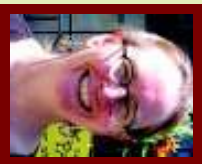


MNFC BOARD OF DIRECTORS



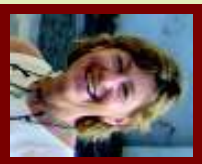
Karen Miller-Lane
Middlebury



Michelle McCauley
New Haven



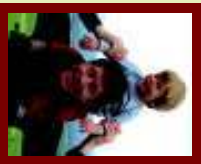
Ilaria Brancoli
Busdraghi
Middlebury



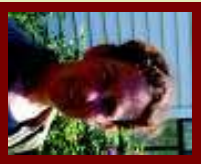
Mary Gill
Middlebury



Francisca Drexel
Weybridge



Kevin Lehman
Middlebury



Kate Gridley
Middlebury



Kristen Bolton
Cornwall



Ross Conrad
Middlebury



Tam Stewart
Goshen



Jay Leshinsky
Middlebury



President's Report

by Jay Leshinsky

As the MNFC Board continued to examine our local food system, I've been heartened to see so many of our community members put so much creative energy toward strengthening our local food system. At the Co-op our

General Manager Glenn Lower and some of our Board members are working with the Addison County Local Food Collaborative and the Farm to School initiative to help get more locally produced food into local institutions. In our own store, our dedicated managers and staff are working to increase the percentage of local and organic food in the store. In a private sector/public sector collaboration local food producers are developing food storage facilities and doing on farm research to increase the quality and quantity of crops that can be grown locally.

While these are positive signs many challenges remain. There are many "hard questions" being asked. What are the changes each sector of the food system will have to make to create a vibrant local food economy? Where will we find the local and regional farmers to meet increased demand? How will that system assure that food is produced in ways that are healthy for our entire community and for our planet? What political advocacy is necessary to further these ends? As the Board of Director's develops its vision for the future, we will continue our educational work based upon these questions.

I recently attended the Farm to Institution Forum at the Vermont Northeast Organic Farmers Association Winter Conference. Attendees looked at the blocks to getting more locally grown food into more Vermont institutions and ways those blocks might be overcome. The participants were farmers, processors, distributors, institutional food purchasers, food stores and support organizations from all around the state of Vermont. Some participants were competitors in their sector of the food system, yet they came together with a willingness to freely offer information about their own operations so that everyone benefited.

Spring is the time to celebrate the new growing season. We invite you to join us at our Annual Meeting on the Middlebury Town Green on June 4th for celebration and lively discussion.



General Manager's Report

by Glenn Lower

This year Middlebury Natural Foods Co-op celebrates 35 years as a retail store. The Co-op incorporated in June 1976; soon after it moved from the old train depot on Seymour Street to its current block on Washington Street. Of course, the Co-op existed several years before as a buying club that

eventually grew into our retail store. We have so much to be thankful for those original members who started this amazing community-owned organization. The Co-op has grown and changed over the years, but the original purpose remains the same: to meet the needs of its members and community.

The Board of Directors focuses on four Ends statements of why the Co-op exists. MNFC member owners, customers and the community benefit from:

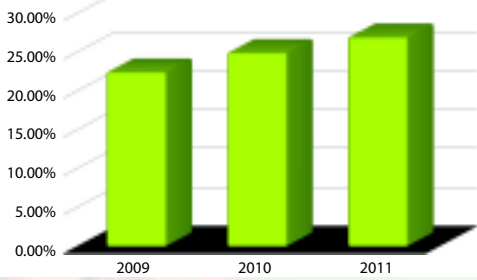
- healthy foods
- vibrant local economy
- environmentally sustainable and energy-efficient practices
- cooperative democratic ownership.

Thank you to an amazing Board of Directors who volunteer their time on behalf of the members. And thank you to a wonderful staff doing all the hard work day in and day out to implement these directives.

Given the old adage, You manage what you measure, we plan to measure more of our efforts in the coming year.

- (1) **Local:** The staff are very proud to report that Vermont products have grown to ~27% of store sales this past year!
- (2) **Educational activities:** We budgeted 3,300 hours of activity to educate customers, members, staff and Board directors for this year and includes everything from newsletter, to promoting local producers, website, staff development, board development, demos in the store, handout material, events, etc.
- (3) **Market study:** We will measure our market potential to help with long range planning questions.
- (4) **Carbon footprint:** We will measure our energy usage to help us understand current baseline, evaluate future progress, and contribute to the discussion about long range planning.
- (5) **Physical improvements** will be analyzed in the store for customer traffic flow, customer service, energy efficiency, spring cleaning/painting, etc.
- (6) **Financial health:** preliminary numbers show Sales Growth is 6.5% over last year. Membership has grown 6% to 3,340 households. Net profits are \$183,457.
- (7) **Collaboration:** We will explore partnerships in the broader community with like-minded organizations to find ways to increase the vibrancy of the local food system.
- (8) **Donations** will be similar to last year with \$16,000 planned to benefit some 60 local non-profit organizations, especially the two local food shelves.

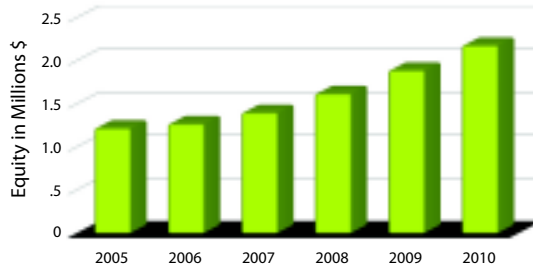
Local Sales as % Store Total



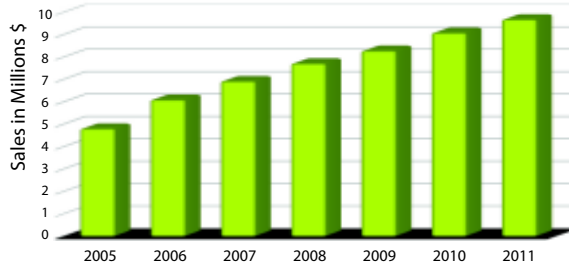
"Local" sales are defined as grown or value-added within Vermont. Our emphasis on LOCAL will help build a sustainable local economy and contribute to a better world.

Equity is the accumulation of all retained earnings (profits + member shares) over the years. Equity provides future strength and stability for our community-owned store.

Equity



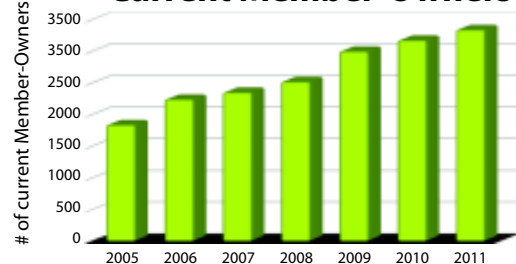
MNFC Annual Sales



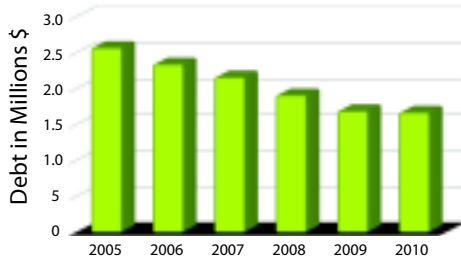
Sales have grown steadily since the Co-op expanded in October 2004.

The number of member-owners has grown steadily in recent years. Only current (share paid) member-owners are considered in the count.

Current Member-Owners



Debt



As co-op debt declines, the equity is rising. Most of the decline in debt is due to paying off member loans and other community development loans to be recycled back into the community.

Profits have also been healthy in recent years. As a community-owned co-op, any profits are used to improve the business for the benefit of the member-owners and community. This is one of the critical differences between a co-op and a chain business whose purpose is to increase profits for stock holders outside the community.

Net Profit %

