

By The Numbers



Avg Basket Size

\$18.55



Transactions

766,417



Customer Visits Per Day

2,241



Sales Of Local Products

31.2%

Social Media Followers

6,380

4,428

1,535



Bloomington Cooperative Services Inc

2017 Annual Report



Owners

12,585



Staff

118

Positive Change Total
\$76,622

POSITIVE CHANGE DONATIONS



COMMUNITY-OWNED SINCE 1976

3220 E 3rd Street
Bloomington, IN 47401

316 W 6th Street
Bloomington, IN 47404

200 Daniels Way, Room D109
Bloomington, IN 47404

EAST

**NEAR
WEST
SIDE**

**IVY
TECH**

BLOOMINGFOODS 2U

Fiscal 2017, was very much a Jekyll and Hyde year for Bloomingfoods. Since the end of fiscal 2016, we celebrated our 40th birthday, navigated more unprecedented changes in personnel and leadership, “welcomed” even more competitors to our marketplace, shrunk our footprint in Bloomington even more and endured countless operational challenges. Through all of this, however, we are still here!

The financial condition of our co-op was dominated during the year by the sale of the assets of our former Elm Heights store. The equipment and underlying real estate were disposed of at a substantial discount to their book value, leading to another outsized net loss for Bloomingfoods for the year. The sale did not generate sufficient funds to retire the bank debt taken out at the start of project and since the owner loans are subordinated to the bank debt, it goes without saying that we have not yet begun to retire these either. None of the above was unexpected. Also not unexpected was a decline in sales as a result of our new, smaller, footprint. It was disappointing, however, that we were unable to convert more of the sales from Elm Heights to the remaining stores. The continuing sales decline continues to put pressure on our cost management, especially labor, which we continue to monitor, literally, by the hour. They “Hyde” part of the year was that the declining sales and significantly negative bottom line overshadowed significant improvements in the operations. Through more careful cost management, we managed to cut the operating loss by over 60%, to under \$200,000 last year. For FY2017, the operating income line is far more relevant than the Net Income line, because the Net line is populated with the one-time and non-cash items related to Elm Heights. After operating losses of roughly \$900K and \$500K in FY2015 and FY2016 respectively, we can count the FY2017 reduction as a positive sign. Yet, it is still a loss – something that must be rectified immediately for Bloomingfoods to remain viable.

All of this has left Bloomingfoods at something of a crossroads. We can continue to shrink or we can push all out for growth – sales growth, not “footprint” growth. A continuing sales decline will continue to force us to manage defensively and continue to negatively affect our ability to invest in the business where necessary. And, yes, this includes the question facing us within the next couple years about what to do about the East store. Declining sales creates a self-perpetuating downward spiral as the inability to invest causes dissatisfaction amongst shoppers leading to further declines in sales. The only way out of Bloomingfoods current predicament is to grow sales – and that is exactly what we are trying to do. All of management, indeed the entire organization, is operating under the mantra of “if it doesn’t grow sales, then stop doing it.” It’s really that simple. One singular focus. Of course, it is obviously more complicated than that, but we need to do a better job about getting the word out about why Bloomingfoods matters – and it does matter. While it is true that you can buy your organic cheddar bunnies at nearly any store in town, Bloomingfoods still offers things that nobody can touch. We remain the only community owned food store in Bloomington. We continue to offer more local products than any of the other stores (in fact, we might offer more local products, by our own definition, than all of them combined!)

By virtue of our localness, we continue to put more of every \$ spent at the co-op back into the community than the other stores ever will. And while I, for one, will never apologize for needing to have a positive bottom line, we remain, above all else, a mission driven organization. In short, we remain as important and as relevant to the community as we were in 1976.

But in order to remain important and relevant in our community, we need your help and support, more now than possibly any time since the late 1970’s. We need you to shop our stores. Not exclusively (nearly all of us buy some food elsewhere), but as much as you can. Most importantly, we need you to be our messengers, to tell your friends and relatives why it is important to support Bloomingfoods. We are asked to “walk the talk” by you every single day by you, our owners. And rightly so. That’s part of the co-op difference and it should never disappear. Now I am asking you, our owners and customers, to do the same – walk the same talk that you ask us to walk every day.

Together we can make this work. Yes, it will be different that in was – that remains inevitable. And, yes, it might even cost a little more than it does at (insert big box corporate store here). But in the end it’s all in your hands, our members and customers.

Thank you for your continued support of Bloomingfoods!

**Tony Alongi
GENERAL MANAGER**

**BOARD
REPORT**

The working relationship between the Board and General Manager (GM), Tony Alongi, has been a major focus this year. The board worked closely with the GM to monitor our finances, discuss difficult strategic decisions such as the sale of Elm Heights, and navigate the grocery environment, which seems to be changing daily.

Board goals set at our February retreat focused on owner-member and community outreach. Directors now spend time each month in the stores talking with owner-members and customers. Additionally the board is continuing to explore the “Commons” concept for Bloomingfoods as a cooperative and in partnership with other community organizations. The current directors, including our first two employee directors, have been thoughtful, cooperative, and productive, despite the changing make-up and size of both the FY16 and FY17 boards.

In January the board appointed Tom Gallagher and Spyridon Stratigos to fill two unexpected vacancies. A resignation in July was left vacant, being so close to the annual election. We now face an election of 5 directors with only 6 candidates. This highlights an ongoing problem of attracting and retaining candidates and directors who are skilled and dedicated.

Over the past year the board has completed a review of all policies governing the directors and oversight of the GM. Other actions included continuation of the Kelly School MBA Fellows program with two new and one returning fellow. Fellows provided valuable financial analysis and market research. Bloomingfoods bylaw modernization went through a final review in order to be placed on the ballot for October owner-member ratification.

These changes are more realistic for a membership of more than 12,000 and will streamline our governance processes. Working to re-build our institutional memory, board processes and documents were standardized into digital format and transitioned to a new data repository. Directors joined the General Manager in quarterly financial reviews providing better owner-member information transparency.

New committees were established with multiple ‘ad hoc’ committees created as projects emerged that needed careful research, study or action plans. These included the Community Fund distribution, Krejci Award, Owner-Member Communication projects, Product Policy, and more. These are short-term commitments, often 1-6 months. Owner-members are encouraged to step forward and participate.

General Manager Tony Alongi has made great strides in streamlining operational practices to gain new efficiencies. We now face the next challenge of the East store lease retirement. We have two options: relocate or consolidate. Owner-members are urged to watch for upcoming news and information in order to provide input about options and decisions.

Anticipating the endorsement of the new bylaws, the owner-members are reminded that we are now an online communication co-operative. Be sure your email is current, that you regularly check the Bloomingfoods website, and pay attention to in-store signage and messages from our cashiers. Our future success is dependent on owner-member knowledge and participation. Shop Bloomingfoods, try out a new product when you shop, and encourage your friends to join us in making local, quality food available in our community.

**Caroline Beebe, President
BCS BOARD OF DIRECTORS**

BCS BOARD OF DIRECTORS

Caroline Beebe, President
Maggie Sullivan, Vice President
Bobbi Boos, Treasurer/Secretary
Natascha Buehnerkemper-Jacob
Janice Lilly
Dee Bohler
Spyridon Stratigos
Tom Gallagher

INCOME STATEMENT

	12 Mos Ended July 1, 2017	12 Mos Ended July 2, 2016
Revenue		
Gross Sales	\$ 14,380,704	\$ 17,818,805
Member Discounts	144,257	163,977
Cost of Goods Sold	8,699,600	11,136,536
Gross Margin	\$ 5,536,857	\$ 6,518,292
Operating Expenses		
Personnel	\$ 3,874,570	\$ 4,791,550
Operations	845,082	978,613
Occupancy	532,237	606,833
Other	478,763	641,778
Total Operating Expenses	\$ 5,730,652	\$ 7,018,774
Operating Income (Loss)	\$ (193,795)	\$ (500,482)
Other Income (Expenses)		
Interest Expense	(97,913)	(112,377)
Impairment Loss		(455,734)
Gain (Loss) on Asset Disposal	(727,484)	
Other	31,030	(9,977)
Total Other Income (Expense)	\$ (794,367)	\$ (578,088)
Net Income (Loss) Before Taxes	\$ (988,162)	\$ (1,078,570)

BALANCE SHEET

	July 1, 2017	July 2, 2016	July 1, 2017	July 2, 2016
ASSETS				
<i>Current Assets</i>				
Cash	\$ 27,622	\$ 243,738		
Inventory	391,737	442,128		
Other	62,127	129,144		
Total Current Assets	481,486	815,010		
<i>Property & Equipment</i>				
Property & Equipment	4,023,627	3,907,289		
Less Accumulated Depreciation	(2,609,775)	(2,526,600)		
Total Property & Equipment	1,413,852	1,380,689		
<i>Other Assets</i>				
Assets Held for Sale	-	1,730,900		
Other	701,131	649,673		
Total Other Assets	701,131	2,380,573		
TOTAL ASSETS	\$ 2,596,469	\$ 4,576,272		
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	\$ 428,578	\$ 470,108		
Accrued Expenses	500,516	443,371		
Current Portion Long Term Debt	597,159	443,656		
Total Current Liabilities	1,526,253	1,357,135		
<i>Long Term Liabilities</i>				
Long Term Debt	997,814	2,161,840		
Total Long Term Debt	997,814	2,161,840		
TOTAL LIABILITIES	\$ 2,524,067	\$ 3,518,975		
EQUITY				
Membership Shares	1,252,295	1,249,028		
Retained Patronage	721,419	721,419		
Retained Earnings (Deficit)	(1,901,312)	(913,150)		
TOTAL EQUITY	72,402	1,057,297		
TOTAL LIABILITIES & EQUITY	\$ 2,596,469	\$ 4,576,272		