



DurangoNaturalFoods.coop

# Annual Report

## 2019 (& some 2020)

### The Corona Virus

The virus has thrown all our lives into turmoil. Our Co-op must stand with what is currently thought best for the Community.

We have required masks in the store since the beginning of May and we continue that policy.

Shoppers have shown their support of this with sales that has been highest ever at our Co-op.

### National Cooperative Grocers

NCG is made up of 150 co-ops working together to maximize group buying power with distributors.

We are one of the Member-Owners of this buying Co-op. Our great Co-op Deals and our Basic program is the result of their continual efforts. They bring lower prices to us and enables us to be price competitive with other stores.

Help from the NCG was another factor that allowed our 2019 turnaround to occur.

## General Manager Report

by Joe Z

To All Co-op Members,

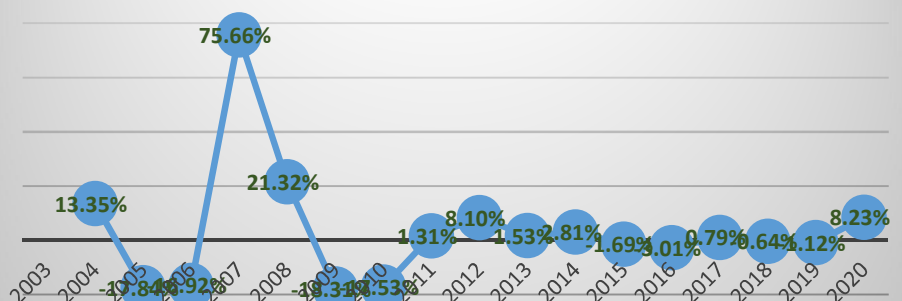
2019 was a very pivotal year for us: at the end of 2018, our Co-op nearly collapsed (actually it did despite the fact we are still here).

Owing a very large sum of money to our vendors, it appeared at first that there was no way forward. However, through extraordinary measures, we were able to become current. First was some Member Loans. Second was a renegotiation with our bank to fold a due line of credit into our mortgage. Third, there was an online Go Fund Me campaign and finally there was an approved by Membership change in our bylaws raising the Member Equity to \$300.

The GM left and Jules Masterjohn from the Board became an interim GM. That lasted about 3 months and Lucinda Berdon was contracted as the 2<sup>nd</sup> interim GM for 6 months. I came on board for the 4<sup>th</sup> quarter as the GM.

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### Revenue Growth from Previous Year



2020 thru Oct 11

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Combined efforts from the 3 of us plus assistance from the Board and the National Cooperative Grocers (NCG) allowed us to right the ship and close out 2019 in a much stronger position (although not quite in the black).

Indeed, out of the last 13 years only 6 were in the black. Many of the Co-ops historic files are either not readily available or have not been found at our location, thus it's difficult to know exactly what transpired year to year to account for the fluctuations in the bottom line.



**Looking to  
stretch  
your grocery  
budget?**

**Just look for this logo.**

Co+op Basics offers everyday low prices on many popular grocery and household items.



Don't forget to take advantage of our Co+op Deals for other great ways to save when shopping the co-op!



**In 2020, We created our on-line  
Curbside service for the  
convenience and safety of everyone!**

Year	Revenue	Taxable Income	Rev diff from prior year
2003	\$1,587,027	??	-----
2004	\$1,798,932	??	211,905.00
2005	\$1,477,965	??	(320,967.00)
2006	\$1,227,839	??	(250,126.00)
2007	\$2,156,828	(51,856)	928,989.00
2008	\$2,616,567	101,753	459,739.00
2009	\$2,137,579	(15,308)	(478,988.00)
2010	\$1,762,779	18,352	(374,800.00)
2011	\$1,785,957	2,114	23,178.00
2012	\$1,930,533	583	144,576.00
2013	\$1,960,060	3,445	29,527.00
2014	\$2,015,159	(30,719)	55,099.00
2015	\$1,981,086	(43,946)	(34,073.00)
2016	\$1,921,393	(108,567)	(59,693.00)
2017	\$1,936,586	13,008	15,193.00
2018	\$1,924,135	(107,600)	(12,451.00)
2019	\$1,932,428	(21,635)	8,293.00
ytd2020 thru Oct 11	\$2,091,438	unavailable	159,010.00

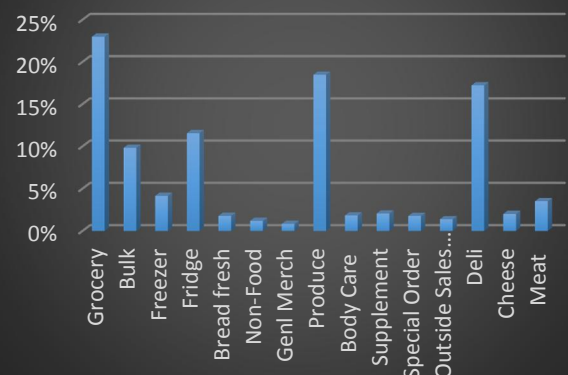
A spike in revenues in 2008 is thought to be the result of a major competitor being shut down for remodeling and, soon after, our other major competitor came to town.

But our growth has been stagnant for over 10 years. While that may appear workable – we just have a small store that hovers around 2 million in revenue -- the cost of doing business has raised considerably.

Over time the Co-op has survived by

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**Percentage of Sales by  
Department 2019**



shedding costs. This has resulted in most Staff benefits being cut, stagnant wages, necessary maintenance being delayed, turn-over at the upper levels, delayed payments to vendors, poor service levels, releasing rental space causing extreme congestion and a difficult work environment, appeals to the Membership and increased debt.

Obvious, this is not sustainable. To remain viable in the current age amidst heavy competition, our Co-op must grow.

## Our Future

We still have a long way to go. While we can learn a lot by studying the past, especially for what went wrong and why the Co-op was unable to keep up with the times, at this point in time, that is an indulgence that we simply do not have time for. It is no mystery, though, in the aggregate.

Currently, we are being aggressive in satisfying our Members and Shoppers. We are bringing in more local and unique products. We are offering more sales and increased our "Basics" program as well as lowering prices on many products. Our Double Up Food Bucks offering to EBT recipients is the highest in the State.

2020, despite the difficulties of the Corona Virus, has seen growth in all areas of our Co-op. Revenues are very high and will come close to matching our previous high in 2008.

At this point, our largest impediment to growth is our small parking lot. Difficult to get in and out of on a busy street, the limited number of spaces and a delivery door at the far end of the lot, we have no realistic answer for this issue.

To be viable in the long run, our Co-op will need to explore other options.

The most obvious is moving our Co-op to a new location. While perhaps obvious, what is not obvious is where that location could and should be. There is nothing large enough in our immediate neighborhood at this point and a prime spot elsewhere would be out of our economic range.

Another path would be opening other locations, perhaps in other parts of Durango or maybe in other local towns such as Mancos, Cortez or Delores.

But regardless of our ideas, the immediate reality is that we

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**We carry more  
Local Products  
than others,  
including:**

*City Farms*

*Outlier Farms*

**Luv Tempeh**

**SolaVita**

**Turtle Lake  
Refuge**

**All Season  
Farms**

**INNER JOY**

**SOL VISTA  
FARMS**

***Twin Buttes Farm***

**Sarva Super  
Foods**

**James Ranch**

**Banga Farms**

**Laz Ewe 2 Bar  
Goat Dairy**

**Durango Natural Foods Co-op**  
**2019 Income Statement**

	2019	2018
<b>REVENUES</b>	1,932,428.24	1,924,135.00
<b>COST OF REVENUES</b>	1,169,281.61	1,226,742.78
<b>GROSS PROFIT</b>	757,149.72	708,859.95
<b>OPERATING EXPENSES</b>		
Personnel	561,421.05	564,122.13
Occupancy	84,929.13	78,796.86
Depreciation	12,945.20	14,764.06
Store Operations	97,184.20	94,133.29
Administrative	55,408.10	44,036.25
Marketing	9,045.44	18,148.85
Governance	12,524.07	64,153.58
<b>TOTAL OPERATING EXP</b>	817,167.09	845,292.23
<b>NET OPERATING PROFIT</b>	-60,017.37	-136,432.28
<b>TOTAL OTHER INC (EXP)</b>	37,305.16	25,969.99
<b>PROFIT/(LOSS)</b>	-22,712.21	-110,462.29

**Durango Natural Foods Co-op**  
**2019 Balance Sheet**

	2019	2018
<b>TOTAL CASH</b>	72,827.52	29,046.58
<b>TOTAL INVENTORY</b>	103,555.71	117,496.12
<b>TOTAL RECEIVABLE</b>	7,076.14	2,904.87
<b>TOTAL PREPAID</b>	8,332.27	5,805.92
<b>TOTAL CURRENT ASSETS</b>	608,162.97	563,661.88
<b>TOTAL FIXED ASSETS</b>	354,325.91	346,362.97
<b>TOTAL OTHER ASSETS</b>	62,045.42	62,045.42
<b>TOTAL ASSETS</b>	608,162.97	563,661.88
<b>TOTAL CURRENT LIABILITIES</b>	140,006.70	279,672.46
<b>TOTAL LONG TERM LIABILITIES</b>	411,337.51	231,325.29
<b>TOTAL LIABILITIES</b>	551,344.21	510,997.75
<b>TOTAL EQUITY</b>	56,818.76	52,664.13
<b>TOTAL LIABILITIES &amp; EQUITY</b>	608,162.97	563,661.88

need to secure a better financial footprint. Our bank loan payback schedule is very aggressive – 7 years of which 1 is nearly complete. Debt free in 6 years is very appealing,

But manageable debt is also appealing. Stretching out the loan to 15 years could make more dollars available now.

In this market, a likely relocation would probably cost a around 5 million. That is, if we purchased and renovated a place. Renting is an option too and depending on the renovation costs, could be a more realistic possibility.

There is the possibility that we can partner with some other local businesses and work on a solution together. Or perhaps another reality could be opening a number of smaller neighborhood stores in some of the growing areas.

No matter what we choose eventually, the probability is that we will have our current location for at least 3 to 5 more years or, likely, longer.

We cannot repeat what transpired at the end of 2018. The well of generous Members and a bank willing to work with us through low income and high debts is not something we will see again anytime soon.

Running a full service grocery store and a deli with our tiny physical footprint, and serious competition close by, is a seemingly daunting task but 2020 so far has proved we are up to that challenge. Unless we are derailed by virus or weather or whatever, we will experience 40% to 50% growth this year. If we are clever, we can probably squeeze another 25% more in the next couple of years. Then we plateau due to our size limitation.

The chart of taxable income (bottom line) and difference from the prior year is confusing to say the least. The mysterious increase in 2007 & 2008 of over 1.3 million and then to lose most of it in 2009 & 2010 is quite curious. The same of 2017 where we ended up in the black after over \$100,000 loses in both 2016 and 2018. Quite curious.

For us to be continually viable, we need to see consecutive years in the black – even if it is only what we did from 2010 to 2013.

We can do that. But we'll need to be smart and strategic.

***WE ENDED 2019 WITH 1030 MEMBERS!***