

ANNUAL REPORT

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



REPORT FROM THE MANAGEMENT TEAM

NALINI GOORDIAL, JULIE DAVIS, KARL BITTENBENDER, AMY BOREZO

In July of 2015, we transitioned from a General Manager to a Management Team to run the day to day operations of the Co-op. In practice, this means that Nalini Goordial runs the daily in-store operations including staff management and training as well as technology management. Nalini and Julie Davis work together on inventory management and ordering. Karl Bittenbender works on financial management and Amy Borezo helps with marketing, including graphic design and social media/communications.

We have many challenges as a small co-op. The biggest challenge is that customers are used to shopping at large chain stores in which they can get cheap food and maximum availability. As many of our customers know, these large chain stores hide the true cost of cheap food which is a less secure local food supply that relies heavily on pesticides and fossil fuels, and empty storefronts in historic downtowns across the country.

We strive daily to show our customers the benefits of shopping in a small store like ours, a store that really cares about the community that we are rooted in. Operationally, that means that we buy from local vendors whenever possible. Currently we buy products and services from over 75 local vendors. This results in over 65 cents of every dollar spent at Quabbin Harvest going back into the local economy. And it also results in the most amazing food and products from our region being consistently available to our customers. Bread, tortillas, ice cream, meat, cheese, coffee, veggies, fruit—one stop shopping for local food!

Other operational successes this year include the implementation of our Basics program which provides basic staple items for your pantry at prices matching or beating large chain stores. We take a small margin on this list of over 60 items. Our fantastic Merchandising Committee helped conceive and implement this program. This year we also started our 'Share a Share' program that allows SNAP recipients to purchase CSA shares at a reduced cost. Customers can purchase a portion of a share at the register to help support this program. This past month we have also begun to offer a Senior Appreciation Day every Thursday with 5% off in store in addition to free coffee and tea all day. We've also begun selling meat shares that provide a discount on local meat packages. In the near future, we will be highlighting our pre-order program in which customers can order in bulk from our UNFI catalog at a reduced cost.

The Management Team at Quabbin Harvest would like to thank all of our customers for Shopping Co-op First! If we can all commit to this simple initiative, Quabbin Harvest will be successful for years to come as a store that strengthens the local food system and contributes to a vibrant North Quabbin economy.

OFFICERS

- Amy Borezo, President
- Karl Bittenbender, Treasurer
- Mary King, Secretary
- Julie Davis, Director
- Cristina Garcia, Director
- Maile Shoul, Director
- Kristen Knechtel, Director
- Manuel King, Director
- Robin Shtulman, Director
- Nina Wellen, Director
- Sylvia Wetherby, Director

SUPPORTERS

- Common Capital
- Cooperative Development Institute
- Cooperative Fund of New England
- 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

MaryEllen Kennedy	Ben Feldman	Tony Palmieri	Maryann Palmieri	Heidi Strickland
Diane Nassif	George Roix	Bruce Scherer	Doris Bittenbender	Janice Kurkoski
Lisa Finestone	Marcia Gagliardi	Gail Oswald	Jamie Pottern	Steve Kurkoski
Pat Larson	Deb Habib	Peter Cross	Kathy Corbett	
Trudy Berkovitz	Norm Flye	Linda Ruel Flynn	Paula Boyle	

REPORT FROM THE BOARD PRESIDENT, AMY BOREZO

MEMBER EQUITY

We are still very much a working Board that supplements the operational work of the store on a regular basis. If we can increase revenue, eventually we will be able to hire more staff to assume these roles. Until then, we have great committees and individuals who do amazing work. I want to take a moment to highlight their work.

The Outreach Committee, chaired by Robin Shtulman and Nina Wellen, and including Mary King as a liason with Mount Grace, regularly schedule and attend outreach events in our community. The Merchandising Committee, chaired by Cristina Garcia and including Maile Shoul and Kristen Knechtel helps staff research products and implement initiatives like the Basics program. Cristina also ran a cooking class this year and develops unique low cost recipes with Basics ingredients. Sylvia Wetherby serves as Volunteer Coordinatoor and Maile Shoul sends out email communications and maintains our website. Julie Davis acts a produce buyer and coordinator of our CSA program and serves on the Management Team. Karl Bittenbender makes sure our finances are in order. Nina Wellen helps maintain our garden and Karl Bittenbender helps maintain our building. I want to personally thank all of our Board members who go above and beyond their Board responsibilities to help the Co-op run smoothly. Our work contributes to over 100 hours of volunteer work each week at Quabbin Harvest. Thank you! Mary King and Manuel King will not be running for seats on the Board this year as their term expires. Thank you to Mary and Manuel for your invaluable service on our Board!

12/31/12	5550
12/31/13	17427
12/31/14	24902
12/31/15	37533
4/25/16	40408
Total Number of Members	613
Number of Members Current in their equity payments	356

We as a Board feel our mission keenly to provide healthy food at an affordable price while building community, supporting the local agriculture, and respecting the natural environment. **This year we have worked hard on the affordability issue and through many initiatives, customers can now shop more affordably than ever at our Co-op.** Community building is a task we hope to improve upon in the coming year and we hope you will join us in that effort. This is more than a store where you buy food. This is a community that cares about where its food comes from, thinks about the implications of the food chain and energy usage, and wants to help revitalize a historic Downtown. That is why we Shop the Co-op First.

As a Board, we are representatives of the membership. This year we have communicated our financial situation directly to members in the Fall and late Winter because we need you to know how critical every purchase is. Now is the time that can make or break our efforts. The first five years with this new expansion will be a struggle. But we're already in year two and our membership continues to grow and we continue to refine our products and programs. We can see the benefit of money returning to the local economy through our sales. This year we also conducted a member survey and listened to your feedback about ways we can improve, which feed directly into the programs we have been implementing. Please don't hesitate to contact us with your thoughts or questions as we continue to serve as your representatives.

OVER 65 CENTS OF EVERY DOLLAR SPENT AT QUABBIN HARVEST IN 2015 WENT BACK INTO THE LOCAL ECONOMY

MONEY INVESTED IN THE LOCAL ECONOMY

	Jan14-Mar15	Apr15-Mar16
Vendors w/in 35 miles: Inventory/Cost of Goods	74,192	97,367
Vendors w/in 35 miles: Non-inventory Vendors/Trades	55,011	29,492
Employees of Quabbin Harvest	47,904	69,055
Total money invested locally	177,107	195,914
Total Sales	177,429	269,757

REPORT FROM THE FINANCE COMMITTEE CHAIR,
KARL BITTENBENDER

This has been a year of significant challenges, met.

Our General Manager decided to pursue other opportunities in her life. Nalini Goordial demonstrated incredible leadership in taking over the task of keeping us on track as store manager who is a part of a larger Management Team.

Sales have not been as strong as we budgeted for, but by reducing expenses, both staff and operationally, we are managing to see some improvement in our negative cash position.

Nalini and Julie Davis have winnowed the inventory into much more mobile products. This is beginning to result in an increase in sales and a slight increase in average basket size or sales per customer. We still need more members to shop the Coop first, and to discover that the BASICS program works. The BASICS program now accounts for over 9% of our sales. It should also be noted that over 40% of our customers are non-members still discovering the Coop.

An interesting question pops up from time to time about the value of the Shares program. Our data shows that for every one dollar spent on shares another \$4.50 gets spent in the store.

QH received a Grant from Mass Department of Energy Resources to prepare a design for operating the COOP at Zero Net Energy consumption. The building has been completely insulated to reduce the energy load. Winserts have been installed on all windows. Awnings will be installed on all south facing windows. We creatively recycle all of the compressor heat from the freezers to partially heat the building. We are installing an air-source heat pump heating and cooling system replacing the old oil/steam system and the out of date, highly inefficient AC system.

The Net Zero Energy plan also calls for installing solar panels on the roof and possibly the parking lot to bring the net energy usage to zero. Rough costs are about \$400,000. After rebates, investor tax incentives and other subsidies, payback will be about 12 years due to zero energy bills.

Since the October survey to member-owners and the recent email and phone response we have seen a slight increase in sales, from \$4,800 per week to \$5,300 per week. If this trend can get established we will soon be at a healthy \$6,000 per week.

INCOME STATEMENT FY15

	TOTAL
Sales	261381
Cost of Goods	137277
Gross Profit	124104
Personnel	79398
Occupancy	35154
Operating	8243
Administrative	13115
Marketing	12644
Total Expenses	148554
Operating Income	-24450
Governance	404
Other Income/Expense	1034
Net Income	-23820

BALANCE SHEET 12/31/15

	TOTAL
Cash	-954
Inventory	22000
Total Current Assets	21046
Total Fixed Assets	154359
Total Assets	175405
Current Liabilities	62700
Long-term Liabilities	56167
Total Equity	37533
Total Paid in Capital	5120
Retained Earnings	37705
Net Income	-23820
Total Liabilities & Equity	175405