



KEWEENAW
CO-OP

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2021 annual report

Community Owned & Operated Since 1973

Hancock, Michigan • www.keweenaw.coop • 906.482.2030



From the Board

If the Keweenaw Co-op could talk, what stories would it tell about itself? I think it would start by being a little shy and quiet. It is fairly unassuming, after all. However, once it got started, I believe it



Lisa Reitz
Board President

would find it hard to stop. Not because it's being braggadocious, but because just imagine all the memories and experiences that have been seen, shown, told, created or shared within its four walls! In the last year; in the last 49 years! With every annual report, a story is told.

The year 2021 has many great stories to share, some of which you'll see highlighted in the annual report. And, the stories include this really incredible one: plans of growth and expansion through RELOCATION! In 2021, after consideration of the specific location and accessing feasibility for growth and expansion by the co-op, a purchase agreement was made toward a downtown Hancock property at 612 Quincy Street. Plenty of work and deliberation went into that decision by the Board of Directors, and it was the start of a windfall list of things to do! With Curt, our Keweenaw Co-op General Manager as Relocation Project Manager, a dedicated Board of Directors, a supportive staff, great consultants, and energized process partners (architects, lawyers, realtors, etc.!) - I am astounded at the amount of work that has taken place in a short period of time. Everyone and everything is coming together to make this happen, and we are all eager. Yet, we will need to exercise our patience as the development timeline unfolds, giving time for the work to be done and the plan to unfold.

In this new year of 2022, we look forward to staying connected with our Owners to support the relocation efforts. We have heard from many of your excited voices, looking forward to the new location and embracing memories of what will eventually become the old location. Owners, customers, and community will have plenty of opportunities to be a part of making this relocation happen! Your Keweenaw Co-op plans to have many years of stories to come, won't you be a part of it?

Thank you for being a part of the story of the continued success of our Keweenaw Co-op!

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.

Caring for OUR Community in 2021

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

ROUND UP Help Us Help Our Valued Local Charities

\$40,000

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

\$25,313

Senior/Student Day Discounts

\$31,137

Owner: Appreciation Month Discounts

Healthy Eating



\$33,275

Owner: Special Order by the Case Discounts

\$7,457

Co-op Deals & New Owner Coupons

\$18,540

FREE Fresh Fruits/Veggies For Food Assistance Patrons

Community Sponsorships (not including labor)

28 + 29 = \$4,751

Organizations Events Donated

Every Penny Counts...

Local 29.2¢
U.P. 31.3¢
Mich 37.3¢

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

NCG Promotional Rebates **\$109,000** Passed on to Customers

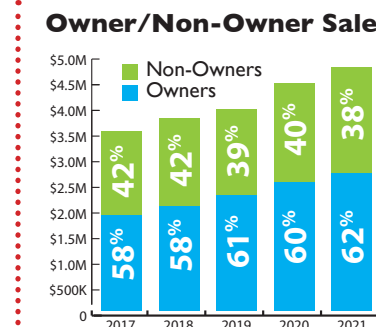
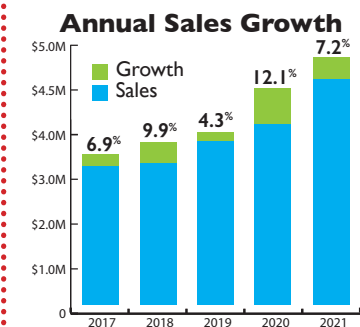
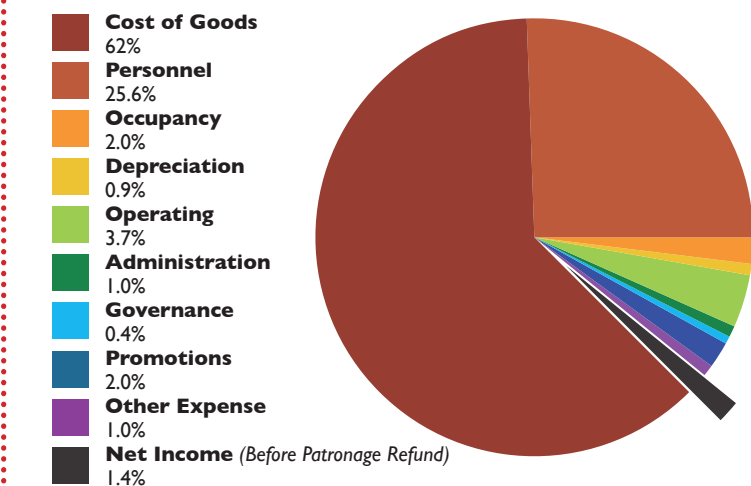
Income Statement

Financial statements for 2021 indicate solid performance that continues to build on the successes of 2020. The 2021 Profit and Loss statement shows continued sales growth of 7.2% over 2020's growth of 12.1%. Margin remained steady at 38%. Personnel expense was improved at 25.6%. That added up to a modest but positive net income of 1.4% before patronage refunds. Operational performance, measured by earnings before interest, taxes, depreciation, patronage refunds, and relocation planning and due diligence expense, was on target at 4%. Non-operational expenses from relocation planning and due diligence accounted for an additional 1.4% to expenses in 2021. Even with that additional burden we saw positive earnings and declared a patronage refund for our Owners.

| | 2019 | 2020 | 2021 |
|---------------------------|--------------------|--------------------|--------------------|
| Sales | 4,035,393 | 4,525,367 | 4,850,348 |
| Cost of Goods | (2,550,560) | (2,804,595) | (3,008,132) |
| Gross Profit | \$1,484,833 | \$1,720,772 | \$1,842,216 |
| OPERATING EXPENSES | | | |
| Personnel | 1,139,145 | 1,203,409 | 1,243,437 |
| Occupancy | 71,061 | 76,118 | 95,689 |
| Depreciation | 27,308 | 25,945 | 41,326 |
| Operations | 151,329 | 170,848 | 181,548 |
| Administration | 34,525 | 22,735 | 50,033 |
| Governance | 13,494 | 16,291 | 17,020 |
| Marketing/Outreach | 84,586 | 110,742 | 100,845 |
| Total Expenses | \$1,521,448 | \$1,626,088 | \$1,729,898 |
| Operating Income | (\$36,615) | 94,684 | 112,318 |
| Other Income/Expenses | 11,533 | 208,708 | (27,419) |
| Patronage Refund | 0 | (60,789) | (41,361) |
| Income Tax Paid | 0 | (14,367) | (14,367)* |
| Net Income | (\$25,082) | \$228,236 | \$29,171 |

*Estimated payment pending tax filings.

Total Sales **\$4,850,348** 2021



Balance Sheet

A solid income statement further strengthened our Balance Sheet. The 2021 Balance Sheet shows that the Co-op is continuing to build cash and maintain inventory with total assets growing 9.5% above year-end 2020 to over \$1.5 million. Fixed assets declined with depreciation as new capital investments are largely on hold pending our relocation. Other assets increased as our equity in other co-ops grew.

Liabilities, our short- and long- term payables, saw a small increase due to cycles of short-term payables and increased gift card utilization. Equity increased notably due to strong retained earnings from 2020 and steady growth in member equity. A record 327 new Owners joined the Co-op in 2021.

BALANCE SHEET RATIOS

Current Ratio 5.2 (benchmark 1.0 or above)
(Current Assets divided by Current Liabilities) measures liquidity
Debt to Equity Ratio .22 (benchmark 3.0 or below)
(Total Liabilities divided by Total Equity) measures of solvency

These financial statements were prepared in-house. The 2021 external Audit is in process and the Report will be available late Spring 2022.

| ASSETS | 2019 | 2020 | 2021 |
|---------------------|--------------------|--------------------|--------------------|
| Current Assets | 868,866 | 1,144,244 | 1,292,798 |
| Property/Equipment | 154,137 | 232,796 | 198,718 |
| Other Assets | 63,964 | 72,151 | 84,519 |
| Total Assets | \$1,086,967 | \$1,449,191 | \$1,576,035 |

| LIABILITIES | 2019 | 2020 | 2021 |
|--------------------------|------------------|------------------|------------------|
| Current Liabilities | 167,343 | 227,023 | 249,028 |
| Total Liabilities | \$167,343 | \$227,023 | \$249,028 |

| EQUITY | 2019 | 2020 | 2021 |
|---------------------------------|--------------------|--------------------|--------------------|
| Pre-2010 Equity | 37,613 | 37,602 | 37,532 |
| Owner Equity | 274,985 | 300,673 | 343,056 |
| Retained Patronage | 120,216 | 168,847 | 202,202 |
| Retained Earnings | 511,892 | 486,810 | 715,046 |
| Net Income | (25,082) | 228,236 | 29,171 |
| Total Equity | \$919,624 | \$1,222,168 | \$1,327,007 |
| Total Liabilities/Equity | \$1,086,967 | \$1,449,191 | \$1,576,035 |

Sales per Sq. Foot



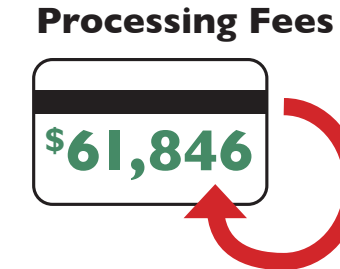
Avg. Transaction



Avg. Inventory



Credit/Debit Processing Fees



2021 In Review

2021 was a far calmer year than 2020, though shopping patterns remain altered to this day. Transaction count remains below 2017 numbers, while basket size remains significantly higher. Many customers are visiting us less often, but buying more when they do stop by. The net result is continued sales growth, well above the average growth for our peer co-ops. We saw year-over-year sales growth every month except April, which was a record month the year prior due to early-pandemic panic buying. Supply chain issues continue, but by continuing to diversify the suppliers we work with, the Co-op's shelves have never been bare.



Curt Webb
General Manager

We wouldn't be where we are today without our friendly, hard-working staff. Not only did our team help us achieve another record year of sales, they stuck with us as we all learned to work smarter, developing efficiencies, systems and controls that will serve the Co-op into the future. Sales, margin and labor numbers tell the story of that success.

While we did our share of hiring in 2021, we never felt the dire churn of the Great Resignation, and we even went three months without posting a job amidst the nation's all-time high quit rate. Staff also deserve high recognition for getting excited about Co-op membership, and signing up a record number of new Owners in a single year. Almost one new Owner a day joined in 2021! My gratitude for all that our staff contributes every single day.

Our team had the privilege of working with more local farmers, providing a market for produce for 25 local growers in 2021. Local produce sales grew to 10% of overall produce sales for the year (up from 8.5% in 2020). Sales of local products storewide grew by 12.5%.

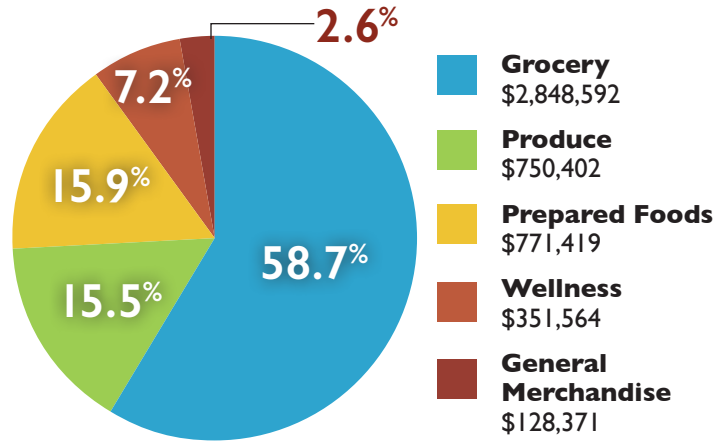
The Co-op continued to support the community that supports us through sponsorships, donations, partnerships and participation. Our on-going programs of Bring-a-Bag, Double Up Food Bucks and Round UP at the register saw growing support and participation in 2021 with those three programs totalling over \$50,000 in combined community support.

I want to take this opportunity to recognize the work of our board of directors, who have shown incredible leadership and commitment over the last year. It is truly their support that has enabled us to take the next big steps toward relocation and expansion.

Relocation and expansion goals have been the driver of our operational successes. We are all working toward the same goal, and keeping a keen focus on controlling the key financial indicators that will be crucial leading up to and after expansion. At the same time we're actively planning, budgeting and preparing all the necessary pieces to make this relocation project a success.

Gratitude to our loyal Owners whose investment and continued patronage provides the foundation for all we do. Thank you to our partners in the community, working with us and alongside us to make the Keweenaw a better place to live.

Total Sales by Dept (%)



108,470

Total Transactions

By the Numbers



\$93,276

Average Weekly Sales

\$13,399

Average Daily Sales

Combined Staff Years @ The Co-op = **211**

+149

Cooperatives We Network With

13

Cooperatives We Do Business With

25

Cooperatives On Our Shelves

5

Cooperatives We Belong To



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