

# 2014 ANNUAL REPORT



# A BIG YEAR!

## David Lester, General Manager

Our Co-op's 40th year was a big one in so many ways. We celebrated our 40th year of existence by remembering our roots, investing in our future and eating a lot of pie!

There was a lot to celebrate in 2014 from signing up 272 more new member/owners, eliminating a large portion of our debt and outperforming our budgeted net income for the third year in a row. We invested more in our staff with better starting wages, significant wage increases and more resources dedicated to training. Oh yeah, and we bought another building!

Our new Co-op Kitchen Classroom is up and running and we are excited about the possibilities that this classroom will bring to our mission. The future is definitely looking bright for the Co-op and this building purchase solidifies our commitment to being an anchor business in downtown Decorah for many years to come. Here's to another 40 years!

### Key Highlights:

- *More People!* 272 new member/owners joined us in 2014 bringing our total member/ownerships to 4,505 member/owners.
- *Less Energy!* Our first full year with our 20KW solar array on the roof resulted in a 7% reduction in electrical usage.
- *Less Debt!* We have paid off \$325,837 of our original \$359,837 member loan debt.

	2014	2013
<b>SALES</b>	<b>\$4,937,357</b>	<b>\$4,521,864</b>
Cost of Goods Sold	\$2,991,025	\$2,756,989
<b>GROSS MARGIN</b>	<b>\$1,946,332</b>	<b>\$1,764,875</b>
Operating Expenses:		
Personnel	\$1,289,556	\$1,129,150
Depreciation & Amortization	\$129,088	\$119,600
Facilities	\$145,641	\$147,741
Marketing	\$69,404	\$66,659
Supplies	\$59,902	\$47,720
Interest	\$32,251	\$41,979
Discounts	\$45,426	\$42,870
Patronage Dividend	(\$2,601)	\$51,875
Other Operating Expenses	\$117,136	\$97,345
<b>PROFIT ON OPERATIONS</b>	<b>\$60,529</b>	<b>\$19,936</b>
Non-Operating Revenues & Expenses:		
Less Board Expenses	\$9,202	\$13,968
Plus Other Revenues	\$27,547	\$37,428
<b>EARNINGS BEFORE INCOME TAXES</b>	<b>\$78,874</b>	<b>\$43,416</b>
Income Taxes	(\$17,865)	(\$26,535)
<b>EARNINGS AFTER INCOME TAX</b>	<b>\$61,009</b>	<b>\$69,931</b>

# SERVICING OUR DEBT & SERVING OUR MEMBER/OWNERS

<b>Assets</b>	<b>2014</b>	<b>2013</b>
Cash	\$117,972	\$276,164
Other Current Assets	\$191,961	\$261,260
Property/Equipment	\$1,285,832	\$1,323,066
Other Assets	\$65,229	\$55,256
<b>Total Assets</b>	<b>\$1,660,994</b>	<b>\$1,915,746</b>
<b>Liabilities</b>		
Current Liabilities	\$344,607	\$634,706
Long-Term Liabilities	\$450,043	\$508,579
<b>Total Liabilities</b>	<b>\$794,650</b>	<b>\$1,143,285</b>
<b>Equity</b>		
Member Shares	\$437,881	\$402,926
Preferred Stock	\$67,250	\$67,250
Retained Earnings	\$295,101	\$234,092
Retained Patronage Dividends	\$66,112	\$68,193
<b>Total Equity</b>	<b>\$866,344</b>	<b>\$772,461</b>
<b>Total Liabilities/Equity</b>	<b>\$1,660,994</b>	<b>\$1,915,746</b>

On the balance sheet side of things, our financial picture continues to improve. The highlights worth mentioning are the paying down of member loan debt, member equity growth and total equity improved greatly mostly due to another strong year of net income.

- Member shares increased by 8.7%
- Total equity increased by 12.2%

## *Success by the Numbers*

Annual Sales: \$4,937,357

Total number of employees: 49

Employees working 30 hours per week or more (full-time): 31

Employees working between 20-30 hours per week: 10

Employees working fewer than 20 hours per week: 8

Average hourly wage paid to employees: \$13.01

Average number of customers per day: 661

Average customer transaction: \$21.29

Total number of active member/owners: 4,505

Percentage of sales to member/owners: 77.3%

Number of new member/owners: 272

Total member/owner investment: \$866,344

# REPRESENTING OUR GROWING MEMBERSHIP

## *Steve McCargar, Board President*

Another year has flown by and Oneota Community Co-op continues to prosper and build a stronger local economy. We had our third consecutive profitable year in 2014, issued our first patronage dividend to members in over a decade, and purchased the Cutting building next to the Co-op. Along the way we dramatically paid down our member debt by almost \$200,000 and made progress on achieving strategic goals established by the Board in 2013. Co-op member/owners should be proud of the Co-op's record of increasing local and organic product sales at a rate greater than the store's overall sales increase. The Board is also pleased to report that we signed a new five-year contract with our talented GM, David Lester, at the beginning of 2014, thereby assuring the Co-op of David's continued service as our GM through at least 2018.

The Co-op remains mission-driven and focused on excellence. Going forward the Co-op board and management team will be engaged in a thorough planning process to expand into the building we just purchased, to continue increasing purchases from local and regional organic producers, and to strengthen our commitment to the quality and well-being of our workforce.

It's certainly fair to say that Oneota Co-op is on an incredible journey. Those of us who've been associated with the Co-op for decades shake our heads in amazement when we reflect on the changes the Co-op has been through. We've had our share of landmark moments - like buying our first cash register in 1984 after ten years of recording each sale by hand on a sheet of paper. Or, purchasing our first storefront in 1994 after twenty years of renting three different spaces. Through it all, including the hard and challenging times, we've shared a sense that Oneota Co-op is something special. This community-owned resource has created not just a thriving business, but also a welcoming space where we can be connected and inspired. I still get that vibe every time I enter the store and feel the energy of our Co-op. Here's hoping you do, too.

## *Mission Statement*

*"The mission of the Oneota Community Co-op is to build vibrant communities and ecosystems by providing organic, locally produced and bulk foods, as well as other products and services that are sustainable for those who consume and produce them."*

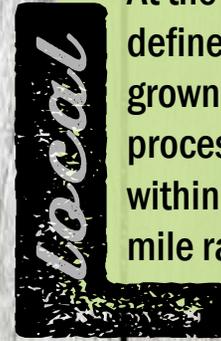


# OUR COMMITMENT TO LOCAL

## ANNUAL LOCAL SALES



At the Oneota Co-op, we define local as any product grown, produced, roasted, processed, or packaged within approximately a 100 mile radius of the Co-op.



Grocery  
2.8%

Bulk  
14.3%

Produce  
20.2%

Frozen  
Foods  
17.9%

Meat & Fish  
26.4%

Refrigerated  
53.3%

Cheese  
40.4%

Bakery  
64.4%

Body  
Care  
4.6%

Books  
& Gifts  
4.6%

Wine & Beer  
2.5%

Cafe  
54.8%

2013 Percentage Total Store Sales = 21%  
Sales in Dollars = \$942,035

**2014 Percentage Total Store Sales = 22%**  
**Sales in Dollars = \$1,075,030**

# AMBER PAMBIN EMPLOYEE SPOTLIGHT

This year our employee spotlight is Amber Pambin. Amber juggles many roles at the Co-op as our Wine/Beer Buyer, Bakery Buyer and Grocery Replacement Buyer. Amber brings a lot of energy and ideas to our team and we were able to sit down with her for a few moments to ask her a few questions:

**How long have you worked at the Co-op?** I have worked at the Co-op for 1 1/2 years the first part of which I was in the Cafe. I transitioned to the grocery department about 6 months ago.

**What are your duties and what is your typical day like?** My job includes buying for the beer and wine department, the frozen department and bakery as well as replacement ordering for packaged grocery. I maintain direct orders for my departments, meet with vendors, stock shelves, input pricing information for small departments and manage invoices. A typical day for me begins around 6 am with replacement ordering and invoices while the store is quiet. Most days I am then able to be up on the floor meeting with vendors for beer and wine, placing orders, working on stocking out our UNFI deliveries and constantly learning more about our store, customers and products.

**What are some favorite things you like about the Co-op?** My favorite things about the Co-op are the people and experiences that I encounter every day. Of course I love the passion we share for local, sustainable and organic foods but the individuals and atmosphere are truly what drives me in my position. When you walk into the Co-op, the smells and sights are inviting and there is always someone (customers and employees alike) to brighten your day.

**Top 5 items in our store that you can't live without.** My top five items are as follows...#1 Ginger People Ginger Juice, #2 Santa Cruze Lemon Juice #3 Bulk Gun Powder Green Tea & Black Tea (for kombucha), #4 Local Spinach, #5 Bobs Organic Ground Flax.

**What do you like to do when you're not working at the Co-op?** I live with my husband Jacob, our 4 children, a cat, a rabbit and a few backyard chickens. We had lived in several areas including Flint, Michigan, Bonney Lake, Washington and Middlebury, Indiana before finding this little gem in northeast Iowa to settle into and finally call home. We travel to Michigan often to visit my step daughter and spend time with family. I like to stay as busy as possible. So, when I am not working you can usually find me in the kitchen. I enjoy cooking, canning, fermenting and spending time there with my family. It really is the heart of our home.



# OUR MEMBERSHIP CONTINUES TO GROW

Keeping it

*Local*

We want to personally thank all of the 272 new member/owners that signed up in 2014 which brings our total member/ownership to 4,505. As a member/owner of our Co-op, you directly support a local business that saw over 48% of total sales stay in our economy. When we break this down, that means almost \$2.4 million stays in our local economy. This includes almost \$1.1 million going to local producers and almost \$1.3 million providing wages and benefits to 49 employees and their families.

2014: 4,505

2013: 4,279

2012: 3,976

2011: 3,701

2010: 3,531

2009: 3,241

Co-op

*Staff*



# STRATEGIC PRIORITIES UPDATE

*“Assist in the development of local food hub/processing facility.”*

**Done.** The Iowa Food Hub is growing at a significant rate and will soon be serving a multi-state area in the future.

*“Increase Purchases from Local Vendors.”*

**Ongoing.** We made progress in local purchases in 2014 and crossed the \$1 million mark for local product sales, but this strategic priority will be a focus for our staff in 2015. Our local sales and purchases are growing at an annual rate of about +13%.



*“Implement patronage dividend program – contingent upon profitability.”*

**Ongoing.** We implemented our first patronage dividend in the current store location to member/owners last year! Future patronage dividends are a board decision based on the profitability and financial condition of the store.



*“Expand facility with kitchen classroom.”*

**Done.** We opened the doors to our new Co-op Kitchen Classroom in September 2014.

Number of classes offered at the Co-op in 2014: 154 (+62% over 2013)

Number of participants: 1,141 (+48% over 2013)

The Board and some staff will be participating in another series of strategic planning sessions with a consultant from the University of Iowa's Institute of Public Affairs this spring and early summer. Our outcome will be another set of priorities for the next 3 to 5 years.



# EXPANSION UPDATE

The Co-op purchased the Cutting building next to our store on January 2, 2015 but the planning and remodeling of this new space actually began in September of 2014 with the addition of our new Co-op Kitchen Classroom. The numbers are in and we can report that we increased the number of classes over 2013 by 62% (154 classes) and we increased our number of students/participants by 48% (1,141 participants). Our Marketing and Outreach staff keeps adding more interesting classes and there will be many uses for this new classroom that will utilize the talents of our member/owners and community members.

The big questions we are often asked are “when are we going to expand?” and “what will the new building space have in it?” The current answer to the first question is that we are looking at starting an expansion project sometime in the Summer or Fall of 2016. This will give us enough time to build our cash sufficiently so that we do not have to do member loans and it will help us keep any bank loans to a minimum amount to pay for the expansion project. We have two excellent tenants in the upstairs apartments and this rental income helps considerably with our monthly contract payments. This time schedule should also give us sufficient time to get the right people to help us plan this project. The answer to the second question is a little hard to answer at the moment, but we do know that we want to open up as much of the wall between the two buildings, expand our Café/Deli, expand our Café/Deli seating area, and offer more locally produced items like meat, produce and other items.

Eventually, we need adequate and expanded office space for our staff to do their work. The upstairs half of this building will provide that type of space for new offices and many of our basement offices will transform into walk-in cooler and freezer space as our business grows. This is an exciting time for our Co-op and we are focusing on growth that will provide more opportunities for local farmers and producers.

General Manager David Lester and the Board of Directors will be seeking more input from our member/owners as this project progresses to the early planning stages. Watch for announcements in future COMMPOST/emails and in-store signage letting you know more about these opportunities to participate.

