



# 2015 ANNUAL REPORT

4,102  
Owners

94  
Employees

Community-Owned Since 1971

502 W Washington St  
Marquette, MI 49855

[www.marquettefood.coop](http://www.marquettefood.coop)  
906.225.0671



# Our Store

## A message from the Board President



What a year! Not just for our store, but also for the great work that your volunteer Board of Directors (BOD) has done. At about the time our Co-op was finishing our first year in our new location, your BOD took it upon ourselves to re-explore our Global Ends Policies (policies). These Policies direct the General Manager and the entire Co-op operations team in long and short term planning. We ratified the new Policies in February of 2015 and have incorporated them into a monthly survey that everyone can find on the homepage of our Co-op's website.

I challenge you to participate by taking our survey each month. Every month a board member writes a short blog post regarding one of the Policies. We started January off with Economic Vitality. It's simple- read the blog, and take the survey. The survey results are then discussed at the following board meeting. That means nine blog posts and nine surveys that rotate monthly and are incorporated into the monthly board agenda. The impetus for this effort comes from the necessity of increasing avenues of communication with our owners/members. The success of our Co-op is and always has been driven by the involvement of our owners/members.

Each of your board members is like you. We became owners and are lovers of the Co-op we own. Additionally, we decided that we wanted to do more, for ourselves, our community, and our Co-op. We love mulling over the past and future of our Co-op. We love debating over the challenges that we have faced in our expansion and want to be a part of the vision for the future. We would love it if you would take the time to read our minutes that are posted in the store and available on our website. We would love to see an increase in the numbers of you taking the monthly survey on the website. We would be overjoyed if you took the time to attend a monthly board meeting which has three separate opportunities for your voice to be heard. Who knows you may even find yourself considering running for the board.

You may know that our General Manager, Matt Gougeon, previously served on our board of directors. Matt was on the board when they instituted Policy Governance. Policy Governance guides successful cooperatives all across the country. That effort has helped to stabilize board process and ensure that the General Manager is being held to consistently high standards. Every day that you shop, or just hang out in the Co-op you are bound to run into a current or former board member. Take the time to say hello and thank them for representing you.

### Thomas McKenzie

Board President

## Board of Directors

Tom McKenzie PRESIDENT

Brian Brady VICE PRESIDENT

Barbara Krause TREASURER

Phil Britton SECRETARY

Cori Ann Noordyk

Mike Potts

Janna Lies

Emily Wright

Bradley Jackson

Matt Gougeon GENERAL MANAGER

Emily Weddle BOARD RECORDER

## Balance Sheet

	2015	2014
<strong>CURRENT ASSETS:</strong>		
Cash & Equivalents	\$91,920	\$706,522
Accounts Receivable	2,292	2,884
Inventory	342,245	321,036
Other Current Assets	5,889	9,218
Total Current Assets	442,346	1,039,660
Fixed Assets	3,221,785	3,482,352
Other Assets	33,836	31,641
<strong>Total Assets</strong>	<strong>\$3,697,967</strong>	<strong>\$4,553,653</strong>
<strong>LIABILITIES:</strong>		
Accounts Payable	288,808	223,426
Other Current Liabilities	102,415	98,019
Total Current Liabilities	391,223	321,445
Long Term Liabilities	2,984,445	3,535,662
<strong>Total Liabilities</strong>	<strong>\$3,375,668</strong>	<strong>\$3,857,107</strong>
<strong>EQUITY:</strong>		
Member Shares (expansion)	382,000	382,000
Capital Stock-Members	495,428	463,451
Retained Earnings	(148,904)	397,104
Net Income	(406,226)	(545,009)
Total Equity	\$322,298	\$696,546
<strong>Total Liabilities &amp; Equity</strong>	<strong>\$3,697,967</strong>	<strong>\$4,553,653</strong>

## Income Statement

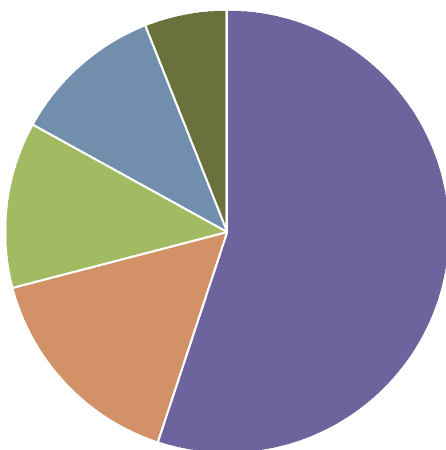
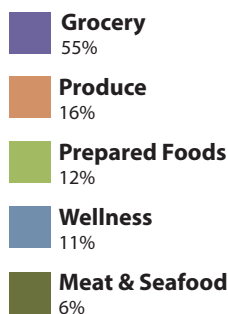
	2015	2014
<strong>INCOME:</strong>		
Gross Sales	7,998,003	6,843,881
Cost of Goods Sold	(5,176,557)	(4,472,354)
<strong>Gross Profit Margin</strong>	<strong>\$2,821,446</strong>	<strong>\$2,371,527</strong>
<strong>EXPENSES:</strong>		
Personnel Expense	2,028,722	1,893,071
Occupancy	251,732	258,639
Depreciation	322,060	186,797
Operating Expense	394,806	312,554
Administrative	226,826	236,887
Governance	16,623	14,979
Promotional	89,709	105,091
<strong>Total Operating Expense</strong>	<strong>\$3,330,478</strong>	<strong>\$3,008,018</strong>
Other Income / Expense	102,809	94,137
Taxes	0	422
<strong>Net Income</strong>	<strong>(\$406,223)</strong>	<strong>(\$545,354)</strong>

## Cooperative Principles

- 1 Voluntary and Open Membership
- 2 Democratic Member Control
- 3 Members' Economic Participation
- 4 Autonomy & Independence
- 5 Education, Training & Information
- 6 Cooperation Among Cooperatives
- 7 Concern for Community



## Percentage of Total Store Sales by Department



**794**  
customers per day

**286,630**  
total transactions

average basket size

  
**\$28.11**



## A message from the General Manager



As I reflect back on 2015 I see our cooperative in a couple of distinct ways. In one way I see an organization steadily recovering from the cost of our 2014 expansion. During the year we began to feel the full burden of debt incurred to build the store. While the store generated enough revenue to produce surplus cash from operating, we still had to spend money to complete the outfitting of the store, make improvements, buy equipment, train staff and management, do routine maintenance, and even make repairs. All of this put a strain on our small surplus of new cash generation.

At the same time we sometimes struggled to keep current with a few of our suppliers and so we planned and monitored our cash usage nearly every day. In all we managed to keep our head above water, pay our bills, service the debt, make payroll, and steadily worked to keep current with suppliers. All the while we gained new members and more customers steadily entered the store. Sales continued strong and we were confident in our path ahead. We felt the full support of the Board of Directors and we kept the lines of communication open with them through Finance Committee meetings between regular board meetings. We also benefitted from regular check-ins with advisors from our national association, the National Cooperative Grocers. I'm happy to say that through our diligence, dedicated employees, and close monitoring we are making our way out of the woods and the coming year looks good. We are using member purchased preferred share funds to pay off debt, are actively restructuring the remaining most expensive debt, have established a line of credit with our bank, and anticipate far fewer capital expenditures for the coming year. All this will have a positive impact on our outlook, ability to operate, and financials. And the truth is, we are recovering from expansion at a faster than planned rate.

I also saw our cooperative in 2015 continue to be the progressive, forward thinking company we all rely upon. In that regard, we haven't skipped a beat- in fact because of board written policies, we've amped up our game a bit! I've written in our newsletter about our 2015 Ends Report. I will say here again, that it is worth a read. Look it up on our website. But highlights from 2015 show us to be actively engaged in our community promoting health and wellness, educating about food, providing increased access to good food, providing collaborative community leadership, being an economic engine, influencing state and federal food safety policy, providing a great place to work, and heck, we even won an award from the State of Michigan for Excellence in Energy. Looking forward to 2016, management and staff have much planned and much to implement for the mutual benefit of all owners. Remember all those surveys and focus groups and input we solicited from you last year? Well, we've been listening...

In all it was another in a string of good years for this cooperative. I'm proud to be associated with this organization and proud to work with all the good people who sit on our board of directors and am especially proud to work with the management and staff who make the magic that is the Marquette Food Co-op happen every single day. It takes all of us to make this cooperative thrive and so I thank each of you for your continued participation in this integral piece of our community.

**Matt Gougeon**  
General Manager



# Community Outreach

The Co-op provides information and education on eating well to people all over the U.P. We work to spread the word about good food, all things local, and the importance of our food choices.

**\$4,668**  
in donations to  
**74**  
agencies & individuals

**659 People**  
attended co-op classes

**5,923**  
Facebook  
Followers

**313 lbs**  
of food donated by  
owners to food pantry

## U.P. Food Exchange Online Marketplace

The U.P. Food Exchange (UPFE, The Exchange) is a Food Hub being led by the Marquette Food Co-op and MSU Extension in conjunction with the Western UP Health Department that coordinates and supports local food activities in Michigan's Upper Peninsula. UPFE serves as a resource portal for farmers, businesses, and individuals looking to connect with and actively participate in their local food system.

One resource offered by UPFE is a website where farmers can list their products and institutions (restaurants, hospitals, schools) can purchase these products. It is free, easy to use, and includes a broad range of functions that allow farmers to spend more time focusing on raising great crops and makes ordering local food easier for institutional purchasers. Aggregation, distribution, marketing, and relationship brokering services are available to all farmers and institutions using the marketplace.

**U.P. FOOD  
EXCHANGE**  
growing local food systems

**32 & 22**  
farms institutions

are active on  
marketplace

[www.upfoodexchange.com](http://www.upfoodexchange.com)

**\$193,535**  
total sales via the online marketplace

## Governor's Energy Excellence Award

The Marquette Food Co-op won the first annual Governor's Energy Excellence Award for Best Commercial (private) Project for the construction of our new store and facility at 502 W. Washington. The first annual Governor's Energy Excellence Awards honors Michigan organizations and individuals for their commitment to responsible energy production and consumption. Michigan has emerged as a leader in energy efficiency and these awards are meant to showcase outstanding achievements in reducing energy waste.

The Co-op was nominated by Michigan Energy Options (MEO), [www.michiganenergyoptions.org](http://www.michiganenergyoptions.org), a non-profit with offices in East Lansing and Marquette that focuses on guiding communities toward being more sustainable and resilient through the adoption of energy efficiency and renewable energy. MEO was an early advisor to the Co-op during planning of our store expansion project.

The Co-op uses mostly LED lighting on timers and motion sensors, high efficiency refrigeration, has two gray water systems for irrigation and flushing toilets, and reclaims waste heat from refrigeration to heat water. We tripled our facility's size from our previous location but have only increased energy usage by one third.

