



2008 Annual Membership Meeting

October 12, 2008

11:30 am brunch; 12:30 pm meeting

Agenda

Co-op Month - A Reflection of our Shared Values

Call to Order and Approval of Minutes 2007 Annual Meeting

Meet the Board Candidates

Year in Review

Strategic Planning Process and Members Involvement

Election Results

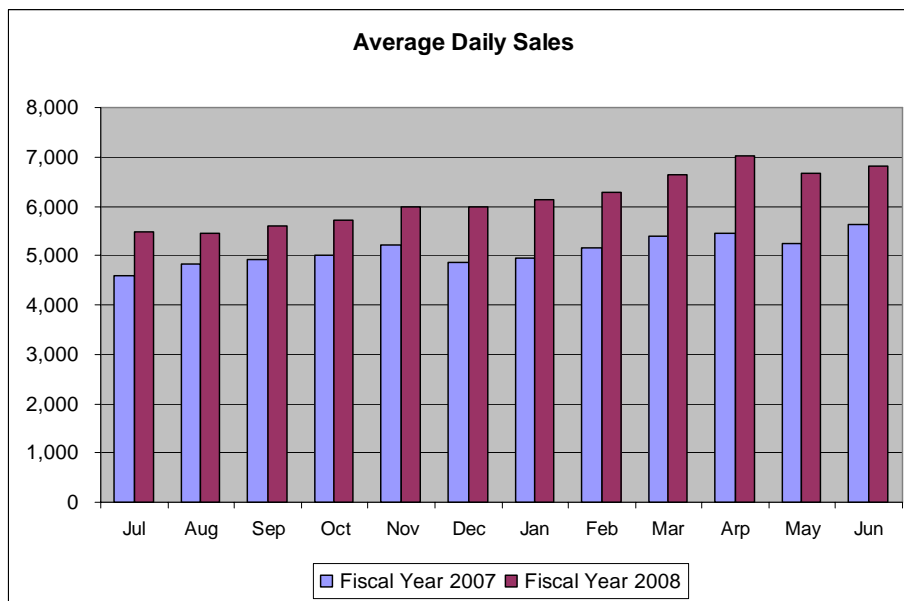
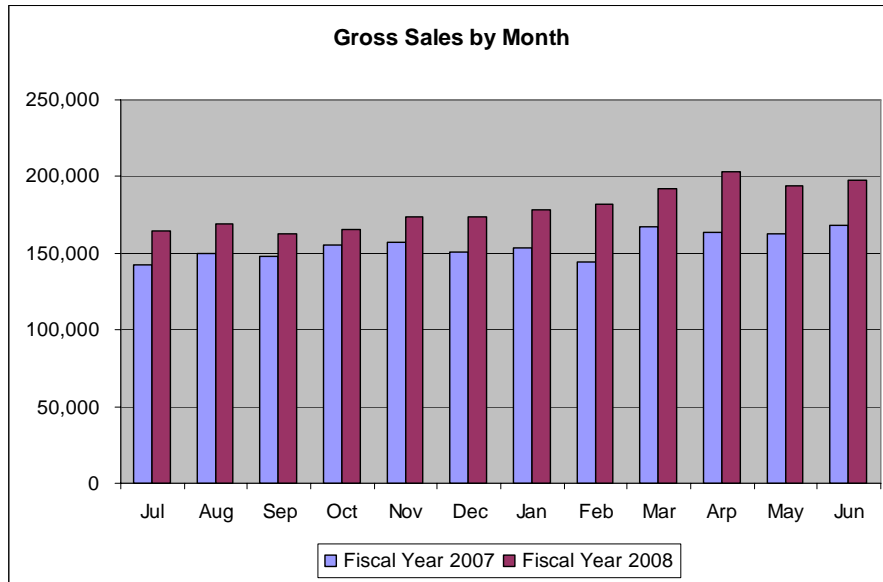
Other Business

Year in Review

A Year of Positive Growth

We topped sales of \$2.0M!!!

(Co-ops our size should average between \$300 and \$1,000 in sales per square foot annually. We increased our average from \$308 to \$332 - still lots of room for growth)



Financial Statements

Annual Profit and Loss Comparison

	FY2006		FY2007		FY2008	
Sales	1,276,941		1,862,153		2,157,504	
Less: Cost of Goods Purchased	<u>805,434</u>	63.1%	<u>1,254,937</u>	67.4%	<u>1,380,443</u>	64.0%
Gross Profit	471,507	36.9%	607,216	32.6%	777,061	36.0%
Labor & Benefits	382,032	29.9%	393,442	21.1%	425,565	19.7%
Other Operating Expenses	<u>203,929</u>	16.0%	<u>328,585</u>	17.6%	<u>335,080</u>	15.5%
Total Operating Expenses	585,961	45.9%	722,027	38.8%	760,645	35.3%
Net Profit/(Loss) from Operations	(114,454)	-9.0%	(114,811)	-6.2%	16,416	0.8%
Other Income/(Expenses)						
Memberships	32,880	2.6%	31,752	1.7%	33,150	1.5%
Other	<u>2,635</u>	0.2%	<u>2,895</u>	0.2%	<u>4,667</u>	0.2%
Total Other Income/(Expense)	35,515	2.8%	34,647	1.9%	37,817	1.8%
Net Income/(Loss)	<u>(78,939)</u>	-6.2%	<u>(80,164)</u>	-4.3%	<u>54,233</u>	2.5%

Sales Exceeded \$2.0M for the first time in GEM's history!

Our gross profit margin percentage is right in line with the industry average

We used our operating income to make our loan payments of \$56,282.

Balance Sheet Comparison

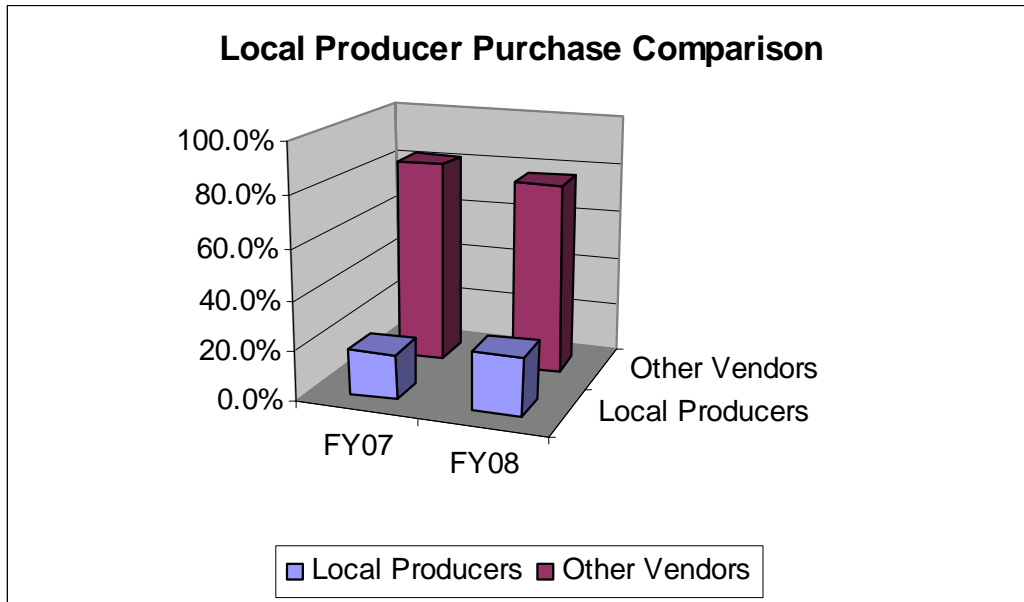
	As of 6/30/06		As of 6/30/07		As of 6/30/08
Current Assets:					
Cash & Cash Equivalents	73,636		7,022		7,609
Inventory	144,019		143,508		176,850
Other	<u>0</u>		<u>0</u>		<u>1,795</u>
Total Current Assets	217,655		150,530		186,254
Fixed Assets (net of depreciation)	<u>482,904</u>		<u>488,240</u>		<u>484,862</u>
TOTAL ASSETS	<u>700,559</u>		<u>638,770</u>		<u>671,116</u>
Liabilities & Equity					
Current Liabilities	75,852		110,044		147,664
Long Term Liabilities					
Member Loans	204,906		206,845		189,540
US Bank/Downtown Billings	<u>380,980</u>		<u>347,456</u>		<u>308,479</u>
Total Liabilities	661,738		664,345		645,683
Equity	<u>38,821</u>		<u>(25,575)</u>		<u>25,433</u>
TOTAL LIABILITIES & EQUITY	<u>700,559</u>		<u>638,770</u>		<u>671,116</u>

A store wide physical inventory is taken quarterly

Reduction is due to loan forgiveness.

We are fulfilling our commitment to local producers.

Over the past fiscal year, our product purchases grew by \$186,000. Of this, \$105,000 was growth at the local level!!!



Local producer purchases went from 18% of the total product purchases in FY07 to 23% of the total product purchases in FY08.

Top Local Producers - Danly Farms, Madison River Kennels, B Bar Ranch, Stella's, Western Montana Growers Co-op, Seder Ridge, On the Rise Bakery, Trevino's Tortillas, DDC Ranch, Indreland Ranch, Glennis Rath

We said goodbye to Grapevine Ranch, E. T. Farms, Hellroaring Bikery, Autumn Creek Farms

We added a great selection of local Montana beers.

Join us for the 1st Local Producer Fair - October 25th at the Market.

Membership Update

As of October 1, 2008, we have a total of 4,194 members in our data base.

3,618 members are active; 576 are inactive

We continue to work on retention of existing members while we also continue to add between 110 and 140 new members every month.

Member Loan Update

October is "Member Loan" month at GEM.
Interest is due (calculated at a simple rate of 5% annually) and payments will be made between October 13 and October 31.

Members wishing to continue support of the co-op will be able to "donate" their interest payment to our building fund.

The building fund is earmarked for several projects:

- 1) noise reduction/elimination from the loft's mechanical system
- 2) replacement of single pane windows on the front of the building
- 3) insulation of store front
- 4) resurfacing the parking lot

Strategic Planning through Appreciative Inquiry

"Appreciative Inquiry" - the study and exploration of what gives life to human systems when they function at their best founded on the belief that people individually and collectively have unique gifts, skills and contribution to bring to life and through human communication people can shift their attention and action away from problem analysis to lift up worthy ideals and productive possibilities for the future

Discovery and Dreaming - an extensive cooperative search to understand the "best of what is", "what has been" and "what might be"

- Began in June and will continue through November
- Board members developed a set of questions and are conducting one on one interviews and group interviews
- Findings will be the basis for "Designing" our future state

Design - the process of articulating who we will be 5 years from now

- Board will draft and membership will review
- Review will take place in February
- Final design (i.e., strategic plan) completed by March 31, 2008

Destiny - a series of inspired actions that support "what will be"

- Organization's commitment and framework for moving forward
- Implementation of the prioritized actions to get us closer to "what will be" beginning July 1, 2009
- Ongoing celebration, communication and learning is key