

2017 ANNUAL  
2018 REPORT



FRIENDLY CITY FOOD CO-OP

---



October 1, 2018

Greetings Friendly Citizens,

Thank you for helping create a better grocery store for our community! Our co-op had another very successful year with continued sales growth, and the third year in a row of generating a small profit (see financials in back of this report.) In these times of disruption and transitions 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, and fair-trade items from the larger, sustainable global market.

Expansion planning is in overdrive. Construction could begin as soon as early 2019 with plans to:

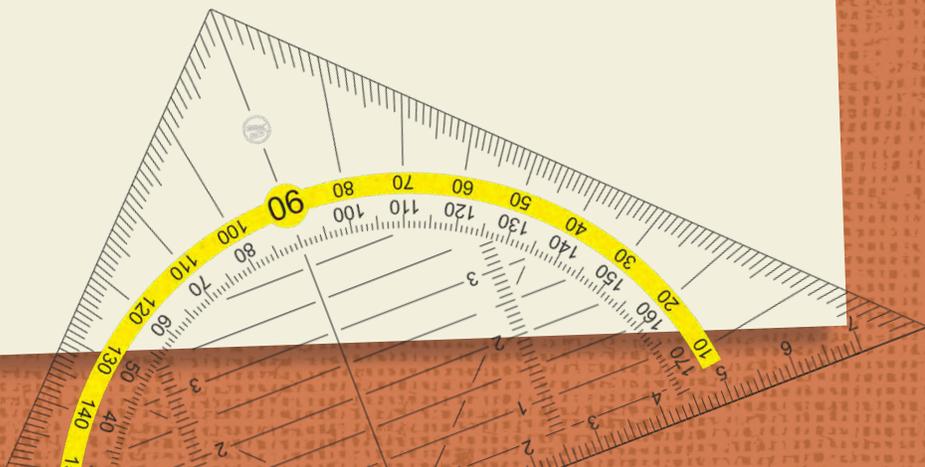
- Offer more local, sustainable produce
- Create a bigger/better kitchen with
  - A real commercial gas range with multiple ovens and a cooktop
  - More capacity to generate tasty baked goods
  - Improved flow through the salad bar and hot food bar
- Add a larger meat/seafood case with
  - Improved options for locally raised grass fed beef/pork and pastured poultry
  - Value-added meat/poultry/seafood – marinades, kebabs, custom cuts
- Add more café seating and upgrade our garden café out front, so you have space to visit with your friends, sip a fair trade cup of coffee, or enjoy some hot bar deliciousness.

Our owner loan campaign has launched and we need our owners' support more than ever to make these improvements happen!

Be sure to tell your friends, neighbors and family about how much you enjoy shopping here; and encourage them to join us, along with 1900+ of 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,

Steve Cooke,  
General Manager



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

# A VIBRANT LOCAL ECONOMY

When we say the co-op exists to sustain a vibrant, local economy— what, exactly, does that mean? It means growing, creating and sustaining jobs, circulating dollars within the Valley, and sourcing from Valley producers while connecting with local economies outside the Valley for products not produced or grown here.



Our definition of local means anything produced and grown in Virginia. Whenever possible, we source fresh items (produce, eggs, grains and meats) within Rockingham County. The circle expands outward to other parts of the state – including the rest of the Valley – for additional fruit and vegetables, as well as the coastal region for seafood. This ensures there is always plenty of fresh, local food for our customers to choose from.

We are more than a grocery store. As a cooperative enterprise, we also offer social and educational resources. We sponsored fifteen community events this year and donated \$10,725 to local organizations and groups who are making a difference in our community.



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

# FAIR & FRIENDLY RELATIONSHIPS



## FAIR AND FRIENDLY \*\*\*\*\* IS OUR GUIDING STAR

Fair and Friendly is our guiding star. It's the way we interact with the world – incorporating equitable, considerate, and compassionate behaviors in all interactions with member-owners, board directors, team members, vendors, neighbors, and business partners.

Our goal is to always provide friendly service – and even a bit more. Good customer service can mean different things to different people, so our job is to discern how each individual would like to be treated and provide that type of service. If we don't excel in customer service, we aren't doing our job.

Fair relationships mean we may pay a bit more for fairly traded goods than those that are freely traded, but we have the satisfaction of knowing that Fair Trade workers are receiving affordable access to education and health care through the sale of their products. This, in turn, supports a sustainable way of life for those who may not otherwise have the opportunity.



# 42

Fair Trade products are available at the co-op



Greetings From Your Board of Directors,

It's been another great year for the Friendly City Food Co-op. Owner numbers continue to increase and as of September, there are over 1,900 total shares. With the upcoming expansion, the Board of Directors would like to encourage our friends, family and community members to become Friendly City Food Co-op owners and inform them of the many benefits.

Some of the benefits of being an owner include a 10% discount on Owner Appreciation Days that take place 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 may receive a percentage of these profits through patronage dividends. As an owner, you are able to further support the Co-op by making a loan of \$1,000 or more toward the campaign goal of \$1,000,000 for the current expansion plan.

We look forward to another great year ahead with the expansion of the Co-op on the horizon. The Board would like to thank our General Manager and wonderful staff for their hard work and dedication that makes the Co-op the best place to shop. Thank you also to our current owners for all of your support.

Julie Jenkins  
Board President

# FRIENDLY CITY FOOD CO-OP EXISTS SO THAT THE SHENANDOAH VALLEY HAS HEALTHY, INFORMED CONSUMERS & PRODUCERS

Healthy consumers thrive when they have sufficient, valid resources and data on which to make good decisions regarding their physical and mental health.

We don't intend to judge what is good or healthy for anyone, but rather provide objective information so they can make good decisions for themselves.

Staff training is proving to be our best link between consumers and producers. By taking our team to visit farms and artisanal food production sites, they become better informed and can see firsthand how dedicated the producers are to making and growing high quality goods for our customers.

**29**  
classes offered  
this year

with  
**337**  
participants



Our Co-op Learning classes continue to be popular, often filling to capacity. The offerings help to educate and enlighten the public on a wide range of topics. Our goal was to have 2 classes a month with at least 12 students per class and we averaged 2.4 classes a month and 11.6 attendees per class this year.

Co-op Explorers, our kid-friendly educational program, has been a popular offering this year with a total of 8 classes and 87 attendees for the year.



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

# A HEALTHY ENVIRONMENT



**13.65**  
tons of compost  
donated  
this year



A healthy environment has cleaner air, water, and soil. Wildlife is given equal consideration to human life. Conservation of natural resources and utilizing renewable energy are higher priorities than exploiting the earth.

Reducing, Reusing and Recycling is a priority for the co-op. We constantly strive to leave a smaller carbon footprint. Our sealed concrete floors require no waxing or buffing, only sweeping and mopping. We have recycling and compost bins in our café and in other locations throughout the store.

As we look toward a store expansion in 2019, we'll be greening up our space even more and finding ways to further reduce food waste whenever possible.



**13**  
new bulk  
items added  
this year

**10.25%**  
increase in sales  
this year

## INCOME STATEMENT

	FY 2018*	FY 2017	FY 2016
Sales	\$4,723,792	\$4,256,674	\$3,940,150
Cost of Goods Sold	\$3,051,055	\$2,722,060	\$2,588,745
Gross Margin	\$1,672,737	\$1,534,614	\$1,351,405
Operating Expense	\$1,599,869	\$1,445,402	\$1,294,761
Other Income/Expense	\$ (22,453)	\$ (21,116)	\$ 8,708
<b>NET INCOME</b>	<b>\$ 50,415</b>	<b>\$ 68,096</b>	<b>\$ 65,352</b>

**42%**  
of 2018 sales  
to owners

## BALANCE SHEET

ASSETS	FY 2018*	FY 2017	FY 2016
Current Assets	\$402,542	\$370,065	\$356,505
Fixed Assets	\$341,565	\$450,546	\$553,864
Other	\$135,591	\$124,231	\$134,620
<b>TOTAL ASSETS</b>	<b>\$879,699</b>	<b>\$944,842</b>	<b>\$1,044,989</b>

### LIABILITIES

Current Liabilities	\$384,651	\$471,332	\$414,329
Long Term Liabilities	\$371,596	\$436,770	\$691,619
<b>TOTAL LIABILITIES</b>	<b>\$756,247</b>	<b>\$908,102</b>	<b>\$1,105,948</b>

Member Equity	\$389,575	\$352,774	\$ 323,174
Retained Earnings	\$(324,096)	\$(384,131)	\$(449,485)
Net Income	\$ 50,415	\$ 68,096	\$ 65,352
<b>Total Equity</b>	<b>\$ 123,451</b>	<b>\$ 36,739</b>	<b>\$ (60,959)</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>\$ 879,699</b>	<b>\$ 944,842</b>	<b>\$1,044,989</b>

\*[Un-Audited]