

2013 ANNUAL REPORT



OUR MOST SUCCESSFUL YEAR YET!

David Lester, General Manager

Our Co-op's 39th year was our most successful one in so many ways. The financial health of our co-op is the best it has ever been in our current store location. We almost doubled our budgeted sales growth and increased our budgeted net income by over 50% which allowed us to purchase some additional equipment, hire more staff and do more staff training. We budgeted for a 4.6% increase in sales and saw an 8.9% increase. We budgeted for a \$43,359 net income and achieved a \$69,931 (+61%) net income!

Other successes in 2013 worth mentioning were:

- They keep coming! We had 342 new member/owner sign-ups (the most since 2008, our first year in the new store location.)
- Invested in efficiency. We installed a 20,000 watt solar array on our roof and invested in other energy saving equipment like upgrading all of our refrigerated and frozen cases with LED lights.
- Less debt! We paid off \$110,000 of our member loans early and saved the Co-op interest payments on these loans.

We continued to deepen our community connections and offer more classes and education about the products we sell. The board and management did some beneficial long-range planning and determined a set of strategic priorities that will give us direction for the next 3-5 years. This type of year would not have been possible without dedicated member/owners and outstanding staff. The next 40 years are filled with so many possibilities and the staff and I look forward to furthering the mission of the Co-op.

	2013	2012
SALES	\$4,521,864	\$4,151,682
Cost of Goods Sold	\$2,756,989	\$2,520,419
GROSS MARGIN	\$1,764,875	\$1,631,263
Operating Expenses:		
Personnel	\$1,129,150	\$1,044,927
Depreciation & Amortization	\$119,600	\$117,898
Facilities	\$147,741	\$108,647
Marketing	\$66,659	\$55,699
Supplies	\$47,720	\$40,419
Interest	\$41,979	\$52,701
Discounts	\$42,870	\$37,033
Patronage Dividend	\$51,875	-
Other Operating Expenses	\$97,345	\$91,792
PROFIT ON OPERATIONS	\$19,936	\$82,147
Non-Operating Revenues & Expenses:		
Less Board Expenses	\$13,968	\$13,911
Plus Other Revenues	\$37,428	\$17,783
EARNINGS BEFORE INCOME TAXES	\$43,416	\$86,019
Income Taxes	(\$26,535)	\$21,209
EARNINGS AFTER INCOME TAX	\$69,931	\$64,810



GROWING THE GREEN

Assets

	2013	2012
Cash	\$276,164	\$372,574
Other Current Assets	\$261,260	\$181,925
Property/Equipment	\$1,323,066	\$1,382,096
Other Assets	\$55,256	\$46,894
Total Assets	\$1,915,746	\$1,983,489

Liabilities

Current Liabilities	\$634,706	\$423,941
Long-Term Liabilities	\$508,579	\$926,269
Total Liabilities	\$1,143,285	\$1,350,210

Equity

Member Shares	\$402,926	\$371,140
Preferred Stock	\$67,250	\$67,250
Retained Earnings	\$234,092	\$168,196
Retained Patronage Dividends	\$68,193	\$26,693
Total Equity	\$772,461	\$633,279

Total Liabilities/Equity

\$1,915,746	\$1,983,489
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Success by the Numbers

Annual Sales: **\$4,521,864**

Total number of employees: **48**

Employees working

30 hours per week or more (full-time): **29**

Employees working between

20-30 hours per week: **9**

Employees working

fewer than 20 hours per week: **10**

Average hourly wage paid to employees: **\$12.74**

Average number of customers per day: **636**

Average customer transaction: **\$20.28**

Total number of active member/owners: **4,279**

Percentage of sales to member/owners: **77.7%**

Number of new member/owners: **342**

Total member/owner investment: **\$772,461**



REPRESENTING OUR GROWING MEMBERSHIP

Steve McCargar, Board President

The year 2013 was our 39th in existence and what a year it was for your Co-op! Some of the hi-lights include:

- Our best financial performance ever (total sales & profitability);
- Substantial debt reduction (32% of member loans paid off);
- A new photovoltaic electrical system on our roof (estimated to be able to generate up to 5% of our annual need);
- Dramatic growth in the number of member/owners;
- Substantial increases in Co-op outreach, classes and education projects; and
- A revised Mission Statement and new Five Year Strategic Plan.

Several decades ago food co-op board members debated whether or not co-ops needed to be profitable to fulfill their missions. Some said we should sell “food for people – not for profit.” Others reminded co-op boards that with “no margin there would be no mission” (without profitability, stores might be forced to close). Fortunately, co-ops (including Oneota) have correctly chosen to operate with the goal of profitability and a commitment to using their profits wisely and responsibly. Under the capable direction of our GM, David Lester (and with the hard work of our employees) Oneota Co-op did just that in the past year. We operated with a healthy profit and we distributed that profit carefully – some to member/owners as a patronage dividend and some retained for future business needs. Our solid cash reserves enabled us to pay off two large member loans ahead of their due dates and positioned us to repay another \$200,000+ of member loan obligations in 2014. These are substantial accomplishments to be proud of and thankful for. Well done Oneota Co-op!

Over the past year the Board and management team have also taken on several big picture issues. We revised and re-established the importance of the Co-op’s Mission Statement; honed our Ends Statement; created a new 5 year Strategic Plan with a priority list of projects to focus on and we made substantial progress on reducing our carbon footprint. As a board we are also pleased to report that the measure of employee satisfaction with working conditions and compensation continues to be strong.

As member/owners of the Co-op we all have an interest in, and a commitment to strengthening this community-owned resource. After 40 years of doing business and building that resource, we can truly say that Oneota Co-op is a special place. We have more good work to do – let’s pitch in.

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

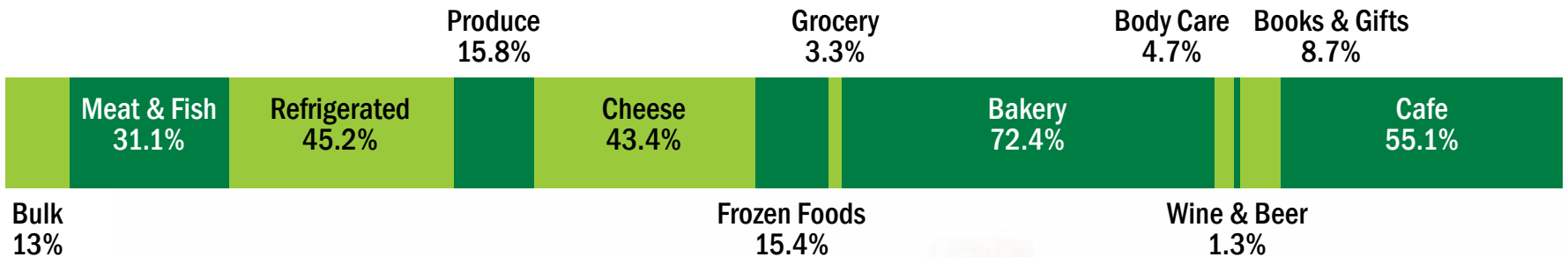


2012 Percentage Total Store Sales = 20.5%

Sales in Dollars = \$851,459

2013 Percentage Total Store Sales = 21%

Sales in Dollars = \$940,023



BETH HOVEN ROTTO EMPLOYEE SPOTLIGHT

Beth Hoven Rotto, Cheese & Dairy Buyer

This year we are featuring an employee who has seen the most changes to our Co-op over the last five decades. Since we are entering our 40th year as a Co-op, we thought it most befitting to feature our most venerable employee, Beth Hoven Rotto. Beth began working at the Co-op the summer of 1977. We sat down with Beth and asked her a few questions about her job, changes she has seen at the Co-op the last 40 years and what keeps her here in Decorah.

Q: Five decades is a long time to work in one organization. What do you like about working at the Co-op?

A: Working at the Co-op has always meant more to me than a job. I became part of our co-op because of the mission and the people. These things still motivate me. The Co-op is a place where I feel I can do good work and make a difference in my community. There's room for learning and creativity in my work.

Q: In your opinion, what have been some of the biggest or most memorable events in our Co-op's history?

A: Moving! I remember meeting in the Armory building, when it was still full of lockers, and discussing the possibility of moving our store from "Oleville" to uptown. When the space was remodeled for us and we made that move, we had to haul everything up a flight of stairs. Our storage area was an awkward and difficult area to access under a stair landing.

When it was time to move from that second floor space to our store at 521 W. Water Street, we made an assembly line and handed bins and tubs and jars to each other, one to the next, all the way down the street.

Probably the biggest and most positive memory is of the day we first opened for business at our current location, 312 W. Water St. I'm not sure what really happened, but in my memory everyone in town filed through the store in a never ending stream, all day long, not shopping so much as curious. And they looked impressed. I felt so proud!

Q: When you go home and look into your crystal ball, what do you see or envision the Co-op being in 40 more years?

A: Hmm. . . I'll be close to 100 then. Hopefully the Co-op will have lots of services for the elderly. . . Actually, I know the Co-op will continue to attract smart, caring, innovative people, so there will be many exciting projects going on involving community outreach, sustainability and energy, peace and justice, health and education, and collaborations with all the other important organizations that we'll be creating/expanding.

Q: What do you like to do when you're not working?

A: Well, I love to cook and eat. Every day. I also regularly play music at home, with friends, and with my band Foot-Notes. In addition to knitting now and then, I'm trying my hand at printmaking, and I enjoy photography. I like to explore new places, but I also really love being outside in this beautiful area, especially with family and friends.

*31 years of service
at the Co-op and still going!*



COMMITMENT TO SUSTAINABILITY...

and Better Business Practices

In October, the Co-op installed a 20,000 watt solar array on the roof of our building. This is one of the largest downtown solar projects in Decorah and will supply approximately 5% of the Co-op's electricity in a year.

One of the Co-op's priorities (Ends) is that we will be "a business that promotes environmental sustainability" and the rooftop solar project is one of several enhancements to our commitment to sustainable business practices. In addition, we replaced our cooler and freezer case lights with LED technology. The new LED cooler/freezer case lights will save the Co-op approximately 75% in the lighting cost of these cases.

Co-op members JoAnn and George Hagen pledged a \$16,000 gift towards the solar project. The Hagens commented, "We believe that the climate crisis is occurring. So, we have acted on this by increasing our energy efficiency personally by driving high mileage cars and installing solar panels on our home. We hope others will take seriously the threat to our planet and the quality of life of our children and grandchildren and will support alternative energy projects in our community along with energy conservation such as what the Oneota Community Food Co-op is doing. We feel blessed to live in a community where so many people care, and we hope our contribution will make a positive difference."

Thanks to the Hagens and the encouragement of our membership and Board, we have completed a big piece of our carbon reduction plan and will keep seeking ways to reduce our carbon footprint into the future.

Fun Facts:

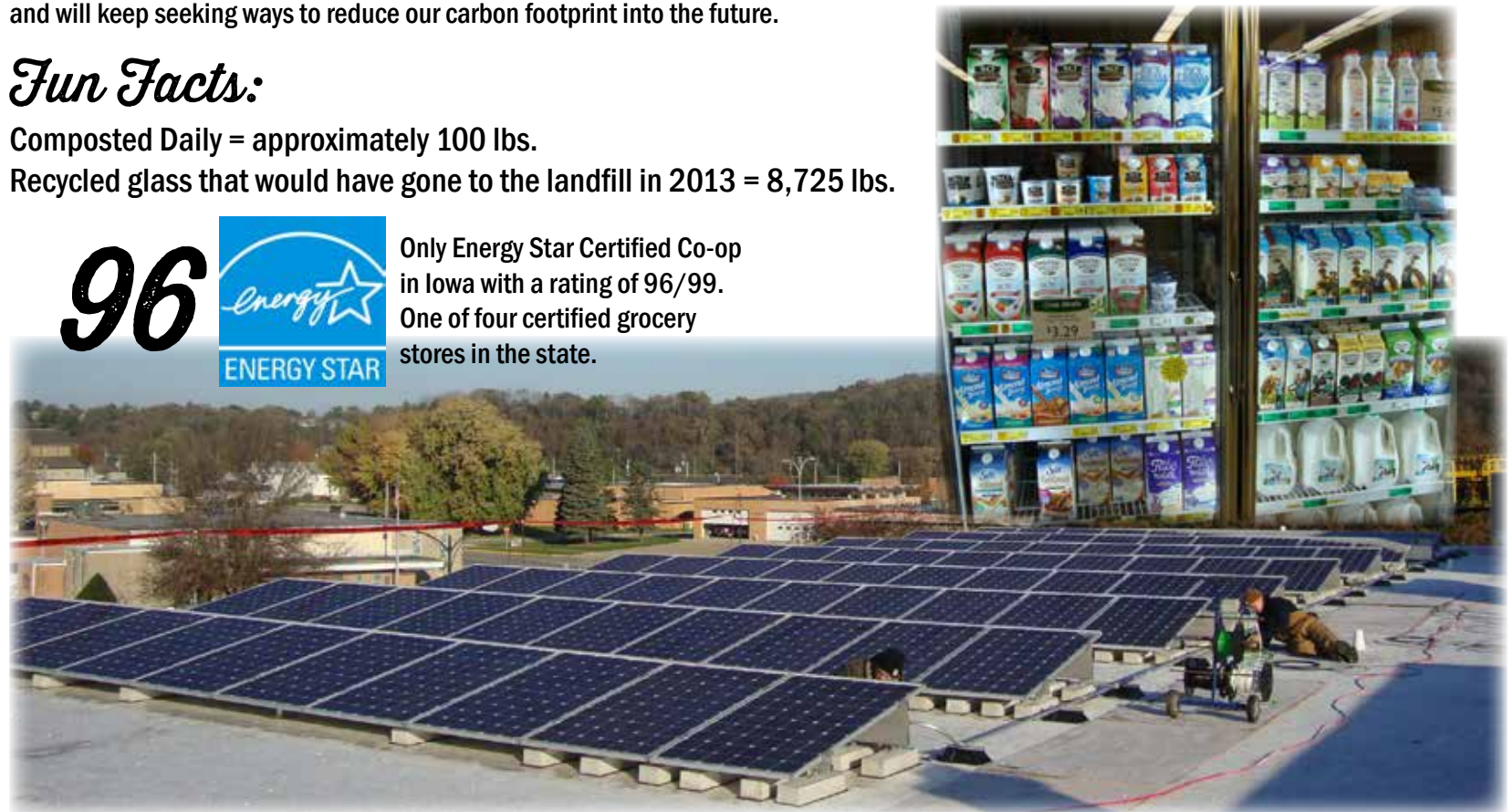
Composted Daily = approximately 100 lbs.

Recycled glass that would have gone to the landfill in 2013 = 8,725 lbs.

96



Only Energy Star Certified Co-op
in Iowa with a rating of 96/99.
One of four certified grocery
stores in the state.



OUR MEMBERSHIP CONTINUES TO GROW

Keeping it

Local

We want to personally thank all of the 342 new member-owners that signed up in 2013 which brings our total membership to 4,279.

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 this down, that means almost \$2 million stays in our local economy. This includes \$940,023 going to local producers and over \$1,129,150 providing wages and benefits to 48 local individuals and their families.

Giving Back to the Community

In fiscal year 2013, Oneota Community Co-op contributed over \$13,510 to local non-profits and community organizations.

Laura Ingalls Wilder Museum • Winneshiek County Cattlemen's Association
Midwest Organic and Sustainable Education Service (MOSES)
Decorah Schools Jazz Coffeehouse • Driftless Safari
Oneota Film Festival • Nordic Fest • Driftless Drift
Wisconsin Public Television • Iowa Public Television
Empty Bowls • Decorah Vikings Athletic Boosters
Decorah Music Boosters • Luther College
Seed Savers Exchange • NEIA Humane Society
D.Art.Co. • Friends of Decorah Public Library
Celebration of Hope
Montessori Schools
United Way

2013: 4,279

2012: 3,976

2011: 3,701

2010: 3,531

2009: 3,241



SUPPORTING HEALTHY LIVING AND HAPPY BEINGS

Education & Outreach

Johanna Bergan, Education & Outreach Coordinator

2013 was an extraordinarily busy year in the Oneota Co-op Classroom. Educational offerings supported member/owners and local community members by helping them to start cooking with whole foods in their own kitchens and to love doing it as a family!

Some of my favorite classes have been those that help families continue to enjoy foods when diets are restricted by allergies. Gluten free food has been prepared numerous times in the classroom and I love bringing smiles to everyone's faces as we sample what we've made.

Especially exciting this past year has been the success and growing interest in programming for children. Exploring Foods classes offer children ages 3-7 the opportunity to explore, get messy and try new foods in a safe environment with friends. Classes were taught in spring 2013 and continued with fall sessions. Be'Tween Cooking classes launched in the fall of 2013, engaging 4th-6th graders in the kitchen. This group of Tweens were quite capable in the kitchen and worked together to prepare nutritious and tasty meals for themselves each week. Both of these programs are growing and expanding in 2014.

One of the highlights of working for a community-focused business is the local partnerships created. From making spring rolls with children at the library to engaging students and faculty at Luther College in cooking classes, the chance to bring local and wholesome foods to families is fulfilling for both my personal passion and the Oneota Community Co-ops Principles and Ends Statements. I'm busy planning the Educational Calendar for 2014 and sure hope to see you in our classroom.

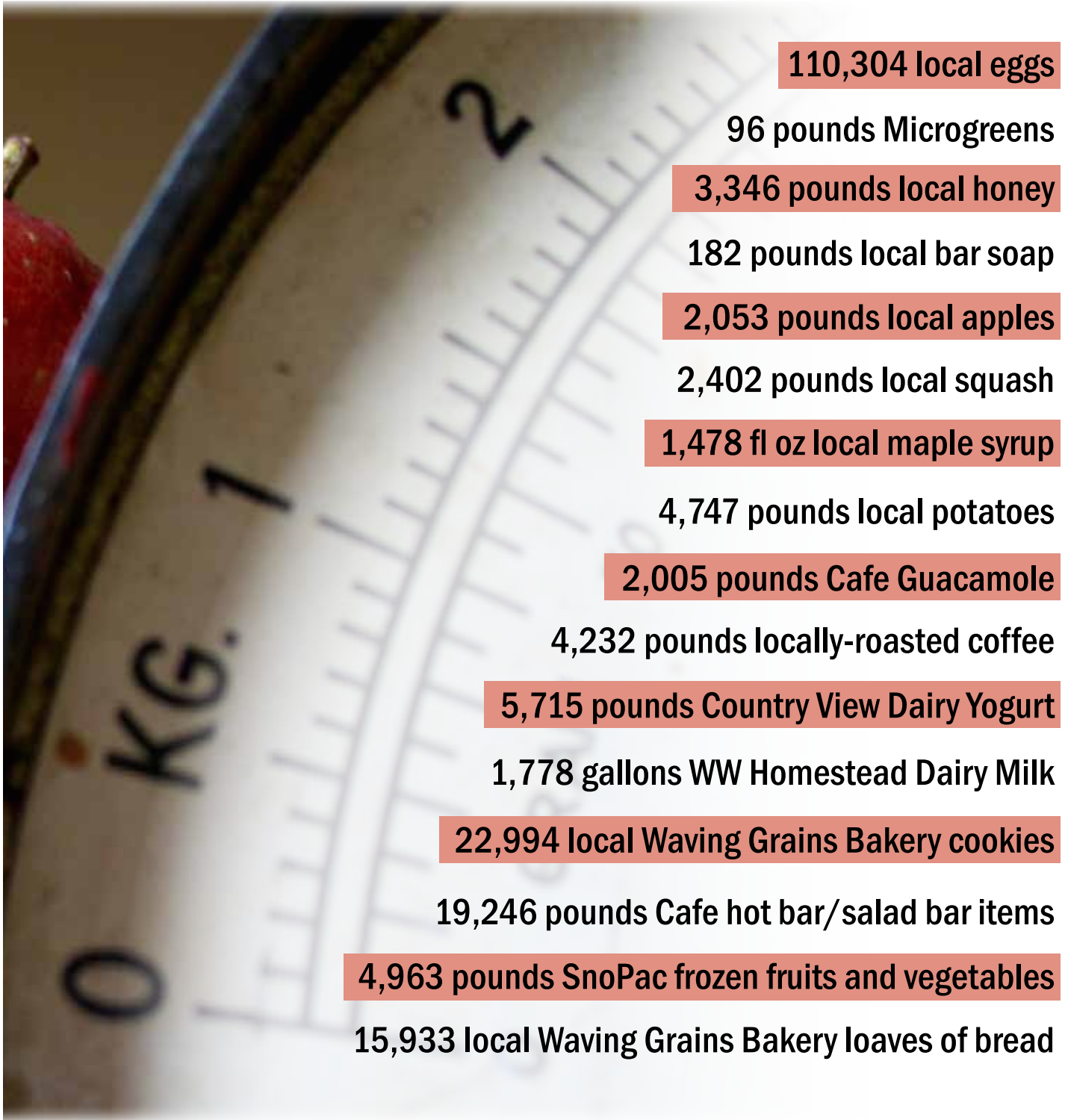


Number of classes offered at the Co-op in 2013: 92
67 in the Co-op Education Classroom
25 off-site)
Number of participants: 769
414 in the Co-op Education Classroom
355 off-site
Number of store tours: 36
Number of tour participants: 438



Photo courtesy of Luther College/Aaron Zauner

PROUD OF OUR LOCAL SELECTION



Local sold in 2013