

ANNUAL REPORT

North Quabbin Community Co-op, dba Quabbin Harvest
12 North Main Street, Orange, MA 01364



REPORT FROM THE GENERAL MANAGER, JULIE ROBINSON

Last April, as I read in the Mount Grace Land Conservation Trust newsletter that there was a job posting for General Manager for a new coop store in Orange, I knew that I needed to be a part of it, whatever was needed: a member, a volunteer, a consultant, a manager. Why? Because I am a grocer, I love food and because, I believe.

Our Mission

“The North Quabbin Community Cooperative (NQCC) provides healthy food at an affordable price, while building community, supporting local agriculture and respecting the natural environment.” 1.29.2014 NQCC Feasibility & Business Plan.

The mission of NQCC is not lofty; it is ‘down to earth’ quite literally. We are cultivating the future.

We started by sowing the seeds at the Orange Innovation Center with the Produce CSA program. Then, by joining missions with Mount Grace Land Conservation Trust, we were able to grow our dream of fostering a more accessible relationship with our local food system. Many volunteers, and now also interns and staff, continue to tend and cultivate relationships with a network of neighbors, farmers and producers. Farmers and producers know they have an outlet which to bring their food and consumers have a convenient place to shop. Member-owners, donors, lenders and businesses continue to invest their time, energy and funds to support the needs of our fledgling retail store. The return on that investment has been opening our doors to a wider community, the increased selection of food available, and a variety of member-owner benefits: appreciation discount shopping days, a fuel coop with Orange Oil, discounted Rose32 Bread, and our soon to be re-introduced Hands-on Owner Volunteer program linked to Valley Time Trade and a Quabbin Harvest Buying Club. New programs with the Department of Transitional Assistance will make even more fresh food available. Educational classes, articles and blogs are underway, as well as the development of an in-house reference library and knowledgeable staff. Renovations to our building have created a home and we are continuing our plans to become a Zero Net Energy operation. A redesign of our floorplan this spring will create a community meeting space and the opportunity to develop our product mix. All this, from sowing a seed.

We have been and are continuing to fulfill our mission.

At Quabbin Harvest, it is our Mission that truly cultivates our future. I believe.

OFFICERS

Amy Borezo, President
Nina Wellen, Treasurer
Michael Skillicorn, Secretary
Karl Bittenbender, Director
Julie Davis, Director
Mary King, Director
Manuel King, Director
Robin Shtulman, Director

SUPPORTERS

Common Capital
Cooperative
Development Institute
Cooperative Fund
of New England
Field to Table
Franklin Community
Co-op
Mount Grace Land
Conservation Trust
North Quabbin
Loan Fund
North Quabbin Garlic
& Arts Festival

EXTRAORDINARY VOLUNTEERS

Special thanks go to these volunteers who have gone above and beyond, generously donating their time

Ben Feldman	Diane Nassif	Anne Marie Rogan	Rick Innes	Gail Oswald
Josh Feldman	Brett Ahlstrom	Laurie Neely	Michael Abbate	Tom Deam
Trudy Berkovitz	Sam Scherer	Ray Neely	Jack Stoberski	Ray Belanger
Pat Larson	Bruce Scherer	Sue Pasteris	Doug Wessel	Seth Isman
Beth Arseneau	Doug Feeney	Nalini Goordial	Hartley Spencer	Tara Rolf
George Roix	Norman Flye	Dave MacLean	Kathy Corbett	Linda Ruel Flynn
Peter Cross	Robert Osborne	Eowyn Ahlstrom	Maureen Blasco	
Ed Cope	Margot Parrot	Tony Palmeri	Sally Howe	
Janice Kurkoski	Ricky Baruc	Mary-Ann Palmeri	Jamie Pottern	
Steve Kurkoski	Deb Habib	Heidi Strickland	Allen Young	

REPORT FROM THE BOARD PRESIDENT, AMY BOREZO

MEMBER EQUITY

This last year has been a major transition for our organization. The expansion was made possible because of thousands of volunteer hours, generous donations, as well as the support of nonprofit organizations and financial institutions. A belief in the power of a group of people to make real change in the North Quabbin has propelled Quabbin Harvest into becoming a food oasis for local and healthy food in what was once a food desert.

12/31/12	5550
12/31/13	17427
12/31/14	24902
4/05/15	27970
Total Number of Members	529
Number of Members Current in their payments	259

Compared to a large chain grocery store, we are very small, but our impact is large. In 2014 and 2015 we contributed over \$177,000 to the local economy within a 35 mile radius. The amount of sales in that same time period roughly equals that expenditure, meaning that every dollar spent at Quabbin Harvest/North Quabbin Community Co-op in 2014/2015 went back into the local economy. As we look to our future, this contribution to

the local economy will only grow larger, but that will be possible only with the continued support of our community of shoppers.

Transition brings many challenges. As a board, we continue to strive to make the shift from a “hands-on” working board, to a policy oboard. This transition will take several years, as the store continues to need operational support from the board. Our work to guide the overall vision of the organization has led us to create many new policies and committees. This year we have worked on and completed a merchandising policy, financial operations policies, a hiring policy, and elections and nominations policies. For the first time we have expanded voting for board member seats and also have a competitive election with more candidates than open seats. We also completed a review of our bylaws and have begun work on a Zero Net Energy design for the building and business.

The largest challenge we are currently facing is the realization that it will cost more to run the business than we originally projected. Yes, we are exceeding our sales projections, but we need more people to become members and to come in every week and shop. If only half of our current members came in each week and spent \$50 per week, the Co-op would be able to sufficiently cover its costs. Over the coming months our fantastic staff and dedicated board will be doing everything possible to both increase sales as well as undertake a capital campaign to replenish our cash reserves.

We have much to be thankful for. We have accomplished so much. The hard work continues and will for some time. Thank you for becoming a member, for telling your friends and family, for becoming involved, and for shopping at Quabbin Harvest each week! **Please also join us on May 16th at the store for a ‘Grand Opening Celebration’!** There will be hands-on activities, food tastings, a parade, and live entertainment. See you there!

EVERY DOLLAR SPENT AT QUABBIN HARVEST IN 2014/15 WENT BACK INTO THE LOCAL ECONOMY

MONEY INVESTED IN THE LOCAL ECONOMY

Vendors w/in 35 miles: Inventory/Cost of Goods in FY14	56,073
Vendors w/in 35 miles: Inventory/Cost of Goods in FY15	18,119
Vendors w/in 35 miles: Non-inventory Vendors/Trades	55,011
Employees of Quabbin Harvest	47,904
Total money invested locally in FY14 and FY15	177,107
Total Sales in FY14 and FY15	177,429

REPORT FROM THE FINANCE COMMITTEE CHAIR,
KARL BITTENBENDER

INCOME STATEMENT FY14

The North Quabbin Community Co-op, dba Quabbin Harvest, completed its first six month of operations in April 2015. Transitioning our four year old emerging business from a completely volunteer enterprise to full blown grocery store with professional management and paid staff has been a challenging task. The effort took more than two years of planning and fundraising work, spearheaded by a volunteer Board of Directors and supported by more than 250 dedicated member-owners, predominantly residents of the North Quabbin Region in North Central Massachusetts. Quabbin Harvest has been eagerly assisted by a strong network of community and municipal agencies plus several neighboring food cooperatives.

Today we are a thriving organization with nearly 500 member-owners and annualized gross sales of approximately \$328,000 vs the expected sales of \$240,000. This performance has taken place during the harshest winter in many years and the community is still discovering that we have moved to the center of town at 12 North Main Street.

The two-phase, Co-op “expansion” budget, developed in June 2014, was \$130,000 for planning, interim operations, new inventory, plus significant renovations to the building and grounds for the first year. The second year building and system renovations were \$84,500. A year of operating the building indicates a more realistic budget should be \$119,000.

Gifts of a nine-door freezer and twelve foot produce display case resulted in un-budgeted installation and inventory costs. These enlarged transition costs coupled with additional staffing requirements, have depleted our cash position significantly. The initial projections for the business called for operating losses thru the second year which would have been covered by our initial starting cash reserves. However, current cash reserves will now be depleted in approximately six months.

Parallel to this operational history, NQCC applied for and received from the Massachusetts Department of Energy, a Pathways to Zero Net Energy Grant of \$49,500 to design a revised energy consumption system for the building we occupy. The initial cost of implementing the two stage design is expected to be \$69,400, of which \$17,000 may be supplied by National Grid and the Town of Orange may provide \$32,000 as a zero interest loan. (It should be noted that in the agreement between MGLCT and NQCC, leasehold improvements are credited to NQCC toward its cost of purchasing its half ownership of the building.)

The Board of Directors and the General Manager are initiating a two pronged approach to strengthening the Co-op; an immediate promotional campaign to double the number of shoppers using the store within the next four months; and initiate a Capital Campaign to provide for building and system improvements and to restore cash reserves. The Capital Campaign will include additional member loans, grants and donations from interested benefactors.

	TOTAL
Sales	110485
Cost of Goods	-66993
Gross Profit	43492
Personnel	26861
Occupancy	18822
Operating	10789
Administrative	9462
Marketing	4363
Total Expenses	70297
Operating Income	-26805
Governance	-498
Other Income/Expense	-2323
Net Income	-29626

BALANCE SHEET 12/31/14

	TOTAL
Cash	41678
Inventory	53000
Total Current Assets	94678
Total Fixed Assets	81013
Total Assets	175691
Current Liabilities	38356
Long-term Liabilities	87217
Total Equity	24902
Total Paid in Capital	57385
Retained Earnings	-2543
Net Income	-29626
Total Liabilities & Equity	175691

CASH FLOW - CURRENT STORE OCT 2014 - MARCH 2015

	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL	BUDGETED	DIFFERENCE
Sales	12449	21452	30702	23083	21962	21899	131547	122529	9018
Cost of Goods	24622	25403	16911	13282	13219	13263	106700	75761	-30939
Gross Profit	-12173	-3951	13791	9801	8743	8636	24847	46768	-21921
Personnel	3989	5564	6251	5722	6126	4923	32575	34962	2387
Occupancy	1560	1634	3463	4582	2341	4194	17774	15610	-2164
Operating	1526	2316	787	1024	665	839	7157	3348	-3809
Administrative	1546	1910	1030	2073	1128	1072	8759	7302	-1457
Marketing	202	142	472	428	2910	454	4608	1479	-3129
Total Expenses	8823	11566	12003	13829	13170	11482	70873	62701	-8172
Operating Income	-20996	-15517	1788	-4028	-4427	-2846	-46026	-15933	-30093
Governance		125			60	45	230		-230
Other Income/ Expense	-156	-126	-259	-333	-243	-882	-1999	-1266	-733
Net Income	-21152	-15768	1529	-4361	-4730	-3773	-48255	-17199	-31056
Cash on Hand	48110	32342	33871	29510	24780	21007			