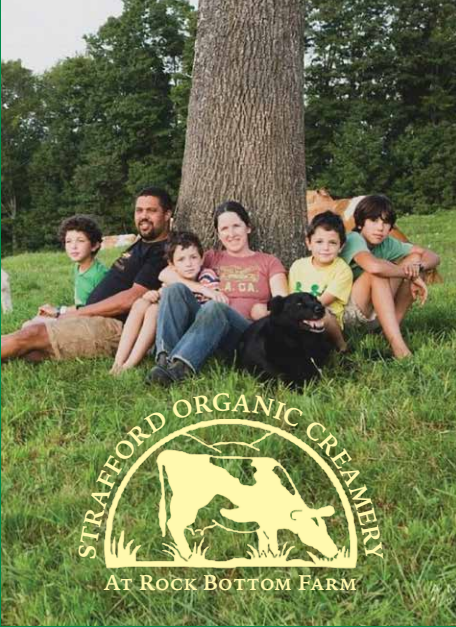




BRATTLEBORO FOOD CO-OP ANNUAL REPORT 2021

Celebrating the Nourishment Around Us!





Board of Directors

Jerelyn Wilson, President of the Board

At the end of June 2021, your Co-op completed a remarkable year. The fiscal year began with Vermont, the nation, and the world deep in the throes of the worst pandemic in a century. In July 2020, we were still reinventing the grocery store experience—refining how to operate in a manner that maximized safety for our customers and staff. By the end of the fiscal year, we were in a strong financial position and had helped the larger community manage in the depressed economy our town was experiencing.

From my perch as a board member, it was amazing to watch the Co-op adjust to conditions and safety protocols that seemed to change weekly. I felt such pride in the staff, whose hard work made the Co-op the safest place to shop in the area. I heard from people who began driving to the Co-op from as far away as Londonderry, because we were paying such careful attention to the safety of our customers. New customers like these helped our Co-op have a successful year.

It was challenging, and we owe tremendous gratitude to the Co-op management and staff for not only getting us through that difficult period on stable financial

footing, but also for serving the community in some new and inspiring ways. An awesome example of this was the “Round Up for a Change” program instituted in December. With COVID safety protocols, we weren’t able to hand out beans to customers who brought in their own bags—beans worth a nickel apiece that they could put in jars supporting local organizations. Instead, we gave customers the option to round up their total grocery bill to the next whole dollar, with the extra payment going to an organization selected by the Co-op each month. The program ended up providing significantly more support to area organizations. And our expanded “Commitment to Community” program now allows working shareholders to get their 5% discount every month of the year by volunteering with our network of community partners. *(For a list of our Commitment to Community partners visit bfc.coop/community/commitment-to-community-2/)*

It is changes like these—opportunities that emerged from necessity and made things better—that so inspire me as a board member of the Brattleboro Food Co-op.

The Co-op has a nine-seat Board of

Directors. Continuing our monthly board meetings via Zoom, it was a full year of meetings—all online, none in person. Still, we dug in and did our work. As a volunteer group of interested and passionate shareholders, we govern by virtue of a set of policies that provide a framework for monitoring the operation of a \$23M+ cooperative grocery store with 140 employees. Policy governance is what allows those who care dearly about their Co-op—but who may lack intimate knowledge of retail grocery stores, or experience interpreting balance sheets—to provide meaningful oversight of this thriving community marketplace. Our policies both empower the General Manager and hold them accountable, along with the board, to good business practices in the context of a cooperative.

Any business, be it a cooperative, a non-profit, or a for-profit business, must manage itself financially in a responsible manner, prioritizing multiple and often conflicting financial demands. Please look to the board treasurer's report for the high-level picture of this year's financial story. Over the course of many months the board watched as our General Manager made some hard and complicated decisions. For example, it was clear that the decision to close Dottie's was not made lightly nor carried out quickly. Also, paying a substantial amount back to our shareholder lenders was another huge decision that took careful prioritization of the financial demands of a large retail grocery

store and a steady eye on the bottom line. Bonuses to staff were made possible by the forgiveness of the PPP loan and the plan for administering this was carefully thought through. We witnessed Sabine making decisions that increased revenue, lowered the Co-op's debt service, and acknowledged the efforts of employees—all key to a thriving future for our Co-op.

Board committee work during this year is worthy of note. If you have been reading the digital Food For Thought, you'll be aware of the effort to update the Co-op's Ends policies which express the aspirations and values of the Brattleboro Food Co-op. The Recruitment Committee updated timelines and support materials in an effort to foster strong and creative outreach to potential board candidates. And the Community Engagement committee thoughtfully developed a Listening Project that has the potential to cultivate a deeper understanding of those communities within our community that we as a Co-op are not yet serving and would like to make sure they feel invited and well-served.

If you appreciate your Co-op, please consider taking a turn to serve on the board. And, if not you, then who would you tap on the shoulder? For questions or to attend a board meeting, contact us at Board@bfc.coop. Learn more on our website here: bfc.coop/brattleboro-food-co-op-board-of-directors/





From the GM: The Year in Review

Sabine Rhyne, General Manager

One might think that with all the changes and resets that we have all experienced in the past nearly two years, we might be getting used to that dynamic. But no. Even as we adjust to one change, another comes along and sets us briefly reeling.

This past fiscal year was a series of adjustments in our Co-op. Some were joyfully heralded, like partially reopening the Deli, and opening the Bulk department to self-service. Others, like reinstating the mask mandate, were grudgingly accepted. We are now beginning to understand that this is a new landscape with which we need to get familiar, as viruses have their own plans. We humans are not well-versed in that sort of humility.

The retail food business is a version of ground zero for this reality. We in retail food used to think that we could order food and get it, largely when we wanted it. We used to think that we could hire who we needed to do the best possible job, mostly when we needed them. We used to think that store policies were relatively easy to understand and support without preparing for rigid resistance or worse. But we are in a new place, all of us, with

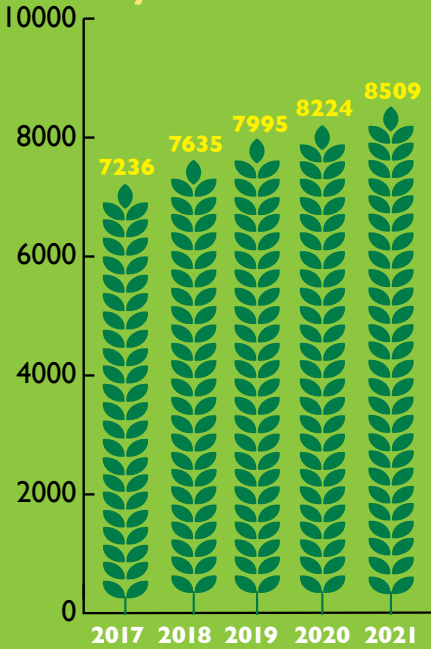
widely different expectations of service and safety.

I would be less than truthful if I said that we had it all figured out and were clear about how to navigate the future reality. But since the pandemic has reordered our priorities, personally as well as a community, we are working to figure out some basic solutions. There are three huge challenges for our Co-op going forward that we are thinking about how to solve.

One challenge is getting product on the shelves. As suppliers themselves struggle with labor shortages and supply shortfalls, we are diversifying some of our options. We are adding a few suppliers and looking for others, which complicates things for our buyers and our bookkeepers. We are beginning to stockpile a few things that we know we will be needing, in case we get a nasty surprise some day on the dock. This could have an effect on our finances, as we pride ourselves on keeping low stock in the backroom so as not to tie up cash unnecessarily. And we are working on communicating to customers in the store about these shortages

(continued on page 6)

Shareholder Owners by Fiscal Year



86
people are
employed by the
Co-op, full-time.

60
are employed
by the Co-op,
part-time.

Staffing #'s as of 9/27/21

(continued from page 4)

as they happen, to assist shoppers in making alternative decisions or waiting for product.


Another significant challenge is in managing labor needs. In some areas that are chronically short-staffed, we have solicited help in assessing our choices of programs and services in order to be better prepared for customer needs. We have expanded our recruiting efforts on multiple platforms, and walk-in interviews are now part of our strategy. Our lowest starting wage this year is \$13.85 after the probationary period, and next July will go up to \$14.28. We also offer one of the richest benefits packages in the state. We are beginning to think about structuring compensation differently. We plan to continue to raise wages in negotiations with the union representatives as the contract comes due, and we plan to restructure our health insurance through a version of self-insurance that would allow staff to choose a level of coverage in exchange for smaller premiums. We have hired a benefits administrator for our 401(k) investment option that prioritizes staff education and agency to allow staff to tailor their benefits to their own goals and values. We know that we have a good workplace with an interesting staff, and that the values our Co-op exercises in the community are attractive to most.

And finally, there is the ever-changing shopping experience. We've gotten used to some things, like not having open demos of products in the aisles. But as we react to the virus' mutations and its effects on our movements, we have to accept that we may need to have masks on for a while, maybe intermittently, as we continue to make the best possible decisions to protect each other. We are not currently planning to re-open the salad bar, and will be re-purposing that area for more seafood and fresh value-added meats, all of which are doing well with customers. Some will be sad about this, but for now, it seems like the best option. We will continue to modify and adjust as trends support those changes.

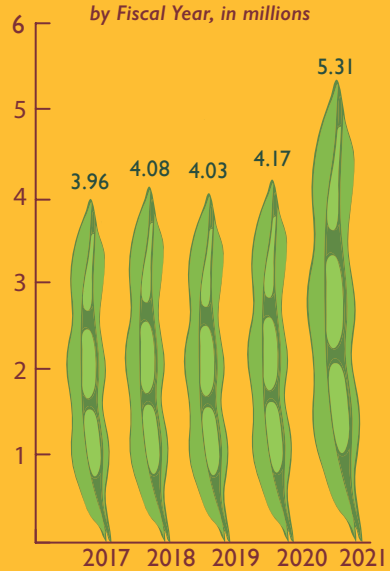
All of these areas are difficult and challenging, for those of us operating your Co-op and for you shopping your Co-op. We also have factored in our growing understanding of white-dominant culture, and in every one of those challenging areas, we must continue to get better at supporting more staff of color, more suppliers of color, and better engagement with all of the parts of our community, not just a few.

And now, I am leaving this effort for another to lead. It's a tough road, this cooperative grocery business. In the 46 years of our Co-op history, only Alex Gyori and

myself have had the honor, and the stress. Another will take up the charge and inject their own energy and vision into the job that our organization has ahead of us. Our Board of Directors has worked on a new proposal for the “Ends” for our business that highlights some of the inspiring differences that our Co-op offers our community. My successor will no doubt enjoy thinking of how we can best achieve those goals, or at least approach them. But it’s not just for them to do. In every aspect of our business, we must all grow and learn to be better stewards of a more perfect cooperative. See you around!

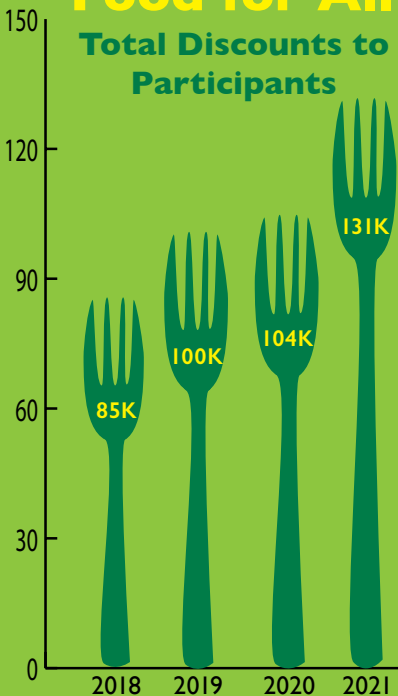
Sabine 

5-Year Sales of Local Products



We’ve been updating the attributes in our point-of-sale system, and have found a number of local products that were not being captured in our analysis. We are excited that our local sales increased more than previous years.

Food for All Total Discounts to Participants





Thank You for

In December 2020, **\$5,454.10** was contributed to **Groundworks Collaborative.**



Left to right: Zack, Benjamin, Christine, Betty

In February 2021, **\$4,628.10** was contributed to **Garden Path Elder Living.**



In March 2021, **\$7,354.83** was contributed to **St. Brigid's Kitchen.**



In April 2021, **\$7,274.42** was contributed to **Bonnyvale Environmental Education Center.**



Rounding Up!



In January 2021, **\$5,072.81** was contributed to SUSU CommUNITY Farm.



From top left to right: Jarmal, Hana, Jabari, Nate
From bottom left to right: Jack, Amber, Naomi

In May 2021, **\$8,221.24** was contributed to Women's Freedom Center



In June 2021, **\$7,938.73** was contributed to Boys and Girls Club of Brattleboro.





Treasurer's Report

Tamara Stenn, Treasurer of the Board

We can sum up our Co-op's 2021 fiscal year as an island pinnacle in a sea of turbulence. But, in simpler terms, we weathered the storm and came out strong. The COVID-19 crisis brought uncertainty and change. Nevertheless, the Co-op stayed afloat and agile, adopting new online ordering methods, customer safety measures, and easy shopping options to accommodate changing needs. Total sales grew by almost 10%, reaching \$23.3 million this year. Some of this growth was due to people choosing to shop the Co-op because of its safety record in response to the COVID epidemic. Some was due to our being the place to find a wide variety of goods—from discounted surplus, to local grown, to high-end gourmet—becoming more of a marketplace for everyone. All was due to the hard work and skill of the Co-op staff and management.

Operations changes affected our bottom line (net income) in different ways. Increased sales were seen in the new online shopping option, Mercato, which generated approximately \$122,000 in sales, while the labor of selecting the online purchases increased slightly. Some assets such as shelves and coolers were sold with the closing of Dottie's, generating about \$9,000 in revenue.

The Co-op no longer needed to rent Dottie's space after December, which resulted in further savings. However, the labor needed to bring Dottie's goods into the Co-op, relabel shelves, and reconfigure buying and stocking balanced any potential savings from its closing.

Still, we had a solid gross profit of \$8.7 million, a 7.8% increase over 2020 figures.

Additional costs that affected our bottom line (net income) came from giving back. Changing times represented changing needs for our community. The Co-op's "Commitment to Community" expansion of working shareholder options now let members volunteer with seven different community partners and provided 1,000 hours of service. Discounts paid out to Co-op shareholders this past year totaled over \$553,000. The Co-op paid nearly \$150,000 in employee gainshare this year as a thank-you for the hard work all our staff performed during these extreme times. Other expenses included taxes and overall maintenance. These expenses, coupled with operating costs, are deducted from general sales to determine the net income.

Shareholder lenders—people who contributed to the Co-op's building fund and expansion years ago—

received partial paybacks this year totaling about \$540,000. These payouts reduced the Co-op's debt service liability.

As a business, we needed to earn enough to “keep the lights on” and pay operating expenses, while keeping prices low enough and inventory interesting enough to stay competitive in the marketplace. The Co-op was doing a good job balancing its costs and expenses, being conservative but generous where it could. However, we were operating with thin margins in a highly competitive grocery market. Our buyers had to be sharp to stay on top. They constantly checked prices, kept product mark-ups as low as possible, and bought smart while supporting local producers. It was not easy before the pandemic. The COVID crisis made this even harder, with supply chain disruptions and growing uncertainty. Last year in 2020, our net income was \$24,070, meaning we were just barely breaking even. It looked like we were heading for more of the same in 2021, but that all changed in May when the government pardoned the loan payback for the Paycheck Protection Program (PPP) we had applied for.

In late 2020, the federal government offered PPP loans to offset the increased costs, lower sales, and workforce challenges enabling businesses to keep their workforce employed during the COVID-19 crisis. The Co-op applied for and received over \$867,000 of PPP funding. Now that the PPP funds

do not need to be paid back, they became income for the 2021 fiscal year. Thanks to this generous cash infusion, solid customer buying, and the efficient, proactive, and flexible staff and management at the Co-op, we ended the 2021 fiscal year with a \$1.48-million net income. This means that the Co-op, for the first time in years, is flush with cash. Congratulations to all for getting through a tough year—well done! We weathered the storm and are coming out strong!

Thank you for electing me to your board and trusting me to serve as treasurer. It has been an amazing year, watching so many different factions come together in a spirit of caring, support, and generosity. It has been an honor to be the board treasurer and witness the Co-op maneuver its way with grace through these difficult times.



Financials

BALANCE SHEET

Fiscal Year 2021

Fiscal Year 2020

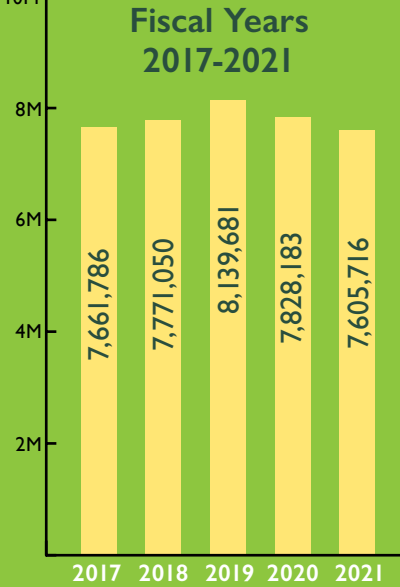
Current Assets	\$ 2,948,367	\$ 2,386,017		
Property and Equipment (net of depreciation)	6,738,215	6,980,809		
Other Assets	651,016	925,489		
Total Assets	\$ 10,337,598	\$ 10,292,315		
LIABILITIES				
Current Liabilities	\$ 2,328,215	\$ 2,860,674		
Long-term Liabilities	5,016,956	5,944,790		
Total Liabilities	7,345,171	8,805,464		
Shareholders' Equity	2,992,427	1,486,851		
Total Liabilities & Equity	\$ 10,337,598	\$ 10,292,315		
STATEMENT OF PROFIT AND LOSS				
		% to Sl\$		% to Sl\$
Gross Sales	\$ 23,370,671	100.00	\$ 21,386,386	100.00
Cost of Goods Sold	(14,630,634)	(62.60)	(13,282,135)	(62.11)
Gross Profit	8,740,037	37.40	8,104,251	37.89
Operating Expenses (including member discounts)	(7,605,715)	(32.54)	(7,828,184)	(36.60)
Income from Operations	1,134,322	4.85	276,067	1.29
Other Income (net)	880,809	3.77	67,491	0.32
Interest Expense	(281,009)	(1.20)	(318,238)	(1.49)
Income (Loss) Before Taxes on Income	1,734,122	7.42	25,320	0.12
Income Tax Benefit/(Expense)	(255,630)	(1.09)	(1,250)	(0.01)
Net Income (Loss)	\$ 1,478,492	6.33	\$ 24,070	0.11

Note: Amounts shown on this report reflect preliminary, internally produced numbers and expense classifications, which have yet to be reviewed by our external CPA and are subject to adjustments and deferred tax items that may be made as a result of that review.

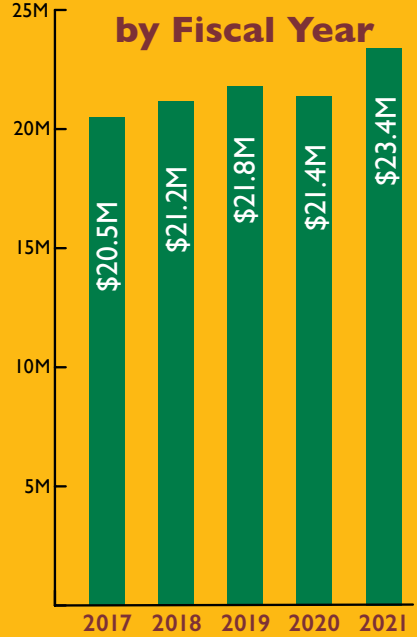
Statement of Shareholders' Equity

	Shareholder Shares	Donated Capital	Retained Patronage	Retained Earnings	Total
Balance, June 28, 2020	\$ 734,564	\$ 11,250	\$ 167,367	\$ 573,671	\$ 1,486,852
Current Year Activity					
Net Increase in Shares	27,083				27,083
Donated Capital		-			-
Net Income (Loss)				1,478,492	1,478,492
Balance, June 27, 2021	\$ 761,647	\$ 11,250	\$ 167,367	\$ 2,052,163	\$ 2,992,427

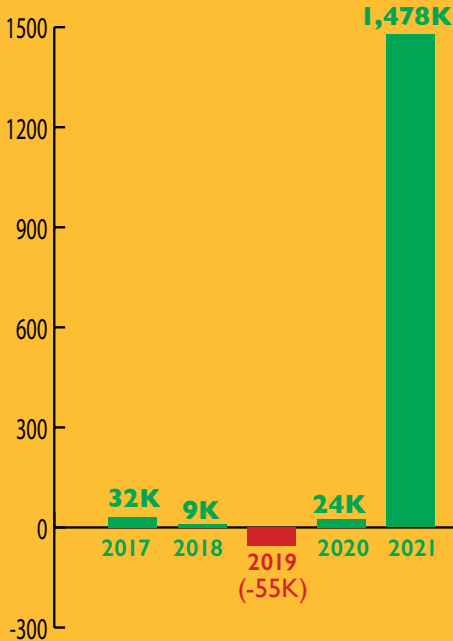
Operating Expenses



Sales



Net Profit (Loss) by Fiscal Year

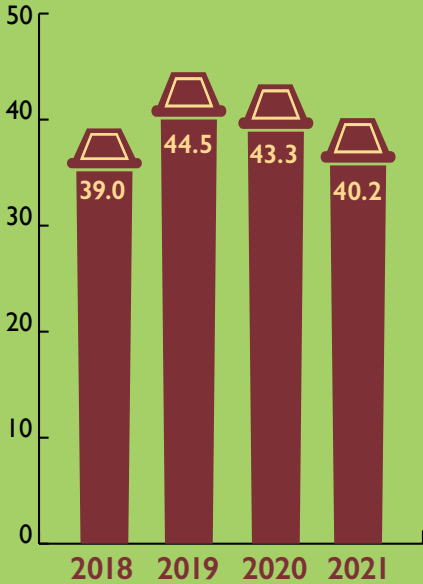


Gross Margin % by Fiscal Year



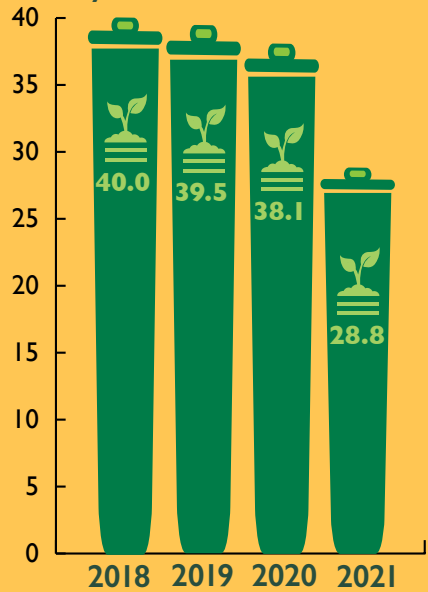
Landfill

4-Year Total Graph
by Fiscal Year, in tons



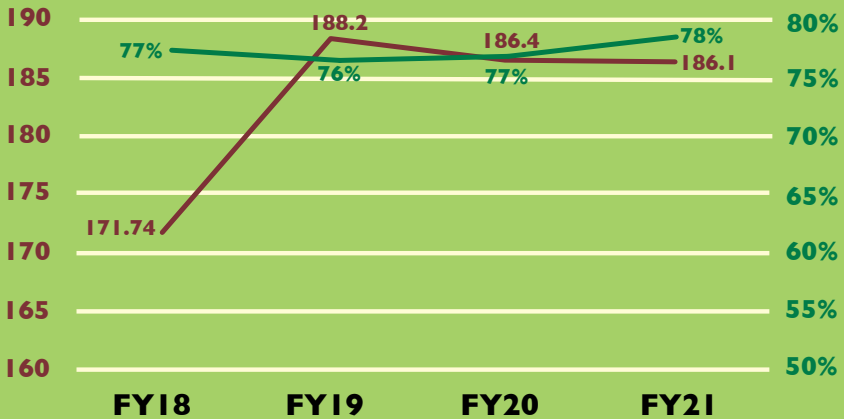
Compost

4-Year Total Graph
by Fiscal Year, in tons



Total
tons of
waste

Percent
diverted from
landfill



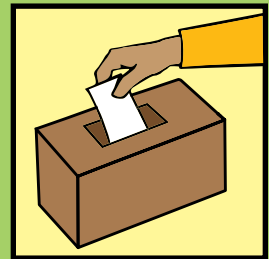
In FY21, we replenished our refrigeration equipment with 35.5 pounds of R404A. Each ton of R404A has the global warming potential of 3,922 tons of CO₂.

VOTING

for the Brattleboro Food Co-op BOARD OF DIRECTORS & BYLAW CHANGES

starts on November 10th and runs
until November 28th @5pm.

Visit our website, click on the voting email we send, or vote in store.



**BFC
DIGITAL**

Annual Meeting AGENDA

Wednesday, November 10th, 5:30–7:30pm

RSVP by Wednesday, November 3 at
the following link: shorturl.at/nrFV3

Meals will be available for pickup
the week of November 8th—
pickup location at Co-op TBD.

5:30pm – Musical performance
by John Hughes

6pm – Welcome, Business
Meeting begins

6:45pm – BIPOC Entrepreneur
panel discussion hosted by
Tabitha Moore



For RSVP'ing to the meeting, we will donate pies to
Groundworks Collaborative for their Thanksgiving offerings.



**Vote for Board of Directors and bylaw
changes Nov. 10th @8pm-Nov. 28th @5pm.**