



Message from the Board and Executive Director

In 1979, five food co-ops in the Twin Cities pooled \$4,500 to launch a mutual self-help, revolving loan fund for cooperatives. The founders' goal was to ensure that co-ops had access to the capital they needed to sustain themselves and grow. Over the past forty years, we have grown and expanded to serve co-ops of every kind throughout the U.S. We have made over 875 loans to cooperatives and invested over \$52 million into the cooperative economy.

As we celebrate our fortieth year, Shared Capital Cooperative remains rooted in the same principles upon which we were founded: economic justice, equity, solidarity, and cooperation among cooperatives. We continue our commitment to providing truly cooperative capital that supports the co-op identity and structure. And we remain proud of our own cooperative identity and structure as a fund that is democratically owned and governed by the cooperatives that borrow and invest.

Moving forward into our fifth decade of operation, we thank members and partners for their commitment to continuing the work to build a more just, equitable, and democratic economy.



Board of Directors

Thomas Beckett, Secretary
Carolina Common Enterprise
Durham, North Carolina

Alex Betzenheimer, President
Seward Community Co-op
Minneapolis, Minnesota

Me'Lea Connelly, Vice President
Village Financial Cooperative
Minneapolis, Minnesota

Dana Curtis, Treasurer
Key Figures
Austin, Texas

Jacqueline Hannah
Food Co-op Initiative
Urbana, Illinois

Pamela Madzima
Federation of Southern
Cooperatives / Land
Assistance Fund
Epes, Alabama

Repa Mekha
Nexus Community Partners
St. Paul, Minnesota

Anne Reynolds
(Retired) University of Wisconsin
Center for Cooperatives
Madison, Wisconsin

Julie Ristau
Main Street Project
Northfield, Minnesota

Holly Jo Sparks
Oryana Natural Foods Market and
MSU Student Housing Cooperative
Traverse City and East Lansing,
Michigan

Jaime Villalaz
Latino Economic Development
Center
Sauk Rapids, Minnesota

Staff

Samantha Bailey
Loan Officer

Mark Fick
Director of Lending

Jessica James
Loan Administrator

Christina Jennings
Executive Director

Jim Shadko
Senior Loan Officer

Adam Trott
Director of Member Relations

Rhonda Weidling
Operations Manager

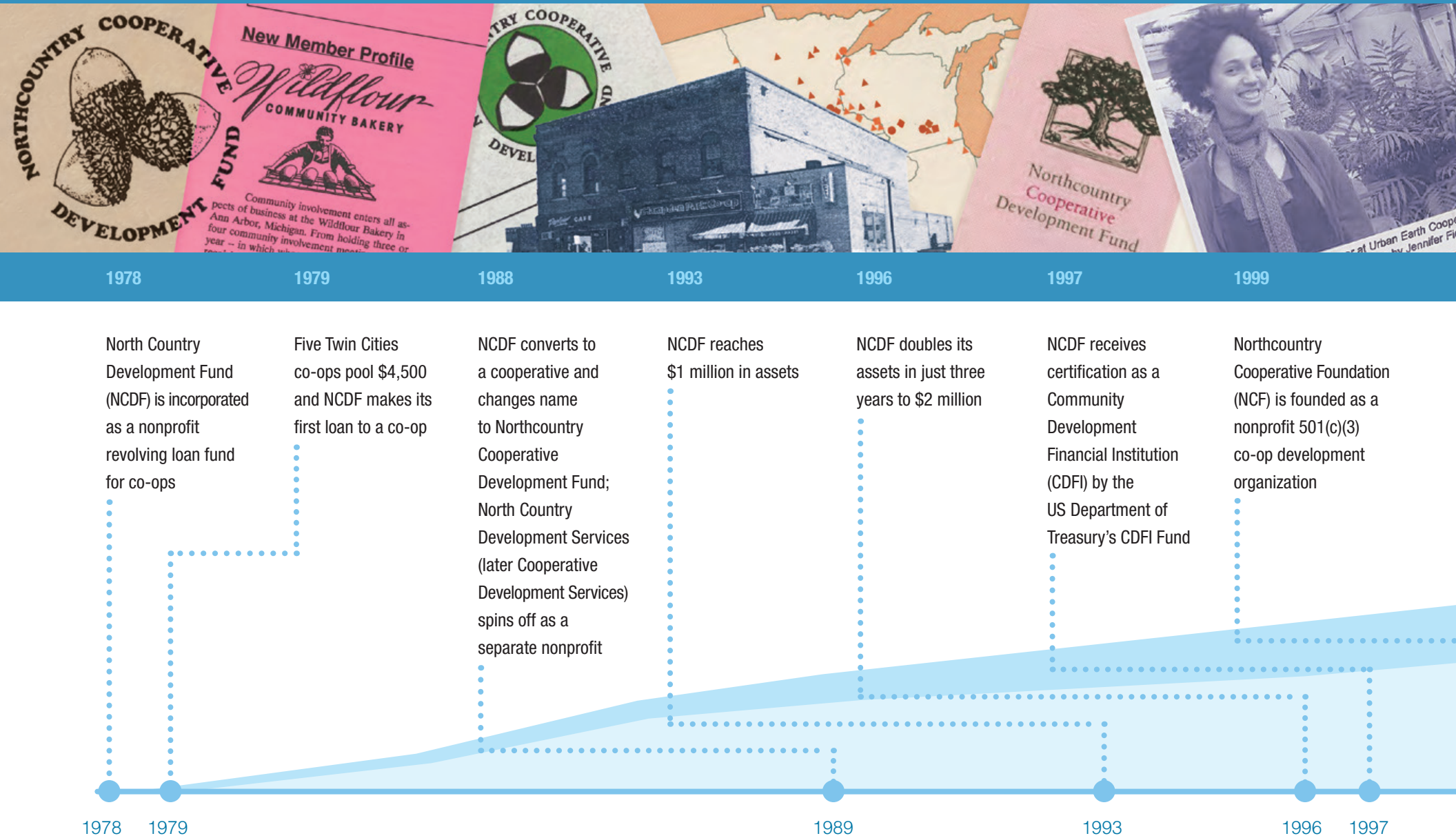
Photo at left: Shared Capital Board of Directors

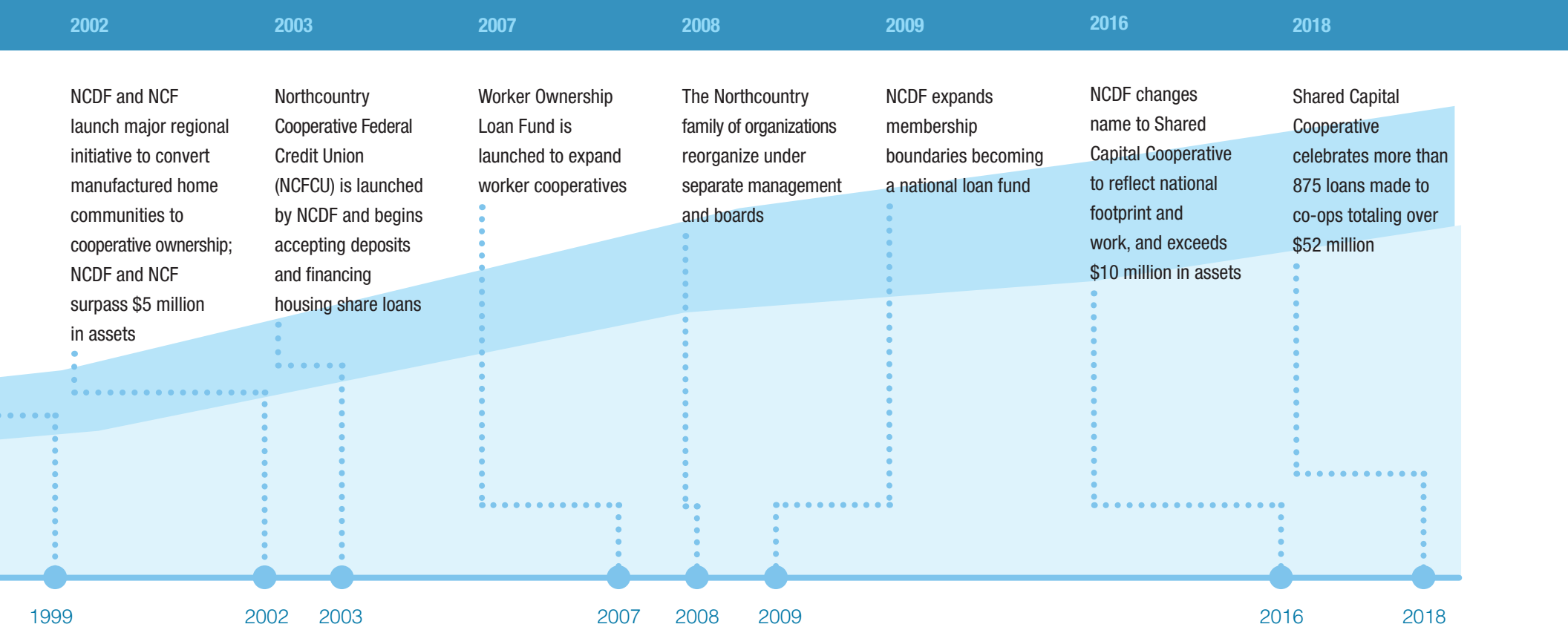
Cover photo: Adams and Chittenden, photo by Project Equity

The background is a solid dark blue. Overlaid on this are several concentric circles in a lighter shade of blue. In the lower half of the image, there is a stylized, light blue graphic of a plant or tree with two main branches and several smaller leaves.

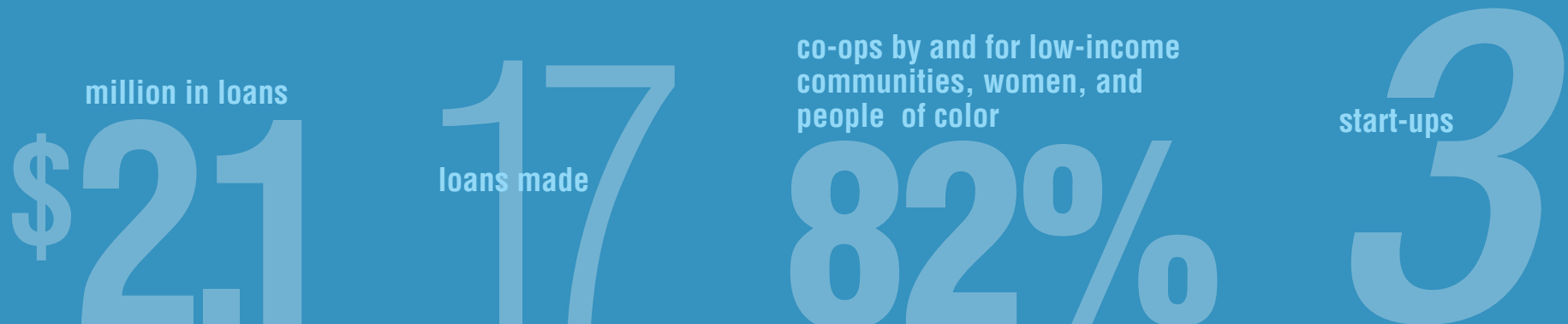
Shared Capital's Mission is to build a
just, equitable and democratic economy
by investing in cooperative enterprise.

Shared Capital—the co-op builder of co-ops for 40 years



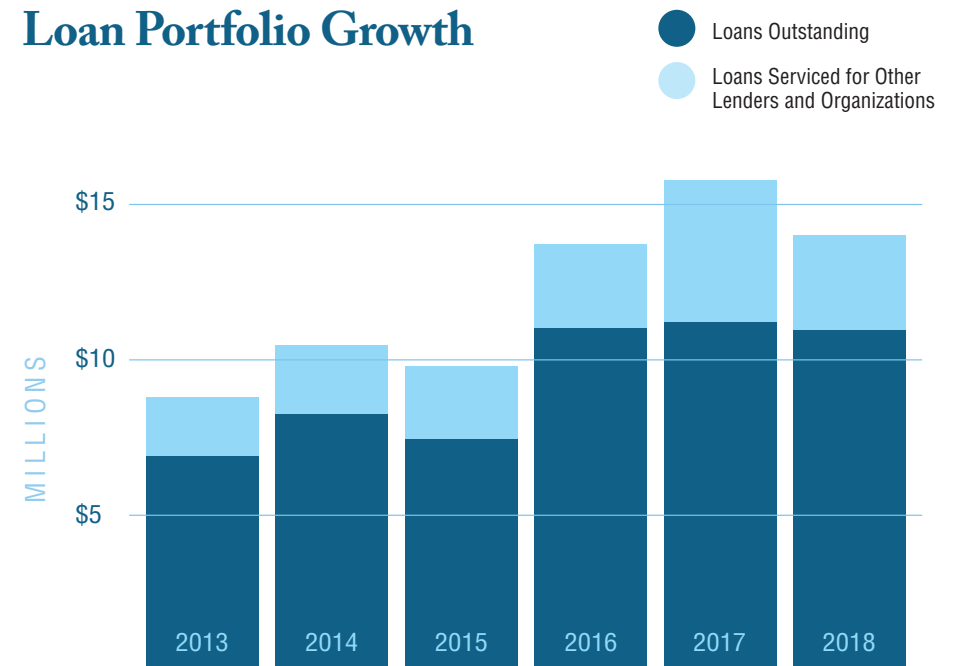


2018 Impacts & Outcomes



Esteban Kelly of U.S. Federation of Worker Cooperatives participates in democracy in action.

Loan Portfolio Growth

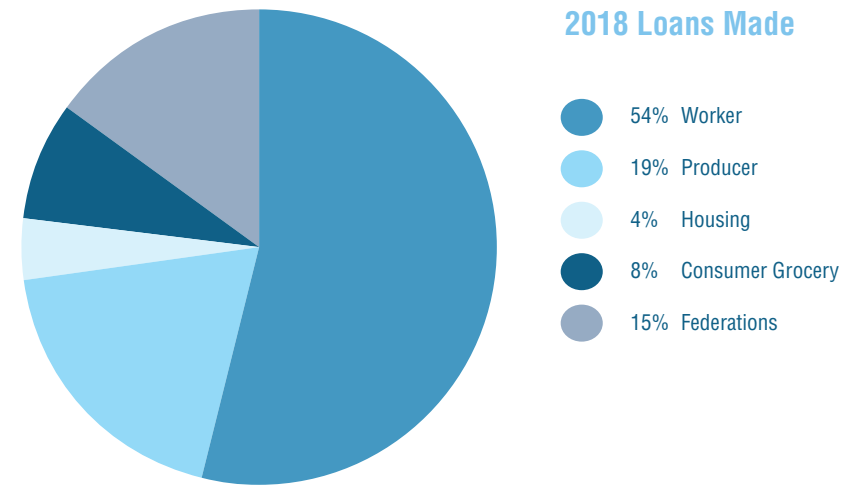
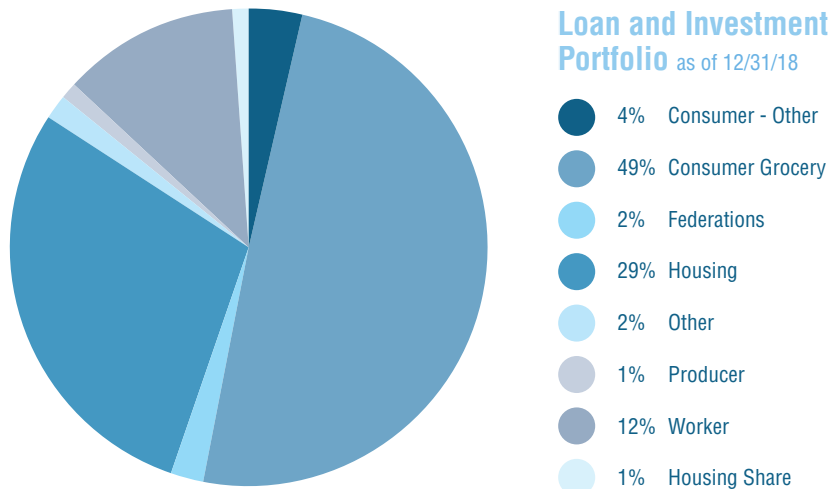


“This kind of collaboration (that we had with Shared Capital Cooperative) doesn’t happen every day, in other organizations.”

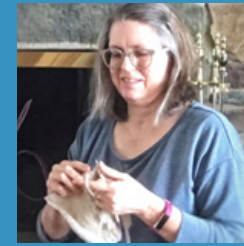
—Cornelius Blanding, Executive Director, Federations of Southern Cooperatives



Lending and Investments



Lending and programs in 2018



Terri enjoys knitting with yarn she produced at her co-op, Natural Fiber Producers.

Loan recipients

A-1 Builders

Bellingham, Washington

\$400,000 to finance workers' purchase of design-build company

CoMetrics

Boston, Massachusetts

\$300,000 for growth of cooperatively owned technology company

Cooperative Care

Wautoma, Wisconsin

\$16,000 in working capital for worker-owned and run home care co-op

Durham Central Market

Durham, North Carolina

\$70,000 for store updates and to buy additional equipment

Anytime Union Taxi Cooperative

Montgomery County, Maryland

\$95,000 for the purchase of accessible vehicles for a start-up worker co-op taxi company

Common Properties Management Cooperative

Minneapolis, Minnesota

\$60,000 for employee purchase of consumer-owned property management co-op

Democracy Brewing

Boston, Massachusetts

\$192,000 to finance start-up of worker co-op brew pub

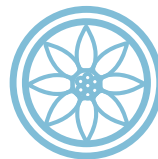
Federation of Southern Cooperatives

Epes, Alabama

\$75,000 line of credit to manage cash flow of government grants



Attendees of Shared Capital's 2018 annual member meeting.



Accelerate Employee Ownership

Accelerate Employee Ownership brings together

Shared Capital's tailored financing with expert guidance and hands-on technical assistance from program partner, Project Equity. The initiative enables successful long-standing businesses to transition to employee ownership in order to create and sustain high quality jobs in local communities.

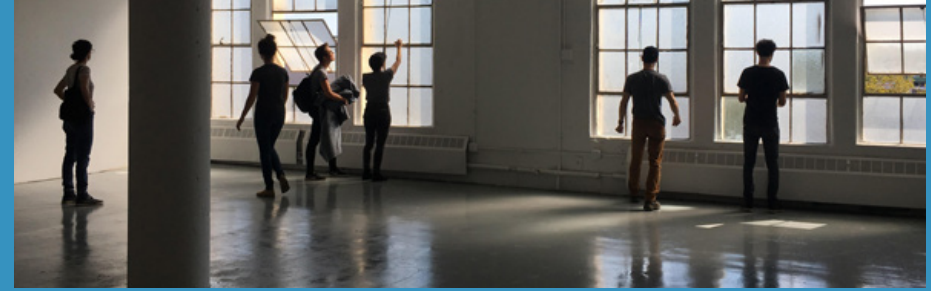


Worker Ownership Loan Fund

Shared Capital Cooperative's Worker Ownership Loan Fund

is a program created in partnership with the U.S. Federation of Worker Co-ops to create democratic jobs in low-income communities. Since 2007, WOLF has provided more than 45 loans totaling over \$4 million to worker-owned co-ops, including \$1.26 million in 2018.

Meerkat Media, whose work has been on HBO and PBS as well as in the Sundance and Tribeca Film Festivals, built out their office in Brooklyn, New York, with a loan from Shared Capital.



Hub Bike Cooperative

Minneapolis, Minnesota

\$140,000 for second phase of building purchase and expansion

Meerkat Media Collective

New York, New York

\$60,000 to production co-op and artist collective for leasehold improvements of new offices

Regeneration Farms

Northfield, Minnesota

\$284,000 to purchase mobile processing unit for co-op being formed by sustainable poultry producers

The Nokoma

Minneapolis, Minnesota

\$70,000 for housing co-op capital improvements

Lexington Cooperative Market

Buffalo, New York

\$550,000 working capital loan for expansion of food co-op

Natural Fiber Producers

Sandpoint, Idaho

\$44,000 for a producer co-op to relocate fiber processing machinery

Seattle Wholesale Growers Market

Seattle, Washington

\$75,000 seasonal line of credit for co-op owned by sustainable flower growers

US Federation of Worker Cooperatives

Oakland, California

\$25,000 working capital line of credit



Kagawa Fund

Kagawa Fund provides financing to democratically controlled, affordable cooperative housing in campus communities. Shared Capital Cooperative administers the fund for North American Students of Cooperation (NASCO) Development Services.



Organic Valley Principle Six Fund

The Organic Valley Principle Six Fund is a loan and investment program supporting the growth and development of cooperatively owned retail grocery stores—food co-ops—around the United States.

The fund is operated by Shared Capital Cooperative under an agreement with, and thanks to the generous financial support of, CROPP Cooperative, the parent company of the Organic Valley brand. Since 2016, the fund has invested nearly \$1 million in food expansions.



Sustainable Food Systems Financing

Shared Capital Cooperative's Sustainable Food Systems Financing (SF2) Program provides financing to cooperatives in the production, retail sales, wholesale, distribution, and marketing of sustainably produced food, including small farmer cooperatives and grocery co-ops.

BORROWER STORIES 2018

Anytime Union Taxi Cooperative

drivers are here for wheelchair-bound passengers—and for each other



“Being a cooperative that serves cooperatives, Shared Capital looks out for cooperatives. It made it look like we are smart to have opened up a cooperative ourselves!”

—Peter Ibik,
Founder and President,
Anytime Union Taxi
Cooperative



Anytime Union Taxi Cooperative is a worker-owned company committed to creating better working conditions for taxi drivers, while also filling a critical gap with a 100% wheelchair-accessible fleet of taxis.

Anytime Union Taxi, of Montgomery County, Maryland, is the culmination of years of organizing. President and co-founder, Peter Ibik started organizing a drivers' union in 2005, because the predominantly immigrant drivers faced rising fees and vehicle rents from cab company owners. Eventually, he says, the drivers gave up trying to reform the companies and decided to build their own business. “(Taxi companies) don't want to change. True. And nobody can tell them how to run their business. True. So we'll form a cooperative. Then we decide together what we want.”

Anytime boasts one of the only 100% wheelchair-accessible fleets in the U.S. This sets the new company apart and meets an unmet need in an industry facing stiff competition from gig economy ride share companies. Montgomery County, is home to Walter Reed National Military Medical Center, the National Institutes of Health

campus, and approximately 8,000 to 10,000 people who use wheelchairs.

The decision also reflects Peter's conviction to help those who have been left out. He recalls how, in his first week of work as a taxi driver in 1998, he heard calls for a wheelchair-accessible cab go unanswered for hours because the fare was too small to entice any drivers. Eventually, he went to pick up the woman—even though his cab was not wheelchair-accessible. That afternoon, he convinced the company to allow him to train on an accessible vehicle.

After several years of hard work, organizing, and planning, the Anytime team secured several grants and contracts from the county and was able to get a loan from Shared Capital to finance their first six vehicles. “We went to several commercial banks—and credit unions, too—but we weren't able to get loans from any of them. Being a cooperative that serves cooperatives, Shared Capital looks out for co-ops. It made it look like we are smart to have opened up one ourselves!”



BORROWER STORIES 2018

Cooperative Care

people-centered model is focused on creating positive experiences for both the clients and the caregivers

Among the fastest growing occupations are home health aides and personal care assistants who provide care for the elderly, disabled, and chronically ill in their homes. The work can be physically and emotionally taxing. Despite this, these jobs generally pay low wages, averaging \$11.12 per hour nationally.

A group of women in rural Wisconsin is working to change the nature of home care work. Their business, Cooperative Care, is a worker-owned co-op owned by the caregivers themselves since 2001.

Through the co-op, caregivers get a say in when they work, how far they travel, and what level of care they provide. Program Manager April Stevens says, “We tailor-fit our services to the client and the worker-owner.” This approach has improved caregivers’ satisfaction with their jobs and boosted retention rates in an occupation with very high employee turnover. “Now people tell us all the time that they love their jobs,” Marketing Coordinator Rebecca Koehler, says.

Home care is hard work and a tough business. Medicare reimbursement rates are low, and the lag time

for payments strains the business. In 2018, Shared Capital provided a working capital loan to the co-op to ease cash flow pressures. “Getting the loan through Shared Capital relieved some of the stress,” says April. The worker-owners appreciated Shared Capital’s approach and process, noting that it felt good to be working with another cooperative.

Relieving cash flow pressure has allowed the co-op to focus on other aspects of its business, including strengthening the cooperative culture and increasing support to caregivers. With caregivers working in clients’ homes across six rural counties, it can be challenging to foster connection and support. Recently the co-op bought a coffeemaker, couch and chairs to make the office more inviting for the caregivers. “We joke about it,” says April, “but it made a big difference.” There was a contest to name the new space. The winning name? The Caregivers’ Corner.

“We truly appreciate the opportunity to work with Shared Capital and to continue to do what we do best: help people stay in their homes and provide the services they need,” says April.

“We truly appreciate the opportunity to work with Shared Capital, and to continue to do what we do best: help people stay in their homes and provide the services they need.”

—April Stevens,
Program Manager



BORROWER STORIES 2018

Durham Co-op Market

thriving as a business and delivering on its commitment to serve its community



“You come to a co-op because you’re purchasing something that is supporting a story you want to be a part of.”

—Raafe-Ahmaad Purnsley,
Community Outreach Director,
Durham Co-op Market



“Durham Co-op Market is very Durham” said Raafe-Ahmaad Purnsley, Community Outreach Coordinator at the market. This simple phrase encompasses the programming, trainings, and the consistent practices used to achieve the powerful mission of this five-year-old food co-op in North Carolina. And it has shown in the co-op’s consistently strong financial performance, including 14% growth in membership last year.

“You come to a co-op because you’re purchasing something that is supporting a story you want to be a part of,” Purnsley observed. Durham Co-op Market works hard to make the concept of ‘Everyone is Welcome’ a core part of its identity. This commitment is embodied in the staff: more than 60% of employees are people of color, 15% identify as queer, gay, or transgender, and 15% have a primary or native language other than English. It shows in their \$3 community dinners every Thursday. It drives their Food for All Program that offers 20% store discounts and \$15 store membership to anyone who qualifies for

SNAP benefits. And it is invested in the \$1.1 million in products purchased from a diverse array of local producers and farmers last year.

Shared Capital Cooperative provided start-up financing to Durham Co-op Market in 2013, and in 2018, Shared Capital renewed the balance of its original loan to the co-op for another 5 years, adding funds so the co-op could undertake some store updates.

“Shared Capital was an essential partner in opening Durham Co-op Market” said Don Moffitt, of CDS Consulting Cooperative, who consulted on the startup of the co-op. Start-up food co-ops have faced intense competition in recent years, and Durham Co-op Market has proven itself—thriving as a business and delivering on its commitment to serve its community.



BORROWER STORIES 2018

A-1 Builders

transition to worker ownership pays off
for residential design/build firm

In early 2018, employees of A-1 Builders purchased the successful Bellingham, Washington, design/build company and converted it to a worker cooperative. The purchase, financed by Shared Capital, was the culmination of a five-year process that began when the former owners began planning for retirement. Initially, five employees purchased the business, and a plan is in place to move 100% of the 22 employees to worker-owners within four years.

Patrick Martin, A-1's General Manager and a worker-owner, says, "Transitioning to worker ownership is like building a house. You have to break it down into its components. It'll take four weeks to do this piece, and two months to do that one." They put a lot of thought into developing a training plan, a methodology, and a schedule to bring employees on as worker-owners.

Financing the conversion was also a challenge. "When we started, we identified Shared Capital, a local credit union, and a national bank with a local branch," Patrick says. But, it didn't take long to figure out that neither the bank nor the

credit union would be able to be flexible." While Shared Capital was able to be more flexible in its underwriting, it still required a high-level of accountability, notes Patrick. "That helped us to be even more disciplined and profitable."

In their first year as a worker co-op, A-1 Builders saw 9.8% net profit. Historically, they had never had more than 2% net profit, and construction companies don't expect more than 3%. "We were looking at the numbers, and kept asking each other, 'Does this look right to you? This doesn't look right,'" remembers Patrick. But the numbers were right.

"The general vibe with our staff is that they're pretty stoked to be here... They feel like they're a part of something," says Patrick. "Making things more transparent, having a more relaxed environment, and giving people the opportunity to rise to the occasion, has had a good effect."

"You wake up one day and realize you're not the same person you were five years ago. It's like that with A-1 Design/Build. We're not the same company we were five years ago."

"...Making things much more transparent, having a more relaxed environment, and giving people the opportunity to rise to the occasion, has had a good effect."

—Patrick Martin,
A-1 Builders



2018 Audited Financial Statements *fiscal year ending December 31*

Balance Sheet (as of December 31)

ASSETS	2018	2017
CURRENT ASSETS		
Cash	\$1,351,396	\$537,037
Accrued interest receivable	35,239	52,191
Accounts receivable	582,886	941
Current portion of loans receivable	1,909,943	1,867,446
Other Current Assets	21,505	21,640
TOTAL CURRENT ASSETS	\$3,900,969	\$2,479,255
OTHER ASSETS		
Security deposit	\$3,000	\$3,000
Equity investments in cooperatives	154,560	154,560
Loans receivable less current portion	8,599,968	8,996,306
Allowance for loan losses	(997,441)	(694,457)
Property & equipment (net)	31,152	27,652
Intangible assets (net)	19,995	25,893
Deferred tax asset	595,000	166,200
TOTAL OTHER ASSETS	\$8,406,234	\$8,679,154
TOTAL ASSETS	\$12,307,203	\$11,158,409



LIABILITIES	2018	2017
CURRENT LIABILITIES		
Accounts payable	\$10,795	\$9,946
Accrued expenses & deferred revenue	175,176	215,598
Funds Held for Others	282,533	274,949
Income taxes payable	656	-
Accrued interest payable on Notes	186,223	204,065
Current portion of Investment Notes	3,774,982	2,962,849
TOTAL CURRENT LIABILITIES	\$4,430,365	\$3,667,407
LONG-TERM LIABILITIES		
Accrued interest payable on investment notes	\$144,649	\$67,570
Notes payable - long-term portion	5,783,719	5,762,642
TOTAL LONG-TERM LIABILITIES	5,928,368	5,830,212
TOTAL LIABILITIES	\$10,358,733	\$9,497,619
EQUITY		
Preferred stock	\$2,119,769	\$1,699,031
Common stock	2,209,274	2,211,847
Retained earnings	(2,380,573)	(2,250,088)
TOTAL EQUITY	\$1,948,470	\$1,660,790
TOTAL LIABILITIES & EQUITY	\$12,307,203	\$11,158,409

We partner with the US Federation of Worker Cooperatives—their staff and board pictured here—to run the Worker Ownership Loan Fund geared specifically for worker co-ops' growth and development. Members can invest directly in this fund.

Income Statement (fiscal year ending December 31)

REVENUE	2018	2017
Interest & fee income	\$731,394	\$739,825
Loan recovery income	-	24,199
Other earned revenue	11,412	3,303
Grants & donations	328,900	10,550
TOTAL REVENUE	\$1,071,706	\$777,877
EXPENSES	2018	2017
Interest expense	\$210,516	\$191,556
Personnel	479,286	479,718
Outside services	98,281	56,886
Travel & training	65,077	50,913
Occupancy	47,485	37,797
Legal	32,950	20,212
Advertising	25,013	18,520
Depreciation & amortization	18,273	14,694
Other operating expenses	45,696	25,879
Provision for loan losses	607,758	171,866
TOTAL OPERATING EXPENSES	\$1,630,335	\$1,068,041
Net loss before taxes	(558,629)	(290,164)
Provision for income taxes	428,144	-
NET LOSS	\$(130,485)	\$(290,164)

“Shared Capital is a loan fund that is values-driven, sustainable and thinking about the future.”

*—Anne Reynolds, retired director,
University of Wisconsin Center for Cooperatives*

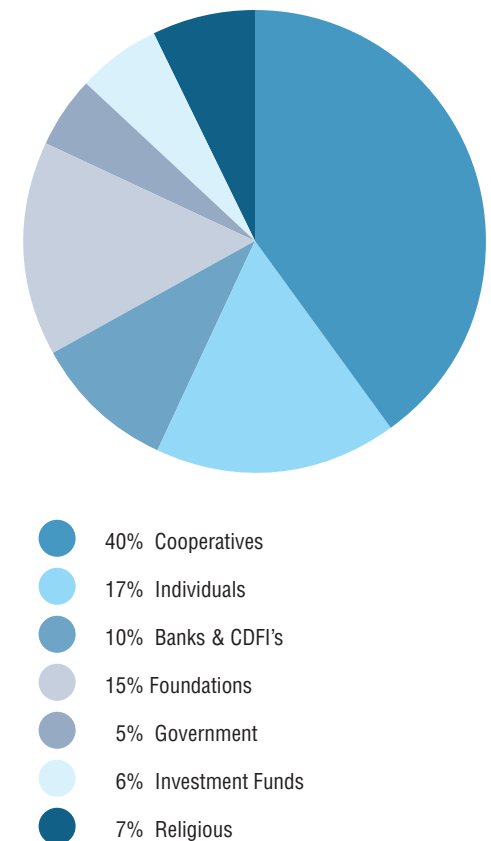
2018 Investors & Donors

Boulder Housing Coalition
 Candide Group
 Capital Impact Partners
 Catholic Health Initiatives
 CDFI Fund of the US Department
 of Treasury
 CDS Consulting Co-op
 College Houses
 Colorado Solidarity Fund
 Common Good Finance
 Common Ground Food Co-op
 Community Housing Expansion
 of Austin
 Community Mercantile
 Community Pharmacy
 Cook County Whole Foods
 The Co-op Natural Foods
 Cooperative Development Foundation
 Cooperative Foundation
 CP Local 001
 Cronin-Geller Social Justice Fund
 Eastside Food Cooperative
 Episcopal Diocese of Iowa Alternative
 Investment Fund
 Ever'man Natural Foods
 Federated Youth Foundation
 Flatbush Food Co-op
 The Food Co-op
 Franciscan Sisters of Little Falls
 Frederick County Consumer Cooperative
 Fresh Pond Capital clients
 Fund for Democratic Communities
 Fund for Economic Democracy, LLC
 Grain Train Natural Food Co-op

GreenStar Cooperative Market
 Hall Capital Partners clients
 Hunger Mountain Cooperative
 Inter-Cooperative Council at Ann Arbor
 Isthmus Engineering
 Kansas Midwives LDF
 The Kentron Foundation
 Keweenaw Cooperative
 Lexington Cooperative Market
 Littleton Consumer Cooperative Society
 Loring Wolcott & Coolidge Sustainability
 Group clients
 Madison Community Co-op
 Middlebury Natural Foods Co-op
 Mifflin Street Co-op
 Mississippi Market
 Molehill Housing Co-op
 Monadnock Food Co-op
 MSU Student Housing Cooperative
 NASCO Properties
 National Co+op Grocers
 National Cooperative Bank
 Neighborhood Co-op Grocery
 New England War Tax Resistance
 New Pioneer Co-op
 New Riverside Café
 New Visions Investments, LLC
 Northwest Area Foundation
 Oberlin Student Cooperative Association
 Oneota Community Co-op
 Onion River Cooperative
 Open Harvest Food Co-op
 Organic Valley Family of Farms
 Oryana Food Co-op

Outpost Natural Foods
 Ozark Natural Food Co-op
 Park Cooperative Apartments
 People's Food Co-op
 People's Food Co-op of Kalamazoo
 People's Food Cooperative
 River Valley Cooperative
 Riverton Community Housing
 Roots and Fruits Produce
 Saint Peter Food Co-op
 School Sisters of Notre Dame
 School Sisters of St. Francis
 Seward Community Co-op
 Sinsinawa Dominicans
 Sisters of St. Dominic
 Sisters of St. Francis of Philadelphia
 Sisters of St. Joseph of Carondelet
 Sisters, Servants of the Immaculate
 Heart of Mary
 Three Rivers Market
 Twin Cities Co-op Partners
 Twin Pines Cooperative Foundation
 Union Cab of Madison Cooperative
 United Natural Foods
 Valley Alliance of Worker Cooperatives
 Valley Natural Foods
 Weaver Street Market
 Weavers Way Cooperative Association
 Western Wisconsin Coalition of Co-ops
 Wheatsville Co-op
 Whole Foods Community Co-op
 Wild Oats Cooperative
 Willimantic Food Co-op
 Willy Street Co-op

Investment Sources





**Shared Capital
Cooperative®**

BUILDING ECONOMIC DEMOCRACY

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