



**Good Earth Food Co-op's  
2018 Member-Owner Investment Program**

*Description of Offering, Financial Disclosure,  
and Statement of Risks*

Good Earth Food Cooperative  
Centennial Plaza, 2010 Veterans Drive  
Saint Cloud, MN 56303  
320.253.9290

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## **NOTICE TO INVESTORS**

The contents of this Disclosure Statement and any prior or subsequent communications from or with Good Earth Food Cooperative, (sometimes herein referred to as “Good Earth Food Co-op” or “Good Earth” or “the Co-op” or “we” or “us”), or any professional associated with us, are not legal or professional tax advice. You should consult your own counsel, accountant, or business advisor as to legal, tax and other matters relating to the Member-owner Loan Offering.

No person has been authorized by us to give any information or to make any representation concerning the Co-op other than as contained in this Disclosure Statement, in connection with this Member-owner Loan Offering, and, if given or made, such other information or representation must not be relied upon as having been authorized by us. The delivery of this Disclosure Statement at any time does not imply that information herein is correct as of any time subsequent to its date.

We reserve the right to accept or reject subscriptions in whole or in part. We reserve the right in our discretion, and for any reason whatsoever, to modify, amend or withdraw all or any portion of the Member-owner Loan Offering. We shall have no liability whatsoever to any offeree and/or lender in the event that any of the foregoing shall occur, except in the event we reject a subscription, all funds with respect to such rejected subscription shall be returned to the subscriber.

This Disclosure Statement includes financial projections and other forward-looking information. All financial projections and forward-looking information are based on assumptions as to future events that are inherently uncertain and subject to the risks described in this Disclosure Statement. We make no representation or warranty as to whether we will actually attain any projected financial results. All projections of our future performance are based on uncertain assumptions and the actual results may materially and adversely vary from the projected results.

The information provided to you in this Memorandum is confidential and proprietary to the Co-op and is being submitted to you solely for your confidential use with the express understanding that, without our prior written permission, you will not release this Memorandum, discuss the information in this Memorandum, copy this Memorandum, or use this Memorandum or the information in it for any purpose other than to assist you in evaluating a potential investment in the Co-op. If you accept delivery of this Memorandum, you also agree to promptly return the Memorandum and all information to the Co-op if you decide not to invest.

The securities offered hereby cannot be sold, assigned or transferred, except back to the Co-op with the Co-op’s consent and upon terms and conditions contained in the Promissory Notes or otherwise established by the Co-op’s board of directors.

This Disclosure Statement is only an offer to sell these securities to current member-owners of Good Earth Food Co-op who are Minnesota residents, and it is not soliciting an offer to buy these securities from any other persons from any other jurisdiction.

Securities in the Good Earth Food Cooperative have not been registered under the Federal Securities Act of 1933, as amended, or any state securities laws, and are being offered and sold under a claimed exemption from registration requirements of such laws. Neither the Securities Exchange Commission nor any state securities authority has made an independent determination that Good Earth Food Co-op shares or member-owner loans are exempt from registration. Any representation to the contrary is a criminal offense.

# Table of Contents

Thank You	4
Campaign Summary	5
About Us	6
Capital Campaign Overview	7
Why Now	8
Offering Descriptions and Terms	9
Disclosure of Risk	11
Condensed Financial Information	13
Co-op Structure and Mission	16
Key Personnel	17
Board of Directors	19
Capital Structure	20
Important Notice to Investors	21
How to Purchase Shares or Make a Loan	22
Appendices	
A: Promissory Note	23
B: Agreement to Purchase Class C or Class D Shares	26

# Thank you!

Thank you for your decision to invest in our Co-op's future! The Good Earth Food Co-op (GEFC) has long provided our community with access to fresh, local, and organic products. In addition, we continue to grow the market for sustainably produced food in Central Minnesota. Alongside our successes, the GEFC must respond to ever-changing market conditions and increased competition from traditional grocery stores that have expanded their local and organic offerings. All of these factors have brought us to a new stage of evolution. In response, we are excited to announce the launch of our \$50,000 Member-Owner Capital Campaign!

The Member-Owner Capital Campaign is an opportunity for you, a member-owner, to invest directly in your Co-op. Your investment will enable us to upgrade critical technologies in our store that increase store efficiency and lower operational costs. They also rebuild our cash reserves, put us in a more financially secure position, and position us to endure in Greater St. Cloud's increasingly competitive grocery market.

Direct investment is a step all business owners must take and, as a GEFC member-owner, you are investing in YOUR business so that it can grow and prosper. Please read on for details regarding the types of investment opportunities that we are offering. You will also find the information necessary to appreciate the social value of your investment, while understanding the associated risks. We urge you to read the terms thoroughly, including all of the financial data provided in the financial statements, and to weigh carefully whether you can afford the risk that accompanies a loan to the Co-op. Thank you for your interest and support

# Campaign Summary

The Good Earth Food Co-op's current Member-Owner Capital Campaign is motivated by a number of factors. What follows is a brief summary of our campaign goal, campaign objectives, proposed store improvements, and investment options. If you would like to learn more about the current condition of our Co-op, the challenges we face, and our response to these challenges, the information contained in this offering will provide you with those details.

If you have additional questions, you can also contact our General Manager, Amanda Hegreberg, at [amanda.hegreberg@goodearthfoodcoop.coop](mailto:amanda.hegreberg@goodearthfoodcoop.coop) or 320-253-9290. Our Board of Directors are also happy to address any questions from our member-owners. Please feel free to join us at a monthly Board meeting, or reach out to the Board directly at [board.directors@goodearthfoodcoop.coop](mailto:board.directors@goodearthfoodcoop.coop).

## **Campaign Goal:**

To raise \$50,000 in loans and preferred shares by October 31st, 2018

## **Campaign Objectives:**

1. Address recent declines in store sales, due to changing market conditions.
2. Finance store improvements that will place the Co-op in a stronger position in a competitive marketplace, increase the efficiency of the store, lower operational costs, and improve the store experience of our customers.

## **Proposed Store Improvements:**

1. New Point of Sales (POS) System to optimize store operations, improve security, and increase sales options.

## **Investment Options:**

1. Unsecured loan of \$500 to \$1,999, 8-10 year term, 2% simple interest rate per annum.
2. Unsecured loan of \$2,000 to \$4,999, 6-10 year term, 2% simple interest rate per annum.
3. Unsecured loan of \$5000 or more, 6-10 year term, 3% simple interest rate per annum.
4. Purchase 1 or more D-shares, \$100 per share, 4% discretionary, non-cumulative dividend rate per annum.

## About Us

The Good Earth Food Cooperative (GEFC) is a cooperative organized under Minnesota Statutes, Chapter 308A. It is owned and governed by its member-owners.

The GEFC began as a buying club. Over time, the buying club grew to the point where members needed a place to house and distribute their products. This first location was at The Newman Center near the Saint Cloud State University campus. It was here that the Good Earth Food Co-op was established as a small, bulk items, members-only “store” in 1971. As membership increased, product offerings expanded and the Co-op moved to a new location on East St. Germain Street in St. Cloud. It would remain on East St. Germain Street for nearly twenty years.

The GEFC continued to grow and, in 1991, established the equity membership program we have today. In 1994 the store moved to its current location. The area of the store went from 1,000 square feet to approximately 4,000 square feet. In 2008, the Board negotiated a new ten-year lease at our current location with 1,200 square feet of additional space. Using the creativity the Co-op is known for, the additional space was converted to offices and a small community room at almost no cost. After using (and filling) the space for two years, the Co-op got the opportunity to expand again when a long-term tenant to the east vacated their space.

As a member-owner, you have likely witnessed the transformation that has occurred since then: we now have a commercial kitchen, a full-service deli with seating space, two customer-accessible bathrooms, a large community room, dedicated office space for our management team, proper storage space for product, back stock and business needs, and a dedicated staff break room.

Today, our Co-op remains true to its mission as it serves St. Cloud and the surrounding communities. We continue to fulfill our primary obligation to member-owners by maintaining a viable business, but new market conditions create new challenges and demand strategic responses. We know that our member-owners are loyal, involved customers who offer feedback and support to the store on a regular basis. Likewise, our Board and General Manager are entirely committed to the store and its future. We maintain a working-member program, and the Co-op Board is an active liaison between the member-owners and the store. We are very proud that we have been able to control our expenses and plan for the future despite past economic uncertainty. In our 2016 & 2017 capital campaigns our member-owners invested enough capital to shore up our cash reserves and meet the requirements of Shared Capital, the lending co-op through whom we financed our new produce coolers. Though our round-up at the register program we were able to purchase a new phone system and are on our way to financing a new store facade. We are confident that the combined efforts of our member-owners, directors, General Manager, and staff will enable us to chart a course towards a bright future. As such, we remain optimistic and confident as we enter this new capital growth phase, where the store and the member-ownership can invest together to create the most vibrant version of our Co-op yet!

# Capital Campaign Overview

## Member Owner Capital Campaign Objective:

Our Member-Owner Capital Campaign has one main objective that will strengthen our financial position, increase efficiency in operations, and improve the overall customer experience:

- Purchase a New Point of Sales (POS) System:
  - Our current POS system cannot do everything the Co-op requires to optimize our operations. When something goes wrong with the current system, it takes up to, and sometimes more than, a week to get an update or piece of equipment shipped to us. Optimized operations would have a direct impact on our operational costs; the new POS system is projected to pay for itself through cost savings in one - two years. Additional benefits include:
    - Live Inventory System / Improved Inventory Receiving
    - Theft Prevention and Inventory Control Capabilities
    - Electronic Invoicing
    - Online Ordering Capabilities / Auto Ordering / Improved Sales Options
    - Ability to Implement a Customer Loyalty Program
    - Improved Security System Management
    - System Programming Flexibility to Adjust to Changing Needs

## Member-Owner Capital Campaign Projected Benefits:

- Improve the overall financial position so that we can continue to serve our member-owners and customers for years to come. The new POS will give the GEFC financial advantages through:
  - Integrated credit card processing
  - Savings on labor costs
  - Estimated ROI on the POS is \$3000 per month
- Grow member-owner satisfaction due to improved store performance and experience:
  - Ability to easily order your groceries online and pickup at your convenience
  - Easier and faster time at the register
  - Customer loyalty program that sends you special coupons and offers
- Grow Employee satisfaction due to:
  - The ability to check inventory status and order status
  - Easier interface for cashiers at the checkout lanes
  - Online POS database

## Why Now?

In 2016, we launched a Targeted Member-Owner Loan Campaign and in 2017 we launched another Capital Campaign. Both campaigns were a partial success, but evolving circumstances demand that we expand our capital development efforts. As a result, we are now launching the 2018 Member Owner Capital Campaign. In order to fully understand our focus on capital development, we are providing an explanation of the reasons for the initial loan campaign, as well as the present capital campaign. If you have additional questions, please feel free to contact the General Manager or any Board Director for more information.

The primary reason for the Targeted Member-Owner Loan Campaign was to meet the funding requirements for our new produce cases. Produce is the centerpiece of the Co-op offerings and it is paramount that we maintain a vibrant, enticing Produce Department to ensure a healthy store. Since 2010, our old and failing produce coolers had cost the store tens of thousands of dollars in repair costs and spoiled produce. In late January 2016, our old produce coolers began to fail entirely and repair was no longer a viable option. As a result, we placed an order for new produce coolers. Due to issues of demand, those coolers did not arrive until late September.

The costs associated with the use of failing produce coolers and the purchase of our new produce coolers created a financial concern for the store. We secured financing for approximately half of the cost of the coolers through Shared Capital Cooperative. However, the remaining cost was covered using our bank account which depleted the cushion of liquid assets that we use during periods of slow sales. Shared Capital Cooperative had requested that we replenish those cash reserves as a condition of our loan. The Targeted Member-Owner Loan Campaign was only a partial success and did not address this issue in full.

In addition to this financial concern, there were other compelling reasons to launch a second Member-Owner Capital Campaign. For example, the Greater St. Cloud area has witnessed the opening of a new grocery store, which markets itself as a resource for natural food products. According to Michelle Schry, the Central Corridor Development Director for National Co+op Grocers (NCG), Co-ops like ours typically experience an average sales decline of 20% after a store of this kind opens nearby. The Co-op experienced a sales decline in 2017 that is consistent with these averages. Michelle states that stores like our new competitor utilize aggressive business practices, often operating at a planned loss for the first 3-6 months in order to price its competitors out of the market. These business practices have the potential to have a negative financial impact on the Co-op.

These practices, coupled with GEFC's depleted cash reserves, have placed the Co-op under serious financial strain. At that time, GEFC had levels of cash reserves that were significantly below what was recommended by NCG and it was struggling to meet its obligations to vendors and others in a timely manner. If GEFC had not been able to improve its cash on hand in the short term, it could not have continued to operate.

In this phase the main objective is to install a new point of sale or POS. The benefits of the new system outweigh the costs and will be a major factor in upgrading our technology. During our focus groups held in June, the vast majority of attendees agreed that the new POS will help the Co-op remain relevant in the new competitive grocery industry.

# Offering Description and Terms

The purpose of this Offering is to raise \$50,000 from Good Earth’s member-owners to improve the financial position of the Co-op by financing the purchase of the new point of sales system (POS).

Relying on member-owners to provide long-term, patient capital is part of what makes co-ops unique, and has been a critical part of almost every successful food co-op expansion in recent years.

**Good Earth’s member-owners can invest in the Co-op in four ways:**

1. By making an unsecured loan to Good Earth of \$500 to \$1,999 to the Co-op, for a term of 8-10 years, and at a simple interest rate of 2% per annum.
2. By making an unsecured loan to Good Earth of \$2,000 to \$4,999 to the Co-op, for a term of 6-10 years, and at a simple interest rate of 2% per annum.
3. By making an unsecured loan to Good Earth of \$5,000 or more to the Co-op, for a term of 6-10 years and at a simple interest rate of 3% per annum.
4. By purchasing 1 or more D-shares (in one 2018 series of 1000 shares) at \$100, bearing a discretionary, non-cumulative dividend rate of 4% per annum.

D-share & Loan Comparison Chart			
Investment Type	Term	Interest/Dividends	Minimum Investment
Owner Loan Offer 1	8, 9, or 10 years	2% simple interest <i>(payable when loan is due)</i>	\$500 loan
Owner Loan Offer 2	6, 7, 8, 9, or 10 years	2% simple interest <i>(payable when loan is due)</i>	\$2,000 loan
Owner Loan Offer 3	6, 7, 8, 9, or 10 years	3% simple interest <i>(payable when loan is due)</i>	\$5,000 loan
D-Shares <i>(in one 2018 series of 1000 shares each)</i>	8 – 15 years	4% <i>(only if Co-op can afford and board authorizes; non-cumulative)</i>	\$100 <i>(1 share @ \$100 each)</i>

Both loans and D-shares are an important way to support the Co-op's needs. For investors who anticipate that they will want their capital returned by a certain date, or who want a guaranteed interest rate, an owner loan is a better choice. D-shares are more beneficial to the Co-op because it is not required to pay dividends or redeem shares at any particular time, and is not permitted to do so unless it can afford to, as determined by the board of directors. In recognition of this uncertainty, the dividend rate for D-shares is higher than the interest rate for loans.

***D-shares are preferred, non-voting stock.***

D-shares are preferred stock, which means that if the Co-op were to dissolve or go bankrupt, they would be paid back before regular membership shares. However, the Co-op's lenders, including the bank and our member lenders, would be paid back before D-shareholders. D-shares are non-voting, which means that they do not include any right to cast additional votes on Co-op matters. Regardless of how many D-shares you own, you still have only one vote.

***D-shares earn dividends, but only in years that the Co-op can afford to pay them.***

The board has set a dividend rate of 4% for the 2018 series of D-shares. The Co-op will pay dividends only in years in which it can afford to do so. If dividends are not paid, they do not accumulate for payment at a later date.

***D-shares can only be redeemed if authorized by the board of directors.***

These shares cannot be redeemed (that is, sold back to the Co-op by the shareholder) without the board of directors' authorization. The board will not authorize the redemption of D-shares unless the Co-op has sufficient capital reserves and working assets. Under current projections, the Co-op anticipates that redemption may begin in 8 - 15 years. However, actual performance may differ materially from these projections and there is no guarantee about redemption dates. Once redemption begins, the Co-op will likely redeem D-shares in a "first in, first out" order, so that those who purchase shares first will be given the first opportunity to sell them back to the Co-op.

In short, there is no guarantee that investors will be able to sell their D-shares back to the Co-op anytime soon, and they should be viewed as a long-term investment. These shares also cannot be sold to anyone other than the Co-op.

***Member-owner loans are unsecured and subordinate to other debt.***

Loans made by member-owners to the Co-op are not secured, and are subordinate to all secured debt financing, including bank loans. If the Co-op were to become bankrupt or dissolve, member-owner loans would be paid back after all other creditors.

***Administrative Details***

Each year, the board determines whether a dividend is to be paid on D-shares by the declaration date of October 15. If declared, dividends are paid on any stock held on the official record date of May 15 of that year.

When members purchase a D-share, the Good Earth Food Co-op maintains a formal record of the purchase in electronic database form. Members receive a yearly account statement reflecting the number of D-shares that they own, notice of the board's decision whether to declare dividends, and the amount of any dividend the member is to receive. If members who share a household membership wish to purchase shares jointly, the Co-op will issue such stock in joint ownership form, and pay any dividends or redemptions accordingly.

## Disclosure of Risks

*Investors should be aware that an investment in member-owner loans or D-shares is speculative, non-liquid, and involves a significant degree of risk. While the Co-op has attempted to list known risk factors, there are likely additional, unrecognized risks. You must conduct and rely on your own evaluations of the Co-op and the terms of this offering, including the merits and risks involved in making your investment decision. An investment in the Co-op is suitable only for people who can afford the loss of their entire investment. Accordingly, in making their investment decision, investors should carefully consider the following risk factors, as well as other information supplied by the Co-op. The statements made in this Memorandum are not tax or legal advice. This Memorandum should be reviewed by you, your investment, tax or other advisors, accountants and legal counsel, if any.*

*This Disclosure Statement contains “forward-looking statements” within the meaning of United States federal securities laws. Such statements involve risks and uncertainties and can be identified by the use of forward-looking terminology, such as “may,” “will,” “expect,” “anticipate,” “estimate” or “continue.” Actual results could differ materially from those projected in the forward-looking statements due to a number of factors, including those identified in this section and elsewhere in this Disclosure Statement.*

General Risks. There are general risks inherent in any business expansion of this nature, many of them beyond management’s control. The likelihood of the Co-op achieving successful growth and financial profitability following its expansion must be considered in the light of potential difficulties and unforeseen problems encountered in such efforts. Competition in the grocery industry in Central Minnesota is significant and the Co-op has lost some of its market share. The nature of this highly competitive marketplace demands that the Co-op improve its technology and effectively differentiate itself from its competitors. Failure to do so will adversely affect profitability and market share.

Risk of long-term minimal profitability. The Co-op has not been profitable since the 2014-2015 fiscal year and has not been profitable eight out of the past ten years. The Co-op lost approximately \$49,000.00 in the fiscal year ending June 2016. There is no guarantee that the Co-op will become profitable in the future. Post-campaign financial projections anticipate that the Co-op will not be in a position to begin paying dividends on D-shares until at least 2027. There is no guarantee that these projections will be accurate, or that the Co-op will have sufficient profitability to allow the payment of dividends on D-shares in any given year.

Unsecured and Subordinate Position of Loans & Shares. Member-owner loans to the Co-op are unsecured and subordinated to all other debt financing, and would be only paid after all secured debt, if at all, in the event that the Co-op were to dissolve. D-shares are also unsecured and are subordinate to all debt financing, including owner loans, and would be even less likely to be redeemed in the event of dissolution.

Risk of unforeseen catastrophic events. While the Co-op maintains normal insurance coverage, there is no guarantee that it will be able to recover from the financial consequences that might accompany major losses.

Competitive conditions. The retail food industry is highly competitive, and many of the Co-op’s competitors are owned by large, diversified food companies with far greater resources. Many of our competitors have responded to the chain “natural” grocery store that opened in Waite Park

this winter with an expansion of their offerings. The Co-op has to make some critical changes to be efficient and relevant in this competitive industry.

Reliance on key personnel. The Co-op relies on the management staff and its board of directors, none of whom has any legal commitment about their length of service with the Co-op.

Non Liquidity of shares and loans. Member-owner loans cannot be transferred or sold to any party other than the Co-op.

Suitability standards. The opportunity to make a loan is only available to persons having a pre-existing relationship with the Co-op, and who are fully-paid member-owners and bona fide residents of the State of Minnesota. It is only suitable for those who understand the nature of the risks involved and can afford to assume them; who can afford to sustain a loss of their investment; and who have adequate financial means and no need for liquidity in any funds invested. Dividends and interest are taxable and will be reported with a 1099 DIV to the federal government. If you have any questions, you should talk to a tax advisor or an attorney.

## Condensed Financial Information

*This condensed financial information provides a snapshot of the Co-op's current financial projections and is drawn from the Co-op's detailed pro formas, which are available at the store. While we have made every effort to base these projections on reasonable and prudent assumptions, there is no guarantee that they will prove to be accurate. We will gladly provide detailed financial statements to prospective investors upon request.*

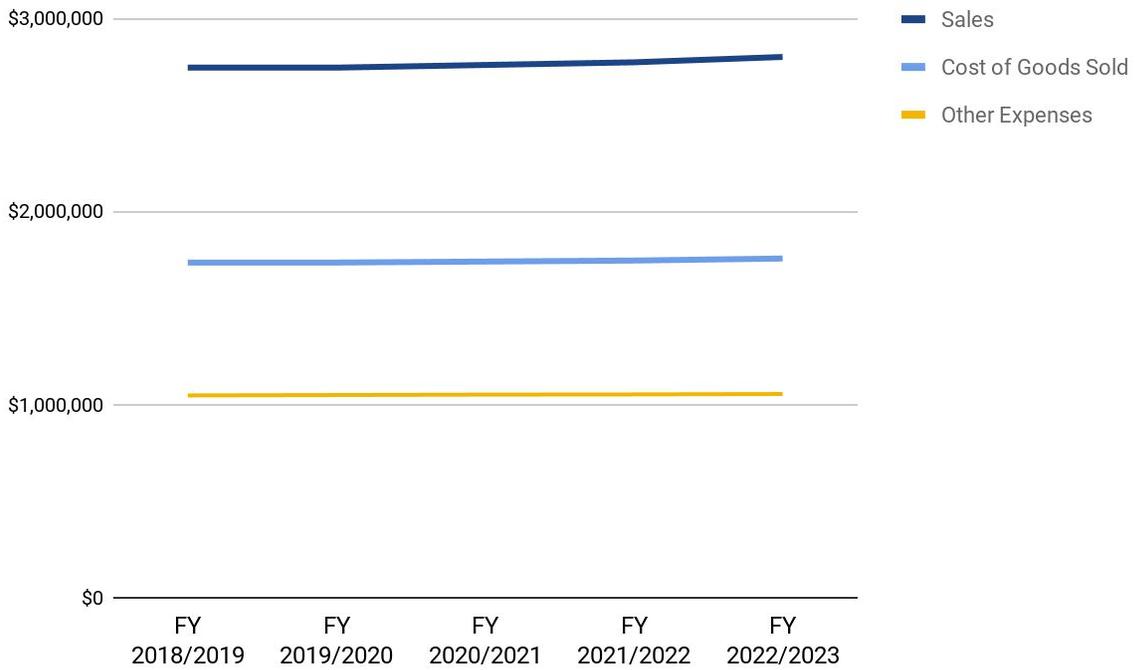
*These financials reflect where Good Earth Food Co-op was in FY2018, which closed on June 30, 2018, just days after our projected financing closing date. The member loan campaign will occur in FY2019 (July 2018-June 2019). These projections reflect our current expectations for the year and the subsequent five years of operation.*

*PLEASE NOTE: All financial information and projections have been prepared by the Co-op. This information has not been verified by any independent accounting firm. The financial projections that appear in this document are estimated revenues, expenses, and cash flow, which are based on and represent management's best knowledge and belief. Furthermore, even if the sales and projected price and costs are attained, there will usually be differences between projected and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.*

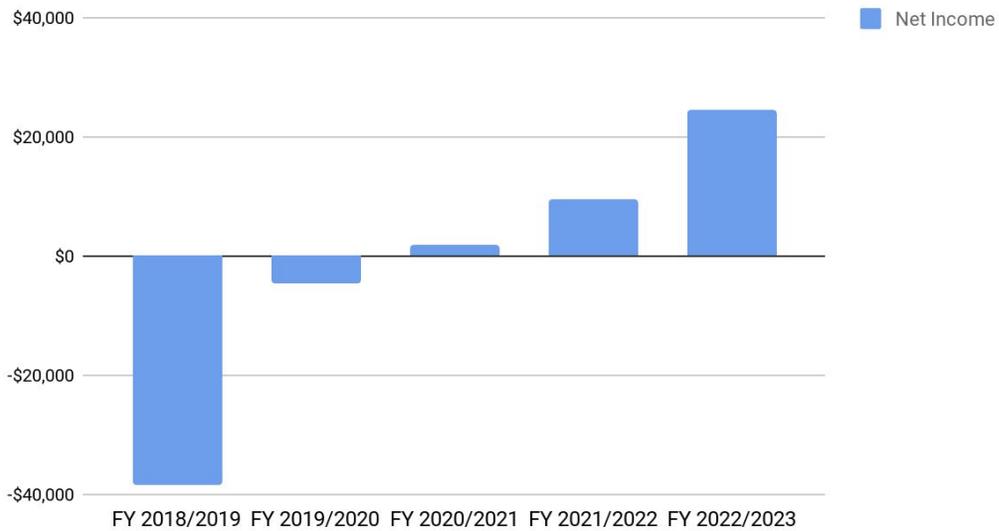
### Historical Balance Sheet

6/30/2017	12/31/2017	6/30/2018
<b>Balance Sheet — Assets</b>	<b>Balance Sheet — Assets</b>	<b>Balance Sheet — Assets</b>
<b>Total Assets — \$ 559,566.70</b>	<b>Total Assets — \$ 529,624.92</b>	<b>Total Assets — \$ 509,931.26</b>
<b>Balance Sheet- Liabilities and Equity</b>	<b>Balance Sheet-Liabilities and Equity</b>	<b>Balance Sheet-Liabilities and Equity</b>
<b>Total Liabilities — \$ 268,328.78</b>	<b>Total Liabilities — \$ 246,758.20</b>	<b>Total Liabilities — \$ 253,624.80</b>
<b>Retained Earnings --- &lt;\$1,223.84&gt;</b>	<b>Retained Earnings --- &lt;\$60,740.71&gt;</b>	<b>Retained Earnings --- &lt;\$108,847.17&gt;</b>
<b>Equity — \$291,237.92</b>	<b>Equity — \$ 282,866.72</b>	<b>Equity — \$253,306.46</b>

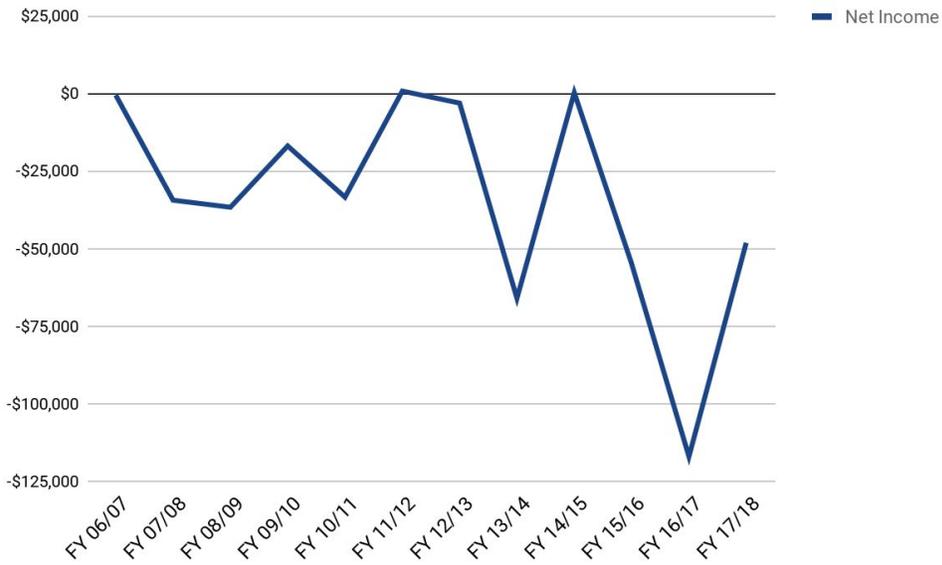
**Income Statement 5-year Projections**



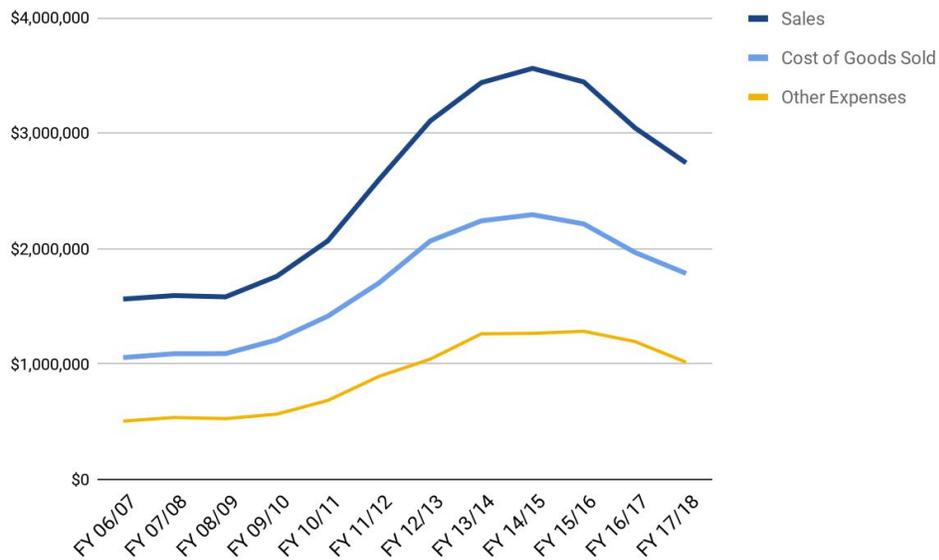
**Net Income 5-year Projections**



### Historical Net Income



### Historical Income Statement



## Co-op Structure and Mission

Our mission is to offer nutritious foods and other products for the lowest feasible prices and to promote healthful lifestyles, cooperation among food producers and consumers, and environmental equality.

According to our Global Ends, we exist to promote and provide cooperative commerce to the benefit of its current and future member-owners as well as the surrounding community.

More specifically in regards to Products and Services:

1. The Good Earth Food Cooperative promotes sustainable, trustworthy sources of food and other goods and services at the best possible prices.
2. We give preference to local producers, organic practices, certified Fair Trade items, and non-GMO certified products.
3. We provide clear, consistent, and accurate labeling and presentation of products.
4. We strive to satisfy customer expectations, and promote health and well being.
5. We provide member-owners and the community with access to information regarding both product selection and the services provided by the cooperative.

We adhere to the Rochdale Cooperative Principles:

- Voluntary and Open Membership
- Democratic Member Control
- Member Economic Participation
- Autonomy and Independence
- Education Training and Information
- Cooperation among Cooperatives
- Concern for Community

The GEFC operates under a set of policies developed by the Board of Directors that guide the Co-op's operations and governance. Among those policies is the Co-op's Ends policy, a mission-related statement that embodies the long-range vision for the Co-op and drives every initiative undertaken by the Board and management.

# Key Personnel

## **Amanda Hegreberg, General Manager**

Amanda became the General Manager in July of 2016 and is ready for the responsibility of keeping the Co-op growing for another forty-five years. She started as a cashier in September of 2007 and worked her way up the ladder. In July of 2009 she became the Grocery Manager, in charge of the largest department of the store. In January of 2015 she was appointed to operations manager, overseeing all the departments at the Co-op. In October 2015 she became the Assistant Store Manager, helping the General Manager oversee the entire store. At the end of January of 2016 she was asked to step up and be Interim General Manager, and during the months she was interim, the Co-op saw positive growth, which it hadn't seen the previous six months. After the application process to become General Manager of the Co-op, she was offered and accepted the role and responsibilities of General manager. Amanda is excited about the future and growth of the Co-op as its new General Manager.

## **Debbie Hartwig, Accounts Payable Officer**

Debbie started in 1994 at the Co-op as a cashier. She is the employee at the Co-op that has been here the longest. In 1996 she took over the membership program; making sure everyone was inputted in the database, was up-to-date in the membership dues and that everyone member-owner received their cards. At that time she started to order books, magazines and greeting cards for the store that many customers enjoy. In 2000 Debbie started being the Co-op's accounts payable officer. In 2014 she started to take charge in the payroll responsibilities. Debbie has a wealth of knowledge and history about the Co-op.

## **Kelsey Kapsch, Operations Manager**

Kelsey has worked at the Co-op since 2010, starting as a clerk and working her way up to Cold Foods Manager. In July of 2016, she was promoted to Grocery Manager as well, and now oversees most of the store; dairy, frozen, meat, cheese, refrigerated, and grocery. Kelsey is also active in store merchandising, and has undergone training in display merchandising and promotions. In June of 2018 Kelsey was promoted to Operations Manager.

## **Luke Salisbury, Bulk Foods Manager**

He started his long career at the Co-op as a cashier in 2007 and was promoted to a lead cashier in 2009. He applied and received the Bulk Buyer position in 2011 and then became the Bulk Manager in March of 2013. Luke has actively helped with in store events, posters and signs, and also created a video about our Co-op that can be found on our website.

## **Worker Run Deli Department**

In the fall of 2016, the Deli department evolved from a traditional manager-employee structure to a worker-managed structure that has vision and practices worker empowerment, individual growth, and improved interpersonal skills. Inspired by worker cooperatives the deli workers created a rough plan of how the deli could begin operating as a worker-run deli and bakery right away. Tasks that had previously been the responsibility of one person, such as ordering and financial reporting, have become the responsibility of several workers. Decision-making morphed to fellow workers conversing and reaching a consensus. Disagreements and mistakes

are forced into discussion, which promotes solving issues proactively and punctually. If collective members decide to leave the Co-op, the goal is that workers will bring their experience and skills into their various communities, where they will help build more horizontal, empowering, and healthy working and living environments.

**Jerry Neuhaus, Customer Service Manager**

Jerry began working at the Co-op in May of 2012 in the deli and worked his way around the co-op as a cashier, lead cashier, demo coordinator and media coordinator. In November of 2017 he received a new title and more responsibilities as Customer Service Manager. He is still active in media, community outreach and most recently marketing.

## **Board of Directors**

Good Earth Food Cooperative is governed by a Board of Directors democratically elected from among the membership. The Board of Directors oversees the Co-op's fiscal health, sets policy, hires and holds accountable the General Manager, and represents the membership. The Board of Directors currently includes:

### **Bobbie Hentges**

Bobbie has served on the Co-op Board of Directors for five years and is the current Board President. She enjoyed a 13 year career with Northwest Airlines as a reservation agent, a supervisor, and customer service manager in Cedar Rapids, IA for 3 years and 3 years at Minneapolis International Airport. In 2008 she became medically disabled from full-time work and moved with her husband to St. Cloud.

### **Adam Konczewski**

Adam Konczewski has been on the Board for 3 years. He was born and raised in Poland and currently is chairing the Finance Committee and is on the Board Development Committee. He works for the College of Saint Benedict and Saint John's University. Adam enjoys swimming, biking, and running in his spare time.

### **Matt Parks**

This is Matt's third year on the board and he currently serves on the Member-Owner Engagement Committee. Matt became a member of the Co-op when he and his family moved to St. Cloud in 2013. He has been a registered nurse for the past 23 years and he's worked the last 7 years as a nursing instructor. He currently is employed by an online university.

### **Stephen Janasie**

This is Stephen's second year as a Board member. He is currently serving on the Policy Committee, the Board Development Committee, and the Capital Campaign Committee. Stephen is currently employed by St. Cloud State University's College of Science & Engineering as the College's Experiential Learning & Outreach Director. Stephen holds a B.A. from New York University and a J.D. from the Illinois Institute of Technology, Chicago-Kent College of Law. He has practiced law and taught courses in the field of environmental and energy law and policy.

### **Sara Mruz**

This is Sara's second year with the Board of Directors. She currently is employed by Saint John's University, as the Executive Assistant in Development in Institutional Advancement. She has 16 years of experience in the administrative field, eleven of those with Saint John's. She graduated from the St. Cloud Technical College with an AAS degree in 2003. Sara joined the Good Earth Food Co-op Board as Secretary in 2015 and was elected to a term in the fall of 2016. She currently serves as the Vice President of the board and also serves on the Board Development Committee.

# GOOD EARTH FOOD CO-OP'S CAPITAL STRUCTURE

Good Earth Food Co-op's Articles of Incorporation authorizes a total of up to fifty thousand (50,000) shares of capital stock. The capital stock is issued in the manner, at such times, in such amounts, and for such consideration, in money or property or both, as the Board of Directors may determine.

The Articles of Incorporation identify our current capital structure as follows:

- Outstanding shares of Class A Voting Stock with a par value of Ten Dollars (\$10.00) per share.
- Outstanding shares of Class B Membership Equity with a par value of Ten Dollars (\$10.00) per share.
- Outstanding shares of Class C Non-Voting Common Stock shares without par value.

The Co-op does not currently have any outstanding shares of Class B Membership Equity or Class C Non-Voting Common Stock. In 2017 the Board of Directors determined that a new class of capital stock should be created to meet GEFC needs. The issue was 2,500 shares of Class D Non-Voting Preferred Stock with a par value of One Hundred Dollars (\$100.00) per share. As of September 1, 2018 there are 19 outstanding D shares.

In September 2018 the Board will approve the creation of a new series of capital stock as authorized by Article V, Section 2 of the Articles of Incorporation. The new series of capital stock shall be:

- ★ 1000 D shares of Non-Voting Preferred Stock with a par value of One Hundred Dollars (\$100.00) per share.

Class A stock is the "ownership share," and is the only class of stock that includes the right to vote. All member-owners purchase one share of Class A stock as part of their membership fee. No dividends are paid on Class A or Class C stock.

Class B Stock can be issued in lieu of patronage refunds or in exchange for Class A stock. Class B stock is non-voting and is not eligible for dividends.

Class C and Class D stock may only be issued to holders of Class A stock, i.e., to member-owners. Because of restrictions under state and federal securities laws, purchasers of Class C and Class D stock must also be residents of Minnesota. Dividends may be paid on Class D stock at the discretion of the board of directors.

When the Board of Directors determines that the association has sufficient working capital, Class C stock may be called for redemption at par value. Other Stock may be called for payment as provided in the Bylaws or as determined by the Board. Any redemption of stock is subject to the requirement that at the time of redemption the total amount of stock remaining outstanding after deduction of the amount of stock to be redeemed, plus the permanent reserves of the association, shall at least equal the total liabilities of the association.

Regardless of the number of shares of stock owned by a member, that person may have only one vote in the affairs of the cooperative and owning multiple shares of stock will not give a member more than one vote. Shares of stock may only be transferred with the approval of the

Board of Directors. No shareholder or member of the association shall be personally liable for any of the debts or obligations of the association.

## **Important Notice to Investors**

This Disclosure Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state other than Minnesota.

You should be aware that you will be required to bear the financial risks of this investment for an indefinite period of time, and that you cannot sell or transfer loans or D-shares to any person or entity except the Co-op.

These loans and D-shares have not been registered under the Federal Securities Act of 1933, as amended, or any state securities laws, and are being offered and sold under a claimed exemption from registration requirements of such laws. Neither the Securities Exchange Commission nor any state securities authority has made an independent determination that these securities are exempt from registration.

The Co-op reserves the right to reject any completed promissory note for any reason. The Co-op will be deemed to have accepted a loan or an Agreement to Purchase only when an authorized officer has signed the promissory note or agreement on behalf of the Co-op and returned it to the member-owner. *Deposit of a member-owner's check will not constitute acceptance.*

The Co-op and its directors, officers, and any other representative of the cooperative do not assume any responsibility for economic or tax advice or consequences concerning this investment.

The Co-op has supplied and is responsible for the contents of this Disclosure Statement. No one has been authorized to give any information or to make any representations other than those in this Disclosure Statement. The delivery of this Disclosure Statement does not imply that there has been no change in the affairs of the Co-op since the date the Statement was written, or that the information in the Statement is correct at any time after that date.

We urge you to read this Disclosure Statement carefully. We will give each prospective investor an opportunity to ask questions of persons authorized to act on behalf of the Co-op, and will provide any additional information that we can to verify the accuracy of the information in this Disclosure Statement. If you desire additional information or documents to verify or supplement the Disclosure Statement, please contact Amanda Hegreberg, General Manager, Good Earth Food Co-op, 2010 Veterans Drive, Saint Cloud, MN 56303, (320) 253-9290, [amanda.hegreberg@goodearthfoodcoop.coop](mailto:amanda.hegreberg@goodearthfoodcoop.coop). As part of any promissory note, investors will be required to verify in writing that they were given the opportunity to obtain additional information.

## **How to Purchase D-Shares or Make a Loan**

Preferred Shares: To purchase D-shares, complete the Agreement to Purchase in Appendix B and return it, along with your check, to the Good Earth Food Cooperative, Attn: Amanda Hegreberg, Centennial Plaza, 2010 Veterans Drive, Saint Cloud, MN 56303. The Co-op reserves the right to reject any Agreement to Purchase for any reason, and to withdraw, cancel, or modify this offering at any time.

Loans: To make a loan to the Co-op, complete the attached information statement and return this, along with your check for the principal of the loan, to the Good Earth Food Cooperative, Attn: Amanda Hegreberg, Centennial Plaza, 2010 Veterans Drive, Saint Cloud, MN 56303. The Co-op will issue a Promissory Note in the form attached to this Memorandum. You should maintain the original Note in a secure place.

**Thank you for your support!**

## **APPENDIX A**

# PROMISSORY NOTE

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY APPLICABLE STATE LAW. NO INTEREST IN THIS NOTE MAY BE SOLD, DISTRIBUTED, ASSIGNED, OFFERED, PLEDGED OR OTHERWISE TRANSFERRED UNLESS (I) THERE IS AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS COVERING ANY SUCH TRANSACTION OR (II) THE COMPANY RECEIVES AN OPINION OF LEGAL COUNSEL REASONABLY SATISFACTORY TO THE COMPANY STATING THAT SUCH TRANSACTION IS EXEMPT FROM REGISTRATION.

## PROMISSORY NOTE

\$ \_\_\_\_\_, 20\_\_\_\_

FOR VALUE RECEIVED, Good Earth Food Cooperative, a Minnesota cooperative corporation ("Maker") promises to pay to \_\_\_\_\_, or order, at \_\_\_\_\_, \_\_\_\_\_, Minnesota, or such other place as the holder of this Note may designate in writing to Maker, the principal sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), together with simple interest on the unpaid principal balance from the date of this Note until fully paid at the rate of \_\_\_\_\_ percent (\_\_\_%) per annum. Principal and interest are due and payable in lawful money of the United States of America.

No Principal and interest payments will be payable for \_\_\_\_\_ (\_\_\_) months from the date of this Note. Thereafter, principal and interest are due and payable in one (1) monthly installment in the amount of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) payable on \_\_\_\_\_ 1, 20\_\_\_\_, when the entire unpaid principal balance and all accrued but unpaid interest under this Note will be immediately due and payable. Each monthly installment payment will be applied first to accrued but unpaid interest and the remainder to principal.

This Note may be fully or partially prepaid at any time during the term of this Note without penalty or premium. Any prepayment will be applied first to accrued but unpaid interest and the remainder to the principal portions of the monthly installments due under this Note in inverse order of maturity.

Maker, for itself, its successors and assigns, covenants and agrees, and the holder of this Note by acceptance hereof likewise covenants and agrees, that the payment of the principal and interest on this Note will be subordinate and subject to the prior payment in full of all secured indebtedness due and owing, including as a result of any breach of the terms of the secured indebtedness, at the time of any such payment to the holder of this Note.

This Note is unsecured in all respects and has been issued pursuant to an offering by Maker of similar notes. The holders of all such notes will be entitled to the same rights and remedies as the holders of the other notes and any payments by Maker pursuant to the obligations of this Note and such other notes will be made prorata to the noteholders.

If default occurs in the payment of any amount due under this Note when due, or upon the occurrence of any of the following: (a) Maker ceases to conduct its business; (b) Maker is or becomes insolvent; (c) Maker voluntarily files, or has filed against it involuntarily, a petition under the United States Bankruptcy Code; or (d) Maker is dissolved or liquidated (each, an "Event of Default"), the entire principal balance and accrued but unpaid interest under this Note shall at once become due and payable, without notice, at the option of the holder of this Note. Any failure to exercise such option shall not constitute a waiver of the right to exercise it in the event of any subsequent default.

Maker waives presentment, dishonor, protest, demand, diligence, notice of protest, notice of demand, notice of dishonor, notice of nonpayment, and any other notice of any kind otherwise required by

law in connection with the delivery, acceptance, performance, default, enforcement or collection of this Note and expressly agrees that this Note, or any payment hereunder, may be extended or subordinated (by forbearance or otherwise) at any time, without in any way affecting the liability of Maker.

Maker agrees to pay on demand all costs of collecting or enforcing payment under this Note, including attorneys' fees and legal expenses, whether suit be brought or not, and whether through courts of original jurisdiction, courts of appellate jurisdiction, or bankruptcy courts, or through other legal proceedings.

This Note may not be amended or modified, nor shall any waiver of any provision hereof be effective, except only by an instrument in writing signed by the party against whom enforcement of any amendment, modification, or waiver is sought.

**Investment Intent.**

Upon Issuance of this Note, Holder will be deemed to have represented and warranted to Maker as follows:

- (a) That the Note is being and will be acquired by Holder for Holder's own account and for investment and without the intent of reselling or redistributing the same;
- (b) That Holder has not made any agreement with others regarding sale, assignment, pledge or other transfer of Note;
- (c) That Holder's financial condition is such that it is not likely that it will be necessary for Holder to dispose of any Note in the foreseeable future; and
- (d) That Holder represents and agrees that if, contrary to the foregoing intentions, Holder should later desire to dispose of or transfer any Note in any manner, Holder shall not do so without first obtaining (i) an opinion of counsel reasonably acceptable to Maker that such proposed distribution or transfer lawfully may be made without registration of the Note for such purpose pursuant to the Note Act of 1933, as amended (the "**Act**"), as then in effect, and applicable state Note law; or (ii) such registration of Note.

This Note will be governed by and construed according to the laws of the State of Minnesota without regard to conflicts of laws principles.

IN WITNESS WHEREOF, Borrower has caused this Note to be executed by its duly authorized officer effective as of the date first set forth above.

**MAKER:**

**GOOD EARTH FOOD COOPERATIVE**

Signature: \_\_\_\_\_  
Printed name: \_\_\_\_\_  
Title: \_\_\_\_\_

## **APPENDIX B**

# AGREEMENT TO PURCHASE CLASS D SHARES

*To purchase shares of Class D stock in the Good Earth Food Cooperative (“the Co-op”), please complete and return the following form. When accepted by the Co-op, this Agreement to Purchase will constitute an irrevocable subscription for shares of preferred, non-voting stock in the Co-op. A copy of the signed, accepted Agreement will be returned as a receipt and an electronic account will be established in your name. The Co-op will provide regular, written statements of your holdings at the address provided in the Registration Information.*

I/we, \_\_\_\_\_, (“Subscriber”), Member # \_\_\_\_\_ hereby agrees to purchase \_\_\_\_\_ shares of 2018 Series Class D, preferred, non-voting stock in the Co-op at a price of \$100 per share (minimum purchase is 1 share).

By signing this agreement, I acknowledge that the Co-op is relying on my representations in complying with its obligations under federal and state securities laws. Subscriber(s) makes the following representations, and agrees as follows:

1. Except as provided under applicable state securities law, this subscription is and will be irrevocable by subscriber.
2. I have relied only on the information contained in the Disclosure Statement provided by the Good Earth Food Cooperative in evaluating this offering.
3. I have had an opportunity to review any documents that I requested from the Co-op to verify the information contained in the Disclosure Statement.
4. I am a fully-paid member of the Good Earth Food Cooperative and a resident of Minnesota.
5. I have the knowledge and experience to adequately evaluate this investment, and have obtained sufficient information to evaluate the merits and risks of an investment in the Co-op.
6. I realize that these shares are sold pursuant to an exemption from federal and state securities laws, and that they are not freely transferable.
7. I have examined the Co-op’s financial disclosures and realize that the Co-op does not project paying annual dividends on these shares until at least 2027 and that it could be later, and that dividends are not cumulative from year to year. I further understand that the Co-op does not project offering to redeem these shares until at least 2026, and that it could be later.
8. I understand that the decision to pay dividends or redeem shares is at the discretion of the board of directors, and is dependent upon the co-op achieving sufficient profitability and having adequate financial capacity, as determined by the board.
9. I understand the risks of an investment in the Co-op, am able to bear the economic risk of an investment in the Co-op, can withstand a complete loss of my investment, can hold the shares for an indefinite period of time and have the net worth to undertake these risks.
10. I understand that if the Co-op were to fail, my investment would be lost.

<b>REGISTRATION INFORMATION: (Please print)</b>	
Name of Subscriber(s):	Subscriber #1:
	Subscriber #2:
Street Address: (Mail notices and reports to):	
City/State/Zip Code:	
Telephone Number(s):	
Email Address(es):	
Social Security Number: <i>(Note that 1099-DIV will be issued under SSN of Subscriber #1.)</i>	Subscriber #1:
	Subscriber #2:
Tax I.D. (If applicable):	
# Shares Purchased:	D-shares @ \$100 per share (2018 series)
Amount of Funds Enclosed:	\$

The Subscriber(s) is/are (check one):

\_\_\_\_\_ A Corporation

\_\_\_\_\_ A single person

\_\_\_\_\_ A married couple, held jointly

\_\_\_\_\_ Tenants in common

\_\_\_\_\_ A married (man) (woman) as (his) (her) separate property

**SIGNATURES (All Subscribers must sign.):**

Subscriber #1: \_\_\_\_\_

Print name: \_\_\_\_\_

Date: \_\_\_\_\_

Subscriber #2: \_\_\_\_\_

Print name: \_\_\_\_\_

Date: \_\_\_\_\_

**Please mail this completed Agreement along with your check or money order to:** Good Earth Food Cooperative, Attn: Member Capital Campaign, Centennial Plaza, 2010 Veterans Drive, Saint Cloud, MN 56303.

**ACCEPTANCE BY COMPANY:**

Subscription accepted this \_\_\_\_ day of \_\_\_\_\_, 2018, by the Good Earth Food Cooperative.

By: \_\_\_\_\_  
President, Board of Directors

By: \_\_\_\_\_  
Board Secretary or Board Treasurer