

**Kansas Soybean Commission**  
**March 18, 2013**  
**Report to the Kansas House**

Chairwoman Schwartz and members of the Kansas House agriculture and natural resources committee:

I am Jerry Jeschke, a crop farmer from Robinson and chairman of the Kansas Soybean Commission.

The soybean checkoff continues to provide soybean farmers with an effective, efficient, self-directed program for research and development on both the state and national levels. Nine soybean farmers – elected by our peers – volunteer our time to serve on the state soybean commission to oversee the investment of checkoff funds in projects to benefit our industry.

The handouts include our latest marketing plan, which summarizes this fiscal year's program. A summary of our funded research also is in the handouts. Those priorities include best management practices, crop protection and pest management. We also invest in a limited number of research projects to explore new uses for soybeans and their derivatives.

Our international marketing efforts primarily are enacted through the International Grains Program at Kansas State University. We also work with export-marketing representatives within state government and the U.S. Soybean Export Council. Further, our international humanitarian projects, such as our collaborations with the World Initiative for Soy in Human Health, aim to improve people's nutrition and access to much-needed protein.

Our consumer-education program not only includes educating school children and the general public about convenient, healthful soyfoods, but it also promotes industrial soybean products like biodiesel and soy-based inks, adhesives, paints, stains, sealers and insulation.

Initially developed by the soybean checkoff and providing more than five times the energy used to produce it, biodiesel helps drive demand for U.S. soybeans and plays an important role in the nation's overall energy strategy. We welcome an Environmental Protection Agency proposal under the Renewable Fuel Standard to establish 2013's biomass-based-diesel requirement at 1.28 billion gallons. We also applaud the year-end fiscal package for reinstating the biodiesel tax incentive for 2012 and 2013.

Another domestic market priority is our serious commitment to protecting animal agriculture, which consumes about 97 percent of all soybean meal produced in the United States. We are

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working closely with Kansas animal, commodity and general farm organizations to educate Kansans about the social and economic importance of animal agriculture in our state and nationwide. In concert with the Kansas Soybean Association, the Kansas Animal Agriculture Coalition and the national Center for Food Integrity, we will take every step necessary to safeguard animal agriculture.

Consumers are more disconnected from farm life than ever, and that has led to misconceptions about modern agriculture and today's farmers. In response, a national movement of farm women is answering questions, sharing facts and telling their personal stories. Several Kansas farm women have joined the CommonGround network over the last year. We now have seven volunteers statewide, helping to dispel the myths and building trust in America's farm families and food system, thanks to funding from the national soy checkoff and administrative support from our staff and our partners at the Kansas Corn Commission.

A copy of our *Soy Notes* newsletter, which is in the handouts, is but one example of our efforts to get the latest, most relevant information to our farmers. We also utilize a website and social media, such as Facebook, Twitter and YouTube.

Our administrative budget includes the cost of collections, audits, elections and other commission expenses. An outside, accredited accounting firm audits KSC's financial records each year, ensuring checkoff dollars are spent according to acceptable, efficient business practices. Our complete FY '12 audit is available at your request, and the handouts include several financial statements from the last two audits. In addition, we are audited for compliance with U.S. Department of Agriculture regulations every three years by the United Soybean Board – the national checkoff organization overseen by 69 farmer-directors, including three Kansans.

It is a pleasure to share this brief synopsis with you. More specifics are available at your request. Our state's soybean farmers – despite lowered yields due to the drought – generated another 1.2 billion dollars in farm receipts from the 2012 crop. Please accept our gratitude for your continued support of our soybean checkoff. It truly is progress powered by Kansas farmers.

Jerry Jeschke  
Robinson, Kansas

Kansas Soybean Commission  
1000 SW Red Oaks Place  
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## Kansas Soybean Commission FY2013 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 its 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:
  - Extension and Applied Research Programs for Kansas Soybean Production
  - Development of Genetic and Chemical Tactics for Management of the *Dectes* Stem Borer in Soybean
  - Trait and Production Efficiency Enhancement in Soybean
  - Phosphorus, Secondary and Micronutrient Fertilization of Soybeans in Kansas
  - Evaluation of Commonly Grown Soybean Varieties in Southeast and Western KS
  - Enhancement of Soybean through Genetic Engineering
  - Optimization of Dihydroxylized Soybean Oil (DSO) Derivatives for Pressure Sensitive Adhesives
  - Development of Improved Systems for Machinery Data Management and Analysis Data Delivery for Kansas Farmers
  - Improving Yields of Double Crop Soybean with Starter and Foliar Fertilization
  - Evaluation of Soybean Inoculant Products and Techniques to Address Soybean Nodulation Problems in Kansas
  - Managing Glyphosate-Resistant Kochia in Soybeans
  - Soybean Response to Fungicide and Insecticides
2. Pittsburg State University research on:
  - Soy-Based Polyester Polyols for Flexible Polyurethane Foams and Elastomers
  - Polymerization of Soybean Oil Fatty Acids and Fatty Acid Methyl Esters

3. The University of Kansas research on:
  - Biodiesel Glycerin Based Hydrogen Rich Fuel Gas Production for Electrical Generation from an Internal Combustion Engine
  - Determining the Impact of Biodiesel Age on Physical Properties and Engine Performance
4. Wichita State University
  - The Role of *GH3* Genes in Plant Resistance Against Charcoal Rot Disease
5. FAM Enterprises Inc.
  - Evaluating Whole Plant Health and Intensive Production Systems in Soybean
6. Ohio Soybean Council
  - Industrial Uses of High Oleic Soybean Oil
7. North Central Soybean Research Program
8. Ag in the Classroom, School Education Programs and state and county fairs
9. Youth Education Program
10. FFA program support
11. FACS education program
12. Biodiesel – Industrial Uses Advertising
  - Kansas State University Football Network
  - WIBW – Kansas University Sports
  - Others as approved by the commission
13. National Biodiesel Board/ Biodiesel
  - NBB Membership
  - State Regulatory Project
  - Address Pipeliner Biodiesel Steering Committee Technical Needs
  - Advanced Biofuel Initiative
  - Biodiesel Fuel Quality Compliance and Enforcement
  - National Energy Initiative: Technical & Economic
  - Bioheat Technical Steering Committee
  - MEG Regional Petroleum Outreach
14. Producer Radio, TV 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
  - AG am in Kansas on three TV stations in Kansas

Possible spot ads and other sponsorships:  
 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*, *Midwest Producer* and *Grass and Grain*.

15. *Soynotes* Newsletter
16. Kansas Soybean Expo
17. No-till education including No-till On the Plains organization
18. Field Days, Farm/ Trade Shows, Crop Tours
19. International Market Development work
  - Kansas State University
  - International Grains Program
  - WISHH Program
  - USSEC Latin American, Chinese, and Aquaculture Program work
  - AGP, Inc., Gray's Harbor Export Program
  - USAPEEC Mexico and Egypt Projects
  - US Meat Export Federation Japan Pork Project
20. Collection, meeting, administration and audit procedures
21. Program and administrative work by the Kansas Soybean Association  
(Attached projects including budgets for contracted and direct spending)
22. Leadership development and program management
23. First Purchaser Relations
  - Grain Grading Workshops
  - KGFA Annual meeting and trade show
  - KGFA meetings and golf outings
24. Soybean Production Yield Contest
25. USB Funded Cooperative Projects
26. Consumer Awareness Media Program
27. Soymeal Information Center

FY2013 Kansas Soybean Commissioners

Districts I-II-III	Kurt Maurath (Secretary) 2704 US Hwy 83 Oakley, KS 67748 (785) 672-3750	District IV	Ron Ohlde (Vice Chairman) 1579 4 <sup>th</sup> Road Palmer, KS 66962 (785) 692-4322
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## **Kansas Soybean Commission Projects Funded as of October 1, 2012**

**Trait and Production Efficiency Enhancement in Soybean;** *Bill Schapaugh, Tim Todd, Harold Trick, Kelly Kusel, (Agronomy Department, Plant Pathology Department, Southeast Agricultural Research Center, Kansas State University); (\$290,062)*

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 and protein and oleic acid; low phytate, linolenic, and saturated fats; C. Disease and insect resistance: Soybean Cyst Nematode (SCN), Soybean Sudden Death Syndrome (SDS), Soybean Aphid, and *Dectes* stem borer; 2. Incorporate transgenic events into elite breeding lines; 3. Develop populations for studying the inheritance and mapping resistance genes to *Dectes* stem borer; 4. Develop methods to better characterize the stress tolerance of a genotype; 5. Characterize the virulence diversity in Kansas populations of soybean cyst nematode; 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.

Justification: This program will develop new soybean germplasm with superior traits or unique combinations of traits useful to the soybean industry.

**Development of Genetic and Chemical Tactics for Management of the *Dectes* Stem Borer in Soybean;** *C. Michael Smith, Brian McCornack, William Schapaugh, Jeff Whitworth, (Entomology Department, Agronomy Department, Kansas State University); (\$58,854).*

The objectives are to: 1. Refine methods necessary to determine the genetics of *Dectes* resistance in soybean PI 165673; 2. Evaluate the efficacy of insecticides and the yield response of soybean to *Dectes* stem borer feeding to support Section 18 registration; 3. Evaluate the impact of alternate hosts and other environmental factors on *Dectes* stem borer infestations in soybean; 4. Expand web pages and other educational materials associated with soybean insect pests.

Justification: The occurrence of the *Dectes* stem borer, *Dectes texanus*, is increasing in parts of Kansas. However, the reason for this expansion is not known but may be attributed to the availability of alternate hosts, winter survival and other environmental factors.

**Phosphorus, Secondary and Micronutrient Fertilization of Soybeans in Kansas;** *David B. Mengel, Dorivar Ruiz Diaz, (Agronomy Department, Kansas State University); (\$23,431).*

The objectives are to: 1. Quantify the response of soybeans and common crops grown in rotation with soybeans to phosphorus (P) at varying soil test levels in Kansas. This process is commonly referred to as soil test correlation and calibration, and defines the soil test level above which no economic response to fertilizer would be expected, and the rate of fertilizer needed to

optimize yield at ST levels below the critical level; 2. Determine at what soil test levels soybeans respond to direct fertilization as opposed to residual fertility or multi-year/rotational fertilization; 3. Determine if the use of starter fertilizer, particularly surface band applied starter fertilizer, will enhance soybean yield when used alone or in combination with broadcast applications of phosphorus fertilizer; 4. Examine the potential for response of Kansas soybeans to Sulfur, Zinc, Manganese, iron and boron.

Justification: Kansas is a naturally P deficient region. The soils of Kansas contain significant quantities of P, but it is generally present in relatively unavailable or slowly available forms.

**Evaluation of Soybean Inoculant Products and Techniques to Address Soybean Nodulation Problems in Kansas;** *Charles Rice, Kraig Roozeboom, Brian Olson, Kim Larson, (Agronomy Department, Northwest Area Extension, Kansas State University); (\$29,624).*

The objectives are to: 1. Improve consistency of soybean production, especially on "new" soybean ground by addressing nodulation problems observed in recent years; 2. Educate soybean producers and agronomy professionals about proper inoculation techniques and inoculation product effectiveness.

Justification: In recent years, an increasing number of questions have come to the Department of Agronomy dealing with nodulation problems in soybeans.

**Extension and Applied Research Programs for Kansas Soybean Production;** *Kraig Roozeboom, Eric Adee, J. Randall Nelson, (Agronomy Department, Kansas State University); (\$12,739).*

The objectives are to: Effectively educate producers, crop advisors, and other agri-business professionals about soybean production issues in Kansas cropping systems. 1. Maintain and expand personal soybean production and educational expertise; 2. Facilitate participation in a regional effort to identify, study, and make comprehensive recommendations to growers regarding state-of-the-art management practices across a broad range of geographies to maximize yield and increase grower profitability.

Justification: An effective extension program in soybean production and cropping systems is necessary for crop advisors and producers to stay abreast of rapidly changing soybean production technology and increasing amounts of information.

**Improving Yields of Double Crop Soybean with Starter and Foliar Fertilization;** *Dorivar Ruiz Diaz, Doug Shoup, Stu Duncan, (Agronomy Department, Kansas State University); (\$32,624).*

The objectives are to: 1. Determine fertilization requirements for soybean growth under double crop systems after wheat as compared to full season soybean including nutrient uptake and yield; 2. Assessment of soybean grain yield and early growth response to starter application of NPK, Sulfur, and micronutrients (Zn, Mn, Fe), and compare responses with and without additional foliar fertilizer application.; 3. Verify potential soil parameters that could be related to responses

to starter and foliar applied macro and micronutrients; 4. Determine if foliar applied fertilizers can maximize yields and increase nutrient use efficiency when combined with starter applied fertilizers.

Justification: Nutrient availability is highest when fertilizer is applied just prior to soybean needs. However, particularly under double crop system, fertilizer is usually applied before wheat for both crops.

**Managing Glyphosate-Resistant Kochia in Soybeans;** *Phillip Stahlman, Dallas Peterson, Dan O'Brien, Curtis Thompson, (Agricultural Research Center, Agronomy Department, Northwest Area Extension Office, Kansas State University); (\$22,425).*

The objectives are to: 1. Compare the season-long weed control effectiveness of several alternative herbicide treatments versus standard in-crop applications of glyphosate plus non-ionic surfactant and ammonium sulfate or Ignite plus Cadet and ammonium sulfate; 2. Contingent on cooperator agreement, compare the season-long effectiveness of weed management tactics implemented by cooperating growers versus three to five management practices of the investigator's choosing; 3. Compare the economics of the alternative herbicide treatments with the standard treatment in objective 1, and of the grower implemented tactics versus tactics recommended by K-State weed scientists in objective 2.

Justification: Glyphosate-resistant species in an area can have dramatic negative economic and environmental consequences, especially if the resistant species is easily dispersed. Growers affected by resistant weeds may be forced to switch to more costly herbicide programs compared to the cost of glyphosate or to less profitable crops or implement more tillage at the expense of soil and water conservation.

**Soybean Response to Fungicide and Insecticides;** *Doug Shoup, Stu Duncan, (Southeast Area Extension, Northeast Area Extension, Kansas State University); (\$10,000).*

The objectives are to: 1. Evaluate control of soybean insect and disease pests and its impact on soybean yield with combinations of seed and foliar applications of fungicides and insecticides; 2. Educate producers on potential value of soybean fungicides and insecticides and their best management practices.

Justification: Increasing commodity prices are causing producers to consider including seed or foliar fungicide and insecticides into their soybean production system. There is a limited amount of data generated throughout southeast Kansas on the impacts of seed and foliar fungicides and insecticides, particularly when in combination with each other.

**Evaluation of Commonly Grown Soybean Varieties in Southeast and Western Kansas;** *Jane Lingenfelser, (Agronomy Department, Kansas State University); (\$1,949).*

The objectives are to: 1. Evaluate yield and agronomic traits of commonly grown soybean varieties in southeast and western Kansas; 2. Provide information on these varieties through publications and extension education meetings.

Justification: In the last several years of the soybean variety performance tests conducted in southeast and western Kansas, there have been a decreasing number of varieties entered that are grown by a large number of producers in those regions. The entries in the southeast and western Kansas tests have been from a handful of seed companies that often do not represent the companies holding the majority of the soybean market shares. As a result, several soybean producers and soybean growers groups in those regions have expressed interest in nominating additional popular soybean varieties to enter in the performance tests to help with their selection decisions.

**Enhancement of Soybean through Genetic Engineering;** *Harold N. Trick, William T. Schapaugh, Tim C. Todd, (Plant Pathology Department, Agronomy Department, Kansas State University); (\$75,914).*

The objectives are to: 1. Field test transgenic lines with increase Soybean Cyst Nematode (SCN) resistance; 2. Enhance SCN resistance in transgenic soybean by modifying current RNAi strategies; 3. Test the effectiveness of RNAi for root knot nematode resistance using RKN genes homologous to effective SCN genes; 4. Continue to produce and evaluate genetically engineered soybean for increased fungal resistance.

Justification: Decreasing yield loss and increasing the value of soybeans is part of KSU's mission to improve Kansas agriculture. This project takes a genetic engineering approach to this mission allowing the utilization of traits outside the scope of conventional breeding.

**Development of Improved Systems for Machinery Data Management and Analysis Data Delivery for Kansas Farmers;** *Bryan Schurle, Kevin Herbel, Michael Langemeier, (Agricultural Economics Department, Kansas State University); (\$13,500).*

The objectives are to: Develop a new database system for machinery and equipment data along with developing a web portal for improved collection and delivery of farm management analysis data for Kansas farmers.

Justification: This project will develop new database systems for analyzing farm machinery management data for farmers in Kansas and improve the collection and delivery of all information through the use of a web portal. The purpose of the project is to continue and to improve a system that has been helping farmers for many years.

**Optimization of Dihydroxylized Soybean Oil (DSO) Derivatives for Pressure Sensitive Adhesives;** *Xiuzhi Susan Sun, Donghai Wang, (Grain Science and Industry Department, Biological and Agricultural Engineering Department, Kansas State University); (\$63,872).*

The objectives are to: 1. Optimize the procedures for dihydroxylized soybean oil (DSO) for pressure sensitive adhesives; 2. Characterize the DSO for rheological and thermal behaviors,

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shelf-life, and PSA performance; 3. Simplify the processing procedures of DSO for scale-up processing; 4. Conduct cost analysis and provide needed information for potential commercialization.

Justification: Limited petroleum resources and environment pollution are two major global sustainable development issues. It is our responsibility to research and engineer suitable alternatives to those petroleum based or synthetic chemicals.

**Soy-based Polyester Polyols for Flexible Polyurethane Foams and Elastomers;** *Mihail Ionescu, Henry Emadipour, (Kansas Polymer Research Center, Plastics Engineering Department, College of Technology, Pittsburg State University); (\$50,000).*

The objectives are to: develop new types of polyols for flexible polyurethane foams, elastomers and sealants. To achieve this, we will form high molecular weight polyesters, having the soy polyol chemically inserted in the structure, representing practically a new family of renewable polyols for flexible polyurethane foams and elastomers.

Justification: The worldwide demand for polyurethanes is about 22 billion pounds in or about 5% of the total world consumption of plastics. New polyester polyols will satisfy additional market needs that are not served by bio-based products at this time.

**Polymerization of Soybean Oil Fatty Acids and Fatty Acid Methyl Esters;** *Madhusudhan Srinivasan, Henry Emadipour, (Kansas Polymer Research Center, Plastics Engineering Department, College of Technology, Pittsburg State University); (\$40,000).*

The objectives are to: Synthesize new valuable products by cationic polymerization (oligomerization) of soybean oil and its fatty acid methyl esters(methyl soyate).

Justification: There is a global effort to replace petrochemicals with compounds from renewable resources.

**The Role of GH3 Genes in Plant Resistance Against Charcoal Rot Disease;** *Bin Shuai, (Biological Sciences Department, Wichita State University); (\$33,000).*

The objectives are to: 1. Confirm the full length sequences of *GH3* cDNAs by 5'-and 3'-RACE; 2. Identify *GH3* genes that respond to auxin and *M. phaseolina* infection.

Justification: Charcoal rot is a plant disease caused by soil-borne fungus *Macrophomina phaseolina*. In Kansas, the crop most severely affected by charcoal rot is the soybean, especially in the southeast and east central regions of the state.

**Biodiesel Glycerin Based Hydrogen Rich Fuel Gas Production for Electrical Generation from Internal Combustion Engine;** *Christopher Depcik, (Mechanical Engineering Department, University of Kansas); (\$50,205).*

The objectives are to: Offset the increased cost of biodiesel over conventional petroleum diesel while providing a new market for the glycerin.

Justification: Biodiesel production in the United States, European Union, and other countries reached 5.25 billion gallons in 2010. Since biodiesel plants produce one pound of glycerin for every ten pounds of biodiesel, this production generated over 3 billion pounds of excess glycerin by-product and is forecast to reach 4.4 billion pounds by 2015.

**Determining the Impact of Biodiesel Age on Physical Properties and Engine Performance;**

*Susan M. Stagg-Williams, Ilya Tabakh, (Chemical and Petroleum Engineering Department, Transportation Research Institute, Civil, Environmental, and Architectural Engineering Department, University of Kansas); (\$49,170).*

The objectives are to: 1. Prepare soybean based biodiesel and biodiesel/diesel blends up to B20; 2. Complete ASTM physical property and high pressure viscosity testing of biodiesel and biodiesel blends every two weeks for the first two months, followed by monthly testing for the remainder of the first year of the proposal; 3. Determine the feasibility of using quick assessment tests to predict fuel age.

Justification: This project looks to understand how the properties of soybean based biodiesel and biodiesel blends change as a function of time, and ultimately how these changes in the biodiesel physical properties impact engine performance.

KANSAS SOYBEAN COMMISSION

STATEMENTS OF NET ASSETS

June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Current Assets		
Cash	\$ 5,148,530	\$ 5,094,424
Accounts receivable	4,538	3,363
Total Current Assets	<u>5,153,068</u>	<u>5,097,787</u>
Noncurrent assets		
Capital assets, net of accumulated depreciation	<u>1,727,860</u>	<u>1,569,483</u>
Total Assets	<u>6,880,928</u>	<u>6,667,270</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable	642,459	436,703
Accounts payable - KSA	<u>16,855</u>	<u>16,130</u>
Total Current Liabilities	659,314	452,833
Long-term Liabilities		
Payable to American Soybean Association	<u>46,920</u>	<u>2,300</u>
Total Liabilities	<u>706,234</u>	<u>455,133</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	1,727,860	1,569,483
Unrestricted:		
Designated	715,507	730,272
Undesignated	<u>3,731,327</u>	<u>3,912,382</u>
Total Net Assets	<u>\$ 6,174,694</u>	<u>\$ 6,212,137</u>

See accompanying notes to financial statements

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KANSAS SOYBEAN COMMISSION

STATEMENTS OF ACTIVITIES

For the years ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>PROGRAM REVENUES</b>		
Soybean assessments	\$ 6,543,853	\$ 8,159,345
Less:		
USB remittances	(3,183,160)	(3,972,747)
QSSB remittances	(170,377)	(207,205)
KDA collection fees	(3,057)	(3,261)
KDA first purchaser audits	(3,946)	(3,950)
Net assessments revenues	<u>3,183,313</u>	<u>3,972,182</u>
Program refunds	3,183	2,174
Interest income	35,798	27,643
Penalties	408	644
Grants	<u>30,423</u>	<u>42,363</u>
Total Revenues	3,253,125	4,045,006
<b>PROGRAM EXPENSES</b>		
Projects:		
Research	1,082,664	1,009,229
Other	1,872,638	1,446,006
Supportive Services:		
Administration	<u>336,732</u>	<u>297,932</u>
Total Program Expenses	<u>3,292,034</u>	<u>2,753,167</u>
Program Income	(38,909)	1,291,839
<b>NONPROGRAM INCOME AND EXPENSES</b>		
Gain on sale of fixed assets	<u>1,466</u>	-
Change in Net Assets	(37,443)	1,291,839
NET ASSETS, beginning of year	<u>6,212,137</u>	<u>4,920,298</u>
NET ASSETS, end of year	<u>\$ 6,174,694</u>	<u>\$ 6,212,137</u>

See accompanying notes to financial statements

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KANSAS SOYBEAN COMMISSION

STATEMENTS OF CASH FLOWS

For the years ended June 30, 2012 and 2011

	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from checkoff	\$ 6,543,853	\$ 8,159,345
Cash received from others	32,838	62,751
Cash payments to suppliers for goods and services	(6,324,602)	(6,554,686)
Interest received	35,798	27,643
Net Cash Provided by Operating Activities	287,887	1,695,053
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Payments for capital acquisitions	(332,151)	(3,827)
Proceeds from sale of capital assets	53,750	-
Change in long-term obligation	44,620	(12,500)
Net Cash Used by Capital and Related Financing Activities	(233,781)	(16,327)
<b>NET CHANGE IN CASH</b>	<b>54,106</b>	<b>1,678,726</b>
CASH, beginning of year	5,094,424	3,415,698
CASH, end of year	\$ 5,148,530	\$ 5,094,424

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Change in Net Assets	\$ (38,909)	\$ 1,291,839
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	121,490	120,307
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(1,175)	17,570
Increase (decrease) in accounts payable	206,481	265,337
Net Cash Provided by Operating Activities	\$ 287,887	\$ 1,695,053

KANSAS SOYBEAN COMMISSION  
SCHEDULES OF PROGRAM EXPENSES

For the years ended June 30, 2012 and 2011

	2012	2011
<b>Research Program Expenses:</b>		
Kansas State University	\$ 616,969	\$ 725,125
Pittsburg State University	69,275	6,725
No Till on the Plains	15,000	15,000
Wichita State University	31,611	29,306
North Central Soybean Research Program	200,000	100,000
Kansas University	95,143	123,444
FAM Enterprises	11,000	3,000
Ohio Soybean Council	30,000	5,000
Bill Ayres project	10,500	-
Miscellaneous research expenses	1,996	1,629
Research and Consulting Fees	1,170	-
Total Research Program Expenses	\$ 1,082,664	\$ 1,009,229
<b>Other Program Expenses:</b>		
International market development	\$ 559,262	\$ 443,896
Consumer information	180,334	120,369
Youth education program	47,804	44,388
Consumer awareness	35,000	30,000
Biodiesel	342,994	263,835
Industrial uses market development	67,559	26,219
Industry information & relations	230,301	150,510
Producer communications	409,384	366,789
Total Other Program Expenses	\$ 1,872,638	\$ 1,446,006
<b>Administrative Support Services:</b>		
Kansas Soybean Association administrative contract fees	\$ 200,827	\$ 165,045
Contracted administration	2,498	710
Meeting expenses	9,699	6,776
Depreciation	111,279	111,215
Election costs	1,212	1,406
Professional services - audits	9,400	10,215
Postage	1,000	1,000
Office supplies	817	1,565
Total Administrative Support Services	\$ 336,732	\$ 297,932