



INVEST TODAY
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Capital Campaign

Capital Campaign FAQs

The following information is divided into four sections:

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The Campaign

WHAT IS A CAPITAL CAMPAIGN?

Capital in the business world is property or assets, something that is owned. A capital campaign is an effort by an organization to raise significant dollars in a specified period of time to fund a one-time need—in our case, funding the creation of the Rooted Carrot Co-op Market.

WHY ARE WE CONDUCTING A CAPITAL CAMPAIGN?

Co-ops, because of their unique legal structure have the ability to raise capital from owners through loans (and donations). On average, food co-ops raise about 50% of the capital required to open their doors from owners. Capital raised from owners is cheaper than bank financing, more flexible, and allows owners the opportunity to exercise the cooperative principle of Economic Participation. Rooted Carrot Co-op Market member-owners are excited and motivated to make a loan or charitable gift in order to open our dream store next year, 2022!

ISN'T MY OWNERSHIP ENOUGH?

Your ownership is the first step in financially supporting the Co-op. As a member-owner, you have the exclusive OPPORTUNITY to invest further in your store (and earn a fair rate of return). Member-owner loans are a long-standing mechanism used by co-ops across the country to raise the money needed to put doors on our store. Loans demonstrate a loyal customer base and reduce debt service, making the Co-op that much stronger. Donations to the Co-op further strengthen our financial position in that they do not require interest payments. Member-owner shares will account for approximately 11% of the total \$2.89 million needed to open the doors.

HOW MUCH FUNDING IS NEEDED?

\$1.75 million is needed to secure the funds for this \$2.89 million community-owned grocery store.

HOW WILL THE MONEY BE USED?

Investments and donations will fund construction, hire staff, purchase equipment, and stock the shelves. Our [Investor Packet](#) includes detailed information about the uses of funds raised through the capital campaign.

HOW MUCH TIME DO WE HAVE TO RAISE THE MONEY?

Our capital campaign begins February 1, 2021 and ends March 31, 2022.

IF I SUPPORT THE CAMPAIGN, WHAT ARE MY OPTIONS?

Co-op member-owners have the opportunity to make an **interest-earning loan** to the Co-op or a **tax-deductible donation**. The opportunity to make an interest-earning loan to the Co-op is available to fully paid Co-op member-owners who reside in Iowa. The opportunity to make a tax-deductible donation is available to anyone, whether they are a member-owner or not.

LOANS: Eligible member-owners can make a loan ranging from \$2,000-\$100,000 (or more) to the Co-op and earn an annual return. Please see our [Investor Packet](#) for full details.

DONATIONS: Tax-deductible donations of any size can be made through the Rooted Carrot Co-op Market Fund at the Community Foundation of Northeast Iowa. Please see our [Donation/Pledge Form](#) for options.

The option to make a loan or donation allows every member-owner to be empowered to participate in a meaningful way!

CAN BUSINESSES MAKE A LOAN OR A DONATION?

Businesses who own shares in the Co-op can make a loan in the name of the business. Any business who wants to support the capital campaign can make a donation through the Rooted Carrot Co-op Market Fund at the Community Foundation of Northeast Iowa. Please see our [Donation/Pledge Form](#) for options.

WHAT IS THE DEADLINE FOR MAKING A LOAN OR A DONATION?

The campaign will wrap up on March 31, 2022. We would love for all loans to be closed and donation pledges fulfilled by April 15, 2022. The sooner we reach our goal of \$1.75 million the sooner we can move on to the next steps of getting our dream store open.

WILL I BE RECOGNIZED FOR MY FINANCIAL CONTRIBUTION?

The store will include permanent recognition for all who participate financially in the campaign. The Co-op will honor the wishes of those who would like to remain anonymous.

Loans

WHAT ARE THE BASIC LOAN TERMS?

The opportunity to make an interest-earning loan to the Co-op is available to fully paid Co-op member-owners who reside in Iowa. The following are selected highlights of the loan terms. Please see our Investor Packet for a sample loan agreement containing the full loan terms.

- The minimum loan amount is \$2,000. There is no maximum amount. We encourage investments rounded to \$1,000 increments.
- The loan period is 15 years, with interest payments starting during the first year after the Co-op opens and continuing through year 10. In years 11-15 lenders will receive interest and 20% principal each year.

WHAT ARE THE INTEREST RATES ON THE LOANS?

Interest rates range from 0-4%, based on the size of the loan. Some owners may choose to lend at 0% interest rate, which results in significant cost savings for the Co-op!

Loan Amount	Interest Rate Selected by Investor
\$2,000 - \$9,999	0% to 2.0%
\$10,000 - \$19,999	0% to 2.5%
\$20,000 - \$49,999	0% to 3.0%
\$50,000 - \$74,999	0% to 3.5%
\$75,000 +	0% to 4.0%

HOW IS LOAN INTEREST ACCRUED?

Simple interest based on the amount of your loan accrues on the principal amount from the date we pull loan funds out of escrow.

CAN I GET MY LOAN REPAYMENT BEFORE THE LOAN IS DUE?

You should not expect to get the money back early. You can contact the Board if you have extreme circumstances. Any early return is at the Board’s discretion.

IS MY MONEY SAFE IF I CHOOSE TO LEND IT TO THE CO-OP?

As with any loan, there are risks to lending to the Rooted Carrot Co-op Market. It is important that you read the Offering Memorandum in the [Investor Packet](#) and understand the risks involved with a loan. Nationally, a food co-op’s success rate after five years is 79%. (This compares with a typical retail success rate of 47% after five years.) The Rooted Carrot Co-op Board of Directors has studied the factors that contribute to co-op success and asked the advice of legal and industry experts to help limit risk. It’s always a good idea to consult your financial planner or accountant before making an investment.

In addition, funds lent to the Co-op will be held in escrow until the project has received sufficient funding and the board decides to move the project forward.

WHAT LEGAL ASSURANCES HAVE BEEN PUT IN PLACE FOR MY LOAN?

Member-owner loans are legal in the state of Iowa. We have contracted with an attorney specializing in co-op law to prepare the loan paperwork.

IF I MOVE, WHAT HAPPENS TO MY LOAN?

No problem. As long as your primary residency is in Iowa when the loan is made and provide the Co-op with your updated address, we will continue to communicate with you at your new home making sure you get up to date information about your loan after your move.

WHAT HAPPENS IF I PASS AWAY, WHO WILL RECEIVE THE REPAYMENT OF MY LOAN?

We encourage you to keep loan documents with your estate so your family members are aware of the loan. We encourage you to consult with your estate planning adviser. A successor to the lender may assume the rights and obligations of the lender through the ordinary settlement of the lender's estate.

OK, THIS ALL SOUNDS GREAT--HOW DO I MAKE A LOAN TO THE CO-OP?

First, read the [Investor Packet](#) carefully. It contains a sample of the loan agreement that you and the Co-op will sign electronically. It contains a sample of the promissory note the Co-op will sign once the Board makes a decision to move forward with the project and pull funds from escrow. It also contains our required disclosures of the risks of this investment and financial projections. After reviewing, contact 319-535-0281 or email info@rootedcarrot.coop and one of our friendly volunteers will confirm details for your loan agreement (your name, co-signer if desired, and rate amount). We will then prepare your customized loan agreement and send that to you for your signature via an electronic form with DocuSign.

CAN I PAY MY LOAN VIA CREDIT CARD?

No, you cannot pay your *loan* with a credit card. The fees associated with credit card processing at these dollar amounts make it an unreasonable form of payment for a loan. (*Donations* made via credit card are acceptable.)

Donations

I DON'T HAVE THE MINIMUM INVESTMENT AMOUNT FOR A LOAN AND WANT TO HELP!

You could make a donation in *any amount* to the Rooted Carrot Co-op Market Fund at the Community Foundation of Northeast Iowa. All donations are tax-deductible.

HOW CAN I MAKE A DONATION?

Please see our [Donation/Pledge Form](#) for options. The Community Foundation is a 501(c)3 nonprofit organization, so donations made through the Community Foundation are tax-deductible. Check with your financial advisor or accountant for details on how making a charitable donation may affect your individual tax situation. Please contact the Rooted Carrot Co-op Market at info@RootedCarrot.coop or call 319-535-0281 with any questions.

IF I MAKE A DONATION PLEDGE, WHEN IS IT DUE?

Once we reach our goal of \$1.75 million, member-owners will be asked to fulfill their pledge.

The Project

HAS THE CO-OP CONDUCTED A MARKET STUDY?

Yes. Site evaluations and sales forecast analysis were performed by Dakota Worldwide Corporation in 2016, 2018, and most recently updated in 2020. The result is a successful business projection. More in-depth information from these evaluations can be found in our business plan, available upon request.

WHEN WILL CONSTRUCTION BEGIN AND END?

Construction will begin spring 2022. The goal is to have the grand opening *in early summer 2023!*

WHAT IS THE STORE LOCATION?

The Rooted Carrot Co-op Market will be built on the corner of 7th and Main in Cedar Falls.

WHY DID WE CHOOSE THIS LOCATION?

Our site at 7th & Main in Cedar Falls is capable of accommodating our full-service 7,757 square-foot store (5,197 square foot of retail space) with adequate off-street parking. The site receives good natural food propensity scores (how likely our population is to buy natural foods) from Dakota Worldwide. The downtown location is “very fitting with its updated and trendy businesses, traffic levels, and ties to walking and biking activities.” The fact that it is build-to-suit construction, will have good visibility and accessibility, and has very good transient exposure are all positive attributes of the location. Additionally, many Co-op member-owners and UNI students and faculty live in close proximity.

TELL ME MORE ABOUT THE STORE.

The Co-op Market will be a full-service cooperative grocery store and will serve the greater Cedar Valley. The store will be stocked with healthy and sustainable items, emphasizing locally-sourced produce and goods. The Co-op Market will offer fresh vegetables and fruits, bulk goods, beer and wine, meats, household products, wellness products, frozen foods, and grab-n-go items. Our goal from the beginning was to build a conscious and nurturing marketplace, and cultivate a sustainable community through goods, education, and outreach.

HOW WILL A CO-OP BE DIFFERENT THAN OTHER GROCERY STORES?

This business model will support the local economy—one of the Co-op Market’s core values—from the jobs created to the local farmers who can expand operations. Your dollars will stay right here in the Cedar Valley—something to feel GOOD about! Your Rooted Carrot Co-op Market will:

STRENGTHEN THE LOCAL ECONOMY - For every \$1000 spent at a co-op, \$1604 is generated in the local economy.

SUPPORT CEDAR VALLEY PRODUCERS - On average, food co-ops purchase from 51 local farms and 106 local producers.

CHAMPION SUSTAINABILITY - Co-ops are great for the planet — co-ops recycle 74% of food waste, 81% of plastics, and 96% of cardboard.

CULTIVATE HEALTHY FAMILIES - In addition to an emphasis on local, food coops feature healthy, safe foods for you and your family.

IF I’M NOT A MEMBER-OWNER, CAN I SHOP THERE?

Yes! Those who are not Rooted Carrot Co-op member-owners can still shop the fresh, local produce, the prepared food, wellness products, and other items that will be offered by the Co-op Market. You might consider becoming a member-owner and enjoy the many benefits of being a member-owner.

SO WHAT ARE THE BENEFITS OF BEING A MEMBER-OWNER?

The Rooted Carrot Co-op Market is owned by member-owners who elect a board of directors to represent their interests. Therefore, members have a voice in the operations of the store, the products it carries, and the way the store is run. As a member-owner, you may receive dividend shares when the

Co-op makes a profit. With its focus on community, the Co-op supports educational programs and community events, thereby increasing the overall demand for local, healthy, organic, sustainable foods and other grocery products. This focus also encourages a community atmosphere where people understand their own connection to the land and to each other. As a Co-op member-owner, you will have access to exclusive specials or discounts on certain products or services. And as a Co-op member-owner, you can download the Rooted Carrot Co-op Market app for your phone. This app essentially is an electronic membership card, product information center, and connection to other co-op markets when you travel out of the area—we know of no other co-op that offers this neat tool!

HOW CAN I BECOME A MEMBER-OWNER?

Becoming a member is easy! It's a one-time investment of \$200. We also offer payment plans. Visit our [Become a Member website page](#), complete an application and sign it, include your payment and mail it to Rooted Carrot Co-op Market, PO BOX 1002, Cedar Falls IA 50613

HOW ELSE CAN I HELP TO MAKE THIS CAMPAIGN A SUCCESS?

Thanks for asking! There are a number of ways that you can help:

1. Encourage your friends, co-workers, and neighbors to [join the Co-op](#)!
2. Buy gift [member-ownership shares](#) for friends and family.
3. [Volunteer](#) on a committee, join our capital campaign call team, or otherwise volunteer!
4. Like and share our social media posts.

Contact us with any additional questions or suggestions! You can reach us at 319-535-0281 or info@rootedcarrot.coop.