

Cambridge Food Co-op: Budget Proposal 2017



Budget Planning & Approval Process

Our annual budget planning includes a detailed analysis of the previous year's performance, discussions between the *treasurer, manager, and chairs* of the *building, outreach, and personnel* committees. The *finance* committee reviews the goals and figures proposed and carries out the delicate task of finding the best balance of wishes, needs, and realities. The *Board* is then asked to accept the budget proposal for the Membership's consideration and vote. A minimum of 16 people have been involved by the time the proposal goes to the Membership!

Budget Notes on important cost areas (refer to specific budgets)

RETAIL:

Line 1. Sales (Income)
\$640,739

Total:

The Co-op will increase sales by 2% in 2017. The staff, committees and Board will identify strategies to encourage current members and non-member shoppers to spend more of their food and household dollars at the Co-op, and to entice new shoppers to our business.

Line 4. Gross Profit Ratio (GPR)

Goal: 30.5%

The ratio reflects the amount of each sales dollar kept after the cost of inventory is removed. For example: we sell an item for \$1.00; we spent 69.5 cents to buy the product; we made 30.5 cents on the sale. The Gross Profit (line 3) is the primary source of income to pay Retail's expenses. The Manager and staff have made significant gains in the GPR over the past 6 months; this reflects increased efficiencies and better product management.

Line 8. Personnel: Wages & Payroll Taxes.
\$102,132

Total:

An increase of 8.8% over the previous year is driven by the mandated NYS minimum wage increase of \$.70; other wages require step increases. This pressure on our wages will continue for next seven years to reach NYS's goal of minimum wage of \$15/hr.

Line 17. Credit Card Fees

Total: \$8,746

Credit cards were used for 55% of our sales last year. Charges of 2.5% apply to those sales.

Line 30. Occupancy Transfer
\$15,898

Total:

This is the store's contribution to our building costs – the equivalent of rent of \$1,325 per month.

Line 58. Net Retail Income/Loss

Total: -\$7,769 net loss

The retail business will run at a loss in 2017 as it did in 2016. While we understand the fiscal pressures (wage increases, building costs), we cannot continue year over year to run at a deficit. The Co-op will engage this year in planning to address our financial future.

BUILDING:

Line 4. Rental Income: Tenants Total: \$10,881

The Building Committee has three of the four offices on the second floor rented as of January. This is an occupancy rate of 82%. We would dearly like to rent the fourth office and approach 100%. One of the offices will be rented by the current Treasurer (me!) and by the Co-op to provide meeting space for the dozens of meetings we hold in a year. (See General: Line 19 below for more info.)

Line 10. Janitorial: Building Super Total: \$1,306

With a 150-year-old building and businesses renting upstairs, we need to address ongoing and emergency issues in a timely and appropriate manner. The Building committee proposes creating a position for a Building Super who will be available to address building needs large and small. The Building Super will manage a team of out-of-store working members to maintain the building and grounds.

Line 27. Net Building Income/Loss Total: - \$622 net loss

We can turn this loss into positive income by renting the 4th office for at least part of the year.

GENERAL:

Line 2. Member Dues Total: \$6,300

The Co-op will have a membership drive in 2017 with goal of increasing our membership from 300 to 315.

Lines 4 & 16. Special Events Total: \$7,000 net income

In the last two years, the Co-op has raised almost \$11,000 – funds we can make available for both specific needs and for the unknown needs. In 2017, the Outreach committee will hold several events to support the Co-op's objectives and raise some funds.

Line 19. Co-op meeting space Total: \$2,000

During part of 2016, the second floor of our building was completely rented, shutting out the Co-op for its regular schedule of meetings (approx. 90 per year!). We have held meetings using spaces outside our building which usually meant paying modest hourly fees. The cost of using spaces outside our building could reach \$3,000 or more per year. With this in mind, the Co-op will partially support the rent of one office (combined with rent paid by the current treasurer).

Line 21. Net General Income/Loss Total: \$6,578 net Income

This modest income will be available to offset expected losses in the other two parts of the budget: Retail and Building.

SUMMARY:

Line 23. Net Co-Op Income/Loss **Total: -\$1,967 net loss**

This projected imbalance can be remediated by improving outcomes for the Retail and Building portions of the budget. Every member can make a difference to our bottom line and we will ask members how they can make a difference.