

HOW MEMBERSHIP WORKS

The fine print – in large print

Financial Disclaimer

For clarity, “membership” in the HoneyShareSM Co-op or HoneyPotSM clearly disclaims any sort of profit expectation and clearly affirms that the money is used for pre-purchase of goods and services. In financial terms, nothing offered shall be construed to offer an investment or loan. Another familiar term that could be applied to our membership programs are CSA shares. Community Supported Agriculture (CSA) shares serve as prepayment for goods and services as opposed to a vehicle for earning the shareholder profit, they would typically not be considered securities. CSA’s are common means through which farmers raise cash to cover operating expenses of furnishing products or services to the CSA membership. The farmer might also put the cash towards some capital expenses (e.g., fencing, barns or greenhouses) that are necessary for producing food. CSA membership fees used to cover these expenses enable “consumer consumption,” which generally falls outside the umbrella of federal and state securities regulations. When a CSA is structured as a pre-purchase, the customer pays an agreed on price up front that will be applied to later purchases. In a sense, the pre-paid CSA share acts as a gift certificate to purchase future farm produce. In certain situations the farmer may wish to provide a “bonus” or “incentive” to the pre-purchaser, which we tie directly to the pre-purchase. When our marketing materials reference “membership”, “shares”, “own”, “entitled”, “proceeds”, it refers precisely to this common definition of CSA membership.

New Hive Shares

New members launch the creation of a new honeybee hive. While whole hive members fund a whole new hive, the 1/2, 1/3, and 1/4 share members fund a portion of a new hive, with other partial-share members fleshing out the hive, and Griffin Corners – Chasing Honey Farm taking responsibility for the rest of a partial hive.

Membership is valid for the season in which it is purchased, is renewed annually, and otherwise expires 31 Dec. At certain times, promotional periods may allow new members to pre-pay for membership for the

following season at a discount. Existing members may have the option to roll-over the proceeds of their hive share to cover the following year's membership fee. There is nothing binding members to maintain their membership from year-to-year. Membership is pre-paid for the year, with honey disbursed by 31 Dec of each year. Those that choose to receive their hive share in cash will receive quarterly disbursements until that season's honey is sold out. Those that choose to roll-over their proceeds into the co-op will be able to apply the credit towards their annual dues, with the remainder held over until the amount covers another hive share. There are no refunds on initial membership fees or annual dues. Membership may be limited by the number of hives the apiary can sustain or that Chasing Honey Farm can manage in any given year. Members will be instructed with due and timely notice of any upcoming fees for continued membership or changes in membership numbers or structure.

Proceeds of the apiary for the purposes of membership benefits are calculated by averaging the saleable yield of honey from all the hives in the apiary, assigning a total market value based on industry reports and economic conditions with regards to speciality food products and the market rate for super-premium honey products less cost-of-goods-sold, and offering members the option to receive the honey, the money, or both, as a reward for their proportional membership in the co-op. In this way, individual members are insulated from loss of any benefit. If a hive has low crop yield, is lost or destroyed by mismanagement or acts of nature, the member still receives a benefit based on a total apiary average inclusive of the non-yielding hive.

HoneyShareSM Co-op members share in the proceeds of the member's honey sold at market, while Griffin Corners, LLC takes full-responsibility for the costs of bees and hive equipment purchases, hive management, and honey processing, packaging, marketing and delivery expenses. This also implies that in the case of a total loss of the apiary, for whatever reason, the benefit for co-op members would be proportional. If there is no honey to harvest or sell, there is no benefit to be afforded co-op members. Co-op members are not responsible for crop losses, hive and hive equipment loss or destruction. Annual benefit may be as little as 0lbs of honey/\$0 and is limited only by the capacity of the hives to produce honey. Depending on management techniques, honeybee hives can produce between 50 and 200 pounds of honey per year. There are hives in the US on record that have generated much more in a season. There are also seasons where hives produce no excess honey, or are lost or destroyed by a variety of causes.

Chasing Honey Farm factors conservative estimates into its pricing considerations, knowing that our treatment-free management techniques may make it more challenging to produce those large crop yields. Even modest expectations on yield can provide a significant benefit to members year-over-year. Actual benefit may vary from year-to-year based on yield and actual honey sold. Calculation of benefits for the year will be described in explicit detail with a post-harvest farm report describing how much honey was taken from how many hives and how much of which has been pre-sold, sold or needs to be sold. This report will be published after the autumn harvest with estimates issued as they become available.

Replacement costs for hives that are lost, destroyed, or otherwise unable to maintain a honeybee colony and produce honey is the responsibility of Griffin Corners, LLC. The annual membership fee generates funds that assist in maintaining and replacing hives and hive equipment as needed. For the purposes of calculating a member's annual benefit in terms of pounds of honey or US dollars, Griffin Corners, LLC is considered a member of the co-op for the whole hives and portions of hives without other assigned members. If members leave the co-op by not renewing membership, Griffin Corners, LLC assumes responsibility and benefits of that hive for the following year. Hives without assigned members may be consolidated into other existing hives or split off into new hives, to be sold to new or existing members, or retained by Griffin Corners, LLC.

WHAT THE HONEYSHARESM CO-OP IS NOT

The Chasing Honey Farm **HoneyShareSM Co-op** is not an investment vehicle. While it provides the proceeds of the apiary as a benefit of membership, members are reminded that any funds disbursed from the co-op to its members would be considered taxable income according to US Internal Revenue Code Section 63. It is the responsibility of the **HoneyShareSM Co-op** member to consult their financial advisor as to whether receiving cash proceeds from the sale of the apiary's honey affects their tax liability.

We offer the option of receiving a financial benefit as a part of membership to "sweeten the deal", to make supporting sustainable agriculture on a long-term basis more attractive than simply picking up a jar of honey in the store. By encouraging communities to have a stake in the success of its agriculture we can ensure the continued growth of pollinators, the expansion of reliable farming jobs, and raising the profile of honey and

honey products in the marketplace. Members have the option to receive their share of the apiary's proceeds in raw honey, US Dollars, or a mix of both, depending on how much honey you may want for the year or how much you want to reinvest into the apiary for the next season.

These proceeds are given as a benefit, and are not guaranteed for any quantity or amount. Beekeeping and the production of honey is weather-dependent and seasonally variable with regards to crop yield and hive survival from year-to-year. Co-operative agriculture uses the collective resources of the co-op as leverage to even out total crop yields. For example, if there are 2 hives, one producing 100 pounds of honey in a season and one producing only 50 pounds, the per-hive average yield for the apiary is 75 pounds. In this way, we can equally distribute proceeds of each of our hives through the co-op while accounting for honey surplus or deficit, as well as hive losses due to weather or other acts of nature (animals, disease, etc.).

Further, **HoneyShareSM Co-op** members do not own the honey *in situ*, honeybees, hives or equipment used to raise bees and produce honey. Honey or the proceeds from the sale of the apiary's honey will be given as a benefit to members. While a whole-hive share member may have a "hive of their own", as we intend to numerically identify our hives and assign them to members, that language of ownership, owning, and personal possession is used only to help people understand the experience of supporting sustainable agriculture as a community, and does not convey actual rights and responsibilities of ownership. The brands, images, identities, resources, equipment, assets, tools, honey, honeybees and hives of Chasing Honey Farm are the sole property of Griffin Corners, LLC. The land on which we farm is owned by a third-party, separate from Griffin Corners, LLC. Throughout the year financial statements, farm reports, lab analyses, photographs, videos, and other proof will be provided in our efforts for transparency in our corporate and farming activities. In this way we ensure that our members who are paying for the creation of a hive or portion of a hive see the progress made through their contribution.

We intend our members to be informed consumers and recommend addressing any considerations, financial or otherwise, before purchasing a membership package. **Any questions regarding membership should be directed to Griffin Corners, LLC; PO Box 24, Fleischmanns, NY 12430; griffincorners@gmail.com; or +1.313.242.7324.**