67450

Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

OMB No 1545-0047

2009

Open to Public Inspection

A For the 2009 calendar year, or tax year beginning , and ending

B Check if applicable: [ ] Address change [ ] Name change [ ] Initial return [ ] Termination [ ] Amended return [ ] Application pending

Please use IRS label or print or type. See Specific Instructions.

C Name of organization: Center for Dairy Excellence

Doing Business As

Number and street (or P O box if mail is not delivered to street address): 2301 N Cameron St — Room/suite: 205

City or town, state or country, and ZIP + 4: Harrisburg PA 17110-9408

D Employer identification number: 20-1921470

E Telephone number: 717-346-0849

G Gross receipts $ 983,811

F Name and address of principal officer

H(a) Is this a group return for affiliates? [ ] Yes [X] No

H(b) Are all affiliates included? [ ] Yes [ ] No
If "No," attach a list (see instructions)

I Tax-exempt status [X] 501(c) (6) ◀ (insert no) [ ] 4947(a)(1) or [ ] 527

J Website: ▶ http://centerfordairyexcellence.org

H(c) Group exemption number ▶

K Type of organization [ ] Corporation [ ] Trust [X] Association [ ] Other ▶

L Year of formation 2003 **M** State of legal domicile PA

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities

Coordinate a competitive and profitable dairy industry. Summary of Organizations achievements and 2010 initiatives are attached.

2 Check this box ▶ [ ] if the organization discontinued its operations or disposed of more than 25% of its net assets

3	Number of voting members of the governing body (Part VI, line 1a)	3	9
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	9
5	Total number of employees (Part V, line 2a)	5	0
6	Total number of volunteers (estimate if necessary)	6	100
7a	Total gross unrelated business revenue from Part VIII, column (C), line 12	7a	
b	Net unrelated business taxable income from Form 990-T, line 34	7b	0

		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)	122,906	224,436
9	Program service revenue (Part VIII, line 2g)	569,998	759,369
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	363	6
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)		
12	Total revenue – add lines 8 through 11 (must equal Part VIII, column (A), line 12)	693,267	983,811
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)		149,566
14	Benefits paid to or for members (Part IX, column (A), line 4)		
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	134,881	157,808
16a	Professional fundraising fees (Part IX, column (A), line 11e)		
b	Total fundraising expenses (Part IX, column (D), line 25) ▶		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	632,892	656,246
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	767,773	963,620
19	Revenue less expenses Subtract line 18 from line 12	-74,506	20,191

Net Assets or Fund Balances		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	52,331	241,175
21	Total liabilities (Part X, line 26)		14,250
22	Net assets or fund balances Subtract line 21 from line 20	52,331	226,925

RECEIVED
MAY 18 2010
OGDEN, UT
E1-64
IRS-OSC

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge

Sign Here

▶ Signature of officer — Date 5/15/10

▶ Brian Reed Treasurer
Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶ — Date 5/14/10 — Check if self-employed ▶ [ ] — Preparer's identifying number (see instructions) P00525152

Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ Simon Lever LLP, 444 Murry Hill Circle, Lancaster, PA 17601 — EIN ▶ 23-1692578 — Phone no ▶ 717-569-7081

May the IRS discuss this return with the preparer shown above? (see instructions) [X] Yes [ ] No

For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.
DAA

Form **990** (2009)

SCANNED JUL 07 2010

Part III Statement of Program Service Accomplishments

1 Briefly describe the organization's mission

Coordinate a competitive and profitable dairy industry. Summary of Organizations achievements and 2010 initiatives are attached.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? ☐ Yes ☒ No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? ☐ Yes ☒ No

If "Yes," describe these changes on Schedule O

4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses $ 869,440 including grants of $ 149,566) (Revenue $)

Summary of Organizations achievements and 2010 initiatives are attached.

4b (Code) (Expenses $ including grants of $) (Revenue $)

4c (Code) (Expenses $ including grants of $) (Revenue $)

4d Other program services (Describe in Schedule O)

(Expenses $ including grants of $) (Revenue $)

4e Total program service expenses ▶ 869,440

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A	1		X
2	Is the organization required to complete Schedule B, Schedule of Contributors?	2		X
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I	3		X
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities? If "Yes," complete Schedule C, Part II	4		
5	**Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations.** Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? If "Yes," complete Schedule C, Part III	5		X
6	Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I	6		X
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II	7		X
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III	8		X
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV	9		X
10	Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? If "Yes," complete Schedule D, Part V	10		X
11	Is the organization's answer to any of the following questions "Yes"? If so, complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable	11		X
	• Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI			
	• Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII			
	• Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII			
	• Did the organization report an amount for other assets related in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX			
	• Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X			
	• Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48? If "Yes," complete Schedule D, Part X			
12	Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII	12		X
12A	Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," completing Schedule D, Parts XI, XII, and XIII is optional — 12A: Yes [ ] No [X]			
13	Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13		X
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		X
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, and program service activities outside the United States? If "Yes," complete Schedule F, Part I	14b		X
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Part II	15		X
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Part III	16		X
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I	17		X
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18		X
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19		X
20	Did the organization operate one or more hospitals? If "Yes," complete Schedule H	20		X

Part IV Checklist of Required Schedules (continued)

			Yes	No
21	Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II	21		X
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III	22	X	
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J	23	X	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b through 24d and complete Schedule K If "No," go to line 25	24a		X
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I	25a		
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I	25b		
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II	26		X
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? If "Yes," complete Schedule L, Part III	27	X	
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28a		X
b	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28b		X
c	An entity of which a current or former officer, director, trustee, or key employee of the organization (or a family member) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV	28c		X
29	Did the organization receive more than $25,000 in non-cash contributions? If "Yes," complete Schedule M	29		X
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M	30		X
31	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I	31		X
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II	32		X
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? If "Yes," complete Schedule R, Part I	33		X
34	Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1	34		X
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2	35		X
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2	36		
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI	37		X
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	38	X	

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Part V Statements Regarding Other IRS Filings and Tax Compliance

					Yes	No
1a	Enter the number reported in Box 3 of Form 1096, Annual Summary and Transmittal of U S Information Returns. Enter -0- if not applicable	1a	100			
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b	0			
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			1c		
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	0			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file this return (see instructions)			2b		
3a	Did the organization have unrelated business gross income of $1,000 or more during the year covered by this return?			3a		X
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O			3b		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?			4a		X
b	If "Yes," enter the name of the foreign country ▶ See the instructions for exceptions and filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?			5a		X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			5b		X
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction?			5c		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			6a		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			6b		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			7a		
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			7c		
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d				
e	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			7e		
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?			7f		
g	For all contributions of qualified intellectual property, did the organization file Form 8899 as required?			7g		
h	For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required?			7h		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			8		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			9b		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12	10a				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	11a				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b				

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Part VI **Governance, Management, and Disclosure** For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body **1a** 9			
b	Enter the number of voting members that are independent **1b** 9			
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**		X
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	**3**		X
4	Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed?	**4**		X
5	Did the organization become aware during the year of a material diversion of the organization's assets?	**5**		X
6	Does the organization have members or stockholders?	**6**		X
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	**7a**	X	
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?	**7b**	X	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	**8a**	X	
b	Each committee with authority to act on behalf of the governing body?	**8b**	X	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	**9**		X

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

			Yes	No
10a	Does the organization have local chapters, branches, or affiliates?	**10a**		X
b	If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?	**10b**		
11	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?	**11**	X	
11a	Describe in Schedule O the process, if any, used by the organization to review this Form 990.			
12a	Does the organization have a written conflict of interest policy? If "No," go to line 13	**12a**		X
b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	**12b**		
c	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	**12c**		
13	Does the organization have a written whistleblower policy?	**13**		X
14	Does the organization have a written document retention and destruction policy?	**14**		X
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	**15a**	X	
b	Other officers or key employees of the organization	**15b**		X
	If "Yes" to line 15a or 15b, describe the process in Schedule O (See instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	**16a**		X
b	If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?	**16b**		

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed ▶ None

18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you make these available Check all that apply

☐ Own website ☐ Another's website ☒ Upon request

19 Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶ Brian Reed ~~[illegible]C N Colebrook Rd~~ 2564 Valley Rd.

Manheim PA 17545 717-346-0849

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year Use Schedule J-2 if additional space is needed

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations

List persons in the following order individual trustees or directors, institutional trustees, officers, key employees, highest compensated employees, and former such persons

☐ Check this box if the organization did not compensate any current officer, director, or trustee

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply): Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
John Frey Director	40.00	X						157,808	0	0
Chris Waddell Board member	1.00	X						0	0	0
Russell Redding Board member	1.00	X						0	0	0
Ron Kline Board member	1.00	X						0	0	0
Allyn Lamb Board member	1.00	X						0	0	0
David Dowler Board member	1.00	X						0	0	0
Lolly Lesher President	1.00			X				0	0	0
Erick Coolidge Vice President	1.00			X				0	0	0
Brian Reed Treasurer	3.00			X				0	0	0
John Siglow Secretary	1.00			X				0	0	0

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply): Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
1b Total ▶								157,808		

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 in reportable compensation from the organization ▶ 1

		Yes	No
3 Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual	3		X
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? If "Yes," complete Schedule J for such individual	4	X	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization for services rendered to the organization? If "Yes," complete Schedule J for such person	5		X

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization

(A) Name and business address	(B) Description of services	(C) Compensation

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 in compensation from the organization ▶ 0

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Part VIII Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a Federated campaigns	1a					
	b Membership dues	1b					
	c Fundraising events	1c					
	d Related organizations	1d					
	e Government grants (contributions)	1e	224,436				
	f All other contributions, gifts, grants, and similar amounts not included above	1f					
	g Noncash contributions included in lines 1a-1f	$					
	h **Total.** Add lines 1a–1f ▶			224,436			
Program Service Revenue		Busn. Code					
	2a PDA - sole source contract			725,417	725,417		
	b Forum			14,700	14,700		
	c Open houses			6,850	6,850		
	d Feed & Grain Summit			5,850	5,850		
	e NEDLT Support			4,030	4,030		
	f All other program service revenue			2,522	2,522		
	g **Total.** Add lines 2a–2f ▶			759,369			
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts) ▶			6			6
	4 Income from investment of tax-exempt bond proceeds ▶						
	5 Royalties ▶						
		(i) Real	(ii) Personal				
	6a Gross Rents						
	b Less rental exps						
	c Rental inc or (loss)						
	d Net rental income or (loss) ▶						
	7a Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other				
	b Less cost or other basis & sales exps						
	c Gain or (loss)						
	d Net gain or (loss) ▶						
	8a Gross income from fundraising events (not including $ of contributions reported on line 1c) See Part IV, line 18	a					
	b Less direct expenses	b					
	c Net income or (loss) from fundraising events ▶						
	9a Gross income from gaming activities See Part IV, line 19	a					
	b Less direct expenses	b					
	c Net income or (loss) from gaming activities ▶						
	10a Gross sales of inventory, less returns and allowances	a					
	b Less cost of goods sold	b					
	c Net income or (loss) from sales of inventory ▶						
	Miscellaneous Revenue	Busn. Code					
	11a						
	b						
	c						
	d All other revenue						
	e **Total.** Add lines 11a–11d ▶						
	12 **Total Revenue.** See instructions ▶			983,811	759,369	0	6

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.
All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U S See Part IV, line 21				
2 Grants and other assistance to individuals in the U S See Part IV, line 22	149,566	149,566		
3 Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	157,808	126,246	31,562	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages				
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)				
9 Other employee benefits				
10 Payroll taxes				
11 Fees for services (non-employees)				
a Management				
b Legal				
c Accounting	1,953	977	976	
d Lobbying				
e Professional fundraising services See Part IV, line 17				
f Investment management fees				
g Other				
12 Advertising and promotion	10,079		10,079	
13 Office expenses	10,793	5,397	5,396	
14 Information technology				
15 Royalties				
16 Occupancy				
17 Travel	41,944	41,944		
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	7,597	7,597		
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization				
23 Insurance	2,317	1,159	1,158	
24 Other expenses Itemize expenses not covered above (Expenses grouped together and labeled miscellaneous may not exceed 5% of total expenses shown on line 25 below.)				
a Services	192,222	153,778	38,444	
b PA Dairy Program	87,599	87,599		
c PDMP Support	64,325	64,325		
d Lanc WIB Grant Expenses	24,583	24,583		
e Cash flow grant	22,840	22,840		
f All other expenses	189,994	183,429	6,565	
25 **Total functional expenses.** Add lines 1 through 24f	963,620	869,440	94,180	
26 **Joint costs.** Check here ▶ ☐ if following SOP 98-2 Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

			(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest bearing	28,313	1	84,272
	2	Savings and temporary cash investments	24,018	2	2,500
	3	Pledges and grants receivable, net		3	154,403
	4	Accounts receivable, net		4	
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L		6	
	7	Notes and loans receivable, net		7	
	8	Inventories for sale or use		8	
	9	Prepaid expenses and deferred charges		9	
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D — 10a			
	b	Less accumulated depreciation — 10b		10c	
	11	Investments—publicly traded securities		11	
	12	Investments—other securities See Part IV, line 11		12	
	13	Investments—program-related See Part IV, line 11		13	
	14	Intangible assets		14	
	15	Other assets See Part IV, line 11		15	
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)	52,331	16	241,175
Liabilities	17	Accounts payable and accrued expenses		17	
	18	Grants payable		18	
	19	Deferred revenue		19	14,250
	20	Tax-exempt bond liabilities		20	
	21	Escrow or custodial account liability Complete Part IV of Schedule D		21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		22	
	23	Secured mortgages and notes payable to unrelated third parties		23	
	24	Unsecured notes and loans payable to unrelated third parties		24	
	25	Other liabilities Complete Part X of Schedule D		25	
	26	**Total liabilities.** Add lines 17 through 25		26	14,250
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ [X] and complete lines 27 through 29, and lines 33 and 34.**			
	27	Unrestricted net assets	52,331	27	226,925
	28	Temporarily restricted net assets		28	
	29	Permanently restricted net assets		29	
		Organizations that do not follow SFAS 117, check here ▶ [ ] and complete lines 30 through 34.			
	30	Capital stock or trust principal, or current funds		30	
	31	Paid-in or capital surplus, or land, building, or equipment fund		31	
	32	Retained earnings, endowment, accumulated income, or other funds		32	
	33	Total net assets or fund balances	52,331	33	226,925
	34	Total liabilities and net assets/fund balances	52,331	34	241,175

Part XI Financial Statements and Reporting

			Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☒ Accrual ☐ Other If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a		X
b	Were the organization's financial statements audited by an independent accountant?	2b		X
c	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	2c		
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a consolidated basis, separate basis, or both ☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a		X
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b		

SCHEDULE I (Form 990)

Department of the Treasury
Internal Revenue Service

Grants and Other Assistance to Organizations, Governments, and Individuals in the United States

Complete if the organization answered "Yes" on Form 990, Part IV, lines 21 or 22.

▶ Attach to Form 990.

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization: Center for Dairy Excellence

Employer identification number: 20-1921470

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? ☒ Yes ☐ No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II Grants and Other Assistance to Governments and Organizations in the United States.

Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. Check this box if no one recipient received more than $5,000. Use Part IV and Schedule I-1 (Form 990) if additional space is needed ▶ ☐

1 (a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance

2 Enter total number of section 501(c)(3) and government organizations ▶

3 Enter total number of other organizations ▶

For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 990.

DAA

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22. Use Part IV and Schedule I-1 (Form 990) if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
Farm management & profit	97	149,566			

Part IV **Supplemental Information.** Complete this part to provide the information required in Part I, line 2, and any other additional information.

SCHEDULE J
(Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees
▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 23.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047
2009
Open To Public Inspection

Name of the organization
Center for Dairy Excellence

Employer identification number
20-1921470

Part I. Questions Regarding Compensation

			Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items. ☐ First-class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax indemnification and gross-up payments ☐ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)			
b	If any of the boxes on line 1a is checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	**1b**		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**		
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply ☐ Compensation committee ☐ Written employment contract ☐ Independent compensation consultant ☐ Compensation survey or study ☐ Form 990 of other organizations ☒ Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**		X
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**		X
c	Participate in, or receive payment from, an equity-based compensation arrangement? If "Yes" to any of lines 4a–c, list the persons and provide the applicable amounts for each item in Part III	**4c**		X
	Only section 501(c)(3) and 501(c)(4) organizations must complete lines 5–9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		
b	Any related organization? If "Yes" to line 5a or 5b, describe in Part III	**5b**		
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		
b	Any related organization? If "Yes" to line 6a or 6b, describe in Part III	**6b**		
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**		
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use Schedule J-1 if additional space is needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii) Do not list any individuals that are not listed on Form 990, Part VII.

Note. The sum of columns (B)(i)–(iii) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)–(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
John Frey	(i)	157,808	0	0	0	0	157,808	0
	(ii)	0	0	0	0	0	0	0
	(i)							
	(ii)							
	(i)							
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Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 4c, 5a, 5b, 6a, 6b, 7, and 8 Also complete this part for any additional information

SCHEDULE L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions With Interested Persons

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b
▶ Attach to Form 990 or Form 990-EZ ▶ See separate instructions.

OMB No 1545-0047
2009
Open To Public Inspection

Name of the organization: Center for Dairy Excellence
Employer identification number: 20-1921470

Part I Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only)

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

1 (a) Name of disqualified person	(b) Description of transaction	(c) Corrected? Yes	No

2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958 ▶ $

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization ▶ $

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

(a) Name of interested person and purpose	(b) Loan to or from the organization? To	From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	No	(f) Approved by board or committee? Yes	No	(g) Written agreement? Yes	No
Total				▶ $						

Part III Grants or Assistance Benefitting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount and type of assistance
Ron Kline	director	1,450
Erick Coolidge	vice president	3,141

Part IV Business Transactions Involving Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of org revenues? Yes	No

SCHEDULE O
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.
▶ Attach to Form 990.

OMB No 1545-0047
2009
Open to Public Inspection

Name of the organization	Employer identification number
Center for Dairy Excellence	20-1921470

Form 990, Part VI, Line 7a - Election of Members and Their Rights

Current board of directors is primarily responsible for nominating and electing members to the governing body.

Form 990, Part VI, Line 7b - Decisions Subject to Approval of Members

Pennsylvania Department of Agriculture gives oversight to the Organization.

Form 990, Part VI, Line 11A - Organization's Process to Review Form 990

Tax return and letter from CPA firm preparing Form 990 are sent to and reviewed by Treasurer and Finance Coordinator.

Form 990, Part VI, Line 15a - Compensation Process for Top Official

The Board of Directors and the Pennsylvania Department of Agriculture executive office approved the executive director's compensation upon his designation as Director.

An independent company was hired to make compensation comparisons for other contractors receiving compensation.

All persons receiving regular payments for services provided have formal job descriptions.

Form 990, Part VI, Line 19 - Governing Documents Disclosure Explanation

Documents made available to the public upon request and various relevant documents are available on the organization's website at

Name of the organization: Center for Dairy Excellence

Employer identification number: 20-1921470

http://centerfordairyexcellence.org.

Form 990, Part XI, Line 1 - Change in Accounting Method Explanation

Organization changed from cash basis to accrual basis for the calendar year ending December 31, 2009 to more accurately reflect increased grant activity. The change in accounting method resulted in an increase in net assets of $154,403 due to recording of grant receivables on January 1, 2009 that were not reported in 2008 under the cash basis of accounting. A reconciliation is as follows -

net asset ending balance 12/31/08 (part I, line 22) $ 52,331	
2009 revenue less expenses (part I, line 19)	20,191
record grant receivables-change to accrual (explanation above)	154,403
	-------
net asset ending balance 12/31/09 (part I, line 22)	$226,925

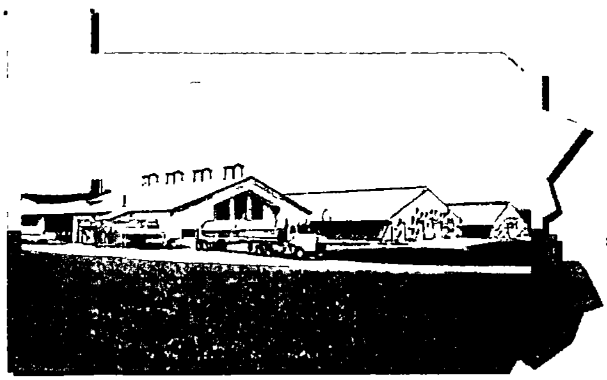
Empowering the People ...
Creating the
Partnerships ...

and
Coordinating
the Resources ...
to GROW
Dairy Profitability
In PA & the Northeast.

The Center for Dairy Excellence and
The Pennsylvania Dairy Task Force

ANNUAL SUMMARY

2009 Accomplishments & 2010 Initiatives



The Dairy Industry in Pennsylvania — 2009

There is no doubt in anyone's mind 2009 has been a year like no other for Pennsylvania's dairy farms. Record low milk prices have lowered milk margins by more than 40% from recent years.

Most analysts agree the average farm will lose $1,000 per cow in equity this year *With every challenge, there comes opportunity* And this year's situation is no different Producers have looked harder at their own farms and found ways to lower cost of production and add revenue to their dairy businesses The evidence of their efforts is published monthly in Pennsylvania's Dairy Industry Performance Scorecard

Strength in Management

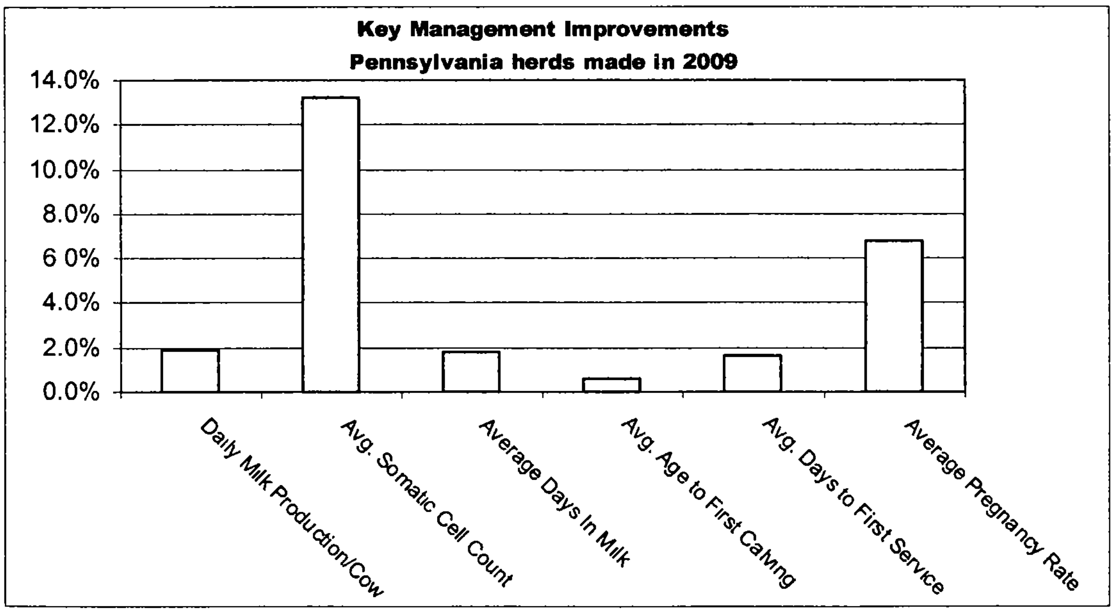
Milk production in Pennsylvania has remained even with last year, despite losing 10,000 cows Nationally, milk production declined 1 1%

Pennsylvania's ability to hold milk production is largely due to strength in several key management areas The state's dairy herd increased milk production per cow by 1 9 percent.

Hidden behind that increase are improvements in somatic cell counts, days in milk, days to first service, age to first calving, and pregnancy rates

Pennsylvania Dairy Industry Performance Scorecard Summary	Oct. 2008 Report	Oct. 2009 Report	Change from last year
Total Monthly Milk Production	862 mill. Lbs.	862 mill. Lbs.	—
Percentage of U.S. Market Share	5.52%	5.58%	▲ 1.1%
Milk Cows	549,000 cows	539,000 cows	▼1.8%
Dairy Farm Operations			
Rolling 12-Mo. State Milk Production	10.64 bill. lbs.	10.53 bill. lbs.	▼ 1.0%
Wholesale Milk Price	$19.40/cwt.	$15.40/cwt.	▼ 20.6%
Milk Production/Cow/Day	58 lbs.	59 lbs.	▲ 1.9%
Average Somatic Cell Count	315,000	273,320	▲ 13.2%
Average Pregnancy Rate	16.11%	17.21%	▲ 6.8%

A key focus of the Center for Dairy Excellence is to help these dairy farms find ways to improve profitability in both good times and bad Many of the programs and resources offered by the center provide producers with ideas and resources for reaching critical benchmarks in these key management areas.



The Center for Dairy Excellence
Strategic Plan for Dairy Development

The Center for Dairy Excellence was established by the Pennsylvania Department of Agriculture at the recommendation of the Pennsylvania Dairy Task Force in 2004 to empower people, create partnerships and coordinate available resources to grow profitability of the dairy industry in Pennsylvania and the Northeast. Since then, milk production in Pennsylvania grew 500 million lbs., while annual milk production per cow grew 1,400 lbs This milk production increase boosted on-farm revenues on a 65-cow dairy by nearly $14,000 With 7,670 farms in the state, that results in a $107 million increase in on-farm revenues, generating $268 million in economic impact for the commonwealth

Efforts of the Center for Dairy Excellence helped to stimulate that increase The work of the center is *due in large part to the involvement of the Pennsylvania Dairy Task Force*, a group of 110+ volunteers – industry leaders and dairy business owners – who dedicate their task force time to shaping the direction of the center.

Many of the center's initiatives result from ideas and concepts discussed within one of five Pennsylvania Dairy Task Force committees In 2007, leadership from each of these five committees came together to develop a strategic plan for the center's work and for dairy development in Pennsylvania. "**Project: Grow Dairy 2012**" came out of those discussions, and today this plan guides the Center's work

This plan continues to serve as the backbone for programs advocated by the Center for Dairy Excellence. In 2009, the center made key inroads in many of the program areas under the "Project. Grow Dairy" strategic plan Those accomplishments are outlined in this summary

Many of these initiatives are collaborative efforts with other industry groups A few of those organizations include the Professional Dairy Managers of Pennsylvania, the Pennsylvania Dairy Stakeholders, the Pennsylvania Dairymen's Association, the Pennsylvania Dairy Promotion Program, the Mid-Atlantic Dairy Association, the Pennsylvania State University and the Pennsylvania Beef Council We want to thank them for their work with the Center for Dairy Excellence and their commitment to growing Pennsylvania's dairy industry

PROJECT: GROW DAIRY 2012 FOUNDATIONAL ELEMENTS

PROJECT: GROW DAIRY 2012

Dairy Development Funding

Expansion & Modernization Incentives

Farm Transition Models/Incentives

Animal Care Standards

Milk Quality Initiatives

Risk Management Resources

Dairy Business Management Resources

Consumer Education & Legislative Outreach

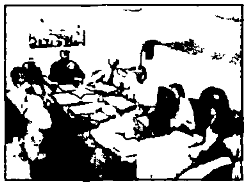
Dairy Industry Education Programs

Farm Resource Teams

The Building Blocks of Grow Dairy 2012

Farm Resource Teams

The **Dairy Profit (Resource) Team Program** provides funding and support for farms to establish on-farm advisory teams to make better decisions and increase profits



Nearly 265 dairies have established a dairy profit, target or succession planning team

The center also continues to capitalize on our partnership with **The Pennsylvania State University** to deliver training and support to dairy farms through one of the resource team programs.

Key 2009 Accomplishments

✓ Nationally recognized **SCORE (Service Core of Retired Executives) members** are being aligned with profit teams to share their business insight as facilitators.

✓ **Practical Dairy Advisors (PDA)** are working closely with teams to help them pinpoint bottlenecks and reach key benchmarks

✓ The Center for Dairy Excellence secured **additional funding** for the program and introduced **new guidelines and individual farm funding levels** for On-Farm Dairy Resource Teams

✓ The new guidelines include an annual application process to bring **more accountability and oversight** to the program

Expansion/Modernization Incentives

Incentive-based programs are designed to stimulate modernization and expansion of the dairy industry Past incentive-based programs included the Dairy XP program, dairy modernization grants, and dairy implementation grants.

In 2009, the Center for Dairy Excellence recognized the challenging nature of the dairy economy and focused on programs in this area that would help producers manage through the crisis.

Key 2009 Accomplishments

✓ The Center for Dairy Excellence offered **forty $1,500 grants** to help dairy farm families utilize professional services to do cash flow projections, production costs analysis, and dairy business budgeting

✓ The grants were an initiative of the Pennsylvania Dairy Task Force's **Business Management Committee** .

Dairy Industry Education Programs

Educational opportunities and outreach programs like the **Pennsylvania Dairy Profitability Forum** and **"Open House and Dairy Tours"** give dairy producers access to timely, relevant information on best management practices to improve the profitability of their dairy operation

Thousands of dairy producers also look for timely, relevant news and producer testimonials provided in the ***Lancaster Farming*** **"Center Spotlight"** and the ***Farmshine*** **"Center Page."**

The center's **Dairy Advocacy and Resource Team** program continues to provide invaluable information to help sales and service representatives become even greater resources for their customers

Key 2009 Accomplishments

✓ More than 250 people attended the **Dairy Profitability Forum** held in two locations The event addressed milk pricing, dairy policy, best management practices, and future dairy farm profitability

✓ Nearly 700 people participated in the center's **Open House and Dairy Tour** series, showcasing innovative dairy operations

✓ The center hosted **DART regional meetings** in April, July and October, reaching more than 450 industry representatives with invaluable information to enhance their skill sets

✓ The Center for Dairy Excellence introduced a new educational conference call learning series, **"Mastering the Dairy Business,"** which offered valuable management insight to the 310 producers who joined the noon-time calls Eight calls were held in 2009

A Strategic Plan for Dairy Development

Risk Management Resources

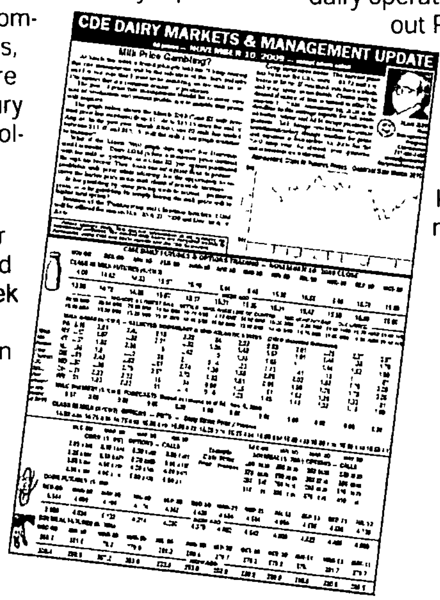
Risk Management Initiatives, coordinated by the center through a grant provided by the Risk Management Agency, have provided new leadership in this increasingly important area of dairy farm management.

The center's activities have included educating producers on their risk management options, including the **LGM for Dairy** insurance program. The center also continues to publish the **Pennsylvania Dairy Industry Performance Scorecard**, which provides historical statistics around key dairy benchmarks.

Alan Zepp, the center's **risk management program coordinator**, plays a critical role in educating dairy farm families on risk management. He meets regularly with farmers individually and in group settings to help them better understand their options for protecting their business risks.

Key 2009 Accomplishments

✓ The **"Markets and Management Update,"** published weekly in the *Farmshine*, provides weekly reports on dairy and commodity markets, along with more insight into dairy market terminology provided by Zepp.


CDE DAIRY MARKETS & MANAGEMENT UPDATE

Milk Price Gambling?

✓ The center also introduced the **"Dairy Week in Review,"** a weekly insert in *Lancaster Farming* that provides an update on dairy policy, markets and industry happenings.

Farm Transitions Models/Incentives

The Center for Dairy Excellence continues to work closely with the **Center for Farm Transitions** to offer support to those farms transitioning to the next generation.

In a survey conducted by the center in early 2009, 17% of all dairy producers in Pennsylvania said they were planning to exit the business in the next five years. About 57% of those individuals said they planned to have a younger family member or partner take over the business.

Only 7% of this group said they had developed a formalized transition plan. Helping these farms successfully transition to the next generation is key in continuing to strengthen Pennsylvania's dairy industry.

Key 2009 Accomplishments

✓ About **25 farms are working with the center** in its Succession Planning Team program, with many of those being in the western part of the state.

✓ **Penn State Cooperative Extension** has been working closely with the dairy operations throughout Pennsylvania to help them develop successful succession plans and keep their businesses in dairy.

Animal Care Standards

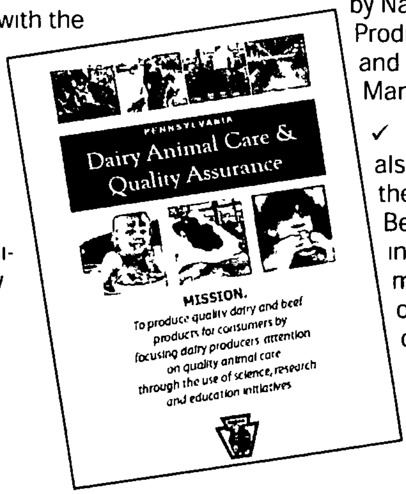
In all of its programs, the Center for Dairy Excellence works to complement existing industry efforts. One area where the center has worked closely with other industry organizations is in the area of dairy animal care.

In 2008, the center worked with other industry organizations, including the Pennsylvania Beef Council, to roll out the **PA Dairy Animal Care and Quality Assurance** program.

This program was designed to focus dairy producers' attention on quality animal care practices through training and education.

Key 2009 Accomplishments

✓ The Dairy Animal Care and Quality Assurance program has served as a model for the new **National Dairy FARM (Farmers Assuring Responsible Management) program**, a national dairy animal care initiative introduced by National Milk Producers Federation and Dairy Management Inc.



✓ The center is also working with the Pennsylvania Beef Council to introduce a new monthly column on dairy animal care called **"Quality Care Matters."**

The Building Blocks of Grow Dairy 2012

Dairy Business Management Resources

In the early 2009 survey conducted by the center, only 12% of the 1,600 dairy producers responding said they had a formalized business plan in place. Yet, a business without a plan is like a ship without a compass

In 2007, the center worked with the Kutztown University Small Business Development Center to put together templates to help these dairy farms go through the complicated process of completing a business plan

Key 2009 Accomplishments

Early in 2009, the center rolled out the Dairy Business Planning Template, an online resource that simplifies writing a business plan. The resource uses video, examples, and instruction to walk farm families through each step involved in writing their plan

The center plans to provide the Dairy Business Planning Template to ag lenders, business planning consultants, and others working closely with farmers in this area. The resource is also available on a flash drive for those who do not have internet access

Dairy Development Funding

To continue to expand the reach of the Center for Dairy Excellence and to bring more resources and support to the state's dairy farm families, the center must continue to build monetary support for its programs and resources This funding is critical to the continued success of the center and its mission.

Key 2009 Accomplishments

In 2009, the center received a federal grant, which will be used to continue financial support for the on-farm dairy resource team program

In October, the center rolled out the "Allies for Advancement" program, which will enable industry organizations to provide monetary support for the center's programs The program is intended to help the center continue to grow its efforts to support Pennsylvania's dairy industry

Consumer Education & Legislative Outreach

The Center continues to work closely with the Pennsylvania Dairy Promotion Program, Mid-Atlantic Dairy Association and the PA Dairymen's Association to increase consumer awareness of the dairy industry and the role dairy farms play in our local communities

Communicating regularly with state policy leaders is also critical to encourage greater support of Pennsylvania's dairy farm families The Center for Dairy Excellence communicates regularly with local, state, and national policy leaders to keep them aware of the issues affecting the state's dairy industry

Key 2009 Accomplishments

✓ Usage of the Discover Dairy program continued to grow, with more than 200 teachers now enrolled in the program A lesson series for middle school teachers will be rolled out in early 2010

✓ The center introduced a regular Pennsylvania Dairy Industry Update bulletin for members of the PA General Assembly and Congressional Delegation The bulletin is e-mailed to legislators and staffers to keep them informed about dairy issues

✓ The center worked closely with the Professional Dairy Managers of Pennsylvania to build stronger relationships with key legislators in Harrisburg and in Washington, D C

✓ The center also continues to provide leadership and support for the Northeast Dairy Leadership Team. In 2009, that work was largely focused on providing information to the Northeast Congressional delegation on dairy policy and recommendations for change.

Center for Dairy Excellence 2010 Priorities

In 2010, the Center for Dairy Excellence will continue to implement "Project Grow Dairy 2012," with a focus on strengthening and growing Pennsylvania's dairy industry. A key part of our efforts will involve helping farmers re-calibrate their business and explore new opportunities to improve profitability.

Innovative Educational Opportunities ...

The hallmark of our efforts at the Center for Dairy Excellence is our work to bring educational opportunities to Pennsylvania's dairy farm families The center will continue to host regular "Mastering the Dairy Business" conference calls, "Open House and Dairy Tours," and the fall Pennsylvania Dairy Profitability Forum.

Our work with on-farm resource teams and with the Dairy Advocacy and Resource Team program will continue to bring this information to individual dairy farms. Dairy profit teams have demonstrated their ability to bring better ideas and added insight to the decision making process on the farm

We will also work closely with industry partners, including Penn State Dairy Alliance, to collaborate on educational opportunities for dairy producers. A goal for the center in 2010 will be to enhance our educational efforts targeting young and beginning farmers

Bringing Best Management Practices to the Farm ...

A key area of emphasis will be on best management practices and standard operating procedures in herd management, business performance, and animal care We will continue to encourage producers to focus on these best management practices by.

✓ Sharing farmer testimonials in agriculture and dairy publications, and
✓ Showcasing farms using these best management practices at the summer "Open House and Dairy Tour" series and at the fall Dairy Profitability Forum

Being a Source for Useful and Unique Information ...

The center is uniquely positioned to be a credible source of relevant market and industry information And we intend to continue to provide this information through regularly published resources, including·

✓ The Markets and Management Update in the *Farmshine*,
✓ The Dairy Week in Review in the *Lancaster Farming*, and
✓ The Pennsylvania Dairy Industry Performance Scorecard published online

Showcasing the Value of Pennsylvania's dairy farms ...

Last, but not least, a key priority in 2010 will be to educate both consumers and key policy leaders on the many contributions that dairy farms make to the commonwealth and why these farms need the continued support of the local community. The center is actively engaged at the local, state, and national level, informing policy leaders – from township supervisors to our Pennsylvania Congressional Delegation – on dairy-related issues

Key vehicles to accomplish this priority in 2010 will include

✓ The Discover Dairy Lesson Series program,
✓ The Pennsylvania Dairy Farmer Speakers Bureau,
✓ The Pennsylvania General Assembly Dairy Industry Update, and
✓ The Pennsylvania Dairy Task Force's legislative and consumer outreach efforts

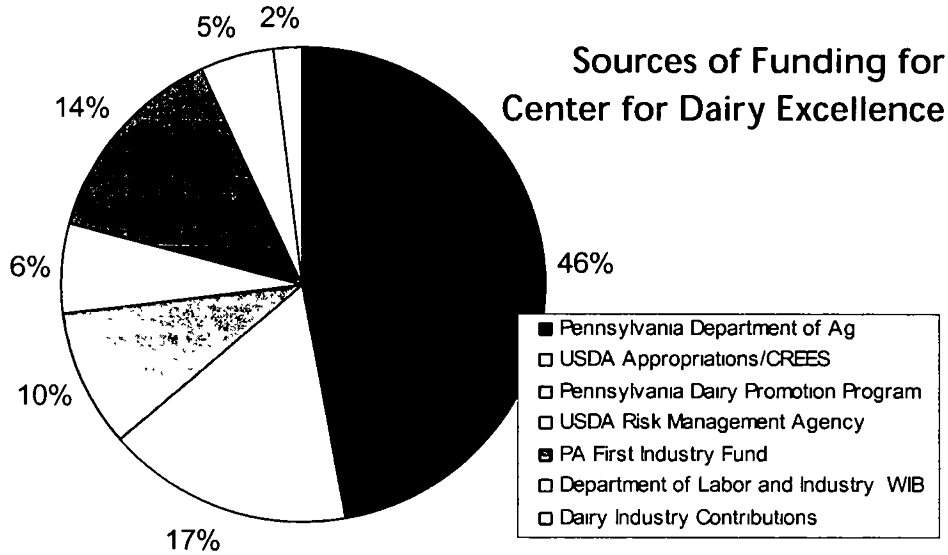
Thanks to Our Supporters

The Center for Dairy Excellence is a non-profit 501C6 organization The organization was created to enhance profitability and viability of the dairy industry, the leading sector in Pennsylvania's number one industry, Agriculture

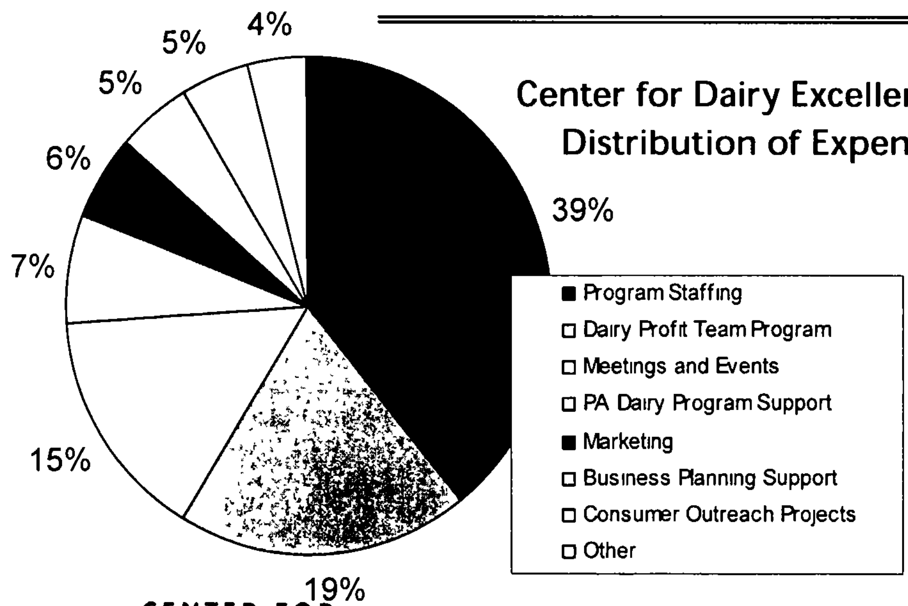
Along with support from the Pennsylvania Department of Agriculture, the center relies heavily on grant funding and support from the dairy industry The funding from the commonwealth acts as seed money for a $1 2 million budget to support Pennsylvania's dairy industry.

In-kind support contributed by the many volunteers who serve on the task force is also an invaluable resource That support stretches Center for Dairy Excellence funds farther on behalf of the dairy industry. The in-kind contribution from these volunteers is estimated at more than $1 million over the past five years

Sources of Funding for Center for Dairy Excellence



Center for Dairy Excellence Distribution of Expenses



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Pennsylvania Dairy Task Force

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