

# Annual Report 2017



## **Breadroot Natural Foods Cooperative**

100 East Boulevard North

Rapid City, South Dakota 57701

### **Annual Meeting Notice**

Saturday, April 21<sup>st</sup>, 2018

Breadroot Natural Foods Co-op, Upstairs Mezzanine

1pm Potluck, 2pm Member-Owner Meeting

This is a great opportunity to have your voice heard and to let us know how we can better serve you. Our Board of Directors will be present, and you'll receive a glimpse into the behind-the-scenes activities going on at the co-op!

# Letter from the Board President

Fellow Breadroot Member-Owners,

It's been an exciting year at the Co-op! We made a profit this year, and we plan to give out our first member-owner dividend payments very soon. In a climate where the average grocery co-op is losing money, we're fortunate to report that Breadroot is thriving. This success is due in part to the outstanding leadership of long-time board directors including Dowell Caselli-Smith, as well as our terrific general manager, Jeffrey Thouron. Jeffrey leads a team of dedicated Breadroot staff whose dedication, competence, and out-of-the-box thinking produces record sales numbers and happy customers. I'm grateful to serve an organization so dedicated to quality food, community health, and environmental stewardship.



**Lindsey Hays, Board President**

Your Breadroot Board of Directors is a group of dedicated member-owners who have volunteered their time to represent you, the general membership. As directors, it is our job to provide oversight, vision, community connectivity, support, and constructive feedback to management. The board sets expectations for the co-op's general manager, and then holds him accountable through review of monthly reports and an ongoing constructive relationship. We were able to keep the board full with at least seven directors throughout the last year. We also have new directors whose professional and personal experiences are helping to round out the board's skill set. I am grateful that more member-owners are stepping up and serving in this role.

One of our goals as directors in the next year is to better connect with the membership. We want you to know what we're up to, and we want to hear from you! Take a minute to review recent meeting minutes when they're posted in the store, or access the archive online by [clicking here](#). If you have questions or concerns about decisions being made, I'd like to hear about it. Do you have thoughts about the future of the co-op? Want to know what the board is currently considering for future development? Send me an email ([president@breadroot.com](mailto:president@breadroot.com)) and I would be happy to speak on the phone or meet for coffee sometime. Also, if you are detail-oriented and interested in playing a role in oversight of the co-op, please consider running for a position on the board of directors next year. Contact myself or any of the current board directors to find out more about the role.

Breadroot Co-op offers better and more local food choices, and also provides a viable grocery-shopping alternative to keep profits in the community working for us. In order to keep the co-op strong, we encourage member-owners to step up, get involved, and keep your leadership team accountable.

See you at the co-op,

Lindsey Hays

[president@breadroot.com](mailto:president@breadroot.com)

## PATRONAGE FAQS

### Getting the most out of your family's co-op membership

by Karen Psiaki, a member of the Breadroot board

I realize I risk sounding like a car salesman: buy more pay less! That doesn't make any sense. In most circumstances that is certainly true. In the case of the co-op, however, buying more *could* truly lead to your paying less. We settle up at the end of the year to see, a) if we've made a profit – if total sales exceed total expenses; and b) to see what amount of those profits (if any) we are able to divvy up among the Member-owners.



*Karen Psiaki, Board of Directors*

When the divvying up process happens that's where the "buy more, pay less!" equation comes in for you. The patronage dividend you receive (the money paid back to *you* as a co-op Member-Owner out of our total net profit) is directly proportional to the amount of shopping you do. Spend more of your total food dollars at the Co-op, and you could earn a greater patronage dividend. It's as simple as that.

We track co-op performance the way any other retail store does: total sales, average amount per transaction, number of total transactions. The higher your "number of transactions" and "average amount per transaction" is, the higher your dividend payback. All other factors being equal, if the co-op turns a profit year to year – and that's the way we try to manage it for you - *you* control your own destiny in terms of the amount of that prospective dividend payout.

I have to say again – there is no payout in years where we run a deficit. And payouts are still at the discretion of the board. But we save on tax and build Member-Owner loyalty if we do have a payout, so our incentive to do this is very strong. Plus, we're Member-owners too. The more we shop, the more we benefit – the same as everybody else.

2017 Finances at a Glance			
		<i>Compared to 2016</i>	
Assets	\$276,977	+25%	
Liabilities	\$60,297	-3%	
Equity	\$216,680	+37%	
Patronage Sales	\$1,060,308		
Non-Patronage Sales	\$745,791		
Gross Sales	\$1,806,099	+12%	
Patronage Income	\$10,646		
Non-Patronage Income	\$29,535		
Member-Owner Stats 2017			
New Owners	399	Active Owners	1,291

**When are dividends distributed?** In 2018, patronage will be disbursed by the end of April.

**How are dividends calculated?** Dividends are calculated based upon the eligible purchases a member-owner makes and how much profit the Co-op makes each year from member-owner sales.

**What are eligible purchases?** All business done with the Co-op except for purchases of shares, donations, Co-op sponsored classes, off-site transactions, fundraiser ticket sales, crate & bottle deposits, special orders and online orders.

**Am I eligible to receive dividends?** If you own all forty shares, or if you purchased shares in 2017, then you are eligible.

**How will I get by Dividend?** Dividends greater than \$2 will be issued as store credit. You can request a check or donate to charity if you prefer. Due to processing costs, if your dividend is less than \$2, it will not be allocated.

**How do I learn more?** Talk to any staff in the store, attend the Annual Meeting, attend a Board Meeting, email [manager@breadroot.com](mailto:manager@breadroot.com) or [president@breadroot.com](mailto:president@breadroot.com).

## A letter from the General Manager

Dear Member-owners,

This will be the seventh year I have been a part of the Co-op, the sixth year I've been in management, and the fifth year I have served as General Manager. Over that time, there have been significant changes. Physically, we've moved locations. Financially, we have become stable and sustainable—via sales growth, increase of products, all financial indicators, and net income. The strength of our Co-op staff has also changed significantly over that time.

I am proud that our wages are competitive—the Co-op's minimum wage is now \$10.50/hour—that we provide retirement matching through a SIMPLE IRA program, and that our staff has competitive vacation time. The backbone of any organization is its staff, and the first step to a great staff is paying them decently. The next step to a great staff is cultivating a thriving culture. Did you know that the Co-op has a no gossip policy? Intentional and quality communication between staff is a reality. Every day we strive for team unity, we fight what makes teams fall apart, and we work to be the best so that we can operate this Co-op positively for our member-owners and the community.

A third step to creating a great environment for staff is ongoing education about products, leadership, and cooperatives. Every member of staff is improving their knowledge and ability in these areas each year. An example of this is that over half of our staff in the past year have taken the Alberts Organic & Produce College course. These free courses broaden everyone's knowledge of the National Organic Program and our produce department.

Last month, six of our key staff joined other "cooperators" from the central United States in St. Paul, Minnesota to discuss problems that we all have in common. In this session of the CDS Cooperative's *Co-op Café*, we had dialogue about how to be a better part of the communities where we operate; how we can improve our relationship with both member-owners and other customers; how to promote multicultural community at the Co-op; and how to be a positive force in community leadership. This event gave us great ideas, and we were able to help other "cooperators" via insights we provided from Breadroot. Events like these connect us with the greater Co-op world, help us resolve problems, and are a great opportunity for our staff and the Co-op.

I have no doubt the success of the Co-op in recent years has been due to our dedication to our staff. When you shop at your Co-op and have a great experience, much of that is due to your committed staff. I am proud to lead these people and look forward to the next year of leading Breadroot.

Best Regards,  
Jeffrey Thouron



*Jeffrey Thouron, General Manager*



*Breadroot Staff 2018*