

Lost Lake Farm

**Business Plan
January 7th, 2015**



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January 2014

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I. Executive Summary

Kevin and Ranae Dietzel, of Hamilton County, Iowa, are starting a small dairy farm and farmstead cheese operation. The Dietzels have been married since 2006 and both have extensive farm experience and agricultural training and education. Ranae is employed off the farm.

There is little competition from within Iowa for artisanal farmstead cheese. The success, thus far, of the cheese makers that have started up in recent years, indicates that there is a demand for good quality cheese in Iowa.

Our products will be signature Alpine style, mozzarella, provolone and camembert. These products will be marketed directly to consumers through the Farm to Folk cooperative in Ames, the Iowa Food Cooperative in Des Moines, community supported agriculture (CSA), and farmers' markets. Additional markets will be retail stores such as the Wheatsfield Grocery in Ames and The Cheese Shop in Des Moines, as well as some restaurants in the area.

The farm currently has eight cows and will grow to around sixteen cows in 2018, for a projected production level of 2,600 pounds of cheese in 2015 and 13,000 pounds of cheese in 2018. The cows will be fed a diet of all forage during the grazing season and mostly forage with a small amount of grain supplementation during the winter. For the first year, Kevin will be the main source of labor for both the farm and cheese production, with help from Ranae as her off-farm job allows. A part-time employee will be hired in 2016.

The business is projected to have a loss of \$13,500 in 2015 and a return to capital and labor (profits before paying owner-operators) of \$54,400 in 2018. The business will have a total start-up financing need of \$297,000, which will be secured through equity investment and loans from community members, in addition to the owners' investment of \$15,000 and their existing assets (livestock, equipment, facilities, land, tools, tractor, vehicles). The projected net worth of the business is \$180,000 at the end of 2015 and \$236,000 at the end of 2018.

II. Values

We value a family-centered lifestyle, environmental improvement, strong community ties, and conservative economic practices. We would like to create a business that is conducive to raising our children with strong life skills and work ethic. We would like to implement farming practices that will improve the soil, air, and water on and around our farm. We would like to be an integral part of a thriving rural farming community and a much larger community of healthy eaters. We would like to do all of this while being financially stable.

III. History and Current Situation

We have been married since July 2006. Since before we were married, we have had the goal of some day farming together.

Ranae grew up on a hog farm near Radcliffe, Iowa. Growing up she not only helped out on the farm, but also participated in many activities including 4-H, volleyball, basketball, track and field, softball, band, and student government. In addition to raising hogs, her family also had many different ventures on their farm, including gardening, an orchard, poultry of all types, horses, and cattle. In college, where she majored in

biology and minored in political science, she was a collegiate athlete in wrestling, cross country, and track and field. She was also a member of student government. She spent one summer working as a veterinary assistant at a large farm in Ukraine, where she worked with dairy cattle, swine, and ostriches. She received her M.S. degree in soil science from Cornell University in 2009, where she studied nitrous oxide emissions as affected by snow cover and freeze-thaw cycles. She earned her Ph.D. in sustainable agriculture and agronomy at Iowa State University in 2014, where she studied carbon and root dynamics in prairies and corn-soybean systems. She is currently working as a post-doctoral research associate in the Department of Agronomy at ISU.

Kevin was born in Indianapolis, moved to Minneapolis when he was two, then moved to a dairy farm in central Minnesota at age seven where his family lived in a community of people living and working with mentally disabled adults. This is where he found his love for the land and for farming. He participated in 4-H, where he showed sheep and vegetables. When he was thirteen, his family moved back to the city, where he finished high school. After graduation, he went to Germany, where he did an apprenticeship in Biodynamic farming, spending one year each on three different farms. All three farms were dairy farms, ranging from eight to forty-five milking cows. All were diversified farms with dairy cows, beef cows, hogs, grain and vegetable production. Two of these farms also had on-farm dairy processing, which he helped with every day. At the culmination of his time in Germany, Kevin passed the tests necessary to become a “staatlich anerkannter Landwirt” or state certified agriculturalist. He then returned to Minnesota, where he completed a B.A. with a major in biology and met the woman who would become his wife. He worked on different farms every summer during college. While in Ithaca, New York, he worked at Cornell University as a soils research technician in a research and extension program focusing on nutrient management issues facing New York dairy farmers. After moving to Iowa, he worked for a year as a research associate with the Iowa Learning Farms, a multidisciplinary program that seeks to educate farmers and the public about conserving Iowa’s soil and water resources. He then moved to a position at Practical Farmers of Iowa as a grazing coordinator, where he worked with grazing farmers around the state of Iowa to coordinate programming, field days, pasture walks, and on-farm research projects. Currently he is managing a 4200-head wean-to-finish hog farm for Iowa Select Farms, a contract position that provides him with dependable off-farm income while our farm is in the start-up phase. He also stays home with our two children three days a week.

While we lived in New York, we had a small farm with one dairy cow, her calf that we raised and finished for beef, pastured broilers, a small number of laying hens, and a large garden. We made cheese from the milk at least once a week. We sold eggs and produce to friends and co-workers. We sold quarters of the steer we raised and had it custom slaughtered for our customers. We also marketed a total of 150 broilers one summer. All of these things were on a small scale, but they helped us to learn many things about production, processing and direct marketing.

We currently own six dairy cows that we bought as calves in 2010 and 2011. We also have two fresh heifers, two yearling heifers, two heifer calves, three yearling steers, two bull calves and are expecting three more calves this winter. We have accumulated a fair amount of farm supplies, such as fencing, fencing equipment, water tanks, tools, etc. We own a small tractor with a front loader and a few implements. Please see Table 1 for a complete list of our current tangible working assets.

We are living and managing our operation on an 80-acre farm owned by Kevin’s aunt and uncle. Currently some of the land is being sub-leased to a neighbor for hay production.

We have two children: Sterling, born in March 2011, and Scarlett, born in April 2013.

Tangible Working Assets

	Item	Size	Capacity	Condition	Value	
Buildings	Rented	Garage/shop	864 sq. ft.	2 cars, shop area, storage	Good	\$8,000
		Corn crib	600 sq. ft.	Equipment storage, several 100 sm. sq. bales	Poor	
		Shed	320 sq. ft.	600 sm. sq. bales in loft, up to 7 AU lower level	Fair	\$2,000
	Owned	Pole shed	900 sq. ft.	Equipment storage, min. 130 large sq. bales, or housing for up to 20 AU	New	\$15,000
Machinery and Equipment	Oliver 88 tractor w/ loader	45 h.p.		Fair	\$1,800	
	Dodge pickup truck	3/4 ton		Good	\$10,000	
	Stanoist dump wagon			Poor	\$250	
	Manure spreader			Good	\$1,700	
	Hay rack	8 ft. x 16 ft.	200 sm. sq. or 12 lg. sq. bales	Good	\$1,000	
	NH small square hay baler			Good	\$900	
	Feed grinder/mixer			Fair	\$250	
	Pasteurizer/cheese vat		100 gal.	Excellent	\$13,000	
	Bulk tank		300 gal.	Good	\$350	
	Milking system		up to 30 cows	Good	\$4,000	
	Transfer motor and pipeline			Good	\$400	
	Antibiotic tester			Good	\$2,250	
	Double stainless sink			Good	\$50	
	Bucket milker			Good	\$20	
Construction and shop tools	Circular saw			Good	\$60	
	Cordless drill and impact			Good	\$70	
	2 angle grinders			Good	\$80	
	2 corded drills			Good	\$40	
	Reciprocating saw			Good	\$40	
	Jigsaw			Good	\$15	
	Welder	225 amp		Fair	\$50	
	Stihl Chainsaw	56.5 cc		Good	\$150	
	Battery charger	80 amp		New	\$120	
	Air compressor	2 gallon		Good	\$35	
	Hand tools			Good	\$400	
Livestock equipment	5 fence reels			Good	\$150	
	150+ portable fence posts			Good	\$150	
	Polywire			Good	\$20	
	Smooth wire	14 gauge		Good	\$40	
	200+ T-posts			Fair	\$300	
	2 Speedrite Fence energizers	6 Joule	24 miles fence each	Good	\$450	
	Semen tank		>600 straws	Excellent	\$500	
Breeding livestock	6 dairy cows				\$9,000	
	2 freshened heifers				\$3,000	
	2 yearling heifers				\$2,000	
	2 heifer calves				\$1,000	
Total Value of Tangible Working Assets					\$78,640	

Table 1. Tangible Working Assets

IV. Vision, Mission, and Goals

Vision

It is the end of fall in 2025. As Iowa cools down, our family reflects on how quickly the summer went and how much we were able to produce in what seemed like such a short time. The pantry is full of pickles, salsa, jams, and jellies from our garden and orchard. The freezer is full of meat – chicken, beef, and pork from our own farm. Outside, the barn is stacked with hay and our bins are full of grain. Our dairy herd awaits the upcoming snow along with a few new calves and a few more on the way. No bare soil is visible as it is protected by pasture or cover crop. Cheese is aging in our cheese cave and even more cheese occupies spaces in refrigerators and restaurants across Iowa. Our e-mail inbox is full of letters of praise, thanks, and orders for the quality cheese we have added to Iowa’s diet. Our bank account continues to look better every month as our costs decrease and our revenues increase.

Mission

Our mission is to provide healthy, delicious cheese to Iowans, produced in a way that the land and community can appreciate.

Goals

Our short-term goals are to secure the startup capital required and build a dairy building to be able to start making cheese for sale.

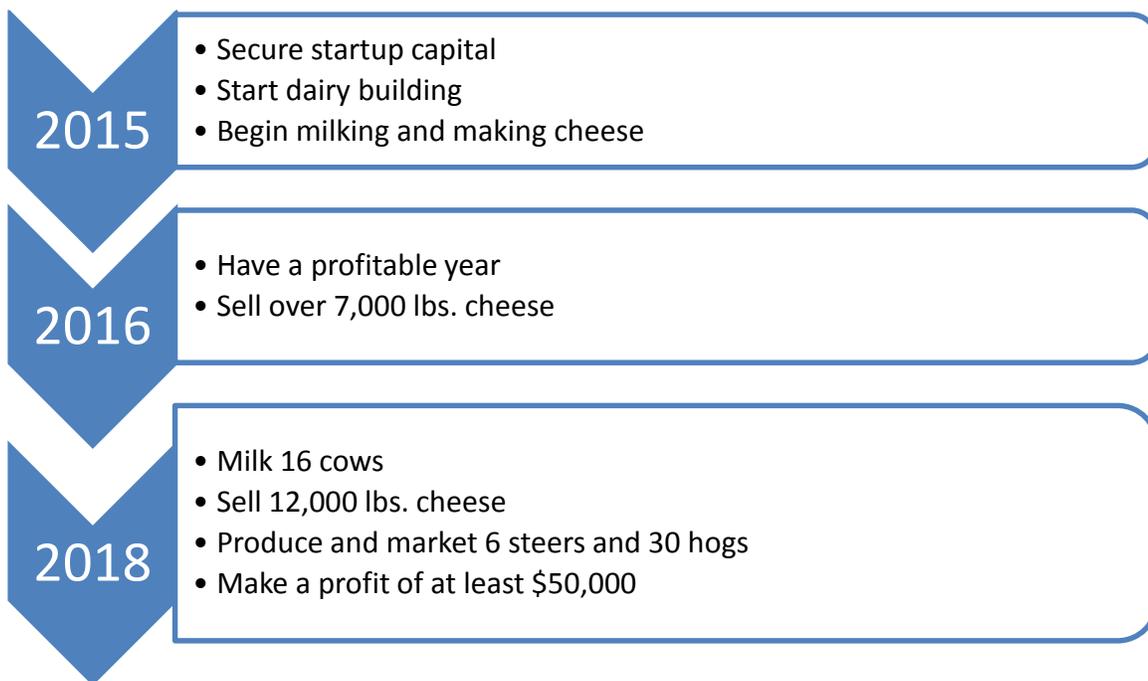


Figure 1. Goals

Our intermediate-term goals are to become profitable while still having enough time to be good parents.

Our long-term goals are to be able to pass our business on to our children, not have financial worries in our retirement, and to have a business that improves our community and environment.

V. Advisory Team

We receive support from many people, but some key advisors that are part of our team are Jason and Mike Bandstra of Frisian Farms, who were matched with us as mentors through the Savings Incentive Program of Practical Farmers of Iowa; Stan and Sarah Dietzel, our landlords, supporters and as yet the most thorough critics of our business plan; our lawyer Andrew Zbaracki; our accountant Bill Klein; and the many friends, family and neighbors who have given us their time, lent us tools and equipment, and provided helpful tips, references, critiques, and morale boosters.

VI. Strategic Plan

Marketing

Product Description

Our products will be quality, artisan farmstead cow's milk cheese. The milk will all come from our own cows to which we provide a quality, healthy life on pasture.

Our main aged cheese will be an Alp-style cheese. The Alpine family of cheeses is distinguished by being made with low amounts of salt, cooking the curd at high temperature and pressing with high pressure. This cheese, unlike many Alpine cheeses such as the well-known Emmentaler (most similar to what is called Swiss cheese in the U.S.), does not have air pockets formed by propionic bacteria. There are various known cheeses of the type we will make, such as Gruyere and Comté. The flavor of these cheeses tends to be sharper than Emmentaler-type cheeses. This cheese is aged a minimum of four months and up to two years. We plan to call this cheese "Iowa Alpine". It can be eaten as a snack, with wine, on a sandwich, or used in cooking.

We will also produce two types of pasta-filata cheeses. We will make fresh mozzarella, a semi-soft cheese that is most often sold in six- to eight-ounce balls. This cheese is very popular, especially during tomato season. It is delicious in salads, on sandwiches or for baked dishes such as pizza or lasagna. The advantage of this cheese is its short turnaround time and lower need for aging or inventory space. The disadvantage is its shorter shelf life.

The second pasta-filata cheese we will make is provolone, which has a similar process to mozzarella, but has an additional natural enzyme added for a more piquant flavor. It is pressed in a mould and aged for several weeks to allow the flavor to develop. It is often sliced for sandwiches or used for cooking.

Our fourth cheese is a bloomy-rind cheese called Camembert. It is similar to Brie, but it is made in smaller wheels and has a stronger flavor. This cheese is aged from two to six weeks, and depending on the age can be gooey in the center and have a distinctive strong flavor or be firmer and milder. This cheese requires a separate aging area from the hard and semi-hard cheeses, as the white mold can spread, and it does best with cooler temperature and higher humidity than the other cheeses. This cheese is most often served as an hors d'oeuvre or snack with crackers or bread, but there are also delicious recipes with baked camembert.

Eventually we hope to add cheeses from other major cheese families or types: a washed rind cheese (such as Raclette, Limburger, or Muenster), a blue cheese, and a hard Italian type cheese (such as Parmesan or Asiago). We have not ruled out other cheese types either, if there is demand.

All of our cheeses will be differentiated not only by high quality artisanal production, but also by the animals that made the milk for the cheese and the pastures they graze on. We have selected cattle breeds that have superior milk quality for cheese production and that thrive in a high forage system. Our original six cows are Brown Swiss and Jersey-Holstein-Ayrshire crosses. We have been breeding these animals to Normande, a French breed that has been selected for performance on grass and for good cheese milk. All of the feeds will be raised without the use of chemicals or synthetic fertilizers, although the animals will not be certified organic for the time being. We will also follow the principles of Biodynamic agriculture, in which the individual farm strives for a closed-circle system or organism and preparations are used that stimulate the soil, the plants, and the cosmic life of the farm.

The cows will receive little to no grain or other inputs during the grazing season, when they will live and eat outside on pasture. Milk from grass-fed cows has been shown to have higher Omega-3 fatty acids, which improve people's overall health and help to prevent coronary heart disease, and conjugated linoleic acid, which has antioxidant and anti-cancer effects. During the winter months when stored feed is necessary, the cows will receive no fermented feeds and little grain. Fermented feeds such as silage can be detrimental to the quality of aged cheeses. Some grain is necessary to keep high enough nutrient levels for the cows to stay healthy, but even in the winter the milk cows will eat mostly good quality dry hay. The cows will never receive artificial hormones.

The seasonal differences in milk quality and flavor are an asset to an artisan farmstead cheesery. Rather than trying to keep the cows' diet consistent throughout the year by purchasing concentrated feeds for a perfect balanced ration, we will take advantage of the flavor differences that become evident in the cheese at different times of the year.

In addition to cheese, we will have a small amount of whey-fed hogs to market. The hogs will mostly be made into sausage, and perhaps some will be sold as whole or half animals to individual consumers. Our hogs will be raised outdoors in the summer, and will have lots of space, bedding and good ventilation in the winter. They will be raised naturally, without synthetic hormones or unnecessary antibiotics.

Competition

There is not a lot of competition locally for the kind of cheese we will be making. Frisian Farms in Oskaloosa (90 miles from Ames) is our most direct competitor. They are a family business run by Mike and Jason Bandstra, making farmstead Gouda. Their cheese is quite good and they market in some of the same venues where we will be marketing. Their cheese is sold at Wheatsfield Grocery in Ames, several grocery stores in Des Moines, Pella, Iowa City, Cedar Rapids, Council Bluffs, and Oskaloosa, through the Iowa Food Cooperative, at several wineries, wine bars, and restaurants around the state, at Picket Fence Creamery in Woodward, and at several farmers' markets. They have been in business for only a few years and have already expanded a lot, indicating that there is a lot of demand for this kind of product. We were matched with the Bandstras as our mentors through Practical Farmers of Iowa's Savings Incentive Program, so we have visited their farm a couple times and they are always willing to answer our questions.

Picket Fence Creamery in Woodward (30 miles from Ames) sells milk, cream, butter, ice cream, “Neva’s cheese ball”, and cheese curds. These products are all made from the milk of their pastured Jersey-Holstein herd. They market their products at grocery stores and restaurants around central Iowa, at Farm to Folk Cooperative in Ames and the Ames Farmers’ Market, and at their farm store where they also sell products from many other Iowa farmers and artisans.

Maytag Dairy Farms in Newton, Iowa (60 miles from Ames) has been making Maytag Blue Cheese since 1941. They also make a natural white Cheddar, brick cheese, Swiss cheese, baby Swiss, and Edam. Their cheeses are sold in stores across the country.

Reichert’s Dairy Air in Knoxville, Iowa (70 miles from Ames) makes farmstead goat cheeses. They make chevre in several different flavors, feta, and Robiola, an Italian-style goat cheese. They have been making and selling cheese since 2007. They have won several awards for their cheese at the American Cheese Society Competition and the ADGA National Goat Cheese Competition. They sell their cheese at the Des Moines farmers’ market, Wheatsfield Grocery in Ames, The Cheese Shop and Gateway Market in Des Moines, New Pioneer Coop in Iowa City and Coralville, Ulrich’s Meat Market in Pella, The Coffee Connection in Knoxville, and at the Marion Street Cheese Market in Oak Park, Illinois.

Milton Creamery in Milton, Iowa (155 miles from Ames) makes two signature cow’s milk cheeses called Prairie Breeze and Prairie Rose, as well as Colby, Cheddar, and cheese curds. They have been in business since 2006. Milton Creamery gets their milk from five different Amish farms in the Milton area. Among other places, they sell their cheese at Wheatsfield Grocery in Ames, the Davenport Farmer’s Market and at their retail store.

In addition to the above-mentioned cheese and dairy product makers in Iowa, there are many artisan and factory-scale cheese makers in neighboring Wisconsin. Most of the cheeses on the store shelves in the Ames area come from Wisconsin. Some cheeses can be found from New York and New England, as well as many cheeses imported from Europe.

The success and growth of the few artisan cheese makers there are in Iowa (most of whom started in the past ten or even five years) is encouraging to us, indicating that there is strong demand for quality, locally produced cheese and dairy products. We have met with several of these cheesemakers and they have been very willing to answer our questions and help us succeed.

Targeted Customers

A large segment of our market will be individual consumers, through direct-to-consumer sales. The consumers we are targeting are people who are supportive of local food production, care about the land and animals, and who appreciate good-quality food. We will market to these individuals through several venues.

The first such venue is Farm to Folk in Ames, which is like a virtual farmers’ market that requires membership from the producers and the consumers. Each week, farmers show on the Farm to Folk website what products they have available for sale, and customers can order how much of each item they would like to purchase. All products are brought to a single location in Ames once a week where the consumer members can come and pick up their orders from all the different farmers. Volunteers and a paid coordinator arrange people’s orders to be all together at the pickup site. The producers pay a ten-percent fee to Farm to Folk. Some producers also offer CSA shares of fruits, vegetables, eggs, or dairy products that are prepaid

and delivered each week. It is an easy format for both producers and consumers. We could offer both a cheese share and make cheese available a la carte.

We will also sell our cheese through the Iowa Food Cooperative and the Iowa Valley Food Cooperative, which have a similar arrangement to Farm to Folk, but larger and with pickup locations in the Des Moines metro area and Cedar Rapids, respectively. Both have deliveries once a month and charge an administrative fee of 10% from the producer and 10% from the customer.

Our third venue for sale directly to consumers will be to cooperate with Community Supported Agriculture (CSA) farms in the area to add an option to their members of also getting a cheese share in addition to the vegetables and/or fruits already offered. There are several CSA's in the Ames area, including Small Potatoes Farm, Onion Creek Farm, Iowa Fresh Produce, and Table Top Farm. Rick Hartmann of Small Potatoes Farm expressed interest, saying he thinks his CSA members eat more cheese than the average Iowan, and would definitely have interest in quality, locally-produced cheese. The owners of Table Top Farm in Nevada have also expressed strong interest in offering a cheese share through their CSA.

Our fourth venue for sale directly to consumers will be to sell at farmers' markets. This is a great way to meet new customers and get more exposure. Initially we will sell at the Ames Main Street Farmers' Market and possibly the Des Moines and Cedar Rapids Farmers' Markets. After one or two years of selling at these markets, we will determine if the time involved would justify attending additional markets.

Another venue for selling our products and getting exposure to the public will be selling to restaurants. Scott Coldiron, owner of Vesuvius Wood-Fired Pizza in Ames has already expressed an interest in fresh mozzarella and possibly other specialty cheeses. There are other restaurants in Ames that also often feature local products on their menu, including The Café and Stomping Grounds.

We will also make our cheeses available for purchase at retail stores in the area. The first retail customers we will target will be grocery stores in Ames and The Cheese Shop in Des Moines. Wineries are another good retail location to sell cheese.

A final sales outlet will be mail order sales. The cost of shipping cheese in a way that maintains its quality will be prohibitive to large volumes being sold in this way.

Potential Sales Volume

In order to determine potential sales volume and to assess the cheese-buying habits of people in Central Iowa, we sent a cheese market survey to members of the Farm to Folk Cooperative in Ames. The members of Farm to Folk are already going out of their way to purchase local food, so we are aware that the results of this survey are not representative of the general population in Central Iowa. For full results of the survey see Appendix C.

Most respondents purchase between two and four pounds of cheese per month, of which zero to one pound is local artisan cheese. Most respondents said they would purchase from half to one pound of our cheese at the hypothetical price of \$14 a pound. This most likely means that most expect they would buy our cheese sometimes, but probably not regularly (at that price).

Farm to Folk has on average 27 people place orders each week during the winter months and 120 each week during the growing season (as of 2011). If 25% purchase a pound of cheese each week, there would be sales

of 28 lbs./month in the winter and 120 lbs./month in the summer, for average monthly sales of 74 lbs. As we build our reputation for quality cheese and Farm to Folk expands its membership, sales will increase.

We will assume that potential sales volume from the Iowa Food Cooperative and Iowa Valley Food Cooperative would be similar to Farm to Folk, therefore 74 pounds a month from each of those.

If we assume that we will offer a cheese subscription of half a pound a week through two local CSA's, and twenty people purchased this subscription at each CSA, this would yield an additional 80 pounds a month of potential sales.

Wheatsfield Cooperative sells 20 pounds a month of Frisian Farms Gouda and 40 pounds a month of Milton Creamery's Prairie Breeze (as of 2011). If we offer a third variety of cheese, the sales potential there should be a minimum of 20 pounds per month. Gateway Market and The Cheese Shop, both in Des Moines, will have potential sales of at least as much as Wheatsfield. We estimate an additional ten lbs./month at each of the two Hy Vee locations in Ames, and 10 lbs./month at Picket Fence Creamery.

The Des Moines Farmers' Market has an average of 18,000 visitors every Saturday. If we assume at least one percent of them will purchase half a pound of cheese, there is potential to sell 100 pounds of cheese per week, or 360 pounds per month. The Des Moines Farmers' Market is open every Saturday from May through October (six months a year). New vendors may only be "occasional vendors" until they have gone through a full year, so in the first year we would only sell at 6-8 markets, so on average the initial market potential there will be 100 pounds per month.

Attendance data are not available for the Ames Main Street Farmers' Market, so we estimate the initial sales potential at that market to be 60 lbs. per market, or around 240 lbs. per month. The Cedar Rapids Farmers' Market is twice a month and is fairly well attended, so we estimate at least 200 lbs. per month there.

Vesuvius Wood-fired Pizza in Ames currently uses 125 pounds of mozzarella per week, for potential monthly sales volume of 500 pounds.

We estimate potential mail order sales to be 30 lbs./month.

The total monthly sales potential is 1,462 pounds. This could increase by attending additional farmers' markets, marketing to additional restaurants, and adding other retail customers including Iowa wineries and expanding to metropolitan areas in neighboring states, such as the Twin Cities in Minnesota, Omaha in Nebraska and Kansas City in Missouri. We also assume that each of these venues will increase sales each year, to a point. See Table 2 for our detailed sales projections.

Projected Sales

2015						
Venue	Sales/month	Months	Price Received	Total Annual Sales		
	lbs.		\$/lb.	lbs.		
Farm to Folk	80	4	\$ 12.20	320	\$	3,904.00
Iowa Food Cooperative	80	4	\$ 10.84	320	\$	3,468.80
Iowa Valley Food Coop	0	4	\$ 10.84	0	\$	-
Retail stores	50	4	\$ 7.97	200	\$	1,594.00
Mail order	30	4	\$ 13.55	120	\$	1,626.00
Restaurants	0	4	\$ 7.97	0	\$	-
CSA	0	6	\$ 10.84	0	\$	-
Farmers' markets	100	2	\$ 13.55	200	\$	2,710.00
Total annual sales				1160	\$	13,302.80

2016						
Venue	Sales/month	Months	Price Received	Total Annual Sales		
	lbs.		\$/lb.	lbs.		
Farm to Folk	85	12	\$ 12.20	1020	\$	12,444.00
Iowa Food Cooperative	85	12	\$ 10.84	1020	\$	11,056.80
Iowa Valley Food Coop	0	12	\$ 10.84	0	\$	-
Retail stores	100	12	\$ 7.97	1200	\$	9,564.00
Mail order	30	12	\$ 13.55	360	\$	4,878.00
Restaurants	40	12	\$ 7.97	480	\$	3,825.60
CSA	40	6	\$ 10.84	240	\$	2,601.60
Farmers' markets	560	6	\$ 13.55	3360	\$	45,528.00
Total annual sales				7680	\$	89,898.00

2017						
Venue	Sales/month	Months	Price Received	Total Annual Sales		
	lbs.		\$/lb.	lbs.		
Farm to Folk	90	12	\$ 12.20	1080	\$	13,176.00
Iowa Food Cooperative	90	12	\$ 10.84	1080	\$	11,707.20
Iowa Valley Food Coop	0	12	\$ 10.84	0	\$	-
Retail stores	150	12	\$ 7.97	1800	\$	14,346.00
Mail order	50	12	\$ 13.55	600	\$	8,130.00
Restaurants	45	12	\$ 7.97	540	\$	4,303.80
CSA	80	8	\$ 10.84	640	\$	6,937.60
Farmers' markets	700	6	\$ 13.55	4200	\$	56,910.00
Total annual sales				9940	\$	115,510.60

2018						
Venue	Sales/month	Months	Price Received	Total Annual Sales		
	lbs.		\$/lb.	lbs.		
Farm to Folk	90	12	\$ 12.20	1080	\$	13,176.00
Iowa Food Cooperative	90	12	\$ 10.84	1080	\$	11,707.20
Iowa Valley Food Coop	20	12	\$ 10.84	240	\$	2,601.60
Retail stores	220	12	\$ 7.97	2640	\$	21,040.80
Mail order	60	12	\$ 13.55	720	\$	9,756.00
Restaurants	60	12	\$ 7.97	720	\$	5,738.40
CSA	100	8	\$ 10.84	800	\$	8,672.00
Farmers' markets	800	6	\$ 13.55	4800	\$	65,040.00
Total annual sales				12080	\$	137,732.00

Table 2. Projected Sales.

Promotion

Our products will be promoted through a variety of channels, starting with a website, blog and Facebook page.

In addition, Farm to Folk has a section on their website for producer profiles and product descriptions, plus our products will be promoted in the weekly email that goes out to Farm to Folk members. Similarly, the Iowa Food Cooperative and Iowa Valley Food Cooperative have websites where producers post a profile and farm description, as well as list and describe the items for sale. Most of the CSA's we will be selling through have their own websites and send out email and/or paper newsletter type correspondence to keep their members up to date with their produce availability and general news from the farm. If we are selling cheese through their CSA, we will tap into this ongoing outreach and promotion.

We will promote our cheese to restaurants by talking to the owner and/or chef and telling them about our production process and our cheese, and by bringing them a sample of our cheese to taste. If they have specific requests for certain types of cheese they would like to have, we can consider whether it would be possible to develop a new cheese variety if it would get us another customer and if we think our other customers would possibly be interested in that type of cheese. We will also encourage restaurants to include our farm name in their menu and other places, which helps them by telling the story of where some of their food is sourced, and helps us by exposing more people to our name and brand.

At farmers' markets, we will have a banner and signs to lure customers to our stand, and offer free samples of our cheese. Our display will also include photos of our farm, our cows, our family and our cheese making process, as well as information about our farming and processing practices.

Selling at retail stores, we will by necessity primarily rely on our packaging and attractive labeling. However, we will encourage store managers to display our cheese in an attractive fashion in a way that promotes the fact that it is a local, sustainably-produced product. We will also encourage them to allow us to do cheese tastings in store, allowing us to tell our story to customers and encourage them to try our cheese.

Inventory and Storage Management

The beauty of aged cheeses is that they tend to get better and more valuable as they get older, rather than deteriorating and losing quality and value. This allows us some flexibility to have product on hand if there is demand for it, but have the capability to continue aging it and find a market for it if there is not enough immediate demand for a cheese. This is balanced with our cheeses of intermediate, short and no aging times that require less time from production to sale, requiring less space (i.e. lower fixed cost) and a quicker cash turnaround.

Our aging room design has the capacity for around 432 20-pound wheels of cheese, or 8,640 pounds of cheese. Our camembert aging room design has the capacity for around 1,728 12-ounce wheels, or 1,296 pounds of camembert cheese. Our total capacity for cheese on hand at any given time would therefore be 9,936 pounds. This would be over six months of sales volume in year four, when we project monthly sales of 1,520 pounds. Our inventory projections show we will slowly increase our inventory of cheese each year from 682 pounds in December 2015 to 2900 pounds in December 2018.

We will also need to have refrigerator space for cheese that is ready to sell. Fresh mozzarella will need to be refrigerated from the time of manufacture until it is delivered to the customer. We will stay in constant communication with our restaurant and retail store customers to determine upcoming demand. Ideally fresh mozzarella would be delivered to the customer on the same day it is manufactured. We will not want to have more than one or two batches (a batch being one to two days worth of milk) in inventory.

Distribution and Packaging

In the first five years, all distribution will be done by us using our own vehicles. In the first two years, we will not need more than several coolers that can be transported in a car. In years three and four, as we move more into selling wholesale to restaurants and retail stores, we will need to transport more product. This will require a portable refrigerator that can be kept in a truck or van and run off of a generator, or possibly a small refrigerated truck. Deliveries to Farm to Folk and to CSA customers will be made weekly. Deliveries to the Iowa Food Cooperative and Iowa Valley Food Cooperative will be made monthly. Deliveries to restaurants will be made weekly, and to retail stores monthly or weekly, depending on demand. One of the advantages we will be providing to our retail and restaurant customers is flexibility – we are local, so we can deliver a higher quality product that is fresher, and we can deliver smaller volumes more often than most distributors.

Hard and semi-hard cheeses will be cut at our cheesery into one-half- to one-pound wedges and wrapped in plastic wrap, with a sticker label affixed on each wedge. Provolone will similarly be cut into wedges or blocks at the cheesery and wrapped in plastic wrap. Fresh mozzarella being sold to individuals will be packaged in individual 8-ounce balls in sealed plastic with a small amount of brine to preserve it. Fresh mozzarella being sold to restaurants will be packed in plastic buckets with brine to preserve it. Camembert will be packaged in breathable cheese paper and placed in a light round wood container with a label on the top.

We are currently in the process of developing a logo to go on our labels. In addition to the logo (which will include the farm name), we will have the name of the cheese, an expiration date, ingredients and contact information for the farm. Because of the size of our business, we are not required to include nutritional information on our labels.

Marketing Strategy Summary

We are starting with a small number of products and a targeted market, where we can get retail or near-retail prices without a huge time commitment for sales and distribution. As our experience and markets grow, we will expand the number of products and expand to different market venues. We have differentiated products that have a lot of potential for growth, because there are not many local producers of these products. The type of products we will be producing and the markets we will initially be selling to will not require advanced inventory management or distribution strategies. We will use existing channels for promoting our product in the first few years, getting more sophisticated as our sales volume and number of market streams increase.

Production

Cheese Production System and Schedule

The milk is piped from the bulk tank to the pasteurizer, goes through pasteurization (heating to 145 degrees F for 30 minutes), then is cooled to the correct temperature for the specific cheese. Freeze-dried culture is added to the milk and allowed to culture for around an hour, when rennet and possibly other enzymes or mold cultures are added. The rennet causes the milk to coagulate in about 30 minutes, after which the curd is cut into cubes and stirred. Heat is applied, which encourages the bacteria to ferment the milk sugars and the curd to expel the whey. The different cheeses are heated to different temperatures for differing amounts of time.

The camembert is ladled directly into moulds without much stirring or cooking, allowing the cheese to retain a higher amount of moisture. After several hours of draining, the cheeses are salted and moved to a ripening area at 55 degrees F and 95% relative humidity. The cheeses must be turned daily during ripening. During this phase a white mold will form on the surface of the cheese. After the mold has formed (usually in 5-7 days) the cheeses are moved to a room at 40-45 degrees F and is aged another 3-6 weeks.

After cooking to 122 degrees F, the Alpine cheese is pressed for 16 hours, then put in a heavy brine bath for 12 hours. It is then placed on a shelf in the aging room at 54 degrees F and 90-95% relative humidity. The cheese must be turned several times a week during aging. In the first few months, the cheeses must be washed with a light brine solution each time they are turned, to prevent the growth of unwanted molds. Alpine cheese must be aged at least four months before it is ready to be eaten.

After cooking and allowing the fermentation to bring the pH below 5.2, the mozzarella and provolone are stretched in hot water (170° F). This process is distinct to the pasta-filata family of cheeses. The mozzarella is then formed into balls and placed in brine for around ten minutes. After this light brining, the mozzarella is ready for packaging and can be eaten or sold immediately. The provolone is put into a mould and pressed for several hours, then is placed in heavy brine for 6-12 hours. It is then aged at 54 degrees F and 90-95% relative humidity for three weeks to twelve months.

Waste water will go into a septic system, and waste milk and whey will be collected in a tank and fed to hogs or field-applied.

Farm Production System and Schedule

Our farming system uses biodynamic, organic, and ecological principles. We strive to have our farm work as an organism, with very few inputs and only outputs that are quality, value-added products that bring income back to the farm. We strive to have as few negative social or environmental impacts from our farm as possible, but instead having positive impacts on the environment, the community, and the ecosystem.

The foundation of the farm is perennial grasses, legumes and forbs. Some annual forages are planted to help boost the quality of the animals' diet in times when perennial grasses do not have the nutritional levels to fulfill all of the needs of lactating dairy cows. Grain is purchased to supplement the forages as needed to support cow health and production. Possibly in the future some grain will be grown as part of the rotation.

Some of our pastures are hilly and have quite a few trees, others are wet, and therefore cannot be tilled or easily mowed. These pastures will be managed solely through grazing and overseeding as necessary. These pastures are referred to as “permanent pasture” in the enterprise budgets (see Appendix A).

Our other pastures we refer to as “crop pastures”, as they are cropland being managed as pasture. These fields will be managed partially through grazing and overseeding, similar to the permanent pasture. These fields will also be hayed some years for one or more cuttings. These fields will be renovated every five to six years. This means they will be tilled up and annual forages grown for one year, with a small grain nurse crop and an underseeding of a new pasture/hay mix. The small grain will be cut for hay or harvested for grain. The new seeding will then be treated as hayfield/pasture again. Periodic renovation gives us the chance to add compost and any necessary soil amendments such as lime, allows us to grow high-production annual forages on a portion of our acreage each year, and maintains an ideal stand of forages.

We strive for our pasture sward to be 30-40% legumes, a small amount of forbes (e.g. chicory, plantain), and the balance a mix of grasses. Mixes planted primarily for hay may be a higher percentage of legumes.

Our grazing management utilizes aspects of management-intensive grazing (MiG) and planned high-density or “mob” grazing. What this means is that the milking herd is moved to fresh grass at least twice per day, and heifers and dry cows are moved to fresh grass at least every third day. As much as possible, the milking herd grazes tall but vegetative grass (not headed out), leaving a high residual. Back fences are moved every three to five days, preventing the cows from grazing re-growth. Heifers and dry cows can graze lower-quality pastures or follow the milking herd to “clean up”. When possible and/or necessary, they will be grazed at high stock densities to increase animal impact on the land, increase rest periods between grazing events, and decrease the grazing period on any given area. This will mean moving them multiple times a day, but this kind of management can encourage higher levels of diversity in the pasture sward, as well as increasing root depth and ecological health.

Each season we have a written grazing plan indicating when we intend to graze which pasture with what animal group and for how long. Grazing planning is done using past years’ grazing and haying records. Some considerations are made for pastures that were grazed hard the year before and need additional rest, planning to have cows on pastures with access to shade in the hottest times of the year, and stockpiling some pastures for winter grazing. The plan is reevaluated and adjusted throughout the grazing season as inevitable seasonal differences require. Regular pasture monitoring and inventorying tell us if we are on track or if changes to the plan are necessary.

We try to graze stockpiled pasture as late into the winter as possible, especially the dry cows and heifers, as they have lower nutritional requirements and can be forced to work for their food a little more. Grazing stockpiled pasture is a lot less expensive than feeding hay in a barn.

Annual forages are managed differently than perennial grass pastures. For example, some (such as grazing corn) will not re-grow so can be grazed to the ground and do not require a back fence. Others, such as sorghum sudangrass, cannot be grazed too young (less than 18 inches tall) or within ten days of a frost because of the danger of prussic acid poisoning.

Resource Needs and Acquisition

We need to build a dairy building for milking the cows and making cheese before any cheese sales can happen. We also need to buy the land where the dairy building, future farm buildings, and the farmhouse sit. We need various equipment for the cheesery as well as some marketing items and some farm equipment. Most field operations will be done by renting, borrowing, or hiring custom operators in the first few years, to avoid the capital expense of purchasing a lot of farm equipment. All enterprise budgets assume custom rates (as per 2012 Iowa Farm Custom Rate Survey).

Start-up Purchases		
Date of purchase	Item Description	Cost of Asset
5/1/2015	Dairy building <i>Includes milking parlor, milkhouse, cheese make room, cheese cave, and packaging area</i>	\$ 230,000
7/1/2015	Cheese equipment	
	Generator	\$ 5,000
	Refrigerator	\$ 700
	Washer & Dryer	\$ 1,100
	Draining table	\$ 800
	Brine tank	\$ 1,000
	Cheese moulds	\$ 1,000
	Shelves for cheese cave	\$ 1,000
	Vacuum sealer	\$ 10,000
	Miscellaneous utensils, equipment, etc.	\$ 1,000
	<i>Cheese equipment total</i>	\$ 21,600
	Farm stuff	
4/1/2015	Mower	\$ 2,500
4/1/2015	Hay rake	\$ 1,200
4/1/2015	Hay rack	\$ 1,000
4/1/2015	90+ hp tractor	\$ 10,000
4/1/2015	Moldboard plow	\$ 1,000
4/1/2015	Disc	\$ 1,000
4/1/2015	Harrow	\$ 800
7/1/2015	Milking system installation	\$ 1,200
4/1/2015	3 heifers	\$ 6,000
	<i>Farm total</i>	\$ 24,700
	Marketing	
8/1/2015	Labels, packaging	\$ 500
8/1/2015	Coolers	\$ 180
8/1/2015	Farmers' market tent	\$ 400
8/1/2015	Banner, signs	\$ 200
	<i>Marketing total</i>	\$ 1,280
	Total start-up purchases	\$ 277,580

Table 3. Startup Purchases.

Output and Capacity

Using a combination of well-researched reference values and production records from our first two years on this farm, we have predicted the amount of forage our pastures and fields will produce, our herd size, milk production and cheese production. For animal numbers, we assume that half of the calves born will be heifers (female) and a death loss/cull rate of 10% per year. Forage production is assumed to be 1 ton/acre for permanent pasture, 2.25 tons/acre for crop pasture and six tons/acre for annual forages. Milk production is assumed to be 9,000 lbs./cow/year and cheese yield is assumed to be 10% of milk production with 10% wastage.

Year	No. Milking Cows	Total Animal Units (1000 lbs.)	Total Forage Needs (tons)	Total acres	Milk Production (lbs.)	Cheese Production (lbs.)
2015	8	20.1	98	44.7	29280	2635
2016	10	24.0	110	52.7	91500	8235
2017	13	30.3	142	62.7	118950	10706
2018	16	38.6	179	78.2	146400	13176

Table 4. Animal numbers, forage needs, acres in production, and milk and cheese production.

Regulations and Policies

The design and procedures used for the milking facility, cheesery, and cheese production are regulated by the FDA's Pasteurized Milk Ordinance (PMO), Iowa Code section 192, Iowa Administrative Code section 21, and the Code of Federal Regulations chapters 101 (Food Labeling) and 133 (Cheese and Related Products). The agency responsible for administering these regulations is the Iowa Dairy Products Control Bureau, part of the Iowa Department of Agriculture and Land Stewardship. The inspector responsible for our region is Jon Knight.

Wastewater is regulated by Iowa Administrative Code Chapter 69 (Onsite Wastewater Treatment and Disposal) and these regulations are administered by the Iowa Department of Natural Resources and the Hamilton County Sanitarian, Al Haberman.

We have included these key regulatory personnel in our planning process, and will continue communicating with them as the process moves along.

Operations Strategy Summary

We will start milking eight cows in summer 2015, producing a total of around 2,600 pounds of cheese for sale, and by 2018 will be milking sixteen cows and producing over 13,000 pounds of cheese for sale. The production facilities will be constructed in spring and summer 2015. Our farming system will be sustainable and forage-based, following the principles of ecology and biodynamics. The cows will be fed mostly grass in the summer and hay with a small amount of supplementary grain in the winter. We will refer to federal

and state regulations regarding Grade A milk production and the manufacture of cheese, and will work with the Iowa Dairy Products Control Bureau to assure that we are in compliance.

SWOT Analysis

	Positive	Negative
Internal	<ul style="list-style-type: none"> • Good, productive land • Experienced in animal husbandry • Experienced in making delicious cheese • Financially stable • Energetic and enthusiastic! <i>Strengths</i>	<ul style="list-style-type: none"> • High startup costs • No history of cheese or milk sales • Lots of labor needs • Long turnover time for some products <i>Weaknesses</i>
External	<ul style="list-style-type: none"> • Strong support network • Strong demand for local food • Not many existing Iowa cheesemakers • Lots of hype about beginning farmers and sustainable food production <i>Opportunities</i>	<ul style="list-style-type: none"> • Intense regulation and inspection requirements • Potential new competitors • Lack of dairy- and livestock-support businesses in area <i>Threats</i>

Figure 2. SWOT Analysis

Human Resources

Our management and labor resources will come from family labor during the first three years. In 2016, we plan to hire an employee for 20 hours per week. Ranae will have an off-farm job in all years, so her farm labor is not compensated. Kevin will have at least a part-time off-farm job through the end of 2014. He will not initially be paid a salary, but if things go well for the business, he may be compensated for his time in the future. See Table 5 below for detailed tasks, personnel requirements, and personnel performing that work.

Year	Task	Hours/week	Personnel	Staff Name	Hours work/week
2015	Animal care	10	Kevin, Ranae	Kevin	65
	Milking	15	Kevin, Ranae	Ranae	12
	Miscellaneous farm	12	Kevin		
	Cheesemaking	20	Kevin		
	Marketing	16	Kevin, Ranae		
	Bookkeeping & management	4	Kevin		
	Building construction		Contractor		
2016	Animal care	10	Kevin, Ranae, Employee	Kevin	52
	Milking	16	Kevin, Ranae, Employee	Ranae	12
	Miscellaneous farm	12	Kevin, Employee	Employee	20
	Cheesemaking	22	Kevin, Employee		
	Marketing	18	Kevin, Ranae		
	Bookkeeping & management	6	Kevin		
2017	Animal care	10	Kevin, Ranae, Employee	Kevin	57
	Milking	17	Kevin, Ranae, Employee	Ranae	12

	Miscellaneous farm	12	Kevin, Employee	Employee	20
	Cheesemaking	24	Kevin, Employee		
	Marketing	20	Kevin, Ranae		
	Bookkeeping & management	6	Kevin		
2018	Animal care	10	Kevin, Ranae, Employee	Kevin	57
	Milking	17	Kevin, Ranae, Employee	Ranae	12
	Miscellaneous farm	12	Kevin, Employee	Employee	20
	Cheesemaking	24	Kevin, Employee		
	Marketing	20	Kevin, Ranae		
	Bookkeeping & management	6	Kevin		

Table 5. Tasks, estimated time required, and personnel to perform those tasks.

Economics

Financing and Startup Funds

We plan to raise the startup capital we need in three different ways: accepting new members to the LLC (equity investors), short- and long-term personal loans from individuals in the community, and through bank loans.

We plan to purchase the house, buildings and land for all future farm buildings with a conventional home mortgage. We will then lease all land used for farm purposes to the LLC. This purchase is currently in process as this plan is being drafted.

Our goal is to raise \$135,000 in equity investment. Additionally, we will put at least \$15,000 cash into the business, in addition to all the investment we have already made. Equity investors will receive returns on their investment in the form of capital distributions of the year's profits in proportion to each member's capital interest. Members can also agree to reinvest profits in any given year.

We plan to borrow from individuals \$115,000 in long-term loans of 15-20 years that will be put toward the dairy building. These loans will be secured with a promissory note detailing the loan terms and a capital interest agreement giving the lending party a partial interest in the dairy building should we default on the loan.

We plan to borrow from individuals \$47,000 in short-term loans of 5-7 years. These loans will be secured with a promissory note detailing the loan terms and a capital interest agreement giving the lending party an interest in our farm assets should we default on the loan.

If we are unable to meet our capital goals with the above methods, we will approach banks for the additional capital required, and adjust our plans as necessary.

We have an existing loan with a balance of \$14,000 from supportive community members that we used to purchase milking and cheesemaking equipment.

For the purpose of our financial projections, we assumed the long-term financing would start on May 1, 2015 with an interest rate of 6% annually, a term of 15 years and a down payment of \$115,000 (50%). Payment on the loan would begin on June 1, 2016 and the interest accrued during the first 13 months would be capitalized. Semiannual payments under these terms would be \$6,344.

The operating loan was assumed to start on April 1, 2015 with an interest rate of 5% annually and a total term of four years. Payment on the loan would begin on September 1, 2016. Interest accrued during the first 17 months would be capitalized. Semiannual payments under these terms would be \$8,928.

Our existing equipment loan began on 10/15/2011 with an interest rate of 5% annually and a term of ten years. Payments are made biannually. Payments include all accrued interest plus \$1000 toward the principal (meaning the total payment shrinks with time). We are free to pay more toward the principle at any time.

Financial Statements

The following financial statements detail our projected income, cash flow, business value (balance sheet), and expenses. For more detailed information on the different enterprises of the farm, please see the enterprise budgets in Appendix A. We also projected cash flow by month for the first two years, which can be found in Appendix B.

Pro Forma Income Statement

Item	2015		2016		2017		2018	
	Subtotal	Total	Subtotal	Total	Subtotal	Total	Subtotal	Total
Farm Revenue								
Hay sales	\$ 986		\$ 918		\$ 1,264		\$ 4,675	
Market hog sales	\$ 2,080		\$ 5,200		\$ 6,500		\$ 7,800	
Beef sales	\$ 7,700		\$ 8,470		\$ 8,470		\$ 12,705	
Gross farm revenue	\$ 10,766		\$ 14,588		\$ 16,234		\$ 25,180	
Cheesery Revenue								
Cheese sales	\$ 13,303		\$ 89,898		\$ 115,511		\$ 137,732	
Gross cheesery revenue	\$ 13,303		\$ 89,898		\$ 115,511		\$ 137,732	
Farm Expenses								
Operating expenses								
Cash operating expenses								
Permanent pasture	\$ 2,028		\$ 2,028		\$ 2,028		\$ 2,158	
Crop pasture	\$ 3,961		\$ 6,791		\$ 9,976		\$ 12,743	
Annual forages	\$ 3,379		\$ 3,367		\$ 4,208		\$ 7,896	
Dairy	\$ 3,145		\$ 13,358		\$ 15,414		\$ 17,743	
Steers	\$ 1,282		\$ 1,242		\$ 1,445		\$ 2,033	
Hogs	\$ 1,891		\$ 4,727		\$ 5,909		\$ 7,091	
Depreciation	\$ 5,675		\$ 8,907		\$ 9,584		\$ 10,058	
Total farm operating expenses	\$ 21,361		\$ 40,420		\$ 48,565		\$ 59,723	
Interest expense on farm loans								
Cash interest paid	\$ 148		\$ 2,505		\$ 2,721		\$ 2,204	
Change in accrued interest	\$ 867							
Total interest expense	\$ 1,014		\$ 2,505		\$ 2,721		\$ 2,204	
Total farm expenses	\$ 22,376		\$ 42,926		\$ 51,286		\$ 61,927	
Cheesery Expenses								
Operating expenses								
Cash operating expenses	\$ 5,192		\$ 14,967		\$ 16,309		\$ 17,482	
Payroll	\$ -		\$ 8,580		\$ 9,438		\$ 10,382	
Insurance	\$ 700		\$ 1,400		\$ 1,400		\$ 1,400	
Depreciation	\$ 6,249		\$ 12,005		\$ 12,005		\$ 11,707	
Total cheesery operating expenses	\$ 12,141		\$ 36,952		\$ 39,152		\$ 40,971	
Interest expense on cheesery loans								
Cash interest paid	\$ 523		\$ 6,356		\$ 6,343		\$ 5,588	
Change in accrued interest	\$ 2,600							
Total interest expense	\$ 3,123		\$ 6,356		\$ 6,343		\$ 5,588	
Total cheesery expenses	\$ 15,265		\$ 43,307		\$ 45,495		\$ 46,559	
Net income from farm operations	\$ (11,610)		\$ (28,338)		\$ (35,052)		\$ (36,747)	
Net income from cheese operations	\$ (1,962)		\$ 46,591		\$ 70,016		\$ 91,173	
Total return to capital and labor	\$ (13,571)		\$ 18,253		\$ 34,963		\$ 54,427	

Projected Cash Flow

Item	2015		2016		2017		2018	
	Subtotal	Total	Subtotal	Total	Subtotal	Total	Subtotal	Total
<u>Cash flows from operating activities</u>								
<i>Inflows</i>								
Cash received from farm and cheese production	\$ 24,069		\$ 104,486		\$ 131,744		\$ 162,912	
Total cash inflows from operating activities		\$ 24,069		\$ 104,486		\$ 131,744		\$ 162,912
<i>Outflows</i>								
Cash paid for operating expenses	\$ 21,578		\$ 56,460		\$ 66,128		\$ 78,929	
Cash paid for operating and short-term loan interest	\$ 671		\$ 1,802		\$ 2,347		\$ 1,438	
Cash paid for term loan interest	\$ -		\$ 7,059		\$ 6,717		\$ 6,353	
Manager compensation	\$ -		\$ 10,000		\$ 10,000		\$ 20,000	
Total cash outflows from operating activities		\$ 22,249		\$ 75,321		\$ 85,192		\$ 106,720
Net cash flows provided by operating activities		\$ 1,820		\$ 29,165		\$ 46,553		\$ 56,192
<u>Cash flows from investing activities</u>								
<i>Inflows</i>								
Cash received on sale of machinery/equipment/real estate								
Cash received from sale of breeding livestock								
Cash received from withdrawals of savings								
Total cash inflows from investing activities		\$ -		\$ -		\$ -		\$ -
<i>Outflows</i>								
Cash paid to purchase machinery/equipment/real estate	\$ 271,580		\$ 5,000		\$ 5,000		\$ 5,000	
Cash paid for purchase of breeding livestock	\$ 6,000							
Cash paid for deposits to savings accounts								
Total cash outflows from investing activities		\$ 277,580		\$ 5,000		\$ 5,000		\$ 5,000
Net cash flows provided by investing activities		\$ (277,580)		\$ (5,000)		\$ (5,000)		\$ (5,000)
<u>Cash flows from financing activities</u>								
<i>Inflows</i>								
Proceeds from operating loans and short-term notes	\$ 47,000							
Proceeds from term debt financing	\$ 115,000							
Cash received from capital contributions	\$ 135,000							
Total cash inflows from financing activities		\$ 297,000		\$ -		\$ -		\$ -
<i>Outflows</i>								
Cash repayment of operating and short-term loans	\$ 2,000		\$ 9,699		\$ 17,980		\$ 18,789	
Cash repayment of term debt scheduled	\$ -		\$ 5,629		\$ 5,972		\$ 6,335	
Cash repayment of term debt unscheduled								
Cash repayment of capital leases								
Cash payments of dividends and other capital distributions	\$ -		\$ 8,253		\$ 24,963		\$ 34,427	
Total cash outflows from financing activities		\$ 2,000		\$ 23,581		\$ 48,915		\$ 59,551
Net cash flows provided by financing activities		\$ 295,000		\$ (23,581)		\$ (48,915)		\$ (59,551)
Net increase (decrease) in cash flows		\$ 19,240		\$ 584		\$ (7,363)		\$ (8,359)
Beginning of year cash balance		\$ 15,000		\$ 34,240		\$ 34,824		\$ 27,461
End of year cash balance		\$ 34,240		\$ 34,824		\$ 27,461		\$ 19,102

Pro Forma Balance Sheet - December 31

Assets	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Current Assets				
Cash	\$ 34,240	\$ 34,824	\$ 27,461	\$ 19,102
Savings and short-term time deposits	\$ -	\$ -	\$ -	\$ -
Accounts receivable	\$ -	\$ -	\$ -	\$ -
Inventories	\$ -	\$ -	\$ -	\$ -
Livestock	\$ 2,516	\$ 3,410	\$ 5,108	\$ 5,960
Crops	\$ 2,356	\$ 2,310	\$ 4,952	\$ 9,204
Feed	\$ 100	\$ 150	\$ 175	\$ 225
Supplies and other	\$ -	\$ -	\$ -	\$ -
Cheese	\$ 16,434	\$ 22,616	\$ 31,144	\$ 43,354
Cash investment in growing crops	\$ 290	\$ 518	\$ 552	\$ 690
Prepaid expenses	\$ -	\$ -	\$ -	\$ -
Other current assets	\$ -	\$ -	\$ -	\$ -
Total Current Assets	\$ 55,936	\$ 63,829	\$ 69,393	\$ 78,535
Noncurrent Assets				
Breeding livestock (book value)	\$ 25,400	\$ 29,240	\$ 34,560	\$ 38,480
Machinery and equipment (book value)	\$ 48,664	\$ 46,912	\$ 44,803	\$ 42,717
Investments in capital leased assets	\$ -	\$ -	\$ -	\$ -
Investments in cooperatives	\$ -	\$ -	\$ -	\$ -
Investments in other entitites	\$ -	\$ -	\$ -	\$ -
Long term financial assets and nonmarketable securities	\$ -	\$ -	\$ -	\$ -
Farm real estate				
Land	\$ -	\$ -	\$ -	\$ -
Buildings	\$ 235,163	\$ 224,363	\$ 213,563	\$ 202,763
Other noncurrent assets	\$ -	\$ -	\$ -	\$ -
Total Noncurrent Assets	\$ 309,226	\$ 300,514	\$ 292,925	\$ 283,960
Total Assets	\$ 365,162	\$ 364,343	\$ 362,318	\$ 362,495

Pro Forma Balance Sheet - December 31 (continued)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Liabilities and Owner Equity				
Current Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Notes payable within one year	\$ -	\$ -	\$ -	\$ -
Current portion of all term debt	\$ 24,189	\$ 33,016	\$ 32,916	\$ 23,896
Accrued interest	\$ 300	\$ 250	\$ 200	\$ 150
Accrued expenses				
Income taxes				
Accrued rents	\$ 540	\$ 709	\$ 981	\$ 1,364
Other accrued items				
Current portion - deferred taxes				
Other current liabilities				
Total Current Liabilities	\$ 25,029	\$ 33,974	\$ 34,097	\$ 25,410
Noncurrent Liabilities				
Noncurrent portion of term debt				
Non-real estate debt				
Notes with original maturity less than 10 years	\$ 49,301	\$ 31,321	\$ 12,532	\$ 10,532
Notes with original maturity greater than 10 years	\$ 110,472	\$ 104,321	\$ 97,795	\$ 90,872
Farm real estate debt				
Notes with original maturity less than 10 years	\$ -	\$ -	\$ -	\$ -
Notes with original maturity greater than 10 years	\$ -	\$ -	\$ -	\$ -
Noncurrent portion - deferred taxes				
Other noncurrent liabilities				
Total Noncurrent Liabilities	\$ 159,773	\$ 135,642	\$ 110,327	\$ 101,404
Total Liabilities	\$ 184,802	\$ 169,616	\$ 144,424	\$ 126,814
Net Worth	\$ 180,361	\$ 194,727	\$ 217,895	\$ 235,681

Projected Operating Expenses

Item	2015		2016		2017		2018	
	Subtotal	Total	Subtotal	Total	Subtotal	Total	Subtotal	Total
Direct Expenses								
Farm								
Seed	\$ 695		\$ 950		\$ 1,092		\$ 1,662	
Fertilizer and lime	\$ 313		\$ 313		\$ 313		\$ 313	
Gasoline, fuel, oil	\$ 68		\$ 110		\$ 128		\$ 165	
Custom hire machinery work	\$ 1,827		\$ 2,365		\$ 2,982		\$ 4,485	
Feeder livestock purchases	\$ 800		\$ 2,000		\$ 2,500		\$ 3,000	
Interest on feeder livestock	\$ 36		\$ 90		\$ 113		\$ 135	
Feed	\$ 3,066		\$ 5,745		\$ 7,131		\$ 8,954	
Veterinary, breeding, medicine	\$ 1,680		\$ 1,993		\$ 2,576		\$ 3,259	
Supplies	\$ 53		\$ 53		\$ 53		\$ 53	
Marketing, miscellaneous	\$ 63		\$ 134		\$ 164		\$ 201	
Total farm variable costs		\$ 8,602		\$ 13,753		\$ 17,051		\$ 22,228
Cheesery								
Packaging	\$ 665		\$ 4,495		\$ 5,776		\$ 6,887	
Cheesemaking supplies/ingredient	\$ 66		\$ 206		\$ 268		\$ 329	
Total cheesery variable costs		\$ 731		\$ 4,701		\$ 6,043		\$ 7,216
Overhead Expenses								
Farm								
Land rent	\$ 6,480		\$ 8,505		\$ 11,773		\$ 16,365	
Payroll/benefits	\$ -		\$ 8,580		\$ 9,438		\$ 10,382	
Insurance	\$ 500		\$ 500		\$ 500		\$ 500	
Depreciation	\$ 5,675		\$ 8,907		\$ 9,584		\$ 10,058	
Interest	\$ 148		\$ 2,505		\$ 2,721		\$ 2,204	
Total farm fixed costs		\$ 12,803		\$ 28,997		\$ 34,016		\$ 39,508
Cheesery								
Chemical cleaning supplies	\$ 75		\$ 150		\$ 150		\$ 150	
Lab services - milk testing (2x/month)	\$ 180		\$ 360		\$ 360		\$ 360	
Quality assurance - cheese testing	\$ 300		\$ 600		\$ 600		\$ 600	
Maintenance	\$ 900		\$ 1,800		\$ 1,800		\$ 1,800	
Utilities - fuel and electrical	\$ 1,800		\$ 3,600		\$ 3,600		\$ 3,600	
Telephone	\$ 240		\$ 480		\$ 480		\$ 480	
Distribution	\$ 966		\$ 3,276		\$ 3,276		\$ 3,276	
Payroll/benefits	\$ -		\$ 8,580		\$ 9,438		\$ 10,382	
Insurance	\$ 700		\$ 1,400		\$ 1,400		\$ 1,400	
Depreciation	\$ 6,249		\$ 12,005		\$ 12,005		\$ 11,707	
Interest	\$ 523		\$ 6,356		\$ 6,343		\$ 5,588	
Total cheesery fixed costs		\$ 11,933		\$ 38,607		\$ 39,452		\$ 39,343
Total variable costs		\$ 9,333		\$ 18,454		\$ 23,094		\$ 29,444
Total fixed costs		\$ 24,736		\$ 67,604		\$ 73,467		\$ 78,851
Total expenses		\$ 34,068		\$ 86,058		\$ 96,561		\$ 108,295

Risk Management

Our primary method of risk management will be by purchasing insurance. We will need to buy a general liability policy for the farm, and a product liability policy for the cheesery.

In addition to insurance, our long-term goal is to have diverse markets and diverse products, including not only cheese, but also meat and sausage. We will also strive from the beginning to have as few purchased inputs as possible, so that we are not too strongly affected by input price fluctuations.

Business Organization

Our business is structured as a Limited Liability Company (LLC), currently with Kevin and Ranae Dietzel as the only members (owners). The operating agreement and other organization documents can be provided to any persons interested in becoming members through investment in the LLC.

Contingency Statement

The two main contingencies that we need to plan for are an unforeseen decrease in production, or unpredicted decrease in price or demand for our products. The third contingency would be if circumstances, either financial or personal, were to cause us to dissolve the business.

Although our projected production levels are fairly modest, there are still many factors that could lead to a decrease in production. The first would be the agricultural classic: bad weather. Others include animal diseases and defective or unsafe batches of cheese. All three should be addressed in prevention measures. Bad weather and diseases are less likely to have serious effects on production if a healthy, diverse system is developed, such as cows that are grazing on diverse pastures and are given sufficient water and minerals. Diverse perennial communities are more resilient, because there are always many different plants that do well under differing circumstances. Defective cheese can be prevented by having protocols in place for the proper production of the cheese and cleaning of the facility and equipment, coupled with testing of the ingredients and the products for quality control. We will also put in place a recall procedure so that we can react quickly and efficiently in a safe and legal manner.

A decrease in price or demand could happen if there is a financial downturn, causing people to be less concerned with the quality and source of their food and more concerned with how much they spend on that food. Such a decrease could also occur as a result of increased competition in the marketplace. This is something that we have less control over, but if we have a superior product that people really want, we will find a place in the market.

Both of the above paragraphs address ways to prevent those contingencies from becoming necessary, and to have more resiliency built into our system so as to be less affected by such problems, but both situations could still lead to decreased revenue. If that revenue falls below the level necessary to pay the business' financial commitments, we will have to supplement that revenue with additional outside income (most likely in the form of off-farm employment). We would also examine additional farm enterprises that could be added to diversify the farm's income.

The circumstances under which the business could end and we would need an exit strategy could be some combination of the factors discussed above, burnout, or other personal reasons. This contingency will be planned for, in legal agreements with our creditors before receiving any financing. Details for dissolution of the company are also detailed in the operating agreement.

Appendix A
Enterprise Budgets

Enterprise Budget for Permanent Pasture

	2015	2016	2017	2018
Acreage	26	26	26	26
Acres hayed	2.6	2.6	2.6	2.6
Acres grazed	23.4	23.4	23.4	23.4
Tons hay	2.60	2.60	2.60	2.60
Animal unit days	1560	1560	1560	1560
Total tons forage	26	26	26	26
Income				
Hay (\$100/ton)	\$ 260	\$ 260	\$ 260	\$ 260
Grazing charge (\$1.00/AD)	\$ 1,560	\$ 1,560	\$ 1,560	\$ 1,560
Gross income	\$ 1,820	\$ 1,820	\$ 1,820	\$ 1,820
<i>Gross income per acre</i>	\$ 70	\$ 70	\$ 70	\$ 70
Operating expenses				
Harvest machinery	\$ 232	\$ 232	\$ 232	\$ 232
Temporary fence	\$ 53	\$ 53	\$ 53	\$ 53
Total operating expenses	\$ 285	\$ 285	\$ 285	\$ 285
Overhead				
Land charge	\$ 1,430	\$ 1,430	\$ 1,430	\$ 1,560
Renovation (overseeding & liming)	\$ 313	\$ 313	\$ 313	\$ 313
Total overhead	\$ 1,743	\$ 1,743	\$ 1,743	\$ 1,873
Total expenses	\$ 2,028	\$ 2,028	\$ 2,028	\$ 2,158
<i>Total expenses/acre</i>	\$ 78	\$ 78	\$ 78	\$ 83
Net income				
Net income	\$ (208)	\$ (208)	\$ (208)	\$ (338)
Net income per acre	\$ (8)	\$ (8)	\$ (8)	\$ (13)
Break-even price per AD	\$ 1	\$ 1	\$ 1	\$ 1
Break-even price per ton hay	\$ 156	\$ 156	\$ 156	\$ 161

Enterprise Budget for Crop (Planted) Pasture

	2015	2016	2017	2018
Acreage	11.2	18.7	26.7	34.2
Acres newly seeded	4.2	7.5	8	10
Acres hayed	7.7	14.2	19.2	24.5
Acres grazed	3.5	4.5	7.5	9.7
Tons hay	19.3	35.6	48.1	61.3
Animal unit days	525	672	1122	1452
Total tons forage	25.2	42.1	60.1	77.0
 Income				
Hay (\$120/ton)	\$ 2,310	\$ 4,266	\$ 5,766	\$ 7,356
Grazing charge (\$1.00/AD)	\$ 525	\$ 672	\$ 1,122	\$ 1,452
Gross income	\$ 2,835	\$ 4,938	\$ 6,888	\$ 8,808
<i>Gross income per acre</i>	\$ 253	\$ 264	\$ 258	\$ 258
 Operating expenses				
Seed cost	\$ 290	\$ 518	\$ 552	\$ 690
Preharvest machinery	\$ 156	\$ 278	\$ 297	\$ 371
Harvest machinery	\$ 715	\$ 1,320	\$ 1,785	\$ 2,277
Total operating expenses	\$ 1,161	\$ 2,116	\$ 2,633	\$ 3,338
 Overhead				
Land charge	\$ 2,800	\$ 4,675	\$ 7,343	\$ 9,405
Total overhead	\$ 2,800	\$ 4,675	\$ 7,343	\$ 9,405
Total expenses	\$ 3,961	\$ 6,791	\$ 9,976	\$ 12,743
<i>Total expenses/acre</i>	\$ 354	\$ 363	\$ 374	\$ 373
 Net income				
	\$ (1,126)	\$ (1,853)	\$ (3,088)	\$ (3,935)
Net income per acre	\$ (100)	\$ (99)	\$ (116)	\$ (115)
Break-even price per AD	\$ 2	\$ 2	\$ 2	\$ 2
Break-even price per ton hay	\$ 153	\$ 154	\$ 160	\$ 160

Enterprise Budget for Annual Forages

	2015	2016	2017	2018
Acreage	7.5	8	10	18
Acres hayed	3.8	2.0	2.5	7.2
Acres grazed	3.8	6.0	7.5	10.8
Tons hay	22.5	12	15	43.2
Animal unit days	1500	2400	3000	4320
Total tons forage	45	48	60	108
 Income				
Hay	\$ 2,700	\$ 1,440	\$ 1,800	\$ 5,184
Grazing charge (\$1.00/AD)	\$ 1,500	\$ 2,400	\$ 3,000	\$ 4,320
Gross income	\$ 4,200	\$ 3,840	\$ 4,800	\$ 9,504
<i>Gross income per acre</i>	\$ 560	\$ 480	\$ 480	\$ 528
 Operating expenses				
Seed cost	\$ 405	\$ 432	\$ 540	\$ 972
Preharvest machinery	\$ 278	\$ 297	\$ 371	\$ 668
Harvest machinery	\$ 446	\$ 238	\$ 297	\$ 857
Total operating expenses	\$ 1,129	\$ 967	\$ 1,208	\$ 2,496
 Overhead				
Land charge	\$ 2,250	\$ 2,400	\$ 3,000	\$ 5,400
Total overhead	\$ 2,250	\$ 2,400	\$ 3,000	\$ 5,400
Total expenses	\$ 3,379	\$ 3,367	\$ 4,208	\$ 7,896
<i>Total expenses/acre</i>	\$ 451	\$ 421	\$ 421	\$ 439
 Net income				
Net income	\$ 821	\$ 473	\$ 592	\$ 1,608
Net income per acre	\$ 109	\$ 59	\$ 59	\$ 89
Break-even price per AD	\$ 1	\$ 1	\$ 1	\$ 1
Break-even price per ton hay	\$ 85	\$ 85	\$ 85	\$ 85

Enterprise Budget for Dairy Cows

	2015	2016	2017	2018
Lactating cows	8	10	13	16
Total Animal Units	20.1	24.0	30.3	38.6
Total milk production (cwt)	293	915	1190	1464
Bull calves sold	4	5	7	8
Grazing season Animal Unit Days (AD)	2549	3114	3873	4856
Stored forage (tons)	36	43	55	68
 Income				
Milk sales (\$30/cwt)	\$ 8,784	\$ 27,450	\$ 35,685	\$ 43,920
Calf sales (\$150/calf)	\$ 600	\$ 750	\$ 975	\$ 1,200
Gross income	\$ 9,384	\$ 28,200	\$ 36,660	\$ 45,120
<i>Gross income/cow</i>	\$ 1,173	\$ 2,820	\$ 2,820	\$ 2,820
 Operating Expenses				
Hay (\$160/ton)	\$ 5,782	\$ 6,800	\$ 8,819	\$ 10,903
Pasture (\$1.00/AD)	\$ 2,549	\$ 3,114	\$ 3,873	\$ 4,856
Water (12 gal/AU/day)	\$ 66	\$ 79	\$ 99	\$ 127
Mineral (242 lbs./AU)	\$ 777	\$ 929	\$ 1,172	\$ 1,494
Grain (5 lbs./cow/day@\$10/bu)	\$ 439	\$ 1,620	\$ 2,106	\$ 2,592
Veterinary services	\$ 1,003	\$ 1,200	\$ 1,514	\$ 1,929
Breeding fees	\$ 360	\$ 450	\$ 585	\$ 720
Hired labor	\$ -	\$ 8,580	\$ 9,438	\$ 10,382
Total operating expenses	\$ 10,975	\$ 22,773	\$ 27,606	\$ 33,002
Total cash operating expenses	\$ 2,645	\$ 12,858	\$ 14,914	\$ 17,243
 Overhead				
Depreciation	\$ 5,675	\$ 8,907	\$ 9,584	\$ 10,058
Interest	\$ 148	\$ 2,505	\$ 2,721	\$ 2,204
Insurance	\$ 500	\$ 500	\$ 500	\$ 500
Total overhead	\$ 6,323	\$ 11,912	\$ 12,805	\$ 12,762
Total expenses	\$ 17,298	\$ 34,685	\$ 40,411	\$ 45,764
<i>Total expenses/cow</i>	\$ 2,162	\$ 3,469	\$ 3,109	\$ 2,860
 Net income				
Net cash income	\$ (8,367)	\$ (24,021)	\$ (26,744)	\$ (28,805)
Net income per cow	\$ (989)	\$ (649)	\$ (289)	\$ (40)
Break-even milk price/cwt	\$ 57	\$ 37	\$ 33	\$ 30

Enterprise Budget for Finishing Feeder Pigs

	2015	2016	2017	2018
Feeder pigs	8	20	25	30
Whey available	2790	8719	11335	13951
Whey consumption ability	4368	10920	13650	16380
Price per lb.	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Income				
Market hog (\$1/lb.)	\$ 2,080	\$ 5,200	\$ 6,500	\$ 7,800
Gross income	\$ 2,080	\$ 5,200	\$ 6,500	\$ 7,800
<i>Gross income/pig</i>	\$ 260	\$ 260	\$ 260	\$ 260
Operating Expenses				
Feeder pigs (\$100/hd)	\$ 800	\$ 2,000	\$ 2,500	\$ 3,000
Interest on feeder pigs (9%)	\$ 36	\$ 90	\$ 113	\$ 135
Feed costs				
Corn (\$8/bu)	\$ 576	\$ 1,440	\$ 1,800	\$ 2,160
Soybean meal (\$0.30/lb)	\$ 197	\$ 492	\$ 615	\$ 738
Dried distiller grain (\$0.12/lb)	\$ 31	\$ 77	\$ 96	\$ 115
Vitamins & minerals (\$0.50/lb)	\$ 58	\$ 144	\$ 180	\$ 216
Feed processing & delivery (\$10/ton)	\$ 24	\$ 60	\$ 75	\$ 90
Feed additives	\$ 24	\$ 60	\$ 75	\$ 90
Veterinary and medical	\$ 32	\$ 80	\$ 100	\$ 120
Fuel, repairs, utilities	\$ 28	\$ 70	\$ 88	\$ 105
Marketing, miscellaneous	\$ 32	\$ 80	\$ 100	\$ 120
Manure application cost (\$0.01/gal)	\$ 15	\$ 38	\$ 48	\$ 57
Interest on variable costs (9%)	\$ 23	\$ 56	\$ 70	\$ 84
Death loss (2%)	\$ 16	\$ 40	\$ 50	\$ 60
Total operating expenses	\$ 1,891	\$ 4,727	\$ 5,909	\$ 7,091
Overhead				
Depreciation				
Interest				
Total overhead	\$ -	\$ -	\$ -	\$ -
Total expenses	\$ 1,891	\$ 4,727	\$ 5,909	\$ 7,091
<i>Total expenses/pig</i>	\$ 236	\$ 236	\$ 236	\$ 236
Net income				
Income over variable costs	\$ 189	\$ 473	\$ 591	\$ 709
Net income per pig	\$ 24	\$ 24	\$ 24	\$ 24
Break-even price/cwt	\$ 91	\$ 91	\$ 91	\$ 91

Enterprise Budget for Finishing Dairy Steers

	2015	2016	2017	2018
Steers finished	4	4	4	6
Total animal units (AU)	5.7	5.2	7.5	9.8
Grazing season Animal Unit Days (AD)	1032	891	1247	1667
Stored forage (tons)	9	7	10	13
Price per lb.	\$ 2.75	\$ 2.75	\$ 2.75	\$ 2.75
Income				
Finished steer	\$ 7,700	\$ 8,470	\$ 8,470	\$ 12,705
Gross income	\$ 7,700	\$ 8,470	\$ 8,470	\$ 12,705
<i>Gross income/steer</i>	\$ 1,925	\$ 2,118	\$ 2,118	\$ 2,118
Operating Expenses				
Calves (\$150/hd)	\$ 600	\$ 600	\$ 600	\$ 900
Feed costs				
Pasture	\$ 1,032	\$ 891	\$ 1,247	\$ 1,667
Hay	\$ 1,047	\$ 846	\$ 1,165	\$ 1,596
Grain	\$ 720	\$ 720	\$ 720	\$ 1,080
Salt & minerals	\$ 221	\$ 203	\$ 292	\$ 379
Veterinary services	\$ 285	\$ 262	\$ 377	\$ 490
Fuel, repairs, utilities	\$ 40	\$ 40	\$ 40	\$ 60
Marketing, miscellaneous	\$ 16	\$ 16	\$ 16	\$ 24
Total operating expenses	\$ 3,961	\$ 3,579	\$ 4,457	\$ 6,196
Total cash operating expenses	\$ 1,282	\$ 1,242	\$ 1,445	\$ 2,033
Overhead				
Depreciation				
Interest				
Total overhead	\$ -	\$ -	\$ -	\$ -
Total expenses	\$ 3,961	\$ 3,579	\$ 4,457	\$ 6,196
<i>Total expenses/finished steer</i>	\$ 990	\$ 895	\$ 1,114	\$ 1,033
Net income	\$ 3,739	\$ 4,891	\$ 4,013	\$ 6,509
Net cash income	\$ 6,418	\$ 7,228	\$ 7,025	\$ 10,672
Net income per steer	\$ 935	\$ 1,223	\$ 1,003	\$ 1,085
Break-even price/cwt	\$ 129	\$ 116	\$ 145	\$ 134

Whole Farm Budget

	2015	2016	2017	2018
Total acres	44.7	52.7	62.7	78.2
Lactating cows	8	10	13	16
Total Animal Units	20.1	24.0	30.3	38.6
Total hay production (tons)	44.4	50.2	65.7	107.1
Total on-farm hay use (tons)	36.1	42.5	55.1	68.1
Hay available for sale (tons)	8.2	7.6	10.5	39.0
Total grazing days available (AD)	3585	4632	5682	7332
Total farm AD use	3581	4005	5120	6523
Custom grazing available (AD)	4	627	562	809
Steers finished	4	4	4	6
Total milk production (cwt)	293	915	1190	1464
Hogs	8	20	25	30
 Income				
Milk sales	\$ 8,784	\$ 27,450	\$ 35,685	\$ 43,920
Beef sales	\$ 7,700	\$ 8,470	\$ 8,470	\$ 12,705
Market hog sales	\$ 2,080	\$ 5,200	\$ 6,500	\$ 7,800
Hay sales	\$ 986	\$ 918	\$ 1,264	\$ 4,675
Gross income	\$ 19,550	\$ 42,038	\$ 51,919	\$ 69,100
<i>Gross cash income</i>	\$ 10,766	\$ 14,588	\$ 16,234	\$ 25,180
 Operating expenses				
Permanent pasture	\$ 285	\$ 285	\$ 285	\$ 285
Crop pasture	\$ 1,161	\$ 2,116	\$ 2,633	\$ 3,338
Annual forages	\$ 1,129	\$ 967	\$ 1,208	\$ 2,496
Dairy	\$ 2,645	\$ 12,858	\$ 14,914	\$ 17,243
Beef	\$ 1,282	\$ 1,242	\$ 1,445	\$ 2,033
Hogs	\$ 1,891	\$ 4,727	\$ 5,909	\$ 7,091
Total operating expenses	\$ 8,393	\$ 22,195	\$ 26,395	\$ 32,487
 Overhead				
Permanent pasture	\$ 1,743	\$ 1,743	\$ 1,743	\$ 1,873
Crop pasture	\$ 2,800	\$ 4,675	\$ 7,343	\$ 9,405
Annual forages	\$ 2,250	\$ 2,400	\$ 3,000	\$ 5,400
Dairy	\$ 6,323	\$ 11,912	\$ 12,805	\$ 12,762
Hogs	\$ -	\$ -	\$ -	\$ -
Total overhead	\$ 13,116	\$ 20,731	\$ 24,891	\$ 29,440
Total Farm Expenses	\$ 21,509	\$ 42,926	\$ 51,286	\$ 61,927
 Net income	 \$ (1,959)	 \$ (888)	 \$ 633	 \$ 7,173
Net cash income	\$ (10,743)	\$ (28,338)	\$ (35,052)	\$ (36,747)

Enterprise Budget for Cheesery

	2015	2016	2017	2018
Cheese production (lbs.)	2635	8235	10706	13176
Milk purchased (cwt)	293	915	1190	1464
Income				
Cheese sales	\$ 13,303	\$ 89,898	\$ 115,511	\$ 137,732
Gross income	\$ 13,303	\$ 89,898	\$ 115,511	\$ 137,732
Operating expenses				
Milk (\$30/cwt.)	\$ 8,784	\$ 27,450	\$ 35,685	\$ 43,920
Packaging (5% sales)	\$ 665	\$ 4,495	\$ 5,776	\$ 6,887
Cheesemaking supplies/ingredients	\$ 66	\$ 206	\$ 268	\$ 329
Total operating expenses	\$ 9,515	\$ 32,151	\$ 41,728	\$ 51,136
<i>Total cash operating expenses</i>	\$ 731	\$ 4,701	\$ 6,043	\$ 7,216
Overhead				
Chemical cleaning supplies	\$ 75	\$ 150	\$ 150	\$ 150
Lab services - milk testing (2x/month)	\$ 180	\$ 360	\$ 360	\$ 360
Quality assurance - cheese testing	\$ 300	\$ 600	\$ 600	\$ 600
Maintenance	\$ 900	\$ 1,800	\$ 1,800	\$ 1,800
Utilities - fuel and electrical	\$ 1,800	\$ 3,600	\$ 3,600	\$ 3,600
Telephone	\$ 240	\$ 480	\$ 480	\$ 480
Distribution	\$ 966	\$ 3,276	\$ 3,276	\$ 3,276
Payroll	\$ -	\$ 7,800	\$ 8,580	\$ 9,438
Payroll taxes	\$ -	\$ 780	\$ 858	\$ 944
Insurance	\$ 700	\$ 1,400	\$ 1,400	\$ 1,400
Depreciation	\$ 6,249	\$ 12,005	\$ 12,005	\$ 11,707
Interest	\$ 523	\$ 6,356	\$ 6,343	\$ 5,588
Total Overhead	\$ 11,933	\$ 38,607	\$ 39,452	\$ 39,343
Total expenses	\$ 21,448	\$ 70,757	\$ 81,180	\$ 90,479
Net income	\$ (8,145)	\$ 19,141	\$ 34,331	\$ 47,253
Net cash income	\$ 639	\$ 46,591	\$ 70,016	\$ 91,173
Break-even cheese price/lb.	\$ 8.14	\$ 8.59	\$ 7.58	\$ 6.87

Appendix B
Monthly Cash Flow Projections

Projected Cash Flow - 2015

Item	Jan-15		Feb-15		Mar-15		Apr-15		May-15		Jun-15	
	Subtotal	Total	Subtotal	Total	Subtotal	Total	Subtotal	Total	Subtotal	Total	Subtotal	Total
<u>Cash flows from operating activities</u>												
<i>Inflows</i>												
Cash received from farm and cheese production	\$ -		\$ -		\$ -		\$ 819		\$ 1,673		\$ 1,673	
Total cash inflows from operating activities		\$ -		\$ -		\$ -		\$ 819		\$ 1,673		\$ 1,673
<i>Outflows</i>												
Cash paid for operating expenses	\$ 1,417		\$ 1,137		\$ 3,936		\$ 1,017		\$ 1,877		\$ 824	
Cash paid for operating and short-term loan interest	\$ 335		\$ -		\$ -		\$ -		\$ -		\$ 335	
Cash paid for term loan interest	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	
Manager compensation	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	
Total cash outflows from operating activities		\$ 1,753		\$ 1,137		\$ 3,936		\$ 1,017		\$ 1,877		\$ 1,159
Net cash flows provided by operating activities		\$ (1,753)		\$ (1,137)		\$ (3,936)		\$ (198)		\$ (203)		\$ 514
<u>Cash flows from investing activities</u>												
<i>Inflows</i>												
Total cash inflows from investing activities		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -
<i>Outflows</i>												
Cash paid to purchase machinery/equipment/real estate					\$ 9,350		\$ 9,350		\$ 57,500		\$ 57,500	
Cash paid for purchase of breeding livestock			\$ -				\$ 6,000					
Cash paid for deposits to savings accounts												
Total cash outflows from investing activities		\$ -		\$ -		\$ 9,350		\$ 15,350		\$ 57,500		\$ 57,500
Net cash flows provided by investing activities		\$ -		\$ -		\$ (9,350)		\$ (15,350)		\$ (57,500)		\$ (57,500)
<u>Cash flows from financing activities</u>												
<i>Inflows</i>												
Proceeds from operating loans and short-term notes							\$ 47,000					
Proceeds from term debt financing									\$ 115,000			
Cash received from capital contributions			\$ 135,000									
Total cash inflows from financing activities		\$ -		\$ 135,000		\$ -		\$ 47,000		\$ 115,000		\$ -
<i>Outflows</i>												
Cash repayment of operating and short-term loans	\$ 1,000										\$ 1,000	
Cash repayment of term debt scheduled	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	
Cash payments of dividends and other capital distributions												
Total cash outflows from financing activities	\$ 1,000		\$ -		\$ -		\$ -		\$ -		\$ 1,000	
Net cash flows provided by financing activities	\$ (1,000)		\$ 135,000		\$ -		\$ 47,000		\$ 115,000		\$ (1,000)	
Net increase (decrease) in cash flows		\$ (2,753)		\$ 133,863		\$ (13,286)		\$ 31,452		\$ 57,297		\$ (57,986)
Beginning of month cash balance		\$ 15,000		\$ 12,247		\$ 146,110		\$ 132,824		\$ 164,275		\$ 221,572
End of month cash balance		\$ 12,247		\$ 146,110		\$ 132,824		\$ 164,275		\$ 221,572		\$ 163,586

Projected Cash Flow - 2015 (continued)

Item	Jul-15		Aug-15		Sep-15		Oct-15		Nov-15		Dec-15	
	Subtotal	Total	Subtotal	Total	Subtotal	Total	Subtotal	Total	Subtotal	Total	Subtotal	Total
<u>Cash flows from operating activities</u>												
<i>Inflows</i>												
Cash received from farm and cheese production	\$ 2,713		\$ 2,002		\$ 2,002		\$ 2,002		\$ 8,922		\$ 2,262	
Total cash inflows from operating activities		\$ 2,713		\$ 2,002		\$ 2,002		\$ 2,002		\$ 8,922		\$ 2,262
<i>Outflows</i>												
Cash paid for operating expenses	\$ 1,763		\$ 1,363		\$ 3,104		\$ 944		\$ 1,017		\$ 3,177	
Cash paid for operating and short-term loan interest	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	
Cash paid for term loan interest	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	
Cash withdrawals for family living	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	
Total cash outflows from operating activities		\$ 1,763		\$ 1,363		\$ 3,104		\$ 944		\$ 1,017		\$ 3,177
Net cash flows provided by operating activities		\$ 951		\$ 639		\$ (1,102)		\$ 1,058		\$ 7,904		\$ (916)
<u>Cash flows from investing activities</u>												
<i>Inflows</i>												
Total cash inflows from investing activities		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -
<i>Outflows</i>												
Cash paid to purchase machinery/equipment/real estate	\$ 79,100		\$ 58,780									
Cash paid for purchase of breeding livestock												
Cash paid for deposits to savings accounts												
Total cash outflows from investing activities		\$ 79,100		\$ 58,780		\$ -		\$ -		\$ -		\$ -
Net cash flows provided by investing activities		\$ (79,100)		\$ (58,780)		\$ -		\$ -		\$ -		\$ -
<u>Cash flows from financing activities</u>												
<i>Inflows</i>												
Proceeds from operating loans and short-term notes												
Proceeds from term debt financing												
Cash received from capital contributions												
Total cash inflows from financing activities		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -
<i>Outflows</i>												
Cash repayment of operating and short-term loans												
Cash repayment of term debt scheduled												
Cash payments of dividends and other capital distributions											\$ -	
Total cash outflows from financing activities		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -
Net cash flows provided by financing activities		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -
Net increase (decrease) in cash flows		\$ (78,149)		\$ (58,141)		\$ (1,102)		\$ 1,058		\$ 7,904		\$ (916)
Beginning of month cash balance		\$ 163,586		\$ 85,437		\$ 27,296		\$ 26,194		\$ 27,251		\$ 35,156
End of month cash balance		\$ 85,437		\$ 27,296		\$ 26,194		\$ 27,251		\$ 35,156		\$ 34,240

Projected Cash Flow - 2016

Item	Jan-16		Feb-16		Mar-16		Apr-16		May-16		Jun-16	
	Subtotal	Total	Subtotal	Total	Subtotal	Total	Subtotal	Total	Subtotal	Total	Subtotal	Total
<u>Cash flows from operating activities</u>												
<i>Inflows</i>												
Cash received from farm and cheese production	\$ 3,481		\$ 3,481		\$ 3,481		\$ 3,481		\$ 11,502		\$ 11,502	
Total cash inflows from operating activities		\$ 3,481		\$ 3,481		\$ 3,481		\$ 3,481		\$ 11,502		\$ 11,502
<i>Outflows</i>												
Cash paid for operating expenses	\$ 4,680		\$ 3,830		\$ 7,624		\$ 3,680		\$ 4,590		\$ 3,290	
Cash paid for operating and short-term loan interest	\$ 286		\$ -		\$ -		\$ -		\$ -		\$ 286	
Cash paid for term loan interest	\$ -		\$ -		\$ -		\$ -		\$ -		\$ 3,571	
Manager compensation	\$ 833		\$ 833		\$ 833		\$ 833		\$ 833		\$ 833	
Total cash outflows from operating activities		\$ 5,800		\$ 4,664		\$ 8,458		\$ 4,514		\$ 5,423		\$ 7,981
Net cash flows provided by operating activities		\$ (2,319)		\$ (1,183)		\$ (4,977)		\$ (1,033)		\$ 6,079		\$ 3,521
<u>Cash flows from investing activities</u>												
<i>Inflows</i>												
Total cash inflows from investing activities		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -
<i>Outflows</i>												
Cash paid to purchase machinery/equipment/real estate							\$ 5,000					
Cash paid for purchase of breeding livestock												
Cash paid for deposits to savings accounts												
Total cash outflows from investing activities		\$ -		\$ -		\$ -		\$ 5,000		\$ -		\$ -
Net cash flows provided by investing activities		\$ -		\$ -		\$ -		\$ (5,000)		\$ -		\$ -
<u>Cash flows from financing activities</u>												
<i>Inflows</i>												
Proceeds from operating loans and short-term notes												
Proceeds from term debt financing												
Cash received from capital contributions												
Total cash inflows from financing activities		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -
<i>Outflows</i>												
Cash repayment of operating and short-term loans	\$ 1,000		\$ -		\$ -		\$ -		\$ -		\$ 1,000	
Cash repayment of term debt scheduled	\$ -		\$ -		\$ -		\$ -		\$ -		\$ 2,773	
Cash payments of dividends and other capital distributions												
Total cash outflows from financing activities		\$ 1,000		\$ -		\$ -		\$ -		\$ -		\$ 3,773
Net cash flows provided by financing activities		\$ (1,000)		\$ -		\$ -		\$ -		\$ -		\$ (3,773)
Net increase (decrease) in cash flows		\$ (3,319)		\$ (1,183)		\$ (4,977)		\$ (6,033)		\$ 6,079		\$ (252)
Beginning of month cash balance		\$ 34,240		\$ 30,921		\$ 29,738		\$ 24,761		\$ 18,728		\$ 24,807
End of month cash balance		\$ 30,921		\$ 29,738		\$ 24,761		\$ 18,728		\$ 24,807		\$ 24,555

Projected Cash Flow - 2016 (continued)

Item	Jul-16		Aug-16		Sep-16		Oct-16		Nov-16		Dec-16	
	Subtotal	Total	Subtotal	Total	Subtotal	Total	Subtotal	Total	Subtotal	Total	Subtotal	Total
<u>Cash flows from operating activities</u>												
<i>Inflows</i>												
Cash received from farm and cheese production	\$ 14,102		\$ 11,808		\$ 11,808		\$ 11,808		\$ 11,951		\$ 6,081	
Total cash inflows from operating activities		\$ 14,102		\$ 11,808		\$ 11,808		\$ 11,808		\$ 11,951		\$ 6,081
<i>Outflows</i>												
Cash paid for operating expenses	\$ 4,927		\$ 3,927		\$ 6,275		\$ 3,440		\$ 3,680		\$ 6,515	
Cash paid for operating and short-term loan interest	\$ -		\$ -		\$ 1,229		\$ -		\$ -		\$ -	
Cash paid for term loan interest	\$ -		\$ -		\$ -		\$ -		\$ -		\$ 3,488	
Cash withdrawals for family living	\$ 833		\$ 833		\$ 833		\$ 833		\$ 833		\$ 833	
Total cash outflows from operating activities		\$ 5,760		\$ 4,760		\$ 8,338		\$ 4,274		\$ 4,514		\$ 10,837
Net cash flows provided by operating activities		\$ 8,342		\$ 7,048		\$ 3,470		\$ 7,535		\$ 7,437		\$ (4,756)
<u>Cash flows from investing activities</u>												
<i>Inflows</i>												
Total cash inflows from investing activities		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -
<i>Outflows</i>												
Cash paid to purchase machinery/equipment/real estate												
Cash paid for purchase of breeding livestock												
Cash paid for deposits to savings accounts												
Total cash outflows from investing activities		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -
Net cash flows provided by investing activities		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -
<u>Cash flows from financing activities</u>												
<i>Inflows</i>												
Proceeds from operating loans and short-term notes												
Proceeds from term debt financing												
Cash received from capital contributions												
Total cash inflows from financing activities		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -
<i>Outflows</i>												
Cash repayment of operating and short-term loans	\$ -		\$ -		\$ 7,699		\$ -		\$ -		\$ -	
Cash repayment of term debt scheduled	\$ -		\$ -		\$ -		\$ -		\$ -		\$ 2,856	
Cash payments of dividends and other capital distributions											\$ 8,253	
Total cash outflows from financing activities		\$ -		\$ -		\$ 7,699		\$ -		\$ -		\$ 11,109
Net cash flows provided by financing activities		\$ -		\$ -		\$ (7,699)		\$ -		\$ -		\$ (11,109)
Net increase (decrease) in cash flows		\$ 8,342		\$ 7,048		\$ (4,229)		\$ 7,535		\$ 7,437		\$ (15,865)
Beginning of month cash balance		\$ 24,555		\$ 32,898		\$ 39,946		\$ 35,717		\$ 43,252		\$ 50,689
End of month cash balance		\$ 32,898		\$ 39,946		\$ 35,717		\$ 43,252		\$ 50,689		\$ 34,824

Appendix C

Cheese Market Survey Results

This survey was sent via e-mail to the Members of the Farm to Folk Cooperative in Ames, Iowa. There are 390 e-mail addresses that are on the list, of which approximately 150 are active members of Farm to Folk. We received 104 responses, which is a response rate of 27%. Included in the results below are the first 100 responses.

1. In general, what is the average price that you currently pay for cheese?

\$2-\$4/lb.	25
\$5-\$7/lb.	47
\$8-\$12/lb.	26
\$13-\$16/lb.	1
More than \$16/lb.	1

2. What is the highest price that you have paid for cheese?

\$2-\$4/lb.	1
\$5-\$7/lb.	11
\$8-\$12/lb.	36
\$13-\$16/lb.	32
More than \$16/lb.	20

3. How much cheese do you typically purchase in a month (for a guide, typical block of cheese sold in the grocery store are one pound)?

None	1
0.5-1 lb.	14
2-4 lbs.	63
5-7 lbs.	18
8-10 lbs.	4
More than 10 lbs.	0

4. How much of the cheese that you buy in a month is locally produced artisanal cheese (within 100 miles)?

None	41
0.5-1 lb.	47
2-4 lbs.	11
5-7 lbs.	1
8-10 lbs.	0
More than 10 lbs.	0

5. If cheese produced in Central Iowa using small-scale, traditional hand-crafted methods, made on a small family farm from cows fed mostly grass were available through Farm to Folk at \$14 per pound, how much would you buy per month? (Please assume that the level of quality and taste comparable to cheeses imported from other places in the US and Europe.)

None	14
------	----

0.5-1 lb.	66
2-4 lbs.	18
5-7 lbs.	1
8-10 lbs.	1
More than 10 lbs.	0

6. If the cheese were made from raw milk, would this:

Increase your interest in buying it	26
Decrease your interest in buying it	19
Not affect your interest in buying it	55

7. What kinds of cheese produced in Central Iowa would you be interested in purchasing?

Mozzarella	77
Parmesan	59
Ricotta	40
Bouda	53
Mysost	2
Gruyere	44
Emmentaler	23
Raclette	14
Quark	10
Camembert	33
Queso blanco	27
Cheddar	74
Blue cheese	34
Yogurt	48

Other

1. Baby Swiss
2. Brick or Muenster, Farmer cheese
3. Kefir
4. Goat Cheese
5. Open
6. Sheep milk cheeses
7. brie, havarti
8. a spicy or peppered cheese
9. I love fontina!
10. bellavitano, a greek style yogurt, and kefir
11. cheese curds
12. Edam
13. Colby-jack
14. Greek Yogurt
15. Mild cheese like German butter cheese
16. hard cheeses only as I am lactose intolerant but can eat some hard cheese

17. Think outside the box!!! We love variety and would be VERY willing to try new flavors
18. anything unique to your craft!!!
19. goat or feta
20. we're adventuresome
21. Ricotta salata
22. I would try all of them, but certainly mozzarella & cheddar

8. Comments? Questions? Suggestions?

1. raw milk concern only because of small children or pregnancy
2. My friends and I collaborated on this survey. We see this as more of a special occasion cheese rather than a mainstay, largely due to the price. We understand the artisan and hand crafting part though and are excited about this too. Best of Luck and we are looking forward to your success!
3. I would probably buy local artisan cheese at \$5-7/lb, but as a graduate student I could not afford \$14/lb.
4. Would LOVE to buy local yogurt! We eat 2 gallons of yogurt a month. And we're big cheese eaters too. Most of the local cheeses we've tried are soft goat cheeses and while good, our tastes go more toward stronger, harder cheeses with some flavor.
5. We would buy a considerable amount of locally produced yogurt. I would pay \$14 a pound for local cheese
6. We just started buying cheese alternatives made from rice, etc. The ONLY reason for this is the cruel practice of dairy farmers taking the baby calves from the mothers within a few days of birth. It is a barbaric practice done just for human consumption. If you were to run a dairy farm where they didn't take the calves from the mothers, we would pay quite a bit more for cheese just to know that the animals are treated humanely. We realize this is an accepted practice, but so are many other things done to feed humans which are also horrible practices.
7. \$14/lb beyond my budget. Looking for quality low fat cheese, though. I am aging and cholesterol is becoming an issue.
8. good luck to you...
9. You would probably get more sales with samples so that we could get a 'cheese' education
10. I would be more likely to buy cheeses made from enzymes that do not have an animal source.

11. After a long time of listening and learning, I had recently made the decision to avoid most dairy products due to the depths that dairy farms have fallen in their animal care, so I'm excited to hear of someone interested in bringing back respectable quality with ethical standards. What a relief! Good luck!
12. \$14/lb is a little too expensive. It's OK to take advantage of modern equipment.
13. I think it would be nice to have a local source of high quality mozzarella and other styles that are not available locally.
14. best wishes Kevin and Renae
15. good luck!
16. Just can't afford \$14/lb, even if it is great cheese.
17. I'm not the best person to ask. My husband does not like most cheese and we barely use the a la carte Farm to Folk option. We love the idea, but somehow can't get our lives organized to order and pick-up. (In our defense we are voluntarily car free which makes it a bit more of an effort.) Still, I wish you the best of luck and perhaps the added benefit of cheese will get me over to the church more often.
18. would love to buy really local ames cheese but \$14/lb is too much for my budget right now
19. It would all depend on the taste of the cheese and quality, of course. I would not buy any cheese products with gelatin in it.
20. One of my continuing favorites is Dubliner.
21. I would eat your cheese exclusively if you had Gruyere, Cheddar, Blue, and Emmentaller, Mozzarella, and Parmasan
22. This consumer will not purchase dairy products made with unpasteurized milk.
23. A small group of us just spent a long weekend in Wisconsin last month on a "Curd Camp" run. Three days, 7 dairies, 27 cheeses in the cooler when we got home. We would love local options! And I would be happy to spread the word with my Curd Camp friends. Our Curd Camp, the Sequel happens with 4 more people and an extra day in late October.
24. I know your interest is in cheese, but I strongly believe there is a need in this area to have another milk producing dairy also. Picket Fence is unable to meet all of the demand.
25. We always try to buy local cheese when we can. We have found we have been somewhat disappointed by the taste-particularly of the harder cheeses(cheddar, parmesan) that often don't have as much flavor as we expect. We're excited about more local choices-especially from cow milk.

26. I love the idea of local artisan cheese, but because of my budget constraints a \$14 per pound cheese purchase would not occur very frequently. If you got the price closer to \$10 per pound, I could justify it more. Can't there be a happy medium between "good tasting, locally produced" and "artisan" ? I'll spend a little more for the former, but usually can't afford the latter. In any event, I wish you good luck and hope you succeed.
27. We already have great Iowa cheddar. try something else.
28. I would love raw milk cheese! I would love some raw goat's cheese as well, I would definitely buy some of that. If the government ever allows you to have dairy shares, where we all pitch in to pay for the cost and expenses of a goat or cow and go to the farm to get its milk (so we're not technically buying milk from you, since it's illegal to sell milk in Iowa), I would support you 100%!
29. not a regular shopper - but it sounds exciting! Thanks for taking the chance!
30. Wow, I hope you get this project going! Truly fresh ricotta would be a wonder!
31. I would really like a cheese and yogurt shop like this in Ames. But I should inform you that I am leaving Ames for a different job position, so I will miss out on this great idea. I know that would many people would be interested in is being able to purchase small sample packs. Or maybe like a cookie or muffin shop sell individual samples so people can nibble on yummy cheese while walking around Ames. The best of luck to you.
32. Good luck! I hope this works out for you!

Appendix D

Retail Store Price Checks (2012)

Wheatsfield Grocery, Ames, Iowa

Cheese Buyer: Connie Lawrence

Local cheeses

Milton Creamery (Milton, Iowa)

Quark - \$3.39/8 oz.

Prairie Breeze - \$13.79/lb. *wholesale price \$8/lb., 40 lbs. a month purchased*

Old Style Cheddar - \$8.59/lb.

Frisian Farms (Oskaloosa, Iowa)

Aged gouda - \$16.67/lb. *wholesale price \$10/lb., 10 lbs. a month purchased*

Northern Prairie Chevre (Woodward, Iowa)

Feta - \$21.67/lb.

Reichert's Dairy Air (Knoxville, Iowa)

Feta - \$5.99/4 oz. (\$23.96/lb.)

Robiola - \$35.55/lb.

Regional cheeses

Goodhue Gouda (WI) - \$14.17/lb.

Valley View Cheddar (MN) - \$4.89/lb.

Fresh mozzarella - \$3.99/8 oz. (\$7.98/lb.)

International cheeses

Ski Queen Gjetost (Norway) - \$5.79/8.8 oz. (\$10.53/lb.)

Lorraine - \$6.99/lb.

Havarti (Denmark) - \$7.60/lb.

Appenzeller (Switzerland) - \$16.22/lb.

Raw Manchego (Spain) - \$17.35/lb.

Tomme de Savoie (France) - \$14.92/lb.

East Hy Vee, Ames, Iowa

No local!

Regional cheeses

BelGioiso fresh mozzarella (WI) - \$4.99/8 oz. (\$7.98/lb.)

Henning's Cheddar - \$3.99/lb.

Black Diamond Grand Reserve 2-year-old Cheddar - \$15.99/lb.

Van Gogh Edam - \$9.39/lb.

International cheeses

Beemster Vlaskaas (Netherlands) - \$14.59/lb.

Gruyere (Switzerland) - \$18.99/lb.

Butterkaese (Germany) - \$18.99/lb.

Edam (Netherlands) - \$10.29/lb.