



# 2010 Annual Membership Meeting

October 31, 2010

Noon brunch; 1:00 pm meeting

## Agenda

Call to Order and Approval of Minutes 2009 Annual Meeting

Meet the Board Candidates

Year in Review

Election Results

Other Business

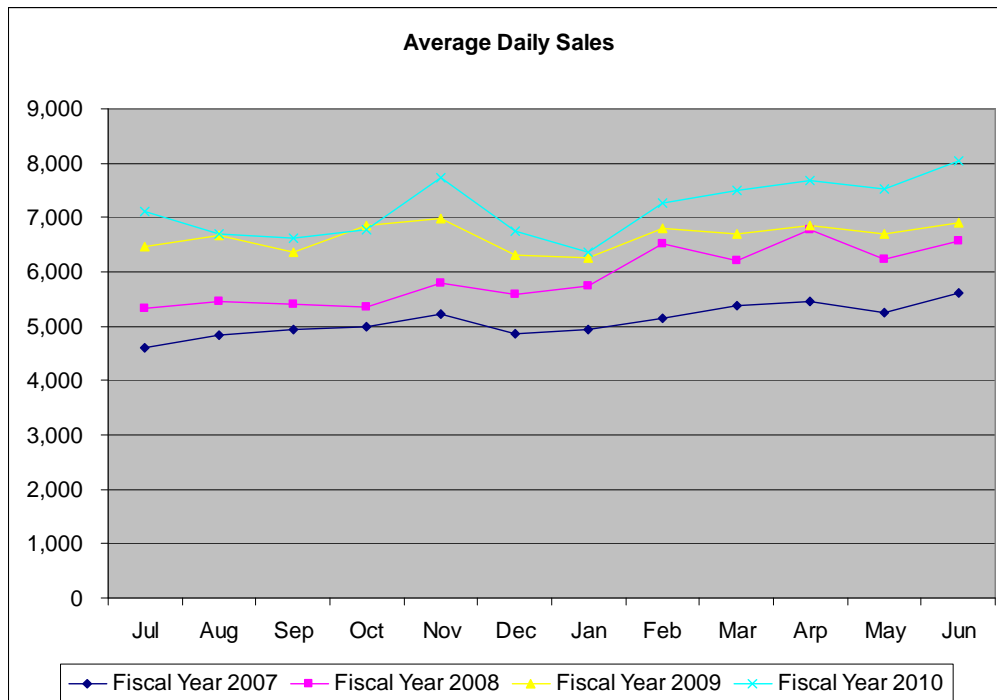
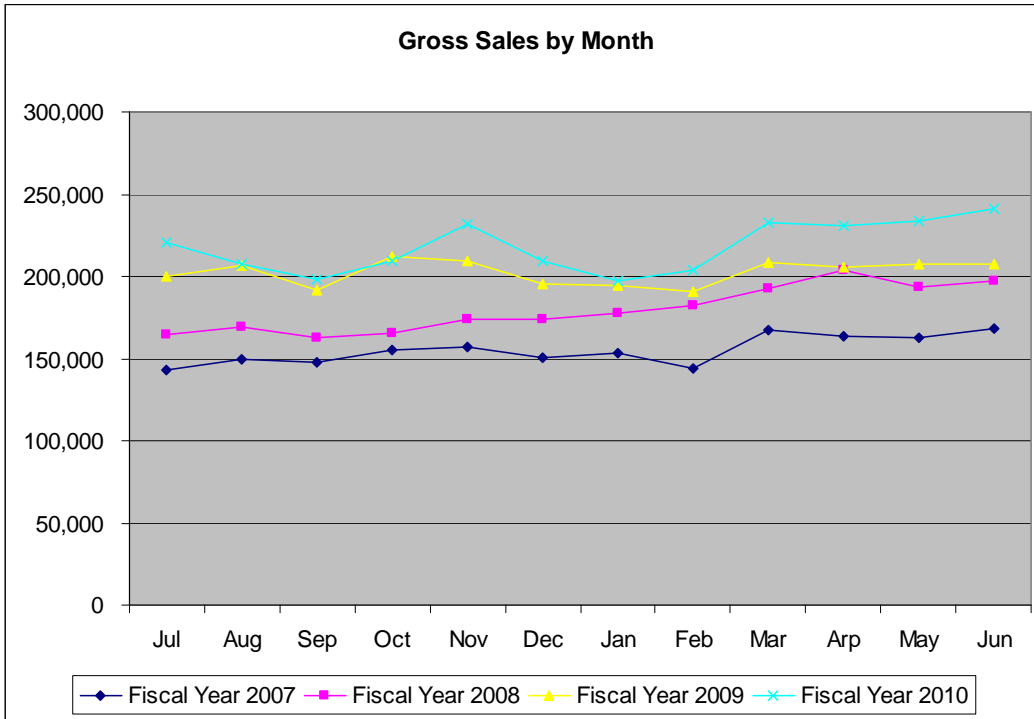
## Our Mission

Good Earth Market integrates local, sustainable food systems, cooperative values and environmental stewardship in a lively community marketplace.

# Year in Review

*Goal - Strengthen our Co-op*

Meet our annual financial goals



## Annual Profit and Loss Comparison

	FY2006		FY2007		FY2008		FY2009		FY2010	
Sales	1,276,941		1,862,153		2,157,504		2,428,263		2,615,811	
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%	<u>1,522,715</u>	62.7%	<u>1,625,885</u>	62.2%
Gross Profit	471,507	36.9%	607,216	32.6%	777,061	36.0%	905,548	37.3%	989,926	37.8%
Labor & Benefits	382,032	29.9%	393,442	21.1%	425,565	19.7%	498,112	20.5%	556,717	21.3%
Other Operating Expenses	<u>203,929</u>	16.0%	<u>328,585</u>	17.6%	<u>335,080</u>	15.5%	<u>382,744</u>	15.8%	<u>381,070</u>	14.6%
Total Operating Expenses	585,961	45.9%	722,027	38.8%	760,645	35.3%	880,856	36.3%	937,787	35.9%
Net Profit/(Loss) from Operations	<span style="color: red;">(114,454)</span>	-9.0%	<span style="color: red;">(114,811)</span>	-6.2%	16,416	0.8%	24,692	1.0%	52,139	2.0%
Other Income/(Expenses)										
Memberships	32,880	2.6%	31,752	1.7%	33,150	1.5%	34,995	1.4%	39,600	1.5%
Other	<u>2,635</u>	0.2%	<u>2,895</u>	0.2%	<u>4,667</u>	0.2%	<u>5,422</u>	0.2%	<u>5,116</u>	0.2%
Total Other Income/(Expense)	35,515	2.8%	34,647	1.9%	37,817	1.8%	40,417	1.7%	44,716	1.7%
<b>Net Income/(Loss)</b>	<u><span style="color: red;">(78,939)</span></u>	-6.2%	<u><span style="color: red;">(80,164)</span></u>	-4.3%	<u>54,233</u>	2.5%	<u>65,109</u>	2.7%	<u>96,855</u>	3.7%
	} <span style="border: 1px solid black; padding: 2px;">Loss \$159,103</span>				} <span style="border: 1px solid black; padding: 2px;">Gain \$216,197</span>					

## Balance Sheet Comparison

	As of 6/30/06	As of 6/30/07	As of 6/30/08	As of 6/30/09	As of 6/30/10
Current Assets:					
Cash & Cash Equivalents	73,636	7,022	7,609	27,312	69,164
Inventory	144,019	143,508	176,850	178,195	191,427
Other	<u>0</u>	<u>0</u>	<u>1,795</u>	<u>1,472</u>	<u>2,104</u>
Total Current Assets	217,655	150,530	186,254	206,979	262,695
Fixed Assets (net of depreciation)	<u>482,904</u>	<u>488,240</u>	<u>484,862</u>	<u>430,115</u>	<u>385,125</u>
<b>TOTAL ASSETS</b>	<u><b>700,559</b></u>	<u><b>638,770</b></u>	<u><b>671,116</b></u>	<u><b>637,094</b></u>	<u><b>647,820</b></u>
Liabilities & Equity					
Current Liabilities	75,852	110,044	147,664	118,482	99,648
Long Term Liabilities					
Member Loans	204,906	206,845	189,540	186,680	186,680
US Bank/Downtown Billings	<u>380,980</u>	<u>347,456</u>	<u>308,479</u>	<u>264,170</u>	<u>216,918</u>
Total Liabilities	661,738	664,345	645,683	569,332	503,246
Equity	<u>38,821</u>	<span style="color: red;">(25,575)</span>	<u>25,433</u>	<u>67,762</u>	<u>144,574</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><b>700,559</b></u>	<u><b>638,770</b></u>	<u><b>671,116</b></u>	<u><b>637,094</b></u>	<u><b>647,820</b></u>

We are building our cash reserves and reducing our debt. Member loan principle payments begin in Fall 2011.

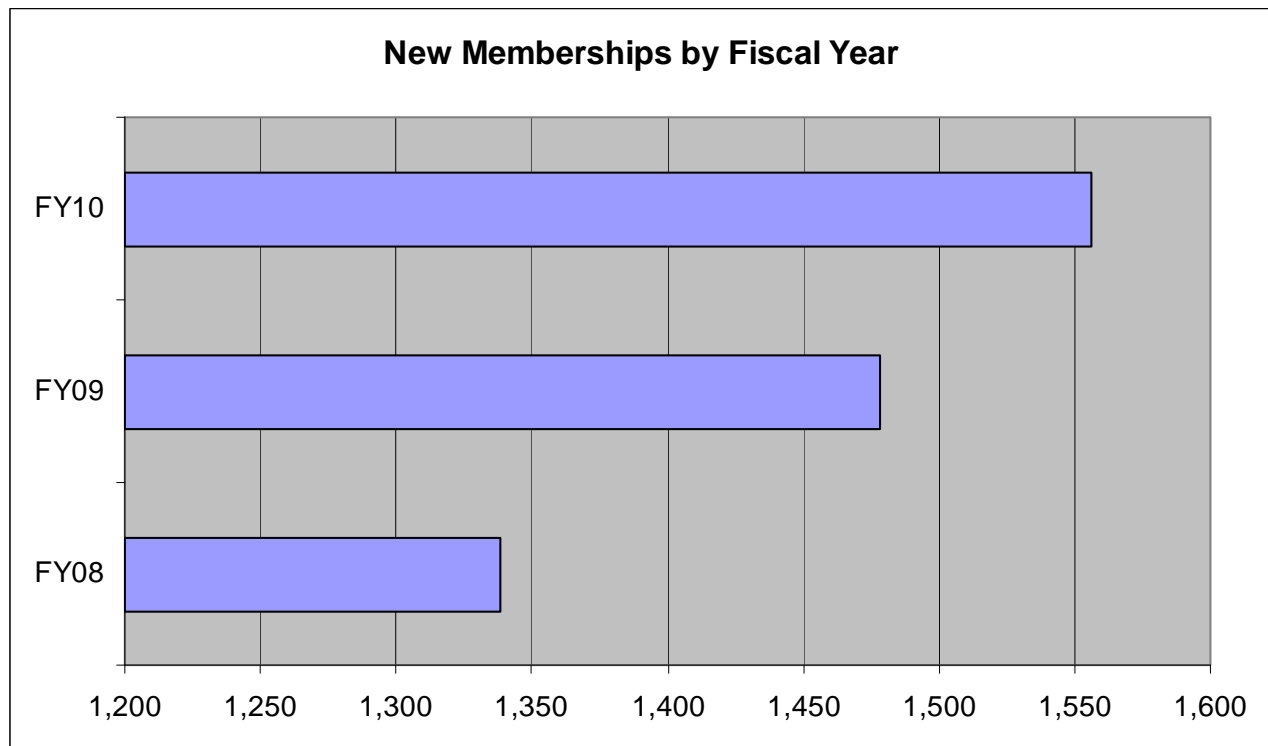
## Looking Forward to the Coming Year

- Budgeted continued sales growth - 6%
- Budgeted reduced margin - continuing our progress on lowering prices for members
- Improve our employee benefits
- Cover the growing cost of credit/debit card transactions, maintenance, etc
- Net Income and Cash Flow budget

<b>Sources of Cash</b>	
Net Income	\$61,200
Depreciation/Amortization	<u>31,500</u>
Total Cash Available	\$92,700
<b>Uses Of Cash</b>	
Principle - U S Bank Loan	\$19,800
Principle - City of Billings Loan	23,500
Principle - Member Loans	38,000
Capital - equipment, improvements	8,500
Increase cash reserves	<u>2,900</u>
Total Cash Needs	\$92,700

- Continue to explore the pros and cons of converting GEM from a member supported co-op to a member owned co-op

## Grow our membership



- Continue to increase member engagement and opportunities for members to be involved
  - Percent of sales to members
    - FY06 = 81%
    - FY07 through FY09 = 84%
    - FY10 = 83%
    - Member discounts totaled \$52,000 for FY2010
  - Working member program highlights
    - 35 active working members (board members, committee members, laundry, art walk, product demonstration, local music production, etc)
    - Average of 95 hours per month on a consistent basis
    - One time projects add another 110 hours per year of volunteer time from working members
    - Working member discounts totaled \$10,282 for FY2010
  - Website and Facebook
    - Website launched in March 2010

- Average visits/day = 122; September total = 3,662
- Most viewed pages - deli hot lunch, newsletter and map
- "Under construction" - Our Friends and Local Producers
- Facebook
  - 1,120 Fans as of 10/21/2010; 20 new fans each week
  - 250 average Monthly Active Users
  - 400 average weekly visits
  - Tuesday contest - give away local products to first 3 fans to comment on the weekly post highlighting a local producer

## Looking Forward

- Assess results of member engagement survey, report the findings to the membership and use the findings to better meet member needs
- Increase member sales ratio
- Through our outreach efforts, develop additional opportunities for members to volunteer with projects
- Continue to develop our web and Facebook presence
- Engage the membership in the discussion of equity ownership

## *Goal - Make GEM a great place to work*

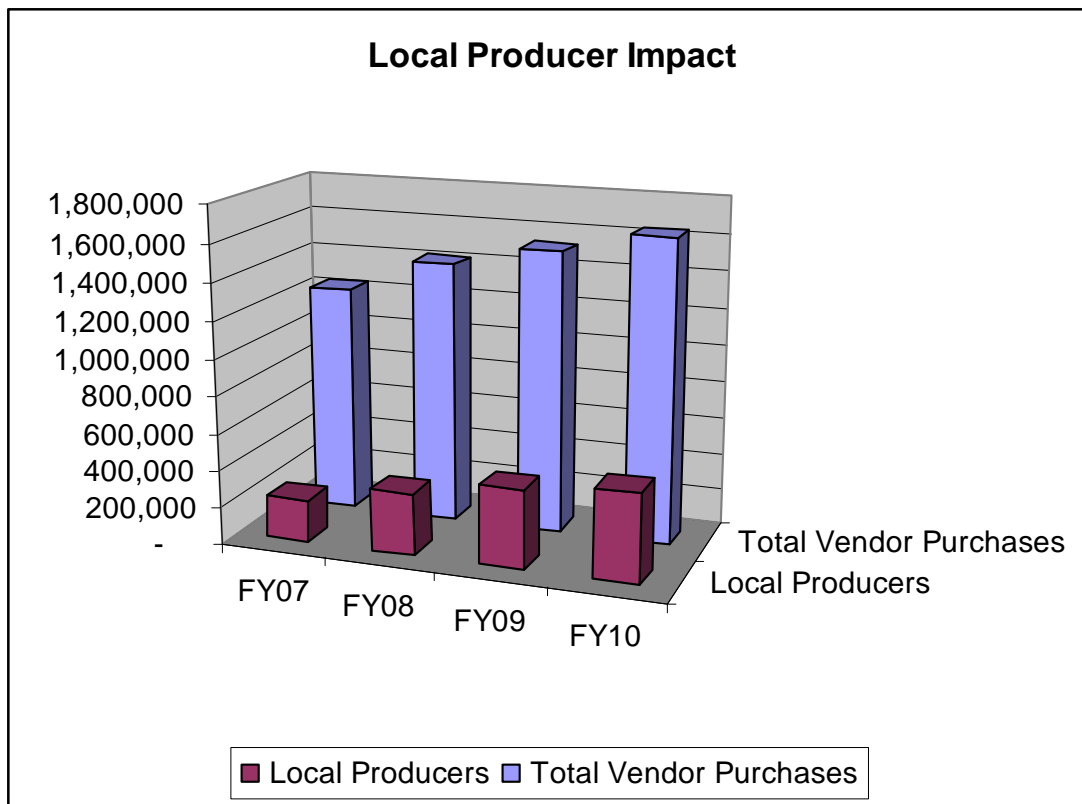
- GEM employs 27 people ~ 16 are full time and 11 are part time
- Annual payroll and benefits = \$564,500
- Employee discounts last year totaled \$16,160
- Wage scales were adjusted across the board this past year
- Health insurance coverage will be made available to more employees beginning January 2011
- We use the local Job Service to screen applicants for job openings, yet we get 30 to 35 people each time we advertise
- We work with Billings Senior High School to provide an annual job opportunity for a challenged student

## Looking Forward

- Continue to improve employee salary, wage and benefit options as a way to recruit and retain stellar staff
- Continue succession planning within the departments and at the management level
- Update the personnel handbook
- Engage employees in the development of "the employment covenant"

***Goal - Build the local, organic, sustainable food and goods economy***

- Farm to restaurant program
- Sold out 4 Sunday suppers - featured chef owners from Café de Camp (Jason) and The Owl Café in Laurel (Dirk) this year
- Local producer advisory committee formed
  - Education and discussion on organics and increasing awareness
  - Local Producer fairs - February and October
  - Farmer's Market booths
- Continued commitment to "get local"





<p>Top Local Producers -established relationship</p> <ul style="list-style-type: none"> <li>▪ Western Montana Growers</li> <li>▪ Danly Farms</li> <li>▪ B Bar Ranch</li> <li>▪ Montana Coffee Traders</li> <li>▪ Stellas</li> <li>▪ Seder Ridge</li> <li>▪ Trevinos</li> <li>▪ Negaard's Greenhouse</li> <li>▪ Das Kuchenhaus</li> <li>▪ Wholesome Foods</li> </ul>	<p>Top Local Producers - new relationship this year</p> <ul style="list-style-type: none"> <li>▪ The Healthy Pantry</li> <li>▪ Millard Farms (eggs)</li> <li>▪ The Last Best Foods</li> <li>▪ Time to Savor</li> </ul>
---	--

### Looking Forward

- Continue to feature local producers in the newsletter and on-line
- Increase the visibility of local products used in the deli
- Add tours to local farms
- Continue to promote local producers at the Farmer's Market

***Goal - Incorporate values of environmental sustainability in our physical environment***

- Building and energy efficiency committee
- Short Term - improve energy efficiency of the existing building
  - Insulate North Wall - \$1,230 for supplies; labor provided by member volunteers
  - Insulate and replace garage door - \$405 for supplies; labor provided by member volunteers
  - Replace single pane windows in the Apple Gallery/deli seating area - \$7,710 for supplies; labor provided by member volunteers
  - Building fund balance ~ \$700 (includes \$1,500 in proceeds from this year's Sunday Suppers)

Looking forward

- Roof repair/replace
- Parking lot repair
- Be prepared to own our own building (some day)

## *Goal - Increase community engagement, outreach and education*

- GEM events
  - Art Walk - 5 times a year; the bus stops in the parking lot
  - Earth Day annual celebration
  - Sunday Supper's - celebrating local food prepared by local chefs and enjoyed by local friends
  - Farmer's Market booths for local producers
  - Local producer fair - February and October
  - Global Village annual fund raising event
  - MSUB Wine Festival
- Education
  - Bi-monthly Yellowstone Naturopathic Clinic
  - Gluten Free cooking classes by Susan Gauen, author of *Celebrating Food*
  - Introduction to Raw Foods by Tonya Cole Lightfoot, Certified Raw Food Chef
  - Monthly Vegan Supper Club
  - Food as Medicine Tours by Tracy Konoske, MS, RD
  - GEM Book Club, hosted by Danielle Phillips-Dorsett (GEM cashier)

### Looking Forward

- School tours in the market
- New member orientation tours
- Local producer tours