



KEWEENAW  
CO-OP

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Director

# 2020 annual report

Community Owned & Operated Since 1973

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# From the Board

It goes without saying that 2020 was a unique year for the Keweenaw Co-op, our Keweenaw Co-op owners, our community, and far beyond it. While the pandemic has contributed challenges, we've been reminded that our hero staff is agile, creative, committed, and resilient. We've been reminded that our owners are supportive, generous, and caring, even when they are facing their own challenges during the pandemic. We've been reminded that the Co-op is an essential part of our community, providing beyond those who come into the store to shop with initiatives like Round Up at the register.



**Lisa Reitz**  
Board President

While Co-op decisions are always guided by our Ends, this past year was one that served as a reminder of the importance of these principles. Ends are a special type of goal that designates the results for which the organization exists. Our Global Ends state that the Keweenaw Cooperative exists to sustain the physical and social health of our owners, customers and community with: A resilient and ethical food infrastructure; education, activism and communication; and the advantages of a cooperative business model. For our annual report the Board would like to highlight three initiatives that have supported the ends, and in turn, supported our Keweenaw community during a pandemic.

**Double Up Food Bucks Program.** This program launched in July of 2020 and has provided over \$7,000 in free fresh produce to customers on food assistance since. How does it work? For every dollar in fresh produce purchased with an EBT/Bridge card, the customer receives a coupon of the equivalent amount that can be spent on more fresh produce. This program is administered by the Fair Food Network in Michigan and is funded by the USDA Food & Nutrition Service GusNIP incentive program.

**Round Up at the Register.** At the time of purchase, customers are asked if they'd like to round up their total. The current Round Up recipient since April 2020 is the Western UP Food Bank. From this simple choice at the register, owners and customers have contributed nearly \$25,000 to the Western UP Food Bank! This has been used to purchase quality food staples to donate to the Food Bank and is equivalent to over \$40,000 in retail value! This is how customers and owners have made a difference for families in our community.

**Liveable Wages.** In 2020, the Co-op followed through on a commitment to meet our "Sales per Labor Hour" goals and when doing so adjusting our wage scale to align with the MIT livable wage model at that time. We have goals in place and continue to find creative ways to improve performance and finances in order to elevate base wages to the National Co-op Grocers livable wage model, which is a more comprehensive model used by many co-ops.

The Board of Directors would like to applaud the Keweenaw Co-op leadership and staff for their dedication to continued success during these unprecedented times and we'd like to share our gratitude to Keweenaw Co-op owners. We are grateful to have the opportunity to safely serve our community and owners, which we continue to do because of the ongoing support by YOU!

## Caring for OUR Community in 2020

You Can Make a Big Difference in Our Community  
with Simple Pocket Change

**ROUND UP** Help Us Help Our Valued Local Charities

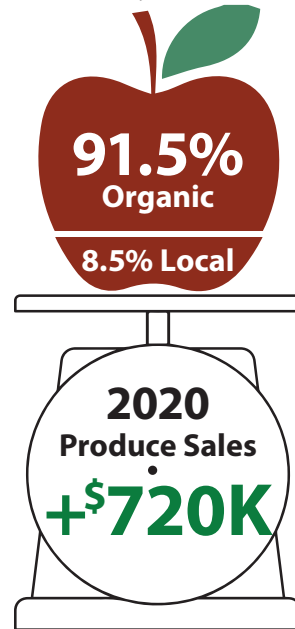
**\$26,560**

Retail Value Donation to  
The Western U.P. Food Bank

**\$38,856**

Senior/Student  
Day Discounts

Healthy Eating



**\$24,501**

Owner: Appreciation  
Month Discounts

**\$28,500**

Owner: Special Order by  
the Case Discounts

**\$5,025**

Co+op Deals & New  
Owner Coupons

**DOUBLE UP  
FOOD BUCKS™**  
**\$4,120**

FREE Fresh Fruits/Veggies  
For Food Assistance Patrons

Community Sponsorships (not including labor)

**10 + 14 = \$2,651**  
Organizations Events Donated

Every Penny Counts...

Local	29.4¢
U.P.	31.5¢
Mich	37.3¢

49¢ of every supports our local and regional economy (including MI, MN, WI)

# NCG Promotional Rebates \$91,400 Passed on to Customers

## Income Statement

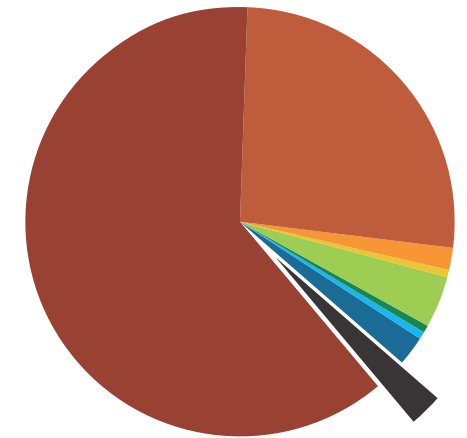
2020 was a wild ride, but over the course of the year we landed on solid ground. Sales fluctuated sharply by month, but averaged a strong 12.1% growth for the year. Our margin and labor focus paid off: Gross margin was solid at 38%. Personnel expense improved to 26.3%. Operating costs increased as extra pandemic-related expenses were incurred. Marketing and outreach grew notably: More people took advantage of discount programs during the pandemic with annual Owner, senior and student discounts increasing by \$25,000. Other major expense categories remained in line. The Co-op qualified for Payroll Protection Plan funds as a safety net during the most uncertain time of the pandemic, allowing us to pay for staff leaves and Hero Pay, as well as the extra expense of PPE and cleaning supplies. This shows up as part of Other Income/Expense. All totaled, the Co-op saw positive earnings in 2020 and declared a patronage refund for our loyal Owners.

	2018	2019	2020
Sales	3,867,559	4,035,393	4,525,367
Cost of Goods	(2,439,441)	(2,550,560)	(2,804,595)
<b>Gross Profit</b>	<b>\$1,428,118</b>	<b>\$1,484,833</b>	<b>\$1,720,772</b>
<b>OPERATING EXPENSES</b>			
Personnel	1,041,525	1,139,145	1,191,127
Occupancy	70,169	71,061	75,843
Depreciation	25,531	27,308	25,945
Operations	155,308	151,329	171,123
Administration	19,373	34,525	26,506
Governance	13,826	13,494	16,291
Marketing/Outreach	77,311	84,586	110,742
<b>Total Expenses</b>	<b>\$1,403,043</b>	<b>\$1,521,448</b>	<b>\$1,617,577</b>
<b>Operating Income</b>	<b>\$25,075</b>	<b>(\$36,615)</b>	<b>103,195</b>
Other Income/Expenses	9,449	11,533	200,197
Patronage Refund	(12,571)	0	(60,789)
Income Tax Paid	(6,879)	0	(25,728)*
<b>Net Income</b>	<b>\$15,074</b>	<b>(\$25,082)</b>	<b>\$216,875</b>

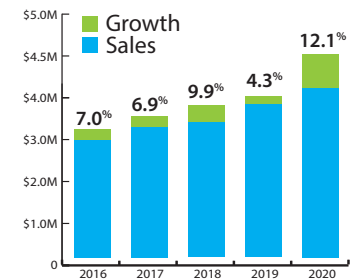
\*Estimated payment pending tax filing.

Total Sales 2020 **\$4,525,367**

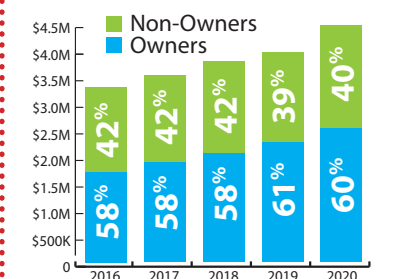
- Cost of Goods 62%
- Personnel 26.3%
- Occupancy 1.7%
- Depreciation 0.6%
- Operating 3.8%
- Administration 0.6%
- Governance 0.4%
- Promotions 2.4%
- Net Income 2.3%



### Annual Sales Growth



### Owner/Non-Owner Sales



ASSETS	2018	2019	2020
Current Assets	848,695	868,866	1,132,883
Property/Equipment	177,264	154,137	232,796
Other Assets	59,783	63,964	72,151
<b>Total Assets</b>	<b>\$1,085,742</b>	<b>\$1,086,967</b>	<b>\$1,437,830</b>

LIABILITIES	2018	2019	2020
Current Liabilities	158,620	167,343	214,865
<b>Total Liabilities</b>	<b>\$158,620</b>	<b>\$167,343</b>	<b>\$214,865</b>

EQUITY	2018	2019	2020
Pre-2010 Equity	37,767	37,613	37,602
Owner Equity	254,732	274,985	300,673
Retained Patronage	122,731	120,216	181,005
Retained Earnings	496,818	511,892	486,810
Net Income	15,074	(25,082)	216,875
<b>Total Equity</b>	<b>\$927,122</b>	<b>\$919,624</b>	<b>\$1,222,965</b>
<b>Total Liabilities/Equity</b>	<b>\$1,085,742</b>	<b>\$1,086,967</b>	<b>\$1,437,830</b>

## Balance Sheet

A strong income statement in turn strengthened our Balance Sheet. Our current assets, which include cash, savings, short-term investments, inventory and prepaid expenses increased by 30% in 2020. Fixed assets increased with a capital investment in a new point of sale system. Other assets increased as our equity in other co-ops grew.

Liabilities, our short- and long- term payables, were higher primarily due to the timing of payables at year end. Equity, which represents Owner investment and retained earnings, increased by 32% due to growth in Owner shares, retained patronage and net income.

### BALANCE SHEET RATIOS

Current Ratio 5.3 (benchmark 1.0 or above)  
(Current Assets divided by Current Liabilities) measures liquidity

Debt to Equity Ratio .18 (benchmark 2.0 or below)  
(Total Liabilities divided by Total Equity) measures of solvency

### Sales per Sq. Foot

Retail store:  
4300 sq.ft. **\$1,052**

### Avg. Transaction

**\$45<sup>65</sup>**

### Avg. Inventory

(Last Four Quarters)  
**\$245K**

### Credit/Debit Processing Fees

**\$61,767**

# 2020 In Review

The year started out strong with January and February posting impressive growth. Then the pandemic hit, as did panic buying. By April, all bets were off. Our well-laid plans for the year were set aside and we focused on providing an essential service — good food to our community — safely and consistently.



**Curt Webb**  
General Manager

Spring of 2020 was a period of constant change as guidance and protocols evolved day by day. Our staff kept showing up, determined and willing to serve. Even as sales outpaced supply, our team continued to find alternative sources to keep The Co-op's shelves stocked throughout the pandemic-induced supply chain disruption.

The Co-op added curbside shopping to provide as safe a shopping experience as possible. We responded to wider community needs by shifting our Round Up donations to the Western UP Food Bank and securing participation in the Fair Food Michigan-sponsored Double Up Food Bucks program.

Throughout the summer, while things were far from normal, they started to become routine. This allowed us to return to some plans and projects that remained priorities even after all that had changed. Strong performance in the second and third quarters of the year helped us reach labor goals that triggered another wage scale increase in the fourth quarter.

We paused a large planned technology upgrade by implementing a new point of sale system late in 2020, setting the stage for the growth of both business and services that the new system supports.

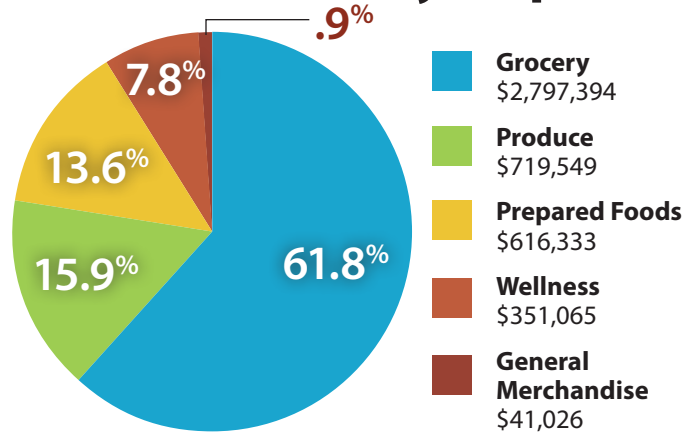
By the end of the year, we were able to take a breath and reflect on what we'd been through and how the capacity of our current space challenged and limited what we could provide to our community. We returned to planning and preparedness work for a potential relocation and expansion of The Co-op. At this writing, we are seriously exploring the feasibility of specific sites and funding opportunities. Be assured that you, as an Owner, will be the first to learn when a viable option has been secured.

In the coming months be on the lookout for an "Owner and Shopper Survey" to gather information on how we are doing, and what offerings we can expand and improve at our current store, or even better, at a newly expanded location.

The Co-op wouldn't be here doing what it's doing, let alone being able to give such a positive report for the year, without the efforts of so many people: Gratitude goes out to The Co-op's hard-working, flexible and persevering staff; to the leadership and oversight of our board of directors who have stepped up incredibly in the last year; to our loyal Owners whose investment and continued patronage provides the foundation for all we do; and to our partners in the community, working with us and alongside us to make the Keweenaw a better place to live. Thank you all!

The Keweenaw Co-op exists to sustain the physical and social health of our owners, customers and community with: a resilient and ethical food infrastructure; education, activism, and communication; and the advantages of a cooperative business model.

## Total Sales by Dept (%)



# 99,140

## Total Transactions

### By the Numbers



# \$87,026

Average Weekly Sales

# \$12,570

Average Daily Sales

Current Staff @ The Co-op = **182 Years**

# +148

Cooperatives We Network With

# 13

Cooperatives We Do Business With

# 25

Cooperatives On Our Shelves

# 5

Cooperatives We Belong To



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