

FREE RANGE FOOD CO-OP

2023 ANNUAL REPORT

Fiscal Year July 1st, 2022 - June 30th, 2023

MESSAGE FROM THE BOARD

Well, it has only been eight months since our last annual report but our board has decided to begin publishing our annual report in alignment with our fiscal year, which ended June 30th. Going forward this will always be published for our owners in July of each year.

This has been a very exciting year for Free Range Food Co-op. While inflation and interest rates have been on everyone's mind, we have been paying particular attention to them, as it will drive up the price of constructing a future grocery store. We refuse to let it dampen our spirits and continue plugging away getting exciting and important work done to get your store developed. Over the last eight months, we have been working on the multitude of tasks required to run a successful community investment campaign, completed the work on a job description and job posting for a future national general manager search, and hired a national consultant to help us get to the finish line on making a final selection on the future site of FRFC's store! On top of all of that, we have done policy work, grown our board membership, improved election guidance and timelines, tabled at community events, and continued educating ourselves through online learning with co-ops across the country. The most obvious change this year is our new logo! It was suggested by the IEDC (Itasca Economic Development Corporation) that at this juncture in development would be a good time for a rebranding. We hope you love the new, clean, modern look of our logo as much as we do!

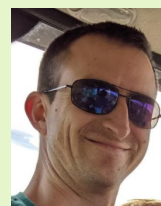
As I always say in this letter, we are honored to work on your behalf, and we appreciate your continued support and patience. Opening a food co-op is a complicated and very involved process that must be handled with purpose and caution to ensure the long-term success of the venture. We do all of this with your investment in mind. I will add that this year that we are closer than ever to announcing a site and beginning the work to design the future site. This will also involve raising up to \$3 million from the community and through grant writing. We will need every owner to engage however they can, whether it be through donation, the purchase of preferred shares, or joining our calling teams to raise those funds from fellow owners.

Please consider giving what YOU can to help us cross the finish line. How that will look will be different for each of you. Together, we will do this! Become an owner volunteer to help us reach our collective goal of a grocery store that meets the needs of our owners and community.

MEET YOUR BOARD OF DIRECTORS

You have a very committed and hard-working board. A lot has been accomplished and we are very excited for what the next year may hold for FRFC!

Pictured left to right are: Brandon Otway, Casey Dabrowski, Lois Bendix, Shara Dabrowski, Tom Connolly, Garrett Holl, Lydia Williams, and Ellen Smilanich.





FREE RANGE FOOD CO-OP

Our Year in REVIEW



JULY 2022-2023

HIGHLIGHTS OF 2022-2023

- 1 We surpassed 1,000 Owners!!
- 2 Welcomed two new members to the Board bringing us up to 8 directors.
- 3 General Manager Search Team has completed pre-work and is on hiatus until it is time to post the job listing and conduct interviews.
- 4 Site Selection Team has contracted with a national consulting group Seven Roots.
- 5 Finalized and approved a new design for our logo to usher us into a new era of development.
- 6 Researched & adopted new technology to best serve our Owners. FRFC now has its own phone number & can take card payments at Community Events!

CHALLENGES OF 2022-2023

- 1 Minimal participation of owners at events and serving on teams has put strain and stress on Directors.
- 2 Limited funds for the next fiscal year has all teams keeping spending to the absolute minimum.
- 3 One of our most dedicated Directors who is our Finance Officer/Bookkeeper will be retiring in October.
- 4 Ongoing work of creating and maintaining systems to organize tasks and work load.


CONNECT WITH FRFC

 218-326-6667  PO Box 842
Grand Rapids, MN 55744

 freerangefood.coop

 freerangefoodcoop@gmail.com

 Engage with FRFC on social media!
 @freerangefoodcoop


1,024
owners
as of
6/30/23

953
owners
as of
7/1/22



18 Events
80 Volunteers

GOALS FOR THIS YEAR

- 1 Approve, announce, and close on a final site location for the store!
- 2 Build a more interactive and engaged Owner community.
- 3 Run a successful Community Investment Campaign!
- 4 Create a Caller List consisting of at least 50 Owner Volunteers to make calls to other Owners.
- 5 Increase marketing effectiveness through focused forward planning.
- 6 Finalize the business plan.
- 7 Break ground on the store!



HOW CAN WE MAKE NEXT YEAR *Even Better?*

We're rounding the corner on some BIG developments!
It is very exciting but a lot of work is required to accomplish these next steps in order to make OUR community owned grocery store a reality! As owners, it is our responsibility to engage and participate in the process in order to build the store WE want ASAP!
Here's to more cooperation in 2024!

MISSION STATEMENT:

"Free Range Food Co-op is a cooperatively-owned grocery store committed to community well-being through access to local, wholesome, organic foods and goods."

VISION STATEMENTS:

Because of us...

1. We have a thriving, cooperatively-owned grocery store which welcomes everyone and cultivates relationships with people in Itasca County and beyond.
2. We have engaged and involved owners who actively work to strengthen the co-op through cooperative ownership and collaboration.
3. We have a growing, resilient, regional food system through direct support to local growers and producers.
4. Our community has a leader that models and promotes sustainable business practices and environmental stewardship.
5. We have a welcoming space where people come together to share ideas, learn, and empower each other through education and cooperation.

PLEASE TELL US WHAT A FOOD CO-OP IN YOUR COMMUNITY MEANS TO YOU:

“*To me it means supporting local families and farmers. It also creates a community centered economy for the next generation.* **”**

-Comment from owner #1,016

YEAR OVER YEAR FINANCIALS

Our board works hard to be responsible with the funds owners have invested in FRFC. Below are this fiscal year's financial statements with last year's for comparison.

BALANCE SHEET FY 2022 JULY 01, 2022 – JUNE 30, 2023

Assets	
Affinity Plus FCU	2,202.11
Affinity Plus FCU Savings	9,310.99
Affinity Savings Reserve	15,695.90
PayPal Merchant	123.64
Accounts Receivable	
Accounts Receivable	1,862.75
Allowance for Doubtful Accounts	-546.50
Inventory Asset	1498.16
Other Assets	2,992.95
TOTAL ASSETS	\$33,140.00

LIABILITIES AND EQUITY

Liabilities	
Liabilities	8.96
Equity	
Class A Equity	25,550.00
Class B Equity	43,475.00
Class C Equity	26,425.00
Opening Balance Equity	32,843.00
Unrestricted Net Assets	-72,594.62
Net Income	22,567.34
TOTAL EQUITY	\$33,140.00

INCOME STATEMENT FY2022 JULY 01, 2022 – JUNE 30, 2023

INCOME	
Direct Public Grants	1,000.00
Interest	35.97
PROGRAM INCOME	
Program Income, Fees	130.09
Sale of Promotional products	200.00
Miscellaneous Revenue	128.00
Services	567.75
Uncategorized	5.73
TOTAL INCOME	\$2,067.64
OPERATING EXPENSES	
CIC Consultant & Attorney Fees	4,957.50
General Manager Search	1,156.78
Site Selection	5,474.48
Total Projects	11,588.76
Community Outreach	1,865.02
Operations	3,739.14
Insurance	4,139.94
Advertising	1,209.59
Website, software	2,092.53
TOTAL EXPENSES	\$24,634.98
NET INCOME	\$-22,567.34

BALANCE SHEET FY 2021 JULY 01, 2021 – JUNE 30, 2022

Assets	
Affinity Plus FCU	1,772.23
Affinity Plus FCU Savings	25,150.63
Affinity Savings Reserve	15,695.90
PayPal Merchant	175.00
Accounts Receivable	
Accounts Receivable	2,072.47
Allowance for Doubtful Accounts	-546.50
Inventory Asset	2,868.16
Other Assets	2,992.95
TOTAL ASSETS	\$50,180.84

LIABILITIES AND EQUITY

Liabilities	
Liabilities	8.96
Equity	
Class A Equity	23,775.00
Class B Equity	38,750.00
Class C Equity	26,125.00
Opening Balance Equity	32,843.00
Unrestricted Net Assets	-72,592.94
Net Income	1,271.82
TOTAL EQUITY	\$50,180.84

INCOME STATEMENT FY2021 JULY 01, 2021 – JUNE 30, 2022

INCOME	
Grants, public support	16,698.90
Direct Public Support	136.00
Interest	34.64
PROGRAM INCOME	
Program Income, Fees	367.12
Sale of Promotional products	715.52
Miscellaneous Revenue	99.76
Cost Goods Sold	-1,668.50
TOTAL INCOME	\$16,383.44
OPERATING EXPENSES	
CIC Consultant Fees	3,225.00
Community Outreach	2,892.28
Training Fees	880.00
Meals, Lodging, Mileage	1,160.76
Operations	2,958.19
Credit Card, Misc. Fees	528.05
Advertising	1,905.01
Website, software	1,562.33
TOTAL EXPENSES	\$15,111.62
NET INCOME	\$1,271.82

ANNUAL HIGHLIGHTS

Last fall, we reached the milestone of 1,000 owners! That is extremely exciting and telling of the community's support for our project. Our development timeline, however, is based on tasks completed rather than owner numbers alone. So, we are still in stage 2B: Planning. Those tasks are surely getting ticked off, though!

Two new directors joined the board last October and in December, bringing us up to a board of 8! We are thankful to those owners who have stepped up and taken on the added responsibility of steering the creation the food co-op we all want. With more help on the board, tasks can be spread out a little more evenly. Still, many volunteers in all capacities are needed to make this project successful and we are so appreciative of everyone who is willing to lend a helping hand.

All the teams have been hard at work in their own unique realms.

- Lots of progress has been made on the General Manager Search team- so much so that they are on hiatus until an official job listing can be launched and the search for our General Manager begins!
- The Marketing team embarked on a long process of redesigning our logo and all the materials needed as we move into our next phase of development. Colors, fonts, design- who knew there were so many options to choose from! There was one decision that was a no-brainer, keeping the chicken as our mascot! It was a long journey but we are very happy with the destination, a logo that is clean and simple yet grounded in our roots with a pop of color.
- The Site Selection team has officially contracted with Seven Roots Group, a national worker-owned group of career grocery retailers dedicated to providing design and operational support to co-ops and natural food stores. They visited Grand Rapids on June 28th and toured seven possible sites. We will receive an in-depth analysis and report on the viability of each site that will help guide our decision on a physical site that will best serve our community.
- Owner Engagement team has undergone restructuring and organization as the current team lead, Lois Bendix, is set to retire from the board in October. With the help of the dedicated volunteers on this team, the transference of roles and creation of succession/training materials has this team operating as a well-oiled machine, at the helm of the height of event season!

Finally, with the innovative progress and affordability of new technology, we decided it was imperative to research and adopt a system to accept card payments at community events. This game changing device will boost our sales and ease the workload of our volunteers. We have also invested in a VOIP phone system that gives FRFC its own phone number (218-326-6667)! Volunteers can now dial into the system using their own device with internet access, and make calls that will show up on caller ID as "FR Food Coop". This will help increase our communication with owners as folks are understandably increasingly wary to answer the phone when an unknown number is calling. We can also receive voicemails at this number, so give us a ring!

MADE POSSIBLE BY... FRFC VOLUNTEERS!



Seed Kit Assembly
 ← YMCA Snowflake Bazaar
 T-shirt order fulfillment
 New owner contact & mailings
 Annual Owner Meeting
 Party in the Park



YMCA Fundraising Basket
 ← Tall Timber Days
 Bovey Farmers' Day
 Bigfork Wilderness Days
 Adopt-A-Highway Cleanup



← Nashwauk Home Show
 July Owner Picnic
 Itasca County Fair
 Deer River Wild Rice Festival
 GR Chamber: Back to Business

Community Cooking Classes



↘ Children First!
 Children's Fair
 Board & Brews
 NCROC-
 Visitors Day



DEVELOPMENT TIMELINE

As we work through the process towards opening our store, Free Range Food Co-op is following a timeline that includes three main stages of development, with the second and third stages each divided into sub-stages.

This timeline is driven by task completion as well as owner growth and support - both are closely evaluated at each development stage. We will work carefully within this timeline, and address the critical tasks and ownership goals before moving on to the next stage.



PLEASE TELL US WHAT A FOOD CO-OP IN YOUR COMMUNITY MEANS TO YOU:

“Everything!” -Comment from owner #994

“Creating a community with fresh local options that support local producers.”
-Comment from owner #1,007

STRATEGIC PLAN

The work we did this year has set up the next steps in the journey to opening our grocery store! In FY24, the board will work toward accomplishing the following goals in order to move us from development stage 2B: *Planning* into stage 3A: *Pre-construction & Capital Campaign*.

These are the high-level goals we've determined are of upmost priority:

1. **Select and close on a store site.**
2. **Finalize planning and run a successful Community Investment Campaign**
3. **Update the market study and finalize the business plan.**
4. **Strengthen the owner volunteer base in order to enhance our presence at community events and participation at owner events.**
5. **Improve marketing effectiveness through focused forward planning and increased involvement of owner volunteers.**

STAGE 2B: PLANNING

- ~~Strengthen internal systems & operations (ongoing)~~
- ~~Hire an outreach coordinator~~
- ~~Build strong owner volunteer teams (ongoing)~~
- ~~Increase owner participation through education and outreach (ongoing)~~
- Secure store location
- Site analysis and update market study (dependent on site)
- Develop capital campaign model (mostly done but final depends on the site)
- Finalize business plan (dependent on site)

STAGE 3A: PRE-CONSTRUCTION & CAPITAL CAMPAIGN

- Owner and community outreach (always ongoing)
- Launch Community Investment Campaign (CIC)
- Reach CIC funding goals
- Secure external funding for remainder of needed capital (currently establishing relationships with local lenders)
- Finalize plans for store design and renovations
- Finalize budget for the project
- Hire a General Manager