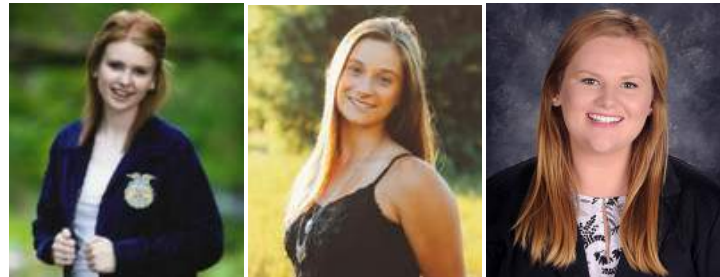


Congratulations 2017 Scholarship Winners

We wish to recognize and congratulate the recipients of this year's Ellsworth Cooperative Creamery Scholarships.

The goal of this program is to provide scholarships to members of our cooperative's families who wish to continue their post high school education in Agriculture at a two-year technical school or a four-year university.

**We wish you all much success
in your future careers!**



Grace Anderson

Kelci Brion

Allissa Frisle



Melendy Miller

Paul Skogen

June Dairy Month

Dunn County - May 20
Prestrud Family Farm

Barron County - June 3
Moen Family Farm

Wabasha Family Night on the Farm - June 8
Richard Young Farm

Pepin County - June 10
Larry Schuh Farm

Showdown in Curdtown - June 10
Pierce County Fairgrounds

Pierce County - June 17
Jason & Lori Kjos, Huppert Brothers

Buffalo County - June 24
Tom Salwey Farm

Winona Family Night on the Farm - June 27
Speltz Dairy, LLC



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/EllsworthCheese



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May 2017

We Got Carved at the China Dairy Expo

Last month, a delegation of Wisconsin agriculture-related companies attended the 2017 China International Dairy Expo and Summit in Harbin, China, where they exhibited Wisconsin products in a Wisconsin Pavilion organized by the Wisconsin Department of Agriculture, Trade and Consumer Protection.

Harbin, the capital of Heilongjiang Province, is a major dairy production and processing area, and Heilongjiang and Wisconsin have had Sister State ties since 1982.

This year marks the 35th anniversary of the Sister State relationship, and to celebrate the milestone, Ellsworth Cooperative Creamery provided four 40lb blocks of aged cheddar, which were produced by our Comstock plant. The blocks were turned into sculpted works of art by Troy Landwehr, a Wisconsin resident and accomplished cheese carver.



Of course the trip wasn't all about cheesy works of art. During the expo, exhibitors met with key industry experts, had one-on-one meetings with potential distributors and business partners, networked with decision-makers, and gained exposure through Chinese media. The expo is annually attended by

leading business representatives from dozens of countries throughout Asia, Eastern and Western Europe, Oceania, and the Middle East.

The state's delegation included staff from UW-River Falls, who gave a presentation on the welfare of dairy cows and helped coordinate the cheese carving. Ellsworth Cooperative Creamery was represented by Fred Zhang of Shonestone Trade LLC and its Chinese affiliate, Anyous (Shanghai) Food Co., Ltd.

In the past several years, we have been making consistent efforts to promote our products in China and southeast Asian countries and we're excited about the progress we've made in that region. International trade opportunities continue to hold great promise and potential for our cooperative.

Ellsworth Cooperative Creamery sales staff will be visiting China this month to further strengthen business ties and introduce new products to the Chinese marketplace.

Ellsworth Creamery Named "Best of..."



The Ellsworth Cooperative Creamery was honored to be voted 'Best Tourism Destination/Attraction' in the area for the end year in a row. The Ellsworth Area Chamber of Commerce sponsors the contest, however, it was the votes of the community members who determined the

winner. A commemorative poster was presented during an award banquet in February and is on display in the Ellsworth Retail Store. Our retail stores have become daytrip destinations attracting thousands of tourists annually, drawing 75% of their traffic from outside of the area, mainly the Twin Cities.

Milk Quality Award Winners

At Ellsworth Cooperative Creamery, it all starts at the farm. We look to our producers and require they meet strict quality standards. We recognize and reward their efforts by naming our top three farm Milk Quality Award Winners. It's a tight race each year, and we're happy to announce our 2016 winners:

FIRST PLACE: Jon & Wendy Meyer, Lake City, MN.

SECOND PLACE: Tony & Matt Berkold, Lake City, MN.

THIRD PLACE: LNB Farms, LLC, Barron, WI (not pictured).

Congratulations and thank you to these winners, and the dedication of all our family farms, for producing milk of the highest quality!



Explaining Milk Prices

By Paul Bauer, CEO, Manager
paulb@ellsworthcreamery.net



As you might expect, lately I've been fielding many questions on the topic of milk pricing. This quarter I'm dedicating this column to answering the most frequently asked questions

on the topic.

"Why are we not getting paid more for milk?" The answer is simple. The cash markets for the products we sell are less than the calculated value for Class III milk by the Federal Milk Marketing Order (FMMO).

The April market for barrel cheese average was \$1.4307 and blocks \$1.4976 per pound. Milk yields about 10 pounds of cheese per hundred weight of milk, so the class price for milk should be between \$14.30 and \$14.90, provided we don't value anything to convert the milk into cheese.

The market is calculating a \$15.22 value for Class III milk, so how can there be that great of a difference? Currently Class III is calculated with information reported by NASS, which includes any premiums paid on the cheese. These premiums have been added to cover the conversion cost of milk into cheese as the make allowance has not been adjusted in many years.

The make allowance covers, labor, energy, depreciation, supplies and

profit. The allowance has not significantly changed in 30 years. The result is the plants having to charging premiums for cheese, which is included in the NASS survey, and very little in construction of new plants in the Midwest.

A new plant in Michigan will cost \$.15 a pound in depreciation! That value needs to come out of the milk value somewhere. (As a point of reference our depreciation is that same as it was 20 years ago).

"What to expect for the FMMO in the future?" Either a complete meltdown – meaning the orders go away in the Midwest, a reform that makes allowance to reflect a true cost manufacturing

cheese, or we continue to have high Class III prices that are not supported by the Market and no new construction of plants to handle the capacity growing in the Midwest.

"What other issues face the creamery with the FMMO?" The minimum Grade A pooling requirements decreased 2.5% recently to 7.5%. This reflects the decrease in fluid

milk sales and the growing milk supply in Order 30.

Last year we had to take money out of the patron checks to pay into the pool, plus pay the pooling fees. So, the benefit from the pool is quickly eroding to the point that they may not be needed. In addition, the large cooperatives hold a monopoly on supplying the fluid market and soak up any benefit from the price.

Milk pricing, profits, the Federal Milk Marketing Order and more... The answers to your most frequently asked market questions.

Legislative Spotlight: The Future of the Farm Bill



In April, Ellsworth Cooperative Creamery, as part of the Midwest Dairymen's Collation, had the opportunity to lobby in Washington D.C. on the changes to the Farm Bill, with a focus on the Margin Protection Program, Dairy Pride Act and Immigration issues. We visited a total of 15 congressional offices and committees and it was an eye opening experience.

The good news is the industry, for the first time ever, is in agreement on what needs to be fixed. The bad news is the cost to outright change the feed formula as scored by the Congressional Budget Office (CBO) is too great. Every Congressional office we spoke with agreed the CBO was wrong on the scoring, yet that is what they must abide by.

So, some very intelligent people are working on ways to get around this. Plus, they are working to enhance tools for dairy farmers to control margins with the expansion of LGM or a LGM-like program.

The Dairy Pride Act, legislation requiring the FDA to follow the rules currently in place on the labeling of milk, is having challenges. At present the soy industry is against it. It is unlikely the bill will pass outright as is, but it may get attached to some unrelated bill in the future. We'll be watching this closely.

In regards to sane immigration to allow for 2 to 3 year visas for dairy farm workers, we had a lot of understanding of this issue but very little in the way of concrete action to fix it.

The work continues and the Midwest Dairymen's Collation will continue their advocacy on behalf of our cooperative and their other members.

Planning Changes in your Farm's Production?

At Ellsworth Cooperative Creamery, our goal is to process our members' milk and run our plant as efficiently-full as sales will allow. To accomplish this important goal, we closely monitor our needs by evaluating the lowest point of the milk receipts as compared to our committed sales.

Our commitment to our members is to process our members' milk first, prior to taking on more milk or more members. An open dialog between our pa-

tron members and field representatives allows us to do this successfully.

Please keep your field representative abreast of any major expansions you are committing to.

To successfully expand production capacity to accommodate our members' growth, we need to know in advance of any significant changes to your volume of milk. Knowing of your plans helps us plan efficiently and profitably to the benefit of all.



Join us for the Cheese Curd Festival

Cheese Curd fans from around the region will make the pilgrimage to Ellsworth to celebrate the tasty white morsels that make our cooperative so proud. This year's festival takes place June 23-24 in the village's East End Park.

Part foodie event and part music festival, attendees get their fill of creative cheese curd dishes while enjoying an eclectic mix of music and interactive tasting experiences for adults and kids, alike.

The festival caught the eye of the Department of Tourism and was awarded a \$25,000 grant to promote the festival to the Twin Cities market. We're taking full advantage, spotlighting cheese curds and the dairy industry in a special way.

The WMMB will be sponsoring a Farmer Meet & Greet, Pierce County's Dairy Promotion Council is hosting a Milk & Cookie Pairing, and UWRF Food Science Program will be putting on an Ice Cream Tasting. These and other events are designed to create engagement with our target market.

So come for a good time, and to satisfy your cheese curd cravings! Details about the event can be found online at CheeseCurdFestival.com.