

fbfc French Broad Food Co-op

Management Report: YE2009

September 12, 2010

- FBFC Accomplishments for 2009 to be reported to the owners at the Annual Meeting.
 - Ownership
 - Grew membership 16% from 825 to 957 owners
 - Goal of 120 owners surpassed by 14 in Octobers' Owner Drive
 - Financial
 - Net profit of \$8466 (0.4% of sales)
 - Renegotiated contracts with credit card merchants, copier leases, phone and internet plans, worth total savings of approximately \$10K annually.
 - Increased total assets 5.7% and total equity by 6.8%
 - HR
 - Reduced labor hours by attrition (without layoffs) in response to recessionary pressure.
 - Union staff received their contracted raise of approximately 3.3%.
 - External staff survey completed
 - o Operations
 - Produce design and implemented new signage, COOL and reset department to create better merchandising (apples chilled), traffic flow, & reduce shrink.
 - HBC applied category management skills learned at Wellness trainings sponsored by NCGA to ensure better product mix, increased productivity, margins, and inventory turns.
 - Increased deli sales by 18%, added new meat cooler and increased meat sales, improved margins and productivity, and added over 60 local products.
 - Added free Wi-Fi, painted bulk room, added new bulk bin labels with nutritional information.
 - Marketing
 - "What's A Co-op?" advertising campaign successfully launched
 - 2,414 downloads from website (ad flyer, MLC schedule, owner specials)
 - Improved aesthetics of store, more and better signage, displays, & educational information

French Broad Board of Directors

Chappell Carter, President
Mariate Echeverry, Vice President
Darcel Eddins, Secretary
Will Kaylor
Gretchen Brown
Aja Wright
Sloan Pickens
Howard Yarborough
Allen Mulkey
Jean Karpen, Minutes
Justina Prenatt

Co-op Leadership Team

Steve Watts, General Manager
Chris Roland, Operations Manager
Kelly Fain, Marketing & Outreach Manager
Sunshine Squires, Health & Body Care Manager
Sage Turner, Finance Manager
Emily Svendsen, Produce Manager
Vacant, Assistant Operations Manager
Trish Byers, Assistant HBC Manager
Greg Mosser, Assistant Deli Manager

Financial Performance

Consolidated Income Statement:

Year Ended:	2009	2008	2007
.Sales	\$2,410,952	\$2,480,269	\$2,539,422
Cost of Goods	\$1,482,335	\$1,604,080	\$1,589,242
Gross Profit	\$928,623	\$876,189	\$950,180
Staff Wage, Benefits, Tax	\$628,806	\$642,530	\$648,447
Total Expenses	\$918,474	\$972,486	\$936,179
Additional Income	\$51,067	\$31,787	\$42,341
Member Discounts	\$38,992	\$14,355	\$28,878
Net Income	\$8,466	(\$78,865)	\$26,341

Consolidated Balance Sheet:

Year Ended:	December 31, 2009	December 31, 2008	December 31, 2007
Current Assets	\$218,642	\$182,036	\$240,803
Property & Equipment	\$435,599	\$452,080	\$456,034
Other Assets	\$37,287	\$14,702	\$30,987
Total Assets:	\$691,527	\$648,818	\$727,824
Current Liabilities	\$125,522	\$112,946	\$119,261
Long Term Liabilities	\$122,917	\$126,353	\$133,805
Total Liabilities:	\$248,439	\$239,299	\$253,065
Owner Equity:	\$443,089	\$409,520	\$474,758
Total Liabilities & Equity	\$691,527	\$648,818	\$727,824

Ratio Analysis:

Year Ended:	December 31, 2009	December 31, 2008	December 31, 2007
Current Ratio	1.74	1.61	2.05
Debt to Equity	.28	.30	.25
Return on Assets	1.2%	-12.1%	3.6%
Return on Equity	1.9%	-19.2%	5.5%

Current Ratio: An indication of a company's ability to meet short-term debt obligations; the higher the ratio, the more liquid the company is. Current ratio is equal to current assets divided by current liabilities. Median* = 1.89

Debt to Equity: A measure of a company's financial leverage. Debt/equity ratio is equal to long-term debt divided by common shareholders' equity. Investing in (loaning to) a company with a higher debt/equity ratio may be riskier, especially in times of rising interest rates, due to the additional interest that has to be paid out for the debt. Median* = 0.81

Return on Assets: A measure of a co-op's profitability, equal to a fiscal year's earnings divided by its total assets, expressed as a percentage. Median* = 4.2%

Return on Equity: A measure of a co-op's profitability that reveals how much profit a co-op generates with the money owners have invested, expressed as a percentage. Median* = 7.9%

^{*} Based on medium sized co-ops (\$2-4M annual sales) that are members of the National Co-op Grocers Assn.