

marquette food co-op

ANNUAL REPORT

2019

MESSAGE FROM THE GENERAL MANAGER



Matt Gougeon
General Manager

Managing this cooperative is as challenging as it is rewarding. I am blessed and honored to work with such a dedicated and engaged group of people as are employed here. I am equally fortunate to work with our board of directors, whose oversight, concern, and guidance provides tangible accountability through the organization and back to the owners, who benefit from all the activities of management and staff. Thus, the virtuous cooperative cycle gets us all what we need, hopefully with few bumps along the way.

We expected that 2019 might be a year of slow recovery from experiencing a down market due to Meijer opening in 2018. However, we did not foresee that said recovery would be delayed for half of the year. The early months of the year brought a series of winter storms that set us back on our heels. The winter months produced days of reduced business because people were staying home or reducing shopping trips to a single place elsewhere. One of the hardest trends to overcome in a retail business is changed shopping habits, especially if those new habits don't include us! The hard winter also wreaked havoc on the physical store, resulting in unexpected costs. Refrigeration breakdowns, necessary snow removal from the roof, ice dams, and parking lot maintenance all conspired to make us think that maybe 2019 was just not going to be our year. Having bet on modest growth for 2019, we instead experienced more than modest decline until June when nicer weather brought people back to the store. However, the rally of the third and fourth quarters did not erase our slow start and we ended the year 2% below the previous year.

In true Co-op fashion, we did not allow the dark of winter to deter us from moving the cooperative forward. There were several notable accomplishments from the year that are worth mentioning. We created and launched our webstore, Co-op Grocery Pickup. We sold food from our new grocery truck to the residents of K.I. Sawyer as part of a larger food security, health, and food education program. We finished and launched a smart product ordering platform that brought efficiency and accuracy to ordering product for the store. We transitioned three departments to new management hardly skipping a beat. And late in the year, having learned our lesson about unforeseen obstacles in our path and a competitive market, we wrote and developed an operational strategic plan for 2020. It included not only a budget, but the necessary funding mechanisms in order to enact it.

From a financial perspective, though it wasn't easy, we did end the year with some positives. As mentioned, sales revenue was down 2%. But we were able to keep personnel costs below target at 23.5%. Our realized margin was strong at 37%. And for as rough of a start that we had, we ended the year with a less than .5% net

loss, essentially breaking even. Where we didn't do as well as wanted was in terms of cash. Though we had positive cash accumulation for the year, we did not move the needle much in that direction. Please see the condensed financial statements for more information on the Co-op's financial performance.

Thank you for your participation in the Marquette Food Co-op. It takes all of us to make this business go. For the people, by the people, and of the people is an apt description of a high functioning cooperative democracy. In 2019, we have proven that we can weather some difficult times and still find the energy and resources to adapt, plan, implement, and create the change we need to fight another day.

BALANCE SHEET

		2019	2018
CURRENT ASSETS:	Cash & Equivalents	\$233,562	\$223,989
	Accounts Receivable	4,390	16,261
	Inventory	390,513	336,147
	Other Current Assets	8,914	7,039
	Total Current Assets	642,380	583,436
	Fixed Assets	2,649,442	2,826,684
	Other Assets	317,446	314,210
Total Assets		\$3,609,268	\$3,724,330
LIABILITIES:	Accounts Payable	363,182	326,503
	Other Current Liabilities	504,830	480,837
	Total Current Liabilities	868,011	807,340
	Long Term Liabilities	2,097,549	2,236,079
	Total Liabilities	\$2,965,560	\$3,043,419
EQUITY:	Preferred Shares	458,000	468,000
	Capital Stock	649,832	613,137
	Retained Earnings	(576,786)	(597,419)
	Undistributed Patronage Dividends Allocated	246,006	246,006
	Net Income	43,264	19,187
	Total Equity	\$643,708	\$680,911
Total Liabilities & Equity		\$2,965,560	\$3,724,330

INCOME STATEMENT

		2019	2018
INCOME:	Gross Sales	9,469,107	9,657,079
	Cost of Goods Sold	5,949,103	6,086,229
Gross Profit Margin		\$3,520,004	\$3,570,850
EXPENSES:	Personnel Expense	2,258,785	2,272,582
	Occupancy	288,370	291,839
	Depreciation	217,227	218,796
	Operating Expense	472,314	482,173
	Administrative	183,283	183,634
	Governance	19,263	18,700
	Promotional	111,214	114,985
Total Operating Expense	\$3,550,455	\$3,582,709	
	Other Income / Expense	12,813	51,471
	Taxes	0	0
Net Income		\$43,264	\$19,187

MESSAGE FROM THE BOARD PRESIDENT



Phil Britton
Board President

I wrote the original version of this piece the day before the country started shutting down due to the COVID-19 pandemic. While that was only a few months ago, rereading it feels like visiting the distance past. At the same time, though, rereading it filled me with hope, because I saw how valuable our cooperative structure proved to be in a time of crisis. Words don't even begin to describe how proud of and grateful I am for the incredible staff at the Co-op, who have been slugging it out on the front lines for months serving our community.

Below is what was written back in March. I wanted to keep it intact because aside from the board's Annual Plan of Work shifting from climate change to responding to the triple crises of global pandemic, economic recession, and a long-overdue reckoning with systemic racism, it's still accurate. It also helps us see the bigger picture of what we've done and where we're headed. Thank you for being a part of this cooperative. I hope next year we'll be able to again gather in person, share a table, and raise a toast to the resiliency and beauty of being together.

Hello and welcome to another Annual Report! I think I say this every year, but among all the reports the board reviews, the Annual Report is my favorite. It showcases all the amazing things that can happen when members of a community organize and work together toward common ends. In a world that seems increasingly fractured and disconnected, this cooperative shines as an example of what is possible when we focus on what brings us together, not what divides us.

I want to highlight a few things from the report, but first I want to say how proud I am of this board. I wrote earlier this year in the Fresh Feed about how the board set aside a Saturday in November for an intense deep-dive into Policy Governance, which is the framework we've chosen to operate under. Then we set aside another Saturday in January to take a hard look at our internal systems and develop our Annual Plan of Work. More on that later,

but the level of engagement, hard work, and wisdom this board brings to the table is truly incredible. Taking two full days to really get into the nitty gritty of what we do as a board could have been excruciatingly dull, but they rolled up their sleeves went right to work with gusto. It's a privilege to serve alongside them.

OK, a couple highlights from the report. To start, 2019 was the first time ever we purchased over a million dollars worth of local products! That's 50 percent growth over just two years. If you add up the rest of dollars spent locally, it equates to \$3,483,124 or 36.7 percent of total store revenue. Considering the "local multiplier effect," which estimates that 45 cents of every dollar spent locally is reinvested, that means \$1,567,405 was recirculated through our co-op into the community. That's huge!

2019 was also the year we saw the launch of our online ordering platform. We also trucked groceries out to K.I. Sawyer for a small Co-op pop-up shop throughout the summer. Many lessons were learned from both of these endeavors, but to me it highlights how co-ops exist to meet community needs. I'm excited to see what the future holds on both of these fronts.

Our co-op has weathered a lot in the last couple years, and more storms loom on the horizon. For our Annual Plan of Work this year, the board chose to explore the effects of a changing climate on our co-op. Look for more information to come on that throughout the year. Now we're keeping an eye on the unfolding COVID-19 coronavirus situation and the disruptions that may bring. Through each and every one of these, however, our cooperative model of working together, helping each other, and doing what's best for the community has proven successful, and I'm confident will continue to be proven successful. The only way forward is together. Thank you for being a part of our cooperative, I can't wait to see all the amazing things we'll do in 2020!

2019 Board of Directors



Cori Ann Noordyk

VICE PRESIDENT



Richard Kochis

TREASURER



Michelle Augustyn

SECRETARY



Kelly Cantway



Angie Cherrette



Mary Pat Linck



Hillary Bush



Zosia Eppensteiner

THE MARQUETTE FOOD CO-OP GLOBAL ENDS

The actions of the Marquette Food Co-op provide access to local, organic, and wholesome products, and the benefits of a healthy, diverse, educated, and sustainable community.

These actions shall be guided by:

ECONOMIC VITALITY

MFC successfully uses the cooperative business model, primarily through a retail storefront, as a component of a robust local economy.

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FOOD

The MFC provides access to local, organic, wholesome, and fairly-traded food and products.

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OWNER ENGAGEMENT

MFC maintains connection and relevance to its owners and encourages them to take an active role in order to sustain the cooperative.

PAGE 7

MODEL WORKPLACE

MFC fosters a workplace in which there is a professional culture of mutual support and open communication, while balancing personal and organizational needs.

PAGE 9

ENVIRONMENTAL STEWARDSHIP

MFC strives to conduct its operations in an environmentally conscious manner.

PAGE 10

COMMUNITY LEADERSHIP

MFC takes a collaborative leadership approach to positively impact our community.

PAGE 11

EDUCATION & OUTREACH

MFC maintains connection and relevance to its owners and encourages them to take an active role in order to sustain the cooperative.

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LOCAL EMPHASIS

MFC gives preference to local products and services that align with operational principles.

PAGE 13

WELLNESS

MFC promotes health and wellness in our community through the principles of eating good food, staying connected, being active, and rest.

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\$9,469,107

Total Sales Revenue

967

Average Customers Per Day

349,786

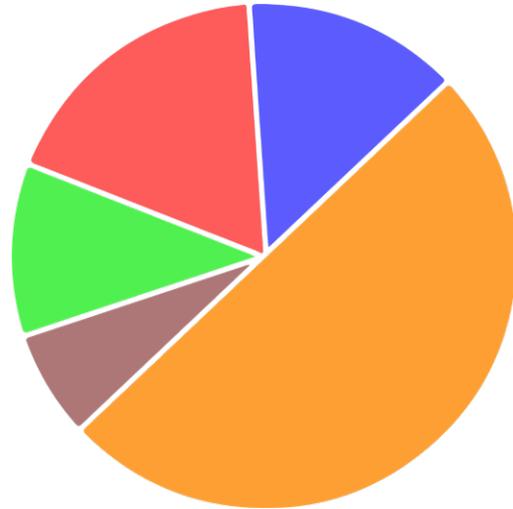
Total Transactions

Average Basket Size



\$27.07

Percentage of Total Store Sales by Department



- Grocery** 51%
- Produce** 14%
- Prepared Foods** 19%
- Wellness** 11%
- Meat & Seafood** 6%





**DOUBLE UP
FOOD BUCKS™**

\$12,830

Vouchers Distributed

\$9,741

Vouchers Redeemed

76%

Redemption Rate

The Marquette Food Co-op is the first and only grocery store in the U.P. to offer the program, increasing access to fresh produce.

\$17,726

Webstore Sales

\$8,248

Sales at the KI Sawyer Grocery Truck
(16 week program)

\$397,158

Sales of Fair Trade Products



OWNER ENGAGEMENT

5,649

Owners

40

New Owners through
Owner Referral Program



362

New Owners in 2019

70%

Sales from Co-op Owners

I really like to teach people that eating healthy can be full of joy, and the Co-op radiates that. The employees are full of joy, the food is beautiful, and there are so many great resources for the community, too, to help people live a happy and healthy life.

Rachel Bloch

Health Educator & Certified Health Coach
Owner, Steady Rhythm Wellness
Owner for 3 years

(The Co-op) reminds me of my childhood growing up in Burma and the fresh produce we used to get at the market every day. Cooking quality food keeps me grounded in who I am. I really think a lot of our alienation in our culture is because we don't cook and prepare food with our own hands and eat it while it's still fresh. Taste and food is so tied to who you are, and the Co-op, with its fresh and authentic ingredients, just draws you in.

Jaspal Kaur Singh

Owner for 15 years

The Co-op's prices may appear more expensive, but we feel like that cost offsets a lot of the other true costs. We're looking at the big picture every time we shop. What does it cost to the people who have produced the food? What's the environmental cost? What's the social cost? What's the economical cost? The Co-op is affordable for just about everyone if done wisely and with intention. Shopping here is how we take care of the people and places around us.

Jennifer & Mike Tapolcai

Owners for 11 years



4,350

People receiving our online newsletter and mid-month update

\$64,599

Earned in Owner Rewards Program



22%

Open Rate for Online Newsletter
14.9% is industry average

148

Customer Suggestions

I think it's important, especially in the world we live in now, to be building resiliency in our communities. Having a strong local food economy is part of that. I think that having good food produced locally from neighbors and friends and folks in your community adds a richness to all of our lives that isn't there when we're buying elsewhere.

Isaac Behrens
with **Hannah & Jim Murphy**
Cloverland Farm
Owner for 1 year

Both the Co-op and Blackrocks like to keep things environmentally conscious. We use healthy and real ingredients. It boils down to the "Think Globally, Act Locally" adage, where we're all trying to do our thing in our small little hamlet of the world. It keeps everyone grounded when you're positively impacting or your influencing or your having relations with people who are your neighbors and your friends and families.

Dave Manson
& **Wendy Hill Manson**
Blackrocks Brewery
Owners for 14 years

One thing that's nice about the Co-op, besides providing whole foods, is the people. I bump into old friends I've known for 45 years or more each time I shop. It's also nice to see the new and young people just starting out and getting inspired to eat healthfully and holistically. Every time I come to town, I stop at the Co-op. It's a big part of my life, it's part of my history.

Barb Bradley
Owner for 16 years





77

Employees

91%

Full-Time Staff

89%

Percentage of Management Team promoted from within the store

“We have such a wide variety of personalities employed here. Everybody kind of fills a little niche and we learn new things from each other every day because we come with this history of knowledge and different passions. We’re all here because we want to share that with other people. Customers can tell we enjoy being here and truly care about what we do. They often say, “this seems like a cool place to work.” It feels that way because it is that way. It’s fulfilling work, I feel good and am inspired when I leave at the end of the day.”

Kelsey Thompson
with Kris, Kava & Kaliopie

MFC Employee - Customer Service





58,800

Bags saved through our
"Bring Your Own Bag" program



46,374 lbs

Material composted and
diverted from landfills



147,120 lbs

Material recycled



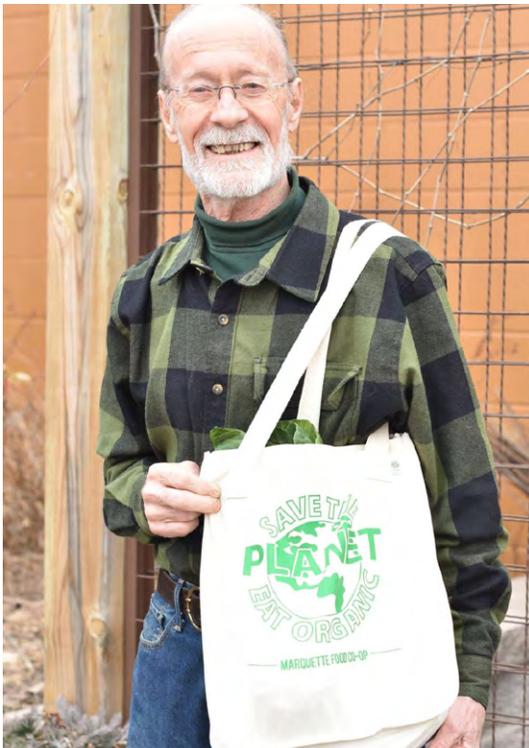
46.6%

of MFC Sales were organic
products compared to the
national average of 5%
(2017 NCG Trends Report)



\$90,000

Food donated to the community



COMMUNITY LEADERSHIP

\$9,429

Local Donations

\$20,459

Round Up at the Register donations



\$9,112

Raised for Schools and Youth Organizations through our Farm To School Fundraising Program

We work with

20+

Community Organizations and Business on issues relating to health, wellness, and local agriculture

\$1,185

Donated to the MFC Community Fund by shoppers at the register

Thank You!



3,346

People Reached through Outreach Activities



1,040

People attended Cooking Classes and Demonstrations



68

Multi-Course Cooking Classes Held



13,179

Followers on Social Media



66

Local Vendors

\$1,051,920

Total Local Sales In-Store

36.7%

Total Revenue Returned
or Spent Locally

8.12%

Products carried that meet
the definition of Local*

* Grown, raised, harvested, or produced in the U.P.

U.P.  FOOD
EXCHANGE
growing local food systems

\$168,337

Sales Passed through
UPFE Online Marketplace

\$10,480

Purchased from local vendors
for Farm to School Fundraising



\$4,438

Fresh food distributed via a
"Prescription for Health" program with Upper Great
Lakes Family Health Center in KI Sawyer



506

Child participants in
cooking classes



60%

of products are organic

25

Fitness Event Donations

\$46,925

Scrip & Wellness
Gift Cards Sold



\$4,692

Donated through the
Scrip & Wellness
Gift Card Programs





502 W. Washington St.
Marquette, MI 49855

In-store Hours 9am - 9pm
At-risk Population Hours 8 - 9am
Grocery Pickup 10am - 7pm

www.marquettefood.coop
Marquette, MI 49855

