

RONAN COOPERATIVE BREWERY



MONTANA'S FIRST COOPERATIVE BREWERY

2020 ANNUAL REPORT



COVER PHOTOS BY NICOLE TAVENNER

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ronancoopbrewery.com



HELLO TO OUR CO-OP COMMUNITY!

Greetings,

Jim, the head brewer, keeps reminding me of a time a few years back when board members were part of a visioning process. Board members were frustrated and many of us felt stuck and not sure of how the dream of opening a cooperative brewery was going to come to fruition. At the visioning meeting the facilitator asked us what our goals for the board and brewery were. My response was I hoped that at one point the board could drink a beer together in the first cooperative brewery in the state of Montana.

There have been times throughout the whole process when I doubted our vision would occur; however, it did! The first cooperative brewery in the state of Montana opened in the midst of the pandemic and has been supported by our community. We are so grateful to you, the owners, for believing and supporting the vision of creating a gathering place serving excellent beer in Ronan. Without you and your belief this brewery would not be in existence.

The cooperative is going to continue to need your support throughout the pandemic. The more beer you buy at your brewery, the better the cooperative fares. So come in and play trivia on Tuesday nights or create a ritual of filling your growler once a week! This makes all the difference.

In deepest gratitude,

DARCI JONES

Board Vice President

Since opening in September 2020 we have sold **1,178** gallons of beer!



We added **68** new owners in 2020!



Started popular events like Paint and Sip Sundays and....



Trivia and Taco Tuesdays
AND
Holiday Crafting Events



RCB BOARD OF DIRECTORS 2020



Board Members from Left to Right: Brandon, Jesse, Bob, Darci, Monty, and Heidi, Head Brewer and former Board Member Jim on the end.
Missing from the photo: Jennene.

President- Brandon Hungerford

Vice President- Darci Jones

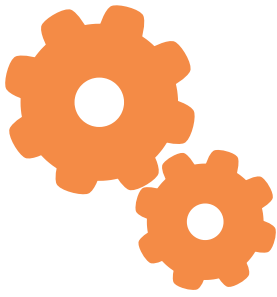
Secretary- Jennene Buhr

Treasurer- Monty Cheff

Bob Hall

Jesse Gray

Heidi Fleury



WE
HIT

7 COOPERATIVE PRINCIPLES

Ronan Cooperative Brewery operates under 7 guiding principles that all cooperatives follow. Here are some highlights we've accomplished related to these principles.

Voluntary and Open Membership

- In 2020, 68 new owners joined just over 300 others and invested in our co-op!
- New members are recruited and signed up in our taproom or our online store all the time. You can also purchase memberships as gifts for others online or in person.

Democratic Member Control

- Our cooperative is governed by a Board of 9 owners who serve three year terms on the Board of Directors. Board members are elected democratically by a vote of the general membership once a year at our annual meeting.
- Members are encouraged to attend meetings of the Board of Directors. There is always a virtual option for you to join on your computer/phone or call in.

Member Economic Participation

- Your \$250 member share is an investment in the co-op and our future. We are so proud to be owned by nearly 400 members!
- In 2020 nearly 39% of our sales were to members. Beer just tastes better when you own it!

Autonomy and Independence

- Incorporated in 2018, Ronan Cooperative Brewery has had many community partners and supporters along the way, but we remain an independent member-owned and controlled business.
- In particular, we'd like to thank USDA-Rural Development, Montana Departments of Agriculture and Commerce, High Stakes Foundation, Montana Farmers Union, and Mission West Community Development Partners.

Education, Training, and Information

- In 2020 we held 4 beer tasting workshops and 2 beer pouring classes. Due to gathering restrictions these classes were limited to board members and employees, *but* we are very excited to be able to invite all owners and community members to these soon!
- We sent 25 email newsletters to help our owners stay up to date on pre-opening news and current taproom events.
- We are very active on social media! Follow us on Facebook, Instagram, and Untappd!

Cooperation Among Cooperatives

- We are a member of and have a loan from Shared Capital Cooperative, which is a cooperative of cooperatives! Thanks for helping us get started!



- We are grateful to many other cooperative breweries around the country for sharing their stories with us and offering us valuable advice during our start up.

Concern for Community

- While focusing on member needs, cooperatives work for the sustainable development of their communities. We are Montana's first community owned and run brewery. Our aim is to help revitalize Ronan's Main Street, craft amazing beer, and create a welcoming community space for all.
- In 2020 we started Trivia and Taco Tuesdays. Tacos are made and sold by the Ronan High School Career and Technical Student Organizations to raise funds for their great programs.



FINANCIAL REPORT

Dear Fellow Ronan Cooperative Brewery Owners,

The Treasurer, Financial Committee, and Board have worked to identify a budget and sales projections that have realistic parameters for this first uncommon year of operations. Ultimately, we are working with a mindset of essential spending only. To really succeed we need owners to drop by the taproom, fill a growler, check out our online store or call in and buy a friend a beer. We thank all of you that have been frequenting the taproom and filling growlers already of course, now it's time for all the owners to step and help keep us going.

The Board of Directors has volunteered hundreds of hours, attended trainings and meetings, hashed out ideas and persevered to make sure that our joint business venture stays open, for now. So far, we are barely breaking even each month, but, we have broken even thanks to COVID-19 small business relief funds. We hope to continue to rise to the occasion, build our customer base and solve, what sometimes seem like, unsolvable problems. Most importantly as we look to the future the Ronan Cooperative Brewery hopes to rely on it's high-quality product and welcoming taproom to eventually draw the bigger crowds that Montana breweries are known for.

This Financial Report covers the 12-month period from January 1, 2020 to December 31, 2020.

Thank you for your support,

RCB FINANCIAL COMMITTEE

*Board Treasurer, Monty Cheff, &
Board Members, Jesse Gray and Heidi Fleury*



MONTANA'S FIRST COOPERATIVE BREWERY



38 BBL

Barrels of beer sold in 2020

12 OZ.

Most common size beer we serve. You can have 4-12 oz. pours in our taproom! We also have 8 oz. and 4 oz. pours

2020 FINANCIAL REPORT

OVERVIEW

The Ronan Cooperative Brewery (RCB) culminated years of hard work and fundraising with our grand opening of the taproom during the first week of September on Labor Day 2020. With the help of hundreds of RCB supporters and owners, just over \$175,000 was raised since 2017 to aid in the opening of our taproom to the public. At the end of 2020, we had investments from almost 400 owners that purchased common stock and there were 670 shares of preferred stock purchased. RCB also applied for a \$150,000 construction loan with Shared Capitol out of Minnesota, a lending firm that is a cooperative and specializes in funding cooperatives. Additionally, RCB was previously awarded a \$50,000 grant from the Montana Department of Ag's Growth Through Ag Program to help us purchase equipment. That is a total of \$375,000.00 acquired to help RCB move from dream to reality:

- \$100,000 in ownership common stock
- \$75,000 in additional owner preferred stock purchase.
- \$150,000 construction loan
- \$50,000 equipment grant from Montana Department of Ag-Growth Through Ag Program

Expenditures began in early 2020 as property was leased and construction of the taproom and brew house came into full swing. RCB staffed the Head Brewer position with Jim Myers in May 2020 and brought on our Taproom Manager, Alex Endsley and additional taproom staff in August 2020. Two weeks later, RCB opened its doors to the community serving 4 different original beers on tap. Over the first few months 4 additional beers were made rounding out our 2020 line up. Beer styles included; German Alt-Bier, Kolsh, IPA, Stout, Oktoberfest, Scottish ale, 90's style IPA, and pale ale. So far the lighter beers have been more popular and the Kolsch and Amber topped our sales charts.

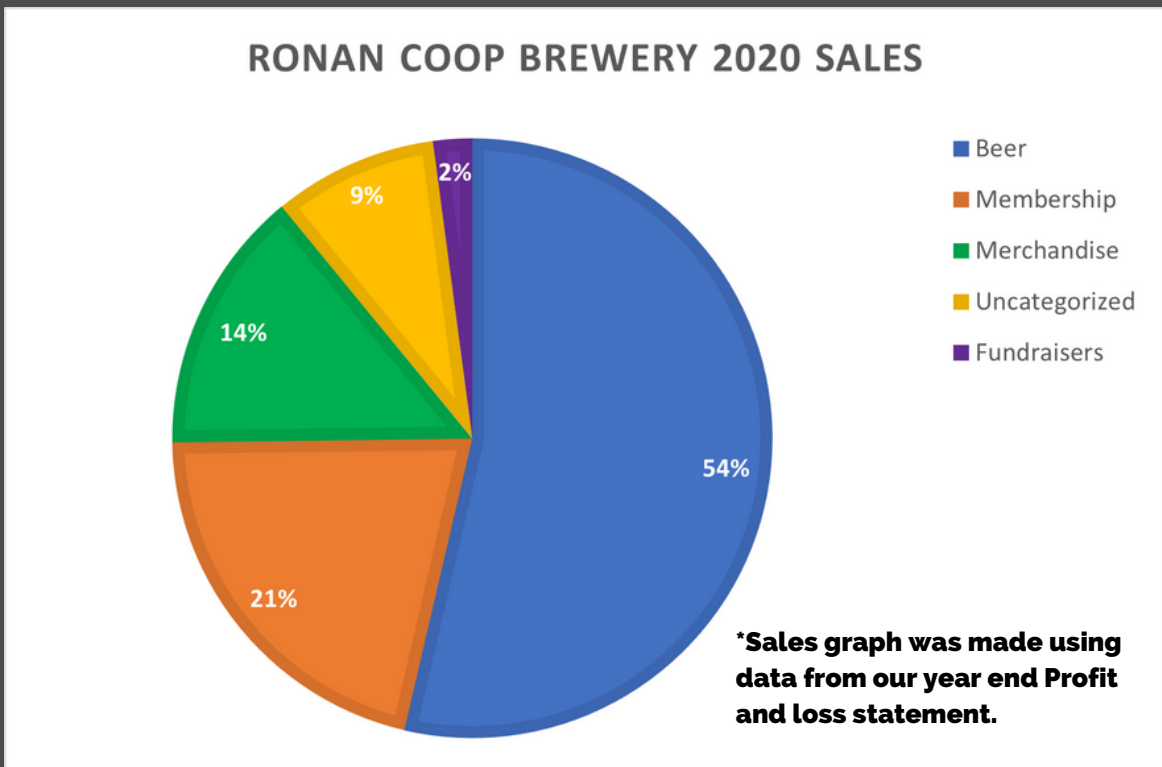


2020 FINANCIAL REPORT

SALES

Sales were as good as could be expected given the circumstances of opening during the COVID-19 pandemic. We took in just under \$62,000.00 in net sales from September 3rd to December 31st 2020. Beer sales accounted for the majority of our revenue and we sold 38 barrels (1 barrel=31 gallons) of beer in the first 4 months in business. We track the following categories for sales: beer, memberships, merchandise sales, and fundraising events.

*The "Uncategorized" sales in yellow are taproom sales that were added improperly while we were learning to use our Square POS system. Our taproom manager and Treasurer are currently working to categorize them properly.



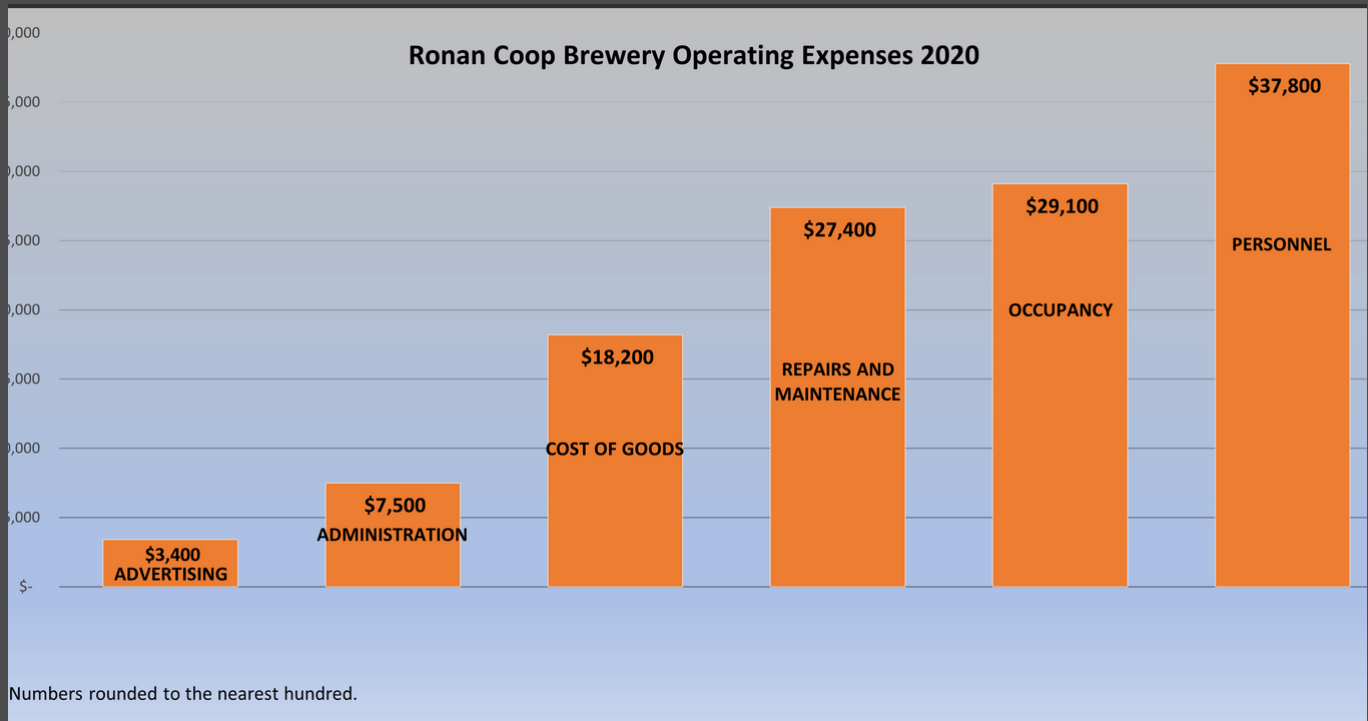
ADDITIONAL COVID -19 RELIEF GRANT INCOME

Ronan Coop Brewery Board Members stayed on top of applying for federal and state COVID-19 relief funds. Without these funds, RCB would not have broken even monthly. We received \$49,633.90 in grant funding from programs from the State including three rounds of Payroll Assistance, State of Montana COVID-19 Adaptation Funding and an EIDL advance of \$1000.

2020 FINANCIAL REPORT

OPERATING EXPENSES

Operating expenses fall into six broad categories: personnel, occupancy, repairs and maintenance, cost of goods, administration, and advertising. Operating expenses have been monitored closely and we currently have a Financial Committee that reviews large purchases, and we are operating purchasing only essential items. Personnel costs are the largest fraction of operating expenses; this category includes wages for Alex the taproom manager, Jim the head brewer and our four part-time beertenders Natalie, Sarah, Connor and Cara. Occupancy costs include monthly rent and utilities. Administration expenses include insurance, financial services costs such as tax and audit preparation, legal fees, license and permit fees. Cost of goods include grains and hops, but also includes retail offerings such merchandise and growlers. Repairs and maintenance includes many expenses that were one-time costs to complete the Brew House.



STAFF SPOTLIGHT



Left to Right: Jim, Alex, Natalie and Alex, Connor and Sarah, and Cara.

2020 FINANCIAL REPORT

DEBTS

In March 2020, RCB entered into a \$150,000.00 loan with Shared Capital. Funds were spent by September of 2020 and loan repayments started in December 2020. Loan details are as follows; Fixed interest of 7.5%, three phase loan over 72 months (now 76).

- Phase 1: 12 months interest only (moved to 16 months)
- Phase 2: 24 months principle and interest 76 month amortization
- Phase 3: 36 months of principle and interest amortization over 36 months

Due to full opening and income limitations stemming from Montana State COVID-19 mandates Shared Capital extended interest only payments for four months and the remainder of the loan schedule will stay the same with the final maturity date extended four months to 76 months.



PROJECTIONS

Looking to 2021 the Ronan Cooperative Brewery is focused on increasing beer sales and growing and expanding keg sales. We started distributing kegs in December 2020 and are currently in seven different bars in three different cities locally including: in and around Ronan, The Pheasant, Pizza Cafe, and Ninepipes Lodge, in Polson at The Perfect Shot Tavern and The Shoe, in Woods Bay at Bonfire, and in Hot Springs at the Barber Shop Beer Parlor. Sales are projected to rise as we move into the spring and summer and RCB has drawn up a marketing plan that includes a new billboard on Highway 93 and ample advertising on Google, Untapped, and Facebook. In 2021, we hope to see beer sales hit 300 barrels+ and will continue to focus on drawing in owners with specials and events and tourists with signage, internet advertising, and word of mouth.

**THANK YOU AGAIN TO ALL OUR
LOYAL SUPPORTERS, AND WE'LL SEE
YOU FOR A BEER SOON!**



CO-OP BINGO!

We're so happy to highlight the co-op model and what makes it special.
Complete 5 boxes in a row and receive an RCB Silipint!

Complete all 25 boxes and be entered to win a \$50 gift card!

Buy a new piece of RCB merch!	Check out the co-op's website!	Follow the co-op on Instagram.	Concern for community: participate in a community event or donate locally!	Invite someone you know to join the cooperative!
Snap of picture of yourself at the co-op or enjoying a co-op product. Share it on social media!.	Fill a growler of RCB beer (or root beer!) for someone in the Community!	Cooperation among co-ops: visit or buy from another co-op in our region.	Watch this video about our cooperative story https://youtu.be/ZLA1CDZLYW8	Attend a co-op event.
Tell a neighbor/friend/coworker/family member about the co-op!	Send an email to the board of directors to share feedback.		Read about the 7 Cooperative Principles.	Sign up or read the co-op email newsletter.
Attend the Annual Member Meeting.	Attend a co-op board of directors meeting.	Share a Facebook post about the cooperative.	Write a positive review of our co-op on Yelp, Google, or Facebook	Attend a Tuesday trivia night and help supprt RHS by purchasing tacos!
Read an article written about our cooperative.	Say hello to one of our wonderful staff members.	Take a co-op/business workshop from Mission West Community Development.	Follow our co-op on Facebook.	Give a co-op gift card to a friend.

When you've got a bingo or completed your card, bring it into the taproom or email a photo of it to ronancbtaproom@gmail.com to receive your prize.