



Valley NATURAL  
FOODS™

## 2021 ANNUAL REPORT





# LETTER FROM THE CEO & BOARD PRESIDENT

This summer, Valley Natural Foods returned to being a full-service co-op! All departments are up and running, including our delicious hot and salad bars, welcoming customers to come in and enjoy with family and friends. It was wonderful to see a sense of life and vibrancy return to our space. We now know that the sense of normalcy was a lull in case counts and not the end of the pandemic. We continue to shift our practices with evolving public health recommendations and the ebb and flow of COVID-19 cases. This year the co-op has demonstrated the resiliency of our model and practice and our ability to be flexible to meet our customers' needs. From safety practices, to leaning on our robust supply network, to expanding and relocating our wholesale gluten-free bakery, all of this was done through tremendous effort by co-op leaders and staff with direction from the board of directors and with the continued patronage and support of our amazing member-owners and customers.

In January, our board updated the co-op's Ends statement, articulating the impact the co-op will have in the world and guiding all decisions made at the co-op. Reflecting deeply on what it means to be a community-owned organization, the board landed on the following:

*Valley Natural Foods Co-op exists to engage our community in a journey of exploring health and well-being through:*

- Access to locally-produced and organic foods
- Sustainability in our products and practices
- Diversity of staff, member-owners, consumers, products and prepared offerings to be representative of the South Metro

The CEO and Management team interpret the Ends statement and develop our strategic plans to drive our co-op ever closer to achieving the Ends. The impact of the statement can be seen in our response to COVID-19, our stance on racial and social justice issues and our continual expansion of environmental initiatives.

Our first full fiscal year of COVID-19 response saw continued evolution of safety practices to limit the spread, on-going supply chain issues and staffing challenges. In the spring, staff were very excited about vaccine availability, and the co-op encouraged staff who became vaccinated with paid time off and bonuses. When the mask mandate was dropped, the co-op dropped the requirement as well. During the last year we had four confirmed cases of COVID-19 among staff. As Dakota County case counts have again risen and the CDC is recommending masks indoors, staff have returned to wearing masks. Our commitment remains to operating in a manner that keeps our customers and staff safe.

One of the more challenging aspects of COVID-19 has been the impact on supply chains. Across all industries, supply chains have experienced significant disruption. Our commitment to working with smaller independent farmers, vendors and distributors means we have a lot of relationships creating a more diffused network of suppliers than other grocers. In the last fiscal year Valley Natural Foods maintained 382 direct relationships with farmers, vendors and distributors. This strength is evident on our shelves, which have remained largely stocked up. Your local co-op has greater supply chain resiliency built-in to how we do business and has allowed us to serve our community throughout the pandemic.

Another impact of COVID-19 has been a challenging labor market – finding and retaining talented people to operate a business is a challenge that is faced across all industries. At the co-op our strategy has been to create a meaningful work environment overall and to continually increase the pay for our front-line workers in particular. Over the last two years we have taken hourly starting wages from \$11 to \$14 and have also increased the wages of staff who have been here for many years to ensure their pay reflects their contributions to the co-op over time. These efforts have supported lower turnover among staff and a better experience for our customers.

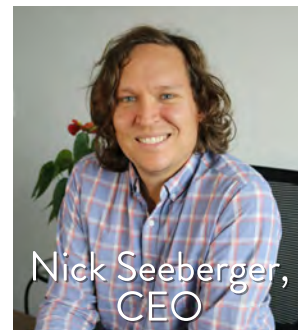
Our goal for financial performance in the last year was to break even. This goal was driven by extreme uncertainty when we were budgeting of how long and impactful the pandemic would be on our operations. Looking back at the year, the biggest impact we experienced financially was the loss of most sales of our prepared foods departments as people stayed home rather than go out for meals. It wasn't until the spring that we saw a significant return to prepared foods being purchased. We're pleased to share that even with significant sales loss to prepared foods, we managed to turn a modest profit of ~\$80,000. Once our financial review is complete, we will know what our profit will be for tax purposes and whether there will be a patronage refund this year.

In 2011, Valley Natural Foods launched Down in the Valley Bakehouse, now known as Valley's Own Bakehouse. The bakehouse produces wholesale gluten-free baked goods, found throughout the state and into parts of the Upper Midwest. Some of the items we produce are for our own brand, and some are for small companies looking to grow. Part of our long-term strategic vision has been to expand the the bakehouse facility to meet the growing demand for our products and the growing demand for our service as a manufacturer. This year we realized that vision when we opened our new facility in Rosemount. In October, we will celebrate with a ribbon-cutting at the site. When it is safe to gather again, we will host a party and invite the entire community to come see the facility and try some of our products. We want to recognize the hard work our Bakehouse Manager, Renee Johnson, our Business Development Manager, Ralph Hale and our staff for all their extra hard work in making this happen.

We want to thank all of you for your continued support of your co-op in the last year. The co-op exists to meet the needs of its community and we're really pleased with how things turned out in such an uncertain year. At the co-op we are continually looking for new ways to grow and fulfill our Ends. Stay in the loop on co-op happenings by following us on social media and subscribing to our weekly e-newsletter at [valleynaturalfoods.com](http://valleynaturalfoods.com).

Sincerely,

Nick Seeberger and Mark Mosiniak



Nick Seeberger,  
CEO



Mark Mosiniak,  
Board President

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NEW MEMBER-OWNERS JOINED VALLEY NATURAL FOODS.  
WELCOME TO OUR CO-OP COMMUNITY!



\$41,918

TOTAL ROUNDED-UP CONTRIBUTIONS PLUS REUSEABLE BAG REDEMPTIONS.  
THANK YOU MEMBER-OWNERS AND SHOPPERS FOR YOUR GENEROSITY!

FY 2021 RECIPIENTS: 360 Communities, MN Education Equity Partnership, BrainPower in a BackPack, VNF Cooperative Community Fund, The Open Door Pantry, Loaves and Fishes MN, Eastview Community Foundation, EdAllies, Midwest Food Connection, Every Meal and Rainbow Health



REGISTER  
ROUND-UP

5,665 lbs.

OF NON-PERISHABLE FOOD AND OTHER GOODS CONSISTENTLY FILLED THE  
FOOD DONATION BIN. THANK YOU MEMBER-OWNERS AND SHOPPERS FOR  
ALL YOUR GENEROUS CONTRIBUTIONS!

FY 2021 RECIPIENTS: The Open Door Pantry and 360 Communities Food Shelves



\$24,349

IN DONATIONS AND SPONSORSHIPS FROM VNF'S OWN FUNDS SUPPORTED  
LOCAL NON-PROFITS AND COMMUNITY ORGANIZATIONS

FY 2021 RECIPIENTS: Burnsville Chamber of Commerce, Farmaste Animal Sanctuary, Co-op Farm Tour, Midwest Food Connection, National Cooperative Grocers and The Arc MN



\$4,603

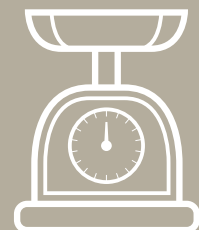
INTEREST EARNED FROM VNF'S CO-OP COMMUNITY FUND

FY 2021 RECIPIENT: Midwest Food Connection



8,481 lbs.

OF FRESH FOOD WRITE-OFFS WERE DONATED TO AREA ORGANIZATIONS



# FINANCIAL STATEMENTS

## FISCAL YEAR 2021

### INCOME STATEMENT

	FY 2021	FY 2020	% Change
Revenue (Net)	\$14,073,939	\$14,866,137	-5.33%
Cost of Goods	8,494,475	9,146,920	-7.13%
Gross Profit	5,579,464	5,719,217	-2.44%
Labor	3,409,258	3,637,429	-6.27%
General & Administrative Costs	2,067,066	2,127,487	-2.84%
Operating Costs	5,476,324	5,764,916	-5.01%
Operating Income	103,140	(45,699)	
Other Income/Expenses	(19,778)	176,820	-111.19%
Income Before Taxes	83,362	131,121	
Income Taxes	-	38,000	
<b>Net Income</b>	<b>\$83,362</b>	<b>\$93,121</b>	<b>-10.48%</b>

### BALANCE STATEMENT

	FY 2021	FY 2020
Cash	\$1,663,053	\$2,099,861
Inventory	607,044	598,648
Prepaid Expenses/Current Receivables	155,184	131,404
Current Assets	2,425,281	2,829,913
Property & Equipment, Net	9,487,744	9,210,681
Construction in Progress	9,586	-
Equity and Deposits in Other Co-ops	390,507	450,748
Other Receivables	200,612	211,147
Total Assets	12,513,730	12,702,489
Current Liabilities	1,061,191	920,650
Long Term Debt	4,526,991	4,948,166
Deferred Tax Liability, Net	274,000	236,000
Total Liabilities	5,862,182	6,104,816
Member Equity	5,732,761	5,718,161
Retained Earnings	918,787	879,512
Total Equity	6,651,548	6,597,673
Total Liabilities & Equity	\$12,513,730	\$12,702,489

### CASH FLOW

	FY 2021	FY 2020
FROM OPERATIONS		
Net Income	\$83,362	\$93,121
Depreciation & Amortization	436,964	454,341
(Increase) Decrease in Inventory	(8,397)	(2,130)
(Increase) Decrease in Receivables	(20,400)	20,775
(Gain) Loss on Equipment	41,377	-
Deferred Income Tax	-	38,000
(Increase) Decrease in Assets	(5,732)	3,254
Increase (Decrease) in Current Liabilities	138,950	(111,247)
Cash flow from Operations	666,124	496,114
FROM INVESTING		
(Increase) Decrease in Fixed Assets	(764,991)	(195,003)
(Increase) Decrease in Other Assets	45,039	(24,583)
Cash Flow from Investing	(719,952)	(219,586)
FROM FINANCING		
Increase (Decrease) in LT Liabilities	(412,782)	(103,898)
Increase (Decrease) in Equity	14,600	20,000
Cash Flow from Financing	(398,182)	(83,898)
Total Cash Flow	(452,010)	192,630
Beginning Cash	2,099,861	1,907,231
Ending Cash	\$1,647,851	\$2,099,861

**Valley Natural Foods Co-op works in partnership with the South Metro community to support health and well-being through education and expertise in local, sustainable food and wellness services.**

**– Valley Natural Foods Mission Statement**





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