



kycorn
2020 ANNUAL REPORT



kycorn Working for Corn Farmers

At KyCorn, we go to work every day for corn farmers. I can't think of a better group to work for.



This grassroots organization, founded in 1982, represents the interests of more than 6,000 corn farmers in the Commonwealth by:

- Improving markets and demand
- Strengthening consumer trust for products and practices
- Investing in research for economically and environmentally sustainable production
- Advancing leadership and membership to provide a voice for Kentucky Corn Growers

KyCorn is energized and working hard with our staff to put together new programs, and to make sure our ongoing programs are accomplishing our goals.

We're excited about programs that are making a positive difference in Kentucky, the nation, and across the globe. KyCorn's efforts to build a future for corn and to reach consumers and decision makers are helping us build a statewide network of people who have a better understanding of the value of the corn industry to the Kentucky economy.

At the same time, our programs to build markets for corn and corn products, and research more sustainable farming practices are sparking new ideas and optimism about corn production in the Bluegrass. In this annual report, we are focusing on a few programs that are making a real impact.

Ray Allan Mackey, Chairman
Kentucky Corn Promotion Council

Wow, what a year 2020 was! The world got to see, first hand, just how essential agriculture really is. For corn farmers, it began as a year of many successes, then unfathomable challenges.



We began the year by seeing the signing of the China trade deal and the U.S. Mexico Canada Agreement (USMCA).

We received two major ethanol achievements □ a 10th circuit ruling that EPA improperly issued small refinery exemptions and an RVP waiver for E15 by EPA. Unfortunately, in June 2021, the Supreme Court overruled the 10th circuit decision and the DC circuit ruled against EPA on their RVP waiver for E15. Both decisions underscore the fact that mid-level ethanol blends have a long road to becoming more mainstream. Understanding what ethanol means for our bottom lines, it's a road worthy of our efforts. Despite the setbacks, the opportunity and necessity of ethanol for corn farmers cannot be ignored.

Many of our ethanol priorities are contained in the Next Generation Fuels Act, which was introduced by Cheri Bustos (D-IL) in 2020, it is a game-changing bill that clears many of the roadblocks for the future of our fuel. Passage for that bill will be a long road as well. And it will see critical revisions to □ broaden the tent □ from other industry stakeholders. The Next Generation Fuels Act is a major priority that members can expect to see come across the wire many times in 2021 and beyond.

Thank you, for your advocacy for our industry.

Richard Preston, President
Kentucky Corn Growers Association

Our Vision and Mission



OUR VISION

To sustainably feed and fuel a growing world.

OUR MISSION

Developing and enhancing a sustainable environment for Kentucky corn farmers.

STRATEGIC OBJECTIVES

- Improving markets and demand
- Strengthening consumer trust for products and practices
- Investing in research for economically and environmentally sustainable production
- Advancing leadership and membership to provide a voice for Kentucky Corn Growers



Strategic Objective #1: Improve Markets and Demand

This is strategic objective number one for a reason because there is no greater mission area than this for improving corn farmers' profitability. Last year was a roller coaster that started with a lot of momentum on the international trade front that and ended with a rally sparked in part by the China phase one agreement. Our ethanol market took a massive hit from the pandemic but has slowly recovered and looks to extend those gains into the future. Provided below are some examples of the work we did in 2020 at Kentucky Corn to help our markets recover from the pandemic.



Trade

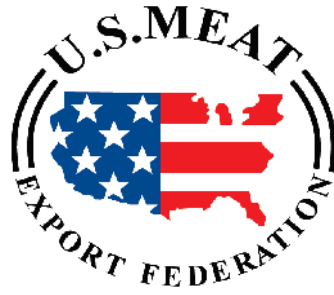
Kentucky Corn Promotion Council invested Kentucky farmers' checkoff dollars heavily into the US Grains Council (USGC). USGC is a farmer-driven trade promotion organization that leverages checkoff investments with Farm Bill funding in the Market Access Program (MAP) and the Foreign Market Development Program (FMD). KyCorn provides delegates to set priorities for USGC through constant communication with staff and their votes on the priorities and programs. USGC has staff placed throughout the world promoting US corn and ethanol—they investigate the feasibility of potential markets, work to remove barriers to entry for our products into those markets and develop relationships. The results are organized trade deals with foreign buyers.

USGC facilitates the American farmer in efforts to build personal relationships throughout the world. Handshakes make a huge difference, even on the world stage. We host global buyers and prospective customers of Kentucky and American corn on a regular basis. And routinely travel overseas to our customers, to be sure they know the people who produce our high quality American corn. This year, Tripp Furches, a Calloway County farmer traveled with other farm leaders to Mexico to place a face to the products we send to them. Mexico is our largest overseas destination for US Corn, at 15 million metric tons, plus the seventh largest global ethanol buyer, at 61 million gallons. In recent years, Kentucky farmers have hosted buyers from Thailand and Guatemala to showcase our ability to produce a high quality crop and our investments in farm handling infrastructure to preserve that quality, as well as our reliable logistics infrastructure.



Meat & Poultry Exports

Similar to our work with USGC to move grain and ethanol into overseas markets. KyCorn knows that sending corn to foreign buyers in the form of beef, pork and poultry are equally as effective in getting rid of the pile. We work and invest in the US Meat Export Federation to place U.S. beef, pork and lamb into the hands of overseas customers, and we build export demand by enhancing these customers' abilities to add value in how they prepare and serve meat products.



Of course, the benefits to the corn industry from increased meat exports are numerous, but the biggest benefit is higher demand for feed grains and increased corn prices. Just like with selling commodity corn and ethanol on the global scene, handshakes matter! For these products as well, KyCorn does its part to accompany USMEF on trade missions and participate in meat promotions. These efforts, which accounted for \$113 million in corn revenue for 2019, became virtual during 2020 due to Covid. But the in-person efforts in recent history include KyCPC Chairman and USMEF delegate, Ray Allan Mackey to Japan with USMEF (along with Dave Maples, KY Beef's EVP, and KY Ag Commissioner Ryan Quarles) to Japan to spotlight American Beef. And, KY Corn Executive Director, Laura Knoth, had recently participated in another of these vital trade missions.

Poultry is among one the largest users of Kentucky-produced corn. We feed a large chicken flock in Kentucky as well as in Tennessee, Georgia and Alabama – potentially 25% of each KY crop.

Securing overseas sales of US poultry and eggs are vital to your corn price. Our investment and involvement with USA Poultry and Egg Export Council focuses on creating global demand for the poultry and egg industry. We know these efforts are highly effective in positively impacting US corn prices.



9.59 MILLION

TONS DESTINED FOR CHINA ALONE



U.S. China Phase One Deal

The U.S. corn marketing year began Sept. 1 and already has 832.7 million bushels of corn sold on the books, including 377.546 million bushels (9.59 million tons) destined for China alone.

Most of these sales are known as outstanding sales, meaning corn contracted but not yet delivered. Total outstanding sales at any point in the marketing year have surpassed 20 million metric tons only a few times since data started being collected in 1990.

Since U.S. corn sales tend to pick up post-harvest, between January and March, having such a significant number of outstanding sales already in place creates a solid foundation for the new crop year and indicates the potential for large corn sales overall in the coming 12 months.

Such large numbers, particularly from sales to China, are also having a positive impact on price, which is influenced by many supply and demand factors.

KyCorn and Local Markets

Working hard to boost local markets, KyCorn partnered with the Kentucky Cattlemen's Association in 2018 in a program called Beef Solutions to purchase locally-raised cattle from individual Kentucky farms. The beef is harvested and processed locally and sold under its own brand as Kentucky Cattlemen's Beef in grocery stores, such as Kroger. This program grew immensely in 2020 into nearly 200 food retail locations, statewide.

From March 2019 to December 2020, the Beef Solutions packaged more than 1 million pounds of ground beef, impacting 200 farms in 60 counties.



Ethanol: Infrastructure, Promotion, Education

Ethanol has been a key market driver for corn for about 2 decades. This industry has seen many successes which, unquestionably, have driven corn price rallies. But we feel the work in this arena has just begun. Corn farmer checkoff funds are intensely invested into several ethanol market development programs—for 2020, most of that investment was focused on increased infrastructure (mid-level blend fuel dispensers).

Kentucky saw nearly a 10-fold increase in locations for consumers to purchase Unleaded88 (the branded name for E-15) – these were performed via partnerships with several fuel retailers, designed to allow these retailers to dip their toe into the retail space for mid-level ethanol blends. And, our research and data show that once consumers and convenience store owners get a taste of E-15, or Unleaded88, they don't turn back.

We plan to keep our foot on the pedal with this kind of investment; corn farmers know full-well what kind of impact ethanol has made for net farm income. Keeping that momentum takes investment, effort and strategic partnerships.

When COVID hit, there was a need for hand sanitizer, and we partnered with CAE and Casey Jones Distillery to donate product to all the Ky Proud markets and livestock facilities in Kentucky.



Kentucky Proud

HAND SANITIZER
Alcohol Antiseptic 80% Topical Solution
Non-sterile Solution
1892.71 ml

Proudly made with Kentucky Corn
donated by

kycorn
GROWERS ASSOCIATION

Prepared and packaged by
CASEY JONES
DISTILLERY

COMMONWEALTH
AGRI ENERGY



Strategic Objective #2: Strengthen Consumer Trust

They say trust is hard to earn but easy to lose. That's particularly true in agriculture and precisely why we offer a broad portfolio of consumer outreach initiatives. While we were restricted in how we engaged the broader public last year, we did make a positive impact with our consumer initiatives.

Here's a summary of what we were able to accomplish in 2020.



Frazier History Museum

Spirit of Kentucky bourbon exhibition at the Frazier History Museum in Louisville, is a permanent installation telling the stories about great Kentucky agriculture, and the limestone shelf, and the titans in the industry that have made Kentucky the home of bourbon.

Seventy-thousand visitors each year learn about the products that corn goes into — the bourbon products of our state. The installation and guides, provide accurate information of the history and culture of corn farming all the way up to modern practices. Kentucky growers saw the benefit of investing checkoff dollars in this exhibit to benefit hundreds of thousands of visitors informed on Kentucky agriculture, and especially about Kentucky corn.

Yellow Banks Bourbon

Green Rivers Distillery buys local Kentucky corn and is committed to helping future generations of corn farming families through proceeds from sales of Yellow Banks Bourbon to fund sustainable production research. This consumer-facing, educational, research-funding partnership supports KyCorn strategic objectives two and three!



Corn in the Classroom

KyCorn supports Kentucky Agriculture and Environment in the Classroom (TeachKyAg) to educate the commonwealth's educators and students about corn in addition to the impact agriculture has on their quality of life and the Kentucky economy.

As classrooms needed a virtual teaching option in 2020, it was the perfect time for TeachKyAg and KyCorn to release the new Kentucky Farms Feed Me Virtual Field Trip Series that was reproduced with the help of Kentucky Farm Bureau and our farm organization partners. The field trips were viewed in many classrooms and on world-wide social media channels. TeachKyAg also provided virtual training workshops for teachers and showcased additional lessons and virtual activities for their use.

For more information on the available corn resources, visit www.teachkyag.org/corn.



Engage Kentucky

Through participation in the Kentucky Livestock Coalition, KyCorn supports the educational program Engage Kentucky. Classroom speakers and informative articles focusing on agricultural production technologies and consumer concerns are provided to middle and high school classrooms as well as leadership and civic groups.



Investing in the Next Generation of Farmers



Crop Observation and Research Education (CORE)

The CORE Farmer Program began in January 2010, and since its inception, more than 60 young farmers have completed the program. New classes are enrolled every three years.

Classes are comprised of seven learning sessions, lasting three days each. Our goal is to provide the best agronomic-based educational program for Kentucky corn farmers and we do that by continually seeking out top-notch speakers and cutting edge topics," said Bill Meacham, a member of the CORE Steering Committee.



Championship Drive at Kentucky State Fair

While the Kentucky State Fair didn't go on in its normal fashion for 2020, the livestock exhibitors did continue on a restricted basis thanks to the diligent leadership of the Fair Board. And, Kentucky was one of the few states that even did that. Continuing livestock exhibitions this year was a critical step for Championship Drive, which replaced the Sale of Champions to expand 4-H and FFA programs. The shifting to this program, with the creation of a foundation for funding, allowed more students to showcase their market goats, sheep, swine and steers. Ky Corn was proud to contribute to the Foundation. We know the future of our industry, depends on the future of the livestock industry—this investment keeps youth excited and continues of forward trajectory in livestock genetics.



Scholarships for KyCorn Families

Chloe Holloway, Abbey Richardson, Ashley Hinton, and Addison Allen were the recipients of KyCorn's Scholarships.

Two \$1,000 scholarships were awarded to two high school seniors and two, \$2,000 scholarships were awarded for current college/trade school students.

KyCorn has also partnered with Owensboro Community and Technical School for nearly a decade for biofuel education. Henry Lytle received the KyCorn Auto Tech Scholarship for 2020.

Strategic Objective #3: Research Investments Enable Production

As we've seen in recent months, demand for U.S. corn is growing around the globe because we're known as a reliable source of sustainably grown corn. Our research portfolio is designed especially for Kentucky growers to help them meet the demands our customers, both near and far.

Outlined below is a summary of how we're working with partners like the University of Kentucky and others to improve corn production in Kentucky.

The University of Kentucky Grain and Forage Center of Excellence in Princeton

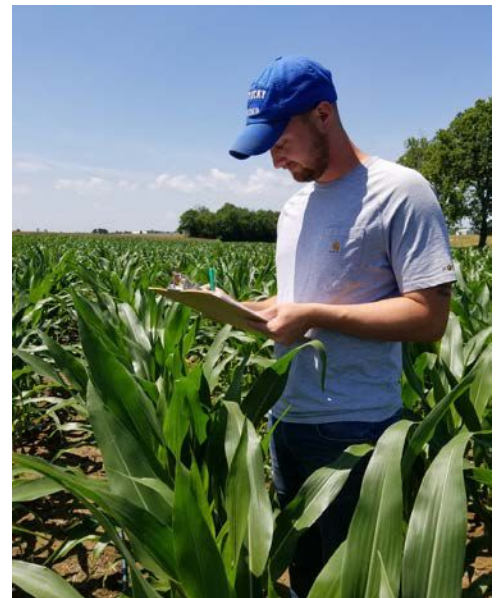
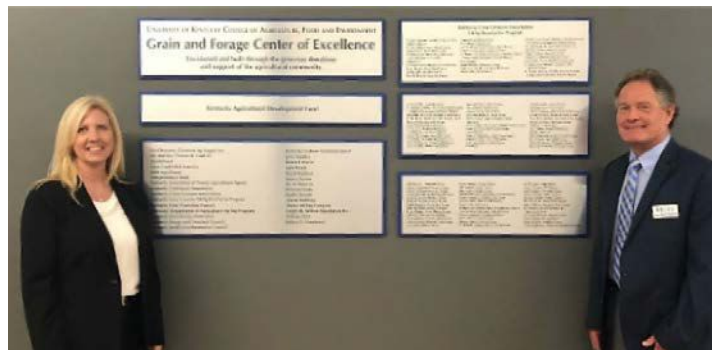
KyCorn received the honor of participating in the ribbon-cutting ceremony in celebration of the UK Grain and Forage Center of Excellence opening. As the earliest financial partners of the project, KyCorn's efforts with UK, Kentucky Agriculture Development Board, and the Kentucky legislature paid off in realizing this project.



UK Benefactor Membership

Farmers may invest individually in the Grain and Forage Center of Excellence through the KyCorn matching funds membership program. Over **\$165,000** in farmer dollars have been invested by more than 100 farmers with their own funds.

On-farm research partnerships such as UK College of Agriculture, Food and Environment and Murray State University are vital to practical successes. With these investments in equipment, land and cooperators, we have the ability to research variety trials, nutrient management, irrigation, cover crops and fungicides. Learn more on research and production at www.kycorn.org.



Strategic Objective #4: Provide a Voice for Kentucky Farmers

Ensuring our laws allow corn farmers to run your farms competitively is our highest priority at the Kentucky Corn Growers Association. We started off the year strong, with two signature wins in Congress that helped set the table for the growth we're seeing now. First came the signing of the China trade deal. Then came ratification of the U.S. Mexico Canada Agreement, or USMCA, our highest legislative priority for the year. And we ended the year with the introduction of the Next Generation Fuels Act, which paves the way for increased sales of higher ethanol blends.

KyCorn leaders are active in Washington D.C. and at home



KyCorn mobilized members for Atrazine and Ethanol in 2020 and a Joint effort with KSA and CAE "A Deal is a Deal" campaign to protect the RFS





Promotion Council Report

September 1, 2019 □ August 31, 2020

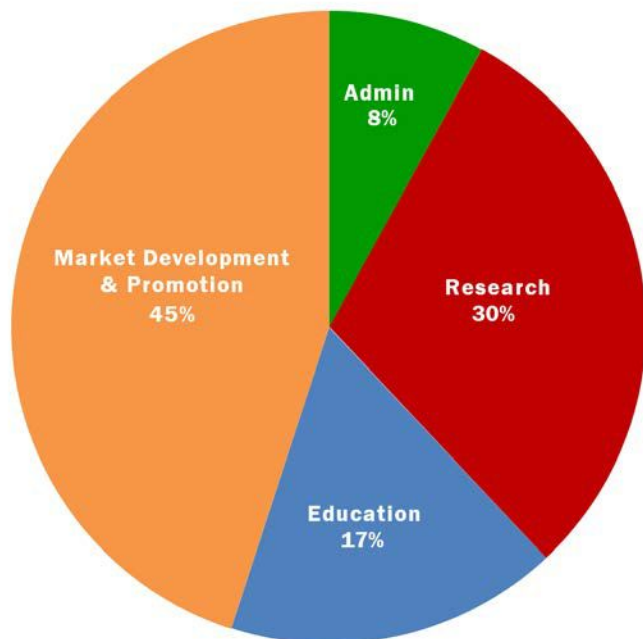
Income

Net Checkoff Income	\$2,083,339
Management Fees	\$30,000
Interest income	\$43,385
Plot Combine Rental	\$25,000
TOTAL INCOME	\$2,181,724

Expenses

Operating Expenses	\$495,888
Project Expenses	\$1,113,144
TOTAL EXPENSES	\$1,609,032
CARRYOVER	\$572,692

Distribution of Expenses



Project Expense Budget

U.S. Grains Council	\$143,600
U.S. Meat Export Federation	\$100,000
USA Poultry & Egg Export Council	\$20,000
Kentucky Livestock Coalition	\$1,500
Promotion & Consumer Communications	\$34,000
National Corn Growers	\$400,000
Research Projects	\$255,000
Ethanol Programs	\$140,000
Education	\$86,500
Environmental Projects	\$50,000
Member & Media Communications	\$41,000
Local Corn Grower Activities	\$5,000
Annual Convention & Meetings	\$10,000
Trades Shows, Field Days & Displays	\$19,000

Kentucky Corn Growers Board of Directors



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Green River
Alan Hubble
Southeast Ky.

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Rice Agri-Marketing
Ronan Cummins
Agronomy One
John Danesi
Whayne Supply

EXTENSION

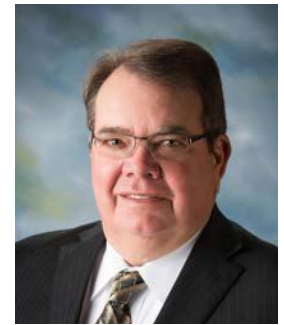
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Davie County



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