



2014 Annual Membership Meeting

October 23, 2014

6:00 pm

Agenda

Call to Order and Approval of Minutes 2013 Annual Meeting

Introduction of Board Candidates

Year in Review

Guest Speaker - Kelly Wiseman, Bozeman Co-op
"The Benefits of Equity Ownership"

Discussion - GEM Transformation to Equity Ownership

Election Results

Our Mission

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

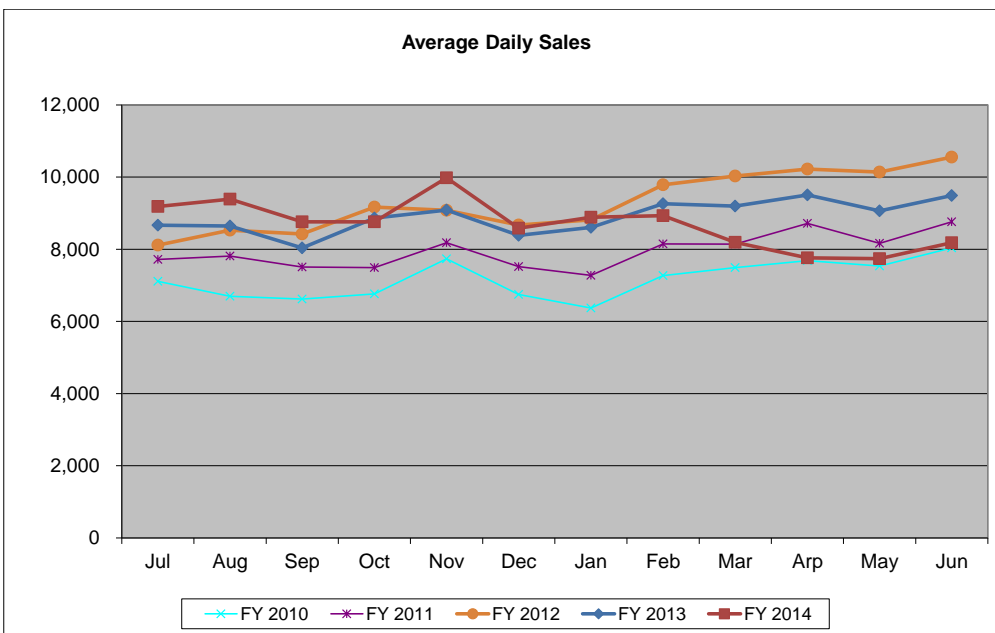
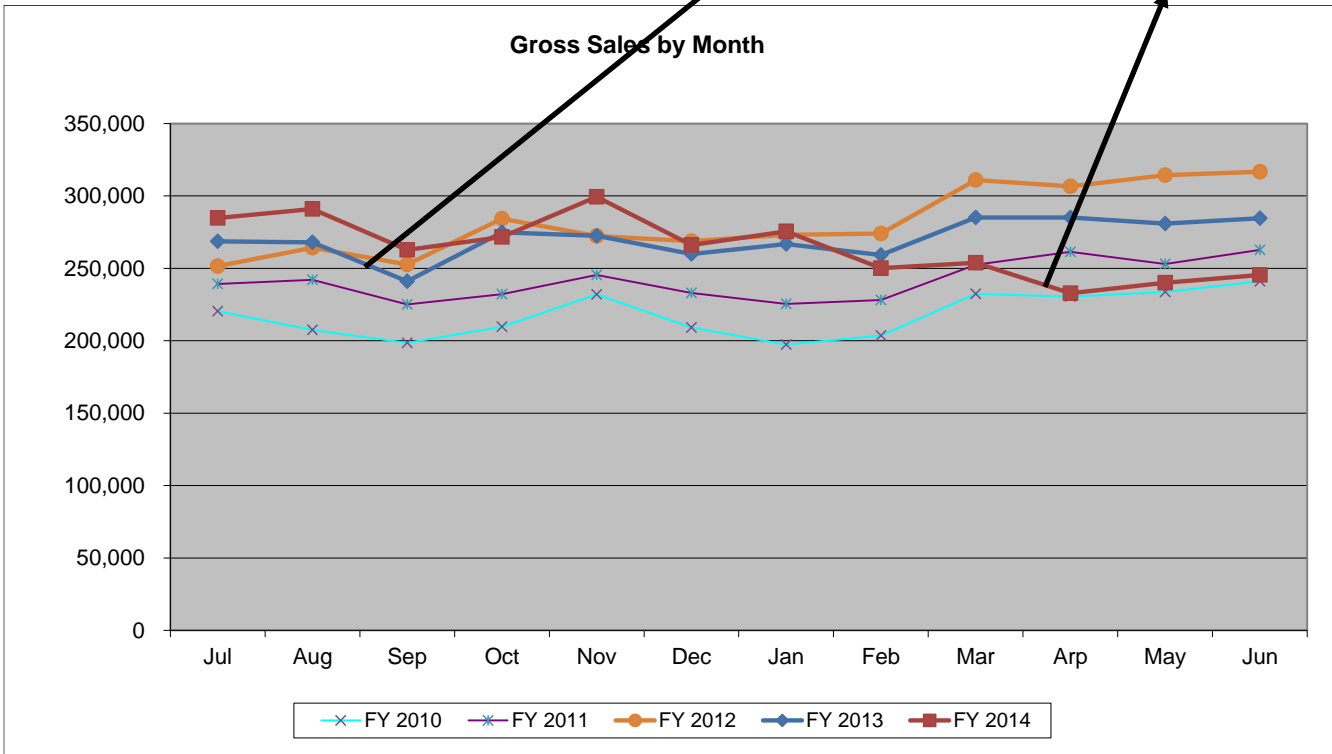
Year in Review

Goal - Strengthen our Co-op

Meet our annual financial goals

Natural Grocers opens

Lucky's opens



Average daily sales have been trending down since February. We are at levels similar to FY2010.

Annual Profit and Loss Comparison

	FY2012		FY2013		FY2014	
Sales	3,389,846		3,247,219		3,173,616	
Less: Cost of Goods Purchased	2,072,348	61.1%	2,052,100	63.2%	2,003,152	63.1%
Gross Profit	1,317,498	38.9%	1,195,119	36.8%	1,170,464	36.9%
Labor & Benefits	796,306	60.4%	811,998	67.9%	825,415	70.5%
Other Operating Expenses	470,515	35.7%	427,990	35.8%	434,043	37.1%
Total Operating Expenses	1,266,821	96.2%	1,239,988	103.8%	1,259,458	107.6%
Net Profit/(Loss) from Operations	50,677	3.8%	(44,869)	-3.8%	(88,994)	-7.6%
Other Income/(Expenses)						
Memberships	42,313		42,414		34,110	
Other	16,494		6,399		3,871	
Total Other Income/(Expense)	58,807		48,813		37,981	
Net Income/(Loss)	109,484	8.3%	3,944	0.3%	(51,013)	-4.4%

Balance Sheet Comparison

	As of 6/30/12	As of 6/30/13	As of 6/30/14
Current Assets:			
Cash & Cash Equivalents	103,344	81,022	15,393
Inventory	208,938	184,534	171,458
Other	12,595	6,803	10,966
Total Current Assets	324,877	272,359	197,817
Fixed Assets (net of depreciation)	350,023	314,588	307,937
NCGA Equity	8,663	10,264	12,128
TOTAL ASSETS	683,563	597,211	517,882
Liabilities & Equity			
Current Liabilities	131,254	118,122	144,298
Long Term Liabilities			
Member Loans	145,350	120,850	87,500
US Bank/Downtown Billings	118,381	77,015	51,758
Total Liabilities	394,985	315,987	283,556
Equity	288,578	281,224	234,326
TOTAL LIABILITIES & EQUITY	683,563	597,211	517,882

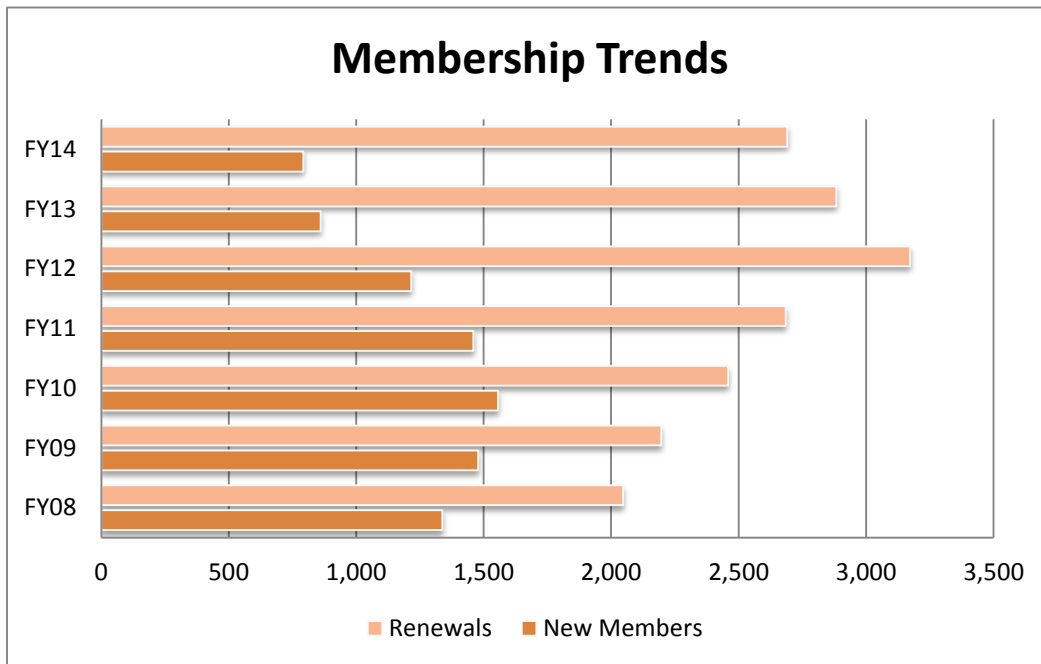
Cash Flow:

- The downward sales trend affected the cash flow for the year
- The turnover in management positions also affected the cash flow for the year
 - We had twice the normal labor costs for several months as we transitioned key department manager positions (grocery - from Rachel to Pam; produce - from Dan to April; deli - from Pam to Matt; front end - from Bo to Jenn)
 - We continue to invest in inventory to ensure we've got the shelves stocked for our customers
 - We continue to invest in education for all staff to ensure stellar customer service and efficient operations

The Coming Year

- Capitalize on our differentiators
 - Become a REAL COOP - adopt new bylaws reflecting equity ownership
 - Continue to promote our co-op values and our commitment to our members and to our community
 - Continue our commitment to local producers
 - Implement the NCGA recommendations for the deli and other key departments
 - 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 5 years (a trend we need to reverse)
- For the year ending 6/30/2014, the number of members renewing their annual commitment declined for the second year in a row
- 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%
 - FY14 = 79.5%
 - Member discounts totaled \$55,983

Looking Forward

- Engage the membership in the discussion of owner equity to better balance the member's investment with the co-op's needs

Goal - Make GEM a great place to work

- GEM employs 35 people ~ 14 are full time; 21 are part time
- Annual payroll and benefits = \$825,415 (up 1.65% from last year)
- Employee discounts totaled \$24,148
- Through our NCGA membership, managers participate in professional development classes

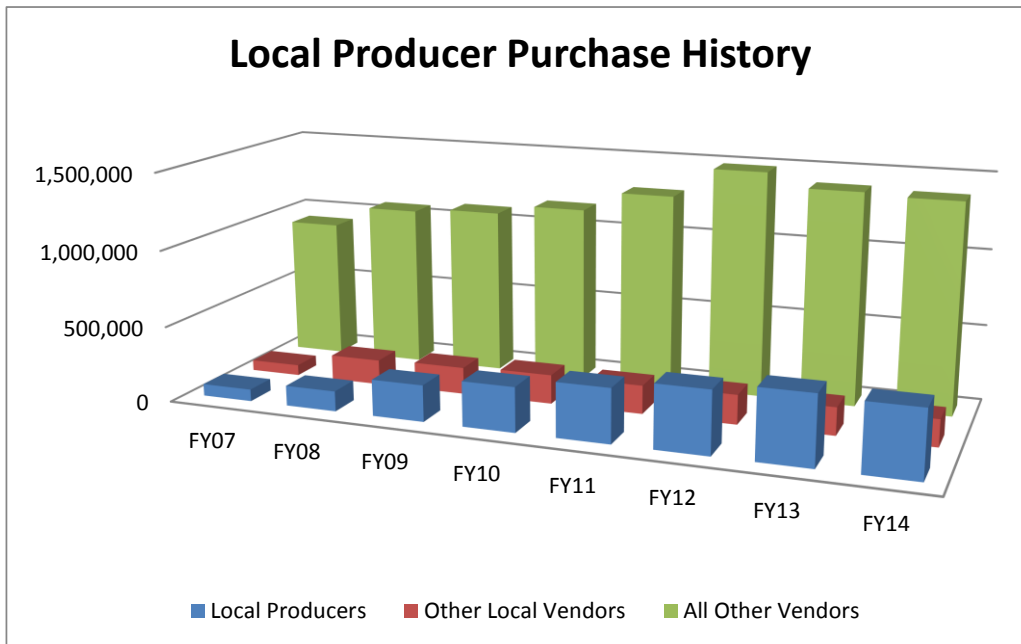
Looking Forward

- Continue to improve employee salary, wage and benefit options as a way to retain stellar staff
- Continue succession planning within the departments and at the management level
- Develop labor targets for each department and monitor the targets monthly to ensure the right balance of staff to support the level of sales
- Continue to utilize the resources of NCGA to further the training and development of all staff

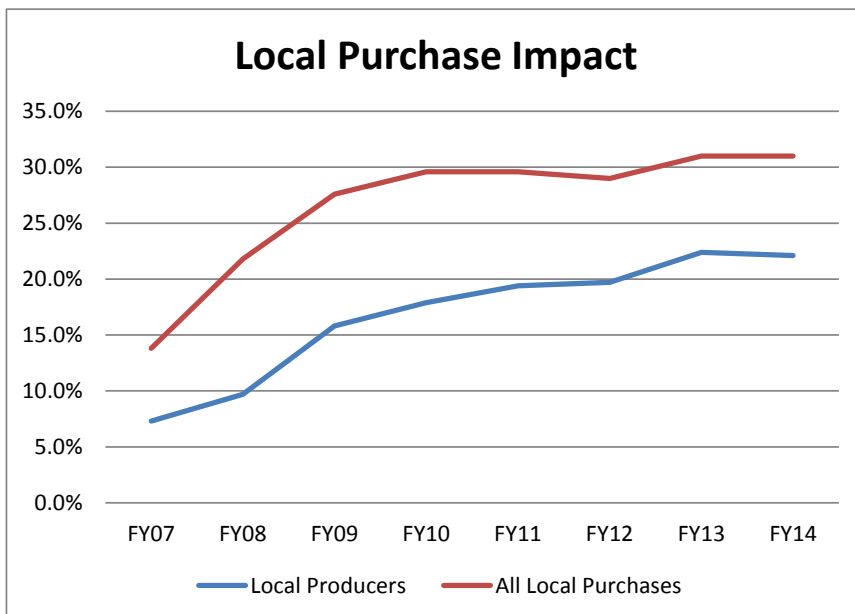
Goal - Build the local, organic, sustainable food and goods economy

- Continued local producer advisory committee initiatives
 - Tested another early Farmer's Market - most likely won't move forward
 - Continued the successful local Producer fairs - February and October
 - Hosted the Farmer's Market booth for local producers

- Continued commitment to "get local"



Overall purchases were down for the fiscal year but the purchases from local producers continue to play a large role in our product mix



Our commitment to our community is demonstrated by the growing percentage of our purchases that impact the local economy (doesn't include payroll)

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:

- ~ Alpacas of Montana
- ~ John Ross Orchards
- ~ Glacier County Honey Co
- ~ Rock Creek Coffee Roasters

Looking Forward

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

Goal - Incorporate values of environmental sustainability in our physical environment

- Every inch of the store was deep cleaned and all of the aisles were reset in preparation for Lucky's Market
- The staff have an ongoing commitment to keep the market sparkling clean at all times
- Daily cleaning was brought in house for better results and less money

Looking forward

- ~ Roof repair/replace
- ~ Exterior Signage
- ~ Parking lot repair
- ~ Refinish the floor

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:
 - Earth Day celebration
 - In store local producer fair (twice a year)
 - Non-GMO month
- Education (here's a sampling)
 - 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.
- Pilot local producer tours