



2019 **ANNUAL** **REPORT**



Weathering the Perfect Storm Together

A lot of farmers greeted 2020 with more than the usual amount of enthusiasm given the challenge faced last year. Although understandable, NCGA also chooses to celebrate the tenacity, resilience and perseverance of family corn farmers who adapted, stood tall and dared to shake a fist at the waves of challenges.

The delivery of critical trade deals with Japan, China and the United States-Mexico-Canada Agreement (USMCA), and EPA approval for year-round sales of E15 provides clear evidence that our diligence and advocacy paid off, setting the stage for a stronger 2020.

Unruly weather is beyond the bounds of our control but NCGA held nothing back in our efforts to address low commodity prices, declining farm income, trade disruptions, Environment Protection Agency's (EPA) expansive RFS waivers, and even a Super Bowl attack.

Despite all the challenges and tighter resources characterizing the 2019 crop, yields were strong. The same is true for NCGA's accomplishments. Many of our efforts yielded significant results and we need to own our successes. You will find a few key examples in this report. The one big take away though is that given the challenges we face today, speaking with one voice and seeking common cause has never been more important. This tough year proved now more than ever that NCGA's grassroots business model works.

New partnerships, thinking differently and finding new pathways to success will be essential to staying effective and relevant but we are on the right path.





Grassroots Still Works

Times and technology change but being heard in numbers, being persistent and doing it in a professional way still works. Whether it's interacting with a member of Congress in Washington, D.C. or tweeting via your phone, everything counts. NCGA has documented more than 12,600 messages to Congress and to various regulatory agencies this year, and this doesn't count the state corn growers contacts who managed their own grassroots efforts.

When we work together good things happen. When we speak together our voices cut through the clutter of information surrounding us every day.

In 2019 our nearly 40,000 members across 49 affiliated states amplified, broadened, energized and supported our messages and initiatives from New York to Texas. Each corn state offers their unique gifts and resources to get the job done. The growing diversity of this group and shared goals are our greatest strength. We are a corn community with a single focus, demand creation. And it starts with:

- Increasing sales of higher ethanol blends
- Expanding market access for U.S. corn and corn products around the globe
- Building consumer trust of corn production methods
- Working with our industry partners to promote corn
- Finding unique partnerships to expand our resource base and field of influence
- Reaching the above goals while building a more resilient and sustainable industry that protects our natural resources for future generations





Super Bowl Attack Reflects the Power of Team

When the Bud Light marketing team chose the Super Bowl to attack corn syrup they got sacked in front of the entire nation. Their effort to denigrate a competitor in their ad for using corn syrup didn't factor in farmers who are proud of their product or the speed and thoroughness of grower's practiced response.

Launched by a simple message from NCGA on Twitter, corn growers across the nation used their networking skills on social media to provide a defensive stop that would impress any NFL team. And the media pile on that ensued helped to tell a much broader story about the economic trials being faced by family farmers.

Your efforts changed the debate Anheuser Busch had planned. Their "our beer is better" effort to capture market share turned into a national conversation about truthful advertising. It also provided a great reminder that when we speak together the power is undeniable.





Trade Trifecta Reason to Celebrate

Since its earliest days exporting corn and corn products has been a priority for NCGA. This unwavering commitment to growing overseas demand for corn shined brightly this year as our members worked on trade policy to secure some of our most important export markets, Japan, Mexico, Canada and move toward restoring access to China. NCGA also worked to tackle critical trade barriers and continues to push for more proactive trade policies that will result in access to new markets for corn.

As the year-end approached it might have been easy to pack it in on the trade front but instead you activated by the thousands writing emails, texts, making phone calls and flying to Washington, D.C. in the midst of the holiday season.

Working on export-friendly policy and expanding market access is critical to our mission of creating market opportunities for U.S. corn. It's no mystery. With 95 percent of our potential customer base outside U.S. borders, exports of corn and corn products account for a third of corn farmers' incomes. And more than 97 percent of anticipated population growth over the next 35 years will take place outside of America's borders.

United States-Mexico-Canada Agreement

With 2019 coming to an end NCGA members played a key role in securing the critical USMCA trade agreement. USMCA was the organization's number one legislative priority for the year and a huge win for farmers. NCGA appreciates lawmakers' support for USMCA, along with the Administration's willingness to hear from agriculture and work to resolve the industry's concerns.

Mexico and Canada are the U.S. corn industry's largest, most reliable markets. In 2018, 21.4 million metric tons of corn and corn co-products were exported to Mexico and Canada valued at \$4.56 billion. USMCA secures and builds upon this important partnership and reminds other potential trading partners that the U.S. is a reliable supplier.

Japan

When the U.S. pulled out of the Trans-Pacific Partnership, it effectively withdrew from a trade agreement with the corn industry's most important customers, Japan. NCGA pushed for a new trade agreement and the successful conclusion of an agriculture agreement with Japan earlier this year kept the door open to a market that purchased 519 million bushels or more than \$2 billion of corn last year. It also paves the way for lower tariffs and solidifies trade with our second largest corn market. The agreement includes a partial, staged tariff reduction for U.S. ethanol. In addition, U.S. feed and food corn, corn gluten feed, and DDGS will continue to receive duty-free market access. Importantly, the early harvest deal with Japan levels the playing field for our U.S. livestock customers in this competitive market.





Ethanol

"It's the work that takes many years that benefits the industry the most so corn grower's relentless nature may be our greatest asset. This is especially true on ethanol and farm policy."

– Jon Doggett, National Corn Growers Association (NCGA) CEO

E15 All the Time

It was an important year for E15—the increasingly popular blend of gasoline mixed with 15 percent ethanol—as we prevailed with removing outdated regulations and allowing year-round sales of E15. Retailers in many areas of the country were previously required to stop selling E15 during summer months. Treating 15 percent ethanol blends, or E15, the same as standard 10 percent ethanol blends expands a domestic market for farmers, as well as benefits both drivers and our environment. Year-round E15 is a no-cost means for farmers to grow demand for ethanol.

E15 saves drivers between 3 and 10 cents per gallon while also reducing greenhouse gas emissions from the transportation sector. For 2019 model year vehicles, 93 percent are explicitly approved by manufacturers to utilize E15's benefits. Retailers continue to respond to the opportunity by differentiating their fuel products to include E15, expanding consumer choice at the pump. E15 is currently available at more than 2,000 stations in 30 states.



NCGA Never "Waivered"

NCGA has been working hard to address the extension of unjust small refinery exemptions (SREs). At a public rally, NCGA President Kevin Ross addressed President Trump directly, imploring him to end the waivers. Farmers sent nearly 3,000 emails to the Environmental Protection Agency (EPA) and White House in July and August, urging both to address the harm caused by waivers, particularly after the EPA granted 31 additional waivers in August.

Farmers' voices were heard: the pressure from farmers and our champions in Congress on the White House pushed President Trump to pledge to address the issues. When the actions to address the harm from waivers fell short of the announced agreement, farmers again made their voices heard, urging the Administration to fully account for waivers to bring needed certainty and consistency to the RFS. Even though the outcome is not as strong as we preferred, farmers reaffirmed the Administration's commitment to following the law, and NCGA will hold the EPA accountable to this commitment.





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Ethanol cont.

High-Octane Low-Carbon – The Next Big Thing

Have you heard the buzz about High-Octane Low-Carbon fuels? As consumers and policymakers demand more efficient, cleaner vehicles, higher-octane fuel is needed in the marketplace. Octane provided by corn ethanol is affordable, readily available, clean burning, environmentally friendly; and provides the power and performance needed to advance new engine technology. Corn ethanol is uniquely positioned to play a larger role in future transportation fuels. Automakers are seeking affordable, higher-octane motor fuels to further unlock efficiency gains within future spark ignition engines. Corn ethanol is the only commercially available product capable of meeting and exceeding all these asks: High-Octane, Low-Carbon, Affordable, Abundant and Renewable!

NCGA continues outreach to policymakers and corn grower members on the benefits of an ethanol-based High-Octane Low-Carbon fuel helping to lay a pathway to a wave of future ethanol growth. You can learn more at ncga.com/octane.

#DYK ethanol is a renewable, environmentally friendly octane booster that reduces greenhouse gases and other harmful tailpipe emissions?

Learn more about the environmental benefits of corn ethanol at ncga.com/octane



Farm Bill Success Becoming Clear

Implementation of the 2018 Farm Bill was a key public policy priority for NCGA this year. As we continue into a tough farm economy, the Farm Bill remains the critical backbone for risk management tools. NCGA successfully ensured that Farm Bill decision tools were properly prioritized and funded. As a result, two land grant institutions have developed calculators to help growers choose the best farm programs for their unique operations. NCGA also worked to make sure USDA used the most accurate data available, and properly implemented changes to the ARC-CO program to best benefit corn farmers over the long-term. NCGA will continue to work to develop farm bills that protect risk management tools, promote stewardship through conservation programs, and properly fund international trade development programs.





Building Future Markets

NCGA is working to establish at least three new uses of corn by 2020, for a minimum of 75 million incremental bushels.

Consider Corn Challenge II

New markets for biobased products and chemicals represent the next generation of market demand for U.S. corn. NCGA's new uses efforts seek to capitalize on these opportunities by positioning corn as a clear industrial feedstock choice.

The Consider Corn Challenge II looked to identify and accelerate these game-changing new uses for field corn and its components at a commercial scale.

The Challenge is about driving corn demand and turning farmer productivity into an economic asset. It's about highlighting the flexibility of U.S. corn as a feedstock and utilizing corn ending stocks (2.2 billion bushels in 2018) in a creative and sustainable way. The winners of this year's competition offer a peek into the future of corn as a high-demand biobased material.

ExoPolymer, Inc. intends to create a new profile of customizable, polysaccharide-based hydrocolloids that will meet the growing needs and performance gaps in healthcare, personal care, food, pharmaceutical and energy industries.

Sumatra Biorenewables, LLC develops and produces novel monomers that are incorporated into polyamides and polyesters to create materials having wide-ranging applications in the specialty nylon's industry. Opportunities for products include improved hydrophobicity, anti-static, flame-retardant, or have tuned mechanical strength to meet customer specifications.

USDA Agricultural Research Service: National Center for Agricultural Utilization Research in Peoria, Ill. plans to use emulsifiers, polymer films and coatings made from corn starch and vegetable oil rather than petroleum. The lab continued research on starch-based emulsifiers, positioning America's corn farmers to grab a share of a global food emulsifier market.

Since the challenge, our winners have continued to make great progress, including discussions with major Consumer Packaged Goods (CPG) companies as well as completing additional capital raises.



THE UNTAPPED
POWER OF CORN



Building Future Markets (cont.)

Promoting Corn's Promise as a Feedstock

The NCGA rolled out a new publication at the BIO World Congress in Iowa this year entitled Corn as an Industrial Feedstock. The publication distills corn's story, explaining why corn is a great industrial feedstock. As NCGA works to expand new uses of corn, this publication has supported conversations with potential future partners about why they should utilize corn within their production processes. U.S. corn farmers have a very positive story to tell. Year over year, farmers continue to produce more with fewer inputs responsibly. Continuous improvements in technology, on-farm practices and logistics efficiency continue to solidify corn as the feedstock of choice for biobased products today and into the future.



Learn more about NCGA's new uses programs and activities by going to www.ncga.com/newuses.

Putting Stock in Livestock

NCGA continued its commitment to our livestock partners on many fronts in 2019. A variety of programs were supported, including the sponsorship of the Cattlemen's Education Series through the National Cattlemen's Beef Association (NCBA) and partnering with the U.S. Meat Export Federation (USMEF) on a study that identified the current value of red meat exports to U.S. corn growers.

Partnering with the NCBA on the second year of the Cattlemen's Education Series not only provides a benefit to cattle producers, it is an opportunity to share research on the value of corn and corn-based feed ingredients within feed rations and a glimpse of what is to come with next generation feed products as new corn fractionation technology is developed. The series demonstrates the importance of collaboration within agriculture, as it allows corn farmers to directly support and interact with their cattle industry peers.



The USMEF study showed beef and pork exports consumed a total of 14.9 million tons of corn and DDGS, which equates to an additional 459.7 million bushels of corn produced – an increase of 29 percent over the 2015 projections. Red meat exports' impact on corn price is 39 cents per bushel (based on the annual average price of \$3.53 per bushel).

These are just two examples of our various partnerships and programs that span across the beef, dairy, pork and poultry industries. Visit www.ncga.com/animalag to learn more corn and animal ag facts.



Sustainability

"The public is demanding more and more out of agriculture, including transparency. So, every positive, well-planned step that we can make with the environmental community to improve soil health to improve water quality is a critical step."

Carl Sousek, Stewardship Action Team, Prague, Nebraska.

Voluntary and Collaborative Efforts Work

In today's economic environment it's more important than ever to focus on business survival as a key element of all the management decisions you make, and this is true of efforts to make the farm more sustainable too. As agriculture and society become more focused on sustainability, NCGA's efforts that emphasize the bottom-line benefits of moving to more sustainable practices are also on the rise.

Our goal is to get those along the supply chain to embrace the broad definition of sustainability, one that is focused on constant improvement but also keeping a family operation viable and in business. Sustainability starts here and economics will drive the changes the public wants in the environmental space. We are having success in building the needed relationships with our partners from other ag groups, to processors and retailers.

We are also growing trust in the environmental arena as witnessed by our Memorandum of Understanding with the Environmental Defense Fund (EDF) and growing interactions with other organizations like the Nature Conservancy.

This year our relationship with EDF expanded in a meaningful way with a joint project that adds the United Soybean Board (USB) and National Pork Board to the partnership. The initiative is a demonstration project that showcases soil health management techniques and pollinator habitat development surrounding pork production operations.

NCGA initiated a project with EDF and the Walton Foundation to enhance and expand our stewardship recognition efforts. The new program will launch in early 2020.

Education and information sharing are key elements of the MOU and EDF has embraced the concept, NCGA also launched an effort in conjunction with state corn grower groups to expose EDF directly to environmental improvements made possible through modern corn production practices, while continuing to meet the needs of large corn users like the livestock industry, biofuels industry and processors.





Income Statement FY2019

Oct 2018 - Sep 2019

Checkoff Revenue	14,954,874		
Industry Revenue	2,995,771		
Membership	676,212		
Corn Yield Contest Revenue	850,235		
NCGA Commodity Classic	961,768		
Grants	2,312,235		
Interest Income	223,851		
Other	199,739		
Total Income	23,174,685		
Expenses			
Team Program Expenses			
Ethanol Action Team	3,759,145		
Feed Food & Industrial	636,017		
Market Access Team	473,286		
Stewardship Action Team	4,770,309		
Freedom to Operate Action Team	110,166		
Corn Productivity & Quality Action Team	902,830		
Risk Management Action Team	65,148		
Consumer Engagement Action Team	993,630		
Engaging Members Committee	149,310		
Corn Board to Allocate	-		
Total Team Programs	11,859,841		
Association Programs			
Communications	581,024		
Corn Board & Funding	648,507		
Membership/Leadership	568,592		
NCGA Commodity Classic Awards Banquet	269,838		
Resolution/Policy/Corn Congress	385,740		
State Relations Meeting	94,338		
Team Meetings	645,676		
Corn Yield Contest	255,168		
CornPAC Administration	113,765		
Total Association Programs	3,562,648		
		Human Resources	
		Health Insurance	690,752
		Payroll Tax	316,468
		Professional Development	11,892
		Retirement	404,865
		Salaries	4,831,908
		Total Human Resources	6,255,884
		Property & Equipment	
		Depreciation	100,256
		Equipment-Leases/Rentals/Purchases	43,140
		IT Expense	63,651
		Maintenance	27,855
		Property Taxes	33,886
		Rent	317,686
		Total Property & Equipment	586,474
		Operating Expenses	
		Accounting	26,400
		Dues & Subscriptions	66,027
		Electronic Communications	72,098
		General Liability Insurance	121,608
		Legal	205,304
		Meetings	34,789
		Office Expense	99,278
		Outside Service	100,440
		Professional Fees	116,526
		Travel	80,816
		Utilities	74,018
		Total Operating Expenses	997,304
		Total Expenses	23,262,152
		Net Income	(87,467)

These are unaudited figures. Audited numbers will be available later in 2020.