

## 2009 SORGHUM CHECKOFF PROGRAM FINANCIAL REPORT

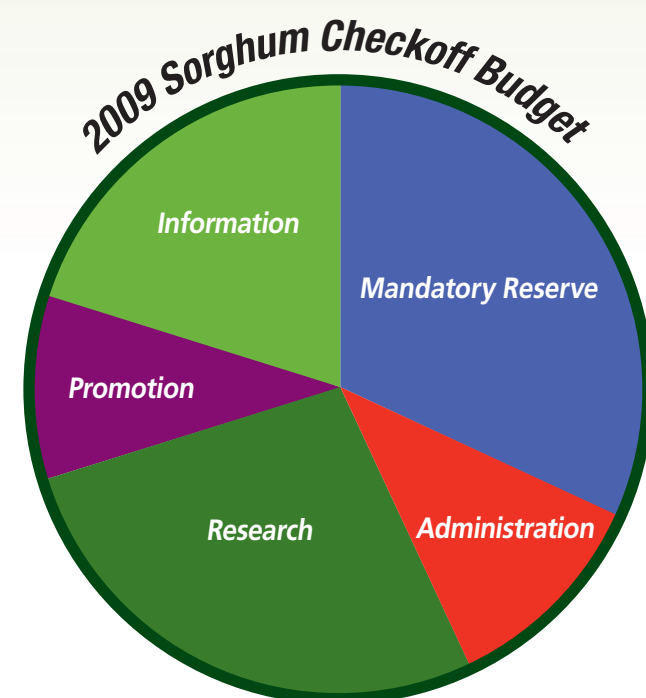
REVENUES:	
Assessments	\$7,470,074.00
Refund From Double Assessment	-\$36,265.00
Investment Income	\$14,404.00
<b>Total Revenues</b>	<b>\$7,448,213.00</b>
EXPENSES:	
Research	\$1,726,321.00
Market Development	\$680,718.00
Communications & Education	\$1,102,641.00
Passback Reserve	\$1,281,613.00
Referendum Reserve	\$200,000.00
Refund Reserve	\$747,007.00
Administration	\$643,224.00
USDA Oversight and Fees	\$237,295.00
<b>Total Expenses</b>	<b>\$6,618,819.00</b>
Beginning Fund Balance	\$0.00
Ending Fund Balance	\$829,394.00

The United Sorghum Checkoff Program (USCP) has a total budget of \$7.4 million allocated between research, promotion (market development), information, program administration and mandatory reserve as required by USDA.



The USCP sends 18 percent of the remaining funds back to states that have submitted paperwork to be qualified organizations. These states will use the funds for research, market development and education and will work in conjunction with the USCP to benefit producers.

	TOTAL THROUGH 9/30/09	PASSBACK 18%
Kansas	\$3,247,162.33	43.4689% \$557,103.78
Texas	\$2,749,599.67	36.8082% \$471,738.78
Nebraska	\$350,945.79	4.6980% \$60,210.49
Oklahoma	\$212,822.57	2.8490% \$36,513.19
Louisiana	\$207,535.77	2.7782% \$35,606.15
Arkansas	\$153,933.10	2.0607% \$26,409.74
New Mexico	\$20,432.92	0.2735% \$3,505.60
Colorado	\$18,091.53	0.2422% \$3,103.90
Kentucky	\$18,159.59	0.2431% \$3,115.57
Other States	\$491,390.75	6.5783% \$84,306.12
<b>Total</b>		<b>\$1,281,613.32</b>



According to Bolinger, Segars, Gilbert & Moss, L.L.P. the United Sorghum Checkoff Program completed a clean financial audit for 2009.



### BOARD MEMBERS

The United Sorghum Checkoff Program (USCP) is governed by a 13-member producer board of directors. These sorghum farmers are dedicated to the advancement of the sorghum industry.

"Our vision is for sorghum producers to profit from a progressive, competitive, and adaptive industry by delivering useful products to producers' fields and providing education for growers," said USCP Board president Bill Greving. "As a board, we will build on strengths and opportunities in the sorghum industry and work to overcome challenges."

Since being sworn in by USDA/AMS in November of 2008, the board has worked hard to create a roadmap to achieve the vision by developing a strategic plan and crafting strategies to advance research and market development efforts. Most importantly, the board is renewing interest in sorghum by injecting more than \$1 million into research projects and \$680,000 into market development initiatives.

By leveraging funds from private industry and U.S. grant dollars, the Sorghum Checkoff is able to expand the total investment to evaluate sorghum's competitive advantage and turn that into more dollars for producers.

### Board Members:

President: Bill Greving, Prairie View, Kan.

Vice-President: Bill Kubecka, Palacios, Texas

Secretary: Jeff Casten, Quenemo, Kan.

Treasurer: Dale Artho, Wildorado, Texas

Billy Bob Brown, Panhandle, Texas

Gary Kilgore, Chanute, Kan.

Louise Rigdon, Blackwell, Okla.

Earl Roemer, Healy, Kan.

Greg Shelor, Minneola, Kan.

Troy Skarke, Claude, Texas

Jerry VanZee, Platte, S.D.

James Vorderstrasse, Hebron, Neb.

Stewart Weaver, Edmondson, Ark.

### SORGHUM CHECKOFF MISSION:

Investing your Sorghum Checkoff dollars to increase profitability for the sorghum industry.



United Sorghum Checkoff Program

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## 2009 ANNUAL REPORT

Dear Fellow Sorghum Producers,

Declining sorghum acres and production have led to decreased private investment creating a "technology gap" between sorghum and other crops. The United Sorghum Checkoff Program (USCP) is working to overcome this gap with a national Sorghum Checkoff.

The United Sorghum Checkoff Program (USCP) was established in July of 2008 under the Commodity, Promotion, Research and Information Act of 1996. Since then, your checkoff board of directors has worked diligently to create an organization with a single-minded focus on improving the profitability of the sorghum industry through research, promotion and information.

**The Sorghum Checkoff is working hard on programs that matter most to sorghum producers.**

- Research on over-the-top weed control technologies and optimal irrigation strategies.
- Research on sorghum germplasm, drought and cold tolerance traits.
- Research on the use of sorghum in ethanol and identifying the best methods to encourage increased use.
- Partnered with the U.S. Grains Council to introduce the quality of U.S. sorghum to foreign buyers from Morocco, Mexico, Saudi Arabia and North Africa, some of which resulted in immediate purchases for export.

We are unified in our mission and will continue to bring new thinking and energy to the industry. Your input about your checkoff investment is very important. Contact us at sorghumcheckoff.com or by calling (877) 643-8727. If you have questions, feel free to contact me at wandd@ruraltel.net.

As we continue to meet challenges of the coming year, remember that your Sorghum Checkoff Board is investing your checkoff dollars to build a better tomorrow for the sorghum industry.



Sincerely,

*Bill Greving*

Bill Greving  
USCP Chairman





## PROGRAM HIGHLIGHTS

Since being seated by the USDA in November 2008, the United Sorghum Checkoff Program (USCP) Board of Directors has accomplished several key organizational objectives:

- Developed a Strategic Plan to guide the board's decisions.
- Established key program areas in research, market development and communications.
- Funded \$1.2 million in research projects in four key areas:
  - Field plot demonstrations to showcase new over-the-top weed control technologies and optimal irrigation strategies.
  - Basic research on sorghum germplasm, drought and cold tolerance traits.
  - Production handbooks with best management practices that can help growers increase yields.
  - New uses by proving sorghum's nutritional advantages and identifying industrial potential.
- Funded \$680,000 in market development priorities.
  - Partner with the U.S. Grains Council to increase sorghum exports.
  - Increase the use of sorghum in ethanol production.
  - Favorably position all types of sorghum as preferred feedstocks for advanced biofuels.

The Sorghum Checkoff has finalized and approved plans for the 2010 fiscal year including new projects in the areas of research and market development. To review the strategic plan for the Sorghum Checkoff visit [sorghumcheckoff.com](http://sorghumcheckoff.com).

## Keeping Growers Informed

The Sorghum Checkoff is sorghum producers' investment in sorghum's future. The Sorghum Checkoff board is committed to keeping you informed. From the field to the end user, we'll make information available to growers, first handlers and end users throughout the sorghum producing regions of the U.S.

### Key activities include:

- Listened to sorghum producers to understand their needs and priorities during field days, farm shows and industry meetings.
- Met with more than 100 elevator managers, ethanol plants and nutritionists in the livestock feeding industry to understand the opportunities and obstacles for sorghum.
- Distributed educational materials and encouraged feedback from producers about how their checkoff dollars are spent.
- Met with state agricultural organizations and promoted university research events.
- Distributed nearly 120,000 Sorghum Checkoff News, a quarterly newsletter to inform growers about their investment in research and market development programs.
- The official Web site, [sorghumcheckoff.com](http://sorghumcheckoff.com), provides program updates and houses the Sorghum Research Database.

## RESEARCH CATEGORIES

PROJECT	\$ COMMITTED
Management and Breeding	\$610,437.26
New Uses	\$296,000.00
Field Trials, Irrigation, and Weed Control	\$174,953.00
Production Handbooks	\$105,357.00
Sorghum Research Database	\$40,000.00

The United Sorghum Checkoff Program (USCP) is generating new interest in sorghum research by awarding \$1.2 million in sorghum research projects. In 2009, the Sorghum Checkoff funded 27 of the 50 research proposals submitted. These projects will address issues such as over-the-top weed control, cold and drought tolerance and how sorghum benefits human nutrition.

**Management and Breeding** projects focus on genetic improvements for cold and drought tolerance and new hybrids that are ALS and ACCase resistant. These projects will produce more long term results and can take more than one year to complete. The Sorghum Checkoff is receiving progress reports on the impact of this research in supporting the industry's goal of more profitable sorghum.

**New Uses** projects look at the value of sorghum in human and animal nutrition and industrial uses like the development of a biodegradable protein adhesive using sorghum DDGS that could reduce reliance on fossil feedstocks.

**Field Trials, Irrigation and Weed Control** projects look at enhancing yield, water usage and weed control. Practical application for producers will be published and distributed to growers.

**Production Handbooks** take findings from existing data and new studies producers can use in their production systems. Soon to be available on a regional basis, topics will include improving current practices in dryland management, understanding the growth and development of sorghum, efficient fertilization and weed and pest control.

**Sorghum Research Database** is a searchable database of completed sorghum research and will eventually become a one-stop resource for all research as new research is funded and completed. The database is available to producers, researchers and industry partners who want to learn more about sorghum research.

## Over-The-Top On Its Way

The Sorghum Checkoff is currently funding research to verify new over-the-top grass control solutions, allowing sorghum growers better management opportunities and flexibility in crop rotations.

"There is a considerable need for over-the-top grass control in sorghum," said Dr. Kasim Al-Khatib, Professor of Agronomy at Kansas State University (KSU). "This new technology provides outstanding weed control and flexibility in crop rotations."

Weed control is regularly identified as a primary concern for sorghum producers. Due to the lack of funding, little has been done to produce sorghum varieties that are resistant to many common herbicides.

Dr. Al-Khatib says because sorghum is grown in primarily dry regions, preplant herbicides can perform poorly or fail without adequate precipitation. There are herbicides that can be applied after the crop is established to control weeds but these products can potentially harm the crop as well.

Herbicides used for weed control in other crops make the rotation to sorghum difficult because sorghum has little resistance to these products. The development of a resistant variety will allow growers the option of planting sorghum following other crops. Al-Katib says growers can expect to see this new technology available in 2012.



## EXPANDING MARKETS FOR SORGHUM

The Sorghum Checkoff is working hard to raise sorghum's value in domestic and foreign markets by learning more about how sorghum is currently used, understanding the potential for expanding sorghum's use with end users and identifying effective marketing strategies for producers.

### Sorghum Usage for Ethanol

A Sorghum Checkoff-funded survey examined sorghum's current use in ethanol production and identified the challenges facing sorghum and possible solutions.

To demonstrate the benefits of including sorghum in ethanol production, the Sorghum Checkoff developed the Sorghum Inclusion Ethanol Calculator. This tool allows ethanol plants to calculate the economics of sorghum at various inclusion levels. By addressing the obstacles facing sorghum's use in ethanol, the Sorghum Checkoff can increase marketing opportunities for growers.

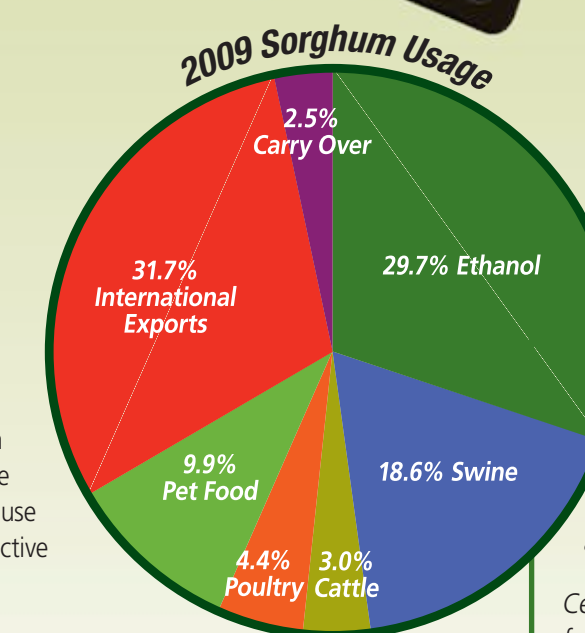
Another Sorghum Checkoff-funded research project examined the implication for land use and greenhouse gasses (GHG) emissions when using sorghum as an ethanol feedstock. Using the agricultural component of the Forest and Agricultural Sector Optimization Model (FASOM), Texas A&M University looked at various scenarios of sorghum usage under the new Renewable Fuels Standard. By knowing the GHG emissions of grain, sweet and high biomass sorghum, the industry stands ready to participate in the next generation of ethanol production.

### Sorghum Exports

The Sorghum Checkoff, in partnership with the U.S. Grains Council, brought foreign buyer teams to the U.S. to learn about the quality of U.S. sorghum. Groups from North Africa, the Middle East, Europe and Asia learned about how the U.S. processes sorghum and its various uses. One particular mission resulted in the purchase of 25,000 tons of sorghum by the Moroccan poultry industry.

### Marketing Strategies

A Sorghum Checkoff-funded study evaluated strategies for increased marketing opportunities for sorghum. The study focused on domestic trade servicing end users, new use development and grain movement logistics. The study also identified growth opportunities in niche markets such as the bird seed market.



## Sorghum: A Healthy Choice

While most American consumers don't eat sorghum every day, sorghum is a global staple and an essential source of nutrition. The increasing demand for gluten-free foods is raising sorghum's visibility as a food product.

Celiac disease is creating strong demand for gluten-free grains and flours. Sorghum excels as a baking flour for this market. Sorghum flour is easily substituted for wheat flour in many baked goods. A wide variety of recipes using sorghum can be found online and in cookbooks particularly focused on gluten-free foods.

Gluten-free is just one of sorghum's nutrition advantages. Whole grain sorghum is commonly eaten with the hull, retaining the majority of the nutrients. Sorghum is high in fiber, iron, protein and rich in antioxidants believed to help lower the risk of cancer, diabetes, heart disease and some neurological diseases.

The Sorghum Checkoff is funding studies to examine sorghum's nutritional benefits and opportunities for increasing use of sorghum in food.

