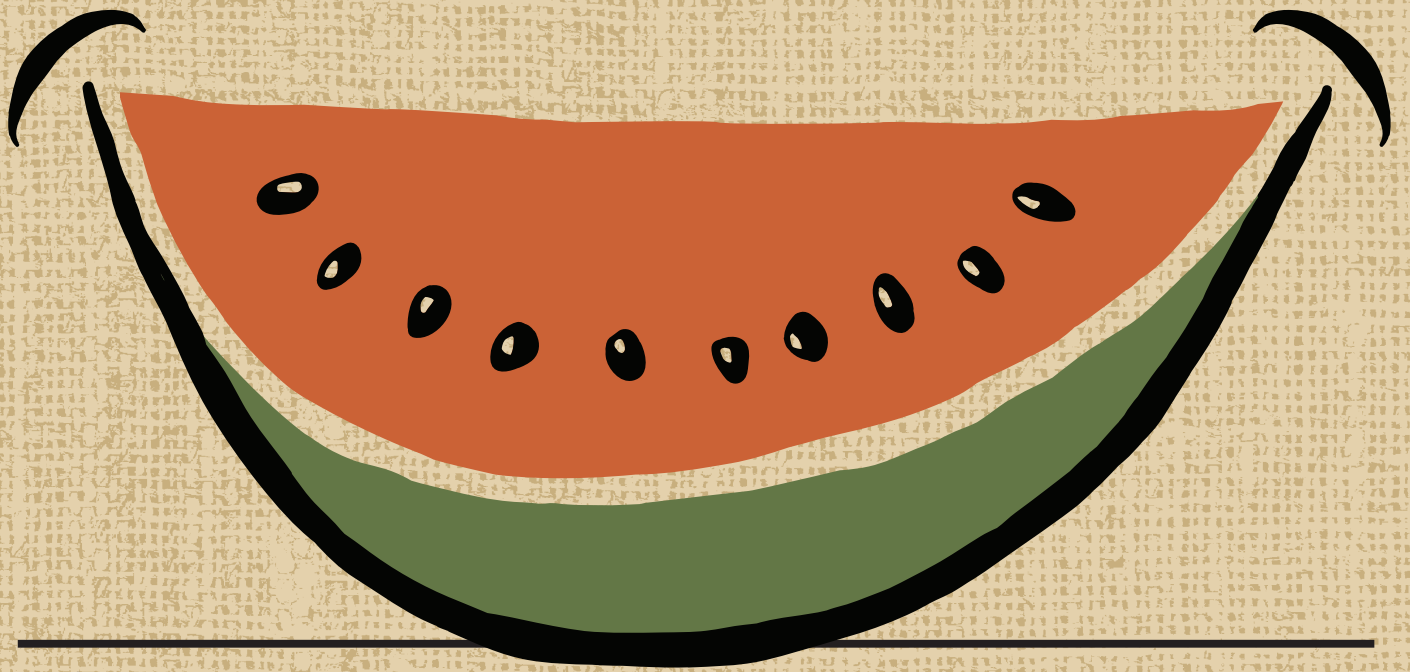


2018
2019 ANNUAL
REPORT



FRIENDLY CITY FOOD CO-OP

FRIENDLY CITY FOOD CO-OP HIGHLIGHT FROM THIS YEAR



On January 1, 2019, the Co-op adopted a Living Wage for all team members. Newly hired employees start at \$11.50 an hour and move to \$12.00 an hour after a 90-day intro period. As of August 2019, Friendly City Food Co-op was one of only four businesses recognized in the city of Harrisonburg as paying their employees a Living Wage.



Greetings Friendly Citizens,

We've had another year of regenerative growth (our fourth year making a small profit) and community building. Thank you all for co-creating a stronger local economy, greening our world, and spreading the word about our new model of running a grocery store here in Virginia's beautiful and nourishing Shenandoah Valley.

Our world continues moving towards sustainability, and our co-op shines as a beacon of harmony and healthy living for our wonderful and diverse community.

This past fiscal year (July 2018 – June 2019) we made some significant improvements in the following areas:

- **Living Wage** – On January 1, 2019, Friendly City Food Co-op adopted a living wage for our team members, which combined with our benefits package, qualified us with the Harrisonburg/Rockingham Living Wage Campaign as a Silver level employer.
- **Retail SNAP Match** – Through funding from Virginia Fresh Match, we can now offer our customers paying with SNAP a 50% discount of their purchases of fresh fruits and vegetables. Combined with our growing season 99¢ Local Produce table, savings can be significant.
- **Non-Foods Composting** – In response to the elimination of curbside recycling in the City of Harrisonburg, we have made big changes in our packaging for foodservice and bulk foods. Glass jars and paper bags are available for bulk. Compostable containers for hot food/salad bar, soup and coffee cups/lids, paper towels, toilet paper rolls, and our biodegradable plastic ware all go to Black Bear Composting in Crimora to be composted.

Expansion planning is in final stages. Demolition in the area behind bulk bins should start in January 2020, and then everything starts shifting and changing. Honestly, it will be a little noisy, and the changes will be dramatic. But we promise you, it will all be more than worth it! There will be more of all your favorite things, plus room to move around more freely in the produce area and a bulk area set off from the perimeter driveway; a greater variety of deli offerings for our whole community; and a wider selection of grocery, produce, wellness, dairy, frozen and general merchandise products. You will even have more options to choose from for your dogs and cats!

Be sure to tell your friends, neighbors and family about how much you enjoy shopping here; and encourage them to join us as owners, along with 2200+ 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 A VIBRANT LOCAL ECONOMY

The co-op exists to build a vibrant, local economy. That means growing, creating and sustaining jobs, circulating dollars within the community and sourcing from Valley and local producers whenever possible. Our definition of "local" means anything produced and grown in Virginia. Local products account for 20.76% of our total cost of goods purchased.

We have local products in every department, and every aisle, not just produce and meat. We currently have 133 active local producers and we are in the process of acquiring more local vendors who carry new and exciting products.

This year saw the launch of our SNAP Match program. Thanks to a grant awarded to Virginia Fresh Match, the co-op is able to offer a dollar to dollar match for produce purchased by customers using EBT (up to \$10 spent, equaling \$20 worth of produce). We are proud to be one of the first grocery stores in the state offering the SNAP Match benefits, as part of a retail pilot program.

We are more than a grocery store. As a cooperative enterprise, we also offer social and educational resources. We sponsored 29 community events this year, participated in 10 community events, and donated \$10,009 to local organizations and groups who are making a difference in our community.

we returned
\$10,009
in donations &
sponsorships
to our community

we purchase
from over
133
local vendors



FRIENDLY CITY FOOD CO-OP

FAIR & FRIENDLY RELATIONSHIPS

2,074
shoppers
participated in
SNAP Match



**Great produce,
great philosophy!**

5 Star Review by J Haddad, Google Business



Fair and friendly relationships are the foundation upon which the co-op exists – the way we interact with the world – respecting the dignity of all.

Fair trade is a great example of how the co-op is transparent and fair with producers. By purchasing fairly traded goods, we help ensure these producers can afford access to education and health care in their communities around the globe. Our wholesale costs are slightly more than in free trade situations, but we feel strongly that it's important to create a sustainable way of life for those who may not otherwise have the opportunity. Fair trade bananas, coffee, nuts, dried fruit, lip balms, shampoo, grains, woven baskets, sweeteners (agave nectar, molasses), energy drinks, chai, teas, and chocolate are just a few examples of fairly traded products we carry.

Friendly is in our name and describes our idea of what excellent customer service should be – determine 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.

42

Fair Trade
products are
available at
the co-op

FRIENDLY CITY FOOD CO-OP

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. There is so much information available to consumers now days, it can sometimes be difficult to know what's best. We strive to provide objective, educational information so our customers can make good decisions for themselves. Our goal is to provide a selection of options to support a wider array of lifestyles, dietary needs, and budgets – incorporating and respecting cultural differences.

Our Co-op Learning classes continue to be successful, often filling to capacity. The offerings help to educate and enlighten the public on a wide range of topics. This year, we offered 21 classes with a total of 311 participants. Co-op Explorers, our kid-friendly educational program, continues to be a popular offering and is attended by 30+ kids each month!

We offer field trips for kids in school, after-school programs, and summer camps throughout the year. These field trips include a store tour, snacks, and an activity. This year we hosted 11 groups, including several area schools, and the Migrant Education Summer Camp classes.

Highlighting our local vendors is a priority and we help acquaint shoppers through in-store educational signage and brochures, in blog posts, on social media, and in our e-newsletter – which is sent to shoppers and owners. Local vendors are always invited to participate in Owner Appreciation Days, where they can provide samples to customers and answer questions. We also invite them to teach classes at the co-op, if they are interested. We feel it is important for our shoppers to meet their local food producers.

311

attended
classes this
year



I love the sense
of community and
partnership, it is a
great place to shop.

4 Star Review by R Vinsant II, Google Business

over
6,000
pieces of fruit
given to kids



Voted BEST GROCERY STORE
2019 Best of Virginia Living



FRIENDLY CITY FOOD CO-OP A HEALTHY ENVIRONMENT

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. A healthy work environment is one where all present feel dignity and respect from leadership, co-workers, customers, and vendors they interact with during their shifts.

Reducing, Reusing and Recycling is a priority for the co-op. We constantly strive to leave a smaller carbon footprint. As we look toward a store expansion in 2020, careful consideration will be given to the design and elements chosen in the construction phase. Wise choices now will provide big energy savings down the road.

There are Green Business Practice posters around the store as part of our consumer education process and the co-op is now offering food composting, as well as non-food composting, services for all waste products generated by our operations. Some of our educational classes have included Zero Waste and Zero Waste Kitchen, as well as supplementary blog postings, which are available on our website.

Reducing packaging is an ongoing goal. Some of the ways we are addressing it include adding new products to our bulk section, encouraging shoppers to bring their own containers, and rethinking some of our in-store packaging options. The emphasis is on shifting to packaging that can be easily recycled here, or that is re-usable, like glass jars.



3.85
more tons of
compost donated
than last
year



**We have
paper bags
for filling
and offer
glass jars for
purchase in
bulk section**

Voted BEST HEALTHY OPTIONS
and BEST VEGETARIAN
2019 Best of the Valley

5.76%
increase in sales
this year

INCOME STATEMENT

| | FY 2019* | FY 2018 | FY 2017 |
|----------------------|------------------|-------------------|------------------|
| Sales | \$4,926,744 | \$4,650,030 | \$4,285,578 |
| Cost of Goods Sold | \$3,256,274 | \$3,079,114 | \$2,801,472 |
| Gross Margin | \$1,663,647 | \$1,565,274 | \$1,478,121 |
| Operating Expense | \$1,622,313 | \$1,487,008 | \$1,431,720 |
| Other Income/Expense | \$ 36,520 | \$ 33,495 | \$ 33,621 |
| NET INCOME | \$ 77,854 | \$ 111,761 | \$ 80,022 |

47%
of 2019 sales to
owners – up 5%

BALANCE SHEET

| ASSETS | FY 2019* | FY 2018 | FY 2017 |
|---------------------|--------------------|------------------|------------------|
| Current Assets | \$851,124 | \$396,364 | \$371,116 |
| Fixed Assets | \$406,602 | \$434,544 | \$450,546 |
| Other | \$107,079 | \$114,757 | \$125,844 |
| TOTAL ASSETS | \$1,364,805 | \$945,665 | \$947,506 |

| LIABILITIES | | | |
|--------------------------|--------------------|------------------|------------------|
| Current Liabilities | \$510,445 | \$398,671 | \$467,389 |
| Long Term Liabilities | \$568,002 | \$374,591 | \$436,770 |
| TOTAL LIABILITIES | \$1,078,447 | \$773,262 | \$904,159 |

| OWNERS' EQUITY | | | |
|---------------------------------------|--------------------|------------------|-------------------|
| Member Equity | \$424,824 | \$381,349 | \$ 352,774 |
| Retained Patronage | \$114,979 | \$ 85,481 | \$ 40,359 |
| Accumulated Deficit | \$(253,445) | \$(294,427) | \$(349,786) |
| Total Owners' Equity | \$286,358 | \$172,403 | \$ 43,347 |
| TOTAL EQUITY & LIABILITIES | \$1,364,805 | \$945,665 | \$ 947,506 |

*Reviewed by Independent Auditor