



2011 Co-op Annual Report



Milestones

It's hard to believe that another year has passed. It doesn't seem possible that our Kearsarge Co-op has already celebrated its 2nd birthday. For the Co-op, this has been a great year with lots of exciting things happening.

The most exciting news of the year, and perhaps our proudest achievement to date, is our collaboration and partnership with the Vegetable Ranch in Warner, New Hampshire and the construction of the Co-op's very own high tunnel hoop house. This hoop-style greenhouse, a 30- by 96-foot structure invented by a New Hampshire farmer in the 1970s, relies purely on solar power and works in conjunction with "row covers" to protect plants from the effects of frost to extend the typical growing season through the harsh winter months.

I am also very happy to have our long-time employee, Shane Smith (you know him from our Bulk Department), take the reins as the Co-op's new Outreach Coordinator this year. Shane has been providing classes and spearheading educational resources to the Concord Girls & Boys Club, local schools, and other area businesses. He serves as the Co-op's liaison to many area organizations and at related events. Shane is a natural in this position, and there is little doubt that his hard work and enthusiasm has played a major role in the Co-op's recent resurgence and popularity in the community.

Shane can also be congratulated on bringing to life the Co-op's own Kid's Club, a program designed to welcome the children of our community to our Co-op and encourage them to become more involved in healthy food choices and learn about the cooperative concept and its principles. We believe educated youngsters will become healthier adults and knowledgeable teachers for the health-conscious generations of the future.

Nutrition and wellness education is not only part of our core mission, it is as fundamental to us as a cooperative as the fruits and vegetables in our produce department or the eggs and milk products in our dairy section. We understand that it is our duty to provide education and opportunities for our community. We work with staff and community educators to help people understand and learn about cooperative fundamentals, healthy choices and alternatives, and the impact those choices have environmentally and economically. Finally, we strive to bring this knowledge to a larger audience, especially our youth.

With those goals in mind, we proudly introduce Audrey Burghard, the newest member of our talented team. Audrey joined our staff this past year as our new Wellness Coordinator. Her vast experience and multiple certifications in nutrition management and general health and wellness, along with her enthusiasm for healthy foods, fitness, and mental well-being will be a great asset to the Co-op and an invaluable resource for our members and the community.

It's no secret that the Co-op is a happening place and

we are widely known for our many awesome social events including Spring Into Healthy Living® (our signature spring event), summer's ever-popular Brain Freeze Ice Cream Social (kids and grown-ups love that one!), Oktoberfest for soup lovers in the fall, and the year wouldn't be complete without our annual Holiday Tapas Bar and our new 12 Bites of Christmas. And as if all that weren't enough, this year we also added to the fun with a Cinco de Mayo event and our June Red, White & Blues Wine Tasting.

It's no wonder that an astounding 12,000 people attended our events this year, which just goes to show that the Co-op excels at offering something for every age group, from toddlers to seniors. If we are "the best" at anything, it is our ability to bring people of all ages to our Co-op to enjoy and experience what only a cooperative such as ours can offer.

Not only is there a lot happening within the confines of our building, the Co-op is also quite active outside of these four walls. Did you know that this year alone our Cooperative proudly donated money or product, sponsored, or participated in fundraising with 57 charitable non-profit, educational and/or community organizations throughout the State of New Hampshire. The Co-op supported 750 local (New Hampshire) vendors by purchasing their products and services. We purchased more than \$750,000 in products from local farmers and suppliers to be sold on our store shelves and spent another \$404,000 for supplies and services from other New Hampshire-based businesses.

Through food donations, participation in, or sponsorship of such fundraisers as Concord Hospital's Heart of the Grape, Green Traditions Concert and Fair, our own Harvest Dinner, donation stations at our registers for The Concord Soup Kitchen, and Merrimack County Savings Bank's Rock 'n Race 5K Fun Run & Walk, we are very proud of our contributions which helped raise a collective \$448,500 for the beneficiaries of these fundraisers. That's pretty special! It's easy to see why your Co-op received the incredible honor and distinction of being named 2011 Cornerstone Business of the Year.

These few highlights are only a small part of what make the Co-op so much more than just a grocery store. Our Cooperative is growing and getting better every year thanks to the support of our members and patrons. From our founding members to our newest members, we all have something pretty special to be proud of: a cooperative that is thriving because of our commitment to our mission, commitment to the betterment of our community, pride in ownership, hard work, and dedicated support.

Cooperatively yours,

Paula Harris, General Manager

Eat! Shop! Learn!

Your Cooperative's Financial Condition

by Peter Deleault, Finance Manager

This past year required a lot of decisions that had to be made regarding the future of our Cooperative. Our current financial condition is very good; however, with sales flat or slightly declining, some difficult choices had to be considered. It's never good for any business to stagnate for too long. With ever-increasing costs of operations, sooner or later expenses will exceed income if there isn't at least sufficient growth to offset those expenses.

Decisions had to be made after our UPS Store tenant left the building as to what to do with the approximate 2,000 square feet of vacant space. Discussions began last year with Management and Board considering many possible scenarios. As always, the discussions came back to sustainability. Regardless of what was decided, the Board had to ensure that it would serve in the best interest of the members, keep with the principles of our mission, and be financially sound as well.

After hiring several consultants, conducting member surveys, ordering a marketing study, and reviewing the costs and financial plan, the Board decided to move forward with renovations. The changes will re-configure the store layout, expand into the vacant area, make the necessary improvements to safety, and improve energy efficiency of our recently acquired building. The membership vote this past July was overwhelmingly in support of the project to create a better store.

This renovation project will create a whole new look to our Concord store. While greatly increasing our visibility, it will also provide a better shopping experience for our members and customers. It will create wider aisles and more opportunities for employee interaction and learning as well as increased selection of our products. Of course the scope of this project will put a financial strain on the Cooperative once more (please see the business plan available in the store), but with the support of the membership and the greater Concord community, we will be successful in continuing to be a positive influence in the downtown Concord community.

This past year saw a small decline in sales from prior years. This marked the first year without positive growth since 2005. Our Concord store sales were 1.35 percent less than fiscal year 2010. Despite our overall decline in sales our Kearsarge store saw an increase in sales of 4.3 percent over the prior year. Our members took full advantage of their membership benefits by utilizing the Member Appreciation Day (MAD) discounts to the tune of \$158,953 this past fiscal

year. This represents an 18.32 percent increase in discounts over the prior year, apparently another sign of our economic times. Our expenses grew by 4.46 percent however 1.62 percent of that increase was due to the associated costs of renovation planning.


We welcomed 311 new members to our Cooperative last year with 40 members terminating their membership for various reasons. Last year we returned \$167,714 to our members in the form of a patronage refund paying out \$21,936 in cash and issuing \$102,200 in equity B shares to our members. Despite the small decline in sales, our Cooperative was profitable again this year.

Our Board has approved a patronage refund of \$74,461 this year leaving us with a net profit before taxes of \$48,472 (See the Statement of Operations on page 5 page.) Members will receive approximately 2 percent of

their total purchases back in the form of a check and/or additional equity B shares depending on their total purchases as of June 30, 2011. The patronage refund will be paid in 20 percent cash and 80 percent Cooperative equity B shares again this year in order to conserve cash for the renovation project.

This will mark our third year of returning excess profits to our members through patronage refunds. If you are a member and shopped at our store last year and don't receive a refund check in the mail over the next several months, it doesn't mean you did not receive a refund. Any member whose total purchases were less than \$1,157 last year will receive their entire refund in the form of equity B shares. To find out what you received, just contact our accounting department and inquire about your total equity value in the Cooperative to see how much your share value in the Cooperative has grown over the years.

We also paid down our member loans by an additional \$60,723, leaving \$91,345 of principal payments remaining. We are scheduled to pay another \$50,385 in member loan principal payments next June. Our long-term debt was \$1,449,254 at the end of the year, down from \$1,614,193 from the previous year. Member Equity increased by \$220,302 to \$923,153 at the close out our fiscal year. (See the balance sheet on page 5.)

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A Year of Learning & Planning

by Nancy Girard, Co-op Board President

This past year has been a year of growth, learning, and responding to our Co-op's needs and the concerns of our member-owners. As we saw our national economy sluggishly move forward, we watched our finances carefully, looking for signs that our consistent growth might falter. Our Cooperative has proved itself strong, not just because of its unique offerings. The Co-op's strength resonates from its member-owners and the individuals who have been drawn to its warmth and community spirit.

Your Board of Directors spent considerable time this past year planning strategically for the Co-op's growth, particularly the upcoming renovation. It was incredibly important for us to be sure anything the Co-op did was in the interest of our members and mission, as well as to be financially sound in these days and times. We poured over surveys of member and customer feedback, attended events to talk and ask your views, and led several special events specifically to discuss the Co-op's options. At Board and committee meetings, we looked over renderings and architectural drawings, had discussions with contractors, and debated amongst one another to come to our decision to authorize your General Manager to research the possible renovation further. This decision allowed her to expend funds to determine what a renovation might require, what the expenses might be, and what conditions in the store might require updating.

We learned several things during our meetings and from this research that encouraged us to approve the plan. Inspectors had explained that our building is solid but would need certain repairs to the façade and the basement to be maintained. A renovated basement had the added benefit of being able to provide much-needed office space for Co-op staff. The administrative, accounting, and marketing offices – currently renting space down the street – could move into those basement offices for a substantial savings in rent as well as more streamlined Co-op operations. Renovation changes including a new loading dock in the back and elevator access to the basement would substantially improve the store's ability to receive product efficiently and safely with less disruption to Main Street traffic. The current lack of a loading dock or elevator access means that many delivery trucks must stop on Main Street, and employees have to break down shipments to ferry into the store on hand carts. This may have been sufficient back in the old days of our small Co-op, but we certainly need an improvement. The City of Concord approved the tentative plan.


Your Board and staff made every effort to communicate our ongoing thoughts and processes with you, our member-

owners, as it took place. We have printed several newsletter articles, held meetings, sent out emails, posted pictures and diagrams in the store, and even created a new web page devoted to renovation updates. We collected your comments through comment cards, in person, online, and at those special events.

As the Board compiled your feedback and listened to the General Manager's final reports from her research, we became more confident that a renovation would serve our Cooperative well. The Board voted unanimously to move forward with the renovation project and then gave the members an opportunity to vote this summer. As with any big decision in our Cooperative, our members have the final say. Our member-owners overwhelmingly approved the renovation. The project will start in late fall, and the developer will work around the store and the staff so we can still meet the holiday pressure and celebrate the season with our member-owners! We look forward to celebrating completion of this project by summer.

This year also challenged our Board to improve our communications with member-owners, allow them to talk directly with the Board, and to interact with one another. We appreciate this challenge and look forward to connecting with you more! Look for more Board members at events, bagging groceries, and having coffee with our Co-op's member-owners. We created the Member-Linkage Committee to engage Board members and member-owners in exploring more ways to improve communication and a sense of community within the cooperative. Several initiatives are being examined including print and electronic communications and face-to-face dialogues.

We look forward more opportunities for you to engage with your Co-op through the store's programs and our instructors in the renovated store. We plan to devote time and space to educate our customers more about bulk products, and our offerings will be much greater in the bulk and produce areas. We will gain a new look and only get better at being your neighborhood Cooperative. The Board and staff will continue to reach out to you for your suggestions and advice, and I sincerely hope that as member-owners, you respond, participate, and celebrate making our Cooperative a wonderful community asset as well as a welcoming and nurturing place to be!

This is an exciting time to be a member of the Concord Cooperative Market! Thank you for joining us on the journey. 

CONCORD COOPERATIVE MARKET ANNUAL REPORT

Statement of Operations

FOR THE YEAR ENDED JUNE 30, 2011 and 2010

	Year Ended	
	6/30/2011	6/30/2010
	\$	\$
REVENUE	% Sales	% Sales
Net sales	\$6,078,595	\$6,168,136
Cost of goods sold	3,692,979	3,832,677
Gross profit	2,385,616	2,335,459
	39.2%	37.9%
OPERATING EXPENSES		
Personnel	1,372,378	1,319,227
Occupancy	323,981	351,427
General and administrative	525,991	456,728
Total operating expenses	2,222,350	2,127,382
	36.6%	34.5%
Operating profit	163,266	208,077
	2.7%	3.4%

OTHER INCOME (EXPENSE)

Interest income	2,706	3,768	0.1%
Rental income	1,000	18,000	0.1%
Miscellaneous income	5,155	6,487	0.1%
Interest expense	(104,763)	(98,790)	-1.6%
Total other income (expense)	(95,902)	(70,535)	-1.1%
Income before taxes	67,364	137,542	2.2%

INCOME TAXES

Federal	9,491	32,616	0.5%
State	9,401	10,962	0.2%
Total taxes	18,892	43,578	0.7%

NET INCOME

	48,472	93,964	1.5%
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Balance Sheet

JUNE 30, 2011 and 2010

	ASSETS	
	6/30/2011	6/30/2010
CURRENT ASSETS		
Cash	\$751,229	\$767,271
Accounts receivable	1,568	5,943
Inventory	449,734	421,720
Other current assets	18,711	16,492
Investments - trading securities	48,798	25,288
	1,270,040	1,236,714
PROPERTY AND EQUIPMENT		
	2,290,454	2,258,928
Less accumulated depreciation	(792,072)	(681,155)
	1,498,382	1,577,773
OTHER ASSETS		
Deposits & Receivables	2,952	2,952
Long Term Receivable	-	2,506
	2,952	5,458
TOTAL ASSETS	2,771,374	2,819,945

LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES		
Accounts payable	\$220,413	\$230,394
Federal & State Tax payable	3,846	17,897
Accrued payroll and related taxes	100,247	86,896
Patronage refunds payable	74,461	167,714
Current portion of long-term debt	484,837	296,699
Total current liabilities	883,804	799,600
LONG TERM DEBT		
External Lenders	923,457	1,226,149
Member Loans	40,960	91,345
Total long term liabilities	964,417	1,317,494
Total liabilities	1,848,221	2,117,094
MEMBERS' EQUITY		
Class A Shares	128,597	121,647
Class B Shares	473,164	352,129
Additional paid-in-capital	68,724	24,879
Retained Earnings	252,668	204,196
Total members' equity	923,153	702,851
TOTAL LIABILITIES AND EQUITY	2,771,374	2,819,945

*We remain
Stronger
Together...*



*Spring into
Healthy Living®*



April 16, 2011

