

ANNUAL REPORT

2016--2017



MARSH RIVER CO--OP 5 VETERANS HWY, PO BOX 217 BROOKS ME 04921 (207) 722--3053
WWW.MARSHRIVERCOOP.ORG AND ON FACEBOOK

Your Community Your Co-Op

A message from your board – (State of the Co-Op Address)

We had a good year here at the Co-Op! We are quite excited about it! We faced quite a few challenges going into it and met many of them through a lot of hard work and dedication by a core group of your volunteers and staff.

Last year at this time we came to you, the members and the community, and said “Look, We feel we all have a good thing here and we want to see it continue and grow and become sustainable, but some things need to happen. We need to get more of us buying so we can afford more inventory, so more people will have more things to buy, and so the Co-Op will be bountiful and engage more people. And this will in turn help pay for more management and staff time so we can be sure to be reliably open and well run. And we need more help to make all of this happen.”

From the beginning we had the challenge of starting out with no capital other than members' equity payments (but no debt!) so resources for only a very small initial inventory and operation model of a Co-Op all volunteer run, to be managed by the board and staffed primarily by the local producer members. The level of volunteerism was not there. And sales numbers were small.

MRC ANNUAL FORUM & POTLUCK

Sunday, November 12 4:30 –
6:15pm at the Co-Op

AGENDA

4:30 - 5:00	Member Registration, Potluck & Socializing
5:00 - 5:15	Welcome & Introductions
5:15 – 5:30	Financial Overview
5:30 - 6:00	Discussion: Co-Op's Future Directions
6:00 - 6:15	Election of 2016-2017 board of directors and Bylaw changes

-- Your Board Members: Kim Jacobs (President), Nancy Webster (Vice-President), Mike Swiitzer (Treasurer) Meredith Toumayan (Secretary), David Greeley, Chris Bond, Ronanne Haigh,

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THE MISSION of the Marsh River Cooperative is to foster our local community and economy by offering affordable, high quality, and locally produced food and goods in a welcoming space that strengthens our community social fabric.



A message from your board – Cont'd

The good news is after the last meeting, we did have an upsurge of volunteers and we saw an amazingly good upswing in sales!

In the twelve months since the last annual meeting our sales have topped \$167,000 compared to the previous period when we had \$127,000 with sales only starting to drop off somewhat as we entered the slow season. Since the spring of 2017,' sales growth has averaged 38% over the same month of the previous year. And we have so much more on the shelves, increasing the range and depth of inventory over the course of the year, from only having \$12,968.94 in rolling inventory to \$15,079.29 while adding an additional 150 products with an average of three new products a week, most of them member requested.

We were able to increase the paid time for Matthew, our manager, to 28 hours a week and Sean, who came on after Nathan, as our other paid staff person, to 12 hours a week. This has helped stabilize the operation of the Co-Op immensely.

We consistently hear praise of the Co-Op from those that come upon us "Wow, what a cool place and here in Brooks!" We are encouraged....

However... we are on a good trajectory towards sustainability... but we have a quite a way to go yet!

This is the reality

-though we saw a good upsurge in volunteers, that has since dropped off. In fact we have fewer volunteers than last year at this time. To give you an idea of what that means we no longer have a functioning Marketing Committee, Policy Committee, Volunteer Committee nor Finance Committee. Mike and Kim work closely with Matthew (who volunteers countless hours!) as the Management and Oversight Committee and as the Purchasing and Merchandizing committee. Dave is the Events Committee and heads the Facilities Committee (thanks to the stalwart members of that!). Chris is the Fund raising Committee. Matthew has taken on the bookkeeping that was done by a dedicated volunteer for so long (Thank you Fred Jackson!!!). So you see, a similar core group has been doing more and more of the work. We are down board members... we are continuing to burn volunteers out... we have no backup to keep the "show going" if some of us can't be here or drop out...

-our sales are increasing at a very promising rate, but we can't yet afford to staff the Co-Op fully and we struggle to keep it open with volunteers...

- we have only paid Izzy, our beneficent landlord (and founding member and core volunteer) \$300.00 in rent, one time...

SO BOTTOM LINE – We are on a very encouraging trend toward making this valuable community resource sustainable. The Co-Op belongs to you, whether it fails or succeeds is up to you. If we get more involvement we can keep the trend going. Lets not let this thing fail now when we have seen that it is possible to make it work!

Very sincerely and passionately yours!
Kim Jacobs, Board President

FINANCIAL SUMMARY



The Co--Op's fiscal year is July 1 – June 30. The figures below compare the 2016 and 2017 fiscal years. A special thanks goes out to Fred Jackson for so many volunteer hours keeping the finances of the Co-Op in order.

Despite little or no growth in the first few months and an actual drop in sales during the month of January such a positive trend was achieved in the spring that the Co-Op still finished the fiscal year with sales growth of over 19%. Even more encouraging, in the months following the close of the fiscal year, this trend has continued with some months topping 40% year over year growth.

WOW!

- 115 members
- At least 3,000 volunteer

Factors for growth include the following

- The addition of Monday hours 2:00pm – 6:00pm (no additional staffing costs are associated with this due to volunteer support)
- Limited extended summer hours
- Increased beer and wine inventory
- Increased general inventory including new local vendors
- Increased visibility due to marketing campaigns

During the past fiscal year we were dealing with various factors that were affecting the calculation of the actual profitability of the Co-Op. These were primarily related to accurate calculation of “Cost of Goods Sold” and concerned how Consignment Goods were dealt with on the books and also how to handle large inventory fluctuations experienced by a small “business” such as ours. This skewed our numbers in ways that we are just now getting a handle on. With this in mind – the books showed a net operating loss of \$6,428 and a net loss of \$3,650. The good news is that these paper losses found on the Profit and Loss Statements did not correlate with our bank balances, these balances being reasonably healthy..

The full year--end financial statements are available at the Co --Op. Copies will be available at the Annual Meeting.

Profit and Loss Summary	2016	2017
Sales income		
Less cost of goods sold (inventory at 1 July 2015 + 2016 purchases)	\$124,319	148,258
	\$102,906	\$122,191
GROSS PROFIT (Sales income less cost of goods sold)	\$21,413	\$28,788
Operating Expenses (Wages, utilities, credit card fees, insurance, supplies, taxes)	\$25,299	\$35,217
NET OPERATING PROFIT (LOSS)	\$(3,885)	\$(6,428)
Other Income (Donations, membership fees, interest)	\$3,285	\$2,778
NET PROFIT (LOSS) (Gross profit less operating expenses)	\$(600)	\$(3,650)

¹ Net operating profit or loss is defined here as revenue from sales, minus cost of goods sold and minus operating expenses.

The Road So Far



This past year has, in many ways, been a good one for the Co --Op.

We have seen a lot of new faces and heard a lot of wonderful advice and recommendations. Some of the things we did this year include the following:

- Increased membership from 100 to 115 members.
- An estimated **19.2%** increase in sales in fiscal year 2016-2017
- Increase in money paid to local vendors from \$51,000 in fiscal year 2015-2016 to \$62,000 in fiscal year 2016-2017
- Switched our Merchant Services provider (Credit Card) to reduce our transaction rates and improve checkout experience
- Constant work is being done to improve our displays and layout
- Embarked on a cost cutting program to reduce fixed overhead
 1. Shut off the produce coolers and moved the produce to the walkin reducing energy costs by \$150.- \$200 a month as well as reducing spoilage
 2. Reduced the number of fluorescent light bulbs in the Co-Op by 50%. (did anyone notice the difference?)
 3. Replaced all the halogen flood lamps with energy efficient LED's
 4. Setup a Billpay service through KSW to reduce postage and mailings
 5. Embarked on taking the accounting system paperless

But even with this positive growth, the Co--Op had significant additional costs which impacted that growth

- The trend of decreased volunteer support has continued both for in and out of the store tasks(committee's etc.). The board has compensated by increasing staffed hours but this has directly affected the profitability and growth of the Co-Op. We saw an increase of 47.3% in wages over last year bringing the total wages to \$14,858.64 with an addition of \$1016.09 in associated payroll costs.
- The Co-Op switched insurance carriers so that we could carry coverage for the Consignment Crafters and for the Board of Directors. This increased our insurance costs from \$1259.50 to \$2914.00 on a yearly basis.
- Because of the Co-Op's commitment to not place a large markup on local goods so that locals and others can pay a fair price on items made in in the surrounding areas and Maine in general we do not see a high profit margins from those items as a result.
- While we were able to pay a nominal rent for one month out of this year we are still unable to pay on a regular basis.

Please come to the annual meeting on **November 12** prepared to discuss these issues. This is YOUR Co --Op; we need YOUR input.



The Path Forward



While Co-Op in many ways had a wonderful year of growth and success we still have many obstacles to our continued growth and viability.

At this time the largest threat that the Co-Ops face to growth and sustainability is the reduction in the volunteers needed in order to fill the board/committee seats and support the staffed hours at the Co-Op. We would love to hear from the membership why we are unable to attract new volunteers or retain the volunteers we have? Do the volunteers feel that the 10% in store discount isn't enough to encourage regular volunteering or are there other benefits members are looking for?

Due to our current septic situation we are unable to provide a public restroom or prepared foods. Does the membership/community members find that this limitation directly effects how often the shop/hang out at the Co-Op? We are currently looking at different ways we might be able to overcome this challenge and would like to hear from you if this is a factor for you in using the Co-Op space.

And the biggest question of all. What would you like your Co-Op to be as it continues to grow!?



Committee Reports

Fundraising Committee

After the last Annual Meeting it was determined that looking into additional funding sources would be a good idea. As a new Board Member Chris Bond spearheaded this task and the following is his report.

The year started with a proposal to increase cash flow to offer prepayment discounts for the month of January 2017. This ultimately resulted in an additional \$1500.00 in cash flow. Initial grant applications were stymied by the lack of a Federal 5013c status. The tax status of the Co-Op was discussed and after looking into the implications of a status change it was determined that at this time there was no benefit in changing. As a result, the Eastern Maine Development Corporation, a 5013c, was reached out to and has agreed to serve as a fiscal sponsor for all grants requiring 5013c status to apply.

The following grants were applied for and did not succeed (dozens more were attempted or reviewed but the Co-Op was ineligible or they were not accepting applications at the time of the inquiry): The Waldo County Fund, Maine Community Foundation, the Simmons Foundation and the Agnes M. Lindsay Trust. Grant Application preparations are being made for the Maine Arts Commission and the USDA. Additionally numerous local and national companies were approached for gifts: Unitel was the only organization to reply with an offer to give, but as of yet, it has not transpired.

Craft Committee (Meredith Toumayan)

- Jackson Spinners with Meredith Toumayan (Twice a month)
- Christmas Craft Fairs
- Art shows in our gallery space
- Redesign of the craft area

Facilities Committee (David Greeley, John Purington, Al Meister, Bob Klein)

- Moved shelves and displays
- Help Izzy with recycling
- Shoveled snow
- Painted
- Defrosted Freezers
- Screen door creation and install
- Inventory
- General tinkering

Events Committee (David Greeley)

- Pysanky (Egg Painting) with Lecia Suchor
- Maine Teamsters Association with Ed Hamel
- Pub Quiz with David Greeley (January, February, March)
- Tea Fundraiser with Mike Switzer
- Open Mic with Peter Baldwin
- Book signing and presentation with Kim Jacobs
- Representation at the Fourth of July parade
- Provided treats from our new popcorn cart(thanks Dave Greeley!) at the Brooks Trunk or Treat Halloween celebration.

New Maine Vendors in the Co-Op!



1. All Good Things Farm (Searsport, ME)
2. Ancestral French Soaps (Monroe, ME)
3. Cellar Door Winery (Lincolnville, ME)
4. Lally Broch Farm (Frankfort, ME)
5. Little Lad's Bakery (Corinth, ME)
6. North Branch Farm (Monroe, ME) (Returning Vendor)
7. North Spore (Westbrook, ME)
8. Palmer Hill Farms (Thorndike, ME)
9. Sight Unseen Woods (Swanville, ME)
10. Suecakes (Belfast, ME) (Returning Vendor)
11. Tortilleria Pachanga (Portland, ME)
12. Mending Wall Farm (Jackson, ME)

Thank yous!



It's our co-op-- we own it, manage it, run it, and ultimately, benefit from how it enriches our community!

Here, acknowledging the contributions of many----- and in the process giving us all an idea of what goes into running our coop and where the addition of your energy, expertise and ingenuity can make a difference....

Many thanks to Fred Jackson, who could always be found in his backroom "lair", volunteering his time and expertise, keeping our bills paid and our books in order. He stepped down this summer and we are so fortunate that Matthew has been able to absorb his tasks.

Many thanks to Becky Weaver who put in so much time coordinating our volunteers for the last two years (and who still is the stalwart running the show at the coop on Saturday mornings) She has handed over the Volunteer Coordinator duties, currently being covered by (guess who!) Matthew. Anyone interested in taking on this vital work?

Thanks to Meredith Toumayan who gave two years to the coop serving on the board and longer as the head of the craft committee. She is stepping down so she can put more time into her own business. We are so pleased that Pat Knox (one of our newest members) - has offered to head the craft committee. Interested in this realm? Please join the committee- would be lovely to expand our craft offering and support more local artisans!

Also thanks to Paul Toumayan, who with Meredith's help, brought us all those informative newsletters. Miss the newsletters? Currently this position goes begging...

With gratitude to Rose Rapp, who gave of her time in the winter to spearhead some fun (and profitable!) marketing activities. Currently there is no Marketing Committee – a crucial need...

Thanks to the members of the facilities committee John Purinton, Al Meister and headed by Dave Greeley (often found in the store taking care of key tasks, as well as sitting on the board and managing events). Any more handy-persons out there?

A fun gathering of volunteers from the crafter committee and others (too many to name here, but many thanks!) accomplished the location switch of the grains to the east wall, creating a new centralized craft area. (Welcome back to the crafters who were able to return when the coop secured a new insurance policy that now covers consignment good liabilities.)

Thanks to Nancy Webster who had to leave us for health reasons and a change of venue. She leaves another vacant seat on the board...

Regular volunteers from supervisor positions we thank and miss – Sarah Cole and Anne Weinberg of Chase Stream Farm who held the coop together, middays Wednesdays and Fridays respectively.

Izzy! How could we do it without you! Not only does she bring us the whole animal feed department to sell on consignment, she is "on shift" on every Thursday mid-days, and provides lovely home for the coop in her building and we only pay a small percentage of clear profit (it has only been about \$300 only so far, but if we get the help we need to keep our "current trend on track", we can change that picture and eventually pay her what she deserves!)

Thanks to Mike Switzer and Kim Jacobs – along with the indomitable Matthew the Manager par excellence, and jack of all trades, who together as the Management and Oversight Committee – (change hats!) and the Merchandising and Purchasing committee, (and trying to cover the tasks of the defunct Marketing committee) take on the plethora of other tasks involved in running the coop.

-Bob Klein, for willingness to fill the roll of "general dogsbody" at the Co-Op, as well as doing many of Kim's tasks at home, when he can't drag her from the Co-Op by the scruff of her neck...

And more thanks to:

Thank yous....cont'd



- Ronanne Haigh – for her work on the board, even though her two jobs keep her from us too often. And for her kick-starting of our inventory of new t-shirts and hoodies and the donation of a big flat screen TV and color printer!

-Chris Bond – completing his first year on the board – for “beating the bushes” in search of grants to move us forward – and for bringing us two very appreciated work study students from Unity college, Justina and Kate who do everything from cashiering, to our repack of bulk food, to cleaning. Always a need for more hands with these tasks...

-For the indispensable weekly pickups from local vendors ---Autumn Cassity, Bekki Devereux, Mike Switzer, Barbara Clement and George Nashon, Charles Hopkins

For all the data gleaned from the survey earlier this year- Peter Baldwin, Rose Rapp, Autumn Cassity, Frank Long and others.

-All the other volunteers who helped with inventory taking, shift coverage and so much more – if we missed thanking you, please forgive us!!!

And a welcome and thanks to longtime member and volunteer, Sean James who took over Nathan’s spot as our paid part timer. He holds down the fort on most mornings and has relieved Matthew of a big portion of the product receiving, freeing Matthew up for the myriad of other tasks we have dumped on his plate!

-Where we will finish with the ultimate thanks to Matthew (paid a part-time pittance to do a full time manager’s work) for his incredible dedication of time and energy, above and beyond the call of duty, keeping our co-op afloat and moving forward toward sustainability!

WANTED and NEEDED: YOU

Want to be on the board? We have a few openings! Nominations for the annual meeting need to be submitted to.

- Contact Kim Jacobs: 722--3139 or zephyrhill@fairpoint.net

Want to volunteer in the store or on a committee?

- Contact marshriverordering@gmail.com or call (207) 722-3053

Want to donate lots of money? ☺☺

- Contact Kim (above)



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