

## **President's Message 2015 AGM**

### **Introduction**

Good evening Members and welcome to our Annual General Membership Meeting. On behalf of myself, my fellow directors, the management team and staff, I would like to thank you all for coming tonight. Your attendance and participation at the AGM are of great importance as we review the past year, the Budget for 2014/2015 and your co-op's strategies for the upcoming year.

Fredericton Direct Charge Co-op continues to be an important part of our community, serving approximately 9,500 member families, representing 25,000 people in the greater Fredericton area, an indication of the store's continuing success and the value of co-operation.

### **Operations**

As a result of the continued support and loyalty of our membership, our bottom line results for the last fiscal year are strong and healthy. I am very pleased to report that we have a strong balance sheet with a small bottom line. These results are significant considering the aggressive market conditions we continue to face and this summer, hurricane Arthur meant a product loss that was in the ballpark of about \$40,000 after insurance claims. The financial results in the statements being presented to you tonight demonstrates the leadership of our General Manager, Murray

Hatchard, the strength of our Management team and Board as well as the commitment of our staff and loyalty of our members.

In addition to ending the year with a surplus, membership continues to increase – with between 30 – 40 new members joining per month; our balance sheet financial ratios continue to be significantly better than what is required by our financial business partners; we are beginning our venture into our new daycare which is due to open shortly; we have diversified and secured additional revenue opportunities this past year including becoming Co-op Fuels payment center, continuing to have Co-op Atlantic office space rental income, the grocery delivery service is thriving and growing and we've been able to complete some renovations including the new parcel pick-up ramps.

Based on our sales volume, Atlantic Progress magazine once again listed Fredericton Direct Charge Co-op in their annual report as 41<sup>st</sup> of the 101 top companies in Atlantic Canada. We are pleased that we have been acknowledged with this designation for fourteenth consecutive years running.

Our financial goals as a Direct Charge Co-operative are to continue to make sufficient income on sales to offset operational costs and we continue to work with our business partners to buy product that allows us to provide a savings to our membership, while maintaining a near break-even budget.

Although gas sales are less than budget due to historically low gas prices that consumers are enjoying, the volume at both the North Side and

Southside gas bar locations remains strong, providing a great service to our members who live on either side of the river.

### **New in 2014**

As you are aware, our new daycare building is onsite and the final touch-ups are being completed now. Due to the high demand for children's spots far exceeding our projections, we are completing the lower level of the daycare immediately. We are tentatively expecting to be open by March 31st and already have over 50 families expressing interest for their children to be attending our daycare. Our new daycare Director, Kathy MacLean has been working with us since December, talking to interested families and working on the necessary licensing, staffing and preliminary set-up needs. When fully operational and the lower level complete, we will have room for approximately 70 children. For a number of years the Board has been pursuing opportunities to attract young families and this is a huge achievement towards that goal. Nick Levandier, one of our Directors, has filled the role of general-contractor for this important project and we congratulate and thank him for his efforts this past year.

Co-op Fuels has relocated their retail space to the Home and Leisure department at the store and the Lottery Counter is now the Payment Center for Co-Op Fuels for the Fredericton area. This provides a real convenience to members who currently use this service for their heating and cooling needs and has generated commission and wage support income for FDCC.

Last year FDCC introduced a delivery service option for members who don't have transportation, find it difficult to get to the store or for members who just want to take advantage of the convenience of having home delivery. This service has been well received by our members and is working well. For members who are interested in getting the details on how the delivery service works, our member relations staff would be happy to talk to you about this offering.

In an effort to enhance our community giving and support of charitable organizations our Member Relations Committee introduced an in-store 50/50 ticket/draw in August of 2013. 50% of the total sales go to the member and 50% of the total sales are donated to charitable organizations. This opportunity has increased our ability to give back to our community significantly – since inception, over **\$150,000** has been donated to the Fredericton and Oromocto-area School's Breakfast Programs, scholarship awards, the Community Kitchen and the Food Bank. The remaining \$150,000 in revenue has been returned to our membership in the form of winnings. As you may have noticed when you signed in tonight, we have posted the full list of 50/50 winners by the registration desk along with the pictures of the scholarship winners for this year.

This past year has been a very important year for your co-op, as we celebrated our 40<sup>th</sup> anniversary this past June. For the first time ever, your co-op had a TV commercial made with the CTV crew, of which we received many positive comments. The Anniversary Celebration included a ribbon cutting event where some of the original Board of Directors and local dignitaries participated. Activities were organized for members of all ages

and a focus on our younger co-op kids with such things as treasure hunts, face painting, outside activities and a well-received petting zoo. An open house was also held during our Anniversary event which resulted in many new members joining.

Your co-op is always mindful of member requests and member comments are reviewed on a consistent basis by the management team. At last year's AGM we were asked to review the parcel pick-up area for possible safer access ramps. After many designs and working with tight space restrictions, we are pleased (this fall) to have completed new ramps with safety railings at both ends of our parcel pick-up area. Last summer we also had some drainage issues in the back parking lot area dealt with. New ditches and underground drain piping has reduced the water issues around the parking lot and any potential water drainage problems in the area of our present daycare location.

Fredericton Co-op continues to work with local suppliers towards our commitment of promoting local products whenever possible. The Environment Committee has also been active in developing a 'buy local' theme at the store with our own symbol promoting local, NB grown products.

### **Member Appreciation Week**

Our biggest event of the year is our annual Member Appreciation Week Sale held in late November. Fredericton Direct Charge Co-op is able to offer the Annual Member Appreciation week sale because of the volume of

sales generated throughout the year due to member's loyalty. From this volume, staff is able to negotiate special pricing from suppliers to be able to offer additional savings to our members.

This year's event was again very successful, with sales of just over 2 million dollars for the week. Members appreciate that ample inventory is kept on hand throughout the week and that most non-food sale items, if required, could be reordered at the sale price if they were sold out. In previous years we have always closed the store the Sunday prior to the event to prepare.

With the help of suppliers, adjusted delivery scheduling and manager's pre-planning, we were able to organize the set-up in such a way to allow us to be open on the Sunday of the event for the first time ever. Sunday was a very busy day and we heard from many members how much they appreciated the Sunday opening. By opening on Sunday, we found that the rest of the week was not as congested as normal, making for a comfortable shopping environment for all.

### **Community Involvement**

Fredericton Direct Charge Co-op continues to play a significant role in your community through our involvement with numerous community events, which helps provide funds for a number of charitable, non-profit organizations.

We continue to support local requests as much as possible. We are proud to be able to provide assistance with requests from the various schools, sport and community related efforts as well as charity causes and non-profit groups.

The Staff fundraising committee, which was initiated and motivated by the staff and supported by our suppliers, has become a focal point of the co-operatives community giving. Again this past year the committee has been busy with applications for assistance. At Christmas time alone, the committee provided for a number of needy families, many of which required aid of \$200. To date over \$150,000 has been given to staff and members in crisis, people in the community, local charities, and community events over the past number of years. You will notice the bi-monthly draws at the store. For the February-March draw, a 32 inch TV will be won by one lucky member. Don't forget to buy your tickets at the service desk or any of the front end check-outs to support this worthwhile endeavor.

Fredericton Co-op once again partnered with two non-profit organizations: Science East and Fredkids, both of which involve and focus on young families. We continue to look at opportunities to grow our membership and bring in young families by involvement with such community-based groups.

Your co-op also continues to offer its post-secondary awards program for students within the membership. Each year academic awards are presented to students in the membership based on financial need, academic achievement and involvement in the community. The scholarship

winners for 2014 were: Brandon Brian, Kaitlan Craig, Sneha Desai and Zachariah Paget.

The Board offers their congratulations to these young people and wishes them continued academic success. The Board would also like to recognize and thank the scholarship committee members- Jim Born, Debbie Daigle and Warren Maddox, who spent many volunteer hours to determine the recipients of our scholarship awards in 2014.

### **Board Activities**

Your Board has attended a number of co-operative meetings, such as Co-op Atlantic's Zone Conference and Co-op Atlantic's Annual General Membership Meeting. One of the Board's responsibilities is to provide input and leadership to Co-op Atlantic which we exercise through these meetings and additional correspondence with Co-op Atlantic on issues that affect not only the future of Fredericton Co-op, but also the co-op system throughout Atlantic Canada. Your Board also had representation at the AGM of the Co-operative Enterprise Council of NB this past year.

We continue to work with a local marketing company, "Enacity" (previously the Belton Group) to provide more social media advertising for Fredericton Direct Charge as a way to communicate and attract families who are more in tune with this type of social interaction. We use this way of communication and advertising to bring more awareness to the quarterly President's letter, special sales events and future open house activities. We continue to promote your co-op with regularly scheduled radio ads,

specifically focusing on the new day care opening the past few months. We have also partnered with the Daily Gleaner for a very feasible advertising package from December to June of 2015 and have found that this avenue of advertising your co-op's weekly flyer, the daycare and our weekly 50/50 winners has been very beneficial.

### **Committee Activities**

The Environment Committee continues to follow through with their "Green Plan" and has been active promoting healthy food choices and supporting the "buy local" program.

The Member Relations Committee focuses its time and efforts on activities relating directly to Membership. This Committee participates in organizing our involvement in the Fredkid Fair, awarding the scholarship winners, promoting the concept of a delivery service, managing the 50/50 draw as well as awarding funds raised by the Co-Op Cash Program from the donation box located at the gas bar. This year this committee also initiated a "Friends of the Co-Op" focus group of approximately 30 members. The information sharing at this focus group was very informative and helpful in determining the needs of the membership. We look forward to having further "Friends of the Co-Op" meetings in the upcoming year.

The Property Development Committee has been gathering information for on-site business opportunities in regards to our unused land. This committee has led the effort in the planning and development of our new daycare opportunity over the past year. This spring we are looking at

clearing some brush and dead trees from a portion of the land located behind the gas bar and daycare to prepare for development of other potential business ventures.

For many years now, we have had a committee of Board and Staff in place at Fredericton Co-op to develop strategies and action plans to ensure the continued success of your co-op.

Board Goals for this year include:

- Communication, engagement and education of members
- Promote Environmental Practices
- Investigate existing property development
- Promote and enhance communication between board & staff
- Marketing within the Community

### **In Closing**

We strongly believe that one of the benefits of being independently owned (by the members) is that Fredericton Co-op's member-elected Board of Directors and our management team are able to respond quickly to make changes that will improve our store in the best interest of our member/owners. The members' pride and loyalty to their store is a result of the fact that they have a say in how it is operated. Our member/owners are the heart of the Co-op in this community and we are appreciative of your loyalty, support and commitment to ensuring Fredericton Direct Charge remains strong.

The Board would like to thank and acknowledge our General Manager, Murray Hatchard, our Management and staff for their commitment to the Board and the membership. Our positive results this year could not have been achieved without their persistence, ability to react to the challenges of the marketplace and their commitment in serving each and every one of us. The Management and staff are to be congratulated for their efforts and results.

I would also like to acknowledge the directors who have been so supportive over the past year and who have volunteered their time to ensure your co-op remains strong. They have spent many hours on your behalf to ensure our Co-op is successful while working closely with Management and staff in support of this organization.

On behalf of the Board of Directors, I want to sincerely thank you, our loyal membership...the families who own Fredericton Co-op. We recognize that without you we would not be entering our 41<sup>st</sup> successful year of operation. Our commitment to you, as member/owners, is that we have many more successful years ahead serving you.

### **Motion**

**I MOVE THAT THE REPORT FROM THE BOARD OF DIRECTORS FOR THE FISCAL YEAR 2013-2014 BE ADOPTED AS PRESENTED**