Strengthening our members through collaboration to forge a sustainable future

Annual Report
2018

Independent Natural Food Retailers Association
To be able to submit my 13th Annual Report to the membership of INFRA with an opening line of “we had fun, we worked hard, we were challenged, and yet 2018 was one of the best years yet for our community,” is amazing to me. Yes, it’s true, a big year of change both personally and professionally. It was hard, meaningful, and values-driven. The sense of urgency that we are individually and collectively experiencing has been intense, the reports on climate change and the significant consolidations in our food system are unnerving, and at the same time they inspire us all to know that the work we do is more important than ever.

The INFRA team, members, and Board should be proud of how we have run full-on to tackle this urgency; working together, starting with the big picture, then driving it down to actionable, measurable progress. Specifically, in 2018 your purchasing cooperative delivered to members a record year to actionable, measurable progress. Specifically, in 2018 your membership of INFRA with an opening line of “we had fun, we worked hard, we were challenged, and yet 2018 was one of the best years yet for our community.”

Highlights for me:

- Renegotiated an even better Supply Agreement in the Northeast and had 100% of participating members recommit to this program.
- Organized and facilitated 10 intensive, share group, and expo events that were well designed to provide members with actionable best practices. Record attendance at all events and those who executed on the best practices saw increased sales as a result.
- The Annual Conference provided members with 16 workshops, three keynote speakers, and a Tabletop with electronic order placement that provided members and vendors with record results.
- Unprecedented participation in CoMetrics including member usage to support improved operations in their organizations. Quarterly digests well received along with CM training webinars and the successful launch of a web platform.
- Increased member participation in Network Services, Marketing Campaigns, INFRA Deals, ART Platform, Category Review Webinars, Planograms, Marketing Sharing Series, Food Service Resets, and in-store Region Manager support.
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- Increased member participation in Network Services, Marketing Campaigns, INFRA Deals, ART Platform, Category Review Webinars, Planograms, Marketing Sharing Series, Food Service Resets, and in-store Region Manager support.
- Increased the number of existing members on Supply Agreements in all regions.
- Actively engaged with industry NGOs supporting their work, including Non-GMO Project, Climate Collaborative, CCOF, Center for Food Safety, Biodynamic Association, ETC Group, Friends of the Earth, and Just Label It. Being present and participating in this work will keep us and our members well informed of the issues we are facing in today’s food system.

While we were very busy keeping up with the state of the supply chain and improving on our member deliverables, we also accomplished significant strides in INFRA’s internal operations. Thanks to the ever-inspiring direction of our amazing Board of Directors, as outlined in Cheryl’s report, we were able to:

- Increase our staff to a total of 34 team members at year-end 2018 with a 97.6% retention rate.
- Train staff and implement the agile methodology of project development to support rapid change (and to fail fast and move on according to the methodology).
- Expand the INFRA office space, giving us the room for being as efficient and effective as possible in our workflows.
- Add desperately needed technologies in the areas of a member database and contact management system that will allow us to better understand our missed opportunities through a set of metrics we haven’t had in the past.
- Complete a full year’s use of the LBMX platform that allows us to track INFRA Deals activity making it possible to implement our new patronage allocations based on member use of our purchasing programs in 2019.
- Provide the legal and financial guidance for the Board to put forth a resolution for restated cooperative Bylaws.
- Resounding vote of yes by the Membership to pass restated Bylaws of the Cooperative.

Along with the great excitement of our new Bylaws, unanimously supported by the membership, I am particularly proud of the new Staff Reward’s Philosophy the Board approved in 2018. This philosophy is designed to recognize both intrinsic and extrinsic rewards that embody our core values-based culture that is critical to achieving our mission. Total rewards at INFRA is framed through the lens of our employee well-being model, which includes: Meaningful Work, Financial Security, Mental and Physical Health, Quality of Life, and Inclusive and Supportive Work Environment.

This philosophy has helped us to attract and retain talent and bring expertise to the INFRA staff that supports our members’ individual success. I encourage the membership to look to INFRA in 2019 to help with your plans for improvements, especially in the areas of Fresh, Category Management, Marketing, and so much more.

An outcome of all the changes in 2018 for me is that I’m taking myself less seriously and respecting the fact that life is short. Hard? Yep. Meaningful? Yep. Values? Yes. Who I want to be hanging with? For sure! So, I would like to challenge all the members of INFRA, even in this time of urgency, to step back, reflect, and rejoice. We can make a difference and we can be successful. Our food system and climate require faster action; collectively, thoughtfully, and driven by values. None of us can do this on our own. Let’s plow forward together, with a conscious level of commitment to collaborate on all the important fronts to achieve our vision.

Leading the Movement. Driving the Industry. Feeding the Community.

Respectfully Submitted,

Corinne Shindelar
What’s the result of all the table talk while seated on the Board?

Last year I talked about my seat at the INFRA table and the opportunity to be challenged with new experiences. It has indeed been a privilege serving, stretching, and growing during this period of INFRA’s transition. It is exciting as well as a lot of hard work. But hey, we are all retailers who open our doors every day, not really knowing all that can happen in the course of our own day. We are strong, hardworking, passionate people who can adjust and do what is necessary to get through our day. So, adding a bit of Board work to the mix kept us all on our toes and engaged in the changes surrounding us.

In the past year, your amazing Board of Directors has rolled up their sleeves, to dig into the work that needed to be done to move INFRA to a new level, while adapting to meet unexpected challenges.

We continued to develop Board-approved governing tools, processes, and structure to strengthen Board commitment and leadership. We utilized committee work to expedite our Board work and expand our boundaries. We transitioned our organizational structure to a Subchapter T to better serve our members and adopted new Bylaws that support the new structure.

We had our first, and a very successful, video meeting with a high level of member engagement.

We wrangled with, and debated over, a new vision statement to support our mission and goals. We came to a consensus and captured the essence of INFRA in that statement.

We wholeheartedly supported the expansion and development of the INFRA staff to better serve our members. We encouraged and budgeted for new technology to help us understand the level of participation of our members and to better analyze our strengths and weaknesses. We invested in developing and sharpening the skills of INFRA’s Leadership Team along with the roles and responsibilities of us as Board Members. We took a proactive approach, encouraging folks to participate in running for the Board and attract Board candidates that are aligned with our vision to continue the dynamic Board culture we have developed. Each person on the Board holds one another accountable and invites open dialogue in all our discussions.

Through all of this, we remained ever vigilant as Board Members, as retailers, and as industry and community leaders in this changing marketplace. We pushed our own businesses to be their personal best, incorporating more INFRA programs as part of our daily operations. We could see the results in our store’s bottom lines as the level of engagement increased.

Board work is a work in progress just like running a successful retail business. We all wear many hats, face many challenges, and yet remain committed to our cause; opening our doors and often our hearts to making a difference. It is this collective passion and drive for excellence that binds us together under the INFRA banner. It is why it’s such fun to collaborate and share our stories at the table. It is also why it’s so cool to be a member of INFRA and serve on the Board. I encourage you all to get involved at whatever level you can.

With an attitude of gratitude,
Cheryl Hughes
INFRA Board Chair
The Whole Wheatery
Lancaster, CA
Year-End Financial Results

by Pat Sheridan, COO/CFO

The Finance Committee of the INFRA Board of Directors has examined the 2018 financial reports on a quarterly basis and has completed their review for the fiscal year ending December 31, 2018. Financial information in this report is expressed in percentages due to sharing this report externally.

Overall income grew by 5.0% over 2017. INFRA Deals income grew by 8.2% with a significant portion of that growth coming through Regional Deals in the flyer and New Product Offerings. Our SPINS revenue was also up due to recognizing a portion of our 2017 revenue in 2018 and recognition of Grocery Press deferred income. Income generated through Supply Agreement rebates decreased 19.1% from 2017 due to certain regional calculations. Program generated income is allocated first to direct costs such as INFRA Deals Flyer production and the CoMetrics program. These expenses remained in line for 2018.

Our staffing costs increased by 17.1% in 2018. Our staff grew from 31 employees at the end of 2017 to 35 employees at the end of 2018. Some of the increase is due to increases in employee health and dental insurance costs. Our staffing costs were 51.14% of our total income.

We saw an increase in Professional and Legal Fees mainly due to one-time legal and accounting costs associated with the election of Subchapter T. There was a decrease in our Contract Labor as we incurred certain one-time costs related to IT in 2017. Our Board Expense was down by 45.6% as compared to 2017. This is attributable to an investment in CEO Succession Planning and BOD Leadership Training, the majority of which was paid in 2017.

Our General Overhead was 15.4% higher than 2017, mainly due to increased Software and equipment costs to accommodate our growing staff needs for enhanced member communication and collaboration. Occupancy costs increased in 2018, as we were fortunate to be able to expand our office space to accommodate our growing needs in late 2017 and again in late 2018.

We increased our Program Technology spend by 158.7% by investing in technology for managing our new patronage rules under Subchapter T. We decreased our Program Development spend by 67.8% as compared to 2017 due to several one-time investments being made in 2017 that were not made in 2018.

We maintained our support of our NGO partners to continue helping them further their important work on climate change and sustainable agricultural practices.

The INFRA Board retains Mahoney, Ulbrich, Christiansen & Russ to review and audit our financials on a 3-year rotation. INFRA engages Eide Bailly to prepare our partnership tax return and Member K-1s. Using two outside accounting firms annually engaged in INFRA’s financial performance ensures adequate oversight and conformance with GAAP and financial best practices. INFRA’s financial statements are available to members upon request.

Invested Equity decreased in 2018 16.1% due to the full payout of equity to resigned members, which was partially offset by cash received from new members in 2018.

In 2018, Distributed Equity increased 65.1% due to the payment of 2017 patronage distributions in 2018 and payout to the Class B shareholders to buy back their shares in preparation for the Subchapter T election. Approximately $1.6 million in equity has been distributed to members since inception.
INFRA Members (as of February 2019)

**Alabama**
Manna Grocery & Deli

**Alaska**
Natural Pantry
Rainbow Foods

**Arkansas**
Nature's Wonders
The Truck Patch

**California**
Alameda Natural Grocery
Berryvale Grocery
Bi-Rite Market
California Organics
Canyon Market
Community Market
Dahlia & Sage Community Market
Driver's Market
Elements Natural Foods
Frazier Farms Market
Good Earth Organic and Natural Foods
Jimbo's Naturally
Lassens Natural Foods & Vitamins
Mother Truckers & Natural Selection
New Earth Market
New Frontiers Natural Marketplace
New Moon Natural Foods
Rainbow Acres Natural Food
Ramona Family Naturals Market
Staff of Life
The Market
The Natural Grocery Company
The Whole Wheathy
Wild Roots Market
Wildberries Marketplace

**Connecticut**
Chamomille Natural Foods
It's Only Natural Market
Nature's Temptations
New Morning Market

**Delaware**
Harvest Market Natural Foods

**Florida**
Abby's Health and Nutrition
Date and Thyme
Debbie's Health Foods
Get Healthy
Grassroots Natural Market
Healthy Living Organic & Natural Market
Nassau Health Foods
Native Sun Natural Foods Markets
Nature's Food Patch
Nutrition Smart
Peggy's Natural Foods
Tunie's Natural Grocery

**Georgia**
Brighter Day Natural Foods
Farmer's Natural Foods
Nature's Corner Market
Savi Provisions

**Hawaii**
Down to Earth Organic & Natural
Papaya's Natural Foods & Cafe

**Idaho**
Pilgrim’s Market
Wealth of Health Natural Market
Winter Ridge Natural Foods

**Illinois**
Choices Natural Market
Cornucopia Natural Market and Deli
Green Earth Grocery
Heritage Natural Foods
Kankakee Natural Foods
Local Foods
Polson’s Natural Foods
Southtown Health Foods
Sunrise Health Foods

**Indiana**
Down to Earth Natural Foods
Georgetown Market
Natural Choices for Healthful Living
Nature's Cupboard
The Good Earth Natural Food Co
The Sunspot Natural Market
Tyner Pond Farm Market

**Iowa**
Campbell's Nutrition
Everybody's Whole Foods

**Kansas**
Kountry Kupboard

**Kentucky**
Happy Meadow Natural Foods
Rainbow Blossom

**Maine**
Bath Natural Market
Lois' Natural Marketplace
Morning Glory Natural Foods
New Morning Natural Foods
Royal River Natural Foods
Uncle Dean's Good Groceries

**Maryland**
Chestertown Natural Foods
David's Natural Market
Roots Market
The Good Earth Natural Foods Company

**Massachusetts**
Cambridge Naturals
City Feed and Supply
Common Crow Natural Health
Cornucopia Foods
Debra's Natural Gourmet
Down to Earth Natural Foods
Guido’s Fresh Marketplace
Nantucket Green Grocer
Organic Market
Roots Natural Foods
The Alternative Market
The Good Seed Natural Food Market
The Natural Grocer

**Michigan**
BetterHealth Market
Natural Health Center

**Minnesota**
A Clean Plate Local and Organic Grocery

**Missouri**
Clover's Natural Market
MaMa Jean's Natural Market
Natural Health Organic Foods
Nature’s Own Health Market
Suzanne’s Natural Foods
Terra Health Market

**Montana**
2J's Fresh Market
Camas Organic Market
Good Food Store
Heavens Peak Organics
Hennessy Market
Mission Mountain Natural Foods
Mountain Valley Foods
Real Food Market + Deli
Third Street Market

**New Hampshire**
Maggie's Market
Nature’s Green Grocer
Portsmouth Health Food Center

**New Jersey**
A-1 Nutrition Store
Back to Nature
Basil Bandwagon Natural Market
Dean’s Natural Food Market
Green Acres Health Food Store
Green Life Market
Green Street Market
Healthfair Natural and Organic Food Market
Healthway Natural Food Center
Healthy Thymes Market
Nature’s Corner Natural Market
Nature’s Nutrition
Nature’s Pavilion
<table>
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**Board of Directors**

- Cheryl Hughes, Board Chair
- Thomas Barstow, Executive Director
- Anna Kaatz, President
- Erica Schulte King, Director of Marketing and Communications
- Danelle Rydel, Director of Member Relations
- Paku Misra, Director of Operations

**Leadership Team**

- Greta Sikorski, Director of Operations
- John Pittari, Vice Chair
- Terry Brett, Finance Director
- Michael Kanter, COO/CFO

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