

2019



PEOPLE'S FOOD CO-OP
NATURAL FOODS MARKET & DELI

ANNUAL REPORT

AGENDA

- 6:30 - Guest Arrive
(Dinner, Mingle, Read the Posters)
- 6.50 - Welcoming Statement & last call for votes- voting ends
- 7:00 - General Manager's Report
- 7:10 - President's Report
- 7:20 Questions
- 7:30 - King Life as Art Award
- 8:00 - Election Results
- 8:10 - Member's Agenda & Comments
- 8:30 - Member Appreciations & Thank You



General Manager
2019 GM LETTER
ANGIE VOILES

2018 was a year of transition and challenge for People's Food Co-op. In April I accepted the job of General Manager but for the previous 16 months we operated with a series of Interim General Managers, including myself. These leadership challenges had many effects, including shifts in priorities, operations and vision. And what would have already been difficult was compounded by financial and operating challenges. In 2018 sales continued to decline, margins softened and expenses rose culminating in a net loss of \$252,991, (\$192,991 after taxes). The financial stability and profitability of PFC, balanced with the experience of customers, staff and members is my sole focus. I'm working to engage with the multiple stakeholders to bring PFC back to a successful, profitable business.

As natural foods becomes more widely available everywhere, we are challenged to examine our old structures and ways of doing business to meet the needs of Ann Arbor's changed and changing market. In 2019 with the full support of the board we shifted our member discount structure allowing you to choose your discount day once a month. Although I believe tangible financial rewards are still an important benefit of membership with our previous discount structure, we were giving away our profits before we had earned them. The Marketing/Outreach team and I are working to forge new community partnerships and connections while nurturing our cherished legacy relationships. Our connection to this local community has always been at the root of our co-op but we need to widen our circle of connection and work to embrace all members of our community.

I am working with PFC leadership team and staff to increase efficiencies, improve customer service, and enhance the entire store experience for our customers. As we work to improve profit margins, prudently use our labor dollars and minimize expenses where possible that can only take us so far towards the goal of a profitable co-op. Sales also need to increase. When you purchase at a local business, on average 48% percent is recirculated locally, compared to less than 14% percent at chain stores. All of the co-op's payroll dollars stay in our community and they also circulate locally growing our regional economy. A financially profitable PFC could further our positive impact in our local and global community. We could make significant upgrades to our facility for greater environmental sustainability, increase our staff benefits, contribute more to local causes, work as an incubator for more local businesses and farms, increase our outreach and education programs and so much more!

Let's work together as a community to invest in the importance of a natural foods retail cooperative in Ann Arbor. Our cooperative model, anchored by our Ends policies,

is the philosophical core that leads me to find this work so rewarding. We cannot, however, realize our Ends and the vision that originally formed our co-op without its financial viability. Here are those Ends policies, first adopted in 2004:

Peoples Food Cooperative exists to provide service to our members and the community by achieving our ends:

- 1) Through our products and services we promote local economy, environmental sustainability, health, and economic justice.
- 2) We enhance & encourage cooperative community.
- 3) We foster participatory ownership through volunteer opportunities, educational experiences & cooperative governance.
- 4) In our business and community, we work towards the elimination of institutional & structural racism and oppression.
- 5) We develop collective community wisdom around health & nutrition, principles & practices of sustainability, cooperative values & principles, & our own cooperative history.
- 6) We are a model employer demonstrating a culture of professionalism, mutual support, & open communication which is based on the balance of personal & organizational needs.
- 7) Remembering & building on Peoples Food Co-op's history we will thrive into the future!

All of our internal changes are to better serve our community, members, customers and staff alike. But changing our operations will be fruitless if it isn't met by an increased commitment to shop at and PFC. From brand new customers to longtime members, we need our community to fall (back) in love with the co-op! As I'm asking for your commitment to shop as frequently and to purchase as much as you can at PFC, I'm committed to providing you with: our fresh and delicious food, our commitment to local and sustainably sourced products and our friendly and knowledgeable staff. We hope that you are delighted by all the amazing things you can find at your local co-op!



President 2019 PRESIDENTS REPORT

JAIME MAGIERA PRESIDENT

The past twelve months have been very busy for the PFC Board of Directors. I'd like to provide some highlights and a glimpse of what lies ahead.

Because our work is primarily to monitor the General Manager, it's important that we receive the clearest, most concise reporting on the store's performance, and adherence to the policies the board defines and the bylaws the membership has voted on. Since Angie Voiles was hired as General Manager in April of last year, we've been working together to refine and enhance the reporting that's provided to the board, and ultimately, to the membership. You'll see this reflected in our meeting packets and resulting meeting minutes.

We held two Town Hall meetings with members, one in November and another in January. These were well-attended and provided a great venue for members to talk with the board about the future of the

co-op. We look forward to hosting more town hall meetings in the coming months. Stay tuned for details.

To further our communication with members, a mailing list specifically for board-related material has been created. Additionally, we've added much more board-related information on the website, including how members can volunteer for committee work. Along the same lines, we've now increased the time available for members to speak at the board meetings for matters of concern.

Moving away from process, I'd like to highlight a couple of the decisions we made in the past year. After months of careful research and analysis, the board voted to raise the membership amount to \$160. This was the first time it had been changed since 1986. I'm happy to report that we've received a lot of support from the membership regarding

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Your PFC Linkage Committee!

BY RAY ANDERSON
& JULE KRUGER

The People's Food Co-op (PFC) Linkage Committee consists of PFC Board member representatives, PFC General Manager (GM) Angie Voiles, and interested PFC members. The committee meets at PFC the first Thursday of every month at 6:30PM. Its purpose is to support policy developed by the Board with the GM and encourage engagement, expertise and concerns of the PFC membership. While our general manager is building sustainable operations, the Linkage Committee is working to reinforce and clarify the members' voices, and strengthen PFC Board communications. For example, the committee plans the co-op's Annual Meeting to celebrate the co-op's previous year and share the board of directors' and general manager's vision for the coming year with all members. Recently, the Linkage Committee sponsored two Town Hall meetings to seek member input as the board and GM navigate important changes that will restore the co-op's profitability.

Another important effort of the Linkage Committee is to educate and reinforce PFC's long held cooperative values. Among our goals are to emphasize the many reasons for supporting a food co-op, such as building shared cooperative capital, strengthening the local economy, and fostering shared ethical values within our community. This July, the Linkage Committee will host a Zero Waste inspired "Fashion Upcycle" event in the Sculpture Plaza. Stay tuned for more information on this event. Finally, the Linkage Committee seeks to create strong connections with other cooperatives in the Ann Arbor area, such as the Inter-Cooperative Campus Council, the Ypsilanti Food Co-op, and Common Cycle Community Bicycle Repair. We are working to highlight the vibrant local economy that the PFC forms a rich part of. All interested PFC members are welcome to join the Linkage Committee.

BOARD OF DIRECTORS



JAIME MAGIERA
PRESIDENT
TERM EXPIRES 2021



RAY ANDERSON
VICE PRESIDENT
TERM EXPIRES 2019



LEAH HAGAMEN
SECRETARY
TERM EXPIRES 2019



GAIA KILE
DIRECTOR
TERM EXPIRES 2020



AMANDA McCRELESS
DIRECTOR
TERM EXPIRES 2019



STEVE RICH
DIRECTOR
TERM EXPIRES 2020



MARY H ROONEY
DIRECTOR
TERM EXPIRES 2021

About

The Board of Directors are elected by PFC members to represent them in setting policy and ensure the financial well-being of the Co-op.

Member-owners are encouraged to participate in the Co-op's decision-making process and to attend monthly board meetings. Time is set aside for public comments at the start of each meeting. Have a topic you would like the board to consider? The deadline for member requested agenda items is two weeks before the scheduled meeting. Contact president@peoplesfood.coop for more information. Our board generally meets on the third Wednesday of the month (subject as always to occasional one-time shifts to accommodate events).

If you have any comments to share with us, contact any of the directors.

this change. I think that speaks to the value our community finds in PFC. We also created a new section of policies that outline the rights and responsibilities of members. That will help PFC highlight the value of membership outside of the shopping benefits.

There were some changes to the composition of the board in the past twelve months. Board members Rainey Lamey, Greg Upsure, Burce Curtis, and Persephone Hernandez-Voigt transitioned out while community members Ray Anderson and Mary Rooney joined us. We'll be appointing two more members from the community to round out the board in the coming months.

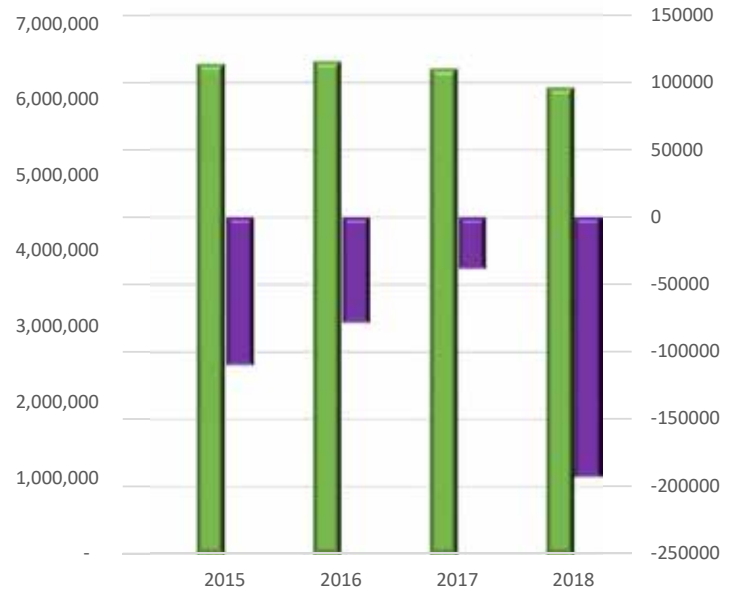
After consulting with the General Manager, factoring in feedback from PFC membership, and conducting extended conversations with leaders at other co-ops, the board has settled on several primary areas of focus in the coming year. First, we'll be facilitating more connections with the PFC membership and reaffirming our values of healthy lifestyle, ethical business practices, and protecting the environment. Please see the Linkage Committee report from Board Vice President Ray Anderson in this document to read more about what we've done so far and what's on the horizon. Second, we'll be making our board policies and the PFC Bylaws more refined and more accessible to members. Next, we'll be developing new policies to better prepare the co-op for a possible move or expansion. Though that conversation has moved to the background while the General Manager focuses on profitability in our current configuration, it's something the board needs to be prepared for when the time comes. Lastly, we'll be providing more opportunities for board member development. As the co-op has grown, so has the need for increased financial and organizational literacy of its board members. Aside from benefiting the organization, this increased development will be a growth opportunity for those who volunteer to serve on the board.

The PFC Board appreciates all the feedback and all the offers for assistance we've received over the past year. We're working hard to best represent the membership and ensure that PFC lives long into the future. Please consider joining a board committee or running for the board itself. Every member has something to offer your co-op.

As always, please feel free to reach out to us with any questions or comments. Wishing you the best,

Jaime Magiera
President, Board of Directors People's Food Co-op

SALES & INCOME BY YEAR



PEOPLE'S FOOD COOPERATIVE, INC. BALANCE SHEET

Years ended December 31
2018 2017

ASSETS		
CURRENT ASSETS		
Cash	\$321,194	\$510,676
Accounts receivable	4,197	3,692
Inventory	210,807	246,507
Prepaid expenses	17,473	18,525
Total current assets	553,671	779,400
Equipment and leasehold improvements-net	375,144	376,286

OTHER ASSETS		
Equity and deposits in other cooperatives	157,486	144,593
Deferred taxes	156,000	96,000
Security deposits	16,569	13,814
Total assets	1,258,870	\$1,410,093

LIABILITIES AND MEMBERS EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$203,570	\$187,621
Line of credit	15,250	-
Accrued liabilities	53,005	58,396
Total liabilities	271,825	246,017

MEMBERS' EQUITY		
Members' shares	661,652	645,692
Retained earnings	325,393	518,384
Total members' equity	987,045	1,164,076
Total liabilities and members' equity	1,258,870	\$1,410,093

PEOPLE'S FOOD COOPERATIVE, INC. STATEMENT OF OPERATIONS

Years ended December 31
2018 2017
(Audited) (Reviewed)

SALES REVENUE		
Sales	\$6,157,595	\$6,408,670
Less: Member discounts	(145,167)	(153,000)
Net sales	6,012,428	6,255,670
Cost of sales	3,850,430	3,861,054
Gross profit	2,161,998	2,394,616

OPERATING EXPENSES		
Personnel	1,580,945	1,626,176
Occupancy	351,853	326,448
Operating expenses	249,095	264,784
Administrative expenses	113,227	94,198
Depreciation expense	81,871	75,612
Promotions	53,432	78,813
Governance	19,119	20,976
Total	2,449,592	2,487,007

OTHER INCOME (EXPENSE)		
Other income	40,579	18,961
Other expense	(5,976)	(1,105)
Total other income (expense)	34,603	17,856
Net loss before income taxes	(252,991)	(74,535)
Provision for income taxes	60,000	36,000
Net loss	\$(192,991)	\$(38,535)

2019 Ken King LIFE AS ART AWARD



LINDA DIANE

As a student of the healing arts, Linda Diane Feldt has had a full time private practice in integrated holistic health care for nearly four decades. And with over 35 years of experience as an herbalist, Linda Diane volunteered to teach a monthly Herbal Wisdom Series for the People's Food Coop from 1994-2018.

Linda Diane teaches a simple philosophy: That both food and medicine should be local, fun, and easy, as well as inexpensive and even grown in our own backyard. She encourages us to step outside, nurture, and learn from our local plant communities. Similarly, Linda Diane demonstrates through her life's work the nurturing of her community-at-large.

Over the years, Linda Diane has served on the board of directors of Ozone House, on the board directors of PFC (9 years!), as Chair of the Ann Arbor Pedestrian Safety Task Force and on hundreds of other boards and committees locally and around the country. Linda Diane's commitment to the health of her clients and to the health of her community has been inspiring and unwavering!



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



2018
ELMO MORALES

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!

