



2022 ANNUAL REPORT

RIVERWEST CO-OP GROCERY & CAFÉ

733 E. Clarke Street, Milwaukee, WI 53212

414-264-7933

LETTER FROM THE BOARD OF DIRECTORS

BY DEBBIE POWERS, PRESIDENT, AND KAREN REYNOLDS, VICE-PRESIDENT

It is no secret that 2022 was a difficult year for the Riverwest Co-op. Although we had been paying attention to our finances for several years while exploring stabilization options, we realized in spring 2022 that we were headed towards a very real threat of having to close entirely. In an attempt to be transparent and to alert the community of our critical situation, the Board sent out numerous State of the Co-op communications that were blunt about our finances and dire needs. We met with a slew of experts to determine our options and to be prepared with an ethical closing plan if necessary. We also scheduled a Special Membership Meeting to ask our members

how we should prioritize our efforts. Membership and the larger community showed strong desire for the Co-op to survive and provided us with important resources, energy, and financial support. With this support, we were able to initiate several important initiatives (described in further detail below) aimed at revitalizing the Co-op's financial health.

Like many businesses, in 2022, a major obstacle we faced was turnover and vacancies among our staff and leadership. While we made progress in filling some positions, we were regularly faced with new challenges in working towards a full team. We started off the year with five board members, and had two leave for personal reasons. However, throughout the summer and fall months, we brought on four new interim Board members to bring our team up to seven.



Debbie Powers
President
Term: 2021 – 2024



Karen Reynolds
Vice President
Term: 2021—2024



Wendy Mesich
Board Member
Term: 2019 – 2022
(Running in 2023)



Quinn Wilder
Interim Board
Member
(Running in 2023)

Shout out to Jill, Ned, Tommasina, and Quinn for stepping up and joining the Board during these particularly difficult times! Our coordinator team was understaffed and spread very thin, which required each coordinator to assume many extra tasks and responsibilities so that we could keep the Co-op afloat, all while also thinking and working creatively on new plans for success. At the end of 2022 we had hiring committees actively trying to fill our Grocery Coordinator and Administrative Coordinator roles. We filled both positions in the first few months of 2023.

In June 2022, the Board and coordinators had a weekend-long retreat to assess our critical financial situation, to come up with potential solutions and goals, and to prioritize actions and next steps. We took a long, hard look at what areas were most

detrimental to our bottom line and ultimately determined that our café sales were insufficient to justify the labor and product costs. We brainstormed how to use our space more cost effectively and how to continue offering vegan and vegetarian prepared foods to the neighborhood in the short term while strategizing for a possible re-opening of the café. We put several of these solutions into practice throughout the fall and winter months, including pop ups, grab 'n go items in our cooler, commercial kitchen rentals, and using the café as a holiday maker market space. At the retreat, we also agreed that a top priority would be calling an August 2022 Special Membership Meeting so that we could provide a direct report on the Co-op's financial health and needs and request input on options in case keeping the business open became infeasible. The response that we received at



Ned Littlefield
Interim Board
Member
(Running in 2023)



Jill Capicchioni
Interim Board
Member and
Treasurer
(Running in 2023)



Tommasina
Interim Board
Member and
Secretary
(Running in 2023)



Carolyn Weber
Interim Board
Member and
Secretary (Left early)

Not pictured: **Tyler Rudzinski** - Interim Board Member (Left early)

the Special Membership Meeting was resoundingly supportive and made it clear that investing in the Co-op's revitalization was necessary and worthwhile.

With a great influx of energy from interim Board members, committee and store volunteers, and stakeholders in the neighborhood, we got the wheels turning on several major initiatives aimed at bolstering the Co-op's financial health. We realized that, to do much of the required work and to upgrade necessary equipment and processes, we would need bridge funding until we substantially increased our profit margins. After researching a variety of options, we determined that our best bet was to do small-scale fundraising efforts (like round-ups at the register

and events), to launch a \$35,000 Member Loan program, and to pursue a loan with the Minnesota-based Shared Capital Cooperative, which was willing to consider our application even though our portfolio was too risky for traditional funders. Meanwhile, we also secured a \$29,000 grant from the Wisconsin Economic Development Corp (WEDC) for a consultant-led feasibility study regarding the Co-op financial viability.

We began to work with Columinate, a cooperative consulting organization, on this feasibility study in January 2023. On advice from Shared Capital representatives, we have postponed our loan application until the Columinate feasibility study is complete by January 2024. This meant that we would be depending on Member Loans and

contributions to bridge the gap for longer than expected. As a result, we increased our Member Loan program goal from \$35,000 to \$50,000.

Without the support and efforts of our membership and community, Riverwest Co-op Grocery & Café could not have survived the last 21+ years. In 2023, while we continue all of this work, the Riverwest Co-op cannot exist without the support and power of our community. This means YOU! Please continue to "JOIN - SHOP - VOLUNTEER" and stay connected and informed.



2022 FINANCIAL OVERVIEW

FINANCE COMMITTEE REPORT BY JILL CAPICCHIONI, TREASURER

We started 2022 with a -\$12,916 loss from 2021, which continued our trend of annual losses since 2016. 2022 was a hard year for the Co-op financially, within the first six months (January - June) of 2022 we lost - \$82,310 (net income) which caused us to make the hard decision to close the café in July 2022. Closing the café was the right financial decision and it has helped us stabilize our financial situation and start plans to rebuild our reserves resulting in July-December 2022 seeing significant improvement with a profit of \$850, ending the year with a total loss of -\$84,383.



To return the Co-op to a sustainable profitability we have engaged in the following initiatives:

- **Member Loan Program** - In November of 2022 we kicked off our Member Loan program with a goal of raising \$35,000, thanks to the generous investments from our members, we have reached \$34,000 in committed Member Loans - just \$1,000 shy of our original goal!! We are incredibly grateful for the members who have committed funds already and are confident that we can meet our new goal of \$50,000 through additional loans (minimum of \$500, with 2–5-year maturity options available). If you are interested in learning more about Member Loans, please reach out to Jill at info@riverwestcoop.org.
- **WEDC Grant** - In January 2023, the co-op was awarded a \$29,000 grant from Wisconsin Economic Development Corp (WEDC) to execute a feasibility study with cooperative consultants from Columinate. This project will take a team of our coordinators, staff, board, and additional volunteers 9-12 months to dive into a wide variety of aspects to determine the economic sustainability of our Co-op (from our grocery pricing structure, new technology and systems, possibly reopening the café, and much more).
- **Shared Capital Loan** - On advice from Shared Capital representatives, we have postponed our loan application until we complete the feasibility study with Columinate. This means we are depending on Member loans and

contributions to bridge the gap for longer than expected.

Overall Store sales for 2022 were up 6% over 2021, and for the first quarter of 2023 up 7% over 2022.

We will continue to ask our membership for help and are looking for participation on the Financial Committee. **If you like numbers - we could use your help!**

More About Our Member Loan Program

The Riverwest Co-op board & staff continue to take the necessary steps to keep the co-op open and we are seeking a loan from Shared Capital- a non-traditional lender that specifically works with cooperative businesses. This is a dramatic step for us, since we historically resisted external assistance that might threaten our sustainability. The one-time investment in this case, however, may be the difference between us remaining open instead of shutting the Co-op's doors.

In our 21 years of operation, this will only be the second time that we have asked for this kind of support. Member Loan financing is a critical part of how co-ops across the country and in Wisconsin raise money.

Our goal is to raise \$50,000 from members, which can be leveraged to obtain \$75,000 from Shared Capital Cooperative Fund. The money raised will be used to

update our systems, hire more staff, upgrade equipment and products, invest in advertising, engage more members, and re- envision our café.

The loan program is described on our website. Please feel free to share it with anyone who you think might be able to help.



RIVERWEST CO-OP
Profit and Loss
January - December 2022

	Cafe	Store	TOTAL
Income			
Sales			0.00
Cafe Sales	168,622.49		168,622.49
Store Sales		658,795.69	658,795.69
xMember Sales Discounts		(21,350.28)	(21,350.28)
xVolunteer Discounts		(10,941.10)	(10,941.10)
Total Store Sales	<u>\$ -</u>	<u>\$ 626,504.31</u>	<u>\$ 626,504.31</u>
Total Sales	\$ 168,622.49	\$ 626,504.31	\$ 795,126.80
Total Income	\$ 168,622.49	\$ 626,504.31	\$ 795,126.80
Cost of Goods Sold			
Cost of Goods Sold	1,863.82	21,204.04	23,067.86
Materials & Supplies	17,850.82	158.15	18,008.97
Purchases	<u>53,460.88</u>	<u>449,715.03</u>	<u>503,175.91</u>
Total Cost of Goods Sold	\$ 73,175.52	\$ 471,077.22	\$ 544,252.74
Total Cost of Goods Sold	\$ 73,175.52	\$ 471,077.22	\$ 544,252.74
Gross Profit	\$ 95,446.97	\$ 155,427.09	\$ 250,874.06
Expenses			
Administrative Expenses			0.00
Board Expenses	232.37	277.50	509.87
Dues/Subscriptions	156.28	317.39	473.67
Office Supplies	62.81	516.07	578.88
Postage	9.00	83.00	92.00
Professional Fees	<u>2,372.78</u>	<u>2,817.79</u>	<u>5,190.57</u>
Total Administrative Expenses	\$ 2,833.24	\$ 4,011.75	\$ 6,844.99
Advertising & Promotion	372.50	5,369.49	5,741.99
Dues/Subscriptions		50.00	50.00
Events Expense	(17.39)	188.52	171.13
Interest Expense		43.10	43.10
Licenses & Fees	5.00	5.00	10.00
Occupancy Expenses		0.00	0.00
Insurance	3,168.01	3,897.28	7,065.29
Licenses & Fees	205.81	617.45	823.26
Rent	7,200.00	7,200.00	14,400.00
Repairs & Maintenance	1,000.35	1,589.75	2,590.10
Security	123.44	370.30	493.74
Utilities	4,861.20	13,750.56	18,611.76
Water	<u>624.65</u>	<u>1,159.10</u>	<u>1,783.75</u>
Total Utilities	\$ 5,485.85	\$ 14,909.66	\$ 20,395.51
Total Occupancy Expenses	\$ 17,183.46	\$ 28,584.44	\$ 45,767.90
Operating Expenses	221.20	(4.40)	216.80
Bank Charges	217.12	25.56	242.68
Cash Over/Short		284.92	284.92
Credit Card Fees	5,224.15	12,638.90	17,863.05
Equipment Lease	315.00	949.90	1,264.90
Materials & Supplies	544.36	760.35	1,304.71
Printing	169.86		169.86
Telephone/Internet	776.16	2,807.31	3,583.47
Web Fees	<u>134.99</u>	<u>135.00</u>	<u>269.99</u>
Total Operating Expenses	\$ 7,602.84	\$ 17,597.54	\$ 25,200.38
Payroll Expenses			0.00
Payroll Taxes	8,713.73	11,495.20	20,208.93
Wages	<u>98,278.34</u>	<u>141,401.70</u>	<u>239,680.04</u>
Total Payroll Expenses	\$ 106,992.07	\$ 152,896.90	\$ 259,888.97
Total Expenses	\$ 134,971.72	\$ 208,746.74	\$ 343,718.46
Net Operating Income	\$ (39,524.75)	\$ (53,319.65)	\$ (92,844.40)
Other Income			
Donation Revenue		6,456.70	6,456.70
Events Revenue	831.56	682.99	1,514.55
Interest Income		159.57	159.57
Other Income		210.45	210.45
Sales Tax Discount	<u>120.00</u>		<u>120.00</u>
Total Other Income	\$ 951.56	\$ 7,509.71	\$ 8,461.27
Net Other Income	\$ 951.56	\$ 7,509.71	\$ 8,461.27
Net Income	\$ (38,573.19)	\$ (45,809.94)	\$ (84,383.13)

STORE REPORT

BY SHANNON GARCIA MARTINEZ, CAFÉ COORDINATOR AND TOMMASINA, SECRETARY

We ended 2022 with December sales 9.2% higher than December 2021, a \$4,430.11 increase from last year. Grocery sales picked up considerably after our Member Meeting in the fall, and we saw 20-25% growth for a few months, but in November and December our growth dipped.

We dealt with product consistency challenges due to ongoing product shortages. We also struggled with staff retention with many leaving as they signed up for temporary positioning. With the staff shake-up, we were able to focus on implementing our coordinator plan we devised during the early parts of the pandemic. That means we have a coordinator team (café coordinator, grocery coordinator, volunteer & events coordinator, and newly-hired admin coordinator) directing the store's activities.

With Nick Baran as grocery coordinator, we did see a lot more vegan grocery items. We worked to balance convenience store vibes with acting as our neighborhood's natural/organic product hub.

Having more volunteers in the store has been tremendously helpful as that gives

coordinator staff more time to plan and assess grocery items, pricing, and place more intentional product orders. It has also helped restore more work/life balance for coordinators—since everything was being run by just Wendy and Shannon for a few busy months.



One huge success was our Holiday Consignment Space. Many of you saw how we converted the café eating space to a consignment shop, and we got to highlight many talented vendors from our neighborhood. We ended up selling \$3856.07 in sundries, of which \$2,475.53 or 64.2% was from our consignment area. Thanks to all who participated (and especially Jill C., the board member who helped coordinate the space).



CAFÉ REPORT

BY SHANNON GARCIA MARTINEZ, CAFÉ COORDINATOR

2022 was a really hard year for the Riverwest Co-op Café. We began the year striving to bring you classic Co-op fare mixed with new items to keep you coming back. While the great shutdown was over, Covid was still very much alive and well, and we wanted to keep both you and us as safe as possible while providing for the community. This challenge was a unique one to navigate and we couldn't quite find the answers that satisfied both the community and our business needs. We made the difficult decision to shut down the Café to regular service in July to narrow our focus to keep the entirety of the Co-op open. We were so sad to have to say goodbye to some awesome people in the process.

You all made it perfectly clear that you didn't want to see the Café to go away completely so we pivoted to an all Grab & Go model so our staples could stay alive. We were able to keep on our longest tenured staff member, Todd, in a part-time role along with a Coordinator split between the Grocery & Café. Your response was so overwhelming that we couldn't keep up, so we rehired another Café staff member, Elton, to help keep that Grab 'n' Go cooler and bakery stocked consistently.

In an effort to keep the kitchen space active, we reached out to local experts and researched ways to keep it from just being empty space. This turned into featuring local food businesses like Cake Bandit, The Ladle Lady, and Bremen Community Garden to not only keep the space activated but also support some awesome people and organizations in our community. This was just the beginning.

No matter what our future brings, we plan to continue to have delicious, local food to keep you coming back for more.

VOLUNTEER REPORT

BY WENDY MESICH

In 2022, the Riverwest Co-op faced a new wave of Covid, which initially set back volunteer recruitment efforts. However, by March, we had managed to attract six volunteers a week and a few committee members. By the end of the summer, our numbers had grown to 30 volunteers per week, with multiple new members appointed to the board.



Throughout the year, we also hosted several successful community events, including our first in-person spaghetti dinner, a SECOND

spaghetti dinner with the RW24, co-hosted a bike week commuter stop with The Daily Bird, a smoothie booth at Center St Daze, a party in honor of the Falcon Bowl, a pumpkin patch, and a wonderful 21st Birthday party. We also hosted a Narcan training for staff, volunteers, and the public.



By the end of the year, we had a steady 35+ volunteers per week and continued interest in committee participation, making 2022 a year of growth and progress for the Riverwest Co-op.

COMMUNICATIONS COMMITTEE

BY KAREN REYNOLDS, COMMITTEE CHAIR
AND NED LITTLEFIELD, INTERIM BOARD
MEMBER

In 2022, the Riverwest Co-op's Communications Committee focused on social media promotion, e-mail communications, and online advertising to increase member and community engagement with our cafe and grocery store. In using social media and e-mail communications to promote Co-op and general community events, we increased our Facebook and Instagram presence, while the e-letters to membership saw an increase in open rates from 40% to 55%. These efforts helped generate engagement around Riverwest Co-op events such as:

- the Annual Spaghetti Dinner
- RW24 riders and community dinner
- last summer's special membership meeting
- the Co-op's 21st anniversary party - Co-op Month celebrations.

Additional community events in which the Co-op was selling café-made products included:

- Locust Street Festival
- Center Street Daze
- Bike Week
- 53212 Marketplace
- Vegan Expo
- the June 2022 Falcon Bowl party — shout out to John and Lynn Okopinski as our

gracious host of our Co-op events for 21 years!

Social media posts and e-letters also helped raise members' awareness of the Co-op's financial challenges. While our e-letter open rate is high for industry standards, we need critical updates to reach all of our members. If you or someone you know is not receiving emails from the Co-op, let us know so we can help ensure these crucial communications reach as many members as possible.

Although we continued to be proud of our digital engagement efforts on social media and e-mail, we also acknowledged the importance of expanding our outreach to broader communities with interests in vegan, vegetarian, local and organic food to draw awareness to Co-op events and offerings in addition to basic name recognition. For this reason, we conducted two online advertising campaigns with *OnMilwaukee* for 7 months total. *OnMilwaukee* cares about the Co-op's survival and worked diligently with us and even threw in some extra perks. Engagement with our online advertisements via social media and the *OnMilwaukee* website generally increased from the first to the second campaign, though we have decided to pause *OnMilwaukee* advertising until we receive Columinate's recommendations regarding marketing and best practices and have a fully developed website. In 2023 this committee plans to refocus on advertising through more conventional means like events, street-level signage and bringing back the building mural

- we're always seeking those looking to exercise their creative side, wink wink. We will continue working to expand our social media with the new admin coordinator as key in developing and managing our marketing calendar.

Additional goals for the coming year include enhancing and stabilizing volunteer contributions to the committee, as well as using our communications to celebrate and highlight the rich diversity and individuality of our membership and community.



MEMBERSHIP REPORT

BY QUINN WILDER, MEMBERSHIP BOARD CHAIR



Hello Member-Owners of the Co-op! I was appointed to the board just a few months ago, which is when I began to be trained in the ways and the workings of our illustrious Point of Sale system and the procedures that make

up the gist of the duties of the Membership Committee, which is to ensure that new members and renewing members are promptly entered into our system and notified by email. Gibson Caldwell had been faithfully managing these duties with Karen Reynolds holding down the chair position on the board (along with the Communications chair position) since the board has been understaffed for a long time-until now! Thanks to Gib and Karen! Also thanks to the small group of volunteers we have recently recruited! Currently one volunteer, Amy D., is actively helping with the data work. We are looking for several more volunteers to help!

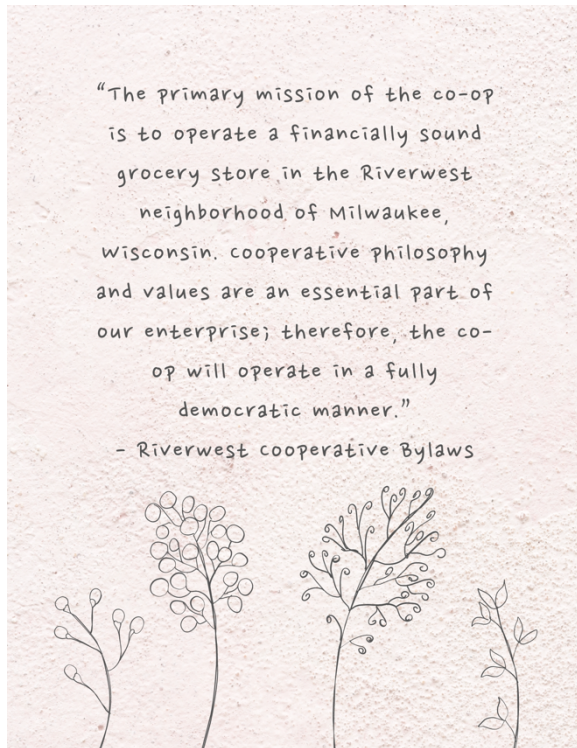
We have been seeing an average of 26 new members per month and 26 renewals per month, which means 312 new members per year and \$15,620 in equity. Our sponsored membership program is well funded and is ready to sponsor more memberships! We

have been giving an average of 3 sponsored memberships per month.

The goals of the Membership committee are to minimize the data work of the committee so that our time can focus on helping engage members as volunteers and bring other benefits to membership. We hope to develop ways to obtain input from members and the community so that our beloved Co-op can realize financial stability and can thrive again as a unique and important solution to building community and health through food!



COOPERATIVE PRINCIPLES



We strive to follow the seven cooperative principles:

- Voluntary and Open Membership
- Democratic Member Control
- Members' Economic Participation
- Autonomy and Independence
- Education, Training, and Information
- Cooperation Among Cooperatives
- Concern for Community

For over 21 years, we have provided the community with nutritious, wholesome food and support organic and local producers. We are also committed to supporting the principles of organic farming, urban agriculture, workers' rights, environmental sustainability, and equality.



RIVERWEST CO-OP 

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"Feeding the People since 2001!"