

marquette food co-op

ANNUAL REPORT

2021



502 W. Washington St.
Marquette, MI 49855

In-store Hours 8am - 9pm
Grocery Pickup 11am - 6pm

www.marquettefood.coop
Marquette, MI 49855





Matt Gougeon
General Manager

2021 was another banner year for your Marquette Food Co-op. Among the challenges of operating in the second full year of the pandemic, we managed growth in several key metrics. We met the challenges of a distressed but recovering economy as they came and worked hard to minimize their impact on both members and staff. In the end, your Co-op again finished the year in improved financial condition.

MANAGEMENT & STAFF

We can't be thankful enough for our management and staff of the Co-op. It has been another trying year of the pandemic. Our people have soldiered on under the societal pressures of this unique period and under the strain of unprecedented numbers of customers and record sales volume. At the beginning of the pandemic, grocery workers were hailed as everyday heroes only to be largely forgotten and once again taken for granted soon afterward. But I can tell you, I have witnessed enough everyday heroism from the staff of this organization to write a book about it. Small kindnesses are prevalent. On occasion, fierce defense is seen. While rare, it's enough to know it happens and often in situations that call for it in the moment and from individuals who have not been asked to perform the act.

CHALLENGES

The Great Resignation

We hired fifty one people in 2021. The most ever in a single year. Obviously, the MFC was not immune from the national trend of people quitting their jobs. Doing what we could, we met this head on and increased pay across the board, started a retirement plan for all staff, picked up a larger share of health care premiums, increased the accrual rate and amount of paid time off for staff, continued to extend emergency paid sick time for COVID-related reasons, and more, all to retain and attract people. For the second half of last year, we were (and still are) fully staffed.

Supply Chain Disruption/Inflation

We've responded to supply chain disruption by adding new vendors where we can and ordering as smartly as possible. Luckily, the UNFI warehouse that we draw from has yet to be significantly impacted by employment and supply issues and has served us consistently but not without some issues. When we can, we find replacement products for items that are out of stock. To battle inflation, we buy additional pallets of product that we get special pricing on for regular sale cycles so that we may extend the better (lower) pricing on items for longer periods. We also do price checks to make certain cost increases neither outpace customer ability to purchase or damage store margin.

COVID-19

All of 2021 saw adjusted pandemic protocols and policies in place. After what seemed a brief maskless interlude over the summer of 2021, we largely mandated masks for all staff for most of the year. While we had only a few instances of staff out for COVID-19 related reasons, the impact of the pandemic had a wearing effect on everyone.

FINANCIAL CONDITION

For the second year in a row, we experienced double-digit growth in revenue. Comparing the end of 2021 to pre-pandemic 2019, your MFC has grown by 24 percent. Growth was triggered by the pandemic, but it has also sustained in the face of lessened COVID severity in 2021. We are encouraged by the fact that members and other shoppers have concluded we are more of a primary shopping trip than they have in the past. But with increased revenue comes increased costs. Whether it is purchasing supplies or products at higher volume and dealing with inflation or keeping pace with the need for increased wages, there is no "free ride" for the MFC. Any financial benefit to increased revenue is hard won on the floor of the store through the efforts of

all staff. When monitored closely, those efforts can have desirable results. We, of course, belong to the National Cooperative Grocers (NCG). NCG is a purchasing and business services cooperative made up of 150 co-op grocery stores throughout the country. Within this association we share financial information with the other cooperatives for benchmarking purposes. At the end of 2021, your Marquette Food Co-op was among the top 20 percent of co-ops for financial performance in the nation.

We have improved metrics on all financial fronts for the second year in a row. Along with our 12 percent growth in 2021 we had:

- A 2.7% net profit
- A consistent gross margin of 38% of revenue
- Personnel costs under 24% of revenue
- A 28% increase in cash
- A high current ratio of \$1.94:1
- A lower debt to equity ratio of \$1.54:1

As we begin 2022, we look ahead to what is possible for the MFC. The increased financial strength brought by the last two years comes with possibilities. It is possible for us to invest more in people. It is possible to invest in development. It is possible to return investment back to the owners. Doing any or all these things will make the cooperative more integral to this community. Careful and thoughtful expansion of community owned assets is necessary to further deepen a local cooperative economy. Only when assets are owned by a community can those assets work to bring equitable return. You may congratulate yourself for the role you play in making this cooperative stronger. As always, it takes every single one of us to make this cooperative successful.

Feel good. Shop the Co-op.

\$23.93

Average basket savings per person during Wellness Weekend Sales

968

Number of products in the Wellness Department we dropped the price on in 2021



60% of products have organic ingredients



\$3,432

Donated through the Scrip & Wellness Gift Card programs



70
Local vendors

\$2,125,754
Total local sales in-store

29%
Total revenue returned
or spent locally

\$5,805
Purchased from local vendors
for Farm to School Fundraising

U.P. FOOD EXCHANGE
growing local food systems

\$165,623
Sales passed through
UPFE Online Marketplace

75%
Increase in UPFE Online Marketplace
sales outside of the MFC sales



BALANCE SHEET

	2021	2020	2019
CURRENT ASSETS:			
Cash & Equivalents	1,129,347	819,458	238,443
Accounts Receivable	13,885	7,189	4,390
Other Current Assets	478,540	435,788	406,774
Total Current Assets	1,621,773	1,262,435	649,608
Fixed Assets	2,390,119	2,493,500	2,660,573
Other Assets	275,684	269,684	330,504
Total Assets	\$4,287,576	\$4,025,619	\$3,640,684
LIABILITIES & EQUITY:			
Accounts Payable	296,647	226,991	364,723
Other Current Liabilities	528,416	503,730	521,413
Total Current Liabilities	835,886	730,720	886,135
Long Term Liabilities	1,764,876	1,960,107	2,082,642
Total Liabilities	\$2,600,762	\$2,690,827	\$2,968,777
Total Equity	1,686,814	1,334,792	671,907
Total Liabilities & Equity	\$4,287,576	\$4,025,619	\$3,640,684

INCOME STATEMENT

	2021	2020	2019
INCOME:			
Gross Sales	12,013,189	10,701,505	9,469,107
Cost of Goods Sold	7,480,898	6,622,783	5,948,796
Gross Profit Margin	4,532,291	4,078,722	3,520,311
EXPENSES:			
Personnel Expense	2,779,969	2,436,841	2,258,785
Occupancy	293,246	290,941	288,370
Depreciation	217,227	196,426	207,309
Operating Expense	606,443	541,927	466,175
Administrative	150,114	187,370	184,959
Governance	12,402	11,637	19,261
Promotional	102,165	77,476	111,214
Total Operating Expense	4,169,592	3,745,682	3,536,074
Other Income / Expense	-31,241	355,754	666
Taxes	0	0	0
Net Income	\$331,458	\$688,794	-\$15,097



Michelle Augustyn
Board President

It is truly exciting that we will once again be sitting together sharing a meal for our Annual Meeting. If you had asked me a year ago if this meeting would be taking place in person, I would have thought it more likely that the COVID-19 pandemic would still be widespread. As a community, we are all taking a collective sigh of relief as we optimistically, but cautiously, shed our masks.

The pandemic has been traumatic on a global level, but also to all of us individually. Some of us couldn't get the products we wanted and were annoyed at having to wear a mask everywhere. Some of us lost multiple loved ones. And it doesn't stop there. There is now a war waging in Europe that's reverberating around the world. Lately, I have been grounding myself in the mantra, "don't take things for granted." I know that this

statement has been more prominent in my thoughts ever since the pandemic started.

In times that feel chaotic, we need to allow ourselves the grace to see the "big picture." What do you see? I see a world that is filled with diverse, beautiful people. There are diverse ecosystems and stable food systems around the world. We have access to technology to harness renewable and nonrenewable energy. We have the capacity to love and give beyond ourselves. We have compassion in the face of hardship.

When I take a step closer and look at the microcosm of our community, I see a place where I feel safe weathering these storms. I am proud to live in a community that can support a thriving cooperative. That, alone, speaks

volumes. A community that supports a cooperative is a community that believes in democratic processes in which every vote counts equally. A community that supports a thriving cooperative shows that the people in this community believe that where and how you get your food matters. Thank you, Co-op Owners and all patrons of the MFC, for the ongoing support of this cooperative throughout the years. Thank you to all the MFC employees for your beautiful energy in creating an environment that we all love and for being resilient in the face of hard times. Finally, thank you to my fellow Board members for the balance that you all offer this business. We are all fortunate to have each other.

637
People reached through Outreach activities
COVID-19 continued to impact our ability to regularly hold classes



207
Youth cooking class participants

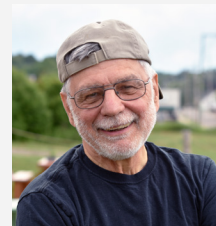
14,348
Followers on social media

Partnerships, Boards, & Initiatives Co-op Staff Participate in:
MSU Extension UPREC Advisory Council, Produce Safety Tech Program, The U.P. Food as Medicine Network, Partridge Creek Jasperlite Intergenerational Farm Project Strategic Planning Committee, Michigan Energy Options, Harbor House, & The Michigan Farm to Institution Network Advisory Board

2021 BOARD OF DIRECTORS



Angie Cherrette
VICE PRESIDENT



Richard Kochis
TREASURER



Kelly Cantway
SECRETARY



Kevin Pierfelice



Mary Pat Linck



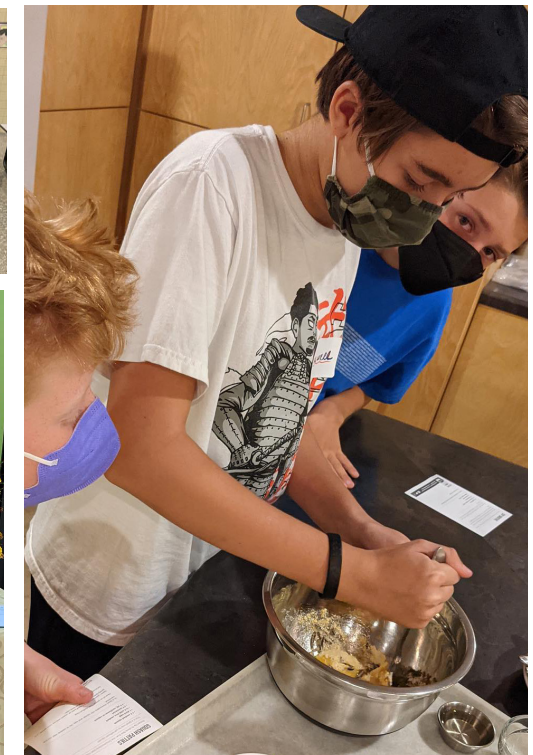
Brian Bouton



Hillary Bush



Zosia Eppensteiner



1,127 lbs of food

Collected in our year-round bin for the Women's Center & St. Vincent de Paul

\$5,541
 Raised for schools and through our Farm To School Fundraising Program



\$5,116
 Round Up at the Register donations for United Way of Marquette County

\$10,447

Collected to purchase food for the Marquette County food pantries
This program enables pantries to order products they need most at wholesale cost



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.

PAGE 6

OWNER ENGAGEMENT

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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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.

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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.

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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.

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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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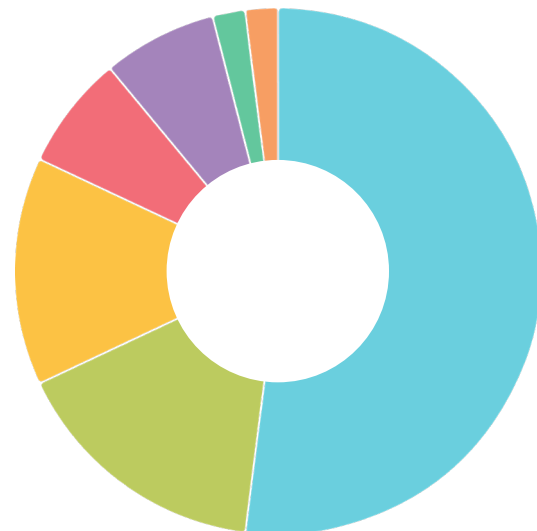
\$12,013,189
Total sales revenue

940
Average customers per day

338,487
Total transactions

\$35.59
Average basket size

Percentage of Total Store Sales by Department



- Grocery 52%
- Produce 16%
- Prepared Foods 14%
- Meat & Seafood 7%
- Wellness 7%
- Marquette Baking Co. 2%
- Sushi 2%



HEAT

We are reclaiming the heat from our compressor room for our hot water needs and to use as supplemental heating for our building. The building is very well insulated with a soy-based spray foam.



WATER

Rainwater from our rooftop is filtered and used to irrigate the green spaces around our building. A half inch of rainwater from 502's rooftop will fill our 4,000 gallon tank, located underground near the building's east entrance. We also recycle condensation from our coolers in the store, which is used to flush our toilets.



REFRIGERATION

The Co-op's refrigeration is new, highly efficient, and lit by LED lights. The coolers run on controlled motors that turn on and off as needed.



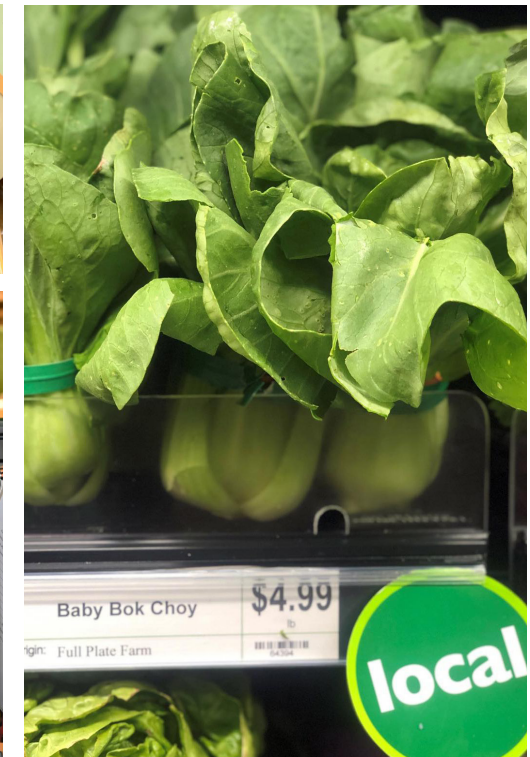
LIGHTING

Our store lighting was designed by the same firm that lit the NASA Space Museum in Florida! The lighting is mostly LED, which lasts longer than traditional incandescent lighting and reduces carbon emissions, with some high-efficiency fluorescents. Our basement offices are brightly lit by 11-watt fixtures that draw less power than a refrigerator bulb. Additionally, all lights are on timers or motion detectors, which greatly reduces energy cost and consumption.



GREEN SPACE

We designed our parking lots to include intentional green space populated by native plants to minimize runoff into municipal water system by soaking up as much as possible. The main lot is slanted to inward toward the green space.





91

Employees

80%

Full-time staff

\$26,938

2021 combined staff savings with the employee discount

“We’ve both worked in corporate America and have both made a conscious decision to no longer work in corporate America. We choose to work in a more entrepreneurial spirit or someplace where the culture matches our own values. It’s full circle for us – we eat this locally produced, in season, and lovingly presented food to maintain our bodies and our health, we shop here in order to do that, and we work here and support the Co-op through free events like Tai Chi. It’s more than just a place to get groceries – it makes you feel like you’re part of something bigger.”

Robert Ball
MFC Employee

Traci Baxendale Ball
owner/founder Vibrant Health Company
Co-op Owners since 2013



\$250,217

Marquette Baking Company sales since purchase of the business in May 2021

DOUBLE UP FOOD BUCKS

\$57,591
Vouchers distributed

\$43,181
Vouchers redeemed

75%
Redemption rate

475
Number of customers utilizing DUFb in 2021

WEBSTORE SALES

\$262,106
Total webstore sales

2.2%
of store sales
Prior to March 2020, webstore sales were .35% of store sales



4,834
Owners

334
New owners in 2021

Percentage of sales to owners
68%

\$78,085
Earned in Owner Rewards Program



4,604
Active owners
Active denotes that the owner has shopped the store in the last year

56
New owners through Owner Referral Program

4,365
People receiving our weekly emails

20%
Open Rate for online newsletter
13% is industry average

“We’re all about people and centering how we treat each other. Being an owner, to us, is about investing in other humans. These are real people out there that are growing our food and caring for their own families. As business owners, we understand sustainability in the supply chain and have deep value for the work that each person does. And at the Co-op, we know that the farmers are being fairly compensated. How we treat and compensate people is everything – it’s social justice in action. For us, it started with wanting to buy what the Co-op sold — produce and then safe foods for our son who has food allergies. As time passed, it also became about embracing the whole idea of what a cooperative is, the cooperative business model, and the idea of a community-owned grocery store. It’s so powerful, what it means and what it can do for each individual and an entire community.”

Phil Britton
former MFC Board President and owner, Fresh Systems LLC &
Melinda Britton
owner, Doulas of Marquette with Zemi, Kiah & Aza and dog Lulu B.
Co-op Owners since 2010

“We rely on the Co-op to do a lot of the research for us. You can be on Google all day trying to find out what’s the best this and what’s the best that, but at the Co-op, you know they’re looking at the ingredients and who owns the company. They care about what they’re putting on the shelves. We like going places where we know the people and they’re really helpful, and that is what the Co-op is about.”

Vicki & Steve Lockwood
Co-op Owners since 1980

“Nothing is better than walking into our food co-op and seeing local produce, flowers, meats, and other goods from farmers you know and love! We feel good spending our money at the Marquette Food Coop because we know they are putting such priority on facilitating local food relationships. They are the glue between a lot of farms and customers, always willing to put new locally produced products on their shelves and showcase all the great local choices.”

Trevor & Maria Case
Case Country Farm
Co-op Owners since 2017

“This town has a tremendous opportunity to do some really cool, innovative things with food. We want to see that growth and hope to see the Co-op continue to cultivate relationships with local farmers. The more we can support them, the better our local food system becomes. We want to honor this earth and this place specifically with our choices, and we can do that with food. Food is the foundation. Supporting places like the Co-op makes us feel like we’re doing our part.”

Austin Fure
owner, The Humble Turnip &
Aurelia Hunter
owner, Aurelia Holistic Health & Healing with Lewyn
Co-op Owners since 2012

“Co-op as a connection that aligned with our values. It’s important to know that the Co-op does a lot behind the scenes, aside from selling groceries, like cultivating access to good food in a place where it’s a challenge, teaching kids how to make healthy food they like, helping set agricultural standards, starting a living wage discussion here in Marquette, and committing to sustainability and smart energy use. The Co-op brings people together and serves the community – it’s so important and meaningful.”

Jenn Hill & Andrew Dalian
Co-op Owners since 2014

