



FY2025 ANNUAL REPORT

Changing the Field™



“

AURI has covered many bases in helping us develop as a company, from lab testing services to business development and introductions. AURI's technical team is top-notch, providing us with lab services for tests we do not have in-house and making technical recommendations based on our lab results.”

EUGENE ALVEY

CEO, Swinergy

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From the EXECUTIVE DIRECTOR

Fiscal year 25 (FY25) marks 35 years of programs, assistance, research, successes, lessons learned, and most of all, a portfolio of cumulative impacts we have either led or partnered on with others across the agriculture industry and the Minnesota economy.

At AURI, our strategic focus over the last several years has been centered on three pillars: maximizing impact to farmers and agribusinesses, solidifying our brand and reputation, and supporting our people who make everything happen. It is valuable to simplify AURI's many day-to-day activities to these three core areas in terms of how we can make a difference to you, our stakeholders, and our key supporters. I'd like to highlight work around our first pillar, impact, below.

AURI conducted 196 projects in FY25. Clients served over the past five years reported that AURI contributed to delivering \$188,964,252 in new annual commercial sales for their products that utilize agricultural feedstocks. We also helped businesses derisk \$129,008,229 in capital investment over the most recent five-year period and helped create and retain 686 jobs across the state and region. These client projects are the bread and butter of what we do to create demand for our agricultural commodities, foster economic activity, and drive business development to support farmers, businesses, and rural communities.

Beyond client projects, AURI conducts multiple initiatives each year to build a foundation for future growth. These initiatives have a two-fold benefit that is harder to quantify – (1) they derisk ideas and opportunities for businesses to better assess their feasibility, and (2) they create awareness around novel ideas that have seen some early commercial success. Based on conversations and observations, we estimate over \$800 million in economic impacts have occurred or will ensue across the region in sector areas that AURI has been working to broadly advance and support through our public-facing initiatives. That is a number to be proud of, and is one that is shared across many stakeholders.

AURI is an organization dedicated to its mission of supporting new product development and process improvements utilizing agricultural products to expand market opportunities for farmers and the industry. It is hard to believe the organization has been championing this work since 1989. I often say our secret sauce is the networks we have created over that time period and the conversations that occur across the entire state, with farmers, small businesses, cooperatives, university researchers, research and promotion councils, and even Fortune 500 companies, every day, as we engage across the supply chain to see where we can bring the most benefit and connect the dots for tangible outcomes to benefit Minnesota agriculture.

I look forward to continuing this work to meet the needs and challenges faced in the agricultural and rural economy. Please don't hesitate to reach out to AURI with any ideas or opportunities on your mind to explore how we can further the development of new markets to benefit our agriculture economy.

A handwritten signature in black ink, appearing to read "Shannon M. Schlecht".

Shannon M. Schlecht



BOARD CHAIR *Message*

As I write this, AURI is embarking on the final year of its three-year strategy. Our shared goal is to achieve \$500 million in economic impact and be an economic catalyst. The dedication to meeting these goals through our mission has been commendable, and AURI is well-positioned to achieve them. AURI has driven economic impact through its work with Minnesota businesses while also collaborating on larger initiatives, rebranding, aligning on a single definition, and developing its people and physical capabilities.

Over the past year, AURI has placed a greater focus on industry sectors poised for growth and that build on AURI's expertise. These areas are biobased products, biogas from agricultural feedstocks, food ingredients, scaling food businesses, and coproduct valorization. There is tremendous interest and growth in renewable natural gas and anaerobic digestion projects, as entities explore circular approaches and consider new renewable energy opportunities. AURI is uniquely qualified to support growth in this industry segment with its ability to analyze agricultural feedstocks from test tube-sized samples to semi-trailer-sized digestion chambers. This work dovetails with our coproduct efforts on nutrient recovery and enables us to integrate the remaining organic materials into fertilizer applications, animal bedding, and other side streams. The interest across the state and industry to forge an industry framework for continued growth has been rewarding. In FY2026, AURI will release a roadmap on how Minnesota can be a leader in this area.

Our people make AURI what it is – from its staff to its board of directors. We have many new faces and many seasoned veterans on the team who have developed relationships across the industry and the state to advance our mission. They are passionate about our 'north star,' are committed to achieving success, and apply ingenuity to learn from setbacks to move forward.

We are extremely grateful to the state of Minnesota for its steadfast backing of value-added agriculture and our mission to advance real-world impact for Minnesota farmers and businesses. We thoughtfully steward these dedicated state funds to meet our financial goals and drive the highest possible return to the state and agriculture industry.

Finally, while there have been many challenges across the agricultural economy, AURI was created in the 1980s for just this reason. Our goal is to be future-forward and yet commercially focused in the short term, driving new demand opportunities to utilize the commodities that the state's farmers have worked so hard to grow. We will continue our mission of delivering short-term impacts while balancing long-term opportunities to support the agriculture industry and state economy in the coming years.

Federico A. Tripodi

Board of Directors

Federico A. Tripodi, Chair
At-Large Board Member

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Ted Winter
Minnesota Farmers Union

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Carolyn Olson, Secretary/Treasurer
Minnesota Farm Bureau

.....
Sen. Aric Putnam
Minnesota Senate

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Rep. Rick Hansen
Minnesota House of Representatives

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Lauren McNamara
Agribusiness, SunOpta

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Joe Serbus
Minnesota Soybean Research & Promotion Council

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Mikayla Tabert
Minnesota Wheat Research & Promotion Council

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Jon Veldhouse
Agribusiness, Qore

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Kent Heins
Minnesota Beef Council

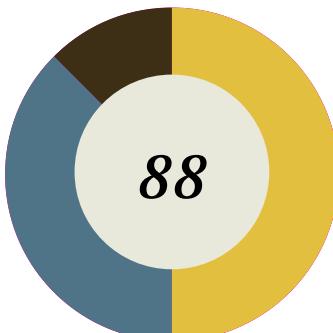
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Jeff Grev
At-Large Board Member

Fiscal Year 2025

At a Glance

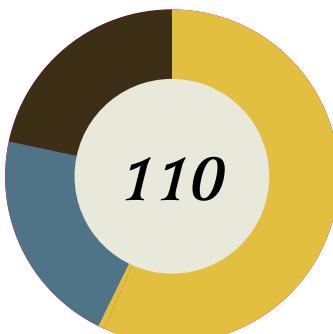
NEW PROJECTS AND INITIATIVES OPENED

Food	44
Bioindustrial	33
Multi-Area	11



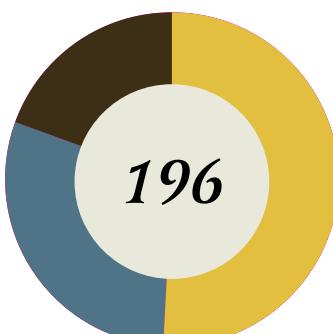
PROJECTS AND INITIATIVES CLOSED

Food	63
Bioindustrial	23
Multi-Area	24



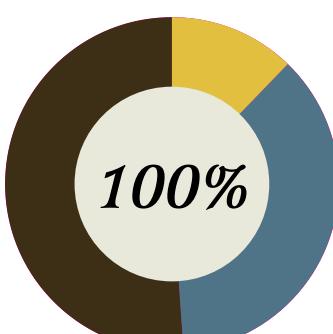
TOTAL PROJECTS AND INITIATIVES SERVICED

Food	100
Bioindustrial	58
Multi-Area	38



PROJECT HOURS BY FOCUS AREA

Food	12.4%
Bioindustrial	36.5%
Multi-Area	51.1%



\$6,463,268

Fiscal Year Expenses

\$6,530,731

Fiscal Year Revenue

FY25 Events

10

Number of events

691

Number of participants

180

New participants

518

MN participants

31

Number of states represented

10

Number of countries represented

746

Post-event Youtube views

Events by Focus Area

8

Food

2

Bioindustrial

Client Impact

July 1, 2020 - June 30, 2025

\$604,198,780

Estimated Future Capital Investment

\$188,964,252

Estimated New Gross Annual Sales

\$129,008,229

Estimated New Capital Investment

686

Estimated Jobs Created/Retained

765

Estimated Future Jobs Created/Retained

“The petro oil in asphalt shingles will leach out over time, leaving it dry and brittle. What we’re doing is putting soybean oil back in to make it pliable and flexible.”

Mathew Schad, Owner,
Roof Maxx dealership,
Grand Rapids,
Minnesota



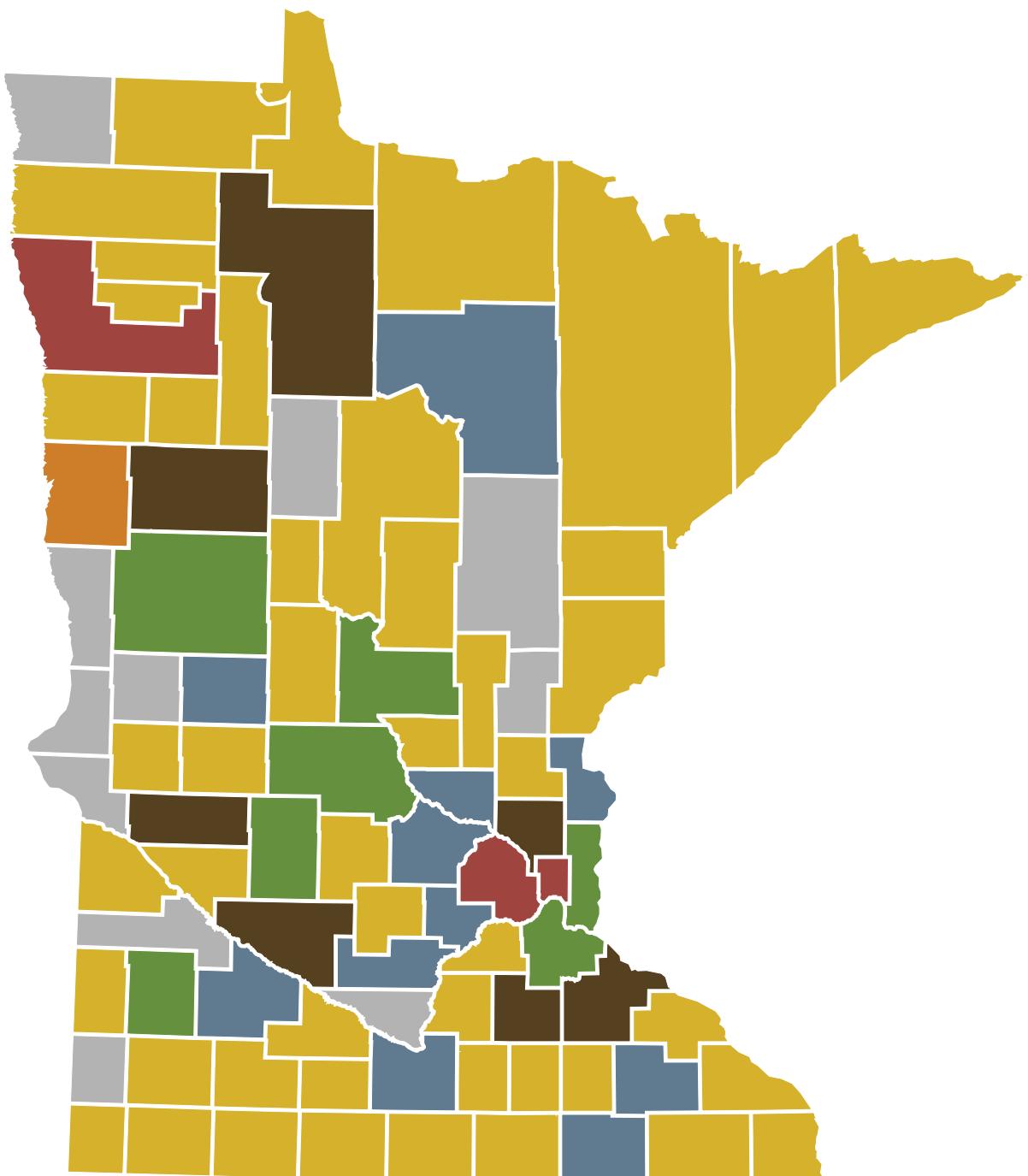
Client Projects Worked On

July 2015-June 2025

AURI is proud to partner with producers, businesses, and entrepreneurs throughout Minnesota. As the map below shows, AURI worked on client projects in most of Minnesota's 87 counties between July 1, 2015 and June 30, 2025. The impact of these collaborations was significant to communities throughout the state. AURI also conducted several statewide initiatives throughout the year.

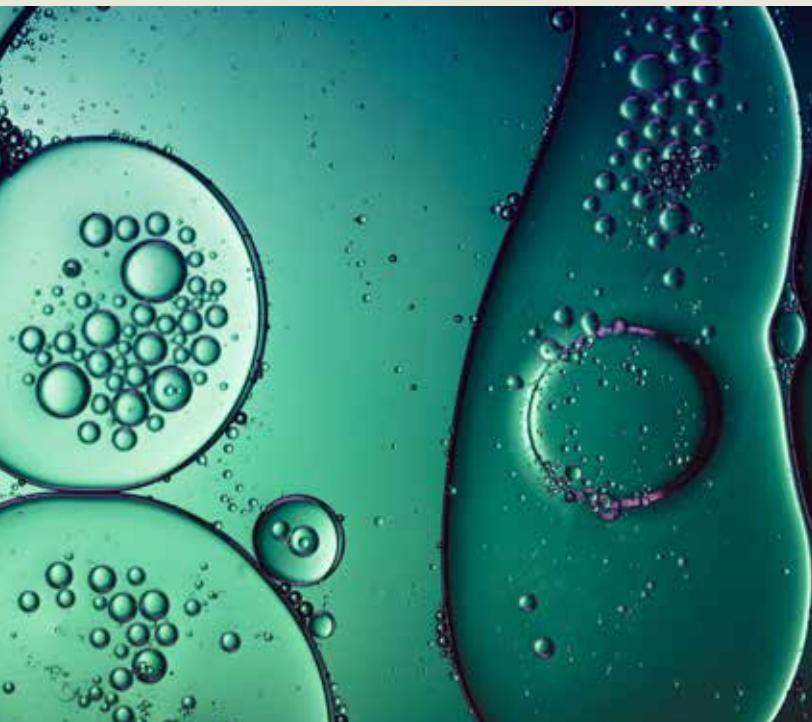
Key

- 1 to 5 Projects
- 6 to 10 Projects
- 11 to 15 Projects
- 16 to 20 Projects
- 21 to 25 Projects
- 26+ Projects



Focus Areas

Our work across ag commodities and agricultural derived products focuses on two core areas:



Food



Bioindustrial

The following pages provide an overview of the focus area resources and efforts AURI dedicates to advancing value-added opportunities in each area.





Food

The Agricultural Utilization Research Institute (AURI) continues to drive innovation and growth in Minnesota's food industry by supporting entrepreneurs, food businesses, and agricultural producers. In FY25, AURI's team of food scientists and business development experts collaborated with numerous food business owners, helping them transform their ideas into successful ventures. Through a combination of consulting, technical services, product testing, and development, AURI was instrumental in creating new jobs, expanding local economies, and providing access to critical resources for small and medium-sized food businesses across the state.

In FY25, AURI's food team worked on a total of 100 projects across Minnesota, with 44 of these being new projects.

These projects ranged from product development to regulatory support, providing entrepreneurs with the tools they need to thrive. AURI's commitment to expanding its reach and supporting businesses of all sizes was evident through a range of initiatives that leveraged technology and enhanced accessibility.

FOOD PROGRAMS AND TOOLS

AURI's food team introduced several innovative programs aimed at broadening the availability of its services. One of the standout efforts in FY25 was the launch of virtual group office hours, held twice a month. These free sessions provide a valuable platform for small food businesses, particularly those just starting out, to tap AURI's extensive library of resources and industry expertise. This shift toward virtual accessibility was particularly crucial in ensuring that even the smallest businesses could benefit from AURI's knowledge, regardless of their location.

Another significant development in FY25 was the introduction of AVA (AURI's Virtual Assistant), a free, AI-powered online tool designed to help food entrepreneurs, agricultural producers, and innovators across the food



supply chain. Funded primarily by the United States Department of Agriculture (USDA) Rural Development, AVA offers 24/7 access to AURI's expertise on food business, science, and safety. This on-demand tool draws from a comprehensive knowledge library, selected by AURI's experts with over 70 years of combined experience.

"AVA doesn't confuse food philosophy with food science," says Jason Robinson, AURI's director of business development for food. "Everything in AVA's knowledge library was curated by our team of experts, ensuring that the content is scientifically accurate and grounded in real-world industry knowledge."

The tool operates similarly to other generative AI platforms like ChatGPT, but with one key distinction: AVA's responses are based solely on information created or vetted by AURI's scientists and business experts. In an effort to further empower food entrepreneurs, AURI also launched the Food Team One-Point Lessons in FY25. These concise, easy-to-digest guides address the most common hurdles faced by food entrepreneurs. The topics were heavily influenced by staff conversations with clients and range from navigating food safety regulations to creating effective nutrition labels. The One-Point Lessons were created with ease of use in mind, offering practical and credible advice for entrepreneurs, particularly those running small or cottage food businesses who may not have the resources to hire industry experts.

"This is our way of providing support to the people in a home kitchen who have a stand at a local farmers market or are doing direct-to-consumer sales," Robinson explains. "We've captured answers to frequent questions in a format that's easy to find on our website. It's a simple and effective way to reach a broader audience."

EMERGING FOOD BUSINESSES

AURI's work in FY25 also included numerous partnerships with emerging food businesses, helping them scale operations and connect with broader markets. Mr. Momo, a Nepali dumpling company, is a prime example. Founded by Subash Yadav and Alexis Poce, Mr. Momo started as a food truck in Phoenix, Arizona, and later expanded to a large production facility in Minneapolis.

The company creates and sells chicken, lamb, and vegetable momo, as well as a line of sauces. These products are available in retail and restaurant locations across the Twin Cities, as well as for purchase online. After relocating to Minnesota, the company partnered with AURI to navigate the complexities of food labeling and secure regulatory approvals to enter the K-12 school nutrition programs. Yadav is a graduate of the Culinology Department at Southwest Minnesota State and was familiar with AURI from his time on campus in Marshall, Minnesota.

"AURI was very excited to work with us from our first meeting and has been a catalyst for our growth," says Yadav. "They really work with businesses at the level they are at financially. We are a startup, and we don't have a lot of extra money, so to get the level of service for such a low cost was extremely helpful."

Mr. Momo has since expanded its production facility, increased its retail distribution, and created a national network for its products. Yadav and Poce credit AURI for introducing them to key contacts in Minnesota's food business ecosystem, which helped accelerate their success in a new market.

"It is tough to be the new kids in town. Starting a food business can be a lonely endeavor. AURI has done such a good job of introducing us to different businesses and organizations that helped us get going in Minnesota, and they never abandoned us," Poce says.

Similarly, The Mixly Cocktail Company, which specializes in high-quality mocktail and cocktail mixers, also benefited from AURI's expertise. After moving into a larger 20,000-square-foot production facility in New Hope, Minnesota, Mixly's founders sought AURI's assistance in developing a comprehensive food safety program and creating nutrition panels. The company has since expanded its distribution nationwide and added new private label customers.

Stuart Yurczyk, one of Mixly's founders, praises AURI for its invaluable support during the company's rapid growth phase. AURI's tiered pricing system enabled the company to access high-quality services and resources that it could not otherwise afford.

LOOKING AHEAD

In FY25, AURI continued its commitment to supporting Minnesota's food businesses and fostering innovation within the industry. By expanding access to services through technology and offering personalized support, AURI continues to play a pivotal role in growing the state's food economy. Through these efforts, AURI remains at the forefront of creating new value-added opportunities for the food industry.

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AURI always makes time for us. They are very knowledgeable and provide resources and information right away with anything we have needed assistance with. AURI has been a lifesaver for us.”

STUART YURCZYK
Co-Founder, Mixly Cocktail Company



Bioindustrial

AURI's expertise and experience are helping the organization cement itself as a leader in growing Minnesota's bioindustrial sector. AURI staff provide support and leadership to projects aimed at creating new opportunities in the areas of renewable energy, biobased products, and coproduct utilization. Many of these interactions are with companies already in the marketplace, while assistance is also given to early-stage businesses that are identifying and capitalizing on emerging opportunities.



Biogas Development

As the nation's energy needs escalate, biogas production from ag-based sources, which can lead to the generation of electricity or the manufacture of renewable natural gas (RNG), has tremendous potential in Minnesota.

Anaerobic digestion utilizes bacteria to break down materials such as animal manure, food waste, and crop residues. The process produces biogas composed of methane and carbon dioxide. Biogas can be used to generate electricity or processed into RNG.

AURI has assisted several innovative biogas projects over the past year, which could move anaerobic digestion investments into some exciting new areas.

PermanentFarming, Inc., is working to create biogas from beef feedlots. Manure from a beef cattle operation is collected, pretreated in a proprietary process, and then run through an anaerobic digester.

AURI Business Development Director of Biomass Feedstocks Brad Matuska says, "Because there are few beef feedlot applications, PermanentFarming is providing a novel feedstock and making significant headway."

"Our business began with a simple but untested idea," says Russ Conser, PermanentFarming chief technology

officer. "The future of our business has arisen only through our deep collaboration with the AURI team. We view AURI as a critical partner in the continuing research and development of our business for the foreseeable future."

AURI is also collaborating with Minneapolis-based Swinergy as the company perfects a cost-effective method for processing and utilizing swine manure for biogas production.

Additionally, AURI has been working with CenterPoint Energy, a natural gas utility, to evaluate the company's potential role in increasing the use of RNG.

"RNG has mainly been utilized in the transportation sector, and Minnesota's need for RNG for transportation pales in comparison to other states," Matuska says, "but Minnesota does use a lot of natural gas for heating. If we want to reach our potential, we really need to figure out a way to utilize local RNG in that supply chain so more renewable energy can be used."

AURI held an event in the summer of 2025 that brought together stakeholders and congressional representatives on a dairy farm near Lake Benton, featuring a newly installed anaerobic digester to showcase the technology and explore the potential for ag-based biogas production.

In 2025, AURI unveiled the *Biogas Opportunity for Minnesota Farmers: A Business Guide for On-farm Anaerobic Digestion*. The guide introduces the concept of on-farm anaerobic digestion, its specific relevance to Minnesota farmers, and also explains existing and potential on-farm business models.

"On-farm anaerobic digestion is about homegrown energy. It's about waste management, nutrient management, and water quality," Matuska notes. "It's also an additional revenue source for farmers."

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Pet Product Innovation

Targeted PetCare (TPC) acquired Minnesota-based sWheat Scoop in 2019. TPC has built a portfolio of companies nationwide focused on pet product innovation, research, and development, as well as a wide range of pet treats, litters, and bedding.

Since its acquisition of sWheat Scoop, AURI has continued to collaborate with TPC on product enhancements, including improvements to clumping speed and clump durability.

"TPC continues to grow while always being focused on new innovations and product improvement," says AURI Senior Scientist for Coproducts Alan Doering.

"AURI has been a key innovation partner in helping us elevate the performance of our products," explains Brian Quinn, vice president of marketing for Targeted PetCare. "AURI became the R&D wing of sWheat Scoop. The partnership not only strengthened our R&D process but also helped us move faster toward a more advanced, high-performing natural litter."

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MBOLD Protein Sustainability Initiative

As part of MBOLD's Protein Catalyst initiative, AURI co-led an animal feed initiative to evaluate the potential and challenges of incorporating industrial hemp, winter camelina meal, and alfalfa protein solubles into animal feeds. Industrial hemp and winter camelina are uniquely suited to Minnesota's climate and soil conditions. Hemp requires minimal inputs, contributes to improved soil health, and has the potential to sequester large amounts of carbon, notes Alexandra Ostlund, AURI business development director of novel supply chains, whereas winter camelina can be added into a traditional corn/soy rotation as a third crop during the otherwise bare-field winter months to add both economic and environmental benefits.

Hemp seed meal (HSM) and winter camelina meal (WCM) have promising nutritional profiles and could provide a valuable option for poultry, swine, and cattle feed use.

"Swine and poultry nutritionists are particularly interested in hemp's digestibility and anti-inflammatory potential," Ostlund says, "whereas WCM has crude protein and fiber comparable to canola."

The Association of American Feed Control Officials approved mechanically processed WCM at up to 10% inclusion for poultry and cattle feed, and approved HSM for use in laying hen feed at up to 20% inclusion rates. Minnesota was among the first states to allow HSM inclusion.

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Hemp Advancements

Hemp produces three components: oil, food/feed, and fiber. The fiber can be used in many applications, including innovative, sustainable building materials, such as insulation, acoustic panels, and hempcrete panels for home construction.

AURI Business and Industry Development Director Harold Stanislawski says one company is also advancing a tapeless drywall compound made from hemp, which is expected to reduce labor time in drywall applications by 30 percent.

"The drywall compound uses a part of the hemp plant that we sometimes would have difficulty finding markets for," Stanislawski explains, "but sustainable building materials certainly offer opportunity."

Stanislawski says hemp hybrid trials occurred in several locations across Minnesota and North Dakota in 2024 and 2025.

"The trials are a fundamental building block. Any crop that gets hybridized becomes more commercially viable in the future because of increased yield and improved resiliency to weather challenges," Stanislawski adds.

In addition to variety trials, AURI hosted a field day in Kimball, Minnesota, to help introduce value-chain participants to processing opportunities utilizing industrial hemp.

AURI Connects

The purpose of AURI Connects branded events is to actively engage all aspects of the value chain on topics related to value-added agricultural opportunities and challenges. The program's vision is to enhance the competitiveness of agricultural producers, businesses, and entrepreneurs by fostering purposeful connections and sharing resources along the value chain, while promoting increased knowledge of innovations, technologies, and trends.

During FY25, the AURI Connects program disseminated information via a variety of events focused on engagement and networking. The Webinar Wednesday and Fields of Innovation series covered multiple subject areas, while the signature in-person event, the Minnesota Renewable Energy Roundtable, explored energy efficiency opportunities for Minnesota's value-added agricultural and food processing sectors. In total, the AURI Connects program hosted 10 different events, bringing together approximately 700 people, with nearly 200 attendees being new to the program. These results were largely due to the Connects program's commitment to providing high-quality, comprehensive, and informative topics to AURI's stakeholders and the food and agriculture industry.

Webinar Wednesday is a long-standing platform that offers recurring webinars hosted by AURI, where each webinar explores different aspects of Minnesota's food and agriculture economy – from resources for food entrepreneurs to innovations in coproducts and biobased energy. This past fiscal year, Webinar Wednesday presented a four-part Climate Change Opportunities series, which explored carbon dioxide (CO₂) utilization opportunities for value-added agricultural businesses, water conservation and efficiency in food and agricultural processing, and nitrogen management. In addition, AURI convened webinars on the future of protein sustainability in food and feed, along with unveiling a new meat processor benchmarking tool.



The **Fields of Innovation** series hosted both in-person and online events to bring together representatives from across Minnesota's agriculture and food value chain. The program aims to create awareness, build capacity, and accelerate the commercialization of new and emerging crops and traits, while also highlighting emerging ag opportunities for producers, processors, and entrepreneurs. Topics included a showcase of Kernza™ use in beverages, an on-farm tour of a dairy renewable natural gas facility, and a webinar on planning for risks on the path to commercialization.

The annual **Minnesota Renewable Energy Roundtable** is a signature event offering attendees opportunities to learn about important industry topics and network with other professionals to advance new ideas and products. The December 2024 Minnesota Renewable Energy Roundtable was held in Maple Grove, Minnesota. It focused on advances in energy in food and biobased manufacturing, featuring knowledgeable speakers and networking opportunities to move energy efficiency and renewable energy concepts forward.

AURI's Ag Innovation News podcast, while not officially part of the AURI Connects program, launched in January 2023 and airs twice a month. Since inception, we have grown to 125 episodes with just under 7,000 listeners. Our monthly listens in 2025 averaged about 200, and our percentage of 'impactful plays' is 87% (the percentage of listens through at least 75% of an episode). We hope to continue to grow this important new outreach channel.

Finally, in FY25, AURI unveiled a new vision for its New Uses Forum. Previously, AURI hosted the New Uses Forum annually in the spring, highlighting various value-added innovations and new uses. The inaugural 2026 collaborative event, rebranded as 'AURI UnTapped', will address opportunities for scaling food businesses. Because no New Uses Forum was held in FY25, AURI Connects' overall participant numbers decreased. The New Uses Forum is typically AURI's most-attended event. We expect AURI UnTapped to reset attendance numbers going forward.

AURI Connects will continue to be a catalyst in disseminating new opportunities to positively impact the state's agriculture and food industry for years to come. The program is an essential part of AURI's outreach, adapting as necessary to generate relevant and informative topics, significant networking opportunities, and a project pipeline that connects key audiences.

We also wish to thank our many industry collaborators, expert speakers, and program sponsors for partnering with us to disseminate new innovations and ideas with Minnesota's agriculture community.

10	<i>AURI Connect Events</i>
691	<i>Total Participants at AURI Connects Events</i>
180	<i>New Participants at AURI Connects Events</i>
518	<i>Minnesota Participants</i>
31 States	<i>Were Represented at AURI Connects Events</i>
10 Countries	
746	<i>Post-Event Youtube Views</i>
6,894	<i>Podcast Listens</i>

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There's a lot of challenges facing our members right now and in the face of that, we're eager to find ways to innovate and add value to the products we produce. We're grateful to AURI for leading in this work and investing in the AURI Connects programming. We meet challenges best when we share knowledge and work together.”

GARY WERTISH
President, Minnesota Farmers Union

Financial Statement

FISCAL YEAR 2025

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Revenue

State Appropriations (General Operations)	\$4,343,000
Federal Grants	\$581,697
Collaboration & Partnership Grants	\$446,275
State Appropriations (One-time funding - Upgrades/RNG/Food)	\$396,398
Interest - Investments	\$342,075
Contracts	\$213,623
Fee-For-Service	\$142,138
Private Grants	\$30,000
Project Fees	\$14,871
Sponsorships	\$11,500
Donations/Misc.	\$4,740
Royalties	\$3,206
Registrations	\$1,208
TOTAL	\$6,530,731

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Expenses

Programs & Services	\$3,390,346
Program Support	\$1,128,039
Operations	\$1,223,891
Institutional Advancement	\$720,992
TOTAL	\$6,463,268

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NET INCOME (LOSS) **\$67,463**

Note: Fiscal Year 2025 Financial Statement unaudited at time of report

Statement of Activities

AURI reported a net income of \$67,463 at the end of fiscal year 2025. In addition to AURI's annual State Appropriation (General Operations) of \$4,343,000, AURI received \$1,800,000 in June 2023 of one-time funding for advancing renewable natural gas opportunities, equipment purchases, and upgrading its facilities. These funds sunset on June 30, 2026, and will be completely spent towards their intended designations. AURI also received \$225,000 in one-time funding in June 2024 to support Minnesota food businesses, which will also expire on June 30, 2026. For FY25, AURI met its revenue goal for the year by exceeding its \$6,444,800 revenue budget. On the expense side, AURI was within 1% of its forecasted expense budget for the year, including \$229,755 of depreciation expense. AURI ended the year with a small net income, generating \$6,530,731 in revenue and incurring \$6,463,268 in expenses.

AURI's short-term financial outlook remains positive; however, securing longer-term multi-year revenue has been challenging. The organization remains diligent in controlling expenses to leverage legislative appropriations, while still investing in the future. AURI continues to work on its pipeline of grants, contracts, and client work, which is necessary to generate revenue for subsequent fiscal years. AURI's project portfolio has several noteworthy accomplishments in fiscal year 2025, including a multi-year grant award of \$485,624 from the Minnesota Department of Agriculture through the USDA Natural Resources Conservation Service and a federal grant award from the U.S Department of Agriculture (USDA) Rural Cooperative Development program of \$198,000 for calendar year 2025 along with several other grant commitments and contracts, including the USDA Rural Business Development Grant Program, Minnesota Soybean Research & Promotion Council, Rural Climate Partnership, and Compeer Financial. Long term, AURI will continue to identify funding streams to leverage the funding it receives from the State of Minnesota to maximize its impact for Minnesota agriculture. AURI looks forward to 2026 and continuing its impactful service to Minnesota's agricultural industry.

Looking Forward

Ingenuity is a key value at AURI. Ingenuity underpins our forward-minded approach to the agricultural industry and entrepreneurial community. At AURI, we see many opportunities each day, week, month, and year. Sorting through the ideas and possibilities is both rewarding and challenging as we consider the potential impacts and support needed. We are always impressed with the ingenuity of farmers, small businesses, researchers, and the corporate community as they look to the future.

AURI is well-positioned to be a vital link across the supply chain. We strive to be nimble and energetic around ideation, but still realistic about what is feasible. With that in mind, AURI has identified five industry solution areas we are most focused on advancing in the year ahead:

SCALING UP FOOD MANUFACTURING

FOOD INGREDIENT SUPPORT

BIOMATERIALS AND BIOCHEMICALS

COPRODUCT VALORIZATION

RENEWABLE NATURAL GAS AND ANAEROBIC DIGESTION

While we continue offering support to all value-added agriculture areas, we believe the above areas are essential to building our networks, expertise, and conducting programs to advance commercial impacts that will benefit our agricultural economy.

A few examples of how we are looking forward:

BIOMATERIALS

In 2025, Senator Amy Klobuchar included a line item in the Senate Ag Appropriations Bill to fund applied research on industrial hemp fiber. We see this as an emerging area with a key base of support to advance hemp as a crop for Minnesota farmers. Building greater consistency, understanding the specifications needed for different applications, facilitating awareness of quality requirements for contract production, and improving processes to meet industry needs are all areas that need resources and advancement. The hemp fiber market has the potential to support green building supplies, erosion control products, hydro-mulch, textiles, and many other advancements. AURI has a fiber decorticator at its Bioindustrial Innovation Center and has worked on multiple hemp fiber projects over the years to position us as a leader in this area. Advancing a collaboration with USDA and other industry leaders through these new research funds would provide invaluable support to a burgeoning industrial hemp industry.

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RENEWABLE NATURAL GAS

Through one-time state money, AURI has built a producer guide for those that have questions about anaerobic digestion and renewable natural gas, assembled an industry thought leader group to help chart a path for Minnesota's future in biogas, conducted multiple client projects, and attended conferences to proactively think about the impact of renewable natural gas for the Minnesota agriculture industry. In the year ahead, we plan to conduct a major forum on renewable natural gas as well as release a roadmap on how Minnesota can support and lead in this area. Interest in building Minnesota's biogas future has been high across the board, and we look forward to capitalizing on both the market enthusiasm and business case to further develop this industry segment.

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FOOD

The cottage food industry in Minnesota exploded with the passage of the Cottage Food Law. In 2015, roughly 400 entities registered, whereas in 2024, the number was around 11,000. While only a small percentage of registrants have intentions to scale their passion, meeting their needs creates many new challenges and opportunities. Cottage food businesses require support and infrastructure to cost-effectively create their products. AURI, along with key collaborators, is exploring novel approaches to co-manufacturing and scale-up processing to find a business model that can support smaller production runs for smaller-sized food businesses that wish to grow market opportunities. We continue to add new curated content to our artificial intelligence platform, AVA (AURI's Virtual Assistant), which is available to answer questions from the food community 24 hours / 7 days a week. Additionally, AURI provides ongoing support, from shelf life to nutrition facts to packaging to scale-up ingredient formulations, to advance small and medium-sized food businesses across the state. In the year ahead we will also dive deeper into food ingredient opportunities to provide further support to this segment of the value chain. Finally, we have several multi-year initiatives underway. These include work with USDA/AMS to support local and regional meat processors, collaborative efforts around protein ingredients for both food and animal feed, identifying nutrient recovery technologies at agricultural processing sites, and conducting a needs assessment across the state's food ecosystem to prioritize resources to fill gaps.

While the economic future for the agricultural sector is uncertain, AURI's role remains as critical as ever in securing that future. We were created and built for the challenge. After 35 years, AURI continues to stay true to its mission and find innovative ways to enrich and support a healthy economy and a sustainable future for our farmers.



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