



2012 Legislative Report

Introductions

- Clayton Short
 - Chairman of the Kansas Grain Sorghum Commission (KGSC)
 - From Assaria, KS, Saline County, District 5, Central Kansas
- Jill Barnhardt
 - Kansas Grain Sorghum Commission, Administrator, Lebo, KS

Today's KGSC report includes copies of:

- 2012 Commission Annual Report
- Current Independent Audit report from Varney & Associates of Manhattan, KS.

Checkoff Program:

- Kansas sorghum is currently participating in the National Sorghum Checkoff Program.
- Current rate is 0.6 cents per farm gate value.
- The State checkoff was officially suspended on July 1, 2008.
- The Kansas Commission has received over \$2.5 million in passback dollars in the first 3 years of the USCP Program.
- This past year the commission voted to hold \$400,000 in reserve in fear of a continued drought. This will enable us to continue to fund continuing projects next year.
- USCP has paid over \$1.1 million to Kansas State University since the beginning of USCP.
- Examples of the some the great things that have come from the national program are
 - Larger pool of dollars for larger projects.
 - Unified voice in sorghum promotion.
 - Elimination of state duplication in sorghum research.
 - Most importantly, KGSC works together with USCP to put resources towards sorghum research.
- After three years of the national checkoff it is required to hold a referendum. The referendum is an opportunity for sorghum growers to decide if the checkoff should continue or not.
- Sorghum producers had the opportunity to vote in the month of February 2011. A total 400 Kansans exercised their right to vote for the sorghum checkoff and 57 percent voted in favor of the checkoff program. In total 76 percent of United States sorghum farmers voted to continue the USCP.
- United Sorghum Checkoff program has a 13 member board. Five members are from Kansas. (KGSC Members Jeff Casten & Bill Greving. Kansas Grain Sorghum Producers Association Members Earl Roemer & Greg Shelor and Adam Baldwin.

Kansas Research:

- The commission has funded over \$1.65 million dollars' worth of research with Kansas State University in 3 years.
- Some important areas to producers are:
 - Increasing Yield
 - Cold & Drought Tolerance
 - Weed Control
 - Sorghum in double cropping.
 - Develop germplasm with drought tolerance.
 - Planting dates, maturities, row spacing, and seeding rates.
 - Sorghum breeding for high production.
- KGSC Funded research to Huskie labeled for sorghum. Rec'd label approval 07/01/11.

Kansas Statistics:

- Kansas ranks 1st in the United States for sorghum production, producing over 50% of total sorghum.
- Kansas farmers produced 110 million bushels in 2011, down from 171 million in 2010 due to the drought in Kansas.

US Grain Council (USGC):

- KGSC is a member of the USGC.
- USGC brings sorghum buyers from other countries to International Grains Program (IGP) to learn how to buy and use sorghum.

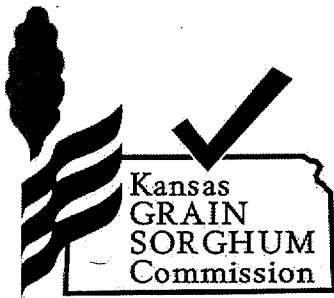
Future of Grain Sorghum in Kansas:

- Increase in yields and gain in acres.
- Capturing acres that have limited irrigation or water restricted areas-sorghum is the water sipping crop.
- | | Rain for first bushel | Bushels per inch after first inch |
|----------|------------------------------|--|
| Sorghum | 7 inches | 9 bushels/inch |
| Soybeans | 9.5 inches | 5.25 bushels/inch |
| Corn | 10.5 inches | 11 bushels/inch |
- So using this information, Sorghum is more productive than soybeans in areas with less than 24 inches of rain (two to one price difference) and Sorghum is more productive than corn in areas with less than 27 inches of rain or irrigation.
- The Conservation Reserve Program (CRP) – there acres coming out contracts are usually marginal soils and not irrigated. Sorghum has to be ready to take acres with herbicides, hybrids, and a plan to make this land/acres profitable.

Conclusion:

- The Kansas Grain Sorghum Commission plays a vital role in the future of grain sorghum production in Kansas by providing the sorghum producer with information and education. The commission also provides the seed and chemical industry with vital traits and technology that will be made available to the sorghum growers. Farmers need to have the confidence that the grain sorghum they plant will be both productive and profitable on their farms.

Questions:



Kansas Grain Sorghum Commission

2012 Annual Report

Vision: The Kansas Grain Sorghum Commission is focused on increasing grain sorghum profitability and being recognized as a valuable asset by the Kansas grain sorghum producer.

Mission: The Kansas Grain Sorghum Commission directs the investment of funds generated by the grain sorghum check-off to enhance the profitability of the Kansas grain sorghum producer.

From the Chairman of the Kansas Grain Sorghum Commission... Clayton Short, 2nd. generation sorghum producer from Assaria, KS. Clayton states, "Kansas farmers are experiencing serious water concerns regarding both dry land and irrigated fields. Grain Sorghum has unique water conserving traits that producers can benefit from to maintain profitability on these water stressed acres." He also states that, "Grain Sorghum production is not without its own challenges. Herbicide options, cold and drought tolerance, are just a few issues the Kansas Grain Sorghum Commission are working to improve."

Kansas Passback Dollars

The United Sorghum Checkoff Program (USCP) distributes national checkoff dollars based on a percentage of production to those states with an existing sorghum checkoff program, like Kansas. USCP passed back 25% of the collections for FY 2011 for a total of \$1,110,049.67 to KGSC. FY 2010 - 25% for a total of \$855,655.59 and 18% of the collections in FY2009 for a total of \$557,104. This means that Kansas collections as a percentage of the total collections for FY2011 = 52 percent, FY2010 = 54 percent and FY2009 = 43 percent. We did see a decrease of 2 percent in collections due to a decrease in bushels.

The KGSC approved research funding of \$548,032, market promotion of \$37,000 and education funds of \$2,500. (See full list of projects funded on page 3.) Research contracts follow the fiscal year, starting on October 1, 2011 and will be completed on September 30, 2012. The commission voted to hold \$350,000 to \$400,000 in reserve for the upcoming year due to drought concerns; they wanted to make sure there is funding available to continue some of the research projects even if the passback dollars decline in the upcoming year.

The commission continues to fund research with the Kansas sorghum producer in mind. Kansas State University researchers continue to work on increasing yields as well as weed and grass control along with drought and cold tolerant traits.

Kansas continues to rank first in grain sorghum production in the United States with over 50 percent of the market. Kansas production totaled 110 million bushels in 2011, a decrease from last year. The Kansas Grain Sorghum Commission continues to work with research groups to find ways to increase sorghum production in Kansas, as it is a vital part of the Kansas economy.

Huskie®

The KGSC commission funded research in previous years at Kansas State University to get **Huskie®** labeled for sorghum. **Huskie®** herbicide is a prepackage mixture of pyrasulfotole and bromoxynil developed by Bayer Crop Science and initially registered for broadleaf weed control in wheat. Huskie® will provide sorghum growers another opportunity to control broadleaf weeds. Pyrasulfotole is a herbicide in the HPPD inhibitor family, which will help control ALS-, triazine-, PPO-, and glyphosate-resistant broadleaf weeds. In Kansas, research by Kansas State University weed scientists has shown that Huskie® controls kochia, Palmer amaranth, redroot pigweed, tumbleweed, velvetleaf, puncturevine, morning glory, and other broadleaf weeds. A timely application of Huskie® to 2- to 4-inch weeds will provide the most consistent control. Later applications of Huskie® to larger weeds often do not provide adequate weed control. This research was conducted by K-State Weed Management Specialist, Curtis Thompson. Labeling was approved in July 2011.

Referendum

The Sorghum Promotion, Research and Information order requires that a referendum be conducted no later than three years after the beginning of assessments. The order requires a simple majority vote in favor of the program for it to continue. Sorghum producers had the opportunity to vote in the month of February 2011 whether or not to continue the United Sorghum Checkoff Program. A total 400 Kansans exercised their right to vote for the sorghum checkoff and 57 percent voted in favor of the checkoff program. In total 76 percent of United States sorghum farmers voted to continue the USCP.

United Sorghum Checkoff Program (USCP)

The USCP board is comprised of 13 sorghum producers. Five of those board members are from Kansas. Two USCP board members are also KGSC board members; Jeff Casten (2010-2013) and Bill Greving (2008-2012). Greg Shelor (2008-2012) and Earl Roemer (2010-2013) serve on the Kansas Grain Sorghum Producers Association board. Newly appointed Adam Baldwin (2011-2014) is also from Kansas. Kansas is fortunate to have our leaders involved at the national level. USCP has one staff member in Kansas, Dusti Fritz, Western States Field Services Director. Dusti works very closely with the commission in promoting and marketing sorghum in the state.

The Sorghum Checkoff was established to improve the profitability of the sorghum industry through research, promotion and education. Recently, USCP has expanded the committee structure. Bill Kubecka, Chairman, states: "We feel this is an excellent opportunity to have outside participation to further encourage our efforts in sorghum industry improvements."

- Crop Improvement Committee – two individuals were selected from Kansas
- Renewables Committee – one individual from Kansas was selected
- High Value Committee – one individual from Kansas was selected

Learn more about the USCP at www.sorghumcheckoff.com.

Sorghum Market Distribution

The U.S. sorghum industry is comprised of a variety of markets: Exports have increased from 32.7 percent to 40% due to demand from Spain and Israel. Ethanol has increased to 28 percent. Feed and other industry make up 29.72 percent, food aid 2.1 percent, and seed reserves .18 percent. The food and baking industry, birdseed industry and aquaculture could be potential new markets in the future.

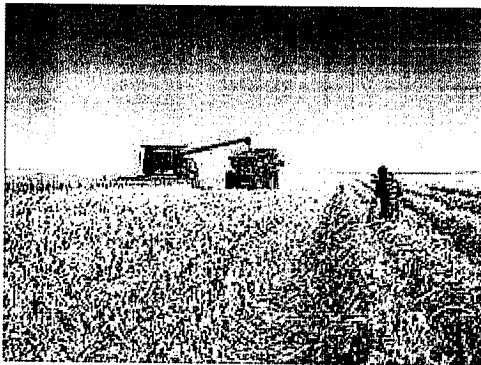
Kansas Grain Sorghum Commission		
October 2011 to September 2012 Projects Funded		
Research Project Title	PI	Total \$
Evaluating Advanced Breeding Lines and New Sources for Cold Tolerance in Sorghum	Aiken	\$ 24,430
Dynamics of Nitrogen Rate and Form, Annual Weeds, and Soil-Applied Herbicides	Dille	\$ 10,000
Screening Exotic Sorghum Germplasm to Identify New Sources of Stalk Rot Resistance	Little	\$ 32,000
Effect of Manure, Iron, and Zinc Application Methods on Grain Sorghum	Martin	\$ 21,250
Increasing Sorghum Yield and Profitability Through Efficient Nitrogen Use	Mengel	\$ 31,795
Harvest and Residue Management of Sorghum to Facilitate Double-Cropped Wheat	Nelson	\$ 18,872
Development of Sorghum Germplasm with Enhanced Drought Tolerance and Higher Grain Yield	Perumal	\$ 70,000
K-State Center for Sorghum Improvement		\$ 50,000
Screening Sorghum Genotypes for Abiotic Stress Tolerance	Prasad	\$ 52,000
Extension Programs for Kansas Grain Sorghum Production	Roozeboom	\$ 6,982
Developing Sorghum Flours with Increased Resistant Starch Content for Health Benefits	Shi	\$ 28,000
Managing Glyphosate-Resistant Kochia Preplant and Postplanting in No-till Grain Sorghum	Stahlam	\$ 14,503
Development and Utilization of Sorghum as Feedstock for Biofuel Production	Wang	\$ 25,000
Genetic Analysis of Drought Tolerance in Grain Sorghum	Yu	\$ 80,000
Breeding Sorghum for Improved Production and Utilization	Tesso	\$ 83,200
		\$ 548,032.00
Market Promotion		
US Grain Council		\$ 14,000.00
Market Development Grant - International Grains Program		\$ 20,000.00
KARL Program		\$ 2,500.00
Kansas FFA Foundation		\$ 500.00
		\$ 37,000.00
Education		
Kansas Foundation for Ag in the Classroom	Musick	\$ 2,500.00
		\$ 2,500.00
	TOTAL	\$ 587,532.00

International Grain Program (IGP)

The Mission of IGP is to provide innovative and relevant education and technical programs to enhance the market preference, consumption and utilization of U.S. cereal grains, oilseeds and their value-added products for the global grain industry. KGSC continues to support IGP in their activities. IGP hosted 3 sorghum specific workshops with 30 participants in 2011 regarding Sorghum Usage. IGP also hosted 45 guests to participate in 4 sorghum related workshops; Grain Purchasing Fundamentals, Grain Purchasing and Trading, Basic Risk Management, Advanced Risk Management. Participants were from Spain, Egypt, Israel, Canada, China, Colombia, Guatemala, Mexico, Philippines, Surinames, Germany, Panama, and United States. Some of these workshops were held with the U.S. Grain Council, which KGSC is a member. IGP hosted 44 short courses and seminars with 628 course participants from 43 different countries. Participation increased over 30% from last year's numbers.

U.S. Grain Council (USGC)

The U.S. Grains Council continues to work on defending existing foreign markets, as well as building new international demand for sorghum. Kevin Roepke, Manager of International Operations—Sorghum with the USGC states, "Exports continue to be the predominant market maker for US sorghum. In 2011, more than two out of every five bushels produced left our borders. With 75 percent of the world's wealth and 95 percent of its population living abroad, the importance of international trade for US sorghum is only going to grow. The United States is the world's largest and best supplier of grain sorghum. When the world wants sorghum, the world turns to the United States." Administrator of KGSC, Jill Barnhardt had the opportunity to speak to a Morocco Dairy/Beef Buying Team that traveled to the US in June. Also, in June a group of Mexican Senators visited Kansas commissioner Clayton Short's farm and discussed all aspects of being a sorghum producer.



In July, USGC sponsored a Sorghum Mission to Morocco, Spain and Belgium. Participants were given the opportunity to experience firsthand knowledge of the markets for the sorghum industry, in addition to playing a pivotal role in European Union decision making and tariff applications, as they pertain to grain sorghum. In November, USCP and USGC hosted a Japanese video crew to Texas and Kansas in an effort to increase awareness about sorghum as a

healthy food option in Japan. While in Kansas, the group shot video of sorghum harvest and different sorghum varieties. They also sampled foods prepared by industry experts. Kansas commissioner, Kurt Staggenborg, opened his home as a test kitchen/studio for the video crew to gather footage of food preparation and a sorghum producing family enjoying a sorghum based meal. The USGC, USCP and IGP, together with the KGSC, collaborate to make certain that the global market is fully engaged, continuously informed and eternally interested in US sorghum.



Kansas Commissioners

District 1 - Richard Calliham, Colby; **District 2** - Greg Graff, Marienthal; **District 3** - Boyd Funk, Garden City, Secretary / Treasurer; **District 4** - Bill Greving, Prairie View; **District 5** – Clayton Short, Assaria, Chairman; **District 6** - Dennis Siefkes, Hudson; **District 7** - Kurt Staggenborg, Marysville; **District 8** - Jeff Casten, Quenemo, Vice-chairperson; **District 9** - Gary Kilgore, Chanute.

Administrator - Jill Barnhardt, 795 22nd Rd NW, Lebo, KS 66856, (785) 341-6433, Jill@ksgrainsorghum.org.

KANSAS GRAIN SORGHUM COMMISSION

Lebo, Kansas

FINANCIAL STATEMENTS

WITH

INDEPENDENT AUDITORS' REPORT

September 30, 2011 and 2010

KANSAS GRAIN SORGHUM COMMISSION
 Lebo, Kansas
STATEMENTS OF NET ASSETS
 September 30,

	2011	2010
ASSETS		
Current Assets		
Cash in checking	\$ 241,597	\$ 303,315
TOTAL ASSETS	\$ 241,597	\$ 303,315
LIABILITIES AND NET ASSETS		
Current Liabilities	\$ -	\$ -
Net Assets	241,597	303,315
TOTAL LIABILITIES AND NET ASSETS	\$ 241,597	\$ 303,315

Financial Statements

KANSAS GRAIN SORGHUM COMMISSION
Lebo, Kansas
STATEMENTS OF ACTIVITIES
For the Year and Fifteen Months Ended September 30,

	2011	2010
CHANGES IN NET ASSETS		
REVENUE		
United Sorghum Check-off Program	\$ 795,945	\$ 445,683
Contract with United Sorghum Check-off Program for Research, Promotion & Marketing	849	110,000
Interest income	35	129
Total Revenues	\$ 796,829	\$ 555,812
EXPENSES		
Programs Investment		
Foreign market development	\$ 31,000	\$ 26,000
KSU research	692,092	229,819
KSU Sorghum Improvement Center	50,000	50,000
Production research	-	6,000
Education	7,500	-
USDA	9,273	-
Administrative Expenses		
Promotion	8,781	4,250
Special projects	579	10,466
Administration	36,022	19,700
Commissioner travel	6,531	18,312
Contractor travel	7,811	1,659
Legal and accounting fees	2,900	2,600
Meeting expense	3,466	1,599
Postage and delivery	1,251	1,485
Bank fees	1,341	1,244
Total Expenses	\$ 858,547	\$ 373,134
INCREASE (DECREASE) IN NET ASSETS	\$ (61,718)	\$ 182,678
NET ASSETS - BEGINNING OF FISCAL YEAR	303,315	120,637
NET ASSETS - END OF FISCAL YEAR	\$ 241,597	\$ 303,315

Financial Statements

KANSAS GRAIN SORGHUM COMMISSION
 Lebo, Kansas
STATEMENTS OF CASH FLOWS
 For the Year and Fifteen Months Ended September 30,

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (61,718)	\$ 182,678
Adjustments to reconcile changes in net assets to net cash used by operating activities		
Increase (decrease) in accounts payable	\$ -	\$ (118,566)
Total Adjustments	\$ -	\$ (118,566)
 NET CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	 \$ (61,718)	 \$ 64,112
 NET INCREASE (DECREASE) IN CASH	 \$ (61,718)	 \$ 64,112
 CASH BALANCE - BEGINNING OF FISCAL YEAR	 303,315	 239,203
 CASH BALANCE - END OF FISCAL YEAR	 \$ 241,597	 \$ 303,315

Financial Statements

KANSAS GRAIN SORGHUM COMMISSION
Lebo, Kansas
NOTES TO FINANCIAL STATEMENTS
September 30, 2011 and 2010

Note 1: Summary of Significant Accounting Policies

Organization

The Kansas Grain Sorghum Commission (the Commission) is organized as an instrumentality of the state to conduct a campaign of grain sorghum promotion and market development through research, education and information. The Commission receives a passback from the United Sorghum Check-off Program (USCP). The passback accounted for all but \$35 and \$129 of the Commission's income for the year ended September 30, 2011 and the fifteen month period ended September 30, 2010, respectively.

Method of Accounting

The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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.

Cash and Cash Equivalents

For the statement of cash flows, the Commission considers all short-term investments with a maturity of three months or less to be cash equivalents.

Use of Estimates

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

Subsequent Events

Subsequent events were evaluated through January 4, 2012, which is the date the financial statements were available to be issued.

Note 2: Cash

At September 30, 2011, the carrying amount of the Commission's cash accounts was \$241,597 and the bank balance was \$247,153. The difference is outstanding checks. Of the bank balance, \$247,153 was covered by the Federal Deposit Insurance Corporation (FDIC).

At September 30, 2010, the carrying amount of the Commission's cash accounts was \$303,315 and the bank balance was \$306,213. The difference is outstanding checks. Of the bank balance, \$250,000 was covered by the FDIC.

Note 3: Research Contracts

The final payment on research contracts is due when the report is received. As no reports had been received as of September 30, 2011 and 2010, no payments have been accrued as of September 30, 2011 and 2010. The Commission paid \$101,197.25 on November 14, 2011 as final payment for open research contracts.