



Viroqua
food **coop**

2019 Annual Report
July 1, 2018 - June 30, 2019





Our Mission

The Viroqua Food Co+op combines a commitment to natural foods, superior customer service and the building of a cooperative business. We emphasize organic and local foods and products to promote the long-term health of individuals and the environment. As member-owners and as a center for community, we offer the opportunity to create together a work of enduring value.

Board of Directors

Mike Link, President

Karen Mischel, Vice President

Peter Bergquist, Secretary

Larry Homstad, Treasurer

Eric Snowdeal

Aurora Boyd

Elizabeth Tigan

vfcbod@viroquafood.coop

General Manager

Jan Rasikas

jan.rasikas@viroquafood.coop

Twenty-Four Years Later

Jan Rasikas, General Manager

In 1995, ninety-five of our friends and neighbors took the legal steps necessary to start our Cooperative with the main purpose of bringing wholesome foods to the community. I am so grateful for their efforts! The founders' goals were specific; to source local and organic foods for a healthy community and environment, to create a space where we can come together for conversation and education, to build our business on the Cooperative Principles, and to deliver friendly, knowledgeable service. These are still the values of our mission today.

Twenty-four years later we are a thriving community-owned cooperative bringing healthy food choices to all. We make positive impacts on dozens of small farmers and food producers within the 100-mile radius we call local. VFC and shoppers together support like-minded nonprofit organizations that round out our small town experience. We remain rooted in the same values and principles today as we did in 1995. We're open to all, democratically owned and governed by our members, with equitable

participation, independently organized, sharing information, showing concern for our community, and cooperating with other co-ops.

In Fiscal Year 2019, we were still under construction for the first five months; it seems so long ago now! We spent the next seven months growing into our new space and working on the final touches of the plan (we're still working on those!). New Deli, Meat & Seafood programs rolled out in January 2019, the first season of the new and improved Garden Center was a smashing success, and we used the expanded outdoor patio to host a bunch of summer events. There are still many exciting new items planned as we grow into our new digs. Overall sales grew by 11%, but sales growth from the time the construction work ended was actually 19%.

Many thanks to the owner-members, staff, vendors and the greater community for making our first year after expansion a huge success. This is possible because of you!

From the Board of Directors

Michael Link, President

As we close the 2019 year and reflect on the previous twelve months, we can be proud of what we, as the membership of the Viroqua Food Co+op, have accomplished.

The completion of our major building expansion includes the addition of new and exciting fresh food alternatives in the Deli, the Produce department and the Grocery aisles. Our staff has grown in number and skills. Our membership continues to expand as new owners find their way to our wonderful shopping experience. Our position in the co-op world serves as an example to new co-op start-ups of what a committed group of owners can accomplish in the beautiful Driftless area. Working with our local farmers and producers continues to provide the fulfillment of our mission of bringing natural and organic food to our community.

The financial health of the VFC is sound as we enter the second year of our seven-year economic plan. Investment has been robust; membership has grown, and the shopping continues to meet and exceed our estimates. We have a comprehensive program laid out in order to pay down our construction mortgage debt and retire the New Market Tax

credit instrument, while continuing to provide new and enticing food selections.

The accompanying Annual Report details our financial picture for the previous year ending June 30, 2019. It also details our progress in meeting our non-financial goals of giving back to the community, supporting our staff, our producers, our shoppers and our owners. A great thank you goes to the staff, management and my fellow Board of Directors. Much work goes on behind the scenes to bring this endeavor to fruition.

In October 2019 we welcomed two new board members and quickly lost one to a family move. The Board appointed an experienced replacement, so we welcome back Karen Mischel for the next several months. The fall 2020 elections will choose the replacement to complete the term.

For the Board of Directors, I would like to thank you for your continued support and welcome your questions, comments and involvement in the democratic governing of our VFC.

Co-op Principle 3: Members' Economic Participation

"Members contribute equitably to, and democratically control, the capital of the cooperative. The economic benefits of a cooperative operation are returned to the members, reinvested in the co-op, or used to provide member services."

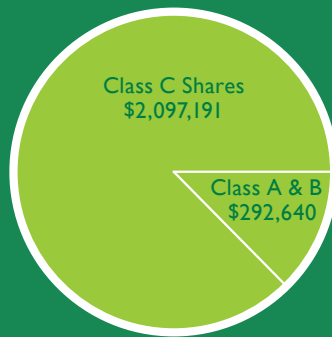
Welcome to the 257 new owners!



total VFC Owners | 4,213



2018-19 VFC Board of Directors (L to R): Aurora Boyd, Mike Link, Larry Homstad, Karen Mischel, Eric Snowdeal, Elizabeth Tigan, Peter Bergquist



Class C Shares
= investment equity
by VFC Owners

Class A & B Shares
= ownership equity
by VFC Owners

owner equity | \$2.39M

VFC Mission

“We emphasize organic and local foods and products to promote the long-term health of individuals and the environment.”

multiplier effect

We all know that when we buy local, it supports the local economy. But how much impact do our local purchases actually have? The multiplier effect for co-ops shows us that every \$1 spent locally at a co-op generates \$1.60 in economic activity for that community. What does that mean for VFC? In the last fiscal year the Co-op made \$7.96 million in sales. Using the multiplier effect we find that sales at VFC generated \$12.7 million in total economic activity. By choosing to shop local at the VFC, our community increased its total economic activity by more than \$4.7 million.

Another way we look at how we impact the local economy is how much our sales of local products from food businesses operating out of the Vernon Economic Development Association’s (VEDA) Food Enterprise Center (a local food hub on the northside of Viroqua). We sell products from nine different producers at VEDA’s FEC. In our fiscal year, we had \$223,000 in sales of those products, which generated \$357,000 in total economic activity!

Below you can see more significant data on local purchases!

local purchases

1,484



bars of local soap sold

12,841



pounds of local carrots sold

134,262



local eggs sold

local product sales

\$2.1M

total local sales

27%

of all sales

from over 200 local food & non-food
producers located within a 100-mile radius of the
Viroqua Food Co+op

viroqua FEC* product sales

\$223K

total sales

from nine producers located at the
Food Enterprise Center (FEC)
1201 North Main Street in Viroqua



Harvey Gergich Farm



41% of VFC employees

have worked at the Co-op for more than three years



32% of VFC employees

received a promotion or made a job change

Co-op Principle 5: Education,

Alycann Taylor, Human Resources Manager

“Cooperatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperatives. They inform the general public about the nature and benefits of cooperation.”

With each passing year, I am always so impressed by the employees here at the VFC. This is such a dynamic and motivated group of individuals who collectively work hard every day to balance the needs of our customers and the needs of the Co-op.

While our employees are held to high standards, the VFC is committed to reward their efforts through our employee practices. In this last fiscal year, the VFC increased employee wages and benefits by 9.8%. We were also able to create four new positions: Operations Manager, Asst. Customer Service Manager, Meat & Seafood Asst. Manager, and Lead Produce Buyer. We promoted from within for several job opportunities.

As we settled into our post expansion environment, the need to reinvigorate staff education and bring it back to the forefront became evident. In 2019, we focused on this effort. Here is a sample of the training opportunities that were completed by VFC board members, managers, and staff in this last fiscal year:

Training and Information

- Consumer's Cooperative Management Association (CCMA) – Durham, NC
- Co+ConnectNet – MPLS
- Operations Conference – MPLS
- Merriman Training “A Culture of Accountability” – Winona
- NCG Central Corridor Meeting
- NCG Convergence – MPLS
- NCG Marketing Matters – MPLS
- MOSES Organic Farming Conference – La Crosse
- ALICE Training – Vernon County
- OSHA Training – La Crosse
- Benefits Mgmt. – La Crosse
- Customer Service Training
- Focus on Fresh – MPLS
- Food Show – Baraboo
- Classic Provisions Food Show – MPLS
- Internal ServSafe for all Deli staff
- NCG Co-op University (a variety of online trainings available for staff at all levels. Examples include: leadership training, performance mgmt., category mgmt, customer service, Finance 101)

employee benefits

All staff receive an employee discount, paid time off based on longevity, and paid break. All staff are eligible to contribute to a Flexible Spending Account that VFC contributes up to \$200 annually. Full-time employees receive a short term disability plan 100% paid for by VFC and may choose from two comprehensive group medical insurance plans. VFC offers a 401k plan and green investment opportunities with an experienced financial planner.



68% of VFC employees
are cross-trained in more than one department



21% of VFC employees
attended an off-site training to enhance their
job skills and experience

Co-op Principle 7: Concern for Community

“While focusing on member needs, cooperatives work for the sustainable development of their communities through policies approved by their members.”

77

community groups received VFC donations

\$11.3K

donated to local community groups

\$14.1K

Give Where You Live donations*

*includes VFC and customer donations

VFC Cooperative Community Fund Grant recipients

In October 2018 we were pleased to announce the recipients of our first-ever VFC Cooperative Community Fund (CCF) Grant!* The Ferryville Farmers Market and Youth Initiative High School were each awarded a \$500 grant.

The **Ferryville Farmers Market** Youth Grower/Vendor Initiative mentors middle school students on the early stages of food production as they choose their seeds, determine optimal growing conditions, grow seedlings for starter plants and transplanting.





Youth Initiative High School (YIHS) students learn about the stages of food production through entrepreneurial and culinary skills by running Food for Thought, a food truck business that also raises money for the school. YIHS used the grant money toward the purchase of necessary supplies and equipment for the Food for Thought program, including cookware and knives.

**The VFC Cooperative Community Fund was established in 2016 with the specific goal of providing grant funding to local nonprofit organizations that have a mission consistent with the Viroqua Food Co+op. Learn more at viroquafood.coop/ccf*

Give Where You Live donations

VFC Owners vote annually for local NPOs to receive customer round-ups and cash donations each month. Since implementing the “round up at the register” option, customer donations have increased over **400%**!



\$1,879
2016

\$2,297
2017

\$8,462
2018

\$11,833
2019

VFC customer donations at the register

Environment



29,277 kilowatt-hours generated

Our solar panels were installed in the month of October and powered up on November 8, 2018. With over eight months of active solar power, we generated 29,277 kilowatt-hours of electricity. Check out the next page to help you break that number down into more conceivable figures!

solar photovoltaic power

Through the support of Class C Share Investors, incentives through Focus on Energy, plus engineering and installation by our local partners Ethos Green Power, we installed our impressive 132-panel photovoltaic array of solar panels and flipped the switch on November 8, 2018. In over eight months of these panels in operation, they produced 29,277 kilowatt hours of electricity. View the numbers in real time on our solar kiosk located at the customer service desk.

29,277 kilowatt hours of electricity is equivalent* to:

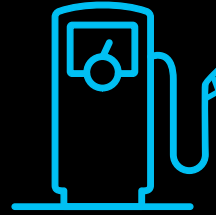
= 3.5 homes' electricity use for one year



= 27 acres of forest worth of carbon sequestered in one year



= 2,329 gallons of gasoline consumed



= 45,636 pounds of carbon dioxide removed from the atmosphere



*Taken from: www.epa.gov/energy/greenhouse-gas-equivalencies-calculator

electric vehicle charging station

Ethos Green Power also supported us in multiple capacities when it came to choosing and installing our first Electric Vehicle (EV) Charging Station. We've dedicated two parking stalls on the north east end of our parking lot to our EV customers. The charging station allows for two simultaneous, unhindered 50-amp charges using



the standard J-1772 plug. Tesla owners will have to provide their own adapter.

Currently, charging is free to our EV customers with the request that they donate an item to our in-store food pantry donation box. Visit www.plugshare.com and search our location for more information on our EV station!



La Riojana Cooperative

sales of cooperative products

\$1.2M
total sales

16%
total sales

Principle Six: Cooperation Among Cooperatives

“Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.”

Viroqua Food Co+op is a member of the following cooperatives:

Consumer Co-op Management Association
Fifth Season Cooperative
Frontier Co-op
National Cooperative Business Association
National Cooperative Grocers
Cooperative Grocers Network
Twin Pines Cooperative Community Fund
Vernon County Cooperative Association
Vernon Communications Co-op
Westby Co-op Credit Union

We purchase services from these cooperatives:

Columinate
Co-op Partners Warehouse

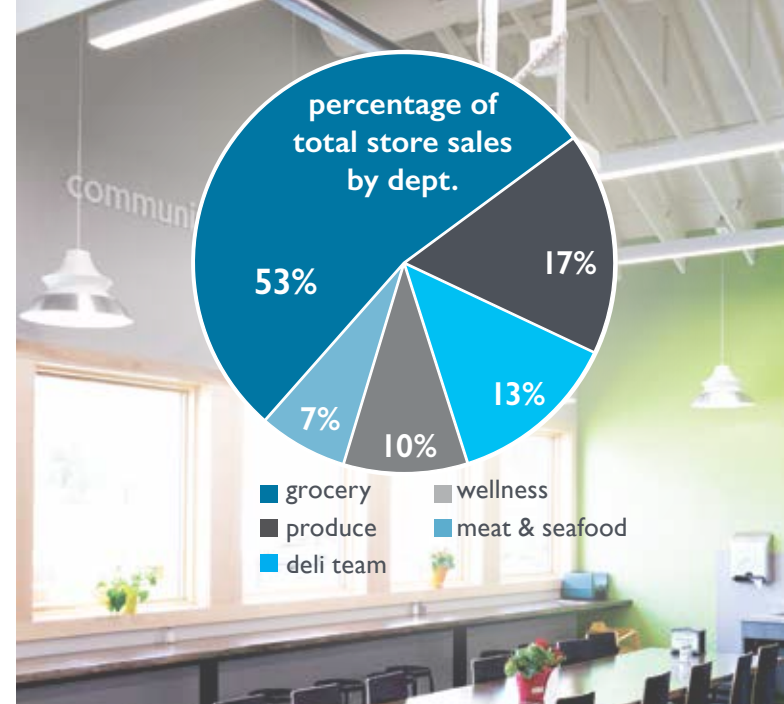
We donate to:

Cooperative Disaster Relief Fund
Howard Bowers Fund for Consumer Cooperatives
CROPP Cooperative Disaster Relief Fund

balance sheet

	6/30/2019	6/30/2018
Cash	762,875	2,774,992
Inventory	386,376	293,203
Other Current Assets	60,374	149,956
Total Current Assets	\$1,209,625	\$3,218,151
Property & Equipment, Net	7,187,424	5,660,933
Other Current Assets	5,699,745	5,065,423
Total Assets	\$14,096,794	\$13,944,507
Current Liabilities	2,078,032	1,912,471
Long-term Debt	10,449,362	10,022,186
Total Liabilities	\$12,527,394	\$11,934,657
Owner Equity	2,389,831	2,190,809
Retained Earnings	(1,027,230)	(383,850)
Retained Patronage	109,726	109,726
Minority Interest	56,729	52,821
Additional Paid-in Capital	40,344	40,344
Total Equity	\$1,569,400	\$2,009,850
Total Liabilities & Equity	\$14,096,794	\$13,944,507

VFC Owners can review a complete financial statement by appointment.
For details, email: jan.rasikas@viroquafood.coop



FY 2019 total sales

\$7,964,645

To VFC owners, board, staff and community partners – thank you for making it an outstanding year!



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