

# That's Our Jam

## 2022 ANNUAL REPORT

**OUTPOST**  
NATURAL FOODS







# President's Report

Ashley Fisher, Board President

Three things are certain in life. The late, great Benjamin Franklin is known for identifying the first two: death and taxes. The third certainty is change. As I look back on 2022 and toward the Outpost Board of Director's work in 2023, change seems to be a constant.

Last spring, two board members left our numbers before their terms ended for career and family purposes. They are Young Kim, whose eight-year tenure included roles such as President and Treasurer, and Keith Howard Streicher, who served for two years. We also said goodbye to David Lee (9 years) and Swati Agterberg (6 years) after the completion of their terms.

Due to the timing of Young's and Keith's departures, the board chose to fill their seats with two past directors whose experience would enhance the board's work until the seats were formally filled in the 2023 election cycle. We are incredibly grateful that Lori Fredrich and Doug Spencer have joined us in this interim.

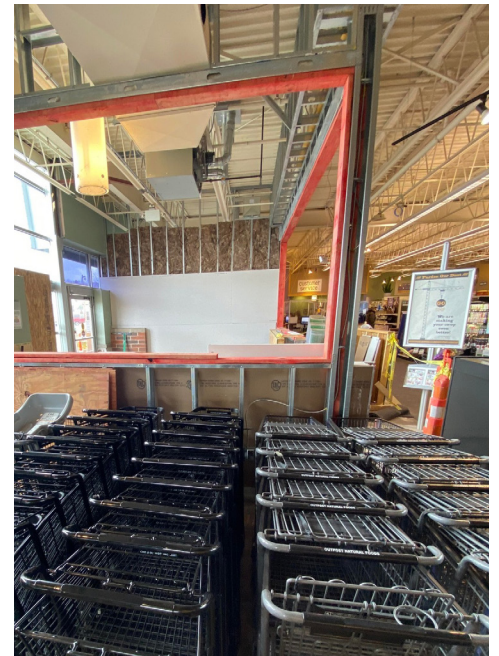
The year 2022 also saw a Fairtrade event at the Bay View location, commemorating Outpost's remodel of the store. It was quite a celebration! Board members were on hand to chat with owners, a number of vendors shared samples, and Fairtrade America representatives joined to celebrate the unveiling of the beautiful mural donated by their company. If you haven't

seen it yet, come by to see local artist Nova Czarnecki's depiction of Ranjana Maurya, a Fairtrade tea farmer in India.

Arguably the largest change taking place at Outpost will occur in early June, when General Manager Pam Mehnert will retire. Last summer, the board began planning for the transition with the guidance of a consultant and a recruitment firm. Both are well-versed in the co-op grocery world. Recruitment is officially open, and a General Manager Search Committee made of board members meets regularly to keep the process moving forward.

Pam's service at Outpost spans nearly her entire career: 42 years with the co-op, 35 of which she led as the General Manager. Perhaps most striking is that she's closing her tenure after successfully guiding the co-op through an unprecedented combination of challenges: supply chain issues, economic turmoil, and a pandemic. Pam's service to Outpost is a true labor of love and it's been a privilege working alongside her.

While change may be inevitable, and can at times feel unwelcome or uncomfortable, it brings with it a sense of possibility and excitement. The board looks to the future with enthusiasm and is committed to hiring a General Manager who will lead with vision and deep commitment to Outpost's values and the owners we serve.



Milwaukee artist, Nova Czarnecki in front of the Fairtrade mural on our Bay View store.





## Fairtrade is our Jam

Everyone's talking about our Bay View store's fabulous new mural! Commissioned by Fairtrade America for its third annual "Choose Fairtrade. Choose the world you want." Fair Trade Month campaign back in October, the striking new mural features real-life organic tea farmer Ranjana Maurya.

Ranjana is a member farmer of Organic India Farmer Producer Company Limited, growing Holy Basil (a.k.a Tulsi) that is used to make the Organic India brand teas sold at Outpost. Ranjana is part of a community that converted their non-organic agricultural practices to organic to increase profits and take better care of their resources.

Capturing Ranjana's spirit was Milwaukee artist Nova Czarnecki. Nova

says she was inspired by Ranjana's story and hopes the mural will stand as an inspiration for everyone who sees her since Ranjana has taken on the roles of wife, mother and leader, and this mural demonstrates just how powerful women can be.

Fairtrade America, the U.S. chapter of Fairtrade International, the world's most recognized label for social justice and sustainability, partnered with Outpost on the mural to honor our shared commitment to better living and trading conditions for farmers globally. The new mural is intended to raise awareness about the positive impact that Fairtrade has worldwide by working to create a world where farmers and their communities thrive, human rights are protected, and the environment is prioritized.



## Spread the Love

Having access to affordable fresh foods is still seen as a luxury for many people where food insecurity is a daily challenge. Even before the pandemic, 1

in 12 households in Wisconsin were food insecure, meaning they couldn't always afford the healthy foods they needed. So, when Outpost was approached by Hunger Task Force late in 2021 to join forces in offering a program for Wisconsin FoodShare recipients to receive fresh produce at a discount, well, we were all in.

Produce to the People was launched in April of 2022. Being the first of its kind for a brick-and-mortar store in SE WI, the program provides a 50% discount to eligible Outpost shoppers for a wide variety of fresh produce items, most of which is organic and/or local. Shoppers simply show their FoodShare Quest EBT card to their cashier at the beginning of the check-out process to receive the discount.

Funded by a USDA GusNIP (Nutrition Incentive Program) grant, Produce to the People has provided FoodShare shoppers with more than \$170,000 in fresh produce savings since its onset. Outpost is reimbursed for the amount by Hunger Task Force which administers the grant.

FoodShare helps people with low incomes purchase the fresh and healthy food that they desire. Giving greater purchasing power to FoodShare shoppers through Produce to the People may also help ease reliance on already overburdened food pantries and other resources for emergency food. "We're grateful to Outpost for helping us make healthy foods accessible and affordable during these difficult times," says Hunger Task Force Executive Director, Sherrie Tussler.

We're happy to help spread the love!



More info at:



*If you or someone you know needs emergency food, please dial 2-1-1. To call using a cell phone or pay phone, dial 414-773-0211 or toll free 1-866-211-3380. An operator will help you locate the closest emergency food pantry and/or meal program in your area.*



# General Manager's Report

Pam Mehnert, General Manager

*(final!)*

As you can imagine, as someone that has spent decades of her life here at Outpost, closing out my last full fiscal year has been both cathartic and bittersweet. While I continue to weigh my thoughts and opinions about different topics, I've been more prone to speaking my mind and my truth over this past year. I decided to take this opportunity in my final annual report, to pass along those thoughts about this past fiscal year.

No one having lived through the Pandemic, or suffered personal loss during that time, can say things haven't changed. I can feel the change each day and I imagine you may too. Our time spent away from each other, some in isolation, changed us. Social circumstances and beliefs related to masks, vaccines, ethnicity, and inclusion changed us. What is a lie, what is truth – trying to sort out what we heard or what we read has changed us. We are all slightly different people because of these specific sets of circumstances. Some of us have changed for the better, some well, not so much better.

What we lost during that time weighs heavy on me today. Our sense of community, care for humanity, compassion and kindness were all tested over the past three years. Today we face a crisis, the scale of which I've never seen in my 42 years here at Outpost.

Our climate is warming, much more quickly than when we were concerned about it back in the 1980's, or even 15 years after we learned of "An Inconvenient Truth." Our warming climate is impacting weather, making it much more extreme much more often, which is impacting crop production. Crop production impact affects price. Climate change has also impacted the ecology of avian influenza viruses and bird migration. You knew I would get to egg prices, right? And all eyes are on the price of eggs rather than where it should be, squarely on why prices have increased. Factory farming, reliance on a large distribution system, and the avian flu spread more rapidly because of the change in climate.

The other large impacts of 2022, due in part to changes that occurred during the pandemic, are our systems of product distribution and labor. This annual report doesn't allow all the room I need to cover the depth of those two topics (for more information, see references by scanning the QR code at the



bottom of the page). Our food supply for better or worse depends on a global supply system. Even products produced in our country rely on ingredients from abroad, and when they are not available or become scarce, that too forces up the price. Like the egg situation, all eyes are on the retailers demanding what can be done about price, versus the root of the issue which are the disruptions in distribution systems and sources of supply.

Finally, we have the crisis of labor. Some claim this has been coming for years and we've been blind to the possibility. According to the US Chamber of Commerce, if every unemployed person in the country found a job today, we would still have 4 million open jobs to fill. Years ago, we assumed better wages and the fight for \$15 would be a no brainer to avert any potential crisis. While we too have increased wages, it's still not enough to fill our own open positions, and we now need to examine our labor-intensive services (mostly fresh foods) to find solutions that work for our operations and our owners and shoppers.

We pooled our resources to start our co-op back in 1970. Now, 53 years later, I envision a resurgence of cooperation for the future of Outpost and our planet. I'm calling on the leadership of the co-op to step up and resolve to invest in additional environmental solutions, engage our community to purchase more local food, and live up to the recognition received this year as a Great Place To Work, inspiring a vibrant collective labor pool from all corners of our community.

Thank you all for allowing me to serve you over these past 42 years. It's been the honor of a lifetime for me!

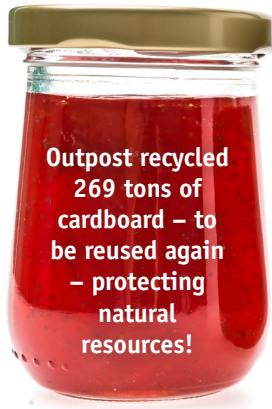


*Scan this code to read more about the important issues facing our co-op that are referenced in this article.*

Or visit:  
[www.outpost.coop/annualreport](http://www.outpost.coop/annualreport)



# WE CAN REPORT ON SOME FABULOUS WINS FOR THE YEAR!



## Preserving Our Environment

At Outpost we believe that climate change is real and the greatest threat to our existence is the growing amount of human generated greenhouse gas (GHG) emissions like carbon dioxide and methane released into Earth's atmosphere. Trapped GHG is responsible for the planet's warming. We believe climate changes will drastically affect our food systems. To offset our impact, we run our co-op as efficiently and effectively as we can to mitigate our climate footprint and preserve our world for future generations.

A specific formula is used to determine our annual GHG emissions, measuring everything from how much electricity we use to keep the lights on and natural gas we

burn making food, to how many tons of waste is diverted from the landfill to how many gallons of gas Outpost trucks use, to energy offsets that we purchase. We have slowly been decreasing our overall impact, taking us closer to a net zero future, where for every molecule of GHG we put into the environment, one is removed.

The GOOD NEWS: Our score has gradually been decreasing since we started measuring in 2012! However, last year we saw a slight uptick in our score. Not the direction we want to be going. Many factors can affect the score. For instance, climate related weather events. As our summers and winters get warmer,

there may be less demand for heat energy but greater demand for cooling energy. It's a balancing act.

Look for the complete Sustainability Report (Fiscal Year 2022) in April, just in time for Earth Day!  
Or visit: [www.outpost.coop/sustainability\\_report](http://www.outpost.coop/sustainability_report)



### MILWAUKEE'S BEST ORGANIC GROCERY IN 2022!

Outpost was named the Best Organic Grocery in Milwaukee in the 2022 Shepherd Express Best of Milwaukee Awards. Here's what they had to say about us:

*"Outpost was among the organic food pioneers in Milwaukee and growing numbers of Milwaukeeans have come to trust the co-op's four locations as a primary source for groceries. Like the other Outposts, the Bay View location offers produce, dairy, wine, beer, spirits, meat and supplements along with many gluten-free and vegan products. Outpost also sells sandwiches, sushi and other ready-to-heat-or-eat items." - David Lührssen*

*Don't Be Jelly*

### DID YOU KNOW OUTPOST IS CERTIFIED AS A GREAT PLACE TO WORK?

The prestigious award is based entirely on what current employees say about their experience working at Outpost. This year, 75% of Outpost employees said it's a great place to work – 18 points higher than the average U.S. company.

"Great Place to Work Certification™ isn't something that comes easily – it takes ongoing dedication to the employee experience," said Sarah Lewis-Kulin, vice president of global recognition at Great Place to Work. "It's the only official recognition determined by employees' real-time reports of their company culture. Earning this designation means that Outpost Natural Foods is one of the best companies to work for in the country."







Board members, counter clockwise: Barbara Merritt, Melissa Drews, Lori Fredrich, Rick Banks (Board Treasurer), Ashley Fisher (Board President), Michelle Prosek (Board Vice President), Eno Meier, Doug Spencer, and Jenny Keefe (Board Secretary).



# By The Numbers:

## A Report From Your Board of Directors

The board engaged the accounting firm of Wegner CPA to conduct an independent report on our financial statements, balance sheet, and related statements of income, equity and cash flows for the year. We are happy to report that Wegner gave Outpost a clean opinion on their audit.

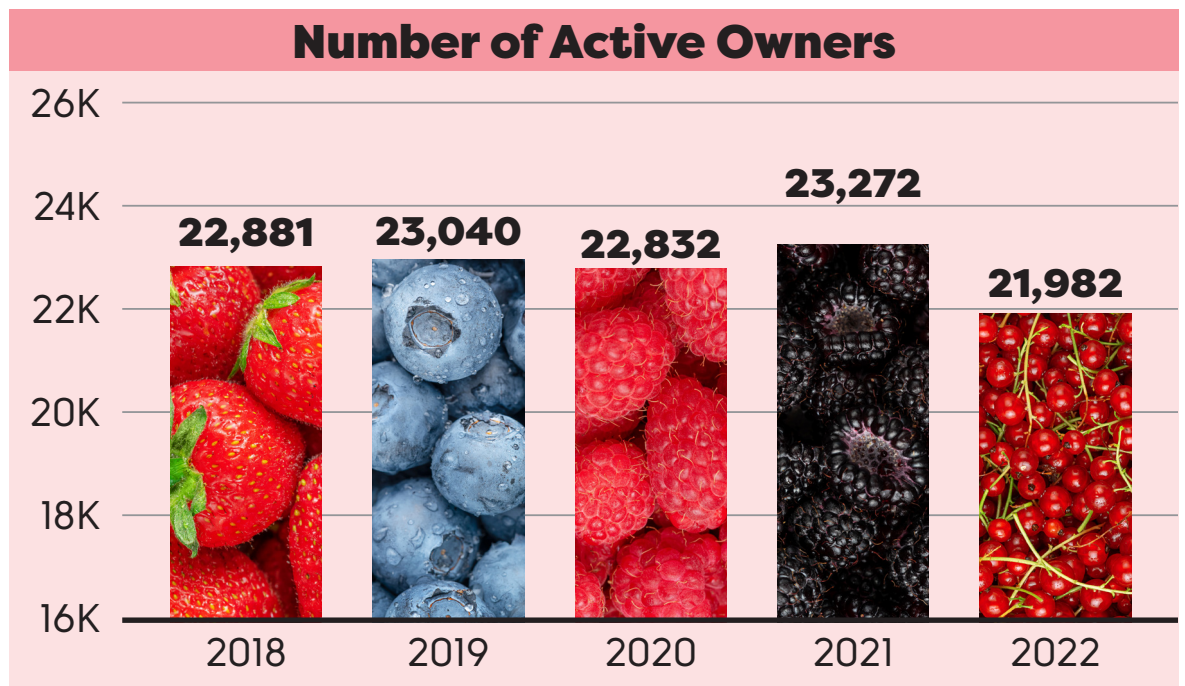
Over the past year the co-op was presented with many ongoing challenges. Issues such as supply chain scarcities, inflation, wholesale price increases, and labor market shortages all impacted Outpost's overall operational results.

Yet, there were some positive outcomes for the year. The small loss on operations (-0.6%) did not negatively impact cash as depreciation costs were higher than the overall loss on operations. We added to the value of current assets in property and equipment with the remodel

and expansion of our Bay View store. Current liabilities were down from last year and we leveraged our debt-to-equity ratio by borrowing money to cover the costs of the remodel. Debt as a percent of assets also remains well below benchmarks that are standard for our industry.

While it appears that the number of active owners is declining, one may recall that we changed our payment structure for equity in 2022. We believe this will level out by late summer when many owners making those payments will become full share owners. As always, Outpost continues to engage in efforts to grow our ownership.

The board is optimistic that we can continue to face any challenges ahead with the same positive outlook that got us to this place in time in our history.





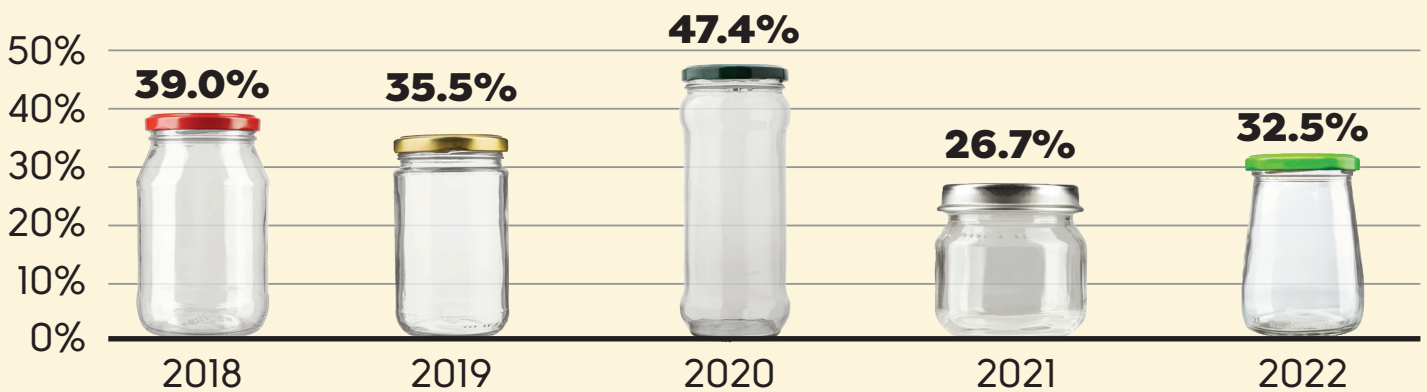
## Sales (in Millions)



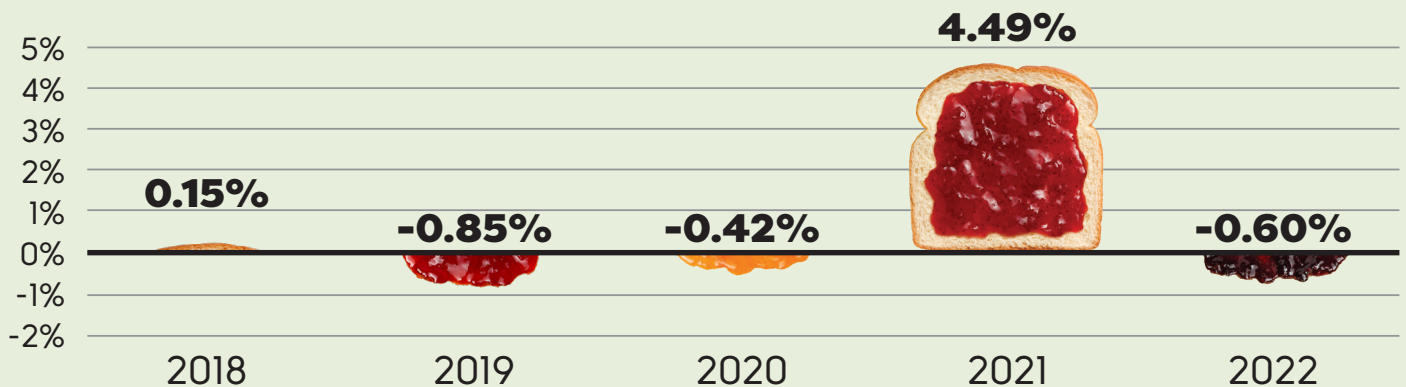
## Debt to Equity Ratio



## Debt as % of Assets



## Profits as a % of Sales







# The Fruits of our Labor

THE EXPANSION & REMODEL OF OUR BAY VIEW STORE IS DONE!

When we opened our Bay View location in 2005, the neighborhood was just starting to take off as Milwaukee's "new eastside" – a close-to-the-lake community undergoing a rejuvenation. Storefronts along Kinnickinnic Avenue were opening back up with new, dynamic small businesses, shops, and restaurants. Our co-op became one of those when we leased and updated a long-closed grocery spot. We built a just-big-enough store to serve the community at that time.

Hard to believe 17 years has passed! The remodel we did in 2013 was no longer enough to sustain the facility needs of our highest volume location — something we didn't anticipate when we first moved into Bay View. So, in early 2022, we launched a \$2.5 million plan to remake the store. By taking over the former credit union location area, moving some offices and taking up some backroom space, we were able to add 4,000 square feet to the store's retail footprint in addition to back of the house areas where we expanded the café kitchen and cooler, and remodeled and updated the central production kitchen and an employee breakroom area.

## LOOK WHAT ELSE WE ACCOMPLISHED!

- Improved shopping flow for the entrance and exit, and throughout the store
- Greater shelf space for items like plant-based foods, frozen, cheese, produce, meat & seafood, personal care and more
- Increased our café seating to accommodate more in-house dining
- Added an additional checkout lane by adding 3 self-checkout lanes
- Updated our curbside work and order holding area
- Relocated our community room to open directly into the store for easier access to events
- Added upgrades to our central production kitchen including remodeling employee areas
- Replace outdated and poorly functioning equipment
- Added a bright, vivid design package that includes fresh juicy colors, custom wallcoverings and murals, new flooring, designer tile and more

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## BUT WAIT, THERE'S STILL MORE!

We also included a roster of eco-friendly features like –

- Polished concrete flooring
- Low VOC paints and finishes
- New energy efficient coolers using low energy LED lighting
- Energy-efficient upgrades to HVAC
- Reusing door frames, ceiling tiles, and doors
- Eco-friendly refrigerants

And we did all of this while keeping the store open every day! A BIG thank you to all of the co-op owners and shoppers who cheerfully navigated the construction zone, despite product locations changing daily. And a shout out to our hard-working staff and contractors who put in hundreds of hours reinvigorating and remaking our Bay View location. After all, it takes a community to build a co-op.



## CO-OP FUN FACT:

The Bay View remodel and expansion is 100% funded by local investments from preferred owner stock options, as well as bank loans through Waterstone Bank of Wauwatosa.



## Balance Sheets

Years ending September 24, 2022  
and September 25, 2021

	2022		2021	
<i>ASSETS</i>				
Current Assets	\$3,827,740	26.5%	\$4,909,204	36.7%
Property & Equipment	\$9,447,951	65.5%	\$7,465,490	55.8%
Other Assets	\$1,141,452	7.9%	\$1,003,798	7.5%
<b>TOTAL ASSETS</b>	<b>\$14,417,143</b>	<b>100%</b>	<b>\$13,378,492</b>	<b>100%</b>
<i>LIABILITIES</i>				
Current Liabilities	\$3,324,737	23.1%	\$3,572,809	26.7%
Long-Term Liabilities	\$1,357,818	9.4%	\$0	0%
<b>TOTAL LIABILITIES</b>	<b>\$4,682,555</b>	<b>32.5%</b>	<b>\$3,572,809</b>	<b>26.7%</b>
<b>TOTAL EQUITY</b>	<b>\$9,734,589</b>	<b>67.5%</b>	<b>\$9,805,683</b>	<b>73.3%</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$14,417,144</b>	<b>100%</b>	<b>\$13,378,492</b>	<b>100%</b>

## Statement of Income

Years ending September 24, 2022  
and September 25, 2021

	2022		2021	
<b>SALES</b>	<b>\$45,588,823</b>	<b>100%</b>	<b>\$45,789,002</b>	<b>100%</b>
Cost of Goods Sold & Operating Expenses	\$32,177,863	70.6%	\$31,818,670	69.5%
Total Personnel Costs	\$12,221,253	26.8%	\$12,606,726	27.5%
Selling & Administrative Expenses	\$1,131,075	2.5%	\$1,070,023	2.3%
Net Operating Income	\$58,632	0.1%	\$293,583	0.6%
Net Other Income (Expense)	(\$336,246)	-0.7%	\$1,698,862	3.7%
Net Income (Loss) Before Income Taxes	(\$277,614)	-0.6%	\$1,992,445	4.4%
Provision for Income Taxes	\$3,000	0.0%	\$66,000	0.1%
<b>NET INCOME (LOSS)</b>	<b>(\$274,614)</b>	<b>-0.6%</b>	<b>\$2,058,445</b>	<b>4.5%</b>





## A Toast to Local *Olden Organics*

### CO-OP FUN FACTS:

- 33% of all sales at Outpost are local
- 29% of our prepared foods and bakery ingredients were sourced locally
- 76% of all local/regional products come from Wisconsin
- 81% of local/regional vendors come from within 100 miles of Outpost
- We buy from 245 local/regional vendors

Husband and wife team, Richard and Tracy Vinz, had been in the farming business for about 15 years when they decided to do something a little different about five years ago. They hopped on the “spiralizing” trend with their organic veggies. You remember spiralizing right? That’s when you transform a vegetable like a zucchini into delicate ribbons to use in recipes. Even with the addition of an industrial spiralizer it’s still a pretty “hands on” affair where everything has to be peeled and prepped for the “machine” so it’s a busy operation on their Ripon, Wisconsin farm.

Recently, Olden has gotten some much needed help by utilizing the U.S. Citizenship and Immigration Services H-1B Visa program that helps their Mexican workers legally work on the farm for extended periods of time. This program also allows their workers to travel back and forth to Mexico for extended periods of time to see

their families with the full knowledge that they have a steady, stable and legal job waiting for them when they get back to Wisconsin.

And Olden needs all the help they can get since this small organic farm has expanded production from spiralizing zucchinis, squash and beets to providing fresh cut, organic veggies to Outpost’s central kitchen in order to reallocate labor and allow our kitchen staff to focus more on production of our amazing prepared meals, Grab & Go items and hot soups. Olden makes two trips a week to keep us stocked with the prepped veggies we need to succeed. It’s a win-win for everyone.

And, just because we’d be remiss not mentioning this, have you tried Olden’s marvelous organic guacamole? It’s simply some of the best guacamole we’ve ever tasted. Try it and see for yourself!



# A NEW JAM

## OWNERSHIP PAYMENT CHANGE

In spring 2021, a review committee was formed to discuss and analyze the outdated annual ownership payment system that the co-op had been using for the past 33 years. Aside from the old payment system relying heavily on the use of paper, postage and fuel for mail delivery, it was also proving to be unsustainable for the co-op. After much discussion and research, it was recommended that a monthly payment plan that features smaller equity payments and eliminates the annual \$5 administrative fee would be beneficial to Outpost owners and the co-op. Outpost

management presented the planned changes for the new ownership payment system to the co-op's Board of Directors and they approved it for implementation.

Outpost's new monthly payment plan was implemented on December 1, 2021 for new owners and beginning February 1, 2022, current owners were enrolled in the payment plan on a monthly basis as their ownerships came up for renewal.

While we knew Fiscal Year 2022 would be a year of transition for ownership equity payments as we gradually switched all co-



op owners over to our new system, we were pleasantly surprised to see that the amount of new owners joining Outpost at the \$200 full fair share level increased by 71% compared to the previous fiscal year! As a result of our new payment system, we're excited to watch ownership equity grow at our co-op as we proceed into the new fiscal year.

save the date  
for our  
*Jam-Packed  
Birthday  
Sampler*

SAT.  
APRIL  
15

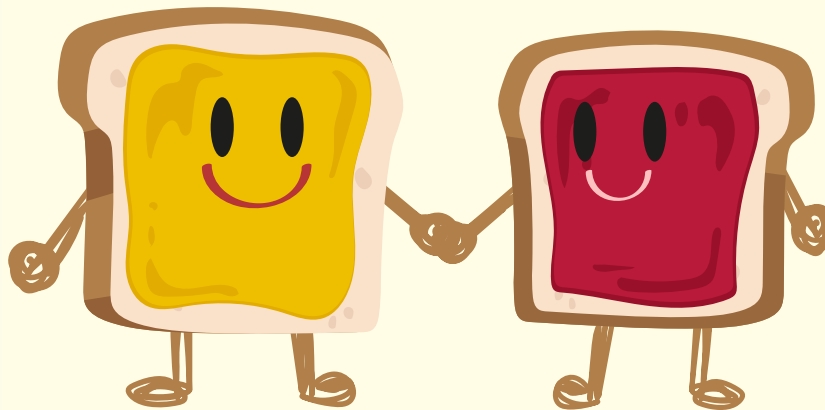


## Congrats & Good-bye



Colleen Brennan

After 21 years of work in the pricing department at Outpost, Colleen retired in December as our long-tenured pricing manager. During her time with us, Colleen worked on two different pricing and point of sale systems, processed thousands upon thousands of invoices for price changes, and added thousands of products into our system. She was reliable as one of the behind-the-scenes managers who helped our stores make critical changes while on her day off. Her knowledge of the job and systems created helped us grow into our multi-store locations. We will miss her wit and wisdom, and we wish her all the best in her retirement.



John Foley

- John likes to tell the story of his first day of work, when he knocked on the front door—prior to the store opening – and I (the general manager) told him to come back when we opened at 8 am.
- John began his career with Outpost in the accounting department as a bookkeeper in 1992, took over as financial manager in 1998, and became our director of finance in 2003. That tenure means he was with Outpost during all our store expansions, additional locations, and financial growth.
- John's wife took a job in Minnesota in

2005 and he left us for six months, until I (the general manager) begged him to return. He then worked remotely for 17 years, visiting the office for a week at a time, once a month, to check in with his team and our other managers. John retired in September 2022 at the end of our fiscal year and is currently doing financial planning and consulting with other co-ops, specifically the National Co-op Grocers and Columinate Consulting Co-op. We greatly appreciate his 30+ years of service with the co-op and wish him nothing but sunny golfing days in his retirement.



# CANNED

(a list of all the things we left behind)

## RENEWABLE ENERGY CREDITS

We retired 3,430 credits last year which means 100% of our energy was offset by renewable energy resources.

## LANDFILL DIVERSION

Outpost diverted 73% of our total waste from the landfill into recyclable or compostable resources.

## HOT BARS

At the onset of the pandemic, we were forced to close our hot bar services. We were able to continue offering hot foods by introducing wrapped, self-serve items.

Today we serve more hot breakfast sandwiches and burritos as grab-and-go, and when combined with our "We Made You Dinner" program, are selling more hot or ready-to-heat foods today than when we had our hot bars operational. Hot made-to-order breakfast and lunch items are also available at our Bay View café.

## MASK REQUIREMENTS

Outpost remains a mask-friendly, mask-optional shopping environment.

## LOCAL VENDORS

We had a net change of -15 local and regional vendors last year as some of them sold their business or decided to retire.

## PERSONAL CHECKS

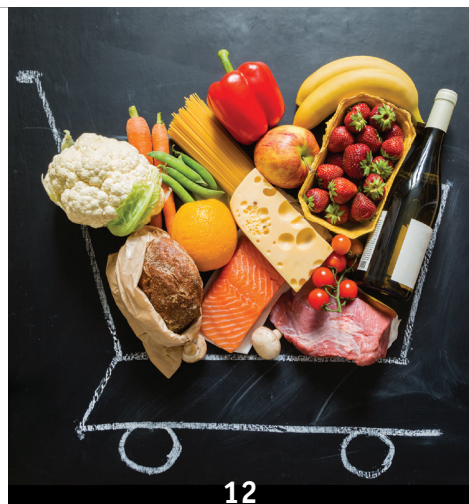
With a very low volume and high cost per transaction, we stopped accepting check payments.

[www.outpost.coop/webstore](http://www.outpost.coop/webstore)

## Just Click & Collect

Shop our webstore and pick up curbside.

It's so easy!



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