



2017 Maple City Market Cooperative Annual Report

2017-18 Board of Directors

- Brian Wiebe (2010-2019) Chair
- Phyllis Miller (2011-2020) Secretary
- Eric Amt (2016-2019) Vice-chair
- Amanda Qualls (2015-2018)
- Deana Cook (2017-2020)
- Darin Short (Mar 2018 – 2019) appointed
- José Chiquito (2016- Jan 2018)
- Rebecca Yoder (2016- Jan 2018)

Message from the Board Chair By Brian Wiebe

I have a question for you: Other than Maple City Market, where else in Goshen can you find a locally-owned, democratically-controlled grocery store? Or course the answer is “you can’t!” MCM is the only place in town where you can get the full line of food products where you are part-owner. This is the place where you go to “have a say.”

Your collective voice has been heard, and the board has produced an “Ends Statement” that clarifies the “results”

you want to see in our community. Here’s what we have written down based on your counsel:

MCM Ends Statements:

Because of MCM, there will be a healthy community nourished and educated by:

1. **EQUITABLE** economic practices
2. **REGENERATIVE** environmental impacts
3. **INCLUSIVE**, socially responsible relationships

These are things you can’t buy elsewhere! When spending money on food, it’s a good feeling to know that there are equitable practices that consider things like fairness among producers, consumers and staff, as well as the health of the environment and good relationships. Every dollar you spend at the Co-op is an investment in this “healthy community.”

If the board’s most important job is to interpret our owner-members wishes and put them into writing, then the 2nd-most-important job is delegating responsibility to a (carefully-selected!) General Manager. Our board hired Brad Alstrom approximately 18 months ago, and ever since he assumed leadership we have seen positive growth at the store. I assume

you have also noticed some of the changes!

In Brad’s report below, you’ll see that the store strives to be “the destination for fresh, local, and organic produce.” As the Co-op continues to make outstanding produce available (and offer more and more samples for when we’re in the store!), I encourage all of us to purchase more and more from MCM. When we buy more, we create an even stronger business.

You’ll also see Brad’s comment that even as we improve the conditions of our current store (how about those new, bigger windows in the front of the store?!), Brad, his team, and board continue to think about the potential for a “bigger, better store in the future.” Having a fuller line of products would be wonderful, allowing us to do even more of our shopping in a place that advances our values even as we simply do the daily task of feeding ourselves and our families.

Our board is excited to present Amanda, Bruce and Mark to you as our slate of continuing and new board members. With your votes, we will move to a board of eight members instead of seven, with our ultimate goal of nine so that we can more easily cover the necessary committee work. We know many of you are considering serving in the future, and we thank you for this consideration. It really is an enjoyable task!

What the future holds is uncertain. We exist in a very competitive environment with small margins, yet there is a lot of good we can accomplish by working together!

General Manager’s Interpretation of Ends Statements

“Because of MCM, there will be a healthy community” means that MCM will provide a model of a successful and economically viable co-operative business that actualizes community health and strength. By meeting its members’ needs, the co-op will grow its positive impact within the community it serves, while demonstrating co-operative values and principles.

“Nourished and educated” means the co-op will literally nourish people by providing healthy foods, as well as figuratively nourish people by having a positive impact on the community’s political, social, economic, and ecological health. Likewise, the co-op will educate its stakeholders about its cooperative business model and the ways in which the cooperative business demonstrates these desired ends.

“EQUITABLE economic practices” means that the co-op will operate with a balanced business strategy, balancing the interests of its primary stakeholders, including its customers, producers and vendors, employees, and community at large.

“REGENERATIVE environmental impacts” means the co-op will strive to do business in an ecologically responsible manner as it relates to: (1) *how* the food we sell is grown and produced; (2) *where* the food we sell is grown and produced; (3) the energy consumed by the co-op.

“INCLUSIVE, socially responsible relationships” means the co-op will build and engage a diverse community, at both the local level and beyond, reflecting co-operative values of self-help, self-responsibility, democracy, equality, equity and solidarity, honesty, openness, social responsibility and caring for others. In other words, the co-op will strive to “Expand the Vision of We”.

The Seven Co-op Principles

1. Voluntary and Open Membership
2. Democratic Member Control
3. Member Economic Participation
4. Autonomy and Independence
5. Education, Training & Information
6. Cooperation among Co-ops
7. Concern for Community

Spotlight on the 7th Principle: Concern for the Community

Estimated Local/Regional Food

Purchases: \$139,000. Some of our top local producers include Clay Bottom Farm, Sustainable Greens, Ridge Lane Farm, Yoder’s Produce Farm, Kercher Sunrise Orchards, Horn of Plenty Co-op, Jake’s Country Meats, Yoder’s Meat & Cheese, Farming for Life, Pine Knoll Acres, Crystal Springs Creamery,

Sunny Meadows Cheese, Jack & Jill’s Maple Hill Farm, & Hannar’s Apiaries Sundance Botanicals, Soapy Gnome, and more.

Local Business patronage totaled over \$88k in 2017, accounting for 5% of the co-op’s total sales volume. Local business customers include GBCo, Constant Spring, Maple City Health-care, Common Spirits, Goshen Health, Eyedart, DGI, Edible Michiana, Blank Space, Fairhaven OB, Yoder Ainley attorneys, Miller Poultry, & more.

The Window food pantry program picks up twice-weekly food donations from MCM. Having donated over 5,000 pounds of food last year, the Window selected MCM to be their Sponsor of the Year.

Two employees at MCM are current or past participants in the **Elkhart County Clubhouse** transitional employment program. MCM is its longest participating business partner.

Education Activities: Maple City Market hosted 17 educational events last year with an estimated combined attendance of over 250 people. These events included 13 classes or workshops on health, gardening, and food topics. Some of the favorites included Fermented Foods with Joe Gady, Make it Better cooking classes with Sarah Bender, and a Hydroponic Farm Tour to Yoder’s Produce Farm. We had the privilege of hosting

Goshen Middle School students, who undertook a video commercial project, as well a class from Bethany School. Our 2017 Annual Meeting at Schrock Pavilion attracted 65 co-op member participants.

MCM Associations: We are proud members of Downtown Goshen, Inc., Goshen Chamber, Great Lake Food Co-ops, National Co-op Grocers, Shared Capital Co-op, Frontier Co-op, and National Co-op Business Association.

General Manager’s Report

Brad Alstrom

Sales growth: Thanks to our all of our loyal customers, sales growth turned positive in 2017, providing a turnaround from the downward trend set in 2016. We ended the year with 6.6% growth. But it’s the quarterly growth *trend* that is most promising. We have now seen *increasing* rates of sales growth for the past five successive quarters. Most of our gains last year were a result of increased basket size, and only a small portion from increase number of customers. I like to think our sales growth is entirely attributable to us learning to be better grocers (better pricing, products, presentation, and people). But our most recent growth in 2018 is also in no small part attributable to a large nearby competitor having closed due to flood damage, spurring further gains in both basket size AND number of customers. These recent gains

bode well for the future, but with our competitor’s reopening date nearing, we expect soon to return to a more challenging competitive landscape.

Employment Stats

- Number of Employees:
 - 23 as of 12/31/2017
 - 10 FT, 13 part time
 - 6 managers, 17 clerks
- Livable Wage: \$10.82/hour for 1st year full-time employee.
- Average paid hourly wage rate: \$12.14, up 13% from 2016
- Productivity: \$65 sales per labor hour, up 22% from 2016
- Employee turnover rate: 36% 2016 industry average: 49%

Livable Wage & Labor Expenses: At the close of 2017, MCM adopted a wage scale that established a “livable wage”. We used a model developed by NCG (National Co-op Grocers) and CDS Consulting Co-op, and used by several other food co-ops nationwide. The model utilized local and regional demographic inputs to determine a “livable wage” for a single person residing in a one-bedroom apartment. We determined the livable wage in Goshen to be \$10.82/hour, which applies to full-time employees after a 90-day probationary period. Implementing the wage scale based on this livable wage effectively ratcheted up wages for almost all employees, resulting in an aggregate wage increase at the close of the year.

The co-op will review the livable wage annually. Despite increasing wage rates, we've managed to reduce labor expenses as a percentage of total sales from 26% in 2016 to 25% in 2017, and are budgeted for 24.5% in 2018. This has been achieved entirely from gains in productivity, as measured by sales per labor hour.

Elimination of Senior Discount: In July of last year, we discontinued our weekly senior discount, which had been in place for approximately two years. Other grocery stores and food co-ops have eliminated senior discounts as well in recent years, due to competitive downward pressures on profit margins combined with the changing demographics in regards to income level of seniors. As a result, our total discounts dropped from 1.6% of sales in 2016 to 1.2% in 2017, and they are budgeted at 0.75% in 2018. The reduction in discounts allows us to be more competitive with our regular shelf prices & promotions.

Focus on Fresh: Our staff has put special focus on improving our fresh departments, particularly produce, meat, and deli. We kicked this off early in 2017 with our *Fresh Deals* promotions. MCM strives to be the destination for fresh, local, and Organic produce. There is a saying in the grocery business, "as the produce department goes, so goes the rest of the store", which has held true for us this past year. Our efforts have clearly paid off in significant sales growth,

especially in produce and meat, with the two departments growing at a combined rate of 40%. Starting in 2018, our deli department also started growing, in part due to an increase in event catering and large special orders.

Facility Improvements: The list of needed and desired facility improvements is long. It seems as though as soon as one thing is fixed, then something else breaks. Yet despite a physical plant largely in need of updates and replacements, the renovation last year of the front façade, the new picture windows, and the dining booths, helped breath some new life into the store. The larger windows have immensely improved visibility between the indoors and out. It's a pleasure to see customers taking advantage of the booth seating at the front of the store during all hours of the day.

MCM Annual Meeting & Social

Thurs. May 17th 2018 at 5pm
 Rieth Interpretive Center
 410 W. Plymouth Ave. Goshen, IN

Expanding the Vision of "We"

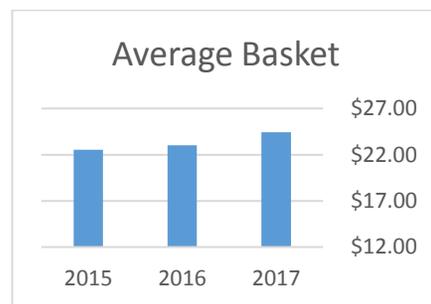


All Members Welcome!

- Meet the Candidates
- Board Election Voting closes at 6pm
- Social Hour at 5pm & Business Meeting at 6pm
- Light Dinner from MCM Deli * Suggested \$5 donation



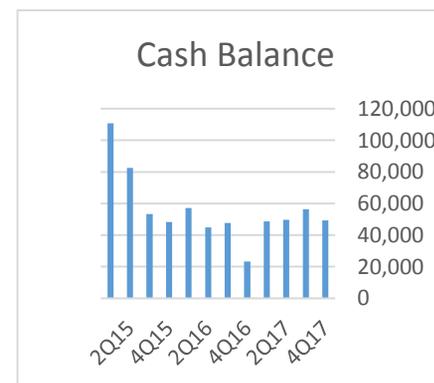
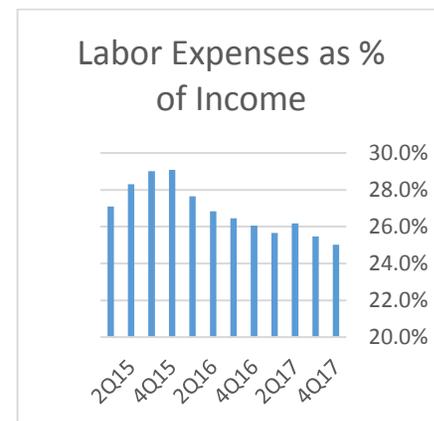
Financial Charts & Graphs



Membership Stats 2017

Active Co-op Owner-Members: **3352**. New owners: **274**

Paid in Owner Equity: **\$268,151**. New equity: **\$25,145**



Plans for 2018: We would like to accomplish the second phase of our façade improvements this summer, including an expanded fenced patio area, new sidewalks, and fresh exterior paint, along with several other exterior repairs. Future projects inside the store are geared toward supporting continued growth in our fresh departments, including an expanded fresh meat program, ramping up our deli programs, and ensuring we maintain the best Organic produce in town. Meanwhile, we're starting to lay important ground-work toward potential long term planning. We've engaged Eyedart Creative

Studio to help us refresh our branding. We're awaiting results of our recent shopper survey, in which some of the questions were testing the waters for shopper support of a future expanded store. We also intend to consult with an outside market professional to examine the market potential here in Goshen. With shopper survey results and a market study, we will have good information on which to base future planning decisions for a bigger and better grocery co-op, one that can create a more welcoming store for our entire community.

Staff & Customer Appreciation: A huge thank you to all of our staff members who ensure our co-op delivers great food and great service 362 days a year. It is entirely due to their tremendous work, day in day out, that our shelves are always full and our store is a clean, friendly, and inviting place to shop. As a result, our numbers are improving and hundreds of satisfied, returning customers step through the doors every day. Finally, thank you to all our co-op members and customers for supporting this one-of-a-kind, community-owned grocery store. You are the heart of the co-op. **Thanks for shopping Co-op!**

MCM Management Team: Brad Alstrom, General Manager, Miranda Beverly-Gill, Front End & Marketing Manager; Ryan Nelson, Deli Manager; Josh Yoder, Produce Manager; Steven Kristoff, Grocery Manager; Victoria Moore, Wellness Manager; Greg Imbur, Bulk Foods & Education Manager

MCM Staff Roster: Anamaria Guevara, Annie Mininger, Bruce Bishop, Cassie Brown, Christine De La Fuente, Holly Ferguson, Danny Newcomer, David Guevara, Emily Kauffman, Gretchen Krause, Matt Pflederer, Melissa Paz Castillo, Phil Kaufman, Rhonda Parkhurst, Sarah Bender, Tristan Beechy-King, Woodrow Thompson.

MCM 2016 - 2017 Financial Statements

Income Statement	2016		2017		% Growth
Sales Income	1,649,649	100.0%	1,757,890	100.0%	6.6%
Cost of Goods	1,055,967	64.0%	1,120,964	63.8%	6.2%
Gross Margin	593,682	36.0%	636,926	36.2%	7.3%
Personnel Expenses	429,848	26.1%	439,842	25.0%	2.3%
Operating Expenses	199,518	12.1%	204,066	11.6%	2.3%
Member Discounts	25,795	1.6%	20,344	1.2%	-21.1%
Operating Profit	(61,479)	-3.7%	(27,326)	-1.6%	-55.6%
Other Income	5,666	0.3%	34,446	2.0%	507.9%
Net Profit	(55,813)	-3.4%	7,120	0.4%	-112.8%

MCM Sales Growth over same quarter previous year	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1
	-9.5%	-0.6%	5.7%	8.5%	14.6%	15.2%

Balance Sheet	2016		2017	
Assets				
Cash	23,290	8%	49,393	14%
Inventory	105,727	38%	110,933	32%
Other Current Assets	6,910	2%	11,000	3%
Total Current Assets	135,927	48%	171,326	49%
Fixed Assets	124,649	44%	131,438	38%
Other Assets	20,950	7%	46,580	13%
Total Assets	281,526	100%	349,344	100%
Liabilities				
Current Liabilities	62,004	22%	138,091	40%
Long Term Liabilities	0	0%	0	0%
Total Liabilities	62,004	22%	138,091	40%
Equity				
Member Equity	243,006	86%	268,151	77%
Retained Earnings	32,329	11%	(64,019)	-18%
Net Income	(55,813)	-20%	7,121	2%
Total Equity	219,522	78%	211,253	60%
Liabilities & Equity	281,526	100%	349,344	100%

