



BRATTLEBORO FOOD CO-OP ANNUAL REPORT 2023



Supporting Our Community





President's Report

Jerelyn Wilson, President of the Board

I'm quite confident I can speak for the whole Board in saying it was a pleasure to work with our General Manager, Lee Bradford, this fiscal year, July 2022 – June 2023. We hired Lee in March of 2022 and came to know him as an experienced and personable leader. We valued his experience in the broader grocery industry and his commitment to cooperative values and practices. We gained confidence in his ability to coach his managers, collaboratively setting goals and holding everyone accountable to successfully achieve their targets. He cultivated a collegial relationship with the Union representative and forged a trusting relationship with Union Stewards, both of which have resulted in very positive shifts in staff culture. At the Board level, we established a relationship with Lee as collaborative thought leaders, understanding together how to build a thriving cooperative enterprise with a focus on food that serves our shareholders and the broader community.

At our monthly Board meetings, typically on the first Monday of the month, working with Lee gave us the opportunity to understand our Board work more deeply. With fresh eyes, we could see our policies, written with the intent of holding the Board and the General Manager accountable to best practices. We monitor our whole set of policies over the course of a year and with each one we ask ourselves, why is this practice important, and is

this policy articulated clearly and with the right intent? Lee's insights heightened our awareness as he responded with his interpretations and data to support the achievement of each. Policy Governance is the framework that allows your Board of Directors—a group of well-meaning volunteers—to oversee the successful running of our Co-op, but also to ensure that our policies are kept alive and relevant. This past year has helped us to do just that.

The Board has spent time asking some big questions honoring our responsibility of looking into the future. These conversations have deepened our understanding of the benefits of the cooperative business model as well as giving us the opportunity to consider shifts in the food industry and within our local community. Our discussions have taken into consideration our role and responsibility as both a downtown anchor for Brattleboro and a player in our local agricultural community.

Here are the sorts of questions our Board has considered:

- What are the three top-level justifications for the BFC to exist? What would be the biggest losses for this town and region if the Brattleboro Food Co-op disappeared?
- What are the trends that affect our future?
- What do we want for the future of the Brattleboro Food Co-op?

- What is it about being a cooperative business enterprise that adds value to the community?
- What does it take to create a vision for the Co-op “born of its linkage with the Co-op’s shareholders”?

Every December the Board takes time for a full-day retreat. Stepping back from our monthly activity gives us a chance to build stronger connections among Board members, to continue developing our relationship with the General Manager, and to prioritize our efforts for the second half of the Co-op year. At this past year’s retreat something profound happened. To start off, we asked each person to share what was on their mind relative to the Board’s work. The first person in the group paused for a moment and then shared a single sentence, “I’m deeply concerned about climate change.” There was a palpable silence in the room, a coalescing silence. Climate change, its environmental and social-equity impacts, wove through each person’s sharing. Assuring the Co-op’s positive impact on both climate change and income disparity became a key priority for us as we looked into both the immediate and long-term future.

The Board establishes the top-level direction for the General Manager through our Ends policies. Part of the Board’s work over the last couple of years has been to rework these policies. Deep thought has gone into this effort, and our retreat gave new focus to this initiative. By the end of June 2023, we had a draft of revised Ends that we believe address the positive impact the Co-op’s operations should have on climate change

and income disparity. Tune into the online semi-monthly *Food For Thought* to learn more! This work has been engaging and gratifying.

With the positive shifts in staff culture, debt reduction, deferred maintenance tended to, organizational processes strengthened, and a Board that is taking the long view, we can look forward to our Co-op moving into the future with both a clear focus on what we need to do, and the tools and processes to accomplish it. It is through our financial stability and growth that we can maximize our positive contributions to the community and to the future our children and grandchildren will inherit. Look for ramped-up actions on both community engagement and environmental initiatives in the year ahead.



Vermont farmer Joe Hescock, grower of Red Hen Bakery wheat.



From the GM: The Year in Review

Lee Bradford, General Manager

It has been an exciting and energizing year at the Brattleboro Food Co-op, and in many ways was a “reset” year. Post COVID, our business is different, our community is different, and how we move forward must be different too. Our Board continues to work diligently to ensure we are prepared for a future that will see the growing effects of climate change and income disparity. We have been working together to review our Ends policies and bylaws to ensure they are aligned to address these concerns. The past several years have been tumultuous due to COVID. While we did see very positive finances in the past two years, this was in large part due to COVID-related relief and wages that did not keep pace with the changing cost of living. We see our sales remain consistent and continue to grow, so we now better understand what to expect from our business moving forward. As such, we need to reset our financial planning in a way that reflects where we are today. As I do monthly with the Board, I will share the work we have done to reset for the future in terms of our people, processes, and technology as well as some of the critical work that remains to be done.

In terms of people, our staff is the foundation of everything we do. Over the past year, we have done several things to make sure we have a team set up for success. First and foremost we have invested financially in our

staff, bringing wages up to the current market ranges. Our staff has ratified a new contract that ensures the team is paid a fair wage while maintaining our financial health. Equally important is our commitment to creating a culture of partnership with our Union—both are critical to retaining and growing the great team we have today. We also saw significant changes in our leadership structure and personnel. Our long-time Store Manager Whitney Field moved on, as did our Finance Manager Ken McGee. While we were sad to see them go, we are also excited about Meg Sellarole and Anthony Santorelli joining our team and filling those roles. We welcomed Josh Jones as our Facilities Manager and Elias Abdul-Sater as our Food Services leader. Many existing team members are also embracing new challenges and taking on new responsibilities. These include Caz Clark leading Safety and Security, Chris Dubis leading Merchandising, Sarah Brennan as Sustainability Coordinator, Dan Ridgway taking on Pricing, and Jeff Houle adding Receiving and Inventory Management to his responsibilities. In short, we have the right people in the right place to support the mission-critical aspects of our business, and we have an engaged, fairly compensated staff.

In terms of processes, our changes have been focused on re-engaging the community in a number of key ways. Of course, there are the great programs and events that Lisa Nichols leads,

both on-site and out in the community, which really ramped up this year. Caz Clark led initiatives that resulted in over four tons of waste being pulled from the Whetstone Brook and surrounding area and has been instrumental in helping people who are struggling with homelessness and addiction. We have also refocused on building community partnerships that will continue to strengthen in the coming years. This includes everything from financial or volunteer support for community partners like Groundworks and SUSU commUnity Farm to strategic business partnerships to provide food and services to Potash Hill and the historic Marlboro Music Festival.

On the technology side, we are well on our way to implementing a new point-of-sale (register) system that will help us with inventory management, ordering, and reporting so we can better manage our inventory. In the next few months, we'll also see a new and improved website and online shopping experience. With these new solutions, we'll be able to provide a better experience in-store, at curbside, and online. And of course, we have invested in a lot of deferred maintenance. Our "new building" isn't new anymore, nor is the equipment we put into it many years ago! Plumbing, electric, security, and refrigeration systems all received significant work and there is more to do. More shopping carts, a refurbished community kitchen, new signage—in short, just about every aspect of our building needed some TLC, and there is still more to do as reflected in our three-year plan.

As much as we've accomplished in one short year, there is still more to

do to ensure we are financially healthy and supporting those in the community who need it the most. We will be changing our discount structure this fall, eliminating the Elder discount and transitioning those participants to either the Food for All or Shareholder Engagement discount programs. We have a lot of work to do to make use of our new systems, continue to build exciting community partnerships, and most importantly, continue to invest in our great team to ensure they continue to provide the best customer experience in the region.

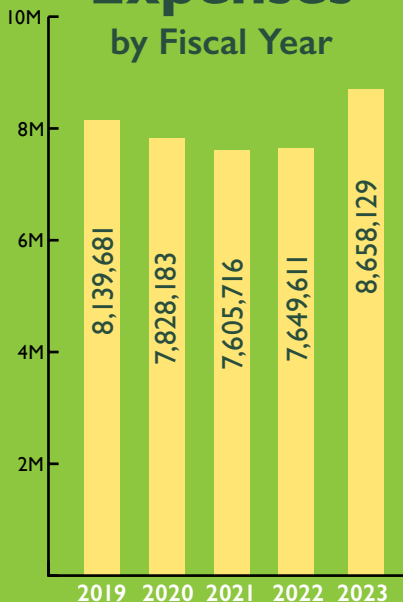
Thank you for supporting our efforts to ensure that the Brattleboro Food Co-op will inspire and advance the health and well-being of all people by building and nurturing a sustainable, resilient, and just food system for many years to come.

109
people are
employed by the
Co-op, full-time
58
are employed
by the Co-op,
part-time

Staffing #'s in FY 23

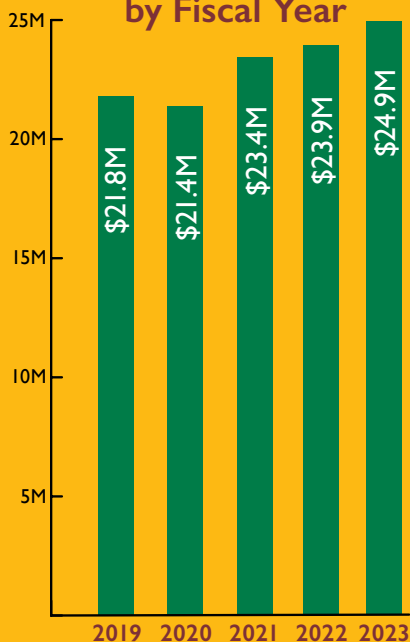
Operating Expenses

by Fiscal Year



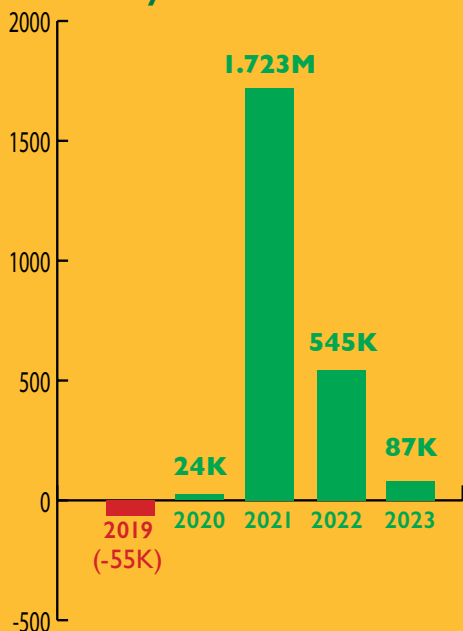
Sales

by Fiscal Year



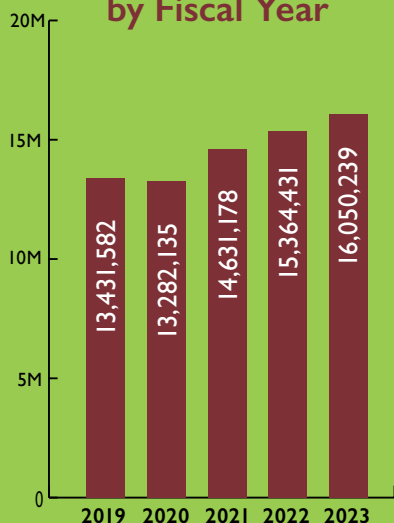
Net Profit (Loss)

by Fiscal Year



Cost of Goods

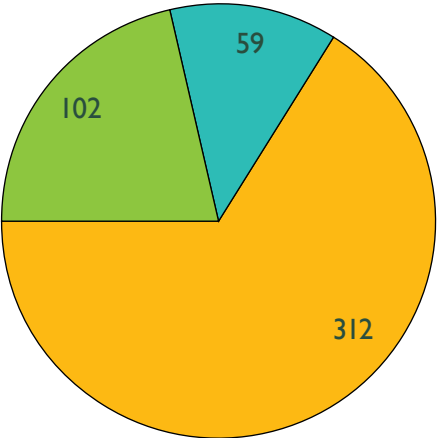
by Fiscal Year



Cost of Goods sold is the cost that the BFC paid for the food and products that we sold in the store. This cost has increased over 9% in the past two years due to the impact of COVID-19 and other factors on the supply chain.

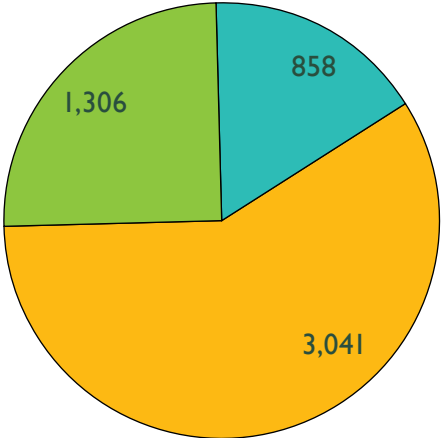
24.4% OF FY 23 SALES WERE LOCAL PRODUCTS
(from Vermont or within 60 miles of the Co-op)

We worked with 473 LOCAL PRODUCERS in FY 23

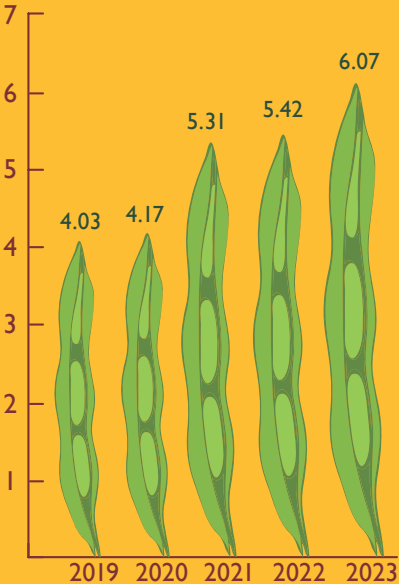


 Grown/Raised in VT  Made in VT  Local 60 (60-mile radius of BFC)

We carried 5,205 LOCAL PRODUCTS in FY 23



5-Year Sales of Local Products
by Fiscal Year, in millions



Local Producer Red Hen Baking Co.



Thank You for Rounding Up!



Round up
for change.

In FY 23, shareholders contributed \$60,922 to these local organizations through our Round Up for Change Program.



LOAVES & FISHES
Community Kitchen



Find out more at **BFC**.coop/roundup



Thank You for the Patronage Dividend Donations!



In the spring of 2023, a Patronage Dividend Donations check for \$12,537.10 was given to the Groundworks Collaborative.

Thank You for your Commitment to Community!

Working shareholders can earn their discount by volunteering at one of our Community Partner Organizations or by working in the store.

In FY 23, we had a **37% increase** in Commitment to Community hours worked!

3,158
total Shareholder
hours worked
1,286
Commitment to
Community hours

Visit brattleborofoodcoop.coop/community/commitment-to-community-2/ for more information and a list of our Community Partner Organizations.



Treasurer's Report

RESET YEAR

John Hatton, Treasurer of the Board

Our new (and let me say amazing) General Manager, Lee Bradford, said in last year's Annual Business Plan for the '23 fiscal year: "We will be focused on building the people, process, and technology necessary to drive sustained long-term growth in a highly competitive, rapidly evolving landscape." That's exactly what Lee and our staff did this last fiscal year (July 1, 2022 - June 30, 2023)—worked on building the foundation for growing our Co-op into the future.

Sales growth exceeded the Annual Business Plan; we had projected that we'd grow sales by just under 2.5%, but we actually grew 3.71%—our sales were \$24,914,458! Cost of goods was \$16,050,239, so for my fellow geeks out there, the store margin was 35.58%. Gross profit for the year was \$8,864,218. Subtract the operating expenses, \$8,658,128 and we get to the net profit for '23 of \$87,453.

But, that's not the whole story. Management had budgeted for a higher store margin, but wholesale prices fluctuated, and it was difficult for staff to keep up with the rapid price changes, so products were often sold at a lesser margin than we had planned. Lee's answer has been to invest in staff and technology, primarily our new front-end and receiving systems, that will alert the team about price changes when products are received, enabling us to quickly adjust pricing to the new cost—whether it goes up or down. Another benefit of this technology is

improved ordering systems that will help us maintain our in-stock levels while having less inventory in storage. As with any new technology, it will take time and experience to make this all work for us, but that's the plan.

Lee's decision to invest in staff was significant this year. The negotiations with the union went well; Lee has built a positive working relationship with the union negotiators, and the resulting contract benefits the staff and the Co-op. Two years ago, the Co-op became self-insured, which resulted in savings of over \$70,000. Being self-insured enables us to pay our actual claims, rather than a higher amount charged by a commercial insurance company. Thirdly, our Operating Expenses went up by almost \$1 million; this was primarily due to the market adjustment for the staff (an 8% increase to adjust to current market wage rates and make sure we attract and retain talent), plus dealing with significant deferred maintenance to the building.

So, this was a reset year for the Brattleboro Food Co-op. We took advantage of our strong sales growth to pay our staff better, bring in new technology so we can operate more efficiently and profitably, and took control of our health insurance to save money. All this positions our Co-op well for a strong future.



Financials at a Glance

BALANCE SHEET

ASSETS	FY 2023	FY 2022
Current Assets	\$2,676,479	\$2,719,369
Property & Equipment <i>(net of depreciation)</i>	\$6,407,347	\$6,535,758
Other Assets	\$777,497	\$767,782
Total Assets	\$9,861,324	\$10,022,909
LIABILITIES	FY 2023	FY 2022
Current Liabilities	\$1,802,354	\$1,854,863
Long-Term Liabilities	\$4,252,674	\$4,475,210
Total Liabilities	\$6,055,028	\$6,330,073
Shareholder Equity	\$3,806,295	\$3,692,836
Total Liabilities & Equity	\$9,861,324	\$10,022,909

Note: FY 23 numbers shown on this report reflect preliminary, internally produced numbers and expense classifications, which are currently being reviewed by our external CPA and are subject to adjustments and deferred tax items that may be made as a result of that review. FY 22 numbers reflect adjustments made after final CPA review.

Statement of Shareholders' Equity

	Common Stock	Paid-in Capital	Retained Patronage	Retained Earnings	Total
Balance on June 26, 2022	\$789,936	\$11,250	\$1,027,367	\$1,864,283	\$3,692,836
New Shares Issued	26,006				26,006
Donated Capital		-			-
Net Income/(Loss)				87,453	87,453
Balance on June 25, 2023	\$815,942	\$11,250	\$1,027,367	\$1,951,736	\$3,806,295



Education Outreach

Lisa Nichols, Education Outreach, Demos, and Events

The Brattleboro Food Co-op Education and Outreach program started offering free in-person cooking classes again in October, using the Community Room as the kitchen had sustained water damage. For seven months, enthusiastic students of all ages were great sports about learning new culinary techniques using hot plates rather than our beautiful gas stove. Customers especially responded to classes featuring unusual ingredients and challenging techniques.

One great thing that came of this year is that we discovered how much cooking can be done without a kitchen. Educational outreach now takes the form of a “cooking school on wheels,” where each participant creates their own rendition of a recipe.

For example, in one outreach, every child at Guilford Elementary made a tiny batch of emulsified salad dressing, which they then enjoyed on a bed of greens. It is grounding to prepare and enjoy food together. When you shop at Brattleboro Food Co-op, you support these educational outreaches, which are provided at no cost to schools, the Boys and Girls Club, local fairs and festivals, community events, and wellness events.

In the store, we have offered “recipe tastings” where folks can try a sample and then take a recipe to make at home. We have also offered many demos, making a special effort to highlight locally-produced, sustainable, and healthy foods. Many vendors generously shared their time and energy so that customers could meet them and try





their products. Cheese Madness took place in March. It was heartening to see how seriously everyone—right on down to second-graders—took their cheese ballots.

Then, on June 14th, thanks to the hard work of the Facilities Department (which installed new cabinets on top of all their other responsibilities), the kitchen repair was complete. Our inaugural class was the very next day, and the atmosphere was electric. The

same was true the following week when we held a jam-packed Little Kids Cooking Class.

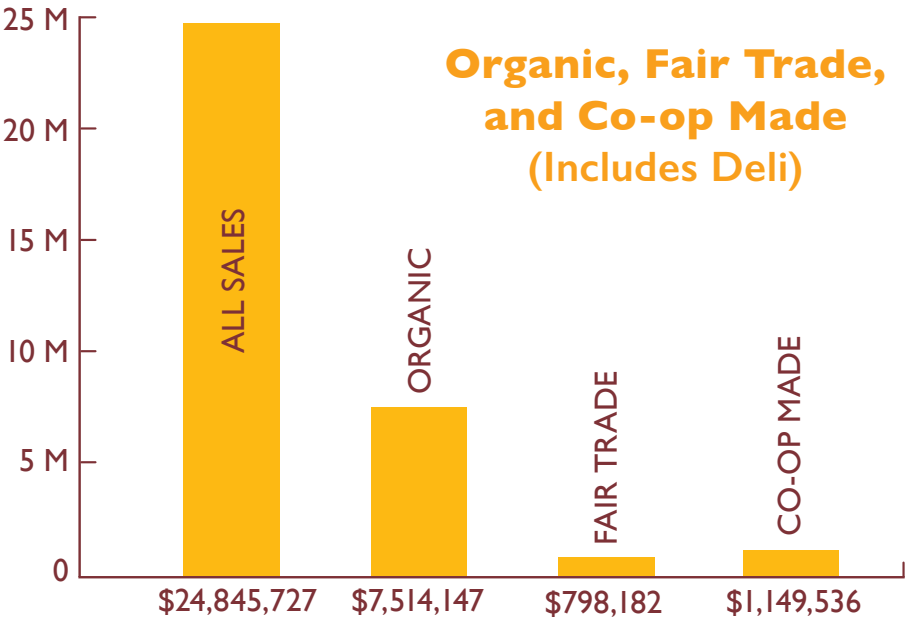
We hope to see you next year for a cooking class, a tasting, or out in the community! Thank you so much for engaging with your Co-op community. If you have an idea for a cooking class you would like to attend, a product you would like to taste, or know of a local organization that would benefit from our outreach services, please be in touch. You can reach Lisa at education@bfc.coop.

BFC EDUCATION OUTREACH FY 2023 BY THE NUMBERS

The Education Program hosted **37** classes attended by a total of **280** participants, of which **17** were taught by guest presenters.

The Demo Program hosted **133** tastings, of which **67** were hosted by vendors so customers could meet the folks who make their food.

The Outreach Program provided educational services by visiting **25** classrooms, events, and after-school programs.



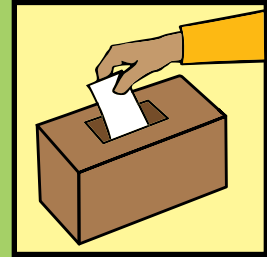
Organic, Fair Trade, and Co-op Made			
	ORGANIC	FAIR TRADE	CO-OP MADE
# of products	5,357	1,074	823
# of producers	579	59	24
% of all products	17.30%	3.50%	2.70%
% of all sales	30.20%	3.20%	4.60%
sales	\$7,514,147	\$798,182	\$1,149,536
Note: a product can be one or more of these, and may also be local.			

NOTE: We experienced some changes in how parts of our waste stream are handled over the course of FY 23, leading to a loss of data integrity for several months. We will resume reporting on it next year.

VOTING

for the Brattleboro Food Co-op
BOARD OF DIRECTORS
starts on Saturday, September 23 and
runs until Saturday, October 7.

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



Scan this QR code or type into your browser <https://qrco.de/bfc2023> for more information about Board candidates, proposed bylaw changes, and how to vote.

Annual Meeting

Saturday, September 23rd, 9am–1pm
at Potash Hill, 2582 South Rd, Marlboro.

Business Meeting at 9:30am
Lunch at Noon

During lunch: Meet & Greet
with our GM, Lee Bradford,
and speak with the Board
candidates.



To RSVP: scan this QR code, type qrco.de/bfc2023 into your browser, or call Shareholder Services at 802-246-2821.

**VOTE for the Board of Directors and
Bylaws from September 23 through
October 7, in-store or online.**

