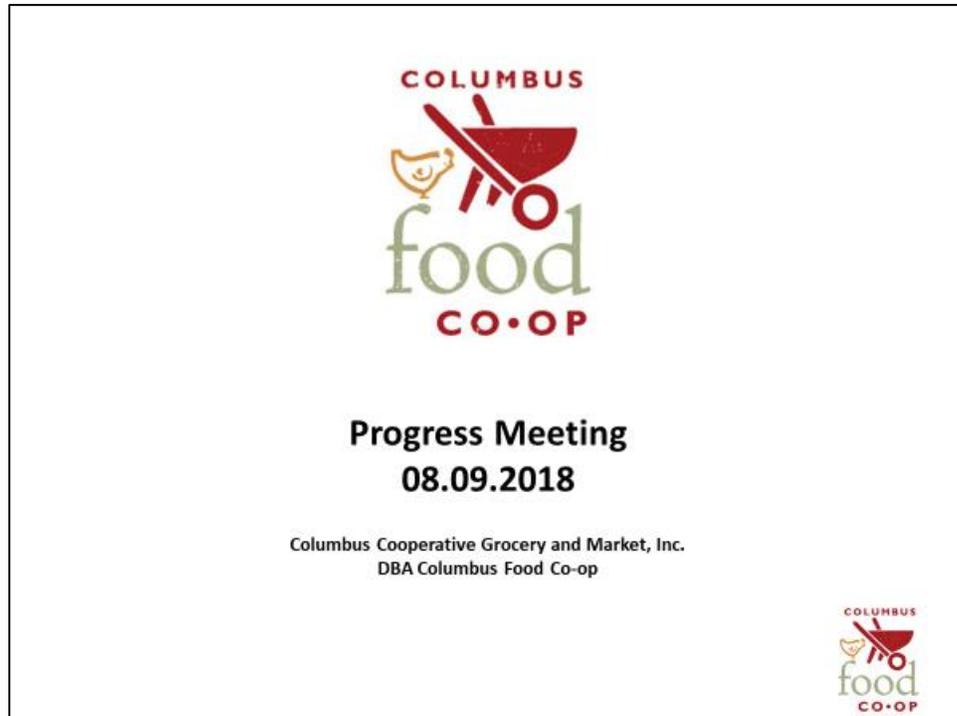


**Columbus Cooperative Grocery & Market, Inc.
DBA Columbus Food Co-op**

**Progress Report
Presented at Owner Meeting – August 9, 2018
Mike Johnston, Board President**



Introduction:

- Thanks for being here.
- This meeting is open to Owners and interested community members.
- Our purpose tonight is to report on the status of our recent Capital Campaign. We intend for this presentation to reflect the facts as we know them and to do so in a manner free from hype or emotion.
- This report will be published on our web site within 48 hours.

Introduction of Co-op Board of Directors

Your Board of Directors

- ***Mike Johnston, President***
- ***Jon Bachmeyer, Vice President***
- ***Andrea Mikrut, Secretary***
- ***Beth Schroeder, Treasurer***
- ***Dan Fleming***
- ***Sarah Grey***
- ***Shirley Trapp***
- ***Jennifer Corsi***
- ***Terry Law***



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- All Board members are volunteers.
- We (all Co-op Owners) have been working for many years to realize a vision for a full-service, community owned grocery store.
 - Some of you have been involved since the beginning. Others have joined along the way. All were welcome.
 - Most of you here have been involved with us in shaping that vision.
 - Many of us have invested our money and time towards making that vision a reality.

What is a Co-op?

“Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity.

In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.”

The International Co-operative Alliance



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- A Cooperatives is a unique type of business - owned and democratically governed by its members, the people who use its products or services or are employed by the business.
- Most Co-op's measure their success against a "triple bottom line"
 - Profitability
 - Sustainability
 - Strong community - reinvestment
- Co-ops are based on values
 - Self-help
 - Self-responsibility
 - Democracy
 - Equality
 - Equity
 - Solidarity
 - Ethical values: Honesty, openness, social responsibility, caring for others



- All Co-ops adhere to the seven Cooperative Principles. These guide our operations, our organization and and our interactions.
- We strive to be a sustainable business that also delivers significant social good.

Community Impact

Community Impact – 2010-2018

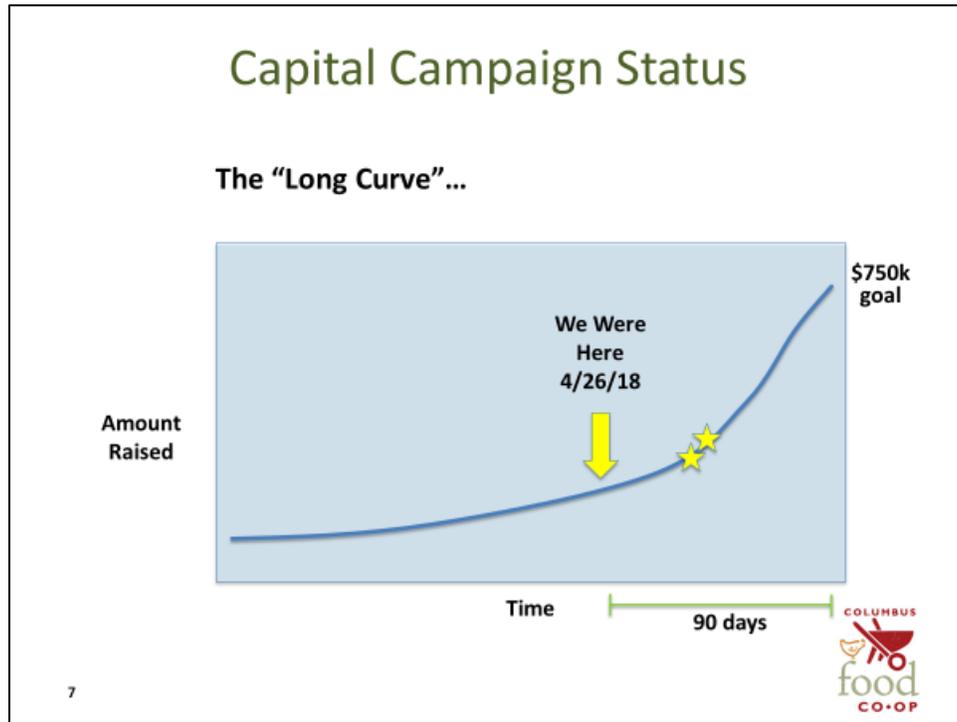
<ul style="list-style-type: none">• Co-op Film series + events (Yes & Red Room) (2 or 3 series)• Food Stamp Project Film, challenge, discussion groups)• Farm Bill Action with Peace Fellowship• School lunch boxes (Class)• Co-op Spelling Bee participants• Sun Run team• Cooking Classes with Carrie (at NHS) Many• FEAST at Yes Cinema (poetry, concert)• Concert (Banisters) at Yes• Branding + workshop presentation at Start-up Food Co-op Conference in Bloomington• Where Am I Eating book talk with Kelsey Timmerman• A Place at the Table movie + discussion w/ St. Bartholomew Social Justice committee• Grocery shopping on a budget: 2 classes (Eastside and Walmart)• Painting Party at Simply Pottery• The whole chicken: 2 classes• Cooking class (with Mrs Nading at EHS)• Series of cooking classes at Eastside.	<ul style="list-style-type: none">• Dining with Diabetes Classes with Purdue Extension• Lemonade Day with ECC• Cooking for 1 or 2 with Purdue Extension at MRC and ECC• Co-Hop collaboration with PowerHouse Brewing• First Fridays with PowerHouse Brewing• Member-owner benefits at farmer's market—partnering with local vendors• Bike to Work with Healthy Communities• Purdue Extension Advisory Council Member• Co-op catering for community events• Tabling at community events (Dick Lugar, Presbyterian Church, Felege Hiywot, AAAAG)• Laughing Yoga at MRC• Open Houses (25th St and Central)• House Parties• Lunch & Learn at Cummins• Collaboration through Coalition Leadership pilot program on food insecurity• CAC with N. Christian• Bike Co-op events- Spokeasy• Chefs on Bikes (National tour w/ Healthy Communities at Eastside).	<ul style="list-style-type: none">• Empty Bowls• Soup Classes for EB (C4)• Farmers' Markets• Co-op sales at UU Holiday Market• Senior Projects (several)• Headstart parent discussion groups• LCFN sponsorship project• Juneteenth celebrations• CAS school garden project• Ditto St. B• Cummins Health Fairs• Annual Celebrity Brunch (Yes Film Festivals)• Class at Peace Camp (IUCCI)• Columbus Area Local Food Summits• Feast at Upland Pump House• Co-op & Canvas• Youth cooking event at Eastside (with Ben's Pizza oven)• Hot Pans! Live demo by winning C4 team (At Indigo)• Ignite Columbus (at Indigo)• Earth Day at the Commons• Garden Party at Orwins (2)• Panel host for Urban Chickens• Annual Street Fairs• Barn Dance!
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- This is a list of activities that we have been involved in or sponsored over the years. It is not exhaustive. The list demonstrates the impact we have had on the community – the “social good”.

Capital Campaign Status



April Annual Meeting: The Next 90 Days

Week Beginning >	4/22	4/29	5/6	5/13	5/20	5/27	6/3	6/10	6/17	6/24	7/1	7/8	7/15	7/22	~	9/9
Activity	Target Date															
Annual Meeting	4/26/2018	X														
Capital Campaign																
Fundraising	7/26/2018															X
Heritage Fund Grant	5/11/2018		X													
Hospital Foundation Grant	5/17/2018			X												
FEAST - Major Investors	6/22/2018								X							
Site Options Committee	7/10/2018													X		
Commercial Loans	7/10/2018													X		
Develop Recommendations	7/24/2018														X	
Owner Update Meeting	7/26/2018													X		
General Mgr Hiring Committee	TBD															
Envision Columbus Plan Announced	7/9/2018											X				
Opt-Out Date	9/15/2018															X

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- In April, at our last Annual Meeting, we said we would spend 90 days working on a plan to open the store.
 - We anticipated positive results (the long curve)
 - The Capital Campaign would run through end of July.
 - Grant applications were pending.
 - The FEAST event was being planned.
 - Site alternatives would be explored.

The Campaign Model

The Campaign Model

- **Raise all funds in advance – estimated \$2M**
- **Half from local sources**
 - Loans and donations from Owners and others in the community
 - Grants
 - Major investors
 - Landlord contribution
- **Half from commercial loans**
- **Other sources**



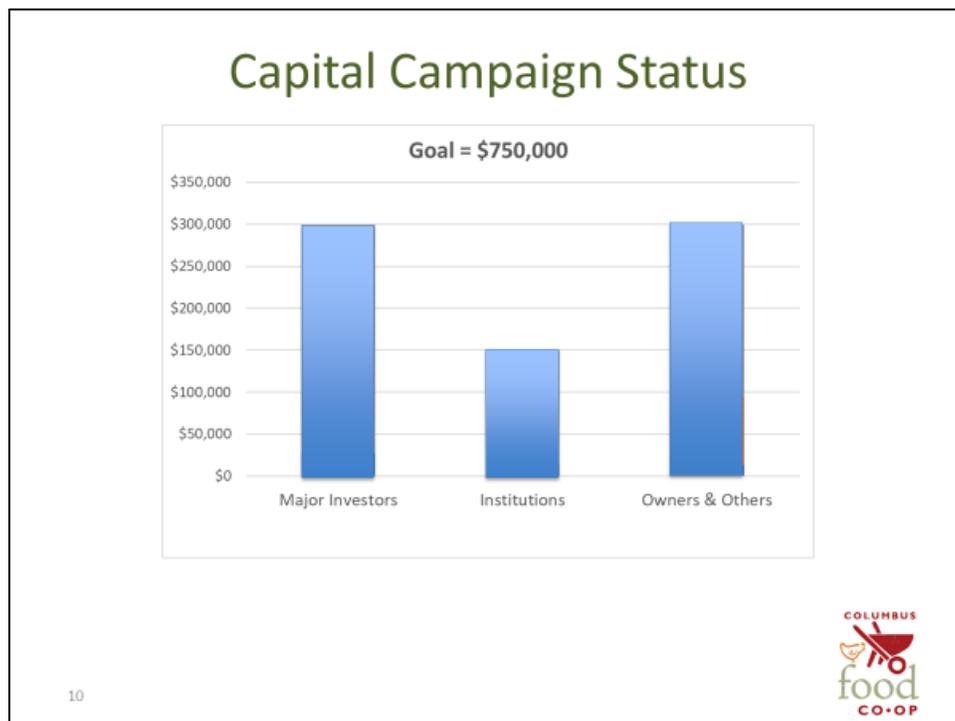
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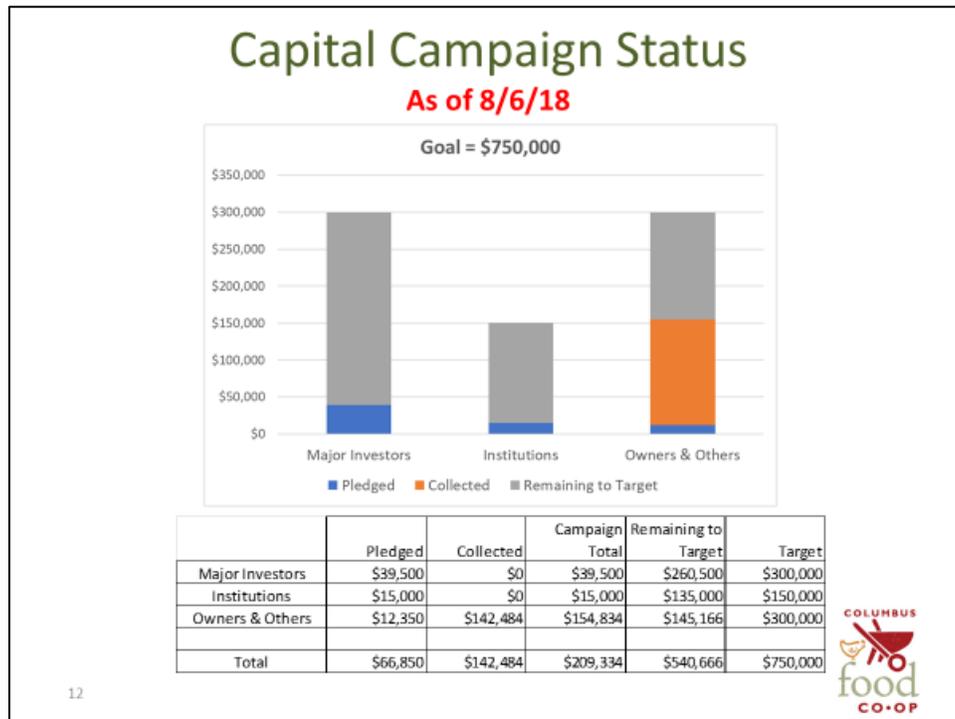
- The Campaign Model we have used was based on the premise that we would achieve our vision by the time we opened the store.
 - It assumed that we needed to raise all the necessary funding in advance.
 - We estimated the total costs for the store at our current site at over \$2M.
 - The model estimated that approximately half of that amount would come from local sources
 - loans and donations from our Owners and other interested community members

- grants from local foundations
 - contributions from major local investors
 - contribution from our landlord
 - Most of the other half would come from commercial loans
 - A small portion would come from other sources
- The model assumed that once we secured the funding from local sources, we could attract the commercial loans.
 - With all the funding secured, we could move ahead to build out the store, hire a General Manager and staff, stock the shelves and open the doors.
 - This model has been used successfully by many co-ops around the country.
 - We have tried it three times, in three different campaigns.
 - Despite tremendous effort, it has not delivered the results we anticipated.

Campaign Results



- For our most recent campaign we had an aggressive goal for local contributions - \$750K.
 - We set targets in three categories:
 - Major investors - \$300,000
 - Institutions - \$150,000
 - Owners and Others - \$300,000
 - We did not meet those targets.



- Campaign results are shown as of August 6. Commentary:
 - Amounts in the “Pledged” column have not been collected.
 - Major investors – the FEAST event was intended to deliver this category.
 - Institutions – Two grant proposals were declined. In both cases, we were encouraged to apply again next year.
 - Owners and Others – we met just over 50% of the target.

Capital Campaign Status

As of 8/6/18

Campaign Total		\$209,334
Expenses		
Events and Materials	\$12,300	
Consultant and Campaign Manager	\$66,200	
		\$78,500
Campaign Net		\$130,834
Contingency Pledges		\$39,000
		\$91,834

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- Campaign Summary
 - \$209,334 – total collected and uncollected pledges.
 - Expenses included:
 - \$12,300 for campaign materials and events
 - \$66,200 for consultant fees and our campaign manager
 - Contingency pledges of \$39,000. The contingencies were generally stated in one of two ways:
 - “When you hit your target, I’ll make my contribution”, or
 - “When I see a plan for the Co-op to move forward, I’ll make my contribution”
 - We will have follow-up conversations with each individual or group that made a contingency pledge.

Current Financial Status

Cash Balance - 1/1/18:	117,774
Cash In	88,070
Cash Out	(106,784)
Cash Balance - End of Period:	99,059
Other Items Not Cleared	4,789
Adjusted Cash Balance as of 7/31/18	103,848



- As of July 31, 2018, the Co-op had a cash balance of \$103,848.
- We will provide detailed financials at the open meetings later in August.

Looking Ahead

What Path Forward?



What Path Forward?

**#1: Continue
with current
model**

**#2: Close
up shop**



**#3: Smaller /
cheaper**



- The Board has been considering options for moving forward. We have identified three possibilities:
 - Continue with the current model. Start a new Capital Campaign.
 - Explore alternative paths.
 - Liquidate. Bankruptcy. Distribute the remaining assets and go out of business.
- Option #1: Continue the Capital Campaign.
 - This has been the default option in the past. Remain committed to the model. Do nothing except fund raise.
 - Based on the results of the most recent campaign, the Board does not see this as a viable option. There are no indications that another campaign would be more successful than those in the past.

Option #2: Close Up Shop

- **File bankruptcy**
- **Columbus Food Co-op ceases to exist**
- **Assets administered by a trustee**

Ignores positive signs:

- ***New members who share our vision***
- ***Owners & Others category was most successful in the capital campaign***

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- Option #2: Go out of business. What it means:
 - We would file bankruptcy and stop all activities.
 - Our assets would be turned over to a trustee who would administer payments to creditors.

- The Columbus Food Co-op would cease to exist as a legal entity.
- However, it ignores the positive signs we see:
 - We continue to attract new Owners who share our vision.
 - We hear the individual voices throughout the community saying “We want to see this happen.”
 - Our “Owners and Others” category was most successful.

Option #3: Smaller / Cheaper

- **Buying Club – Not a viable option financially**
- **Smaller store**
 - **3,000 – 4,000 square feet**
 - **Reconditioned equipment**
 - **Leverage skills of our Owners**
 - **Initial cost estimate: ~ \$800,000**



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- Option #3: Choose an alternate path.
 - Some people have been saying this for a while. We have evaluated two alternatives:
 - Buying club. Many Co-ops have used this as way to get started. We have determined that it would not generate sufficient revenue to be worth the investment of time and money required.
 - Smaller store. Scale down from 6,000 square feet retail to 3,000 – 4,000 square feet. Buy reconditioned equipment. Use the skills of our owners to build counters and display cases. We are still developing the detailed cost estimates, but our initial estimate is that a smaller store could be opened for about \$800,000 (compared to \$2M in our earlier model).

How We Will Decide

How We Will Decide

- **Principle #2: Democratic Member Control**
- **Principle #3: Member Economic Participation**
- **Owner input to decision**
- **Open meetings – August 16 and 23**
 - Review plans and cost estimates
 - Answer questions
- **Owner survey – through August 30**
 - Indicate preference of the two options
 - Indicate financial support
- **Board decision – September 4**
- **Results published – September 5**

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- We turn to the Cooperative Principles, specifically
 - Principle #2 – Democratic Member Control.
 - Principle #3 – Member Economic Participation
- As your elected representatives, the Board strives to act in the best interests of all our owners.
 - When we face important decisions, like this one, we often spend long hours in discussion. We bring a diverse set of perspectives to any discussion.
 - We consider what is right for the good of the Co-op. We consider the Co-op principles and our values.
 - In the majority of cases, we arrive at a unanimous decision.
- Because the decision in front of us is so important, we want to ensure we have
 - Provided information to our owners to make informed choices, and
 - Heard the voices of our ownership
- So we will spend the next few weeks soliciting your input.
 - We will conduct open meetings on August 16 and 23 to answer questions and solicit suggestions. (Meetings to be held at the store site.)
 - We will conduct a survey on the two options through Thursday, 8/31. Each owner household will be asked to indicate their preference and their level of financial support.

- Survey instructions will be published on the Co-op web site.
- The Board will review the results of the referendum at its meeting on September 4.
- The results of the survey and Board action will be announced on Wednesday, September 5.

More Information

More Information

- **Open Meetings – August 16 & 23**
 - 6:00pm
 - 1580 Central Avenue
- **Additional Information**
 - www.columbusmarket.coop



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- We will do a postal mailing to all owners, informing them of this process and inviting their participation.
- All other communication will be via email, social media and through posts on our web site.
- The meetings at the site will be “bring your own chair”.