



# FRIENDLY CITY FOOD CO-OP

## Annual Report



2016 / 17



October 1, 2017

Greetings Fellow Cooperators!

Thank you all for your support of your community-owned natural foods market! We had another very successful year with continued sales growth, and the second year in a row of generating a small profit (see financials in back of this report.) In these times of increasing competition and shifting markets in the grocery industry, we are poised to grow in place in order to serve our region with even more local, natural and organic products from our area, plus fair-trade items from the larger, sustainable global market.

Expansion planning is in full swing. Current thoughts are based on owner/shopper feedback from the recent surveys and our first 6 years of service, plus input from our staff retreat. Construction could begin as soon as fall of 2018 with plans to:

- Offer more local, sustainable produce
- Create a bigger/better kitchen with a real commercial gas range with a cooktop and multiple ovens giving us more capacity to generate tasty baked goods
- Improve customer flow through the salad bar and hot food bar
- Expand the meat/seafood case with improved choices for locally-raised, grass-fed beef/pork, pastured poultry, and sustainable seafood. We will be able to offer value-added options like marinated meats, kebabs, and maybe even custom cuts
- Add more classroom space with greater capacity and increased class offerings
- Add more café seating

And that's just what we've thought of so far...

More and more of you discover our co-op every week, and tell your friends, neighbors and family; and many of you are becoming owners along with 1800+ of your fellow Valley residents. We are so proud and blessed to be able to serve you. Thank you from each and every one of us here at Friendly City Food Co-op!

In Cooperation,

A handwritten signature in black ink, appearing to read "Steve Cooke".

Steve Cooke,  
General Manager



FRIENDLY CITY FOOD CO-OP EXISTS SO THAT THE SHENANDOAH VALLEY HAS

# A Vibrant Local Economy

the co-op returned  
**\$7,745**

in donations/sponsorships  
to our community

**19.9%**

of our purchases go  
to local vendors



Friendly City Food Co-op is a community owned cooperative, existing for one fundamental reason: **we are here to serve the community.** More than a grocery store, we are an organization that provides social and educational resources. As we enter our sixth year, we've seen even more improvements and growth at the co-op, which, in turn, leads us to believe this new model for a food store resonates with people.

Creating a vibrant, local economy means supporting local non-profits, schools, and organizations that are working to improve our community. This year the co-op is able to give back through four distinct donation programs.

### 1. Round up at the Register

Once a quarter, we'll ask our shoppers to round up their purchase to support a group that is making a difference. This year, the co-op was able to give the Harrisonburg Farmer's Market SNAP Match program \$1,000 and Harrisonburg City School's Mobile Summer Café received \$1,500.

### 2. Community Fund

Donation requests are accepted from the public for community-based events. This year, the co-op was able to contribute over \$1,385 in gift cards and gift baskets to fulfill these requests. In addition, over \$3,000 in sponsorship donations were made to local fundraising events.

### 3. Give Fresh

The co-op accepts donations at the register toward the purchase of local or organic fresh fruits and vegetables for those who may not be able to afford them.

### 4. Food Pantry Donations

Bi-weekly food donations are made to local food pantries such as Mercy House.



FRIENDLY CITY FOOD CO-OP EXISTS SO THAT THE SHENANDOAH VALLEY HAS

# Fair & Friendly Relationships



**15**  
visits with schools  
to learn about  
nutrition



Friendly is in our name and it's the guiding principle by which we operate at the co-op. Friendly, attentive service will continue to be our standard and we'll steadily raise the bar as our community learns that businesses can be engaged, conscientious, and kind through example.

Our partnerships in the community are just one of the ways we engage. The co-op has partnered with downtown businesses, fellow cooperatives, culinary-based endeavors, environmental causes, and pro-sustainability/agricultural groups and businesses. These connections encourage collaboration and increased support for each other's businesses.

Carrying Fair Trade goods is another way the co-op defines its fair and friendly relationships. We pay a slightly higher wholesale cost than we do for free trade goods so that workers are paid a fair wage. This ensures them affordable access to education and health care.



**100%**  
of vendor survey  
responders felt Friendly  
City had treated  
them fairly

**42**

Fair Trade producers are represented at the co-op



Greetings From Your Board of Directors,

Being an owner of the Friendly City Food Co-op is what keeps our store going. As owners we are helping to support our local farmers and producers as well as our community. The majority of you that are reading this letter are probably already owners. That is why we are asking you to share your love for our Co-op by encouraging your friends, family, and other community members to also become owners. Purchasing an ownership for a friend or family member makes a great birthday or holiday gift as well.

Some of the benefits of being an owner include a 10% discount on Owner Appreciation Days (once each quarter), Owner Rewards that are earned each time you shop (1 point for each \$1 spent), bi-monthly owner extra coupons, and free/discounted prices to attend the wide array of wonderful Co-op Learning classes that take place regularly at our very own Co-op. In addition, when Friendly City Food Co-op makes a profit, owners receive a percentage of these profits through patronage dividends. And did you know that owners are able to use the community room in the back of the Co-op for meetings or gatherings for non-profit groups or associations at no charge?

We hope that you will share these many benefits of being a Co-op owner with others in our community. We have had a great year and know that there are many more great years ahead of us! We look forward to seeing the Friendly City Food Co-op continue to grow and expand on many levels. On behalf of the Board of Directors, we would like to thank our General Manager and all of the members of the Friendly City Food Co-op team for their hard work and dedication that makes our Co-op the best place to shop.

We also thank our current and future owners for your continued support!

Julie Jenkins,  
Board President

FRIENDLY CITY FOOD CO-OP EXISTS SO THAT THE SHENANDOAH VALLEY HAS

# Healthy, Informed Consumers & Producers



Information is powerful, especially when it flows in all directions. Consumers like to know how their food is produced. Growers can provide that information, as well as explain the working conditions under which it was grown.

In order to facilitate this flow of information, the co-op has local vendors and producers come to the store to sample and talk about their products. Customers are then able to learn and can ask questions about how they are created.



Another way we create healthy and informed consumers is by providing in-store classes and educational opportunities. Classes offered in our Co-op Community Room this year covered a wide array of subjects including an intro to sign language, making medicinal teas, creating healthy snacks, and wreath making.

We offer tours in the store for schools and local groups. We also visit schools and colleges to participate in health fairs and wellness events.

We choose to believe that the best way to inform is not to judge what is good or healthy for anyone, but rather to provide objective information so consumers can make decisions for themselves.



**16**  
classes this  
year with  
**216**  
participants



FRIENDLY CITY FOOD CO-OP EXISTS SO THAT THE SHENANDOAH VALLEY HAS

# A Healthy Environment

Friendly City Food Co-op strives to minimize negative impact on our local and global environment using various measures both within the co-op and by carrying items that can help our customers reduce their footprint as well.

**15.6**  
tons of  
compost donated  
annually

Reducing, Re-using and Recycling is a priority for the co-op. We constantly strive to leave a smaller carbon footprint.

In February, we had a Zero Waste class in which we discussed ways to limit the amount of waste produced. This class was free for our owners.

We like to encourage the purchase of bulk foods at the co-op. When customers bring their own containers for re-use, the process is even more environmentally friendly.

We realized we needed to re-think our own packaging in the deli. They now use compostable packaging and containers which can be recycled locally.

As we look toward a store expansion in 2018, we'll be "greening" up our space even more and finding ways to further reduce food waste whenever possible.



**11**  
new bulk items  
added this  
year



## INCOME STATEMENT

	FY 2017*	FY 2016	FY 2015
Sales	\$4,256,674	\$3,940,150	\$3,542,193
Cost of Goods Sold	\$2,722,060	\$2,588,745	\$2,332,318
Gross Margin	\$1,534,614	\$1,351,405	\$1,209,875
Operating Expense	\$1,445,402	\$1,294,761	\$1,157,711
Other Income/Expense	\$ (21,116)	\$ 8,708	\$ (33,834)
<b>NET INCOME</b>	<b>\$ 68,096</b>	<b>\$ 65,352</b>	<b>\$ 18,330</b>



## BALANCE SHEET

ASSETS	FY 2017*	FY 2016	FY 2015
Current Assets	\$370,065	\$356,505	\$334,296
Fixed Assets	\$450,546	\$553,864	\$659,611
Other	\$124,231	\$134,620	\$118,989
<b>TOTAL ASSETS</b>	<b>\$944,842</b>	<b>\$1,044,989</b>	<b>\$1,112,896</b>

LIABILITIES	FY 2017*	FY 2016	FY 2015
Current Liabilities	\$471,332	\$414,329	\$332,488
Long Term Liabilities	\$436,770	\$691,619	\$916,048
<b>TOTAL LIABILITIES</b>	<b>\$908,102</b>	<b>\$1,105,948</b>	<b>\$1,248,536</b>

EQUITY	FY 2017*	FY 2016	FY 2015
Member Equity	\$352,774	\$ 323,174	\$ 309,899
Retained Earnings	\$(384,131)	\$(449,485)	\$(463,869)
Net Income	\$ 68,096	\$ 65,352	\$ 18,330
<b>Total Equity</b>	<b>\$ 36,739</b>	<b>\$ (60,959)</b>	<b>\$ 135,640</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>\$ 944,842</b>	<b>\$1,044,989</b>	<b>\$1,112,896</b>

\*[Un-Audited]