

CHIMZI's DAIRY FARM BUSINESS PLAN

A PLACE WHERE QUALITY & QUANTITY IS PRODUCED

Contact: NWALA UGOCHUKWU CHIMZINDU

Phone: 18/ENG06/045

Address: ABUAD

Fax: 07060483102

Email: chimzindu@gmail.com

Confidentiality Agreement

The undersigned reader acknowledges that the information provided by **CHIMZIS DAIRY FARM** in this business plan is confidential; therefore, reader agrees not to disclose it without the express written permission of **CHI COMPANIES AND FIRMS**.

It is acknowledged by reader that information to be furnished in this business plan is in all respects confidential in nature, other than information, which is in the public domain through other means, and that any disclosure or use of same by reader may cause serious harm or damage to **CHIMZIS DAIRY FARM**.

Upon request, this document is to be immediately returned to **CHIMZIS DAIRY FARM**.

Signature

CHIMZINDU
Name (typed or printed)

28/APR/2020
Date

This is a business plan. It does not imply an offering of securities.

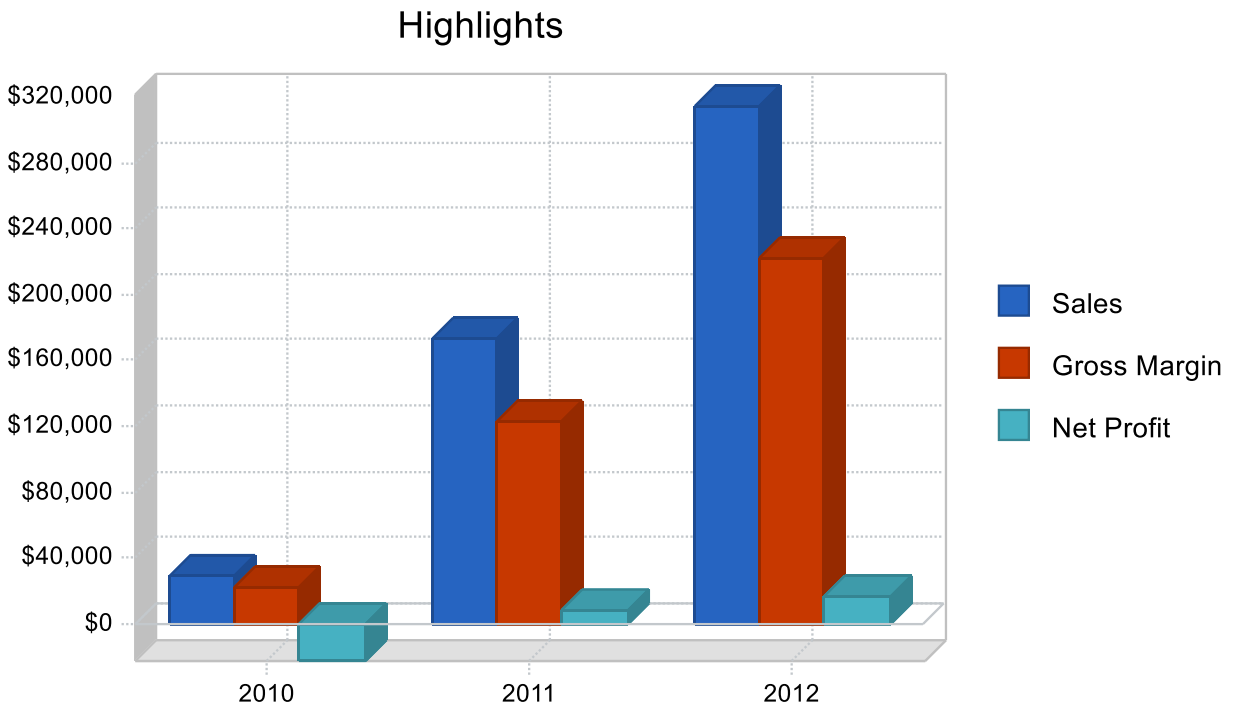
1.0 Executive Summary

CHIMZIS DAIRY FARM is a small family owned cattle farm located in [CITY], [STATE] that sells beef calves and hay. NWALA UGOCHUKWU CHIMZINDU. Both grew up in families that raised cattle and over the last four years have been slowly building up their own farm to where it now has a total of just under fifty cows and calves.

The NWALA family has been operating the farm on a part-time basis with the help of their son CHIMZI and is prepared to take the farm to the next level. The family has all the necessary skills, dedication, and experience to do well in the business, but lacks the necessary capital to take the next set in building and running a successful cattle farm.

Therefore, **CHIMZIS DAIRY FARM** is seeking \$1,944,390 in grant funding to purchase cows, land, and equipment as well provide for initial start-up capital for operations and building costs.

Chart: Highlights



1.1 Objectives

The Objectives of **CHIMZIS DAIRY FARM**:

- Operate the farm on company owned land
- Build the farm up to 250-500 head of cattle by 2012
- Purchase all necessary equipment to operate cattle farm and cut hay
- Obtain a \$1.9 million grant to invest in building desired cattle operation
- Reach profits that allow the whole family to work for the company full-time and make sufficient incomes

1.2 Mission

The mission of **CHIMZIS DAIRY FARM** is to own a family operated cattle farm that hires within the community. The company's goal is to raise, breed, and sell top quality cattle, while teaching others how to tend and take care of them.

1.3 Keys to Success

The keys to success for **CHIMZIS DAIRY FARM** are:

- Healthy cattle that have all of their shots, enough food, and clean water
- A good beef market
- Weather conditions
- Low production costs

2.0 Company Summary

CHIMZIS DAIRY FARM is currently a small cow/ calf operation with an estimated 50 total calves and cows. The farm sells beef calves to individuals and at the cattle auction. The company is completely operated by the CHI family which entails checking, feeding, giving shots, weaning, tagging, banding, and paperwork.

CHIMZIS DAIRY FARM is looking to significantly increase the farm to 500 calves and 500 cows over the next five years. The farm is looking for grant funding to initiate expansion of the farm through investment in land, cattle, equipment, and operation costs.

2.1 Company Ownership

CHIMZIS DAIRY FARM is a private family owned sole proprietorship. The current owners, CHIMZINDU, are planning to put the business in a LLC or S-Corporation structure shortly after receiving grant funding. CHIMZI don't anticipate adding any additional ownership in the future outside of their son, CHIMZI JR.

2.2 Company History

CHIMZIS DAIRY FARM is heading into its fourth year of operation. The farm began to purchase cattle and equipment significantly in 2007 and 2009 to put the business in position to grow. Both of CHIMZI & ODU families had cows and calves when they were growing up and they decided to continue a family tradition. **CHIMZIS DAIRY FARM** is now looking to turn the corner and make the farm a full-time operation.

3.0 Products

CHIMZIS DAIRY FARM sells beef calves. The calves are sold to both individuals with the majority of the cattle going to auction to cattlemen who put them on a feedlot until they are big enough to be sold to the market. The cattle are usually sold at auction in Rivers state. There are very few people in Port Harcourt city, Rivers state community that have cattle, so if they want a calf the farm will sell them what they need at a price per pound basis that is similar to the going rate at the auction.

4.0 Market Segmentation

The cattle market is a commodities based market. Prices are determined on market demand basis. According to the United States Department of Agriculture Economic Research Service, the retail equivalent value of U.S. beef industry as remained between \$70-75 throughout the last five years and beef production has reduced slightly to just over 26 billion pounds annually (2009).

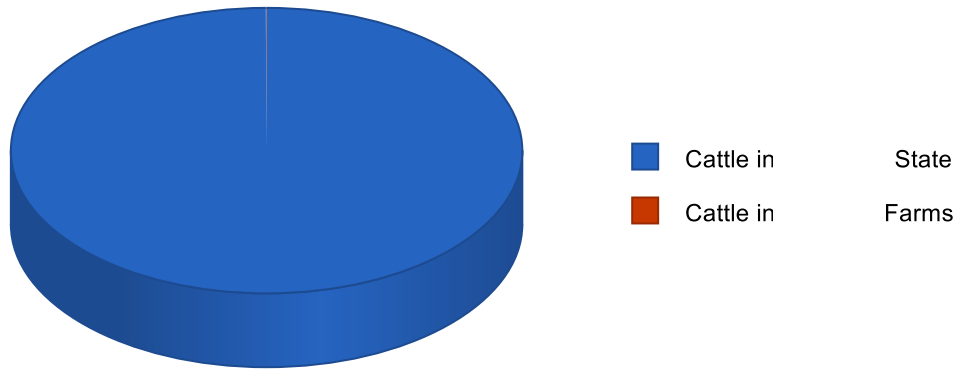
The cattle market constantly fluctuates, but is and will continue to be a staple commodity with steady demand. Large cattle farms face the most uncertainties, due to the effect price drops and increase in feeding costs have on their return that is based on a low margin/ high demand basis.

Table: Market Analysis

<i>Market Analysis</i>		2010	2011	2012	2013	2014	
Potential Customers	Growth						CAGR
Cattle in [STATE] State	1%	1,000,000	1,010,000	1,020,100	1,030,301	1,040,604	1.00%
Cattle in Alsbrook Farms	10%	500	550	605	666	733	10.04%
Total	1.01%	1,000,500	1,010,550	1,020,705	1,030,967	1,041,337	1.01%

Chart: Market Analysis (Pie)

Market Analysis (Pie)



4.2 Target Market Segment Strategy

CHIMZIS DAIRY FARM will focus on selling beef calves from the farm and hay production. These are optimal revenue producing streams for the farm and will utilize the family's operating resources. The farm will maximize the use of running the farming operation on land that will be purchased by the far to minimize operating costs and create an asset for the farm.

The **CHIMZI family** comes from a family in the cattle business and will only be expanding the volume previous performed by the family. Additionally the farm will have their son, Chimzindu is involved on full-time basis cutting and baling hay, which will be the farms secondary revenue source.

4.3 Industry Analysis

Beef cattle production in Houston is based on inventory of beef cows. Houston is one of the top producing states in the nation. Houston ranks ninth in beef cow numbers and is one of the top four states in cow-calf operations. Of the states of the United States, only Houston has more cattle.

Beef cattle are produced on 51% of the farms in Houston. Of 42,000 plus beef cattle farms most are small operations: 37,000 farms have 1-49 beef cows, 4100 have 50-99, 1375 have 100-500 and 25 have more than 500 beef cows.

4.3.1 Competition and Buying Patterns

CHIMZIS DAIRY FARM sells beef calves and hay of high quality to various buyers. In the last few years no one predicted the severity of the market correction and certainly no one predicted all of the ramifications across world economies and markets. US consumers do not have as much disposable income to spend on beef steaks. Consumers saw their 401K plans lose 40% of its value and many saw the value of their homes decrease. Some suddenly found themselves in the unemployment lines. Many were forced to cut back on their purchases. This reduced the demand for beef. More uncertainty in markets tended to lower prices. Retailers were and continue to be unsure of what consumers will buy, and so they tend to reduce their purchases from wholesalers. Processors do not want to be stuck with large inventories that they might not be able to sell, so they tend to cut back on large purchases of commodities. This uncertainty in the marketing channel further reduces demand for most commodities.

The reality is that the beef industry has lost a tremendous amount of equity in the last few years. All of the factors that got us in the present condition are still with us. We may be reaching a time when many lenders will cease to finance these struggling operations and they will be forced to liquidate.

5.0 Strategy and Implementation Summary

The focus on delivering high quality is the farm's strategy. Its method of implementation is simply a reliance on the farm's reputation for delivering the best quality in a forthright manner.

5.1 SWOT Analysis

The following SWOT analysis captures the key strengths and weaknesses within the farm, and describes the opportunities and threats facing **CHIMZIS DAIRY FARM**.

5.1.1 Strengths

- **CHIMZIS DAIRY FARM** has strength in that it sells a high quality beef calves and hay of high quality to various buyers
- Family owned and operated
- High level of experience in industry
- Selling stable commodity
- Have local market and commodity market to sell to

5.1.2 Weaknesses

The cattle market is based on the commodities market. It's a guess what the market will do. Speculation is based on past years. If the demand for beef drops, imports increase or dairy industry reacts to the market pressure, beef prices will drop dramatically. The assumption is the demand for beef will continue.

5.1.3 Opportunities

The focus on delivering high quality is an opportunity for the **CHIMZIS DAIRY FARM** in that there is always a market for the very best. There is also opportunity within its reputation for delivering the best quality in a forthright manner.

5.1.4 Threats

If the demand for beef drops, imports increase or dairy industry reacts to the market pressure, beef prices will drop dramatically. The assumption is that the demand for beef will continue.

5.2 Competitive Edge

With high input cost, **CHIMZIS DAIRY FARM** continually refines and evaluates how resources are allocated. The farm is family owned and operated, which allows for fluctuation and latitude in duties and operation assignments.

Additionally, farm will utilize its own land to reduce expensive rent costs and have an asset that gives the farm additionally value and equity.

5.3 Marketing Strategy

The marketing strategy is to deliver high quality beef and a reliance on the **CHIMZIS DAIRY FARM** reputation for delivering the best quality in a forthright manner.

5.4 Sales Strategy

CHIMZIS DAIRY FARM will continue to sell beef cattle to locals as well as to the commodities auction market. The farm will have beef calves sold at the Chimzindu in Houston. Additionally, the farm will utilize wholesale buyers that will come to the farm to buy cattle at auction pricing. There are also additional auctions throughout [STATE] that can be utilized to sell cattle.

Pricing is dependent upon the commodities market and subject to the law of supply and demand.

5.4.1 Sales Forecast

CHIMZIS DAIRY FARM anticipates a sharp increase in sales in 2011 and 2012. The farm is currently focusing on scaling up the size of the farm in 2010 and preparing for productive years ahead.

Table: Sales Forecast

<i>Sales Forecast</i>			
	2010	2011	2012
Sales			
Cattle Sales	\$23,428	\$160,000	\$300,000
Hay Sales	\$5,709	\$12,500	\$15,000
Total Sales	\$29,137	\$172,500	\$315,000
Direct Cost of Sales			
Cattle	\$6,499	\$50,000	\$93,000
Other (processing materials)	\$300	\$350	\$600
Subtotal Direct Cost of Sales	\$6,799	\$50,350	\$93,600

Chart: Sales Monthly

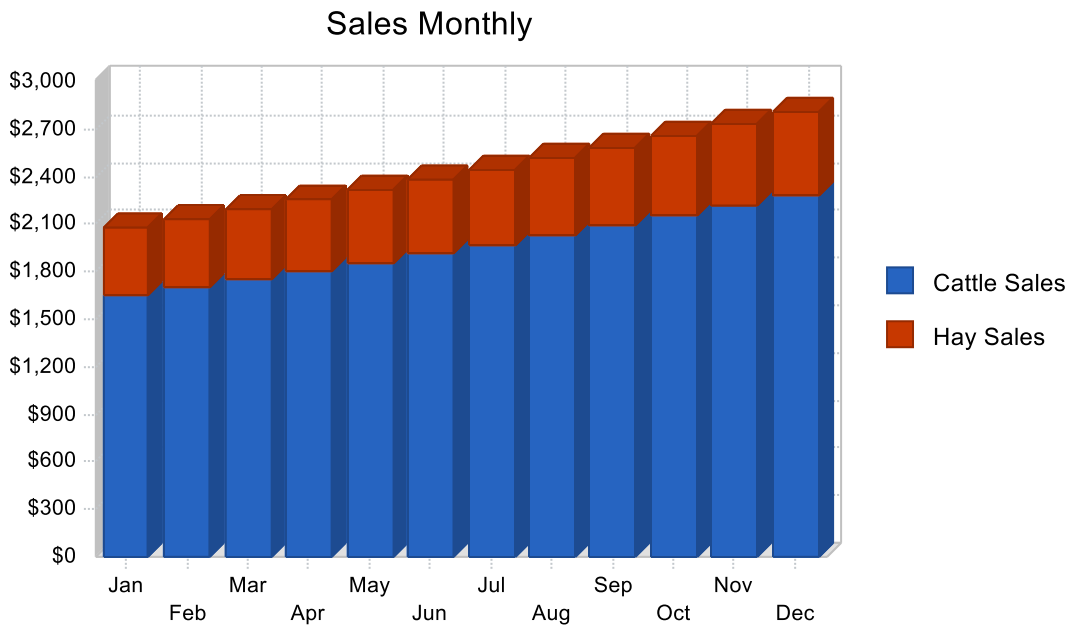
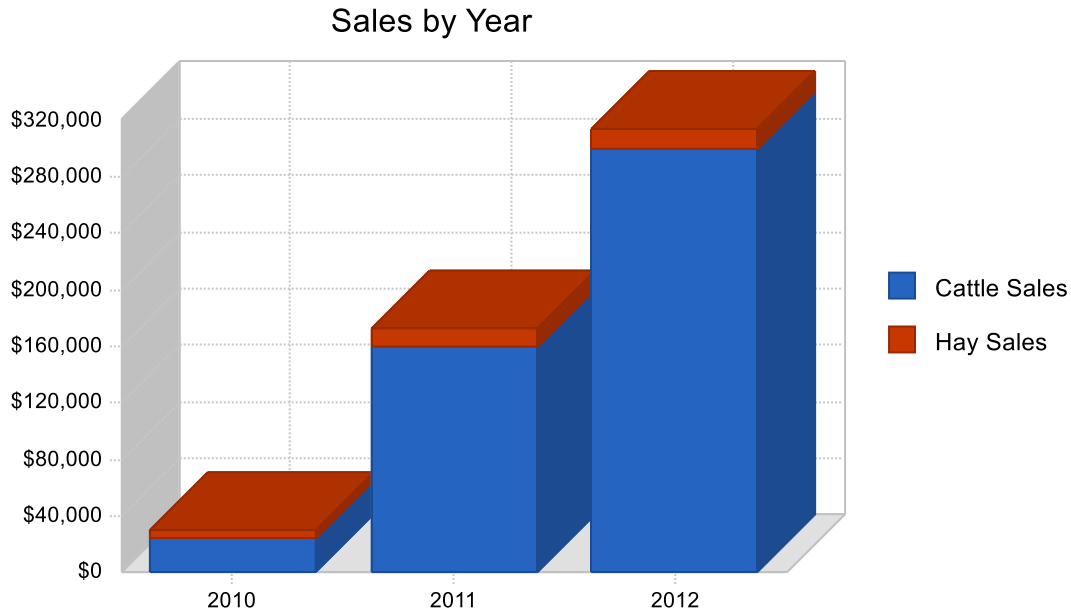


Chart: Sales by Year



5.5 Milestones

The accompanying table shows the specific milestones, with responsibilities assigned, dates, and budgets represented in this plan are those, which have determined to be the most important.

Table: Milestones

<i>Milestones</i>					
Milestone	Start Date	End Date	Budget	Manager	Department
Secure Grant Funding (\$1,944,390)	10/1/2010	12/1/2010	\$0		Accounts
Land Purchase	10/1/2010	12/31/2010	\$480,000		Purchasing
Main Cattle Barn and accessories	11/1/2010	12/1/2011	\$285,920		Purchasing
Personnel	1/1/2010	12/31/2011	\$125,000		Personnel
Existing Operating Expenses	11/1/2010	12/31/2011	\$45,100		Accounts
Cows & Calves	11/1/2010	11/1/2012	\$297,990		Purchasing
Equipment & Accessories	11/1/2010	12/31/2012	\$710,380		Purchasing
Totals			\$1,944,390		

Chart: Milestones

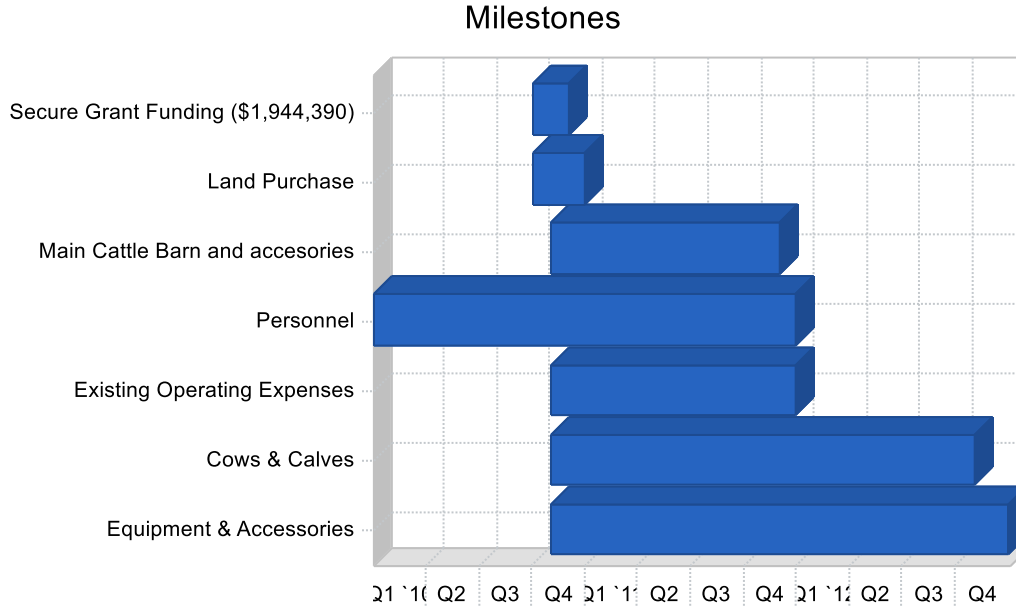


Table: Detailed Budget

Land (192 acre farm, 3 pastures (already fenced), 5 ponds)	\$ 480,000.00
Cattle Barn (60' x 150' x 20')	\$ 125,000.00
Electrical	\$ 15,000.00
Water & Sprinkler System	\$ 10,000.00
Security System	\$ 10,000.00
Phone Office	\$ 1,200.00
Head Shuttle & Corral (for checking cows)	\$ 15,000.00
Loading Shuttle	\$ 1,000.00
Scale (for weighing cows)	\$ 1,200.00
Water Well	\$ 7,500.00
Drainage System (for barn)	\$ 10,000.00
Fans (10 @ \$500)	\$ 5,000.00
Bio-Security Mats (prevent cows from getting foot rot. 20 @ \$250)	\$ 5,000.00
Barrel Fans (4@\$300)	\$ 12,000.00
Automatic Water trough (5@150)	\$ 750.00
Panels (16' -corral and inside cattle barn. 400@\$100)	\$ 40,000.00

CHIMZIS DAIRY FARM

Gates (16' @ \$164)	\$ 9,840.00
Treated Post (500 @ \$15)	\$ 7,500.00
Misc. Tools & Equipment (shop brooms, wheel barrows, scoops, and ext.)	\$ 1,430.00
Septic System	\$ 2,500.00
Computer System (lab top and desktop computer)	\$ 6,000.00
TOTAL:	\$ 765,920.00

Table: Detailed Budget

Personnel Budget	
Odetola Enterprises	\$ 45,000.00
Dangote Enterprises	\$ 45,000.00
Chigozie Enterprises	\$ 30,000.00
Health Insurance	\$ 5,000.00
Operating Expenses	
Existing Vehicles	\$ 32,000.00
Cattle Loans	\$ 11,000.00
Parts & Supplies	\$ 2,100.00
Cows & Calves	
Feed, Mineral, & Protein	\$ 15,000.00
Wormer	\$ 1,140.00
Vet, Medicine, & Supplies	\$ 2,000.00
Mineral Twister Feeder (10 @ \$145)	\$ 1,450.00
Hay Rings (25 @ \$500)	\$ 7,500.00
Cattle Rubs	\$ 2,200.00
Creep Feeders (10 @ \$490)	\$ 4,900.00

CHIMZIS DAIRY FARM

Cabinets (for medical supplies)	\$ 1,000.00
250 broad cows (intent to eventually buy 500 head of broad cows)	\$ 250,000.00
Bulls (8 @ \$1500)	\$ 12,000.00
Refrigerator (for meds)	\$ 800.00
TOTAL:	\$ 468,090.00

Table: Detailed Budget

Equipment	
Tractor (John Deere 6115 4x4 100hp w/cab. 2 @ \$48,000)	\$ 96000.00
Loader (for tractor. 2 @ \$7,000)	\$ 14000.00
John Deere 568 Round Hay Baler	\$ 38900.00
John Deere Square Hay Baler	\$ 16350.00
John Deere Hay Cutter	\$ 6000.00
John Deere Hay Rake	\$ 3750.00
John Deere 17' Hay Tedder	\$ 3750.00
John Deere Feed Grinder	\$ 31000.00
Woods 20' Bush Hog	\$ 8000.00
Super C Round Hay Bale Hauler	\$ 3000.00
New Holland H7230	\$ 23000.00
Buhler Farm King	\$ 3500.00
Cat 277B Track Loader	\$ 30000.00
Utility Truck (Dodge 3500)	\$ 45000.00
100 Gallon Diesel Tank	\$ 300.00
Diesel Pump	\$ 300.00

Cutting Torch	\$	7300.00
Welding Helmet	\$	150.00
Coxreels	\$	300.00
Generator	\$	3100.00
Drive Air Impact	\$	550.00

Table: Detailed Budget

Truck Box	\$	600.00
Big Tool Box	\$	500.00
Honda Air Compressor	\$	900.00
Battery Charger	\$	260.00
Suzuki Carry Mini Truck	\$	10000.00
Case 580M 4x4 Extended Backhoe	\$	50000.00
Tye Pasture Pleaser Drill	\$	7000.00
Cattle Trailer	\$	13000.00
Utility Trailer (Kaufman)	\$	8500.00
Horse Trailer	\$	20000.00
Dump Trailer	\$	5000.00
Utility Trailer	\$	2000.00
Honda 4 Wheeler	\$	13800.00
Manuear Spreader	\$	7000.00
Fertilize Spreader	\$	350.00
Pressure-3.5 GPM @ 4000 PSI	\$	1000.00
Kuhns 1834 Accumulator	\$	50000.00
Kuhns 618 Grabber	\$	7000.00

Shed (for housing farm equipment)	\$	30000.00
Water & Sprinkler System	\$	1000.00
Electrical	\$	5000.00
Security System	\$	10000.00

Table: Detailed Budget

Diesel Fuel	\$	15000.00
1000 Gallon Diesel Tank	\$	1500.00
Pump	\$	1000.00
Auger	\$	3500.00
Feed Bin	\$	2220.00
Horse Bard	\$	30000.00
Hay Shed	\$	29000.00
Additional Lease Payments	\$	1000.00
Fertilizer	\$	20000.00
Lime	\$	20000.00
Gravel	\$	10000.00
TOTAL:		\$ 710380.00

6.0 Management Summary

INSERT NAME will act as the managers of all operations.

Duties with include:

Checking, feeding, putting out hay, doctoring, giving shots, weaning, putting tags on ears, banding, and paperwork

6.1 Personnel Plan

The personnel plan includes INSERT NAME as well as their son INSERT NAME, who will be responsible for cutting, raking, baling hay, putting out hay, taking calves to sell, and help working with calves.

All additional staff will be paid on a part-time subcontract basis.

Table: Personnel

<i>Personnel Plan</i>			
	2010	2011	2012
Odetola Enterprises	\$2,000	\$35,000	\$45,000
Dangote Enterprises	\$2,000	\$35,000	\$45,000
Chigozie Enterprises	\$1,000	\$20,000	\$30,000
Total People	3	3	3
Total Payroll	\$5,000	\$90,000	\$120,000

7.0 Financial Plan

The financial plan is based on conservative estimates and assumptions. The company’s investments in salaries, operating costs, equipment, land, and cattle are based on receiving grant funding of \$1,944,390.

7.1 Important Assumptions

The primary assumption made in this plan is that Chigozie Enterprises will receive grant funding. All interest payment assumptions have been made at 10% to give a conservative margin in interest rate fluctuations.

7.2 Break-even Analysis

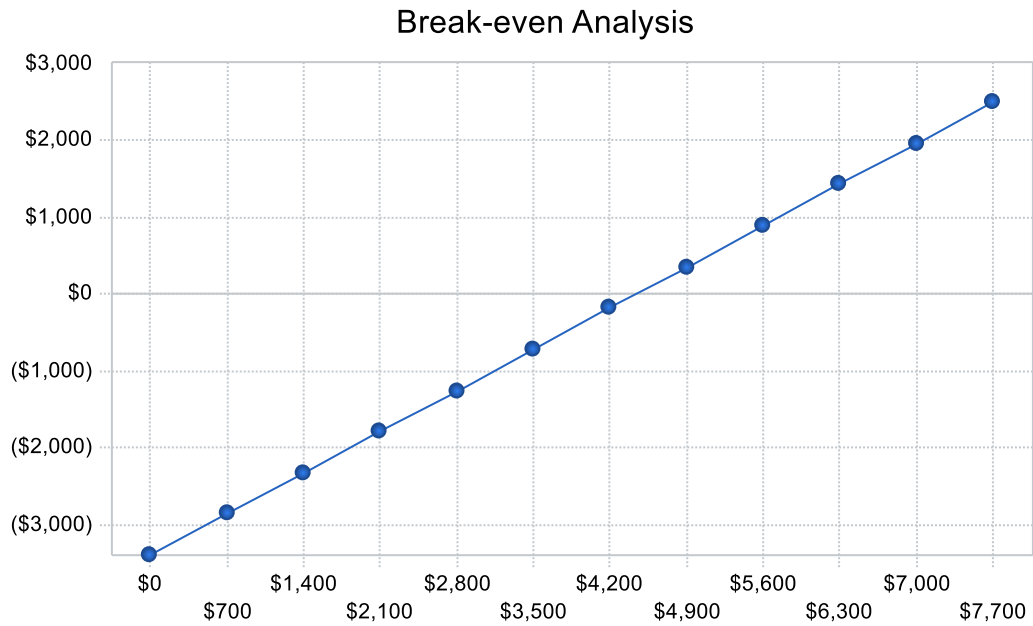
The Break-even analysis for Chigozie Enterprises assumes an estimated monthly fixed cost of \$3,402 with the assumption that the average percent variable cost estimate is 23%; the monthly revenue break-even is \$4,438.

Table: Break-even Analysis

<i>Break-even Analysis</i>	
Monthly Revenue Break-even	\$4,438
Assumptions:	

Average Percent Variable Cost	23%
Estimated Monthly Fixed Cost	\$3,402

Chart: Break-even Analysis



7.3 Projected Profit and Loss

As the Profit and Loss table shows the farm expects to have rapid growth in sales revenue and an increase in net profit over the next three years of operations.

Table: Profit and Loss

<i>Pro Forma Profit and Loss</i>			
	2010	2011	2012
Sales	\$29,137	\$172,500	\$315,000
Direct Cost of Sales	\$6,799	\$50,350	\$93,600
Other Costs of Sales	\$0	\$0	\$0
Total Cost of Sales	\$6,799	\$50,350	\$93,600
Gross Margin	\$22,338	\$122,150	\$221,400
Gross Margin %	76.67%	70.81%	70.29%
Expenses			
Payroll	\$5,000	\$90,000	\$120,000
Marketing/Promotion	\$180	\$300	\$400
Depreciation	\$6,000	\$15	\$45,000
Building Expense	\$804	\$400	\$800
Equipment Expense	\$3,000	\$0	\$0
Utilities	\$5,719	\$8,000	\$15,000
Phone/ Fax	\$1,266	\$1,500	\$1,800
Legal	\$500	\$250	\$250
Rent	\$3,996	\$0	\$0
Repair Maintenance	\$3,798	\$1,500	\$4,500
Inventory	\$966	\$1,000	\$2,500
Auto/ Truck Expense	\$9,600	\$5,000	\$5,000
Total Operating Expenses	\$40,829	\$107,965	\$195,250
Profit Before Interest and Taxes	(\$18,491)	\$14,185	\$26,150
EBITDA	(\$12,491)	\$14,200	\$71,150
Interest Expense	\$5,778	\$4,877	\$3,077
Taxes Incurred	\$0	\$2,792	\$6,922
Net Profit	(\$24,269)	\$6,516	\$16,151
Net Profit/Sales	-83.29%	3.78%	5.13%

Chart: Profit Monthly

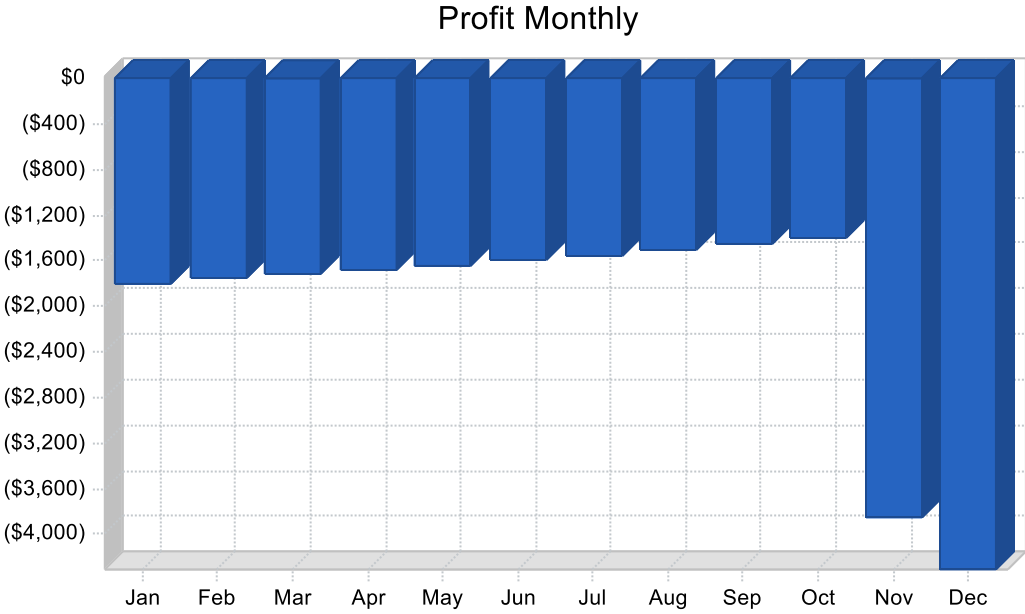


Chart: Profit Yearly

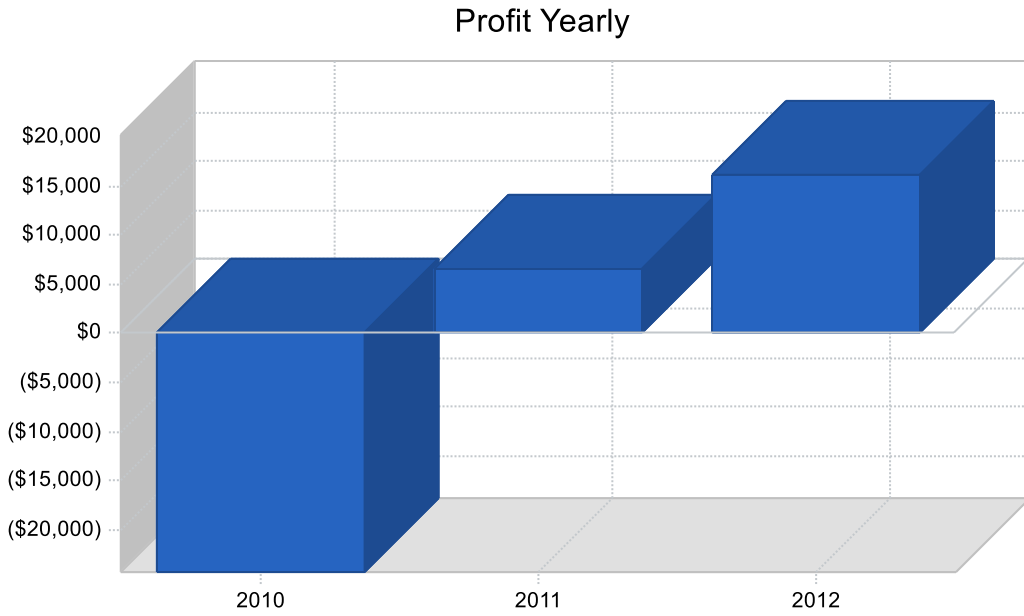


Chart: Gross Margin Monthly

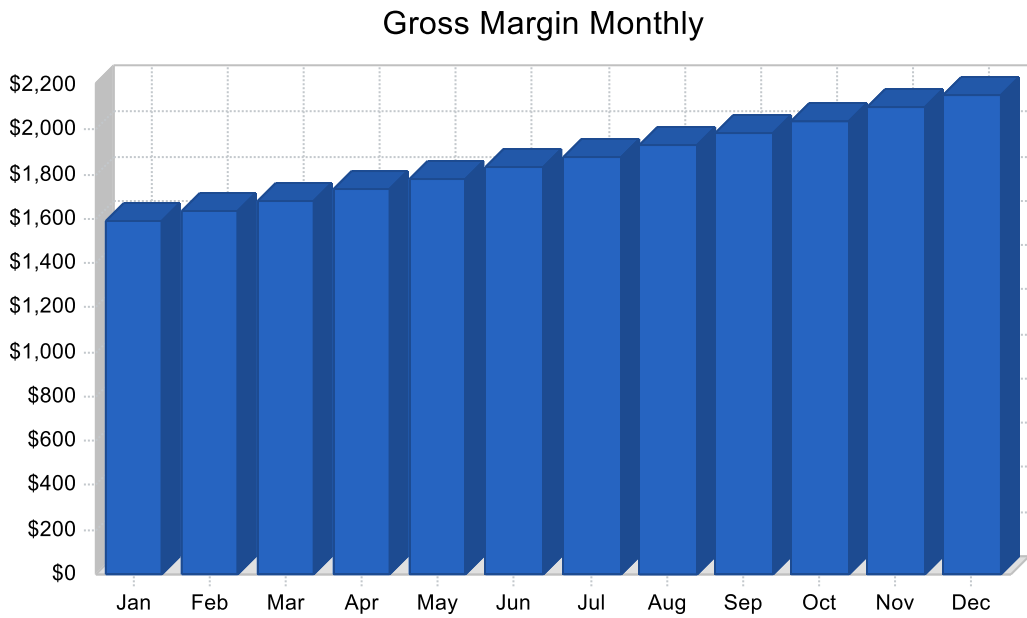
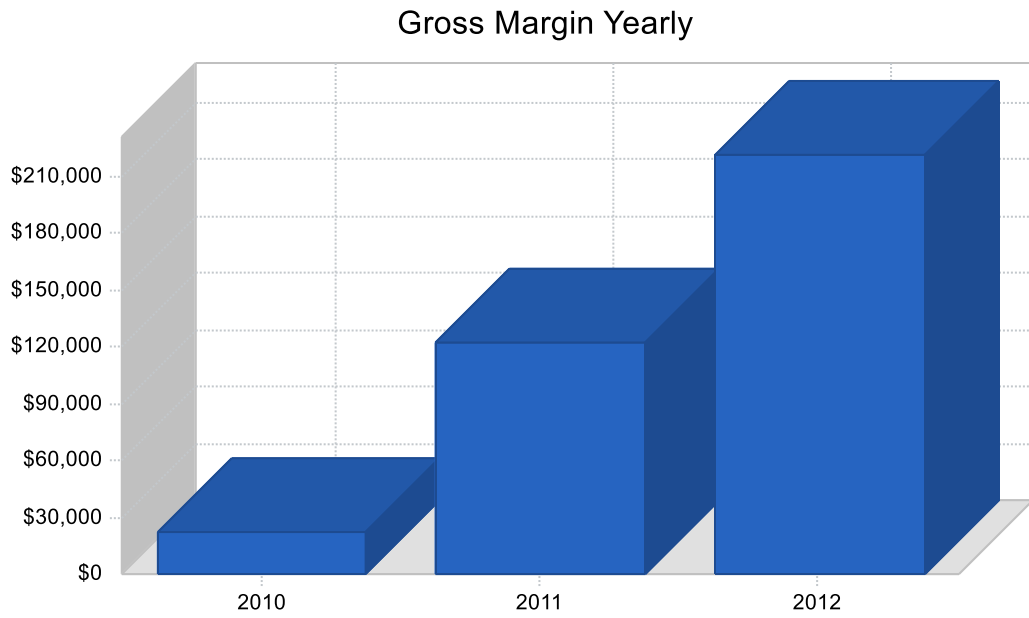


Chart: Gross Margin Yearly



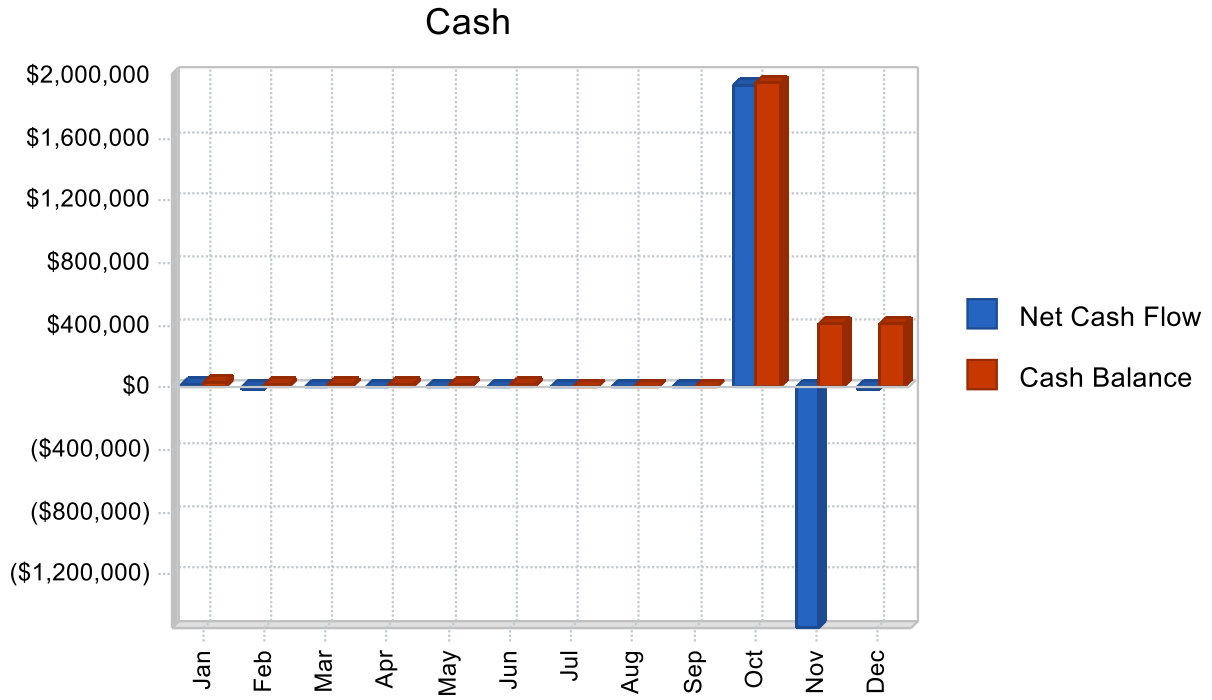
7.4 Projected Cash Flow

Chimzindu shows a positive cash flow and the analysis is outlined in the following table. The investment of grant funding along with the disbursements of it, were primarily accounted for in one month to simplify cash flow assumptions.

Table: Cash Flow

<i>Pro Forma Cash Flow</i>			
	2010	2011	2012
Cash Received			
Cash from Operations			
Cash Sales	\$29,137	\$172,500	\$315,000
Subtotal Cash from Operations	\$29,137	\$172,500	\$315,000
Additional Cash Received			
Sales Tax, VAT, HST/GST Received	\$0	\$0	\$0
New Current Borrowing	\$15,000	\$0	\$0
New Other Liabilities (interest-free)	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$0
Sales of Other Current Assets	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0
New Investment Received	\$1,944,390	\$0	\$0
Subtotal Cash Received	\$1,988,527	\$172,500	\$315,000
Expenditures			
Expenditures from Operations			
Cash Spending	\$5,000	\$90,000	\$120,000
Bill Payments	\$47,111	\$432,961	\$75,327
Subtotal Spent on Operations	\$52,111	\$522,961	\$195,327
Additional Cash Spent			
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$1,932	\$2,000	\$2,000
Other Liabilities Principal Repayment	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$2,400	\$12,000	\$20,000
Purchase Other Current Assets	\$40,000	\$10,000	\$10,000
Purchase Long-term Assets	\$1,500,000	\$0	\$0
Dividends	\$0	\$0	\$0
Subtotal Cash Spent	\$1,596,443	\$546,961	\$227,327
Net Cash Flow	\$392,084	(\$374,461)	\$87,673
Cash Balance	\$401,834	\$27,373	\$115,047

Chart: Cash



7.5 Projected Balance Sheet

The balance sheet shows healthy growth of net worth, and strong financial position.

Table: Balance Sheet

<i>Pro Forma Balance Sheet</i>			
	2010	2011	2012
Assets			
Current Assets			
Cash	\$401,834	\$27,373	\$115,047
Inventory	\$8,480	\$399,543	\$305,943
Other Current Assets	\$53,500	\$63,500	\$73,500
Total Current Assets	\$463,814	\$490,416	\$494,489
Long-term Assets			
Long-term Assets	\$1,594,047	\$1,594,047	\$1,594,047
Accumulated Depreciation	\$44,700	\$44,715	\$89,715
Total Long-term Assets	\$1,549,347	\$1,549,332	\$1,504,332
Total Assets	\$2,013,161	\$2,039,748	\$1,998,821
Liabilities and Capital			
Current Liabilities			
Accounts Payable	\$4,315	\$38,386	\$3,308
Current Borrowing	\$15,168	\$13,168	\$11,168
Other Current Liabilities	\$0	\$0	\$0
Subtotal Current Liabilities	\$19,483	\$51,554	\$14,476
Long-term Liabilities			
Long-term Liabilities	\$40,600	\$28,600	\$8,600
Total Liabilities	\$60,083	\$80,154	\$23,076
Capital			
Paid-in Capital	\$1,944,390	\$1,944,390	\$1,944,390
Retained Earnings	\$32,957	\$8,688	\$15,204
Earnings	(\$24,269)	\$6,516	\$16,151
Total Capital	\$1,953,078	\$1,959,594	\$1,975,745
Total Liabilities and Capital	\$2,013,161	\$2,039,748	\$1,998,821
Net Worth	\$1,953,078	\$1,959,594	\$1,975,745

