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NATURAL HARVEST

FOOD CO-OP

*Locally owned,
organically grown.*

Natural Harvest Food Co-op, Inc.

Annual Report FY2024





Natural Harvest Food Co-op ENDS policies:

1. A broad region of shoppers that are connected to the strengths, inclusiveness, and relationships of our thriving local economy.
2. Community members are aware of local health and wellness opportunities.
3. People in our area have access to healthy food, products, and resources.
4. Our shoppers have access to a network of producers that help sustain a regional food system.

Natural Harvest Food Co-op Mission Statement:

At Natural Harvest Food Co-op, we are committed to a sustainable future through communication, cooperation and education.

We provide quality food, products and services for the health and well-being of our families, our community, and our planet.



General Manager's Report 2024

Briana Sterle, General Manager

Another year of progress is in the books - what a year! Thanks to our shoppers and our amazing team of staff, our Co-op closed the year with 7.52% sales growth, reaching \$4.7 million in annual sales.

In the spirit of transparency, let me tell you, this was no easy feat. It has taken blood, sweat, and even a few tears from our operations team to deliver our community with the quality service and products we've all come to know and love. Each year, our Co-op is faced with many challenges, and once again, our staff have outdone themselves by leveling up their skill sets to overcome and deliver. Please extend your abundant gratitude to our Co-op staff for all their dedicated service when you see them: appreciation really goes a long way!

In addition to our dedicated staff, and the patronage of our shoppers, we can also thank our supporting cooperative organizations: National Co-op Grocers (NCG) and Columinate. These cooperative organizations both play a vital role in the continued success of our Co-op through the services they

provide to myself, our operations team, and our Board of Directors.

NCG is a business services cooperative for retail food co-ops located throughout the United States. They help unify retail food co-ops to optimize operational and marketing resources, strengthen purchasing power, and ultimately offer more value to food co-op owners and shoppers everywhere.

NCG has been a valuable resource for our Co-op since we became a member back in 2014. With NCG's support, we have been able to offer better pricing through programs such as Co+op Deals and Co+op Basics; our staff have access to training programs and consultants in order to grow their skills and gain a deeper understanding of the retail grocery industry; we are able to connect with our peers from other co-ops at annual conferences to better navigate industry challenges; they provide us with tools to improve operational efficiencies; they support us in the areas of strategic planning, financial management, human

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resources, marketing, and so much more.

Columinate is a national consulting cooperative, serving mission-driven organizations, including food co-ops, electric co-ops, healthcare organizations, credit unions, schools, and nonprofits. They provide our Board of Directors, GM, and operations team with support pertaining to governance, strategic planning, leadership development, human resources, finance, and more.

These organizations play an invaluable role in supporting the long-term health and sustainability of our Co-op. Without their support, our team would not have access to the training and resources needed to keep this business healthy and thriving for our Iron Range Community. To sum up, I honestly don't know how we would do it without them! Let's all be grateful for their dedicated work in supporting our Co-op, and many others across the US, through the never-ending challenges we face each year.

Through the support of our shoppers' patronage, our Board of Directors, these cooperative organizations, and our staff, we were able to achieve so many great things for our Co-op in 2024! Of all the work we have done through cooperation, the most important work we did for our Co-op this year was to focus on

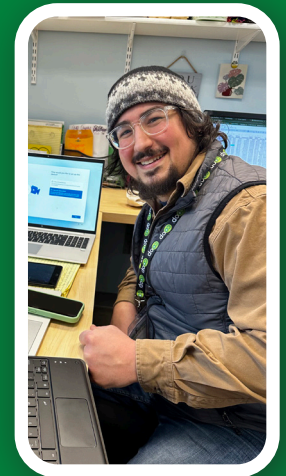
how we can work together to cultivate a positive and productive workplace culture. Through this work, we have defined our standards and values into a workplace culture commitment which is supported by various trainings focused on mindset, change management, and leadership. We are very excited to see this important work carry our Co-op forward into the future.

Thank you to all our cooperative owners and shoppers for your contributions to our Co-op's success through service and continued patronage! Your financial support is the key to our Co-op remaining a valuable community asset for generations to come.

In Cooperation,
Briana Sterle
General Manager



**Thank
you for
a great
2024!**



\$4,701,234

Total Sales in FY2024

7.52%

**sales growth
over FY2023**

\$1,071,893

invested in 38 staff

134

**new Owners
in FY2024**

\$24,184 rounded up
for charity

4,510

total Owners

16

Local growers provided
3200+ pounds of produce

344 Avg. shoppers
per day

15,886

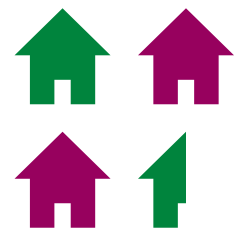
Pounds of food saved from landfill through
donations to local food pantry.

\$2,834,216

Sales to Owners

30+MwH

solar power generated
(enough for more than three homes!)



53% Sales to
Owners





Reflecting on the Past and Looking Toward the Future

Board Report

Stephen Levchak, Board President

Annual reports probably don't top anyone's list of exciting reads - well, except for maybe Warren Buffett's. After much pondering and contemplation, however, I think that doesn't necessarily need to be the case. Owning a business can be exciting, and when we work together with shared goals and values, we have the power to make the world a better place. The annual report, therefore, should reflect whether or not we're actually doing this and as we look back on Natural Harvest's most recent fiscal year, it's clear to see that we are.

We were able to achieve \$4.7 million in total sales, far surpassing not only the previous year, but our expected sales as well. We also paid back another round of owners' loans from our store expansion, donated to local nonprofit organizations through our Round Up for Change program, and continued to generate electricity from our solar panels to reduce our carbon footprint. I want to give a huge thank you to our GM, Briana, and our staff for all of their work to make this possible.

Behind the scenes, your Board of Directors has also been working diligently. We started the year by welcoming our new directors and holding an orientation session to prepare for the work ahead. After a short meet and greet, we got down to business and covered topics ranging from the cooperative model to duties and responsibilities of directors. Then, we threw in a little bit of essential financial literacy and ended up with a recipe for success.

With orientation behind us, we moved on to adopting our updated Ends policies. Most of the research and drafting had already been completed, so it was simply a matter of some final discussion and a formal vote.

Fast forward a few months, and it was already time for our fall retreat. As in years past, we chose a couple of topics we wanted to focus on and then worked with our consultant, Leslie Watson, to create an agenda for a day of collaboration and learning. Board perpetuation and education had been on our list for some time, so we decided to work on these.

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To ensure the long-term success of our co-op, we need to provide stable governance, and the first step in this process is finding potential board candidates. During the retreat, we identified the skills and attributes that are important in being a director, thought of new strategies to get the word out that we would be accepting applications, and formulated a plan for the upcoming election season. It proved to be a success, and we'll continue to build upon this process in the future.

Once our new board members are elected, the orientation and continuing education begin. At our retreat, we did a preliminary outline to improve this process. In the months following, we made some changes to our new director orientation program. The same topics will be covered as in years past, but now in greater detail and with more of an "our co-op"-centric perspective. We think this approach will be far more impactful and relevant.

Looking ahead, we'll be sending a few of our directors to the Consumer Cooperative Management Association's annual conference. Here, they will attend plenary sessions and hear keynote addresses on global challenges we face while also learning how to create solutions using the cooperative model in order to build a more just and sustainable food system. Shortly

after that, our whole board will get the opportunity to attend a workshop put on by cooperative author and speaker Jon Steinman when he visits our store. The focus will be on member engagement, workplace communication, and democracy.

Well, that just about wraps it up for my annual board conspectus. As I do some final reflecting, I think of a sign posted by the entrance to my workplace. It reads, "Leave everything a little better than you found it." To me, that's not just a phrase, but a rule to live by. It's hard to believe six years have gone by since I was first elected to the board. I can't express to you enough what an honor and a privilege it has been to serve. During this time, I've had the opportunity to meet and speak with many of you and to also work with a remarkable group of directors. It has been a rewarding experience. I hope that our co-op is a little better than I found it and I can't wait to see what the future looks like for Natural Harvest. Thank you for sharing this incredible journey with me!

In cooperation,
Stephen Levchak
Board President

Income Statement	FY2024	FY2023
	Preliminary	Final
Gross Sales	\$4,701,234	\$4,371,202
Cost of Goods	-\$2,891,497	-\$2,700,855
Gross Profit	\$1,809,737	\$1,670,347
All Operating Expenses <i>(includes depreciation)</i>	-\$1,698,499	-\$1,592,880
All Other Expenses	-\$57,822	-\$62,725
Other Income	\$56,680	\$31,051
NET Income (Loss)* <i>*before taxes and patronage rebate</i>	\$110,096	\$45,793

Balance Sheet	FY2024	FY2023
	Preliminary	Final
Assets		
Current Assets	\$1,330,208	\$710,987
Fixed Assets	\$2,480,676	\$2,600,752
Other Assets	\$83,147	\$595,480
TOTAL ASSETS	\$3,894,031	\$3,907,219
Liabilities		
Current Liabilities	\$490,456	\$401,743
Long-Term Liabilities	\$1,267,297	\$1,450,580
TOTAL LIABILITIES	\$1,757,753	\$1,852,323
Equity		
Owner Equity	\$319,773	\$307,054
Retained Earnings	\$1,382,335	\$1,313,672
Other Equity	\$434,170	\$434,170
TOTAL EQUITY	\$2,136,278	\$2,054,896
TOTAL LIABILITIES & EQUITY	\$3,894,031	\$3,907,219



**Here's to another year of
successful cooperation!**