

# 2013 ANNUAL REPORT



*Café*  
**VERDE**  
FAIR TRADE COFFEE BAR



**PEOPLE'S  
FOOD CO-OP**  
COMMUNITY-OWNED NATURAL FOODS GROCERY

## *our* BOARD OF DIRECTORS



**GAIA  
KILE**  
**PRESIDENT**  
(734) 994-4937  
TERM EXPIRES 2014



**REBECCA  
KANNER**  
**VICE PRESIDENT**  
(734) 994-5717  
TERM EXPIRES 2015



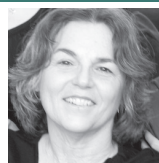
**MATTHEW  
GRAFF**  
**TREASURER**  
(734) 747-8111  
TERM EXPIRES 2016



**KEEGAN  
RODGERS**  
**SECRETARY**  
(734) 306-3394  
TERM EXPIRES 2015



**VANESSA  
MARR**  
**DIRECTOR**  
(734) 780-6523  
TERM EXPIRES 2014



**ANN  
SPRUNGER**  
**DIRECTOR**  
(734) 665-2764  
TERM EXPIRES 2016



**LEAH  
HAGAMEN**  
**DIRECTOR**  
(713) 687-7859  
TERM EXPIRES 2016

## *our* GENERAL MANAGER



**LESLEY  
PERKINS**  
(734) 212-0012

# AGENDA

- 6:30PM** Eats and greets
- 7:00PM** Call meeting to order, welcome and introductions
- 7:05PM** President's report
- 7:15PM** General Manager's report
- 7:25PM** Treasurer's report
- 7:35PM** Facilitated discussion and Q&A
- 7:50PM** Presentation of Life As Art Award, In Memory of Ken King
- 8:00PM** Election results announced
- 8:05PM** Tribute to Phil Dinehart
- 8:10PM** Chris Good and "Buy Local" music video
- 8:25PM** Community presentations by our Co-op Elders, Malik Yakini of the Detroit Black Community Food Security Network and others.
- 9:00PM** Close

# Gaia Kille PRESIDENT'S REPORT

I generally feel that Co-op members deserve more education about how our Co-op runs. I trust you all know members votes to elect the board of directors. The board has the four tasks of 1) hiring, evaluating and directing our general manager, 2) approving significant financial decisions, 3) establishing and monitoring organizational policies and board operations and 4) developing vision for the Co-op.


It was a year ago that we brought on our new general manager, Lesley Perkins. Having a new general manager has been exciting for the board. As Lesley has been learning the ropes she has done a lot to improve the efficiency of the Co-op while at the same time seeking to promote co-op values. This past year the board has spent important time developing our working relationship with the general manager.

The board approved two major financial purchases this year: the new hot bar and salad bar and a new point-of-sales system. If you have been into the prepared-foods section of the Co-op recently you have no doubt seen the new salad bar and hot bar. This update and expansion of prepared foods has been in the works for a few years. The new setup gives us the opportunity to expand lunch offerings. A point-of-sales system includes the cash registers and a whole lot more. Our current point-of-sales system is old and has been inadequate for the job we want it to do. The new system will allow us to better track store sales and finances as well as help our cashiers do their job.

The one board action this year about which I'm most proud was the passing of a model workplace ends policy. The Co-op's

ends represent those policies that state what we strive for. Over the past decade the idea of an ends policy regarding our employment practices has been considered and reconsidered. Finally, after considerable discussion and debate we developed, and by unanimous vote approved, an ends statement that called for PFC to be a model employer. This now joins our other ends policies that cover what we seek regarding products and services, cooperative community, collective action and education.

A number of recent efforts at the Co-op reflect the values embodied in the model workplace ends policy. Steps have been taken to improve staff training. The Co-op has started having storewide staff meetings that are staff run. Lesley and Susan Landauer, our human resources manager, have worked hard to figure out how to maximize healthcare coverage under the Affordable Care Act.

Finally the board has had increased contact with members this year. In addition to our ongoing coffee-with-the-board activities, more members have come to our monthly board meetings. Much of this has been thanks to a Co-op affinity group that calls themselves the Co-op Elders. My hats are off to them as a model of Co-op membership involvement. The board also participated in broader activities of the co-op movement. For instance, we all attended a "co-op café"—a day of discussions among food co-op board members held in Kalamazoo. 

# Matthew Graff TREASURER'S REPORT


2013 was not a high performance year for the Co-op in financial terms. We lost money, a lot of it. If you are reading this annual report you are already an involved Co-op member and I don't believe that we need to preach to the choir. What I will ask each of you is this: please introduce at least one new customer to the store during 2014.

Things are far from dire. We remain very strong on the balance sheet, with no significant debt and many months' worth of cash in the bank. Our new GM is completing her first year on board. There have been many physical improvements made and there are more to come. The staff is coming together as a re-organized team and we have reduced the number of management layers and broadened the scope of many staff roles. Look for an expanded sidewalk presence outside the store during the warmer weather.

We should remind ourselves of why we are co-op members. For me it is to take a larger share of responsibility and financial risk for the way I buy my food. I like knowing that more of my food dollars stay in our community. I like supporting food education and food justice in Ann Arbor. I like being a part of a collectively owned downtown grocery store and café in the good-food neighborhood. I like partnering with thousands of like-minded friends and acquaintances. Why are you a member?

The People's Food Co-op has been around for over 40 years. It feels like something permanent. Yet we each need to remember that it is no more permanent than any other retail business in Ann Arbor. In order to keep this wonderful option available, we need to vote

with our purchases and with our dollars. We need to promote the store to others who may not be aware of it. We need to give feedback to management about what we want to buy in our store. Come in and shop and use your member number.

Springtime is exciting. Get a boost from that energy and share it with your fellow member-owners and shoppers. Hopefully we will soon see a return to profitability along with increased member-owner activity. Once again, please introduce someone new to the Co-op. Show them some of the great products we carry. Perhaps they will join as a member-owner. Shop with them! I will see you at the store. 

### PFC Balance Sheet 12/31/13

Total Current Assets	975,702
Equipment/LHI	467,350
Other Assets	125,841
<b>Total Assets</b>	<b>1,568,893</b>
Total Liabilities	244,163
Total Equity	1,324,730
<b>Total Liabilities &amp; Equity</b>	<b>1,568,893</b>

### Income Statement 12/31/13

Gross Sales		6,655,011
Cost of Sales		4,021,351
<b>Gross Profit</b>	<b>39.6%</b>	<b>2,633,660</b>
Other Income		18,796
<b>EXPENSES</b>		
Personnel Expenses		(1,751,374)
Occupancy		(333,471)
Administration		(66,573)
Marketing Expenses		(187,556)
Facilities		(264,696)
Board of Directors Expenses		(25,715)
Depreciation Expense		(75,553)
Other Expenses		(6,897)
<b>TOTAL Expenses</b>		<b>(2,711,835)</b>
Profit before Taxes & Rebates		(59,379)
Income Taxes		(20,412)
Member Rebate (Qualified)		-
<b>Net Profit</b>		<b>(38,967)</b>

### Percentage of Sales to Members

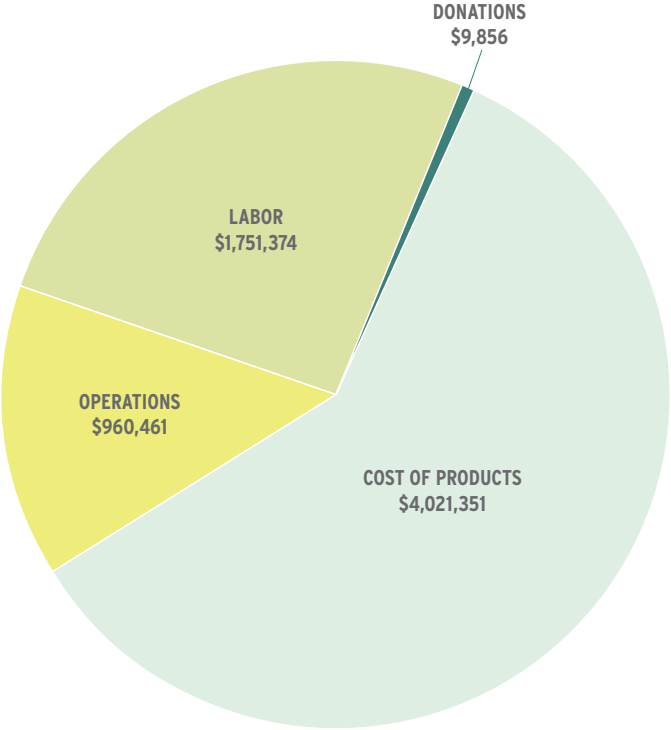
Member Sales	63.1%	4,199,904
Non-Member Sales	36.9%	2,455,107
<b>Total Sales</b>	<b>100%</b>	<b>6,655,011</b>

# STATEMENTS OF MEMBERS' EQUITY

Years ended December 31, 2013 and 2012

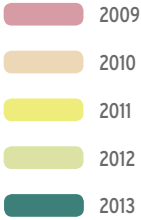
	MEMBERS' SHARES	NONQUALIFIED PATRONAGE DIVIDENDS	RETAINED EARNINGS	TOTAL
<b>Balance December 31, 2011</b>	\$513,583	\$33,868	\$724,078	\$1,271,529
Shares issued	36,278	—	—	36,278
Member shares receivable	(1,478)	—	—	(1,478)
Member shares redeemed	(9,660)	—	—	(9,660)
Payment authorized on nonqualified patronage dividends	—	(33,868)	—	(33,868)
Patronage dividends declared	—	—	(83,741)	(83,741)
Net income	—	—	153,371	153,371
<b>Balance December 31, 2012</b>	\$538,723	—	\$793,708	\$1,332,431
Shares issued	34,890	—	—	34,890
Member shares receivable	(977)	—	—	(977)
Member shares redeemed	(10,080)	—	—	(10,080)
Prior patronage forfeited	—	—	7,433	7,433
Net income	—	—	(38,967)	(38,967)
<b>Balance December 31, 2013</b>	\$562,556	—	\$762,174	\$1,324,730

# HOW YOUR MONEY WAS USED IN 2013

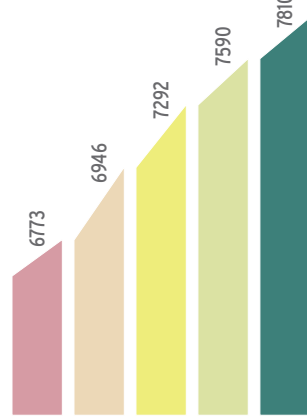




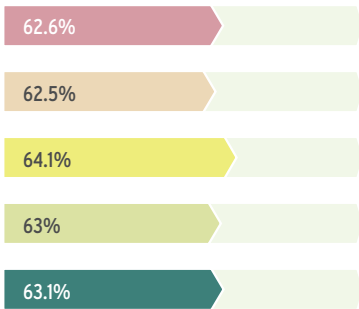
# KEY INDICATORS: A FIVE YEAR HISTORY



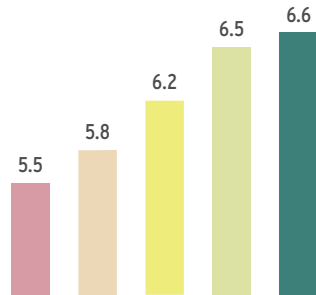
NUMBER OF MEMBER-OWNERS



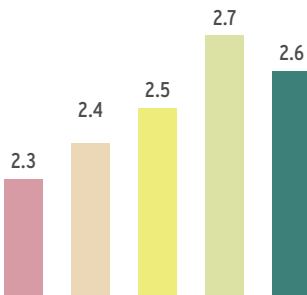
PERCENTAGE OF SALES TO MEMBER-OWNERS



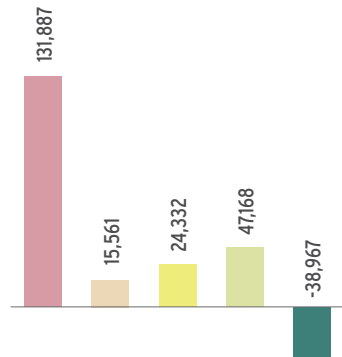
GROSS SALES in millions of dollars



GROSS PROFIT in millions of dollars



NET PROFIT



# Lesley Perkins GENERAL MANAGER'S REPORT


A year almost to the day has come and gone since I stood in front of you at our annual meeting last year. It was on my first week on the job. Since then we have been getting our ship in order cleaning and tidying and generally getting ourselves efficient. Ann Arbor is a town full of educated consumers. It is also a town somewhat saturated with high-quality grocery stores creating a huge amount of competition for the Coop. Every store now has an organic section so the Co-op has to work even harder to keep what we do front and center in the minds of our shoppers. The fact that we are still in business with so much competition around shows that membership has meaning. It shows us that loyalty is not a forgotten virtue. We have truly stuck to our cooperative principles yet somehow managed to compete enough to keep ourselves in business.

With that in mind we set about getting ourselves up to date and up to code with new equipment carrying out plans that had been put on hold. We have done a lot of reorganization and with the installation of our new point-of-sale system and cash register lanes we ought to be poised to accomplish our goal of getting our net profit back in the black and our operations further streamlined. That way many of our outreach and education plans and ideas can be accomplished.

One of the great things about being a co-op is that the staff are incredibly supportive with the changes that are being made. They choose to work here because we are a co-op and they feel ownership in its success. It cannot be denied that 2013 was not a good year for us. Customer count was down and so were

sales. I think there is more than one reason for this. An unfortunate culmination of various factors, such as the rough winter, has been acting against us. However, with the resolve of the staff and some new ways of looking at ourselves, we fully believe the tide is turning.

Many of the improvements have been internal. Susan our 'one person' Human Resources Department worked really hard last year wading through the pages and pages of Affordable Care Act documents until we were able to expand our eligibility for staff and do it a year before it is mandated by the federal government. We have contracted with Washtenaw Community College to send all managers to various training courses giving them a deeper insight into their jobs. Not only do these managers do the research and buying for their departments, they are also involved in the hiring and supervising of their staff. There is never any shortage of ideas from staff and members alike for cutting costs, adding outreach activities and improving the work place. This is what makes it a vibrant place to work.

You will see us out and about at more of the summer events and each Saturday we will be under our tent, right in front of the Co-op, chatting with you and sometimes offering samples of goodies from our bakery or grocery store. So onward into another year. Our plan is to stick to our cooperative principles, meet our co-op ends, make strides in our education programs and have a lot of fun doing it. Are you with us? 

# *Kevin Sharp* MARKETING & MEMBER SERVICES MANAGER

My team and I have the rewarding job of carrying the Co-op's message out into the community. PFC was once again a major sponsor of both the HomeGrown Festival and the Local Food Summit. Both are major events and highlight so much that's dynamically evolving with our local foods and sustainable economy. We participated in Huron River Day, the Mayor's Green Fair on Main St., African American Downtown Festival and other events. We took part in panel discussions for budding local food entrepreneurs and were featured on CTN's Green Room about the positive environmental and local economic impacts of shopping at food cooperatives.


Last fall we hosted our third-annual farm tour. For this one we focused on backyard and community gardens within blocks of the Co-op. The idea was to show how much food can be produced in a small, suburban space and on a level that's doable for just about anyone. We toured a robust Zen-designed garden just started in May, a mature garden complete with chickens and fruit trees and community and faith gardens with produce shared with seniors and Food Gatherers.

We have extended our reach into social media increasing Facebook by 10 percent and Twitter by 17 percent. For Pinterest we had a 45-percent increase. In addition to *Connection*, we continued our e-newsletter and initiated a weekly electronic Small Bites containing "Food inspiration from your Co-op." Over 600 are now eNews subscribers, an increase of 15 percent.

On our education front, PFC sponsored a record number 27 Healthy Living and cooking

classes, most free and open to the public. We worked closely with the PFC board to make online voting an option with the 2014 election. In 2013 we introduced our Co+op Explorers initiative in which children enjoy a complimentary organic banana each time they visit the Co-op while learning the value of making healthy snack choices.

PFC supported numerous organizations in 2013 through cash, food, gift baskets and in-kind donations. Among these were 826Michigan, AAATA Bike to Work, Allen Creek Greenway Conservancy, Ann Arbor Sharing Summit, Bike Ypsi, Planet Blue's Earth Day on the Diag, Friends of Michigan Midwives, Friends in Deed, Growing Hope, Huron River Watershed Counsel, Michigan Theater, Neutral Zone, Rudolf Steiner Health Center and Take Back the Night.

Many thanks to the team including Outreach Coordinator, Karen Vigmostad, Ph.D., and our new Graphics Coordinator, Rebekka Kuhn, who joined the staff in the summer of 2013. 

# 2014 *Ken King* LIFE AS ART AWARD




## PAUL BANTLE & ANNE ELDER

Paul Bantle lived at Ken and Cathy King's farm in the late 1980s. Paul was baking at Wildflour Community Bakery and helped on the farm living in a tipi and then in the King's stone cabin. Paul and Anne were founding members of Wildflour, a worker collective. Paul left the farm to start his life with Anne and that strong connection with the Kings remains.

In 1991 Paul and Anne took over the Community Farm of Ann Arbor and became full-time farmers. As the first community-supported agriculture farm in Michigan and the eighth in country, Community Farm is a group of farmers and growers who provide produce to as many as 100 members. Paul and Anne practice holistic biodynamic organic farming that strives to enhance the health of the farm and quality and flavor of the food by working with nature.

Helping planet Earth, Paul, Anne and members of the farm designed and retrofitted a tractor to run by solar energy, installed solar panels, reuse wooden boxes to grow seeds and raise bees as pollinators. The Elders have opened the minds and hearts of the many who have worked side by side with them in the field.

Anne and Paul are committed to community and sharing their knowledge, passions and lives with others. Anne initiated Rolling in Dough, a children's baking class series at the Co-op. Paul built a community oven and delivered desem bread by bicycle. They participate in community events like HomeGrown and the Ann Arbor Farmers' Market. In 2011 they created Chrysalis, a biodynamic agricultural learning center in Chelsea. 



Ken King was a pioneer organic farmer, owner of Frog Holler Organic Farm and a dear friend to the People's Food Co-op. He passed away in 2009. In honor of his legacy PFC established the Ken King Life as Art Award to be given each year to someone who has shown fearless and creative dedication and hard work living their ideals in the realms of social justice, politics, spirituality, art or just plain conscious living. Recipients of the award are chosen by a committee of PFC board members and member-owners.

## PREVIOUS WINNERS

**2009 KEN KING**

**2010 JEANNINE PALMS**

**2011 JIM CROWFOOT**

**2012 CLAIRE & PAUL TINKERHESS**

**2013 LA'RON WILLIAMS**

## *cooperative affiliation*

Just as the People's Food Co-op is a consumer cooperative, owned and controlled by the people in our community, PFC is affiliated with cooperatives made up of co-ops nationwide. Several, including the National Cooperative Bank, University of Michigan Credit Union, North Country Development Fund and South Metro Federal Credit Union, offer banking and financial services. Our money is also leveraged for co-ops elsewhere seeking financial services. Frontier Herbs provides us with many of the herbs, spices and other products we sell, and Cooperative Development Services offers valuable consulting and other professional services, both for our staff and board. Without question a primary cooperative affiliation of ours is the National Cooperative Grocers Association (NCGA), of which both PFC and the Ypsi Food Co-op are charter members. The NCGA is a business-services cooperative and was founded in 1999. It is made up of nearly 140 co-ops operating 180 stores in 37 states with combined annual sales of over \$1.5 billion. The NCGA links these independent food co-ops nationwide into a virtual "chain," sharing best practices, optimizing our marketing efforts and providing professional development services on a variety of fronts. NCGA exists to help the member co-ops proliferate in an increasingly competitive market and has been critical to PFC's success. The 6th Cooperative Principle is "Cooperation among cooperatives." By joining together with co-ops nationwide we strengthen and enrich not only our own co-op, but the cooperative movement as a whole.





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**PEOPLESFOOD.COOP**

