



## 50<sup>th</sup> Annual Meeting

held virtually (on Zoom)

April 18, 2024

**Owners Present:** Elizabeth Benyi, Kristine Bradof, Cathy & Mark Campbell-Olszewski, Karin & Douglas Cooper, Dan Butler-Ehle, Ruth Gill, Kim Green, Barbara Hardy & Rick Loduha, Mark Jindrich, Erik Kemppainen, Stephen Jukuri, John Kurkowski, Rebecca & Brett Matuszak, Lisa Reitz, Joan Schumaker-Chadde, Jenn Searfoss, David & Giesela Shonnard, John Slivon, Theresa Spence, Curt Webb & Keren Tischler, Brenda Turunen, Whitney Warstler, Roger Woods.

**Note:** *This list includes all individuals who signed-in via our digital Annual Meeting sign-in form and others who were observed to be in attendance. One additional unidentified login was in attendance. **On record, 30 individuals, representing 23 member households were in attendance. Quorum was satisfied by the 409 online votes cast.***

### **Call to order & Welcome** - Roger Woods, Board President

Board President Roger Woods called the virtual annual meeting to order at 6:01 pm.

Roger welcomed everyone, introduced himself and current board members, and reviewed the meeting agenda.

### **Review of Annual Meeting Minutes Process** - Stephen Jukuri,

Board Secretary

To provide an opportunity for owners to review the minutes from this meeting, the draft minutes will be posted on the Board page of the co-op website by Friday, May 3<sup>rd</sup>. The minutes can be read and reviewed at that time. Members in attendance can submit corrections, amendments or comments to the draft minutes via email to [board@keweenaw.coop](mailto:board@keweenaw.coop) or in-person on May 8<sup>th</sup>. The draft Annual Meeting minutes will be amended as needed and approved at the May 8<sup>th</sup>, 6pm board meeting.

### **Election Results** - Stephen Jukuri, Board Secretary

All voting took place online from April 1 - April 15, 2024. Voting participation this year (409 ballots cast, representing 19% of owners) was down a bit from last year's record high (464 ballots cast), but was still an excellent participation rate for a co-op.

Owners voted for two Bring-a-Bag Campaign fund recipients from a record 20 applicants, as well as three Board Directors from three candidates.

### **Bring-a-Bag Campaign**

For every bag customers bring to the co-op to fill with groceries, the co-op deposits \$0.05 into the Bring-a-Bag Fund. Each recipient organization receives these funds for six months. In a typical year, this amounts to \$500 or more for each organization. We see this as a great way to reduce the waste stream as we raise money for charities.

#### **Applicants:**

- “Big Annie” Statue Fund - Keweenaw Community Foundation
- Calumet Art Center, Inc.
- Calumet Free Fridge (working with From the Ground Farmers Market Collective)
- Canterbury House (Episcopal Association of College Work)
- CCISD Equipment Loans of the Keweenaw
- Copper Country Angel Mission Food Bank
- Copper Country Ski Tigers
- Copper Country Suzuki Association
- Copper Shores Meals on Wheels
- HuskyFAN (Husky Food Access Network)
- Kaleidoscope: Keweenaw Education Organization
- Keweenaw Invasive Species Management Area (KISMA)
- Keweenaw Lions Club
- Keweenaw Outdoor Recreation Coalition
- Keweenaw Roller Derby
- Little Gem Community Center & Community Cupboard
- Omega House
- Ryan Street Community Garden
- Singletrack Flyers (Copper Harbor Trails Club)
- Superior Search & Rescue

#### **Chosen Recipients:**

For the periods: Jul 1, 2024 - Dec 31, 2024 & Jan 1, 2025 - Jun 30, 2025

1. Omega House (93 votes)
2. Copper Shores Meals on Wheels (83 votes)

### **Board of Directors**

This year’s board election was uncontested, with three board candidates to fill three board seats (all 3-year terms ending 2027). Each of the 409 voters were able to cast ballots for three candidates.

#### **Candidates:**

1. Rebecca Matuszak - incumbent
2. Karin Cooper
3. John Kurkowski

**Elected Board Members:**

1. Rebecca Matuszak (359 votes)
2. Karin Cooper (334 votes)
3. John Kurkowski (337 votes)

Stephen congratulated the elected board members and thanked them for their interest and willingness to support the co-op with board service. A special thanks to outgoing board members Roger Woods and Cynthia Hodges, who served an intense term at the co-op with all things related to relocation. We are grateful for what Roger and Cynthia contributed. It has been great working with them, and we may continue working with them on board committees. The opportunity to work on a board committee is open to all owners. If you are interested, please contact the board.

## **2023 Financial Recap - Curt Webb, General Manager**

*Curt noted that the 2023 Annual Report is not yet available, but it will be on the co-op website tomorrow and sent via email to owners. His presentation will provide a preview. The 2023 Financial statements were prepared in-house and have not yet been reviewed by our auditor. The 2023 Financial Audit commences late April.*

**Operating Revenue.** 2023 was another strong year for the Keweenaw Co+op, with 7.8% sales growth and \$5.5 million in annual sales - pretty remarkable for our little out-of-the-way store with inadequate parking.

Our work last year to stabilize gross margin was successful and we met our margin goal for the year. Personnel expenses increased by 1% from 2022, but this was accounted for in our budget, as extra labor is being invested in the relocation project. Our new store will help us overcome many of the labor inefficiencies inherent in our current location. A strong margin and managed expenses combined to produce a 2.4% operating income, 0.8% below budget.

**Other Income/Expense & Net Profit.** A profitable year and a relocation project meant that more than the typical amount of activity transpired at the bottom of the income statement under *Other Income & Expense*. Curt explained a few noteworthy items.

Grants and Relocation Donations totalled \$239,000 in 2023. However, the portion of that income invested in capital assets (aka a new store!) to be put into service in 2024 was deferred to 2024. The amount spent on non-capitalized project expenses was recognized in 2023 as shown here. We spent a whole lot more than \$76,000 on relocation in 2023, but a majority of that is capitalized rather than expensed so it will show up on the balance sheet.

The large negative amount in Other Income/Expense is almost wholly attributable to the Patronage Refund which is calculated on our strong operating income in 2023.

All combined, we still managed a profitable year with a modest net profit of 1% of sales.

**Patronage.** Sales to Owners accounted for 67% of total sales in 2023. Based on our 2023 financial performance, the Board has declared a Patronage Refund for 2023, and over \$21,000 will be distributed to owners in the coming months, once we have audited financials. Since 2010 the co-op has allocated over \$300,000 in Patronage Refunds, \$86,236 of which has been paid out to owners in cash or store credit.

**Balance Sheet.** Our 2023 Balance Sheet saw a number of significant changes related to relocation. Community investments and grants are reflected as an increase in our assets.

Our liabilities also increased as our payables have grown to include project construction and equipment. At the end of 2023, we had not yet drawn on our construction loan. Liabilities also include a new line item, Deferred Revenue of \$154,512, that will be recognized as income when the associated assets are placed into service later this year.

Equity grew by 9% in 2023. This includes adding \$32,500 in Owner Equity, \$86,000 in Retained Patronage, \$45,000 in Investment Certificates from early in the year and over \$50,000 in Retained Earnings and Net Income in 2023.

**Key Ratios.** Key ratios show our co-op ended the year in a strong position. Project expenditures were paid for with cash and community investments in 2023. The low debt to equity ratio shows that our business was financed through equity rather than debt in 2023. 2024 will show project debt. The current ratio compares current assets to current debt, a measure of our ability to pay what we owe. Working capital is sufficient, though we've now begun a cycle of eb and flow as we pay project bills and get reimbursed from loan funds.

## 2023 Highlights - Curt Webb, General Manager

We continued to move a lot of food out of our little co-op - growth in 2023 was solid, and well above the average growth of our co-op peers. Sales have nearly doubled over the last 10 years. Our customer count surpassed where we were pre-pandemic, and continues to grow.

Curt highlighted the work of the co-op staff - we wouldn't be where we are without them. Gratitude also goes out to our local suppliers and farmers, and the support we saw last year from our loyal owners and community! Our capital campaign brought in over \$1 million in investments and donations.

Thanks to our staff and community patronage, volunteering, rounding up and investing, we not only remained profitable, but also kept moving toward our Ends, having a positive impact in our community and food systems through sponsorships, donations, partnerships and participation, including on-going programs of Bring-a-Bag, Double Up Food Bucks and Round UP at the register.

Our Board began work to refresh our Ends in 2023, utilizing a variety of tools to gather input from our community in a variety of ways. Our new Ends can be found on our website.

In the fall we celebrated 50 years of service as we were busy planning and preparing for 50

more!

## Relocation Update - Curt Webb, General Manager

Our relocation project has seen its share of delays and hurdles, from grants and financing to engineering and supply chain disruptions. But we are making progress - all the walls are up, and plumbing, electric and mechanical rough-ins are substantially complete. The sales floor addition is being buttoned up as we speak. In some places, it's actually starting to look like a grocery store, with paint on the walls!

We are targeting an early September opening and we can hardly wait to get there!!

## General Questions

- **Theresa Spence:** *What will happen to the current store?*

Curt said the building will be sold, but he's learned from other stores, not to move on this too early. The sale of the building is not listed as a source of funds for the project, so that sale will be a welcome source of additional cash.

- **David Shonnard:** *Have there been any projections on increase in revenue when the new store opens and then, when investors can expect a return? Or is this too soon to ask this question?*

Curt responded: Yes and yes. What we've modeled in sales projections is conservative, and the longer we stay in the current store the closer we get to that projection. Roger said, the way the board structured the return piece depends upon the new store opening date. Stephen added that as soon as the new store opens, we will make an assessment, and within 12 months of opening, we should be able to declare the first dividend. Funds have already been set aside for that dividend, but we can't pay it out until after opening. We regret there have been delays, but are prepared to make good on that as soon as we see how things play out.

- **Theresa Spence:** *What are the plans for new office space? Any plans to send old records to MTU Archives?*

Curt said offices and a breakroom will take up approximately half the lower level of the new space, with smaller office spaces scattered upstairs adjacent to the departments. He appreciates the question about the archives. As we're going through things we will utilize the archives, and it would be good to have a conversation to learn the pieces of interest.

- **David Shonnard:** *Has the new store been renovated with the intent to be energy efficient and otherwise sustainable (worker benefits, etc.)?*

Curt replied: Yes, as much as we could, within our budget. Cost prohibited going through LEED certification, and when planning was in process, expenses were increasing. Insulation and equipment will be as energy efficient as possible. We look

to continually improve staff benefits. We devote a portion of sales to labor and are hopeful that moving into a more efficient space will provide more opportunity for additional improvements.

- **Brenda Turunen:** *With the larger store space is there a plan to add additional employees?*

Curt replied: Yes, we aim to add 12 full-time equivalent positions.

## **Zoom Poll - facilitator Roger Woods, Board President**

Three questions were asked of those present via a Zoom Poll:

- What do you value about being a co-op member/owner?
- What are you looking forward to in the new store?
- Suggest how the co-op can increase the number of member/owners?

The Board Engagement Committee will consider and share the poll results.

Please consider joining us for the Spring Highway Clean up Saturday May 18, 2024. Refreshments will be provided.

## **Adjourn Meeting**

Roger thanked everyone for their attendance, announced regular board meetings and welcomed owners to attend those meetings or participate in a board committee. He thanked everyone for their continued participation in our co-op. The meeting was adjourned at 6:41 pm.

Minutes submitted by Keren Tischler, Board Administrative Assistant