

Attention: Nancy M Morris, Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Management's Report on Internal Control Over Financial Reporting

Minn-Dak Farmers Cooperative
7525 Red River Road
Wahpeton, ND 58075

We are considered a 'non-accelerated filer', with a market cap of under \$200,000. We have about 300 year around employees and 450 seasonal employees. Our annual revenues are derived from agricultural manufacturing and are significantly impacted by growing conditions, therefore, they will range from \$175MM to \$250MM in any given year.

We believe the Sarbanes/Oxley legislation has materially met its goal and significantly improved the internal control used to influence financial reporting for all companies, not just those who file with the SEC. This improvement in financial reporting has provided the investor base with a market they may be confident is reporting fair and accurate financial information with which to make an investment decision.

Examples of what we consider to be significant, and positive changes include the Audit Partner rotation rule, strengthening the Audit Committee role, strengthening the Compensation Committee rule, and a compulsory Whistle Blower Program. These were all low cost high impact changes to the internal control process.

We believe the SEC has recognized the plight of smaller companies such as Minn-Dak Farmers Cooperative (MDFC) through the issuance of COSO for small companies and the recent guidance for a "top down approach" to internal control.

The recently issued guidance clearly indicates the new process should be a lower cost approach than any prior alternatives made available to smaller companies such as MDFC.

Our ability to address issues in the new guidance has been severely restricted and negatively impacted by the inability of the SEC to issue new guidance for the auditors relating to these same issues in a timely manner. New guidance issued by the SEC, if it is less restrictive than the audit standards, is overruled by the audit standards.

From an audit client perspective, the minimum standard of internal control compliance is that level of documentation and certification that will enable a certified public accountant to go through an SEC audit review without negative comment. If an SEC audit standard is interpreted by either the SEC audit reviewer or the certified public accountant as requiring certain documentation or certification, we the audit client will be compelled to

meet that requirement if we want our certifications attested to by the certified public accountant.

MDFC and other small company filers need to have an opportunity to review the SEC audit guidelines for internal control reporting for small companies. These audit guidelines may have the ability to allow MDFC's management to use a common sense approach to proper internal control for financial reporting, or they may recommend a wasteful and expensive process that will do nothing but add costs and reduce the economic benefits MDFC provides its stakeholders.

Under the new guidelines, we feel MDFC will be able to demonstrate it has the proper internal controls for financial reporting, and be able to do so in a very cost efficient manner. If the new SEC audit guidelines for companies such as MDFC are so rigid and restrictive that MDFC's auditors will require unnecessary and costly processes and procedures, this will negate the guidance issued on 12-20-06.

We urge the SEC, when it issues guidance for comment to the public accounting firms, to request the public accounting firms at a minimum meet with some of their small non-accelerated clients to discuss these issues. We attempted to meet with our auditors to discuss the 12-20-06 rules to formulate this letter, however, because of a perceived lack of independence issue, and the potential to be criticized by the SEC, our auditors were unable to discuss this issue with us.

Sincerely,

Allen E Larson, Controller
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