acquired the following assets:

Equipment	\$ 2,500
Non-compete agreement	5,000
Goodwill	<u>342,500</u>
 Total acquisition cost	 <u><u>\$350,000</u></u>

The amount of goodwill expected to be deductible for tax purposes for these transactions is \$342,500.

Note 6. Long-Term Debt

In 2010, the Association had a note payable of \$22,140 to Ford Motor Credit due in monthly installments of \$515, including interest at 8.79%. The note was secured by the vehicle with a carrying value of \$24,025. Subsequent to year end, the Association paid off the balance of this note. Due to this the balance of the note was classified as short term in the prior year. There are no notes payable for the year ended September 30, 2011.

Note 7. Capital Leases

The Association leases computer equipment under capital leases expiring at various times through April 2014. The assets and liabilities under capital leases are recorded at the present value of the minimum lease payments. The assets are depreciated over the lease terms of 36 months. Depreciation of assets under capital leases is included in depreciation expense.

Following is a summary of property held under capital leases at September 30:

	<u>2011</u>	<u>2010</u>
Computer equipment	\$ 94,451	\$ 85,255
Less accumulated depreciation	<u>(45,760)</u>	<u>(49,022)</u>
	<u><u>\$ 48,691</u></u>	<u><u>\$ 36,233</u></u>

Minimum future annual lease payments under capital leases as of September 30, 2011 are as follows:

<u>Years</u>	<u>Amounts</u>
2012	\$ 33,901
2013	22,967
2014	<u>3,380</u>
Total minimum lease payments	\$ 60,248
Less amount representing interest	<u>(6,712)</u>
	<u><u>\$ 53,536</u></u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8. Operating Leases

The Association leased office space under an agreement through June 2014, which required a base rent of \$4,438. In the prior year the Association also leased office space under an agreement through August 2010, which required a base rent of \$10,642 and additional office rent ranging from \$7,261 to \$10,876 per month. The Association also leases equipment and vehicles with payments ranging from \$287 to \$1,141. The minimum future payments under the above agreements are as follows:

Minimum future rental payments under these leases as of September 30, 2011 are as follows:

<u>Years</u>	<u>Amounts</u>
2012	\$ 122,142
2013	92,065
2014	63,371
2015	7,971
2016	<u>6,643</u>
	<u>\$ 292,192</u>

Total rent expense for the years ended September 30, 2011 and 2010 was \$92,193 and \$302,580, respectively.

Note 9. Income Taxes

Income tax expense (benefit) for unrelated business taxable income producing activities is \$(17,394) and \$24,530 for the years ended September 30, 2011 and 2010, respectively.

Income tax expense (benefit) for AgInsight activities is \$(10,263) and \$33,370 for the years ended September 30, 2011 and 2010, respectively.

Note 10. Pension Plans

Defined Contribution Pension Plan:

The Association has a 401(k) savings plan covering all employees who are 21 years of age and have completed 6 months of service. Retirement plan expense was \$225,843 and \$208,908 for the years ended September 30, 2011 and 2010, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10. Pension Plans *(Continued)*

Defined Benefit Pension Plan:

The Association sponsors a defined benefit pension plan. The plan covers employees over 21 year of age who have completed 1 year of service in which 1,000 hours are worked. The amount of benefits is based upon length of service and compensation. The pension plan is considered an estimate that is particularly susceptible to significant changes as it relates to the determination of the discount rate, rate of return on assets, and the expected rate of compensation used in the actuarial calculation. Actuarial methods and assumptions are used to determine the past service liability for the period of time the pension retirement plan was a defined benefit plan. Actuarial assumptions adjust the past service liability for the time value of money, mortality rates, number of covered participants and beneficiaries, and a past service pension rate. Actuarial assumptions also include adjustments for differences between actual experience and past assumptions. Because of the uncertainties surrounding the above assumptions, it is reasonably possible that estimates of the past service liability may change in the near term.

The following table sets forth information related to the Association's plan as of and for the years ended September 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$2,441,005	\$1,441,466
Service cost	221,476	134,638
Interest cost	127,812	100,448
Actuarial losses (gains)	(400,801)	782,651
Benefit payments	<u>(14,639)</u>	<u>(18,198)</u>
Projected benefit obligation at end of year	<u>\$2,374,853</u>	<u>\$2,441,005</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	\$1,398,115	\$ 933,481
Actual return on assets	(11,106)	82,832
Employer contributions	428,342	400,000
Benefit payments	<u>(14,639)</u>	<u>(18,198)</u>
Fair value of plan assets at end of year	<u>\$1,800,712</u>	<u>\$1,398,115</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10. Pension Plans *(Continued)*

Defined Benefit Pension Plan: *(Continued)*

	2011	2010
Amounts recognized in the statements of financial position:		
Noncurrent liabilities	<u>\$ 574,141</u>	<u>\$1,042,890</u>
Weighted average assumptions used to determine benefit obligations:		
Discount rate	5.50%	5.25%
Rate of compensation increase	3.00%	4.65%
Components of net periodic benefit cost:		
Service cost	\$ 221,476	\$ 134,638
Interest cost	127,812	100,448
Expected return on assets	(99,365)	(59,287)
Amortization of net (gain)/loss	64,021	3,623
Amortization of prior service (cost)/credit	467	467
Net periodic benefit cost	<u>\$ 314,411</u>	<u>\$ 179,889</u>
Other changes recognized in the statements of activities under the caption "Pension Adjustment":		
Net (gain)/loss	\$ (290,330)	\$ 759,106
Amortization of net loss	(64,021)	(3,623)
Amortization of prior service loss	(467)	(467)
Total recognized	<u>\$ (354,818)</u>	<u>\$ 755,016</u>
Included in the net loss for the year ended September 30, 2010 was a \$734,122 liability loss due to a decrease in the discount rate to determine benefit obligations.		
Cumulative amount of other changes recognized in net assets:		
Total net loss	\$ 586,295	\$ 940,646
Prior service cost	1,470	1,937
Total cumulative amount	<u>\$ 587,765</u>	<u>\$ 942,583</u>
Weighted average assumptions used to determine net periodic benefit cost:		
Discount rate	5.25%	7.00%
Expected return on assets	8.00%	8.00%
Rate of compensation increase	4.65%	4.65%

Historical and future expected returns of multiple asset classes were analyzed to develop a risk-free real rate of return and risk premiums for each asset class. The overall rate for each asset class was developed by combining a long-term inflation component with the calculated risk-free real rate of return and the associated risk premium. A weighted average rate was then developed based on those overall rates and the target asset allocation of the plan.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10. Pension Plans *(Continued)*

Defined Benefit Pension Plan: *(Continued)*

The following is an analysis of plan assets by category as of the measurement date:

2011:	
Large U.S. equity	38%
Small Mid U.S. equity	10
International equity	14
Fixed income	<u>38</u>
Total	<u>100%</u>
2010:	
Equity securities	60%
Debt securities	35
Real estate	<u>5</u>
Total	<u>100%</u>

The Association expects to contribute approximately \$400,000 to the plan during the year ended September 30, 2012. Benefits expected to be paid in each of the next five fiscal years and the aggregate for five fiscal years thereafter:

<u>Years</u>	<u>Amounts</u>
2012	\$ 21,000
2013	24,000
2014	24,000
2015	24,000
2016	48,000
2017-2021	<u>460,000</u>
	<u>\$ 601,000</u>

Note 11. Net Assets

Temporarily restricted net assets as of September 30, 2011 and 2010 included the following:

	<u>2011</u>	<u>2010</u>
Restricted for purpose:		
Scholarships and Soy Golf Classic (Association)	\$ 39,302	\$ 38,471
Upper Mississippi Farm Belt's Watershed Project (AgTech)	<u>128,000</u>	<u>80,755</u>
Total restricted for purpose	<u>\$ 167,302</u>	<u>\$ 119,226</u>
Restricted for time and purpose:		
Ugandan Soybean Nutrition Network program (Soy for Life)	\$ 25,000	\$ -
Total temporarily restricted net assets	<u>\$ 192,302</u>	<u>\$ 119,226</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 12. Special Event

The Association holds an annual golf tournament fundraising event. Following is summarized financial information relating to the event for the years ended September 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Special event revenue	\$ 26,985	\$ 56,266
Less: Costs of direct benefits to donors	(11,039)	(5,295)
Expenses related to promoting and conducting the Soy Golf Classic	<u>(1,115)</u>	<u>(1,915)</u>
Net revenue from the special events	<u>\$ 14,831</u>	<u>\$ 49,056</u>

Note 13. Reclassifications

Certain amounts in the 2010 financial statements have been reclassified to conform to the 2011 presentation.

Note 14. Subsequent Events

Management has evaluated subsequent events through January 17, 2012, the date which the report was available to be issued.

IOWA SOYBEAN ASSOCIATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2011

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grant/Contract Number	Federal Expenditures
Direct:			
United States Department of Agriculture:			
Soil and Water Conservation	10.902	68-6114-9-34	\$ 85,968
	10.902	68-6114-10-04	65,070
	10.902	68-9114-9-36	24,101
	10.902	68-6114-10-05	94,995
<i>Total Soil and Water Conservation</i>			<u>\$ 270,134</u>
<i>Total United States Department of Agriculture Direct Programs</i>			<u>\$ 270,134</u>
Indirect:			
United States Department of Agriculture Pass-Through Programs From			
Commodity Credit Corporation:			
Emerging Markets Program	10.603	2010-31	\$ 33,170
	10.603	2011-08	15,016
<i>Total Emerging Markets Program</i>			<u>\$ 48,186</u>
National Fish & Wildlife Foundation:			
Environmental Quality Incentives Program	10.912	2008-0116-015	\$ 160,391
<i>Total Environmental Quality Incentives Program</i>			<u>\$ 160,391</u>
<i>Total United States Department of Agriculture Pass-Through Programs</i>			<u>\$ 208,577</u>
Department of the Interior Pass-Through Programs From			
U.S. Fish and Wildlife Service:			
Research Grants (Generic)	15.650	F11AP00062	\$ 29,013
<i>Total Research Grants (Generic)</i>			<u>\$ 29,013</u>
<i>Total Department of the Interior Pass-Through Programs</i>			<u>\$ 29,013</u>
United States Environmental Protection Agency Pass-Through Programs From			
National Fish and Wildlife Foundation:			
Chesapeake Bay Program	66.466	2009-0055-021	\$ 233,131
			<u>\$ 233,131</u>
<i>Total United States Environmental Protection Agency Pass-Through Programs</i>			<u>\$ 233,131</u>
<i>Total Expenditures of Federal Awards</i>			<u>\$ 740,855</u>

Note A--Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Iowa Soybean Association under programs of the federal government for the year ended September 30, 2011. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of Iowa Soybean Association, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Iowa Soybean Association.

Note B--Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Note C--Subrecipients

On the federal expenditures presented in the Schedule, Iowa Soybean Association provided federal awards to subrecipients as follows:

Program Name	CFDA Number	Amount Provided to Subrecipients
Chesapeake Bay Program	66.466	<u>\$ 233,131</u>

Brooks Lodden P.C.

certified public accountants

Telford A. Lodden, CPA, CFP®, CVA, Shareholder

Bruce W. Hartley, CPA, Shareholder

John E. Lamale, CPA, Shareholder

Brent L. Alexander, CPA, Shareholder

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
Iowa Soybean Association and Subsidiaries
Ankeny, Iowa

We have audited the financial statements of Iowa Soybean Association as of and for the year ended September 30, 2011, and have issued our report thereon dated January 17, 2012. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over financial reporting.

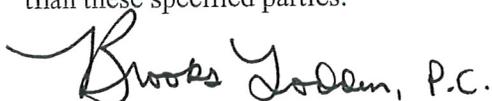
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



West Des Moines, Iowa
January 17, 2012

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors
Iowa Soybean Association and Subsidiaries
Ankeny, Iowa

Compliance

We have audited Iowa Soybean Association's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2011. The organization's major federal programs are identified in the summary of independent auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the organization's management. Our responsibility is to express an opinion on the organization's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the organization's compliance with those requirements.

In our opinion, Iowa Soybean Association complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2011.

Internal Control Over Compliance

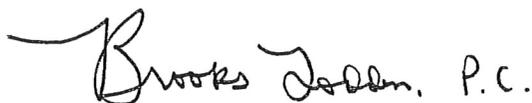
Management of the organization is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the organization's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control over compliance.

Internal Control Over Compliance (Continued)

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Directors, others within the organization, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

 Brooks Jordan, P.C.

West Des Moines, Iowa
January 17, 2012

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2011

Part I. Summary of Independent Auditor's Results

Financial Statement Section:

Type of auditor's report issued:	<u>Unqualified Opinion</u>
Internal control over financial reporting: Material weakness(es) identified?	_____ Yes <u> X </u> No
Significant deficiency(s) identified not considered to be material weaknesses?	_____ Yes <u> X </u> None Reported
Noncompliance material to financial statements noted?	_____ Yes <u> X </u> No

Federal Awards Section:

Internal control over major programs: Material weakness(es) identified?	_____ Yes <u> X </u> No
Significant deficiency(s) identified not considered to be material weakness(es)?	_____ Yes <u> X </u> None Reported

Type of auditor's report on compliance for major programs:	<u>Unqualified Opinion</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133?	_____ Yes <u> X </u> No

CFDA Number(s)	Name of Federal Program or Cluster
Identification of major program(s): 10.902	Soil and Water Conservation
Dollar threshold used to determine Type A programs:	<u>\$300,000</u>
Auditee qualified as low-risk auditee?	<u> X </u> Yes _____ No

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2011

Part II. Findings Related to the Financial Statements

Instances of non-compliance:

No matters were reported.

Significant deficiencies:

No matters were reported.

Part III: Findings and Questioned Costs for Federal Awards

Instances of non-compliance:

No matters were reported.

Significant deficiencies:

No matters were reported.

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

September 30, 2011

ASSETS	Iowa Soybean Association		AgInsight, Inc.	Ag Technology Foundation	Soyfoods Council	Soy for Life	Eliminations	Consolidated
	Operating	Checkoff						
CURRENT ASSETS								
Cash and cash equivalents	\$ 689,337	\$ 4,665,356	\$ 142,529	\$ 177,015	\$ 8,112	\$ 3,578	\$ -	\$ 5,685,927
U.S. treasury bills	-	429,996	-	-	-	-	-	429,996
Certificates of deposit	891,882	3,624,548	-	-	-	-	-	4,516,430
Receivables:								
Accounts receivable	1,381,400	1,664,661	148,964	133,452	600	16,776	(813,977)	2,531,876
Promise to give	-	-	-	-	-	25,000	-	25,000
Income tax receivable	7,445	-	64,880	-	-	-	-	72,325
Accrued interest receivable	2,234	2,583	-	-	-	-	-	4,817
Employee advances	3,188	-	-	-	-	-	-	3,188
Prepaid expenses	15,897	196,515	6,177	-	-	-	-	218,589
Investments	3,891	-	-	-	-	-	-	3,891
Inventory	-	-	1,319	-	-	-	-	1,319
Total current assets	\$ 2,995,274	\$ 10,583,659	\$ 363,869	\$ 310,467	\$ 8,712	\$ 45,354	\$ (813,977)	\$ 13,493,358
PROPERTY AND EQUIPMENT								
Land	\$ 1,200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,200,000
Building	-	7,470,160	-	-	-	-	-	7,470,160
Office equipment	550,093	596,311	2,500	-	-	-	-	1,148,904
Leased computers	-	303,135	-	-	-	-	-	303,135
Research equipment	337,158	-	-	-	-	-	-	337,158
	\$ 2,087,251	\$ 8,369,606	\$ 2,500	\$ -	\$ -	\$ -	\$ -	\$ 10,459,357
Less accumulated depreciation and amortization	604,330	908,402	208	-	-	-	-	1,512,940
	\$ 1,482,921	\$ 7,461,204	\$ 2,292	\$ -	\$ -	\$ -	\$ -	\$ 8,946,417
OTHER ASSETS								
Cash surrender value of life insurance	\$ 37,798	\$ 44,751	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,549
Goodwill	-	-	342,500	-	-	-	-	342,500
Noncompete agreement	-	-	4,944	-	-	-	-	4,944
Investment in AgInsight, Inc.	366,500	-	-	-	-	-	(366,500)	-
	\$ 404,298	\$ 44,751	\$ 347,444	\$ -	\$ -	\$ -	\$ (366,500)	\$ 429,993
Total assets	\$ 4,882,493	\$ 18,089,614	\$ 713,605	\$ 310,467	\$ 8,712	\$ 45,354	\$ (1,180,477)	\$ 22,869,768

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

September 30, 2011

LIABILITIES AND NET ASSETS/EQUITY	Iowa Soybean Association		AgInsight, Inc.	Ag Technology Foundation	Soyfoods Council	Soy for Life	Eliminations	Consolidated
	Operating	Checkoff						
CURRENT LIABILITIES								
Accounts payable	\$ 1,191,297	\$ 3,690,934	\$ 289,759	\$ 122,390	\$ 131	\$ 10,067	\$ (813,977)	\$ 4,490,601
Capital lease obligations, current portion	-	28,869	-	-	-	-	-	28,869
Accrued payroll and related expenses	98,109	160,072	-	-	-	-	-	258,181
Property tax payable	-	-	6,235	-	-	-	-	6,235
Unearned revenue:								
Memberships	12,420	-	-	-	-	-	-	12,420
Sponsorships	656,495	-	51,111	53,838	-	-	-	761,444
Total current liabilities	<u>\$ 1,958,321</u>	<u>\$ 3,879,875</u>	<u>\$ 347,105</u>	<u>\$ 176,228</u>	<u>\$ 131</u>	<u>\$ 10,067</u>	<u>\$ (813,977)</u>	<u>\$ 5,557,750</u>
LONG-TERM LIABILITIES								
Accrued pension liability	\$ 308,509	\$ 265,632	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 574,141
Capital lease obligations	-	24,667	-	-	-	-	-	24,667
Deferred compensation liability	27,782	44,424	-	-	-	-	-	72,206
Unearned revenue - memberships	7,159	-	-	-	-	-	-	7,159
	<u>\$ 343,450</u>	<u>\$ 334,723</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 678,173</u>
NET ASSETS/EQUITY								
Unrestricted net assets	\$ 2,541,420	\$ 13,875,016	\$ -	\$ 6,239	\$ 8,581	\$ 10,287	\$ -	\$ 16,441,543
Temporarily restricted net assets	39,302	-	-	128,000	-	25,000	-	192,302
Common stock	-	-	200,000	-	-	-	(200,000)	-
Retained earnings	-	-	166,500	-	-	-	(166,500)	-
Total net assets/equity	<u>\$ 2,580,722</u>	<u>\$ 13,875,016</u>	<u>\$ 366,500</u>	<u>\$ 134,239</u>	<u>\$ 8,581</u>	<u>\$ 35,287</u>	<u>\$ (366,500)</u>	<u>\$ 16,633,845</u>
Total liabilities and net assets/equity	<u>\$ 4,882,493</u>	<u>\$ 18,089,614</u>	<u>\$ 713,605</u>	<u>\$ 310,467</u>	<u>\$ 8,712</u>	<u>\$ 45,354</u>	<u>\$ (1,180,477)</u>	<u>\$ 22,869,768</u>

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

September 30, 2010

ASSETS	Iowa Soybean Association		AgInsight, Inc.	Ag Technology Foundation	Soyfoods Council	Soy for Life	Eliminations	Consolidated
	Operating	Checkoff						
CURRENT ASSETS								
Cash and cash equivalents	\$ 1,299,705	\$ 2,434,070	\$ 387,299	\$ 81,481	\$ 10,352	\$ 9,412	\$ -	\$ 4,222,319
U.S. treasury bills	-	419,782	-	-	-	-	-	419,782
Certificates of deposit	641,000	2,117,741	-	-	-	-	-	2,758,741
Receivables:								
Accounts receivable	562,085	1,781,298	145,759	92	-	50	(85,236)	2,404,048
Accrued interest receivable	549	3,471	-	-	-	-	-	4,020
Employee advances	1,949	-	-	-	-	-	-	1,949
Prepaid expenses:								
Other	10,189	60,654	6,685	-	-	-	-	77,528
Investments	3,891	-	-	-	-	-	-	3,891
Inventory	-	-	1,452	-	-	-	-	1,452
Total current assets	<u>\$ 2,519,368</u>	<u>\$ 6,817,016</u>	<u>\$ 541,195</u>	<u>\$ 81,573</u>	<u>\$ 10,352</u>	<u>\$ 9,462</u>	<u>\$ (85,236)</u>	<u>\$ 9,893,730</u>
PROPERTY AND EQUIPMENT								
Land	\$ 1,200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,200,000
Building	-	7,470,160	-	-	-	-	-	7,470,160
Office equipment	446,149	590,579	-	-	-	-	-	1,036,728
Leased computers	-	274,870	-	-	-	-	-	274,870
Leasehold improvements	178,240	-	-	-	-	-	-	178,240
Research equipment	273,510	-	-	-	-	-	-	273,510
	<u>\$ 2,097,899</u>	<u>\$ 8,335,609</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,433,508</u>
Less accumulated depreciation	657,880	566,031	-	-	-	-	-	1,223,911
	<u>\$ 1,440,019</u>	<u>\$ 7,769,578</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,209,597</u>
OTHER ASSETS								
Cash surrender value of life insurance	\$ 36,263	\$ 42,248	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 78,511
Investment in AgInsight, Inc.	363,332	-	-	-	-	-	(363,332)	-
	<u>\$ 399,595</u>	<u>\$ 42,248</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (363,332)</u>	<u>\$ 78,511</u>
Total assets	<u>\$ 4,358,982</u>	<u>\$ 14,628,842</u>	<u>\$ 541,195</u>	<u>\$ 81,573</u>	<u>\$ 10,352</u>	<u>\$ 9,462</u>	<u>\$ (448,568)</u>	<u>\$ 19,181,838</u>

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

September 30, 2010

LIABILITIES AND NET ASSETS/EQUITY	Iowa Soybean Association		AgInsight, Inc.	Ag Technology Foundation	Soyfoods Council	Soy for Life	Eliminations	Consolidated
	Operating	Checkoff						
CURRENT LIABILITIES								
Accounts payable	\$ 930,455	\$ 2,255,528	\$ 88,434	\$ -	\$ 177	\$ -	\$ (85,236)	\$ 3,189,358
Notes payable, current portion	-	22,140	-	-	-	-	-	22,140
Capital lease obligations, current portion	-	21,049	-	-	-	-	-	21,049
Accrued payroll and related expenses	64,416	134,997	-	-	-	-	-	199,413
Income tax payable	10,795	-	43,309	-	-	-	-	54,104
Property tax payable	-	-	3,395	-	-	-	-	3,395
Unearned revenue:								
Memberships	24,985	-	-	-	-	-	-	24,985
Sponsorships	453,219	-	42,725	-	-	-	-	495,944
Total current liabilities	<u>\$ 1,483,870</u>	<u>\$ 2,433,714</u>	<u>\$ 177,863</u>	<u>\$ -</u>	<u>\$ 177</u>	<u>\$ -</u>	<u>\$ (85,236)</u>	<u>\$ 4,010,388</u>
LONG-TERM LIABILITIES								
Accrued pension liability	\$ 486,634	\$ 556,256	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,042,890
Capital lease obligations	-	17,305	-	-	-	-	-	17,305
Deferred compensation liability	28,229	45,153	-	-	-	-	-	73,382
Unearned revenue - memberships	10,776	-	-	-	-	-	-	10,776
	<u>\$ 525,639</u>	<u>\$ 618,714</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,144,353</u>
NET ASSETS/EQUITY								
Unrestricted net assets	\$ 2,311,002	\$ 11,576,414	\$ -	\$ 818	\$ 10,175	\$ 9,462	\$ -	\$ 13,907,871
Temporarily restricted net assets	38,471	-	-	80,755	-	-	-	119,226
Common stock	-	-	200,000	-	-	-	(200,000)	-
Retained earnings	-	-	163,332	-	-	-	(163,332)	-
Total net assets/equity	<u>\$ 2,349,473</u>	<u>\$ 11,576,414</u>	<u>\$ 363,332</u>	<u>\$ 81,573</u>	<u>\$ 10,175</u>	<u>\$ 9,462</u>	<u>\$ (363,332)</u>	<u>\$ 14,027,097</u>
Total liabilities and net assets/equity	<u>\$ 4,358,982</u>	<u>\$ 14,628,842</u>	<u>\$ 541,195</u>	<u>\$ 81,573</u>	<u>\$ 10,352</u>	<u>\$ 9,462</u>	<u>\$ (448,568)</u>	<u>\$ 19,181,838</u>

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended September 30, 2011

	Unrestricted				
	Iowa Soybean Association		AgInsight, Inc.	Ag Technology Foundation	Soyfoods Council
	Operating	Checkoff			
REVENUE					
Public affairs and membership	\$ 51,832	\$ -	\$ -	\$ -	\$ -
Supply	2,275,656	314,848	-	121,214	-
Demand	-	143,333	-	-	-
Information and education	398,897	113,527	-	-	-
Organizational	1,085,955	192,066	661,489	-	-
Checkoff revenue	-	29,557,392	-	-	-
Other states	437,283	-	-	-	-
Contributions	-	-	-	-	-
Special event	9,985	-	-	-	-
Investment income	3,571	29,639	843	-	-
	<u>\$ 4,263,179</u>	<u>\$ 30,350,805</u>	<u>\$ 662,332</u>	<u>\$ 121,214</u>	<u>\$ -</u>
NET ASSETS RELEASED FROM RESTRICTIONS:					
Satisfaction of purpose restrictions	\$ 16,169	\$ -	\$ -	\$ 41,605	\$ -
Total public support and revenue	<u>\$ 4,279,348</u>	<u>\$ 30,350,805</u>	<u>\$ 662,332</u>	<u>\$ 162,819</u>	<u>\$ -</u>
EXPENSES					
Program services:					
Public affairs and membership	\$ 276,336	\$ -	\$ -	\$ -	\$ -
Supply	2,040,042	5,374,489	-	152,096	-
Demand	-	2,508,978	-	-	1,469
Information and education	217,829	2,507,792	-	-	-
Organizational	790,822	978,694	534,003	-	-
Checkoff assessments paid	-	15,901,873	-	-	-
Other states	380,259	-	-	-	-
Total program services	<u>\$ 3,705,288</u>	<u>\$ 27,271,826</u>	<u>\$ 534,003</u>	<u>\$ 152,096</u>	<u>\$ 1,469</u>
Supporting services:					
Administrative	\$ 487,996	\$ 1,000,364	\$ 135,210	\$ 5,302	\$ 125
Cost of direct benefit to donors	11,039	-	-	-	-
Cost of sales	-	-	214	-	-
Total supporting services	<u>\$ 499,035</u>	<u>\$ 1,000,364</u>	<u>\$ 135,424</u>	<u>\$ 5,302</u>	<u>\$ 125</u>
Total expenses	<u>\$ 4,204,323</u>	<u>\$ 28,272,190</u>	<u>\$ 669,427</u>	<u>\$ 157,398</u>	<u>\$ 1,594</u>
CHANGE IN NET ASSETS/EQUITY BEFORE INCOME TAXES	<u>\$ 75,025</u>	<u>\$ 2,078,615</u>	<u>\$ (7,095)</u>	<u>\$ 5,421</u>	<u>\$ (1,594)</u>
INCOME TAX BENEFIT (EXPENSE)	<u>17,394</u>	<u>-</u>	<u>10,263</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS/EQUITY BEFORE EQUITY IN NET INCOME OF SUBSIDIARY AND PENSION COSTS	<u>\$ 92,419</u>	<u>\$ 2,078,615</u>	<u>\$ 3,168</u>	<u>\$ 5,421</u>	<u>\$ (1,594)</u>
EQUITY IN NET INCOME OF SUBSIDIARY PENSION ADJUSTMENT	<u>3,168</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>134,831</u>	<u>219,987</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS/EQUITY	<u>\$ 230,418</u>	<u>\$ 2,298,602</u>	<u>\$ 3,168</u>	<u>\$ 5,421</u>	<u>\$ (1,594)</u>
NET ASSETS/EQUITY, beginning of year	<u>2,311,002</u>	<u>11,576,414</u>	<u>163,332</u>	<u>818</u>	<u>10,175</u>
NET ASSETS/EQUITY, end of year	<u>\$ 2,541,420</u>	<u>\$ 13,875,016</u>	<u>\$ 166,500</u>	<u>\$ 6,239</u>	<u>\$ 8,581</u>

		Temporarily Restricted						
Soy for Life	Eliminations	Total Consolidated Unrestricted Net Assets	Iowa Soybean Association Operating	Ag Technology Foundation	Soy for Life	Total Consolidated Temp Restricted Net Assets	Total Consolidated Net Assets	
\$ -	\$ -	\$ 51,832	\$ -	\$ -	\$ -	\$ -	\$ 51,832	
-	(33,455)	2,678,263	-	-	-	-	2,678,263	
82,298	(29,945)	195,686	-	-	-	-	195,686	
-	-	512,424	-	-	-	-	512,424	
-	(579,245)	1,360,265	-	-	-	-	1,360,265	
-	-	29,557,392	-	-	-	-	29,557,392	
-	-	437,283	-	-	-	-	437,283	
4,630	-	4,630	-	88,850	25,000	113,850	118,480	
-	-	9,985	17,000	-	-	17,000	26,985	
-	-	34,053	-	-	-	-	34,053	
<u>\$ 86,928</u>	<u>\$ (642,645)</u>	<u>\$ 34,841,813</u>	<u>\$ 17,000</u>	<u>\$ 88,850</u>	<u>\$ 25,000</u>	<u>\$ 130,850</u>	<u>\$ 34,972,663</u>	
\$ -	\$ -	\$ 57,774	\$ (16,169)	\$ (41,605)	\$ -	\$ (57,774)	\$ -	
<u>\$ 86,928</u>	<u>\$ (642,645)</u>	<u>\$ 34,899,587</u>	<u>\$ 831</u>	<u>\$ 47,245</u>	<u>\$ 25,000</u>	<u>\$ 73,076</u>	<u>\$ 34,972,663</u>	
\$ -	\$ -	\$ 276,336	\$ -	\$ -	\$ -	\$ -	\$ 276,336	
-	(33,455)	7,533,172	-	-	-	-	7,533,172	
81,194	(29,945)	2,561,696	-	-	-	-	2,561,696	
-	-	2,725,621	-	-	-	-	2,725,621	
-	(579,245)	1,724,274	-	-	-	-	1,724,274	
-	-	15,901,873	-	-	-	-	15,901,873	
-	-	380,259	-	-	-	-	380,259	
<u>\$ 81,194</u>	<u>\$ (642,645)</u>	<u>\$ 31,103,231</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,103,231</u>	
\$ 4,909	\$ -	\$ 1,633,906	\$ -	\$ -	\$ -	\$ -	\$ 1,633,906	
-	-	11,039	-	-	-	-	11,039	
-	-	214	-	-	-	-	214	
<u>\$ 4,909</u>	<u>\$ -</u>	<u>\$ 1,645,159</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,645,159</u>	
<u>\$ 86,103</u>	<u>\$ (642,645)</u>	<u>\$ 32,748,390</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,748,390</u>	
\$ 825	\$ -	\$ 2,151,197	\$ 831	\$ 47,245	\$ 25,000	\$ 73,076	\$ 2,224,273	
-	-	27,657	-	-	-	-	27,657	
\$ 825	\$ -	\$ 2,178,854	\$ 831	\$ 47,245	\$ 25,000	\$ 73,076	\$ 2,251,930	
-	(3,168)	-	-	-	-	-	-	
-	-	354,818	-	-	-	-	354,818	
\$ 825	\$ (3,168)	\$ 2,533,672	\$ 831	\$ 47,245	\$ 25,000	\$ 73,076	\$ 2,606,748	
9,462	(163,332)	13,907,871	38,471	80,755	-	119,226	14,027,097	
<u>\$ 10,287</u>	<u>\$ (166,500)</u>	<u>\$ 16,441,543</u>	<u>\$ 39,302</u>	<u>\$ 128,000</u>	<u>\$ 25,000</u>	<u>\$ 192,302</u>	<u>\$ 16,633,845</u>	

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended September 30, 2010

	Unrestricted				
	Iowa Soybean Association		AgInsight, Inc.	Ag Technology Foundation	Soyfoods Council
	Operating	Checkoff			
REVENUE					
Public affairs and membership	\$ 73,054	\$ -	\$ -	\$ -	\$ -
Supply	2,224,313	164,250	-	-	-
Demand	-	186,380	-	-	-
Information and education	440,833	35,685	-	-	-
Organizational	981,009	87,336	625,981	-	-
Checkoff revenue	-	26,010,628	-	-	-
Other states	332,909	-	-	-	-
Contributions	-	-	-	-	3,500
Special event	-	-	-	-	-
Investment income	3,894	37,786	307	-	-
	<u>\$ 4,056,012</u>	<u>\$ 26,522,065</u>	<u>\$ 626,288</u>	<u>\$ -</u>	<u>\$ 3,500</u>
NET ASSETS RELEASED FROM RESTRICTIONS:					
Satisfaction of purpose restrictions	\$ 17,795	\$ -	\$ -	\$ 3,063	\$ -
Total public support and revenue	<u>\$ 4,073,807</u>	<u>\$ 26,522,065</u>	<u>\$ 626,288</u>	<u>\$ 3,063</u>	<u>\$ 3,500</u>
EXPENSES					
Program services:					
Public affairs and membership	\$ 198,740	\$ -	\$ -	\$ -	\$ -
Supply	2,071,565	4,485,100	-	7,549	-
Demand	-	2,328,924	-	-	4,722
Information and education	228,930	1,644,683	-	-	-
Organizational	699,105	715,375	364,834	-	-
Checkoff assessments paid	-	13,969,379	-	-	-
Other states	284,037	-	-	-	-
Total program services	<u>\$ 3,482,377</u>	<u>\$ 23,143,461</u>	<u>\$ 364,834</u>	<u>\$ 7,549</u>	<u>\$ 4,722</u>
Supporting services:					
Administrative	\$ 409,390	\$ 1,141,187	\$ 84,189	\$ 777	\$ 135
Cost of direct benefit to donors	5,295	-	-	-	-
Cost of sales	-	-	-	-	-
Total supporting services	<u>\$ 414,685</u>	<u>\$ 1,141,187</u>	<u>\$ 84,189</u>	<u>\$ 777</u>	<u>\$ 135</u>
Total expenses	<u>\$ 3,897,062</u>	<u>\$ 24,284,648</u>	<u>\$ 449,023</u>	<u>\$ 8,326</u>	<u>\$ 4,857</u>
CHANGE IN NET ASSETS BEFORE INCOME TAXES	<u>\$ 176,745</u>	<u>\$ 2,237,417</u>	<u>\$ 177,265</u>	<u>\$ (5,263)</u>	<u>\$ (1,357)</u>
INCOME TAX BENEFIT (EXPENSE)	<u>(24,530)</u>	<u>-</u>	<u>(82,083)</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS BEFORE EQUITY IN NET INCOME OF SUBSIDIARY AND PENSION COSTS	<u>\$ 152,215</u>	<u>\$ 2,237,417</u>	<u>\$ 95,182</u>	<u>\$ (5,263)</u>	<u>\$ (1,357)</u>
EQUITY IN NET INCOME OF SUBSIDIARY PENSION ADJUSTMENT	<u>95,182</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(235,391)</u>	<u>(519,625)</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	<u>\$ 12,006</u>	<u>\$ 1,717,792</u>	<u>\$ 95,182</u>	<u>\$ (5,263)</u>	<u>\$ (1,357)</u>
NET ASSETS/EQUITY, beginning of year	<u>2,298,996</u>	<u>9,858,622</u>	<u>268,150</u>	<u>6,081</u>	<u>11,532</u>
NET ASSETS/EQUITY, end of year	<u>\$ 2,311,002</u>	<u>\$ 11,576,414</u>	<u>\$ 363,332</u>	<u>\$ 818</u>	<u>\$ 10,175</u>

Soy for Life	Eliminations	Total Consolidated Unrestricted Net Assets	Temporarily Restricted			Total Consolidated Net Assets
			Iowa Soybean Association Operating	Ag Technology Foundation	Total Consolidated Temp Restricted Net Assets	
\$ -	\$ -	\$ 73,054	\$ -	\$ -	\$ -	\$ 73,054
-	(6,151)	2,382,412	-	-	-	2,382,412
-	-	186,380	-	-	-	186,380
-	(39,800)	436,718	-	-	-	436,718
-	(367,005)	1,327,321	-	-	-	1,327,321
-	-	26,010,628	-	-	-	26,010,628
-	-	332,909	-	-	-	332,909
3,880	-	7,380	-	83,818	83,818	91,198
-	-	-	56,266	-	56,266	56,266
-	-	41,987	-	-	-	41,987
<u>\$ 3,880</u>	<u>\$ (412,956)</u>	<u>\$ 30,798,789</u>	<u>\$ 56,266</u>	<u>\$ 83,818</u>	<u>\$ 140,084</u>	<u>\$ 30,938,873</u>
\$ -	\$ -	\$ 20,858	\$ (17,795)	\$ (3,063)	\$ (20,858)	\$ -
<u>\$ 3,880</u>	<u>\$ (412,956)</u>	<u>\$ 30,819,647</u>	<u>\$ 38,471</u>	<u>\$ 80,755</u>	<u>\$ 119,226</u>	<u>\$ 30,938,873</u>
\$ -	\$ -	\$ 198,740	\$ -	\$ -	\$ -	\$ 198,740
-	(6,151)	6,558,063	-	-	-	6,558,063
-	-	2,333,646	-	-	-	2,333,646
-	(39,800)	1,833,813	-	-	-	1,833,813
-	(353,894)	1,425,420	-	-	-	1,425,420
-	-	13,969,379	-	-	-	13,969,379
-	-	284,037	-	-	-	284,037
<u>\$ -</u>	<u>\$ (399,845)</u>	<u>\$ 26,603,098</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,603,098</u>
\$ -	\$ (13,111)	\$ 1,622,567	\$ -	\$ -	\$ -	\$ 1,622,567
-	-	5,295	-	-	-	5,295
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ (13,111)</u>	<u>\$ 1,627,862</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,627,862</u>
\$ -	\$ (412,956)	\$ 28,230,960	\$ -	\$ -	\$ -	\$ 28,230,960
\$ 3,880	\$ -	\$ 2,588,687	\$ 38,471	\$ 80,755	\$ 119,226	\$ 2,707,913
-	-	(106,613)	-	-	-	(106,613)
\$ 3,880	\$ -	\$ 2,482,074	\$ 38,471	\$ 80,755	\$ 119,226	\$ 2,601,300
-	(95,182)	-	-	-	-	-
-	-	(755,016)	-	-	-	(755,016)
\$ 3,880	\$ (95,182)	\$ 1,727,058	\$ 38,471	\$ 80,755	\$ 119,226	\$ 1,846,284
<u>5,582</u>	<u>(268,150)</u>	<u>12,180,813</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,180,813</u>
<u>\$ 9,462</u>	<u>\$ (363,332)</u>	<u>\$ 13,907,871</u>	<u>\$ 38,471</u>	<u>\$ 80,755</u>	<u>\$ 119,226</u>	<u>\$ 14,027,097</u>

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARIES

SCHEDULE OF FUNCTIONAL EXPENSES

Year Ended September 30, 2011

	<u>Iowa Soybean Association</u>	<u>AgInsight, Inc.</u>	<u>Ag Technology Foundation</u>	<u>Soyfoods Council</u>	<u>Soy for Life</u>	<u>Total</u>
Checkoff assessments paid	\$ 15,901,873	\$ -	\$ -	\$ -	\$ -	\$ 15,901,873
Research	3,321,980	-	-	-	-	3,321,980
Per diem	27,900	-	-	-	-	27,900
Copier supplies and maintenance	27,836	2,205	-	-	-	30,041
Depreciation and amortization	484,749	264	-	-	-	485,013
Insurance - business	38,058	-	-	-	-	38,058
Insurance - building	8,073	-	-	-	-	8,073
Building utilities and maintenance	108,893	8,327	-	-	-	117,220
Equipment loan/lease interest	7,219	-	-	-	-	7,219
Rent	77	9,354	-	-	-	9,431
Equipment expenses	75,922	995	4,933	-	-	81,850
Internet	16,650	3,309	-	-	-	19,959
Salaries and benefits	5,638,392	379,835	24,622	373	19,109	6,062,331
Staff development	43,024	-	-	-	-	43,024
Employee recruitment	50,546	-	-	-	-	50,546
Temporary employment agency	9,734	-	-	-	-	9,734
Contracted personnel	1,580,822	24,854	107,864	-	-	1,713,540
Postage	198,313	3,763	36	5	822	202,939
Printing	496,758	12,247	-	-	-	509,005
Professional fees	693,262	21,946	3,344	631	53,581	772,764
Commission	26,770	-	-	-	-	26,770
Conference fees	41,449	3,753	-	-	-	45,202
Software maintenance	34,430	838	-	-	-	35,268
Supplies	113,612	2,830	5,506	-	389	122,337
Travel	121,510	1,471	295	-	-	123,276
Board travel	276,605	-	-	-	-	276,605
Staff travel	361,605	13,428	5,451	-	549	381,033
Recognition/awards	5,027	239	-	-	-	5,266
Telephone	55,099	5,509	45	460	-	61,113
Dues and subscriptions	134,491	3,966	-	-	-	138,457
Marketing funds	1,188,189	14,715	-	-	5,313	1,208,217
General sponsorship	412,384	4,000	-	-	500	416,884
Scholarships	14,100	-	-	-	-	14,100
Publications	43,818	8,828	-	-	825	53,471
Newsletters	187,400	-	-	-	-	187,400
Photographer	5,022	650	-	-	-	5,672
Polling	88,575	-	-	-	-	88,575
Trade shows/displays	37,716	3,655	-	-	-	41,371
Advertising	332,372	-	-	-	-	332,372
Speaker fees	16,779	-	-	-	-	16,779
Facilities/food	214,898	1,637	-	-	106	216,641
Administrative allocable	-	135,211	5,302	125	4,909	145,547
Other	23,542	1,598	-	-	-	25,140
	<u>\$ 32,465,474</u>	<u>\$ 669,427</u>	<u>\$ 157,398</u>	<u>\$ 1,594</u>	<u>\$ 86,103</u>	<u>\$ 33,379,996</u>

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARIES

SCHEDULE OF FUNCTIONAL EXPENSES

Year Ended September 30, 2010

	<u>Iowa Soybean Association</u>	<u>AgInsight, Inc.</u>	<u>Ag Technology Foundation</u>	<u>Soyfoods Council</u>	<u>Soy for Life</u>	<u>Total</u>
Checkoff assessments paid	\$ 13,969,379	\$ -	\$ -	\$ -	\$ -	\$ 13,969,379
Research	3,018,728	-	-	-	-	3,018,728
Per diem	28,600	-	-	-	-	28,600
Direct benefit to donors (Soy Golf Classic)	5,295	-	-	-	-	5,295
Copier supplies and maintenance	20,305	992	-	1	-	21,298
Depreciation and amortization	448,913	-	-	-	-	448,913
Disposal of assets	13,257	-	-	-	-	13,257
Insurance - business	35,174	-	-	-	-	35,174
Insurance - building	9,860	-	-	-	-	9,860
Building utilities and maintenance	78,449	4,760	-	-	-	83,209
Equipment loan/lease interest	7,545	-	-	-	-	7,545
Rent	211,329	-	-	-	-	211,329
Equipment expenses	117,737	4,168	-	-	-	121,905
Internet	23,755	2,160	-	-	-	25,915
Salaries and benefits	4,791,876	220,124	2,331	312	-	5,014,643
Staff development	40,412	-	-	-	-	40,412
Employee recruitment	1,576	-	275	-	-	1,851
Temporary employment agency	13,984	-	-	-	-	13,984
Contracted personnel	1,306,866	29,328	312	-	-	1,336,506
Postage	171,802	3,986	8	20	-	175,816
Printing	573,801	9,407	-	-	-	583,208
Professional fees	382,542	39,606	3,280	4,025	-	429,453
Commission	54,896	-	-	-	-	54,896
Conference fees	36,854	101	-	-	-	36,955
Software maintenance	42,472	-	-	-	-	42,472
Supplies	58,009	5,734	3	29	-	63,775
Travel	140,660	4,191	12	-	-	144,863
Board travel	249,749	-	-	-	-	249,749
Staff travel	379,647	20,116	1,285	67	-	401,115
Recognition/awards	3,591	-	-	-	-	3,591
Telephone	55,673	2,366	-	256	-	58,295
Dues and subscriptions	73,178	262	-	-	-	73,440
Marketing funds	758,195	2,728	-	-	-	760,923
General sponsorship	237,929	-	-	-	-	237,929
Scholarships	12,500	-	-	-	-	12,500
Publications	21,207	4,504	43	-	-	25,754
Newsletters	111,617	-	-	-	-	111,617
Photographer	2,406	2,290	-	-	-	4,696
Polling	26,690	-	-	-	-	26,690
Trade shows/displays	71,504	4,947	-	-	-	76,451
Advertising	332,498	-	-	-	-	332,498
Speaker fees	19,200	-	-	-	-	19,200
Facilities/food	199,619	2,270	-	-	-	201,889
Administrative allocable	-	84,189	777	135	-	85,101
Other	22,431	794	-	12	-	23,237
	<u>\$ 28,181,710</u>	<u>\$ 449,023</u>	<u>\$ 8,326</u>	<u>\$ 4,857</u>	<u>\$ -</u>	<u>\$ 28,643,916</u>

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARIES

SOYBEAN CHECKOFF STATEMENT OF REVENUES AND EXPENSES BY ACTIVITY

Year Ended September 30, 2011

	<u>Administration</u>	<u>Demand Committee</u>	<u>Supply Committee</u>	<u>Information & Education Committee</u>	<u>Total</u>
Operating revenues:					
Assessments-National Checkoff					\$ 28,401,872
Assessments collected from other QSSBs					1,155,520
Total Checkoff receipts					<u>\$ 29,557,392</u>
Investment income					<u>\$ 29,639</u>
Less:					
Assessment revenue remitted to USB					\$ 13,640,455
Assessment revenue remitted to other QSSBs					2,261,418
Total assessments remitted					<u>\$ 15,901,873</u>
Net operating revenue					<u>\$ 13,685,158</u>
Operating expenses:					
Checkoff maintenance and compliance	\$ 78,395	\$ -	\$ -	\$ -	\$ 78,395
Checkoff strategic planning and evaluation	157,506	-	-	-	157,506
Leadership development	186,588	-	-	-	186,588
Director elections	35,752	-	-	-	35,752
Administrative	369,561	-	-	-	369,561
Biodiesel products and manufacturing	-	842,452	-	-	842,452
Edible products	-	429,752	-	-	429,752
International marketing	-	879,069	-	-	879,069
Soy InfoSource	-	21,154	-	-	21,154
Value added	-	109,286	-	-	109,286
Coalition to Support Iowa's Farmers	-	220,538	-	-	220,538
Soybean Transportation Coalitior	-	50,000	-	-	50,000
Industrial products	-	38,031	-	-	38,031
Environmental services	-	-	541,961	-	541,961
On Farm research	-	-	1,111,834	-	1,111,834
Research coordination	-	-	470,115	-	470,115
Research projects	-	-	3,321,980	-	3,321,980
Checkoff communications	-	-	-	864,242	864,242
Producer programs	-	-	-	540,126	540,126
Internet	-	-	-	145,268	145,268
Ag awareness	-	-	-	507,609	507,609
Publications and inserts	-	-	-	328,167	328,167
Marketing	-	-	-	335,407	335,407
Competitiveness monitoring	-	-	-	21,750	21,750
Total operating expenses	<u>\$ 827,802</u>	<u>\$ 2,590,282</u>	<u>\$ 5,445,890</u>	<u>\$ 2,742,569</u>	<u>\$ 11,606,543</u>
Operating income before pension adjustment					<u>\$ 2,078,615</u>
Pension adjustment					<u>219,987</u>
Change in net assets					<u>\$ 2,298,602</u>

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARIES

SOYBEAN CHECKOFF STATEMENT OF REVENUES AND EXPENSES BY ACTIVITY

Year Ended September 30, 2010

	<u>Administration</u>	<u>Demand Committee</u>	<u>Supply Committee</u>	<u>Information & Education Committee</u>	<u>Total</u>
Operating revenues:					
Assessments-National Checkoff					\$ 25,216,049
Assessments Collected from Other QSSBs					794,579
Total Checkoff receipts					<u>\$ 26,010,628</u>
Investment					\$ 37,786
Less:					
Assessment revenue remitted to USB					\$ 12,037,622
Assessment revenue remitted to other QSSBs					1,931,757
Total assessments remitted					<u>\$ 13,969,379</u>
Net operating revenue					<u>\$ 12,079,035</u>
Operating expenses:					
Checkoff maintenance and compliance	\$ 51,516	\$ -	\$ -	\$ -	\$ 51,516
Checkoff strategic planning and evaluation	24,654	-	-	-	24,654
Leadership development	110,304	-	-	-	110,304
Director elections	38,622	-	-	-	38,622
Administrative	456,846	-	-	-	456,846
Biodiesel products and manufacturing	-	727,011	-	-	727,011
Edible products	-	510,259	-	-	510,259
International marketing	-	826,686	-	-	826,686
Soy InfoSource	-	15,650	-	-	15,650
Value added	-	82,773	-	-	82,773
Coalition to Support Iowa's Farmers	-	199,964	-	-	199,964
Soybean Transportation Coalition	-	50,000	-	-	50,000
Pre-Sparc funds - international marketing	-	10,000	-	-	10,000
Environmental services	-	-	571,371	-	571,371
On Farm research	-	-	924,004	-	924,004
Research coordination	-	-	398,124	-	398,124
Research projects	-	-	2,904,471	-	2,904,471
Checkoff communications	-	-	-	571,349	571,349
Producer programs	-	-	-	540,690	540,690
Internet	-	-	-	136,933	136,933
Publications and inserts	-	-	-	291,034	291,034
Marketing	-	-	-	357,611	357,611
Competitiveness monitoring	-	-	-	41,746	41,746
Total operating expenses	<u>\$ 681,942</u>	<u>\$ 2,422,343</u>	<u>\$ 4,797,970</u>	<u>\$ 1,939,363</u>	<u>\$ 9,841,618</u>
Operating income before pension adjustment					\$ 2,237,417
Pension adjustment					<u>(519,625)</u>
Change in net assets					<u>\$ 1,717,792</u>

Brooks Lodden P.C.

certified public accountants

Telford A. Lodden, CPA, CFP®, CVA, Shareholder

Bruce W. Hartley, CPA, Shareholder

John E. Lamale, CPA, Shareholder

Brent L. Alexander, CPA, Shareholder

To the Board of Directors
Iowa Soybean Association and Subsidiaries
Ankeny, Iowa

We have audited the financial statements of Iowa Soybean Association and Subsidiaries (the "Association") for the year ended September 30, 2011, and have issued our report thereon dated January 17, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Governmental Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 10, 2011. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Iowa Soybean Association and Subsidiaries are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the organization adopted the authoritative guidance for accounting related to the recognition of goodwill. We noted no transactions entered into by the organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The pension plan is considered an estimate that is particularly susceptible to significant changes as it relates to the determination of the discount rate, rate of return on assets, and the expected rate of compensation used in the actuarial calculation. Actuarial methods and assumptions are used to determine the past service liability for the period of time the pension retirement plan was a defined benefit plan. Actuarial assumptions adjust the past service liability for the time value of money, mortality rates, number of covered participants and beneficiaries, and a past service pension rate. Actuarial assumptions also include adjustments for differences between actual experience and past assumptions. Because of the uncertainties surrounding the above assumptions, it is reasonably possible that estimates of the past service liability may change in the near term.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Significant Audit Findings (Continued)

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representation

We have requested certain representations from management that are included in the management representation letter dated January 17, 2012.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Association's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Association's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of the Association and is not intended to be and should not be used by anyone other than these specified parties.

Handwritten signature in cursive script that reads "Brooks Jodden, P.C."

West Des Moines, Iowa
January 17, 2012

Brooks Lodden P.C.
certified public accountants

Telford A. Lodden, CPA, CFP®, CVA, Shareholder

Bruce W. Hartley, CPA, Shareholder

John E. Lamale, CPA, Shareholder

Brent L. Alexander, CPA, Shareholder

To the Board of Directors
Iowa Soybean Association and Subsidiaries
Ankeny, Iowa

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated statement of financial position of Iowa Soybean Association and Subsidiaries as of September 30, 2011 and the related consolidated statements of activities and cash flows for the year then ended, and have issued our report thereon dated January 17, 2012.

In connection with our audit, nothing came to our attention that caused us to believe that the Association failed to comply with the terms, insofar as they related to the accounting matters of the Soybean Promotion and Consumer Information Act of 1990 (the "Act") and the Soybean Promotion and Research Order (the "Order") relative to the use of funds collected by the State Board and with the terms described in Section 1220.228(a) of the Order relative to prohibited uses of funds collected by the State Board. Nor did anything come to our attention that caused us to believe the Association failed to comply with the terms insofar as they relate to the terms described in the Act and Order relative to the investment of funds collected by the Association and with provisions of Section 1220.211(j). However, our audit was not directed primarily toward obtaining knowledge of such noncompliance in the use and investment of funds.

This report is intended solely for the information and use of the Board of Directors and management of Iowa Soybean Association and Subsidiaries, the United Soybean Board, and the United States Department of Agriculture, and should not be used for any other purpose.

Brooks Lodden, P.C.

West Des Moines, Iowa
January 17, 2012