



The Dorchester Community Food Cooperative, Inc.

Series A Preferred Shares

CONFIDENTIAL OFFERING MEMORANDUM

February 19, 2021

**The Dorchester Community Food Cooperative, Inc.
a Massachusetts co-operative corporation**

www.dorchesterfoodcoop.com

PO Box 240231

Dorchester, MA 02124

617-272-5917

Contact: Jenny Silverman, Board Treasurer
jsilverman@dorchesterfoodcoop.com

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THIS OFFERING IS OPEN ONLY TO MASSACHUSETTS RESIDENTS

**CONFIDENTIAL OFFERING MEMORANDUM
Massachusetts Qualification by Permit**

**\$750,000
Series A Preferred Shares**

Brief Description of Offering

The Dorchester Community Food Co-operative, Inc. (“DFC” or the “Co-op”), is offering up to \$750,000 in Series A Preferred Shares (the “Securities” or the “Preferred Shares”) to finance the start-up of a new food co-op. The offering will begin on February 19, 2021.

In 2015-2016, DFC raised \$184,500 through a previous offering of its Series A Preferred Shares that was registered with the Commonwealth of Massachusetts (the “Prior Offering”). 1,845 Series A Preferred Shares are currently outstanding as a result of the Prior Offering. As of this date, DFC has not made any dividend or other payments in respect of the Series A Preferred Shares sold in the Prior Offering. A portion of the proceeds from the Prior Offering has been used to support the development of the DFC, including project management, business planning, and building membership and partnerships, and the balance of those funds are allocated for use as described in the Sources and Uses Budget attached to this memorandum.

The funds raised in our current offering will be used for equipment, construction, store design, start-up staffing, inventory, point-of-sale and information technology systems, working capital, and other related expenses. DFC is not offering a guaranteed annual dividend payment on the Preferred Shares, but its Board of Directors has set a target dividend payment at 1% per year, after the third full year of store operations and subject to change based on operating results. The minimum individual investment is two thousand dollars (\$2,000); provided, however, that any investor who participated in the Prior Offering may count the amount of his or her investment in that offering towards fulfillment of this minimum investment requirement.

The offering will terminate on February 18, 2022. The offering is limited to Massachusetts residents.

Risk Disclaimer

No assurance can be given that an investor will realize a substantial return on investment, or any return at all, or that an investor will not lose a substantial portion or all of the investment. For this reason, each prospective investor should carefully read this memorandum and all exhibits attached hereto and should consult with an attorney, accountant and/or business advisor prior to making any investment decision. Investing in the Preferred Shares described herein may be considered speculative and involves risk. Please see “Risk Factors” below to read

about the risks you should consider before investing. Investors should not invest if they are not prepared to lose their entire investment.

Risk Factors

Generally

AN INVESTMENT IN DFC IS SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK, INCLUDING THE POSSIBLE LOSS OF THE ENTIRE INVESTMENT, AND EACH INVESTOR SHOULD CAREFULLY READ AND CONSIDER THE FOLLOWING RISK FACTORS AND ALL MATTERS SPECIFIED IN THE OFFERING MEMORANDUM AND OTHER OFFERING DOCUMENTS IN DETERMINING WHETHER OR NOT TO INVEST IN DFC. THE FOLLOWING FACTORS ARE NOT AN ALL-INCLUSIVE LIST OF POSSIBLE RISKS INHERENT IN THE OFFERING.

Risks Related to an Investment in DFC

Certain Factors May Affect Future Success: Any continued future success that DFC might enjoy will depend upon many factors including factors beyond our control and/or which cannot be predicted at this time. These factors may include but are not limited to: changes in general economic conditions; increases in operating costs; the current pandemic and future similar public health events; our ability to expand our customer base and retain key customers; our ability to raise additional capital; and reduced margins caused by competitive pressures. These conditions may have a material adverse effect upon our business, operating results, and financial condition.

Control of DFC: Control of DFC and all of its operations rest solely with the management and Board of Directors, upon whose judgment and skills investors must rely. DFC's officers and directors have management experience in running both businesses and non-profits, but no experience managing a retail grocery store. DFC's ability to operate successfully may depend on its ability to attract and retain qualified personnel, particularly a general manager. DFC has not yet hired a qualified general manager who has experience with grocery store openings, ongoing store operations and/or grocery store management.

Financial Statements Prepared by DFC: DFC prepared its financial statements internally. They have not been reviewed or audited by a certified public accountant. Although we engaged consultants knowledgeable in bookkeeping and co-operative management, based our assumptions upon rigorous research, and endeavored to make our financial statements as accurate and clear as possible, the statements may contain errors and may lead investors to make false assumptions about the financial status of DFC.

Risk Related To Raising Additional Capital: DFC must raise approximately \$2.7 million to meet expected expenses and operating capital identified in its capital plan. DFC has limited resources and is dependent on fund-raising through government and foundation grant programs, community and member investment, philanthropic donations, and loan funds. Capital raising is

a difficult and uncertain process and there is no guaranty DFC will raise the funds that will allow it to execute its strategic plan, which could adversely affect any investment in DFC. DFC's viability is dependent on proceeds from this offering in conjunction with other capital raising to be successful. It is possible that the proceeds from this offering and DFC's other resources may not be sufficient for it to continue to finance its operations.

Borrowing Risks: DFC plans to borrow funds to complete financing for opening the store. Lender agreements may impose liens on assets or otherwise require DFC to commit any or all available funds for repayment of debt to lenders.

Tax Risks: No representation or warranty of any kind is made by DFC, the officers, directors, counsel to DFC, or any other professional advisors thereto with respect to any tax consequences of any investment in the Co-op. EACH PROSPECTIVE INVESTOR SHOULD SEEK THE INVESTOR'S OWN TAX ADVICE CONCERNING THE TAX CONSEQUENCES OF AN INVESTMENT IN DFC.

No Guarantee of Dividends: The Board of Directors' decision to pay dividends to holders of Preferred Shares is contingent upon DFC's financial performance and its long term goals. The Board of Directors may, in its sole discretion, elect to pay a dividend lower than the target rate or conclude not to pay any dividend.

Profitability: Food co-ops, as with most new businesses, traditionally do not break even for several years, if ever. Due to the affordability programs offered by DFC, DFC currently anticipates that the store is expected to be profitable in year eight. DFC is currently anticipating that it will be cash positive in year four. However, no guaranty can be given that the DFC will be profitable or cash positive within any timeframe.

Lack of Operating History: Because DFC has not initiated operations, there is no assurance that Co-op will ever produce a profit. As a new enterprise, DFC is likely to be subject to risks management has not anticipated.

Risks With Respect To Potential Leased Premises: DFC is currently in negotiations with a non-profit developer that is building a mixed-use project in which DFC will lease retail space. Although negotiations are ongoing, there is no guaranty that they will result in a lease. Additionally, even if a lease is negotiated for these premises, as with many construction projects, there is a risk that the developer will not complete the project as anticipated or in the timeframe anticipated.

Risks related to public health issues, including epidemics or pandemics such as COVID-19. DFC faces various risks related to public health issues, including epidemics, pandemics, and other outbreaks, such as the deadly global outbreak of COVID-19. The impact of COVID-19, including changes in consumer behavior, pandemic fears and market downturns, and restrictions on business and individual activities, has created significant volatility in the global economy and led to reduced economic activity. There have been extraordinary actions taken by international,

federal, state, and local public health and governmental authorities to contain and combat the outbreak and spread of COVID-19 in regions throughout the world, including travel bans, quarantines, “stay-at-home” orders, and similar mandates for many individuals to substantially restrict daily activities and for many businesses to curtail or cease normal operations. The impact of COVID-19 and other public health issues, as well governmental and markets responses or reactions to them, pose significant risks to the Co-op’s ability to build, open and operate the store in a timely fashion or in a commercially feasible manner.

Lack of Sinking Fund: DFC has not established a sinking fund for the purpose of accumulating funds for retiring the Preferred Shares should investors seek redemption of their shares. A sinking fund would provide for periodic accumulation of funds over the life of the obligation with an independent trustee for the purpose of retiring the Preferred Shares at maturity or redeeming the Preferred Shares at the request of the investor. Because the Preferred Shares do not have a maturity date and any redemption of the Preferred Shares is at the discretion of the Board, DFC will not maintain a sinking fund and investors should expect that their Preferred Shares may never be redeemed or retired.

Competitors Entering the Market: There is the possibility that one or more national or regional food chain(s) may enter the area or a local grocer(s) may open a small store that caters to the same customer base identified by DFC.

Redemption Not Guaranteed: Investors must acquire Preferred Shares with the intent of long-term investment. While Preferred Shares may be redeemed by DFC after five years the Board of Directors may elect to postpone or decline requests for redemption of Preferred Shares at a particular time.

Commitment to DFC Members and Community: As a cooperative, DFC is committed to supporting its cooperative members (consumer, worker) and community members as well as providing a targeted return on investment to its preferred shareholders. DFC and its Board of Directors has discretion to allocate revenues among various priorities, including but not limited to member dividends, preferred shareholder dividends, reinvestment for capital improvements, affordability programs, community programs, and other capital or capacity building investments that support DFC.

Non-voting Shares: DFC Preferred Shares are non-voting stock, except as required by the laws of The Commonwealth of Massachusetts. As a member- and worker-owned cooperative, DFC is governed by its members, who hold 100% voting control over the election of Directors through their membership interests. Investors will therefore be entirely dependent upon the experience and acumen of the Directors elected by the members.

Fixed and Arbitrary Share Price: The offering and future redemption price of \$100.00 per share is fixed and arbitrary. It bears no relationship to established value criteria such as net tangible assets or a multiple of earnings per share, and is not an indication of the actual value of DFC.

Revisions to Use of Proceeds: It is possible that the use of the proceeds will be revised by management. Management will have significant flexibility in applying the net proceeds of this offering within the scope of the business of the Co-op. The failure of management to apply such funds effectively could have a material adverse effect on DFC's business, prospects, financial condition, and results of operations.

Transfer Restrictions: An investment in DFC should be considered only as a long-term investment due to transfer restrictions imposed by Federal and state regulation and the terms of the subscription agreement pursuant to which each investor is acquiring the shares. The Preferred Shares are "restricted securities" in that DFC's sale of them has not been registered under the Securities Act. Under the subscription agreement, Preferred Shares are nontransferable, except in certain limited circumstances describe therein. Each investor must understand that there are significant limitations on transfer of the Preferred Shares.



About Dorchester Food Co-op

DFC is an initiative to build a new model of food co-op for the diverse urban neighborhood of Dorchester in Boston. The multi-stakeholder co-op will include community and worker owners who will work collectively to source affordable fresh produce, bulk items, and green household products. The product line will focus on local, sustainably raised and produced items. The store design, product mix, price structure and workforce will all reflect the rich cultural complexity of our community.

Dorchester Food Co-op History

Dorchester is the largest neighborhood in Boston, over 6 square miles,¹ and is home to many low- and moderate-income immigrant and native-born residents, as well as a middle-income population of both blue collar workers and professionals. However, the number of national and regional large supermarkets in the community is disproportionately low for its large population, and the stores that do exist are mainly located on the periphery of the neighborhood. There are no stores in Dorchester that focus on local, organic, or bulk products, or make healthy choices the centerpiece of their offerings.

It is well documented that limited access to healthy food options contributes to high rates of nutrition-related illnesses, including obesity and diabetes. Dorchester and the surrounding neighborhoods have high rates of these preventable diseases. The community suffers from income inequality, economic disinvestment, and other social problems such as educational disparity, public safety challenges, and blight. In addition, many of the neighborhood business districts in Dorchester have a limited variety of retail services as a result of years of disinvestment and socio-economic changes following the urban turbulence of the 1960s.

¹ https://www.boston.gov/sites/default/files/document-file-07-2016/dorchester_planning_district_profile.pdf

Despite these problems, residents in Dorchester have many community assets. There are strong cultural bonds, well-organized neighborhood associations, vibrant communities of faith, and a broad spectrum of human service agencies, schools and community health centers. Interest in healthy, local food is widespread and has already led to the establishment of six seasonal farmers' markets, along with a number of organizations focusing on increasing access to healthy food. Dorchester also includes moderate- and middle-income residents who currently shop outside of Dorchester, but are eager to spend their dollars in their home community. Boston is a city of strong neighborhoods, and residents of Dorchester take pride in their community identity and are looking for opportunities to reinvigorate the local commercial districts.

Against this backdrop, in 2011 local community members began conversations about opening a new food co-op in Dorchester to provide a permanent retail space for residents to buy local, fresh, healthy foods. Our vision was to create a co-op that would also provide economic opportunity through community ownership and job opportunities for local residents.

DFC is planning to occupy space in a new mixed-use project being developed by Viet-AID, a non-profit community development corporation, in the Bowdoin-Geneva section of Dorchester. This project will include four stories of affordable housing and approximately 6,000 square feet of commercial space to be occupied by the Co-op. (DFC plans to establish a 4,200 square foot retail store in this space, with 1,800 square feet used for the "back of the store" operations). Viet-AID has been developing both affordable housing and commercial space in the Fields Corner and Four Corners neighborhoods of Dorchester for a number of years, and has a commitment to building a diverse, vibrant neighborhood. Note, however, that while it is the intention of DFC to occupy space in this development, a lease agreement has not yet been signed.

The offering document for DFC's Prior Offering stated that DFC's retail store was projected to open in 2017. At that time, DFC anticipated opening its market at a different location in Dorchester. However, the building at the intended location was ultimately not developed into a larger project that could house the DFC. We then turned our attention to the current VietAID project on Bowdoin St, and have been working with VietAID for the past four years to bring the project to fruition. VietAID has now moved through the permitting process and received Massachusetts low-income housing tax credits necessary to enable it to build the project. VietAID started construction on the 13-month construction project in January 2021. We now anticipate that our timetable for opening our market is early 2022.

DFC will be staffed by a team of worker-owners who receive job training and career growth opportunities, and will partner with other local co-ops and small businesses for its support contracts. The store design, product mix and workforce will reflect the cultural, racial, ethnic, and socioeconomic diversity of the neighborhood. DFC will have a variety of departments, including produce, bulk, dairy, grocery, green cleaning supplies, and a health and wellness department. Several professional market studies were conducted that affirmed the potential for a successful store of this size in the center of Dorchester. DFC will seek to maximize

sourcing from local and regional farms and food producers, support the local food distribution system, and provide economic stimulus to a local commercial district.

DFC will be owned by its members: both community residents who will shop at the store, and the workers who are employed by DFC. This innovative model creates an ownership and governance structure that includes the major stakeholders that are involved in the business, working together to maximize the benefit for all.

During the past nine years, DFC has made great strides in building the infrastructure for the new business, including a strong Board of Directors, a growing community membership of over 900 households, active volunteers, and programming that brings value to the neighborhood before the brick and mortar store is opened.

While DFC has been planning for the store, it piloted successful, fresh food access programs:

- An indoor Dorchester-wide Winter Farmers' Market featuring local farmers and other food vendors, as well as local food trucks featuring healthy menus. The market also includes food prep demos, family and children's programs and educational materials. The market has completed its eighth season, and DFC has successfully transferred the operations of the Winter Market to the Codman Square Health Center and Neighborhood Council so that we can focus on the building of the permanent DFC grocery store. Due to the COVID pandemic, the Winter Farmers' Market may not operate this coming season.
- "Fresh Fridays" – a 4-week Friday evening summer Community Supported Café that operated for five years. Fresh Fridays featured affordable, nutritious meals prepared from fresh food purchased and donated from local farms, along with engaging food-related educational activities, and family-friendly activities, menus, and entertainment.
- A "hyperlocal" community-supported agriculture (CSA) program in collaboration with two urban farms in Dorchester and Mattapan, now in its third year.
- A "Pop-Up" farm stand that delivers farm-fresh produce to seniors at a local day program in collaboration with the Upham's Corner Health Center and Boston Area Gleaners.

Through these programs, DFC has already established relationships with many local farmers and food producers, bringing fresh food into the neighborhood. We have employed local residents to staff the programs, provided additional revenue to local farms and local businesses, and created strong partnerships with community organizations. More than 12,000 community members have attended these programs, and the activities of DFC have attracted the attention of the community, funders, city officials, and the press. DFC received the City of Boston's 2012 Green Sustainable Food Leadership Award in recognition of the innovative Winter Farmers' Market. Our membership includes Mayor Marty Walsh, US Congresswoman Ayanna Pressley, State Rep Russell Holmes, and City Councilors Frank Baker, Andrea Campbell, Lydia Edwards, Annissa Essaibi-George, Julia Mejia and Michelle Wu. We have forged relationships with regional and national cooperative organizations, such as the Neighboring

Food Co-op Association, the Food Co-op Initiative, and the Cooperative Fund of New England. We have also presented at regional and national conferences on developing models for inner city food co-ops.

A key question we are tackling is not whether people want healthier food in their community – but how to make this food affordable and culturally relevant. Making fresh, local food affordable is one of our top priorities and biggest challenge, and we are already employing strategies to do this. At the Winter Farmers’ Market, we partnered with the Codman Square Health Center and the MA Department of Transitional Assistance to increase use of the City of Boston’s Bounty Bucks double coupon program for SNAP (food stamp) participants. We have identified affordable pricing strategies used at other co-ops, and explored these further through a USDA planning grant.

Our mission is striking a chord. DFC is adapting the traditional food co-op model to address the economic challenges and the cultural diversity of our neighborhood. DFC was incorporated in 2012, and more than 900 households—reflecting the diverse community profile—have already joined DFC. We have raised over \$75,000 in member equity, over \$361,000 in grants and donations for capacity building and organizing, and \$184,500 through a previous offering of its Series A Preferred Shares in 2015-2016 that was registered with the Commonwealth of Massachusetts (the “Prior Offering”). The worker-members will be added as DFC builds its permanent staff. Our incorporation as a cooperative ensures community ownership, control, and participation.

DFC is led by a committed volunteer Board of Directors, and has engaged an architect/design team to design the store. Active and committed member-owners volunteer their time to serve on the store design, outreach, communications, fundraising and finance committees. DFC also engages a contract bookkeeper and certified public accountant, and hired a Community Organizer in late 2020. The search for a General Manager will begin in the early months of 2021.

Dorchester Food Co-op Mission

The mission of DFC is to challenge the traditional food system by building a community- and worker-owned asset that nourishes, employs, and reinvests in the local community. We envision an equitable food system that is owned by the workers and the community, re-invests in the local economy by prioritizing employment and supporting local businesses, and provides quality food for all.

DFC is committed to:

- Building a grocery store that promotes racial and economic justice;
- Providing increased access to affordable fresh food – concentrating on local produce and bulk food;
- Creating a space for the diverse residents of Dorchester to gather around food and cultural programming to strengthen the social fabric of the community;

- Creating economic opportunities through job creation, expanding markets for local and regional farmers, and infusing new economic activity into the local business district;
- Providing training and job growth potential for neighborhood residents and youth;
- Serving as a food hub for a healthy food network throughout Dorchester, Roxbury, and Mattapan, working with farmers markets, neighborhood health centers, corner stores, and faith based institutions to provide greater local access to healthy food;
- Expanding the cooperative economy through purchasing products and services from existing co-ops and supporting the launch of new co-ops; and
- Creating a model of a green, sustainable, and socially responsible business.

The Industry

Hundreds of food co-ops are located in urban, suburban and rural areas across the country, and many have been in existence for decades. Food co-ops have a long history both in the U.S. and abroad, and in this country helped to catalyze the entire natural food movement. Cooperatives provide members with access to healthy food and source a large proportion of their products locally.

Food co-ops tend to provide more jobs with higher wages and benefits than conventional grocery stores of the same size. Co-ops also tend to purchase more local and organic products, recycle and compost more waste, are more energy efficient, and are more responsive to neighborhood concerns than conventional grocery stores.²

Yet despite this strong history of community benefit, relatively few food co-ops have been located in inner city neighborhoods with culturally diverse, low- and moderate-income populations. The positive impact on the local economy is one factor in the current surge in food co-op start-ups across the U.S., and in this current period there is increased interest in food co-op development in communities similar to Dorchester. Food co-ops have been established in diverse urban areas such as Oakland CA, Providence RI and Philadelphia PA, and start-ups are underway in many cities including Detroit, MI and Dayton, OH. Indeed, many of these new start-ups are drawing on the rich history of cooperative economic development found in low-income communities of color. This history has been beautifully unearthed by author Jessica Gordon Nembhard in her book *Collective Courage*.

Food co-ops are members of both the organic food industry and the retail cooperative industry, and benefit from the infrastructure and support networks of both. National and regional trade organizations such as the National Cooperative Grocers, the Food Co-op Initiative, and the New England based Neighboring Food Co-op Association provide start-up guidance, trade support, distribution channels, and financial templates. Co-op organizations such as the National

² *Healthy Foods Healthy Communities: Measuring The Social and Economic Impact of Food Co-ops*, National Cooperative Grocers Association and the ICA Group, 2012 <http://strongertogether.coop/wp-content/uploads/2013/07/Healthy_Foods_Healthy_Communities.pdf>

Cooperative Business Association, the National Federation of Worker Cooperatives, the ICA Group, and Columinate Consulting Group bring technical support in the areas of governance, business development, and strategic planning.

Starting a new business is a challenging endeavor with high failure rates across the board. Nonetheless, our understanding is that cooperative businesses tend to have lower failure rates than traditional companies and small businesses after the first year of startup, and after 5 years in business. Studies have suggested that 50% of conventional small businesses fail after 5 years. Conversely, one 2016 survey found that 76% of the food co-operatives launched during the preceding decade remained in business at that point.³ Subsequent information from the author of that survey suggests that approximately 2 out of 3 food co-operatives opened since 2006 remain open currently.⁴ We believe that the many people involved in starting a co-op helps foster a high level of community support for food co-ops.

Target Market

DFC will serve the full range of residents of Dorchester who want access to both natural and conventional food products at affordable prices. DFC completed three professional evaluations of several proposed co-op sites in the Bowdoin Geneva and Four Corners neighborhoods, all within one mile of the current site. The studies were conducted by Debbie Suassuna of G2G research group, David Retzlaff of Dakota Worldwide, and Michael Aparicio of Revby LLC. Suassuna is a member of the Columinate consulting group, a national leader in the food co-op industry, and she prepared an updated Sales Forecast in 2020. The G2G study defined the primary trade area as an area extending three-quarters of a mile around the co-op site, which includes the neighborhoods of Bowdoin Geneva, Meeting House Hill, Fields Corner, Uphams Corner, Mt. Bowdoin, Grove Hall, Four Corners, and parts of Roxbury. The residents and workforce of this primary trade area will be a major source of customers for DFC. Within this primary trade area, there are 19 census tracts with a total population of 75,400⁵. The study found the competition to be weak, with little access to natural foods in the immediate area. According to the Dakota Worldwide study, the primary trade area is more expansive and includes all of Dorchester, with sections of Roxbury and Mattapan.

Because of DFC's proposed product mix, which focuses on natural, bulk, local produce and foods low in sugar, salt and preservatives, we believe DFC will be a destination for residents throughout Dorchester, Roxbury, Mattapan, and beyond who are looking for this range of items. In addition, we anticipate many will come for the value proposition of spending their food dollars at a local and cooperatively owned store. The broader communities of Dorchester,

³ Reid, Stuart. (2016). Why Some Co-ops Fail: Six red flags from the past ten years of startups. Co-operative Grocer, May-June 2016. <https://www.grocer.coop/sites/default/files/article_files/coopgrocer184_final_v2_dragged_8.pdf>

⁴ Information provided by Stuart Reid, Executive Director of the Food Co-op Initiative.

⁵ Debbie Suassuna Sales Forecast, 2020

Roxbury, and Mattapan have high density, and the combined population is 182,739,⁶ representing almost 30% of the population of the City of Boston.

In the most recent market study in 2020 prepared for DFC, Michael Aparicio of Revby reported that there may be \$17.5 million in grocery purchasing by residents of DFC's primary trade area that is currently being spent outside of the primary trade area, representing a significant opportunity for DFC's store. Our own informal surveys and conversations with residents lead us to believe that residents throughout Dorchester travel to stores, including Whole Foods and Trader Joe's, located in neighborhoods outside of Dorchester, to purchase their food (especially natural foods)

The proposed location for the new DFC is 195 Bowdoin Street, in the heart of the Bowdoin-Geneva business district. This site is on two bus routes and halfway between the Fields Corner T stop and the new Four Corners/Geneva Fairmount Line stop. There will be 24 dedicated parking spaces for DFC on this site, and additional on-street parking.

Competition

According to one study, data from the 2010 census suggest that Roxbury and Dorchester had fewer grocery stores per capita than several other neighborhoods in Boston that year. Whereas Roxbury had a grocery store for every 24,273 residents and Dorchester had a grocery store for every 22,847 residents, several other neighborhoods had much more favorable rates, such as the Fenway with a grocery store for every 16,898 residents, Allston with a grocery store for every 9,732 residents and the South End with a grocery store for every 6,139 residents.⁷

We believe the competitive environment within which the proposed DFC will operate is favorable to the establishment of a new community owned food co-op. The retail sales growth of natural food and beverage products is higher than growth of the overall food and beverage market, according the 2019 State of the Natural Industry report from SPINS, LLC.⁸ And yet there are no natural food competitors located within the primary and secondary trade area (an area that includes Dorchester and the surrounding communities of Roxbury and Mattapan). There are currently no food co-ops in Boston or the wider metropolitan Boston area. The existing small conventional grocery stores and neighborhood ethnic markets/bodegas scattered throughout the area offer a significantly different product mix than that which DFC will offer. The current fruits and vegetables available at the smaller local stores are limited, usually not organic, and are often perceived to be of lower quality.

⁶ 2010 Census figures: <https://www.boston.gov/sites/default/files/document-file-07-2016/dorchester_planning_district_profile.pdf>, <https://www.boston.gov/sites/default/files/document-file-07-2016/mattapan_planning_district_profile.pdf>, <https://www.boston.gov/sites/default/files/document-file-07-2016/roxbury_planning_district_profile.pdf>

⁷ Initiative for a Competitive Inner City. (2015). Resilient Food Systems, Resilient Cities: Recommendations for the City of Boston. p. 16. <https://icic.org/wp-content/uploads/2016/04/ICIC_Food_Systems_final_revised_post.pdf>

⁸ SPINS, LLC. (2019). State of the Natural Industry Report. p. 4. <<https://www.spins.com/spins-state-of-the-natural-industry-report/>>

There are several larger chain supermarkets (three Stop & Shops and two Star Markets) located on the perimeter of the Dorchester neighborhood. These chain supermarkets have some natural food aisles and some organic produce, most not sourced locally. Residents who are reliant on public transportation have a hard time reaching these larger markets, and end up spending valued dollars on transportation to return home with groceries. Many Dorchester residents who have cars leave the community to do their food shopping, often perceiving the product quality and selection better outside of Dorchester. Within Dorchester there are two midsize America Food Basket stores that have specialty items for the Latino, Cape Verdean, and Caribbean populations. There are several Vietnamese markets around the Fields Corner area that specialize in Asian products, one fruit and vegetable market also on Dorchester's periphery, and a large number of small bodega/corner stores with limited food items—mostly packaged products.

The Daily Table opened two stores several years ago in the Codman Square and Nubian Square areas of Dorchester and Roxbury, selling prepared food, produce and packaged products at deep discounts. This is a new concept for reclaiming surplus food and reselling to the community at reduced rates. Food pantries and “dollar bag” food give-away programs are also available in the neighborhood.

Planning for the Pandemic

The current pandemic has brought into focus both the essential nature of local grocery stores and the challenges groceries face to provide safe, fully stocked stores for people to access necessities. Despite these challenges, surveys suggest that grocery store sales have kept pace and even increased during the pandemic, albeit with changing patterns and potential increases in costs.⁹

Although we do not know when the current pandemic will end, DFC recognizes the need to be ready for this and for future public health challenges. We are planning to put several measures in place that will address the issues of safe shopping. First and foremost, DFC will be setting up an on-line ordering system built into our point-of-sale system to enable remote shopping. This will not only assist during a pandemic, but will also provide a way for shoppers with limited transportation to access DFC. DFC's store design is currently in the very early stages, and we are working with our architects to anticipate ways to adjust the design to meet social-distancing requirements. We believe that designing to anticipate these needs will be more efficient than having to retrofit space that has already been built.

⁹ Severson, Kim. (September 8, 2020). 7 Ways The Pandemic Has Changed How We Shop For Food. The New York Times. <<https://www.nytimes.com/2020/09/08/dining/grocery-shopping-coronavirus.html>>; Mullen, Caitlin. (October 19, 2020). The Pandemic's Persistent Grocery Trends. Bizjournals.com. <<https://www.bizjournals.com/bizwomen/news/latest-news/2020/10/the-pandemic-s-persistent-grocery-trends.html?page=all>>

DFC anticipates the possibility that raising funds for the store may be more challenging as the pandemic continues to spread at the current time. We understand anecdotally, however, that certain other food co-operatives in a similar phase of development have been able continue their fundraising efforts.¹⁰

Marketing Plan

Over the past nine years, DFC has organized a robust membership base, identified and engaged community leaders, fostered collaborative partnerships, and delivered farm fresh food to the neighborhood through several pilot programs. These efforts have boosted DFC's visibility across the city.

There are two phases to our marketing efforts:

- 1) Pre-store opening: Building our membership and support for DFC; and
- 2) Launch and post-store opening: Building sales at DFC

Pre-store Opening

We hope to achieve our goal of 1200 member owners before the store opens, and we will continue to do outreach in the community to expand that number and build our base of future shoppers. To increase our presence in the neighborhoods, we plan to hire a Community Organizer to augment the work of our volunteers. Current and future marketing strategies include:

- Continuing to expose residents to DFC and recruit new members through the Winter Farmers' Market and the summer farmers markets in the community;
- Regular new member orientation meetings;
- Social networking;
- Telling the "story" of DFC to the press;
- Visibility in community-wide activities, including tabling at neighborhood events;
- Continuing to forge partnerships with community organizations who will co-market DFC; and
- Participating on the Boston Food Policy Council.

Store Launch and Post-opening

DFC plans to market the "Co-operative Advantage" in all its marketing efforts. Creating and fostering loyalty to the co-op "brand" are essential elements of the marketing strategy. Activities will include:

¹⁰ Conversations with Osh Kosh Food Co-op, Assabet Food Co-op and the Food Co-op Initiative.

- Continued membership drive;
- Monthly membership meetings;
- Volunteer opportunities,
- Print advertisements;
- Radio advertising in Boston’s ethnic communities;
- Social Media—including Facebook, Twitter, Web Page blog;
- Bi-lingual in-store ambassadors to greet customers and share important information;
- Press releases for milestone events;
- In-store special events;
- Incentive programs through partnerships with the Community Health Centers;
- Bulk buying opportunities for members;
- Institutional buying programs; and
- Partnerships with local businesses and the local Main Street programs.

All marketing materials will stress community ownership and the value of supporting a store that responds to and supports the needs of the community. The loyalty of our member-owners and non-member shoppers will depend on the outstanding customer service, organizational trust and shopping experience. We will prioritize the design of the store to reflect and celebrate the neighborhood diversity, and marketing materials will always include personal profiles of the local member owners.

The in-store shopping experience will differentiate DFC from other retail food outlets. We will have large boards with daily specials, shopping lists for those on limited budgets and special dietary needs, shopping “ambassadors” who can guide shoppers through the store and share information about shopping on a budget, and volunteers to welcome new shoppers and help them navigate a “new” kind of shopping experience.

While the store will be open for all to shop, building membership is key. Member owners will have access to special services and values, such as “member day” discounts and bulk ordering. The equity capital from a growing membership is important for the continued development and financial health of the market.

DFC intends to employ an Outreach and Education Coordinator who will be responsible for developing a marketing and communication plan and bringing DFC story out into the community. By engaging our membership in continuing to shape the vision of the store, the coordinator will work with members to create special events and promotional activities that are designed both to boost sales and meet community needs. The coordinator will also work with community partners, such as the network of community health centers, so that DFC can be a location to serve the nutritional needs of the community.

Plan of Distribution of Our Offering

DFC is offering up to \$750,000 in Series A Preferred Shares in connection with this offering, which is anticipated to begin on February 19, 2021 and terminate on February 18, 2022. DFC directors and officers will conduct the offering. They will not receive any commission or other compensation for or contingent upon their distribution efforts. DFC will not use any broker-dealers or any other agents in connection with this offering.

We will advertise the offering on our Co-op website, email marketing, social media channels, print advertisements, and presentations. A brochure detailing the offering will be printed and distributed through DFC's network, as well as through socially responsible investing channels. House parties and special events (many on Zoom during the current public health emergency) will be organized to inform investors of our offering. Our investment opportunity will be targeted at both individuals and organizations.

All communications will direct Investors to our website which will contain this offering memorandum and more details about this investment program. DFC will offer and sell the Securities only to Massachusetts residents.

Use of Offering Proceeds

DFC intends to use the proceeds from the sale and issuance of Preferred Shares for the following:

1. Start-up General Manager (salary and fringe benefits) – A general manager with experience setting up and launching grocery co-ops or supermarkets is needed to work with the DFC Board of Directors to establish operational strategies and processes, to assist with designing the physical layout of the store, to implement a plan for purchasing equipment, point-of-sale systems, information technology systems, and inventory.
2. Store Designer – DFC has retained a design team to assist the DFC Board of Directors in designing the floor plan and aesthetics of DFC, as well as provide all architectural drawings, engineering and construction management for the project.
3. Equipment, Other Capital Investments, Furnishings – DFC will purchase a full range of equipment and other capital investments such as refrigerators, shelving, and storage facilities for the build out of the store.
4. Construction Expenses for the build out of DFC's space.
5. Point-of-Sale System (POS) and Information Technology (IT) Systems—DFC will purchase a POS system and related IT systems, including hardware and software.
6. Inventory – DFC will purchase inventory prior to opening DFC.

7. Working Capital – DFC will use proceeds as working capital to meet operating expenses and reduce reliance on higher interest commercial loans.
8. The Board of Directors of DFC will have the authority to use proceeds for additional expenses incurred in the opening of DFC, such as professional fees, start-up staffing, and other expenses related to the opening and operations of the store.

The plan is for DFC to raise the capital to open the store through a combination of funding strategies. These include up to \$750,000 through this offering, and an additional \$750,000 through foundation grants, \$250,000 through donations, \$600,000 through loans, and the additional \$350,000 through member equity, landlord contribution, vendor free fill and community loans. DFC is also investigating New Market Tax Credits as a source of funding. While DFC is conducting this offering, it is pursuing these other strategies simultaneously.

DFC has a \$50,000 line of credit with the Cooperative Fund of New England (CFNE). DFC is currently in discussions with both CFNE and the Local Enterprise Assistance Funds about securing additional loans to finance DFC; however, there is no guaranty that DFC will be able to obtain these loans on commercially reasonable terms.

Although DFC has found some success in raising funds through a past offering and other channels, there is no guarantee this success will continue in the future. Capital raising is a challenging process. To serve its mission, DFC has primarily targeted its membership drive to members of the local community who have been supportive of the project, but may lack the income to contribute funds or meet the investment eligibility requirements. In looking outside the local community, DFC has access to a larger pool of potential investors, but must spend additional time and resources finding investors who are aligned with DFC's mission. If DFC encounters further difficulties and does not raise the funds to implement its current business plan, it will consider scaling back the project, including by reducing the size of the market, and taking other actions to preserve the viability of the venture. If those actions fail, DFC may be forced to liquidate and distribute its remaining assets (if any) in accordance with its organizational documents and applicable law.

Preferred Stock Attributes

DFC is offering up to 7,500 shares of non-voting, non-convertible Series A Preferred Shares (the "Preferred Shares") at a price of \$100.00 per share. The minimum investment per investor is 20 shares (\$2,000.00); provided, however, that any investor who participated in the Prior Offering may count the amount of his or her investment in the Prior Offering towards fulfillment of this minimum investment requirement.

There will be no variation in the kind and amount of securities to be offered, the price, or the method by which it is to be computed. The purchase price may be paid only in cash or by check.

Dividend Rights

Dividends shall be payable to holders of the Preferred Shares (including such holders who purchased Preferred Shares in the Prior Offering, “Preferred Holders”) only when, as, and if declared by the Board of Directors. Annual dividends are not guaranteed; however, DFC’s Board of Directors has set a target dividend payment of 1% to Preferred Holders commencing after the third full year of store operations. Although the Board has set this dividend rate as a target, it may not be achievable in practice and, accordingly, the Board may from time to time revisit and revise this target rate. Determination of whether dividend payments will be made is solely within the discretion of the Board of Directors. Dividends shall not be cumulative. Preferred Shares are not entitled to participation rights to distributions paid to Members.

At the time of the Prior Offering, the Board had set a target dividend rate of 3% to Preferred Holders, payable only if, as and when declared by the Board in its discretion and anticipated to commence after the first full year of store operations. No dividends on the Series A Preferred Shares have been declared or paid to date. The Board considered maintaining the target dividend rate previously set at 3% per year, but concluded that such a rate would not be reasonably achievable or fiscally prudent in light of the relevant facts and circumstances, including but not limited to the current timing of fundraising for and construction of its market and the DFC’s current business plans and financial projections.

Redemption by DFC

DFC reserves the right to redeem any or all Preferred Shares at any time, at the sole discretion of the Board of Directors. If DFC elects to redeem Preferred Shares, holders of the redeemed shares are entitled to receive an amount equal to the amount originally paid for the Preferred Shares as adjusted for any future stock splits, stock dividends, recapitalizations, or the like (“Original Issue Price”) of their shares plus all declared but unpaid dividends (“Redemption Price”). DFC will notify Preferred Holders of DFC’s intention to redeem such Preferred Holders’ shares in writing thirty (30) days before the effective date of the redemption.

Redemption by Holder

At any time after five years from issuance, Preferred Holders may request redemption of their Preferred Shares at the Redemption Price by submitting a written request for redemption to DFC. If the Board of Directors determines in its discretion that a requested redemption may impair DFC’s ability to operate effectively, the Board of Directors may limit, postpone, or refuse the redemption.

Voting Rights

Preferred Holders shall have no voting rights, except as required by law.

Conversion Rights

The Preferred Shares are nonconvertible.

Restrictions on Transferability

Preferred Shares are nontransferable without the prior written consent of DFC except as otherwise specified in the subscription agreement pursuant to which the applicable Preferred Holder acquires such Preferred Shares.

Liquidation Rights

If DFC is liquidated or dissolved, the funds and assets legally available to be distributed, after payment of all debts and liabilities of DFC, including but not limited to all amounts outstanding under loans to DFC described herein or otherwise outstanding, ("Available Funds and Assets") to DFC's Members and Preferred Holders shall be distributed as follows:

- (a) first, to Preferred Holders, an amount equal to the Original Issue Price of their shares plus all declared but unpaid dividends; provided that if there are not sufficient Available Funds and Assets to pay the amount due to all Preferred Holders under this provision, the funds will be distributed on a pro rata basis according to the number of Preferred Shares owned;
- (b) second, if Available Funds and Assets remain after the liquidating distribution to the Preferred Holders described in paragraph (a), to the current Members an amount equal to the Members' Internal Capital Account balances; provided that if there are not sufficient Available Funds and Assets to pay the amount due to all Members under this provision, the funds will be distributed on a pro rata basis according to the Members' respective Internal Capital Account balances; and
- (c) third, any remaining Available Funds and Assets shall be distributed to a green worker-owned cooperative or a cooperative movement organization to be selected by the Board of Directors.

Management, Ownership and Compensation

Management

DFC has a highly committed leadership team, some of whom have been working together since the project's inception in early 2011. Its Board of Directors is composed of long-term community residents, who bring a commitment to the mission and values of DFC, along with expertise in cooperative and mission-driven businesses, non-profit organizational development, sustainable social-enterprise development, urban agriculture, and community organizing. The team represents the cultural diversity of the community. The continuity of leadership has built trust in the

community, and has allowed DFC's leaders to be part of the growing network of food initiatives in the City of Boston.

In addition to the expertise on the Board, DFC benefits from a network of advisors who bring technical assistance to DFC in the fields of finance, co-op and business development.

Board of Directors

Each member of the Board of Directors can be reached through DFC's main address listed on the cover page of this memorandum.



Marcos Beleche, Board President
Executive Director, Four Corners Main Street

Marcos has been involved in the community development field at the national and local levels for nearly 30 years. Raised in a farmworker family, his community organizing experience began with the farm- and cannery-worker struggles in California. His personal experience has helped shape his work ethic and professional interests.

His past work includes coordinating a national technical assistance program for Latino community development corporations while with the National Council of La Raza in Washington DC. He was also the lead trainer for the Community Leadership and Organizing Center at the Metropolitan Boston Housing Partnership, working with local resident leaders and boards. He is an avid gardener. Racial Equity, Environmental Justice, Food Security, Youth, and Leadership Development are priorities he holds dearly. Marcos has been an instructor with the National Training Institute of NeighborWorks America and has served on Advisory Boards for their Community Initiatives and Community Building and Organizing national programs. He recently served on the Board of The City School in Dorchester, and was recently elected to the Boston Food Access Council.

Marcos has not received any remuneration from DFC in the past twelve months and DFC does not anticipate paying him any remuneration in the next twelve months. Marcos does not currently hold any securities of DFC but he intends to invest \$2,000 in Preferred Shares covered by this registration.



Apolo J. Catala Gambaro, Board Clerk
Farm Manager, Oasis on Ballou Farm

Apolo is a lawyer turned full-time urban farmer and avid gardener committed to promoting sustainable and responsible gardening and farming as a way of creating access to nutritious and locally grown produce, as well

as teaching and inspiring others to grow their own food and to engage in urban farming. He holds degrees from Hobart College and Northeastern University School of Law. Apolo has served as a board member of various for-profit and non-profit organizations, including Inquilinos Boricuas en Acción, Roxbury Cooperative Bank, the Tufts Medical Center Institutional Review Board, Tufts Clinical and Translational Science Institute, and the Board of Trustees of the Urban Farming Institute Community Land Trust. Apolo has extensive experience in board governance and compliance. Most recently, he trained and apprenticed with the Urban Farming Institute of Boston, and since 2016 has been Farm Manager of the OASIS on Ballou Urban Farm in Dorchester, an urban agriculture, food security, and community empowerment program of the Codman Square Neighborhood Development Corporation.

Apolo has not received any remuneration from DFC in the past twelve months and DFC does not anticipate paying him any remuneration in the next twelve months. Apolo does not currently hold any securities of DFC but he intends to invest \$2,000 in Preferred Shares covered by this registration. Apolo is employed by the Codman Square Neighborhood Development Corporation as the farm manager of Oasis on Ballou Farm, a project of the Codman Sq. NDC. DFC has a relationship of supporting the Oasis on Ballou Farm, and plans to include the farm as a vendor for DFC when its market opens.



**Jenny Silverman, Board Treasurer
Education Director (retired)**

Jenny has been involved in the co-operative movement for more than 35 years, and was one of the founders of DFC. For more than two decades, Jenny was the Sales Manager of Red Sun Press, a printing and design worker co-op in Boston. Jenny later worked as the Education Director at Boston

Workers Circle.

Jenny has been active with regional and national cooperative associations, and was an apprentice in the Democracy at Work Network (DAWN) Peer Advisor Training Program of the US Federation of Worker Cooperatives. A resident of Dorchester for 39 years, Jenny served on the Boards of the Dorchester YMCA and the National and Boston Boards of the Workers Circle. She is currently retired.

Jenny has not received any remuneration from DFC in the past twelve months and DFC does not anticipate paying her any remuneration in the next twelve months. Jenny currently holds \$5,000 in Series A Preferred Shares and intends to invest an additional \$5,000 in Preferred Shares covered by this registration.



**Maridena Rojas
Community Engagement Manager for the Talbot Norfolk Triangle Civic
Association**

Mari lives in the Talbot-Norfolk Triangle in Dorchester, and serves as the Community Engagement Manager for the Talbot Norfolk Triangle Civic Association. In that capacity, Mari speaks to everyone in the neighborhood; sometimes a simple hello helps to draw out even the quietest residents. She believes that everyone has a voice and something to say, and it is important to share information because it could change someone's life.

Mari sees DFC as an opportunity to bridge the barriers that separate different communities. People always congregate around food, and there is no better place than a community-owned grocery store for us all to share our food stories, and bring neighbors from other cultures into our own lives. Mari brings these organizing skills to building DFC membership and member-owner engagement, and will be co-chairing the Outreach Committee.

Mari has not received any remuneration from DFC in the past twelve months and DFC does not anticipate paying her any remuneration in the next twelve months. Mari does not currently hold any securities of DFC but she intends to invest \$2,000 in Preferred Shares covered by this registration.



Robin Saunders
Self-employed

Robin brings a background in business administration to the Board of DFC. She has extensive marketing, A/V and media experience with corporate and non-profit organizations. Robin was a community producer for BNN-TV, and a radio host/producer at WRBB-FM, where she focused on disseminating information to the community.

Robin and her family currently live in the Codman Hill area, and have resided in Dorchester for more than 25 years. She's involved with the Dorchester Unified Neighborhood (D.U.N.) Association, building community alliances and fostering civic engagement. Robin advocates for Boston Public School families, participating on the John D. O'Bryant parent council.

As a gardener at the Dudley Greenhouse, the Nightingale Community Garden and recently completing the Urban Farming Institute's Farmer Training Program, Robin is very interested in strengthening local and regional food systems to procure more fresh foods for Dorchester residents while offering holistic approaches to health and healing through fresh, nutritious food. Having been a long-time member of the Harvest Co-op, Robin is excited about owning and bringing a new co-op closer to home.

Robin has not received any remuneration from DFC in the past twelve months and DFC does not anticipate paying her any remuneration in the next twelve months. Robin currently holds \$2,000 in Series A Preferred Shares and intends to invest \$2,000 in Preferred Shares covered by this registration.



Liz Wang
Boston Grower's Assistance, The Food Project

Raised in Central Florida, **Liz** moved to Boston to pursue opportunities in the non-profit sector, starting with a working at a Roxbury school through City Year Boston. She gained direct service and office management experience as Case Manager then Program Coordinator for Action for Boston Community Development (ABCD) at the Roxbury and South End locations, respectively.

Finding the intersection between justice work and her education in Food Science and Human Nutrition from the University of Florida, Liz views issues through a primary lens of environmentalism and nourishment. Liz is currently involved in the Asian American Resource Workshop's (AARW) grassroots organizing efforts, such as the Activist Training Institute, the Environmental Justice working group, and anti-displacement activities. Just recently Liz graduated from the Urban Farming Training Program at the Urban Farming Institute in

Mattapan with hopes to create innovative solutions to feed our neighbors, honor immigrant and indigenous traditions, and build a resilient community.

Liz has not received any remuneration from DFC in the past twelve months and DFC does not anticipate paying her any remuneration in the next twelve months. Liz does not currently hold any securities of DFC but she intends to invest \$2,000 in Preferred Shares covered by this registration.

Investor Requirements

General

This offering is made in reliance on the small offering exemption safe harbor of Rule 504 promulgated under the 1933 Securities Act (“the Securities Act”) and the provisions for registration by qualification under the Massachusetts General Laws Part I, Title XV, Chapter 110A, Section 303 of the Massachusetts Securities Act and other applicable laws or regulations.

Investment in the Securities is highly speculative, involves risks, and is suitable only for persons of adequate financial means who have no need for liquidity with respect to this investment and who can bear the economic risk of a complete loss of their investment. Prospective investors are encouraged to consult their personal financial advisors to determine whether an investment in DFC is appropriate.

Suitability Requirements

Investment in DFC’s Preferred Shares may not exceed 10% of the investor’s liquid net worth (excluding the value of home, home furnishings and automobiles). Investors must be Massachusetts residents.

Each investor will be required to make certain representations and warranties to DFC and to agree to indemnify, hold harmless, and pay all fees and expenses that are incurred by, and all judgments and claims made against DFC, its affiliates and counsel for any liability that is incurred as a result of any misrepresentation made by the investor.

DFC may reject subscriptions, in whole or in part, in its absolute discretion.

No Revocation

Once a person has executed a Subscription Agreement and submitted funds, such subscription may not be revoked without the consent of DFC.

Financial Matters

DFC incorporated in 2012, and plans to begin retail operations in 2022. We have attached DFC's most recent financial statements, including a balance sheet dated as of September 30, 2020 and profit and loss statements for the nine-month period ending September 30, 2020 and the fiscal years ended December 31, 2017 – 2019. In addition, we have attached DFC's current sources and uses budget for the period from August 1, 2020 through store construction.

DFC has been successful in acquiring development financing from foundations and community supporters. To date, DFC has received more than \$272,000 in government and private foundation grants including: The USDA, the Boston Foundation, Cabot Family Charitable Trust, the Kendall Foundation, the Trefler Foundation, the Sparkplug Foundation, the Food Co-op Initiative, the Co-op Fund of New England, the Topol Family Fund, the Boston Impact Initiative, the Vela Foundation, the New England Grassroots Environmental Fund, the Eastern Bank Foundation, Brigham and Women's Hospital, the Carney Hospital, and the Millennium Ten Initiative. DFC has also completed two successful crowdfunding campaigns that have raised \$18,600. The money raised through these efforts have supported the last eight years of development work for DFC.

Going forward, DFC needs to raise approximately \$2.7 million to open the retail store. In addition to the \$750,000 raised through this offering, DFC will attempt to raise additional funds through grants, loans and member equity. If DFC is unsuccessful in obtaining the full financing, DFC will attempt to scale back the project and build a store with a budget in line with resources obtained. DFC could, however, be forced to liquidate if it does not obtain adequate capital.

Litigation and Legal Matters

DFC is not presently party to any litigation nor, to the knowledge of management, is any litigation threatened against DFC, any of its management, or any affiliate, which may materially affect operations or projected goals.

Restrictions

OTHER INFORMATION IS NOT AUTHORIZED.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION WITH RESPECT TO DFC OR THIS OFFERING EXCEPT SUCH INFORMATION AS IS CONTAINED IN THIS MEMORANDUM. ONLY INFORMATION OR REPRESENTATIONS CONTAINED HEREIN MAY BE RELIED UPON AS HAVING BEEN AUTHORIZED.

THE INFORMATION IN THIS MEMORANDUM SUPERSEDES AND REPLACES IN ITS ENTIRETY ANY INFORMATION PREVIOUSLY DISTRIBUTED TO, PROVIDED TO, OR VIEWED BY ANY INVESTOR.

WITHDRAWAL, CANCELLATION OR MODIFICATION

THIS OFFERING IS MADE SUBJECT TO WITHDRAWAL, CANCELLATION, OR MODIFICATION BY DFC WITHOUT NOTICE. OFFERS TO PURCHASE THESE SECURITIES MAY BE REJECTED IN WHOLE OR IN PART BY DFC AND NEED NOT BE ACCEPTED IN THE ORDER RECEIVED. DFC RESERVES THE RIGHT, IN ITS SOLE DISCRETION, TO ALLOT TO ANY PROSPECTIVE INVESTOR LESS THAN THE AMOUNT OF THE SECURITIES SUCH INVESTOR DESIRES TO PURCHASE. DFC SHALL HAVE NO LIABILITY WHATSOEVER TO ANY OFFEREE AND/OR INVESTOR IN THE EVENT THAT ANY OF THE FOREGOING SHALL OCCUR.

THE STATEMENTS IN THIS MEMORANDUM ARE MADE AS OF DECEMBER 31, 2020 UNLESS OTHERWISE SPECIFIED.

NO WARRANTY OF PROJECTIONS OR ASSUMPTIONS

Projections concerning the business or financial affairs of DFC that may be provided to prospective investors, including without limitation those set forth in this Memorandum and its exhibits, are for illustrative purposes only. These projections are based upon assumptions that management of DFC believes to be reasonable. However, there can be no assurance that actual events will correspond to the assumptions, and the projections should be viewed merely as financial possibilities based on the assumptions stated and not as a prediction or guarantee of future performance. The assumptions upon which these projections are based should be carefully reviewed by each prospective investor. Projections or conclusions regarding the financial condition of DFC, including projections regarding the profitability of DFC, may be substantially adversely affected by variances from the assumptions made by DFC.

FORWARD-LOOKING STATEMENTS

This statement is being included in connection with the safe harbor provision of the Private Securities Litigation Reform Act. THIS MEMORANDUM CONTAINS FORWARD LOOKING STATEMENTS. FROM TIME TO TIME, ADDITIONAL WRITTEN FORWARD LOOKING STATEMENTS MAY BE MADE BY DFC. SUCH FORWARD LOOKING STATEMENTS ARE WITHIN THE MEANING OF THAT TERM IN SECTION 27A OF THE SECURITIES ACT AND MAY INCLUDE PROJECTIONS OF REVENUES, INCOME OR LOSS, CAPITAL EXPENDITURES, BUSINESS RELATIONSHIPS, FINANCINGS, PROPOSED FINANCINGS OR INVESTMENTS BY THIRD PARTIES, PRODUCT DEVELOPMENT, PLANS FOR FUTURE OPERATIONS, PLANS RELATING TO PRODUCTS OF DFC, AS WELL AS ASSUMPTIONS RELATING TO THE FOREGOING. SUCH STATEMENTS ARE BASED UPON MANAGEMENT'S CURRENT EXPECTATIONS, BELIEFS, AND ASSUMPTIONS ABOUT FUTURE EVENTS, AND ARE OTHER THAN STATEMENTS OF HISTORICAL FACT AND INVOLVE A NUMBER OF RISKS AND UNCERTAINTIES.

THE WORDS "BELIEVE," "EXPECT," "INTEND," "ANTICIPATE," "ESTIMATE," "PROJECT," "PLAN," AND SIMILAR EXPRESSIONS IDENTIFY FORWARD-LOOKING STATEMENTS, WHICH SPEAK ONLY AS OF THE DATE THE STATEMENT WAS MADE, BUT ARE NOT THE EXCLUSIVE MEANS OF

IDENTIFYING SUCH STATEMENTS. FORWARD-LOOKING STATEMENTS ARE INHERENTLY SUBJECT TO RISKS AND UNCERTAINTIES, SOME OF WHICH CANNOT BE PREDICTED OR QUANTIFIED. FUTURE EVENTS AND ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN, CONTEMPLATED BY, OR UNDERLYING THE FORWARD-LOOKING STATEMENTS. STATEMENTS IN THIS MEMORANDUM -- INCLUDING THOSE CONTAINED IN THE SECTION ENTITLED "RISK FACTORS" -- DESCRIBE FACTORS, AMONG OTHERS, THAT COULD CONTRIBUTE TO OR CAUSE SUCH DIFFERENCES.

Dorchester Community Food Coop

Balance Sheet

As of September 30, 2020

	<u>Total</u>
ASSETS	
Current Assets	
Bank Accounts	
11100 Petty Cash	24.00
11200 Checking Account-Eastern Bank	4,409.52
11300 Savings Accounts-Eastern Bank	13,190.53
Total Bank Accounts	\$ 17,624.05
Other Current Assets	
13000 Inventory	830.84
14020 Prepaid Expenses	920.30
14030 Funds held by CFNE	50,000.00
14040 Loans (Social Investment) to CFNE	42,065.24
Total Other Current Assets	\$ 93,816.38
Total Current Assets	\$ 111,440.43
TOTAL ASSETS	\$ 111,440.43
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
21000 Accounts Payable	223.08
Total Accounts Payable	\$ 223.08
Other Current Liabilities	
22100 Unearned Grant Income	1,500.00
22300 Taxes Payable	456.00
Total Other Current Liabilities	\$ 1,956.00
Total Current Liabilities	\$ 2,179.08
Total Liabilities	\$ 2,179.08
Equity	
31000 Member Equity	73,391.00
32000 Retained Earnings	-146,828.14
33000 Preferred Stock/DPO	184,500.00
Net Income	-1,801.51
Total Equity	\$ 109,261.35
TOTAL LIABILITIES AND EQUITY	\$ 111,440.43

**Dorchester Community Food Coop
Profit and Loss 2017-2019, 2020 Year to Date**

	YTD	Full year	Full year	Full year
	Jan - Sep 2020	Jan - Dec 2019	Jan - Dec 2018	Jan - Dec 2017
Income				
41000 Sales- General Merchandise	\$ 4,364	\$ 2,073	\$ 212	\$ 730
42000 Donations	\$ 740	\$ 690	\$ 3,497	\$ 4,992
43000 Grants	\$ 23,032	\$ 14,208	\$ 35,117	\$ 1,218
Total Income	\$ 28,136	\$ 16,971	\$ 38,825	\$ 6,940
Cost of Goods Sold				
51000 Purchases	\$ 3,656	\$ 2,413	\$ 403	\$ 660
Total Cost of Goods Sold	\$ 3,656	\$ 2,413	\$ 403	\$ 660
Gross Profit	\$ 24,480	\$ 14,558	\$ 38,422	\$ 6,280
Expenses				
60000 Personnel		\$ 274	\$ 51,290	\$ 45,453
73000 Other Operating Expenses	\$ 381	\$ 248	\$ 259	\$ 280
74000 Administration	\$ 2,631	\$ 3,187	\$ 5,300	\$ 6,268
74600 Program Expenses				\$ 480
75000 Marketing	\$ 4,638	\$ 1,726	\$ 1,539	\$ 2,824
76000 Governance	\$ 1,560	\$ 1,395	\$ 1,712	\$ 1,539
Total Expenses	\$ 9,209	\$ 6,829	\$ 60,100	\$ 56,844
Net Operating Income	\$ 15,271	\$ 7,729	\$ (21,678)	\$ (50,564)
Other Income				
81000 Other Income	\$ 3	\$ 2,066	\$ 2	\$ 8
Total Other Income	\$ 3	\$ 2,066	\$ 2	\$ 8
Other Expenses				
82000 Other Expenses	\$ 17,075	\$ 6,800	\$ 7,466	\$ 1,506
Total Other Expenses	\$ 17,075	\$ 6,800	\$ 7,466	\$ 1,506
Net Other Income	\$ (17,073)	\$ (4,734)	\$ (7,464)	\$ (1,498)
Net Income	\$ (1,802)	\$ 2,995	\$ (29,143)	\$ (52,062)

Budget Notes:

Profit Loss income statements do not include member equity and DPO investment.
 2017 and 2018 expenses were partially paid for by these investments.
 Other expenses include feasibility studies, proforma development, business consulting

Dorchester Community Food Co-op Sources and Uses Budget (8.1.20 to opening)		
Sources		
Benefits & Donations	\$ 250,000	Donations from individuals, organizations events
New Grants	\$ 750,000	.
Member Equity	\$ 35,000	
Direct Public Offering (DPO)	\$ 750,000	
City/State/Community Loan	\$ 100,000	TBD
Landlord Contribution	\$ 100,000	Committed
Free Fill	\$ 25,200	Industry standard
Loans from Co-op Funds	\$ 613,389	Letter of interest received from Co-op Fund of New England to provide a loan for equipment, inventory and working capital. Current \$50,000 line of credit from Co-op Fund of New England. Letter of Interest from LEAF for \$100,000 loan
Total Sources to raise	\$2,623,589	
	\$ 100,000	Already raised to use for Capital Expenses
Total Sources	\$2,723,589	
USES		
Leasehold Improvements	\$ 696,555	
Equipment	\$ 666,270	
Inventory	\$ 168,000	
Professional fees	\$ 185,000	
Start-up promotion	\$ 25,000	
Start-Up Staffing	\$ 225,000	
Operating and Admin prior to opening	\$ 27,000	
Holding Site Costs	\$ 26,576	
Interest during project	\$ 22,000	
Post Opening Professional support	\$ 25,000	
Working Capital Allowance	\$ 355,000	
Subtotal Uses	\$2,421,401	
Overrun allowance	\$ 315,000	
Total uses	\$2,736,401	