



**Bay City Cooperative Market**  
Annual Report  
2019-2020

**Table of Contents**

**Minutes of May 17, 2019 Annual Meeting.....2**

**Introduction of Board of Directors for 2019-2020.....3**

**Reports.....3**

**President’s Report.....3**

**Treasurer’s Report.....6**

**Events Committee Report.....8**

**Media Committee Report .....10**

**Capital Campaign Report.....11**

**Other Activities and Future Plans.....13**

## Minutes of the 2019 Meeting

Bay City Cooperative Market  
Annual Meeting  
Minutes  
May 17, 2019

Meeting was held at 6PM on Friday May 17 at Messiah Lutheran Church, 501 S. Catherine, Bay City, Michigan.

Board Members Present: Bronte Miller, Christa Schubert, Jessica McQuarter, Kathryn Miller, and Dennis Rosenblum

Board Members Absent: Angela Harrington and Jon Potrykus.

- Meeting called to order at approximately 6:30 pm by Kathryn Miller, in the absence of the President Jon Potrykus.
- Owners of the cooperative were welcomed. Board members in attendance were recognized with special recognition for Dennis Rosenblum and Jessica McQuarter, outgoing board members, for their outstanding service to the Bay City Cooperative Market.
- Kathryn Miller announced that the member count had gone from approximately 130 to 210 in the last year.
- Video Filming with Cooke Productions: James Cooke was on hand to complete the filming of the one-minute video spot won by the Coop in the CMURC Pitch A Dream Contest. Volunteers participated in "7 Principles of a Food Co-Op" recipe card-themed spots. All attendees were asked to sign release agreements to appear in the video.
- Bronte Miller gave a treasurer's report. Highlights include:

Current Assets and Equity of \$13,830.06 total bank totals as of 12/31/18. See attached report.

- Media Committee Report by Jessica McQuarter. Jessica discussed the use of the Cooke video and media postings.
- Volunteer and Events Committee Report by Christa Schubert. Christa presented a slide presentation with highlights of the last year's events.
- Announcement of new board members:

There were three openings on the Board of Directors of the Bay City Cooperative Market. Board members are elected for a two-year term. Dennis Rosenblum's, Jessica McQuarter's, and Angela Harrington's terms ended, leaving the board with three openings.

There were three candidates for the Board of Directors of the Bay City Cooperative Market.

1. Angela Harrington
2. Shannon Rodriguez
3. Lauren Smith

21 votes were cast. There were two absentee votes cast by proxy. Angela Harrington, Shannon Rodriguez, and Lauren Smith were elected by unanimous vote to the Board of Directors of the Bay City Food Cooperative for a two-year term from 2019 to 2021.

- A group photo was taken and the meeting adjourned at approximately 8:00 pm.

Respectfully Submitted,

Kathryn Miller for Angela Harrington, Secretary

### **Introduction of the 2019-2020 Board of Directors**

President: Kathryn Miller

Vice President: Lauren Smith, Editor of the BCCM newsletter and Systems Coordinator.

Treasurer: Christa Schubert.

Secretary: Angela Harrington.

Director: Jon Potrykus.

Director: Shannon Daoust-Rodriguez, Chair of the Activities Committee.

Director: Kelly Klammer, Social Media Coordinator.

Director: Joe Woznak, Professional Development and Chair of the Capital Campaign.

### **President's Report**

The 2019-2020 year was fraught with challenges but was also a year of tremendous achievement. In years past, the Bay City Cooperative Market (BCCM) focused on ownership gains. This year we struggled with gaining significant ownership for a variety of reasons. Ownership gains were low partly to audience saturation and partially to the recent quarantine. In response to this challenge, the Board of Directors decided to focus more on creative social media postings and the development of activities for a more diverse audience. We also decided to create a non-paid board position of outreach coordinator.

When the quarantine became a reality, we were forced to put all of our activities on hold and are hoping to get back into the field soon. We will be looking at soliciting ownership from businesses, developing speaking engagements, creating a pitch document and

exploring new target audiences to talk to. We also hope to resume our tabling and events at some point in the future when COVID-19 is hopefully behind us. The BCCM will also continue to offer community educational programs when it is safe to do so.

Where the BCCM did make tremendous strides in the last year was in consolidation and professional development. We created new committees and continued to make strides in our financial development. We also developed procedures to facilitate continuity and consistent business practices.

Our ownership to date is 219. Most of the new ownership was achieved at tabling events during the summer of 2019. We struggled during the quarantine and developed creative techniques to promote the BCCM on social media. As a result we had four new owners sign up through the BCCM website in the months of March through May. We plan to create fun and interesting Facebook and Instagram content, and we are still delivering yard signs. We also have a Facebook group just for owners. Owner posts in the Facebook group are encouraged and welcome.

Over the last 13 months, the BCCM created financial procedures that will be discussed in the Treasures Report. The highlights include switching our banking from Great Lakes Federal Credit Union to Frankenmuth Bank and Trust, which gives us the opportunity to put funds into a wealth builder savings account. We also created procedures that will allow for smoother transition from past treasurers to future treasurers.

The BCCM also created a procedure for receiving money from new and existing owners. Through recording the transaction and providing owners an accurate accounting of all monies received on their behalf, they therefore don't have to rely on paper receipts and institutional memory.

In addition, the BCCM also created procedures for tracking owners, owner numbers, and relevant owner data. We are now able to collect new ownership applications and send new owner packets in a timely manner. This procedure will also facilitate the passing of information from the current membership officer to future membership owners. These duties were outlined in a job description for the Vice President.

The Vice President also maintains the passwords for our computer accounts, our mailing lists, membership records, and website updates.

We also developed a training package for new board members that allows new board members to quickly become familiar with food coop language, concepts, and procedures. This "institutional knowledge" (past history and development) has also been included in the development package. This will allow new board members to understand where procedures and policies came from and why they are being implemented. Examples of

institutional knowledge are the beginning of the BCCM, its original name, and the various software programs that are needed for the BCCM to do business.

The board had been also working very hard on professional development and taking advantage of training programs that will help the BCCM move forward in the future. In March, seven board members had the opportunity to travel to Madison, Wisconsin to the annual “Up and Coming Conference” sponsored by the Food Cooperative Initiative (FCI). The FCI is a nonprofit organization that assists start-up food cooperatives move their efforts forward towards a brick and mortar store.

The board members financed their travel and stay through a grant from the FCI, a BCCM grant from a donation from our participation in “Dance Off: A Soul Train Inspired Event” that took place on January 25, and individual personal funds.

The 2020 “Up and Coming” Conference provided us with opportunities to network and take valuable courses on capital campaigning, market studies, governance, salesmanship, and the creation of professional sales materials.

In addition to attendance at the 2020 “Up and Coming” Conference, board members have been spending their time attending online food co-op development coursework through the FCI on a weekly basis. These courses are called Covideos and are being offered to through Zoom for ongoing board development.

Summary: the Board of Directors put a lot of necessary energy this last year in developing procedures that allow the BCCM to go forward into the future. This report is also an effort to provide transparency to the ownership and establish professional procedures. The Board hopes you read it, enjoy it, and perhaps find a way to become active within your food co-op.

Respectfully Submitted,

Kathryn Miller, President 2019-2020

# Treasurer's Report

By Christa Schubert

Treasurer

## Annual Meeting 2020: Treasurer's Report (Tax Year 2019)

### 2020 Annual Meeting Report (Tax Year 2019): Treasurer

ASSETS & INCOME										
	Ownership (Asset)	Donations (includes in-kind)	Bank Dividends	Classes & Events	T-shirts	Starting Bank Balance	Ending Bank Balance			
	Total = \$5220 PayPal Pymnts = \$1331	Total = \$1,026.03	Total = \$80.68	\$60	Total = \$40	Total = \$13,920.06	Total = \$17,274.32			<b>Total Income</b>
	\$5220 represents the number of owners committed to buying in (some chose the monthly	Event costs = \$552.58 Outreach/Tabling = \$308.85 Classes = \$34.54 Jefferson St Garden = \$88.57 Office = \$41.49								\$20,346.77

	payment plan)									
<b>E X P E N S E S</b>	<b>Refunds</b>	<b>Office/Printing/Outreach</b>	<b>Website, Email and Domain</b>	<b>Classes &amp; Events</b>	<b>Chamber of Commerce Membership</b>	<b>State License for Business Name</b>	<b>Community Sponsorship</b>	<b>D &amp; O Insurance</b>	<b>Total Expense</b>	
	\$0	\$690.22	\$289.72	\$970.39	\$176	\$20	\$10 (plant care)	\$1,074	\$3,230.33	

### BCCM Budget 2020 - 2021

Expense Category	Description	Budget
Board/Liability Insurance	Through Moulthrop Clift & Associates (MCI) = \$345	\$400
Tabling Events	These are events that charge a fee for participation	\$325
Tabling Swag	Give-aways for events	\$250
Classes	4 classes per year	\$400
Printing	Outreach/events/banners	\$250
Ownership Mailing	Stamps/envelopes/biz cards/paper/ink for ownership (year)	\$150
Quickbooks	\$25/monthly	\$300
License Renewal	Yearly fee	\$20
GoDaddy Renewal	Platform/domain yearly	\$102.22
Taxes	Tax preparation: Cain & Sissung	\$365
P.O. Box 32 rental	yearly	\$82
	<b>Yearly Budget:</b>	<b>\$2,644.22</b>

\*Note: we are generally taking in at least 10 PayPal monthly payments at \$20, which gives us \$2,000/monthly.

In addition to the above balance sheet created in Excel for this report, we keep detailed balance sheets in QuickBooks and update owner payments in Excel on a shared drive.

**New Credit Union.** In December, the board voted to leave Great Lakes Federal CU to join Frankenmuth Credit Union. Their service offerings better fit our growing needs. We now

have a Wealth Builder savings account where the majority of our ownership investments are stored as well as a co-op credit card attached to our checking for ease of purchasing.

President's Note: Angela Harrington, secretary of the BCCM Board of Directors, is an employee of the Frankenmuth Credit Union. She is therefore no a signatory on any bank transactions with the Credit Union. Kathryn Miller, President, Lauren Smith, Vice President, and Christa Schubert, are the signatories on all credit union accounts. Two signatures are required to sign all checks.

**Change of Insurance.** This is the 2020 change that will save us close to \$600. We are now with Mouthrop Cliff Insurance (MCI) by Wirt Library. As we have no building yet, we only need Directors and Officers Insurance. We can apply for a special rider if we hold an event in a space that requires it or partner with a local 501(c)(3).

President's Note: We previously had insurance that included events that was more costly and unnecessary.

**2019 Taxes.** We are filing for an extension. We did receive a quote for \$575.00 for tax preparation. We declined.

President's Note: We are exploring reasonable options for tax preparation at this time. It has been difficult with the quarantine to contact our previous tax preparer and potential new preparers.

Also, Treasurer Christa Schubert has been scrutinizing all of our receipts and records. She has been completing a detailed audit of our past records and organizing them which will make future transitions easier. We will proceed with a formal audit when we convene the 2020 Board of Directors.

**Event Committee Report**  
**By Shannon Daoust-Rodriguez**  
**Events Committee Chair**

Just like many of you, the Bay City Food Co-Op had many events planned for the year, but Covid-19 had other plans. The co-op was able to put on a few events before our world changed. Our mission with all events is to interact with our community, promote unity within our membership, and of course, draw new members (owners) into the co-op.

In July of 2019, the BCCM hosted a **Discover How to Use Herbs at Home** in-service at 99 Trees Bookstore. Shannon Daoust-Rodriguez demonstrated the use of herbs in cleaning

and cooking. Everyone took home a starter plant to assist with their herbs-at-home journey.

The BCCM tabled at a variety of events in the summer of 2020 including **Pride Fest, Made in Michigan**, and the **Chalk Walk**, where we found new owners for the co-op.

On September 30<sup>th</sup> Christa Schubert taught us how to make **Refrigerator Pickles**. This class was held at the Messiah Evangelical Lutheran Church. This event had a limited class size but was still open to both owners and non-owner community members.

An exciting event was held on October 27<sup>th</sup> at 99 Trees Bookstore. The BCCM hosted author **John Steinman**. Mr. Steinman shared information from his book *Grocery Story: The Promise of Food Co-Ops in the Age of Grocery Giants*. Huge thanks to Angela Harington for reaching out to Mr. Steinman and coordinating this event.

On October 29<sup>th</sup>, we had lots of fun with our **Spooky Chili Potluck**. Owners and non-owners came together to share our chili creations and listen to a presentation on the Bay City Cooperative Market.

Our annual **Holiday Cookie Exchange** was held on December 5<sup>th</sup> at the Masonic Temple. This was our best one yet with great attendance, lots of cookies, and fellowship. Holiday music was provided by Electric Kitsch.

We started the year of 2020 with **Seed Sorting** on January 11<sup>th</sup>. Once again, we helped the Bay City Seed Library with the event at the Alice and Jack Wirt Library. This is a positive event we are always happy to be a part of; not only does it promote community, but we welcomed the opportunity to attract owners.

On January 25, 2020, Governors' Quarters and Lightening Licks Vinyl Preservation Society hosted **Dance Off: A Soul Train Inspired Event**, a fund raiser for the BCCM at Arbeiter Hall. This event was very fun and exciting. The fundraiser raised approximately \$800 for the co-op and provided an opportunity for the co-op to raise ownership.

On February 2<sup>nd</sup>, the BCCM had a great time participating in the **Hot Chocolate Hop** in downtown Bay City. This event gave us access to a broad spectrum of community and a fantastic chance to dialog with attendees. Plus, we were the only stop offering a vegan option.

February 5<sup>th</sup> brought us the **Valentine's Day Card** making class held at 99 Trees Bookstore. Shannon Daoust-Rodriguez taught members and non-members how to construct homemade valentine Cards. We enjoyed a few treats and watched 80s metal band videos.

A very educational and interactive event was held on February 13<sup>th</sup> with our co-host the Bay City Seed Library. We learned **Winter Sowing** with Kathy DePrekel. Members and non-members took home a starter plant.

Since the quarantine, we have had to put our in-person events on hold. The BCCM has many plans and ideas for future events. We welcome ideas from our members as well. Once we can safely come together again to enjoy each other's company and show new members and potential members the benefits of being part of the co-op community, we will continue the fun and education.

### **Media Committee Report**

**By Lauren Smith**

**Editor of *The Sugar Beat***

**By Kelly Klamer**

**Social Media Coordinator**

#### **New newsletter features this year:**

- *Letter from the Board President.* Words from our leadership about important events and efforts.
- *Monthly Board Meeting Updates.* A recap of the board's monthly meetings.
- *Did You Know? Section.* Bullet points to educate about co-ops and address misconceptions.
- *Community Calendar.* At least one free or low-cost event for Bay, Midland, and Saginaw Counties. At least one event is for children, and all reflect the diversity of our region.

#### **Other newsletter changes:**

- New name: *The Sugar Beat*.
- Any community member may now receive the newsletter although some communications still go just to owners.
- Key newsletter stories are published monthly on the co-op website, and a notification goes on Facebook.

#### **Continued practices:**

- monthly publication
- welcoming new owners
- running logos for small business owners

Social media:

We are working on different ways to help our social media presence. This includes live videos, more photos of owners, and more interactive posts.

While it was difficult to keep our presence noticeable during COVID-19, we chose to highlight businesses and community members that were going above and beyond to help. Being a co-op community is key, so highlighting extraordinary actions seemed like the natural role to take.

Next steps:

- Making it easier for subscribers to manage their access to the newsletter
- Developing a social media strategy for the co-op as a whole

**Capital Campaign Report**  
**By Joe Wozniak**  
**Capital Campaign and Professional Development**  
**Coordinator**

To finance the Bay City Cooperative Market's new store, we will need capital.

Currently the BCCM is in the **Organizing Stage**, where we are trying to recruit up to 300 or more owners. The investment share from the owners will provide the equity we need for expenses during the next stage of **Feasibility and Planning** and ensure we have the community support to move forward.

There are two types of capital which we need to pursue: debt and equity. Debt comes in the form of loans with defined interest and repayment schedules. Equity comes from membership shares, and sometimes from additional member investments through non-voting or preferred shares. Equity investments are long-term and repaid with the approval of a board of directors at a time when the co-op has become profitable and started paying out dividends. We will need both equity and debt to finance our co-op.

Consider the advantages to the BCCM of strong equity capital. When the equity required from the BCCM ownership is at the right level to address the needs of the BCCM, it can become a sizable fund. It is interest-free money for the BCCM and a nontaxable source of funding. Therefore, it increases the asset level of the BCCM, and can be used as leverage for securing bank loans. When the capital comes from the people who will use the business, the interests of speculative investors no longer control business decisions; the ownership does. What makes consumer food coop initiatives unique is that they are owned and controlled by people in the communities they serve. Costco has "members," but they are actually just paying an annual fee for the privilege of shopping and have no say in the business.

One of the vital activities for a startup is raising funds to support and launch. Often, this is an ongoing activity with incrementally increasing goals. It can be particularly challenging because market forces that impact people and their investing ability can be volatile (not to mention the pandemic). Lending institutions can be wary of retail startups without storefronts, and yet to build a viable storefront, the coop will need financing. One of the strengths of the BCCM model is that it allows a large number of people to contribute at different levels, either through their ownership equity when they sign up and member loans or preferred shares (investing). Cooperatives can use equity to fund the startup process, buy inventory, finance operations, and pay for the facility. Without such owner capital, the BCCM would need to look to creditors for financing. Nearly all outside financing would come with restrictions and high interest and fees. Since most startups are considered to be risky endeavors by outside financial institutions, it is critical to amass a high level of ownership capital to provide the BCCM with a strong equity base. When the BCCM needs additional financing, owner equity levels help demonstrate strong support for the BCCM and can convince reluctant bankers and others to fund it. It is truly a community effort to build a food startup co-op, and while it may take time to raise the necessary funds, the co-ops that do best raise a significant portion of the capital from owners who support the vision.

In order to raise significant amounts of capital quickly, member loans have become the method of choice for food co-ops. Startups have raised significant capital through member loan programs. Successful member loan campaigns are producing debt financing in the \$300,000 on-up range. While not provided by all owners, member loans are nevertheless a very strong indicator of owner buy-in and support for the proposed co-op. Such investment shows that owners value the co-ops services and are willing to lend a sizable amount of money to the co-op even when understanding the risks involved. Member loans can range from \$3000 to over \$50,000. Member loans are a critical ingredient in the cooperative's financing. In addition to the capital they provide, member loans help leverage institutional loans. Financial institutions will be impressed by a co-op's ability to raise member loans and often view both member loans and member equity favorably.

Another way to build capital is through preferred shares. Preferred shares are equity investments by co-op owners above and beyond their required membership equity. These shares have no voting rights, preserving the one-member, one-vote governance principle. Minimum purchases of preferred shares are often set at \$500 - \$1000, and they may yield dividends. Owners may earn more on their money than they would keeping their money in a bank and the co-op pays less than they would borrowing from a bank. A preferred shares campaign can run concurrently with a member loan campaign.

Outside financing will still be needed to reach the full funding necessary for the BCCM. Most banks have little idea how a cooperative works, so it will behoove us to start talking to potential lenders early in the planning stages. SBA and local banks will be difficult to get loans from, and if we utilize a bank, we would need to first find out if they do much in business and commercial lending as opposed to consumer, and there wouldn't be a likelihood that they have dealt with the cooperative model before.

There are indeed lenders out there, however, with experience in the cooperative model, and we will soon start to touch base with some of them so that we have a better idea as to what they will be

looking for from us. **The National Cooperative Bank NCB** is a great place to start for loans, along with the **Michigan Good Food Fund**, which provides grants and loans. There is also the **Local Enterprise Assistance Fund LEAF** with financing available in every state. Their loans range from \$25,000 to a max of \$100,000 for startups. We will also be approaching the Economic Development of Bay County and the Bay County Community Foundation.

Another key component to our financial and structural well-being is being able to utilize those who have been doing this a long time and who have the know-how to help make our co-op successful. Organizations like **Columinate** have experts in all aspects of co-op startup ranging from operational and financial improvement, governance and leadership development, startup strategist, HR, retail support, and a team of consultants. We have also begun a relationship with Katie Novak Cooperative Coaching and hope to use Columinate in the future as we head more into our planning stage.

### **Other Activities and Future Plans**

Each and every board member of the BCCM believes in our community's need for a food co-op. We believe in the principles of cooperative businesses and are dedicated to service. As we go into the future, it is with the confidence that the BCCM will someday have a brick-and-mortar cooperative grocery store.

We will face old and new challenges in the coming year. We are dealing with the COVID-19 challenge by reaching out to owners and potential owners through social media. We faced the challenge of structure and continuity by placing procedures and documenting institutional information in our business model. We now must come back to the reality of growing ownership and raising capital. The Board of Directors is dedicated to finding new way to grow ownership and forming relationships with capital intuitions so that we will be able to start our capital campaign in earnest.

The following are our immediate goals:

- Assessment of our activities and business model
- Continuing to find and grow new in-roads to ownership within our greater community
- Growing and expanding our presence in social media
- Creating new board positions dedicated to volunteerism, outreach, and owner relations

Thank you for being an owner in the Bay City Cooperative Market. We look forward to being of service and enjoying our continued community experience.