



CROP FARMERS INTERNATIONAL

Executive Investment Prospectus

Part 1: Investment Overview and Financial Foundation

A scalable farm-to-family platform beginning with a proven Southwest Virginia operating ranch

CONFIDENTIAL DISCUSSION DRAFT

1. Executive Summary

Crop Farmers International (CFI) is being developed as a scalable agricultural company that connects families seeking dependable, responsibly raised food with farms capable of producing it. CFI is not being presented as a single-ranch investment. The existing Southwest Virginia ranch is the operating proof of concept, while CFI is the platform intended to organize production, marketing, customer relationships, and future partner farms.

The initial operating plan combines beef cattle, heritage pork, pasture-raised poultry, and eggs. Each enterprise is designed to create revenue on a different production cycle, reducing dependence on one livestock category and improving the timing of cash flow. Poultry produces the shortest cycle, pork provides a medium-cycle protein program, and cattle provide larger-ticket long-term revenue and breeding value.

The Core Investment Case

CFI + Appalachia's Farmhouse: One Business, Two Roles

The parent company is built for scale. The customer brand is built for trust.

Crop Farmers International (CFI) is the parent company, ownership platform, operating system, and future partner-farm network. It is the entity through which investors participate and through which production standards, processing coordination, financial controls, and expansion are managed.

Appalachia's Farmhouse is the customer-facing identity. Families should encounter an approachable farm brand rather than a corporate acronym when they shop for beef, pork, poultry, eggs, subscriptions, or farm boxes. The customer relationship is intended to feel local, personal, transparent, and dependable.

This structure allows CFI to communicate scale and financial discipline to investors while Appalachia's Farmhouse communicates food, family, place, and trust to consumers.

- CFI: ownership, governance, capital, operations, standards, processing coordination, and expansion.
- Appalachia's Farmhouse: website, packaging, subscriptions, delivery, farm story, customer service, and direct sales.
- The consumer brand can expand across qualified partner farms while CFI retains the standards and commercial platform behind it.

Layer	Primary Audience	Primary Function
Crop Farmers International	Investors / operators / partner farms	Parent company, capital, production system, standards, financial controls
Appalachia's Farmhouse	Families / retail customers	Approachable farm brand, subscriptions, packaged products, e-commerce, delivery

Management structure developed for the 2026 revised prospectus.

- An existing operating ranch has already demonstrated livestock production on the property for approximately three years.
- The first location provides land, water, pasture, barns, livestock-handling infrastructure, and an experienced on-site operator.
- CFI can grow production at the founding ranch while developing a repeatable model for selected partner farms.
- Centralized branding, marketing, online sales, subscriptions, and customer service can scale without CFI purchasing every future farm.
- The current investment proposal is a \$400,000, 12-month borrowed-capital note intended primarily to assist with acquisition of the ranch mortgage position and secure the operating foundation for CFI. The proposed note carries 12% simple annual interest (\$48,000), for \$448,000 of principal and interest due at maturity. In addition, the lender receives 8,000 CFI units, representing 8.0% gifted ownership in perpetuity. The gifted units are separate from the borrowed capital and are subject to final operating agreement, securities review, transfer limits, reserves, taxes, and governing documents.
- The Company is also designed around a visible community culture: stewardship of land and livestock, approachable food access for families, and future charitable work outside the Company focused on neglected and mistreated horses.

Preliminary Capital Position

Item	Current Planning Assumption
Initial outside capital target	\$400,000 current borrowed-capital proposal
Minimum operating reserve objective	\$200,000 as the company matures
Founding ownership	Elkmont Holdings and Schroeder Family Trust
Founding allocation	50% / 50% before future approved dilution
Potential future investor pool	Up to 30,000 units, subject to final documents
Debt term and return	12 months; 12% simple annual interest (\$48,000); \$448,000 principal + interest at maturity
Proposed long-term participation	8,000 gifted units representing 8.0% ownership in perpetuity; separate from borrowed capital and subject to final governing documents
Customer-facing brand	Appalachia's Farmhouse

Defined Debt References

To avoid confusion between the Company's financing obligations and its lender assets, the prospectus uses two permanent defined references. The "880 JD Pond Loan Asset" is the approximately \$315,000 real-estate debt obligation owed by Frank Segreti and held by CFI as lender, together with the First Deed of Trust/Mortgage, Promissory Note, Loan Request, addendum/amendment documents, assignments, and related collateral instruments. The "CFI \$400K Borrowed Capital Note" is the separate outside-capital obligation issued by CFI: \$400,000 principal, 12% simple annual interest, and \$448,000 total contractual maturity amount at twelve months. Full legal references for the 880 JD Pond Loan Asset are maintained on Schedule H of the CFI Operating Agreement.

2. The CFI Revenue Model

CFI is designed around multiple complementary revenue channels. The founding operation supplies product and proves the operating system. As customer demand and partner-farm capacity grow, CFI's centralized functions become increasingly valuable.

Revenue Channel	Customer	Cash-Flow Cycle	Strategic Role
Whole poultry	Families and subscribers	Short	Frequent sales and customer retention
Eggs	Local recurring customers	Very short	Weekly recurring revenue
Pasture-raised pork	Families, shares, retail	Medium	Higher-value protein and subscription bundles
Beef	Direct customers and selected markets	Long	Large-ticket revenue and brand anchor
Subscriptions	Member households	Recurring	Predictable demand and improved planning
Partner-farm services	Qualified producers	Recurring/ transactional	Scalable expansion without owning every acre

Why the Mix Matters

A cattle-only operation can create extended periods between major sales. CFI's diversified production model is intended to layer weekly, seasonal, and annual revenue. Poultry and eggs can help fund ongoing operating expenses while pork and beef create larger revenue events. This does not eliminate agricultural risk, but it improves the business's ability to manage cash timing.

CFI's Scalable Layer

- Brand ownership and product standards
- Centralized digital marketing and online sales
- Subscription administration and customer communication
- Production planning based on committed demand

- Coordination of processing, packaging, storage, and delivery
- Future licensing or service revenue from participating farms

3. Preliminary Production Assumptions

The following figures summarize the operating assumptions developed to date. They are planning figures for discussion, not final audited projections. The full prospectus will separate the cost of acquiring livestock, carrying costs, processing, mortality, overhead, and selling expenses so investors can follow the economics enterprise by enterprise.

Enterprise	Initial / Year 1 Direction	Growth Direction	Key Assumption
Cattle	Approximately 150 head in the initial scaled plan	Toward approximately 300 head by Year 3	Rotational grazing; selected purchases and later calf production
Year 2 cattle addition	Approximately 75 head	Calves expected beginning in Year 3	Prior planning used 800-1,000 lb market cattle as a purchase reference
Pork	Duroc-based breeding and finishing program	Targeted expansion toward approximately 125-200 finished hogs	On-property breeding reduces dependence on purchased feeder pigs
Poultry	Initial placement of approximately 1,000 Cornish Cross	Successive cycles may increase toward 3,000 birds	Earlier planning assumed approximately 10% early mortality
Poultry sale format	Whole birds	Subscription and direct sales	Earlier planning used a \$19 whole-bird retail target
Eggs	Existing farm production	Expanded recurring local sales	Earlier local sales target: approximately \$5 per dozen

Financial Discipline Required

- Every enterprise must be measured on a per-head, per-bird, and per-pound basis.
- Revenue must be matched to the month in which animals are actually sold, not merely raised.
- Processing, packaging, delivery, mortality, and marketing costs must be included before calculating margin.
- Owner labor, management fees, leases, insurance, and equipment expenses must be visible rather than buried.
- Investor returns should only be discussed after working-capital needs and required reserves are funded.

4. Financial Framework for the Full Prospectus

The full 30-35 page CFI prospectus will present a financial model that can be challenged line by line. The objective is not to make the projections look artificially attractive. The objective is to show a reasonable base case, identify the variables that drive profit, and demonstrate how management will protect cash.

Required Investor Tables

Table	Purpose	Primary Output
Three-year income statement	Shows revenue, direct costs, overhead, and operating profit	Annual profitability
Monthly cash-flow schedule	Shows when livestock and operating costs occur versus sales	Working-capital requirement
Enterprise unit economics	Separates cattle, pork, poultry, and eggs	Gross margin by program
Use of funds	Connects the raise to specific purchases and milestones	Capital accountability
Break-even analysis	Measures minimum sales volume needed to cover fixed costs	Downside visibility
Sensitivity analysis	Tests sale prices, mortality, feed, processing, and volume	Range of outcomes
Investor distribution policy	Defines reserves and conditions for distributions	Return framework

Immediate Meeting Position

For the current family and partner discussion, management should present CFI as an operating business under development, supported by real land, livestock experience, infrastructure, and a defined expansion plan. Any projected return should be described as preliminary until the complete three-year model is finalized and all assumptions are verified.

Next Document Section

Part 2 will cover the market problem, the CFI customer proposition, subscription structure, proof of concept, and the role of the Southwest Virginia ranch. Later parts will contain the detailed livestock economics, three-year projections, use of funds, ownership, risk analysis, leadership, and closing investment case.

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Part 2: Market Opportunity and the CFI Business Model

Pages 6-10 of the Executive Investment Prospectus

5. The Market Problem CFI Solves

Families increasingly want food they can understand and trust, but most households do not have the land, time, equipment, knowledge, or processing access required to raise their own meat. At the same time, many capable farms struggle to reach customers consistently, communicate their value, and convert good production into dependable profit.

CFI is designed to solve both sides of that problem. It gives families access to a planned supply of premium farm products while giving producers a stronger route to market. The company is intended to combine agricultural production with modern customer acquisition, recurring subscriptions, coordinated processing, and disciplined financial management.

The Customer Need

- Greater transparency regarding where food comes from and how animals are raised.
- Reliable access to beef, pork, poultry, and eggs without having to manage a farm.
- A simpler way to buy directly from producers through subscriptions, scheduled pickups, or delivery.
- Confidence that product standards remain consistent as the network expands.

The Producer Need

- Predictable demand before animals are finished.
- Shared marketing and online sales rather than each farm building a customer base alone.
- Better production planning around real orders and subscription commitments.
- Access to a recognizable brand, customer service system, and coordinated logistics.

6. The CFI Solution

CFI will operate as the parent company, operating platform, and organizational layer behind the business. Appalachia's Farmhouse will be the customer-facing brand through which families encounter the food, subscriptions, packaging, online store, delivery, and farm story. The founding ranch provides the initial production base and real-world operating proof. Future expansion can include selected partner farms that meet CFI standards without requiring the company to purchase every future property.

CFI Function	What CFI Provides	Economic Benefit
Production planning	Matches expected customer demand with livestock schedules	Reduces unsold inventory and improves cash planning
Brand and marketing	Unified identity, digital advertising, online sales, customer communication	Lowens duplicated marketing effort and broadens reach
Subscriptions	Recurring household orders and scheduled product allocations	Improves revenue visibility and customer retention
Standards	Defined animal-care, product, packaging, and service requirements	Protects consistency and brand value
Processing coordination	Planned processing dates, packaging requirements, cold storage, and delivery	Reduces bottlenecks and improves fulfillment
Partner-farm network	Adds qualified production capacity without buying every farm	Supports capital-efficient expansion

The Practical Difference

A traditional farm usually earns income only from what it can raise and sell on its own. CFI is intended to earn value from production, customer relationships, subscriptions, brand strength, and eventually the services supplied to partner farms. That broader model is the principal reason CFI may scale beyond the physical limits of the founding ranch.

7. Customer and Subscription Model

The subscription program is intended to create committed demand and recurring cash flow. Families may reserve a recurring allocation of farm products rather than relying solely on one-time purchases. Final package sizes and pricing will be tested against production costs, processing capacity, and customer demand.

Illustrative Offering	Possible Contents	Frequency	Purpose
Family poultry plan	Whole chickens and eggs	Monthly or seasonal	Frequent entry-level subscription
Pork share plan	Scheduled pork bundle or share	Quarterly or semiannual	Medium-cycle premium protein
Beef reserve plan	Deposit toward quarter, half, or selected beef package	Seasonal or annual	Locks demand before processing
Mixed farm box	Combination of available proteins and eggs	Monthly	Improves retention and product discovery

Subscription Economics to Measure

- Average revenue per household.
- Gross margin after livestock, processing, packaging, and delivery.
- Customer acquisition cost.
- Renewal and cancellation rates.
- Average number of months a household remains active.
- Deposit levels needed to help finance production before harvest.

The full financial model will not treat subscription revenue as guaranteed. It will use conservative enrollment assumptions and will separately show the cash collected in advance, the obligation to deliver product, and the timing of related costs.

8. Growth Strategy

CFI is expected to grow in stages. The first objective is to prove consistent unit economics and fulfillment at the founding operation. Expansion should occur only after the company can document production cost, gross margin, customer retention, processing reliability, and working-capital needs.

Stage	Primary Focus	Required Proof	Capital Approach
Stage 1 - Founding operation	Livestock expansion, subscriptions, direct sales	Positive enterprise margins and reliable fulfillment	Initial raise and operating cash flow
Stage 2 - Regional demand	Customer growth, cold storage, delivery, stronger processing coordination	Repeat orders, capacity utilization, disciplined cash conversion	Reinvested earnings and selective new capital
Stage 3 - Partner farms	Add qualified farms under CFI standards	Standardized production and quality control	Capital-light contracts where practical
Stage 4 - Replication	Extend the model into additional regional markets	Transferable systems, brand demand, and management capacity	Combination of cash flow, strategic investors, and partnerships

Management Rule for Expansion

Market Validation: The Model Already Exists

CFI is not attempting to invent direct-to-family agriculture; it is applying a proven model from a different operating base.

Seven Sons Farms provides a national-scale benchmark for direct-to-consumer meat. Its current website reports 25,000+ families, a store with 200+ items, 400,000+ boxes shipped over roughly a decade, and a Subscribe & Save program used by 13,000+ families. The program is customizable and supports repeat purchasing rather than a rigid one-size-fits-all box.

Longbottom Farm in Virginia provides a more regional benchmark. Its public materials show direct sales of grass-fed beef, pastured pork, poultry, and eggs; online ordering; farm pickup; local delivery; and pork/beef share programs. This demonstrates that the model can begin locally before expanding fulfillment reach.

CFI should use these businesses as proof that families will purchase trusted farm products through e-commerce, recurring orders, shares, pickup, and delivery. They are benchmarks, not revenue promises.

Benchmark	Observed Model Element	CFI Application
Seven Sons Farms	National DTC, 200+ items, 13,000+ subscribers, 25,000+ families	Long-term proof of scalable consumer demand and recurring orders

Longbottom Farm (VA)	Regional DTC, pickup, delivery, beef/pork/poultry/eggs, shares	Nearer-stage proof of a Virginia farm-to-family model
CFI / Appalachia's Farmhouse	Founding ranch + direct sales + subscriptions + future partner farms	Build locally, validate unit economics, then scale the commercial platform

Sources reviewed Aug. 11, 2026: Seven Sons Farms; Longbottom Farm public websites.

CFI should not expand simply because land or livestock becomes available. Each expansion decision should be tied to demonstrated demand, processing capacity, a defined margin, and sufficient cash reserves. This discipline is essential because fast agricultural growth can consume cash even when projected accounting profit appears positive.

Part 3 Preview

The next section will present the Southwest Virginia ranch as CFI's proof of concept, including land and water resources, existing infrastructure, operating experience, livestock systems, and the reasons the site can support the initial phase of the CFI model.

PART 3

PROOF OF CONCEPT AND OPERATING ASSETS

Pages 11-15

The founding Southwest Virginia ranch demonstrates that CFI begins with real operating experience, physical assets, and a tested livestock base.

5. Proof of Concept: An Existing Working Operation

CFI is being built from an active agricultural operation rather than from a theoretical business plan. Over approximately three years on the current property, Segreti has raised the same general types of livestock contemplated in the CFI plan and has developed practical experience with pasture rotation, animal care, water access, seasonal weather, fencing, feed storage, and daily ranch logistics.

This operating history materially lowers startup uncertainty. It does not remove normal agricultural risk, but it gives CFI a tested base from which to measure expansion. The initial ranch also allows the company to establish production standards, document costs, refine customer offerings, and train future partner farms before broader rollout.

What Has Already Been Demonstrated

- Beef cattle maintained on mountain pasture with access to natural water resources.
- Pasture and barn systems supporting multiple livestock species.
- Hands-on management of cattle, pigs, poultry, eggs, horses, and small livestock.
- Hay storage and seasonal feed planning.
- Use of existing barns, handling areas, fencing, roads, and water points.
- Direct presentation of farm products to local customers and business partners.

Why This Matters to Investors

The founding ranch is not being represented as the entire CFI opportunity. Its role is to prove that the production side is grounded in experience. CFI can use the ranch to validate unit economics and customer demand before expanding through additional farms, subscriptions, and centralized marketing.

6. Existing Land and Natural Resources

Appalachian Land Efficiency: More Production per Managed Acre

The competitive advantage begins with forage, water, and the ability to stack enterprises rather than relying on a single extensive grazing model.

Virginia Tech Extension recommends a starting stocking rate of no more than about 400 pounds of liveweight per acre on moderately productive soils in much of Virginia, equivalent to roughly 2.5 acres per 1,000 pounds of livestock. Actual carrying capacity depends on soil, slope, forage, rainfall, animal weight, and management.

Virginia's Graze 300 initiative is designed to help producers move toward 300 days of grazing through better pasture management, including rotational and stockpile grazing. Longer grazing seasons can reduce hay and stored-feed dependence.

For CFI, the more important point is not cattle density alone. A managed Appalachian base can support sequential and overlapping revenue systems: cattle harvest forage; poultry can follow pasture; pigs can use controlled woodland/pasture areas; and eggs generate continuous local cash flow. This creates multiple revenue opportunities from the same managed land base.

- Use productive pasture rather than treating all acres as equivalent.
- Rotate animals to protect forage recovery and reduce overgrazing.
- Use stockpiling and season extension to reduce purchased-feed exposure where practical.
- Measure revenue and contribution margin per productive acre, not simply total acres owned.

Land-Efficiency Driver	Business Effect
Productive cool-season forage	Supports meaningful grazing output from a smaller land base
Rotational management	Improves forage utilization and recovery
Water resources	Improves pasture flexibility and animal movement
Multiple livestock enterprises	Creates several cash-flow cycles from the same operating base
Direct-to-consumer sales	Converts agricultural output into higher-value packaged products

Source: Virginia Tech Cooperative Extension, *Designing a Flexible and Efficient Rotational Grazing System*; Graze 300 Virginia resources.

The initial operating site provides a combination of pasture, woodland, water, and existing agricultural improvements. These resources support livestock production while reducing the need to build a completely new operation from the ground up.

Resource	Current Planning Information	Business Value
Leased pasture	Approximately 120 acres of pasture within a roughly 150-acre managed	High-value grazing base supported by rotational management and

	pasture/woodland operating base	multiple livestock enterprises
Woodland	Approximately 30 acres	Shade, shelter, conservation value, and potential controlled use
Natural springs	Two identified springs	Livestock water and improved grazing flexibility
Pond	One established pond	Water access, livestock management, and property resilience
Mountain climate	Southwest Virginia / Appalachian Plateau	Productive cool-season forage, meaningful rainfall, stockpiling potential, and extended grazing opportunities
Internal roads and access	Existing ranch access routes	Movement of livestock, feed, equipment, and visitors

Resource Advantages

- Natural water sources can lower reliance on hauled water and support rotational grazing design.
- Diversified terrain provides separate areas for cattle, pigs, poultry, and recovery pasture.
- Existing agricultural use allows management to focus capital on productive expansion rather than land development alone.
- The property provides visual credibility for marketing, customer education, and future investor presentations.

Final acreage, lease terms, water capacity, carrying capacity, and pasture improvement requirements will be verified in the detailed operating model. Stocking decisions must remain tied to forage availability rather than to revenue targets alone.

7. Existing Infrastructure and Equipment Base

The founding operation already contains several assets needed for livestock production. CFI therefore has a meaningful operating base, although selected investments will be required to support higher volumes and direct-to-consumer distribution.

Asset	Status	Role in CFI Operations
Barns	Existing	Shelter, storage, livestock support, and operating space
Brooder building	Existing	Early-stage poultry management
Hydraulic squeeze chute	Existing	Safer cattle handling, health work, and inventory management
High tunnels / chicken tractors	Two planned or available units	Pasture poultry capacity of roughly 450-500 birds each
Delivery vehicle	Existing	Local product movement and customer delivery support
UTVs	Two	Daily ranch inspection, fencing, feeding, and animal movement
Livestock trailer	One	Transport of animals and operating supplies
Tractors	Leased	Field, feed, and pasture work without immediate ownership cost
Hay equipment	Not currently owned	Hay may be purchased or custom harvested until justified
Walk-in cooler/freezer	Needed	Critical for product storage, inventory control, and direct sales

Related-Party Operating Lease Structure

The operating plan includes a whole-farm lease from Frank Segreti to Appalachia's Farmhouse LLC for approximately 150 acres, with CFI as guarantor. The lease has a 3-year initial term plus three 3-year Tenant options, for a maximum 12-year horizon. Months 1-12 are rent-free; beginning Month 13, rent is \$1,500 per month (\$18,000 annualized). Appalachia's Farmhouse/CFI may terminate at any time on 90 days' written notice without future-rent acceleration or an early-termination fee. Exhibit A will identify the leased boundary, access, infrastructure, water resources, and excluded/shared-use areas.

8. Operating Readiness and Expansion Priorities

The founding operation is capable of supporting an expanded program, but disciplined sequencing is essential. Livestock should not be added faster than pasture, labor, processing, storage, and sales capacity can support. The following priorities organize the transition from current ranch activity to a more formal CFI operating system.

Priority	Action	Financial Purpose
1. Cost tracking	Record cost per head, bird, pound, and production cycle	Establish defensible unit economics
2. Sales commitments	Build subscriptions and preorders before major volume increases	Reduce unsold inventory risk
3. Cold storage	Install adequate cooler and freezer capacity	Protect product and smooth processing schedules
4. Pasture planning	Match stocking levels to forage and water capacity	Limit feed overruns and pasture damage
5. Processing capacity	Secure reliable processors and backup options	Protect timing, quality, and customer delivery
6. Brand and online sales	Use Schroeder marketing and e-commerce experience	Convert production into higher-margin direct sales
7. Partner-farm standards	Document animal care, quality, records, and fulfillment	Prepare for scalable expansion

Management Advantage

Segreti brings direct experience operating the property and raising the livestock. John Schroeder brings years of marketing and online sales experience. CFI is designed to combine those capabilities: production discipline on the ground and disciplined customer acquisition in the market.

Key Takeaway

The ranch gives CFI an immediate place to operate, test, photograph, measure, and improve. The next phase is to turn that practical foundation into a documented, repeatable, and profitable system that can support both the founding operation and selected future farm partners.

5. Enterprise Economics Overview

CFI will manage each livestock program as a distinct profit center. Revenue will not be treated as profit until animal acquisition or breeding costs, feed and mineral, mortality, processing, packaging, delivery, direct labor, and an appropriate share of overhead are deducted. This structure allows management and investors to see which programs are creating cash and which require correction.

How CFI Will Measure Performance

Enterprise	Primary Unit	Core Margin Calculation
Beef cattle	Per head and per finished pound	Sales proceeds less purchase/breeding, carrying, health, processing, and selling

		costs
Pork	Per finished hog and per packaged pound	Sales proceeds less breeding allocation, feed, health, processing, packaging, and delivery
Poultry	Per placed chick and per harvested bird	Bird revenue less chick, brooding, feed, mortality, processing, packaging, and selling costs
Eggs	Per dozen	Dozen revenue less feed, flock replacement, packaging, labor, and delivery

Margin Rules

- Gross margin will be calculated before general company overhead, but after all direct production and selling costs.
- Operating profit will include management, leases, insurance, utilities, professional fees, and marketing.
- Cash flow will be tracked separately from accounting profit because livestock expenses occur before sale proceeds.
- Breeding animals will be treated differently from animals purchased solely for resale or finishing.
- No distribution should be made until required operating reserves and known production costs are funded.

6. Beef Program Economics

The beef program is intended to become a major revenue anchor for CFI. Earlier planning contemplated approximately 150 head in the initial scaled year, an additional 75 head in Year 2, and growth toward approximately 300 head by Year 3. The final model must clearly separate purchased feeder or market cattle, retained breeding stock, calves born on the property, and animals sold through direct-to-consumer beef channels.

Preliminary Beef Cost Stack

Cost Category	Calculation Basis	Investor Question Answered
Animal acquisition	Purchase price per head plus freight	What is the starting basis in each animal?
Pasture and forage	Lease, fencing, hay, seed, and pasture improvement allocation	What does land and forage truly cost?
Mineral and supplemental feed	Cost per head per month	How sensitive is margin to feed inflation?
Health and mortality	Vaccines, veterinary care, medicine, and losses	What is the expected biological loss?
Processing	USDA-inspected slaughter, cut-and-wrap, labeling, value-added options, cold storage, and logistics	What is the delivered cost of packaged retail product, and what margin is retained versus commodity sale?
Sales and delivery	Payment fees, marketing, boxes, and transportation	What remains after the customer receives product?

Beef Profit Drivers

- Purchase weight and purchase price per pound.
- Average daily gain and number of carrying days.
- Pasture utilization and winter feed requirements.
- Finished sale price, whether sold live, by hanging weight, or as packaged retail beef.
- Dressing percentage, packaged yield, and processing cost.
- Percentage of production sold direct rather than through a commodity market.

The full model will show both a commodity-sale case and a direct-retail case. This prevents the plan from depending on a single optimistic retail assumption and demonstrates the value created by CFI branding and customer acquisition.

7. Pork Program Economics

The pork program uses Duroc-based breeding stock and on-property production to reduce reliance on purchased feeder pigs. Earlier planning considered approximately 125 finished hogs annually, with a higher expansion objective approaching 200 by the end of the first mature operating year. Final volume will be tied to breeding performance, housing, pasture capacity, processor availability, and confirmed customer demand.

Preliminary Pork Unit Model

Variable	Planning Treatment	Required Verification
Breeding herd	Allocate annual breeding and care cost across saleable offspring	Litter size, litters per sow, and replacement rate
Piglet survival	Apply mortality from birth through finish	Historical ranch results and conservative case
Feed	Track pounds of feed and cost per finished hog	Local ration pricing and seasonal variation
Finish weight	Measure live, hanging, and packaged yield	Processor records and target customer products
Processing	Include slaughter, cut, cure/smoke options, and packaging	Anderson and Sons or alternative processor quote
Sales price	Model whole/half shares and packaged retail separately	Actual local and online demand

Why Pork Can Be Attractive

- Shorter production cycle than cattle can improve capital turnover.
- On-property breeding can lower piglet acquisition cost after the breeding system is established.
- Whole and half hog reservations can collect deposits and reduce finished inventory risk.
- Premium cuts, sausage, and value-added products can increase revenue per animal, subject to processing and labeling rules.
- Customer bundles can combine pork with poultry, eggs, and beef to increase subscription value.

The base case will avoid assuming that every pound receives the highest retail price. A blended selling price will reflect premium cuts, ground or sausage products, bones, trim, and any unsold inventory.

8. Poultry and Egg Economics

Poultry is expected to provide CFI with its fastest livestock cash cycle. The initial production plan used approximately 1,000 Cornish Cross chicks, an early mortality assumption of approximately 10%, and a whole-bird sales format. Subsequent cycles may expand as processing, brooder capacity, pasture systems, labor, and committed demand are confirmed.

Illustrative First-Cycle Volume Logic

Measure	Illustrative Assumption	Result
Chicks placed	1,000	1,000 placed birds
Mortality and culls	10%	Approximately 100 birds
Harvested birds	90% survival	Approximately 900 birds
Whole-bird price used in earlier planning	\$19 per bird	\$17,100 gross revenue before costs

The \$17,100 figure is gross sales only. It is not profit. Chick cost, feed conversion, bedding, heat, electricity, pasture equipment, mortality, processing, packaging, labor, refrigeration, payment fees, and delivery must be deducted before calculating contribution margin.

Egg Program Discipline

Metric	Why It Matters
Laying hens in production	Determines potential daily egg output
Lay rate	Converts flock size into sellable dozens
Feed per dozen	Largest recurring direct cost
Broken, dirty, or unsold eggs	Reduces realized yield
Carton and labeling cost	Must be included in unit cost
Selling price per dozen	Earlier local target was approximately \$5

Poultry Expansion Gate

- Do not increase placement merely because brooder space exists.
- Expand only when processing dates, labor, cold storage, and customer commitments are aligned.
- Track feed conversion and mortality by batch to identify management problems quickly.
- Use deposits or subscriptions where practical to reduce finished-product inventory risk.

9. Consolidated Livestock Profitability Framework

The investor model will consolidate the four programs only after each enterprise is calculated independently. This is essential because a profitable poultry cycle can hide an underperforming cattle group, or a strong cattle sale can disguise weak recurring cash flow.

Required Enterprise Dashboard

Processing Is Where Livestock Becomes Retail Inventory

The revised model measures value after processing rather than stopping at live-animal market value.

CFI plans to use Anderson and Sons Meats in Abingdon, Virginia. Anderson publicly states that it offers USDA-inspected processing for meat intended for resale, in addition to custom-exempt processing. This is critical to the Appalachia's Farmhouse model because CFI can sell properly processed packaged meat through the consumer brand rather than relying only on commodity livestock channels.

Anderson's published beef and pork cut sheets support a broad retail mix including steaks, roasts, brisket, ground beef, pork chops, shoulders, ribs, ham, belly, sausage, and value-added ground products. That product mix allows management to model a blended retail realization per packaged pound instead of valuing every animal at one wholesale price.

Penn State Extension notes average carcass yield relationships of roughly 60% for beef and 70% for pork as a starting point for pricing analysis. Final CFI economics will use actual Anderson invoices, hanging weights, packaged yields, and realized sales prices.

Unit-Economics Sequence	What CFI Measures
1. Live animal	Acquisition / breeding basis + carrying cost
2. Hanging carcass	Actual processor weight and dressing yield
3. Processing	Slaughter, cut/wrap, labels, curing/value-add, storage
4. Packaged inventory	Sellable pounds by cut and product type
5. Retail realization	Blended \$/packaged lb through Appalachia's Farmhouse
6. Contribution profit	Retail sales less all direct animal, processing, packaging, and selling costs

Sources reviewed Aug. 11, 2026: Anderson and Sons Meats; Penn State Extension meat-pricing guidance.

KPI	Beef	Pork	Poultry	Eggs
Production unit	Head / pound	Hog / pound	Placed and harvested bird	Dozen
Cycle length	Long	Medium	Short	Continuous
Primary cash risk	Long carrying period	Feed and processing	Feed, mortality, processing dates	Feed and consistent sales
Primary upside	Direct retail and breeding	Value-added products	Fast turnover and subscriptions	Recurring local revenue
Minimum	Margin per head	Margin per hog	Margin per	Margin per dozen

reporting			placed chick	
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Profitability Test Before Scaling

- Positive contribution margin after all direct production and selling costs.
- Confirmed processing capacity and realistic sale timing.
- Sufficient working capital to complete the cycle without relying on emergency borrowing.
- Demonstrated customer demand or contracted/subscription volume.
- Labor and infrastructure capable of supporting the higher volume.
- Conservative-case performance that does not threaten company reserves.

Investor Takeaway

CFI does not become valuable simply by owning more animals. It becomes valuable by repeatedly converting land, livestock, operating knowledge, customer demand, and centralized marketing into measurable cash margin. The full three-year model will make that conversion visible by enterprise, by month, and by use of invested capital.

Part 5 will present the three-year projection structure, proposed use of funds, break-even analysis, sensitivity testing, reserve policy, and investor return framework.

5. Three-Year Financial Outlook

The following model is a planning case built from the production targets developed for CFI. It is intended to show the path to profitability and the relationship between scale, revenue, direct production costs, and overhead. Final investor materials should replace every planning assumption with verified purchase contracts, processor quotes, and current sales commitments.

Base-Case Operating Outlook

Conservative Reference Case	Year 1	Year 2	Year 3
Projected gross revenue	\$785,000	\$1,230,000	\$1,815,000
Direct livestock + processing (older planning load)	(\$500,000)	(\$738,000)	(\$1,034,000)
Gross profit	\$285,000	\$492,000	\$781,000
Operating overhead	(\$225,000)	(\$300,000)	(\$405,000)
Estimated operating profit (older model)	\$60,000	\$192,000	\$376,000
Estimated operating margin (older model)	7.6%	15.6%	20.7%

The base case assumes CFI improves margin as livestock volume grows, customer acquisition becomes more efficient, and fixed overhead is spread across a larger revenue base. The model does not rely on land appreciation or the sale of core real estate to produce operating profit.

Interpretation

- Year 1 is primarily a build-and-prove year, with positive but limited operating profit.
- Year 2 benefits from greater cattle and pork volume and improved subscription retention.

- Year 3 represents the first year in which the model begins to display meaningful operating leverage.
- Cash flow may differ from accounting profit because livestock expenses occur months before final sale.

6. Revenue by Enterprise

CFI's financial strength depends on balanced contribution from several enterprises rather than a single commodity. The table below illustrates the planned revenue mix. Values are preliminary and should be read as management targets.

Prior Reference Revenue Source	Year 1	Year 2	Year 3
Beef cattle and direct beef sales	\$380,000	\$620,000	\$960,000
Pasture-raised pork	\$180,000	\$285,000	\$448,000
Whole poultry	\$150,000	\$225,000	\$300,000
Eggs and other farm products	\$40,000	\$55,000	\$70,000
Subscriptions, services, and partner-farm revenue	\$35,000	\$48,000	\$65,000
Total projected revenue	\$785,000	\$1,230,000	\$1,815,000

Margin Priorities

- Beef must be sold through the most profitable mix of direct sales, shares, and selected market sales.
- Pork economics improve when breeding stock produces feeder pigs internally and processing capacity is scheduled in advance.
- Poultry must be managed as a repeatable batch business with disciplined mortality, feed-conversion, and customer pre-sales.
- Eggs are not expected to carry the company, but they support frequent customer contact and recurring local cash flow.
- Subscription revenue should be matched to actual production capacity so CFI does not create fulfillment obligations it cannot meet.

Revenue Concentration Test

Management should monitor the percentage of revenue attributable to the largest enterprise and the largest customer. The long-term objective is to prevent a single buyer, processor, or species from controlling the company's financial outcome.

7. Use of Initial Capital

The current outside-capital proposal is \$400,000. Unlike the earlier \$100,000 growth-capital concept, the present transaction is centered on securing the ranch mortgage position and operating foundation for CFI. Operating expenditures beyond acquisition should remain specific, measurable, and tied to revenue-producing milestones, while the fastest-turning revenue channels are prioritized to protect working capital and accelerate debt repayment.

Use of Funds	Planning Allocation	Expected Business Effect
Ranch acquisition assistance	\$315,000	Secures the physical operating foundation and long-term control of production base
Processing / cold-chain readiness	\$35,000	Supports deposits, storage, packaging, and product readiness around USDA-inspected processing
Fast-turn production working capital	\$25,000	Supports poultry, eggs, and near-term pork/beef sales that can convert to cash quickly
Customer acquisition / e-commerce	\$15,000	Launches Appalachia's Farmhouse direct sales, subscriptions, and repeat-order systems
Insurance, legal, closing, contingency	\$10,000	Supports transaction completion, compliance, insurance, and closing contingency after the primary acquisition allocation is funded
Total	\$400,000	Current borrowed-capital proposal; final closing statement controls actual allocation

Capital Controls

- Capital should be held in a dedicated CFI operating account.
- Any material change from the approved use-of-funds schedule should require manager approval and documentation.
- Monthly reporting should show budget, actual spending, remaining cash, livestock inventory, and upcoming obligations.
- Distributions should not begin while the company is below its required operating reserve.
- The previously discussed long-term reserve objective of \$200,000 should be built from retained earnings as operations mature.

8. Break-Even and Sensitivity Analysis

Agricultural projections are highly sensitive to sale price, animal performance, mortality, feed cost, processing cost, and the timing of sales. CFI should therefore present a range of possible outcomes rather than one guaranteed return.

Prior Year 2 Reference Scenario	Year 2 Revenue	Year 2 Operating Profit	Primary Assumptions
Conservative	\$1,045,000	\$65,000	Revenue below base; direct costs 5% higher
Base case	\$1,230,000	\$192,000	Planned volume, pricing, and cost control
Upside	\$1,355,000	\$285,000	Stronger direct-sales mix and improved production efficiency

Estimated Break-Even Point

Using the Year 2 base-case cost structure, CFI would need approximately \$950,000 to \$1,000,000 in annual revenue to cover projected direct costs and operating overhead. The precise break-even point will change with the mix of beef, pork, poultry, and subscription revenue.

Variables Management Can Control

- Pre-selling livestock and subscription capacity before expanding production.
- Maintaining strict feed, processing, and transportation budgets.
- Protecting animal health and reducing preventable mortality.
- Increasing the percentage of products sold directly to families.
- Scheduling production to avoid overcrowding, delayed harvest, or unplanned feed expense.
- Holding adequate working capital so animals are not sold early under unfavorable conditions.

Variables Management Cannot Fully Control

- Commodity-price volatility and regional livestock-market conditions.
- Weather, forage quality, disease events, and processor availability.
- Changes in fuel, feed, packaging, insurance, and regulatory costs.

9. Profitability, Reserves, and Investor Returns

CFI's first financial obligation is to maintain the livestock, protect product quality, and preserve sufficient cash to complete each production cycle. Investor distributions should come from realized and available cash—not from projected profit or livestock inventory.

Recommended Distribution Waterfall

Cash-Flow Priority: Repay the Debt as Fast as Operations Allow

The operating plan should prioritize cash conversion before maximum scale.

The CFI \$400K Borrowed Capital Note creates a clear 12-month obligation: \$448,000 of principal and simple interest at maturity. This obligation is separate from the approximately \$315,000 880 JD Pond Loan Asset held by CFI as lender. The fastest route to protecting the investor-note obligation is not to place all operating capital into long-cycle cattle at once. Management should deliberately layer short-, medium-, and long-cycle sales.

Poultry, eggs, pre-sold shares, subscriptions, and any inventory already close to harvest should be used to produce earlier cash events. Pork follows as a medium-cycle revenue source, while beef creates larger ticket sales and anchors the consumer brand. Customer deposits and preorders should be used carefully to improve demand visibility without creating unfunded fulfillment obligations.

The revised monthly cash-flow model should therefore track a dedicated debt-paydown reserve alongside ordinary operating cash. Excess realized cash can be swept toward the note after the next production cycle and required operating reserve are protected.

Cash Priority	Management Action
1. Protect production	Pay animal care, payroll, processing, insurance, taxes, and critical operating obligations
2. Fund next cycle	Maintain enough working capital to finish livestock already committed to customers
3. Build debt-paydown reserve	Sweep planned excess cash from poultry, eggs, subscriptions, pork, and beef sales
4. Repay note	Target the \$448,000 maturity obligation as quickly as practical within the 12-month term
5. Consider member / investor distributions	Only after obligations, reserves, taxes, approved reinvestment needs, and note obligations are satisfied or properly reserved

Management cash-flow policy for the revised 2026 investment case; not a guarantee of repayment timing beyond the legal note terms.

Priority	Cash Application
1	Pay current operating obligations, payroll, livestock care, processing, taxes, and insurance.
2	Restore working capital required to complete

	the next production cycle.
3	Fund the board-approved operating reserve, ultimately targeting approximately \$200,000.
4	Fund approved expansion projects and debt reduction.
5	Consider investor and member distributions from excess available cash.

Illustrative Return Discussion

The debt return on the CFI \$400K Borrowed Capital Note is defined separately from the 8,000 gifted ownership units: \$400,000 principal plus 12% simple annual interest (\$48,000) produces \$448,000 due at the end of the 12-month term. This investor obligation is also separate from the 880 JD Pond Loan Asset, which is an approximately \$315,000 real-estate debt asset held by CFI as lender. The 8,000 gifted units represent 8.0% ownership in perpetuity and are subject to final operating agreement, securities review, transfer limits, reserves, taxes, and governing documents.

Financial Milestones Before Expansion

- Positive enterprise-level gross margin after all direct costs.
- At least two completed production cycles with documented results.
- Reliable processing capacity and product-storage controls.
- A measurable repeat-customer and subscription base.
- Monthly management reporting delivered on time.
- Adequate reserve cash before adding major fixed overhead or a new partner farm.

Investor Takeaway

The CFI opportunity is financially attractive only if management converts land, livestock experience, and customer demand into repeatable unit economics. The base case presented here shows a credible path toward increasing revenue and operating margin, but the company's discipline in protecting cash and validating every enterprise will determine whether that opportunity becomes durable profit.

10. Three-Year Financial Summary

The financial case for CFI is based on a simple test: growth must produce stronger margins, not merely more activity. The base-case outlook shows revenue rising as cattle, pork, poultry, egg, subscription, and partner-farm programs mature. At the same time, operating profit is expected to improve as fixed overhead is spread across a larger customer and production base.

The prior planning case showed revenue increasing from approximately \$785,000 in Year 1 to approximately \$1.815 million in Year 3. The revised model will preserve those figures as a conservative reference case while separately modeling direct-to-consumer retail value captured through packaged beef, pork, poultry, eggs, subscriptions, and value-added products. Final profit targets will be reset after processor rates, packaged yields, realized retail prices, and production timing are verified.

Financial Reading

- Year 1 demonstrates the model and establishes disciplined reporting.
- Year 2 expands volume while improving use of existing infrastructure.
- Year 3 begins to show the value of operating leverage and recurring demand.
- These projections remain preliminary until processor, livestock, feed, and customer assumptions are fully verified.

11. Margin Expansion and Value Creation

Revenue growth alone does not establish a profitable business. The more important measure is whether each additional dollar of sales produces sufficient contribution after livestock, feed, processing, packaging, delivery, labor, and overhead.

How CFI Improves Margin

- Increase the percentage of livestock sold directly to families rather than through lower-margin channels.
- Use subscriptions and pre-sales to align production with known demand.
- Coordinate processing and delivery to reduce emergency expenses and unused capacity.
- Spread marketing, technology, management, and compliance expenses over greater sales volume.
- Add partner farms only after the founding operation has documented repeatable unit economics.

The projected operating-margin improvement from 7.6% to 20.7% is a management target, not a guarantee. Monthly financial reporting should identify immediately when pricing, mortality, feed, processing, or overhead moves outside plan.

12. Leadership and Governance

CFI's model requires equal attention to agriculture and commercial execution. The founding team is intended to combine hands-on operating experience with marketing, online sales, customer development, and disciplined financial oversight.

Leadership Area	Primary Contribution
Frank Segreti — COO	On-site livestock experience, ranch operations, land stewardship, production planning, and execution developed through approximately three years on the existing property.
John Schroeder — CEO	Marketing, online sales, customer development, commercial strategy, and expansion of CFI's direct-to-consumer reach.
Founding entities	Elkmont Holdings and the Schroeder Family Trust as the initial ownership foundation, subject to final legal documents.
Independent oversight	Use of an independent arbitrator or agreed neutral process for defined disputes between equal founding interests.

Recommended Reporting Package

- Monthly income statement and cash-flow report.
- Livestock inventory and production-status report.
- Budget-to-actual use-of-funds schedule.
- Sales by product, channel, and customer type.
- Accounts payable, processing commitments, and next-90-day cash needs.
- Quarterly review of reserve levels, expansion readiness, and investor communications.

Clear governance is particularly important in a 50/50 founding structure. Major borrowing, ownership changes, distributions, material capital purchases, and admission of new investors should be governed by written approval thresholds.

13. Community Culture and Charitable Vision

CFI and Appalachia’s Farmhouse are intended to build more than a food company. The operating culture should be visible to customers, employees, partners, and investors: stewardship of land, livestock, and people; a family-centered and approachable farm culture; community involvement beyond the business itself; and long-term responsibility in how the Company grows.



Community Culture & Charitable Vision

Building a business that serves families, strengthens community, and gives back.

The Culture We Want to Create

- Stewardship of land, livestock, and people
- A family-centered, approachable farm culture
- Community involvement beyond the business itself
- Long-term responsibility and compassionate leadership

Future 501(c)(3) Mission

Outside of our company, we intend to develop a 501(c)(3) charity dedicated to helping provide forever homes for mistreated and neglected horses. This charitable effort will help raise funds for food, shelter, and veterinary care so these animals can receive the life they truly deserve.

“ We want people to know that our success is meant to create a lasting positive impact. ”



— A FUTURE CHARITABLE INITIATIVE ALIGNED WITH THE VALUES BEHIND CFI AND APPALACHIA’S FARMHOUSE. —

Future 501(c)(3) Horse Rescue Mission

Outside of the Company, the founders intend to develop a separate 501(c)(3) charitable initiative dedicated to helping provide forever homes for mistreated or neglected horses. The intended charitable work would raise funds for food, shelter, and veterinary services so rescued horses can receive the care and life they deserve. The charitable initiative would be legally separate from CFI and Appalachia’s Farmhouse unless and until formal documents, governance, tax-exempt status, donation policies, and conflict rules are established with counsel.

Why It Belongs in the Investment Story

- It shows the business is being built with a values-based culture, not only a production model.
- It gives the community a clear reason to trust and support Appalachia’s Farmhouse beyond ordinary commerce.
- It aligns naturally with land stewardship, animal care, family food access, and rural community identity.

- It should remain financially disciplined: any charitable contribution policy must be approved only after operating obligations, debt, reserves, taxes, and reinvestment needs are protected.

Culture statement: “We want people to know that our success is meant to create a lasting positive impact.”

14. Principal Risks and Management Responses

CFI operates in agriculture, where biological, market, weather, processing, and execution risks cannot be eliminated. The investment case is strengthened when those risks are identified openly and matched with practical controls.

Risk	Management Response
Livestock health or mortality	Biosecurity, veterinary relationships, appropriate stocking density, recordkeeping, and contingency allowances.
Feed and forage volatility	Rotational grazing, stored hay, multiple suppliers, and enterprise-level feed budgets.
Processing constraints	Advance scheduling, deposits, backup processors where practical, and production matched to confirmed capacity.
Customer demand below plan	Pre-sales, subscriptions, phased production, and diversified sales channels.
Cash-flow timing	Monthly cash forecasting, working-capital protection, and no distributions below reserve requirements.
Management concentration	Written procedures, role clarity, recurring reporting, and development of trained operating support.
Expansion too quickly	Milestone-based growth only after validated margins and completed production cycles.
Regulatory and food-handling requirements	Professional review, insurance, documented handling procedures, and compliance before scaling sales.

Investment Discipline

The company should not use optimistic projections to justify uncontrolled expansion. Each major increase in livestock, staffing, processing commitments, or partner-farm obligations should be tied to demonstrated customer demand and available working capital.

15. Closing Investment Case

Crop Farmers International is being built from an operating foundation rather than an untested concept. The founding ranch provides real production experience, livestock, land, water, infrastructure, and an environment in which the CFI system can be refined before broader expansion.

Why CFI Can Create Value

- A diversified livestock model creates several revenue cycles rather than dependence on one annual sale.
- Direct customer relationships can capture more value than commodity-only sales.
- Subscriptions can improve production planning and customer retention.
- A centralized brand and sales platform can support future farms without requiring CFI to own every property.
- Disciplined reserves and milestone-based growth can protect the company during agricultural and market volatility.
- The founding team combines operational experience with marketing and online-sales capability.

The Decision in Front of Investors

The immediate opportunity is to help CFI move from a proven operating foundation into a measured growth phase. The proposed capital is intended to expand productive capacity, strengthen food handling and storage, build customer demand, and document the economics required for future scale.

CROP FARMERS INTERNATIONAL

The broader vision is to create durable agricultural value while also becoming a trusted local presence that invests back into people, animals, and the rural community around the operating base.

A farm-to-family platform built on real production, disciplined growth, and long-term agricultural value.

Confidential discussion draft. Financial projections are preliminary and subject to verification.

2026 Research Sources and Verification Notes

- Anderson and Sons Meats, Abingdon, Virginia - USDA-inspected resale processing statement and current beef/pork cut sheets.

- Virginia Tech Cooperative Extension - Designing a Flexible and Efficient Rotational Grazing System (400 lb liveweight/acre starting point on moderately productive Virginia soils).
- Virginia Tech Cooperative Extension - Graze 300 Virginia / stockpile-grazing resources for extending grazing days.
- Seven Sons Farms - current direct-to-consumer scale indicators, product count, shipping history, and Subscribe & Save participation.
- Longbottom Farm, Scottsville, Virginia - direct sales, pickup, delivery, protein mix, shares, and local pricing examples.
- Penn State Extension - meat pricing and carcass-yield guidance used only as planning benchmarks pending CFI processor records.
- CFI internal operating assumptions and prior prospectus - cattle, pork, poultry, eggs, ranch infrastructure, governance, and investor structure.

Verification rule: external benchmarks support the strategy, but final investor financials should be updated with actual Anderson processing invoices/quotes, purchase records, animal weights, packaged yields, customer sales, and signed transaction documents before a formal closing package is circulated.