
CHICAGO MARKET

A COMMUNITY

CO
OP



Annual
Report
2018.

A Message from Chicago Market's Board President

You did it!

The past year is the year in our development that dramatically moved us forward. After we researched and produced a compelling proposal, the CTA chose the Chicago Market community as their tenant in the Gerber Building at the Wilson 'L' Station. They did not just choose a grocery store; they clearly responded to our large number of Owners, our strong community support shown through letters and our online petition, and the vocal support of our Alderman James Cappleman (Owner #500) as well as our Uptown United chamber of commerce. The CTA board of directors made it very clear as they signed our lease that they are excited to have us as a community-centered tenant, bringing good jobs and healthy foods to the neighborhood.

This past year is the year in which **Chicago Market – A Community Co-op** finds its home and begins to find its way as a contributing member of the Uptown and surrounding community. We've entered a sustainability partnership with the Shedd Aquarium. We've met with the new administration at Truman College and are seen as a welcome new neighbor and partner toward a more open and safe neighborhood and campus. And we've been invited to co-produce the first ever **Up & Under Fest** in the Underline space just south of the new Wilson station.

It is an exciting time and **You did it!** Chicago Market is YOURS. Chicago Market exists solely because *you* make it happen. You should be proud.

But there is much work for us all to do together. Yes, we have a lease and the Gerber building space is a beautiful blank canvas for our mutual dreams. But funding the design work as well as the construction is also something **we do together**. We are 1255 Owners strong, but our funding plan stipulates 2000 Owners by the end of 2018 in order to pay the bills.

What can you do? Help us **GROW**. This is a critical time and we all need to work together to share our enthusiasm for this project with others so that they too join the community and pool resources to make our funding package work. If you each bring one friend, one co-worker, one church member to join us, we'll easily meet our goal.

We hope you'll join us at future Board meetings, get involved in committees, volunteer on projects or at events, or talk to your networks about becoming part of Chicago Market. Together, we Owners will accomplish our goal of **a better food community: local, sustainable, yours.**

Grant Kessler

August 3, 2018

Year at a Glance

Owner Growth

We've welcomed 312 new Owners to Chicago Market since our last Annual Meeting in July of 2017, more than three times the growth we saw in the previous year. This brings us to a total of 1255 Owners.

Wilson Station RFP Submittal

As reported in last year's Annual Report, we submitted a proposal to the CTA June 9, 2017. The CTA chose Chicago Market's proposal and we entered into lease negotiations with the CTA. Both parties negotiated in good faith to come to terms that work well for all and the Board is pleased with the outcome of the negotiations as well as with the strong support the CTA has shown for us. The final lease agreement was signed and took effect May 9, 2018.

Events

Our event planning volunteers work tirelessly to produce a variety of events throughout the year. These events serve multiple purposes. They are a gathering place for our community: everyone wants the store to open yesterday, but in the meantime, we can come together over shared meals and Co-op Pop-Up Markets. They are also a recruiting tool, as people considering Ownership need to connect with the real people behind the Market, and our events give us that opportunity. They strengthen our bonds with the non-Owner community, as we are able to serve the needs of farmers and producers who connect with our shoppers at Pop-Ups, and we donate to non-profit organizations and give them the opportunity to table with us. Also, they are really fun!

We hosted two Co-op Pop-Up Markets this past year, our Harvest Pop-Up Market at the Swedish American Museum in Andersonville, and our ever popular Thanksgiving Pop-Up Market at All Saint's Episcopal Church in Ravenswood. The Pop-Ups attracted hundreds of visitors – connecting shoppers with the kinds of farmers and vendors who will eventually be represented in our store.

We also hosted a Stuff Swap for folks to swap and donate items from their home to reduce waste by giving things a second life. We celebrated breaking the 1000 Owner mark in January with our 1000 Owner Party. We celebrated the signing of our lease with two parties, the first for Owners only at Long Acre and the second for the broader community at Nick's on Wilson. And we just recently hosted our first My Buddy's Mixer at a new restaurant and pub in our neighborhood called My Buddy's. We invited four of our Business Owners to speak about why they support Chicago Market and it was an inspiring

evening that yielded 10 new Owners and a lot of new energy. The next My Buddy's Mixer is August 29 – watch for it on the Event tab of our website and don't miss it.

In our ongoing effort to grow community and welcome new Owners to Chicago Market, we also hosted 16 Ownership Information Sessions throughout the year. These will continue as will less formal gatherings, so be sure to bring your friends out to these. It's a great way to introduce them to our community and draw them in.

Sustainability

We're not an open grocery store but we're already impacting the environment. Linn Austin spoke on our behalf at the Shedd Aquarium/Andersonville Chamber of Commerce #SheddTheStraw event designed to build awareness about reducing single-use plastic straws. The Chamber worked to engage Andersonville's restaurant community to sign on to their initiative and Chicago Market is now proud to say we too are participating in Shedd The Straw – we've signed on to the agreement which asks us to remove plastic straws, offer alternatives, and to speak out and educate about the impact of plastics on our environment.

We work with partners like My Buddy's when we co-host events and ask that they participate along with us for that event. And we've connected the team from Shedd to the Uptown United chamber to get talks underway about a Shedd The Straw initiative in Uptown.

Of course we continue to recycle and compost at our events, often partnering with Collective Resource.

And our Zero Waste team has gathered a lot of momentum and new members this past year, working on various initiatives, including playing an advisory role to our Site/Arch team to help us make good sustainability decisions in our construction process as well as store design and use.

The Co-op Community

Four of our Board members attended Up and Coming, the annual co-op conference where members of start-up co-ops from around the country gather to learn from co-op experts, consultants and each other. Held in Milwaukee and hosted by one of the nation's most successful co-ops, Outpost Natural Foods, the conference provided our Board with essential tips and expertise to face upcoming challenges. We saw case studies about other co-ops, learned more about store design and financing, and learned how to deal with potential problems. We also made connections with other start-up co-ops all over the country.

We were also proud to be asked to present at Up and Coming this year and have been invited back again next year. Board members Lee Herman and Jen Vest presented on use of the CRM/CMS database tool we use called NationBuilder.

Board Officer Elections

Chicago Market's Board elects its officers annually, and in the fall of 2017 they elected: Grant Kessler, president; Lee Herman, vice-president; Edward Collins-Fanner, treasurer; Emily Crespo, secretary.

Professional Support

The Chicago Market Site/Architecture team was responsible for our site search and led the lease negotiations. Now the team turns its attention to store design and has presented proposals to the Board for approval and signature that are now in effect for:

- Wrap Architecture – our architects
- freshArc – our store designers
- Clausen Management Services – our owner's representative

The Board has been in discussion with Cooperative Development Services (CDS) to provide various consulting support services to aid in our development and next steps including board governance, financial and labor breakouts of store departments, project management and other store planning needs.

What's on the Horizon?

General Manager Search

We expect this to begin this fall and our GM search team has the consulting support of CDS consultant Melanie Reid.

Store Design

Our Site/Arch team has hired the professional support it needs and store design and schematics will now begin. Design iterations will look at the wish list of departments and programs that have been developed based on Owner input, the space available, the labor each requires and the business pros and cons to come to a design plan. This first gets shared with the landlord (CTA) for approval before it can go on to the City permitting department. When appropriate, our Owner's Rep will begin putting out for construction bids.

Up & Under Fest

Announcing our biggest, boldest Pop-Up Market to date! In partnership with the Wilson Underline group and Uptown United, Chicago Market is kicking off use of the new "Underline" space under the new 'L' tracks just south of the new Wilson Station with the **Up & Under Fest**, Saturday, September 15.

Over 50 vendors, live music and sustainability-minded events, as well as health and wellness and kids' corners are expected to attract as many as 3000 attendees, with proceeds benefiting Chicago Market and Uptown United. We have been awarded a \$4810 grant from Uptown SSA #34 Advisory Commission in support of this event.

Thank You

Chicago Market is a volunteer-driven democracy - thank you to our Board members who stepped down or had terms ending this year. We'd like to recognize them for their dedication to the Co-op:

Linn Austin, Emily Crespo, Yanira Doyle, Karen Jacobs, Sunny Nguyen, Bill Petty, Jen Vest

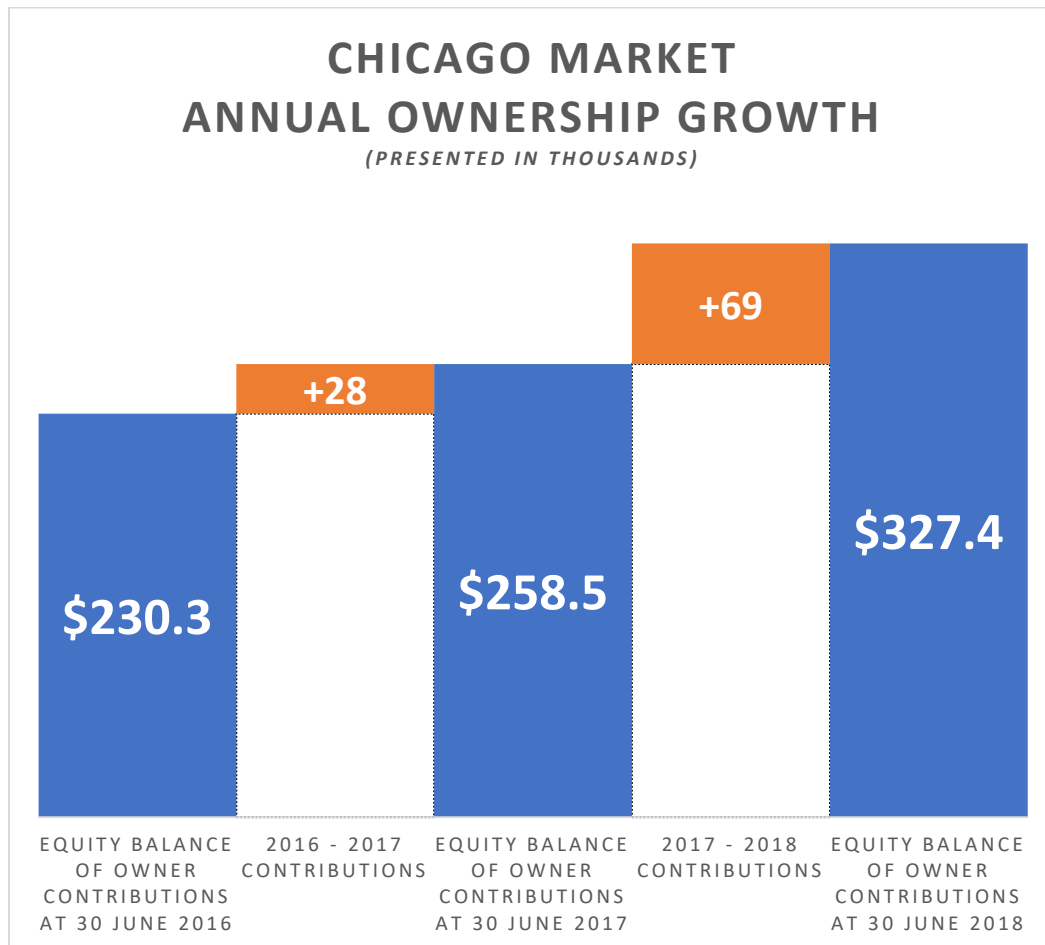
Thanks to Lakeview Pantry for the generous use of their meeting room for our Board meetings.

We are proud to be members of Uptown United who are terrific partners and can't thank them enough for their ongoing support.

Financial Statements

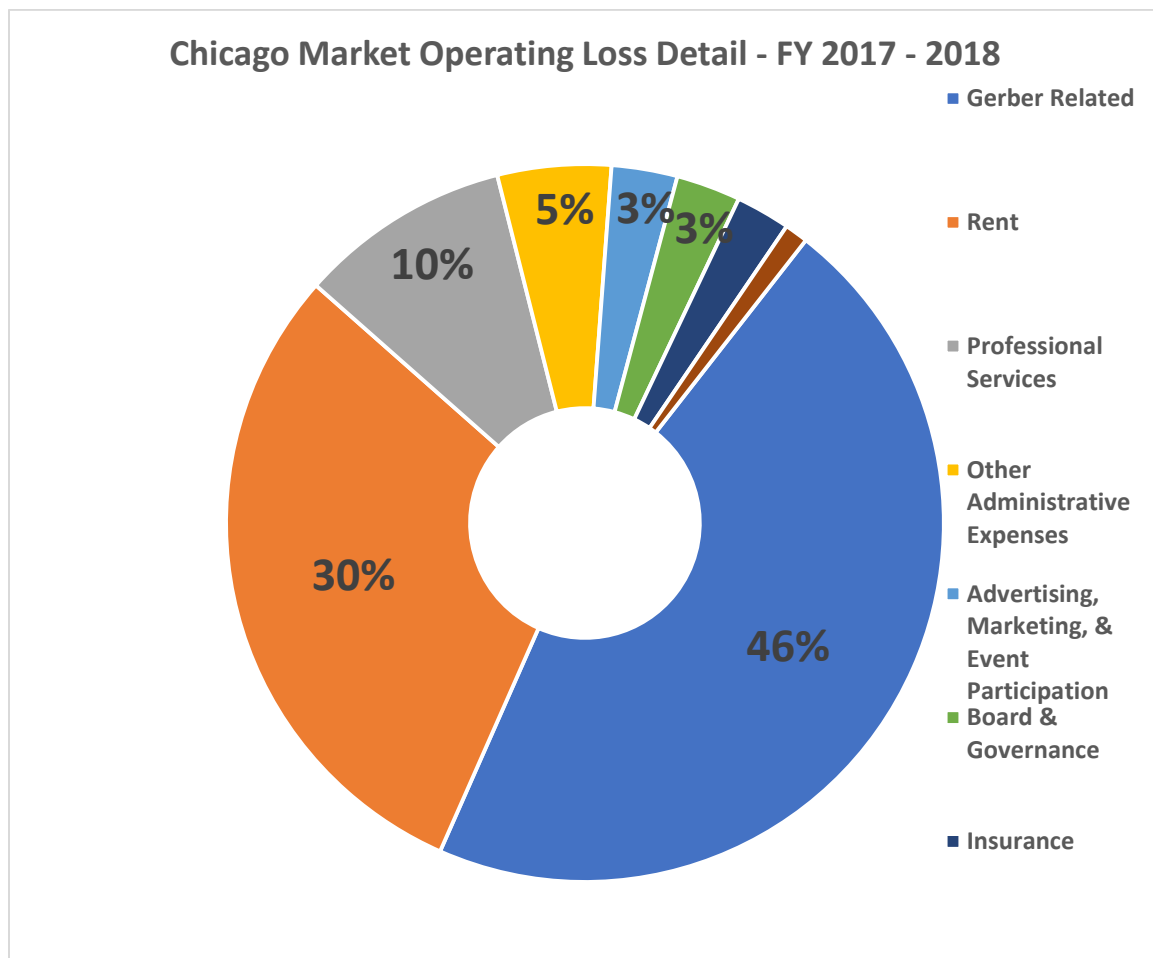
Owner Growth

2018 has presented Chicago Market with some exciting growth. With the support of over 300 new Owners in the fiscal year ending June 30, 2018, Chicago Market has raised an impressive \$69k in Ownership funds. That's a 146% increase over the \$28k raised in the fiscal year ending June 30, 2017.



Operating Activity

In the same spirit of increased activity for the year and with the exciting announcement about securing the Gerber building as our site, there has been significant uptick in the Chicago Market's operating activities. As we still have to wait for store opening to begin generating income, Chicago Market is reporting an operating loss of \$137k for the fiscal year ending 30 June 2018 compared to \$22k for the fiscal year ending 30 June 2017. A break out of the Co-op's expenses can be seen in the chart below.



The main contributor to the Co-op's operating loss for the 2017 -2018 fiscal year were expenses related to securing the Gerber site. These expenses include various professional fees for legal, preliminary design work, real estate brokering, environmental studies, and market research studies. These costs account for 46% of the operating loss. Rent is the next largest expense (30%) followed by other normal recurring professional services (10%) related to accounting, marketing, and board consultation and advisory work.

Cash Flow and Activity

The Co-op's cash balance saw a slight decrease over the year of \$8.7k. This decrease is driven mainly by increased operating activities around the Gerber building lease acquisition. Cash outflows from operating activities for the period were approximately \$77.5k. Owner contributions into the Co-op for the period were about \$68.8k. Cash activity is displayed in the schedule below.

CHICAGO MARKET CASH ACTIVITY

July 2017 - June 2018	
	Total
OPERATING ACTIVITIES	
Net Income	- 136,7
Change in Working Capital	42,4
Deferred Rent	41,7
Other Receivables	- 25,0
Net cash provided by operating activities	- 77,5
INVESTING ACTIVITIES	
	-
Net cash provided by investing activities	-
FINANCING ACTIVITIES	
Owner's Contribution	68,8
Net cash provided by financing activities	68,8
Net cash increase for period	- 8,7
Cash at beginning of period	91,8
Cash at end of period	83,1

Forward-looking Statement

With the recent signing of the Gerber lease, Chicago Market will begin entering the design phase of store construction in the next few months. This phase is expected to occur over the next year and will lead up to construction. For the next few months and over the next year, funding will be a critical element to help construction of the store progress to grand opening. Through increased Ownership growth, Owner loans to the Co-op and via external financing, we expect to raise in excess of \$4 million to fund construction of the store. Please see the table below for information on construction funding.

Sources and Uses Budget

(presented in \$1 000s)

SOURCES			
External Cash Funding			
Bank Debt	1 296		
Grants	1 200		
Total External Cash Funding			2 496
Member Cash Funding			
Member Loans	1 800		
Member Equity	575		
Total Member Cash Funding			2 375
Non Cash Funding			
Vendor Credit	69		
Free Fill	69		
Total Non Cash Funding			138
Total Sources			5 009
USES			
Leasehold Improvements	1 178		
Equipment	1 192		
Inventory	460		
Soft Costs	852		
Working Capital allowance	674		
Subtotal			4 356
Overrun Allocation			653
Total Uses			5 009

Please Support Our Business Owners

Andersonville Farmers
Market

Berman Architecture

Big Head Farm

Big Jones

Bow Truss Coffee Roasters

Breslin Farms

Bueno Properties Inc

Building Block Toys

Café Chien

Candid Wines

ext.54

FarmLogix

First Financial Credit Union

Gardeneers

Green Sheep Water

Hewn Bakery

Jeanette's Cookies

Jo Snow Syrups

Le Parfait America

Logan Square Kitchen

Most Motivated

New Food Studio

No Bones Beach Club

Organic Bread of Heaven

Pastoral Artisan Cheese
Bread & Wine

Pokiology

Printed Canvas

Ravenswood Event Center

RecBooks365

Sauce & Bread Kitchen

Scratch Goods

Simple Life Simple Health

SoFo Tap

Wellbeing Personalized
Healthcare