



Disclosure Statement April 15, 2015

Greenhouse Grocery  
PO Box 5558  
Santa Fe, NM 87502

Series B	6% Fixed Rate, Non-Cumulative Preferred Equity	\$1,000 Per Share
Series C	6.5% Fixed Rate, Non-Cumulative Preferred Equity	\$5,000 Per Share
Series D	7% Fixed Rate, Non-Cumulative Preferred Equity	\$10,000 Per Share

Greenhouse Grocery, (“Grocery” or “Coop”), a Cooperative Association incorporated in New Mexico as the Community Cooperative of Santa Fe, hereby offers up to 1,000 shares of the Grocery’s \$1,000.00 par value Series B Preferred Equity at an offering price of \$1,000.00 per Share; up to 200 shares of the Grocery’s \$5,000 par value Series C Preferred Equity at an offering price of \$5,000 per Share; and up to 100 shares of the Grocery’s \$10,000 par value Series C Preferred Equity at an offering price of \$10,000 per Share, collectively referred to as the “Offering”. Subscribers must be Members to purchase Series B, C or D Preferred Equity. The Offering will continue until the earlier of September 30, 2016 (subject to extension by the Board of Directors until April 14, 2016), the date the Grocery has sold all of the preferred equity offered hereby, or such earlier date as the Grocery may close or terminate the Offering.

Series B Preferred Equity pays a dividend of 6%, Series C Preferred Equity pays a dividend of 6.5% and Series C Preferred Equity pays a dividend of 7%. Preferred equity is non-voting. Aggregate maximum of Series B, C and D Shares offered is \$1,000,000. Call date is January 1, 2019. Dividends are non-cumulative and are paid annually.

The Grocery enters into this agreement with Member investors, “Investors”, with the good faith understanding that the Grocery will put its best effort forward to pay a dividend each year, likely beginning in Year 2.

See “Risk Factors,” beginning on page 8 and continuing through page 9 of this Disclosure Statement, for a discussion of certain factors that should be considered by subscribers of the preferred equity offered by Greenhouse Grocery.

The Series B, C, and D Preferred Stock Purchase Agreement, “Agreement” or “Subscription”, is made as set forth on page 13 of this Offering, by and between the Community Food Cooperative of Santa Fe and the Investor named on the Agreement.

THIS OFFERING OF PREFERRED EQUITY IS EXEMPT FROM FEDERAL SECURITIES REGISTRATION UNDER SECTION 3(a)(11) OF THE SECURITIES ACT OF 1933. THIS OFFERING IS EXEMPT FROM STATE SECURITIES REGULATION PURSUANT TO FORM 202X, NOTICE OF CLAIM OF EXEMPTION PURSUANT TO SECTION 58-13C-202X FOR OFFERINGS OF ISSUERS SEEKING NO MORE THAN \$2,500,000 FROM THE SALE OF SECURITIES. CONSEQUENTLY, THIS PREFERRED EQUITY HAS NOT BEEN REVIEWED OR APPROVED BY THE SECURITIES DIVISION NOR HAS ANY OTHER STATE AGENCY REVIEWED OR APPROVED THE ACCURACY OR ADEQUACY OF THIS CONFIDENTIAL DISCLOSURE STATEMENT.

The Greenhouse Grocery is planning to build a natural foods market that serves the entire community. We are seeking your financial support to bring the new Coop to fruition. Our goal is to raise up to \$1,000,000 from Members.

Investment from Member Owners is an important and normal requirement of virtually all retail cooperative developments, demonstrating to professional lenders that the project enjoys the confidence of our membership.

## HISTORY

The Greenhouse Grocery, the “Grocery” or the “Coop”, began organizing in early 2013 to provide high quality, affordable food to Santa Fe and neighboring communities. Deeply democratic, the Santa Fe Coop reflects New Mexico’s rich agricultural traditions. Green and homegrown, the community Coop plans to grow its own food.

A visit to the Park Slope Food Coop in Brooklyn, one of the top five independent grocery stores in the county, secured the guidance of the respected Brooklyn food cooperative. The new Santa Fe Coop’s business model emulates the best of Brooklyn, with its 16,000 working members and \$49 million in annual sales, located in a neighborhood approximately the same size as the city of Santa Fe. The Grocery adds distinctive environmental and agricultural components that enhance efficiency and food quality.

The cost-effectiveness of its model relies upon:

1. member owner work shifts that save the Coop as much as 75% on labor,
2. a small footprint that reduces the cost of occupancy and the cost of carrying inventory,
3. an ecological building and growing environment with efficient water and energy management, and
4. the favorable tax status afforded Cooperatives under IRS Sub-Chapter T.

## VISION & MISSION

Shepherded by our vision, we are building a sustainable local food system that nourishes a vital and healthy community, honors our rich and diverse heritage, and empowers all members of the community through engagement and cooperation.

We link people, markets, farmers, artisans and investors in food systems that contribute to the well being of the whole community.

We are committed to strengthening the social bonds of our community, providing economic stability and healthy returns to all of our stakeholders, and contributing to a conscious lifestyle that embraces environmental sustainability, restoring and conserving the fertility of our soil and other natural resources.

Guided by the principles of food & health equity, ecological stewardship, diversity, and democracy, the Greenhouse Grocery delivers **high quality, affordable food** to our community through Cooperative ownership, operations, and governance.

## 5 YEAR GOALS

1. Establish a community Coop
2. Grow produce, maybe chickens & goats
3. Create a community composting facility
4. Establish satellite outlets in neighboring communities, likely Eldorado & Airport Road
5. Create a foundation for food equity

**Boards.** A Board of Directors and Advisory Board have been formed. The Coop is honored that Deborah Madison, celebrity vegetarian chef, former Manager and Board Member of the Santa Fe Farmers' Market, and Board Member of Seed Savers and Slow Food International, sits on our Board. Brendon Tompkins, former manager of a natural food grocery and organic farm, with Coop experience, also sits on our Board. Santa Fe notables including Tony McCarty, Executive Director of Kitchen Angels; Zane Fischer, MIX Coordinator; and Don Emery, successful entrepreneur and start-up consultant; contribute to a strong Advisory Board. The Founder and President of the Community Coop is BJ Pheiffer, a lifelong coop member, professional cook and Master Gardener; with a strong track record creating new businesses.

**Business Plan.** A business plan with well researched financials, reviewed by several commercial bankers and investment advisors, was completed in July 2014. The financials represent a good faith estimate of revenues and expenses, based on historical data taken from actual costs of similar businesses, including the Los Alamos Cooperative Market, the Park Slope Food Coop, and the Food Co-op Initiative, that has provided consulting services to 63 new Coops since 2006. Social Enterprise Associates recently completed an independent Feasibility Study validating our marketing, technical, management, and financial feasibility. All documents are available upon request.

**Financials.** Based on the strength of our business plan and financials, the Coop received a commitment from the Western Commerce Bank for \$3,680,000. The loan is conditional on a USDA loan guarantee and the New Mexico Finance Authority's participation. The bank also intends to offer the Coop a \$150,000 line of credit.

We have reasonable expectation of a \$100,000 investment in our Series A Preferred Equity Offering from Santa Fe Community Foundation,

and \$100,000 Line of Credit from the NM Community Loan Fund. Salman Enterprises has agreed to pay \$100,000 for a Development Plan should the Coop purchase the former Santa Fe Greenhouses. Members have verbally committed more than \$100,000 in capital.

**Membership.** Our initial membership drive resulted in the enrollment of 325 members, an active mailing list of ~1,600 households and more than 1,000 Facebook likes and blog followers.

**Location.** We have identified two Mid City sites in a central location that allow for green space, ample parking, an adequate service area, and greenhouses. The Board investigated lease and purchase at several locations, in consultation with Suby Bowden, a former member of the Santa Fe Planning Commission, before deciding on these Mid City locations. We completed a lease vs. purchase analysis that validated the Coop's financial decision to build. Building offers the important advantages of providing an asset that grows in value, collateral to investors, and increased flexibility for the Coop's design and future expansion.

**Community Partners.** Community partnerships are in their early stages and include Santa Fe Community College, del Norte Credit Union, Guadalupe Credit Union, Cooking with Kids, Green Fire Times, Slow Food Santa Fe, Carbon Economy Series, Siete del Norte, and Gaia Gardens.

**Organization.** The Greenhouse Grocery is incorporated as a Cooperative Association under Chapter 53, Article IV of NMSA 1978. Bylaws have been written and reviewed for compliance with New Mexico state law.

The current Board of Directors is: BJ Pheiffer, President; Jack Hiatt, Vice President; Cynde Christie, Treasurer; George Kenefic, Brendon Tompkins, and Deborah Madison. You will find their bios at [greenhousegrocery.coop/boards/](http://greenhousegrocery.coop/boards/).

## NOURISHING ACCESS TO GOOD FOOD AND IMPROVING QUALITY OF LIFE

The Greenhouse Grocery supports fresh and wholesome food, good health and vital community for its members while contributing to a strong and resilient Santa Fe through its commitment to food & health equity, environmental stewardship, diversity, and democracy. It offers:

- ◆ **High quality, affordable food for everyone** ... filling an important gap in the local retail food sector by increasing the affordability of high quality food; stocking fresh, mostly organic, local, and non-GMO food, with a wide range of reasonably priced options.
- ◆ **A sense of belonging** ... a community room, an innovative family program: childcare, desks for homework & art projects, and a “how to grow” program; and its work program contribute to its spirit and sense of place.
- ◆ **Homegrown and locally sourced** ... encouraging local food production by providing an everyday market for homegrown and regionally sourced produce and livestock. The Grocery is exploring high-yield, water-efficient aquaponics and soil-based hydroponics so it can provide the freshest possible food to Coop members year round.
- ◆ **Convenient for families, singles & seniors** ... a broad range of carefully selected food, beauty, nutritional supplements, and household products make the Coop a convenient, one-stop-shop. Homemade stocks and sauces and healthy prepared foods make it easy to serve delicious and nutritious meals at home.
- ◆ **Cooking & nutrition classes** ... employing an Executive Chef and, after we get up and running, a Certified Nutritionist, to keep us well-fed and healthy. In collaboration with local partners, the Grocery will sponsor classes in nutrition, wellness and food preparation, contributing to the county’s health and well-being.
- ◆ **An opportunity for local investment** ... a consumer Cooperative, you own it. After providing the lowest possible prices at the register, any surplus generated by the business will be returned to member owners based on their purchases, retained to provide financial stability, or reinvested in the business to improve services.
- ◆ **Environmental efficiencies** ... water and energy husbandry support the Grocery’s resilience. Solar, thermal recapture, grey-water recycling, reduced packaging, limiting food transport miles, and composting, all contribute to community lifestyles that protect our children’s future.

## COOPERATIVE STRUCTURE

Coops bring people together to own and manage enterprises, like retail groceries, to meet their members' needs. They derive capital from their member owners, and after establishing the business, from retained earnings allocated to members based on their patronage. The Greenhouse Grocery is incorporated as a Cooperative Association under Chapter 53, Article IV of NMSA 1978, and bylaws have been drafted, [greenhousegrocery.coop /bylaws/](http://greenhousegrocery.coop/bylaws/).

The Coop's members play a vital role in establishing and governing their Cooperative. They elect the Board and approve its bylaws. At Board Meetings that are open to members, members make recommendations to the Board, which has fiduciary and legal responsibility for the Coop. The general membership may be called on by the Board to vote on policy issues of broad interest.

Members serve on the Board of Directors, Advisory Board and participate in Work Groups. Continuity of business management is provided by ex-officio Board representation by the Founder and General Manager. The General Manager is responsible for using sound business practices, operating the Coop and managing its business affairs to meet the Board's goals and objectives.

Cooperative members worldwide believe in the values of self-responsibility, democracy, honesty, openness, social responsibility, and caring for others.

## MANAGEMENT

The Coop will recruit and hire a professional store manager with deep experience managing a cooperative grocery store. The professional staff will also include ordering & receiving managers, a produce manager, a membership coordinator/office manager, and an executive chef. The Grocery is actively working with the Park Slope Food Coop. Its General Manager, Joseph Holtz, was one of the Brooklyn Coop's Founders, and he has been employed there as General Manager for forty years. Mr. Holt is providing professional consulting to the Board in the areas of member labor systems, governance, office management, physical space requirements, management structure, product selection, product pricing strategies, pro forma financials, and staff training. The Park Slope Coop is providing these start-up support services, which will continue past the opening of the store, because of their interest in helping new working Cooperatives get started.

The Greenhouse Grocery's Board of Directors and Advisory Board include several individuals who have started and run their own small businesses, served as executives and consultants for large corporations, and others with backgrounds in retail grocery & food service.

## INVESTOR INFORMATION

**The Greenhouse Grocery intends to purchase a Mid City lot, either 3.88 acres of the former Santa Fe Greenhouses or Lot 41, a 2.3 acre parcel on Parkway Drive in Richard Avenue Industrial Park, contiguous to property that can be acquired from the City. Both Mid City sites provide ample space for warehouse-style buildings with approximately 7,000 square feet of retail and storage space. It will accommodate a full service natural foods grocery store with an indoor seating area/community room, kitchen and an outdoor seating area, along with several greenhouses. Located in the geographic and population center of Santa Fe, the Grocery anticipates completing construction of the building mid 2016.**

Funding. The Coop is raising up to \$1,000,000 through this preferred equity offering to support the opening of a natural foods grocery store. The funds will be used for closing costs, pre-construction project expenses, and working capital, that is debt service and operating expenses, i.e. occupancy, personnel and general and administrative expenses.

The total capital needed to finance the Coop's opening is \$5,000,000 to \$5,200,000 depending on site. Approximately 75% has been raised through a New Mexico community bank, an anticipated equity infusion from Santa Fe Community Foundation, and verbal commitments from Members. The Western Commerce Bank intends to extend a \$150,000 line of credit to finance operating contingencies, and we anticipate receiving a \$100,000 line of credit from the NM Development Loan Fund.

Series B Preferred Equity pays a dividend of 6%, Series C Preferred Equity pays a dividend of 6.5% and Series D Preferred Equity pays a dividend of 7%. Preferred equity is non-voting. Aggregate maximum of Shares offered is \$1,000,000. Call date is January 1, 2019. Shares can be redeemed at par value. Dividends are non-cumulative and are paid annually.

The call date is the date at which the issuer, Greenhouse Grocery, can redeem the shares. A non-cumulative dividend is where the issuer does not pay the holder any unpaid or omitted dividends. If the issuing corporation chooses to

not pay dividends in a given year, the investor does not have the right to claim any of those forgone dividends in the future. The Grocery will make a good faith effort to pay dividends annually, and, based on projected financials, anticipates paying the first dividend upon completion of the second year of operation and every year thereafter.

All funds raised in this offering will be deposited into a segregated bank account in a local community bank.

Up to 10% becomes immediately available for the Grocery's use, and is, therefore, immediately at risk. The remaining 90% will not be used until the Grocery subscribes a minimum of 550 members and raises a total of at least \$5,000,000 from bank loans; Federal, State or City governments; and investment by Members and accredited investors; that is, when all financing is in place and the Grocery transfers its deposits to the Western Commerce Bank, a condition of closing on its USDA guaranteed bank loan, the "Closing".

Series B shares have a par value of \$1,000; Series C shares have a par value of \$5,000; and Series D shares have a par value of \$10,000.

The Offering will continue until the earlier of September 30, 2016 (subject to extension by the Grocery's Board of Directors until April 14, 2016), the date the cooperative has sold all of the preferred equity offered hereby, or such earlier date as the Grocery may close or terminate the Offering.

**Subscription Agreement.** The Series B, C, and D Preferred Stock Purchase Agreement, “Agreement” is made as set forth on page 13 of this Offering, by and between the Community Food Cooperative of Santa Fe and the Member investor, “Investor”, named in the Agreement.

A purchase and sale of Shares shall be consummated when the Investor (a) executes the Agreement and (b) issues the Share price by wire or check payable to “Greenhouse Grocery”. When all financing is in place, at the closing of the Western Commerce Bank loan, the cooperative shall deliver to each purchasing Investor a certificate representing the Shares which that Investor is purchasing.

As a holder of Series B, C or D Preferred Equity, each subscriber may receive dividends on such Shares, when and if declared by the Cooperative’s Board of Directors.

**Taxation of Investors in Preferred Equity.** The federal income tax consequences associated with acquiring preferred equity of the cooperative in this Offering will depend on each subscriber’s individual tax situation, and each subscriber should thoroughly and carefully consider those tax consequences. Subscribers are expected to consult with their own professional tax advisors regarding such tax consequences. Subscribers must rely upon their own professional advisors with respect to the tax benefits and risks related to acquiring preferred equity in the cooperative in this Offering.

**Taxation of the Dividend.** In 2003, Congress passed the Jobs and Growth Tax Relief Reconciliation Act of 2003, which provides for “qualified dividends” to be taxed at new capital gain tax rates.

Dividends received from the cooperative are qualified dividends. As a result, under current tax law, any dividends received from the cooperative are tax-free for those in the 10%-15% tax bracket, taxed at a 15% tax rate for those in the 25% up to 35% bracket, and taxed at a 20% rate for higher income taxpayers whose income surpasses the 35% tax bracket. Single taxpayers with Modified Adjusted Gross Income (MAGI) of \$200,000 and married couples with MAGI exceeding \$250,000 are also subject to a 3.8% Medicare surtax on net investment income (which includes all taxable dividends).

**Tax Treatment.** Subchapter T of the Internal Revenue Code sets forth rules for the tax treatment of cooperatives.

**Repayment.** Preferred equity does not impose a repayment obligation on the issuer. So unlike a debt obligation, an explicit repayment date is never associated with equity, including Greenhouse Grocery’s preferred equity.

The purchase of preferred equity should be considered a long term investment by each subscriber.

Beginning on January 1, 2021, the Grocery intends to revolve, that is redeem, outstanding preferred shares with a 6% dividend for holders that want their preferred equity converted to cash. Shares with a 6.5% dividend will be revolved beginning January 1, 2022; those with a 7% dividend beginning January 1, 2023.

The Grocery expects to redeem this Series B Preferred Equity with 6% dividend within five years through retained earnings, a Series E preferred equity offering, or debt; Series C within six years; and Series D within seven years.

Before January 1, 2021, Members may find that they need a portion of their preferred equity to be converted to cash because of their own financial circumstances. If the Grocery's financial position allows us to redeem your preferred equity, we will make our best effort to do so within 120 days of your written request to Greenhouse Grocery requesting the redemption of your shares.

**Risks.** Investment in a new business venture is not for everyone and entails risks that are different from more traditional investments. You may wish to obtain investment and tax advice before deciding to invest. The Grocery does not provide investment, legal or tax advice and will not assume liability for your investment decision. There is no certainty that the Coop will be successful in advancing beyond its current stage of development.

Based upon the community coop's projections of future earnings, the Grocery believes it will have sufficient earnings from operations to pay the dividends due on preferred equity at the end of Year 2. However, future financial earnings of the Grocery are dependent on a variety of factors that cannot be predicted, and prospective member investors must form their own judgment as to the risks of their investment after reviewing the Grocery's financial projections.

General Risks There are general risks associated with any undertaking of this scope, many of which are beyond the control of the Board of Directors. The likelihood of difficulties, complications, delays and unforeseen expenses that may be encountered in such an effort.

Uncertain Ability to Meet Cash Obligations There can be no assurance that the financial projections contained herein will be realized.

Subordinated Obligations All preferred equity is subordinated to debt. This Series B, C & D Preferred Equity is also subordinated to Series A Preferred Equity, subscribed to by accredited investors and as many as 35 non-credited investors,

including, but not limited to, foundations, impact investors and CDFI lenders. It is also subordinated to any debts that the Coop may owe to Federal, State and City governments, vendors and suppliers.

The Coop pledges no specific assets to secure investment in Series B, C & D Preferred Equity.

These investments involve risk and should be made only by persons who have discretionary financial resources and who have determined that it is in their interest to support the Grocery in this way.

Non-Liquidity The stock offered is not transferrable except within a family (transfers only subject to laws of inheritance, divorce or other laws under which assets are involuntarily transferred). No market for this stock exists and none will develop. This stock cannot be sold, assigned or transferred to another person, but may only be transferred by the operation of law. This stock is not payable upon demand. The Member investor must be prepared to hold these Shares until they are retired.

Business Experience of Sponsors and Affiliates No member of the Board of Directors or Advisory Board has ever launched a cooperative grocery. Joseph Holtz, Founder and General Manager of the Park Slope Food Coop for 40 years, is providing professional consulting to the Coop. The Community Coop's Board of Directors and Advisory Board includes several business executives, as well as professionals with retail grocery experience. See the Management section.

Competition The Coop faces competition from existing entities in the natural food business that have greater resources. It is uncertain whether a market exists or will develop for the Coop. Based on the experience of similar local cooperatives, the Board of Directors has determined that 400 Members signifies substantive community support. No Member fees, to be distinguished from Members preferred equity, will be spent until the Grocery has acquired 400 Members.



Insufficient Funds Raised If the community coop is unsuccessful in raising sufficient funds from a combination of Member Loans and institutional, commercial, government and/or accredited investors, unspent principal borrowed plus interest earned will be distributed by April 14, 2016 or earlier. As much as 10% from Member subscriptions will be used for necessary expenses to support the Coop's site acquisition, membership drive and capital raise. No additional funds will be used until the Grocery subscribes a minimum of 550 members and has put all financing in place, allowing it to close on its Western Commerce Bank loan, the Closing.

A separate bank account has been established by the Grocery at Los Alamos National Bank, Santa Fe, NM to hold Member preferred equity investments until they are transferred to Western Commerce Bank.

Conflict of Interest and Transactions with Affiliates

At this time, the Coop has no Affiliates with which a conflict of interest can arise.

## OTHER CONDITIONS

Prior to the acceptance of any subscription, the Greenhouse Grocery requires that each Member review the complete disclosure statement and acknowledge such review by signing the subscription agreement.

The subscription Agreement is the legal agreement between the Greenhouse Grocery and Member investors in Series B, C and D Preferred Equity, detailing the specifics of the agreement

This Offering is available from April 15, 2015 through September 30, 2015 (subject to extension by the Grocery's Board of Directors until April 14, 2016).

No compensation, commission or other remuneration for obtaining preferred equity in connection with this Offering is being paid directly or indirectly to any Greenhouse Grocery Board Member or Greenhouse Grocery Member. Therefore, the estimated amount to be paid during the first 12 months following commencement of operations for administrative and similar services with respect to this offering is zero dollars.

As of April 1, 2015, there are no pending legal proceedings that might affect this offering or the opening of the Greenhouse Grocery.

One hundred percent of the proceeds of this offering will be used by the Greenhouse Grocery in operations in New Mexico.

The Greenhouse Grocery has the right to call Series B, C and D shares without any penalty at any time after the call date, which is January 1, 2019. Any payment or prepayment shall first be applied to accrued interest and then to principal.

The Greenhouse Grocery does not waive presentment of payment, demand and notice of dishonor for nonpayment of the subscription.

## BALANCE SHEET AS OF 3/31/2015

### ASSETS

#### Current Assets

Checking (Checking xxx9401)	\$945
Checking Non Profit (Checking xxx8501)	\$8
Annual Fee (Savings xxx3520)))	\$575
Membership Fee (Savings xxx9420)	\$25,419
Member Investments (Savings xxx4320)	<u>\$17,614</u>

**Total Current Assets** **\$44,548**

#### Other Current Assets

Prepaid Expenses	\$15,794
Advertising	<u>\$6,304</u>

**Total Other Current Assets** **\$22,098**

#### Fixed Assets

Office Equipment	<u>\$860</u>
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**Total Fixed Assets** **\$860**

**TOTAL ASSETS** **\$67,506**

### LIABILITIES

#### Current Liabilities

Notes Payable – J.Birnbaum & BJ Pheiffer	\$15,000
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**TOTAL LIABILITIES** **\$15,000**

### EQUITY

Member Investment	\$18,175
Paid In Capital	\$9,431
Capital Contributions	<u>\$24,900</u>

**TOTAL EQUITY** **\$52,506**

**TOTAL LIABILITIES & EQUITY** **\$67,506**

## PROJECTED STATEMENT OF SOURCES AND USES

### SOURCES

Series A Preferred Equity	\$650,000 - \$750,000	4% to 8%, Annual Increasing Dividend
Series B, C & D Preferred Equity	\$750,000 - \$1,000,000	6%, 6.5% and 7% Dividends

### Key Assumptions

**TOTAL SOURCES** **\$1,480,000 - \$1,520,000**

### USES

Pre-Construction Expenses	\$90,000	Project Management, Legal & Accounting, Promotion, Real Estate, Personnel, and Pre-Opening Debt Service
Site & Building	\$660,000 - \$700,000	20% of Real Estate Expense
Equipment	\$150,000	20% of Equipment Expense
Inventory	\$70,000	20% of Inventory Expense
Closing Costs	\$140,000	USDA Loan Guarantee, Bank Fees & Closing Costs
Working Capital	\$390,000	Occupancy, G&A, Personnel

**TOTAL USES** **\$1,480,000 - \$1,500,000**

## PROJECTED OPERATING INCOME

	Year 1	Year 2	Year 3
Sales	\$3,400,865	\$6,253,287	\$9,973,762
COGS	2,636,330	4,734,469	8,043,356
<b>Gross Profit</b>	<b>\$764,536</b>	<b>\$1,518,818</b>	<b>\$1,930,406</b>
Occupancy	\$183,723	\$189,930	\$196,447
G&A	164,000	273,400	336,800
Personnel	289,285	479,703	580,368
<b>Occupancy, G&amp;A, Personnel</b>	<b>\$637,008</b>	<b>\$943,032</b>	<b>\$816,791</b>
<b>Operating Income</b>	<b>\$127,528</b>	<b>\$575,786</b>	<b>\$816,791</b>
Other Income (Membership Fees)	\$139,655	\$149,035	\$189,403
<b>EBIDTAP</b>	<b>\$267,183</b>	<b>\$724,820</b>	<b>\$1,006,194</b>
<b>Debt Service</b>	<b>\$184,000</b>	<b>\$336,012</b>	<b>\$335,012</b>
<b>EBIDTAP/Debt Service</b>	<b>1.5</b>	<b>2.2</b>	<b>3.0</b>

### Notes

1. On November 24, 2014, the Board of Directors approved a payment of \$50,000 to Ms. Pfeiffer for her three year endeavor to bring the Greenhouse Grocery to fruition upon receipt of development funds at a payout schedule to be approved by the Board at a later date.
2. While we have only committed to raising \$730,000 of Series B, C & D preferred equity to our Series A investors, the Coop's intention is to be 100% Member owned, so we would like to raise as much Member equity as possible. The Grocery's plan is to retire Series A equity within five years.
3. Assumes approximately 1,000 members Year 1, 2,000 Year 2, and 3,000 Year 3. The Los Alamos Cooperative Market opened with 700 members and had enrolled 1,800 members at the end of Year 2. Their first year sales exceeded \$3 million.
4. Earnings before interest, taxes, depreciation, amortization and patronage refunds (EBITDAP)
4. Investment and Operating Income from greenhouse operations is not been included. Preliminary projected financials for Greenhouse operations are available in the Grocery's financials

This information is provided on a confidential basis for the benefit of Members of the Greenhouse Grocery. It is issued to such persons only in connection with a private placement of certain promissory notes as mentioned within. This document may not be reproduced or distributed without prior consent from the Greenhouse Grocery.

This investment involves a degree of risk. This investment is suitable only for persons who understand the nature of the risks involved, who are in a position to assume such risks and who have

no need for liquidity in any funds loaned in this offering. These loans cannot be sold, transferred, or assigned except as provided within.

Except as otherwise noted herein, no literature in any form is authorized to be used in connection with this offering. No persons are authorized to make any representations regarding this offering other than those contained in this Disclosure Statement. No other representative may be relied upon as authorized.

To participate in our Series B, C & D Preferred Equity for investments up to \$25,000, please contact:

Heidi Guber  
973-563-0201  
[invest@greenhousegrocery.coop](mailto:invest@greenhousegrocery.coop)

Zev Guber  
[invest@greenhousegrocery.coop](mailto:invest@greenhousegrocery.coop)

Greg Hawkins  
505-412-1617  
[invest@greenhousegrocery.coop](mailto:invest@greenhousegrocery.coop)

To participate in our Series B, C & D Preferred Equity for investments up to \$250,000, please contact:

BJ Pheiffer, Founder & President  
505-466-2665  
917-783-1964 mobile  
[bj@greenhousegrocery.coop](mailto:bj@greenhousegrocery.coop)

For more information about the opening of our new store, please contact:

BJ Pheiffer  
505-466-2665  
[bj@greenhousegrocery.coop](mailto:bj@greenhousegrocery.coop)

**Thank you for considering an investment in this outstanding community venture.  
Your participation is critical to our success.**

## SERIES B, C & D PREFERRED STOCK PURCHASE AGREEMENT

By this agreement Investor will purchase the following number of shares of Preferred Stock.

Series	Price per Share	Number of Shares to be Purchased	Dollar Total
B	\$1,000		
C	\$5,000		
D	\$10,000		

Investor has enclosed a check in the amount of \$\_\_\_\_\_, payment in full for the Shares to be purchased.

Investor's signature: \_\_\_\_\_ Date of Investment: \_\_\_\_\_

Investor's name (printed): \_\_\_\_\_

Investor's Social Security Number: \_\_\_\_\_

Investor's Address: \_\_\_\_\_

\_\_\_\_\_

Investor's Phone Number: \_\_\_\_\_

Investor's Email Address: \_\_\_\_\_

*Please make checks payable to "Greenhouse Grocery". Funds can be transferred via wire transfer to Los Alamos National Bank, Routing Number 1070001012, Account Number 0153594320. Please add \$5 for the wire transfer fee.*