



FRIENDLY CITY FOOD CO-OP  
**ANNUAL REPORT**  
OCTOBER 2015



## 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.**

created October 8, 2011

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 can provide social and educational resources for the community. On our co-op birthday, June 6th, 2014 we announced our Board of Directors approval of our expansion project and spent most of this fiscal year working to establish a Community Room, Produce Prep Room, Grocery Receiving Room, new equipment for our Deli and

increased Beer & Wine sales space. These changes position us to be more efficient on the sales floor and to realize a larger expansion from a better cash position in the coming years.

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. Last year, we added a Local Buyer position to reach out further into our community to attract local vendors to the co-op and now have over 119 local producers represented in every aisle and department. That's up 83% in the last two years!

In the 2014-2015 fiscal year 18% of our expenses went to local businesses, small family farmers and artisanal producers. Although that percentage remains the same as last year, it represents almost \$80,000 more.

On this page you'll find a list of new exciting local finds that we've been able to add to our shelves this past year. By purchasing these items you also support these local producers.

**TEENY TINY SPICE CO.** spice blends from right next door!

**STAFF OF LIFE BREAD** baked goods from Broadway

**SHENANDOAH VALLEY ORGANICS** organic chicken grown in the Valley, processed & packed in Harrisonburg

**OWL HILL FARM** pasture raised lamb from Shenandoah

**THE NATURAL GARDEN** native & edible plants from Harrisonburg

**MT CRAWFORD CREAMERY** dairy from Mt. Crawford

**PORTWOOD ACRE FARM** grassfed, organic cheese from Port Republic

**WADES MILL** bulk cornmeal & buckwheat flour from Raphine

**VALLEY GREEN NATURALS** body care products from Sperryville

**STRITES** donuts from Harrisonburg

**LOOSE LEAF TEA CO.** organic & fair trade tea from Boston, VA

**MILLCROFT FARMS** fruit preserves from Stanley

**HUNTER GATHERER GAME DINNERS** dinner kits from Afton

# 18%

**of our expenses —  
or \$414,718 — was  
spent locally.**

Compared to conventional  
grocer's 6% avg.

~ NCGA Food Co-op Impact Study  
2012 Report



## vibrant local economy



fair & friendly  
relationships

healthy informed  
consumers &  
producers

This year, as we worked toward creating our new Community Room to further our goals of offering educational classes and cultivating an atmosphere of gathering at the co-op, we also managed to engage our community in events, sampling, and opportunities to interact with our local vendors. In July 2014 we hosted our first Friendly 'Spitty' Seed Spitting Contest on Court Square as a part of Harrisonburg Downtown Renaissance's Valley Fourth Celebration. We also hosted many school groups and provided educational activities from seed-starting and grain-guessing to nutrition and shopping lessons. Our Fruit for Co-op Kids program is going strong and we have begun to see our co-op branded kids' stickers proudly 'stuck' throughout our community.

In our last shopper survey, you stated overwhelmingly that you would like to see us address local hunger

issues (with the highest percentage of shoppers in the national database of co-ops!). We are with you! We continue to donate our Produce and Deli extras to the Blessed Sacrament Food Pantry weekly. This year, we implemented the Give Fresh program so that you could help us do more by adding money to your grocery bill that we earmark to buy fresh organic or local produce to deliver straight to food pantries in the area. We've been able to make three sizable produce donations in just the first few months.

Friendly City also values working to support our local vendors. New this year, we partnered with some of our CSA farmers to implement a weekly payment CSA program for folks receiving SNAP benefits – a program with twofold benefits - to help increase access to great local food and further support our local farmers. 🌱



**PARTNERING** with like minded community organizations such as:

- Harrisonburg Downtown Renaissance
- Harrisonburg Farmers Market
- Shenandoah Valley Buy Fresh Buy Local
- Virginia Cooperative Extension
- Small Business Development Center
- Harrisonburg EATS
- JMU IIHHS
- Ten Thousand Villages

**SPONSORING** more than 30 local groups and events, including:

- Rocktown Turkey Trot
- The Business of Food Conference
- PVFCU Community Connection
- Yoga Fest
- Red Wing Roots Music Festival
- Wild & Scenic Film Festival
- Rocktown Beer & Music Festival





## a letter from our president

**D**id you know our co-op is more than a grocery store?? Since attending CCMA (our national conference just for food co-ops), this concept has become quite apparent to me. I can't take credit for discovering it. Noel Levan, a founding board member for Friendly City used to say this all the time at meetings. I never really got it. "Yes Noel, we know, the co-op is more than a grocery store." But what exactly does that mean?

**It all starts with our Ends Statement:** 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."


**It means we play a vital role in a vibrant, local economy.** Not only are we increasing our revenue with each successful year of our co-op existence, but we're also increasing the percentage of our total expenses to Virginia-based companies and the percentage of products on our shelves from local vendors. For the 2014-2015 fiscal year, our revenues increased 17.7% for a total of \$3,555,497! These numbers allow us to create more jobs for our community and ensure that they are paid a livable wage for their work.

**It means we facilitate and provide a place for fair and friendly relationships.** This year, we opened our community room, which is open to business and nonprofit partners for general use. Our board has enjoyed the opportunity to hold monthly meetings at the store and the staff makes great use of the space throughout the week for meetings and trainings. Our secret shoppers and shopper surveys continue to yield very positive results with an average of 87.25% of shoppers indicating that we have met or exceeded their expectations for service.

**It means we support opportunities for consumers and producers to be both healthy and informed.** Every time I visit our co-op, I learn something new. Whether it's a new product, a new way of cooking a favorite ingredient, or new information about my health that will help me to make more informed decisions, I'm always learning and am grateful for a supportive environment in which to do so. During the summer, you've probably noticed many shoppers picking up a CSA (community supported agriculture) share from one of our local farmers. We've also had many students visit on a field trip with their school. Our co-op reaches far and wide to owners and potential owners of all ages!

**It means we care about a healthy environment.** Our co-op is looking out for the environment, inside and out. Did you know we reuse the condensation from the salad bar to water plants? That's 3+ gallons per day being put to good use! We've increased sales of bulk items by 23% over the last fiscal year, which reduces the amount of packaging. And of course, thanks to our outstanding staff team, our co-op is always a clean and pleasant place to shop.

But most important, it means Noel is right. Our co-op IS more than a grocery store. We're having an impact on our community much greater than just the products on our shelves. We're grateful for all of the ways you uphold our ends statement, just by being an owner. What a privilege it is to be a part of something so valuable to our community.

We're looking forward to even more ways that we can impact the Friendly City and beyond. It takes us all to make this happen. We're stronger together. Let's do this. 



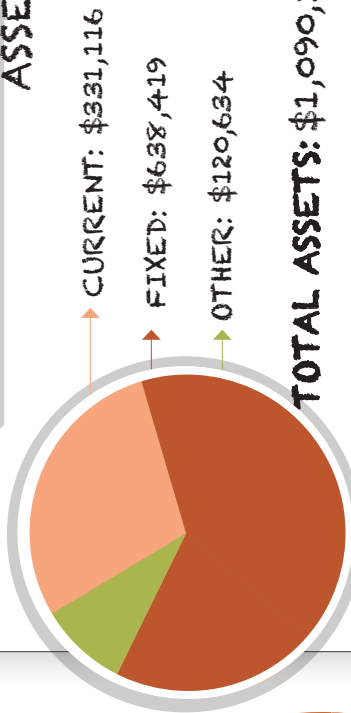
In Cooperation,  
Laura Toni-Holsinger  
Board President

# INCOME STATEMENT

July 2014 through June 2015

## BALANCE SHEET AS OF JUNE 30, 2015

### ASSETS



### LIABILITIES & EQUITY

LONG-TERM LIABILITIES:  
\$927,690

EQUITY: (\$155,028)

CURRENT LIABILITIES:  
\$317,507

**TOTAL LIABILITIES & EQUITY:** \$1,090,169

**CURRENT RATIO**

1.04:1

**DEBT:EQUITY**

~8.03:1

OUR EQUITY APPEARS NEGATIVE IN ACCOUNTING BECAUSE OUR YEARLY LOSSES COUNT AGAINST OUR EQUITY. OUR ACCOUNTING IS SET UP LIKE THIS BECAUSE IT WILL BE BENEFICIAL WHEN WE BECOME PROFITABLE.

THIS IS THE FIRST FISCAL YEAR FOR FRIENDLY CITY FOOD CO-OP'S INCOME TO EXCEED 3.5 MILLION!

**TOTAL INCOME:**  
\$3,557,865  
↑17.7%

### INCOME

**COST OF GOODS SOLD:** \$2,303,990 - 64.6%

**GROSS PROFIT:** \$1,253,876 - 35.4%

### EXPENSES

**TOTAL EXPENSES:** \$1,206,904

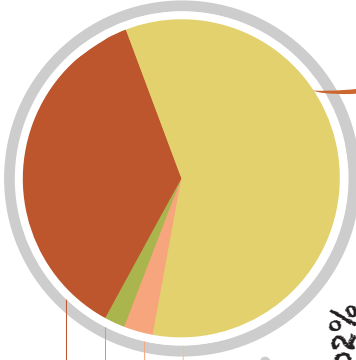
OPERATIONS: \$438,194

GOVERNANCE: \$22,679

MARKETING: \$32,964

PERSONNEL: \$712,067

**OTHER:** \$62,361



**NET INCOME:** (\$955.72)

-0.02%



## 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 improve their footprint as well.

Friendly City's existence has created a market for local certified organic farms. New organic local products this year are Shenandoah Valley Organics (chicken) & Portwood Acres (raw cheese). Organic growing practices are the sustainable choice for our environment and sourcing organic foods locally greatly reduces fossil fuel use required to source organic goods from across the nation.

Eighty-nine percent of respondents to our Shopper Survey (Nov. 2013) rated our availability of natural and organic foods as high. Seventy-four rated our availability of local foods high.

We purchased an energy conserving curtain for our walk-in freezer to reduce loss of cold when door is open during stocking and receiving.

We joined the Keep America Beautiful Cigarette Litter Prevention Program Local Task Force for the City of Harrisonburg, Virginia and installed a Smokers Outpost cigarette butt receptacle outside of the co-op. The benefits have been two-fold to designate a smoking area away from our outdoor dining and reduce butt litter in our shared parking lot. We are also signed up to participate in Terracycle Cigarette Waste Brigade to recycle cigarette butts into various products.

We have partnered with The Natural Garden as a consignment location for their native perennials, trees and shrubs, to help provide access to and promote creation of sustainable landscapes. They also installed, planted and maintain planters in front of the store (by the picnic tables) with native plants.

THESE MEASURES INCLUDE: