



2018 ANNUAL REPORT

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



General Manager
2018 GM LETTER
 ANGIE VOILES

I grew up in this co-op.

And I love this co-op.

Now I am faced with the exciting challenge of leading our co-op.

The PFC that we all love and remember needs to evolve because our business and our community has evolved. The past five years have not been profitable. For the health and survival of our business, and ultimately our mission, we need to collectively invest in our future. We need to come together as owners of our business. We need to imagine and work towards the future that we want and need from our co-op.

Investment is the key here. We all need to remember why we ever became member-owners, and we need to remember what that means: a belief

and love of good food, the deep pervasive value of a thriving local economy, accessibility of food to all members of our community, and democratic ownership of a business which makes all the other values possible.

Our challenge is how our co-op can grow to meet those ends. More than that, how the co-op can thrive to accomplish even more. A wise person recently told me that we would be the last generation of our co-op if we don't make the important and hard choices about our future now.

Please join me, talk to me, help me make our co-op strong and relevant again. It has been and will always be our collective strength, passion, knowledge and commitment that makes us strong!

This is our rebellion for democracy, inclusivity and food justice!



PFC Board of Directors
2017-2018 PRESIDENT'S REPORT
 ANN SPRUNGER PRESIDENT

This past year the PFC Board of Directors focused their activities on assessing the current climate at the Co-op and worked to improve the our future. The essential role of the Board is to hire and supervise the General Manager (who in turn runs the store). A great deal of effort and expense was focused on hiring a new General Manager following the resignation of Lesley Perkins in December 2016. We offered the position to Michael Walters, who arrived in mid-August 2017, for orientation and then resigned for personal reasons shortly thereafter. A search committee was promptly created to begin a new search. During the interim, Lori Crall and Angie Voiles served as Interim General Manager.

After a careful assessment of management issues, we hired Luke Schell as an Interim General Manager/Consultant. Luke's role was defined to be a change maker. We determined that his 30 years in the food industry, including 12 in co-operative management, would assist with a review of our overall operations, to implement the findings from our NCG store assessment (conducted in May 2017) and to help us envision a future that might require major changes in operations. Following Luke's 4 month tenure, Angie Voiles was hired and began her new role as General Manager April 1, 2018.

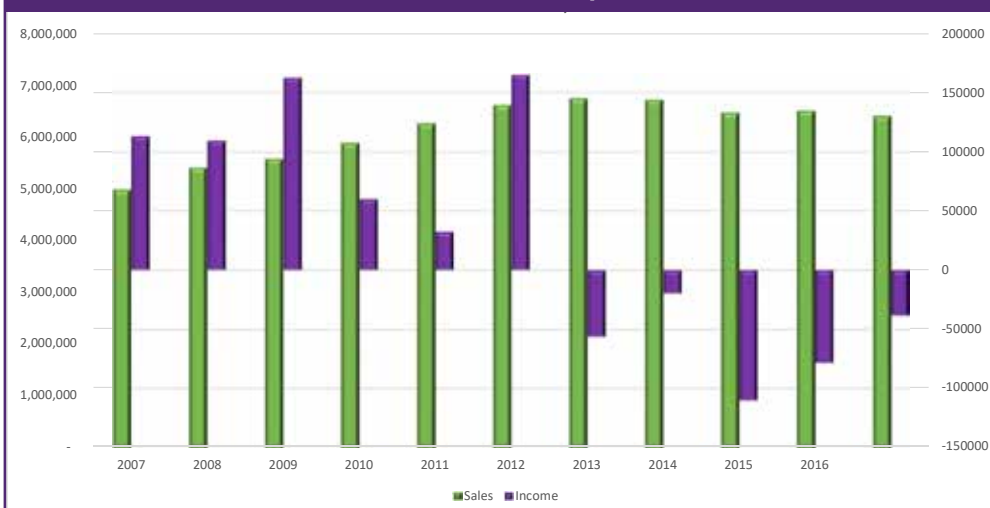
The Board makes sure our by-laws and policies are followed. A major revision of our policies is

underway because we need policies that are clear and concise. We continue to retain the CDS Consulting Co-op who supports our Board with policy and procedures as well as helps us to improve our work. CDS facilitates our annual Board retreat (held in November) and connects us to other co-op boards around the U.S., especially through the Co-op Café events which were held in Ann Arbor. The monthly Board meetings are open to the membership. We have taken steps to make our Board meetings and decisions more transparent to members by making more supportive documents available on the PFC website through the link to the Board of Directors. We reviewed each of our committee charters for purpose and procedures. The Finance Committee meets monthly. We are working to reactivate our Linkage Committee. We have appointed at least one Co-op member/owner to each of our working committees.

Our general election in April 2016 allowed for an additional board seat, resulting in an 8th Director being added to the Board in May 2018. In September, newly elected Board member, Jeremy Lapham resigned due to personal reasons. The Board appointed Steve Rich to fill this vacant seat beginning in November. Keegan Rodgers resigned in early January 2018.

It was an unusually busy and productive year. Your Board has worked hard on your behalf.

Sales & Income by Year



BOARD OF DIRECTORS



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



JAIME MAGIERA
 VICE PRESIDENT
 TERM EXPIRES 2018



BRUCE CURTIS
 TREASURER
 (734)-216-0580
 TERM EXPIRES 2020



GAIA KILE
 DIRECTOR
 (734)-994-4937
 TERM EXPIRES 2020



PERSEPHONE HERNANDEZ-VOGT
 DIRECTOR
 TERM EXPIRES 2019



LEAH HAGAMEN
 DIRECTOR
 (713)-687-7859
 TERM EXPIRES 2019



STEVE RICH
 DIRECTOR
 TERM EXPIRES 2020



AMANDA Mc CRELESS
 DIRECTOR
 TERM EXPIRES 2019



PFC Board of Directors 2017-2018 TREASURER'S REPORT

BRUCE CURTIS TREASURER

Our co-op continues to face financial challenges: we have bad news and good news. In 2017 we had sales of \$6.4 million, a drop of \$100,000 from 2016. Since 2013, our sales every year have been in that range, with no growth, and there have been losses each of those years. Our 2017 loss was \$83,000 before taxes, about 1.3% of sales. This was an improvement of \$15,000 over 2016, and \$39,000 over 2015. So there is improvement, but not enough. The good news is that if we deduct one time costs--the legal fees related to the staff unionization and the costs of the GM job search-- the improvement over 2016 would be \$45,000 or more.

We expect a better bottom line in 2018, as we have improved our annual budget process and our labor cost management. Will this be good

enough? We continue to work with a facility that has major limitations- no loading dock, not enough storage, inadequate kitchen space, and limited parking--all of which limit our sales growth potential. But, we have no major debt. We have cash from member fees and past operations. Our challenge is to monitor our sales and expenses and make improvements in a timely fashion. The Interim General Manager, Leadership Team and the Board have been exploring our best options for reversing loss of sales. We must make changes to our operations to improve our future.

No matter which decisions we make, we are going to need additional funds to do it. Our membership fee is well below average for most co-ops, and our member discount is higher than most. In the next few months, we will be

looking at changes to our membership fees and modifications to our discount structure, as well as other ways to raise additional funds. We need our members to enthusiastically join with us as we begin a new chapter in the co-op's history.

Last year at this time, I wrote these words for our annual report- "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." Well, I am proud to say we actually did that, and we are working on our long-term plans! With your continued support, we can move our co-op into the future.

PEOPLE'S FOOD COOPERATIVE, INC. BALANCE SHEET

Years ended December 31
2017 2016

ASSETS		
CURRENT ASSETS		
Cash	\$510,676	\$496,433
Accounts receivable	3,692	3,500
Inventories	246,507	245,121
Prepaid expenses	18,525	43,228
Total current assets	779,400	788,282
Equipment & leasehold improvements-net	376,286	427,825

OTHER ASSETS		
Equity & deposits in other cooperatives	144,593	139,233
Deferred taxes	96,000	60,000
Security deposits	13,814	13,814
Total assets	\$1,410,093	\$1,429,154

LIABILITIES & MEMBERS EQUITY CURRENT LIABILITIES		
Accounts payable	\$187,621	\$189,502
Line of credit	- 4,631	
Accrued liabilities	58,396	50,135
Total liabilities	246,017	244,268

MEMBERS' EQUITY		
Members' shares	645,692	627,967
Retained earnings	518,384	556,919
Total members' equity	1,164,076	1,184,886
Total liabilities & members' equity	\$1,410,093	\$1,429,154

PEOPLE'S FOOD COOPERATIVE, INC. STATEMENT OF OPERATIONS

Years ended December 31
2017 2016
(Review Pending) (Reviewed)

SALES REVENUE		
Sales	\$6,408,670	\$6,506,524
Less: Member discounts	(153,000)	(164,108)
Net sales	6,255,670	6,342,416
Cost of sales	3,861,054	3,872,404
Gross profit	2,394,616	2,470,012

OPERATING EXPENSES		
Personnel	1,626,176	1,798,425
Occupancy	326,448	311,762
Operating expenses	264,784	235,341
Administrative expenses	94,198	51,024
Promotions	78,813	88,617
Depreciation expense	75,612	75,875
Governance	20,976	23,654
Total	2,487,007	2,584,698

OTHER INCOME (EXPENSE)		
Other income	18,961	20,355
Other expense	(1,105)	(4,303)
Total other income (expense)	17,856	16,052
Net loss before income taxes	(74,535)	(98,634)
Provision for income taxes	36,000	20,000
Net loss	\$(38,535)	\$(78,634)

2018 Ken King LIFE AS ART AWARD



ELMO MORALES

PHOTO BY: DOUG COOMBE

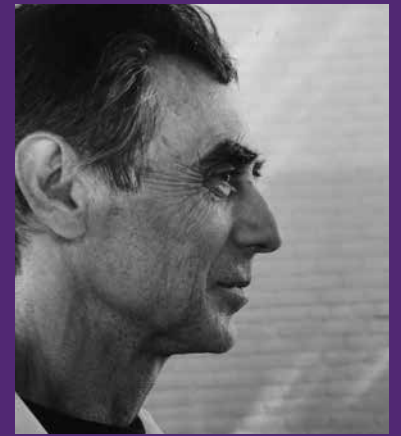
Elmo Morales is a well known and well loved part of the Ann Arbor area community. Many of us first met Elmo when he was teaching Physical Education at Community

High School. Forty years ago he started Elmo's T-Shirts. Through that work he has supported hundreds of community events, as well as offering individual encouragement and kindness to friends, former students, business peers, and especially the running community.

Since the '70s Elmo has been encouraging us to be active and healthy. He is credited with originating the Dexter Ann Arbor Run in 1974, numerous fun runs to get people to run non-competitively, as well as opening a studio for spinning classes.

Most recently Elmo opened "Elmo's Ping Pong Palace" which is also intended to support Olympic level Ping Pong goals. He has approached this newest project with the same enthusiasm and generosity as his other ventures, but one that is still first and foremost community centered.

He is a much loved and cherished fixture in our community. His work and his life are moving art, an expression of a man with a big heart and passion that he shares enthusiastically.



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 KEN KING RECIPIENTS



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



2017
PAUL BURGER, JR

PFC  **Board Meeting**

Usually the third Wednesday of every Month.

6:30 p.m. - 8:30 p.m.
St Andrews Church
on Division Street

Everybody is Welcome!

Cafe VERDE  **PEOPLE'S FOOD CO-OP**
FAIR TRADE COFFEE BAR BAKERY & NATURAL FOODS GROCERY STORE

216 N. FOURTH AVENUE ANN ARBOR, MICHIGAN
PHONE (734) 994-9174 • PEOPLESFOOD.COOP

