



Morrisville Food Co-op 2019 Annual Report

July 1, 2018 – June 30, 2019



Welcome Everyone!

Our mission continues;
*to create a community-owned food market,
committed to the health and well-being of
people, emphasizing local and organic
products, and supporting a dynamic
community, accessible to all.*

Dear MOCO Community,

As the Board of Directors reflects on our 2nd fiscal year of operations, we have been reminiscing about the reasons that a small group began work on MOCO eight years ago. Paramount were strengthening the community, keeping food dollars in Lamoille Valley, and supporting the local growers and producers who provide us with delicious, healthy food. We are proud that after years of planning and 24 months of operating, our doors are still open - something that 20% of small businesses can't say after their first year. We are also proud that our staff, Board, and volunteers continuously strive to improve and expand the store's offerings and MOCO's impact on the community.

The challenges we face in our second year are typical of all startups: balancing affordable products with paying producers a fair price, ensuring efficient staff makeup, clarifying volunteer roles, and developing Board leadership. In dialogue with the Board and with our support, General Manager Mike Hauser has made some difficult operational and staffing decisions aimed at constraining the budget while still providing a satisfying shopping experience for member-owners and other customers.

In tandem with staffing changes, the need to tap into diverse skills on the Board led to a change in Board leadership this spring. This change was followed by a facilitated retreat, which became a catalyst for strategic planning and establishing long-term goals for the Board's financial stewardship. Keeping our eyes on the prize of a successful future for MOCO has remained the top priority amidst all the planning, decision-making, and transitions this past fiscal year.

Let's be clear about our current challenge. In recent months, MOCO's financials have grown more slowly than projected. If sales do not increase, we will struggle to meet our long-term obligations. Even so, we are accomplishing so many of our original objectives. If you believe in the mission and feel supportive of MOCO, we invite you to show your commitment. The General Manager, staff, and Board will continue working diligently to ensure that we thrive; however, the challenges ahead are great and they simply cannot be accomplished without **you**.

Join us in reflecting on why you appreciate MOCO, what can be improved, and how you could best get involved. Shop at MOCO first to see how much you can cross off your list here. Talk to us about what percentage of an item's sale is going back as profit to the producer rather than the overhead of a corporate store. Peruse the 200+ items on sale each month and find a new favorite item to add to your recipe collection.

Beyond shopping, consider what you can do to take more ownership in MOCO's success. If you haven't already, purchase a member-owner share. Encourage others in your circle to become member-owners. Join a committee or run for the Board. We all need to pull together, not to take MOCO for granted, but instead to contribute to its sustainability and success. MOCO may never be perfect, but we are an ever-evolving, work-in-progress committed to this community where your voice is heard and your ownership has influence.

Gratefully,

Elly Ventura and Lisa Zinn
Board of Directors Co-Chairs

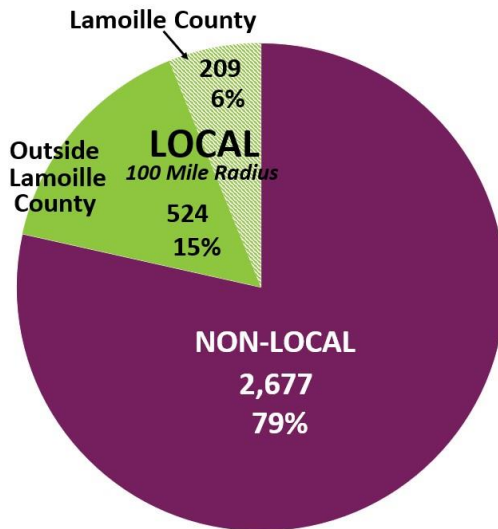


How We're Doing

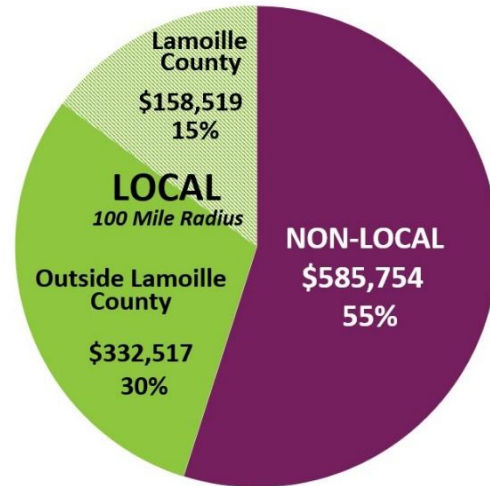
Last year, both members and non-members identified and provided feedback on six areas important to them as MOCO shoppers. Here is a summary of how these areas were further addressed this past fiscal year.



EMPHASIZE LOCAL



MOCO Products



MOCO Sales



A message from General Manager Michael Hauser

The availability of quality, locally sourced products is not only important to our shoppers, but has always been a focus and high priority of mine as we continue to establish ourselves in Lamoille County. I am happy to share that approximately 45% of our FY total sales are attributed to local products! That means more local products for consumers as well as more dollars staying in our local economy. This past fiscal year has not been without its challenges. However, as we continue to make improvements in this and other key areas, I believe our momentum is also building and bringing us closer to our shared goals and vision of what MOCO can be. We can do this together!



HIGHLIGHT MEMBER BENEFITS

We appreciate every one of our members! We continue to find new ways and opportunities to let our community know about membership benefits. We want all our members to know not only how they will benefit from membership, but also how impactful their membership is in supporting our local economy, reducing our carbon footprint, and making quality food sources available, helping us stay healthier.



ADDRESS PRICING

New monthly sales flyers are now available both in-store as well as on the MOCO website. Each month, there are approximately 100 items on sale for non-members and 100+ items for members! (That's 200+ items total if you're a member!) Our sales periods are now synced with our supplier sales, allowing a more efficient and consistent savings program for all shoppers. Our buyers are continuing to work diligently to acquire products at the best pricing possible.



Commitment



Contribution



IMPROVE KEY DEPARTMENTS

Shoppers asked that we focus on four departments; Bulk, Meat, Dairy and Produce. MOCO has made improvements storewide, but with an emphasis on these departments. Some improvements include adding new products and new brands and increasing our display and merchandising capacity with new shelving. In addition, our buyers have made strides in coordinating with local produce suppliers to negotiate better pricing and insure seasonal availability.



MOCO Staff – L to R back row: Mike Hauser, Jennifer Stein, Kasey Greene, Kyle Greene. Front L to R: Toni Flynn, Kahnor Ingalls, Heather Moore, Olivia Buley, Ann Bowen. Not pictured: Mark Andrews, Alexis Cady, Emily Rooney-Bryan, Theresa Sinclair, Kaylee Spaulding



BUILD COMMUNITY

MOCO continues to support a number of our local community groups. Most notably, our 'Round It Up for Change Program' has resulted in over \$2,000 being collected for local non-profit organizations (of which \$1,500 occurred during FY 2019) The RIU program was implemented late in the fiscal year and therefore, a much greater contribution total is expected for the coming year.

Additionally, students from People's Academy participated in a supported work experience at MOCO to help them get ready for employment. Students worked an average of 3 hours per week learning a variety of tasks and important skills in communication.

Other activities include the Annual MOCO Corn Roast, the June Plant Swap & Sale, and dozens of in-house tastings and vendor demos.



ENHANCE COMMUNICATIONS & MARKETING

Late in the fiscal year, staff changes resulted in a more dedicated focus on overall marketing activities. There are a number of projects in the works to help improve communications, stay connected with members and further promote MOCO. Projects underway include an improved eNewsletter, additional store signage, redesigned shelf tags & bulk labels, a meet-our-vendor-of-the-month program and our new website has just been launched!





FY 2019 FINANCIAL OVERVIEW

During FY19, the store's loss was higher than expected. Sales were up 15% year over year, for the period of September to July (store opened Sept 2017) and an improved operating efficiency resulted in a margin increase to 34%, which is consistent with other high performing co-ops. However, these favorable metrics were offset by higher than anticipated operating costs.

In response, the Board and General Manager worked to identify and address key factors for improvement including reducing staffing costs, restructuring job responsibilities and increasing marketing activities. Concerted efforts continue to keep expenses in check and to maintain lower shrinkage and targeted margins.

The future growth and success of MOCO however, depends greatly upon our members! Member support is essential to MOCO's stability in the coming fiscal year!

FY 2019 INCOME STATEMENT

FY 2019 Income Statement July 1, 2018 - June 30, 2019

Sales	\$ 1,077,920
Less Cost of Goods Sold	734,588
Net Profit	343,332
Expenses	409,148
Earnings Before Taxes & Depreciation	(65,816)
Taxes	300
Depreciation	18,502
Net Income	\$ (84,618)

Balance Sheet as of June 30, 2019

Cash	27,631
Other Current Assets (Incl. Inventory)	89,376
Total	117,007
Fixed Assets	125,658
Total Assets	\$ 242,665
Current Liabilities	179,394
Member Loans	255,888
Total Liabilities	435,282
Member Equity	186,190
Retained Earnings	(378,807)
Total Liabilities and Equities	\$ 242,665

WE ARE IN THIS TOGETHER!

Active current members, as well as continued membership growth, are the key to not only a healthier financial picture, but to also fulfilling our shared goals of connecting community, promoting healthier lifestyles, and supporting our local farmers and producers.

A thriving local economy and increased environmental and social responsibility are important efforts that we continue to tackle with your help!

The source, types and quality of products we carry, level of service, and community impact that MOCO has, is dependent on you – our members!

We thank you for your continued support helping to make MOCO the store where you love to shop!



Please join us for the MOCO
Annual Meeting & Member Get-Together

October 16, 2019

5:00 PM – 7:30 PM

Lamoille County Civic Center
24 Upper Main Street, Morrisville
Happy Hour, Vendor Tastings, & Voting

5:00 – 6:00 PM

Meeting 6:00 – 7:30 PM