

**MACOMB FOOD COOPERATIVE
ANNUAL MEETING/HARVEST PARTY
First Presbyterian Church, Macomb
October 5, 2019**

Present: 36 owners, Board Members and Producers

Guest: Sean Park (IIRA)

Board Present: Dustin (Dusty) Berg, Rose Elam, Ann Knowles, Tim Mealiff, Jeanne Nehls, Randy Powell, Maureen Wallen

6:00 pm potluck

7:00 pm meeting

7:00 pm Board election voting concluded

The meeting was called to order by Board President Dusty Berg at 7:05 pm. Dusty used a Power Point presentation to guide the meeting.

Welcoming Remarks. Dusty welcomed everyone and thanked them for their support of the Co-op.

Outgoing Board Members. Tim Mealiff and Jeanne Nehls were recognized as outgoing Board Members and applauded with thanks for their service.

Award. Dusty announced the first Jean Davenport Cooperator of the Year award will be given to Jean Davenport in recognition of her dedication and service to the Co-op. Jean trained new Manager Andrew McCune, then upon his departure in July, kept the LFM going the last few months, which took at least 20 hours each week. Each year, a non-board member will be selected to receive this award. The plaque will be displayed at the store. Even though Jean could not be present, she was applauded with gratitude.

Financial Statement. Margaret Ovitt, Treasurer, began by explaining she was elected as Board Chair in November 2018, and then stepped down from that role in April to dedicate her time to the Treasurer position. The Board decided to hire Cindy Carey of Carey Calculations to prepare payroll for a short period of time. It was learned from Carey Calculations that the Co-op hadn't filed its taxes since 2014. It was also determined that the Co-op had accumulated a credit card debt of \$9,700. By transferring \$6,000 to a 0% interest card, significant progress has been made to reduce the credit card debt, expected to be paid in full by June 2020. The ability to make this progress is mostly due to not having a payroll expense. Crystal Kepple, our full-time Manager, resigned at the end of May and the next hire, Manager Andrew McCune (21 hours/week), resigned at the end of July. The Co-op has been operating with an extremely dedicated core of volunteers since Andrew's resignation.

In January 2019, Margaret arranged a Board Training, conducted by Jacqueline Hannah, Cooperative Development Services. Jaclyn encouraged the Co-op to get trained on Quickbooks. Consulting with Director Jim Boyd of the WIU Small Business Center, he agreed to get people trained. Margaret thanked Sean Park, who has provided many hours of support towards getting finances in order. She also thanked Brian Davies, former Board member, who has spent many hours assisting generating POS reports, and helping with various financial matters. She has also been working with Bruce Mayer, CPA of Wegner's Accounting of Madison, Wisconsin, who has offered help with the taxes and who filed an extension for our 2019 taxes. Wegner's filed our FY13 and FY 14 tax returns.

The Co-op's fiscal year runs from July 1-June 30. We obtained a POS (Point of Sale) system through a generous anonymous donation in January, providing critical data. Margaret's Financial Statement to the members contained the last six months of data from when the POS was installed. To get the six months before that is a painstaking process of going through each bank and credit card statement. Progress is being made in that effort. The following chart was presented to members:

Treasurer's Report 2019 Data

	<u>February-June</u>	<u>July</u>	<u>August</u>
Total Income	\$9,134.25	\$8,207.62	\$10,010.84
COGs (Cost of Goods)	6,615.91	4,310.74	7,790.83
Gross Profit	2,518.34	3,896.88	2,220.01
Gross Profit Percentage	27.57%	47.48%	22.18%
Payroll	1,829.02	2,536.29	303.57
Operating Expenses	3,410.28	2,877.10	1,255.28
NET	-2,720.96	-1,516.51	661.16

Margaret concluded by recommending the new Board work with a Finance Committee to develop a budget and to make a decision about Quickbooks.

State of the Co-op. Board Chair Dusty Berg reported the following:

Achievements

- New POS obtained in January, 2019
- Membership increased to 515
- Redesign of the store, Phase I in April
- Focus Group

Goals

- Get back taxes filed
- Grow our volunteer base
- Take care of our existing volunteers so they don't burn out
- Grow our shopper base
- Financial stability
 - Pay off debts
 - Start a nest egg
 - Saturday events to get shoppers to the store
 - Grilling events
 - Purchase another 1-2 coolers; another freezer
- On line market (LFM). It was helpful in getting the store going, but is labor intensive (20+ hours/week). It costs \$100/month for the LFM service. Thoughts on having an In-Store Market instead?
- Working Members Program
- Specialized Volunteering (how you can help)
 - Store Committee
 - Marketing/Social Media
 - Events

Dusty asked for comments, questions, and ideas.

Concerns/Comments from Outgoing Board Member. Jeanne Nehls asked to speak. She is excited to hear members' comments about what could work but wanted to share information about what hasn't been working. Her comments might help make decisions more realistic when coming up with solutions. She loves the Co-op and wants it to succeed. She has been serving as Volunteer Coordinator and knows first-hand how difficult it is to fill the shifts with 9-10 volunteers to keep the store open during its advertised hours.

Jeanne thanked Brian Davies for helping her learn how to pull out the following data (**February 2019-present**, after the POS was installed):

515 total members
234 members who shopped
281 members who spent \$0

Of the 234 who shopped:

94 spent less than \$50 (less than \$1/week)
30 spent between \$50-100
35 spent \$100-200
19 spent \$200-300
15 spent \$300-400
12 spent \$400-500
29 spent more than \$500 (13 are current or former Board members, 2 were producers, 3 were weekly volunteers)

In August 2018, we had a Special Owners Meeting. The message to owners was – we need every member to shop, to spend \$10 a week. That has not happened. To say we have 515 members, that number is misleading, because they don't all shop. Crystal Kepple, former Store Manager, made a big impact on sales by hosting special events. Sales went up during those special events.

Dusty sent an appeal for volunteers in May of this year. It did not generate additional volunteers. Our cadre of volunteers are experiencing burnout. She isn't trying to guilt people into shopping or volunteering; everyone has their reasons for not being able to. This is a big issue. She knows everyone cares, but it isn't enough. This should be part of our discussion tonight – to be realistic.

Sean Park, Illinois Institute for Rural Affairs, spoke. He knows the Co-op's history. The acquisition of the POS was a huge improvement; we can't make smart, management decisions without knowing numbers/details. Taking care of the back tax filing is important. He agrees with Jeanne's statement about volunteers; a few volunteers can't be sustained over a long period of time. The longer we can hang on - get more volunteers, build revenue to enable purchase of cooler/freezer, enabling the store to carry produce on a regular basis - are all goals.

Joel Gruver asked if we have communication that goes out to all members? Does it target those not shopping? Dusty responded that we have a weekly invite-to-shop notice that goes to all members. When we selected our Focus Groups, certain shoppers were selected. Jeanne added that she picked shoppers in the \$40-125/year level. One comment received was stopping at the Co-op was another stop in their weekly shopping they didn't want to make. They felt guilt for not shopping, but since they shared their ideas, only two have shopped since then. We learned from a cooperative conference that first-year owners won't shop. We need to depend on the owners that joined in the second year and after.

Angela Morrell felt we were missing a huge market – the public. She has seen ads or articles occasionally where all are welcome to shop. Are we targeting the public? Jeanne replied that \$14,000 a year in sales are from non-members. Brian Davies added that non-members are 20% of our shoppers. Dusty said that we should grow that shopping group. Rose Elam added one of our members funded a texting program for the Co-op in May 2019 but it hasn't been used to its fullest potential. We lack people power to use the program effectively. The texting program requires people to activate it using a code.

Jamie Lane said there is not enough news in the media about the Co-op. She feels there are new Macomb/area residents that don't know about the store. Jeanne said the Co-op has paid for advertising but it is expensive. We have advertised on NPR and in The Voice. Rich Egger suggested writing our own newspaper articles. Letters to the Editor were suggested. Joel Gruver offered to write an article every month.

Bill Maakestadt said when the store opened, we were the only store that carried organics, distinguishing our store from others. Now all the stores carry those products. How do we differentiate ourselves from others? What can

we offer that shoppers can't get elsewhere? Dusty and Margaret responded – local, Fair Trade items, bulk, and loose organic tea.

Sue Scott read the Feasibility Study the Co-op had done in August 2017. It identified the market and people's mindset about where to shop. There has been a whole cultural shift we have to address. We have to educate people about why local healthy food makes a difference in our lives and sustains our economy. We have to market to that question. We need to be the advocates.

Marti Dallemeier (producer) has to educate people all the time about aronia berries and chestnuts. The Co-op doesn't have fruits and vegetables all year long like the grocery stores do. We need to advertise that our produce is in season – it has a better flavor. She and husband Jim have compared their chestnuts to those grown in Michigan, Italy and China. Theirs are better. The Midwest provides the best land for growing. That's how they have marketed their products. People have to be educated on how to use these products, when is the best time of year to buy it at the best price. We need to brag about our products and educate our consumers.

Joel Gruver thanked those that attended the WIU Farm to Fork event. The event wasn't as well attended this year. There were a few wrinkles behind the scenes, prompting a vision for something different. Attendees filled out a survey about their food culture and what local means. He is processing that information and will share it with the Co-op. Knoblauch Café has been serving lunch. It will be more student-oriented. It will be starting again in the spring, featuring local foods. If anyone wants to talk to Joel about a product you would like to see featured.

Brian Davies spoke about the impact of not having a Co-op employee. This has caused a crimp in our outreach; there is no outreach. We haven't set up at the Farmers Market. Current volunteers are running the store; they can't do other events. There is a Health and Fitness Fair November 7 at the Student Rec Center from 11:00-3:00. We have had a display at that Fair other years, but because he is busy in the store, he hesitates to register for the Fair. Please think about volunteering.

Election Results. Eleven absentee ballots were cast prior to the meeting; 36 ballots were cast at the meeting. Randy Powell and Jeanne Nehls tallied ballots. Randy gave the following election results:

John Curtis 3 year position
Brian Davies 3 year position
Mark Gruel 3 year position
David King 2 year position

Thus, the present configuration of the Board is:

	Term Ending
Dusty Berg	2021
John Curtis	2022
Brian Davies	2022
Rose Elam	2021
Mark Gruel	2022
David King	2021
Randy Powell	2020
Ann Runner	2020
Maureen Wallen	2020

Randy announced our next Board meeting will be October 14, 6:15 pm, City Hall community room. New, existing and outgoing Board members should plan to attend.

Meeting adjourned at 8:00 pm.