



Annual Report 2017

General Manager's report:

What a year it's been!

We opened our new store on April 26th, after more than a year of getting expert opinions, planning the new store, securing our financing, building the new store, hiring and training additional staff and finally moving! We were closed for 2 days for the final move and opened our doors at 7am on the 26th with 1/4 inch of ice on the ground!

Our project came in under budget and we were able to open about 1 month earlier than expected! Each of the first few days open in the new store topped the previous day with sales, it was very humbling to see and hear the community respond so positively to our new building, the classroom and the new deli offerings.

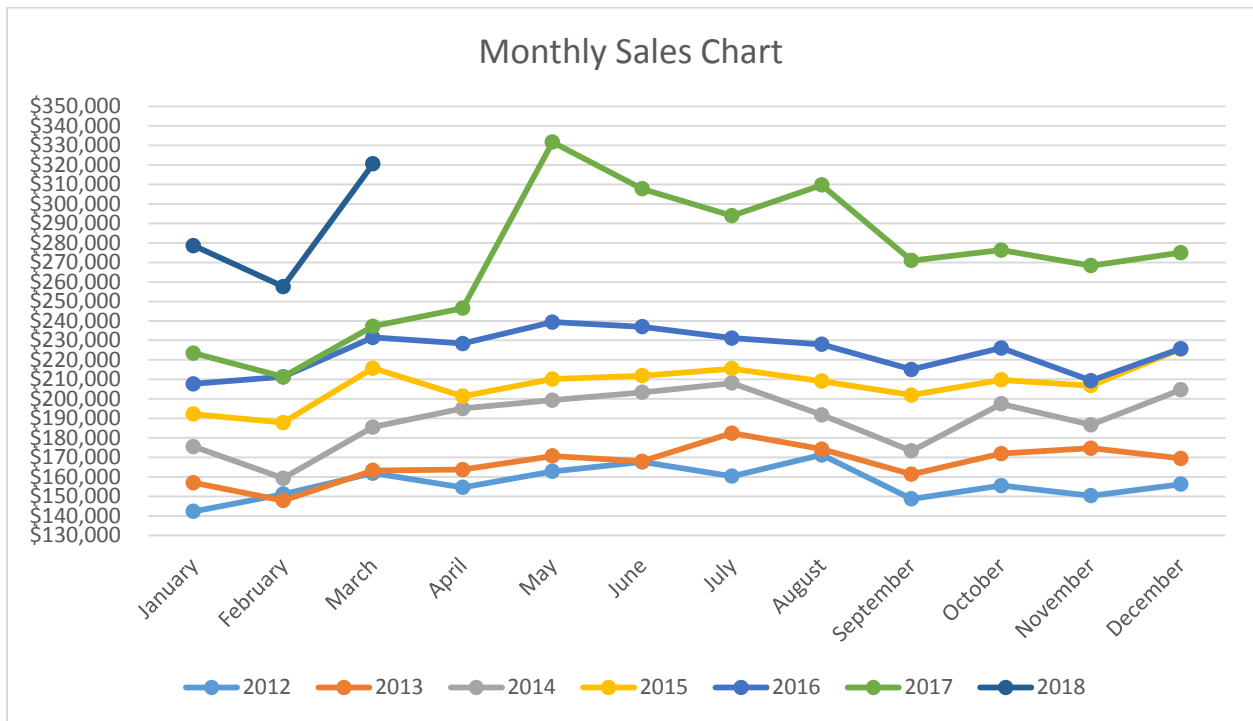
We ended that first month open with our ribbon cutting ceremony and our Grand Opening, which turned out to be a great celebration attended by a lot of new faces who came to see what our Co-op is all about!

The first few months in the new store were very exciting and very exhausting for all of our staff members, but especially our veteran staff, who had to not only get familiar themselves with the new store, but also had to make sure our new staff members received the training and help they deserved and the customers the help they needed to navigate our new store. A huge thank you goes out to Sandy, Phoenix, Sarah, Alex, Briana (our department managers) who worked countless hours of overtime during that first month to make sure our Co-op made a great first impression to all who walked through our doors! And of course to everybody else who is working every day to make our Co-op a success. A great thank you goes out to our board members too, a lot of board work went into our expansion, and everybody stepped up for it!

In May we saw over 38% sales growth compared to May of 2016. Overall, we ended the year with 21.6% sales growth, \$3,252,000.

Sales to Owners decreased by 3 points to 58%, meaning we attracted a lot of new shoppers. Our customer growth was an impressive 23.4%. Our Front End staff is doing a great job signing up new Owners, 413 last year, which amounts to \$34,160 in new equity on our balance sheet. Active Owner shopping increased by 26%.

Sales Chart:



Our growth star departments are:

Deli: 88% growth

Refrigerated: 41% growth

Frozen and Cheese: both 36% growth

Produce: 32% growth

These are the departments that we invested most heavily in because of previous growth and shopper demand.

Our Salad and Hotbar is another area of the new store that was on our wish list. The Deli crew is making sure we have delicious lunches available every day, now also on Sundays – check out our Sunday brunch from 11-2pm.

We now have 37 employees, 12 of which are full-time. Salaries and benefits amounted to \$750,734!

With the new store and higher sales we are able to support more local producers in our local economy. We now work with 69 local producers directly, which amounted to over \$240,000. Sales of local products are increasing steadily, they increased by 33% over 2016. Over 1100 products at the Co-op are meeting our definition of local (produced or grown within 400 miles from Virginia), and sales of local products are 24% of all sales, if we include the items that are produced in our Deli.

We also try and participate at events in our local community and bring the community to our store through in-store events. Our staff has represented us at such fun events as the Land of the Loon Parade, the St. Michael's Chili Cook-Off and the rest stop at the Mesabi Trail Ride, 10 events total in 2017. We held 10 in-store events – like the Virginia Art Crawl and a Trick-or-Treating party.

Our Change-within-Reach program has also benefitted from the higher sales in the new store – we were able to collect \$18,063 for 12 local organizations in 2017. Any food that we can't sell anymore, because of expiration dates or produce that is past its prime, we donate to the Salvation Army and on average that is about 200 lbs of food per month that stays out of the landfill. Produce scraps, or produce that is not usable anymore gets picked-up by volunteers who are using it in their compost piles.

Our fabulous classroom gets used at least twice per week by community groups and we use it for staff trainings and meetings, including board meetings. In 2017 we were able to offer 34 classes to our community – taught by community experts – and over 450 people participated in those classes.

Last fall and winter we experienced less growth than expected and worked hard to adjust our schedules and purchasing accordingly. One of the challenges ahead is to manage our expenses carefully, in order to get to a positive bottom line as soon as possible.

In cooperation,

Anja Parenteau

General Manager

PS: Our first anniversary of the new store is coming up and we are going to celebrate with a week of savings and a party on Saturday May 19th – hope to see you there!

The 2017 Financials at a glance:

Income Statement	2017	2016
Sales	\$ 3,254,370.00	\$ 2,690,612.00
Cost of Goods Sold	\$ 2,020,509.00	\$ 1,695,491.00
Gross Profit	\$ 1,233,861.00	\$ 995,121.00
Operating Expenses	\$ 1,305,301.00	\$ 879,001.00
Other Expense	\$ 25,105.00	\$ 72,719.00
Other Income	\$ 42,086.00	\$ 31,246.00
Net Profit*	\$ (54,459.00)	\$ 74,647.00
Balance Sheet		
Current Assets	\$ 660,576.00	570987
Fixed Assets	\$ 3,151,493.00	373098
Other Assets	\$ 31,461.00	325220
Total Assets	\$ 3,843,530.00	\$ 1,269,305.00
Current Liabilities	\$ 166,375.00	208080
Long-term Liabilities	\$ 2,267,859.00	0
Total Liabilities	\$ 2,434,234.00	\$ 208,080.00
Owner Equity	\$ 189,345.00	137010
Retained Earnings	\$ 1,068,441.00	816363
Other Equity	\$ 151,510.00	107852
Total Equity & Liabilities	\$ 3,843,530.00	\$ 1,269,305.00
*before taxes and patronage rebate		