



# 2011 Annual Report



ONEOTA  
COMMUNITY  
FOOD  
COOPERATIVE

# Positioning for the Future

David Lester, General Manager



As you can see from our income statement, 2011 was not as spectacular as 2010. 2011 proved to be a more difficult year to balance all of the financial needs of our store. In 2010, we saw a 10.6% increase in sales which warranted the hiring of more employees to provide the best possible service to our customers. At the beginning of 2010 we had 30 employees. Now, we have 40 employees, which should be sufficient until we reach the \$4 million mark.

We saw a 6% increase in sales in 2011, but we had budgeted for 8.75%. Due to the compromised parking lot during the Water St. Park project, we believe we lost some sales.

We also had several repairs and maintenance items related to our HVAC system, old roof and freezer/cooler compressors that we didn't expect. We have upgraded these systems and have seen huge improvements in our store environment and energy bills.

Upgrading our building systems, the new Water St. Park, and investing in our staff are all positioning us for a brighter and successful future at the Co-op. Here's looking to 2012, and beyond!

## Success by the Numbers

- We gained **209 new member/owners**, bringing our **total membership to 3,701**
- Our **total annual sales** was **\$3.75 million**, showing **6% growth** over 2010
- Our **total customer count** grew by **3.4%**
- Our **purchases from local vendors** totaled **\$790,098**
- Our **cash** situation grew by **26%** over 2010

	2011	2010
<b>SALES</b>	\$3,749,316	\$3,537,865
Cost of Goods Sold	\$2,304,726	\$2,153,536
<b>GROSS MARGIN</b>	<b>\$1,444,590</b>	<b>\$1,384,329</b>
<b>Operating Expenses:</b>		
Personnel	\$951,068	\$851,222
Depreciation & Amortization	\$112,345	\$103,849
Facilities	\$115,925	\$115,991
Marketing	\$51,505	\$49,664
Supplies	\$40,188	\$50,725
Interest	\$69,656	\$71,814
Discounts	\$33,067	\$25,183
Other Operating Expenses	\$74,983	\$69,803
<b>PROFIT ON OPERATIONS</b>	<b>\$(4,147)</b>	<b>\$46,077</b>
<b>Non-Operating Revenues &amp; Expenses:</b>		
Less Board Expenses	\$11,561	\$11,414
Plus Other Revenues	\$8,136	\$23,488
<b>EARNINGS BEFORE INCOME TAXES</b>	<b>\$(7,572)</b>	<b>\$58,151</b>
Income Taxes	\$4,219	\$7,104
<b>EARNINGS AFTER INCOME TAX</b>	<b>\$(11,791)</b>	<b>\$51,047</b>

# Letter from the Board President

Bill Pardee, Oneota Co-op Board President



This last year, 2011, has been a year of adaptation and refinement of processes to deal with a larger, more complex co-op and to create a foundation for long term improvement in services to our growing member community.

Specifically, the Board:

- Examined the eight Ends for which the Co-op exists and encouraged, informally, the GM to focus on three of them (slightly paraphrased for space):

- #1. Products that are, to the greatest extent possible, organic, sustainably produced, locally grown or processed, and affordable

- #2. Encouraging the expansion of sustainably grown local food sources

- #4: A community that is educated about food and other products that are healthy for people and the environment

- Ordered the first ever audit of the Co-op's books. An audit, of course, examines the financial reports for accuracy and conformance to standards. It also checks processes for possible improvements, and it may suggest alternative procedures to make it easier to track results of our growing business. According to Hacker, Nelson & Co., P.C. "In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oneota Community Co-op as of December 31, 2011, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles." (See Income Statement on page 2 and Balance Sheet on page 4.)
- Held a forum to learn about potential effects of rising energy prices on our food supply.
- Joined with the GM and staff in a forum of local growers to explore ways to strengthen their businesses.
- Approved restructuring and refinance of Co-op debt to reduce interest costs.

- Held a retreat with the GM to discuss high priority future strategic actions.
- Conducted regular (almost every meeting) collective study to strengthen the Board's ability to make wise decisions on behalf of the member owners. The Board learned, for example, of the attractive tax and member equity benefits of patronage dividends in future years.

We look forward to a healthy and prosperous 2012.

## COOPERATIVE PRINCIPLE #7 *Concern for Community*

All cooperatives are guided by seven shared cooperative principles.

Again this year, we've been focusing on the seventh principle: "Concern for Community." We continue to reach out to our community through partnered events, in-store classes and educational opportunities, serving on boards and committees and in-store events.

The number of community projects and partnered events we held this past year were numerous and included: our 4th Annual Meat & Greet, Seed Savers Tomato Tasting and Co-op sponsored Salsa Contest, ArtHaus' Kids' Fruit Sculpture Contest, Taste the Local Harvest and Taste of the Holidays. Our Taste of the Holidays event raised over \$3,300 for local food pantries. We were fortunate to receive matching donations from Decorah Bank & Trust, as well as Northeast Iowa Community College. In addition, we received many donations of ingredients for the event from various local suppliers, plus matching donations from several of our suppliers of items to go directly to the food pantries. All of the money raised at the event was given in the form of food from our store - from fresh vegetables to frozen whole chickens and bread.

# GROWING THE GREEN

# 2011

## OUR BALANCE SHEET

David Lester, General Manager & Larry Neuzil, Finance Manager

<b>Assets</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Cash	\$297,355	\$235,421	\$108,889
Other Current Assets	\$175,129	\$193,876	\$193,986
Property/Equipment	\$1,469,145	\$1,484,538	\$1,530,568
Other Assets	\$41,913	\$38,576	\$35,337
<b>Total Assets</b>	<b>\$1,983,542</b>	<b>\$1,952,411</b>	<b>\$1,868,780</b>
<b>Liabilities</b>			
Current Liabilities	\$384,351	\$342,276	\$261,422
Long-Term Liabilities	\$1,059,436	\$1,117,327	\$1,180,524
<b>Total Liabilities</b>	<b>\$1,443,787</b>	<b>\$1,459,603</b>	<b>\$1,441,946</b>
<b>Equity</b>			
Member Shares	\$342,076	\$309,630	\$294,503
Preferred Stock	\$68,000	\$68,000	\$68,200
Retained Earnings	\$102,986	\$115,178	\$64,131
Retained Patronage Dividends	\$26,693	**	**
<b>Total Equity</b>	<b>\$539,755</b>	<b>\$492,808</b>	<b>\$426,834</b>
<b>Total Liabilities/Equity</b>	<b>\$1,983,542</b>	<b>\$1,952,411</b>	<b>\$1,868,780</b>

On the balance sheet side of things, our financial picture is showing nice improvement. The highlights worth mentioning are a stronger cash situation, member equity is growing and total equity is improving.

- Our total cash on hand improved by 26.3%
- Member shares increased by 10.5%
- Total equity increased by 9.5%

We continue to reduce our debt load, saving to pay off member loans on time and I'm happy to announce in early 2012 we will be restructuring our debt to take advantage of much lower interest rates. We will be able to pay off our building debt quicker and pay less interest.

We are still operating in a sluggish economy, but we are making decisions to ensure the long-term financial health of our Co-op.

\*\* After our 2010 Financial Review, Retained Patronage Dividends was reclassified from Long Term Liabilities to Equity.



Our membership  
continues to **GROW**



## Keeping it local...

I want to personally thank all of the 209 new member-owners that signed up in 2011 which brings our total membership to 3,701. This speaks well for our Co-op and shows that a high percentage of the Decorah community are member-owners. As a member-owner of our Co-op, you directly support a local business that saw over 46% of total sales stay in our economy. When we break that down, that means over \$1.74 million annually with over \$790,000 going to local producers and over \$950,000 to providing wages to 40 local individuals and families. These figures do not include the numerous donations we make to community organizations and the education and outreach that our staff and member-owners provided this past year.

## Employee Spotlight

Gretchen has worked at the Co-op for almost six years and has recently been named our Wellness Manager. We asked her some questions about her work at the Co-op:

What are some favorite things about your job? “I love my work environment. It is supportive and allows for individuality. We have an amazing staff of smart folks who love what they are doing. I love that I get to work with products that I believe in and that I can share that with other people. A lot of our customers share struggles and personal issues and those relationships become very special... that makes my job very rewarding.

What are your top 5 items in our store that you can't live without?

1. Equal Exchange Midnight Sun Coffee
2. Yogi Teas (mostly the ginger but I love most all of them!)
3. Megafood Un-Stress Vitamins
4. Alexia Sweet Potato Fries
5. Evan Healy Blue Chamomile Day Cream
6. Aura Cacia Essential Oils (that's six but I couldn't narrow it down...oh wait...I have to have these too...)
7. Kiss My Face Patchouli Liquid Rock Deodorant
8. Dr. Bronner's Castile soap too!



**Gretchen  
Schempp**  
Wellness Manager

Gretchen has attended many trainings and tours with companies like Frontier, Aura Cacia, Evan Healy, Nordic Naturals and others. When she's not at the Co-op, Gretchen enjoys spending as much time outdoors hunting (game or mushrooms, depending on the season), fishing and gardening. She also spends a lot of time with her husband Corbin and menagerie of horses, mules, dogs and other animals on their beautiful piece of property located just off the Upper Iowa River.

# OCC Ends Achieving our Co-op's Purpose



Because the Oneota Community Co-op exists as an institution grounded in the cooperative principles, there will be the following:

- 1 a retail source for food and other products that, to the greatest extent possible, are organic, sustainably produced, locally grown and/or processed, and affordable.
- 2 a business that encourages the expansion of sustainably grown local food sources.
- 3 a business that promotes the development of cooperation and co-operative enterprise.
- 4 a community that is educated about food and other products that are healthy for people and the environment.
- 5 a business that promotes environmental sustainability.
- 6 employment in a work place that provides the personal satisfaction of collaborative work directed toward common goals.
- 7 a local community whose fabric is strengthened through caring, and sharing gifts of time, energy, and resources.
- 8 an institution that respects and encourages the diversity of its membership.

## Local -

- We have one of the strictest definitions of local for Co-ops in the country – 100 mile radius.
- We increased our local percentage of sales to 21.5% of total sales which is equal to \$790,098.

## Community & Education -

- Introduction of our How to Boil Water class series - teaching people how to begin the process of cooking more, from scratch, at home.
- Our staff serve on various committees throughout the community, including Decorah Betterment and Decorah Schools Wellness.

## Promoting Cooperation -

- Staff and board members have been involved with helping communities like Dubuque and West Des Moines help start Co-ops.

## Environmental Sustainability -

- We achieved Energy Star building status and are currently only one of four grocery stores in the state of Iowa to receive this recognition.
- We replaced our non-insulated, leaky roof with a highly insulated commercial roof.
- We upgraded our tunnel heat recovery system and HVAC system with web-based controls to maximize efficiency of these systems.
- With the loss of Winn. County glass recycling, we have joined forces with Luther College to send our in-house glass waste out of the county for recycling.



Kid's Fruit Sculpture Contest 2011