



December 14, 2010

Dear Cottagewood Community Foundation Members
And Friends of the Cottagewood Store,

There's nothing like an epic blizzard to remind us definitively that another spring, summer, and fall have gone, and with the seasons so has passed another year at the 117 year-young Cottagewood Store.

Each year about this time we report on the year's activities at the Store, count up the money, and ask you – our neighbors, friends and fans – for a little help replenishing the register for another season next spring. Our annual fundraising drive is necessary to keep the doors open. We ask for everybody's participation, and hope, at the end of this letter, you will fill out the pledge form and send your tax-deductible contribution today. Last year a record 87 members donated to this drive, reflecting the broad base of community support for the Store.

In 2010 another 12 families became members of the Cottagewood Community Foundation, bringing the total number of members to 206 since the CCF's inception in 1998. While the reason why every member joined is *generally* to keep the Store around and ensure the traditions of Cottagewood and Deephaven continue, *individually* the circumstances of membership vary.

The CCF's charter members were originally motivated to secure the Store's future when the building was put up for sale and the threat of the Store turning into something else was very real. Other members found that fate or a good realtor had somehow landed them in a remarkable corner of the Midwest, and joined to show their appreciation. Some members are brick-motivated, and we're happy to add yours to the patio. Others were recruited by our smiling membership committee, who told you that all of the cool people were part of the Foundation (which is right!).

Whatever the reason for your membership, and whenever you joined over the past 12 years, know that you are appreciated. Simply, the Store wouldn't be here, and the character of our community wouldn't be the same without you.

Season in Review

2010 brought another cycle of ice-cream afternoons, daily coffee gatherings, and a sun-soaked Fourth of July. While we had more ups than downs, overall we must say the Store's vitality reflected that of the economy or the stock market – kind of sideways. But we feel OK about that. Operating the Store for 184 days, hosting 18 Friday Grill Nights, and organizing 8 community special events through the year takes a lot of effort from a volunteer board and a single full-time employee. So even in a sideways year, there were some nice accomplishments, including the following:

- A fantastic new line of Cottagewood clothing designs and gift merchandise was created, resulting in a doubling of sales in that category from the year before.

- A new spring community event was launched, an Easter Egg hunt/tour of Cottagewood, attracting nearly 100 participants in its first year.
- The annual CCF member party reached new levels of elegance and fun, on the beautiful lakefront lawn of Pat & Chrisy Hughes. Improbably, they have even invited us all back! Mark your calendars now for Saturday, May 21, 2011.
- Speaking of events, now in its third year, our Oktoberfest celebration brought record attendance and income, and even a surprising cameo appearance by teen heartthrob recording artist Jesse McCartney.
- On the non-glamorous side, the Store was approved for a new Special Use Permit with the City of Deephaven, updating our licensing to reflect the Store's current operation. The process of establishing this permit brought good, healthy discussions with Mayor Paul Skrede and the City Council and staff. We thank them for their support of the Store.
- Everybody knows how challenging it is to keep your contacts up to date. This year we overhauled and consolidated the CCF's database, bringing our record-keeping up to date and nearly doubling our e-mail list. (If you do not receive the Store's regular e-mail updates, please let us know. It's the best way to keep up with community happenings.)
- The Store's floors were refinished, a balky kitchen vent fan was replaced, and the grounds never looked better thanks to neighbor and Board Member Gail Cannon and our apartment tenant Jake Johnson, who generously contributed so much of his time and talents.
- The new Cottagewood Community Garden thrived with flowers, vegetables, and one huge pumpkin. If you are interested in reserving one of the nine plots for next year, contact Kristina Woodburn at kwoodburn@woodburn.com.
- Laurie Jenkins celebrated Year Five as Store Manager, and we all celebrated having her even more. By now Laurie is a fixture in the community and a friendly, smiling, all-knowing face behind the counter. Laurie hired and managed an enthusiastic staff of neighborhood youth, providing them a great "first job" experience.

Financial Report

While the Store achieved record sales for the second consecutive year, operating costs also increased (mainly due to increased staff costs and utilities), resulting in a slightly higher deficit than 2009.

Note: 10 month data as of Oct. 31 (date store closes)	2010	2009	Comments
Store sales (e.g., food, merchandise, etc.)	\$126,701	\$119,308	Clothing and Merchandise sales up 96%; Grill Nights down 14%; other categories near even
Events sales (e.g., July 4 th , Lawn Sale, Oktoberfest, etc.)	\$19,838	\$18,692	July 4 th up 19%; Oktoberfest up 41%; new Easter Egg Hunt event added; Lawn sale down 65%
Apartment & Kitchen rental income	\$17,150	\$15,725	Reflects additional months of kitchen rent over '09
Total Revenues:	\$163,689	\$153,725	6.5% ahead of '09
Total cost of goods sold	(\$84,946)	(\$78,405)	Similar margins YOY
Staffing, operating expenses and property costs	(\$105,938)	(\$99,532)	14% increase in staffing costs due comp increases and more senior staff mix; 14% increase in utilities
Net Profit or (Loss):	(\$27,195)	(\$24,213)	12% behind '09; however 20% better than '08
Number of days store open	184	184	May – October operation
Average daily store sales	\$688	\$648	Record daily sales for second straight year
CCF member contributions YTD	\$19,554	\$22,204	12 new memberships YTD; lower contributions reflect a large one-time gift in '09
Cash balance	\$22,720	\$21,675	Stronger cash position
Number of CCF members	206	194	

Looking Ahead to 2011

Although we believe the Store will continue to run at a loss given the constraints of its size and location, the CCF Board is not satisfied with the 2010 level of operating deficit, and this winter will be exploring strategies for closing the gap in 2011.

One area we believe we can improve is our food operation. This year an improved clothing and gift merchandise offering nearly doubled sales in that category. We believe similar growth is possible in the food area, given the right product and merchandising.

Recently we have ended our relationship with The Galley, and we thank proprietor Saleh Hamshari for his dedication to the Store's patrons over the past 18 months. We are looking to enter a new partnership with an established caterer or chef who would like to run their business from the Store's kitchen while managing our food operation. If you know of anybody who might be interested in this unique opportunity, please have them contact CCF President David Sigel.

Annual Fundraising Campaign

In order to solidify our cash position for the beginning of the 2011 operating season, your board of directors has set a fundraising goal of \$20,000. This is the same level as last year. The CCF carries no debt and intends to continue to finance its operations through cash flow and yearly donations.

Our request is that every member considers a tax-deductible donation of \$250. If everyone chips in this much, we won't have to fundraise for two years. Please be among the contributors and send your check before year-end!

Separately, we have a significant maintenance need in the future. The Store's fiber-board exterior siding is rotting. It needs to be replaced and the building re-painted. Even counting on the talents of some of our neighborhood builders, this is estimated at a \$20,000 - \$25,000 project.

Ultimately our goal is to operate at a much lower deficit, allowing contributions to fund periodic improvements such as the siding. However, as of today a reserve fund does not exist. If you are able to make a lead capital gift to help fund this important maintenance initiative, please indicate so on the enclosed form or contact CCF President David Sigel.

Thank you for your continued love and support of the Cottagewood General Store. We wish your family a wonderful holiday season. If you have feedback or ideas about the Store, or would like to become involved, we'd look forward to hearing from you any time.

Sincerely,

CCF Board of Directors

David Sigel, President (djs88@msn.com)

Patti Bernstein

Gail Cannon

Ted Hoy (joining 1/11)

Heather Johnson (departing 1/11)

Caroline Larson (departing 1/11)

Ken Levy (joining 1/11)

Joe McRae

Courtney Rile

Kate Regan

Stacey Vokrot-Mello

Randy Ward



Name: _____

E-mail: _____

Street Address: _____

Phone: _____

I/We would like to continue to support the Cottagewood General Store as follows:

- Sustaining Pledge \$250 (includes two tickets to spring Foundation Party)
- Sustaining Pledge Other _____ (gifts above \$250 include two tickets to Foundation Party)
- Contact me about a contribution of securities or other assets
- New CCF Member \$500+ (includes recognition brick in the Store patio and two tickets to Foundation Party)
- I'd like to volunteer to help. I am particularly interested in: _____

Make checks payable to The Cottagewood Community Foundation (CCF). The CCF is a 501c3 non-profit organization and contributions are tax-deductible. Please mail form and check to CCF at 20280 Cottagewood Ave., Deephaven, MN 55331. Thank you for supporting your store and community.