

Annual Report 2017

*Strengthening our members through
collaboration to forge a sustainable future*

Independent
Natural
Food
Retailers
Association

President/CEO 2017 Reflections

-Corinne Shindelar

2017 was a year of setting the table for the future. This is more challenging than one is ever ready for, especially in an environment of significant disruption. INFRA, our member-owned purchasing cooperative, experienced right alongside the food movement, both planned and unplanned change at a rapid pace this past year. We expanded our staff and our office, increased member engagement, launched regional INFRA Deals, and launched a new Pathway to Membership for interested independents.

Responding to the changing marketplace and consumer demand for fresh, INFRA stepped up and expanded to add a small team of subject matter experts to support our members' operations in the areas of food service and fresh offerings. This adventure is paying off in spades as we entered into a pricing agreement with CostGuard, navigated relationships with POS vendors to support this pricing software, provided food service guidance for individual members, and sourced opportunities for providing fresh promotions by region.

Along with adding the fresh team members, we increased staffing in all other departments. We reorganized the team and invested in leadership development that would begin to add bench strength to the Association and decrease the vulnerabilities for future succession at INFRA. Our team of four directors tackled internal operational alignment, productivity, and deliverables to members with compassion and vigor. The Leadership Team's efforts are focused on stronger deliverables to our members that will result in INFRA's plate continuing to be plentiful and creating a culture and environment that will keep our vendor partners, distributors, and stakeholders at the table in a meaningful way. The 33 staff members employed at INFRA at the end of 2017 are talented and experienced in the natural food industry. At last count the INFRA Team has an aggregated 900 years of natural food retailing, management, and customer service experience. Of course, an increase in staff required that we increase our office space, and thankfully we had an unplanned opportunity when the office next door to us was vacated in July of 2017.

INFRA expanded its in-person event opportunities for members in 2017. Through department Intensives we have been able to work with our members to really dig deep into their operations and share best practices. The attendance at these events was stellar, with over 60% of all members attending at least one in-person event. CoMetrics was used to educate department managers at the Intensives for better understanding of the numbers, and to spur discussion among their peers that supports operational success.

The inclusion of regional promotions in the INFRA Deals program is just the next step in us setting the table to support more local and regional food systems. This addition to INFRA's plate was much more complex than anticipated and managing the data through the various pricing agreements resulted in the INFRA team having

to produce 21 different sets of estimates to deliver to our members on a monthly basis. While the regional promotions have been extremely well received by all stakeholders, we quickly realized that we did not have the technology that we needed to maintain a high level of efficiency. The INFRA Board approved an investment in outside consultants to help us build a technology plan that the team will be acting on over the next 24 months.

The need to ensure that all independent retailers could access INFRA and understand the purchasing cooperative with its complex programs, confidential pricing contracts, and increased expectations led the Board to direct the staff to set up a new structure for retailers to join the community of INFRA. In January, we implemented an Associate Retailer program. This program allows retailers to attend in-person events, participate in SPINS, and begin the journey of submitting to CoMetrics. Once a retailer has moved forward with putting the tools into place that INFRA needs to be able to deliver results to the retailer as a Member Owner of the purchasing cooperative, they are invited to fully invest their equity. This has been very successful and provides both the retailer and INFRA an opportunity to get to know each other prior to becoming a Member Owner.

All of these changes, the increased sophistication of the purchasing cooperative, the commitment of our members, and the work that has been done over the past 11 years, is resulting in INFRA being very visible in our food movement. Early reporting shows that the group of retailers that make up INFRA are experiencing growth well ahead of others in our space. That says a lot about us as an association and as a group of truly committed members who are vested in "Strengthening our members through collaboration to forge a sustainable future".

Looking forward to seeing what we can do together in 2018.

Respectfully Submitted,



Corinne Shindelar,
INFRA, President/CEO



Taking a Seat at the Table

-Cheryl Hughes, INFRA Board Chair

Taking a position on a board was not a totally new experience for me the first time I pulled a chair up at the INFRA Board of Directors meeting. What was different about this seat is everything we do.

Like every board, it takes a moment to get in the swing of things and understand the issues and the language. Once I caught up on ALL that, I jumped in with both feet, realizing this may well be the most exciting dynamic board I've ever sat on. What I did not fully understand is all the personal parallels to my own independent business and just how much stretching and growth would come for all of us involved.

INFRA hit its stride and was embarking on the sometimes painful, but very exhilarating experience of growth and success. We had become a very important player in the industry I so love and have made a career in, as I was seated on the Board. You know growth requires lots of change and our organization was moving from INFRA 101 to INFRA 2.0.

We had to look at every aspect of the organization. We started with a succession plan for our CEO, our leader and also one of our founders, who guided us to the position we are in today. Thank you, Corinne. There is always the "what if"? And the "how do we sustain and grow this amazing organization"? The Board created a grown-up CEO employment contract, bonus incentive, and evaluation plan. We set in motion Leadership Development opportunities for our CEO and her staff.

Then we turned back to the work at hand of governance and Board Development. Your Board committed significant time and resources to ensure that we are developing the right protocols and processes that would support organizational changes to our Policies and By-laws into the future. Our desire is to retain the culture and innovation of our independent retail members while aggregating our activities to stay viable into the future. After all, the Board Development is needed to support INFRA 2.0 in this rapidly changing marketplace.

We wanted to ensure that we were ingraining a process where every Board Member can speak their mind openly, have a fully participatory process, and yet hold each other accountable. Finally, we wanted to speak with one voice to our CEO, who is our only employee. Now that's a tall wish, but that is just what we have been able to accomplish. We are setting the table for future board protocol.

We want to ensure strong board succession in future candidates that are aligned with our vision to continue this dynamic board culture. We know this is a transformational phase that will define Board Development, Recruitment, Orientation, and Succession. Oh, and by the way, did I mention throughout all of this work we reaffirmed our mission, our core values, and our BHAG? We also set strategic goals for our CEO to execute that will keep INFRA and its members healthy, sustainable, and valued players in our ever-changing industry.

So, we roll up our sleeves, speak our minds, and move this dial forward. It really is amazing. A healthy thanks to all who ever served on the INFRA Board, little did I know the plate would be so full. I can't thank my fellow Board Members enough for your commitment and dedication to the success of the whole, that supports and maintains our strength as independents. We all make a difference. We are all stronger because of each other.

Cheryl Hughes
INFRA Board Chair
The Whole Wheatery
Lancaster, CA



2018 Northeast Promotions & Purchasing Intensive hosted by New Morning Market in Woodbury, CT

Year-End Financial Results

Submitted by MJ Mueller, Financial Manager

The Finance Committee of the INFRA Board of Directors has examined the 2017 financial reports on a quarterly basis and has completed their review for the fiscal year ending December 21, 2017. Financial information in this report is expressed in percentages due to sharing this report externally.

Overall income grew by 36.4% over 2016. INFRA Deals income grew by 27% with a significant portion of that growth coming through Regional Deals in the flyer. Our SPINS revenue was also up, this was due to receiving a portion of our 2016 revenue in 2017. Income generated through Supply Agreement rebates nearly doubled that of 2016.

Program generated income is allocated first to direct costs such as producing the INFRA Deals Flyer and the CoMetrics program. These expenses remained in line for 2017 and provided us with the ability to prepay a significant amount of 2018 direct expenses.

Our staffing costs increased by 44.35% in 2017. Our staff grew from 25 employees at the end of 2016 to 31 employees at the end of 2017. Some of the increase is attributable to aligning compensation and benefits with the Market Compensation Study done in 2016. Another part of the increase is attributable to a significant investment in staff development and education. We invested in our Leadership Team with a spend on Leadership Training and provided stipends to all staff to pursue enrichment opportunities. Staff travel was up over 2016 due to having more staff in the field, directly interacting with and supporting members. Our staffing costs were 59.46% of our total expense. This is approximately 5% lower than similar associations of our size.

We saw a decrease in Professional and Legal Fees mostly due to not having another investment in a Market Compensation Study for 2017. There was an increase in our Contract Labor due to utilizing a contractor to support our IT functions and an investment in an IT Analysis and Roadmap for INFRA 2.0. We saw a decrease in Outside Services due to a smaller bill in 2017 for AV services for our Annual Conference. We realized a significant increase in travel paid for non-INFRA Staff and Board due to reimbursing Annual Conference speaker and panel participants for their travel to Minneapolis in lieu of paying them stipends for their time.

Our Board Expense was up by 150% over 2016. This is attributable to an investment in CEO Succession Planning and BOD Leadership Training.

Occupancy costs increased in 2017, as we were fortunate to be able to expand our office space to accommodate our growing needs.

Our General Overhead was 17.65% higher than 2016, mostly due to increased Web & Technology costs to accommodate our growing staff.

We increased our support of our NGO partners by 54.21% to help them further their important work on climate change and sustainable agricultural practices.

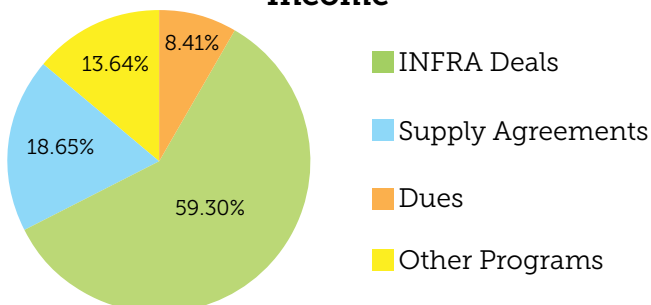
We increased our Program Technology spend by 21.04% by investing in technology for our ART Program and Show Deals order management.

We increased our Program Development spend by 154.56% over 2016 with investment in a subscription for the membership to The Data Council, INFRA Branding investment, investment in work on an estimates platform, and the development of departmental level metrics in CoMetrics.

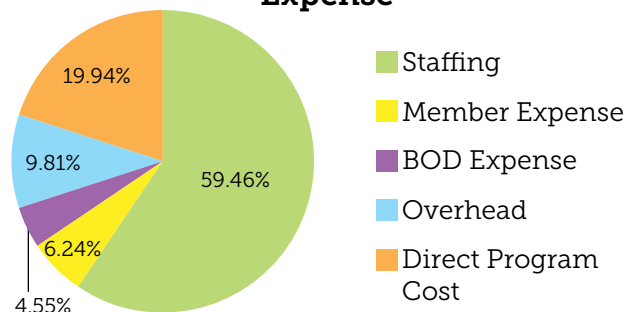
The INFRA Board retains Mahoney, Ulbrich, Christiansen & Russ to review and audit our financials on a 3-year rotation. INFRA engages Eide Bailly to prepare our partnership tax return and Member K-1s. Using two outside accounting firms annually engaged in INFRA's financial performance, ensures adequate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

Balance Sheet		12/31/17	12/31/16
Assets			
Current Assets			
Total Current Assets		85.33%	86.51%
Total Long Term Assets		11.87%	11.89%
Total Fixed Assets		2.80%	1.60%
Total Assets		100.00%	100.00%
Liabilities			
Total Liabilities		6.32%	8.83%
Member Equity			
Invested Equity		11.76%	18.62%
Distributed Equity		-31.50%	-34.34%
Earned Equity		113.42%	106.89%
Total Liability & Equity		100.00%	100.00%

Income



Expense



INFRA Members (as of March 2018)

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

Herbies Natural Foods

Jimbo's... Naturally!

Mother Truckers & Natural Selection

New Earth Market

New Frontiers Natural Marketplace

New Leaf Valley Stores

New Moon Natural Foods

Rainbow Acres Natural Food

Ramona Family Naturals Market

The Market

The Natural Grocery Company

The Whole Wheatery

Wildberries Marketplace

Connecticut

Chamomille Natural Foods

It's Only Natural Market

Nature's Temptations

New Morning Market

Delaware

Harvest Market Natural Foods

District of Columbia

Yes! Organic Markets

Florida

Abby's Health and Nutrition

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

Naturally Organic

Polson's Natural Foods

Southtown Health Foods

Sunrise Health Foods

Indiana

Cathy's Natural Market

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

Missouri

Clover's Natural Market

MaMa Jean's Natural Market

Natural Health Organic Foods

Nature's Own Health Market

Suzanne's Natural Foods

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

Pangaea Naturals

Whole Earth Center

INFRA Members Continued (as of March 2018)

New York

A Matter of Health
A Matter of Health I
Cornucopia Natural Foods
Down to Earth Whole Foods
Downtown Natural Market
Four Seasons Natural Foods
Green Earth Health Market
Green Planet Grocery
Hart's Local Grocers
Hawthorne Valley Farm Store
Health Beat Natural Foods
Jandi's Natural Market and Organic
Cafe
Kaaterskill Farm Natural Storehouse Inc
LifeThyme Natural Market
Lori's Natural Foods Center
Mother Earth's Storehouse
Nature's Pantry
Rising Tide Natural Foods
Sunflower Natural Foods Market
The Local Food Market
Uncle Sam's Good & Natural Products

North Carolina

Apple Crate Natural Market
Be Natural
Food Matters Market
Harmony Farms Natural Foods
Living Well Down East
Lovey's Market
Nature's Own
Organic Marketplace
West Village Market & Deli

Ohio

Raisin Rack Natural Foods

Oregon

LifeSource Natural Foods
Nature's Pantry Natural Foods
Oregon Natural Market
Sundance Natural Foods

Pennsylvania

Big Bear Natural Foods
Bloom Naturally
Earthlight Natural Foods
Everything Natural
Everything Natural Under the Sun
Frey's Better Foods
Kimberton Whole Foods
Leg Up Farmers Market
Lemon Street Market
Martindale's Natural Market
Nature's Harvest
Nature's Pantry
Nature's Way Market
Organnons Natural Market
Sonnewald Natural Foods
The Healthy Grocer

Rhode Island

The Green Grocer

South Carolina

14 Carrot Whole Foods
Bay Naturals
Belue Farms Natural Foods Market
Bert's Market
Rosewood Market & Deli

Tennessee

Grubb's Grocery
Natural Foods Market
Nutrition World
The Market at the Tree of Life Center
The Turnip Truck Natural Market

Texas

Fresh Plus

Vermont

Natural Provisions
Natural Provisions Market and Deli

Virginia

Better Thymes Natural Foods
Ellwood Thompson's
Good Foods Grocery
Health Nut Nutrition
Health Trail Natural Foods
Organic Food Depot
Rebecca's Natural Food

Washington

Bear Foods Natural Market
Blossom Grocery
Farm Fresh Market
Meyers Falls Market
Rocket Market
The Woolley Market

West Virginia

Community Garden Market
Good Natured Market & Vegetarian
Cafe
Mother Earth Foods

Wisconsin

Downtown Grocery
Good Harvest Market
Greens N Grains
The Free Market
The Grainery
Village Market

Wyoming

Good Health Market
Jackson Whole Grocer

Board of Directors

Cheryl Hughes, Board Chair
The Whole Wheatery

John Pittari, Vice Chair
New Morning Market

Kimberly Hallinan, Treasurer
Independent Director

Aaron Gottschalk, Secretary
Wildberries Marketplace

Terry Brett
Kimberton Whole Foods

Aaron Gottlieb
Native Sun Natural Foods Markets

Michael Kanter
Cambridge Naturals

Donna Layburn
Alameda Natural Grocery

Paku Misra
Sunflower Natural Foods Market

Adam Stark
Debra's Natural Gourmet

Mylese Tucker
Nature's Cupboard

Corinne Shindelar, President/CEO
INFRA

Leadership Team

Troy Bond
Director of Member Relations

Erica Schulte King
Director of Marketing and
Communications

Danelle Rydel
Director of Purchasing

Corinne Shindelar
President/CEO

Greta Sikorski
Director of Operations