

DAILY GROCERIES CO-OP MEMBER MANUAL

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WELCOME

Congratulations! You have just become an Owner Member of Daily Groceries Co-op, Athen’s only community-owned food cooperative. Cooperatives are guided by a set of values and principles that emphasize fair and honest business practices and concern for their communities. We are a genuinely local, 100% independent business that has worked to create and nourish a healthier environment, healthier people, and a healthier community since 1992. By joining, you are helping to ensure the sustainability of the cooperative and a different way of providing goods and services to our region. We thank you for your support and participation.

Please take the time to peruse this Manual. You will find information on everything from cooperative history to the importance of keeping your address current; you will learn when Board meetings are held, financial rights of membership, and much more.

Your membership is important to us, and we hope you find ways to fully participate as a Member of Daily Groceries Co-op. Welcome to the cooperative!

OWNER MEMBER SERVICES

Contact Information

Our phone number is (706) 548-1732. Our mailing address is: Daily Groceries Co-op, 523 Prince Avenue, Athens GA 30601. Our website is www.dailygroceries.org where you will find email addresses for different departments. For general questions, you may email the General Manager at manager@dailygroceries.org.

Bring Your Owner Member Card

You can share your card with members of your household but only you may vote in co-op elections, purchase additional Membership Interests in your name, and participate in Member surveys and drawings.

Your owner member card entitles you to the benefits of your membership, so use it each time you shop. If you forget your card, we can look up your Owner Member number or name at the register. If you have lost your card, a request for new cards can be made with a cashier.

Change of Address

Please let us know of any address, phone or email changes as soon as possible so you don't miss any important communications or risk abandonment of your membership interests. Ask at the front register for a Change of Address form, send us a card or e-mail the change to Matthew@dailygroceries.org.

Membership Interest Purchases and Repurchases

Additional Membership Interest purchases take just a minute and can be made at the cash register. The purchase of additional Membership Interests must be made by you, the Member, not someone in your household. We need your signature on the application for all Membership Interests purchased in your name.

If you wish to apply to have your Membership Interests repurchased by Daily Groceries Co-op or to transfer them to another individual, you may fill out the necessary paperwork at the cash register. Repurchase of Membership Interests is subject to two conditions: (1) the availability of replacement capital and (2) approval by the Board of Directors.

MEMBER BENEFITS

Variable Discounts

As an Owner Member, you are eligible to receive variable store discounts, which may include discounts on volume purchases, discounts on certain categories of products, or Member discount events.

Notification of Product Recalls

We will personally notify you when there is a Class I recall of a product you have purchased from us by the U.S. Food and Drug Administration. A Class I recall is a situation in which there is a reasonable

probability that the use of or exposure to a violative product will cause serious adverse health consequences or death.

Get Involved

You are encouraged to participate in the governance of your cooperative. Contact the Board of Directors with your interest at board@dailygroceries.org.

OWNER MEMBERSHIP

Membership Interests and Member Types

Daily Groceries Co-op currently offers one type of Membership Interest, a *Patron* Membership Interest. (A patron is someone who shops at the store.) Membership Interests cost \$20 each, and do not appreciate in value or produce dividends. No federal or state agency has reviewed the Membership Interests nor has any agency offered an opinion about the securities or otherwise sanctioned their issuance by the cooperative.

Any natural person, cooperative, for-profit business or non-profit corporation may, on approval of his, her or its application by the Board of Directors, be accepted into membership with the purchase of one or more Membership Interests. Membership is voluntary and open to all persons able to use their services and willing to accept the responsibilities of membership. The cooperative does not discriminate on social or political grounds, on the basis of race, national origin, creed, age, religion, sex, gender identity, disability, sexual orientation, marital or veteran status.

An **Owner Member** is a person or entity who has subscribed to purchase and holds at least one Membership Interest for each year of membership. Members can purchase as many Membership Interests as they want throughout the life of their membership.

A **Fully Vested Owner Member** is a Member who has at least five (5) or more Membership Interests.

An **Owner** is a person or entity who owns at least one Membership Interest regardless of whether they have maintained their membership with the purchase of at least one Membership Interest per year. Membership Interests are personal property. However, they cannot be sold to any person or entity other than Daily Groceries Co-op and only upon approval by the Board of Directors. If you want to sell your Membership Interests back to the cooperative or transfer your Membership Interests to another individual, Patron Share Repurchase and Membership Interest Transfer Applications will be available at the store. At the next regular meeting, the Board will determine the terms of repurchase based on availability of replacement capital and any indebtedness to the cooperative you have.

Because your Membership Interests are personal property, they are subject to unclaimed or abandoned property laws in the State of Georgia. If your address changes and we are unable to contact you by mail, eventually we have to turn your Membership Interests over to the State. To prevent this, be sure you always keep your contact information up to date at your cooperative.

Governance

All Owner Members have one vote regardless of the number of Membership Interests held. Each year, our Owner Members elect candidates to serve on the Board of Directors which is responsible for the governance of Daily Groceries Co-op.

Through the Board, the Owner Members are responsible for seeing that the cooperative is run in accordance with cooperative values and principles, Daily Groceries Co-op Articles and Bylaws, and local, state, and federal laws.

The Board consists of seven (7) Directors elected to staggered three (3) year terms. To be eligible to vote or run for a seat on the Board, you must be an Owner Member. In addition to the annual election, Owner Members may also vote on issues requiring a vote by the Membership.

There are three primary responsibilities of the Board:

- To ensure sound management of the cooperative's resources
- To act as trustees on behalf of the Owner Members
- To set long-range goals and to plan for the future

A Director may advocate interests of Members or Member groups to the Board, but the duty of each Director is to represent the best interests of the cooperative and all Members collectively. Individual Directors do not direct the operation of the store, supervise staff members, or speak for the cooperative as a whole, except when the Board has authorized a Director as spokesperson. They exercise authority only as a group. To this end, the Board develops governance policies under a system called Policy Governance. Governing by policy ensures that its actions are predictable and considered and do not vary with the transient personalities of the individual Directors. Instead, the Board speaks with one voice and directs the General Manager with as much clarity and flexibility as possible.

All Members are welcome and encouraged to attend regular monthly meetings of the Board. Dates, times, and location of meetings are posted in the store. The agenda for the regular monthly meetings is created by the Board Chair. To request that an item be placed on the Board's agenda, Members can either email the request to board@dailygroceries.org or leave a note for the Chair with a cashier at the store. Requests must be dated and include Owner Member name, phone number, email address, or other reliable contact information needed for follow-up. The deadline for submitting items for the agenda is two weeks prior to the scheduled meeting.

The Board and staff encourage Owner Member input on any issue that concerns you as a customer and Member. Call us, write to us, or send us an e-mail. You can also drop a note in the comment box located at the front of the store. We invite and encourage your participation in the Annual Membership Meeting, special Owner Member forums, and focus groups. Because we're here to serve the needs of our Owner Members, we need to hear from you!

Capital Structure

Daily Groceries Co-op's capital consists of Equity Capital and Debt Capital. Equity Capital is contributed by our Members through the purchase of Membership Interests and by net earnings or *surpluses* from business conducted with both Members and non-Members. Surpluses from Member business also accrue in the form of Allocated Equity. Allocated Equity is the share of surpluses from business conducted with Fully Vested Owner Members that has been allocated to them based on their patronage but is temporarily retained by the cooperative. Debt Capital is money that is borrowed, has a fixed repayment, and fixed annual interest payments.

Through their Board of Directors, Owner Members allocate surpluses for any or all of the following

purposes: developing their cooperative, benefiting Owner Members in proportion to their transactions with the cooperative through patronage refunds, and supporting other activities approved by the Membership. As an Owner Member, you do not have ownership of cooperative property. The only right you have regarding equity is the right to request redemption under appropriate circumstances.

Financial Rights

Fully Vested Owner Members are eligible for patronage dividends, based on their purchases at Daily Groceries and the allocation of surplus by the Board at the end of each fiscal year. You must show your membership card every time you shop to be eligible to receive the full refund due.

Patronage dividends will be issued as a patronage refund check or as equity allocated to the Owner Member's Internal Capital Account, or any other media determined by the Board of Directors. At least 20% must be distributed.

A number of financial incentives are made available to all Owner Members, including discounts on volume purchases and targeted categories. Discounts are essentially an allocation of surplus yet to be made, are not a right of membership, and are used sparingly to create interest in membership.

Known Business Prospects and Risks

The value of your Membership Interests in Daily Groceries Co-op is the price you paid for them and does not change regardless of changes in the market. Therefore, your risk is based primarily on the solvency of our business enterprises. The purpose of our cooperative is to operate a natural foods grocery store but we may also engage in any activity for which a cooperative may be organized. All business ventures carry some risk but we have proven strength and stability, owning a continuously operating natural foods grocery store since 1992. The General Manager maintains a business continuity plan that includes full insurance coverage and defenses against a wide variety of possible threats and adversities.

Repurchase of Membership Interests is subject to the availability of replacement capital and approval by the Board of Directors. During normal times, replacement capital is readily available. If, however, the cooperative is being expanded, relocated, or otherwise having to meet unusual financial demands, repurchases could be temporarily suspended. Likewise, if the cooperative is being dissolved or liquidated, the debts, obligations, and liabilities of the cooperative will be paid first according to their respective priorities. Owner Members will then be paid the purchase value of their Membership interests with the remaining assets.

An Owner Member is not, merely on the account of that status, personally liable for the acts, debts, liabilities, or obligations of a cooperative. An Owner Member is liable for any debt for which the Member has separately contracted with the cooperative.

Daily Groceries Co-op's accountant reviews the books each year. Officers of the Board will submit reports to the Owner Members at the Annual Membership Meeting covering the business of the cooperative for the previous fiscal year that show the condition of the cooperative at the close of the fiscal year. The General Manager makes quarterly financial reports at regularly scheduled meetings of the Board.

Privacy Policy

Daily Groceries Co-op believes in and protects the privacy of our Owner Members. We collect and store only the information for which there is a clear necessity. To begin with, the law requires us to maintain a record of our Members' names and addresses in a form that allows preparation of an alphabetical list of Members with each Member's address. "Address" means mailing address, including a zip code.

Georgia Unclaimed Property law requires us to maintain contact with the owners of Membership Interests by first class or better mail. If we are unable to maintain contact by mail, the property (i.e. Membership Interest) can be considered abandoned. Abandoned property must be turned over to the State. To comply with these regulations, we maintain a Member and owner database which consists of the contact information elicited by the application for membership. In addition, because the Board of Directors must approve each share purchase, we maintain some of this information on the office network in reports to the Board. Daily Groceries Co-op also maintains a hard copy file for each owner which contains their completed Application(s) and all correspondence.

We request an email address so Members can receive some information electronically, thereby reducing paper usage and mailing costs. Members on our email list may also receive email newsletters from Daily Groceries Co-op.

Daily Groceries Co-op tracks the dollar value of Owner Member patronage, initially by recording purchases in the Owner Member log. Daily Groceries plans to acquire a Point of Sale system in the first quarter of 2013. Once the P.O.S. is operational, all Owner Members will receive scannable membership cards. At this point, dollar value of Owner Member patronage will be tracked by scanning the membership card prior to each transaction or associating the Member with the transaction manually at the register. This will enable us to run a report at the end of the fiscal year to determine the percentage of the Patronage Refund for which our Fully Vested Owner Members are entitled.

Daily Groceries Co-op never gives Member information, including mailing lists, to anyone outside the cooperative and/or unauthorized personnel.

COOPERATIVES AND DAILY GROCERIES CO-OP

The purpose of Daily Groceries Co-op is to be a cooperative center of sustainable commerce that exists to benefit its Owner Members by creating and nourishing a healthier environment, healthier people, and a healthier community. A cooperative is a business owned and democratically controlled by the community and follows values and principles set forth by the International Cooperative Association's "Statement on the Cooperative Identity".

Daily Groceries Co-op began its life as simply "Daily Groceries," a small general grocer. It opened in February of 1992, designed to fill the gap left by a recently closed Bell's grocery store that had just closed. Within its first year of operation, Daily changed hands and was re-envisioned as a cooperative. It would be another 7 years before Daily Groceries, Inc. was officially merged with Daily Groceries Co-op and officially reincorporated as a cooperative.

As Daily celebrates 20 plus years serving Athens, the Co-op is stronger than ever. Daily is working hard to connect to our sister co-ops throughout the country. The Co-op experienced encouraging sales growth in 2012 and is poised to burst through the walls of its current retail space. An expansion would enable Daily Groceries Co-op to offer a fuller range of grocery products and

services, including lower prices to our Owner Members and patrons. We are still dedicated to bringing healthy, affordable natural foods to the Athens area and are the only community-owned grocery store in the greater Athens area. We are guided by the cooperative principles and values including self-responsibility, democracy, equality, and honesty. We operate a sustainable business with a triple bottom line, focusing on environmental restoration and social concern as well as financial viability. We are committed to serving our Membership and our community while continuously expanding our services.

What is a Cooperative?

A cooperative is a private business organization that is owned and controlled by the people who use its products, supplies or services. Although cooperatives vary in type and membership size, all were formed to meet the specific objectives of Members, and are structured to adapt to Member's changing needs.

Cooperatives allow people to get what they want in a way that better meets their economic, social, and cultural needs. Reasons for creating cooperatives include the following:

- **Necessity** – Cooperatives help change the marketplace to meet its Members' needs, providing goods and services that are often more affordable or accessible.
- **Economic Power** – By pooling their resources, the cooperative's Members can create greater economic opportunities.
- **Social Change** – Cooperatives help to strengthen a community by creating a new business model that is open to everyone.

From the outside, it may look like any other business but it is what goes on behind the scenes that makes a cooperative different. Rather than rewarding outside investors based on how much stock they own in a business they may never step foot in, a cooperative returns surplus revenue to eligible Owner Members based on how much business they conduct with their cooperative. This approach to business results in a powerful economic force that benefits the cooperative, its Members, and the communities it serves.

Types of Cooperatives

Consumer Cooperatives— Consumer cooperatives are owned by the people who buy the goods or use the services of the cooperative. They sell consumer goods such as food and outdoors equipment. They provide housing, electricity and telecommunications. And they offer financial (credit unions), healthcare, childcare and funeral services. Almost any consumer needs can be met by a cooperative. Daily Groceries Co-op is a consumer cooperative.

Producer Cooperatives— Producer cooperatives are owned by people who produce similar types of products-by farmers who grow crops, raise cattle, milk cows, or by craftsmen and artisans. By banding together, they leverage greater bargaining power with buyers. They also combine resources to more effectively market and brand their products, improving the incomes of their Members. Southeastern Farmers Cooperative is a producer cooperative.

Worker Cooperatives— Worker cooperatives are owned and governed by the employees of the business. They operate in all sectors of the economy and provide workers with both employment

and ownership opportunities. Examples include employee-owned food stores, processing companies, restaurants, taxicab companies, sewing companies, timber processors and light and heavy industry. Equal Exchange Coffee and the Alvarado Street Bakery are examples of worker cooperatives.

Purchasing/Shared Services Cooperatives—Purchasing and shared services cooperatives are owned and governed by independent business owners, small municipalities and, in some cases, state governments that band together to enhance their purchasing power, lowering their costs and improving their competitiveness and ability to provide quality services. They operate in all sectors of the economy. The National Cooperative Grocers Association is a purchasing/shared services cooperative.

The History of Cooperatives

Today's cooperatives trace their origins to England's Industrial Revolution. In the first half of the nineteenth century, living conditions were extremely harsh for working class people in the textile milling towns of northern England. Mill workers labored long hours under dangerous working conditions for low pay. Plagued by unending poverty, they were forced to buy food on credit from merchants who charged high prices for goods that were poor quality and often adulterated. Owning no property, workers were unable to vote. These conditions gave rise to labor movements which drew great numbers of followers. During this period, cooperative initiatives were common, offering their working class Members the promise of economic opportunity and democratic control. But until the founding of the Rochdale Equitable Pioneers Society in 1844, none were successful. When the self-described "Rochdale Pioneers" opened their first cooperative food shop, they sold only five products – butter, flour, oatmeal, sugar, and candles – but promised to provide Members with "purest provisions, giving full weight and measure." They went on to establish many other Member-owned businesses.

The principles and values that underpinned their way of doing business are still accepted today as the foundations upon which all cooperatives operate. These principles have been revised and updated, but remain essentially the same as those practiced in 1844.

The Cooperative Principles and Values

The International Cooperative Alliance (ICA), representing cooperatives around the world, approved the following Statement on the Cooperative Identity in 1995. ICA is an independent, non-governmental association which unites, represents and serves cooperatives worldwide. Founded in 1895, ICA has 222 Member organizations from 85 countries active in all sectors of the economy. Together these cooperatives represent more than 800 million individuals worldwide.

DEFINITION

A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

VALUES

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity,

and solidarity. In the tradition of their founders, cooperative Members believe in the ethical values of honesty, openness, social responsibility, and caring for others.

PRINCIPLES

Voluntary and Open Membership

Membership in a cooperative is voluntary and open to anyone who is able to use the cooperative's services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

Democratic Member Control: One Member, One Vote

Cooperatives are democratic organizations controlled by their Members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the Membership. In consumer cooperatives, Members have equal voting rights (one Member, one vote).

Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their cooperative. They usually receive limited return, if any, on the capital they invest as a condition of membership. Members allocate surpluses (profits) for any of all of the following purposes: development of the cooperative, reserve funds, distribution to Members in proportion to their transactions with the cooperative, and support of other activities approved by the Membership.

Autonomy and Independence

Cooperatives are autonomous, self-help organizations controlled by their Members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their Members and maintain their cooperative autonomy.

Education, Training and Information

Cooperatives provide education and training for their Members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives. Cooperatives also inform the general public—particularly young people and opinion leaders—about their cooperative autonomy.

Cooperation Among Cooperatives

Cooperatives serve their Members most effectively and strengthen the cooperative movement by working together through local, national, regional, and international structures.

Concern for Community

While focusing on Members' needs, cooperatives work for the sustainable development of their communities through policies accepted by their Members.

REFERENCES

Our website is a great place to start if you have questions about your cooperative:

www.dailygroceries.org

You can also find us on Facebook: <http://www.facebook.com/dailygroceries> and Twitter:

<http://twitter.com/dailycoop>

Daily Groceries Co-op is incorporated under Title 11 of the Vermont Statutes, Chapter Seven (7). You can find Title 11 V.S.A., Chapter Seven online:

<http://www.leg.state.vt.us/statutes/sections.cfm?title=11&chapter=007>

The Cooperative Grocer Information Network has a wealth of information, including a free manual of information helpful to anyone who wants to start a food co-op. www.cgin.coop

You can find other food cooperatives by visiting the website of the National Cooperative Grocers Association – www.ncga.coop.

The University of Wisconsin Center for Cooperatives has a lot of information on all types of cooperatives and issues. <http://www.uwcc.wisc.edu/>

International Cooperative Alliance – www.ica.coop. The ICA unites, represents and serves cooperatives worldwide.

National Cooperative Business Association (NCBA) – www.ncba.coop. NCBA's mission is to develop, advance and protect cooperative enterprise; NCBA provides services and information for and about all types of cooperatives.