



AGENDA

- 6:30 - Guests Arrive**
(Dinner, Mingle, Read the Posters)
- 6:50 - Welcoming Statement**
- 7:15 - General Manager's Report**
- 7:25 - King Life as Art Award**
- 7:30 - Voting Ends**
- 8:00 - Election Results**
- 8:10 - Member's Agenda & Comments**
- 8:30 - Close**



PFC INTERIM General Manager 2015-2016 GM LETTER

2016 and early 2017 have been times of great transition and change at our co-op.

Structural improvements to our floors and lighting. Improvements in our promotions and pricing with more and more staple grocery items at an everyday low price. And a continued commitment to improving every aspect of the customer experience at the People's Food Co-op!

Our/your staff has also collaborated to overcome challenges such as downed power lines and a basement flood and though it all we did our best to not have any interruption to our service and commitment to our members and shoppers.

Lesley Perkins, our General Manager of three and a half years stepped down in December. Her passion and caring for the co-op will always be remembered. Lori, our Wellness AND Customer Service Manager then stepped into the role of Interim GM, a job she has served our co-op in before. During her tenure this year she helped us through perhaps the greatest change of the past six months, the contract negotiation of our co-op as a unionized work place as our staff joined the local UFCW 876! To me, our staff unionizing is one step of many in our co-op's long journey to find a connective, supportive, conscientious and committed path forward towards food justice and on a larger scale, social justice.

We are more than a natural foods grocery store, kitchen, bakery and cafe. We are also stewards of change. But, we also are: a cafe, kitchen, grocery store and bakery. We do not exist in a vacuum and in the increasingly competitive food market of Ann Arbor we are challenged to maintain the differentiating and connective



PFC Board of Directors 2016-2017 PRESIDENT'S REPORT

The Co-op membership relies on its Board of Directors to keep cooperative governance alive and well. There are Four Pillars of Cooperative Governance that shape the structure of PFC's business and our community. The Board shapes its work on these tenants: Teaming, Accountable Empowerment, Strategic Leadership and Democracy. As we conducted business this past year, we needed strategic leadership to determine how best PFC could meet its Ends Policies and achieve economic viability. As a cooperative we use the democratic process to practice and to promote our principles. It also means that PFC members have a great opportunity and responsibility to elect a Board of Directors to represent the members.

As members you count on your Board of Directors to keep cooperative governance alive and well. The Board is currently working on reestablishing our vision of community and our Ends Policies to determine how best to serve our Co-op in a fiscally sound manner. We are asking some hard questions: should we stay the size we are? Should we remain in downtown Ann Arbor or build a bigger store with a big parking lot somewhere else? How can we grow a younger and more diverse membership?

We welcomed three new members to the Board of Directors: Bruce Curtis, Persephone Hernandez-Vogt and Jaime Magiera. In the 2016 election, the membership voted to add 2 new directors to the Board. One will be added in the 2017 election,

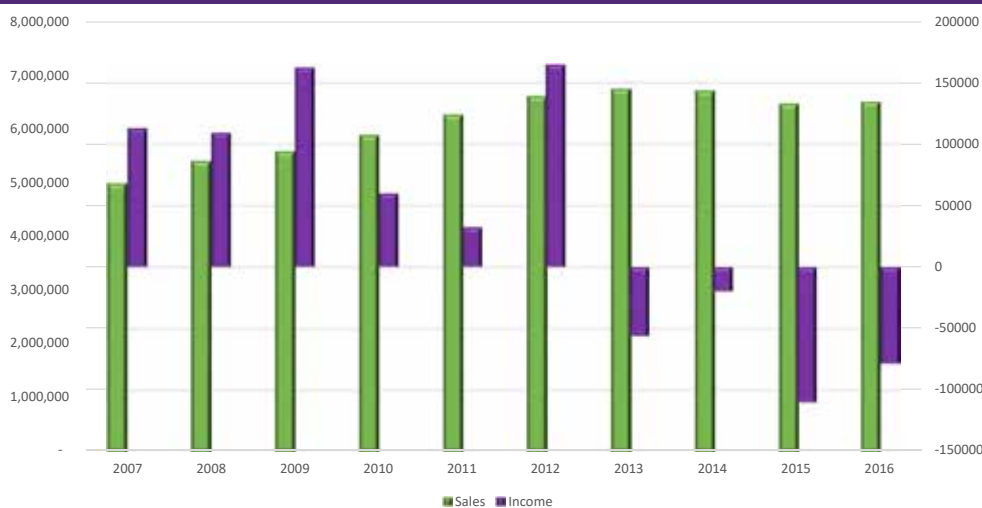
and one in 2018, bringing the total number to 9 Directors. The Board meetings are held on the third Wednesday of each month at 6:30 p.m. at St. Andrews Church in Ann Arbor. All members are encouraged to attend.

This past year the Board was active in the following ways:

- We published Board and store information through our monthly newsletter, Board Matters. This newsletter is emailed to the membership through our current email group. Please let us know if you would like to receive this newsletter, please contact president@peoplesfood.coop
- We held two retreats, one in October and one in March, to think through our mission and how to move forward with our commitments to the Co-operative.
- We undertook a complete reboot of our policies, reviewing them for accuracy and simplicity of interpretation.

Our General Manager, Leslie Perkins, resigned in mid-December 2016. Lori Crall, long term PFC staff member, served as the Interim GM until March 31. Angie Voiles, PFC Grocery Manager, is currently taking on the role of Interim GM. A search committee was formed in January 2017. It includes three Board members, three staff members, and one member at large. The Board hired Anne Evans, SPHR of Twenty 80, LLC to oversee the search. Our goal is to have a new GM in place by early Summer 2017. ■

Sales & Income by Year



BOARD OF DIRECTORS



ANN SPRUNGER
PRESIDENT
(734)-665-2764
TERM EXPIRES 2018



LEAH HAGAMEN
VICE PRESIDENT
(713)-687-7859
TERM EXPIRES 2019



KEEGAN RODGERS
SECRETARY
(734)-306-3394
TERM EXPIRES 2019



BRUCE CURTIS
TREASURER
(734)-216-0580
TERM EXPIRES 2017



GAIA KILE
DIRECTOR
(734)-994-4937
TERM EXPIRES 2017



JAIME MAGIERA
DIRECTOR
TERM EXPIRES 2018



PERSEPHONE HERNANDEZ-VOGT
DIRECTOR
TERM EXPIRES 2019



PFC Board of Directors 2016-2017 TREASURER'S REPORT

2016 started out as a rough year for the co-op, as we lost over \$106,000 in 2015, on sales of over \$6,471,000, a loss of about 1.6%. However, we were optimistic going into the new year, as we were working well together and our staff was providing consistent and timely financial reports. But we were also fighting a national trend of declining sales for food co-ops in markets with lots of natural foods competition. So we knew the Board, staff, and the General Manager had to be extra focused to get our financials turned around.

Changes were made in the store, with all new lighting and new floors. That really brightened things up. Also, early in the year, the discount structure was changed to bring us more into alignment with other co-ops around the country. Our membership discount structure was a legacy from the past that didn't seem to be rooted in any solid economics. In short, even though it was good for our members, it wasn't good for our co-op, as we were giving away too much money!

Over the course of the year, staff worked diligently to control costs in all departments, and a number of the departments reworked their product lines and improved their product layouts.

Our total sales over the summer were down, as many of our shoppers left town. Yet by the fall, we felt that we were still making progress. But then in November, we had the union organizing drive, which resulted in additional legal fees as we navigated through the organizing and union election process. We also had a rough day at the end of November, when we had to close the store on Wednesday, our member discount day, due to a sewer overflow in the basement, where we also lost inventory.

Then came the resignation of Lesley Perkins, our General Manager, which was a big blow late in the year. Yet, despite all this, we came out ahead of 2015, with a loss of \$78,600, an improvement of \$28,000. Our total sales for 2016

were up slightly over 2015. Our current forecast for 2017 indicates that we will be much closer to break-even at the end of this year.

As we close in on hiring our new General Manager, our task in front of us is to rapidly get the new GM up to speed, and working harmoniously with our dedicated staff members. Budgets and forecasts need to be reworked and long term plans need to be developed. We need to really strengthen our niche in the community, and we need to work closely with our members and staff to accomplish this. With your help, we can do this.

As Treasurer, I really appreciate the concerns I hear from our members and shoppers. We have a lot going for us, and I and the rest of the Board of Directors fully believe that we can turn this around, and make the co-op a viable prosperous enterprise for years to come.

Thanks for your support! ■

PEOPLE'S FOOD COOPERATIVE BALANCE SHEETS

	Reviewed 2016	Audited 2015
CURRENT ASSETS		
Cash	\$496,433	\$558,431
Accounts receivable	3,500	2,948
Inventory	245,121	235,908
Prepaid expenses	43,228	45,547
Prepaid income taxes	-	5,200
Total current assets	788,282	848,034
Equipment & leasehold improvements - net	427,825	423,068
OTHER ASSETS		
"Equity & deposits in other cooperatives"	139,233	127,921
Deferred taxes	60,000	40,000
Security deposits	13,814	13,814
Total assets	\$1,429,154	\$1,452,837
LIABILITIES & MEMBERS' EQUITY CURRENT LIABILITIES		
Accounts payable	\$189,502	\$165,975
Line of credit	4,631	-
Accrued liabilities	50,135	46,164
Total liabilities	244,268	212,139
MEMBERS' EQUITY		
Members' shares	627,967	605,145
Retained earnings	556,919	635,553
Total members' equity	1,184,886	1,240,698
Total liabilities & members' equity	\$1,429,154	\$1,452,837

PEOPLE'S FOOD COOPERATIVE STATEMENT OF OPERATIONS

	Reviewed 2016	Audited 2015
Sales	\$6,506,524	\$6,470,870
Less: Member discounts	(164,108)	(160,811)
Net sales	6,342,416	6,310,059
Cost of sales	3,872,404	3,871,202
Gross profit	2,470,012	2,438,857
OPERATING EXPENSES		
Personnel	1,798,425	1,731,407
Occupancy	311,762	335,871
Operating expenses	235,341	202,735
Promotions	88,617	143,604
Depreciation expense	75,875	102,244
Administrative expenses	51,024	45,149
Governance	23,654	28,973
Total operating expenses	2,584,698	2,589,983
OTHER INCOME (EXPENSE)		
Other income	20,355	27,767
Other expense	(4,303)	(5,348)
Total other income (expense)	16,052	22,419
Net loss before income taxes	(98,634)	(128,707)
Provision for income taxes	20,000	22,000
Net loss	(78,634)	(106,707)

2017 Ken King LIFE AS ART AWARD



PAUL BURGER, JR
(1988-2016)

Paul's life was shaped by his two great passions: community service and sustainable farming.

After leading two trips in college to rebuild homes damaged by Hurricane Katrina, he took an AmeriCorps position at Edible Avalon and Growing Hope, and developed his enthusiasm for growing food.

Paul helped create the Dixboro Farmers Market, worked on several area farms, and became a fixture at the Ann Arbor Farmer's Market where he was a helper and friend to many vendors. In the winter he would often substitute teach in the Ann Arbor public schools and particularly loved working in the special needs classrooms. Paul knew the importance of even the smallest gesture of kindness, for which he is remembered by his friends, family and all that knew him.

PREVIOUS WINNERS

2009 KEN KING

2010 JEANNINE PALMS

2011 JIM CROWFOOT

2012 CLAIRE & PAUL TINKERHESS

2013 LA'RON WILLIAMS

2014 PAUL BANTLE & ANNE ELDER

2015 MARK HODESH

2016 SANDOR & LASZLO SLOMOVITS



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.

Interim GM Report Continued

commitment between: our member-owners/customers, our staff, and the board of directors. It's the very thing that defines our uniqueness and yet is the greatest challenge we currently face. We, each of us in our respective roles are being called upon to be committed agents of change and positivity as we strive to support, promote, and utilize all our co-op has to offer!

We are all incredibly lucky to be a part of a business that has a triple bottom line, valuing people and our environment equally with our profitability. The importance of profit, however, cannot be ignored. We are not in a dire financial situation but, like all businesses, income drives our goals. We cannot continue to serve our community without the support of our community. And I do mean this very elementally:

Come shop at the co-op! Tell your friends about the delicious food and amazing staff! Let us know how we can better serve you!

I hope 2017 and beyond finds us all in solidarity and commitment to meaningful reinvestment in: community (local and global) and food quality and justice!

Thank you all for your support and work towards a greater good! ■



PFC Board Meeting

Third Wednesday of the Month!

6:30p.m. - 8:30p.m.

St Andrews Church
on Division Street

Everybody is Welcome!




Café
VERDE
FAIR TRADE COFFEE BAR



**PEOPLE'S
FOOD CO-OP**
BAKERY & NATURAL FOODS GROCERY STORE