



2013 Annual Membership Meeting

October 24, 2013

6:00 pm - Babcock Theater

Agenda

Call to Order and Approval of Minutes 2012 Annual Meeting

Introduction of Board Candidates

Call for new business

Election Results

GMO Panel

Our Mission

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

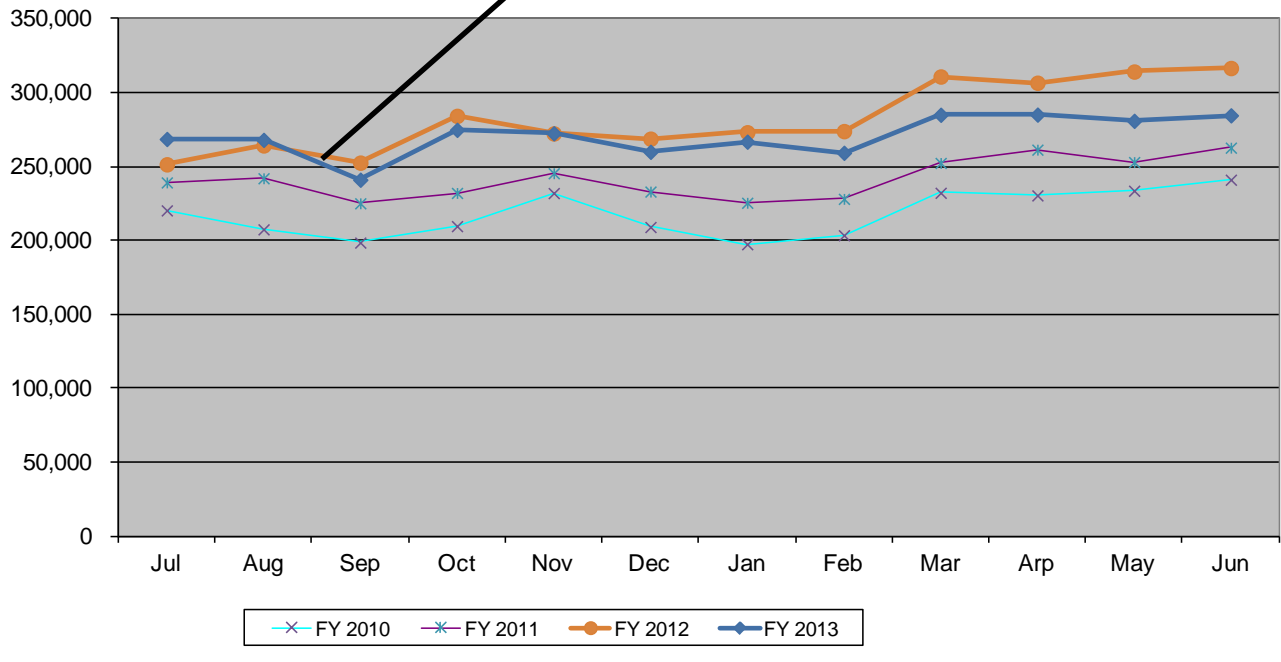
Year in Review

Goal - Strengthen our Co-op

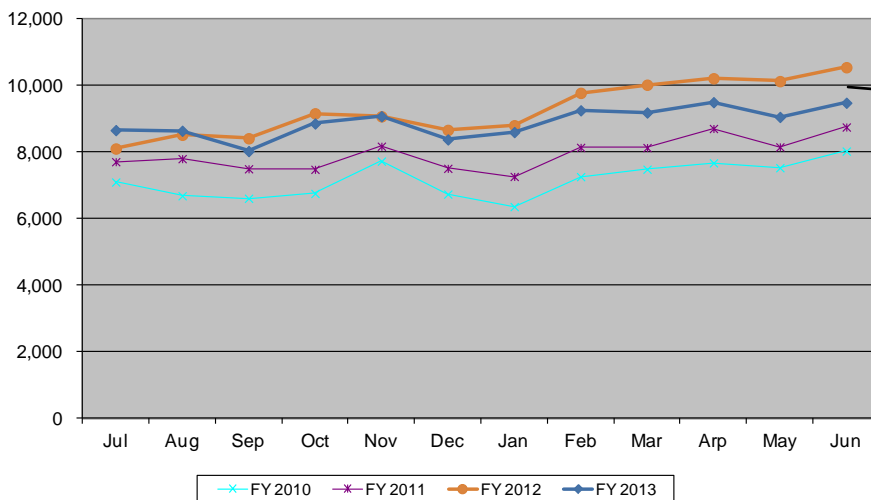
Meet our annual financial goals

Natural Grocers opens

Gross Sales by Month



Average Daily Sales



We have made some progress getting back to our average daily sales volume before Natural Grocers.

Annual Profit and Loss Comparison

	FY2011		FY2012		FY2013	
Sales	2,900,622		3,389,846		3,247,219	
Less: Cost of Goods Purchased	1,825,800	62.9%	2,072,348	61.1%	2,052,100	63.2%
Gross Profit	1,074,822	37.1%	1,317,498	38.9%	1,195,119	36.8%
Labor & Benefits	640,748	59.6%	796,306	60.4%	811,998	67.9%
Other Operating Expenses	403,094	37.5%	470,515	35.7%	427,990	35.8%
Total Operating Expenses	1,043,842	97.1%	1,266,821	96.2%	1,239,988	103.8%
Net Profit/(Loss) from Operations	30,980	2.9%	50,677	3.8%	(44,869)	-3.8%
Other Income/(Expenses)						
Memberships	41,519		42,313		42,414	
Other	113		16,494		6,399	
Total Other Income/(Expense)	41,632		58,807		48,813	
Net Income/(Loss)	72,612	6.8%	109,484	8.3%	3,944	0.3%

Balance Sheet Comparison

	As of 6/30/11	As of 6/30/12	As of 6/30/13
Current Assets:			
Cash & Cash Equivalents	97,279	103,344	81,022
Inventory	186,647	208,938	184,534
Other	10,757	12,595	6,803
Total Current Assets	294,683	324,877	272,359
Fixed Assets (net of depreciation)	367,985	350,023	314,588
NCGA Equity	1,023	8,663	10,264
TOTAL ASSETS	663,691	683,563	597,211
Liabilities & Equity			
Current Liabilities	102,083	131,254	118,122
Long Term Liabilities			
Member Loans	186,680	145,350	120,850
US Bank/Downtown Billings	169,558	118,381	77,015
Total Liabilities	458,321	394,985	315,987
Equity	205,370	288,578	281,224
TOTAL LIABILITIES & EQUITY	663,691	683,563	597,211

Cash Flow:

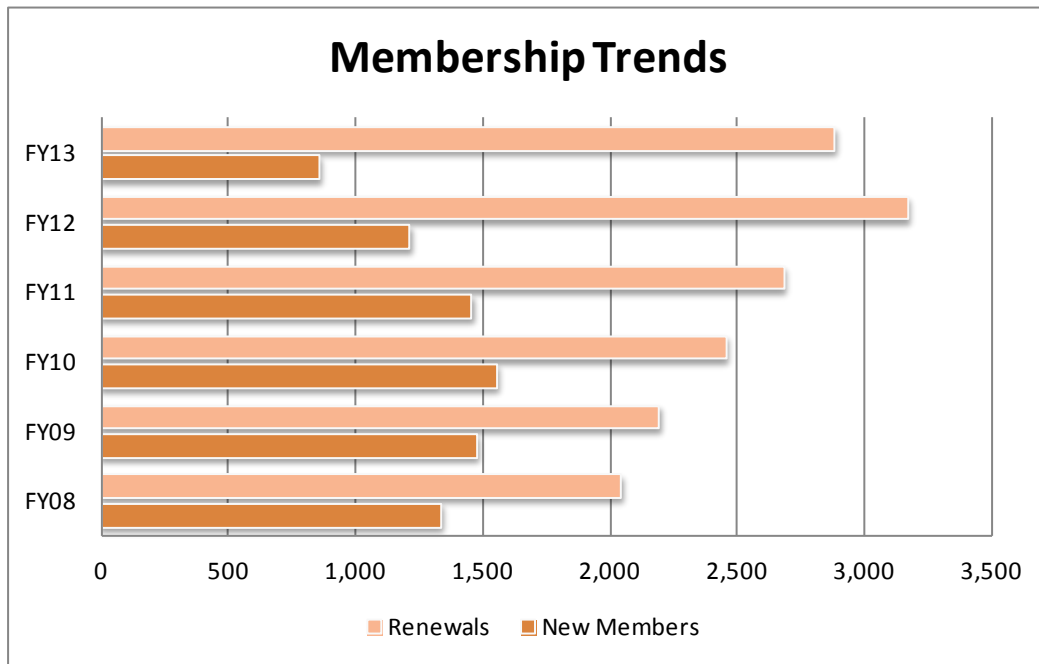
- Because our sales went down, we accumulated less cash from operations and therefore used cash reserves from previous years to meet all of our obligations

Net Income		3,944
Add back non cash expenses:		
Depreciation		27,018
Amortization		9,091
Deduct principle loan payments		(158,374)
Deduct NCGA investment		(1,601)
Decrease in Cash		(119,922)

The Coming Year - another challenge coming our way

- Lucky's (a new "natural food" chain out of Colorado) will open for business at West Park Plaza in February of 2014
 - We have a full year behind us with Natural Grocers and our sales trend is positive
 - NCGA has provided us with good intelligence on Lucky's, helping us to prepare for another competitor
 - NCGA has provided us with some strategies to capitalize on our deli, our fresh produce and our focus on local
- Capitalizing on our differentiators
 - Promote our co-op values and our commitment to our members and to our community
 - Continue our commitment to local producers
 - Provide outstanding service
 - Implement the NCGA recommendations for the deli
 - Promote our bulk department
 - Be mindful of our resources and use them wisely
 - Shop, shop, shop

Grow and engage our membership



- The number of new members has decreased each year for the past 4 years (a trend we need to reverse)
- For the year ending 6/30/2013, the number of members renewing their annual commitment declined for the first time
- GEM must 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%
 - FY12 = 82.8%
 - FY13 = 80.7%
 - Member discounts totaled \$59,217, down from \$62,335 the year before

Looking Forward

- Survey the membership to better understand the needs

- Identify and implement programs to increase the percent of sales to members
- Through our outreach efforts, develop additional opportunities for members to volunteer with projects
- Continue to develop our social media community
- Engage the membership in the discussion of equity ownership

Goal - Make GEM a great place to work

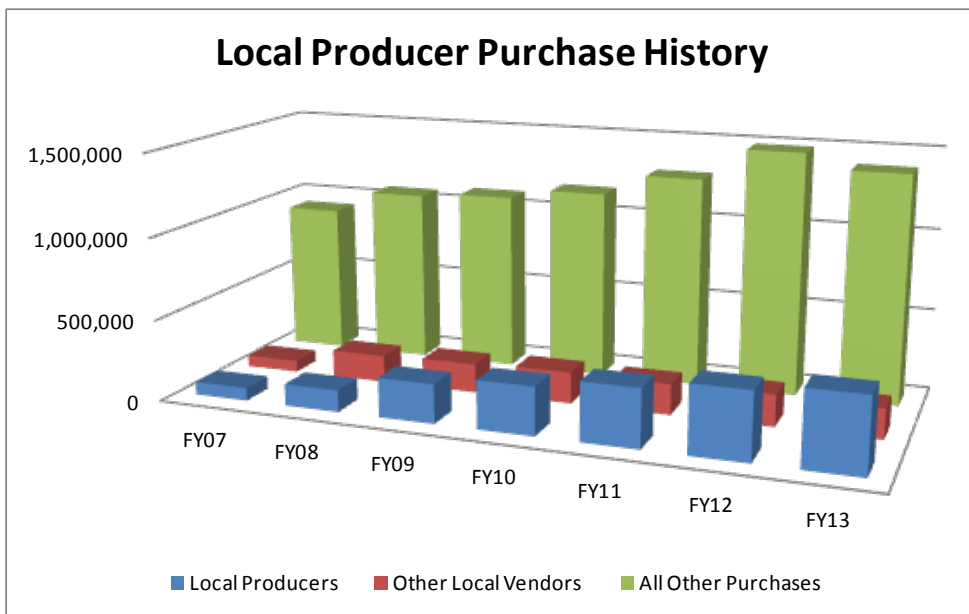
- GEM employs 34 people ~ 18 are full time; 16 are part time
- Annual payroll and benefits = \$811,998 (up 2% from last year)
- Employee discounts totaled \$24,019, up from \$21,833 the year before
- Through our NCGA membership, managers and board members participated in professional development classes

Looking Forward

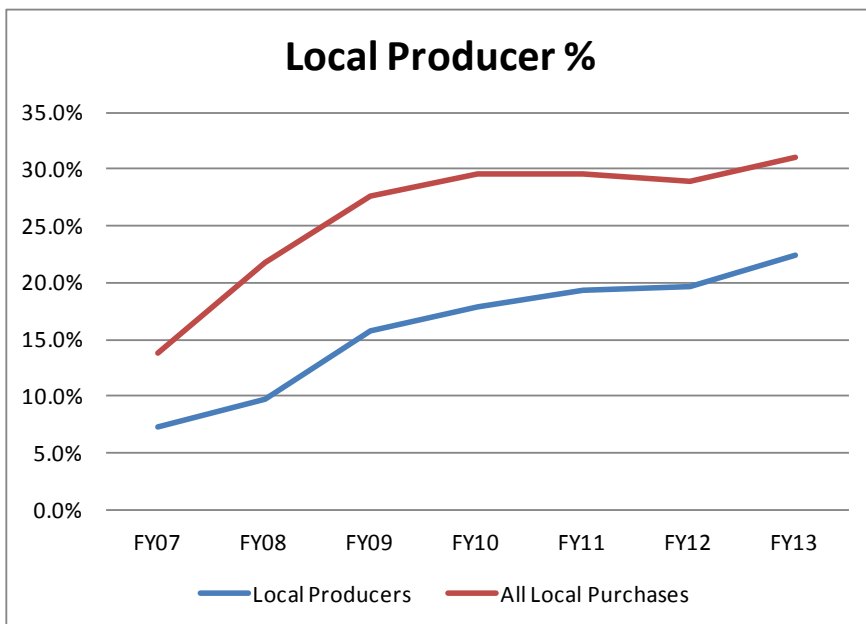
- Continue to improve employee salary, wage and benefit options as a way to recruit and retain stellar staff
- Continue succession planning within the departments and at the management level
- Analyze turnover and set targets to reduce
- Find a replacement for Perry (he announced his retirement effective December 31, 2013)
- Continue to utilize the resources of NCGA to further the training and development of all staff

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

- Repositioned the Sunday Suppers and added a Sunday Brunch with more focus on local producers
- Continued local producer advisory committee initiatives
 - Tested an early Farmer's Market - will try again next year with lessons learned
 - Continued the successful local Producer fairs - February and October
 - Hosted the Farmer's Market booth
- Continued commitment to "get local"



Overall purchases were down for the fiscal year but the purchases from local producers continued on an upward trend.



Top Local Producers:

- ~ B Bar Ranch
- ~ Negaard's Greenhouse
- ~ Trevino's
- ~ Danly Farms
- ~ Seder Ridge
- ~ Wholesome Foods
- ~ Western MT Growers Co-op

New Local Producers:

- ~ DAYSPA Body Basics
- ~ Lazy SR Ranch
- ~ On the Rise
- ~ Tiffany Miller Designs

We Lost a Few of our Local Producers

- ~ Das Kuchenhaus
- ~ Sweet Grass Natural Lamb
- ~ Bausch Potato
- ~ Glennis Rath

Looking Forward

- Continue to support the Local Producer Committee and its recommended activities; recruit more local producers for the committee
- Continue to feature local producers in the newsletter, on-line and throughout the market
- Continue to promote local producers at the Farmer's Market, Sunday Suppers, etc
- Develop more consistent promotion of local products
- Host an early Farmer's Market

Goal - Incorporate values of environmental sustainability in our physical environment

- ~ This year, with the help of Gabe (the handiest handyman ever), the interior of the store stayed freshly painted
- ~ Nancy and Greg completed the green border with the leaves on the outside of the building
- ~ Perry and Gabe insulated the compressor room in the corner of the loft, dramatically reducing the noise level

Looking forward

- Roof repair/replace
- Signage at the corner of 2nd Avenue North and North 31st
- Parking lot repair
- Be prepared to own our own building

Goal - Increase community engagement, outreach and education

- GEM is proud to support these community events
 - Art Walk - 5 times a year; gallery talks, dinner, music
 - Farmer's Market booths for local producers
 - Health fairs
 - In store tours for children and adults
- In addition to supporting community events, GEM hosts these great events:
 - Early season farmer's market
 - Earth Day celebration
 - Farm to Table Sunday Brunch and Sunday Supper
 - In store local producer fair (twice a year)
 - In store gluten free sale day (twice a year)
 - Non-GMO month
 - Fair trade co-op presentation
- Education (here's a sampling)

- New member orientation
- Yellowstone Naturopathic workshops
- Wellness film series
- Cooking classes
- Much, much more

Looking Forward

- Increase educational offerings that tie directly into market initiatives
- Engage local businesses within the *GEM* neighborhood - tours, lunch specials, education sessions, etc.
- Revamp new member orientation
- Pilot local producer tours