



BLOOMINGFOODS 2018 ANNUAL REPORT

EAST

**IVY
TECH**

**NEAR
WEST
SIDE**

THANK YOU

Thank you to all our owner-members, staff members, and directors for pulling Bloomingfoods back to financial profitability this year! There is still much work to be done but we are pleased to have produced a modest profit and made inroads in rebuilding our financial reserves. Our staff have done an amazing job of stepping up to keep our stores running strong as we continue to right-size.



UPDATED ENDS STATEMENT

The board is pleased to announce an updated version of our Ends statement, directing our work here at Bloomington Cooperative Services (aka Bloomingfoods).

Because of BCS, people in Bloomington and South Central Indiana will have...

- A market for local, fair and healthful products, produced with care for the land, animals, and future generations.
- A democratic cooperative-ownership model that provides meaningful employment and strengthens the community.
- A robust and sustainable local food economy with fair prices for producers and all owner-members.
- Access to education on food systems, cooperative values, and the interconnectedness of food, health, and the environment.

While this statement is very similar to our previous Ends statement, we feel it better captures our commitment to a sustainable food system. Organic and local are great places to start but we want to delve deeper into what it truly means to be sustainable. We need to push for food that is produced in a way that ensures long-term care for the environment, that takes care of the workers who produce it, and that supports our efforts to live healthy, meaningful lives. Additionally, we wanted to explicitly mention our commitment to providing meaningful employment while at the same time offering fair prices for both producers and owner-members. It's a lofty goal but that's what an Ends statement is for – to give us aspirations to work towards.

A MARKET FOR LOCAL, FAIR, & HEALTHFUL FOOD

Thanks to the commitment of our owner-members and the hard work of our staff, we continue to operate three locations. Our East store, located on Third Street near the College Mall; our Near West Side Store, located at 6th and Madison along the B-Line Trail, and our Ivy Tech Café, located on the Ivy Tech campus west of Bloomington. All three stores saw significant changes in operations this year and have made tremendous strides in improving efficiency while still offering that community feel we all love. Our administrative team, housed in offices adjacent to the Near West Store, have also done an amazing job increasing efficiency and adjusting to a new paradigm. One small public achievement that brings us pride is having been voted the "Best Health Food Store" in Bloomington as part of the Herald Times Reader's Choice Awards.



While we are still developing plans for when the East store's lease expires in June 2020, we were delighted to see many Bloomingfoods owner-members participate in the public input sessions hosted in July to discuss the future of the Bloomingfoods/K-Mart property. We remain hopeful that there may be an option to relocate into a brand new building very near to our current footprint. Expect further discussion in FY2019.

SENIOR LEADERSHIP TEAM

- | | |
|------------------|---|
| Dee Bohler | Co-Interim General Manager |
| Phil Phillippy | Co-Interim General Manager, Near West Store Manager |
| Mac McLaughlin | Finance Manager |
| Open | HR Manager |
| Pete Russo | Marketing Manager |
| Nancy Flynn-Hert | East Store Manager |

DEMOCRATIC COOPERATIVE OWNERSHIP



2016 – 12,363

2017 – 12,585

2018 – 12,754

Fiscal Year 2018 saw a net gain of 169 new members. Perhaps more notably, we saw a 55.88% decrease in the number of owners who chose to leave the co-op, with only 90 leaving in 2018 vs. 200 in 2017 and 300 in 2016. We are happy to see more members staying with Bloomingfoods and look forward to recruiting new members as our community continues to grow.

MEANINGFUL EMPLOYMENT

Our goal at Bloomingfoods is to provide meaningful employment where employees feel valued and that they are contributing to a worthwhile organization. We strive to pay a fair wage and offer other benefits and perks to show our appreciation to our staff, who are the core of our business.

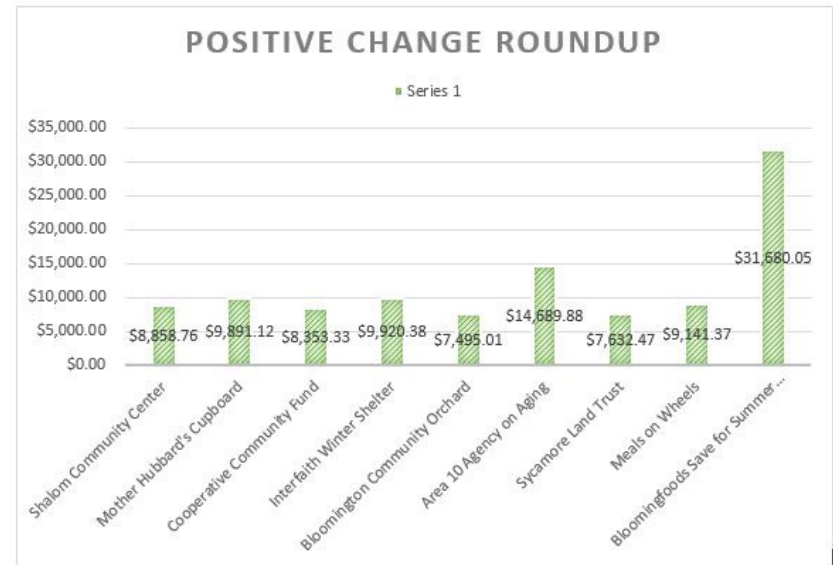
The co-op ended the fiscal year with a total of 91 employees, down from 118 last year. It is worth noting that we are currently not fully staffed. While turnover continues to be an issue, 24% of our current staff are quite experienced, having worked at the co-op for five years or longer. The remainder are evenly divided between those who have been here for 1-5 years and those who have been here for less than a year.

The co-op uses livable wage models to establish compensation rates. As per the co-op's labor contract, a full-time hourly employee in the collective bargaining unit will start at \$11/hour, receive health insurance and 5 days paid

personal leave after 90 days, 10 days paid vacation after one year, plus long-term disability and life insurance. All employees receive a 20% discount on co-op purchases as well as a 40% discount on hot bar purchases during their shifts.

STRENGTHENING THE COMMUNITY

During FY 2018 Co-op shoppers donated \$107,662.30 through our Positive Change roundup program. Of those donations, \$75,981.80 went directly to local charitable organizations, with a very generous 29.45% of total donations going to the co-op's save for summer campaign.



STRENGTHENING THE LOCAL ECONOMY

We pride ourselves on the number of local products that we offer and on our relationships with local producers. In FY2017 we carried over 800 unique locally produced items and sold more than 300,000 local products, valuing approximately \$1.5 million. (Currently, sales of local produce items are difficult to accurately track, and actual sales numbers likely exceed those listed.) We also promote a different local vendor each month, sharing their story in our e-newsletter and offering product discounts on Saturdays. Additionally, we regularly schedule local vendor product demonstrations in the store and at events like Co-Op Day.

There are other ways to consider Bloomingfoods' positive impact on the local economy. One is to consider the multiplier effect, which considers three levels of recirculation of a business's revenue. The first is the direct impact, a

measure including, (a) procurement for resale (locally sourced cost of goods); (b) procurement for internal use (local service providers), and (c) Wages and net profits. The direct impact is then combined with Indirect Impact of dollars spent at local businesses which are re-circulated again into the local economy, as well as an induced impact where employees and business-owners consume goods and services and invest in the local economy.



NCG looked at this measure in the cooperative grocery sector and found that, "food co-ops have an economic multiplier of 1.6, and conventional stores 1.36 (<http://cooperativegrocer.coop/articles/2012-12-04/numbers>). This means that every dollar spent at food co-ops generates \$1.60 into the local economy as opposed to \$1.36 for conventional stores. This means that our \$13 million in total sales actually generated \$21 million into our local economy

FAIR PRICES FOR PRODUCERS AND ALL OWNER-MEMBERS

One of our beliefs is that everyone deserves access to healthy, high-quality foods that support a sustainable future for our planet, regardless of income level. In August we launched a new program,

Bloomingfoods for All, that gives co-op owners who have financial need an everyday discount, applied automatically (and discreetly) at the register. This affordability program offers a standing 10% discount on all merchandise (excluding equity payments, gift cards, or beer & wine) for any member who is currently enrolled in SNAP (EBT Food Stamps) or WIC (Women, Infants, & Children nutrition program). Additionally, Bloomingfoods for All participants may choose a membership payment option of 24 monthly payments of \$3.75. So far 60 owner-members have enrolled in the program, many of whom are new to Bloomingfoods.

\$3 Dinners Launched in October 2017, our \$3 community dinner program provides clean, simple, freshly prepared food at an accessible price. From October through June, Bloomingfoods has sold a total of 19,495 \$3 dinners

6 with approximately 63% sold at the West store. While there is currently no clear measure of the effect of the program, it seems to have reached further into the community than any other of our initiatives.



ACCESS TO EDUCATION ON LOCAL FOOD SYSTEMS AND MORE

Bloomingfoods continues to partner with the Farmers Market, and once again participated in the local farm tours. Each month, we feature promotions for a different local vendor, and regularly schedule local vendor product demonstrations. However, in Fiscal Year 2018 our progress towards meeting this End was minimal at best. Extensive personnel changes were certainly a factor, but it is also clear that the Co-op must renew focus on this End.



PRESIDENT'S REPORT

By Maggie Sullivan

While Bloomingfoods has faced a number of struggles again this year, I am very pleased with the huge progress we have made. I'm also grateful for the shift in our attitude and our outlook. Yes, there have been a lot of stressful and fearful moments but I feel we have rallied in a way that has brought us all closer and reminded us of why we work so hard to preserve our beloved co-op. I am especially proud of how all our directors willingly put in extra time and energy to make sure we would not only stay in business, but also deepen our commitment to transparency, communication, and shared values.

Perhaps our greatest challenge this year has been balancing the tension between immediate needs (replace our general manager, keep the doors open through the summer, inform/rally our owner-members) and the need to build a future vision for the cooperative. We couldn't continue with things that weren't working but it's hard to know how to change without building a clear future vision. The Board has worked hard to focus on both the present and the future and although it's an ongoing process, we have made big strides.

The resignation of our general manager, Tony Alongi, was a surprise to the board. I fully believe his hard work kept us from going out of business in FY2017 and put us in a position to move forward. I also admire his decision to step down when he felt we needed a different skill set and different focus to truly rebuild as an organization. After much deliberation, the Board appointed Dee Bohler (NWS Assistant Manager), Phil Phillipy (NWS Store Manager), and Jennifer Riley (Human Resources Manager) as our Interim General Management (IGM) Team. We felt that the team-based approach was a great way to balance different skill sets and provide multiple perspectives as we move forward.

The IGM team has exceeded our expectations, turning the organization around financially and also making great strides in improving our internal work culture. They completed the rightsizing efforts started by Tony and embraced the challenge of improving staff morale. Our staff members work hard and we need them to feel valued, appreciated, and empowered. We need them to be part of our larger Bloomingfoods community and to be proud of the impact that our cooperative has on our local economy, in our community, and even on the national scene.

We need our owner-members to feel that way too. The board of directors is ultimately here to represent our owner-members and we have made a concerted effort this year to keep owner-members informed and engaged. We held three owner-member forums plus one meeting for owner-member lenders. On January 29, we met with owner-members who loaned money for the Elm Heights store, talking through our financial situation, our need to postpone member loan repayments, and our thoughts on how to improve our situation. On March 1, we presented our concerns about the current state of the co-op and asked our owner-members for ideas on how to improve. On May 2, we shared our plans, including the "Save for Summer Campaign" asking owner-members to Round Up for Bloomingfoods and to support us as ambassadors in the community. On July 23 we celebrated our success in weathering the summer slump and, amazingly, concluding the fiscal year with a modest profit. Woo hoo! Thank you for your support, whether you participated in a forum, took the time to contact us with ideas, recruited a new member, rounded up for Bloomingfoods, celebrated our successes, or simply came in to shop. You are the heart of the co-op.

This month, we bid farewell to three directors and welcome three new additions. With the approval of our owner-members, we will update our bylaws, most notably to allow the Board to sell non-patronage certificates. Our tasks for FY2019 include further study of relocation options for the East store, development of a non-patronage certificate offering to present to our member lenders, continued visioning of the future of Bloomingfoods, and a continued commitment to transparency and engagement with owner-members.

Thank you again for all you do for Bloomingfoods. It is an honor and a pleasure to serve as Board President and I am truly grateful for the wonderful community that we represent.



GM REPORT

By Dee Bohler & Phil Phillipy, Interim GM Team

Our Co-op has seen some major changes in 2018- The departure of our General Manager, the formation of an Interim General Management (IGM) Team, the departure of our Human Resources Manager (and IGM Team member), and the restructuring of our Administrative Team. This year has been difficult, but struggle is not the same thing as failure. We have gotten leaner, more adaptable, and more supportive of each other. Many people are currently covering multiple jobs, and meeting a variety of demands.

Our Co-op's managers have come together as a cohesive team, and not enough can be said about how hard they work for our Co-op. They support each other and work together to keep the Co-op moving forward. Nothing happens overnight, but our stores are building a culture of service, resilience, and cooperation. We could not be prouder of our staff and their dedication. It is a privilege to work with them.

Our Community has also shown a great amount of support. Not only have our owners and supporters "rounded up" over \$40,000 dollars for their Co-op, their kind words and encouragement have been invaluable. We could not be more grateful.

Our Board of Directors have also been crucial to the success of Bloomingfoods during what has been a trying time. They have given so much of their time and hard work to make sure that we are all here today. They are the embodiment of the Cooperative Spirit. We are all indebted to them.

What all of this really means to us is that the Co-op is about people, and how they come together- that is to say, community. Serving our community is why we are here- just look at our Ends Statement. As we move forward, our goal is to continue to serve our community, by providing our staff with opportunities for growth and empowerment, and by providing our owners and customers with a healthy organization they can be proud of.

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	Income Statement	6/30/2018	7/1/2017
	Revenue		
	Gross Sales	\$13,356,620	\$14,380,704
	Cost of Goods Sold	\$8,284,225	\$8,699,600
	Gross Margin	\$5,072,395	\$5,681,104
	Operating Expenses		
	Personnel	\$3,243,992	\$3,874,570
	Operations	\$692,402	\$1,038,378
	Occupancy	\$525,081	\$532,237
	Other	\$522,027	\$432,727
	Total Operating Expenses	\$4,983,502	\$5,877,912
	Operating Income	\$88,893	\$(196,808)
	Other Income & Expenses	\$55,437	\$(791,354)
	Net Income Before Taxes	\$144,330	\$(988,162)
	Balance Sheet	6/30/2018	7/1/2017
	Current Assets		
	Cash	\$312,740	\$27,622
	Inventory	\$376,780	\$391,737
	Other	\$69,122	\$62,127
	Total Current Assets	\$758,642	\$481,486
	Property & Equipment		
	Property & Equipment	\$4,066,911	\$4,023,627
	Less Accumulated Depreciation	\$(2,705,296)	\$(2,609,775)
	Total Property & Equipment	\$1,361,615	\$1,413,852
	Other Assets	\$613,401	\$701,131
	Total Assets	\$2,733,658	\$2,596,469
	Current Liabilities		
	Accounts Payable	\$348,420	\$428,578
	Accrued Expenses	\$631,774	\$500,516
	Current Portion Long-Term Debt	\$780,384	\$597,159
	Total Current Liabilities	\$1,760,578	\$1,526,253
	Total Long-term Liabilities	\$746,694	\$997,814
	Total Liabilities	\$2,507,272	\$2,524,067
	Equity		
	Membership Shares	\$248,410	\$1,252,295
	Retained Patronage	\$721,419	\$721,419
	Retained Earnings	\$(743,445)	\$(1,901,312)
	Total Equity	\$226,384	\$72,402
	Total Liabilities & Equity	\$2,733,658	\$2,596,469



2018 BOARD OF DIRECTORS

President - Maggie Sullivan, term ends 2019

Vice President - Pam Weaver, term ends 2020

Secretary - Susie Tanney, term ends 2018

Treasurer - Bobbi Boos, term ends 2019

Caroline Beebe, term ends 2018

Natascha Buehnerkemper Jacob, term ends 2018

Corbin Baird, term ends 2019

Angela Babb, term ends 2020

Jacob Schumacher, term ends 2020