Business Plan for

Oak Haven Farms

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Executive Summary

Business Description

We are looking to establish Oak Haven Farm as a premier provider of grass fed lamb, sheep's milk cheese, beef, poultry, and eggs for the more health conscious consumer. Currently, have been successfully raising Alpacas on our small acreage farm in the West Michigan town of Newaygo. Over the past 5 years, we have been operating Oak Haven Alpacas, LLC, and have established it in the Alpaca community as a farm who produces top quality breeding stock alpacas.

We will be raising our sheep, cattle, and chickens on high quality pastures by utilizing the technique known as Mob Grazing, or Managed Intensive Grazing (MiG). This will allow me to market my products as grass-fed, which is commanding a premium price from consumers. There are many advantages to producing livestock in this manner, which will be explained later in this document.

When looking at our marketing strategy, it is all about diversification for us. While direct marketing results in a higher profit margin potential, working with a distributor can mean a constant source of income. It is my intention to tap into as many potential sources of customers as possible. How we plan to accomplish this is discussed later in our Marketing Plan.

Mission Statement

Oak Haven Farm will produce superior grass fed sheep, beef, and poultry products that not only provides a stable income for our family, but also provides the highest quality and healthiest options for our consumers.

Goals

Business goals:

- Provide a stable income for my family, so that by 2018 we will be able to sustain ourselves without having to have any off the farm income.

- Produce a consistent supply of grass-fed lambs, beef, chickens, and eggs for consumer consumption by 2016.
- Produce both feeder and stocker cattle that is highly sought after, not only as a food source, but for seed stock for other producers as well by 2016.
- Increase the net worth of the farm by each year by 10%.
- Improve the quality and production of my farm each year, without the need to feed grain or hay, by improving our pastures every year by utilizing an Intensive Grazing program utilizing the Mob Grazing technique.
- Develop a Grade A dairy for artisan sheep cheese production by 2018.

Personal goals:

- Provide my children an environment to learn and expand their knowledge of living creatures and how to live in harmony with our environment.
- Grow 75% of our own food by 2015.
- Maintain a healthy work/family life balance.

Plan Summary

Oak Haven Farm is an expansion of our current business that is going to raise grass-fed sheep, beef, and chicken using a rotational grazing technique known as Mob Grazing. We will use the knowledge we have gained raising alpacas over the past 5 years and apply that to the livestock we will be raising. We will be starting with raising sheep, beef, chicken, and eggs for terminal markets (end consumers) and will be working toward attaining Grade A licensing for raw milk cheese products. In addition, we will be working toward developing a recognized name that will allow us to sell our livestock to other producers who will use them for their seed stock. We will be using intensive rotational grazing to not only decrease overhead by not having to feed grain and hay, but also constantly improve the grazing pastures the animals live on. This will allow us to maintain the health and safety of not only the animals, but also the products they produce which we will sell to our customers.

We will be marketing our products in three venues. First, direct marketing

to consumers, selling to a wholesale distributor, and selling products directly on the farm. Further discussion on our marketing plan will be discussed later in the plan.

Capital Request

We are requesting both capital to purchase a large farm in Kentucky as well as capital for equipment, improvements to existing structures, fencing, livestock, and day to day expenses for the start-up. Looking at the current real estate climate in Kentucky, we are looking to secure $300,000 for the Farm Ownership, and $200,000 for Farm Operation. With the Farm Operating Loan, it will allow us to purchase livestock, equipment, fencing, and pay for day to day operating costs while the farm is being established.

With the Farm Ownership Loan, we are looking to purchase an existing farm in Anderson County, Boyle County, Mercer County, or another surrounding county. We would like a minimum 80 acres, preferably 100 acres or more, with barns/outbuilding, farmhouse, and fencing already in place.

The money from the $200,000 Farm Operating Loan will be used for the following equipment:

- 1 Ton Pickup with Gooseneck hitch - $50,000
- Large livestock trailer - $16,000
- Small live stock trailer - $6,000
- 4X4 ATV - $8,000
- Compact Utility Tractor with accessories - $12,000
- Small Utility Trailer - $1,500
- Equipment/Hay trailer - $ 3,500
- Fencing -$10,000
- Livestock Supplies (water troughs, medical supplies, etc.) - $,5,000
- Building improvements- $10,000

The remainder of the Farm Operating Loan will be used for the following livestock:

- 200 bred hair sheep ewes -$30,000
- 3 hair sheep rams - $1,500
- 20 Black Angus cow/calf pairs - $30,000

- 60 chickens- $500

Business Description

Business Overview

Oak Haven Farm is currently an alpaca and hair sheep operation owned and operated by Justin and Cara Stray and our two children on 3 wooded acres in Newaygo County Michigan. Our ground is mainly sand, and due to this fact, we have to dry lot our animals all year. We purchase our hay from a local supplier, and feed supplemental grain.

We currently own 21 alpacas and 8 Katahdin hair sheep. With the alpacas, our operation produces offspring we sell, fiber we process for yarn and finished products, and breeding services. We have just begun raising sheep, and have produced two ram lambs who will be sold for either consumption or for another farm to breed their sheep.

Looking into the future, we hope to start with running 200 breeding hair sheep ewes lambing every 8 months, 5 breeding rams, 20 Black Angus cow/calf pairs, and 50 free range hens. After improving our pastures to the levels of production we expect, we plan on running at full capacity of 300 breeding hair sheep ewes, 8-10 breeding rams, 40 cow/calf pairs and their previous years calves finishing, and 50-60 laying hens with associated roosters.

Production numbers we are expecting to start are the following:

Lambs - 350 lambs per year (Hair sheep can produce 3 lambings every 2 years with a 130% lambing rate due to their high percentage of twins and triplets with a 10% expected dead loss)

Beef - 18 calves per year (20 cows bred but assuming 10% loss due to abortion and dead loss)

Chickens - average 16 dozen eggs/per week (50 hens producing 200 eggs/year). In addition, we will allow a small percentage to hatch eggs for replacement hens and roosters.

Within 5 years, we hope to add a sheep dairy that will milk 20 ewes per day. Hair sheep ewes will produce at least 16 oz of milk per day per ewe, so we

will produce approximately 5 gallons of milk/day . Sheep's milk is much higher in protein and fat than cow's milk. Where it takes 1 gallon of cow's milk to produce 1 lb of cheese, 1 gallon of sheep's milk will produce 2 lbs of cheese. So, with 20 milking ewes, we will be able to produce 5 lbs of hard cheese per day.

Location

Oak Haven Farm is currently located on 3 wooded acres in Newaygo County, Michigan. It is our goal to move our operation to Kentucky and utilize the longer growing season and milder temperatures that are more conducive for a grass fed operation. We are looking to relocate to Anderson County, Boyle County, or Mercer County, Kentucky. We are looking to purchase a farm of at least 80 acres, but would prefer over 100 acres.

Facilities

Currently, our animals are housed in 3 sided run-in style sheds. We have an alpaca herd of 21, and a Katahdin herd of 8. We have purchased all the equipment currently needed for our operation. We have an abundance of feeding tubs, grain storage, hay feeders, etc. In addition, we have equipment to shear the alpacas, process it, and turn it into finished products.

We will be looking to purchase a farm that is that already has farm hourse, barn facilities, fencing, pastures, and water sources already in place. We will need to construct more fencing and have temporary fencing in order to move our livestock at least daily for the rotational grazing plan we plan to implement.

In addition, we will need to purchase all associated equipment including, but not limited to 1 ton truck, trailers, ATV, utility tractor, supplies (such as chicken coop, brooders, cattle head gate, scales), and medical equipment/supplies.

Business History

We started out as Oak Haven Alpacas, LLC in November of 2007 when we purchased our first two bred females and a gelding male companion. We quickly added another bred female, her female cria from the year before, and

another unrelated cria. Since our beginning, we have produced, sold, and traded nearly 75 alpacas. When we started, it was at the height of the sale prices of alpacas. Shortly after starting, the landscape of the industry changed drastically when the economy entered the Recession. Alpacas that sold for over $20,000 were suddenly worth less than 1/4 that.

We have been able to maintain our herd by trading with other farms to keep getting new genetics into our herd without having to invest more money into animals. At our largest, we had 32 animals, and have now reduced our numbers to 21.

In March of 2013, we started Oak Haven Sheep, LLC. After much investigation and research, we decided that Hair sheep were the direction we wanted to move in. In our community, we have a good mixture of ethnic groups who eat lamb as a staple of their diet. Hair sheep are ideal for meat production as they have superior mothering traits, breed out of season, produce a large percentage of multiple births, and do not require to be sheared each we. We purchased 5 breeding ewes and 1 ram. To date, 1 of the ewes have lambed twin rams who are growing well and will be ready for market by 7 months of age.

Ownership Structure

Currently, our current enterprises are Oak Haven Alpacas and Oak Haven Sheep, both LLCs. We will be incorporating Oak Haven Farm as the parent company over both of the entities. All these are solely owned by Justin and Cara Stray with no investors or co-owners.

Operations

Products

We believe the best way to ensure success and maximize profitability is to be diverse in the products we produce. Our products will include, but not limited to grass fed lamb, beef, free-range chickens, farm fresh eggs, and raw sheep's milk cheese. All sheep and cattle are going raised grass-fed using the rotational grazing system that not only maximizes forage usage, but also improves the grazed pasture over time. By using this system, it will allow our farm to not need to feed cereal grains or hay to the sheep or cattle. This system allows us to stockpile pastures for use to graze in the winter months and only need to feed hay in periods of extreme conditions such as heavy ice covering pastures. Chickens will be raised free-range utilizing natural food sources and minimal scratch grains.

By producing grass-fed products, it will allow us to sell them to the health-conscious consumers who are willing to pay a premium price for commodities they desire to consume. Our current plan is to have a herd of at least 200 breeding ewes with enough rams to service them. For Hair sheep, ewes can produce 3 lamb crops in 2 years, and average 1.3 lambs per lambing. In addition, we will raise 20 cow/calf pairs and associated feeders/stockers from previous years until finished and ready for market. Cows will only be bred to calve once a year. Also, we will have a flock of chickens that can produce approximately 16 dozen eggs per week. The main purpose of the chickens is truly more for parasite control and spread of manure to fertilize the pastures more than for egg production.

As we improve our pastures using this rotational grazing strategy, it will allow us to feed more pounds per acre. At the start, we may be only be able to feed 90,000 lbs per acre, but over time, as we constantly improve our pastures, we should be able to support 180,000 to 270,000 lbs per acre all year long. This improvement in pasture means will be be able to raise more animals on the same numbers of acres with no increase in daily overhead or feed costs.

Services

We have been shearing our own alpacas for 3 years, and intend to continue. With our experience, we will offer our services to other alpaca and wool sheep farmers in our area. We charge $30/head for shearing, $5/head teeth and toe nail trimming, and a $50 set up costs. We will also offer custom spinning of fiber/wool into yarn, and knitting into finished products. We currently charge spinning at a rate of $3 per oz spun, and a knitting fee of $7/hour.

Additionally, we will lease our land for bow-hunting deer on our farm each at rate of $500/year. We will not allow gun hunting on our farm, as I will be using the land for rifle hunting deer, turkey, and small game.

Production System

As stated multiple times previously, we will be using the grazing technique called Mob Grazing, or Managed Intensive Grazing. This is a highly intensified grazing system in which the livestock is moved daily from one paddock to the next. This ensures the livestock can not be selective in choosing what plants to eat, and also means they are only eating the top 1/3 of the plants leaving the rest of the plant intact and able to regenerate quickly. Using this grazing method, their is no need for artificial fertilizers, seed, or weed control. The work is done by the livestock feeding on it. In order to establish our pastures, if they are not already, we will feed round bales of hay that are a mixture of native grasses and legumes such as clover, alfalfa, and bird's foot trefoil. The round bales would be unrolled into a sectioned paddock. The herd will be moved and fed new bales this way each day. This will mimic the grazing pattern they will be following after the pastures are established. They will trample hay into the soil while fertilizing with their urine and manure. This will promote seeds found in the hay to germinate and grow in that area promoting new grass growth.

The livestock we plan to use are Hair Sheep (Katahdin, Dorper, and Katahdin/Dorper crosses), Black Angus Cattle, and different breeds of chicken known for both meat and egg production, such as Orpington, Plymouth Rock, and Wyandotte.

Our Herd Health Management will be done daily by us. Being with the livestock daily, as we move the herd to new pasture, will allow me to

monitor the herd's overall health. We will be able to remove and quarantine sickly or injured animals, and identify animals that need to be culled from our herd. Aggressively culling animals who do not fit our health goals of parasite resistance, birthing on pasture in all weather conditions, ability to grow and mature quickly, and maintain weight while raising offspring only on pasture, even in winter, will allow us to put selective pressure on the genetic traits we are breeding for.

In order to protect our herd, we will be utilizing Livestock Guardian Dogs (LGD) that will live with and patrol the pasture area. LGD's are known for aggressively and effectively protecting livestock from predators such as stray or feral dogs, coyotes, and bears which may be present. They are a great deterrent for potential thieves who may wish to steal our livestock.

Licenses, Permits & Regulations

I will need USDA inspections for livestock I will have processed at USDA plants. The Kentucky Department of Ag will need to inspect our farm for compliance of all state regulations.

Since our herd will pasture raised, and no manure stored, we won't need a permit for manure handling.

We will need a state license to sell products out of our farm, as well as collect sales tax.

I also want to develop a Grade A raw milk sheep dairy, so I will also need the licensing for this in the future.

Risk Management

We will need to obtain Farm insurance with riders for the livestock, buildings, and any other areas of vulnerability we have including visitors and workers (including family members) against injury while working on the farm. We will also need insurance for the farm vehicles, trailers, and other equipment.

We will work with the Kentucky Department of Environmental Quality to

ensure we are compliant with their regulations, and will participate in any environment programs that we qualify for. Protecting the environment is extremely important to our family. Our management plan includes provisions for erosion management by improving native grass ground cover, utilizing riparian areas, protecting water sources from animal contamination, and planting trees for wind breaks.

The only personnel we will have are family. My wife will obtain health, dental, and vision insurance from her off-farm employer. If the need arises to add hired labor, then we will need insurance for them as well. My hope is for a succession plan that includes my children, if they choose so. If they do not choose to stay in the farm, then I will work to find a young farmer who wishes to carry on our legacy.

Environmental Issues

The type of production system I am going to be using is actually very beneficial to the environment. It repairs soils and greatly reduces erosion. We will be vigilant stewards of our water resources and constantly strive to eliminate waste and prevent contamination.

Another environmental impact we will have is the reduction in relying on fossil fuels for daily use. Since we will be pasture raising all our livestock, we will not need to run tractors, hay equipment, and various farm vehicles at a high rate. In fact, since most of the movement is done with temporary fencing, most work will be done on foot and with an ATV.

We have no need for artificial fertilizers, since the livestock will naturally be producing and spreading it all themselves. Also, this grazing systems allows grasses native to this region to re-establish itself and flourish. Since we will not be feeding cereal grain, silage, or hay, there will be less storage needs and less of a chance for runoff and effluent.

Quality Control

Quality control will be done by us daily during the movement of livestock from paddock to paddock. We will be able to walk among all the livestock in close quarters and identify problems and solve them quickly. Also, livestock who are unable to thrive in this system will be aggressively culled from the system. We will be putting considerable selective pressure on the

traits and genetics that will ensure the best outcomes for our livestock.

All livestock will be tracked for production records, weight gains, and other traits of interest. Animals will all be individually identified with ear tags and noted in records.

Any animal who is culled for poor performance or medical treatment will not be sold to consumers, but retain for personal consumption or donation to food banks.

We will research and inspect any processors to ensure our animals are handled and slaughtered humanely. We will establish a relationship with local processors and establish a procedure for handling of our livestock for processing. In addition, we will follow all state and local laws for handling of products we will sell at our farm including eggs, butchered chickens, and butchered cuts of lamb and beef.

Implementation Timeline

The first thing we need to do is identify the best farm for us and purchase it. We hope to have the property identified and a purchase agreement in place by September 1, 2013. After purchase we will need to have soil, water, and grass analysis done by extension office to determine what soil conditions are and how many animal units per acre the current pastures can support. We will complete this analysis by November 2013.

We will expand on current pastures by clearing land and putting up permanent fencing (keeping mindful to size of future paddocks, access to shelter and water, and the most efficient rotation pattern), and make improvements and adjustments to current building. We start this process as soon as we move (no later than November 2103), and continue through the winter. We will need to purchase temporary fencing and fence chargers capable of charging all our fencing. The first winter (2013-2014), we will, most likely, have to feed hay, until our new pastures have improved with grazing and natural fertilizing. After completing our initial planning and construction (no later than March), we will purchase both sheep and bred cows who will lamb and calve in the spring .

We will need to purchase a full size pickup, livestock trailer, ATV, and all

other equipment necessary for our day to day operation. These purchases will need to be made immediately upon moving.

After the first winter, the feeding of hay on the paddocks utilizing the same rotation we will be using will have resulted in seeding of pastures and fertilizing of soil to a point the pastures will be able to support more lbs per acre. At this point, we will be able to increase the number of livestock we can support and will increase our numbers. Failure of the pastures to improve after the first winter will result in having to keep a lower lb per acre ratio and not allow us to expand the number of livestock we produce.

All phases will be completed by us, and not require any hired help.

Marketing Plan

Market Trends

There is no doubt that Americans are looking for products that not only taste good, but are healthier for them. For these type of products, they are willing to pay a premium price for them. This is the direction that we are going to exploit.

Here is an excerpt from a publication produced by "Honored Prairie" touting the benefits of grass-fed livestock:

Are pasture-raised meats and dairy products really better for your health? The answer is yes, according to a growing number of health experts. First, animals raised on pasture eat what they are designed to eat. Like humans, animals that eat the proper diet—one that's geared toward their unique digestive systems— and that are given room to roam, exercise and play, tend to be healthier than animals that are fed an improper diet, supplemented by antibiotics, and that live in crowded, stressful conditions. In fact, because of the attention paid to their diet and their living conditions, pasture-raised animals are better able to resist illness and disease, minimizing—and sometimes eliminating—the need to treat them with antibiotics. In addition, they are allowed to grow to a healthy weight—naturally—rather than being forced to gain weight at an unnatural rate with growth hormones.

The result? Meats and dairy products that are cleaner and healthier for human consumption. Research shows that meat, eggs, and dairy products from animals raised on pasture have more desirable proportions of omega-3 and omega-6 fatty acids. They also contain higher levels of conjugated linoleic acids (CLAs), another fatty acid that has shown great promise in fighting tumors and breast cancer in laboratory tests. In addition, several studies suggest that grassfed meats and dairy contain higher levels of nutrients, such as fat-soluble vitamins A, D, E, and K, which are critical to good health.
So, when you eat pasture-raised meats and dairy, you can be sure you're nurturing your body with foods that are enhancing your well-being and improving your general health.

In general, consumers who are seeking a healthier alternative to grain fed

meat are willing to pay more $/lb for grass-fed compared to grain fed.

In addition, a production system that does not rely on cereal grain are able to be more stable due to not relying on greatly fluctuating prices of grain. Also, by feeding by grazing existing pastures, we are not as susceptible to increases in hay prices during periods of poor hay production. The rotational grazing system we will be using traps and holds water much more efficiently and the native grasses that grow in them are better suited for the weather conditions inherent to that region. All this makes our production much more reliant and stable, and not as subject to market changes in commodities the way the traditional livestock producer are.

Of all livestock produced in the United States, only approximately 3% are strictly grass-fed. This is market that has not even begun to be tapped in yet. In fact, today's consumer are much more willing to pay premium prices for products they feel add benefit or more closely match their beliefs. The environmentally minded young consumers today are just beginning to enter the market place, meaning the potential for growth is vast.

Marketing Strategy

When we were is choosing what to produce, who our customer base will be, and how best to market our farm and products, it is all about diversification for us. While direct marketing results in a higher profit margin potential, working with a distributor can mean a constant source of income. It is my intention to tap into as many potential sources of customers as possible.

Kentucky is in the heart of the nation. In fact, 75% of the entire population of the US can be traveled to within a days drive. In north-central Kentucky, you are no more than 4 hours from 7 major urban areas (Louisville, Lexington, Indianapolis, Bowling Green, Cincinnati, Columbus, and Charleston). In addition, most of these cities are also home to major colleges and universities. As such, they have a strong ethnic population who eat lamb, sheep, and beef as a staple of their diet. Also, they tend to have a higher then median income, meaning they have the means to pay a higher

price for the products they wish to consume. This will be the basis for my direct marketing campaign. I will advertise at the universities, and religious centers as well as on the internet.

Secondly, I will work with a wholesale distributor, such as Honored Prairie, who specializes in supplying grass-fed products to grocery stores, farmers markets, and specialty stores. Though my profit margin with this will be lower, the predictability and constant cash flow from these sales will be important to the solvency and future expansion of our operation. I have spoken with them already, and they are aggressively seeking additional producers in the Midwest. They stated they need additional suppliers to meet the demand they currently have, as well as the markets they are expanding into in the near future.

Lastly, I will market products directly at the farm. I will have processed cuts of lamb and beef available for purchase, free range chickens for sale, as well as farm-fresh eggs. I will also sell animals directly to consumers for transport to custom butchers that they can pick their animal right at the farm. While this will be a smaller portion of our marketing strategy, it does provide the highest profit margin.

Marketing Contracts

Although I currently do not have any signed contracts, but I have had conversations Honored Prairie. At our meeting, they assured me that they will purchase every grass-fed product I can produce. This is what Honored Prairie is:

"Honored Prairie is a *NEW* farmer initiated local food business representing a *Fellowship of Family Farms* working together to offer All-Natural 100% **Grass-fed Beef**, Free-Range **Chicken**, **Turkey**, **Duck**, **Pork** **&** **Wild Caught Salmon**. Additional products include **Grass-fed Raw Milk Cheese**, **Raw Honey**, **Maple Syrup** and more!"

Their home office and warehouse is located in Roanoke, Indiana. They currently are supplying buying clubs and select grocery stores in Illinois, Indiana, Michigan, and Ohio. They are also working on expanding to surrounding states as well.

The prices they will pay is negotiated directly with the supplying farm.

They quoted me a price for lambs at a rate of $150/lamb. They are requesting lambs be at least 100 lbs. This is an average of $25/lamb more than can be expected at the livestock auctions.

For the beef, I won't be producing enough to satisfy them, so I will not start supplying beef to them. However, as I grow, that may change.

Strategic Partners

We have many strategic partners available to us. One is the Kentucky Extension office of the USDA. The provide testing services for soil, water, and forage. Another partner will be our distributors (potentially Honored Prairie) who will be able to provide us with advice, experience, buying power, and insight into best practices. We hope to become strategic partners with our local processor, inspectors, livestock auction house, and Farm Bureau.

Competitive Advantage

There is very little competition currently in the grass-fed lamb and beef market. Since it is rapidly expanding customer base, and only 3% of farms are producing grass-fed products, there is a vast hole waiting to be filled. In addition, there is only approximately 20 registered grass-fed farms in Kentucky, and only 2 of those raise grass-fed lamb. There are no farms, I can find, that produce sheep's milk cheese.

In fact, there are less than 100 sheep dairies in the United States, with the majority in Wisconsin and New England. Consumers in the United States purchase over 72 million pounds of sheep's milk cheese per year, spending $2.2 billion, but only 1% of that is purchase is produced in the United States.

Management & Organization

Management Team

Justin and Cara Stray are the only management of our operation. Justin has a B.S. in Biology Education from Ferris State University, as well as a B.S. in Nursing from Grand Valley State Universtiy. Cara has a Bachelor's in Social Work from Calvin College as a well as a B.S. in Criminal Justice from Grand Valley State University. We manage all aspects of our operation from day to day chores to veterinary care to financial management. We share these management roles equally currently.

Personnel Plan

All on the farm labor will be done by members of the family. Justin will be responsible for all day to day care of the farm. I will put in the fencing, making repairs and improvement to buildings, and general maintenance facilities and equipment. I will provide general veterinary care, but will employ a licensed vet when necessary. Cara will assist me with movement of the animals and vet care as needed. She will have a full time job off the farm, and will assist as able. Our children will be given daily chores such as feeding of the chickens, filling water, collection of eggs, feeding dogs, etc. They will not be asked to items that are above their capabilities, experience, or comfort level.

If additional help is needed, we will first seek help from local FFA members. We will get references from teachers, friends, and local farmers. We will train them ourselves to follow our protocols and beliefs. They will be paid above minimum wage and be paid a hourly rate. Their job description would be based on their experience and what help we need.

Professional Services

We will employ a myriad of professionals for our business. First, we have consulted a state agriculture university to help develop our business plan, and determine the feasibility of our concept.

We will keep an accountant for preparing our taxes, calculate our income

tax, and advise us with financial planning. We will identify a local attorney for advising us with legal items, potential litigation, and contract negotiations.

Lastly, we will identify at least 2 veterinarian services, a primary and backup large animal vet.

Financial Plan

Financial Position

See FinPack provided from Michigan State University.

Historical Performance

While we do have historical performance from our Alpaca farm, this really shouldn't be used for prediction of our future performance. Currently, there really is no terminal market for alpacas. All income comes from sale of breeding stock, breedings, and fiber. While the market has recovered somewhat, the forecast for the alpaca market is not favorable for long term profitability. This is one of the reasons we have chosen livestock who have a terminal market that in actually improving over time.

For our Alpaca farm, please see attached FinPack.

Asset Management

We will be purchasing our facilities. Land with homes on significant acreage is available in Kentucky at very reasonable prices. We will need to purchase equipment, but not nearly the amount that traditional farming requires. Almost all of our operation will be able to be accomplished with a full size pickup truck, livestock trailer, ATV, utility tractor with loader, and an assortment of trailers.

Cara will continue to work off the farm as a Social Worker, thus providing a constant and consistent pay source, insurance, and retirement fund. While I may have to start working off the farm as a nurse, I hope to work on the farm full time within a year or less.

We will continuously have products for sale at the farm. Mainly eggs and chicken to start. Later, we will stock sheep's milk cheese for sale at our farm also. We will store cuts of lamb and beef frozen at the farm for sale as well. We will process lamb, beef, and chicken when they reach the desired weights, which will allow us to have a steady source of product to sell. We will concentrate on having more lambs available at Christmas, Easter, and Ramadan when it is traditionally consumed.

Benchmarks

These benchmarks come from the website www.grassfedlivestock.org for grass fed beef production

Tips for high performance

- Steady ADG for growth
- Finishing gains (above 1.8 lb/d)
- ADG year-around greater 1.5 lb/day
- Growing-finishing period (after weaning) shorter than 18 months (12 to 15 mo)
- Age at slaughter below 2.5 years
- No restrictions. Min. ADG >0.8lb/day
- Less than 10% calf loss

For the sheep production:

- Less than 10% lamb loss
- Weaning of lambs at age of 3 months, and weight over 60 lbs, regardless how many lambs the ewe is nursing.
- Lambs reach 100 lb slaughter weight by 5 months of age.
- Ewes lamb 3 times in 2 years.

For pastures carrying capacity:

- At start, pasture able to sustain 90,000 lb of animal/acre without further supplementation.
- After 1 year, able to sustain 120,000 lb/acre.
- After 2 years, able to sustain 180,000 lb/acre.
- After 3 years in program, able to sustain 270,000/acre.

All this done with no additional overseeding or artificial fertilizer additions.

Capital Request

We are requesting both capital to purchase a large farm in Kentucky as well as capital for equipment, improvements to existing structures, fencing, livestock, and day to day expenses for the start-up. Looking at the current real estate climate in Kentucky, we are looking to secure $300,000 for the Farm Ownership, and $200,000 for Farm Operation. With the Farm

Operating Loan, it will allow us to purchase livestock, equipment, fencing, and pay for day to day operating costs while the farm is being established.

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The money from the $170,000 Farm Operating Loan will be used for the following equipment:

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