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Magdalena Food Cooperative
Class B Preferred Share Offering Memorandum

(Date)

Background

On March 4th, 2024, the Magdalena Food Cooperative (“Co-op”) incorporated in New Mexico as a New Mexico Cooperative Association. It seeks to operate a consumer-owned cooperative grocery with a mission “to provide access to a nourishing full grocery store, with preference for products of local origin and minimal packaging, for our member-owners, Magdalena and surrounding areas, and visitors.” The vision is to “create a cooperative grocery that is financially sustainable and provides nutritious fresh food, economic stimulation, and community building, in the village of Magdalena.” The Co-op will only engage in business in New Mexico.

To finance start-up and operations, the Co-op is offering a sale of 25 Class B Preferred Shares to any person or entity that is a resident of New Mexico. (Preferred shares are being offered in addition to Class A Membership Shares which have separate terms and are not classified as “securities” under NM and federal law because they merely signify membership rights in the Cooperative, and are not considered shares purchased for the purpose of investment. Thus, no Offering Memorandum will be provided for Class A Membership Share offerings.)

Offering

Twenty-five (25) Class B Preferred Shares of stock are being offered in New Mexico to any person or entity who is a resident of New Mexico at a price of **\$1,000 each** between March 4, 2024 and March 4th, 2025 - {WITHIN 1 YEAR OF START DATE} for a total offering of \$25,000.

Class B Preferred Shares carry ***NO voting rights***. Dividends may be paid if declared by the Board of Directors, *in its sole discretion*, only out of funds legally available for that purpose. Class B Preferred Shares are generally non-transferable unless otherwise provided for in the Co-op’s Bylaws and are never under any circumstances transferable without the approval of the Board of Directors. Preferred stock may only be redeemed in whole or in part in accordance with terms as provided in the Bylaws or as determined by the Board of Directors in its sole discretion.

Participation Requirements

To participate in this offering, you must be:

- Able, either alone or with a purchaser representative, to evaluate the risks involved in the investment; and
- A resident of New Mexico and you must so certify in writing.

Means to Purchase

After certifying your New Mexico residency in writing, you may purchase one or more shares:

- In money (in the form of cash, check, etc....)
- Certify in writing (with attached receipt or evidence of purchases/donations/services) that you made a previous contribution (either through a cash donation, services, or materials - t-shirts, reusable totes, etc...) that value a total of \$1,000 or more to Magdalena Food Cooperative and would like the funds from your contribution to be transferred to the purchase of a Class A Preferred Share (if verified and approved by the Co-op).

*You should know that these Class B Preferred Shares are a **very risky investment**.* You should only buy this Preferred Share if you:

- understand what an investment like this means,
- have no need for liquidity in this investment,
- can afford *a total loss of this investment*,
- understand the tax consequences and the risk factors of this investment,
- have read the materials provided to you by us with respect to this offering (i.e. Bylaws, Articles of Incorporation attached, and others), and
- have discussed this with your own tax and financial advisors if you so choose, have made your own investigation of Magdalena Food Cooperative and the offering, including its merits and risks, and have asked us all the questions and gotten from us all the information you think you need to make an informed decision about investing. You may request the Co-op's Business Plan and any other pertinent documents or information.

Market

You should also be aware that *there will be no market for the Class B Preferred Shares and that they are subject to restrictions on transfer*. Any transfer must be permitted by us and must be in accordance with the Securities Act of 1933 and applicable state securities laws. A transfer, even if permitted, cannot be made to anyone other than a New Mexico resident during the period of the offering and for nine months from the last sale we make in the offering.

Information

We will, before sale to you of the Class B Preferred Shares:

- make available to you, as an offeree, and to your purchaser representative the opportunity to ask us questions about the offering,
- if we have it or can get it without unreasonable expense, make available to you and your purchaser representative any additional information you request to verify the accuracy of the information in this memorandum or that we have otherwise given you or made

available to you, as well as any additional information you might reasonably request to enable you to make a decision about investment, and

- make available to you, during normal business hours, our representatives to respond to your questions on the terms and conditions of this offering.

We encourage you and your purchaser representative to communicate directly with Magdalena Food Cooperative's Treasurer or President:

Other very important points:

- ☐ We have not registered the offer and sale of Class B Preferred Shares under the Securities Act of 1933 or the securities laws of any state. We intend that the offer and sale will be exempt from registration under Section 3(a)(11) of the Securities Act and Rule 147 (the "Intrastate Exemption"), and state exemptions in New Mexico. We are not making offers to anyone in any jurisdiction other than New Mexico or where the offer is not authorized or would be unlawful. We also reserve the right to reject any subscriptions of prospective investors, in whole or in part, for any reason.
- ☐ We can extend, withdraw, or modify this offering at any time, in our sole discretion.
- ☐ Do not rely on any information or representations you may receive from anyone who is not our authorized representative. Only our representatives are authorized to give you information or representations.
- ☐ This memorandum is confidential and is intended only for eligible investors to receive it. You may not copy or distribute it, in whole or in part, without our manager's prior written permission.
- ☐ *We are not making any kind of representation or warranty to you about any economic return you may receive from investment in the Preferred Shares. We also are not giving legal or tax advice in this memorandum.*
- ☐ The information in this memorandum is materially accurate as of the date of the memorandum, but may not be accurate as of any subsequent date.

You can purchase Class B Preferred Shares on our website at

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Form to Purchase or Acquire Class B Preferred Shares – Magdalena Food Cooperative

1. I, _____, certify that I am a New Mexico resident.

For entities, only:

I, _____ am an authorized agent for the entity, _____ purchasing the Preferred Share(s) and certify that the purchasing entity is a New Mexico resident.

2. I have read the Offering Memorandum for Magdalena Food Cooperative Class B Preferred Shares dated _____, including all attachments, and I understand the risks of this investment.

3. I certify that I have paid for (on behalf of myself or the entity I represent), \$_____ to purchase _____ [#] Class B Preferred Shares.

OR

I certify that I already contributed \$_____ to Magdalena Food Cooperative and I would like that contribution to be converted to _____ [#] Class B Preferred Shares.

Name of Class B Preferred Share Purchaser or Agent/Rep. Purchasing for Entity

Name of Entity (IF APPLICABLE)

Signature of Purchaser or Agent

Date

TO BE COMPLETED BY MFC Representative:

I affirm that the Purchaser has completed the steps necessary to purchase _____ Class B Preferred Shares.

Name of Magdalena Food Cooperative Authorized Representative

Signature of Representative

Date