



 monadnockTM
FOOD CO•OP

2018-2019 ANNUAL REPORT



join us

The Monadnock Food Co-op's Annual Meeting is your opportunity to celebrate our success, ask questions, voice concerns, and elect new Board Members. Learn more about our co-op's progress this past year and meet the 2019 Board Nominees. **Join us Friday, October 25, 2019, from 5:00 pm to 7:30 pm at the Courtyard Marriott in Keene.**

enjoy co-op cuisine

Our chefs are creating a delicious spread for you and your family to enjoy. We will offer co-op appetizers such as vegetarian samosas, vegan soup shooters, chicken skewers, and a wide variety of harvest salads. Also, dive into our vegetable crudité, regional cheese, and fresh fruit platters. Housemade mini cupcakes are on the menu, too! Enjoy a beer or wine, compliments of the board.

register today

To better plan our Annual Meeting and make sure there is ample food for all, we ask that you please register at **monadnockfood.coop/meeting**.

< Pictured above: Member-Owner Sandy Hamm

the monadnock food co-op: *locally rooted*

annual meeting agenda:

5:00pm: social time

Enjoy a tasty spread of co-op appetizers and drinks while catching up with friends.

5:50pm: welcome from our board

6:00pm: cooperator of the year award

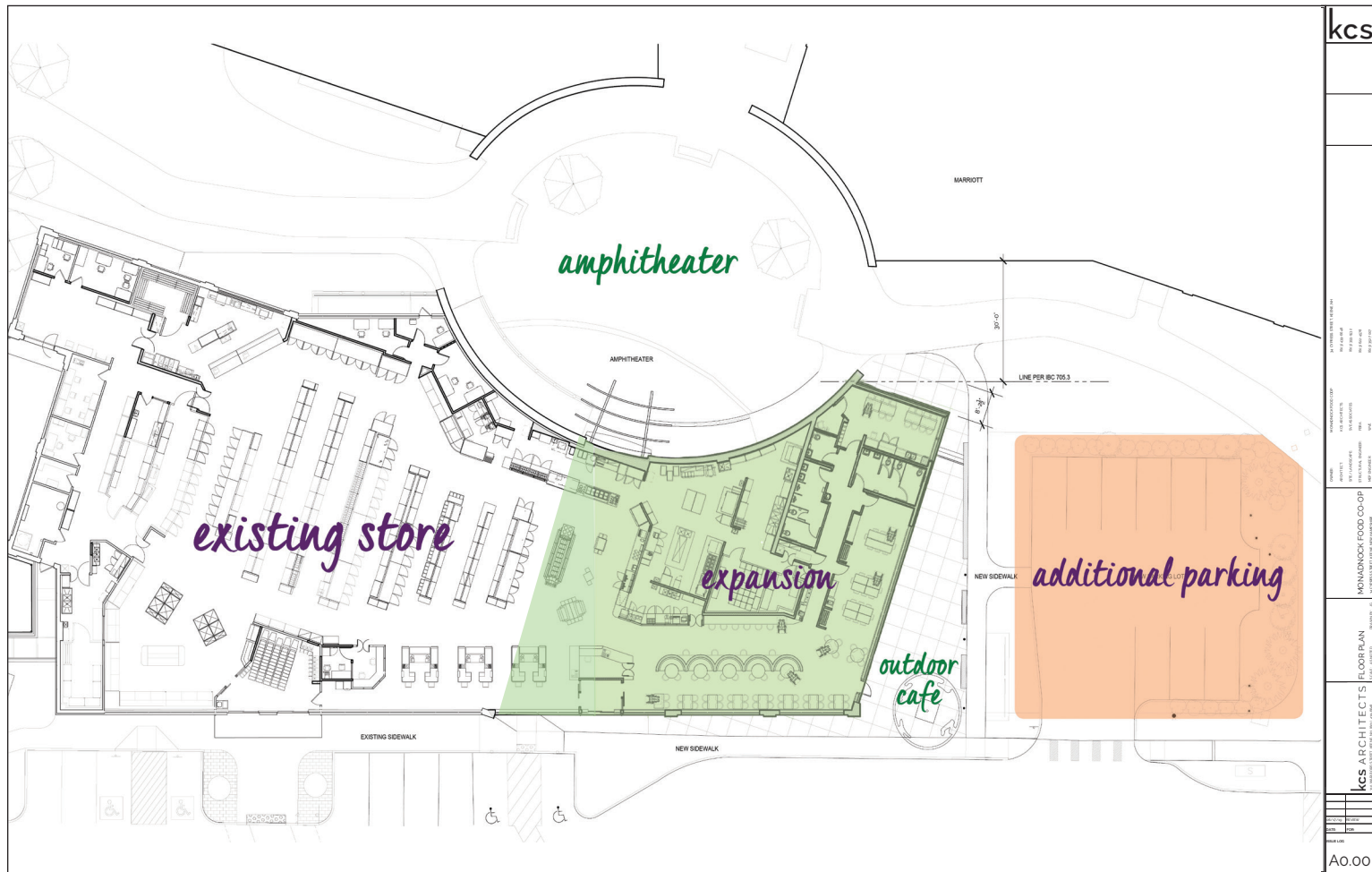
6:10pm: locally rooted

A short documentary film created by Greg Pregent of 710 Main Films highlighting our co-op's Farm Fund.

6:30pm: start of business meeting

7:30pm: end of business meeting

7:30pm: closing remarks



thinkin' and a plannin'

by Carolyn Crane, *President, MFC Board of Directors*

As the old Dusty Springfield song goes, ... "Wishin' and hopin' and thinkin' and prayin'...plannin' and dreamin'..."

...for the Board of Directors, the year that ended on June 30, 2019 could be described in those words. A consensus has grown that our co-op needed to expand. Our number of Member-Owners grows every year; sales volume and staffing soared beyond expectations, and sometimes there wasn't a parking space in sight.

As stewards of the resources of our co-op, we decided in early 2018 that our job was to assess the feasibility of growing our store and, if it was feasible, to make a plan to do that. So this has been a year of listening to the wishes and hopes of our co-op community.

What did both shoppers and Member-Owners want and need to see in the store to make our co-op their first choice for regular shopping? What did staff wish for to make the workplace more accommodating for them? How could we realize our hopes to offer a wider product selection and lower prices?

Thus began the thinkin', plannin' and prayin'. While paying attention to the overall health and day-to-day functioning

2019 BOARD OF DIRECTORS



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VICE PRESIDENT
LISA MAHAR



ANTON ELBERS
TREASURER



JAY SMELTZ
SECRETARY



KATHY BURKE



KATE HICKEY



DEREK GALLIGAN



DAN MAYNARD-WYZIK



DAVID SAYLES

of our co-op, the board members learned about sources and uses budgets, different funding strategies, floor plans, and parking space options. We spent hours studying the process of growing, learning from other co-ops, challenging our assumptions, and moving forward.

As you are reading this in October, we are hopin' and prayin' that our dream of a larger, vibrant, and sustainable downtown food market will be a reality.

We encourage members to continue to provide us with feedback regarding our store expansion. Email us at board@monadnockfood.coop.

room to grow

by Michael Faber, *General Manager*

Thanks to our community's continued impressive support, our co-op has grown rapidly over the last six+ years. This growth empowered us to purchase much more from local farms, provide more healthy food to our community, dramatically boost our community donations, and increase compensation and benefits to our staff. All wonderful impacts.

However, our growth also caused challenges. Our space constraints meant less shelf space to expand our product selection and provide the healthy food choices our customers are seeking. We far exceeded our tightly designed back-office space, even after moving our Marketing and Finance departments off-site.

We needed to proactively plan for the future by recognizing our current and future space constraints and reflect on how we can best serve our community in the years to come. As a result, we started working on our expansion project back in August 2017. Fast forward to today, and we hope to break ground in November!

Our expansion will allow us to better meet our community's needs by:

- Providing an expanded assortment of healthy product choices, especially in our fresh departments,
- Improving our prices through greater purchasing power,

- Increasing the sales of local products to \$6.5 million annually, supporting more local farms and farm families and the broader local economy,
- Improving operational efficiencies including all of our office staff in one building,
- Contributing to a stronger local economy with an additional 30 jobs (20 full-time and 10 part-time).

More space for staff and community

Our expanded café seating area and meeting space will provide a larger local gathering space for all. In addition, the planned improvements to the outdoor amphitheater on the north side of the existing store will provide a newly improved venue for arts, music, and other community activities.

The potential for operational efficiencies is also significant. Adding approximately 2,629 square feet will provide backroom, storage, production, and office space, allowing us to bring the offices of our Finance and Marketing departments back on-site and give us more space to efficiently store and produce food. The expansion also adds spaces to our dairy, meat and seafood, and deli walk-in coolers.

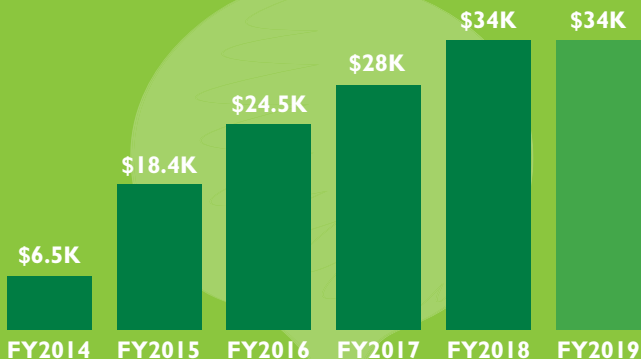
Please continue to share your ideas on how the co-op can better serve our community. You can email me directly at gm@monadnock.



double up food bucks

We recently launched the Double Up Food Bucks program. This program gives customers enrolled in the USDA Supplemental Nutrition Assistance Program (SNAP) the chance to double their dollars on purchases of fresh produce when they use their electronic benefit transfer (EBT) card.

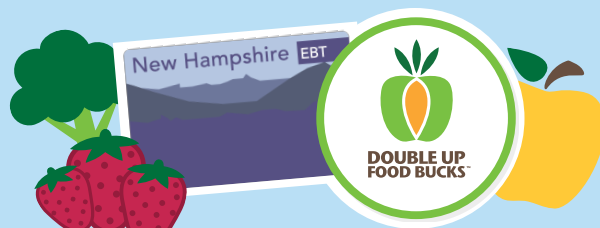
This win-win-win program allows people who receive SNAP benefits to stretch their dollars and purchase more fresh produce at the co-op. It means more healthy fruits and vegetables on people's plates, more money to our local farmers, and more money recirculating in our local economy.



HEALTHY FOOD FOR ALL DISCOUNTS
GIVEN TO LOW-INCOME COMMUNITY MEMBERS

HAVE EBT?

**ASK FOR
DOUBLE UP FOOD BUCKS
BEFORE YOU SWIPE**



**TO GET 50% OFF
FRUITS & VEGGIES TODAY**



supporting farmers beyond the co-op's shelves

by Jen Risley, *Marketing Manager*

Our support for farmers and local food producers extends **way** beyond the shelves of our co-op. In addition to offering local producers a year-round market, we provide direct financial support to producers through two programs: The Local Crowd (TLC) Monadnock and the Monadnock Food Co-op Farm Fund.

The Local Crowd Monadnock

TLC Monadnock empowers individuals to support local businesses through crowdfunding. Over the past two years, TLC Monadnock raised over \$100,000 from 750 supporters for sixteen crowdfunding campaigns, including four local farms and one bakery.

Noah Elbers of Orchard Hill Breadworks in Alstead launched a campaign to raise \$12,750 through TLC Monadnock. They're raising funds to buy a stone mill to provide our community with better tasting, more nutritious bread — while also bridging the gap between farmers and eaters. Learn more about their campaign at <http://c-fund.us/mqg>.

In 2019, the Monadnock Food Co-op became the host of TLC Monadnock. Our partners include NH Small Business Development Center, Greater Keene Chamber of Commerce, Greater Peterborough Chamber of Commerce, and Monadnock Economic Development Corporation. Learn more about TLC Monadnock: tlcmonadnock.com.

Monadnock Food Co-op Farm Fund

We created our second program, the Monadnock Food Co-op Farm Fund, in partnership with the Cheshire Country Conservation District in 2017. So far, nine local farms received over \$32,000 in grants. The fund's mission is to support local farmers in increasing sustainable food production and wholesale sales to contribute to a thriving local farm economy.

Our Farm Fund is an essential way to invest in the future of local, sustainable farming in our region. It helps ensure we have a healthy, local food system for our community. This year's winners include Sun Moon Farm of Rindge, Archway Farm of Keene, and Bascom Farm of Charlestown. Learn more at monadnockfood.coop/farmfund/.

KEY FINANCIAL DATA FISCAL YEAR 2019 UPDATE

expense overview

61.2%	Cost of Goods
23.8%	Personnel
3.5%	Occupancy
3.1%	Operating
3.3%	Admin & Marketing
0.5%	Taxes
0.1%	Donations & Discounts
0.2%	All Other
3.6%	Net Income

\$13,683,257

TOTAL SALES





income summary & balance sheet*

Fiscal Years ending June 30	FY 2019	FY 2018	FY 2017
Income Summary			
Sales	\$13,683	\$12,773	\$11,386
Net Income	\$488	\$411	\$314
Balance Sheet Summary			
Current Assets	\$2,338	\$1,861	\$1,530
Equipment & Leasehold Improvements	\$698	\$595	\$589
Other	\$153	\$395	\$477
Total Assets	\$3,189	\$2,851	\$2,596
Liabilities			
Current Liabilities	\$1,017	\$996	\$628
Long Term Debt	\$299	\$421	\$916
Deferred Taxes	\$51	\$80	\$133
Total Liabilities	\$1,367	\$1,497	\$1,677
Equity			
Membership Capital	\$661	\$621	\$552
Retained Earnings (Deficit)	\$508	\$733	\$367
Total Liabilities & Owners' Equity	\$3,189	\$2,851	\$2,596

*All numbers displayed in thousands

< Pictured: Our Six-Year Anniversary Cake

expansion is right around the corner

by Drew Bedard, *Finance Manager*

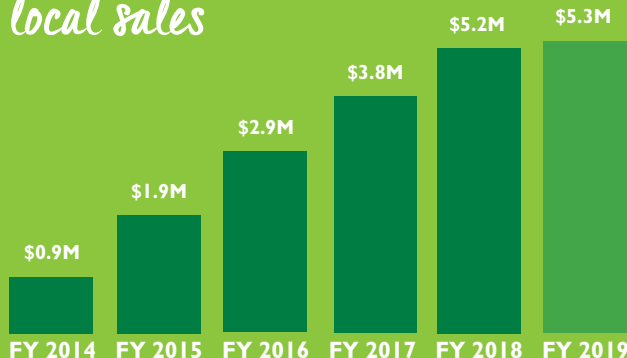
Our co-op's strong customer base continued to increase to nearly 475,000 transactions in fiscal year 2019. This increase pushed our sales to over \$13.6 million, an increase of 7.1% over the last year. Our sales growth and profitability continue to reach the upper quartile of like-sized co-ops that are members of National Cooperative Grocers.

Personnel expenses grew to 23.8% of sales in FY19, as the co-op continued to improve compensation and benefits for our staff. Operating expenses were right at plan this year, and equipment repairs and maintenance was kept to a minimum equating to net income of \$488K or 3.6% of sales. We outperformed our plan by \$240K or 1.6%. This performance resulted in a very positive impact on our cash flow, increasing our cash on hand by more than \$100K versus expectation. This year's numbers will help us considerably as we head into the expansion.

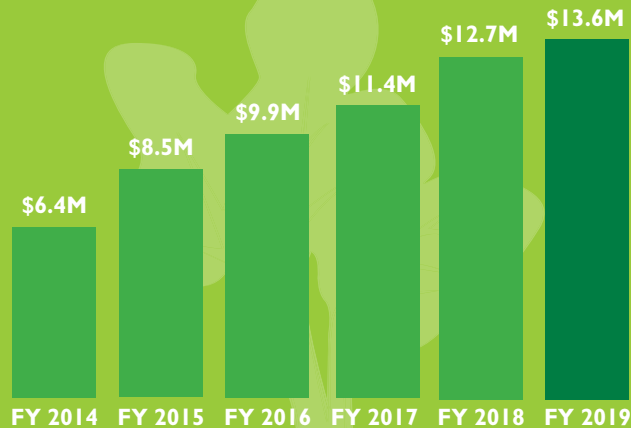
This profitability also means we will issue a patronage refund to our Member-Owners again this year. The payout will be \$60,233. This payout represents 20% of income attributable to Member-Owner sales totaling \$301,165 for FY19. The co-op will retain the remainder of the Member-Owner income to support our ongoing operations. Eligible Member-Owners who spent at least \$309 during the year will receive a refund of at least \$2.50 or 0.81% of their actual spending.

The improvements made to gross margin throughout FY18 continued into FY19. These improvements resulted in a positive effect on our bottom line, as the store outperformed our net income goal by 1.6% equaling a gain share payout of \$63,881 to employees. The support and profitability that our co-op has received from the community, Member-Owners, and staff over the years has put our store in a very strong position leading into the expansion. Thank you!

local sales



> Pictured: Local Producer Mark Florenz from Archway Farm



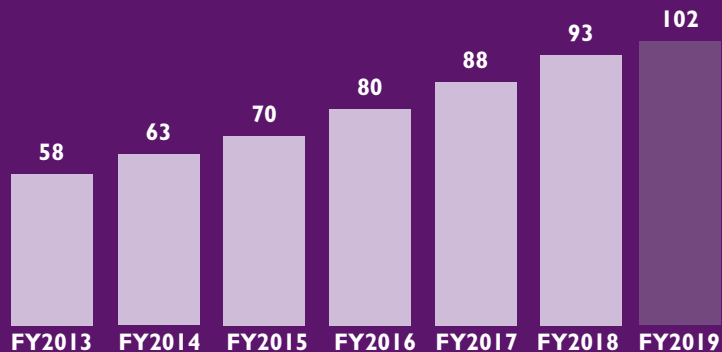
SALESTREND & GROWTH

7.1%

SALES GROWTH THIS FISCAL YEAR

\$60K

TO BE RETURNED AS PATRONAGE REFUNDS



OUR GROWING STAFF



9.7%

INCREASE IN STAFF FROM FY2018

\$63K

PAID TO STAFF AS GAINSHARE

our co-op family

by Sue Ells, Human Resources Manager

Our employee number has nearly doubled since we opened in 2013 with 56 staff. We now employ over 100 employees, up from an average of 92 last year.

Sharing the Profit

For the fourth year in a row, we paid Gain Share (profit sharing) bonuses quarterly and annually to our staff. Employees receive a Gain Share when our co-op's earnings surpass our budget. The bonuses, which totaled \$63,881 this year, are paid based on hours worked. For example, a staff person employed for the entire year earned nearly 51¢ per hour above their regular wage — thanks to our Gain Share.

Boosting Benefits

In January, we increased our hourly base wage to \$11.50 and raised our pay ranges for most of the positions in our store.

Our insurance brokers negotiated a rate reduction for our health insurance, so we increased the co-op's contribution to the premiums to help make coverage more affordable to our employees and their families. Employees working 30 hours or more per week are eligible to participate in our health insurance plan. Those who work at least 20 hours can participate in our dental insurance, also subsidized by our co-op.

We continue to provide up to a 3% match for eligible staff participating in our IRA plan, amounting to \$44,980 this fiscal year. We implemented an HR Information System called Paylocity. From applying for a job to onboarding, time reporting, payroll, benefits administration, to performance management, so much of the tasks can now be done online — saving time and paper. As we have grown, becoming more efficient has become a necessity.

"One thing that I think separates our co-op from other similar retail stores is our sole focus on giving the customer more than just a good greeting and excellent customer service. We offer an experience of connection and inspiration, an example of a strong, united community. In that regard, we stand alone, and it is rewarding to be a part of such a diverse and passionate team."

—Tim, Kitchen Supervisor



< Pictured Below: Cathrine, Laurie, Chris, and Danuta; Above: Allen and Joe. > Pictured Right: Tim, Dave, Jamie, and Ryan at Focus on Fresh Conference in Minneapolis, MN



GRILL FEST

FRIDAY, JUNE 14, 7AM - 9PM

Join us for a special grill fest with live music and special menu items.

100% CROWN ROAST OF PORK (10 lbs) \$100.00

ALL CROWN ROASTS | KIDNEY, NO. 100 LBS. (100) | HAMBURGERS (100) | HAMBURGERS (100)

 <p>\$5.99 lb</p>	 <p>\$13.99 lb</p>	 <p>\$10.99</p>
 <p>\$2.99</p>	 <p>\$2.16</p>	 <p>\$4.49 lb</p>
 <p>\$2.99 lb</p>	 <p>\$4.99 lb</p>	 <p>Look for this sign when you stop in to shop.</p>
 <p>\$2.15</p>	 <p>\$2.15</p>	 <p>flash sale</p>
 <p>\$2.99</p>	 <p>\$8.99 lb</p>	
 <p>\$2.16</p>	 <p>\$12.99</p>	
 <p>\$2.13</p>	 <p>\$1.99</p>	
 <p>\$9.99 lb</p>	 <p>\$7.99 lb</p>	
 <p>\$4.99</p>	 <p>\$4.49 lb</p>	

don't miss our raffle during grill fest

draw a \$1000 prize for your chance to win a

Chaco Brazil Pottery

Boss Electric Grill

or a \$100 gift card (see sign)

on every grill sale, please



Pictured: Kerry at our first-ever Grill Fest