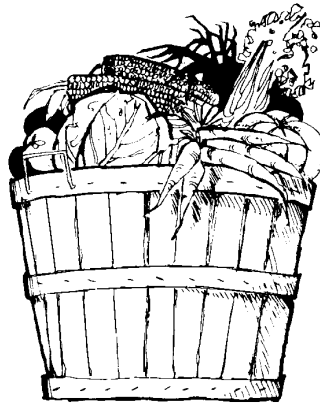


HeartEye Village CSA 2010 Annual Report



February 24, 2010

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Introduction

As part of the desire for transparency and education, and because we have documented everything we have done, thus making analysis of our efforts possible, HeartEye Village CSA would like to share our Annual Report with our members and with the wider community.

There are several reasons that we feel it is pertinent to share details about the results of our latest growing season. One important factor is that the CSA model is a relatively new marketing concept and most people know very little about it and the benefits such a model engenders. This lack of familiarity can result in participants, and would-be participants, making erroneous assumptions about the procedures and economics that make a CSA function in a sustainable manner.

Another reason is that we feel it is important for our members to understand the context behind the decisions that are made. Such decisions range from how and why crops and harvests are allocated the way they are, why changes in management strategies occur and why share purchase prices may or may not change.

Another factor is that over the course of the season as members pick up and utilize the produce from their boxes, they may not realize how much produce they are actually receiving. As a result, participants in a CSA may not fully appreciate how much they are saving by not purchasing organic produce in the retail sphere.

So, we want to thank our members for their support and we invite you to peruse the results of what we consider another amazingly successful year. As during our first year we are excited to have learned some valuable lessons to apply towards making our future years sustainable ones.

Sincerely,

Tracy Sweely
Garden Manager

Part 1: Production

Harvest Totals

Totals per crop:

A total of 4,050 lbs of produce was harvested from our ¼ acre micro-farm. We grew 14 more crops than we did in 2009. The following chart indicates the total number of lbs harvested for each of the 59 crops grown during the 2010 season.

Arugula	33.84	Eggplant, Black	99.31
Beets & Greens	51.28	Melons	131.93
Bok Choi	19.13	Okra	0
Broccoli	7.02	Peppers, Bell	73.76
Brussel Sprouts	0	Peppers, Aneheim	11.34
Cabbage	15.56	Peppers, Serrano	17.1
Carrots	58.13	Peppers, Habenero	0.5
Cauliflower	0	Peppers, Jalepeno	10.43
Chard	46.92	Peppers, Poblano	8.51
Cilantro	3.33	Peppers, Pepperocini	0
Collards	22.99	Pepper, asian	6.69
Corn	0	Peppers, Passilla	7.83
Garlic	14.89	Potatoes	5.41
Kale	19.87	Summer Sq, Patty Pan	368.77
Leeks	0	Summer Sq. Crookneck	85.73
Lettuce, Leaf and Head	96.19	Summer Sq Zucchini	170.09
Mustard	0	Tomatillas	41.37
Onions, Red	11.44	Tomatoes, Cherry	133.88
Onions, Yellow	67.61	Tomatoes	568.28
Parsley	4.07	Winter Sq. Blue Hubb	53.25
Parsnip	0.96	Winter Sq. Delicata	60.25
Peas	0	Winter Sq. Sweet Dumpling	30
Peas, Snow	4.45	Perennial herbs	7.6
Radishes	70.96	Rhubarb	10.42
Shallots	10.38	Garlic Scapes	1.16
Spinach	1.57	Escarole	39.93
Turnips	516.05	Minutina	12.74
Turnip Greens	23.12	Endive	0.46
Basil, Ppl	0	Squash Blossoms	4.46
Basil, Green	47.91	Garlic	12.57
Beans, Yellow	41.08	Cherries	22.42
Beans, Green	114.38	Plums	22.4
Cauliflower	0	Winter Sq. Kombucha	34.66
Cucumber	616.58	Winter Sq. Acorn	61
Eggplant, Japanese	16.23		
Eqplant, Rose	0		

Total per share:

The following chart indicates the minimum total number of lbs of each crop received by half-share CSA members during the 2010 season. At a minimum, full-share members received twice these amounts.

Arugula	1.17	Eggplant, Black	2.22
Beets & Greens	2.72	Melons	6.23
Bok Choi	1.12	Okra	0.00
Broccoli	0.24	Peppers, Bell	1.42
Brussel Sprouts	0.00	Peppers, Aneheim	0.58
Cabbage	0.55	Peppers, Serrano	0.71
Carrots	3.46	Peppers, Habenero	0.00
Cauliflower	0.00	Peppers, Jalepeno	0.11
Chard	1.57	Peppers, Poblano	0.00
Cilantro	0.16	Peppers, Pepperocini	0.00
Collards	0.65	Pepper, asian	0.00
Corn	0.00	Peppers, Passilla	0.17
Garlic	0.54	Potatoes	0.78
Kale	0.56	Summer Sq, Patty Pan	0.00
Leeks	0.00	Summer Sq. Crookneck	19.23
Lettuce, Leaf and Head	3.30	Summer Sq Zucchini	0.00
Mustard	0.00	Tomatillas	1.42
Onions, Red	0.23	Tomatoes, Cherry	3.79
Onions, Yellow	2.87	Tomatoes	8.00
Parsley	0.11	Winter Sq. Blue Hubb	1.83
Parsnip	0.00	Winter Sq. Delicata	0.72
Peas	0.00	Winter Sq. Sweet Dumpling	0.89
Peas, Snow	0.44	Perennial herbs	0.34
Radishes	2.73	Rhubarb	0.33
Shallots	0.37	Garlic Scapes	0.04
Spinach	0.05	Escarole	1.31
Turnips	10.24	Minutina	0.44
Turnip Greens	0.82	Endive	0.02
Basil, Ppl	0.00	Squash Blossoms	0.16
Basil, Green	1.39	Garlic	0.48
Beans, Yellow	0.93	Cherries	0.88
Beans, Green	2.46	Plums	0.78
Cauliflower	0.00	Winter Sq. Kombucha	3.22
Cucumber	15.56	Winter Sq. Acorn	1.33
Eggplant, Japanese	1.68		
Eqqlant, Rose	0.00		

Comparables:

Because we were able to have an 18-week harvest instead of a 16-week harvest the price of \$450 paid for a full-share breaks down to \$25 for each harvest box per week. The price of \$225 for a half-share breaks down to \$12.50 for each harvest box per week. As we did in last year's annual report we wanted to see how our harvests per week compared to other farm's retail prices. Over the last couple of years several farms from the region were polled to ascertain prices charged for each crop at farm stands and at farmer's markets. The farms polled included:

Pachamama Organic Farm
Ollin Farms
Isabella Farm
Jay Hill Farm
Honeyacre Farm
My Mama's Hat Farm
The Berry Patch

We also included retail prices from Growers Organic, which is an organic produce distributor that distributes to grocery stores in Colorado.

Prices charged by the above entities were pooled to obtain an average price per lb paid for each crop in the region. Given these figures for each crop the minimum average value of the amount of produce received by CSA Members over the course of the season was \$652.82 for a full-share and \$326.41 for a half-share. This breaks out to \$36.27 per box for a full-share and \$18.13 per box for a half-share. Thus over the course of the season full-share members received \$202.82 worth of additional produce above what they paid for and half-share members received \$101.41 worth of additional produce above what they paid for.

Part 2: Viability

Expenses

Total start-up expenses for 2009 were \$25,002.00. Total expenses for the 2010 season were 11,048.73, bringing our total Expenses to date to \$36,050.73

Income

Total income for 2009 was \$5,536.00. Total income for 2010 was \$5,543.60

Labor

Total Labor for the 2010 season was 1668 person-hours, breaking down as follows:

1280 hours performed by garden intern
216 hours performed by working shareholders
72 hours performed by Garden co-Manager working shareholder.
100 hours performed by co-Manager Jim Sincock

Analysis

CSA operations for 2009 were found to be unsustainable and changes in labor and markets were made in 2010 to address shortfalls. Hiring an intern to perform most tasks in exchange for room, board, a small stipend and an intensive educational experience substantially mitigated labor costs. In addition, labor costs were mitigated further by changing a portion of management compensation from cash to produce trade by creating the Garden Manager Working Share. Regular working share hours were increased slightly from the 2009 season as well. These modifications to operations saved the CSA \$16,141 in 2010. In addition, subsidized labor by Susan Weems was not needed for the 2010 season.

Where income is concerned, retail markets are still being cultivated and expanded. Wholesale markets were abandoned in 2010 due to the extra labor involved in product preparation. In addition, wholesale sales income is substantially lower than retail and so our focus became farm stand sales.

We learned in 2010 that in addition to regular produce sales during the harvest season, early season plant sales and late season sales of cut flowers at the farm stand are potentially very lucrative. Farm stand and virtual farm stand sales were noted to have increased as a result of the HeartEye Village Farm stand presence becoming more familiar to surrounding community members. In addition, another potential income source that could be significant are "Add-ons," additional products obtained from other local farms/ranches such as fruit, meat and eggs. We included a Fruit share Add-on from Ela Family Farms in 2010 and shareholder's expressed a high level of satisfaction with this option. A mark-up is calculated into the cost of the Add-on and passed on to shareholders.

It was anticipated that workshops, farm dinners and fundraising would constitute three new markets to integrate into operations for 2010. Workshops were conducted but similar obstacles to retail sales were observed, regarding market development. Marketing of workshops in the surrounding community is extremely limited due to current budget constraints and so market development will need to expand over time as the surrounding community becomes more aware of HeartEye Village CSA.

A pilot-test farm dinner was subsidized by Susan Weems in order to analyze the feasibility of integrating farm dinners as an income source. Thus, no income was produced from farm dinners during 2010. In addition, further analysis is needed to assess feasibility.

Fundraising efforts consisted of joint submission with Colorado Local Sustainability, LLC of an application to the USDA Beginner Farmer and Rancher Program. This application is for support for a web-based urban CSA co-op to help potential farmers nationally begin urban CSA's. If the proposal is funded, HeartEye Village CSA, as the pilot study for this co-op, would eventually have all start-up costs reimbursed under this project.

Finally, through research on innovative methods used by other farms, the management team has realized that the best way to increase income is to stay in production for as long as possible each year. To this end experimentation with the use of high tunnels for extending the season on both ends and for fall and winter production will be conducted. Such production, if successful will be marketed via a winter CSA option.

Changes in operations will continue to be made so that start-up costs will be recouped in a reasonable amount of time, which we still anticipate to be 3.5 years from start-up.

Part 3: Modifications

In order to recoup start-up costs and allow the CSA to pay for itself annually, the following changes in labor allocation and marketing will be made.

Shares available

Since an overabundance of vegetables are being produced, it is felt that a total of 2.5 more shares can be sold or exchanged for labor while still maintaining a certain amount of buffer against limited crop failures. This does mean that the amount of produce in boxes will be slightly less than received in 2010 but we believe we will still be able to produce abundant weekly boxes that are a good value for shareholders.

Labor Changes

A total of 1668 person-hours were performed in the garden in 2010. This number of person hours was found to be essentially adequate for carrying out all necessary tasks. Regardless, changes in labor allocation will be made. Since we have two successful years of experience we feel the garden co-Manager position can be eliminated but the 100 hours of labor allotted to that position will be maintained. To this end 1.5 additional working shares (108 hours) will be added to the shares available for offer.

Thus the 2010 labor allocation will be as follows:

1280 hours performed by garden intern
324 hours performed by working shareholders
72 hours performed by Garden Manager working shareholder

Markets

Retail Sales

The unmanned farm stand that was constructed in 2010 will be used again in 2011. Hours of operation for harvest season produce sales will be increased and early season plant sales and late season cut flower sales will be expanded.

We will also be expanding our Virtual Farm Stand sales, by increasing the participant list. We found that the Virtual Farm Stand has significant potential because it provides another level of convenient access for consumers looking for locally produced food, while again saving the labor expense of a traditional manned farm stand.

The Fruit share Add-on will be offered again this year to shareholders. In addition, extra Fruit will be purchased from Ela Family Farms for sale in the farm stand and virtual farm stand.

Workshops

While we still believe that hosting workshops has significant earning potential, the number of workshops offered will be curtailed until HeartEye Village achieves a larger presence in the awareness of surrounding community members. This could happen over time or by increasing the marketing budget as resources become available. As an alternative to workshops we are considering offering an "Apprenticeship" program where participants would receive on-going training and hands-on experience along side the Garden Intern, and would pay tuition for this education.

Farm Dinners

Given information collected from the pilot-test farm dinner that occurred in 2010, the feasibility of hosting one in 2011 will be examined. If it appears to be feasible then efforts will be directed toward hosting one in September 2011.

Winter CSA

In early 2011 application was made to the National Resource Conservation Service High Tunnel Grant Program to obtain funding for a 30' by 36' high tunnel to be erected directly in our garden plot. This tunnel would be constructed at the end of the summer 2011 for winter propagation following guidelines from The Winter Harvest Handbook by Eliot Coleman. A limited 12-week Winter CSA program would be implemented in order to test the feasibility of adding such as a regular operation in future years. It is anticipated that 7 shares will be available, but since this will be an experimental program, payment will be allowed upon box delivery.

Conclusion

During our second year we honed our skills as well as learned more about how to make the CSA a sustainable operation. Not only did we grow more produce than in 2009 but we streamlined many of our tasks and operations. Using Bio-intensive methods we should be able to grow significantly more produce on the ¼ acre plot than we have been growing. We anticipate eventually being able to add more shares for sale from the same plot of land as our skills increase.

While we did not make large income advances in 2010 we feel that the mitigation efforts we made in labor expenses are replicable and constitute the right course of action towards sustainability. Retail sales markets are expected to continue to grow over time as our presence becomes more known in the wider community. In addition, offering education opportunities and farm dinners may still prove to be viable markets. But our greatest hope for increasing our income sources, lies in the potential for expanding production into the Fall and Winter months. It is our hope our members will find that participation in our project is not only of great value but is also an ongoing model of sustainability that they can be proud to have supported.

Acknowledgments

We would like to take this opportunity to profusely thank Susan Weems for making the HeartEye Village CSA possible. Because of her vision and underwriting the following entities have benefited in the following ways:

The CSA members, the Boulder Valley School residents, and the neighboring community have benefited by being able to obtain our produce on-site.

The Community Food Share has benefited by receiving our excess produce that was still good, but “just about to go”.

The Montessori School at the Pine Ridge Indian Reservation, South Dakota benefited from the bedding plants we did not sell in the farm stand that we donated to their school garden.

From the dissemination of information about our project, the larger community continues to benefit from those who see the value and have the desire to participate in the local food movement by following our example and creating their own gardens and farms.

We would also like to take this opportunity to thank our working shareholders, who went the extra mile to keep the weeds down and bring the harvest in! Thanks!