

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A

Annual report under Section 13 or 15(d) of the Securities Exchange Act of 1934.

For the fiscal year ended December 31, 2009

Transition report under Section 13 or 15(d) of the Exchange Act.

For the transition period from _____ to _____

Commission file number 000-52617

WESTERN DUBUQUE BIODIESEL, LLC

(Name of small business issuer in its charter)

Iowa
(State of Organization)

20-3857933
(I.R.S. Employer Identification No.)

904 Jamesmeier Road, P.O. Box 82
Farley, Iowa
(Address of principal executive offices)

52046
(Zip Code)

(563) 744-3554
(Issuer's telephone number)

Securities registered under Section 12(b) of the Exchange Act:

None

Securities registered under Section 12(g) of the Exchange Act:

29,779

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes No

As of June 30, 2009, the end of the registrant’s most recently completed second fiscal quarter, the aggregate market value of the membership units held by non-affiliates (computed by reference to the most recent offering price of such membership units) was \$23,568,000.

As of March 31, 2010, Western Dubuque Biodiesel, LLC had 29,779 membership units outstanding.

Explanatory Note Regarding Amendment No. 1

This Amendment No. 1 to the Annual Report on Form 10-K (“Amendment No. 1”) of Western Dubuque Biodiesel, LLC (the “Company”) for the fiscal year ended December 31, 2009, is being filed for the purpose of amending and restating Item 8 of the Company’s original Annual Report on Form 10-K (the “Annual Report”) due to an inadvertent omission of the Trade Accounts Payable amount on the Company’s Balance Sheet as reflected on page F-3 of the Annual Report, even though a prior draft of the financial statements contained such amount. The Trade Accounts Payable entry should read \$390,791, for total Company Liabilities and Member’s Equity of \$44,244,237.

In accordance with Rule 12b-15 under the Securities and Exchange Act of 1934, the complete text of the item amended by this Amendment No. 1 is set forth herein. The remainder of the Company’s Annual Report is unchanged and is not reproduced in this Amendment No. 1. This report speaks as of the original filing date of the Annual Report and has not been updated to reflect events occurring subsequent to the original reporting date. Accordingly, in conjunction with reading this Form 10-K/A, you should also read all other filings that we have made with the Securities and Exchange Commission since the date of the original filings.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Members
Western Dubuque Biodiesel, LLC
Farley, Iowa

We have audited the accompanying balance sheets of **Western Dubuque Biodiesel, LLC** as of December 31, 2009 and 2008, and the related statements of operations, members' equity and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Western Dubuque Biodiesel, LLC** as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years the ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 12 to the financial statements, the Company has suffered a loss from operations during 2009 and trends related to the price of raw materials and the selling price of finished goods provide uncertainty as to whether the Company will be able to operate profitably. As a result, reduced production levels or temporary or extended plant shutdowns may occur. In addition, the Company was not in compliance with certain loan covenants which may result in the lender requiring repayment of the debt during the next year. Management's plans in regard to these matters are also described in Note 12. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Eide Bailly LLP

Minneapolis, Minnesota
March 31, 2010

WESTERN DUBUQUE BIODIESEL, LLC
BALANCE SHEETS
December 31, 2009 and 2008

ASSETS

	<u>2009</u>	<u>2008</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,379,382	\$ 7,553,554
Margin deposits	13,890	5,000
Accounts receivable - trade	55,090	-
Accounts receivable - related party	143,059	1,525,310
Other receivables	12,000	-
Incentive receivables	3,494,322	-
Inventory	313,929	542,401
Prepaid expenses	<u>93,829</u>	<u>84,444</u>
Total current assets	<u>7,505,501</u>	<u>9,710,709</u>
PROPERTY, PLANT AND EQUIPMENT		
Land and land improvements	3,091,093	3,091,093
Office building and equipment	407,203	407,203
Plant and process equipment	37,799,987	37,758,600
Vehicles	<u>42,537</u>	<u>42,537</u>
Total, at cost	41,340,820	41,299,433
Less accumulated depreciation	<u>5,294,490</u>	<u>3,104,761</u>
Total property, plant and equipment	<u>36,046,330</u>	<u>38,194,672</u>
OTHER ASSETS		
Restricted cash	406,929	337,337
Loan origination fees, net of amortization	<u>285,477</u>	<u>380,637</u>
Total other assets	<u>692,406</u>	<u>717,974</u>
TOTAL ASSETS	<u>\$ 44,244,237</u>	<u>\$ 48,623,355</u>
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable:		
Trade	\$ 390,791	\$ 506,615
Related parties	1,047,081	241,545
Current portion of long-term debt	25,435,486	28,097,365
Derivative instruments	5,737	-
Accrued interest	-	16,346
Accrued liabilities	63,138	141,348
Deferred rent	<u>17,400</u>	<u>-</u>
Total current liabilities	<u>26,959,633</u>	<u>29,003,219</u>
MEMBERS' EQUITY		
Contributed capital	26,230,096	26,230,096
Accumulated deficit	<u>(8,945,492)</u>	<u>(6,609,960)</u>
Total members' equity	<u>17,284,604</u>	<u>19,620,136</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 44,244,237</u>	<u>\$ 48,623,355</u>

See accompanying notes to financial statements.

WESTERN DUBUQUE BIODIESEL, LLC
STATEMENTS OF OPERATIONS
Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
REVENUES		
Biodiesel and by product sales - related party	\$ 8,421,038	\$ 37,019,927
Biodiesel sales - unrelated party	8,801,666	-
Tolling services - related party	1,030,384	5,323,347
Incentive funds	<u>5,108,498</u>	<u>7,765,862</u>
Total revenues	<u>23,361,586</u>	<u>50,109,136</u>
COST OF SALES		
Materials, labor and overhead	23,713,994	48,655,782
Net losses on derivative instruments	<u>313,848</u>	<u>293,162</u>
Total cost of sales	<u>24,027,842</u>	<u>48,948,944</u>
Gross profit (loss)	<u>(666,256)</u>	<u>1,160,192</u>
OPERATING EXPENSES		
Consulting and professional fees	255,315	269,706
Office and administrative expenses	<u>309,272</u>	<u>504,982</u>
Total operating expenses	<u>564,587</u>	<u>774,688</u>
OTHER INCOME (EXPENSE)		
Other income	58,414	1,700
Interest income	2,600	74,905
Interest expense	<u>(1,165,703)</u>	<u>(1,710,641)</u>
Total other expense	<u>(1,104,689)</u>	<u>(1,634,036)</u>
NET LOSS	<u>\$ (2,335,532)</u>	<u>\$ (1,248,532)</u>
BASIC AND DILUTED LOSS PER UNIT	<u>\$ (78.43)</u>	<u>\$ (41.96)</u>
WEIGHTED AVERAGE UNITS OUTSTANDING, BASIC AND DILUTED	<u>29,779</u>	<u>29,752</u>

See accompanying notes to financial statements.

WESTERN DUBUQUE BIODIESEL, LLC
STATEMENTS OF CHANGES IN MEMBERS' EQUITY
Years Ended December 31, 2009 and 2008

	<u>Units</u>	<u>Subscriptions Receivable</u>	<u>Contributed Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
BALANCE, DECEMBER 31, 2007	27,279	\$ (2,500,000)	\$26,230,096	\$ (5,361,428)	\$18,368,668
Subscribed units issued - 2,500 units at \$1,000 per unit	2,500	2,500,000	-	-	2,500,000
Net loss for the year ended December 31, 2008	-	-	-	<u>(1,248,532)</u>	<u>(1,248,532)</u>
BALANCE, DECEMBER 31, 2008	29,779	-	26,230,096	(6,609,960)	19,620,136
Net loss for the year ended December 31, 2009	-	-	-	<u>(2,335,532)</u>	<u>(2,335,532)</u>
BALANCE, DECEMBER 31, 2009	<u>29,779</u>	<u>\$ -</u>	<u>\$26,230,096</u>	<u>\$ (8,945,492)</u>	<u>\$17,284,604</u>

See accompanying notes to financial statements.

WESTERN DUBUQUE BIODIESEL, LLC
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (2,335,532)	\$ (1,248,532)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	2,189,729	2,182,393
Amortization	95,159	95,159
Effects of changes in operating assets and liabilities:		
Margin deposits	(8,890)	3,019,770
Accounts receivable - related party	1,327,161	1,349,606
Other receivables	(12,000)	150,186
Incentive receivables	(3,494,322)	694,825
Inventory	228,472	3,897,576
Prepaid expenses	(9,385)	235,282
Derivative instruments	5,737	(2,533,251)
Accounts payable	689,711	(379,312)
Accrued liabilities	(94,556)	(217,924)
Deferred Rent	17,400	-
	<u>(1,401,316)</u>	<u>7,245,778</u>
Net cash provided by (used in) operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales tax refund from construction in progress	-	286,190
Payments for property, plant and equipment, including construction in progress	(41,385)	(135,985)
Increase in restricted cash	(69,592)	(261,993)
	<u>(110,977)</u>	<u>(111,788)</u>
Net cash used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	-	939,540
Payments on long-term debt	(2,661,879)	(2,531,817)
	<u>(2,661,879)</u>	<u>(1,592,277)</u>
Net cash used in financing activities		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,174,172)	5,541,713
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>7,553,554</u>	<u>2,011,841</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,379,382</u>	<u>\$ 7,553,554</u>

See accompanying notes to financial statements.

WESTERN DUBUQUE BIODIESEL, LLC
Farley, Iowa
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Western Dubuque Biodiesel, LLC located in Farley, Iowa was organized on November 14, 2005 to own and operate a 30 million gallon annual production biodiesel plant for the production of fuel grade biodiesel. The Company's fiscal year ends on December 31. Significant accounting policies followed by the Company are presented below. The Company began its principal operations in August 2007. Prior to that date, the Company was considered to be in the development stage.

Use of Estimates in Preparing Financial Statements

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 and disclosure of contingent 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.

Basis of Accounting

The Company uses the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. This method recognizes revenues as earned and expenses as incurred.

Revenue Recognition

Revenue from the production of biodiesel and related products is recognized upon delivery to customers or under the terms of a tolling service agreement. Revenue is recorded upon the transfer of the risks and rewards of ownership and delivery to customers. Interest income is recognized as earned.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

The Company maintains its accounts primarily at one financial institution. At times during the year, the Company's cash and cash equivalents balances exceed amounts insured by the Federal Deposit Insurance Corporation.

Restricted Cash

The Company is required to maintain cash balances to be held at a bank as a part of their financing agreement as described in Note 4.

Accounts Receivable

Accounts receivable are presented at face value, net of the allowance for doubtful accounts. The allowance for doubtful accounts is established through provisions charged against income and is maintained at a level believed adequate by management to absorb estimated bad debts based on historical experience and current economic conditions. Management believes all receivables will be collected and therefore the allowance has been established to be \$-0- at December 31, 2009 and 2008.

Account balances with invoices past stated terms are considered delinquent. No interest is charged on trade receivables with past due balances. Payments of accounts receivable are applied to the specific invoices identified on the customer's remittance advice or, if unspecified, to the customer's total balances.

WESTERN DUBUQUE BIODIESEL, LLC
Farley, Iowa
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

Derivative Instruments and Hedging Activities

SFAS No. 133, which was primarily codified into Topic 815, *Derivatives and Hedging*, in the ASC, requires a company to evaluate its contracts to determine whether the contracts are derivatives. Certain contracts that literally meet the definition of a derivative may be exempted from ASC 815 as normal purchases or normal sales. Normal purchases and normal sales are contracts that provide for the purchase or sale of something other than a financial instrument or derivative instrument that will be delivered in quantities expected to be used or sold over a reasonable period in the normal course of business. Contracts that meet the requirements of normal sales are documented as such, and exempted from the accounting and reporting requirements of ASC 815. The Company has entered into agreements to purchase feedstocks for anticipated production needs. These contracts are considered normal purchase contracts and exempted from ASC 815.

Inventories

Inventory is stated at the lower of cost, determined on a first in, first out basis, or market value.

Property and Equipment

Property and equipment are stated at cost. Significant additions are capitalized, while expenditures for maintenance, repairs and minor renewals are charged to operations when incurred.

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets determined as follows:

	<u>Years</u>
Land improvements	20 - 40
Office equipment	5 - 10
Office building	30
Plant and process equipment	10 - 40
Vehicles	5 - 7

The Company reviews its property and equipment for impairment whenever events indicate that the carrying amount of the asset may not be recoverable. An impairment loss is recorded when the sum of the future cash flows is less than the carrying amount of the asset. The amount of the loss is determined by comparing the fair market values of the asset to the carrying amount of the asset.

Loan Origination Fees

Loan origination fees are stated at cost and will be amortized on the straight-line method over the life of the loan agreements. Amortization commenced as the Company borrowed funds on the loans. Amortization for the years ended December 31, 2009 and 2008 was \$95,159.

Income Taxes

The Company is organized as a limited liability company under state law and is treated as a partnership for income tax purposes. Under this type of organization, the Company's earnings pass through to the partners and are taxed at the partner level. Accordingly, no income tax provision has been calculated. Differences between financial statement basis of assets and tax basis of assets is related to capitalization and amortization of organization and start-up costs for tax purposes, whereas these costs are expensed for financial statement purposes. Differences also exist in the treatment of expenses capitalized for inventory for tax purposes, prepaid expenses and differences between depreciable lives and methods used for book and tax purposes.

WESTERN DUBUQUE BIODIESEL, LLC
Farley, Iowa
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

Earnings (Loss) Per Unit

Earnings (loss) per unit are calculated based on the period of time units have been issued and outstanding. For purposes of calculating diluted earnings per capital unit, units subscribed for but not issued are included in the computation of outstanding capital units based on the treasury stock method. As of December 31, 2009 and 2008, there was not a difference between basic and diluted earnings per unit as there were no units subscribed.

Cost of Sales

The primary components of cost of sales from the production of biodiesel products under the tolling services agreement are raw materials (hydrochloric acid, methanol, and other catalysts), energy (natural gas and electricity), labor and depreciation on process equipment.

Shipping and Handling Costs

Shipping and handling costs are expensed as incurred and are included in the cost of sales.

Environmental Liabilities

The Company's operations are subject to federal, state and local environmental laws and regulations. These laws require the Company to investigate and remediate the effects of the release or disposal of materials at its location. Accordingly, the Company has adopted policies, practices and procedures in the areas of pollution control, occupational health, and the production, handling, storage and use of hazardous materials to prevent material, environmental or other damage; and to limit the financial liability which could result from such events. Environmental liabilities are recorded when the liability is probable and the costs can be reasonably estimated.

Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instrument held by the Company:

Current assets and current liabilities – The carrying value approximates fair value due to the short maturity of these items.

Long-term debt – The carrying amount of long-term obligations approximated fair value based on estimated interest rates for comparable debt.

New Accounting Standards

In June 2009, the FASB issued SFAS No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles*, which was primarily codified into Topic 105, *Generally Accepted Accounting Standards*, in the ASC. This standard will become the single source of authoritative nongovernmental U.S. generally accepted accounting principles ("GAAP"), superseding existing FASB, American Institute of Certified Public Accountants ("AICPA"), Emerging Issues Task Force ("EITF"), and related accounting literature. This standard reorganizes the thousands of GAAP pronouncements into roughly 90 accounting topics and displays them using a consistent structure. Also included is the relevant Securities and Exchange Commission guidance organized using the same topical structure in separate sections. This guidance will be effective for financial statements issued for reporting periods that end after September 15, 2009. Beginning in the third quarter of 2009, this guidance impacts the Company's financial statements and related disclosures as all references to authoritative accounting literature reflect the newly adopted codification.

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities* - an amendment of SFAS No. 133, which was primarily codified into Topic 815, *Derivatives and Hedging*, in the ASC. This guidance expands the disclosures about an entity's derivative and hedging activities. The guidance was

WESTERN DUBUQUE BIODIESEL, LLC
Farley, Iowa
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

effective for fiscal years and interim periods beginning after November 15, 2008, which was January 1, 2009 for the Company. The Company's enhanced disclosures are included in Note 10.

In April 2009, the FASB issued FASB Staff Position No. FAS 107-1 and APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments*, which was primarily codified into Topic 825, *Financial Instruments*, in the ASC. This standard extends the disclosure requirements concerning the fair value of financial instruments to interim financial statements of publicly traded companies. This guidance is effective for interim or annual financial periods ending after June 15, 2009. The Company adopted the guidance as of April 1, 2009. The adoption of ASC 825 did not have a material effect on its financial statements and related disclosures.

In May 2009, the FASB issued SFAS No. 165, *Subsequent Events*, which was primarily codified into Topic 855, *Subsequent Events*, in the ASC. This guidance establishes principles and requirements for subsequent events. Specifically, it sets forth guidance pertaining to the period after the balance sheet date during which management should consider events or transactions for potential recognition or disclosure, circumstances under which an event or transaction would be recognized after the balance sheet date and the required disclosures that should be made about events or transactions that occurred after the balance sheet date. This guidance is effective for interim or annual financial periods ending after June 15, 2009. The Company adopted the guidance as of April 1, 2009. The adoption of ASC 855 did not have a material effect on its financial statements and related disclosures.

NOTE 2 - INCENTIVE PAYMENTS AND RECEIVABLE

Revenue from federal incentive programs is recorded when the Company has sold blended biodiesel and satisfied the reporting requirements under the applicable program. When it is uncertain that the Company will receive full allocation and payment due under the federal incentive program, it derives an estimate of the incentive revenue for the relevant period based on various factors including the most recently used payment factor applied to the program. The estimate is subject to change as management becomes aware of increases or decreases in the amount of funding available under the incentive programs or other factors that affect funding or allocation of funds under such programs.

During the years ended December 31, 2009 and 2008 the Company recorded federal incentive revenues from the Volumetric Ethanol Tax Credit ("VEETC") and Commodity Credit Corporation (CCC) Bioenergy Program. The Company recorded incentive revenues of \$4,854,802 and \$7,765,862 for the years ended December 31, 2009 and 2008, respectively under the VEETC program. The VEETC expired on December 31, 2009. The Company recorded incentive revenues of \$253,696 and \$0 for the years ended December 31, 2009 and 2008, respectively under the CCC Bioenergy Program. The amount of incentives receivable was \$3,494,322 and \$0- December 31, 2009 and 2008, respectively.

NOTE 3 - INVENTORY

Inventory consists of:

	December 31, <u>2009</u>	December 31, <u>2008</u>
Raw material	\$ 161,471	\$ 186,306
Work in progress	72,996	146,334
Finished goods	<u>79,462</u>	<u>209,761</u>
Total	<u>\$ 313,929</u>	<u>\$ 542,401</u>

WESTERN DUBUQUE BIODIESEL, LLC
Farley, Iowa
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE 4 - LONG-TERM DEBT AND FINANCING

Long-term obligations of the Company are summarized as follows:

	December 31, <u>2009</u>	December 31, <u>2008</u>
Note payable to Beal Bank – see details below	\$ 25,188,855	\$ 27,782,677
Note payable to the Iowa Department of Economic Development - see details below	240,000	300,000
Note payable to Hodge Material Handling – see details below	<u>6,631</u>	<u>14,688</u>
Total	25,435,486	28,097,365
Less current portion	<u>25,435,486</u>	<u>28,097,365</u>
Long-term portion	<u>\$ -</u>	<u>\$ -</u>

Due to going concern issues addressed in Note 12, the debt has been classified as current.

On July 5, 2006, the Company entered into a \$35,500,000 loan agreement with Marshall BankFirst, and in July 2009, the loan agreement was acquired by Beal Bank. The loan commitment was the lesser of \$35,500,000 or sixty one percent of total project costs. The loan term is seventy-four months which consists of the construction phase and a term phase. The construction phase ended March 1, 2008 and the term phase commenced thereafter. Monthly interest payments were required during construction phase with monthly interest and principal required during the term phase to be based on a ten year principal amortization. Monthly payments of \$339,484 including interest at a variable rate commenced March 1, 2008 under the term phase with the remaining principal and interest due at maturity, January 1, 2013. In September 2009, the payment terms were modified and monthly payments were reduced to \$150,000 beginning in November and continuing for six months thereafter. The loan commitment also includes a provision for additional payments during the term phase, based on one-third of all monthly earnings before interest, taxes, depreciation and amortization (EBITDA) remaining after the regularly scheduled principal and interest payments have been paid in full. The agreement also includes provisions for reserve funds for capital improvements, working capital, and debt service. As of December 31, 2009, balances of \$354,708 and \$52,221 remain in the debt service reserve and capital reserve funds as restricted cash. During the term phase, the Company has the option of selecting an interest rate at 25 basis points over the prime rate as published in the Wall Street Journal or 300 basis points over the five-year LIBOR/Swap Curve rate. On March 1, 2008, upon commencement of the term phase the Company selected the variable rate option of 25 basis points over the prime rate (3.50% and 3.25% at December 31, 2009 and 2008, respectively). The notes are secured by essentially all of the Company's assets. Under the terms of the agreements, the Company is to adhere to certain financial covenants. The Company is to adhere to minimum debt service coverage, fixed charge coverage, and current ratio requirements, as well as a maximum debt as a percentage of earnings before interest, taxes, depreciation and amortization (EBITDA) ratio. The Company was not in compliance with certain covenants as of December 31, 2009 and 2008.

The Company has been awarded \$400,000 from the Iowa Department of Economic Development consisting of a \$300,000 zero interest deferred loan and a \$100,000 forgivable loan. The zero interest deferred loan requires sixty monthly installments of \$5,000 beginning December 2006. In January 2007, the zero interest deferred loan was amended, and deferred monthly installments until August 2007, with remaining principal due at maturity, May 2012. The Company must satisfy the terms of the agreement, which include producing 30,000,000 gallons of biodiesel and wage and job totals, to receive a permanent waiver of the forgivable loan. The loan is secured by a security agreement including essentially all of the Company's assets.

WESTERN DUBUQUE BIODIESEL, LLC
Farley, Iowa
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

The Company has an installment sales contract with Hodge Material Handling dated October 16, 2007. The Company purchased a fork truck for \$23,625, and must make 36 monthly installments of \$770, beginning 30 days after taking possession of the fork truck. Interest is implied at a rate of 10.69% per annum.

The Company had issued a \$116,132 letter of credit through American Trust Bank in favor of Black Hills Energy (previously Aquila, Inc.). The letter of credit was effective for the period February 6, 2007 through February 6, 2010. The letter of credit expired in February 2010 and the Company placed funds on deposit with Black Hills Energy.

NOTE 5 - MEMBERS' EQUITY

In December 2006, the Company entered into a written agreement to issue 2,500 units with the Renewable Energy Group, Inc. (REG, Inc.) who was contracted to build the facility and provide management and operational services for the Company (see Note 9). REG, Inc., is a related entity formed by the Company's original general contractor (Renewable Energy Group, LLC) (See Note 8). The agreement provided for the issuance of 2,500 membership units to the contractor upon completion of construction. The \$2,500,000 consideration for the units were to be deducted from the final payments made by the Company relating to the construction agreement of the biodiesel facility. The 2,500 units were issued on January 4, 2008. This reduced the construction payable by \$2,500,000 and increased contributed capital by the same amount.

The Company's operating agreement provides that the net profits or losses of the Company will be allocated to the members in proportion to the membership units held. Members will not have any right to take part in the management or control of the Company. Each membership unit entitles the member to one vote on any matter which the member is entitled to vote. Transfers of membership units are prohibited except as provided for under the operating agreement and require approval of the board of directors.

NOTE 6 - INCOME TAXES

As of December 31, 2009 and 2008, the book basis of assets exceeded the tax basis of assets by approximately \$7,655,000 and \$5,340,000, respectively.

The Company is subject to the following material tax jurisdictions: U.S. and Iowa. The tax years that remain open to examination by the Internal Revenue Service are 2006 through 2009. The tax years that remain open to examination by the Iowa Department of Revenue are 2006 through 2009. Our policy is to recognize interest and penalties related to uncertain tax benefits in income tax expense. We have no accrued interest or penalties related to uncertain tax positions as of December 31, 2009 or December 31, 2008.

NOTE 7 - CASH FLOW DISCLOSURES

The Company had the following noncash investing and financing transactions:

	<u>2009</u>	<u>2008</u>
Cash paid for interest	\$ <u>1,086,890</u>	\$ <u>1,808,571</u>
Units issued in exchange for reduction in construction payable	\$ <u>-</u>	\$ <u>2,500,000</u>
Loan proceeds transferred to debt reserve fund (restricted cash)	\$ <u>-</u>	\$ <u>75,344</u>

NOTE 8 - RELATED PARTY TRANSACTIONS

The Company's general contractor (Renewable Energy Group, LLC) entered into an agreement to construct the plant. On July 31, 2006, the general contractor formed a new related entity called Renewable Energy Group, Inc. (REG, Inc.). The new entity, REG, Inc. is contracted to provide the management and operational services for the Company. On

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August 9, 2006, REG, LLC assigned its construction agreement to the newly formed entity REG, Inc., which became the general contractor.

The Company entered into an agreement with REG, Inc. to provide certain management and operational services. The agreement provides for REG, Inc. to place a general manager and operations manager, acquire substantially all feed stocks and basic chemicals necessary for production, and perform substantially all the sales and marketing functions for the Company. The agreement with REG, Inc. requires a per gallon fee, paid monthly, based on the number of gallons of biodiesel produced or sold. In addition, an annual bonus based on a percentage of the plant's profitability with such bonus not to exceed \$1,000,000 per year.

Payments shall be due the tenth of the month following the month for which such fees are computed or payable. The agreement shall remain in force for three years after the end of the first month in which product is produced for sale. The agreement shall continue until one party gives written notice of termination to the other of a proposed termination date at least twelve months in advance of a proposed termination date.

On June 5, 2009, the Company received from REG, Inc., a notice of termination of its management and operational services agreement. The notification from REG, Inc. states that it shall constitute such twelve month advance termination notice required by the terms of the agreement. The Company and REG, Inc. are currently operating under an amended management and operational services agreement dated November 25, 2009.

The Company incurred management and operational service fees, feed stock procurement fees, and sales fees with REG, Inc. For the years ended December 31, 2009 and 2008, the Company incurred fees of \$283,250 and \$1,040,146, respectively. The amount payable to REG, Inc. as of December 31, 2009 and 2008 was \$29,756 and \$241,545, respectively.

The Company has given notice to REG, Inc. that they intend to proceed with arbitration in order to resolve disputes related to the management and operational services agreement.

The Company purchased feedstocks under a financing agreement from a company related to a member of the board of directors during 2009. For the year ended December 31, 2009, the Company purchased feedstocks and incurred fees of \$10,787,670. The amount payable to this related company as of December 31, 2009, was \$1,017,325.

In August 2008, the Company entered into a tolling service agreement with REG, Inc. to process a specified number of gallons of biodiesel from September to February 2009. Under the terms of the agreement, REG, Inc. was to provide the raw material feedstock and pay a specified price per gallon for processing. This agreement was completed in February 2009.

A member of the board of directors is also a member of the board of directors of the Company's depository bank.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

The Company has received refunds from an industrial new jobs training program. The Company funds the program through diverting their state payroll tax withholdings. In the event these withholdings aren't enough to cover the bond payments, the Company will need to advance the funds to cover the program costs. As of December 31, 2009, there was a total of \$364,902 committed under the program of which \$287,232 remained to be covered by future state payroll tax withholdings.

In June 2007, the Company entered into a water use agreement with the City of Farley. The agreement requires a minimum usage of 50,000 gallons per day over the life of the agreement. At December 31, 2009 the remaining estimated minimum cost under the agreement was \$730,954.

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NOTE 10 - FAIR VALUE OF FINANCIAL INSTRUMENTS

Effective January 1, 2008, the Company adopted FASB Statement No. 157 (FAS 157), *Fair Value Measurements*, which was primarily codified into Topic 820, *Fair Value Measurements and Disclosures*, in the ASC. This guidance provides a comprehensive framework for measuring fair value and expands disclosures which are required about fair value measurements. Specifically, the guidance sets forth a definition of fair value and establishes a hierarchy prioritizing the inputs to valuation techniques, giving the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable value inputs. The adoption of this guidance had an immaterial impact on the Company's financial statements. The guidance defines levels within the hierarchy as follows:

- Level 1—Unadjusted quoted prices for identical assets and liabilities in active markets;
- Level 2—Quoted prices for similar assets and liabilities in active markets (other than those included in Level 1) which are observable for the asset or liability, either directly or indirectly; and
- Level 3—Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The following table sets forth financial assets and liabilities measured at fair value in the statement of financial position and the respective levels to which the fair value measurements are classified within the fair value hierarchy as of December 31:

	<u>2009</u>			
	<u>Carrying Amount on Balance Sheet</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Financial liabilities:				
Commodity derivatives	\$ (5,737)	\$ (5,737)	\$ -	\$ -

There were no financial assets or liabilities measured at fair value as of December 31, 2008.

The Company enters into various commodity derivative instruments, including forward contracts, futures, options and swaps. The fair value of the Company's derivatives are determined using unadjusted quoted prices for identical instruments on the applicable exchange in which the Company transacts. When quoted prices for identical instruments are not available, the Company uses forward price curves derived from market price quotations. Market price quotations are obtained from independent brokers, exchanges, direct communication with market participants and actual transactions executed by the Company.

NOTE 11 - DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

Effective January 1, 2009, the company prospectively implemented the provisions of SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities*, an amendment of FASB Statement No. 133 (SFAS 161), which was primarily codified into Topic 815, *Derivatives and Hedging*, in the ASC. This guidance enhances the disclosure requirements of SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* (SFAS 133), to provide users of financial statements with a better understanding of the objectives of a company's derivative use and the risks managed.

Objectives and Strategies for Holding Derivative Instruments

In the ordinary course of business, the company enters into contractual arrangements (derivatives) as a means of managing exposure to changes in biodiesel prices and feedstock costs under established procedures and controls. The Company has established a variety of approved derivative instruments to be utilized in each risk management

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program, as well as varying levels of exposure coverage and time horizons based on an assessment of risk factors related to each hedging program. As part of its trading activity, the Company uses option and swap contracts offered through regulated commodity exchanges to reduce risk and is exposed to risk of loss in the market value of biodiesel inventories and input costs.

Commodity Risk Management

Commodity price risk management programs serve to reduce exposure to price fluctuations on purchases of feedstocks and biodiesel prices. The Company enters into over-the-counter and exchange-traded derivative commodity instruments to hedge the commodity price risk associated with feedstocks and commodity exposures. These agreements expired in 2009.

Accounting for Derivative Instruments and Hedging Activities

All derivatives are designated as non-hedge derivatives. Although the contracts may be effective economic hedges of specified risks, they do not meet the hedge accounting criteria of ASC 815. At December 31, 2009, the Company had net derivative liabilities of \$5,737 related to these instruments, with the related mark-to-market effects included in "Cost of sales" in the statements operations. At December 31, 2008, the Company had no derivative instruments.

The following tables provide information on the location and amounts of derivative fair values in the consolidated balance sheet and derivative gains and losses in the statement of operations:

Fair Value of Derivative Instruments

	Balance Sheet Classification	Asset Derivatives December 31, 2009	Liability Derivatives December 31, 2009
Derivatives not designated as hedging:			
Commodity contracts –			
Heat oil swaps	Current liabilities	\$ -	\$ 5,737

For the year ended December 31, 2009, net realized and unrealized losses on derivative transactions were recognized in the statement of income as follows:

Derivatives not designated as hedging instruments	Location of net loss recognized in earnings on derivative activities	Net income (loss) recognized in income on derivative activities
Commodity contracts –		
Heat oil swaps	Cost of sales	\$ (313,848)

The Company recorded an increase to cost of sales of \$293,162, related to derivative contracts for the year ended December 31, 2008.

NOTE 12 - UNCERTAINTY

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. For the year ended December 31, 2009, the Company generated significant net losses of \$2,335,532 and experienced significant fluctuations in input costs and lack of demand for its products. The Federal blender's credit expired on December 31, 2009. If legislative action is not taken in 2010, it may materially impair the Company's ability to profitably produce and sell biodiesel. The Company has also received from REG, Inc., a notice of termination of its management and operational services agreement (See Note 8). In an effort to increase profit margins and reduce losses, the Company anticipates producing biodiesel from refined animal fats, canola oil and soybean oil to lower input costs. The Company also plans to seek to produce biodiesel on a toll basis where

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biodiesel would be produced using raw materials provided by someone else. Finally, the Company plans to scale back on its production or temporarily shut down the biodiesel plant depending on the Company's cash situation and its ability to purchase raw materials to operate the plant.

The Company has also undertaken significant borrowings to finance the construction of its biodiesel plant. The loan agreements with the Company's lender contain restrictive covenants, which require the Company to maintain minimum levels of working capital, and minimum financial ratios including; debt service coverage, fixed charge coverage and debt as a percentage of earnings before interest, taxes, depreciation, and amortization (EBITDA). The Company was not in compliance with certain restrictive covenants at December 31, 2009 and 2008, and it is projected the Company will fail to comply with one or more loan covenants, including the working capital covenant throughout the Company's 2010 fiscal year. This raises doubt about whether the Company will continue as a going concern. These loan covenant violations constitute an event of default under the Company's loan agreements which, at the election of the lender, could result in the acceleration of the unpaid principal loan balance and accrued interest under the loan agreements or the loss of the assets securing the loan in the event the lender elected to foreclose its lien or security interest in such assets. The Company's ability to continue as a going concern is dependent on the Company's ability to comply with the loan covenants and the lender's willingness to waive any non-compliance with such covenants.

Management anticipates that if additional capital is necessary to comply with its loan covenants or to otherwise fund operations, the Company may issue additional membership units through one or more private placements. However, there is no assurance that the Company would be able to raise the desired capital.

NOTE 13 - SUBSEQUENT EVENTS

Management evaluated subsequent events through the date the financial statements were available to be issued.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

Exhibits Filed as Part of this Report and Exhibits Incorporated by Reference.

The following exhibits and financial statements are filed as part of, or are incorporated by reference into, this report:

(1) Financial Statements

The financial statements appear beginning at page F-3 of this report.

(2) Financial Statement Schedules

All supplemental schedules are omitted as the required information is inapplicable or the information is presented in the financial statements or related notes.

(3) Exhibits

Exhibit No.	Description	Method of Filing
31.1	Certificate pursuant to 17 CFR 240 13a-14(a)	*
31.2	Certificate pursuant to 17 CFR 240 13a-14(a)	*
32.1	Certificate pursuant to 18 U.S.C. Section 1350	*
32.2	Certificate pursuant to 18 U.S.C. Section 1350	*

(*) Filed herewith.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WESTERN DUBUQUE BIODIESEL, LLC

Date: April 22, 2010

/s/ Bruce Klostermann
Bruce Klostermann
Vice Chairman and Director
(Principal Executive Officer)

Date: April 22, 2010

/s/ George Davis
George Davis
Treasurer and Director
(Principal Financial and Accounting Officer)

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: April 22, 2010

/s/ William Schueller
William Schueller, Chairman and Director

Date: April 22, 2010

/s/ Bruce Klostermann
Bruce Klostermann, Vice Chairman and Director
(Principal Executive Officer)

Date: April 22, 2010

/s/ Joyce Jarding
Joyce Jarding, Secretary and Director

Date: April 22, 2010

/s/ George Davis
George Davis, Treasurer, Director
(Principal Financial and Accounting Officer)

Date: April 22, 2010

/s/ Warren Bush
Warren Bush, Director

Date: April 22, 2010

/s/ Craig Breitbach
Craig Breitbach, Director

Date: April 22, 2010

/s/ Denny Mauser
Denny Mauser, Director

Date: April 22, 2010

/s/ David P. O'Brien
David P. O'Brien, Director