

Community-Owned Since 1971



# 2014 Annual Report

3,812 OWNERS    97 EMPLOYEES

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



This time last year we were meeting, working, and shopping at the Baraga Store and our new location was still under construction. Former MFC Board president Glenn Sarka noted, "Like many of you, I find myself going out of my way to drive or walk past the new Co-op building—to peer through the window at the progress inside, to imagine..." Now, we are living it!

The new Co-op is everything we dreamed it would be. Today, several months after the opening, I walk through the doors and find

I am still awestruck. I grab a basket, take a free apple and wander up and down the spacious aisles, admiring the beautiful new produce section, well-organized shelves, user friendly bulk section, and well-lit coolers. Then I pick up some cold cuts, fresh fish, and order up a sandwich to enjoy in our great café while listening to live local music. I overhear folk talking about signing up for cooking classes in our beautiful new kitchen and remember that I want to do the same. Eventually, it occurs to me that I should do some shopping.

I am proud to be a member of this community, an owner of this dynamic organization, and current president of the Board of Directors. The Board of Directors has enjoyed agonizing over the myriad details of the expansion and the many careful steps taken by the hardest working General Manager in our 40 year history. We hope all of you who value all of the work done by the staff of the Co-op will take the time to express your gratitude and wishes of future prosperity.

The recent expansion and opening of our new store presented many challenges for the Board of Directors as well as for the staff. Throughout the process of expansion we have seen many board member terms end and many new members elected. The integrity of our process of decision making has been solidified through Policy Governance, Bylaws, and a great deal of communication with our General Manager. While we meet once a month, our board is bolstered by many committees, who spend additional time and energy fulfilling the goals of the Co-op.

The Marquette Food Co-op is guided by a set of principles that crystallized over the years and eventually became our Global Ends Policies. The Global Ends are visionary and broadly stated to accomplish goals beyond providing a great place to shop. The Ends policies provide us with the opportunity to positively impact our community through various outreach and educational efforts. The Ends policies also provided the impetus for expansion, utilizing existing structures, rebuilding a facility which reclaims rain water and waste heat from cooler compressors, and utilizes LED lighting. Additionally, the policies provide a framework to help guide the store management in selecting the food and products that are available on the shelves and in the coolers. Most importantly, these policies were created by us, the owners and members of the Co-op.

This past year, your Board of Directors refocused our attention on these policies and spent many hours discussing and debating their impact and relevance to our current needs. These efforts were not wasted as we have revised the Ends Policies while maintaining their original intent. Please take the time to review them and then attend one of our monthly board meetings and discuss them. Perhaps you won't be able to keep yourself from becoming our newest board member!

Thank you to all owners and members for your support and enthusiasm.

### Thomas McKenzie

Board President

## Balance Sheet

	2014	2013
<b>CURRENT ASSETS:</b>		
Cash & Equivalents	\$706,276	\$1,356,400
Accounts Receivable	3,377	501
Inventory	321,036	167,422
Other Current Assets	22,276	36,939
<b>Total Current Assets</b>	<b>1,052,965</b>	<b>1,561,262</b>
Fixed Assets	3,482,352	1,580,757
Other Assets	18,584	18,584
<b>Total Assets</b>	<b>\$4,553,901</b>	<b>\$3,160,603</b>
<b>LIABILITIES:</b>		
Accounts Payable	222,773	43,628
Other Current Liabilities	98,720	158,829
<b>Total Current Liabilities</b>	<b>321,493</b>	<b>202,457</b>
Long Term Liabilities	3,535,662	1,800,611
<b>Total Liabilities</b>	<b>\$3,857,155</b>	<b>\$2,003,068</b>
<b>EQUITY:</b>		
Member Shares (expansion)	382,000	339,000
Capital Stock-Members	463,451	420,925
Retained Earnings	397,104	324,389
Net Income	(545,809)	73,222
<b>Total Equity</b>	<b>\$696,746</b>	<b>\$1,157,536</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$4,553,901</b>	<b>\$3,160,603</b>

## Income Statement

	2014	2013
<b>INCOME:</b>		
Gross Sales	6,843,881	5,594,966
Cost of Goods Sold	(4,471,701)	(3,469,888)
<b>Gross Profit Margin</b>	<b>\$2,372,180</b>	<b>\$2,125,078</b>
<b>EXPENSES:</b>		
Personnel Expense	1,893,873	1,372,574
Occupancy	258,639	238,754
Depreciation	186,797	8,712
Operating Expense	312,683	278,908
Administrative	236,888	111,714
Governance	14,979	18,565
Promotional	105,091	32,265
<b>Total Operating Expense</b>	<b>\$3,008,950</b>	<b>\$2,086,937</b>
Other Income / Expense	91,382	35,081
Taxes	422	422
<b>Net Income</b>	<b>(\$545,809)</b>	<b>\$73,222</b>

## Board of Directors

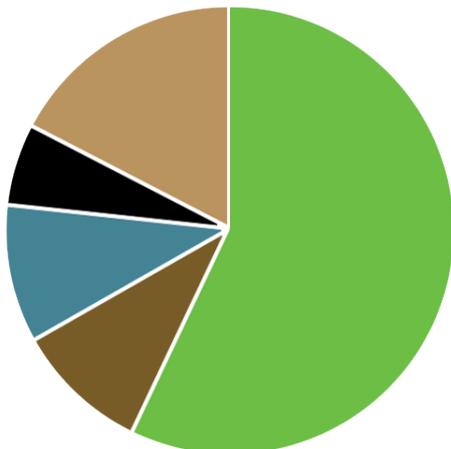
Tom McKenzie *PRESIDENT*

Brian Brady *VICE PRESIDENT*

Barbara Krause *TREASURER*

Phil Britton *SECRETARY*

## Percentage of Total Store Sales by Department



## A message from the General Manager



I sleep pretty well most nights now. That's a welcome change from a year ago, when our new store was still under construction during one of the most difficult winters in memory. Lots of stress. Lots of worries. But it's all good now. The new store is beautiful and we achieved all we set out to accomplish. We have wider aisles, more parking, energy efficiency, meat & seafood, a full service deli, a receiving bay, more local products, and more selection. The community has responded quite favorably to the new store.

We serve 200 more people per day on average than our old store. We had a record year of new member equity share purchases at 463 by the end of 2014. Sales last year were 22% over our projections for the new store and over 30% more than a daily average at the old store. We employed 97 good people by the end of 2014, making us downtown Marquette's biggest employer. Yes, we accomplished all—and more—that we set out to accomplish with our expansion.

The journey of our expansion has been worth it and that journey continues. Nine Co-op staff member babies have been born or will be born between opening the new store and the end of this year. Now, there's a metric not often measured when discussing the success of a business. I'm not saying the expansion is responsible for family growth, but I will say that the stable presence of the Co-op in our midst certainly isn't a barrier to family planning! Here are some other interesting metrics. Although we tripled the square footage of our space, we only increased our energy costs by a third. Since we began the Acoustic Café on Sundays, showcasing local musicians, we average three new member equity purchases in that two hour period of music each Sunday. The bowl of free fruit as you enter the Co-op, loved by every child and parent, is a \$14,000.00 gift to the community at the end of the year.

There is always much to be done at the store. Managers and staff continue to refine systems and find efficiencies as we make our way back to profitability. As expected, we experienced a significant financial loss in our inaugural year. But it was less of a loss than we anticipated. Already this year we see a strong definite trend toward recovery and gain—a trend that puts us two years ahead of expectations! I applaud the management and staff for helping to right the ship in the myriad ways they do all day long. I thank the Board of Directors for their patience and trust in the process and people that completed our project. Most of all, I thank and applaud the members of this cooperative. It is the members that make a cooperative live. Remaining relevant to the members is the ultimate mission of this store; a mission accomplished through adherence to board policies, which reflect members' needs.

The expansion has laid a solid foundation upon which this co-op may continue to build. Our future is entirely within our grasp, bolstered by our collective good sense. As you shop in your beautiful new store, take a moment occasionally to let us know where you think the journey should continue.

**Matt Gougeon**  
General Manager



**691**  
customers per day

average basket size

  
**\$27.72**

**6,333** lbs  
of local, natural  
grass-fed beef



**248,882**  
total transactions

 **2677 Bars**  
of locally made  
**soap**

**2200** pints  
of U.P. made  
maple syrup



**16,526**  
dozen eggs  
from Locally Raised  
Chickens & Ducks



**12,814**  
Bunches of  
**kale**



# 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.

**\$3,453**  
in donations to  
**97**  
agencies & individuals

**354 People**  
attended co-op classes

**5,286**  
Facebook  
Followers

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

## NMU Hoop House

Since 2009, the NMU Hoop House has served as a collaborative learning center for eaters of all ages who are curious about where food comes from and want to learn more about how it is grown.  
[www.marquettefood.coop/think-local/marquette-hoop](http://www.marquettefood.coop/think-local/marquette-hoop)

**214**  
NMU students visited to find out more about the local food system

**24**  
volunteers helped plant, raise, & harvest

**485 lbs**  
of food

**724**  
people learned about the hoop house through tours, presentations, and community events

## U.P. Food Exchange

The U.P. Food Exchange (UPFE, The Exchange) is a partnership created between The Marquette Food Co-op and MSU Extension to support the local food activities already taking place within the Upper Peninsula's distinct regions (eastern, central, western). UPFE assists with the development and ongoing maintenance of these successful regional food hubs. UPFE serves as a resource portal for farmers, businesses, and individuals looking to connect with and actively participate in their local food system.  
[www.upfoodexchange.com](http://www.upfoodexchange.com)

**148** farms  
**24** businesses  
**11** community gardens  
**31** farmers markets  
highlighted in 2014 farm directory

**\$108,618**  
total sales via the online marketplace

**10** farms received Group GAP Certification

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