



2011 Annual Membership Meeting

October 16, 2011

Noon brunch (prepared by GEM deli staff)

1:00 pm meeting

Agenda

Call to Order and Approval of Minutes 2010 Annual Meeting

Meet the Board Candidates

Year in Review

Election Results

Other Business

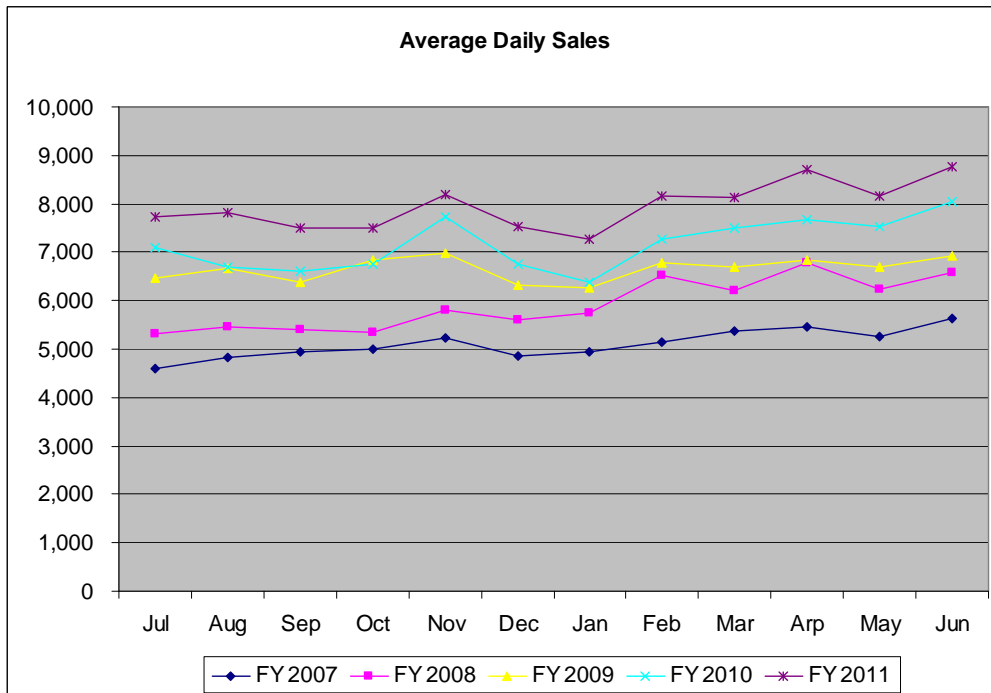
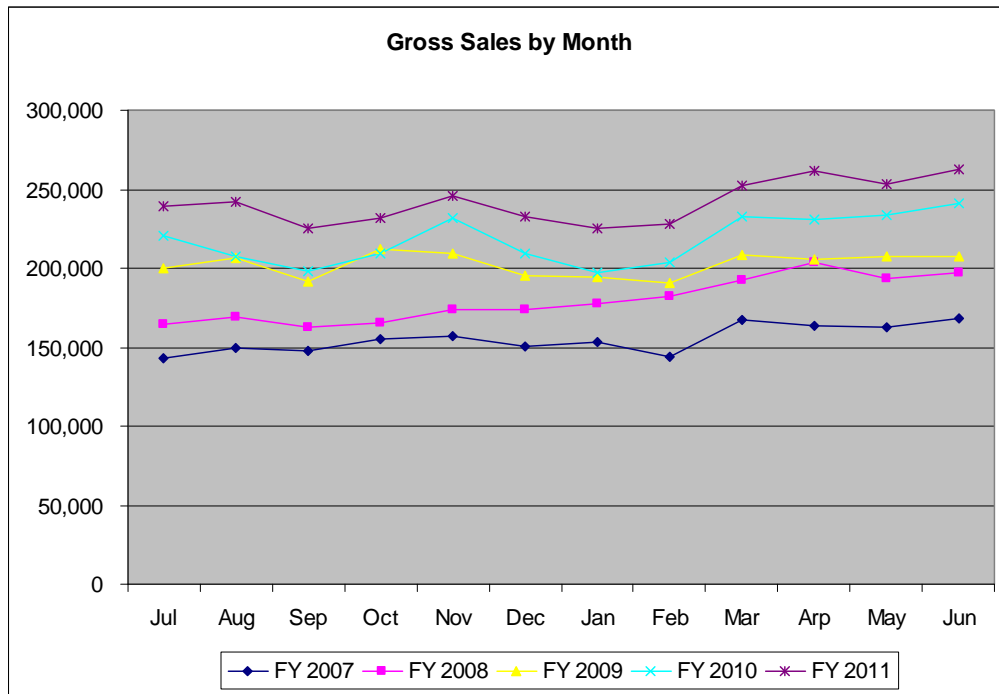
Our Mission

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

	FY2008		FY2009		FY2010		FY2011	
Sales	2,157,504		2,428,263		2,615,811		2,900,622	
Less: Cost of Goods Purchased	<u>1,380,443</u>	64.0%	<u>1,522,715</u>	62.7%	<u>1,625,885</u>	64.0%	<u>1,825,800</u>	62.7%
Gross Profit	777,061	36.0%	905,548	37.3%	989,926	36.0%	1,074,822	37.3%
Labor & Benefits	425,565	19.7%	498,112	20.5%	556,717	19.7%	640,748	20.5%
Other Operating Expenses	<u>335,080</u>	15.5%	<u>382,744</u>	15.8%	<u>381,070</u>	15.5%	<u>403,094</u>	15.8%
Total Operating Expenses	760,645	35.3%	880,856	36.3%	937,787	35.3%	1,043,842	36.3%
Net Profit/(Loss) from Operations	16,416	0.8%	24,692	1.0%	52,139	0.8%	30,980	1.0%
Other Income/(Expenses)								
Memberships	33,150	1.5%	34,995	1.4%	39,600	1.5%	41,519	1.4%
Other	<u>4,667</u>	0.2%	<u>5,422</u>	0.2%	<u>5,116</u>	0.2%	<u>113</u>	0.2%
Total Other Income/(Expense)	37,817	1.8%	40,417	1.7%	44,716	1.8%	41,632	1.7%
Net Income/(Loss)	<u>54,233</u>	2.5%	<u>65,109</u>	2.7%	<u>96,855</u>	2.5%	<u>72,612</u>	2.7%

Balance Sheet Comparison

	As of 6/30/08	As of 6/30/09	As of 6/30/10	As of 6/30/11
Current Assets:				
Cash & Cash Equivalents	7,609	27,312	69,164	97,279
Inventory	176,850	178,195	191,427	186,647
Other	<u>1,795</u>	<u>1,472</u>	<u>2,104</u>	<u>10,757</u>
Total Current Assets	186,254	206,979	262,695	294,683
Fixed Assets (net of depreciation)	484,862	430,115	385,125	367,985
NCGA Equity	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,023</u>
TOTAL ASSETS	<u>671,116</u>	<u>637,094</u>	<u>647,820</u>	<u>663,691</u>
Liabilities & Equity				
Current Liabilities	147,664	118,482	99,648	102,083
Long Term Liabilities				
Member Loans	189,540	186,680	186,680	186,680
US Bank/Downtown Billings	<u>308,479</u>	<u>264,170</u>	<u>216,918</u>	<u>169,558</u>
Total Liabilities	645,683	569,332	503,246	458,321
Equity	<u>25,433</u>	<u>67,762</u>	<u>144,574</u>	<u>205,370</u>
TOTAL LIABILITIES & EQUITY	<u>671,116</u>	<u>637,094</u>	<u>647,820</u>	<u>663,691</u>

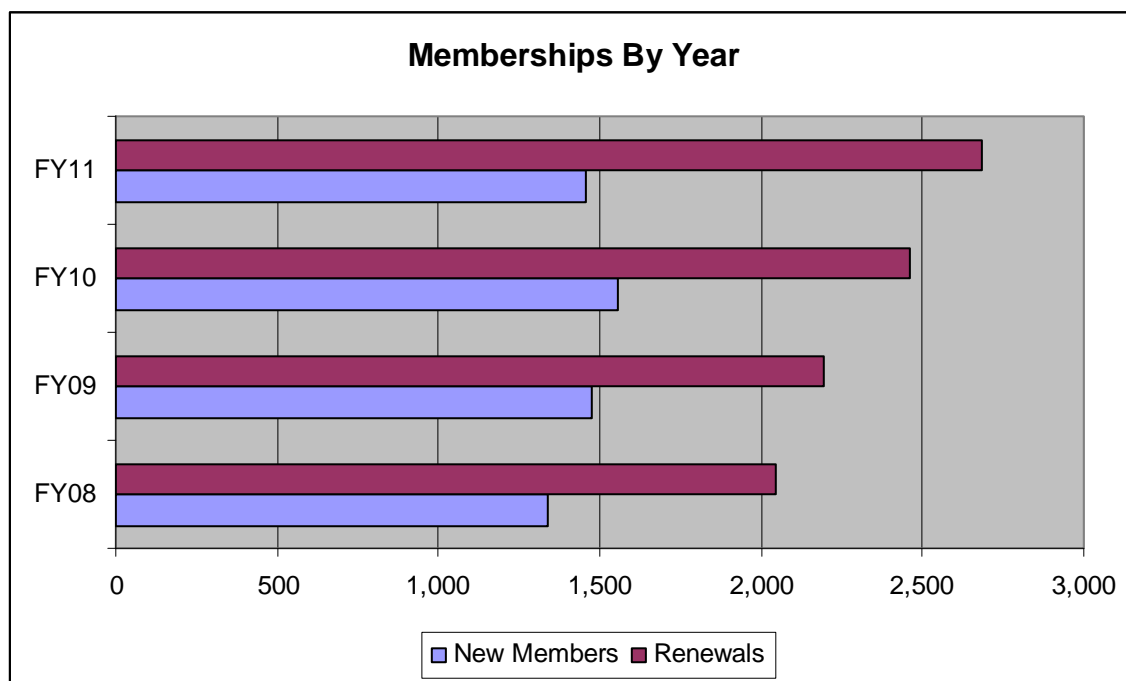
Looking Forward to the Coming Year

- Budgeted continued sales growth - 4.6%; \$3.0M in sales
- Budgeted reduced margin - NCGA impact
- Continue to improve our employee benefits
- Net Income and Cash Flow budget as noted below

Sources of Cash	
Net Income	\$72,652
Depreciation/Amortization	<u>36,109</u>
Total Cash Available	\$108,761
Uses Of Cash	
Principle - U S Bank Loan	\$22,880
Principle - City of Billings Loan	27,790
Principle - Member Loans	36,740
NCGA Capital Investment	10,306
Cash Reserves	<u>11,045</u>
Total Cash Needs	\$108,761

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

Grow and engage 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%
 - FY11 = 84.2%
 - Member discounts totaled \$57,000 for FY2011
 - Working member discounts totaled \$9,700 for FY11

Looking Forward

- Continue to 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

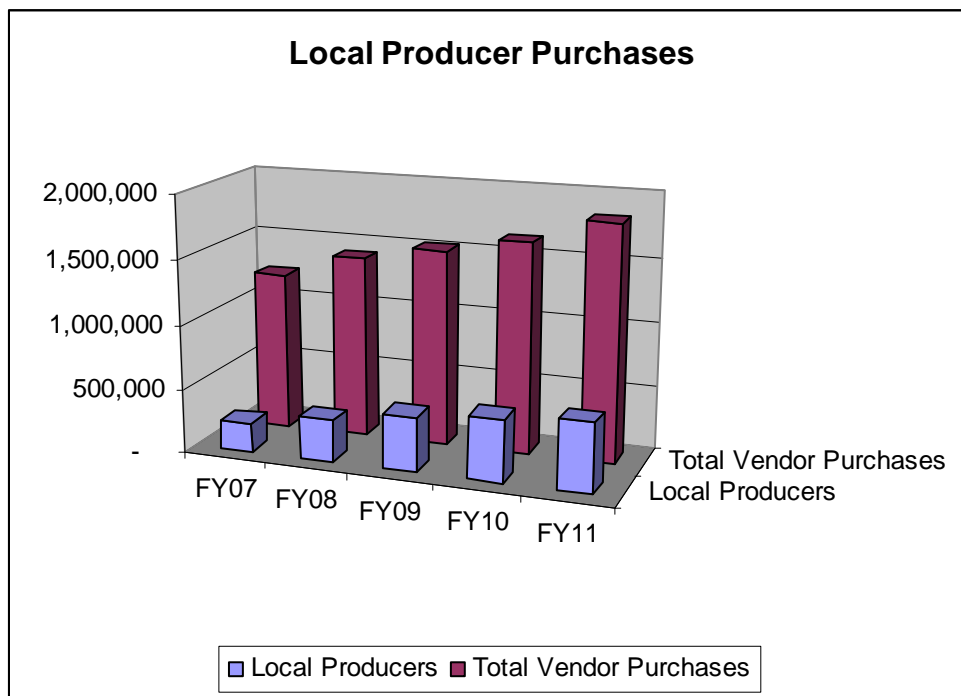
- GEM employs 30 people (up from 27 last year) ~ 11 are part time
- Annual payroll and benefits = \$640,748 (up 15% from last year)
- Employee discounts totaled \$21,500
- Health insurance coverage made available to more employees beginning January 2011
- NCGA membership providing excellent resources for staff and management development

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
- Utilize the resources of NCGA to further the training and development of all staff

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

- Sold out 4 Sunday - repositioned as Farm to Table with more focus on local producers
- Continued local producer advisory committee initiatives
 - MSU Billings marketing class project
 - Local Producer fairs - February and October
 - Farmer's Market booths
- Continued commitment to "get local"



Top Local Producers:

- | | | |
|------------------------|------------------------|-------------------|
| ~ B Bar Ranch | ~ Danly Farms | ~ Das Kuchenhaus |
| ~ Mountain View Colony | ~ Negaard's Greenhouse | ~ Seder Ridge |
| ~ Stells's | ~ Trevino's | ~ Wholesome Foods |

New Local Producers:

- | | | |
|-----------------------------|----------------------|--------------------|
| ~ Yellowstone Cellars | ~ Kalispell Creamery | ~ Beartooth Candle |
| ~ Yellowstone Grassfed Beef | | |

Looking Forward

- Implement the recommendations from the MSUB students
- Continue to feature local producers in the newsletter, on-line and throughout the market
- Add tours to local farms
- Continue to promote local producers at the Farmer's Market, Sunday Suppers, etc

Goal - Incorporate values of environmental sustainability in our physical environment



Looking forward

- Roof repair/replace
- Complete the rest of the space in front of the store
- Parking lot repair
- Be prepared to own our own building

Goal - Increase community engagement, outreach and education

- GEM events
 - Art Walk - 5 times a year; gallery talks, dinner, music
 - 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
 - National Food Day
- 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

Looking Forward

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