

VIRGOQUA FOOD

COOPERATIVE

PEASOUP

ANNUAL REPORT

FISCAL YEAR

2009-10

PRESIDENT'S REMARKS

Happy 15th Anniversary VFC

Was it really fifteen years ago that we unloaded our first Blooming Prairie order into that funky little building on Center Street? Wow, we sure have come a long way. Thanks to you and our amazing staff, we have a phenomenal store that continues to grow and elicit accolades from locals and visitors alike. Relatively new trends - like organic foods, democratic ownership, fair trade, and local sourcing - have been deeply imbedded in our values throughout our fifteen year history.

Our mission, our values and the cooperative principals have served us well as our main guide posts through the years. This year, however, the board accomplished an important goal in creating our Ends policy, which will now serve as our guide into the future. We are excited to head in that direction with our new directors: Jena Sherry and Luke Zigovits! Unfortunately, making room for new board members means we're saying good bye to one of our most dedicated directors. Please join me in thanking Curt Brye for serving as our Treasurer for the past four years. We'll miss you Curt!

In addition to creating the Ends policy, we are overhauling our entire Policy Register! One of my favorite things about Policy Governance is that we can modify the policies to make them

DECEMBER 2010



VFC 15th Anniversary Celebration Sept. 5th

more accurate and more meaningful. This, in turn, not only provides deeper understanding and greater care of our duties, it also brings satisfaction to our work

Recently we reviewed our performance and effectiveness as your representatives. We talked about the areas where we perform well, critiqued the areas we can improve upon and created solutions to make those improvements. We plan to use that information to set our goals and utilize our strengths in the coming year.

We are fortunate to have a diverse board and a strong spirit of participation this year. We leave very few stones unturned! Our meetings may run a little longer, but each director has a chance to share their perspective so we can vet things thoroughly. We don't gloss over any topics.

For those of you considering a position on the board in the future you may be happy to hear we are reducing our meetings from twelve to ten per year! With careful reorganization of the policies, we will be able to get our work done and have two open months to create new opportunities to get together; such

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as organizing a picnic with other co-op board members from our region, or enjoying a meal together where we can talk exclusively about the 'big picture'.

Other goals for this year include: learning how to set up the structure for Patronage Dividends with our new finance manager and accountants, and starting a Saturday morning Coffee with the Board open discussion session once a month in the deli seating area. We hope this will provide an easy opportunity for anyone to chat with directors about Co-op-related topics.

Thank you for sharing your opinion regarding the Pine River Food Co-op! Your supportive vote allows us to begin digging into the workings of their business. Please feel free to contact us if you have questions.

Thank you for trusting us to represent you in caring for our beautiful store!

In cooperation,

Sue Kastensen, President VFC Board of Director

GENERAL MANAGER'S REPORT

It's not easy for me to look back at Fiscal Year 2009-10 when there's so much going on right now! Then I remember how the steps we take during the previous year builds the strong foundation we stand on today. The impact of our choices becomes crystal clear! Let's go back in time a bit...

One of my favorite sayings from the co-op business sector is "no margin, no mission." It's a not-so-subtle reminder that the good work we do for ourselves and our community is short lived unless we first run a solid and successful business year after year. Our sales grew 9.6% in FY 2009-10. On top of that, our membership grew by an average of 15 new members per month. This is the kind of success I get to report year after year! Viroqua Partners noticed our success as well and recognized VFC with the **2009 Exemplary Cornerstone Business Award** for our support and dedication to our community.

In FY 09-10, our Co-op provided employment and career opportunities for approximately 60 people and put more than \$1.1 million in wages and benefits into our local economy. VFC achieved the **2009 Exemplary Employer Award** from Western Wisconsin Workforce Development Board of the 7 Rivers Region, which recognizes regional businesses for their innovative and forward-thinking practices. They acknowledged our community involvement, employee training and employee recognition programs at a banquet in La Crosse.

Our business plan for last year focused our efforts on creating value priced options for our shoppers while upholding our mission to provide organic, local and fairly traded products. The idea of value has changed forever in the current state of our economy. VFC owners want their dollar to stretch to the limit and "more sales, more often" is our mantra. But value doesn't only mean a better price; we also want organic foods from ethical companies from near and far that work to make a positive difference in the world. When you purchase products at VFC you're telling us which ones are the most important to you. We are currently owned by 2640 active members who



TREASURER'S REPORT FY 09-10

The recent fiscal year ended June 30, 2010, was another excellent year for the Viroqua Food Co-op (VFC). Sales increased by \$392K to nearly \$4.5 million, a growth rate of 9.6% over the previous year. Despite recessionary trends, sales over the last three fiscal years sales have grown by an average of 12% annually. Gross Profit was up \$223K over the prior year at \$1,742K.

VFC is a member of the National Co-op Grocers Association which negotiated a new supply agreement that reduces our costs and therefore our prices to our customers.

VFC contracted with Clifton Gunderson, LLP, as our new outside accountants in 2010. As part of their fiscal 2009-2010 year-end review of VFC accounting records, they recommended several accounting methodologies different from those implemented by our prior accounting firm. The implementation of these changes, together with the Retained Earnings effect of our Net Income for the year resulted in a significant positive impact on the our balance sheet. Net Equity increased by \$226K over the prior year and VFC's negative Retained Earnings balance moved from (\$371K) to (\$296K).

The budget for 2010-2011 projects a profit based on 10.0% increase in sales and maintaining controls on cost of goods and operation expenses. Department

managers are carefully watching their margins. The budgeting utilizes computer financial tools including Co-CoFist, Co-CoBud and Co-CoGap to monitor and project the Co-op's financial position/changes on a daily basis. Management has the expertise to compare benchmark financial data with co-ops of similar size enabling adjustments to be made where and when needed.

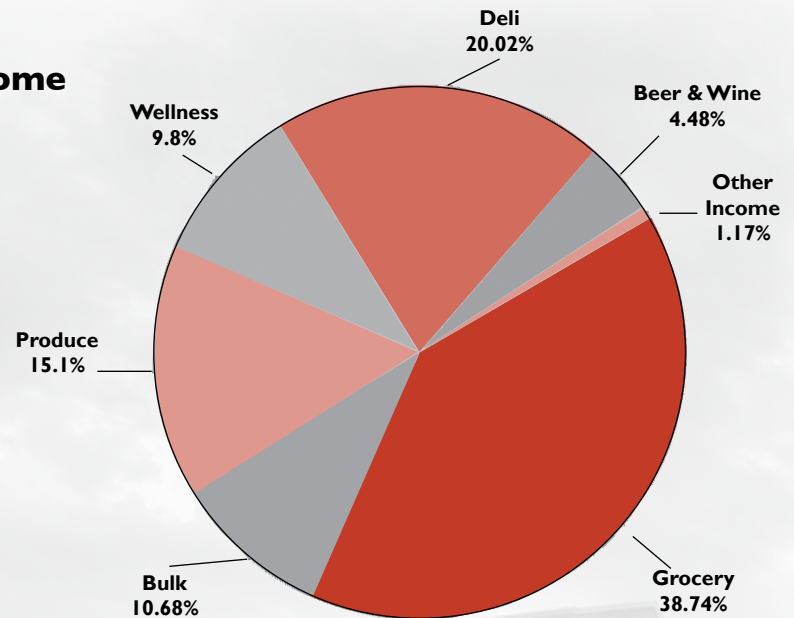
The VFC Board of directors would like to thank our members and the community for tremendous support as we move forward.

**Yours in cooperation,
Curt Brye
Treasurer, VFC Board of Directors**

INCOME STATEMENT 2009-10

Income	
Grocery Sales	\$1,755,605
Bulk Sales	\$483,962
Produce Sales	\$684,420
Wellness Sales	\$444,124
Deli Sales	\$907,133
Beer & Wine	\$202,852
TOTAL INCOME	\$4,478,097
Cost of goods	\$2,735,716
Gross Profit	\$1,742,381
Expense	
Depreciation	\$95,209
Personnel	\$1,148,340
Occupancy	\$126,308
Operating	\$98,420
Marketing	\$44,655
Administrative	\$43,828
Member Discounts	\$40,149
Governance	\$25,259
TOTAL EXPENSE	\$1,622,168
Net Ordinary Income	\$120,213
Total Other Income	\$53,203
Interest Expense	-\$84,627
Income Taxes	-\$8,000
Net Other Income	-\$39,424
NET INCOME	<u>\$80,789</u>

Income



BALANCE SHEET 2009-10

ASSETS

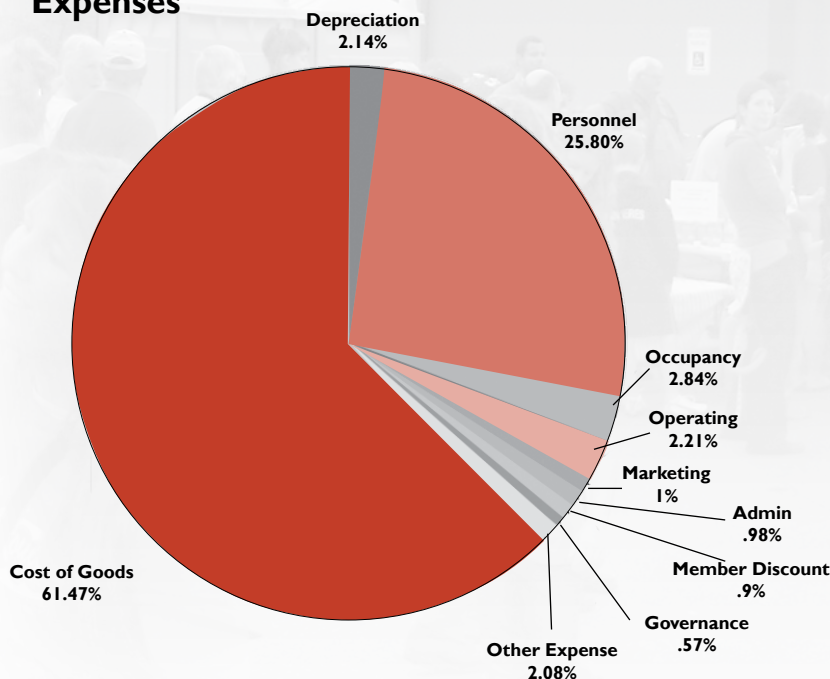
Current Assets	
Total Checking/Savings	\$286,834
Total Accounts Receivable	\$6,916
Total Other Current Assets	\$226,305
Total Current Assets	\$520,055
Total Fixed Assets	\$1,206,864
Total Other Assets	\$293,596
TOTAL ASSETS	<u>\$2,020,515</u>

LIABILITIES & EQUITY

Liabilities	
Current Liabilities	
Total Accounts Payable	\$222,666
Total Other Current Liabilities	\$54,287
Total Current Liabilities	\$276,953
Total Long Term Liabilities	\$1,198,623
Total Liabilities	\$1,475,576
Equity	
VFC Equity and Stock	\$694,956
Membership Stocks	\$146,236
Retained Earnings	-\$377,042
Net Income	\$80,789
Total Equity	\$544,939

TOTAL LIABILITIES & EQUITY **\$2,020,515**

Expenses



OUTREACH REPORT

COMMUNITY EDUCATION & OUTREACH

As stated in our mission statement, the Viroqua Food Co-op is a center for community. We are pleased to be able to host special events throughout the year that both educate and celebrate the wonderful community who support us every day!

- ★ Winter Solstice Open House
- ★ Meet Your Local CSA Farmers
- ★ Driftless Jazz Fest Opening Concert

PLUGGING INTO OUR COMMUNITY

VFC joined the **Valley Stewardship Network** in a winter celebration of local food and farmers. A 95% local dinner was served to a standing room only crowd, followed by the Viroqua premier of



the critically acclaimed movie **FRESH**. Local food entrepreneurs and volunteers gave presentations about the exciting food system projects in our area - including Edible Madison magazine, Buy Local Buy WI Grant Project, Food & Farm Initiative, Rhubarb retail space/community kitchen, Vernon and Crawford Co. Farm-to-School Programs, and Driftless Wisconsin Grown. (See March/April 2010 Pea Soup)

Reality Daze - Viroqua Food Co-op participates in this event at WTC where area high school juniors and seniors get a true taste of the reality of becoming an adult and all the responsibilities that go along with it such as money management, child care, health care, food choices, insurance, etc.

Jan Rasikas (GM) and Charlene Elderkin (Marketing) gave a presentation about VFC & the history of Co-ops to the **Board of Directors of Accelerated Genetics**, a Vernon County Co-op since 1941!

Kickapoo Country Fair and **Driftless Area Art Fest** - VFC shared a Food Tent with Kickapoo Coffee.

VFC participates in the quarterly meetings of **The Driftless Region Food and Farm Project** - a collection of farmers, consumers and organizations working to expand the local food system in the four-state Driftless Region. We also participated in the **Midwest Value-Added Agriculture Conference & Local Food Summit** in Eau Claire WI.

CONCERN FOR COMMUNITY

VFC gives charitably to various organizations and causes throughout the community.

Food Pantry

Food donations are made weekly to the food pantry at Living Faith Church. Both VFC and our customers contribute to these donations.

One Percent Wednesdays

In order to better represent our membership when making donations, our owner-members vote for their favorite non-profit organizations on the donations ballot mailed out in May. The top-ranked 11 are chosen for our 1% Wednesday program. Why not 12? In October we donate to the Howard Bowers Fund for Consumer Cooperatives, which is dedicated to the growth and development of consumer cooperatives and their staff. (See Commitment to the Cooperative Movement)



On the second Wednesday of every month VFC donates 1% of the store's gross sales to one of the top non-profit organizations selected by the Co-op membership. We also place donation jars at each cash register to accept donations from shoppers throughout the month for that same organization. We contact these organizations so they can encourage their members to shop on 1% Wednesday, thus increasing the amount the Co-op donates.

2009-10 One Percent Wednesday Donations: Valley Stewardship Network, Passages (Domestic Abuse Shelter for SW WI), VMH Hospice House, Habitat for Humanity, Pleasant Ridge Waldorf School, ACES (Alliance Concerned for Environmental Safety), Youth Initiative High School, Vernon Co. Humane Society, McIntosh Library, Vernon Trails, Kickapoo Valley Reserve.

Other Donations

Local events have the opportunity to use the Co-op as a ticket outlet. To help promote such events, we create in store signage posted at the registers during the sale of the tickets.

Outside of the member-selected donations, we do give small amounts to local organizations and events involved in promoting holistic health, improving the environment, focusing on food and nutrition issues, and addressing social concerns. The following organizations received small donations from VFC in 2009-10:

Eagles/diabetes fund, Viroqua Fire Dept/Muscular Dystrophy, Special Olympics WI, WI Jaycees, MOSES, Driftless Writers Workshop, Driftless Community Radio, Vernon County Humane Society, Vernon County Draft Horse Show, Vernon Trails MUT, Raffle Vernon County Co-op Association, VMH Heart Center, VMH Hospice, Harvest Challenge (Vernon Area Farm to School), St. Mary's Community Thanksgiving, VFW Post 3032, Kickapoo Community Christmas Feast, Viroqua Eagles Cancer Telethon, SEIU Local Healthcare (fundraiser for food pantries), Haiti Relief Fund, Lion's Club Food Pantry fundraiser, YIHS, Coulee Region Herbal Institute, Viroqua Partners, Knutsen Memorial Library, Art Wedig Disaster Relief Fund, Cornerstone Christian School, Viroqua Athletics Booster Club, Knights of Columbus, Westby Schools, Tree City USA, Alzheimer's Association, Viroqua Legion Pancake Breakfast, and a number of benefits for individuals/families raising money to meet medical expenses.

**Charlene Elderkin,
Marketing & Membership Mgr.**

OUR COMMITMENT TO THE COOPERATIVE MOVEMENT

WE DONATE ANNUALLY to the Howard Bowers Fund for Consumer Cooperatives. This fund, administered by the Cooperative Development Foundation, supports general consumer cooperative education in the United States, as well as educational programs for consumer co-op managers and training for people to pursue careers in management of consumer-owned food co-ops. VFC is a recipient of several scholarships applied to staff training opportunities.

VFC HOLDS MEMBERSHIPS in the following organizations that further cooperatives and cooperative principles:

- ★ **The National Cooperative Business Association (NCBA).** This association represents cooperatives before Congress and federal agencies and promotes and supports cooperatives in the US and elsewhere through training and technical assistance publications and programs.
- ★ **The National Cooperative Grocers Association (NCGA).** This organization aims to provide the vision, leadership and systems to keep food co-ops prominent in the natural foods industry. Co-ops can band together just as individuals do to form co-ops for the benefit of their members. We use our co-op clout to bring members the best prices on top quality products every month through our Co-op Deals program.
- ★ **Central Corridor of the NCGA.** This strategic alliance of cooperatives is committed to strong, timely, intelligent action on regional issues related to co-ops. Central Corridor members support and challenge each other and pool resources to achieve exceptional products and services in an increasingly competitive business environment.
- ★ **North Country Cooperative Development Fund (NCDF).** This member-owned and member-governed community development loan fund works to create and maintain an economically strong cooperative movement in our region. NCDF helped to fund VFC's building.
- ★ **Cooperative Grocers Information Network (CGIN).** This on-line network provides resources for co-op governance and operations.
- ★ We have donated to the **Cooperative Disaster Relief Fund**, administered by NCDF. The Fund assists co-ops in responding to natural disasters such as floods, earthquakes and tornadoes. These funds help consumer and housing co-ops to reestablish their co-ops so they can serve their communities again.
- ★ Our staff participates in **CoCoFiSt-Common Cooperative Financial Statements**, a program for food co-ops which establishes a standard format for financial reporting. CoCoFiSt allows co-ops to compare their own performance with others and for the co-op movement to monitor national trends. CoCoFiSt was developed with assistance from the National Cooperative Bank.
- ★ VFC subscribes to **Cooperative Grocer**, a bi-monthly trade periodical serving natural foods cooperatives. Each Board member receives a subscription.
- ★ When appropriate VFC contracts with **Cooperative Development Services (CDS)**, a cooperative providing consulting services for food cooperatives.
- ★ We endeavor to send Staff members and/or Board members each year to the Conference of the **Consumer Co-op Management Association (CCMA)**. Staff members also visit other co-ops and participate in joint training sessions with staffs from other co-ops. These activities strengthen relationships among co-ops and support quality educational opportunities that create a strong co-op network.
- ★ VFC purchases goods and services from cooperative-owned businesses.

EXPANDING EDUCATION FOR VFC STAFF

The VFC staff strives to better serve our members and shoppers. The fast pace growth of the natural foods business keeps us on our toes. We pride ourselves in offering high quality products filled with the best ingredients we can find and impeccable customer service. Providing all of this with an acute sense of our bottom line can be quite a juggling act! Luckily the retail co-op world is rich in providing sources of training and information sharing. VFC board members, managers and staff participated in the following educational programs this past year:

- * Consumer's Cooperative Management Association (CCMA) Conference, Indiana
- * National Cooperative Grocer's Association (NCGA) Cooperative Advantage Program (CAP) Conference, Minneapolis, MN
- * NCGA Central Corridor Meeting, Fayetteville, AR
- * NCGA Wellness Meeting, St Paul, MN
- * MOSES Organic Farming Conference, LaCrosse
- * NCGA meeting in Tucson, AZ.
- * Wisconsin Garden Expo, Madison
- * DATCP Post-Harvest Handling Workshop
- * Biodynamics Conference Viroqua, WI
- * CAP Training, Twin Cities, MN
- * Staff Computer Trainings, Viroqua, WI
- * NCGA Marketing Matters, NY,NY
- * Cooperative Communicators Association Conference, Minneapolis, MN
- * Association of Cooperative Educators Conference, Cleveland, OH
- * Retail Basics Webinars and Training in Minneapolis, MN
- * Management Retreat at One Sun Farm
- * NCGA webinars with topics including supervisory skills, survive & thrive in a recession and product selection.

HAND CARVED WOODEN ORNAMENTS

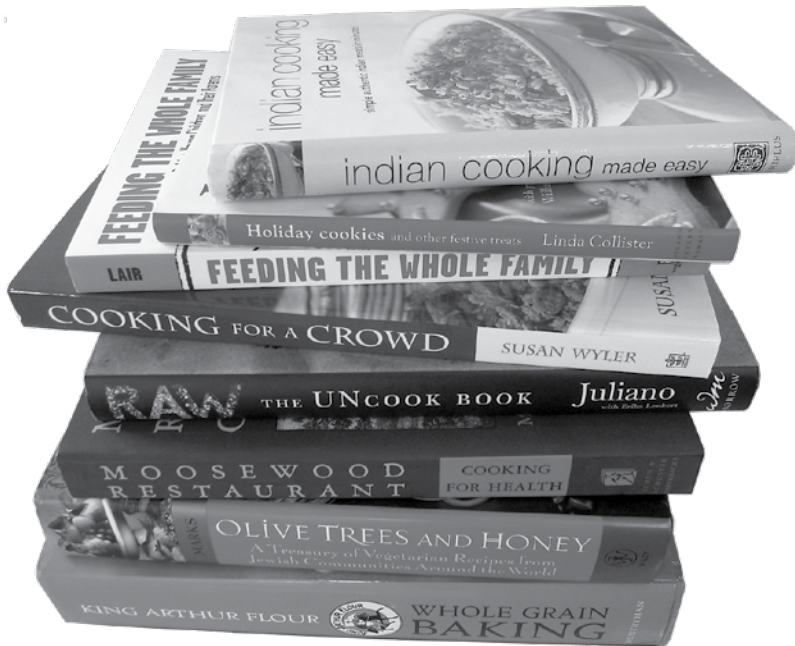
by local artist Bob Lake

\$15 EACH

Total purchase price donated to local food pantry



Buy an ornament, and enter a drawing to win this beautiful hand carved box (7"x 5"x 2.5")



COOKBOOKS

We have a wonderful selection of cookbooks for your holiday meal planning and gift giving.

Still looking for the perfect gift?



Our gift cards let your loved ones decide!

Co-op Gift Cards
Always great taste!



SWEET & DARK

Life by Chocolate is an artisan chocolates and confections boutique that sells molded chocolates, dipped chocolates, truffles as well as other candies. Life by Chocolate believes in creating unique chocolates and exotic confections, while at the same time cherishing the traditional. All of the chocolates are handmade with local, organic or fair trade ingredients. VFC carries handmade chocolate bark: Pistachio Dark Chocolate, Cherry Dark Chocolate, and Dark Chocolate with Coffee.



Special Holiday Chocolate Bars and wonderful Salty Caramels from **Theo**.

Milk Chocolate Coins from **Divine** are Fair Trade Certified.



GIVE THE GIFT OF FRESH ORGANIC FRUIT!

Pick & choose a lovely display of holiday fruit to fill a basket! Or call the produce department and order a custom-made fruit basket.

Traditional holiday fruits:

Pineapples, oranges, pomegranates; classic Christmas gifts of luxury in Victorian & Colonial times.

Pears, apples, fresh cranberries... perfect to use in holiday pies, breads, & cakes.



**FRIDAY
DECEMBER 17
3-7PM**

Winter Holiday OPEN HOUSE

Enter our raffle to win a **FREE GIFT BASKET!**

Live Music
Food Sampling

SPECIAL GUESTS

Hidden Springs Creamery crafts distinctive, unique **artisan cheeses** from the milk of sheep which are pasture-grazed on natural grasses and humanely treated.

Emily Bunting of Snow Goose Farm with Local Winter Greens

Christmas Cookie Decorating Demonstration by VFC Baker **Jessie Cerda**

Rich Lange of Lange Farms
Wine Tasting

Robin Mari of Mari Botanicals



Last year's live string music performance by Tatiana Sutherland and Caroline Carlson.

VIROQUA FOOD COOPERATIVE

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STANDARD
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LA CROSSE, WI



volume discount coupon

continued from page two

purchased 77% of nearly \$4.5 million of products. That means we have the products you want!

VFC played a significant part of growing a local food economy in Vernon County in the past year by partnering with other like-minded organizations. We participated in events and programs that further the principles of cooperative business. We're getting the word out through our newsletter, the Pea Soup, on the innovative projects community-wide that bring local and organic food to our students and schools. We supported the development of the Fifth Season Co-op; a multi-stakeholder co-op whose goals are to keep local dollars circulating in the community and to develop long term relationships between all the key players in the food system at the local level.

Looking to the future and how to meet the growing needs of VFC, we purchased the empty lot on Center Street behind the store to the East in early 2010. Plans to develop extra parking are in the works. If weather prevails we may see completion before the holiday rush, however, landscaping will have to wait for spring. This nearly doubles our parking capacity!

I am grateful for the dedicated people I work with, both in the store and at the Board table and the supportive community I live in. Thank you all for supporting our Co-op!

Go Co-op!

Jan Rasikas, General Manager

Coming soon to an owner like you...

OWNER APPRECIATION DISCOUNT COUPON

In appreciation for your patronage, owner-members are receiving a special **Volume Discount Coupon**. Watch your mailbox during the last week of December for your postcard /discount coupon. The coupon is good for one Volume Discount Shopping Trip any day in January - the more you spend, the bigger your discount.

Ownership has its privileges!