



MIDDLEBURY
NATURAL
FOODS
CO-OP

2024
ANNUAL
REPORT





BOARD REPORT 2024

Dear MNFC Member-Owners, shoppers, and community members,

Thank you for your continued support of Middlebury Natural Foods Co-op! Your choice to shop at MNFC matters and truly makes a real difference in our community. We are highly aware that you have many options for how to bring food into your home, and on behalf of the Board of Directors—**thank you**. Thank you for participating in democracy through shopping at our cooperatively-owned grocery store. Our Co-op exists to benefit our community and recirculate wealth, contrary to the traditional grocery store model of extracting wealth from communities for the benefit of a small number of shareholders. When you shop at MNFC, you keep your dollars within our community for mutual benefit. This is remarkable. Your choice makes a difference and is a vote for a thriving future.

A primary difference between our Co-op and a traditional grocery store is that MNFC is governed locally, and decisions are made by people within our community. Our Co-op's leadership team is made up of the Board of Directors and the General Manager, alongside the staff at the store.

What does the Board of Directors do exactly?

The MNFC Board has three primary responsibilities:

- 1) Create and monitor policies that guide the strategic direction of our Co-op
- 2) Act as fiduciaries for the organization
- 3) Oversee the General Manager



How did this translate to the work your Board actually did this year?

FIRST, through our policy work this year, we undertook a large project to edit our internal Board policies through a JEDI (justice, equity, diversity and inclusion) lens. This work is part of the Board's commitment to JEDI, and our commitment to improving how we represent the community of Addison County and beyond.

SECOND, the Board hired Wegner CPAs to conduct a full financial audit of MNFC. External financial monitoring is part of the Board's fiduciary responsibility and does not reflect a lack of trust in the Co-op's management. The CPAs' findings assured the Board that MNFC's financial reporting is consistent with Generally Accepted Accounting Principles, and that the internal, operational control systems of the Co-op are strong. As Member-Owners, you can feel confident in the financial conditions of MNFC.

THIRD, this year was part of the continued transition of the Co-op's leadership team, as it was Greg Prescott's 2nd year as General Manager. General Manager transitions represent significant moments for Co-ops that require thoughtfulness and attention. Within General Manager oversight, the Board focused on processing and incorporating feedback. This year, the Board had a chance to talk with many of you as Member-Owners, and we are grateful to have such a thoughtful and engaged community at MNFC. It's exactly this kind of connection and conversation between Co-op leadership and community members that makes MNFC distinct.



Appreciation

The General Manager is the only MNFC staff member that the Board works directly with; however, the Board has the privilege of witnessing the incredible work of the entire 100+ staff members that make MNFC the phenomenal place we all depend on.

This year brought a host of obstacles to employees at the store, such as staffing shortages and operational challenges that are common in our current economy. Despite a complex labor market, our Co-op was lucky to add many new members to the group of long-time, highly dedicated employees who have helped shape our Co-op for decades. Despite industry-wide challenges, from the customer experience, MNFC remained the dependable place we know and love, and this is entirely due to the exceptional commitment of the staff. We are incredibly grateful for the work of each and every staff member—past and present—for the time, effort, and heart they have poured into our Co-op, and the profound impact they have made on our community.

This year we welcomed several new Board Members, and we also said goodbye to one. We are grateful for the time **Zan Goldblatt-Clark** gave to MNFC as a Board member and we look forward to seeing her in the aisles! Furthermore, after over twelve years of dedication, **Victoria DeWind** stepped down from her roles as staff liaison to the Board and Board minute-taker. Victoria has been an integral part of the Board's successful work through an expansion, a General Manager search, and steadily growing member-ownership, just to name a few complexities in the last decade. Thank you, Victoria!

Once again, we appreciate all of you – Member-Owners, shoppers, and community members – for your continued patronage of our Co-op for nearly 50 years.

As always, please feel free to reach out with questions.

In cooperation, **Amanda Warren** (she/her),
President, Board of Directors
board@middlebury.coop
(802) 388-7276 ext 377



GENERAL MANAGER'S REPORT 2024

Our Co-op continues to grow year over year.

Through this growth we are able to invest in our Co-op, give back to our member-owners and larger community, as well as increase benefits for our staff. Growth also creates more challenges as we must continually hire and add positions, improve our internal and external communication systems, and find space to put all the stuff.

What stuff?

Well, only the best stuff—growth indicates more demand for our high-quality produce, new offerings in our deli, more selection in grocery and bulk foods, more dairy free items in the dairy cooler, and larger selection of fresh meats and seafood.

Our Co-op has been performing exceptionally since we expanded our store in 2018, adding 3,000 retail square feet. Thank you all for your amazing support and continued participation in our Co-op. It is because of all of you, our 6,738 member-owners, that our Co-op continues to thrive!

Your participation allows us to invest in our Co-op and pursue our mission of providing healthy foods and supporting a vibrant local economy through environmentally sustainable practices and democratic ownership. Everyone who participates in our Co-op, in any form, contributes to Middlebury Natural Foods Co-op's success in making change in our community.



Our member-owners believe that your Co-op should provide the highest quality foods with an ever-increasing focus on local and organic products, while staying mindful of our environmental impact. They believe that we have an important role to play in our community, and that we can always be improving.

MNFC is a cooperative founded on ideals.

It is founded on the belief that access to healthy food is paramount: That a community should own their grocery store, and that together we can make this world better by selling one bag of groceries at a time. As with any



business founded on values and aspirations, it is easy to feel as though we are not living up to our full potential. We can always do more. Yet if we allow ourselves to take a moment to review our previous year, we see how much we have grown and all the small victories we were able to achieve during another chaotic post pandemic year, as all adjust to what the new normal is in the grocery retail world.

Fiscal Year 2024 (April 2023 – March 2024) **was a successful year.**

Your Co-op did an amazing job with your support. On behalf of all member-owners, I want to thank

our staff for showing up everyday as their best selves ready to serve our member owners. Without the effort and care of our staff none of your Co-op's success is possible.

Much Appreciation,

Greg Prescott (he/him)

General Manager

gregprescott@middlebury.coop

802.388.7276 ext. 306

Fiscal Year: April 2023 – March 2024

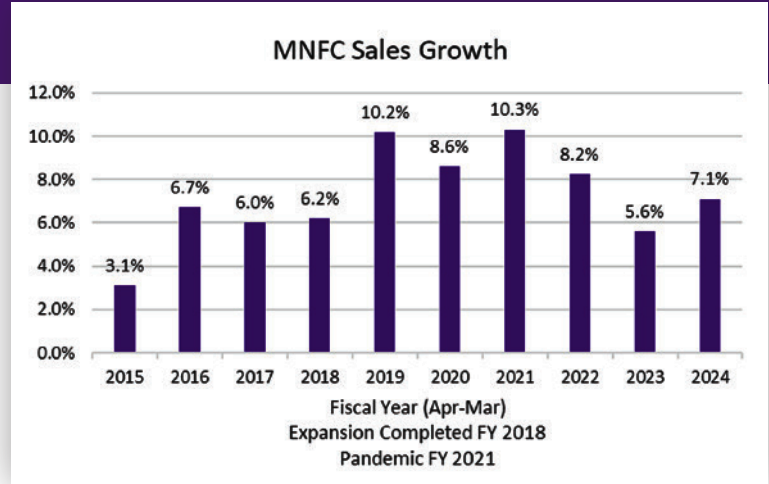
7.1% Sales Growth this year.

This is on top of the 5.6% sales growth last year and 8% sales growth prior! This growth outperformed our budget of 3%. Our Co-op's sales growth also outperformed our peer co-ops of similar size across the country, who averaged 4% - 5.3% sales growth during the same time period.

Our Margins Bounced Back

Rapid inflation throughout fiscal year 2023 (FY 23) caused food prices to skyrocket with price changes on product coming into our Co-op happening faster than we were able to keep costs updated in our system. This led to MNFC retail prices not increasing as quickly as our costs, which contributed to a margin erosion of 1.6%.

Throughout FY 24 our operations team worked to improve systems to better monitor price changes and apply a variable margin scheme. This led to the creation of 3 new positions focused entirely on purchasing and pricing strategy. These new positions in tandem with the awareness of our management team allowed MNFC to correct our margin erosion and regain the 1.6% of margin lost the prior year.





Climate change is having an impact on our LOCAL Producers.



**33%
LOCAL**



**67%
OTHER**

Over 1/3 of our sales were from local growers and producers. This is a decrease of 8.9% from the prior fiscal year as Local sales were affected by the heavy rains and severe flooding that hit our farmers during the summer of 2023. Many local growers lost entire crops and were unable to supply the Co-op with the anticipated pre-ordered product. MNFC worked with local growers and producers to purchase the products (mostly produce) that were available to us at an increased cost, for as long as a grower or producer could supply them. Local sales decreased from \$8,595,040 to \$7,828,446. Overall, the total percentage of Local sales make up 33% of all products sold from the Co-op.

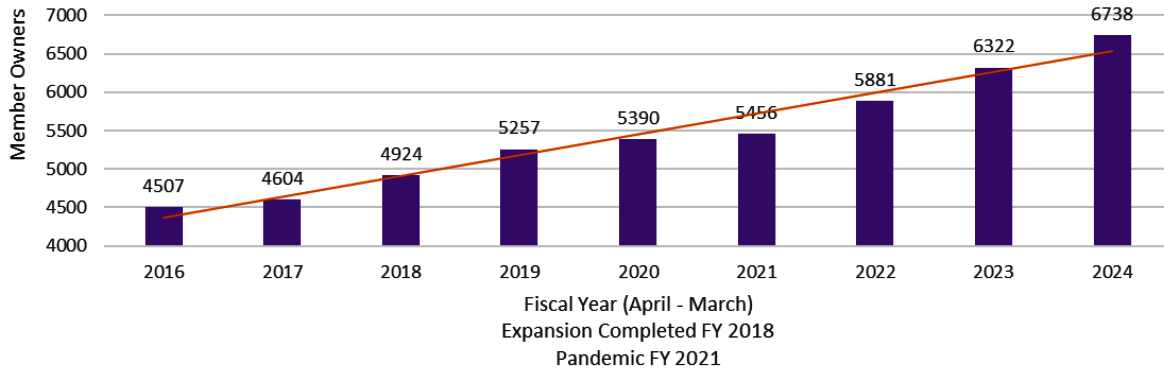


Community ownership continues to grow!

The Middlebury Natural Foods Co-op was owned by 6,738 member-owners at the end of our fiscal year! This is up 6.6% from 6,322 member-owners at the end of the last fiscal year. Most of our members come from Addison County. Some members drive from as far away as Rutland, Burlington, New York, and even from the other side of the Green Mountains!



Current Member Owners
(bought \$20 share or reached 15 shares)





Increased Food For All participation to a record 417 households.

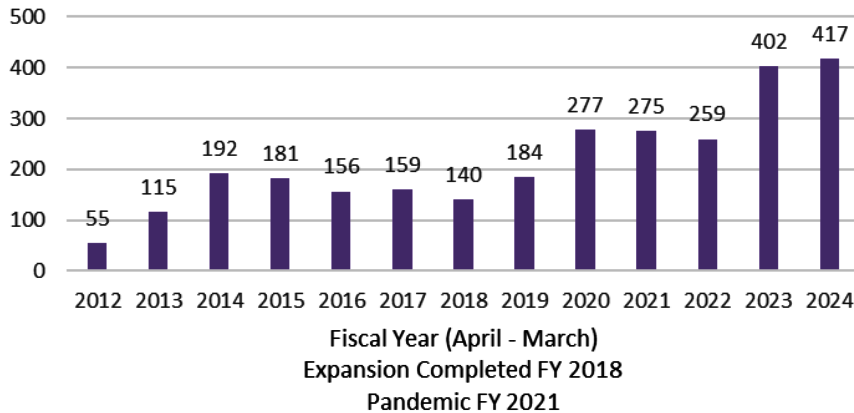
Food for All is a member assistance program for those in our community that are receiving financial assistance of any form, including SNAP or WIC.

FFA households are provided with a 10% discount on all Co-op purchases (excluding beer and wine, by law) and a member-owner share.



Current Food For All participants

Program began July 2012.





Thanks to your support and our profitability, your Co-op was able to contribute and help our community.

Your Co-op works with our community food shelves to provide food donations, and our member-owners may choose to donate their uncashed patronage checks to these local food shelves.

Your Co-op also works with nonprofits throughout the year to provide donations. You also help to provide donations to our community by “rounding up” at the register during our **Rally for Change** drives.

Your Co-op proudly matches the donation you make at the register. Together, we were able to give back \$7,877 last year in Rally for Change Donations (round ups + Co-op match).*

* Rally for Change funded this FY 2024: Pride Center of Vermont, Yellow House, Habitat for Humanity

**ROUND UP
YOUR TOTAL
AT THE
REGISTERS FOR:**

**Vermont
Flood
Relief**

8/8-8/16

NOFA - Vermont

In addition to holding specific Rally for Change events we also have several opportunities for our community to participate in raising funds for donation to various other organizations throughout the year:

➤ **Addison Independent Fund-Raising Coupons:**

Customers can bring in a coupon found in the Addison Independent and the Co-op donates \$3 to the featured organization on the customer's behalf. In FY 2024 we donated over \$2,500 raised in this fashion.**



➤ **NOFA Share the Harvest:**

30% of our Produce Sales on a specific day donated to the Northeast Organic Farming Association of Vermont's Farm Share Program. Produce sales on October 5, 2023, raised \$3,208.

➤ **Every Day Round Ups:** Customers can ask to round up and donate their change any time they shop - not just during a Rally for Change campaign. The money raised is split between local food shelves HOPE and CVOEO raising an additional \$7,810 this year.

➤ **Empty Bowl Auction:** Throughout the months of November and December, community members can place bids on locally crafted artisan pottery donated by the Middlebury Studio School. The Co-op matches up to \$5,000 and donates the money to our local food shelves, HOPE and CVOEO in a 50/50 split, together we raised over \$10,000.



** Homeward Bound, NOFA VT Farmer Emergency Fund, AALV New Farms for New Americans

WOMEN | INFANTS | CHILDREN

WIC

VT DEPARTMENT
OF HEALTH

Now Accepting WIC

In an amazing win for our community, our Co-op, and for healthy food access, MNFC is now a qualified WIC retailer. It took a trip to Washington DC, a year of work, and close communication with Vermont WIC employees to add products that meet our buying criteria and comply with the requirements of the WIC program.

The Many Benefits of WIC Program



Reduces food
insecurity



Alleviates
poverty



Supports economic
stability



Improves dietary
intake



Protects against
obesity



Improves birth
outcomes



Improves health
outcomes



Supports learning
and development



Reduces health care
and other costs



Improves retail food
environments

Profitability means a Patronage Dividend to member-owners for the 9th year in a row!



As a co-op, our net profit does not serve some far away shareholder, and is instead reinvested in our community by funding future Co-op projects and/or distributed among members in the form of Patronage Dividends.

This year our Co-op made a net ordinary income of \$861,166.

\$710,032 of this income came directly from our member-owners. That's over 82% of total sales!

Your Board of Directors voted to approve a 45% patronage refund, sending \$319,514 back into our community and into our member-owner households through dividend checks!

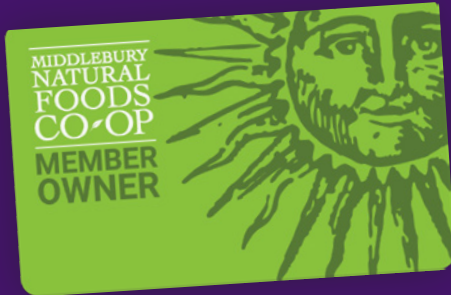


Thank You!

None of this would be possible were it not for member-owners such as yourself, who trust and believe in the power of cooperative ownership.

THANK YOU FOR YOUR CONTINUED SUPPORT!

Not a member-owner yet? What are you waiting for! Join us today at middlebury.coop, or use the form to the right, and help us continue to grow and thrive!



MIDDLEBURY
NATURAL
FOODS
CO-OP

MEMBERSHIP SHARE PURCHASE

First Name

Last Name *(Please print clearly. Thank you!)*

Mailing Address

City, State, Zip

Telephone Number

E-mail

for the Co-op newsletter

Date of Birth

for Senior Discount Eligibility

Please return this form with your payment the next time you are in or send to:

Middlebury Natural Foods Co-op
1 Washington Street
Middlebury, VT 05753

Member #

OFFICE USE ONLY

Purchase Date

