



2016 ANNUAL REPORT

Dear Chatham Marketplace Owners –

The purpose of this letter is to update you on the current status of your co-op, to tell you about the board's vision for the future, and to seek your input and support.

Chatham Marketplace has had its successes and challenges over the years and 2016 was no exception. We started off the year with robust sales and positive earnings and by early summer the forecast for the year was very bright. Then in July, three of our major coolers plus our hot/cold bar went permanently out of service. Delays in procuring a loan to purchase and install replacement coolers impacted our shoppers and the 2016 store financials immensely. Ultimately, the resulting loss of sales revenue resulted in a deficit of approximately \$55,000 for the year.

Historically, the challenges Chatham Marketplace faced has included: managing costs under lackluster sales or negative sales growth; personnel continuity; aging equipment; inconsistent product availability, and lack of visibility and signage on the road. Despite these challenges, we continue to make key improvements. David Dellea, our General Manager, has worked successfully to reduce costs. The management team has over 20 years of local retail grocery experience. We plan to make other changes to reduce operational risk and to reduce costs and to fully stock shelves. And we are researching options for improving our road signage so that people driving by will know that we are here!

We can celebrate that despite 11 years of challenges, we are still in operation and providing a source of healthy products to our community, with a significant portion coming from local farmers and other businesses. We have made steady progress in repaying our loan from "Bringing It Home Chatham." Approximately one third of this primary debt remains to be repaid. And we have the support of the National Co-operative Grocers, of which we are a member. The NCG was the source of the low interest loan for our new coolers.

The CM Board of Directors is working on a vision for what we want Chatham Marketplace to be in 5-10 years and we need your input. We want CM to be a flourishing co-op that is a valued resource for the community. We need to think big, especially with the growth that is coming to our area with Chatham Park and other developments. This growth will present opportunities to meet sales goals that will stabilize operations. It will no doubt also present challenges from increased competition. Please contact the Board at cmboard00@gmail.com to share your dreams for your co-op and its role in our community.

Moving forward and flourishing will in the short term require additional financial resources, to move beyond our immediate challenges. This may take the form of additional support and investment from our owners. We are investigating additional financial resources in the form of a loan that will allow us to reduce our operational risk and to take CM to a new level of operation by enabling us to:





- Upgrade aged refrigeration units that were not upgraded in 2016
- Upgrade broken or inefficient kitchen equipment
- Upgrade all sales floor lighting fixtures to LED (*Practicing environmental stewardship*)
- Improve our deli offerings focusing on breakfast and lunch, increasing our grab-n-go selections, with the goal of offering the FRESHEST LUNCH IN TOWN (*Provides healthy quality food*)
- Increase our focus on offering locally sourced items (i.e. beer, wine, produce, wellness, and other groceries) *Strengthens the local economy*
- Increase our offerings overall including continuing introduction of new products and fully stocked shelves (*Serves as a community Hub*)
- Increase educational and community events (*Is a catalyst for cooperation among community members and Advances the well-being of each community member*)

To get to this future, we need your help now. We want to hear from you. What are your needs? How are we meeting them? What could we do to better meet your needs? Your involvement is vital in making CM a flourishing co-op.

What are the best ways you can help now?

- **Increase your shopping** at Chatham Marketplace. Increasing store sales is key to making CM successful.
- **Invite your friends** to come to Chatham Marketplace and become an Owner
- **Increase your equity share.** Your paid ownership is actually a *share* (like stock) in our co-op business. Increasing your owner share equity improves the co-op balance sheet. It shows that our owners are actively investing in their coop. In financially successful years, the board may allocate dividends to owners, based on their equity shares, and the volume of their purchases. Ownerships are still one vote per owner account.
- **Make a donation.** Ask for a donation card, or visit our new gofundme page at <https://www.gofundme.com/chatham-marketplace-dreaming-big>. Please note that this is NOT tax deductible.

In closing, we appreciate your input and support, and we look forward to Chatham Marketplace being a valued and thriving resource in this community for years to come.

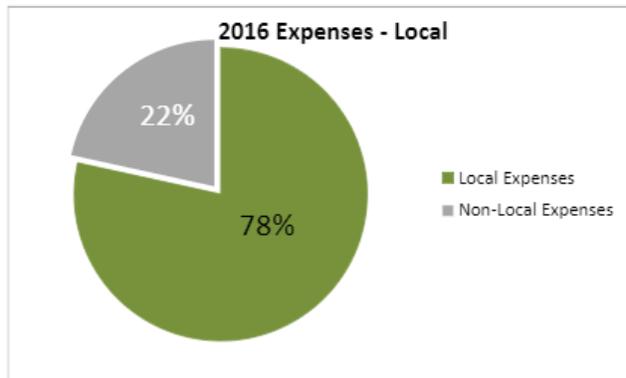
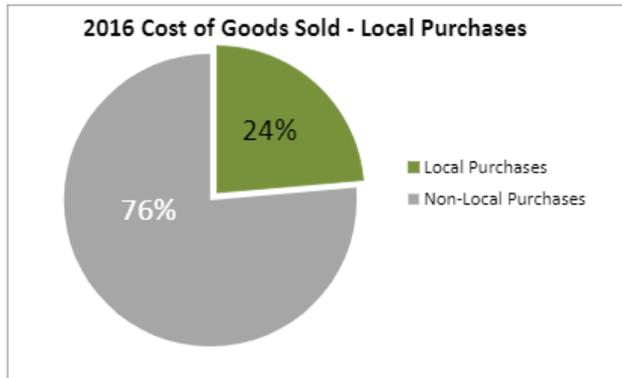
Sincerely,

CM Board of Directors

Sarah D'Amato
Tom Morris
Jenny McLaurin
Debra Cameron

David Misenheimer
Sasha Konkel
Craig Kolman





Chatham Marketplace 2016 Financial Summary

| Income Statement | 2016 |
|--------------------------------|-----------------|
| Sales | 2,321,275 |
| Cost of Goods | 1,490,526 |
| Gross Profit | 830,749 |
| Labor Expense | 538,480 |
| Occupancy & Operating Expense | 278,779 |
| Administrative & Other Expense | 57,701 |
| Total Expense | 874,961 |
| Net Other Income | (9,859) |
| Net Income | (54,071) |

| Balance Sheet | 2016 |
|---------------------------------------|----------------|
| Assets | |
| Current Assets | 180,341 |
| Fixed Assets | 296,721 |
| Other Assets | 39,637 |
| Total Assets | 516,699 |
| Liabilities & Equity | |
| Current Liabilities | 329,887 |
| Long Term Liabilities | 592,223 |
| Total Liabilities | 922,109 |
| Equity | (405,410) |
| Total Liabilities & Equity | 516,699 |

