MANNA Food Co-op's Owner Investment Program:

Description of Offering, Financial Disclosure, and Statement of Risks

MANNA Food Cooperative

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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 Preferred Share 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 Preferred Share 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 securities offered hereby cannot be sold, except back to the Co-op with the Co-op's consent and upon terms and conditions established by the Co-op's board of directors. The securities can be transferred, however, with approval of the board or directors and when required by operation of law (E.G., divorce and estate transfers).

This Disclosure Statement is only an offer to sell these securities to current owners of MANNA 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.

The Preferred Shares to be issued by the MANNA 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 MANNA Food Co-op shares are exempt from registration. Any representation to the contrary is a criminal offense.

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Introduction

This document describes MANNA Food Co-op's investment offering to owners who want to bolster our mission of supporting local food producers and improving health and wellness in our community through support of our next chapter of development. This will include a relocation to Norby Flats in downtown Detroit Lakes, a redesign of the store, 500 sf of additional space, and greater capacity to serve the Co-op's ongoing growth in shoppers and sales. To meet these ends, the Co-op has undertaken a $400 thousand capital campaign. As of April 1, 2020, MANNA Food Co-op owners and local business leaders have pledged $56,000 toward the goal of $400 thousand. The Co-op will continue its offering until it reaches its goal and will periodically provide updated information regarding the Co-op, its activities, financial position, and the status of the Preferred Share Offering.

An expanded MANNA will provide the community with access to more fresh, local and organic products, grow the market for sustainably produced food, and increase access to more health and wellness education. Ultimately, a successful expansion will allow the Co-op to better achieve its mission to be at the forefront of a prosperous and fair cooperative economy, and to cultivate a thriving community, including a vibrant downtown business district of Detroit Lakes.

By supporting the expansion through direct investment, MANNA's member-owners are doing what all business owners must do: investing in their business so that it can grow and prosper. All potential investors need to understand, however, that there are risks involved in making an investment, which could carry a significant debt load for a number of years following expansion depending on the success of the capital campaign. A detailed description of these risks can be found at pages 10-12. See also the condensed financial statements on pages 13-16.

A full description of this Offering can be found on page 8, but essentially it consists of one option:

- **Preferred shares —** Owners can purchase **1 or more** shares of Class B non-voting, Preferred Stock at $500/share, earning a potential dividend of 4% in years when the Co-op has sufficient profits and declares a dividend.

Even though preferred shares are the one option for member-owners to invest in the co-op, members and non-members can donate to the co-op by providing a charitable contribution. The Cooperative Development Services Fund is our fiscal sponsor and any donation will be tax deductible. The Fund meets the requirements for a charitable and educational institution as described in Chapter 501(c)3 of the federal tax code and demonstrates compliance by filing annual financial statements (Form 990) with the IRS. Any charitable contribution to the co-op through this means is not the same as member-ownership. No item of value (e.g. membership share, voting rights, member discount, etc.) will be provided to donors of charitable gifts. Members can provide charitable donations through a separate process and forms to do so can be found on www.mannafoodcoop.com/capital. This document is focused on the Preferred Share offering.

In this document, you will find the information necessary to appreciate the social value of your investment, while understanding the associated risks. We urge you to read the statement 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 Preferred share purchase from the Co-op. Thank you for your interest and support!

ABOUT MANNA FOOD CO-OP

MANNA Food Cooperative is a cooperative organized under Minnesota Statutes, Chapter 308A, and owned and governed by its member-owners. The co-op incorporated in fall of 2015, after being initiated by Wendy Gordon. Her vision was to provide an outlet for local farm operators and their products as well as be a community resource for health and wellness education. A member drive ensued, and the co-op obtained nearly 500 memberships by the time the store first opened in August, 2017. When it opened, MANNA Food Co-op became the first and only retail food co-op operating in Detroit Lakes.

As part of its startup, the Co-op leased a 1,600-square foot building on Barbara Avenue, on the north side of Detroit Lakes and adjacent to Highway 34. At the time, it was the most viable property available with ample parking, a small space suited to a start-up business, and reasonable rent. During the past two and a half years, the store has attracted a loyal shopping base and started a number of initiatives to meet its mission of featuring and promoting local foods from the region:

1. MANNA launched a meal kit program, featuring local foods from local producers with its Local Eats meal kits in early 2019 and its Traditional Native Meal Kits in fall of 2019 (a joint project with White Earth Nation).
2. The annual fall harvest celebration, MANNA-fest, helped give local operators an outlet for direct sales to customers as well as the farmers markets organized by Lida Farm on Fridays during the 2019 growing season.
3. Lida Farm built a farm stand on-site at the co-op in Spring of 2019 which was used as an outlet for our member-vendors to feature their products and connect with customers.

Like most start-up business, however, MANNA faces challenges. The co-op's current location at 105 Barbara Avenue has been a place to get started—sales grew at a healthy rate from $323 thousand in sales in 2018 to $370 thousand in 2019—but the location is also quite limiting in terms of visibility and space. Even at $370 thousand in sales, the co-op still falls short of breakeven. The opportunity to relocate to a more visible location at Norby Flats downtown will not only assist the store to increase sales with the goal of reaching profitability, but also provide more space. Sales growth and expansion are important for the Co-op to remain viable in a highly competitive marketplace, but they are not ends in and of themselves. Rather, growth will allow the Co-op to secure and expand its role as a cooperatively-owned and deeply community-oriented enterprise that sells local and sustainably-produced goods; follows ethical business practices; offers a workplace that promotes fair and respectful relationships; and operates efficiently for the long-term benefit of employees, owners, and the community. The Co-op's business model is rooted in the International Cooperative Principles and is governed by its articles of incorporation and bylaws, both of which are available online at https://MANNAfoodcoop.com/join-MANNA-co-op/

OVERVIEW OF PLANNED RELOCATION AND EXPANSION

At the end of 2019, the board and management at MANNA Food Co-op took stock of its position and concluded that a new location with better visibility and space would be necessary for the long-term viability of the co-op. From November, 2019, to January, 2020, the board researched options in Detroit Lakes for a new location. After researching four available properties in depth and negotiating terms, the board concluded that its preferred location is at Norby Flats at 825 Washington Avenue. The terms of the offer from JBC Commercial were good and the location will provide both more space and great visibility. After presenting its plans at MANNA's annual meeting on January 29, 2020, and receiving significant support from members, the board approved the signing of the Letter of Intent from JBC Commercial for the space and initiated plans to relocate.

Some major components of the terms of lease for the Norby Flats location include:

1. ***1,693 square feet of retail space:*** The retail space will be approximately 500 more square feet more than our current location. This will allow for better store design, layout, and improvements, including a check-out lane and an expanded deli area with some seating.
2. ***1,000 square feet of storage space for free:*** JBC is providing 1,000 square feet in the basement free of charge. This space will allow for an office and storage, including an area for both a walk-in freezer and cooler.
3. ***Percentage Rent:*** The lease includes an arrangement called percentage rent, where the co-op will pay rent based on 5.5% of the previous month's sales up to cap of $30,000 annually. This gives the co-op flexibility in cash flow, both in the early years when we are still growing as well as throughout the calendar year. The co-op will pay less in rent in slow winter months when we can least afford payments.
4. ***$20 per square foot fit up allowance***: JBC will reimburse us $34,000 of our costs for fitting up the space at 825 Washington Avenue.
5. ***Lease buyout:*** The co-op's current lease is in effect through 2020, and, as such, we are obligated by contract to pay rent until the end of the year. JBC will take on payments of our lease for the remainder of the year once we move to Norby Flats and begin paying rent to them.
6. ***Janitorial contract:*** In the lease, MANNA is responsible for paying Common Area Maintenance (CAM) costs in addition to rent. This cost of approximately $7,000 annually made the space too expensive until JBC offered MANNA the $10,000 annual cleaning contract as part of this maintenance. For cleaning the common bathrooms and hallway, MANNA can more than cover its CAM charges.

In negotiations, JBC Commercial has shown itself to be a good partner willing to share in the risk of the co-op's relocation plans. Due to the good terms offered and their general willingness to support the co-op's efforts, the board decided that a plan to relocate to Norby Flats was both in the best interest of the co-op and the development of downtown Detroit Lakes.

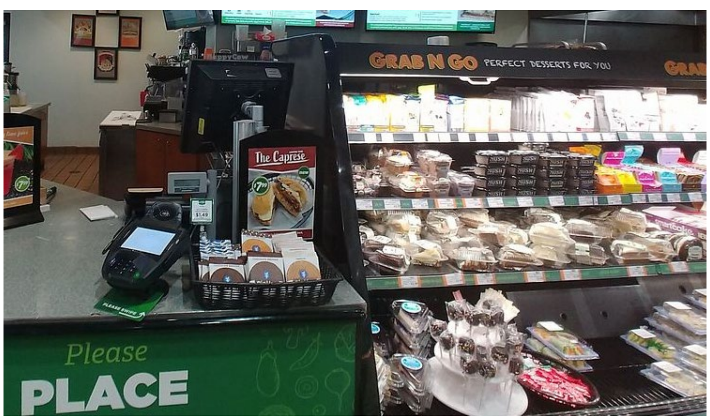
What will the new space and an 'improved' store look like?

The space at Norby Flats will provide MANNA not only 500 more square feet of retail space—making the store less cluttered and crowded—but also a distinct look through an original terrazzo floor and brick accent wall showcasing its retail history.

Figure 1: Check-out lane at Prairie Roots Co-op

The co-op board and staff recognize the challenges of our current location and fitting up a fresh space will allow some well-needed improvements, including:

- A proper check-out lane to streamline and speed up check out
- At least one additional freezer to display and store frozen products such as local meats
- A grab-and-go reach in cooler to improve display and amount of deli foods such as salads and sandwiches that will compliment other downtown dining
- Merchandising equipment to better display and organize produce, bread, and bulk foods
- An expanded deli with seating to allow for eating in, including a possible stand up bar overlooking Washington



In addition to the planned improvements, the new space will have two entrances, one on Washington Avenue and one in the back via a common hallway with access to the city-owned parking lot. Even though on-street parking can be difficult to find at times, the city lot adjacent to the building does provide ample space—especially when the police station moves to its new location—and, in addition, the four spaces nearest the Norby's building will be reserved for tenant parking.

Even though it will not be visible to shoppers, the nearly 1,000 square foot storage space in the basement of the Norby's Building will be a great improvement over our current 400 square feet of space. One great improvement will be the newer and more efficient walk-in cooler and walk-in freezer. In the past year, we have spent nearly $2,000 in refrigeration repairs alone to maintain current equipment, not counting the loss of product or the staff time to save product from spoilage.

The Co-op's leadership believes that the various benefits of the expansion project described above will positively impact the Co-op's financial situation. Detailed projections are provided below in the section entitled " Condensed Financial Information", but some of the projected benefits of MANNA's expansion project include:

▪ Retail square feet	2,800 (up from 1,600)
▪ Annual sales (by year 5)	$660 thousand
▪ Annual sales of local products (by year 5)	$165 thousand
▪ Annual wages and benefits (by year 5)	$124 thousand
▪ Co-op member-owners (by year 5)	1,000 (a 43% increase)

OFFERING DESCRIPTION AND TERMS

The purpose of this offering is to raise $400 thousand from MANNA's owners to help fund (1) the relocation and expansion costs as well as (2) provide the necessary capital to refinance start-up debts and (3) provide a capital reserve for operations. The total project cost is approximately $440 thousand. The remaining funds are budgeted to come from JBC Commercial, the developer of Norby Flats (see Sources and Uses table on page 16). If the goal of $400 thousand is not reached, the relocation can still move forward with as little as $200 thousand between all sources (Preferred Shares, Common Shares, and charitable contributions). All Preferred Share investments will remain in escrow in the Co-op's savings account until the minimum goal is reached. This minimal goal will affect how quickly the co-op will reach profitability and pay out dividends to preferred shareholders (see projections on pages 14-15).

The project will not proceed unless it has been determined by the board that it meets the design, financial, and market feasibility goals established for the project, and that the Co-op has the capacity to successfully complete the expansion and relocation. If the project is not approved by the board, and a feasible expansion plan is not pursued, the Preferred Shares held in escrow will be returned.

Relying on 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.

MANNA's owners can support the co-op's relocation and expansion in two ways:

1. By purchasing 1 or more Preferred shares (Class B, 2020 series) at $500 each, bearing a discretionary, non-cumulative dividend rate of 4% per annum.
2. By providing a charitable donation

Both Preferred Shares and donations are important ways to support the Co-op's relocation and expansion. For households who itemize their taxes and a significant deduction would impact their tax burden, a charitable donation to the co-op through our fiscal sponsor may provide greater financial benefit than future benefits of preferred shares, however, a person should inquire with their tax preparer. Preferred Shares, in contrast, are investments and have the potential to return both dividends and the original investment if the co-op performs well. Preferred shares are more beneficial to the Co-op because it is not required to pay dividends or redeem shares at any particular time and the full value of any investment becomes equity of the co-op, whereas between 6-10% of donations will be paid to our fiscal sponsor for administrative fees.

Preferred Shares vs. Donation Comparison Chart			
Investment Type	Term	Interest/Dividends	Minimum Investment
New Preferred shares *(2020 series)*	Indeterminate *(could be 8-10 years or more)*	4% *(only if Co-op can afford and board authorizes; non-cumulative)*	$500 (1 share)
Donations	*None*	None	None

Preferred Shares are preferred, non-voting stock.

Preferred Shares (Class B 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 (Class A common shares). However, the Co-op's lenders would be paid back before Class B holders. Preferred 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 Preferred Shares you own, as a member, you still have only one vote.

For the 2020 series of Preferred Shares, the Co-op is issuing shares in numbered blocks of $50,000 to allow for orderly future redemption. This means that owners who purchase Preferred Shares first will be in an earlier block and will receive the opportunity to redeem their shares before those in later blocks when the board of directors decides to redeem Preferred Shares.

Preferred Shares earn dividends, but only in years that the Co-op can afford to pay them.

The board has set a dividend rate of up to 4% for the 2020 series of Preferred Shares. The Co-op will pay dividends only in years in which it can afford to do so or may pay a dividend less than 4% in those years. If dividends are not paid or are not paid in full, they do not accumulate for payment at a later date.

Preferred 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. Under our articles of incorporation, the board cannot authorize the redemption of Preferred Shares unless the Co-op has sufficient capital reserves and working assets. Under current projections, the Co-op anticipates that redemption may begin in the year 2027. ***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 Preferred 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 Preferred 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, but can be transferred to others with the approval of the board of directors or by operation of law. The board may authorize redemptions upon death or for qualifying hardship exceptions, in a total amount not to exceed $5,000 per year.

Administrative Details

Each year, the board will determine whether a dividend is to be paid on Preferred Shares for the preceding year by the declaration date of February 15. If declared, dividends are paid on any stock held on the official record date of January 1 of that year.

When members purchase a Preferred Share, MANNA Food Co-op maintains a formal record of the purchase in electronic database form. Members receive a yearly account statement reflecting the number of Preferred 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. When a dividend is paid, members will receive a 1099-DIV for tax purposes. 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 Preferred Shares is speculative, non-liquid, and involves a significant degree of risk. While the Co-op has listed a selection of those known risk factors that the Co-op believes to be of greatest importance, there may be additional, unrecognized risks. 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.

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 but not limited to 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.

Risk of long-term minimal profitability. The Co-op has not yet achieved profitability, but post-relocation financial projections anticipate that the Co-op will be reach profitability in year 1 if the Co-op meets its $400,000 funding goal. Even if the Co-op reaches its goal, the projections indicate the Co-op will not be in a position to begin paying dividends on the Preferred Shares until 2023. 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 B Shares in any given year. In addition, the Co-op's current financial position, as described below in the section entitled "Management Discussion of Financial Condition", is such that the additional resources to be provided by the funding campaign are necessary for the Co-op's continued viability. Please review the Management Discussion of Financial Condition section below.

Unsecured and Subordinate Position of Shares. Class B shares are equity investments in the Co-op, are not secured and are subordinate to all debt financing. In the event that the Co-op were to dissolve, all of the Co-op creditors would be paid in full before the holders of the Preferred Shares received any return of their investment. .

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. In this time of pandemic, the Co-op has experienced greater demand, but also experienced challenges sourcing products through its primary wholesalers (Co-op Partners Warehouse and KeHe). Wholesalers have experienced increased volume demand and have had challenges sourcing products, which impacts the Co-op product availability. On the other hand, our focus on local products from local farm operators gives us a competitive advantage over mainline grocery stores because the Co-op has a direct relationship. The primary risk for the Co-op in the time of pandemic, however, is staffing. Frontline staff are at greater risk than the general public at this time as an operating essential business in contact with the public. The Co-op board has a written contingency plan with people identified who can work to keep the doors open and procedures to assure customers and regulators that the store will take reasonable measures to make the space safe if an employee does become infected.

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. At this time, no national natural grocery chain like Natural Grocers, Whole Foods, or Aldi is planning an expansion into Detroit Lakes. The two other stores that offer natural and organic foods in the community are Wal-Mart and Central Market. From the time of the co-op's incorporation to its opening, Central Market did expand and make improvements to its natural foods section and could do so again to more directly compete if threatened by our expanded store. Since both Wal-Mart and Central Market are in more dominant positions in our market than our relatively small store, either could use their market positions to directly compete with us via pricing or advertising and hamper our projected sales.

Financing Risks. Assuming that we obtain all of the sources of funds described in "Statement of Sources and Uses" (page 16), we believe that the proceeds of this offering will be sufficient to fund the Co-op's expansion plans and capital requirements for the periods described in our projections. Although we expect to be reimbursed from other sources described in the "Statement of Sources and Uses", we do not yet have any legally binding commitment for such reimbursements.

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

Nonliquidity of shares. Preferred shares cannot be sold to any party other than the Co-op, but can be transferred with the approval of the board of directors or by operation of law. Preferred Shares cannot be redeemed until authorized by the board of directors. The board cannot call any shares for redemption until the Co-op has the financial capacity to do so, which includes achieving sufficient profitability, working capital, and reserves. The Co-op currently projects that it might be in a position to begin redeeming shares starting in 2025, although actual results may materially differ from those projections. Redemption is likely to occur over a period of several years, beginning with shareholders in the earliest $50,000 blocks of 2020 Series of Preferred shares. The decision of whether and when to call shares for redemption is at the discretion of the board, and can only occur if and when the Co-op has sufficient funds to adequately finance the business.

Suitability standards. The opportunity to purchase preferred shares is only available to persons having a pre-existing relationship with the Co-op, who are fully-paid members of the Co-op, 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 financial performance from the last two years and projections for the next five. 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. The primary assumptions that drive our projections are (1) a significant increase in sales for the first year in the Norby Flats location and a 10% increase in years thereafter, (2) a significant drop in labor costs in the first year with a 5% annual growth in labor costs thereafter, and (3) a 2% annual increase in operating expenses. We will gladly provide detailed financial statements, including a detailed statement of the assumptions used in preparing the projections, to prospective investors upon request.

Balance Sheet as of 1.1.2020:

ASSETS		LIABILITIES & EQUITY	
		Liabilities	
Assets		Current Liabilities	
Current Assets		Accounts Payable	20,046.64
Checking/Savings		Total Accounts Payable	20,046.64
Cash on Hand	1,368.68	Other Current Liabilities	
Checking	4,514.00	Line of Credit-MMCDC	96,800.00
Total Checking/Savings	5,882.68	MIDWEST LOC	10,000.00
Other Current Assets		Sales Tax Payable	2,005.00
Inventory Asset	39,604.00	Total Other Current Liabilitie	108,805.00
Total Other Current Assets	39,604.00	Total Current Liabilities	128,851.64
Total Current Assets	45,486.68	Long Term Liabilities	
Fixed Assets		Pesch loan	12,617.00
Accumulated Depreciation	-50,351.00	Start-up Loan	249,916.67
Equipment	83,387.00	Total Long Term Liabilities	262,533.67
Leasehold Improvements	89,257.52	Total Liabilities	391,385.31
Start up Costs	22,094.39	Equity	
Total Fixed Assets	144,387.91	Member Equity	97,620.00
Other Assets		Retained Earnings	-181,048.00
Accumulated Amortization	-5,093.00	Net Income	-123,175.72
Total Other Assets	-5,093.00	Total Equity	-206,603.72
TOTAL ASSETS	184,781.59	TOTAL LIABILITIES & EQUITY	184,781.59

Income Statements for 2018 and 2019 with 5-year Projections

Scenario 1: Capital campaign raises minimum goal of $200,000

In this scenario, the Co-op will cover all estimated direct costs of relocating including store and equipment upgrades as outlined above and the remainder of the funds will be kept as working capital to cover operations and monthly debt payments.

In this scenario, we expect that the co-op will reach profitability at $641,800 in sales in year 5 after relocating:

	ACTUAL	ACTUAL	Projected	Projected	Projected	Projected	Projected	
	2018	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**5-year totals**
Sales	$ 323,000	$ 370,136	$ 450,000	$ 495,000	$ 544,500	$ 598,950	$ 658,845	$ 2,747,295.00
Percent Change		*15%*	*22%*	*10%*	*10%*	*10%*	*10%*	
Cost of Goods Sold (COGS)	$ 224,080	$ 228,528	$ 292,500	$ 321,750	$ 353,925	$ 389,318	$ 428,249	$ 1,785,741.75
Credit Card Fees	$ 4,185	$ 5,400	$ 6,750	$ 7,425	$ 8,168	$ 8,984	$ 9,883	
Payroll	$ 99,580	$ 112,531	$ 102,000	$ 107,100	$ 112,455	$ 118,078	$ 123,982	$ 563,614.39
Percent Change		13%	-9%	5%	5%	5%	5%	
Debt Payments	$ 8,285	$ 12,555	$ 24,000	$ 36,000	$ 36,000	$ 36,000	$ 36,000	$ 168,000.00
Oper. Ex	$ 28,520	$ 26,768	$ 20,000	$ 20,400	$ 20,808	$ 21,224	$ 21,649	$ 104,080.80
Utilities	$ 7,451	$ 8,044	$ 6,000	$ 6,120	$ 6,120	$ 6,120	$ 6,120	$ 30,480.00
Net Rent (Rent+CAMS-Cleaning	$ 16,400	$ 16,400	$ 22,050	$ 24,525	$ 27,248	$ 27,300	$ 27,300	$ 128,422.50
Rent			$ 24,750	$ 27,225	$ 29,948	$ 30,000	$ 30,000	$ 141,922.50
CAMS			$ 7,300	$ 7,300	$ 7,300	$ 7,300	$ 7,300	$ 36,500.00
Cleaning Contract			$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 50,000.00
	$ (65,501)	$ (40,090)	$ (23,300)	$ (28,320)	$ (20,223)	$ (8,074)	$ 5,663	$ (74,253.97)
OTHER INCOME		$ 13,592						
NET INCOME	$ (65,501)	$ (26,498)	$ (23,300)	$ (28,320)	$ (20,223)	$ (8,074)	$ 5,663	$ (74,254)
Dividends							$ 5,250	
Net income after dividends			$ (23,300)	$ (28,320)	$ (20,223)	$ (8,074)	$ 413	$ (79,504)
Monthly Ave Sales	$ 26,917	$ 30,845	$ 37,500	$ 41,250	$ 45,375	$ 49,913	$ 54,904	
COGS margin	69%	62%	65%	65%	65%	65%	65%	

Scenario 2: Capital campaign reaches goal of $400,000

In this scenario, the co-op will cover all estimated direct costs of relocating including store and equipment upgrades as outlined above, $250,000 will pay down the start-up loan obtained through MMCDC, and the remainder of the funds will be kept as working capital to cover operations.

In this scenario, we expect that the co-op will reach profitability at $447,500 in sales. This could reasonably be reached in the first full year of operations at the new location. The breakeven is much lower than the first scenario in large part because debt obligations are significantly lower after paying off the start-up loan:

	ACTUAL	ACTUAL	Projected	Projected	Projected	Projected	Projected	
	2018	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**5-year totals**
Sales	$ 323,000	$ 370,136	$ 450,000	$ 495,000	$ 544,500	$ 598,950	$ 658,845	$ 2,747,295
Percent Change		*15%*	*22%*	*10%*	*10%*	*10%*	*10%*	
COGS	$ 224,080	$ 228,528	$ 292,500	$ 321,750	$ 353,925	$ 389,318	$ 428,249	$ 1,785,742
CC Fees	$ 4,185	$ 5,400	$ 6,750	$ 7,425	$ 8,168	$ 8,984	$ 9,883	$ 41,209
Payroll	$ 99,580	$ 112,531	$ 102,000	$ 107,100	$ 112,455	$ 118,078	$ 123,982	$ 563,614
Percent Change		13%	-9%	5%	5%	5%	5%	
Debt Payments	$ 8,285	$ 12,555	$ -	$ -	$ -	$ -	$ -	$ -
Oper. Ex	$ 28,520	$ 26,768	$ 20,000	$ 20,400	$ 20,808	$ 21,224	$ 21,649	$ 104,081
Utilities	$ 7,451	$ 8,044	$ 6,000	$ 6,120	$ 6,120	$ 6,120	$ 6,120	$ 30,480
Net Rent	$ 16,400	$ 16,400	$ 22,050	$ 24,525	$ 27,248	$ 27,300	$ 27,300	$ 128,423
Rent			$ 24,750	$ 27,225	$ 29,948	$ 30,000	$ 30,000	$ 141,923
CAMS			$ 7,300	$ 7,300	$ 7,300	$ 7,300	$ 7,300	$ 36,500
Cleaning Cont.			$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 50,000
	$ (65,501)	$ (40,090)	$ 700	$ 7,680	$ 15,777	$ 27,926	$ 41,663	$ 93,746
OTHER INCOME		$ 13,592						$ -
NET INCOME	$ (65,501)	$ (26,498)	$ 700	$ 7,680	$ 15,777	$ 27,926	$ 41,663	$ 93,746
Dividend payments						$ 14,000	$ 14,000	$ 28,000
Net income after dividends			$ 700	$ 7,680	$ 15,777	$ 13,926	$ 27,663	$ 65,746
Monthly Ave Sales	$ 26,917	$ 30,845	$ 37,500	$ 41,250	$ 45,375	$ 49,913	$ 54,904	
COGS margin	69%	62%	65%	65%	65%	65%	65%	

Sources & Uses for Expansion Project

The sources and uses are our best estimate at this time for the project's financing and costs.

Sources:	***Minimum $200,000***	***Target $400,000***
Cash from charitable donations	$60,600	$147,600
Member equity investments (Preferred Share purchases)	$82,000	$180,000
New member equity (Common Share purchases)	$15,000	$30,000
Total Contributions	$157,600	$357,600
Fit up reimbursement from JBC Commercial ($20/SF)	$34,000	$34,000
Lease buy-out from JBC Commercial (6 months)	$8,400	$8,400
Total reimbursements	$42,400	$42,400
Total sources	$200,000	$400,000
Uses:		
Leasehold Improvements - Investments to fit up space		
Painting/drywall	$5,000	$5,000
Plumbing	$11,000	$11,000
HVAC ducting	$3,800	$3,800
Flooring	$12,900	$12,900
Ceiling/lighting	$17,000	$17,000
Commercial hot water heater	$1,400	$1,400
Subtotal	$51,100	$51,100
Equipment investments		
New check out	$6,000	$6,000
Countertop/deli work	$5,000	$5,000
Additional freezer	$1,600	$1,600
Walk in Cooler	$10,000	$10,000
Walk in Freezer	$11,000	$11,000
Signage	$2,500	$2,500
Subtotal	$36,100	$36,100
Relocation costs		
Loss of sales due to shutdown	$15,000	$15,000
Labor	$1,500	$1,500
Getting out of lease	$8,400	$8,400
Subtotal	$24,900	$24,900
Direct relocation and expansion costs	$112,100	$112,100
Working capital	$87,900	$37,900
Paydown of $250,000 start-up loan	$0	$250,000
Total uses	$200,000	$400,000

Management Discussion of Financial Position

MANNA Food Co-op has just begun to find its place in the retail marketplace after much better performance in 2019 than 2018, increasing sales nearly 16%. These increases were driven in part by our deli offerings—we added sandwiches and soups to our smoothie and drink offerings only in September, 2018—an increase in supplement sales driven by CBD oil products, and a greater knowledge of our existence in general through word of mouth. At $370,000 in sales in 2019, the Co-op is approaching profitability, but not fast enough to meet our obligations, especially with principal payments coming online in mid-2020. Knowing the need to take up sales as quickly as possible to breakeven and beyond, board and management decided that a new and more visible location was necessary to both serve the needs of current customers and attract enough new customers to become profitable. Reaching breakeven hinges not only on an increase in sales, but both a decrease in monthly debt payments and an increase in working capital for a smooth cash flow of the business.

Current Financial Position

The initial investment of co-op member-owners in common stock allowed the Co-op to leverage a $250,000 loan and $100,000 line of credit from Midwest Minnesota Community Development Corporation (MMCDC) to fit up a location and start operations in 2017. Starting a new business and attracting the necessary market share to support a retail business takes time, and, as of the end of 2019, the Co-op had used the full $250,000 start-up loan and nearly all of its line of credit available from MMCDD. The Co-op's capital reserve was also less than its accounts payable at the end of 2019. So, for all extensive purposes, MANNA has used all its available financial start-up resources and this borrowing has put the organization in the difficult position of needing to start paying back principal on its start-up loan while also pursuing a new location for the reasons outlined above. Without any new investments by members, the Co-op will more than likely close its doors within the next 12 months. The Co-op does not have the necessary financial resources to afford the relocation expenses at this time. These financial pressures drove the Co-op board and management to devise options for taking the Co-op in a significantly new direction and the planned relocation plan was born. A recent increase in sales in the past month, however, have greatly improved current cash flow of the business.

Capital Raise and Impacts on Financial Position

As presented in these disclosures, the Co-op has a great opportunity before it to make a significant change which we expect will improve its sales and allow the Co-op to reach profitability. However, such a move is not possible without members making investments in the capital campaign. Meeting its minimal goal of $200,000, the Co-op will be able to relocate and make some investments in a new store, but not pay down any of the $250,000 start-up principal. In this case, the funds left over from the $200,000 capital raise will necessarily be used for working capital and debt payments. In this scenario, the Co-op will not break even until $642,000 in sales. On the other hand, if the Co-op is successful in raising $400,000, not only will MANNA easily afford the relocation expenses, but the Co-op will also be able to pay down its start-up loan principal. This will have a significant impact on the cash flow of the business and set up the Co-op to breakeven at less than $450,000 in sales, a reasonable expectation after the first year at the new location. Getting profitable in such short order will allow the Co-op to build a capital reserve and begin paying dividends to preferred shareholders and begin redeeming preferred shares. This scenario would be preferable for both the Co-op and member-owners alike as MANNA would be in a much stronger financial position and can reward members for their investments.

CO-OP STRUCTURE AND MISSION

MANNA Food Cooperative is a member-owned, natural foods cooperative. Each member household is entitled to vote for directors, to vote on other matters as mandated by our by-laws and articles of incorporation, and to participate in policy discussions concerning Co-op business.

MANNA adheres 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

MANNA Food Co-op operates under a mission statement developed by the board of directors that guide the Co-op's operations and governance. This mission statement that embodies the long-range vision for the Co-op and drives every initiative undertaken by store staff:

> MANNA Food Co-op is a community owned and operated retail storefront and deli which supports health and wellness, builds a sustainable food system, and supports the local economy in the Detroit Lakes area. We are dedicated to offering quality local, natural, and organic foods.

BOARD OF DIRECTORS

MANNA 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:

***Lori Botzet, President*.** A native of Alexandria, Lori studied English at St. Cloud State University. Lori has decades of marketing and business development experience, including for the last 20 years at Marine Innovations Inc. in Frazee, which she owned and managed with her husband, Mike. A long-time advocate for locally-grown, organic, small producers of quality products and GOOD FOOD, Lori sees her role on the board as an opportunity to give back. Lori likes working with like-minded people on the board to make the co-op the best it can be and readily shares her insights from her business experience to help establish MANNA in the marketplace. As a grandmother of two, she also sees MANNA as a community asset for wellness and health for generations to come.

Ryan Pesch, Treasurer is a founding board member and has been MANNA's Treasurer for the last two years. He is both an Extension Educators for the University of Minnesota in community economic development and a certified organic vegetable grower who operates Lida Farm. Since 2000 he has been involved in commercial vegetable production and sold his products at farmers markets, farm stands, wholesale, and via CSA. Ryan worked on staff for four years in grocery and produce at Mississippi Market Food Co-op in St. Paul and brings that experience to both the board and staff. Ryan received a Master's in Urban and Regional Planning from U of M's Humphrey School of Public Affairs and a BA in Classics from Gustavus Adolphus College, where he and his wife, Maree, discovered the wonder of cooperative development through the St. Peter Food Co-op

John Skarie, Secretary. John and his wife Lisa are owner operators of Lakeview Greenhouses, producing chemical free, hydroponic produce since 2000. Supplying local grocery stores, restaurants and markets with tomatoes, cucumbers and other goods. John has a bachelors degree in aquatic biology from Bemidji State University, and is a certified wetland delineator. John was active in the Lakes Area Farmers Market since inception, and served as President for 3 years. He has also served as a Township Supervisor in Detroit Township, and a volunteer firefighter in Callaway.

Johanna Christensen, Vice-President. Johanna Christensen grew up in Crookston, MN. She graduated from Jamestown College with a Bachelor of Science in Nursing and minor in Music. Johanna and her husband, Bryan moved to the Detroit Lakes in 2010. Johanna is employed as a RN at Becker County Public Health. In her free time, Johanna loves going to concerts, shopping, spending time in the lake, and playing piano. Johanna and Bryan are the proud owners of roughly 40 chickens. As a loyal MANNA customer, Johanna was excited about the opportunity to promote and support the continued growth of the co-op!

Susan Crow Kamath. Susan is a Wound, Ostomy, and Continence nurse specialist at Essentia Health hospital in Fargo. As a youth, Susan grew up working at her family's fishing resort and helping her mother and grandfather in their garden. Susan's passion for gardening, hunting, and fishing are the result of her upbringing from stout, self-sustaining German immigrants on her maternal side. When not working in her own garden, Susan and her husband can often be found riding their bicycles around Detroit Lakes and other local area bike trails and parks. Along with her nursing degrees from MSTATE and Metropolitan State University, Susan also holds a Bachelor of Science from the University of Wisconsin in Sociology and Anthropology. Susan's background in cultural and behavioral studies fuels her passion for travel, exploration, and experimenting with new food.

Zachary Paige. Zach is the Food Sovereignty Coordinator for the White Earth Band of Minnesota Chippewa Tribe, coordinator for the Lake Agassiz chapter of the Sustainable Farming Association of MN, and a sustainable farmer who is passionate about local food systems. Zach recently started an organic vegetable seed business with a group of sustainable growers across Minnesota called North Circle Seeds. He and his partner, Meg, live and farm near Lake Franklin

Kelsey Juhnke. Kelsey is an Integrative Nutrition Health Coach with a passion to help others better their lifestyle. She believes that being part of the board is to inspire a new vision in helping more families by providing resources and tools to utilize all that the co-op has to offer! She does this in part through her teaching nutrition and cooking classes at the c0-op. Kelsey lives on a farm near Perham.

MANNA FOOD CO-OP'S CAPITAL STRUCTURE

MANNA Food Co-op's articles of incorporation authorize the issuance of two classes of stock:

- up to 2,500 shares of Class A Common Stock with a par value of $0.01 per share; and
- up to 2,500,000 shares of Class B Preferred Stock , with a par value of $0.01 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 stock.

Class B stock many 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 B stock must also be residents of Minnesota. Dividends may be paid on Class B stock at the discretion of the board of directors. Class B stock may be issued in series with any dividend rate up to eight percent per year. Dividends are not cumulative.

Redemption of outstanding Class B shares is at the discretion of the board, and can only occur if and when the Co-op does not require all of its funds to adequately finance the organization. The board may authorize redemptions upon death or for qualifying hardship exceptions, in a total amount not to exceed $5,000 per year.

IMPORTANT NOTICE TO INVESTORS

The information in this Disclosure Statement is confidential. By accepting delivery of the Statement, you agree not to reproduce and to return it and all enclosed documents to the Co-op if you do not purchase any shares. Any reproduction or other distribution of this disclosure statement, in whole or in part, without the prior written consent of the Co-op, is strictly prohibited.

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 Preferred Shares to any person or entity except the Co-op, but you can transfer Preferred Shares with the approval of the board and when required by operation of law (E.G., divorce and estate transfers).

The Preferred 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 Agreement to Purchase B Shares for any reason. The Co-op will be deemed to have accepted an Agreement to Purchase only when an authorized officer has signed the agreement on behalf of the Co-op and returned it to the owner. The acceptance of Agreement to

Purchase of Preferred Shares will happen when the Co-op reaches its minimum goal of $200,000 through all funding sources (Preferred Shares, Common Shares, and charitable donations). Before reaching its minimum goal, funds will be held in escrow in the Co-op's savings account. *Deposit of an 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 Ryan Pesch, Treasurer, MANNA Food Cooperative, 105 Barbara Avenue, Detroit Lakes, MN 56501, (218) 770-4398, lidafarmer@gmail.com. As part of any Agreement to Purchase preferred shares, investors will be required to verify in writing that they were given the opportunity to obtain additional information.

HOW TO PURCHASE PREFERRED SHARES

To purchase Preferred Shares, complete the Agreement to Purchase in Appendix A and return it, along with your check, to the MANNA Food Cooperative, Attn: Ryan Pesch, Treasurer, 105 Barbara Avenue, Detroit Lakes, MN 56501. A copy of the signed, accepted Agreement will be returned as a receipt. 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.

Thank you for your support!

AGREEMENT TO PURCHASE PREFERRED SHARES

To purchase preferred shares of Class B stock in the MANNA 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, nonvoting 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,____("Purchaser"),

Member # (co-op staff will look up upon receipt) ___________ hereby agrees to purchase:

_________ ***shares of 2020 Series Class B, preferred, nonvoting stock*** in the MANNA Food Cooperative ("the Co-op") at a price of $500 per 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. Purchaser(s) makes the following representations:

1. I have relied only on the information contained in the Disclosure Statement provided by the MANNA Food Cooperative in evaluating this offering.
2. 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.
3. I am a fully-paid member of the MANNA Food Cooperative and a resident of Minnesota.
4. I have the knowledge and experience to adequately evaluate this investment.
5. I realize that these shares are sold pursuant to an exemption from federal and state securities laws, and that they are not freely transferable.
6. 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 2023, 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 2025, and that it could be later.
7. 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.
8. I understand that this investment is highly speculative and involves a substantial degree of risk, including, but not limited to, the risk factors identified in the accompanying Disclosure Statement.
9. I understand that if the Co-op were to fail, my investment would be lost.

REGISTRATION INFORMATION: (Please print)	
Name of Purchaser(s):	Purchaser #1:
	Purchaser #2:
Street Address (Mail notices and reports to):	
City/State/Zip Code:	
Telephone Number(s):	
Email Address(es):	
Social Security Number: *(Note that 1099-DIV will be issued under SSN of Purchaser #1.)*	Purchaser #1:
	Purchaser #2:
Tax I.D. (If applicable):	
# Shares Purchased:	_______ Preferred shares @ $500 per share (2020 series)
Amount of Funds Enclosed:	$ _____________

The Purchaser(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 Purchasers must sign.):

Purchaser #1: ____ Date: ____________

Print name: ______________________________

Purchaser #2: ____ Date: ____________

Print name: ______________________________

Please mail this completed Agreement along with your check or money order to: MANNA Food Cooperative, Attn: Member Investment Program, 105 Barbara Ave, Detroit Lakes, MN 56501.

ACCEPTANCE BY COMPANY:

Subscription accepted this_______day of__________________, 2020, by MANNA Food Cooperative.

By____________________________________

President, board of directors