



2015-16 ANNUAL REPORT



Greetings Fellow Cooperators!

Happy birthday to us! Friendly City Food Co-op turned 5 years-old in June with a bouncy house, live cows, hula hooping, and cupcakes. Thanks for helping us celebrate!

The fiscal year of 2015-2016 (July 1 – June 30) was filled with successes both great and small. The most visible change was the addition of a hot food bar, which showcases all of the best of what Friendly City has to offer. It's a great option for a quick lunch, and lots of folks stop by on the way home for quick answers to the age-old question, "What's for Dinner?" A more virtual update was enhancing our website (www.friendlycity.coop). It is now adaptive (mobile-friendly) and contains more useful info and links to our local food connections.

We welcomed 6 new local vendors, further connecting our local economy; created 2 more conscientious jobs in our area (total team now = 32) and increased our starting wage by 50 cents/hour. All of our efforts have apparently not gone unnoticed because our ownership roster has jumped in size, as we added 151 new owners this year bringing our ownership total up over 1,674.

Sales were almost \$4 million/year for an increase of 15.7% over the previous fiscal year. The Fourth Quarter was our first over \$1 million! All of that combined to yield what looks to be a positive net income of about 1.5% before taxes and patronage refunds are deducted. (These numbers are still under review by our CPA, and not finalized.)

All in all, we have a lot to celebrate, and we are so proud of what we all have accomplished together with you, the owners of our community-owned business. We couldn't have done it without you!

In cooperation,

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

Steve Cooke, General Manager





ENDS POLICY



Friendly City Food Co-op exists so that the Shenandoah Valley has:

- A vibrant, local economy;
- Fair and friendly relationships;
- Healthy, informed consumers and producers;
- And a healthy environment.

VIBRANT LOCAL ECONOMY

As a community owned cooperative, Friendly City exists for Harrisonburg and the greater Shenandoah Valley area. Our role is outlined in our Ends Policy, but ultimately returns to one fundamental idea: that Friendly City is here to serve the community. We do this as a grocery store and as an organization that provides social and educational resources. On June 4th 2016, we celebrated our 5th birthday with a big party to which the entire downtown community was invited. It was a celebration of the reality our hopes and dreams for the co-op have become.

We have succeeded for over 5 years at modeling a new type of food store with a balance of local, organic, natural and reasonably priced foods; as well as environmentally friendly paper goods, gardening and cleaning supplies. Our offerings to our customers continue to improve with a new hot bar and the addition of Co+op Basics— our line of value-priced natural and organic grocery and household items.

Friendly City makes selling and promoting locally grown or produced products a priority by choosing to purchase locally whenever a relationship with a local producer can be established in a mutually beneficial way. We now have over 125 local producers, which are represented in every aisle and department. We added 6 new producers in the past year, plus more new products from existing vendors.

In the 2015-2016 fiscal year 19.7% of our expenses went to local businesses, small family farmers and artisanal producers. That percentage is up 1.7% from last year, and approximately 12.81% of all store sales are from locally produced items.

On this page you'll find a partial listing of popular local products we currently stock. By purchasing these items you also support these local producers.

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- SHENANDOAH SPICE CO.** all natural herbs and spices from Toms Brook
 - BROTHERS CRAFT BREWING** local beer from Harrisonburg
 - SHOWALTER'S ORCHARD AND GREENHOUSE** apple cider and flowers from Timberville
 - BLUESTONE VINEYARDS** wine from Bridgewater
 - CROSSKEYS VINEYARDS** wine from Mt. Crawford
 - OLD HILL HARD CIDER** from Timberville
 - SEASON'S BOUNTY** local produce from Harrisonburg
 - RADICAL ROOTS** organic produce, plants and herbs from Keezletown
 - POLYFACE FARMS** pork and beef from Swoope
 - J&L GREEN** pork and chicken from Edinburg
 - FARMSTEAD FERMENTS** traditionally crafted fermented foods from Charlottesville
 - FIREFLY HOT SAUCE** from Fort Valley
 - GRAINS OF SENSE COFFEE** from Lynchburg
 - LONE OAK COFFEE** from Winchester
 - COCOA MANNA** fine brewing cocoa from Boston, VA



Greetings From Your Board of Directors,

Has it been 5 years already?! Our friendly little food cooperative is growing up so fast.

Our annual meeting always conjures up past memories when the roots of the Friendly City Food Cooperative were beginning to spread. We think about the folks who generously gave their time and effort to make sure progress was being made, despite any obstacles that may have been presented along the way. We reflect on the tremendous support from our community, both past and present. We also picture all of the different locations around town where we gathered to share information, attended board meetings, made phone calls during our member loan campaigns, and celebrated successes. Our 5-year birthday party in June was one of the most recent reasons to gather and revel in our co-op's early achievements.

It was amazing to see the parking lot of the co-op transformed into a place where our community, both co-op owners and fellow citizens, could experience a taste of what we are all about: quality food, education, entertainment, good times, dairy cows, and a dancing tomato. This may be a tough act to follow when we celebrate 10 years.

On behalf of the Board of Directors, we would like to thank our General Manager and the entire Friendly City Food Co-op team for the positive daily contributions they make to keep our downtown grocery store the Best in the Valley. We would also like to thank our fellow owners, and future owners, for your continued support and trust as we grow and progress to provide you with more than just a grocery store.

We'll see you at the co-op!

In cooperation,

Brad Burrow, Board President



FAIR & FRIENDLY RELATIONSHIPS

This year, we focused on utilizing our Co+mmunity Room for educational opportunities in the community. We hosted co-op classes, open to the public, with a discounted rate for owners. An additional kids' class on *Eating the Rainbow* was held at the Lucy Simms Community Center. The Co+mmunity Room is also used by community non-profits and businesses as a meeting space.

Addressing local hunger issues continues to be important to our shoppers and staff. This past year we donated over \$8,500 worth of produce to the Blessed Sacrament Food Pantry, sponsored a food insecurity series on WMRA, and continued our GIVE FRESH program—which helps to put fresh, local or organic produce on the tables of families who struggle to make ends meet.

Another way we support fair relationships is by carrying Fair Trade products. Fair Trade products are made with respect for people and the planet. **Equal Exchange, Dr. Bronners, Cascadian Farms, Honest Tea and Nature's Path** are just a few Fair Trade brands the co-op carries.

Friendly is in our name and it's the guiding principle by which we operate our co-op. We strive to make a better workplace for our employees and a better store for our shoppers. Social media, shopper and staff surveys, and customer comment cards all provide ways in which we are able to listen. We feel confident we're improving all the time!

SPONSORSHIPS

- Fr Fridays on the Square
- On the Road Collaborative
- Open Doors
- Farm to Table Conference
- Buy Fresh Buy Local
- Wild and Scenic Film Festival, Wild Virginia

PARTNERS

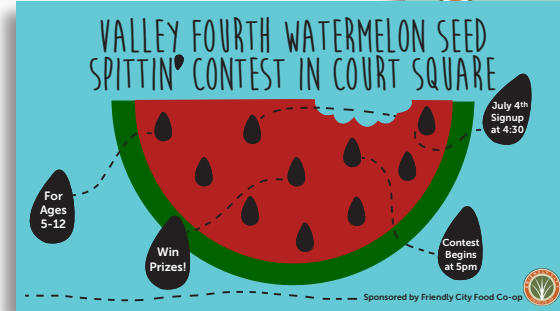
- Explore More
- Walkabout Outfitters
- Park View Federal Credit Union
- Artisan Trail
- Culinary District
- Appalachian Trail Community
- Sierra Club
- Harrisonburg Co-housing
- Fields of Gold
- Holiday Toy Drive – Mashita and Rocktown Slops
- Natural Garden



CO-OP LEARNING
Cheese Basics
Saturday, August 27 2-3:30pm
Learn all about cheese- the types, how they're made, served, and how to store them. Cheese tasting included!
Presented by Melissa Lapp, Friendly City Cheese Buyer. \$5/Owners Free. Register online & in store.
150 East Wolfe Street | Open Daily 8am-9pm | 540.801.8882 | friendlycity.coop



SEED STARTING
Saturday, January 30 10am-11am
Classes in the new Co-op Community Room
Presented by Sam Berenstein of Project Grows
Open Daily 8am-9pm | 540.801.8882 | friendlycity.coop



VALLEY FOURTH WATERMELON SEED SPITTIN' CONTEST IN COURT SQUARE
For Ages 5-12
Win Prizes!
Contest Begins at 5pm
July 4th Signup at 4:30
Sponsored by Friendly City Food Co-op



HEALTHY INFORMED CONSUMERS & PRODUCERS



Educating consumers is our ongoing goal. In-store events offered co-op shoppers an opportunity to learn about everything from how to naturally dye an egg to what native plants would best fit their garden environments. Educational outreach efforts encompass all ages with visits to school age groups, to James Madison University campus, and to adult and senior groups.

Informed consumers like to know where their food comes from. By inviting local vendors to the co-op, we are able to provide the answers in fun and engaging ways.

- When we launched SVOrganics chicken, we provided a recipe along with the opportunity to not only taste, but to possibly win, a locally raised bird!
- Many local vendors took time to come in and showcase their products this year, while educating consumers and answering questions. **Cocoa Manna, Mountain Culture Kombucha, Staff of Life Bread and Farmstead Ferments** were just a few who came out to share their knowledge and hand out samples to shoppers.
- Every week during the summer, there are CSA (Community Supported Agriculture) pickups in our store. **Season's Bounty, Glen Eco and Radical Roots** are farms who participate with us.
- Monday tastings are quickly becoming a downtown favorite. Both our regional suppliers/distributors and local suppliers – **Brothers Craft Brewing, Three Notch'd Brewing Company, Bluestone Vineyards and Cross Keys Vineyards** – have taken advantage of this opportunity to educate people about their offerings.

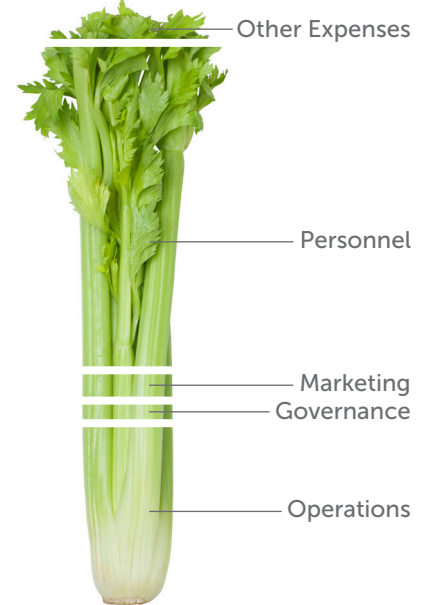
We've even expanded our on-line educational tidbits. We post at least two new recipes or other articles of interest on our blog each month and we feature "Did you Know?" posts on social media.



INCOME STATEMENT

		% OF SALES
Sales Revenue	\$3,972,836	100%
Cost of Goods Sold	<u>2,554,185</u>	64.3%
Gross Profit	1,418,650	35.7%
Operating Expenses		
Operations	433,725	10.9%
Governance	24,061	0.6%
Marketing	42,385	1.1%
Personnel	<u>823,346</u>	20.7%
Total Operating Expenses	\$1,323,516	33.3%
Other Income and Expense		
Other Income	16,804	0.4%
Other Expense	<u>[51,652]</u>	1.3%
Total Other	[34,848]	0.9%
Net Income	<u>\$60,286</u>	1.5%

TOTAL OPERATING EXPENSES



BALANCE SHEET

ASSETS	
Current	
Cash and Cash Equivalents	\$148,494
Inventory	204,014
Other	<u>2,640</u>
Total Current Assets	355,148
Long Term Fixed Assets	562,347
Other Long Term Assets	<u>122,425</u>
Total Assets	<u>\$1,039,920</u>
LIABILITIES & EQUITY	
Current	
Accounts Payable	\$86,455
Loans Payable to Owners	205,956
Accrued Interest Payable to Owners	33,942
Other	<u>85,379</u>
Total Current Liabilities	411,732
Long Term	
Loans Payable to Owners	653,326
Accrued Interest Payable to Owners	<u>38,292</u>
Total Long Term Liabilities	691,618
Total Liabilities	1,103,350
Equity	<u>[63,430]</u>
Total Liabilities and Owner Equity	<u>\$1,039,920</u>

ASSETS



[Un-Audited]

A HEALTHY ENVIRONMENT

OUR PROMISE

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

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. Cradle to cradle technology results in no net loss of resources over time. Breakthrough visioning in project development may result in higher upfront costs, in exchange for lower energy costs going forward.



CO-OP GREEN BUSINESS PRACTICES

Installation of planters out front filled with native plants help offset carbon monoxide from passing vehicles

Making a large selection of bulk foods available is the best way to reduce the amount of excess packaging released to landfills

Damaged produce that is not sellable is donated to several programs that feed the less fortunate and scraps that are too decayed for food provide our farmers with compost for their crops

Friendly City renovated and opened in a 45 year-old building rather than building new – this saved large amounts of resources

Refrigerant used in the system is specially made to produce less chlorofluorocarbons and pollute the air less if released

Interior wall surfaces were painted with No or Low VOC paints

Our sealed concrete floor does not require use of toxic floor wax removal products, or the energy required to strip, re-apply and buff new wax.

