



MOON Cooperative
Services, Inc.

Annual Report

Fiscal Year July 2004-June 2005

From the Board

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What started as a small group of citizens concerned with where their food comes from and how it is produced, has grown to an organization of more than 110 concerned community members---that's the success story of the MOON Food Cooperative in 2004/2005. The power of an idea to make the world a better place combined with intense determination and a cooperative spirit is pulling us closer to realizing our goal of opening a cooperative natural foods retail store in Oxford. We envision a more sustainable community food system that gives our citizens the opportunity to make daily choices that reflect concern for the environment, the health of their families, the diversity of our community and our global responsibilities. The idea has such a forceful energy in these days of too many disasters that are far beyond our level of comprehension and control. Together we can build the kind of community here and now, that can help make the world a better place.

Who's on Board.....

Harv Roehling

Current President of the Board, Harv is the owner/operator of Locust Run Farm, a certified organic vegetable farm. He worked previously for, and is retired from, the Cincinnati Public School system where he taught mathematics and physics. He served as President of the Ohio Ecological Food and Farming Association (OEFFA) for four years and has been instrumental in educating the Oxford community about ecological agricultural practices and lifestyle choices through his work with the Miami/Oxford Organic Network and the local chapter of OEFFA.

Susan Callan

Current Vice-President of the Board, Susan is a licensed clinical social worker who has operated a successful counseling practice for 13 years. Susan is a member of OEFFA, OCA (Organic Consumers Association) and is also active in many other local organizations. Most recently, she was instrumental in the restructuring of the Oxford Uptown Farmer's Market where she served as a volunteer Market Manager. Always an avid promoter and supporter, she still fondly recalls her participation in the first Earth Day Celebration in April 1970.

Amy Pace

Current Treasurer of the Board, Amy is a home educator teaching her two children. She also teaches art and drama at the Oxford Homeschool Cooperative and the public library. She received her Master of Arts Degree in 1989 and taught in the public school system for three years before starting her own interior arts business. In addition, she has co-owned several other businesses, including a restaurant. She organized and operated a buying club out of her home for 10 years before merging it with MOON in 2001.

Debra Peter

Current Secretary of the Board, Debra is owner/operator of Ironweed Farm, a certified organic produce and flower market garden. She has a BS degree in Home Economics from the Ohio State University and has held numerous positions in retailing and food service in the past. She also served on the Board of Directors of the Marshfield Food Cooperative in Marshfield, WI, is a member of OEFFA and currently functions as the Buying Club Coordinator for MOON.

Linda Simmons

Linda owned and operated a successful business in Oxford for 11 years and recently retired from a position at Miami University. She just received her BS in Sociology from Miami in December 2004. Linda is committed to a healthy lifestyle and the vision of a cooperative market in Oxford that promotes local organic food, consumer education and a strong sense of community. Her quiet determination and focus help keep MOON on the path of progress.

Steve Dana

President of the Oxford Farmers Market Uptown Governing Council, Steve is grateful for the opportunity to assist in connecting area farmers to customers through his association with the Uptown Market and membership on the Board of MOON. As Land Use Specialist for the League of Women Voters of Ohio, he reviews legislation and drafts testimony regarding pending legislation in the General Assembly. He was instrumental in persuading the League of Women Voters of Ohio to support the formation of Greater Ohio, the statewide organization that seeks to preserve the state's farmland and foster the revitalization of its cities. Steve is a member and supporter of the Three Valley Conservation Trust.

Rick Momeyer

A new MOON Board member and a Professor of Philosophy at Miami, Rick has a long history of participation in struggles for social justice, including the civil rights and anti-war movements of the 1960's and a concerted effort to unionize the faculty at Miami University in the 1980's. He has also been involved in numerous efforts at community improvement in Oxford, including the first Oxford Tenants Union, Food Co-op, and Square Mile Association. In season, Rick eagerly gets up early Saturday mornings to shop the Uptown Organic Farmer's Market; out of season he is not so eager to get up early Saturday morning and laments the absence of readily available, fresh, healthy produce that will only become available again when MOON is fully operational.

Bernadette Unger

Bernadette has been a city planner for over 20 years specializing in the issues impacting small towns on the rural fringe such as groundwater protection and watershed preservation. She has worked in all aspects of Community Development and from 2001-2003 was Planning Director of Oxford. Bernadette is a Registered Yoga Teacher, a Planning Consultant, and volunteers with Oxford League of Woman Voters, Art All Over, and is President of the Springwood Property Owners Association. The peacock feathers on her mantle were purchased at the Oxford Farmers Market in 1978 (and they have been dusted a few times since then.) Bernadette and her husband Jim Rubenstein have been members of MOON since 2004.

Sharmila Pradhan

Sharmila was born and educated in India and lived in Calcutta, Delhi, Bangalore and Bombay. After getting a Bachelor's degree in Life Sciences, she worked with the Bombay Natural History Society and the Confederation of Indian Industry. She moved to the US to study for a master's degree in Environmental Science from the Institute of Environmental Science (Miami University).and graduated in 2002 with a concentration in Biological Conservation. She has been working for Miami as an Environmental Specialist since 2001 assisting the university's academic and physical facilities departments in compliance with environmental regulations, primarily EPA rules. Sharmila calls herself an environmental professional who loves and respects Nature. She also enjoys food, cooking, reading and travel.

Joanne McQueen and Charlie Stevens were original members of the Interim Board of Directors and have moved on to new adventures. We thank them for their time and expertise in getting MOON off the ground.

History

Miami/Oxford Organic Network Food Cooperative has its historical roots with a small group of farmers and consumers who met in the Fall of 1999. Then known as the Oxford Organic Network, monthly meetings at the Lane Public Library provided a place to connect and share information. Topics such as the Organic Principles, Community gardens, Beneficial Insects, and Fall Planting and cover Crops are just a few examples of featured presentations. These meetings continue today, now known as an area OEFFA Chapter (Ohio Ecological Food and Farming Association) sponsored by MOON. Meetings are at 7PM on the fourth Monday of the month, at the Lane Public Library Avis Cullen Room. Everyone is welcome.

In the spring of 2001, an offshoot group developed to discuss local food issues. Those around that circle expressed a desire to see an alternative grocery store in Oxford, one that would carry locally grown organic produce and other farm products. Such a store could support local farmers who were trying to practice principles of sustainable agriculture without the use of toxic chemical pesticides. The store could shorten the distance between field and plate and could be a place without GMO's. It could be all these things and so much more.....

This ad hoc group met monthly. All the volunteer members were new to this major endeavor of opening a retail cooperatively owned grocery store. Networking began with other food coops. Resources were found to describe the basic principles of a cooperative. As time passed, it was very evident that a grocery store of this kind would require a good deal of fundamental knowledge about food cooperatives, grocery stores, retail business practices, financial spread sheets, etc. A large part of the early work was about building this foundation of knowledge.

And there was the issue of "Would there be enough people interested in such a store to support its operation?" Debbie Rausch, a business program specialist in cooperative development with the USDA department of rural development, offered to help the group develop a survey. The resulting document was sent to 99 tax paying households in the Talawanda School district. The response rate was so low, in part because the survey was sent shortly after 9/11, that the results were considered statistically insignificant.

But the group persevered. Efforts were directed toward organizing a once-a-month natural food buyers club to help gauge the amount of interest in natural foods and also to begin making connections with the suppliers

that would be filling the shelves of our future storefront. By June of 2002, an official steering committee was formed, the name Miami/Oxford Organic Network (MOON) was chosen and we had crafted our mission statement.

In the summer of 2002, MOON met its mission by welcoming area organic farmers to the food buyers club delivery day. Local fresh produce and other farm products became available to MOON members at the delivery. By November, MOON members had access to fresh, locally raised organic turkey and chicken.

That same fall, Miami students in Michael Broida's Small Business Institute class, worked with a MOON subcommittee to do a market study. They surveyed 700 faculty, staff and students regarding their interest in a cooperatively owned natural foods store---the response rate was good and the results were even better. Some respondents were even interested in volunteering time and money to our cause!

That winter, five committee members braved snow and ice to visit Bloomingfoods, a food cooperative in Bloomington, IN that operates 2 retail stores, an uptown coffee bar and an upscale cafeteria. Between touring the facilities and talking with General Manager George Huntington, inspiration for such a store in Oxford blossomed. The steering committee began meeting twice monthly.

In March of 2003, MOON members Harv Roehling, Derric Pennington and Susan Callan presented a workshop at the annual OEFFA conference entitled "Cultivating a Local Food Economy: A Work in Progress" detailing our progress and the process of starting up a cooperative. That spring, MOON co-sponsored with MU's Institute of Environmental Sciences, a presentation by Fred Kirschenmann, director of the Leopold Center for Sustainable Agriculture. We also sponsored a table at Oxford's Earth Day Celebration that year and held our first membership potluck and dance. Our steering committee received endorsement from the membership to become the Interim Board of Directors as we worked diligently to develop our Proposed Bylaws. Board members were Susan Callan, Joanne McQueen, Amy Pace, Debra Peter, Harv Roehling, Linda Simmons, and Charlie Stevens.

Overview of 2004/2005

Incorporation

Our biggest milestone in 2004 was our incorporation as MOON Cooperative Services, Inc. on May 11. Carolyn Eselgroth, an attorney out of Columbus, OH who specializes in cooperative law, assisted us in drafting our articles of incorporation, submitting them to the state of Ohio and registering our cooperative in Indiana. Being registered in Indiana allows Indiana residents to become members of our cooperative.

Membership

Our primary focus then became recruiting members. Over the course of the rest of the year, we sent out over 500 member solicitation letters and brochures, distributed an additional 500 brochures around Oxford, and ended the year 2004 with 83 members and 98 certificates sold. As stated earlier, the count on June 30, 2005 was 110. The volume of member additions has increased over the months as new members recruit new members. Our eyes have been opened to the exponential potential of members recruiting members. The National Cooperative Bank that we are working with for our start-up loan, will require us to meet a certain membership level depending on the size of our store and the amount of money we hope to borrow from them.

Fundraising

The National Cooperative Bank will also require a substantial member equity investment in our Cooperative. The Co-op sponsored several events to promote awareness about our group and raise funds. Chef Sarla Waikar

generously donated her time and talent to prepare two delicious fundraising dinners. MOON Board members prepared their favorite chili soups for an event in October. A Souper Supper was held in January and Chef Ginni Thiell prepared a feast of local and organic foods in June. The turn-out for these dinners was more than encouraging---it confirms our belief that we are heading in the right direction.

Another way the cooperative has raised cash was through the Member Loan Program. Financial institutions require member investment in the cooperative and that investment accomplishes more than just satisfying the bank. Our cooperative is a member-owned and operated non-profit business. Member investment in the cooperative keeps control where it belongs---in the hands of the members. Historically, cooperatives have been undercapitalized and consequently unable to adequately fulfill member needs. Additional capital, in the form of member loans allows the Co-op to provide the goods and services needed by the members. In addition, the interest savings from member loans, compared to higher bank interest rates, can be a significant boost to the cooperative's bottom line. MOON developed and implemented the Member Loan Drive with the assistance of cooperative securities attorney, Laddie Lushin, our cooperative consultant, Bill Gessner, and the graphic design talent of member Donna Barnet. Our campaign raised \$40,000 in member loan commitments in one month. The Member Loan Committee will maintain an ongoing program and is considering another campaign that will contact all subsequent new members to raise more working capital and create more member investment in our Co-op.

The Ohio Cooperative Development Center (OCDC) has awarded MOON two matching grants of \$5000 each for start-up expenses. These grants have been vital to our continuing progress. Most of our attorney and consultant fees have been covered by these grants as were much of our printing expenses. The grants have been a hand-up when we needed it most. In our recognition of the value of public funds, we sponsored the attendance of one of our members, Sharmila Pradhan, to attend a grant writing workshop. She is committed to research and apply for funds for the Co-op as they become available. Several other members have generously donated their time and talent to assist MOON with this very important task.

Speaking of a hand-up---over the years, we have received outright DONATIONS of up to \$1000 from people (some not even members!) who understand the importance of what we are trying to accomplish. We are profoundly thankful for these expressions of solidarity.

The Board of Directors has made a pledge to preserve the member certificate funds in a separate bank account. All of our start-up expenses to date have been paid for with grants, donations, our fund raising dinner proceeds, Board member loans and Buyers Club transfers.

Finances

To be very specific, here is the financial report of MOON for 2004/2005 (updated 10/10/05):

MOON Cooperative Services, Inc. 7/1/2004 Checkbook Balance \$ 0.00

MOON Cooperative Services, Inc. INFLOWS

Buyer Club Transfer	\$ 7,846.21
Fund Raisers	\$ 2,614.80
Donations	\$ 1,165.21
Grant	\$ 4,996.15
Member Loan	\$ 3,897.99

Total income	\$ 20,520.36
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MOON Cooperative Services, Inc. OUTFLOWS

Attorney Fees	\$ 5,705.00
Building Selection	\$ 420.72
BC Printing Brochure	\$ 9.00
Consulting	\$ 1,644.25
Equipment	\$ 233.20
Market Analysis	\$ 7,503.09
Member Loan Program	\$ 138.83
Membership	\$ 850.82
Newsletter	\$ 112.05
Office Supplies	\$ 94.72
Organizational Memberships	\$ 998.00
Outreach	\$ 12.00
Tax Filing	\$ 325.00
Training	\$ 199.00
Website	\$ 166.80
 Total Expenses	 \$ 18,412.48

Overall Year Total \$ 2,107.88

Ending Balance MOON Cooperative Services, Inc. 6/30/05 Checking Account \$ 2,107.88

The MOON Buyer's Club maintains separate bookkeeping:

MOON Buyers Club 7/1/2004 Checkbook Balance \$ 3,904.65

MOON Buyer's Club INFLOWS:

Payments for monthly orders	\$35,394.79
 Total Income	 \$35,394.79

MOON Buyer's Club OUTFLOWS:

UNE orders	\$30,362.24
Transfers to MOON (above)	\$ 6,846.21
Rent	\$ 900.00
 Total expenses	 \$ 38,108.45

MOON Buyer's Club Overall Year Total \$ -2,713.66

Ending Balance MOON Buyers Club 6/30/05 Checking Account	\$1,190.99
Membership Certificate Savings Account	\$18,645.32
Member Loan Savings Account	\$ 5,100.61

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Total MOON Accounts \$ 27,044.80

Public Relations

The Co-op has utilized many avenues to create public awareness.

Our website was launched in April of 2004. Member Jayne Stasser generously donated her time and expertise to assist the Board in designing and launching www.mooncoop.com. The site includes our newsletter, a calendar, resources, our history, membership information, Board meeting minutes, and just about anything that you might want to know about MOON.

Member Susan Flowers volunteered to be the Editor of our newsletter, "Grassroots". Our first issue was published, mailed and posted on our website in October 2004, subsequent issues were published in January 2005 and June 2005. Our thanks to Susan and the other members who helped launch this newsletter. The current focus of the newsletter is education and MOON updates. Once the store is open the newsletter will have store ads and expand as needed.

We participated in several Oxford events in the past year. MOON was there at Green Tea Day and Earth Day Celebrations in collaboration with MOON Ed/OEFFA, handing out brochures and answering questions. The Co-op is fundamentally connected to its roots---that is the Miami/Oxford Organic Network Education/Ohio Ecological Food and Farming Association. We participated in the MOON Ed/OEFFA Fall Foods Fair in September with information about our organization. The Uptown Farmer's Market has been a great place to promote MOON. Our community wants to buy local produce---year-round. If there's a market, producers will grow it, and we gain the opportunity to use our food dollars to help create a more secure local food system.

The Co-op ran membership ads in the Hamilton Journal, the Oxford Press, and the Brookville and Liberty papers in 2004. MOON was featured in an article in the Oxford Press on October 15 and also in the Miami Student Newspaper in October. Our dinner announcements were broadcast on WMUB and submitted to local community calendar listings. Several Board members have been interviewed and helped promote MOON. The OCDC grants have allowed us to be generous with membership brochures and handbills advertising our events. We've made our logo and our message familiar to Oxford and the surrounding areas.

One of the cooperative principles is "education, training and information cooperation among cooperatives". We've accessed the strength and resources of the cooperative community by joining the National Cooperative Business Association and the Cooperative Grocer's Information Network, by working with the National Cooperative Bank to secure our financing, by consulting with Cooperative Development Services, and by visiting and communicating with other food cooperatives. By connecting with this huge cooperative network, we're not wasting our time and resources reinventing the wheel, and we look forward to the day when we can become net contributors to the historic cooperative movement.

Our Goals for the Future

Membership

Our number one goal for 2005 is to build the membership. A membership campaign was designed that relies on current members personally contacting friends who share our concerns and recruiting them as members. This approach enables MOON members to take an active role in strengthening their organization and also capitalizes on the diversity of our membership.

Another important goal is to create opportunities for member involvement and participation. Now that our membership has reached a critical mass, the Board will be functioning more often in a managerial capacity rather than a hands-on mode. We've already organized our structure, defined our tasks, set goals and

developed parameters for action. We will begin the year by prioritizing the tasks that need to be accomplished and engaging volunteers to complete them.

Improving communications with our members is also a Board priority for the coming year. Through member input, we hope to evaluate the possible avenues of communication and determine the best system. Our website and our newsletter will continue to provide general information and updates. In the interest of resource conservation we would like to survey our members about the feasibility of e-links for the newsletter, announcements of upcoming events and meetings, member service information, election information, and other necessary communications. In essence, a sort of e-newslink specifically for members. We want to hear about what will work for you so that we can communicate sustainably, unobtrusively and effectively.

Fundraising

Our fundraising and community activities will include more dinners featuring local organic food and talented local chefs. More local farmers and producers are discovering MOON and want to participate in our events. We also hope to find ways that we can develop win-win relationships with local businesses, nonprofit groups and public institutions. We intend to become an active member of the Oxford Chamber of Commerce in the coming year.

As stated earlier, the Member Loan Committee will maintain the Member Loan Program. The Loan Program will remain open for all members to commit at any time. And we may consider another time specific drive if it would be beneficial.

Governance

We need to accomplish our final hurdle of incorporation---that is having the membership approve the Proposed Bylaws. These Proposed Bylaws are posted on our website at <http://www.mooncoop.com/proposedbylaws.pdf> and will be voted on at our first Annual Meeting. Hard copies will be available by request only. Many, many hours have been spent formulating and fine tuning the proposed copy in response to recommendations made by our consultants, accountants and attorneys. Better to get it right the first time than to waste resources forever with amendments.

Speaking of the Annual Meeting---the proposed Bylaws state that our annual meeting of the membership must occur within 4 months of the end of our fiscal year. We have scheduled our very first Annual Meeting for October 22, 2005, 6:30 to 8:30 PM at the Holy Trinity Church, 25 E. Walnut St. in Oxford. As of the printing of this Annual Report, we have three Board positions up for election with two incumbents running and one position unfilled.

Storefront Planning

In fulfilling the requirements to qualify for a start-up loan from the National Cooperative Bank, we employed Pete Davis from Cooperative Development Services, to complete a market analysis for our future store. Pete visited our area January 22 through 25 and the analysis was completed in March. Even though this study was required by the bank, it has provided us with valuable information that will help determine the scope and success of our project. A complete copy of this study is available at: <http://www.mooncoop.com/marketstudy05.pdf>

As an ongoing activity, the Board will continue the planning of our future storefront. The following is a partial listing of some of the work that has been started and much of what needs to be done:

- Prepare a Financial Plan
 - Market analysis
 - Budgeting and Financial Projections
 - 5 year plan
 - Sources and uses statement
 - Secure financing
- Site selection
 - Negotiations
 - Acquisition
 - Improvements
 - Equipment
- Prepare an Operations Plan
 - Marketing strategy
 - Define inventory selection criteria
 - Producer policies
 - Priorities
- Labor
 - Determine staffing needs
 - Prepare job descriptions
 - Develop employee conduct and responsibilities handbooks
 - Recruit and train qualified staff and management
- Pricing strategy
- Develop a customer service mission

As you can see, 2005/2006 will be a year of intense recruiting, fundraising, evaluating and planning. As our membership has grown, our momentum has increased. At some point, we are going to have all the pieces converge into ***a cooperative natural foods grocery store***. Will this be the year? We hope so.

Thank you to all members and friends who made the past year one of exciting hope and progress and we look forward to engaging the hearts and hands of many new members to continue building this strong and vibrant cooperative spirit in our community in 2005/2006.

Sincerely,

Board of Directors

MOON Food Cooperative