



2020 Annual Meeting

AGENDA

7:00 PM – Call meeting to order
- Introductions
- Approval of 2020 Agenda
- Approval of 2019 Minutes

7:10 PM – Financial Report

7:25 PM – Operations Report

7:40 PM – Board Report

7:50 PM – Election of Directors
- Call for nominations
- Nominee introductions
- Vote

8:00 PM – Adjourn



Cortes Natural Food Co-op Annual General Meeting Minutes

June 11, 2019, Mansons Hall

5:30pm General Manager Eric Hargrave calls the meeting to order.

Introductions: Current board members (Amy Robertson, Fred Savage, Meghan MacDonald, Anne Dzakovic, Iris Steigemann, Isabel Steigemann, De Clarke, Lara Sawyer) were introduced to the meeting.

Approval of the 2019 Agenda: Proposed Lizbeth James; seconded Theresa Hargrave. Passed unanimously.

Approval of the 2018 Minutes: Proposed Meghan MacDonald; seconded Lara Sawyer. Passed unanimously.

General Manager's Reports – Eric Hargrave

OPERATIONS REPORT

Increased wages and new position created in the store
Climate Smart Certification
New 10% off quarterly coupon
Store sales up 7% so far this year
Cafe sales up 11% so far this year

Continued building upgrades
Bakery expansion and relocation
Introduction on bulk soaps and store re-organization
Customer count up almost 6%
Filling staff roles is harder than ever this year

CLIMATE SMART

24 tonnes carbon dioxide emitted per year, if we included R&B transportation of goods in our list it would triple amount of CO2 emitted "by the Co-op".
Taking action to reduce paper use, staff commuting and propane equipment.

FINANCIAL REPORT

Sales and margins continue to go up
Excluding bakery expansion, expenses were about the same as years gone by

Money being re-invested into staff (increased wages, benefits)

*Russ Haddow moves to see a 2% increase on credit card transactions. No one seconded. He has been invited to a board meeting to discuss this possibility.
Ray Grout would like to formally "thank Eric for doing such a great job" - round of applause*

BOARD REPORT – Fred Savage on behalf of Amy Robertson

Bakery expansion
Lots of little projects that add up to good progress

Driveway relocation

ELECTION OF BOARD MEMBERS

The board has nine members, including one staff member. Board terms are two years. Fred Savage is stepping down after serving two and a half terms. Amy Robertson, Isabel Steigemann, and Lara Sawyer are in the midst of their terms. De Clarke, Anne Dzakovic, Iris Steigemann and Meghan MacDonald are up for re-election. There are two other positions available. Garret Bartscher is elected by acclamation. One position remains unfilled.

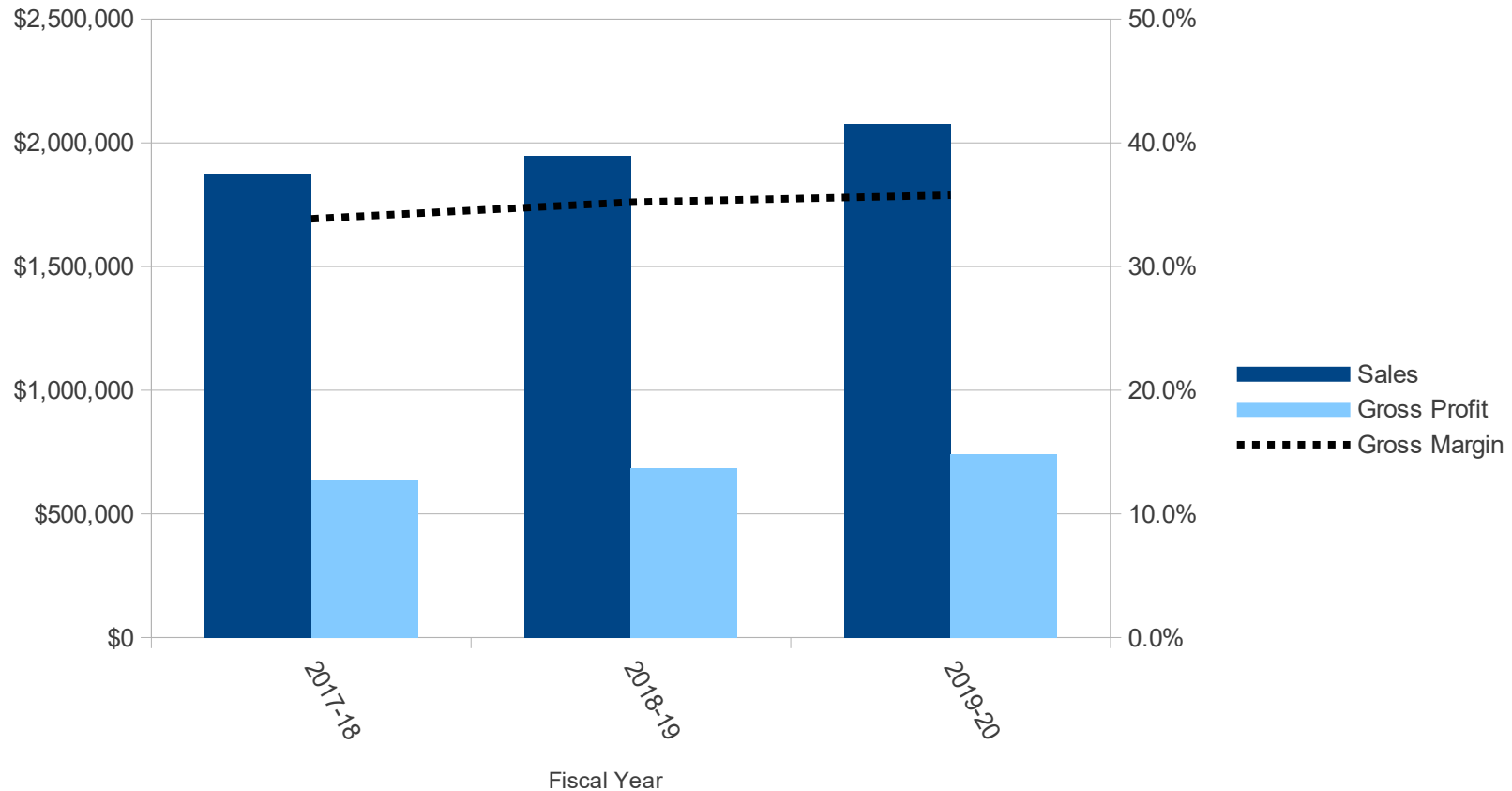
Motion: to adjourn the meeting proposed by Eric Hargrave, Seconded by Lara Sawyer. Passed unanimously.

FINANCIAL REPORT



Sales, Gross Profit, & Margin

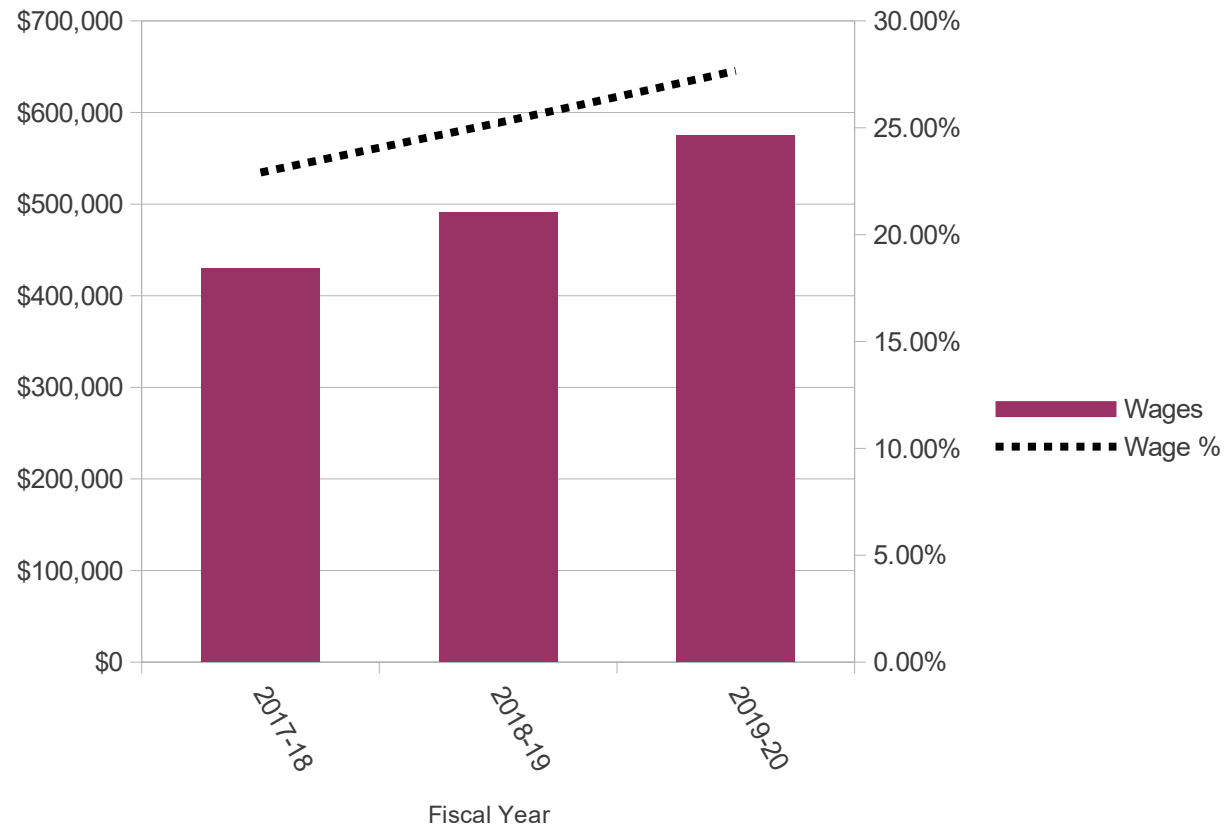
Sales were up 6.7% over last year – strong year-round.
Our gross margin continues to stay stable ~36%.
Our gross profit went up about \$58,000.



Staff Wages

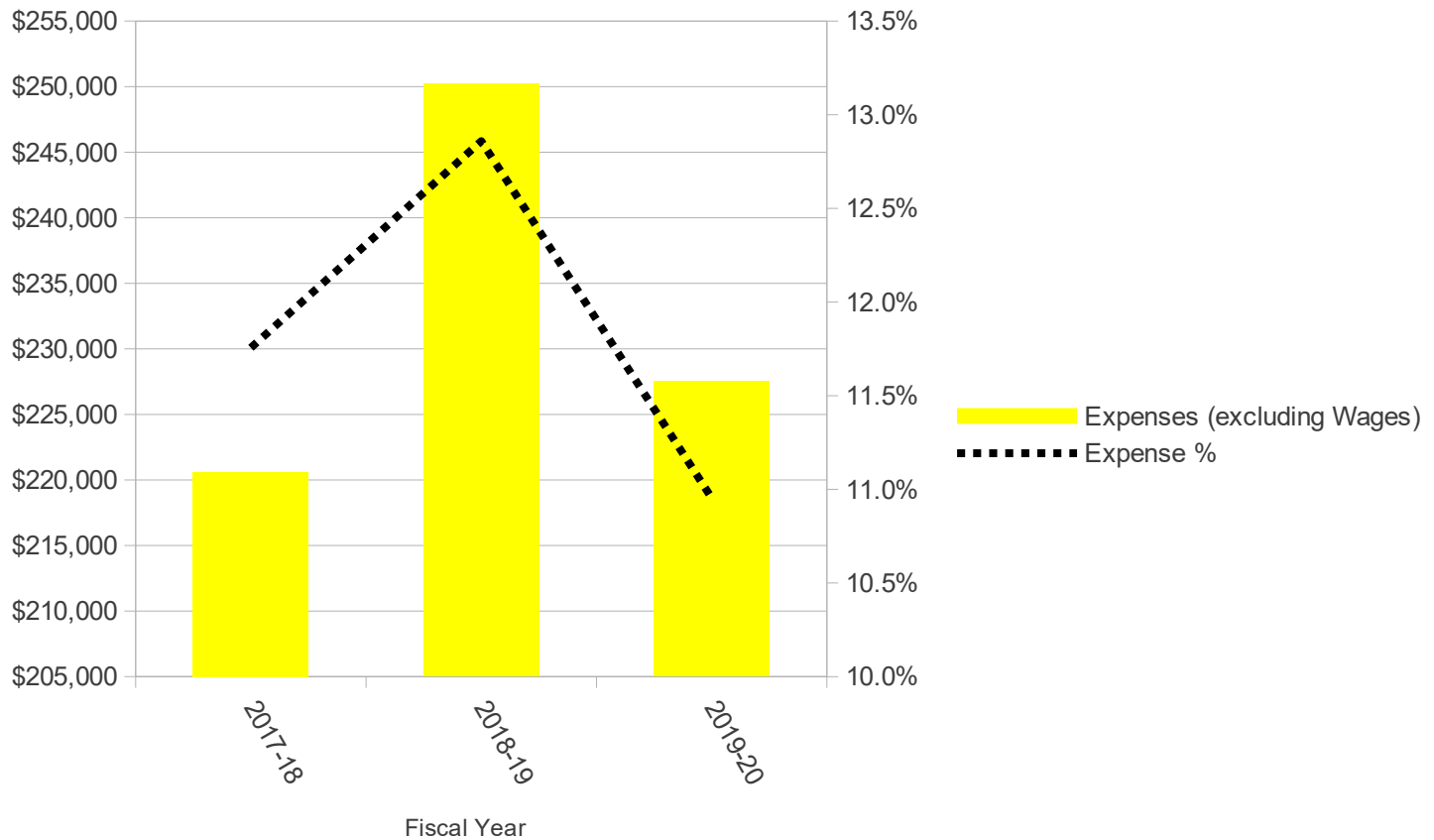
We paid nearly \$575,000 in staff wages & benefits last year. That's up 17% (\$85,000) from the previous year.

Staff costs were about 27% of sales this year.



Other Expenses

Other expenses were in line with previous years. We showed higher expenses in the spring but decreased them after the summer.



Income Statement

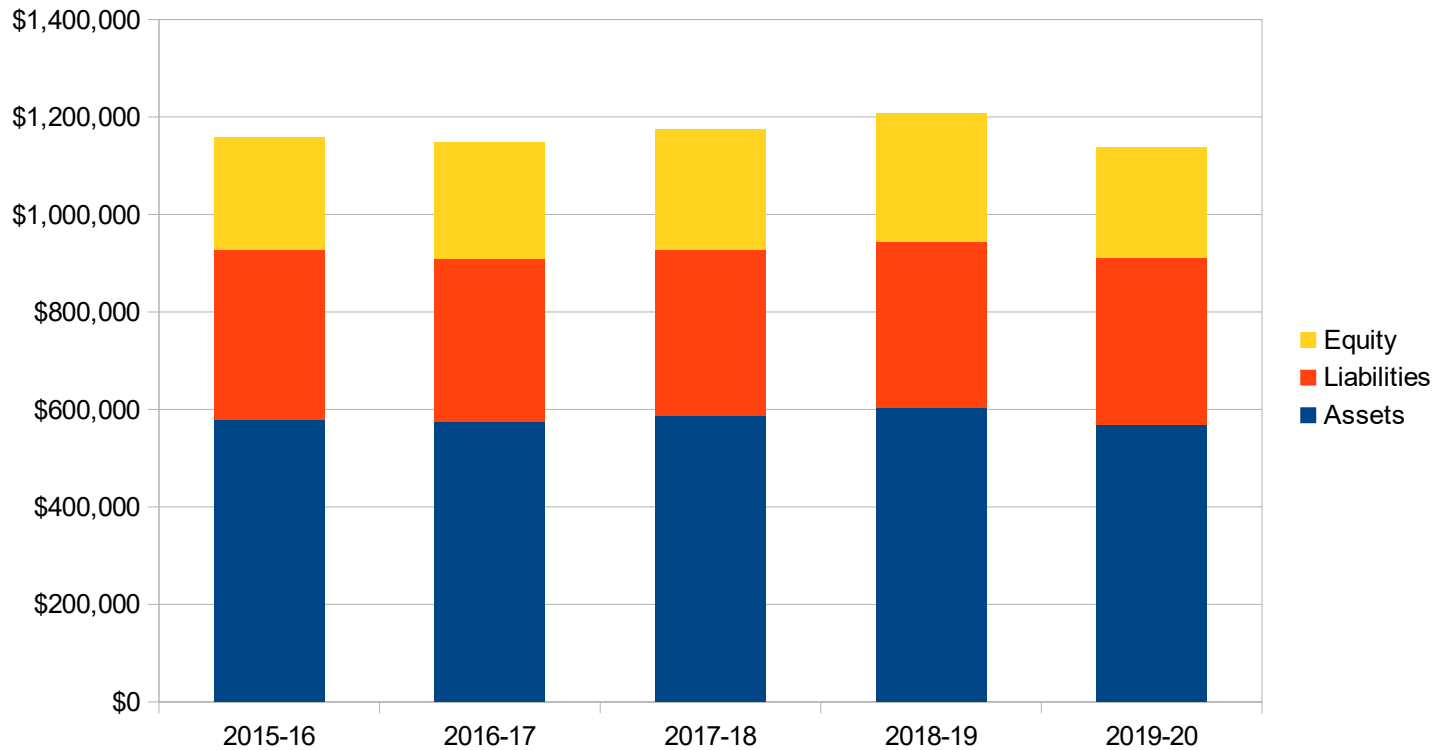
	2019-20	2018-19	2017-18
SALES	\$2,077,210	\$1,945,833	\$1,876,642
Cost of Sales	\$1,334,294	\$1,260,988	\$1,241,272
Gross Profit	\$742,916	\$684,845	\$635,370
EXPENSES			
Personnel	\$574,592	\$490,927	\$429,838
Maintenance	\$37,126	\$44,185	\$27,716
Depreciation	\$34,403	\$36,244	\$35,261
Other	\$155,999	\$169,789	\$157,641
OPER. INCOME	-\$59,204	-\$56,300	-\$15,086
Other Income	\$20,758	\$72,516	\$23,681
Taxes	\$0	\$1,096	\$1,113
NET INCOME	-\$38,446	\$15,120	\$7,482



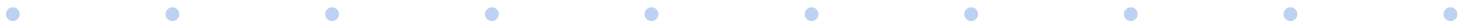
Balance Sheet

Our balance sheet has changed because of the loss – liabilities up, equity and assets down.

Our equity has gone down about \$37,000.



OPERATIONS REPORT



Grocery Store Context

TRENDS

- Pickup & delivery services are necessary
- Online sales for groceries up 240%; 40% tried for first time
- Fewer trips, bigger baskets
- Pick a store and stick with it
- More willing to try new brands, make impulse buys
- Looking for an enjoyable experience
- Looking for health boosters
- Fewer products available, higher prices, volatile markets



Grocery Store Context

CHALLENGES

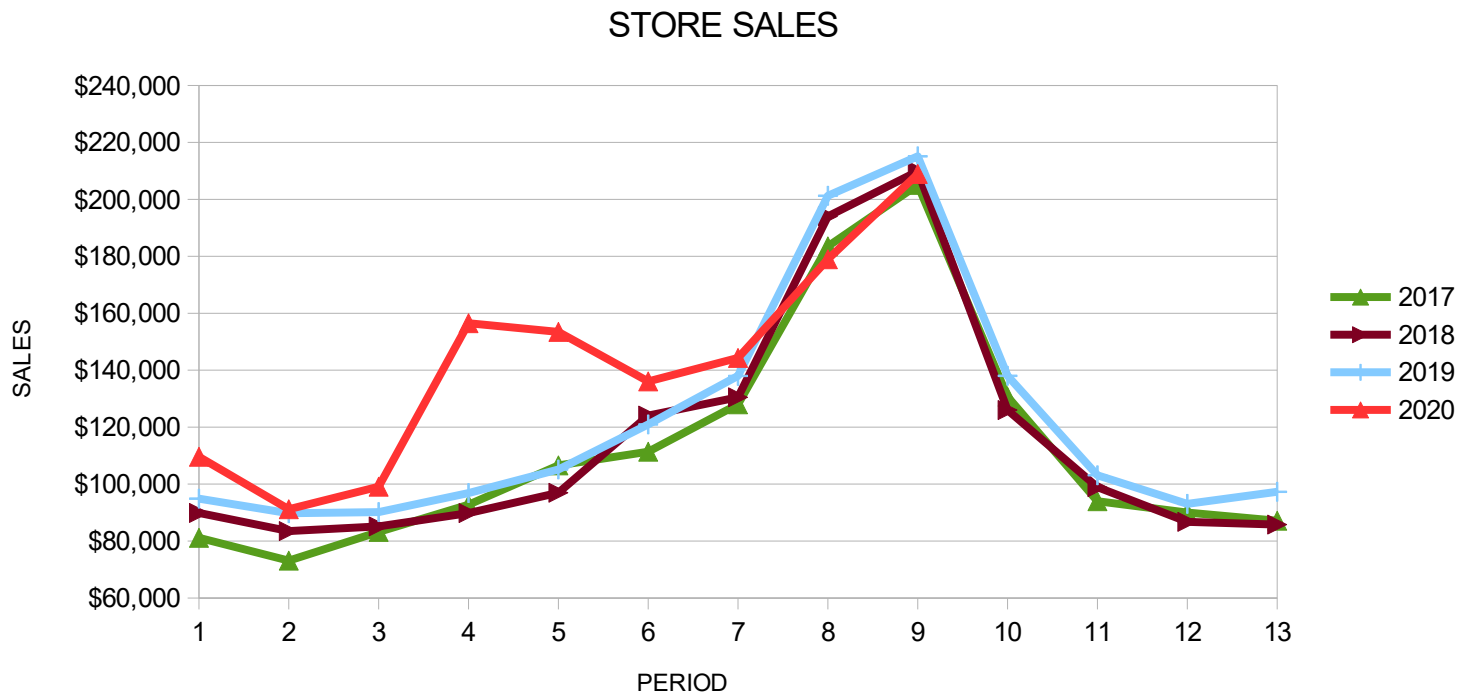
- Keeping staff healthy & happy
- Building and maintaining an online store
- Fitting pickup & delivery into our model
- Providing an enjoyable experience with all the restrictions
- Maintaining safety protocols, including sick workers
- Unpredictable tourist season
- Remaining affordable



Store Sales

Sales are up 11% so far this calendar year.

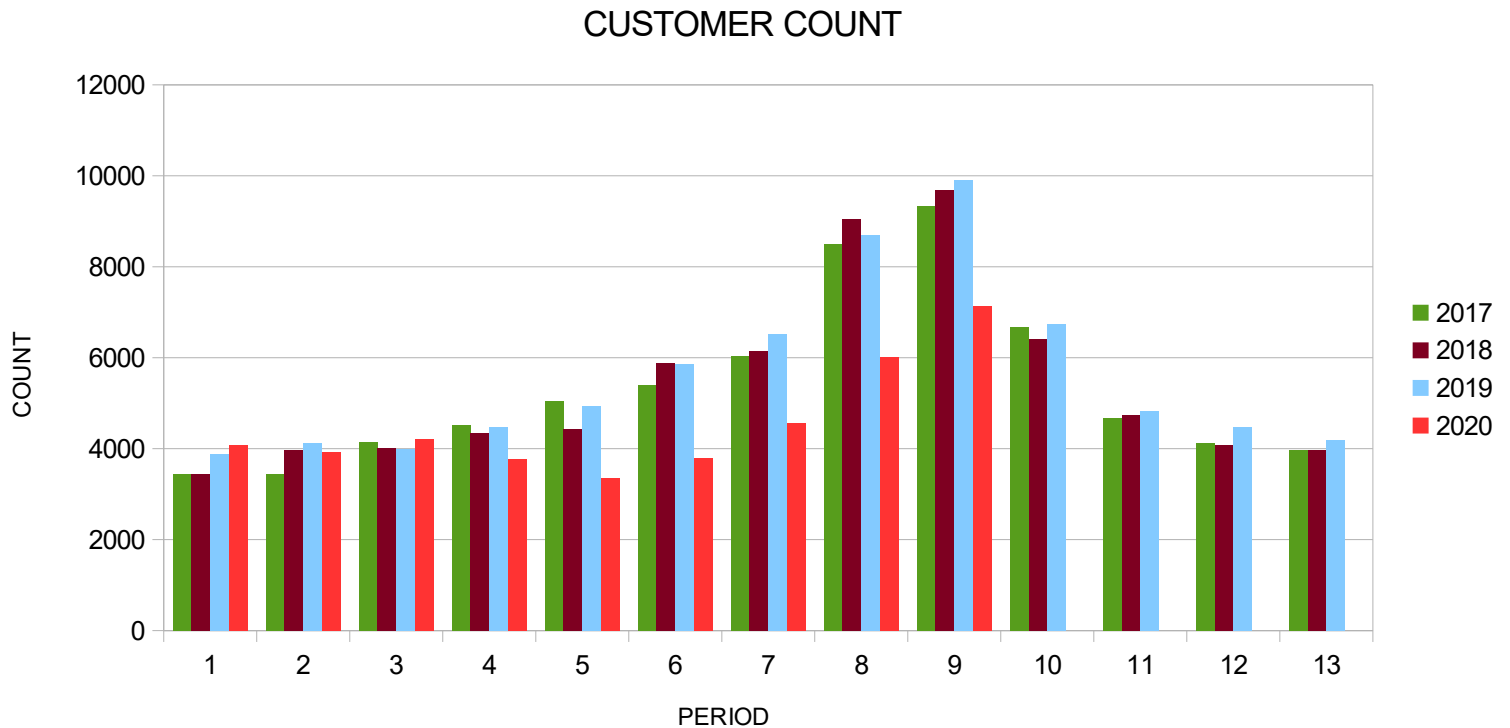
Pre-orders were big in the spring. Grocery and produce have led the way otherwise.



Store Sales

Customer count is down 22% this calendar year.

The average basket is up 40% - from \$21 to nearly \$30.



Cafe & Bakery Context

CAFE TRENDS

- Expect 40% of BC restaurants out of business by end of year
- Could be 60% if restrictions stay in place or increase
- 33% of people won't go out to eat anytime soon

CHALLENGES

- More cleaning, more PPE, slower service, smaller menus
- Focus on profitability – doesn't have to be higher prices
- Big recession, higher wages, higher food prices



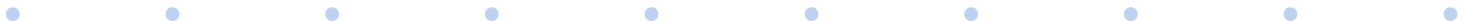
Cafe & Bakery Context

BAKERY TRENDS

- Delivery or pick-up only
- Order online with limited daily quantities (usually pre-orders the day before)
- Sell other provisions (bulk, produce)
- Meal kits, recipe ideas
- Look for other angles – local, traceable, freshness, specialty

CHALLENGES

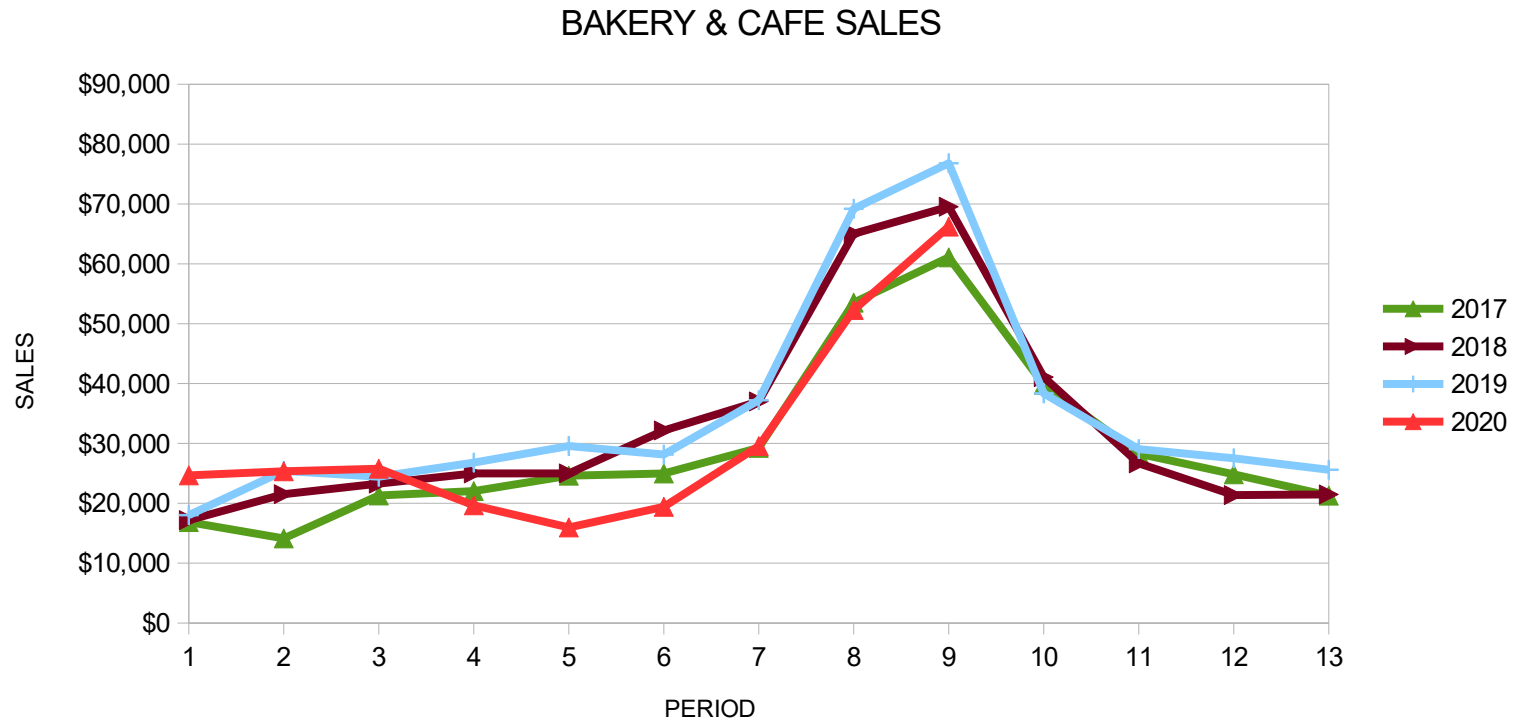
- Big recession, higher wages, higher food prices
- Limited demand



Bakery & Cafe Sales

Sales are down 17% so far this calendar year.

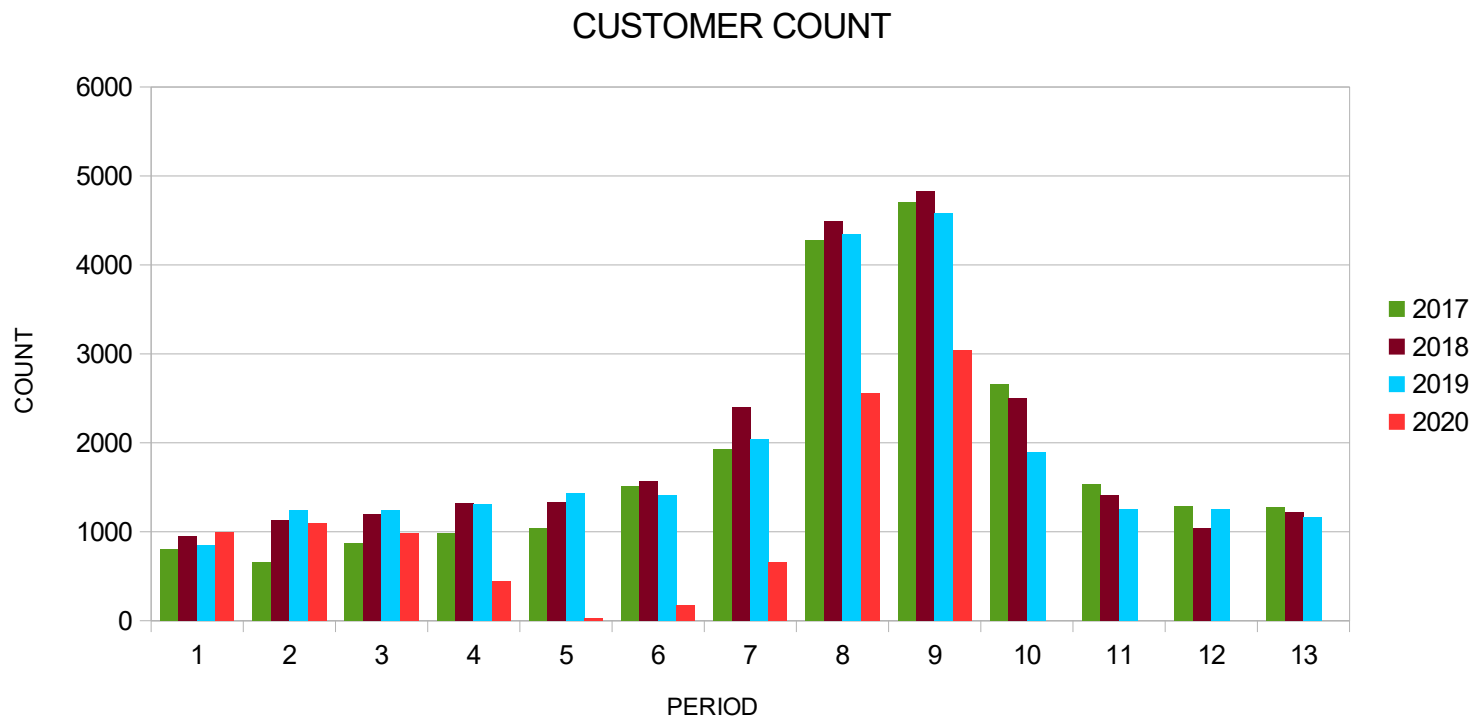
The Bakery & Cafe were 22% of all sales; now down to 17.5%.



Bakery & Cafe Sales

Customer count for the cafe is down 45%. The average basket is up almost 30%.

We lose money when we're open 3 days per week in winter.



So far this year

During the first Q:

- Sales up ~23%
- Personnel ~18% (not 27%)
- Other expenses ~10%
- Healthy profit ~\$23k
(**-\$13k** in 2019)
(**+12k** in 2018)

During the second Q:

- June ~2% up
- July ~10% down
- August ~8% down
- Same trends as spring

Cortes Natural Food Co-op Profit & Loss March through May 2020

	Mar - May 20	% of Income
Ordinary Income/Expense		
Income		
4-0000 · Income	541,306.08	100.0%
Total Income	541,306.08	100.0%
Cost of Goods Sold		
5-0000 · Cost of Sales	371,558.52	68.6%
Total COGS	371,558.52	68.6%
Gross Profit	169,747.56	31.4%
Expense		
6-0000 · Expenses		
6-0100 · Personnel Expenses	96,362.08	17.8%
6-1000 · Operating Expenses	32,602.87	6.0%
6-6002 · Occupancy Costs	6,601.02	1.2%
6-6060 · Utilities	7,273.67	1.3%
6-7000 · Amortization	8,600.73	1.6%
Total 6-0000 · Expenses	151,440.37	28.0%
Total Expense	151,440.37	28.0%
Net Ordinary Income	18,307.19	3.4%
Other Income/Expense		
Other Income		
8-0000 · Other Income	5,293.79	1.0%
Total Other Income	5,293.79	1.0%
Net Other Income	5,293.79	1.0%
Net Income	23,600.98	4.4%

Future Plans

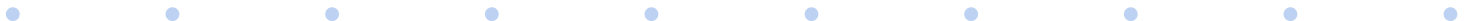
HIRING FOR A NEW POSITION!

Prognostication Advisor



Desired skills include reading tea leaves, crystal ball gazing, interpreting dreams, and basic carpentry.

Bonus if you have experience with pandemics, natural disasters, refrigeration systems, or making strong cocktails.



Future Plans

STORE

- Prepare for the future (online orders, deliveries, local food)
- Serve our staff and our community
- Focus on the mission

CAFE

- Work on a model that is sustainable year-round
- Ensure we're breaking even

BAKERY

- Evaluate wholesale sales
- Continue to innovate & build

