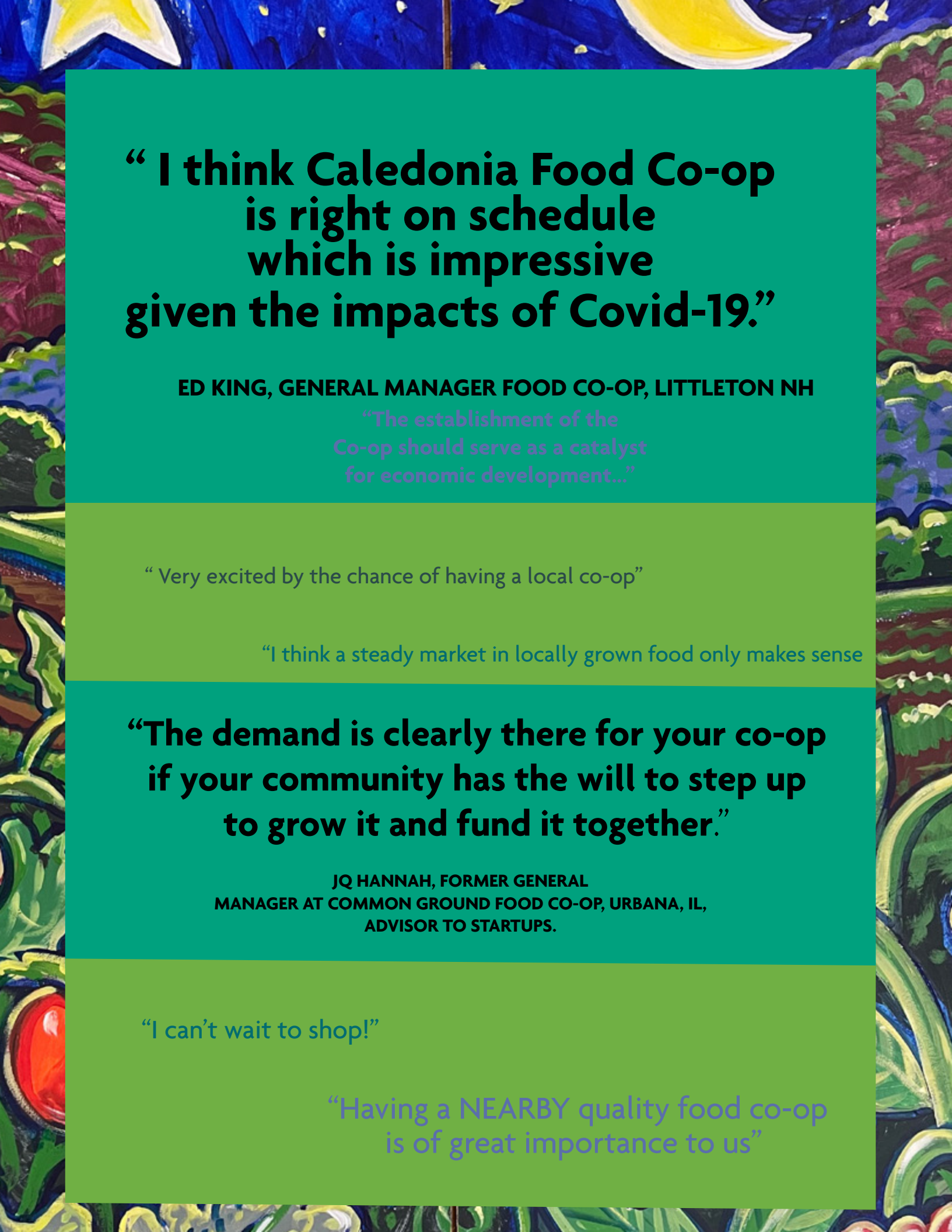




CALEDONIA FOOD CO-OP ANNUAL REPORT 2022





**“ I think Caledonia Food Co-op
is right on schedule
which is impressive
given the impacts of Covid-19.”**

ED KING, GENERAL MANAGER FOOD CO-OP, LITTLETON NH

**“The establishment of the
Co-op should serve as a catalyst
for economic development...”**

“ Very excited by the chance of having a local co-op”

“I think a steady market in locally grown food only makes sense

**“The demand is clearly there for your co-op
if your community has the will to step up
to grow it and fund it together.”**

**JQ HANNAH, FORMER GENERAL
MANAGER AT COMMON GROUND FOOD CO-OP, URBANA, IL,
ADVISOR TO STARTUPS.**

“I can’t wait to shop!”

**“Having a NEARBY quality food co-op
is of great importance to us”**



REFLECTIONS FROM ERIC SKOVSTED, BOARD CHAIRMAN

It is impossible to understate the importance of the Annual Meeting for a cooperative business. Today we will celebrate our success during the year that was while making decisions that shape the Co-op for the years to come.

The all-volunteer Board of the Co-op, Celia, David, Hannah, Rick, Margaret, Scott and myself, deserve a standing ovation for their effort and perseverance. These are the volunteers that have built the Co-op to date and who chart its course through the future. Without them, there is no Caledonia Food Co-op. Our vote to grow the board to 9 members reflects the importance of the work these individuals do and the talent they bring to the table on behalf of the Co-op. As we make the additional 2 board appointments following the meeting, we are particularly looking for board members with legal, financial, and development experience. Please reach out if you have expertise in this field.

Our members and advisory council also deserve a huge thanks for their steadfast support. We have an extraordinary number of members for the stage we are at. Starting a food co-op is a marathon, not a sprint and our members are at once energized by our mission while patiently respecting the startup process—which as co-ops across the country share their stories with us, appears to be evolving before our eyes. Unfortunately, building a co-op is not as easy as it once was.

Competition from non-cooperative grocers, flattening growth trends in organic and natural products, increased construction prices, and tightening credit markets are negatively impacting the feasibility equation for startups.

At the same time, we are making real progress: our real estate team has identified a site that we feel offers value for the co-op while maximizing our sales potential. Furthermore, the site's development would be transformational for St. Johnsbury.

Capital Campaign Planning: A yearlong endeavor

To move forward with this site, we need to raise 1.5 to 2 million in capital from our members in the form of member loans and donations over the course of a well-organized capital campaign. This money will be used in conjunction with Town of St. Johnsbury sponsored grants, which, in turn, will reduce risk for the traditional banks, investors and other potential partners required to complete the financing package. Many start up co-ops never reach this point. Those that do either succeed in raising the money and keep moving forward or falter and dissolve.

Over the next year the co-op will hire a capital campaign coach, develop a legal structure, identify a capital goal, and recruit an all-volunteer team of 20 Co-op members to plan and execute our capital campaign. Throughout this planning phase, we will continue to recruit new members to grow the co-op and increase the likelihood of campaign success. Co-op members should begin to think hard about the co-ops mission, its value, and what amount they can afford to loan or donate to the Caledonia Food Co-op's capital campaign.





PROGRESS

November 2018 - July 2019

- First organizational meetings
- Initial Board (seven members) convened
- Incorporation in Vermont
- By-laws drafted, adopted
- Website built
- Bank account opened
- First member-owners recruited: ~50
- USDA RBDG Grant applied for, awarded: \$29,900, 26% match/in-kind

August 2019 - December 2019

- Reorganization of initial Board (two of seven leave, two replace)
- Marketing program established; social media training, implementation
- Active public Membership Drive implemented: numbers increased to ~130
- Agreement signed with Real Estate consultant; potential areas identified
- Bi-monthly newsletter established
- Agreement signed with Market Study consultant
- Communication with existing co-ops: mentoring

January 2020 – August 2020

- Market Study completed: 12,000 SF store recommended, 72 parking spaces
- Agreement with Proforma consultant; initial Proforma completed, tuned
- Agreement with Marketing consultant; more cohesive marketing implemented
- Agreement with Architect, concept rendering completed for marketing use
- Continued Membership Drive (virtual now): numbers increased to 261
- Continued networking with/input from existing co-ops
- Board governance training planned; postponed due to pandemic
- Streamlining of internal systems: financial/member data base, communications
- USDA RBDG Grant applied for, awarded: \$68K, 26% matching (including in-kind)

September 2020 – December 2020

- Redoubled marketing efforts: radio interviews, press coverage, social media
- Continued Membership Drive member-owner numbers increase to 407
- Agreement with NCIC for consulting on grant opportunities, applications
- Work with Real Estate consultant on specific target list of potential sites





PROGRESS

January 2021 – June 2021

- Membership Drive: member-owner numbers increase to 581
- Tuning of Proforma with consultant
- Identification of two potentially viable sites, one downtown, not downtown
- Choice of target site- discussions with site holder, proposal awaited
- Continued work with NCIC on grant opportunities
- Professional reworking of financial/membership data base (in-kind consultant)
- Preparation for first Annual Meeting, which occurred, virtually, in June
- Re-election of two Board Members, election of one replacement

July 2021 – present

- Award of third USDA RBDG Grant \$102,000 with 26% match (including in-kind)
- Hire marketing communications consultant
- Public events: Dog Mountain, Meet the Board.
- Increased Social media presence
- Member/owners 646
- Networking with/input from existing co-ops (regional and national)
- Proposal (build to lease) received from site holder, 12,000 SF store
- Letter of Intent with site holder, for 12,000 SF store, proposed and drafted: six months of joint and individual efforts (including Co-op's preparation at appropriate time of formal business plan suitable for securing capital commitments), with a view towards agreeing a lease. Non-binding, may be terminated for any reason. Not signed.
- Further tuning of financial proforma
- Updated Market Study for site
- A second proposal for scaled-down store (8000 SF, 48 parking spaces) requested of siteholder. LOI still envisioned to address this store size, under similar terms and goals to original. Currently awaiting this proposal.
- Initial interest in a potential partnership between Caledonia and other entities
- Working with Town of St. Johnsbury as part of proposed site Task Force to stimulate economic development area- ongoing
- Starting preparation for Capital Campaign: consultant, manager/coach, training
- Redesign of website
- Preparation for Annual Meeting in April

Going forward

- Governance training/procedures and policy formalization
- Board increases to nine members



FINANCIALS

CALEDONIA FOOD COOPERATIVE, INC. 2021 FINANCIAL POSITION

PROCEEDS

Founding Memberships.....	\$23,800.00
RBDG Phase II Grant Cash Proceeds.....	\$50,300.00
RBDG Phase II Grant In-Kind Contributions.....	\$10,080.00
Total.....	\$84,180.00

EXPENSES

RBDG Phase II Grant-funded activities.....	\$68,080.00
Marketing.....	\$1,233.96
Website.....	\$526.00
Administrative	\$233.83
Other	\$443.75
Total.....	\$70,517.54

Proceeds less Expenses	\$13,662.46
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CASH POSITION

Cash on hand 12/31/20	\$39,596.38
Plus: Founding Memberships	\$23,800.00
Total Cash In	\$63,396.38
Minus: Marketing/Website/Administrative	\$2,437.54
Minus: Phase II Grant Match	\$7,700.00

Co-op Cash Available on 12/31/21	\$53,258.84
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GRANTS

USDA Rural Business Development Grants (RBDG):

Phase II: This RBDG grant was awarded in October 2020 for \$50,300 and provided the funding in 2021 for the co-op to enter into preliminary lease/purchase negotiations for a site and to develop a budget for construction. The co-op is working towards a letter-of-intent to formally express the co-op's interest and expectations in a site. In addition, Northern Community Investment Cooperation (NCIC) was hired to provide grant-writing services, securing two grants in late 2021 totaling \$72,000. The co-op was also able to hire a marketing specialist to work on outreach and as a result of this effort 238 new Founding

Members were added in 2021. Membership appreciation materials in the form of bandanas, t-shirts, etc. were purchased and will be distributed to thank our Founding Members. We thank our partner, the Town of Saint Johnsbury, for our success with this grant.

Phase III: This RBDG grant was awarded in late 2021 for \$70,000 and provides for site due diligence and planning as well as marketing, communications and outreach. These grant funds will allow the co-op in 2022 to finalize the letter-of-intent regarding a potential site and continue the co-op's efforts in outreach. We also hope to use these funds to develop a capital campaign. Our partner for this grant is NCIC.

Grassroots Fund: This grant was awarded in December 2021 for \$2,000 and provides for marketing and outreach activities. The co-op has hired a consultant who will be attending events to spread the word about the co-op and encourage more community members to become Founding Members.





BOARD OF DIRECTORS AND ADVISORY BOARD

BOARD OF DIRECTORS

Eric Skovsted, Chair, owner of Joe's Brook Farm in Barnet

Margaret Healey, Treasurer, retired Foreign Service Officer

David Hale, Secretary, Chef, culinary arts instructor at St. Johnsbury Academy

Hanna Wigginton, Soil Conservationist, USDA Natural Resources Conservation Service

Celia Jackmauh, Art Director

Scott Davis, Development Officer at St. Johnsbury Athenaeum

Rick Witt, International Business Development Leader

ADVISORY BOARD

Minty Conant, CPA, MBA Financial Advisor

Jody Fried, Executive Director of Catamount Arts

Adam Kane, Executive Director of the Fairbanks Museum & Planetarium

Tom Lovett, former Headmaster, St. Johnsbury Academy

Jeff Moore, President, Quest Transportation

Shawn Tester, CEO Northeastern VT Regional Hospital

Amanda Weisenfeld, Environmental Education Professional and Artist

Tracy Zschau, Statewide Conservation Director, the Vermont Land Trust



Annual Report Cover and side panel art by **Tara Goreau**

www.walltonic.com/about

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