

MINUTES OF THE SENATE AGRICULTURE COMMITTEE

The meeting was called to order by Chairman Mark Taddiken at 8:30 a.m. on February 3, 2010, in Room 144-S of the Capitol.

All members were present except:

Senator Steve Morris- excused

Committee staff present:

Kristen Kellems, Office of the Revisor of Statutes
Corey Carnahan, Kansas Legislative Research Department
Raney Gilliland, Kansas Legislative Research Department
Judy Seitz, Committee Assistant

Conferees appearing before the Committee:

Mike Brzon, Chairman, Kansas Corn Commission
Jerry Jeschke, Vice-Chairman, Kansas Soybean Commission
Doug Keesling, Chairman, Kansas Wheat Commission
Lance Russell, Chairman, Kansas Sunflower Commission

Others attending:

See attached list.

Chairman Taddiken mentioned the Committee had received minutes of the January 26 and 27 meeting for their review. Action will be taken on the minutes later in the meeting.

Chairman Taddiken noted the Committee had received testimony from Gina Bowman, Vice President of Government Relations, CVR Energy/Coffeyville Resources, in opposition to **SB 425 - Blending motor-vehicle fuel at the terminal.** (Attachment 1) This testimony was received by e-mail after the February 2 meeting.

Chairman Taddiken said that he had received a copy of the Kansas Agriculture Remediation Board Annual Report for 2009 and is on file in his office.

Mike Brzon, Chairman, Kansas Corn Commission, submitted copies of the Commission's Fiscal Year 2009 Financial Audit, FY 2009 Year-End Budget Report and FY 2010 Budget (Attachment 2) He also provided a copy of the Kansas Corn Commission's Annual Report (on file in Senator Taddiken's office).

Mr. Brzon reported that Kansas corn farmers harvested over 598 million bushels of corn breaking the record of 507 million bushels set in 2007. He said that many of the growers planted and harvested their crops in wet, muddy and even snowy conditions. Mr. Brzon said the corn checkoff rate remains at a half-cent per bushel and is fully refundable. He said the checkoff dollars are used to invest in programs aimed to increase the profitability of corn or their growers. The Commission also funds research projects to improve corn, corn production techniques and to develop advances in corn products.

Mr. Brzon took questions from the Committee.

Jerry Jeschke, Vice-Chairman, Kansas Soybean Commission, submitted copies of the FY 2010 Marketing Plan, The Soybean Checkoff Research Projects and a chart showing the Kansas Biodiesel Fuel Usage Survey Results. (Attachment 3) The Soybean Commission is part of a federal soybean checkoff program. First purchasers in Kansas collect one-half of one percent of the net market value of soybeans sold by a producer and one-half of the funds collected are sent to the United Soybean Board (USB) for national and international programs. He said the Commission has been working with the Kansas Department of Commerce, Ag Marketing Division to sell containerized Kansas soybeans to a food and feed manufacturing company in Henan Province in China. The consumer education program promotes soybean products and educating the public on how to prepare healthful foods with soy.

Mr. Jeschke answered questions.

CONTINUATION SHEET

Minutes of the Senate Agriculture Committee at 8:30 a.m. on February 3, 2010, in Room 144-S of the Capitol.

Doug Keesling, Chairman, Kansas Wheat Commission, noted the website kswheat@kswheat.org is available for current information. (Attachment 4) The wheat farmers voted to increase the wheat assessment to 1.5 cents per bushel effective January 1, 2009. He said that about 25% of checkoff dollars are used for research. Justin Gilpin was named the new CEO, effective September 1, 2009. Mr. Keesling reviewed information in the 2009 Annual Report (on file in Senator Taddiken's office) including the Financial Statement and Audit Report. Mr. Keesling said that a grant provided by the Kansas Bioscience Authority has resulted in \$20 million dollars to be used over the next 5 (five) years for research and development of wheat, sorghum and native plants. He said that international trade is important to the Kansas wheat industry since half of Kansas' wheat crop is exported in an average year. The first National Festival of Breads was held in Wichita in June. Contestants and media learned about wheat production from farm to fork.

Mr. Keesling stood for questions.

Lance Russell, Chairman, Kansas Sunflower Commission, reported that the Commission had received around \$90,000 gross checkoff dollars in FY 09 (Attachment 5). The Commission sends one-half of the checkoff dollars to the National Sunflower Association which is used for funding of research specific to sunflowers. He said one major accomplishment was the use of sunflower oil to fry Pronto Pups at the Kansas State Fair. Mr. Russell said the Commission's future goal is to someday have every fryer on the fairgrounds use sunflower oil.

Chairman Taddiken noted the Kansas Sorghum Commission was invited to make a presentation but there was no reply.

The Committee requested a brief financial statement from the Kansas Soybean Commission.

Senator Ostmeyer moved approval fo the minutes for January 26 and 27. Motion seconded by Senator Pyle. Motion carried.

The next meeting is scheduled for February 10, 2010.

The meeting was adjourned at 9:20 a.m.

SENATE AGRICULTURE COMMITTEE GUEST LIST

DATE: *February 3, 2010*

| NAME | REPRESENTING |
|----------------------|----------------------------------|
| <i>Doug Hooley</i> | <i>Kansas wheat</i> |
| <i>Mike Brzoz</i> | <i>KS Corn Comm</i> |
| <i>Ken Suter</i> | <i>KS Grain + Feed</i> |
| <i>Ken Johannes</i> | <i>Kansas Soybean Commission</i> |
| <i>Jerry Terchke</i> | <i>Kansas Soybean Commission</i> |
| <i>JUSTIN GILPIN</i> | <i>KS Wheat</i> |
| <i>JJ Jones</i> | <i>Commerce</i> |
| <i>Steve Switzer</i> | <i>KFB</i> |
| <i>Mark BOZANYAK</i> | <i>CAPITAL STRATEGIES</i> |
| <i>Berend Koops</i> | <i>Hein Law Firm</i> |
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Testimony on SB 425
Senate Agriculture Committee
Topeka, KS

February 2, 2010

By

CVR Energy/Coffeyville Resources

Mr. Chairman, and members of the Committee, thank you for granting a hearing on this legislation. While this legislation is well-intended to allow for greater use of ethanol at the pump, it causes serious concerns among the Kansas refiners, as well as the entire industry on the national level.

CVR Energy, Inc (Coffeyville Resources) is one of three refineries left in the state of Kansas. We are a small, independent Midwestern petroleum refiner and marketer of high value transportation fuels, with operations primarily in Coffeyville, Kansas.

Our company is also a producer and marketer of nitrogen fertilizer products – the only company producing crop nutrients from petroleum coke gasification in North America.

CVR Energy, a Fortune 500 company, employs more than 650 people and generated approximately \$5 billion in net sales revenue in 2008.

On the refining side of the business, we refine 115,000 barrels of crude oil per day. CVR Energy currently purchases in excess of 30,000 bpd of crude oil from producers in Kansas, Oklahoma, Eastern Colorado, Western Missouri and Southwest Nebraska. We currently purchase a limited percentage of our crude from Canada as well. The balance of our supply is from a variety of sources depending on relative refining economics each month. These sources include East and West Texas, U.S. Gulf Coast and foreign waterborne barrels.

CVR Energy is part of a very sophisticated delivery system for refineries. Our trucks and pipelines are physically located in Kansas and Oklahoma. Our assets are also linked to other pipeline gathering systems in the Mid-Continent region.

We have been marketing ethanol blended fuel for nearly three decades.

SB 425 is similar to legislation passed into law in two other states, and is being challenged in the courts. As you will learn during this hearing, there are serious legal concerns about this legislation.

Under the current Federal Renewable Fuel Standard mandate, most refiners are obligated to obtain renewable identification numbers (RINS.) Understandably, jobbers, retailers and wholesalers want to benefit by acquiring and selling RINS, but that was not the intent of the federal statute.

It is highly likely that if this legislation passes, it is possible that less, not more biofuel blending could occur in Kansas. Blending could be driven by the economics of biofuels

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and RINS versus the economics of unblended fuel. The blending decision would be driven by jobbers, wholesalers and retailers instead of being driven by the RINS requirements of refiners (obligated parties) under the Federal RFS mandate.

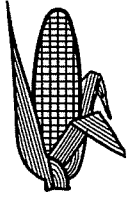
In order to comply with the Renewable Fuels Standard refiners may decide to blend 100% of their fuel at company owned terminals and/or sell only ethanol and biodiesel blended fuels at common carrier pipeline terminals such as on the Magellan and NuStar pipelines. Branded refiners may decide to only sell 100% blended fuel to their branded customers to help them satisfy their RIN requirements. However this legislation prevents refiners (obligated parties) from doing any of this.

Senate Bill 425 would allow jobbers, wholesalers, and retailers to decide whether to blend biofuels or not depending on the cost of biofuels and the value of RINS versus the cost of straight gasoline and diesel fuel. If unblended fuels are cheaper than blended fuels less the value of RINS, then jobbers, wholesalers and retailers could very well blend less biofuels.

On another point, if this legislation passes into law, then the state of Kansas could very well find itself in a court battle, like the two other states. We believe it is advisable to take no action at this time in Kansas and to monitor closely the court cases being reviewed.

We strongly advise that the Committee table this measure and study further the opportunities to enhance the use of renewable and alternative fuels.

If you should have questions, please do not hesitate to contact Gina Bowman, VP of Government Relations, CVR Energy. 816/769-7125 or gmbowman@cvrenergy.com.



Kansas Corn Commission

Comments from Mike Brzon, Chairman Annual Report to the Legislature Feb. 2, 2010

My name is Mike Brzon, and I am chairman of the Kansas Corn Commission. I have a farm near Courtland, and I represent north-central Kansas on the corn commission. I appreciate the opportunity to appear before you today and present the corn commission's annual legislative report.

Provided with my comments today, are copies of the commission's Fiscal Year 2009 financial audit, the FY 2009 Year-End Budget Report, the FY2010 Budget, and our annual report to producers, which was distributed through Kansas Farmer magazine as well as at grower meetings and farm shows. This report includes a description of current projects in the areas of Production/New Use Research, Domestic Market Development, Foreign Market Development, and Promotion and Education.

2009 was quite a year for Kansas corn farmers. We harvested over 598 million bushels of corn, breaking the record of 507 million bushels set in 2007. We also had a record yield of 155 bushels per acre. Our state's motto is "To the stars through difficulties". That sums up this year's corn crop. Many of our growers planted and harvested their crops in wet, muddy and even snowy conditions. However, we were lucky to have excellent weather during the growing season which was a big factor in the success of our corn crop. Improved crop genetics and better farming practices helped us to get through the difficulties during planting and harvest and to take advantage of a near perfect summer growing season.

The corn checkoff rate remains at a half-cent per bushel. The corn checkoff is fully refundable, and we honor refund requests in a prompt and courteous manner. Refund vouchers are typically

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processed and checks mailed within five working days of receipt at our office. The FY09 checkoff refund percentage was 13.57 percent, which is similar to recent years.

Kansas corn has two major customers—livestock and ethanol. While these industries have had their ups and downs, one thing remains constant—farmers remain committed to providing a plentiful supply of feedstock for both livestock and ethanol.

People ask me what the corn commission does, and really it is quite simple. We invest checkoff dollars in programs aimed to increase the profitability of corn for our growers. We do this by supporting efforts to build markets for corn and its customers. We continue our work to promote and increase the use of ethanol, a key market for our growers. We work with groups like the US Grains Council to increase exports of corn, and with the US Meat Export Federation to increase exports of US beef. Our efforts in Asia and other countries to restore markets for our beef are important to rebuilding markets for our livestock producers.

We also fund research projects to improve corn, corn production techniques and to develop advances in corn products. We fund educational efforts to help people get a better understanding of farming. In addition to print, broadcast and website communications, we are becoming more active in social media like Facebook, Twitter and blogs. Social media is a new area that we are using to reach out to consumers to educate them about the role of agriculture in their lives as well as to communicate with our farmers. We also are active in groups like the Corn Farmers Coalition, which provides factual and verifiable information on corn farming to decision makers and others. Many well-funded activist groups are trying to tell people what happens on our farms and ranches using misinformation and outright lies. It is important that growers tell the real story of agriculture.

The Kansas Corn Commission continues to work to benefit Kansas corn producers and we look forward to continuing these efforts in the years to come. Thank you for your interest in agriculture and in the activities of the Kansas Corn Commission.

Kansas Corn Commission
FY10 Budget
 July 2009 through June 2010

| | Jul '09 - Jun 10 |
|--|---------------------|
| Income | |
| Checkoff Funds | |
| Assessments Received | 1,813,000.00 |
| Refunds to Producers | -252,000.00 |
| Total Checkoff Funds | 1,561,000.00 |
| Growth Energy Unused Funds Ret | 252,127.21 |
| Interest Received | 40,000.00 |
| Total Income | 1,853,127.21 |
| Expense | |
| Communications | |
| Annual Report | 6,000.00 |
| Elections | 2,000.00 |
| Postage | 2,500.00 |
| Printing | 5,000.00 |
| Radio | 70,000.00 |
| Total Communications | 85,500.00 |
| Ethanol Expansion Program | |
| ACE/RFA Promotion Program | 50,000.00 |
| E-85/Blender Pump Program | 250,000.00 |
| Ethanol Promotion | |
| Fuel Your Education | 10,000.00 |
| Ethanol Promotion - Other | 30,000.00 |
| Total Ethanol Promotion | 40,000.00 |
| KSU E-85 | 4,000.00 |
| Vehicle, Additional Expenses | 4,500.00 |
| Total Ethanol Expansion Program | 348,500.00 |
| Grants | 18,000.00 |
| Hospitality | 6,000.00 |
| Meeting Expense | 8,000.00 |
| Office Expenses | 3,000.00 |
| Professional Services | |
| Auditing Services | 3,100.00 |
| KCGA - Administration | 80,000.00 |
| KCGA - Programs | 368,000.00 |
| KDA - Audit and Collection Fees | 14,000.00 |
| Ks Found for Ag in the Class | 15,000.00 |
| KSU - International Grains | 50,000.00 |
| KSU - Research | 154,079.00 |
| National Corn Growers Assn. | |
| Core Funding | 223,500.00 |
| Portfolio - Biotech | 20,000.00 |
| Portfolio - Ethanol | 60,000.00 |
| Portfolio - Grower Services | 10,000.00 |
| Portfolio - Prod & Steward | 30,000.00 |
| Portfolio - Public Policy | 40,000.00 |
| Portfolio - Research & Develop | 10,000.00 |
| Total National Corn Growers Assn. | 393,500.00 |
| No-Till On The Plains | 5,000.00 |
| ProExporter Network Grain Study | 8,000.00 |
| Project Restore | 50,000.00 |
| Undetermined Contracts | 350,000.00 |
| US Grains Council | |
| Foreign Market Development | 310,000.00 |
| Total US Grains Council | 310,000.00 |
| US Meat Export Federation | 70,000.00 |
| Total Professional Services | 1,870,679.00 |
| Travel | 80,000.00 |
| Total Expense | 2,419,679.00 |
| Net Income | -566,551.79 |

Kansas Corn Commission

Income & Expense Budget vs. Actual

July 2008 through June 2009

| | Jul '08 - Jun 09 | Budget | % of Budget |
|--|---------------------|---------------------|---------------|
| Income | | | |
| Checkoff Funds | | | |
| Assessments Received | 2,053,345.13 | 1,813,000.00 | 113.3% |
| Refunds to Producers | -278,637.57 | -252,000.00 | 110.6% |
| Total Checkoff Funds | 1,774,707.56 | 1,561,000.00 | 113.7% |
| Interest Received | 30,194.26 | 60,000.00 | 50.3% |
| Total Income | 1,804,901.82 | 1,621,000.00 | 111.3% |
| Expense | | | |
| Communications | | | |
| Annual Report | 3,925.00 | 7,000.00 | 56.1% |
| Elections | 630.75 | 3,000.00 | 21.0% |
| Postage | 1,484.00 | 2,500.00 | 59.4% |
| Postage Permit | 0.00 | 1,200.00 | 0.0% |
| Printing | 0.00 | 5,000.00 | 0.0% |
| Radio | 43,039.00 | 70,000.00 | 61.5% |
| Communications - Other | 12,001.14 | | |
| Total Communications | 61,079.89 | 88,700.00 | 68.9% |
| Corn Vision 2012 Project | 1,601.73 | 10,000.00 | 16.0% |
| Ethanol Expansion Program | | | |
| E-10 Promotion | 283.65 | 40,000.00 | 0.7% |
| E-85 Promotion | | | |
| E-85 Projects | 10,169.95 | 15,000.00 | 67.8% |
| Total E-85 Promotion | 10,169.95 | 15,000.00 | 67.8% |
| KSU E-85 | 10.00 | 4,000.00 | 0.3% |
| Vehicle, Additional Expenses | 2,369.00 | 4,500.00 | 52.6% |
| Total Ethanol Expansion Program | 12,832.60 | 63,500.00 | 20.2% |
| Grants | 16,975.00 | 15,000.00 | 113.2% |
| Hospitality | 4,775.69 | 6,000.00 | 79.6% |
| Meeting Expense | 1,523.27 | 8,000.00 | 19.0% |
| Office Expenses | 1,144.73 | 3,000.00 | 38.2% |
| Professional Services | | | |
| Auditing Services | 3,100.00 | 3,100.00 | 100.0% |
| KCGA - Administration | 80,000.00 | 80,000.00 | 100.0% |
| KCGA - Programs | 368,000.00 | 368,000.00 | 100.0% |
| KDA - Audit and Collection Fees | 3,687.61 | 14,000.00 | 26.3% |
| Ks Found for Ag in the Class | 12,500.00 | 12,500.00 | 100.0% |
| KSU - International Grains | 50,000.00 | 50,000.00 | 100.0% |
| KSU - Research | | | |
| KSU Prior Year Project Refunds | -70.05 | | |
| KSU - Research - Other | 109,906.46 | 112,741.00 | 97.5% |
| Total KSU - Research | 109,836.41 | 112,741.00 | 97.4% |
| National Corn Growers Assn. | | | |
| Core Funding | 148,000.00 | 148,000.00 | 100.0% |
| Portfolio - Biotech | 30,000.00 | 30,000.00 | 100.0% |
| Portfolio - Ethanol | 62,600.00 | 62,600.00 | 100.0% |
| Portfolio - Grower Services | 10,000.00 | 10,000.00 | 100.0% |
| Portfolio - Prod & Steward | 27,400.00 | 27,400.00 | 100.0% |
| Portfolio - Public Policy | 70,000.00 | 70,000.00 | 100.0% |
| Portfolio - Research & Develop | 20,000.00 | 20,000.00 | 100.0% |
| Total National Corn Growers Assn. | 368,000.00 | 368,000.00 | 100.0% |
| No-Till On The Plains | 5,000.00 | 5,000.00 | 100.0% |
| ProExporter Network Grain Study | 8,000.00 | 8,000.00 | 100.0% |
| Project Restore | 50,000.00 | 50,000.00 | 100.0% |
| Undetermined Contracts | | | |
| ACE/RFA Natl Blender Pump Prog | 150,000.00 | | |
| Project Restore | 30,000.00 | | |
| USGC CEO Search Grant | 50,000.00 | 50,000.00 | 100.0% |
| Undetermined Contracts - Other | 0.00 | 300,000.00 | 0.0% |
| Total Undetermined Contracts | 230,000.00 | 350,000.00 | 65.7% |
| US Grains Council | | | |
| DDG Project | 25,000.00 | 25,000.00 | 100.0% |

Kansas Corn Commission

Income & Expense Budget vs. Actual

July 2008 through June 2009

| | Jul '08 - Jun 09 | Budget | % of Budget |
|---------------------------------|------------------|--------------|-------------|
| Foreign Market Development | 310,000.00 | 310,000.00 | 100.0% |
| Total US Grains Council | 335,000.00 | 335,000.00 | 100.0% |
| US Meat Export Federation | | | |
| KS Corn Promotion Project | 50,000.00 | 50,000.00 | 100.0% |
| USMEF Core Funding | 70,000.00 | 70,000.00 | 100.0% |
| Total US Meat Export Federation | 120,000.00 | 120,000.00 | 100.0% |
| Total Professional Services | 1,743,124.02 | 1,876,341.00 | 92.9% |
| Travel | | | |
| In State Travel | 4,025.32 | 10,000.00 | 40.3% |
| Out of State Travel | 68,788.88 | 60,000.00 | 114.6% |
| Total Travel | 72,814.20 | 70,000.00 | 104.0% |
| Total Expense | 1,915,871.13 | 2,140,541.00 | 89.5% |
| Net Income | -110,969.31 | -519,541.00 | 21.4% |

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KANSAS CORN COMMISSION

Garnett, Kansas

FINANCIAL STATEMENTS

WITH

INDEPENDENT AUDITORS' REPORT

June 30, 2009 and 2008

VARNEY & ASSOCIATES, CPAs, LLC
Manhattan, Kansas

2-6



November 16, 2009

Board of Directors
Kansas Corn Commission
Garnett, Kansas

Independent Auditors' Report

We have audited the accompanying statements of assets and net assets - cash basis of Kansas Corn Commission (the Commission), a quasi municipal entity, as of June 30, 2009 and 2008, and the related statements of activities - cash basis for the years then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described in Note 1, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets - cash basis of Kansas Corn Commission as of June 30, 2009 and 2008, and the changes in its net assets for the years then ended on the basis of accounting described in Note 1.

Certified Public Accountants
Manhattan, Kansas

KANSAS CORN COMMISSION
 Garnett, Kansas
STATEMENTS OF ASSETS AND NET ASSETS - CASH BASIS
 June 30,

| | 2009 | 2008 |
|-------------------------|---------------------|---------------------|
| ASSETS | | |
| Current Assets | | |
| Cash | | |
| Generations Bank | \$ 1,570,293 | \$ - |
| Brooke Savings Bank | - | 1,702,647 |
| Money Market | 120,747 | 1,802,019 |
| TOTAL ASSETS | \$ 1,691,040 | \$ 1,802,019 |
| NET ASSETS | | |
| Net Assets | \$ 1,691,040 | \$ 1,802,019 |
| TOTAL NET ASSETS | \$ 1,691,040 | \$ 1,802,019 |

Financial Statements

KANSAS CORN COMMISSION
 Garnett, Kansas
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - CASH BASIS
 For the Years Ended June 30,

Financial Statements

| | 2009 | 2008 |
|--|---------------------|---------------------|
| CHANGES IN NET ASSETS | | |
| REVENUE | | |
| Check-off collections | \$ 2,053,345 | \$ 2,231,525 |
| Refunds | (278,648) | (297,945) |
| Net | \$ 1,774,697 | \$ 1,933,580 |
| Interest income | 30,194 | 60,355 |
| Total Revenue | \$ 1,804,891 | \$ 1,993,935 |
| EXPENSES | | |
| Administrative | | |
| Communications | \$ 61,080 | \$ 35,809 |
| KCGA - Administration | 80,000 | 74,000 |
| In-state travel | 4,025 | 3,330 |
| Out-of-state travel | 68,788 | 40,245 |
| Office | 1,145 | 2,717 |
| Meetings | 1,523 | 3,394 |
| Hospitality | 4,776 | 2,737 |
| Grants | 16,975 | 14,650 |
| Program | | |
| Ks Env Mgmt CAFO Waste Water | - | 50,000 |
| Ks Foundation for Ag in the Class | 12,500 | 12,500 |
| KCGA | 368,000 | 339,000 |
| KS Department of Agriculture | - | 8,208 |
| KSU - Research | 109,836 | 167,543 |
| KSU - International Grains | 50,000 | 50,000 |
| National Corn Growers Association | 368,000 | 347,000 |
| No-Till on the Plains | 5,000 | 5,000 |
| Ethanol Expansion | 12,833 | 41,811 |
| Other contracts | 288,389 | 332,053 |
| ProExporter Network Grain Study | 8,000 | 8,000 |
| US Grains Council | 335,000 | 335,000 |
| US Meat Export Federation | 120,000 | 50,000 |
| Total Expenses | \$ 1,915,870 | \$ 1,922,997 |
| INCREASE (DECREASE) IN NET ASSETS | \$ (110,979) | \$ 70,938 |
| NET ASSETS - JULY 1, 2008 | 1,802,019 | 1,731,081 |
| NET ASSETS - JUNE 30, 2009 | \$ 1,691,040 | \$ 1,802,019 |

The accompanying notes are an integral part of these financial statements.
 See Certified Public Accountants' Report.

KANSAS CORN COMMISSION
Garnett, Kansas
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

Notes To Financial Statements

Note 1: Summary of Significant Accounting Policies

Organization

The Kansas Corn Commission (the Commission) is organized as an instrumentality of the state to conduct a campaign of corn promotion and market development through research, education, and information.

Method of Accounting

The financial statements are prepared using the cash basis of accounting, which differs from generally accepted accounting principles in that revenues are recorded when received rather than when earned and expenses are recorded when paid rather than when the obligation is incurred.

Income Taxes

The Commission is a quasi municipal entity that is not subject to income tax and, accordingly, no provision has been made for income taxes.

Pension Plan

There is no formal pension plan.

Use of Estimates

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

Note 2: Deposits and Investments

The Commission's deposits were secured by FDIC insurance and pledged securities.

Kansas Soybean Commission
February 3, 2010
Report to the Kansas Legislature

Chairman Taddiken and members of the Kansas Senate Agriculture Committee, my name is Jerry Jeschke from Robinson; I am the Vice-Chairman of the Kansas Soybean Commission.

While the soybean commission has been authorized and operates under Kansas statutes, it is also part of a federal soybean checkoff program. We have been designated as the Qualified State Soybean Board for the state of Kansas by the United Soybean Board (USB), the national checkoff board authorized by the United States Department of Agriculture under federal legislation approved by Congress. First purchasers in Kansas assist us by collecting one-half of one percent of the net market value of soybeans sold by a producer. We send one-half of the funds we collect to USB for national and international projects. Nine soybean farmers volunteer their time to serve on the soybean commission.

Included in the handouts is a copy of our FY2010 Marketing Plan which summarizes this fiscal year's program, including some information on the project areas we fund.

A summary of our research, primarily production research, is also included. We fund soybean breeding, production, and environmental research programs that focus on the most economical and efficient cropping systems with minimal impact on the environment, including best management practices, crop protection, and pest management. Our research program also funds a limited amount of new uses research. Developing environmentally friendly products to create new markets for soybeans is important to us.

Our state's international market development effort, separate from USB's extensive program, is mainly done through the International Grains Program (IGP) at Kansas State University. Projects such as promoting Kansas-grown soybeans overseas or hosting trade teams to expand the foreign markets for value-added products, including a special program done at IGP with the World Initiative on Soy in Human Health in Mozambique, are within this program area. We have been working with the Kansas Department of Commerce, Ag Marketing Division to sell containerized Kansas soybeans to a food and feed manufacturing company in our state's sister state, Henan Province in China.

Our consumer education program includes promoting soybean products such as biodiesel, (we have included the latest Kansas biodiesel sales survey and locations of retail and bulk outlets in your packet), and educating the public on the ease of preparing healthful foods with soy. The consumer information category is also responsible for our school education program.

Senate Agriculture Committee
February 3, 2010
Attachment 3-1

Our communications program deals with the dissemination of information to producers and industry. Weekly radio farm reports, reports on the new TV program "AG am in Kansas", newsletters, attendance at farm shows, and other meetings are all included in this program. We strive to get the latest most relevant information to our producers. A copy of our newsletter *SoyNotes* provides you with some of the information we disseminate, including a summary of our FY2008 expenditures.

Our administration budget includes the cost of collections, audits, elections, and other board expenses. The Soybean Commission has an outside, accredited accounting firm audit its financial records each year. This ensures checkoff dollars are being spent according to acceptable, efficient business practices. Our FY2009 audit is available to you if you wish to have a copy. We are also periodically audited by the USB for compliance to the national checkoff regulations.

We knew we needed different facility for our office and staff. After an extensive search and looking into several options, we felt it would be best to start from the ground up. Pictures of the construction of our new building in Topeka is in the copy of *SoyNotes* you received.

As stated earlier, one-half of the soybean checkoff collection goes to the United Soybean Board. This 68-member, farmer-run board, allocates our Kansas collections along with those of 25 other soybean producing states. The Kansas Soybean Commission has three representatives on USB. USB funds international market development, production and utilization research, consumer information programs, including assisting the National Biodiesel Board in its efforts to commercialize biodiesel, and producer communication projects.

I did not mention one of our most important domestic market develop priorities. It is represented by the pig light. While this light may be silly, we hope it makes you remember that it represents the serious commitment we have to protect the animal agriculture industry in Kansas. Since 98% of all soybean meal produced in the US is consumed by animal agriculture, we will work closely with Kansas animal, commodity and general farm organizations to educate Kansans on the importance of Animal Ag to the Kansas and US economy. We have done some initial work with the Kansas pork producers on this effort. We will also work with the Kansas Soybean Association to do what ever it takes to protect our animal agriculture industry in Kansas.

I am pleased to give you this brief synopsis of our program. Additional information and details on programs and specific projects are available at your request. Thank you.

Jerry Jeschke
Robinson, Kansas

Kansas Soybean Commission Office
2930 SW Wanamaker Drive
Topeka, KS 66614-4116
785-271-1040

Kansas Soybean Commission FY2010 Marketing Plan

The mission of the Kansas Soybean Commission is improving the profitability of Kansas's soybean producers. The Commissioners have identified the following priorities to work toward that mission:

1. Breeding/Production/Environmental Programs focusing on the most economical/efficient cropping systems with minimal impact on the environment including best management practices and crop protection/pest management; replacement of existing controls/seed treatments.
2. Animal/Human Nutrition studies that will increase the utilization of soybeans in the livestock feeding industry and new and innovative uses of soybeans as vital components in human nutrition.
3. Value-Added Projects developing and commercializing competitive industrial uses for soybeans including private entity cooperation.
4. Marketing Extension Program including extensive educational training of soybean pricing, crop disappearance/market share, crop insurance options, yield protection, farm program considerations and options in marketing available to Kansas soybean producers.
5. International market development with a focus on utilizing Kansas's soybeans.

In addition the Soybean Commission through its own work and through a contract with the Kansas Soybean Association promotes the nutritional benefits of using soybean products to consumers and because of its benefits to the environment, energy security and the farm economy, promotes the use of soy biodiesel as an alternative to diesel fuel. It also informs Kansas' soybean producers of their activities through producer communications efforts and participates in Industry Relations programs both state and nationally.

The Commission directly funds the following programs to reach their mission:

1. Kansas State University research and outreach:
 - Development of Soybean Host Plant Resistance and Other Management Options for the Soybean Stem Borer
 - Enhancement of Soybean through Genetic Engineering
 - Influence of soils, nutrition, and water relations upon charcoal rot disease processes in Kansas
 - Correction of Potassium Deficiency in Soybean Production in Kansas
 - Trait and Production Efficiency Enhancement in Soybean
 - Use of Seed and Foliar Fungicides at Two Planting Dates for Soybean Production in Kansas
 - Iron deficiency chlorosis in soybean: Effect of soil properties and iron fertilizer application
 - Soyoil Latex for Pressure Sensitive Adhesives
 - Nutritional enhancement of soybean carbohydrates and hulls for animal feeding using microbial cultures
 - Premium Texturized Soybean Protein by Extrusion Processing – Product Quality from Different Formulations and Processing Parameters
 - Extension and Applied Research Programs for Kansas Soybean Production
 - Development of Farm Management Data Systems for Kansas Farmers
2. Pittsburg State University research on:
 - Solvent-free Bio-based Adhesives from Soybean Oil-based Urethane Prepolymers
 - Hyperbranched Polyols for Flexible Foams from Soybean Oil Fatty Acids
 - Analysis of an Antibiotic Protein from Soybean

3. The University of Kansas research on:
 - KU Biodiesel Initiative: A model for distributed production of biodiesel for rural communities
 - Customer Response to Biodiesel
4. Wichita State University
 - Understanding charcoal rot disease using a genetics approach
5. North Central Soybean Research Program
6. Hydrogen from Glycerin for use in Hydrogen Engine
7. Ag in the Classroom, School Education Programs and state and county fairs
8. Youth Education Program
9. FFA program support
10. FACS education program
11. Biodiesel – Industrial Uses Advertising
 - Kansas State Football Network
 - WIBW - KU Sports
 - Others as approved by the commission
12. National Biodiesel Board, Membership and State Regulatory Project
13. Producer Radio and Print Outreach
 - WIBW radio, Topeka
 - KRVN radio, Lexington, NE
 - KKOW radio, Pittsburg, KS
 - KFEQ radio, St. Joseph, MO
 - KFRM radio, Clay Center, KS
 - KBUF radio, Garden City, KS

Possible spot ads and other sponsorships:

 - KFRM radio, Clay Center, KS
 - Eagle Broadcasting Network
 - Kansas Agricultural Network
 - Mid-America Ag Network
 - Agri-Talk Program at NBB Conference

Print Ads for specific promotions. Advertise to educate producers of soybean checkoff program sponsored by the KSC, *Straight Rows*. Work on earned media with *Kansas Farmer*, *High Plains Journal*, *Farm Talk* and *Grass and Grain*.
14. *Soynotes* Newsletter
15. Kansas Soybean Expo
16. No-till education including No-till On the Plains organization
17. Field Days, Farm/ Trade Shows, Crop Tours

18. International Market Development work
 - Kansas State University
 - International Grains Program
 - Value of expanded soybean meal for dairy cattle (Chinese marketing information)
 - Karl Zhao, Kansas Department of Commerce, Chinese Consultant
 - WISHH Program
 - USSEC Latin American, Chinese and Taiwanese Program work
 - AGP, Inc., Grey's Harbor Export Program
19. Collection, meeting, administration and audit procedures
20. Program and administrative work by the Kansas Soybean Association
 - (Attached projects including budgets for contracted and direct spending)
21. Leadership development and program management
22. First Purchaser Relations
 - Grain Grading Workshops
 - KGFA Annual meeting and trade show
 - KGFA meetings and golf outings
23. Yield Contest
25. USB Funded Cooperative Projects
26. Consumer Awareness Media Program

FY2010 Kansas Soybean Commissioners

| | | | |
|--------------------|--|---------------------------------------|---|
| Districts I-II-III | Kurt Maurath 420 Elm Avenue Oakley, KS 67748 (785) 672-3750 | District IV | Steve Clanton 721 Kiowa Minneapolis, KS 67467 (785) 392-2527 |
| District V | Harold G. Kraus 977 Chetolah Gold Rd. Hays, KS 67601 (785) 625-6488 | District VI | Jerry Wyse 8403 Mayfield Rd. Haven, KS 67543-8093 (620) 465-2245 |
| District VII | Jim Zwonitzer (Secretary) 10789 Cheyenne Road Horton, KS 66439 (785) 872-3165 | District VIII | Robert Haselwood 2130 SE 61 st Street Berryton, KS 66409 (785) 862-1048 |
| District IX | Ron Westervelt (Vice-Chairman) 4851 NW Bethlehem Road Columbus, KS 66725 (620) 674-3301 | At-Large | Ron Ohlde (Chairman) 1579 4th Road Palmer, KS 66962 (785) 692-4322 |
| At-Large | Jerry Jeschke (Treasurer) 1584 Willow Road Robinson, KS 66532 (785) 765-3623 | United Soybean Board Representatives: | John Wray, Ottawa Robert Haselwood, Berryton Bill Wiley, Lyndon |

Kenlon Johannes, Administrator
Kansas Soybean Commission
2930 SW Wanamaker Drive #1
Topeka, KS 66614-4116
Phone: 785-271-1040
Fax: 785-271-1302
Email: johannes@kansassoybeans.org

Soybean Checkoff Research Database: Projects Being Funded on October 1, 2009

Kansas Soybean Commission

Development of Soybean Host Plant Resistance and Other Management Options for the Soybean Stem Borer; *Lawrent Buschman, C. Michael Smith, Phillip E. Sloderbeck, William Schapaugh and Harold Trick (Entomology, Agronomy and Plant Pathology Departments, Southwest Area Extension Office, SW Research/Extension Center, KSU Extension Offices, Kansas State University); (\$26,156).*

The researchers will: 1) continue screening soybean germplasm accessions for resistance to soybean stem borer; 2) evaluate the yield response of different soybean varieties to soybean stem borer feeding using systemic insecticides; 3) conduct a survey of the occurrence of soybean stem borer across the High Plains and Midwest to determine if the problem is widespread enough to encourage registration of insecticides against this pest; and 4) expand web pages and other educational materials associated with soybean insect pests.

Enhancement of Soybean through Genetic Engineering; *Harold Trick, William Schapaugh and Tim Todd (Departments of Plant Pathology and Agronomy, Kansas State University); (\$75,092).*

This project will continue to produce and evaluate genetically engineered soybeans for increased fungal resistance. Use gene silencing (RNAi) to enhance Soybean Cyst Nematode (SCN) resistance in transgenic soybean. Produce phenylalanine-free corn protein in transgenic soybean to produce a nutraceutical (value-added) trait that may open new markets for Kansas' soybeans.

Influence of Soils, Nutrition, and Water Relations Upon Charcoal Rot Disease Processes in Kansas; *Christopher R. Little, P.V. Vara Prasad, DeAnn Presley (Plant Pathology and Agronomy Departments, Kansas State University); (\$33,770)*

The objectives are to: (1) Determine the influence of common soil types on charcoal rot disease incidence and severity. (2) Determine the influence of water relations and soil nutrition on charcoal rot disease incidence and severity within the context of various soils and irrigation regimes.

Correction of Potassium Deficiency in Soybean Production in Kansas; *David B. Mengel, Dorivar Ruiz Diaz (Agronomy Department, Kansas State University); (\$30,990)*

The objectives are to: 1) Determine the impact of K deficiencies on soybeans yields in Kansas. 2) Determine if broadcast applications of K will correct the observed deficiencies when soil test K levels are below the current critical level and if so, the amount of K required to correct deficiencies at a given soil test level. 3) Determine if surface banding of K will correct the K deficiency in soybeans more efficiently than broadcast applications.

Trait and Production Efficiency Enhancement in Soybean; *Bill Schapaugh, Tim Todd, Harold Trick, Jim Long, (Agronomy Department, Plant Pathology Department, Southeast Research Center, Kansas State University); (\$276,449)*

The objectives are to:

1. Improve the genetic potential and enhance the genetic diversity of soybean germplasm for the following traits
 - A. Seed yield: under dryland and irrigated production
 - B. Seed composition: high oil, high protein, low phytate, low linolenic, mid-oleic, low

- saturated fats
- C. Disease and insect resistance: Soybean Cyst Nematode (SCN), Soybean Sudden Death Syndrome (SDS), Soybean Aphid, Soybean Rust
2. Incorporate transgenic events into elite breeding lines
 3. Map resistance genes for the soybean aphid
 4. Characterize the virulence diversity in Kansas populations of soybean cyst nematode
 5. Investigate the interaction between SDS and SCN
 6. Develop best management practices in Southeast KS for disease control in soybean, with special consideration for season-long charcoal rot control, early and mid season leaf disease control, and late foliar, pod, and stem disease control
- Identify and assess biological methods to control diseases, including seed treatments and foliar treatments.

Use of Seed and Foliar Fungicides at Two Planting Dates for Soybean Production in Kansas; *Barney Gordon, Doug Jardine, Kraig Roozeboom, Stu Duncan (Department of Agronomy, Department of Plant Pathology, Northeast Area Extension, Kansas State University); (\$8,500)*

The objective of this research will be to investigate response of soybeans to both seed and foliar applied fungicides at a normal and a late planting date under irrigated and dryland conditions. An additional objective will be to assess the role of fungicides in improving quality of soybean seed for planting.

Iron Deficiency Chlorosis in Soybean: Effect of Soil Properties and Iron Fertilizer Application; *Dorivar Ruiz Diaz, David Mengel (Department of Agronomy, Kansas State University); (\$33,656)*

The objectives are: 1) Evaluate the effect of different iron fertilizer applications strategies on soybean yield on iron deficiency chlorosis potential soils. 2) Determine interactions between soil properties and iron fertilizer applications on soybean yield. 3) Evaluate economic returns to iron fertilizer applications and varietal resistance selection.

Understand Charcoal Rot Disease Using a Genetics Approach; *Bin Shuai (Department of Biological Sciences, Wichita State University); (\$28,745)*

This proposal is intended to address the problems enlisted in the area of 1B/C of the KSC Request for proposals (2009-2010) The research objective is to identify genes that are involved in the charcoal rot disease using Medicago as the model.

Soy Oil Latex for Pressure Sensitive Adhesives; *Xiuzhi Susan Sun, Donghai Wang (Department of Grain Science and Industry, Department of Bio & Ag Engineering, Kansas State University); (\$48,700)*

The goal of this proposal is to convert soybean oil into latex for pressure sensitive adhesive applications. Specific objectives include; 1) Technology will be developed that soybean oil will be used as a major material for latex production, 2) The soy oil latex will be evaluated for pressure sensitive adhesives applications. 3) Aging of pressure sensitive adhesives will be characterized and stabilized.

Nutritional Enhancement of Soybean Carbohydrates and Hulls For Animal Feed Using Microbial Cultures; *Praveen Vadlani, Ron Madl, Dan O'Brien (Department of Grain Science and Industry, Department of Extension Agricultural Economics NW Research Extension Center, Kansas State University); (\$38,742)*

The objective of the research is: 1) To achieve bioconversion of soluble carbohydrates (raffinose, sucrose and stachyose) and residual starch from soybean hulls to microbial protein, 2) Co-culture

fermentation of sugars derived from soybean carbohydrates and hull to single-cell-protein, and characterize the fiber utilization and nutritional enhancement, 3) Assess the economics of nutritionally enhanced soybean hulls compared with current use value and vs. distiller's grain from the ethanol process.

Premium Texturized Soybean Protein by Extrusion Processing – Product Quality from Different Formulations and Processing Parameters; *Sajid Alavi, Enzhi Michael Cheng (Department of Grain Science and Industry, Kansas State University); (\$35,530)*

The objectives for this proposal are as follows: 1) To produce high moisture meat analogs (HMMAs) using a model formulation consisting of soy protein isolate, vital wheat gluten and wheat starch. 2) To study how protein dispersibility index (PDI) of defatted soy flour (DSF) and soy protein concentrate (SPC) affects processing requirement and finished product quality of low moisture texturized soy proteins (TSPs); 3) To characterize the water holding capacity, texture and integrity of HMMAs and low moisture TSPs; To conduct a consumer acceptance study of the texturized protein products.

Analysis of an Antibiotic Protein From Soybean; *Daniel Zurek (Department of Biology, Pittsburg State University); (\$26,461)*

The objectives are: 1) Obtain mutation free copies of the gene for this glucanase in a yeast expression system in order to produce large amounts of authentic soybean protein. 2) Effectively purify nonmutant, authentic soybean glucanase protein for further studies with maximal yield and minimal degradation. 3) Analyze the purified protein for antibiotic activity upon variety of plant and animal pathogenic organisms, and quantitate its effects in comparison to commercial antibiotics.

Extension and Applied Research Programs for Kansas Soybean Production; *Kraig Roozeboom (Department of Agronomy, Kansas State University); (\$4,814)*

The objectives are: 1) Effectively educate producers, crop advisors, and other agri-business professionals about the latest developments in best management practices for soybean production and soybean cropping systems. 2) Maintain and expand personal soybean production and educational expertise.

Development of Farm Management Data Systems for Kansas Farmers; *Bryan Schurle, Kevin Herbel, Michael Langemeier (Department of Agricultural Economics, Kansas State University); (\$15,000)*

The objective of this project is to develop new database systems for farm management data for Kansas farmers. Specifically, we intend to: 1) Develop a new data collection system that collects farm management data in a similar fashion to the system currently in place, but with vastly superior flexibility in data handling ability and report writing capacity. 2) Develop new report writing systems that improve readability by utilizing graphs and charts for comparison purposes. 3) Develop new and improved benchmarks for enterprises and whole farm analyses.

Biodiesel Glycerin Based Hydrogen Production for Electrical Generation from a Hydrogen Internal Combustion Engine; *William Ayres (Renewable Solutions, LLC); (\$43,000).*

The objective of this project is to test hydrogen from glycerin from biodiesel production for hydrogen gas powered internal combustion engines by: 1) Glycerin Hydrogen Fuel Gas production at Biomass Energy Foundation (BEF); 2) Continue Testing of Plasma Reformer on Glycerin to Produce Hydrogen Rich Gas and operation of an engine generator set; 3) Integrate the Reformer and Operate an Engine on Biodiesel Glycerin Hydrogen Rich Gas.

Hyperbranched Polyols For Flexible Foams From Soybean Oil Fatty Acids; Zoran Petrovic, Henry Emadipour (Kansas Polymer Research Center, Plastics Engineering Technology, Pittsburg State University); (\$52,000)

The objectives are to: 1) develop a new family of low viscosity, all bio-based polyols for flexible foams starting from methyl esters of soybean oil (bio-diesel) using a new concept of hyperbranching; 2) characterize new polyols by measuring molecular weight, functionality, and viscosity using standard methods of polymer chemistry; 3) test new polyols as base polyols in flexible foams.

Solvent-free Bio-based Adhesives from Soybean Oil-based Urethane Prepolymers; Ivan Javni, William Shirley (Kansas Polymer Research Center, Department of Chemistry, Pittsburg State University); (\$50,000)

The objectives are: 1) screening of soy polyols and isocyanates; optimizing the conditions for synthesizing soy polyol-based urethane prepolymers with different isocyanates (aliphatic, cycloaliphatic, and aromatic isocyanates); 2) studying the physical properties of the urethane prepolymers based on different isocyanates so as to determine their potential applications; 3) development of: a) one-component moisture-cure polyurethane adhesives (low viscosity); b) one-component moisture-cure hot-melt polyurethane adhesives (solid at room temperature but melt at elevated temperatures); c) two-component polyurethane adhesives; 4) testing the adhesion property of different prepolymers on different substrates at different conditions, in order to get optimized formulations; 5) patent and commercialize the products.

Kansas Biodiesel Fuel Usage Survey Results

Kansas Soybean Commission, 2930 SW Wanamaker Dr. Topeka, KS 66614

785-271-1040 www.kansassoybeans.org

B-11

| Blend | 2004 July 03 - June 04 | B100 Equiv. | 2005 July 04 - June 05 | B100 Equiv. | 2006 July 05 - June 06 | B100 Equiv. | 2007 July 06 - June 07 | B100 Equiv. |
|-------------------|---------------------------|----------------|---------------------------|----------------|---------------------------|----------------|---------------------------|----------------|
| B2 | 5,926,305 | 118,526 | 3,921,861 | 78,437 | 3,616,039 | 72,337 | 3,019,480 | 60,390 |
| B5 | 141,248 | 7,562 | 2,109,619 | 105,481 | 3,661,836 | 183,092 | 2,097,300 | 104,865 |
| B10 | | | 100,000 | 10,000 | 2,750,000 | 275,000 | 344,400 | 34,440 |
| B20 | | | 18,000 | 3,600 | 24,000 | 4,800 | 215,167 | 43,033 |
| B50 | | | | | | | 50,893 | 25,447 |
| B100 | | 110,005 | 378,524 | 378,524 | 295,900 | 295,900 | 213,164 | 213,164 |
| Total B100 | | 236,093 | | 576,042 | | 830,229 | | 481,339 |
| Surveys | | | | | | | | |
| Sent out | | 137 | | 175 | | 170 | | 170 |
| Returned | | 55 | | 50 | | 49 | | 26 |

| Blend | 2008 July 07 - June 08 | B100 Equiv. | 2009 July 08 - June 09 | B100 Equiv. |
|-------------------|---------------------------|----------------|---------------------------|----------------|
| B2 | 2,811,730 | 56,235 | 2,313,235 | 46,265 |
| B5 | 682,590 | 34,130 | 389,249 | 19,462 |
| B10 | 560,925 | 56,093 | 559,601 | 55,960 |
| B20 | 740,216 | 148,043 | 1,408,977 | 281,795 |
| B50 | | | | |
| B100 | 219,556 | 219,556 | 251,818 | 251,818 |
| Total B100 | | 514,056 | | 655,300 |
| Surveys | | | | |
| Sent out | | 170 | | 170 |
| Returned | | 30 | | 31 |

SOY NOTES

For the Kansas Soybean Farmer

Fall 2009 | News from the Kansas Soybean Commission

Biodiesel's demand for soybean oil worth billions

The biodiesel industry's demand for soybean oil could be worth billions to United States farmers.

A study funded by the United Soybean Board (USB), proves the biodiesel industry's value to soybean farmers. According to the study, U.S. soybean farmers received an additional \$2.5 billion in net returns over the last four years due to the biodiesel industry's demand for soybean oil. This demand added up to 25 cents per-bushel.

Soybean oil is the dominant feedstock for biodiesel production. The soybean checkoff has funded a large portion of the research and promotion of biodiesel through the National Biodiesel Board (NBB).

The study was commissioned to determine the value of the checkoff's investment in biodiesel. A significant return on investment for soybean farmers was found.

The study also aimed at predicting relationships' viability. The price of petroleum diesel has a large influence on the price of biodiesel and soybean oil - the study asserts biodiesel has essentially created a new floor for soybean oil prices.

Regardless of how much soybean oil is used in biodiesel production, a healthy industry will add value to soybean oil. As other feedstocks gain market share in biodiesel production, prices for soybean oil - and whole soybeans - could continue to receive support from biodiesel production.

A demand for soybean oil increased



supply of soybean meal, dropping prices \$19 to \$45 per ton. Animal agriculture benefits from lower input prices - on all fronts. These benefits demonstrate the positive impact of biodiesel on our food supply.

The study accounted for the possibility that biodiesel's demand for soybean oil will decrease due to a proposed regulation by the EPA that limits the use of vegetable oils for meeting the draft federal Renewable Fuel Standard 2 (RFS-2). The use of soybean oil in biodiesel production could fall approximately 1.5 billion pounds by 2013 if this regulation is not revised. Soybean farmers could see net returns decrease by a projected \$2 billion over that time period.

To illustrate the relationship between the checkoff and how policy efforts are related to the checkoff's success, National Biodiesel Board representative Manning Feraci, vice president of

NBB federal affairs, testified in front of congress to voice concern regarding the EPA's proposed RFS-2 rule. The testimony was during a public hearing hosted by the EPA.

The value of displacing petroleum diesel fuel was recognized by Congress when it passed the Energy Independence and Security Act of 2007. RFS-2 requires a renewable component in U.S. diesel fuel, and provides readily attainable schedules for the use of Biomass-based Diesel. In order to qualify for the program, renewable fuel must reduce greenhouse gas emission by 50 percent compared to the conventional diesel fuel it replaces.

Feraci added that it does not require the EPA to consider reductions based on faulty data or fabricate unrealistic scenarios that punish the biodiesel industry for unrelated land use decisions in South America. Biodiesel pro-

3-12 continued on pg. 2

continued from pg. 1

duced from domestic vegetable oils are disqualified from the Biomass-based Diesel program. The disqualification, according to Feraci, makes it impossible to meet the volume goals established by the statute.

The U.S. biodiesel industry wants the RFS-2 program to succeed. The EPA has ample authority under statute to implement a workable program. The proposed rule does not achieve this goal. Feraci said it is imperative for the EPA to address shortcomings in the rulemaking process and can resolve the issues into a workable program.

Biodiesel support from science

An effort to get the scientific community behind biodiesel is taking off. Roger Beachy, Ph.D., and Rob Myers, Ph.D., co-chair a campaign encouraging the scientific community to add their names to a list of biodiesel supporters.

Scientists, who sign the petition at www.biodieselsustainability.com/scientists.html, are agreeing that biodiesel can reduce dependence of petroleum and boost domestic economies. By signing, scientists pledge their support for further

investment and research that will enhance biodiesel's status as a sustainable fuel.

Biodiesel Facts

--Produced from a wide variety of renewable resources, biodiesel is the most diversified fuel on the planet. Processing soybeans for biodiesel uses only the oil, leaving 80 percent of the bean for protein-rich soybean meal. Put more simply, when the demand is increased for soybean oil for use in biodiesel, the price of soybean meal actually decreases what it otherwise might cost.

-- Soybean demand is key to increasing soybean prices, and the United Soybean Board says biodiesel represents the largest potential industrial use of soybeans. Several recent studies have quantified economic and social benefits of the commercialization of biodiesel.

-- A study conducted by AUS consultants shows that realizing a national goal of four percent renewable fuel use by 2016 would increase soybean production from 51 million bushels in 2002 to 318 million bushels by 2016. Soybean prices would increase an average of 68 cents per bushel, or 11.8 percent of the baseline.

Kansas Soybean Commission FY2008 Financial Summary

| | |
|---|--------------------|
| Income: | |
| Collections & other income | \$4,908,698 |
| United Soybean Board & other remittances | -\$2,466,776 |
| Net collections & other income | \$2,441,922 |
| Expenditures: | |
| International Market Development | \$234,318 |
| Research | \$700,863 |
| Consumer & Industry Education | \$390,782 |
| Producer Communications | \$168,998 |
| Administration | \$129,239 |
| Total expenditures | \$1,624,200 |

At-a-glance: New Building

There has been progress on the new home for Kansas soybean producers. The building is located at 1000 SW Red Oaks Place in southwest Topeka. Below are photos from the building progress. For more photos visit our website, www.kansassoybeans.org.



Soybean Cyst Nematode

Dr. Harold Trick, Kansas State University, professor emeritus

Soybean cyst nematodes or SCN is a small parasitic worm that feeds on soybean roots. Although small in size, SCN is the most important soybean pest in the US. Estimated yield loss caused by this pest ranges from 125-300 million bushels annually. Kansas is not immune to this pest, as SCN has been detected in most soybean producing counties.

Current measures to reduce the effects of SCN are to plant resistance varieties and use crop rotation. Although these measures can be effective, there is growing evidence that certain populations of the nematodes are beginning to overcome the resistant soybean varieties currently available. Currently researchers at Kansas State University are taking a biotech approach to combat SCN. With a KSC-funded project, Harold Trick, Tim Todd and Bill Schapaugh are using a natural process called RNA interference or RNAi to protect soybean plants against SCN.

Most plants and animals use RNAi to turn off or silence specific traits. Many scientists use this process to study basic gene function. The research group at KSU is evaluating the potential of RNAi to provide a new method of resistance to SCN.

To accomplish their goal, the KSU team is genetically engineering soybean plants that can turn off specific nematode genes. Small DNA sequences of specific nematode genes are genetically engineered into the soybean. In the engineered soybean plant, the nematode RNA silencing signals are produced but have no adverse effect on the plant or its traits. However when the soybean cyst nematode begins to feed on the roots, these signals are taken up by the nematode and will turn off or

silence the specific targeted genes. Depending upon the function of the silenced gene, the nematode could be affected in several ways. If the particular gene targeted is required for reproduction, the nematodes feeding on the transgenic plants should become sterile. If the gene regulates a critical biochemical pathway, the feeding nematodes should become unhealthy and be killed.

A number of nematode genes have been targeted and it is clear that not all genes give the expected level of nematode resistance. Some genes do not appear to have any adverse effect on SCN as the number of cysts on transgenic roots are similar to control plants. However, other genes have demonstrated a fairly good level of nematode resistance. In laboratory and greenhouse testing, some genes identified by the group have shown up to an 85% reduction on the number of cysts on transgenic plants compared to the controls. This level of resistance meets or exceeds the level of resistance currently available in commercial soybean cultivars. Additionally the researchers believe this method of resistance will be more durable than the current resistance genes, especially if these traits are combined.

Current research efforts are regenerating additional transgenic soybean lines, performing additional SCN bioassays, and evaluating these plants on different populations of nematodes.

Researchers working on this KSC funded project include: Dr. Jairui Li, research associate; Juliane Essig, Plant Transformation Specialist; Hyeonju Lee, Plant Tissue Culture Specialists; and Tom Oakley, research assistant.

Kansas Soybean Commissioners

- | | |
|---------------------------------------|---|
| District I-II-III | Kurt Maurath (Secretary) 2704 US Hwy 83 Oakley, KS 67748 kurtmaurath@st-tel.net |
| District IV | Steve Clanton 721 Kiowa Road Minneapolis, KS 67467 sclanton@nckcn.com |
| District V | Harold Kraus 977 Chetolah Gold Road Hays, KS 67601 hkraus@ruraltel.net |
| District VI | Jerry Wyse 8403 South Mayfield Road Haven, KS 67543-8093 jlwyse@hotmail.com |
| District VII | James E. Zwonitzer 10789 Cheyenne Road Horton, KS 66439 zwonitzers@yahoo.com |
| District VIII USB Director | Robert (Bob) Haselwood (Chairman) 2130 SE 61st Street Berryton, KS 66409 bhaselwood@aol.com |
| District IX | Ron Westervelt 4851 NW Bethlehem Road Columbus, KS 66725 ronwestervelt@hotmail.com |
| At-Large | Ron Ohlde (Treasurer) 1579 4th Road Palmer, KS 66962 ohldefarms@bluevalley.net |
| At-Large | Jerry Jeschke (Vice Chairman) 1584 Willow Road Robinson, KS 66532-9794 jc_jeschke@yahoo.com |
| USB Director | Bill Wiley 615 East 11th St. Lyndon, KS 66451 bwiley@embarqmail.com |
| USB Director | John Wray 2428 Nebraska Road Ottawa, KS 66067 jbwray@peoplepc.com |

3-14

Winning Recipes from Invent a Heart Healthy Food contest

Yeast Bread Category Judy Burnette, Great Bend Savory Wheat Knot

1 Cup Private Selection Organic Soy Milk
1 Slightly Beaten Egg
2 Tbsp Soy Oil (Crisco Vegetable Oil)
2 Tbsp Honey
1 Cup Whole Wheat Flour
2 Cups Bread Flour
1 Tbsp Dough Enhancer
1/3 Cup Grated Parmesan Cheese
1 tsp Salt
1 tsp Dill Weed
1/2 tsp Onion Powder
1/2 tsp Garlic Powder
1 Envelope Quick Rise Yeast
1 Cup Good Sense Roasted and Salted Soy Nuts

Warm milk, egg and soy oil to lukewarm. Place warmed ingredients in Bread Machine Pan. Add remaining ingredients in order listed. Allow ingredients to process in Bread Machine thru the Knead and First Rise Cycle. Remove dough and shape as desired. I chose to use the Windsor Knot Shaping for the loaf. Allow bread to rise until doubled. Brush with one whole beaten egg and sprinkle with chopped Soy Nuts. Bake in a preheated 350 degree oven for 35 minutes, or until golden brown. (You may need to tent the bread with foil or parchment paper to prevent over-browning).

Fruit Muffin Category Judy Burnette, Great Bend Sunny Morning Muffins

1 Cup Flour
1/2 Cup Cornmeal
2 1/2 tsp Baking Powder
1/2 tsp Salt
1/4 Cup Sugar
1/4 Cup Soy Oil (Crisco Vegetable Oil)
1 Egg

1/4 Cup Orange Juice Concentrate
1/2 Cup Private Selection Organic Soy Milk
1/2 Cup Drained Crushed Pineapple
1/3 Cup Freshly Grated Carrot

Combine the first four ingredients, mixing well. In mixing bowl, combine sugar, soy oil, egg, orange juice concentrate and soy milk beating until smooth. Stir in dry ingredients until just moistened. Gently fold in drained pineapple and grated carrot. Fill greased muffin tins 2/3 full. Sprinkle topping over batter and bake for 20 to 25 minutes at 425 degrees. Makes 1 dozen.

Topping:
1/4 Cup Brown Sugar
1/4 Cup Chopped Good Sense Roasted and Salted Soy Nuts
1 Tbsp Cold Butter

Combine ingredients to resemble course meal.

Smoothie Category Denise Pounds, Hutchinson Blueberry Cheesecake Smoothie with Lemon Essence Whip

1 1/2 Cup Frozen Blueberries
1 1/2 Cup Silk Soy Creamer
2 oz. Cream Cheese
4 Tbsp. Honey
1/2 Tbsp. Vanilla
Zest From 1 Lemon
1 1/2 Tbsp. Sugar
Cool Whip Whipped Topping
Lemon Wafer Cookies

Combine blueberries, creamer, cream cheese, honey and vanilla in blender. Blend until smooth. Pour into glass. Combine lemon zest and sugar; stir until incorporated. Set aside. Top Smoothie with a spoonful of whipped topping and sprinkle lemon sugar mixture on top. Crumble wafers and sprinkle on top. Serve with additional wafers.

Heart Healthy Food

The Kansas Soybean Commission sponsored the "Inventing a Heart Healthy Food" soybean product recipe competition. The competition took place Monday, September 14 on Soybean Day at the Kansas State Fair.

Entries for the annual competition included recipes for yeast breads, fruit muffins and a new category, smoothies. Recipes entered in the competition must include a minimum one-half cup of a soy based product. Judging is 30 percent originality and usage of soy products; 30 percent flavor and 40 percent ease of preparation.

There were several palate pleasing entries, but only a few could take home the cash prizes for first, second and third place winners.

Winners of the yeast bread category were first place Judy Burnette, Great Bend; second place Joyce Esfeld, Great Bend and third place went to Joyce Conrad, Hutchinson. The fruit muffin category was won by Judy Burnette, Great Bend; second place Joyce Esfeld, Great Bend; third place Kathy Ediger, Hutchinson. The new category for 2009, a smoothie, was won by Denise Pounds, Hutchinson; second place Andrew Conard, Overland Park; and third place Joyce Conard, Hutchinson.

For more information and recipes from the soy foods competition visit the Kansas Soybean Commission website www.kansassoybeans.org.



Editor-in-Chief: Kenlon Johannes

Editor: Sarah Farlee

Kansas Soybean Commission

2930 SW Wanamaker Drive

Topeka, Kansas 66614

Toll Free: (800) 328-7390

Fax: (785) 271-1302

www.kansassoybeans.org

information@kansassoybeans.org

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Accountability to Our Fellow Farmers

Farmer Involvement

The Kansas Soybean Commission is a volunteer organization made up of active soybean farmers. Every checkoff decision is made by soybean farmers to benefit their fellow soybean farmers.



Animal Agriculture – Supporting your #1 meal customer

Poultry and livestock producers represent the largest domestic customer for U.S. soybean meal. That means helping animal agriculture thrive directly benefits the soybean farmers who feed America's poultry, swine and cattle. Thanks to programs funded by your soybean checkoff, more rural residents understand the positive contributions animal agriculture makes to their communities.

Soy Biodiesel – Fueling a 700-million-plus-gallon demand

From the start, your soybean checkoff has played a major role in developing the U.S. soy biodiesel industry. Thanks to the checkoff's early research support and ongoing promotions, biodiesel production in the United States has increased. In 2004, the biodiesel industry sold 25 million gallons of pure biodiesel. The industry produced 700 million gallons in 2008.



Production Research – Protecting your crop

Soybean checkoff-funded production research plays a crucial role in helping scientists and soybean farmers identify and combat yield-robbing diseases and pests. For example, checkoff funding was directly involved in mapping the soybean genome. This break-through enables soybean breeders to efficiently identify and breed drought-, pest- and disease-tolerant traits into new soybean varieties. Such efforts have helped grow the U.S. annual soybean harvest from 1.98 billion bushels in 1991 to an estimated 3.25 billion bushels in 2009.

Soybean Exports – Creating global preference for U.S. soy

Your soybean checkoff works in major overseas markets like China, Mexico, and Japan to build record demand for your crop. Soy is the #1 U.S. ag export valued at more than \$12 billion in 2009. In fact, in 2009 soybean farmers exported 1.5 billion bushels of U.S. soy. That's nearly every other row from every field, nationwide. By building demand in current markets, working to open new export markets and creating a worldwide preference for U.S. soy, your checkoff helps boost profit opportunities for every U.S. soybean farmer.



Thanks to your support, the soybean checkoff continues to increase demand and build a stronger future for all U.S. soybean farmers.



Our soybean checkoff.
Effective. Efficient. Farmer-Driven.

www.unitedsoybean.org



Kansas Soybean Commission
Phone: 800-328-7390
Web site: www.kansassoybeans.org

Expanding markets at home and overseas, researching improved varieties, creating new uses for soy and promoting soybeans and soy products. These are just some of the ways your soybean checkoff investment comes back to you.

The combined power of all our investments helps U.S. soybean farmers compete to win in the global marketplace. As your soybean checkoff farmer-leaders, that's our goal. And we want to make sure you know how your investment is working, so read on for highlights of some important checkoff activities and how they impact your bottom line.

Exporting Every Other Row

- A record-setting 1.4 billion bushels exported last year to China, Mexico and other nations worldwide.
- Soybean checkoff efforts help ensure soybean quality and build demand overseas with customized ordering and containerized shipping.

Serving Up Demand for Soybean Oil

- 87 percent of all oil from each year's soybean crop goes for use in consumer food products like baked goods, cooking oils, salad dressings, snack foods and more.
- Your soybean checkoff funded the first research to develop low linolenic soybean varieties to help solve the trans fat issue and preserve our oil market.

Supporting Your Number One Meal Customer

- Nearly all soybean meal used domestically goes to animal feed, making U.S. livestock and poultry your number one meal customer.
- Domestic animal agriculture consumes more than 1 billion bushels of soybean meal annually.

Protecting Soybean Yield and Quality

- Your soybean checkoff-funded research on new varieties to combat yield-robbing diseases such as drought and rust.
- Soybean checkoff-funded research improves soybean yield by meeting customer needs for high protein, increasing protein content and eliminating oil to eliminate



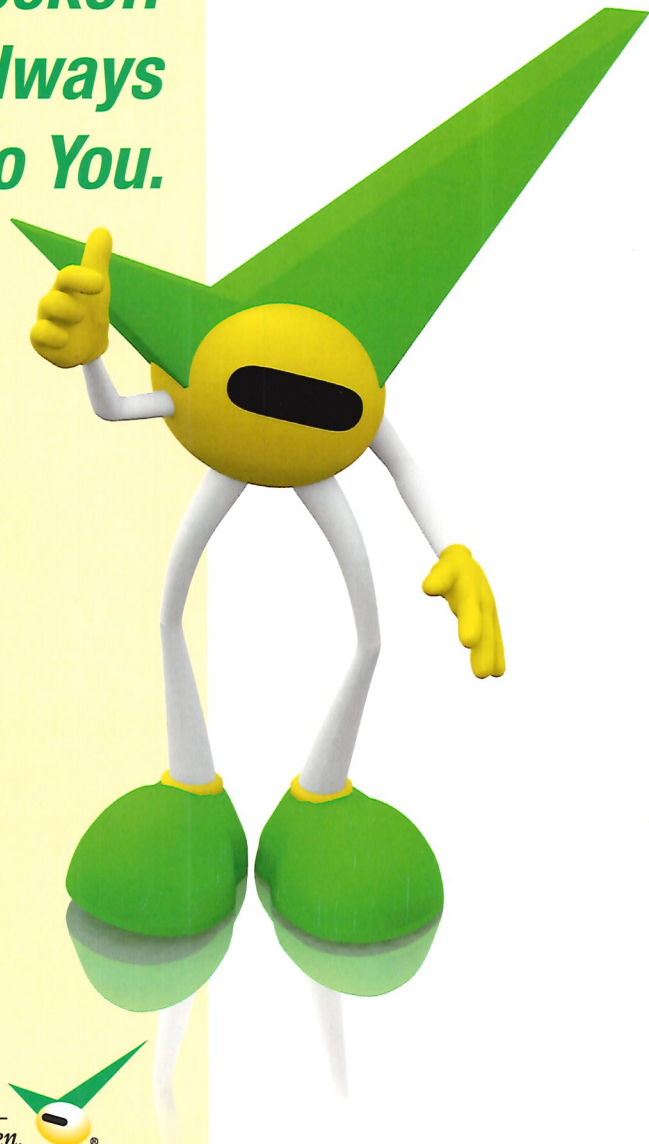
Your soybean checkoff works overseas to build markets for your soybeans. By creating a worldwide preference for U.S. soy and expanding markets, your checkoff helps keep exports up, adding more value to every bushel.

Soybean checkoff-funded research and promotion educate influencers on the health benefits of soy. And by working with food manufacturers and other industry partners, your checkoff creates strong demand for soybean oil.

Your soybean checkoff works to build support for local animal agriculture – your number one domestic meal customer. Promoting strong livestock and poultry industries ensures billions of dollars in meal demand for America's soybean farmers.

You can see your investment at work in your fields. Disease and drought research along with new diagnostic tools are the most of ever, working to combat yield-robbing diseases and consistently increase yields and profits.

***Your Soybean Checkoff
Investment Always
Comes Back to You.***



Our soybean checkoff.
Effective. Efficient. Farmer-Driven.



unitedsoybean.org

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bean ity

checkoff funds
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, SCN, aphids

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Opening New Avenues of Demand with Soy Products and Technology

- Carpet backing, insulation, coatings and adhesives are just a few soy-based technologies being put to use by builders and homeowners.
- Soy foam seating is part of every new 2008 Ford Mustang, thanks to the joint efforts of your soybean checkoff and Ford Motor Company.

Doing Something Nice for Diesel Engines with Soy Biodiesel

- Promoting engine benefits like higher fuel lubricity along with horsepower, haulage and torque similar to petroleum diesel helps increase biodiesel demand.
- Your checkoff funds the BQ-9000 certification program for manufacturers and marketers to ensure consistent soy biodiesel quality.

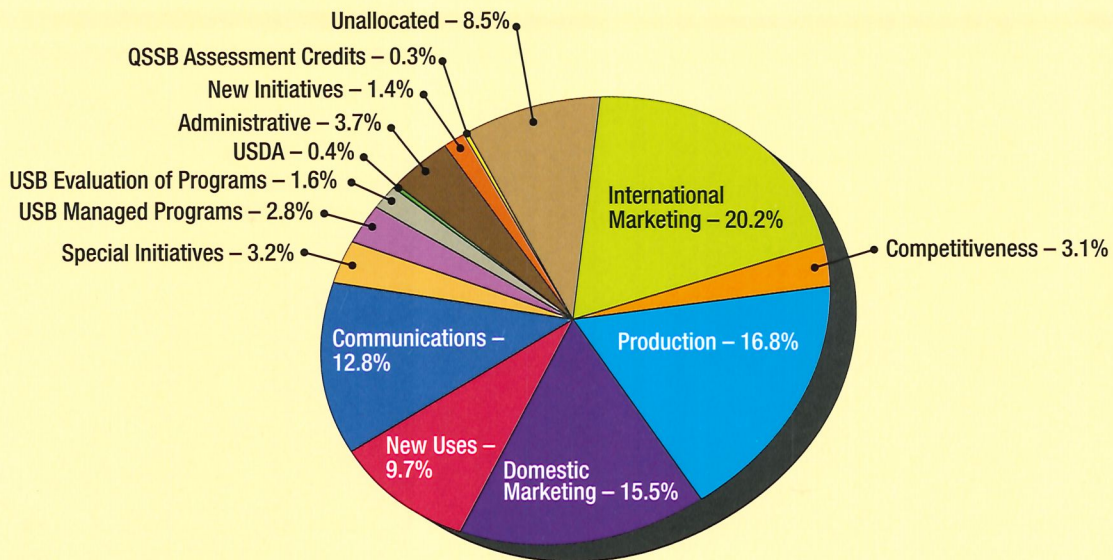


**checkoff
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ability.**

Your soybean checkoff investment is a major driver behind the increase in the use of soy-based technologies. These new areas of demand increase the value of the crop you grow and help secure a stronger future for America's soybean farmers.

Your soybean checkoff investment is hard at work promoting soy biodiesel. As fleet operators, truckers and everyday drivers look for renewable, domestic alternatives to petroleum, your checkoff is making sure soy biodiesel is at the top of the list.

A breakdown of USB FY 2008 Investments



Half of your soybean checkoff investment goes to the United Soybean Board to fund domestic and international demand-building programs along with production research. The other half works at the state level, supporting marketing and research programs right where your soybeans are grown.

USB Core Value

The Board, with honesty and integrity, collectively and individually, is committed to working within the letter and spirit of applicable law and regulation to achieve maximum value for each soybean farmer's checkoff dollar.

See more about soybean checkoff programs at unitedsoybean.org.

USB Executive Committee

Ike Boudreaux
Chairman
PH: 337/623-5739
FAX: 337/623-5739
iboudreaux.usb@gmail.com

Chuck Myers
Vice Chairman
PH: 402/687-2364
FAX: 402/687-2466
cmyers1@wildblue.net

Chuck Friedrich
Secretary
PH: 605/693-4541
FAX: 605/693-3588

Marc Curtis
Treasurer
PH: 662/686-2321
FAX: 662/686-2321
mscfarm1@bellsouth.net

Todd Allen
New Uses Chair
PH: 870/735-5917
FAX: 870/735-1323
rebeli@aol.com

Phil Bradshaw
Communications Chair
PH: 217/833-2446
FAX: 217/833-3808
LLbpeb@irtc.net

Benny Cooper
Competitiveness Chair
PH: 270/224-2628
FAX: 270/224-2629
tcooper@brtc.net

Terry Ecker
International Marketing Chair
PH: 660/742-3416
FAX: 660/742-3435
tecker@iamotefhone.com

Mike Gerhart
Domestic Marketing Chair
PH: 717/733-3811
FAX: 717/733-6657
mgerhart@dejazzd.com

Rick Stern
Production Chair
PH: 609/259-6761
FAX: 609/259-6761
sternfarmsllc@optonline.net

Greg Anderson
Past Chairman
PH: 402/447-2471
FAX: 402/447-2471
andersonfarm@frontiernet.net

USB Staff

16640 Chesterfield Grove Road, Suite 130
Chesterfield, MO 63005-1422
www.unitedsoybean.org
636-530-1777

John Becherer
Chief Executive Officer
jbecherer@unitedsoybean.org

Kim O'brecht
Internal Communications Manager
kobrecht@unitedsoybean.org

Paula Kanyo
Program Manager
pkanyo@unitedsoybean.org

Brenda Malottke
Director of Finance
bmalottke@unitedsoybean.org

Mary Hahn
Executive Assistant
mhahn@unitedsoybean.org



KANSAS

BIODIESEL

RETAIL PROVIDERS

| CITY | RETAILER | ADDRESS | BLEND |
|------------|-------------------------|------------------------|-----------|
| Abilene | Robson Oil/ Liberty Oil | 602 S. Buckeye | B10 |
| Atchison | Consumer Oil Co., Inc. | 1014 Gasoline Alley | B100 |
| Athol | Central Plains Coop | 205 Railway | B5 |
| Bendena | Consumer Oil Co., Inc. | 209 Commercial | B100 |
| Buhler | Mid Kansas Coop | 101 S. Main St. | |
| Burdett | Golden Valley Inc. | 302 Locust | B2 |
| Burns | Mid Kansas Coop | 301 E. Main St. | |
| Canton | Coop Grain and Supply | 131 N Main | B2 |
| Castleton | Mid Kansas Coop | 2114 W. Main St. | |
| Corning | Nemaha County Coop | Hwy 63 | B5 |
| Courtland | Hoard Oil | 801 Grant | B2 |
| Emporia | S&S Oil & Propane Co. | 711 Anderson St. | B100 |
| Ghord | Producer's Coop | 300 E. St John | B5 |
| Goessel | Mid-Kansas Coop | 220 E. Main St. | |
| Gridley | Gridley | | B2 |
| Halstead | Farmers Coop Elevator | 302 W. 1st | B2 |
| Haven | Mid Kansas Coop | 112 W. 2nd St. | |
| Hays | Midland Marketing Coop | 201 E. 8th | B2 |
| Herrington | Mid-Kansas Coop | 416 S. 5th | |
| Herrington | Cenex | 3rd & Walnut | B2 |
| Hillsboro | Coop Grain & Supply | 121 Santa Fe | B2 |
| Hillsboro | Coop Grain & Supply | 512 E. D St. | B2 |
| Inman | Mid Kansas Coop | 1066 Pennsylvania Ave. | |
| Iola | Hampel Oil | 503 West Street | B20 |
| Lawrence | Zarco 66 | 9th & Iowa | B2 to B99 |
| Lehigh | Coop Grain & Supply | 113 West Main | B2 |
| LeRoy | LeRoy Coop | 505 6th Street | B2 |
| Moundsborg | Mid Kansas Coop | 321 E. Lincoln St. | |

| CITY | RETAILER | ADDRESS | BLEND |
|--------------|-----------------------------|------------------------|-------|
| Manhattan | Capitol City Oil, Inc. | 2320 Sky Vue Lane | B20 |
| Marion | Coop Grain & Supply | 404 South 3rd | B2 |
| Marion | Coop Grain & Supply | 1225 E. Main St | B2 |
| Marysville | Kramer Oil Co. | 1206 11th Road | B2 |
| Melvorn | Jones Service | 226 SE Main | B2-B5 |
| Moundridge | Mid Kansas Coop | 307 W. Cole Street | |
| Navarre | N. Central Kansas Coop | 1552 Main St. | B2 |
| Overbrook | Overbrook Gas & Convenience | 403 E 8th 56 Hwy | B5 |
| Plainville | Midland Marketing Coop | 105 N. Washington | B2 |
| Pratt | Hampel Oil | 921 N. Main | B20 |
| Sabetha | Berwick Oil | 121 S. Washington | B10 |
| Seneca | Nemaha County Coop | 223 E. Main St. | B5 |
| St. John | Hampel Oil | 659 E. 4th Avenue | B20 |
| Topeka | Capitol City Oil, Inc. | 4141 Lower Silver Lake | B20 |
| Topeka | Capitol City Oil, Inc. | 911 SE Adams St. | B20 |
| Washington | Kramer Oil Co. | 313 W College | B2 |
| Waterville | Route 77 Corner Store | 129 W. Main | B2 |
| Whiting | Parallel Farms, Inc. | 18648 236th Road | B10 |
| Wichita | Pacific Pride | 3950 West 30th St S | B20 |
| Wichita | Pacific Pride | 3565 N. Hydraulic | B20 |
| Yates Center | Woodson County Coop | 700 W. Rutledge | B2 |



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- ❖ This list is updated periodically. To find the most updated version please log on to www.kansassoybeans.org and look under the Biodiesel tab.
- ❖ If you would like your business to be placed on the website and future brochures please contact the Kansas Soybean Commission at (800) 328-7390
- ❖ Last revised on August 10, 2009

BIODIESEL

Biodiesel is a clean-burning renewable fuel which reduces emissions and our dependence on foreign oil. Biodiesel can be used without engine modification, making it a very user-friendly fuel.



Biodiesel is stored and handled just as conventional diesel fuel when using B20 or lower blends.



*The Soybean Checkoff...
It Works For Everyone!*

2930 SW Wanamaker Drive
Topeka, KS 66614-4116
(785) 271-1040
(800) 328-7390
Fax (785) 271-1302
www.kansassoybeans.org

Made by: V. Knudsen

BIODIESEL IN KANSAS



where to find it at the pump...

3-22

Kansas Biodiesel Bulk Providers

3-23

| City | Retailer | Phone Number |
|--------------|----------------------------------|--------------|
| Abilene | Robson Oil | 785-263-2470 |
| Admire | S&S Oil | 620-342-2835 |
| Agenda | Agenda Oil Co. | 785-732-6521 |
| Arma | Doue Oil | 620-347-8508 |
| Atchison | Consumer Oil Co., Inc. | 785-988-4459 |
| Athol | Central Plains Coop | 785-695-2216 |
| Attica | Dark Oil | 620-254-7266 |
| Atwood | Frontier Ag | 785-626-3932 |
| Atwood | Dave's Oil Service | 785-626-9288 |
| Augusta | Southwind Oil | 316-775-7431 |
| Bartlett | Bartlett Coop Assn. | 620-226-3322 |
| Belleville | Farmway Co-op | 785-527-5417 |
| Beloit | Farmway Co-op | 785-738-2241 |
| Bendena | Consumer Oil Co., Inc. | 785-988-4459 |
| Bern | Bern Oil Company, Inc. | 785-336-3518 |
| Bucklin | AV Energy, Offerle Grain & Supp. | 620-826-3281 |
| Buhler | Mid Kansas Coop | 620-543-2765 |
| Burdett | Golden Valley Inc | 620-525-6226 |
| Burns | Mid Kansas Coop | 620-726-5287 |
| Castleton | Mid Kansas Coop | 620-459-6950 |
| Chanute | Chandler Oil LLC | 800-274-4720 |
| Cimarron | AV Energy, Dodge City & Supp | 620-855-3421 |
| Clay Center | Farmway Co-op | 785-632-5632 |
| Concordia | Farmway Co-op | 785-243-3394 |
| Corning | Nemaha County Coop | 785-336-6153 |
| Courtland | Hoard Oil | 785-374-4425 |
| Dodge City | AV Energy, Dodge City Co-op | 620-225-4193 |
| Effingham | Jackson Farmers Inc. | 913-833-2070 |
| El Dorado | Murphy Oil | 316-321-6610 |
| Elbing | Epp Service | 316-799-2333 |
| Emporia | S&S Oil & Propane Co. Inc. | 620-342-2835 |
| Frankfort | Wanklyn oil Co., Inc. | 785-292-4710 |
| Fredonia | Chandler Oil LLC | 620-378-2412 |
| Garden City | Hampel Oil | 620-275-7777 |
| Garden Plain | Hampel Oil | 316-648-7241 |
| Garnett | Lybarger Oil, Inc. | 785-448-5512 |
| Girard | Producer's Coop | 620-724-4117 |
| Goessel | Mid Kansas Coop | 620-367-2201 |
| Goodland | Frontier Ag | 785-899-3681 |
| Great Bend | Moeder Oil Co., Inc. | 620-792-1203 |
| Grinnell | Frontier Ag | 785-824-3359 |
| Gypsum | Gypsum Oil Co. | 785-536-4303 |
| Halstead | Farmers Coop Elevator Co. | 316-835-2261 |
| Haven | Mid Kansas Coop | 620-465-2292 |
| Hays | Midland Marketing Coop | 785-628-3221 |
| Harrington | Mid Kansas Coop | 785-258-2498 |

| | | |
|----------------|---------------------------------|--------------|
| Hiawatha | Dave's Oil Company | 785-742-2081 |
| Hiawatha | Ag Partners Coop | 785-742-2196 |
| Hillsboro | Coop Grain & Supply | 620-947-3917 |
| Hoxie | Town & Country | 785-675-3265 |
| Hutchison | Bridgeman Oil | 620-665-6811 |
| Independence | Chandler Oil LLC | 800-274-4720 |
| Independence | Murphy Oil | 620-331-3377 |
| Inman | Mid Kansas Coop | 620-585-6649 |
| Iola | Hampel Oil | 620-365-3621 |
| Iuka | Kanza Cooperative Assn. | 620-546-2231 |
| Jetmore | Av Energy, Dodge City Co-op | 620-357-6414 |
| Kansas City | Hampel Oil | 913-321-0139 |
| Lansing | Leavenworth County Coop | 913-727-1900 |
| LeRoy | LeRoy Coop | 620-964-2225 |
| Lindsborg | Mid Kansas Coop | 785-227-3343 |
| Manhattan | Farmers Coop Associaion | 785-776-9467 |
| Marquette | Mid Kansas Coop | 785-546-2214 |
| Marysville | Kramer Oil Co. | 785-562-2466 |
| McPherson | Mid Kansas Coop | 620-241-1885 |
| Medicine Lodge | Dark Oil | 620-886-3766 |
| Menlo | Frontier Ag. | 785-855-2256 |
| Minneapolis | Bennington Oil Co. Inc | 785-392-3031 |
| Moline | Murphy Oil | 620-647-3585 |
| Montezuma | Av Energy, Dodge City Co-op | 620-846-2231 |
| Mound Valley | Bartlett Coop Assn. | 620-328-2121 |
| Moundridge | Mid Kansas Coop | 620-345-6328 |
| Navarre | North Central Kansas Coop | 785-479-2221 |
| Ness City | Av Energy, Wright Co-op | 800-232-7183 |
| Norton | Norton County Coop Assn. | 785-877-5188 |
| Nortonville | Ruralgas Co. Inc. | 913-886-6420 |
| Oakley | Mitten, Inc. | 785-672-3062 |
| Offerle | AV Energy, Offerle Grain & Supp | 620-659-3372 |
| Oswego | Bartlett Coop Assn. | 620-795-2113 |
| Ottawa | Ottawa Coop | 785-242-5170 |
| Overland Park | Carter Petroleum Products, Inc. | 913-643-2300 |
| Page City | Frontier Ag | 785-743-6762 |
| Parsons | Manners Oil Co. | 620-421-5819 |
| Phillipsburg | Rangeland Coop | 785-543-2114 |
| Plainville | Turnbull Oil Co. | 785-434-4629 |
| Plainville | Midland Marketing Coop | 785-434-4842 |
| Pratt | Hampel Oil | 620-672-3743 |
| Quinter | Frontier Ag | 785-754-3461 |
| Sabetha | Berwick Oil | 785-284-2227 |
| Salina | Fuel Unlimited | 785-823-2331 |
| Sedan | Murphy Oil | 620-647-3585 |
| Seneca | Nemaha County Coop | 785-336-6153 |
| St. John | Hampel Oil | 620-549-3324 |
| St. Mary's | Farmers Union Coop Bus. Assn. | 785-437-2985 |

| | | |
|--------------|---------------------------------|--------------|
| Stockton | Farmers Union Mercantile & Ship | 785-425-6511 |
| Studley | Frontier Ag | 785-627-4315 |
| Syracuse | Syracuse Coop | 620-384-5435 |
| Thayer | W-G Fertilizer | 620-839-5251 |
| Topeka | Haag/Decker Oil, LLC | 785-357-0270 |
| Topeka | Capitol City Oil, LLC | 785-233-8008 |
| Troy | Davies Oil Company | 785-985-3553 |
| Wakeeney | Frontier Ag | 785-743-2223 |
| Wakefield | Mason Petroleum | 785-461-5684 |
| Walton | Mid Kansas Coop | 620-837-3313 |
| Washington | Kramer Oil Co. | 785-562-2466 |
| Whiting | Parallel Farms, Inc. | 785-873-3246 |
| Wichita | Hampel Oil | 316-529-1162 |
| Wright | Av Energy, Wright Co-op | 620-227-8611 |
| Yates Center | Woodson County Coop | 620-625-2123 |

This list is updated periodically. To find the most updated version, please log on to ww.kansassoybeans.org click on the biodiesel tab under the Kansas Soybean Commission section.

If you would like your business to be placed on the website and future brochures, please contact the Kansas Soybean Commission at (800) 328-7390. Last revised on August 24, 2009.

BIODIESEL



Biodiesel is a clean-burning renewable fuel which reduces emissions and our dependence on foreign oil. Biodiesel can be used without engine modification, making it a very user-friendly fuel. Biodiesel is stored and handled just as conventional diesel fuel when using B20 or lower blends.



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Fax (785) 271-1302
www.kansassoybeans.org

Made by: V. Knudsen

BIODIESEL IN KANSAS



WHERE TO FIND IT...

3-24



KANSAS WHEAT COMMISSION

Kansas grown. Kansas good.

**Kansas Wheat Commission Annual Report
Presented to Senate Committee on Agriculture
Wednesday, February 3, 2010
By Doug Keesling, Chairman of the Kansas Wheat Commission**

Chairman Taddiken and committee members, thank you for the opportunity to provide an annual report from the Kansas Wheat Commission. My name is Doug Keesling, a wheat producer from Chase, KS and Chairman of the Commission.

This is an exciting time to be part of the Kansas Wheat Commission and involved in the Kansas Wheat Industry. This coming decade may be one of the most pivotal for our industry since the inception of the Kansas Wheat Commission more than 50 years ago. The Kansas Wheat Commission was established by the Kansas legislature in 1957 to represent the states' wheat producers in the areas of research, domestic marketing, international marketing, education and communication.

The Kansas Wheat Commission is funded by the wheat assessment, which collects a penny-and-a-half per bushel of wheat at the first point of sale. Our stakeholders - the wheat farmers that grow this important grain - tell us that research is important to them. In the area of research, we are on the cusp of new partnerships, collaborations and innovations that Kansas wheat farmers have been eagerly awaiting. We have recently seen large private industry tech providers and seed companies enter back into the business of wheat variety development. Through the wheat assessment, farmers have invested millions of dollars in new variety development at Kansas State University over the past 50 years. That strong partnership with K-State has resulted in a vibrant public breeding program in our region and has advanced countless varieties adapted throughout the state.

That these varieties are largely in the public domain places a lot of importance on how we proceed. Past investments by Kansas wheat farmers must not be lost, nor should we relinquish the important role that successful public programs will play in the future. We are nearing an era where public-private collaborations in the wheat variety development industry must exist, in order to maximize the opportunity of this new investment from private companies. This will allow Kansas farmers and our customers around the world to benefit.

Senate Agriculture Committee
February 3, 2010
Attachment 4-1

Times like this make us appreciate our commodity organizations because they give farmers a collective voice and seat at the table when these critical discussions are held and major decisions are being made.

This is one of the most immediate issues facing the Kansas Wheat Commission and by association, the state's wheat farmers. This is also a critical time in many other areas of work we are involved in to enhance our industry. Today, I would like to highlight a few of the Commission's key projects over the past year.

I've brought with me a copy of our Annual Report, a copy of my printed remarks, and our annual audit prepared by Varney and Associates, of Manhattan. The audit is with Chairman Taddiken and available to all who would like a copy.

When you look through our fiscal year 2009 report, one of the first things you'll notice is that we have hired a new CEO. Justin Gilpin began September 1st and replaced Dusti Fritz, who had been with the Kansas Wheat Commission for 10 years. She has pursued other interests at the national level and we are glad to have Justin on board. He brings to the Kansas Wheat Commission significant experience in the wheat industry and was a past employee with the Commission.

The largest undertaking by Kansas Wheat - the cooperative agreement between the Kansas Association of Wheat Growers and the Kansas Wheat Commission - was leading a collective effort of public and private companies in developing the Kansas Innovation Center for Advanced Plant Design. A grant provided by the Kansas Bioscience Authority has resulted in \$20 million dollars to be used over the next 5 years for research and development of wheat, sorghum and native plants. Heartland Plant Innovations is the entity supported by KBA that will lead this charge, and Forrest Chumley, formerly of K-State Research and Extension and Edenspace, was recently hired as president and CEO. This achievement could not have taken place without the leadership at Kansas Bioscience Authority or the foresight of Kansas legislature in making this program available.

Along with research and development of wheat, the Kansas Wheat Commission works to market Kansas wheat products both in the US and to overseas buyers.

The Kansas Wheat Commission was a primary contributor to a Wheat Foods Council effort called the Urban Wheat Field, held in the Financial District of New York City in October, 2008. The Wheat Foods Council - of which Kansas Wheat is a member - is the only national organization that represents the entire wheat industry - producers, millers, manufacturers, bakers and nutrition educators.

The Urban Wheat Field was an ambitious, interactive exhibit through which thousands of urban consumers learned how wheat is grown, processed and packaged into nutritious food. Consumers paraded through a quarter-acre interactive display of green, growing wheat, growing in pallets, illustrating the crop's progress from early emergence to just before harvest. They proceeded to a milling and baking session - complete with fresh-baked bread and cookies - before exiting the Urban Wheat Field with a handful of samples, recipes and nutrition information.

The Urban Wheat Field was such a success, we brought the story home and replicated it at the Kansas State Fair. This effort combined all wheat-related activities in one location, giving

the more than 300,000 visitors to the State Fair an interactive experience and won Kansas Wheat Reserve Grand Champion booth display.

Another initiative to promote the "farm-to-fork" concept took place in June. The first-ever "National Festival of Breads" contest was a progression from the Festival of Breads, a bread-baking contest that got its start in Kansas 20 years ago. The National Festival of Breads gathered eight finalists from four categories in Wichita. More than 200 people watched finalists test-bake recipes, witnessed educational baking sessions from King Arthur Flour Co. and the Home Baking Association and visited other exhibits and vendors. The National Festival of Breads was highlighted in many local and regional news outlets and featured in two segments by Mr. Food, a nationally syndicated food program. All of the contestants were from out-of-state and they became big fans of Kansas and Kansans. We look forward to the next National Festival of Breads, in June, 2011.

Internationally, Kansas Wheat Commission works closely with our export marketing arm, US Wheat Associates. Half of the hard red winter crop needs to be exported so this effort continues by establishing relationships, communication of wheat quality and market information, and trade visits. Producer dollars contributed to US Wheat Associates are matched 3-to-1 by the USDA's Foreign Agriculture Service. The Kansas Wheat Commission also works regionally with other states in supporting the K-State Department of Grain Science International Grains Program and Plains Grains, Inc.

As the need to do more with less in all areas of today's world, the recently increased wheat assessment has enhanced what Kansas wheat producers are able to invest in the future of their industry. In Jan., 2009, the Kansas Wheat Commission raised the assessment from 10 mills per bushel, or one penny; to the current 15 mills, or one-and-one-half pennies per bushel. In 2008, the Kansas legislature approved an increase in the assessment authority to 20 mills – or two-pennies-per-bushel.

This assessment increase comes at a pivotal time in our industry. The January 2010 Crop Report from USDA showed that Kansas farmers planted just 8.6 million acres of wheat last fall, the lowest winter wheat planting acreage since 1957 and an 8% reduction from the fall, 2008 total. The 2010 Wheat Seedings Report released by the National Ag Statistics Service Jan. 12th also reports that nationally, wheat acreage is down 14% from 2009, to 37.1 million acres. This is the lowest U.S. total since 1913.

In Kansas, wheat acreage has declined steadily since 1993, when farmers planted 12.1 million acres of winter wheat. Last fall, the trend was exaggerated by a late corn, soybean and grain sorghum harvest and unusually wet soils – both of which prevented many farmers from getting wheat planted. But the trend still has Kansas farmers growing alternatives to wheat and it is our charge to make wheat a profitable option for Kansas.

The Kansas Wheat Commission is currently evaluating proposals for research sent in from Kansas State University and other public and private entities. The amount requested for these research dollars was a record level, highlighted the stressed situation in the public sector to maintain important research efforts on behalf of Kansas farmers. On average, between 20-25% of our current budget directly funds wheat research. And as mentioned previously in these remarks, that effort is a priority of Kansas wheat producers.

This concludes my report. These are exciting and challenging times in our industry. Thank you once again for your support, this opportunity to share with you our efforts and your leadership in the future as we continue to work together. I'd be glad to answer any questions the committee may have.



February 3, 2010

**Legislative Report of the Kansas Sunflower Commission
To the Senate Committee on Agriculture**

Chairman Taddiken and members of the Committee, my name is Lance Russell; I am from Hays, Kansas and currently serve as the Chairman of the Kansas Sunflower Commission. I want to thank you for the opportunity to share some thoughts about the sunflower industry in Kansas and the Commission's use of check-off dollars authorized by the Legislature.

In fiscal year 2009 (10/1/2008 to 09/30/2009) the Kansas Sunflower Commission collected \$90,839.34 in check-off dollars from Kansas sunflower growers. During the year we received refund requests for \$677.28 which means we received gross check-off dollars of \$90,162.08. As of January 28, 2010, the Commission has assets of \$100,718.34. We are currently holding \$65,566.06 of the balance as investment funds to ensure operations can continue during a year when assessment dollars are low. The Commission is currently looking for investment options for those funds previously held in the CD. As required by KSA 2-3005(k), attached to my testimony you will find our annual audit report. This year there were no irregularities found in KSC financial statements.

Under the agreement the KSC has used since its inception in 2002, one-half of the check-off dollars collected in Kansas are sent to the National Sunflower Association in Bismark, North Dakota for funding of research specific to sunflowers. This year we sent \$45,203.03 to NSA for research. The Commission also funded a Kansas-specific study for work on Sunflower planting dates in various parts of Kansas. This funding was provided to a K-State Extension specialist in southeast Kansas, but test plots were spread out across the State. Results were mixed for the study, but it is likely to be an ongoing investment and investigation by the Commission. This type of information is needed to provide to the crop insurance industry for documentation for coverage on later planted double crop and full-season crop sunflowers.

I would like to share one major accomplishment from this year with the Committee. For several years, members of the Sunflower Commission have discussed trying to place sunflower oil in a prominent position at the Kansas State Fair. We have always felt this would be a prime opportunity to promote the

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www.kssunflower.com

*Senate Agriculture Committee
February 3, 2010
Attachment 5-1*

product so often associated with Kansas. I am proud to say that in 2009 we accomplished this goal. Many of you are probably familiar with a signature item found at the Fair each year, the Pronto Pup. This year each and every Pronto Pup sold at the Fair and Wichita River Festival were fried in sunflower oil. In partnership with the National Sunflower Association and Northern Sun/ADM, the Commission provided over 650 gallons of NuSun[®] oil to the five pronto pup stands on the Fairgrounds. Signs (design attached) were displayed prominently at each stand to let the public know they were eating a product prepared in sunflower oil. The Commission's future goal is to someday have every fryer on the Fairgrounds use sunflower oil. I have attached an article that appeared in the High Plains Journal and National Sunflower Association magazine about our endeavor.

Mr. Chairman the Kansas Sunflower Commission continues to look for opportunities to promote the sunflower and to increase acres planted in our State. We want to thank the Legislature for its continued support of our efforts and thanks for your time today. I would be happy to answer any questions you may have at the appropriate time.

5-3



This product prepared in



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Underwritten thanks to:



Sunny Makeover for 'Banquet on a Stick'

Popular Kansas State Fair Item Utilizes Sunflower Oil



Photo: Steve Swaffar / KSC

Kansas Sunflower Commission members enjoy a Pronto Pup fried in NuSun sunflower oil at this year's Kansas State Fair. Members, left to right, are: Karl Esping, Lance Russell, Jeff Deeds, Randy Small and Gary Schellhorn.

By Jennifer Latzke

The line of customers at the familiar yellow stand was at least 10 people long, but no one was complaining about the wait. The aromas of golden-fried Pronto Pups mingled in the air with spicy mustard and the rest of the midway at the Kansas State Fair. Clearly, the traditional lunchtime menu item was as popular as ever.

Few in that line realized, though, the Pronto Pups they were about to consume — a fan-favorite version of a corn dog — had a slightly healthier twist this year. Thanks to the Kansas Sunflower Commission (KSC), the National Sunflower Association and Northern Sun/ADM, each of the five Pronto Pup concession stands at the Kansas State Fair were stocked with NuSun® sunflower oil for their fryers.

The experiment's first year was a suc-

cess, according to franchise co-owner Dwight Wedel and KSC Executive Director Steve Swaffar. "It went well, we really didn't get many comments from customers either way, and those we did get were mostly positive," Wedel said. "The oil worked well for us and our customers were pleased with our product."

The idea to bring sunflower oil to the Kansas State Fair in such a prominent way was the brainchild of members of the KSC. Swaffar said. "The commission felt like this would be an opportunity to expose a large portion of the Kansas public to the concept of sunflower oil and its benefits from the health perspective," Swaffar said. A recent dietary study done by Dr. Penny Kris Etherton, Penn State, showed individuals on a NuSun sunflower oil diet experienced a significant reduction of total and LDL cholesterol, compared to an average American diet and that of an olive oil diet.

With this information in hand, the KSC began looking at the various food vendors at the State Fair that use vegetable oil to fry their foods. It quickly identified Pronto Pups as a likely candidate to approach for the sunflower oil promotion because it is

the most popular food item consumed at the fair. The simple "Banquet on a Stick" is a hot dog coated in a batter, fried to a crispy golden brown — usually in soybean oil.

"The commission has been working with us trying to promote sunflower oil for several years," Wedel said. "It took a lot of work to get us together." Wedel is a former FFA advisor and current ag banker when he's not selling Pronto Pups. His family, near Buhler, Kan., has strong ties to Kansas agriculture, and Wedel thought this was one way to promote a uniquely Kansan product. However, he also needed to meet his customers' expectations regarding Pronto Pup quality and consistency.

And so the franchise owners decided to run their own comparison tests this past May at the Wichita River Fest. "We ran two fryers side-by-side, and so we ran sunflower oil in one fryer and soybean oil in the other," Wedel said. "In our independent employee testing, we couldn't tell a difference one way or the other flavor-wise. I was concerned about the longevity of the oil, if it would hold up, and it was equally good to the soybean oil."

"It really is an equivalent product," Swaffar said. "They saw that the flash point of sunflower oil was the same, and the fill point on their fryers was the same, so there isn't any special handling needed." And thus the Pronto Pup franchisees felt comfortable rolling out sunflower oil at its most prominent event of the year — the Kansas State Fair.

(Editor's Note: In comparing sunflower and soybean oils, it should be noted that NuSun sunflower oil is not hydrogenated and does not contain trans fats. Standard soybean oil is a product whose hydrogenation is required for frying purposes. The hydrogenated soy oil has a significant trans fat and saturated fat content.)

But, besides quality of the finished Pronto Pup, two other things are key to the decision to use sunflower oil in Pronto Pup fryers, according to Wedel — availability and price.

"For us it's a business decision," Wedel said. "As long as sunflower oil is competitive in price, we'll use it." Wedel, like other concessionaires, uses a wholesale food distributor for his ingredients. Up until now, finding available sunflower oil through wholesalers was impossible. However, the KSC is working with a new distributor to ensure sunflower oil's availability to Kansas concession stands.

"We worked with the National Sunflower Association, which had a relationship with a food distribution company," Swaffar said. The folks at Pronto Pup, for example, need easily handled containers for their locations, and a distributor that can ensure on-time delivery.

Jennifer Latzke is associate editor of the High Plains Journal, Dodge City, Kan. This article originally appeared in HPJ and is reprinted here with permission.

"The challenge is availability," he added. "It's not something, yet, that you can call up to a local distributor and say you need X number of gallons by tomorrow. We recently had a facility in Kansas open up that can provide that service, though." With this new wholesale distributor, Swaffar hopes sunflower oil availability will encourage more concession stands to make the healthier switch for their fryers.

"We haven't talked with other Pronto Pup franchise owners yet, but the owners of Pronto Pup, at the Portland home office, were aware of what we were doing."

Wedel said. "Other people may decide to use sunflower oil or not. For us, it's really a business decision."

For this first promotion the KSC provided 140 35-lb jugs of NuSun sunflower oil for the Pronto Pup stands, Swaffar said. Wedel said his locations normally use that much oil during the course of an average fair. While he wouldn't specify just how many Pronto Pups were served at the fair, he did say that they sold "a lot." Each Pronto Pup stand had prominent signage touting the NuSun oil, as well as news releases posted for customers and employ-

ees to learn about the oil's health benefits.

Swaffar said KSC hopes to expand the use of sunflower oil in food stands across the fairgrounds in the future.

"Someday we'd like to see the entire state fair using sunflower oil to cook products," he said. "It may be an extremely lofty goal for our group to achieve. But, Kansas is the 'Sunflower State.' We grow the third highest amount of sunflower in the nation. And it seems like the Kansas State Fair is a great opportunity to bring attention to a product with an identity that is so strongly tied to Kansas." ■

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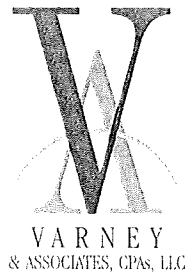
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January 4, 2010

Board of Directors
Kansas Sunflower Commission
Rossville, Kansas

Independent Auditors' Report

We have audited the accompanying statements of assets, liabilities and net assets - cash basis of Kansas Sunflower Commission (the Commission), a quasi municipal entity, as of August 31, 2009 and 2008, and the related statements of revenues, expenses, and changes in net assets - cash basis for the years then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described in Note 1, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets - cash basis of Kansas Sunflower Commission as of August 31, 2009 and 2008, and its revenues, expenses and changes in net assets for the years then ended on the basis of accounting described in Note 1.

Certified Public Accountants
Manhattan, Kansas

KANSAS SUNFLOWER COMMISSION

Rossville, Kansas

FINANCIAL STATEMENTS

WITH

INDEPENDENT AUDITORS' REPORT

August 31, 2009 and 2008

VARNEY & ASSOCIATES, CPAs, LLC
Manhattan, Kansas

KANSAS SUNFLOWER COMMISSION
 Rossville, Kansas
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS
 August 31,

| | 2009 | 2008 |
|--------------------------|------------|------------|
| ASSETS | | |
| Current Assets | | |
| Cash in checking | \$ 57,720 | \$ 68,710 |
| Noncurrent Assets | | |
| Investments | 63,000 | 51,361 |
| TOTAL ASSETS | \$ 120,720 | \$ 120,071 |
| NET ASSETS | | |
| Net Assets | \$ 120,720 | \$ 120,071 |
| TOTAL NET ASSETS | \$ 120,720 | \$ 120,071 |

Financial Statements

KANSAS SUNFLOWER COMMISSION
 Rossville, Kansas
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - CASH BASIS
 For the Years Ended August 31,

| | 2009 | 2008 |
|--|-------------------|-------------------|
| REVENUE | | |
| Check-off collections | \$ 89,827 | \$ 83,323 |
| Interest | - | 2,148 |
| Refunds | (766) | (2,524) |
| Total Revenue | \$ 89,061 | \$ 82,947 |
| EXPENSES | | |
| Administrative | | |
| Dues | \$ 41,393 | \$ 33,250 |
| Commissioner travel | 3,978 | 4,329 |
| Contract labor | 15,784 | 20,350 |
| Office expense | 1,368 | 1,572 |
| Audit fees | 3,917 | 5,044 |
| Marketing position support | 16,872 | 7,500 |
| Program | | |
| National Sunflower Association | 4,500 | 2,200 |
| Sponsorships | 600 | 953 |
| Total Expenses | \$ 88,412 | \$ 75,198 |
| INCREASE (DECREASE) IN NET ASSETS | \$ 649 | \$ 7,749 |
| NET ASSETS - BEGINNING | 120,071 | 112,322 |
| NET ASSETS - ENDING | \$ 120,720 | \$ 120,071 |

Financial Statements

KANSAS SUNFLOWER COMMISSION
Rossville, Kansas
NOTES TO FINANCIAL STATEMENTS
August 31, 2009 and 2008

Notes To Financial Statements

Note 1: Summary of Significant Accounting Policies

Organization

The Kansas Sunflower Commission (the Commission) is organized as an instrumentality of the state to conduct a campaign of sunflower promotion and market development through research, education and information. The Commission receives an assessment that is levied on sunflowers marketed through commercial channels in the State of Kansas. The grower may obtain a refund of the assessment upon proper submission of documentation within one year of sale as long as the refund requested is \$5 or more.

Method of Accounting

The financial statements are prepared using the cash basis of accounting, which differs from generally accepted accounting principles in that revenues are recorded when received rather than when earned and expenses are recorded when paid rather than when the obligation is incurred.

Income Taxes

The Commission is a quasi municipal entity that is not subject to income tax and, accordingly, no provision has been made for income taxes.

Pension Plan

There is no formal pension plan.

Use of 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.

Cash equivalents

Cash equivalents include all cash and investments with an original maturity of three months or less.

Investments

Investments consist of certificates of deposit whose fair value is equal to the cost.

Note 2: Cash and investments

At August 31, 2009, the carrying amount of the Commission's deposits was \$120,720. The bank balance was \$120,970 and was held by two different banks. All \$120,970 was secured by FDIC insurance.

At August 31, 2008, the carrying amount of the Commission's deposits was \$120,091. The bank balance was \$122,399 and was held by two different banks. This results in a concentration of credit risk. All \$122,399 was secured by FDIC insurance.