

PEC Fresh Good Food Market

Consultancy Report

A Strategic Path to Financial Sustainability and
Enhanced Community Impact

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INTRODUCTION

The PEC Fresh Good Food Market, a vital food access and education program spearheaded by the Prince Edward Learning Centre (PELC), has diligently provided fresh, wholesale-priced fruits and vegetables to Prince Edward County residents through its three community locations. As a program deeply committed to addressing food insecurity and promoting nutritional justice, PEC Fresh has actively navigated the evolving landscape of its operations, particularly as it moves beyond its initial funding cycles and adapts to current community needs.

This comprehensive report synthesizes a detailed financial analysis of PEC Fresh's operations and its broader impact on PELC, incorporating direct insights and proactive responses from Executive Director Kathy Kennedy and her team. It aims to illuminate key findings, propose actionable strategies, and project the financial improvements required to secure essential funding for staff and administration, expand program reach, and introduce new initiatives like community kitchen and educational programs, ultimately transforming PEC Fresh into a sustainable social enterprise.

Executive Summary

PEC Fresh Good Food Market, a vital program of the Prince Edward Learning Centre (PELC), faces a critical sustainability challenge. Despite its crucial community role, **the market consistently operates at a growing financial deficit (over \$11,000 in 2024)**, burdening PELC's overall finances.

Key Challenges:

- **Sales vs. Costs:** Food sales have plateaued since 2022, while operational expenses, especially **wages (160% surge from 2022-2024)**, have risen sharply.
- **Branch Disparities:** Picton consistently runs large deficits. Sophiasburgh's in-person market is discontinued but still shows misallocated costs. Consecon is growing but remains unprofitable, requiring close observation.

Strategic Response & Impact:

PELC management is proactively addressing these issues through data-driven decisions, targeted branch management, workforce optimization, and revenue enhancement. Key actions include:

- Formal discontinuation of Sophiasburgh's in-person market and reallocation of associated costs/staff.
- Prioritizing sales growth (e.g., pre-ordering, marketing) and optimizing workforce efficiency for Picton.
- Continuing observation and efficiency improvements for Consecon.
- Strategic reallocation of staff hours across PELC to reduce PEC Fresh's wage burden.

By executing these actions, PEC Fresh is projected to achieve a dramatic financial turnaround: from a **\$11,151 deficit in 2024 to a projected surplus of over \$27,800 in 2025-2026**. This **\$38,959 improvement** will eliminate the financial drain on PELC and could **effectively double PELC's overall net income**, significantly strengthening its financial health and capacity to deliver vital community programs.

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Problem Statement

PEC Fresh Good Food Market, a vital food access and education program under the Prince Edward Learning Centre (PELC), is facing an imminent sustainability challenge. Despite its critical role in addressing food insecurity and promoting community well-being, the market has consistently operated with a net financial deficit, relying on PELC's broader surplus and carried-forward donations. This unsustainability is primarily driven by plateauing food sales and a disproportionate increase in operational costs, particularly wages and administrative expenses, which have not kept pace with revenue growth. With core funding set to expire, a clear strategy is needed to transition PEC Fresh into a self-sustaining social enterprise that can continue to expand its community impact.

1. My Analysis & Key Findings

Based on the provided financial data for PELC (2020-2023) and detailed PEC Fresh branch financials (2020-2025), here are the key findings:

1.1. Overall PEC Fresh Financials (2020-2025)

- **Consistent Net Loss:** PEC Fresh has operated at a net loss in most years (e.g., -\$150 in 2020, -\$49.30 in 2022, -\$11,151.63 in 2024), with only a slight surplus in 2021. This indicates that, on its own, the market is not financially self-sufficient.
- **Growing Reliance on PELC Surplus:** The increasing deficit implies a growing burden on PELC's overall financial health, as its surplus is used to cover PEC Fresh's operational shortfalls.
- **Positive Donation Trend:** Donations to PEC Fresh show a positive overall trend, increasing from \$32,542.49 in 2020 to \$50,970.72 in 2024, demonstrating strong community support and perceived value.
- **Plateauing Food Sales:** After significant growth from 2020 to 2022 (\$102,924.33), food sales have plateaued and slightly declined in 2023 and 2024, reaching \$88,984.58. This indicates that the market has reached its current growth ceiling without new strategies.
- **Healthy Food Operations Margin:** The income derived directly from food sales minus food purchases (Food Operations Income) has remained relatively stable (around \$20k-\$23k since 2022), indicating that the core procurement and sales pricing model for produce is sound.
- **Disproportionate Wage Growth:** Wages & Salaries for PEC Fresh as a whole have surged from \$28,962.09 in 2022 to \$75,460.10 in 2024, a 160% increase. This far outpaces sales growth and is the primary driver of the escalating net loss. This issue is compounded by the fact that wages are determined by a pay grid, limiting flexibility.

- **Rising Administrative & Other Expenses:** While individual administrative lines may appear healthy, the "Admin & Other Expenses Subtotal" for PEC Fresh has also steadily increased, contributing to the overall operational deficit.

1.2. Branch-Specific Financials (2020-2025)

1.2.1. Picton Branch

- **Largest, Most Challenged:** Picton is the largest branch in terms of sales volume but also consistently generates the largest net loss, which has worsened from (\$25,049.30) in 2022 to (\$49,075.19) in 2024-2025.
- **Sales Decline:** Similar to the overall PEC Fresh trend, Picton's sales peaked in 2022 (\$54,693.76) and have declined significantly, reaching \$38,756.59 in 2024-2025. Gift card redemption and RX program sales also show a concerning decline.
- **Wage Burden:** The most critical issue at Picton is the explosive growth in Wages & Salaries, more than doubling from \$20,206.89 in 2022 to \$53,153.46 in 2024-2025. This disproportionate increase relative to declining sales is unsustainable.
- **Controlled Other Costs:** Travel/Transportation/Mileage and Other Program Costs (which include marketing and Square Premium fees) have shown positive improvement in 2024-2025 after peaking in 2023, indicating effective management in these areas.

1.2.2. Sophiasburgh Branch

- **Formal Discontinuation:** The in-person market operation at Sophiasburgh has been discontinued.
- **Significant Residual Costs:** Despite no active in-person operation, the branch recorded a substantial net loss of (\$11,961.30) in 2024-2025, driven by ongoing allocations for Food Purchases (\$7,139.56) and Wages & Salaries (\$8,768.56). This indicates a significant inefficiency or misallocation of resources.
- **Clear Decision Point:** From a financial perspective, continuing to attribute costs to a non-operational in-person market makes no financial sense.

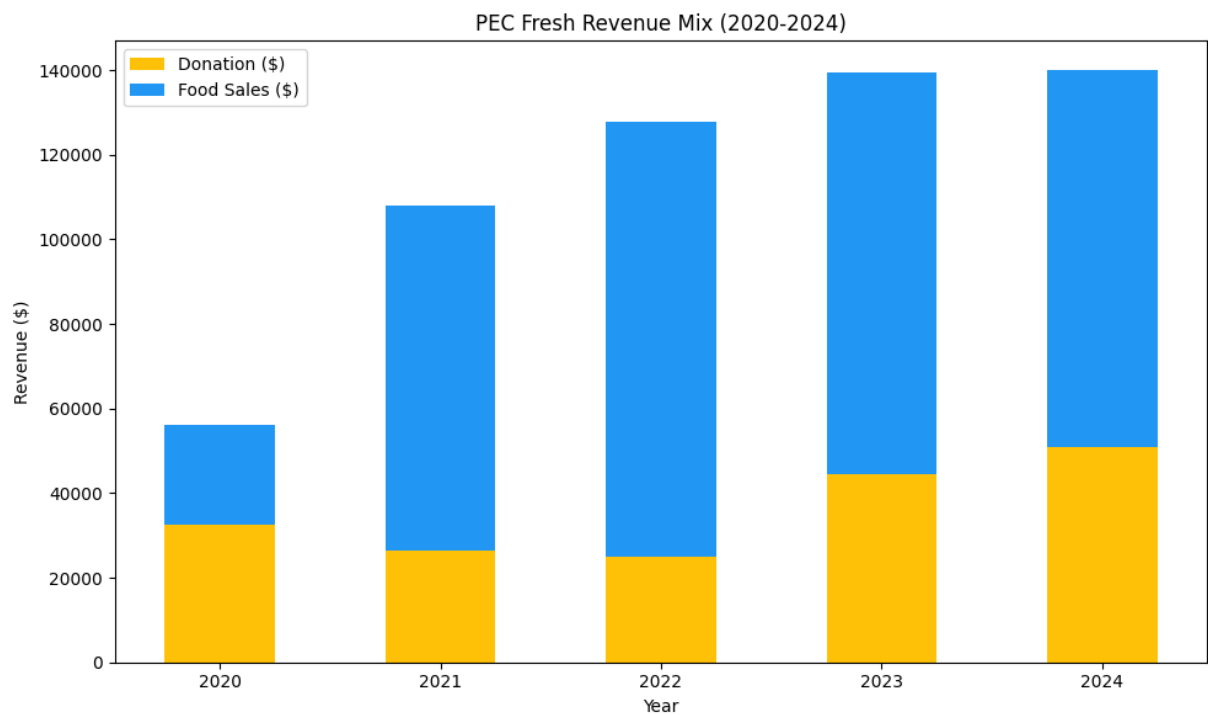
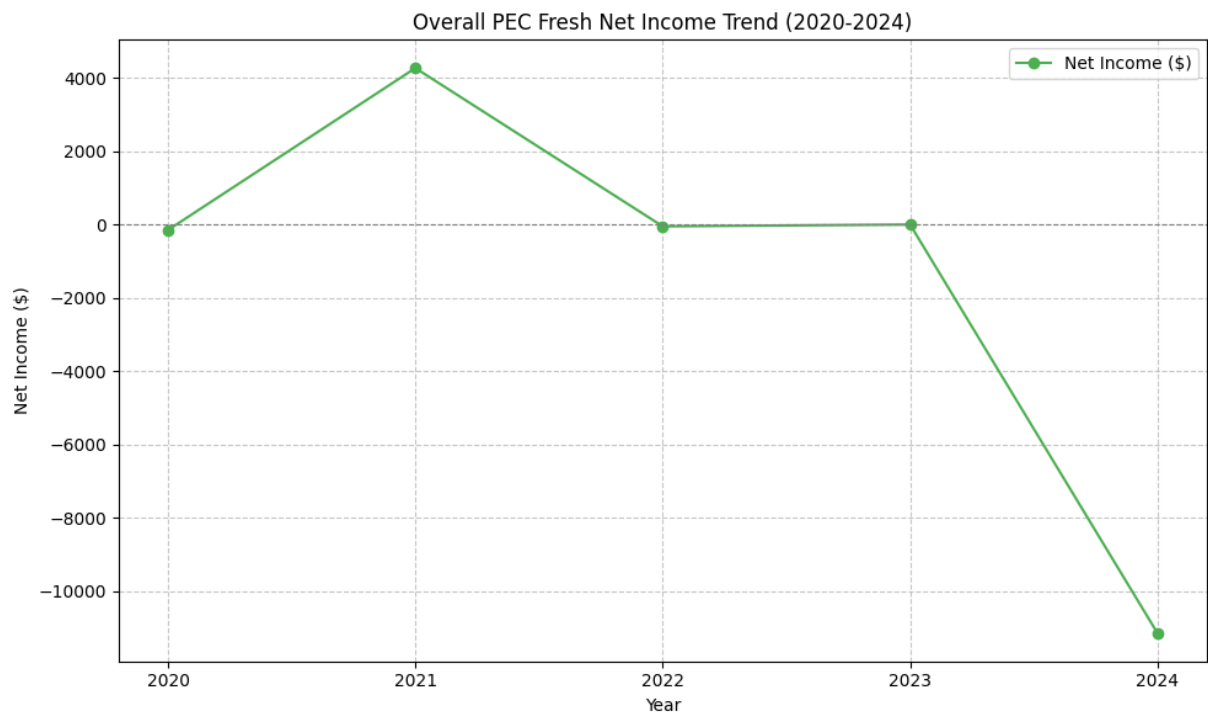
1.2.3. Consecon Branch

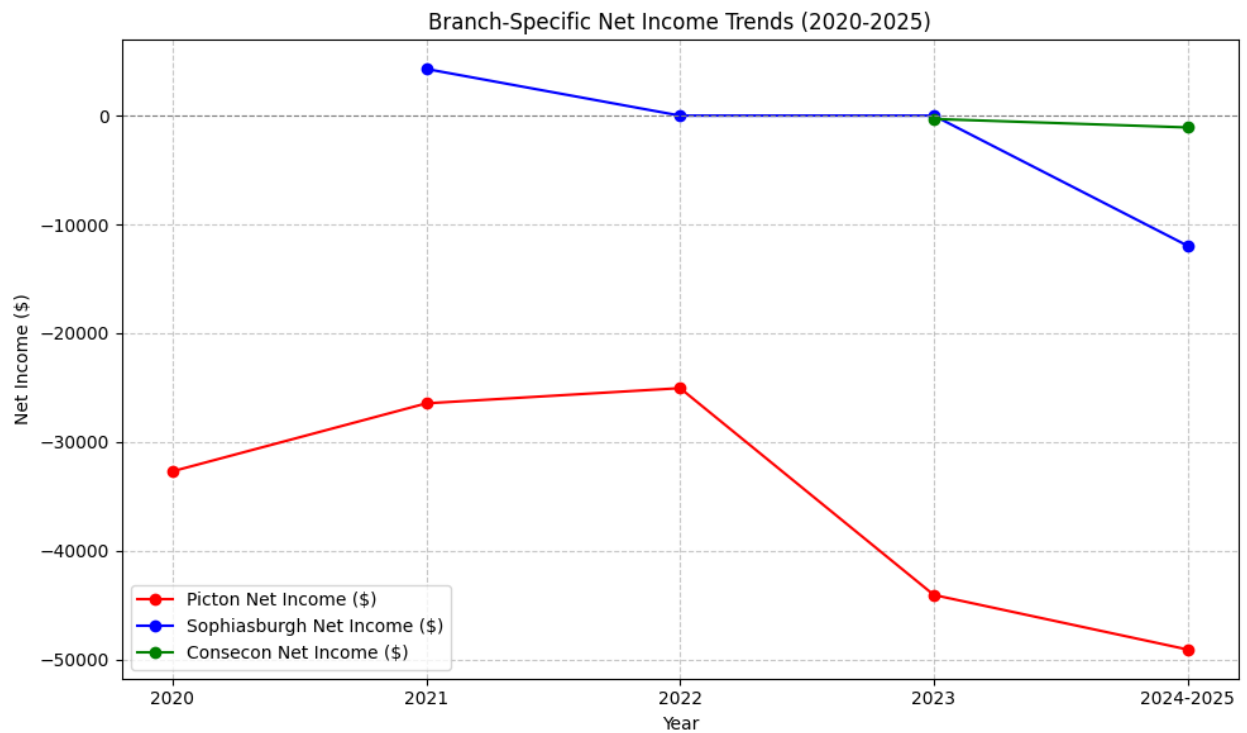
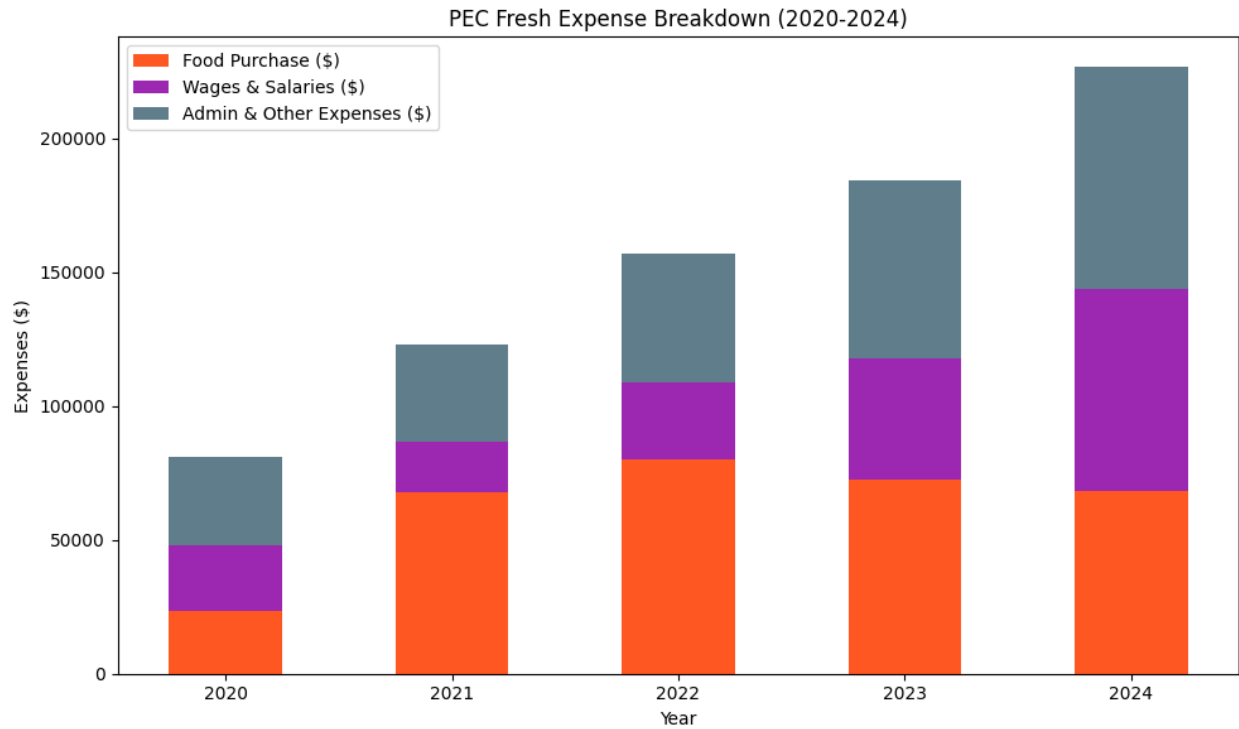
- **Growth with Deficit:** Consecon presents a "conundrum" where both sales and expenses have increased rapidly. Total revenue grew remarkably from \$3,675.91 in 2023 to \$17,077.37 in 2024-2025. However, total expenses also grew rapidly, resulting in a widening net loss from (\$305.49) in 2023 to (\$1,085.86) in 2024-2025.

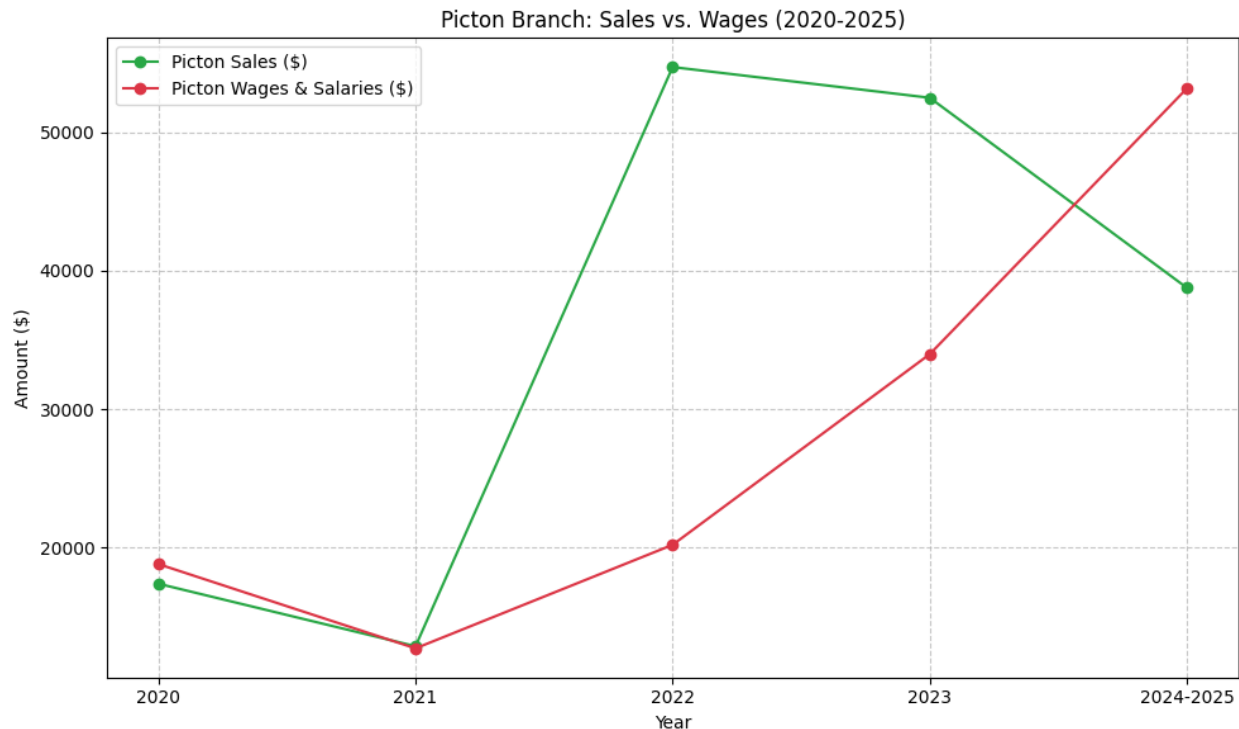
- **Recent Positive Trend:** The observation that "May 2025 sales were the highest yet" is a very encouraging sign, suggesting potential for future profitability if the growth momentum continues and costs are managed.
- **Emerging Wage Costs:** Wages & Salaries appear as a significant expense for the first time in 2024-2025 (\$5,803.62), contributing to the deficit despite strong sales growth.

2. Financial Analytics & Key Insights

The following charts provide a visual summary of the key financial trends and insights for PEC Fresh and its branches.







2.1. Insights

- **Overall Net Income Decline (Chart 1):** PEC Fresh's net income is consistently declining, ending in a significant 2024 deficit, highlighting urgent intervention needs.
- **Revenue Composition (Chart 2):** Food sales have stagnated since 2022, while donations show more consistent growth, becoming a larger portion of revenue.
- **Expense Growth Drivers (Chart 3):** Overall expenses are rapidly increasing; "Wages & Salaries" and "Admin & Other Expenses" show significant upward trends, outpacing sales.
- **Branch Performance Divergence (Chart 4):** Each branch has distinct financial trajectories:
 - **Picton:** Consistent, worsening high deficits.
 - **Sophiasburgh:** Sharp 2024-2025 deficit confirms non-viability despite discontinuation.
 - **Consecon:** Smaller, growing deficits, but recent sales suggest recovery potential.
- **Picton's Core Problem: Sales vs. Wages (Chart 5):** Picton's sales declined after 2022, but wages continued to rise sharply, creating a widening, unsustainable gap.

3. Intermediary Recommendations

Based on the analysis (prior to incorporating management's latest feedback):

3.1. PEC Fresh Overall

- **Aggressive Sales Growth:** Implement diverse strategies to increase food sales volume and reach, moving beyond the current plateau.
- **Wage Cost Optimization:** Conduct a deep dive into staffing models and wage allocations. Explore efficiency gains for the existing workforce and opportunities to formally reallocate staff time and associated wage costs to other PELC programs where their contributions align with broader organizational goals, thereby reducing the direct burden on PEC Fresh's P&L.
- **Diversify Income Streams:** Actively develop and promote other earned income opportunities for PEC Fresh (e.g., value-added products, community kitchen rentals/classes) to create additional, higher-margin revenue.
- **Formalize Impact Measurement:** Systematically collect data on PEC Fresh's social impact to strengthen grant applications and donor appeals.

3.2. Branch-Specific Recommendations

- **Picton:** Focus on driving significant sales growth through expanded outreach and new offerings. Simultaneously, prioritize the optimization of staffing and wage costs, possibly through a blend of increased volunteer engagement and formal time reallocation of staff to other PELC activities where their skills can be fully utilized and their wages absorbed elsewhere in PELC's budget.
- **Sophiasburgh:** Immediately cease all direct financial allocation and reporting for physical market operations. Any remaining customer base should be fully transitioned to alternative access points (e.g., online, other branches). If staff or volunteers are still engaged, their costs should be explicitly tied to specific, measurable activities (e.g., supporting online orders) that can eventually be revenue-generating or funded by other PELC initiatives.
- **Consecon:** Continue operating for a defined observation period (e.g., another 6-12 months). During this time, implement tactical efficiency improvements (e.g., incorporating phone calls for orders, exploring direct deliveries) to boost sales or reduce per-transaction costs, and closely monitor profitability to determine long-term viability.

4. Management Response and Feedback

The Executive Director, Kathy Kennedy, and Robyn Cakebread's comments reflect a highly engaged and strategic approach, demonstrating clear alignment with the analytical findings and a proactive stance on addressing the market's sustainability. Kathy notes that the analysis provides a "great framework to analyse sales and expenses going forward" and highlights "very helpful" areas of concern.

Key Management Insights and Actions:

- **Sophiasburgh Transition Confirmed:** Management confirms that the "Sophiasburgh market is not operating in person anymore," effectively validating the recommendation to cease its physical operations. Robyn reinforces this with a direct observation: "Doesn't make much sense to continue anymore. Can be shut down immediately."

The focus is now on optimizing workforce deployment by "considering the role of volunteers and also staff and - which operational activities can be taken on by volunteers so that staff can have more area which can augment the community impact of the market." This suggests a strategic reallocation of resources.

- **Commitment to Data-Driven Management and Impact:** PELC is committed to enhancing financial clarity and performance measurement. Kathy states, "On our part we will, make sure our data is clean and consistent and delineated between markets" and "use this framework going forward." They also plan to "set KPI's for market growth which are measurable based on the analysis you have provided."

Crucially, PELC will "work to measure and identify the social impact of PEC Fresh with customers, and communicate these identified impacts to supporters and funders," recognizing the non-financial value that motivates the market's continuation. The broader PELC financial analysis will also be presented to the Finance Committee.

- **Proactive Sales Growth Initiatives:** Acknowledging the plateau in sales, management is actively pursuing strategies to expand reach and revenue. Robyn states that a significant step already underway is the plan to "soon offer pre-ordering to increase sales." Furthermore, PELC is "working with colleagues at local food banks and PEC food security organizations to increase awareness about food insecurity," including PEC Fresh's active role in a forthcoming "community marketing campaign."
- **Addressing Wage Constraints:** Management recognizes the challenge posed by increasing personnel costs. Robyn clarifies that "Wages are determined by a pay grid," which can limit immediate flexibility. However, she confirms that PELC "will review recommendations from the Business Plan to move forward" to address this critical expense area.

- **Strategic Observation for Consecon:** Regarding the Consecon branch, where sales have seen recent growth but profitability remains elusive, management has decided on a cautious approach. Robyn states, "We will observe. May 2025 sales were the highest yet," indicating a strategic decision to monitor its performance closely before making a definitive long-term decision.
- **Reflecting on Process Learning:** Kathy also offers valuable feedback on the collaborative process, noting that they "learned a ton about process with this project." She suggests that "working remotely has its own challenges" and that PELC "should spend more time at the front end going over documents versus providing them and discussing after," indicating a commitment to optimizing future collaborative endeavors.

5. Final Recommendations with Expected Outcomes

The proposed actions, combined with PELC management's ongoing efforts, are designed to significantly enhance PEC Fresh's financial sustainability and positively impact PELC's overall financial health.

5.1. Key Assumptions for Projections (Illustrative for 2025-2026 Fiscal Year):

- **Sophiasburgh Costs Eliminated:** All direct expenses from Sophiasburgh (wages, food, admin) are removed from PEC Fresh's P&L.
- **Picton Wage Optimization:** PEC Fresh Wages & Salaries (Picton) reduced by 20% via volunteer support and staff reallocation.
- **Overall Admin & Other Savings:** A 10% reduction in PEC Fresh's general administrative and other expenses.
- **Sales Growth:** Combined Food Sales for Picton and Consecon increase by 15% due to new initiatives (e.g., pre-ordering).
- **Donation Increase:** Donations grow by 10% from improved social impact communication.
- **Consecon Deficit Stability:** Strong sales growth at Consecon is assumed to at least prevent its deficit from worsening.

5.2. Actions and Projected Outcomes

A. Strengthen Financial & Operational Clarity

Action: Implement robust data collection protocols to ensure financials are "clean and consistent and delineated between markets." This involves defining clear data entry standards and reporting mechanisms. Formally establish and rigorously monitor Key Performance Indicators (KPIs) for market growth, such as monthly sales per branch, customer engagement metrics, cost efficiency measures (e.g., cost per customer served), and the crucial wage-to-sales ratio specifically for Picton to track labor cost effectiveness.

Outcome: This will provide PELC with the accurate, real-time insights necessary for agile, data-driven decision-making. It will enable precise measurement of market growth and operational efficiency across all branches, allowing for prompt adjustments and strategic resource allocation.

B. Enhance Social Impact Measurement & Communication

Action: Systematically measure and document PEC Fresh's profound social impact on its customers and the wider community. This goes beyond financial metrics to

capture stories, testimonials, and qualitative data on improved food access, health outcomes, and community engagement. Proactively "communicate these identified impacts to supporters and funders" through compelling narratives, quantitative data points (e.g., number of individuals served, pounds of food distributed), and authentic testimonials from beneficiaries.

Outcome: This will significantly strengthen grant applications (particularly from municipal and federal sources, where social impact is a key criterion) and improve the effectiveness of community fundraising campaigns, as the invaluable economic and social value PELC and PEC Fresh deliver to the community is explicitly highlighted and substantiated.

C. Boost Sales & Revenue

Action: Prioritize the immediate launch and aggressive promotion of the pre-ordering system to streamline sales processes, potentially increase average order size, and enhance purchase frequency by offering greater convenience. Simultaneously, expand market outreach by actively participating in the "community marketing campaign" with local food security organizations, and implementing strategies to "reach more people," "increase options to reach," and "increase deliveries" through avenues like mobile market expansion, establishing new pick-up points in underserved areas, and piloting targeted delivery services for vulnerable populations.

Outcome: A direct and measurable increase in sales volume, improved purchase frequency, and a significantly broader market reach within Prince Edward County, leading to higher overall revenue for PEC Fresh.

D. Develop New Revenue Streams

Action: Initiate the planning phase and pilot small-scale production and sales of healthy, locally-made, value-added food products (e.g., artisan preserves, freshly baked goods, simple prepared meals) through the market. This should strategically utilize surplus produce to minimize waste and maximize ingredient value.

Outcome: This will create diversified, higher-margin income sources for PEC Fresh, reducing its sole reliance on fresh produce sales and external funding, thereby contributing directly to financial sustainability.

E. Formalize Sophiasburgh Closure & Resource Reallocation

Action: Formally cease all direct cost allocation for Sophiasburgh's non-operating in-person market within PEC Fresh's financial statements. Ensure any remaining customer base is fully reallocated to the online platform or other actively operational branches. Critically, formally "reposition" any staff time previously associated with

Sophiasburgh to other PELC programs where their expertise can "augment the community impact" without placing a direct financial burden on PEC Fresh.

Outcome: This immediate action will eliminate a significant and unsustainable financial drain (approximately +\$11,961 in avoided deficit based on 2024-2025 figures) from PEC Fresh's Profit & Loss statement, directly contributing to improved overall profitability.

F. Optimize Workforce Costs for Sustainability

Action: Intensify efforts to increase the role of volunteers in undertaking operational activities, thereby freeing up valuable staff time. Formally explore and implement the reallocation of staff hours and corresponding wage costs from PEC Fresh (particularly the Picton branch, which shows significant wage growth) to other PELC programs, strategically leveraging existing expertise across the organization and proactively managing the impact of the existing "pay grid" structure. Concurrently, implement efficiency improvements within the current PEC Fresh workforce to maximize output per hour worked.

Outcome: A substantial reduction in the wage burden on PEC Fresh (projected 25.7% overall reduction for the program), leading to improved cost management and enhanced productivity within the market.

G. Strategic Observation & Optimization of Consecon

Action: Continue Consecon market operations for a defined observation period (e.g., 6-12 months), closely monitoring its sales growth trajectory against its rising expenses. During this period, implement targeted efficiency improvements such as accepting phone calls for orders and exploring direct delivery options, designed to capitalize on its recent sales growth and improve cost-effectiveness.

Outcome: This strategic trial will lead to an informed long-term decision on Consecon's viability, with the potential for this growing branch to achieve consistent profitability and become a financially contributing asset.

H. Strengthen PELC's Overall Financial Position

Action: Present the comprehensive financial analysis of PELC as a whole, including the specific findings and proposed actions for PEC Fresh, to the PELC Finance Committee. This will ensure alignment and buy-in for the strategic financial direction.

Outcome: This will foster improved overall PELC financial health, enabling more robust and successful grant applications (particularly for competitive federal and municipal

sources) by showcasing efficient resource utilization and tangible community benefits across all programs and initiatives.

5.3. Projected Financial Impact

The projected financial impact for PEC Fresh is the result of strategic actions leading to a significant shift from deficit to surplus.

- **Baseline (2024 Net Income): (\$11,151.63)** (Deficit)
- **Key Contributions to Improvement:**
 - **Sophiasburgh Cost Elimination: +\$11,961.30** (from eliminating its 2024-2025 deficit)
 - **Picton Wage Savings: +\$10,630.69** (20% reduction of Picton's 2024-2025 wages)
 - **Overall Admin & Other Savings: +\$8,273.87** (10% reduction of 2024-2025 admin & other expenses)
 - **Increased Food Operations Income: +\$3,096.65** (from 15% sales growth at a 23.2% margin)
 - **Increased Donations: +\$5,097.07** (10% increase over 2024 donations)
- **Projected Net Income for PEC Fresh (2025-2026):**
 - **Result:** Summing the baseline and contributions above, PEC Fresh is projected to achieve a **+\$27,807.95 (Projected Surplus)**.
- **Overall Financial Turnaround for PEC Fresh:**
 - This represents an **approximate \$38,959.58 improvement** in net income (from -\$11,151.63 to +\$27,807.95).
 - Expected **15% increase** in Food Sales.
 - Projected **25.7% reduction** in overall PEC Fresh wage costs.
- **Impact on PELC Overall Financials:**
 - PEC Fresh's shift to profitability will eliminate its financial burden on PELC.
 - This turnaround directly adds approximately **\$38,959.58** to PELC's net income.
 - This could effectively **double PELC's overall net income** (from \$37,413.77 in 2023), significantly strengthening its financial health and enhancing competitiveness for future grants.

This comprehensive approach is designed not only to make PEC Fresh financially viable but also to reinforce its invaluable role in community well-being, ensuring its long-term success as a cornerstone of the Prince Edward Learning Centre's mission.

6. Concluding Remarks

The analysis clearly demonstrates that PEC Fresh Good Food Market, while an invaluable community asset combating food insecurity, faces significant financial sustainability challenges. However, PELC's proactive management, coupled with the strategic actions outlined in this report, provides a clear and viable path forward. By prioritizing data-driven operational improvements, aggressively pursuing sales growth, optimizing workforce costs, and strategically managing branch performance, PEC Fresh is projected to achieve a remarkable financial turnaround.

This transition from a deficit to a surplus will not only ensure the market's long-term viability but also substantially strengthen PELC's overall financial health, allowing the organization to further expand its critical community development initiatives. The continued commitment to measuring and communicating social impact will ensure that PEC Fresh remains a cornerstone of well-being in Prince Edward County, achieving both financial sustainability and enhanced community benefit.