

## General Manager's Report

### 75<sup>th</sup> Annual Meeting

2019 was another banner year, sales wise, for North of 53 Co-op. For the first time in our history, sales exceeded \$31 million including \$22.6 million in food sales. This was the first full year for our food store.

Sales in food continue to be better than expected and that is a positive sign of acceptance. There will always be negative comments but they seem to be few and far between and, for the most part, similar comments we used to get when we were in the old store.

As we have said before North of 53 Co-op will experience a few lean years as we transition from an old, aging food store to a new modern, food store. 2019 resulted in a local loss of \$1.2 million primarily as a result of high depreciation cost and interest on the outstanding loan needed. On a positive note, depreciation, which exceeded \$1.2 million, does not have an impact on our cash flow which remains strong.

As a result of our local loss and smaller than expected FCL patronage refund we were left with a net savings, after tax, of \$177,473 of which we elected to allocate, once again, to our reserves only.

We did budget to reflect a better local net savings for 2020 which, probably, would have resulted in a return to an allocation to the members but covid-19 hit. This has, so far, resulted in drastically, reduced petroleum sales which results in, drastically, reduced purchases from FCL.

This, coupled with FCL's own, drastically, reduced sales, will result in a projected poor allocation from FCL for 2020. It is what it is, I am afraid.

When we vacated the old store, the Hapnot Street level needed to be made into rental units. As of the end of 2019 and early into 2020, that level has been redeveloped into seven rentable spaces. As of writing we have one area of 6400 square feet (which can be split into 3 smaller units) available to rent.

During 2019, North of 53 Co-op had a full year of propane sales. Although customer numbers were less than projected, they are still strong enough that in 2020, FCL La Ronge Propane, hired a local driver/salesman, developed an office and moved a delivery unit into Flin Flon. Later in 2020, they will be adding a storage tank and setting up a tank exchange program (which will be situated at the new store).

Once again I am proud of our accomplishments. It takes an entire team effort to accomplish all that we have. I have never been more proud of our team as I am right now.

Covid-19 has put an, extreme, scare into everyone but we continue to stay open with, for the most part, our complete team. I know we have staff who are afraid everyday yet they continue to come to work. They are truly local heroes.

I would like to thank our Board of Directors for their leadership and our management and staff for their excellent work and dedication which has helped us be a successful Co-op.

To our membership, thank you for your support. Without you, there would be no success. I do believe we are moving in the right direction and we will, once again, return to member allocations.

North of 53 Co-op is a community leader now and will continue to be so into the future.

Tom Therien, GM