



MOSCOW FOOD
CO+OP



2015 ANNUAL REPORT

A NOTE FROM OUR GENERAL MANAGER

2015 was both a successful and challenging year for the Moscow Food Co-op. It was the first year of operating with our updated Ends Policies, which set our strategic direction and drive our outcomes. Ends help us frame our everyday work in the context of our contribution to the greater good—they help us explain why our work matters in the world. In addition to working towards the incremental accomplishment of these long-term goals, we are actively working on being better grocers.

Our Co-op ultimately had a financially successful year. Sales grew 7% over 2014 and we increased our profitability enough to pay out profit sharing to our employees and patronage dividends to our owners (issued later this year). As an industry we've seen unprecedented competition this past year and the research suggests that this is only the beginning.

In 2015, more organic foods were sold to consumers through conventional grocers than through natural foods stores. We definitely experienced more pressure from competitors, particularly in our Produce Department. While the Co-op is sourcing more local produce than ever before, it isn't selling as well as we would like and the Produce Department ended the year down 2% from 2014. (Please see our Board President's message later in this report for more perspective on this.) We aren't immune to this new, highly competitive marketplace and we're working hard to ensure the success and longevity of our food Co-op.

Your continued commitment to and support of your local food co-op matters. Because of our cooperative business model, we positively

impact our community in several ways. We create good jobs. We support the local economy. We provide financial assistance to other organizations in the community that are also doing good work. When you choose to shop at the Co-op, you directly support this community. You vote for the cooperative economy every time you choose a co-op and for that, we thank you.

Melinda Schab



Moscow Food Co-op General Manager



Assets

Current Assets

Checking/Savings	\$890,749.25
Accounts Receivable	\$1,389.83
Prepaid Expenses	\$71,013.07
Deposits and Other	\$6,320.13
Inventory	\$450,644.16

Other Assets

Equipment and Improvements	\$2,066,099.89
Start-Up Expenses	\$20,372.99
Accumulated Depreciation	(\$1,353,258.80)
Refundable Security Deposit	\$8,557.76
NCG Joint Liability Fund	\$12,274.29
Patronage Equality in Other Co-ops	\$85,071.29
Deferred Tax Credit	\$536.00

TOTAL ASSETS

\$2,259,769.86

Liabilities and Equity

Accounts Payable	\$312,616.25
Gift Cards	\$52,883.53
Sales Tax Payable	\$55,681.58
Current Portion LT Debt	\$97,828.24
Accrued Payable PTO	\$79,161.65
Income Tax Liabilities	\$8,500.00
Patronage Dividends Payable	—
Payroll Liabilities	\$80,464.87
Loans	\$39,351.88

TOTAL LIABILITIES

\$726,488.00

Paid-in Owner Equity	\$896,576.87
2012-13 Retained Patronage	\$161,502.24
Retained Earnings	\$358,682.18
Net Income 2015	\$116,520.57

TOTAL EQUITY

\$1,533,281.86

TOTAL LIABILITIES + EQUITY

\$2,259,769.86

FINANCIAL RESULTS

	2015	2014
Net Sales	\$10,884,001	\$10,176,693
Cost of Goods	\$6,337,659	\$5,999,465
GROSS PROFIT	\$4,546,342	\$4,177,228
Personnel	\$3,190,117	\$3,141,766
Occupancy	\$384,196	\$353,593
Administration	\$325,197	\$299,380
Marketing + Outreach	\$283,014	\$177,287
Store Operations	\$244,128	\$214,042
Governance	\$36,367	\$32,072
TOTAL EXPENSES	\$4,463,019	\$4,218,140
Other Income	\$42,276	\$92,372
Other Expenses	\$9,079	\$9,816
NET PROFIT*	\$116,520	\$41,644

*Prior to patronage dividends



PROMOTE THE
local, sustainable
+ *organic*
FOOD + GOODS ECONOMY



- In 2015, the Moscow Food Co-op spent \$556,602 purchasing food and goods from local producers. That's an increase of 63% in 5 years.
- We proudly worked with 197 local producers in 2015.
- Our Co-op continued its work and support of the Palouse Clearwater Food Coalition, the Know Your Farmer event and the 2015 Local Investment Workshop.
- For the first time our Co-op sponsored the Pullman Farmers Market.
- We continued our Co-op's Tuesday Growers Market.

BE A
WORKPLACE
OF *choice* FOR ALL
EMPLOYEES



- In 2015, our Co-op implemented storewide Open Book Management practices, as well as training for employees on business financials.
- Moscow Food Co-op employees completed a biannual Employee Opinion Survey.
- Our Co-op contributed \$28,236 to employee retirement funds.
- We created a monthly leadership program for our Assistant Managers to help prepare them for future advancement.
- We spent \$308,128 on employee healthcare in 2015.



INCREASE ECONOMIC + CULTURAL
accessibility
FOR ALL
COMMUNITY
MEMBERS



- In 2015 the Moscow Food Co-op developed FLOWER (Fresh, Local, Organic Within Everyone's Reach), a food access program for Co-op owners who receive assistance.
- We increased our Owners Week discount from 10% to 15%.
- We proudly rolled out Co-op Basics—an Every Day Low Price program.
- Our Co-op continued popular owner-discount programs such as Wellness Wednesdays, Senior Thursdays, and Student Fridays.

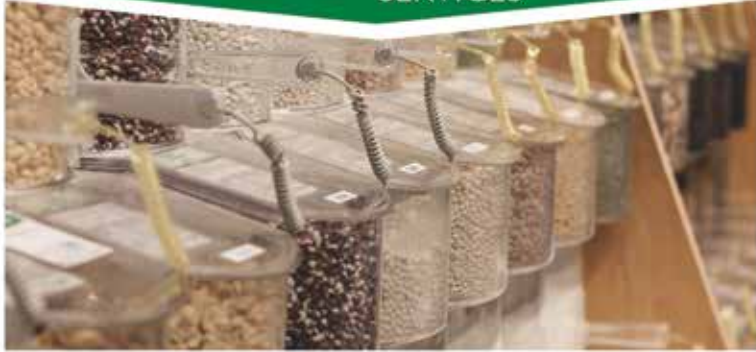
educate
OUR OWNERS, CUSTOMERS,
AND THE WIDER
community ABOUT FOOD AND
food systems



- The Moscow Food Co-op educated the community in the store through the FED (Food Education and Demonstration) Program, Tasteful Thursdays, Taste of the Palouse, and Local Producer Demo Program.
- Our Co-op continued to educate the community through our magazine, *Rooted*, our blog, *The Beet Box*, our social media accounts, e-newsletter, online *Community News*, and website.
- In 2015, we continued our hands-on Crop Mobbing program with local farmers and held gardening classes at the community garden.



MODEL ENVIRONMENTAL
sustainability
THROUGH OUR
ACTIVITIES, *facilities,*
PRODUCTS, AND
SERVICES



- In 2015 the Moscow Food Co-op implemented its own Sustainability Committee, made up of staff across multiple departments dedicated to looking at our Co-op's environmental sustainability concerns.
- Our composter, Eartha, generated 12,000 pounds of compost.
- Through our Dime in Time program, 78,257 bags and cups were reused.
- Our Co-op enrolled in the Co+Efficient Program through National Cooperative Grocers (NCG) to help us evaluate and reduce our environmental impact.

grow
AND EXPAND
TO FURTHER OUR
mission



- In 2015, we announced our plan to explore opening a second location in Pullman, WA based on the results of the Strategic Plan survey.
- We held two community forums—one in Moscow, one in Pullman—to talk with the community about this planned change.
- Our Co-op launched the Seed Sowers Cooperative Community Fund in 2015. This endowment fund raises money for cooperatives around the country and nonprofit organizations in our own community.

A NOTE FROM OUR BOARD PRESIDENT

Member Economic Participation, the Means to Our Ends

You've heard it said: "Vote with your wallet!" Money is a tool; a force for creating the community and world we want to live in. One of the most impactful ways members participate in our Co-op is economically. In 2015, Moscow Food Co-op members (aka owners) spent \$8,629,600 at our Co-op which is 80.34% of our total sales. Simply put, the more members spend at the Co-op buying the food and goods they need, the more we can invest in our community.

Right now one way your Co-op **needs you to participate** is by buying your fruits and vegetables from our produce department. In our Strategic Plan, our members clearly directed operations to support the local, sustainable and organic foods economy. As a result, over the past two years we have developed preferential purchasing policies for local, sustainably produced fruits and vegetables. We now have more local produce on the shelves and more of each dollar you spend on local produce going to local farmers.

Yet, the shift to prioritizing local produce and increasing returns to local producers has decreased the profitability of the produce department. Here is where you come in. **The Co-op needs you to purchase the local, sustainably-grown produce you have asked us to put on the shelves.**

When you buy conventional and/or non-local produce, you save money at the cash register, but not in the long run—the real costs of conventional agriculture are seen in our

loss of top soil, surface and ground water contamination, exploitation of farmworkers, and the list goes on. These costs are paid with your tax dollars. When you buy local or organic at your Co-op, you are paying the real cost of your food and supporting an agricultural system that builds soil, enhances wildlife habitat, and values people who work the land. You are voting for social and environmental justice.

In 2015, the Co-op put more emphasis on having local available for purchase in the store. In 2016, we are asking you to put your money to work at the Co-op – increase your economic participation, buy more locally grown produce, support the local food and goods economy and make the world a better place. Super simple: Vote with your wallet. Support local farmers. Eat great food. See you in the produce aisle!

Colette DePhelps



President, Moscow Food Co-op Board of Directors



COOPERATIVE PRINCIPLES

1. VOLUNTARY AND OPEN MEMBERSHIP
2. DEMOCRATIC MEMBER CONTROL
3. MEMBER ECONOMIC PARTICIPATION
4. AUTONOMY AND INDEPENDENCE
5. EDUCATION, TRAINING, AND INFORMATION
6. COOPERATION AMONG COOPERATIVES
7. CONCERN FOR COMMUNITY

Looking for ways to connect with the Moscow Food Co-op?

ROOTED

This quarterly publication is printed at the beginning of each season and features articles about local producers, seasonal recipes, messages from the Co-op Board of Directors, and more. A digital version is also available on the Co-op's website at moscowfood.coop/publications.

CO-OP E-NEWSLETTER

Sign up for our twice-a-month e-newsletter that lets you know about Co-op news, sales, and events via our website, at the Customer Service Desk, or at community events.

BOARD NEWS

Email boardadmin@moscowfood.coop to regularly receive Board meeting agenda info and minutes. You can also read Board news on our website under the Governance tab.

VOLUNTEER OPPORTUNITIES

Visit moscowfood.coop for information about becoming a Participating Owner and for current opportunities.

COMMUNITY NEWS and EVENTS CALENDAR

Read our monthly online publication for features and briefs about our programs, business partners, new books, staff product picks, and more. Hard copies also are available at the front of the store.

BEE T BOX

Check out our blog, moscowfood.coop/blog, which features recipes, DIY ideas, and other features.

SOCIAL MEDIA

Find us on Facebook, Instagram, Twitter, and Pinterest for sales, specials, and events.