

2015 ANNUAL REPORT

ONEOTA
COMMUNITY
FOOD
COOPERATIVE
decorah, iowa



2015 > A CHALLENGING & REWARDING YEAR

David Lester, General Manager

Although we did not realize our sales growth goal this past year due to increased competition in the natural market, the staff and I are proud that we outperformed our profit expectations, and we feel like we are better operators through it all. We embrace the fact that organic products are becoming more mainstream and that more shoppers have many options compared to just a few years ago. We've known for decades the benefits of organic, whole, healthy foods, and we aren't about to sit back and watch what's going on in the organic and natural sector of our business. As a member, you can expect your Co-op to negotiate better deals, focus on unique, locally grown products, and enhance our customer service that we're known for giving. In other words, as a member, you're going to benefit in many ways in 2016 and beyond.

People, Planet, Profit:

- More People! 260 new members joined us in 2015.
- Less Energy! For the second consecutive year in a row, we reduced our overall energy usage. According to our Energy Star Building Profile Manager report, we reduced our energy consumption by 6.2% and our overall greenhouse gas emissions were down 1.2% compared to 2014. And, we're still the highest energy star rated grocery store in Iowa.
- More profit! Despite slower than expected sales growth, our profit exceeded our expectations and our Board of Directors declared another patronage dividend to be paid to qualified members.

	2015	2014
SALES	\$5,068,813	\$4,937,357
Cost of Goods Sold	\$3,069,248	\$2,991,025
GROSS MARGIN	\$1,999,565	\$1,946,332
Operating Expenses:		
Personnel	\$1,354,249	\$1,289,556
Depreciation & Amortization	\$111,059	\$129,088
Facilities	\$150,684	\$145,641
Marketing	\$67,464	\$69,404
Supplies	\$49,716	\$59,902
Interest	\$34,941	\$32,251
Discounts	\$63,642	\$45,426
Patronage Dividend	\$51,073	(\$2,601)
Other Operating Expenses	\$111,819	\$117,136
PROFIT ON OPERATIONS	\$4,918	\$60,529
Non-Operating Revenues & Expenses:		
Less Board Expenses	\$13,665	\$9,202
Plus Other Revenues	\$39,401	\$27,547
EARNINGS BEFORE INCOME TAXES	\$30,654	\$78,874
Income Taxes	(\$7,084)	(\$17,865)
EARNINGS AFTER INCOME TAX	\$23,570	\$61,009

BUILDING OUR BALANCE SHEET

Assets	2015	2014
Cash	\$136,825	\$117,972
Other Current Assets	\$217,080	\$191,961
Property/Equipment	\$1,436,449	\$1,285,832
Other Assets	\$67,722	\$65,229
Total Assets	\$1,858,076	\$1,660,994
Liabilities		
Current Liabilities	\$318,554	\$344,607
Long-Term Liabilities	\$586,713	\$450,043
Total Liabilities	\$905,267	\$794,650
Equity		
Member Shares	\$459,918	\$437,881
Preferred Stock	\$67,250	\$67,250
Retained Earnings	\$295,101	\$234,092
Retained Patronage Dividends	\$106,970	\$66,112
Net Income	\$23,570	\$61,009
Total Equity	\$952,809	\$866,344
Total Liabilities/Equity	\$1,858,076	\$1,660,994

We took on more debt beginning in January 2015 with the purchase of the building next to our store. This purchase has allowed us to expand our educational outreach and class offerings and has given us much needed office space to do our work. The two upstairs apartments help cover over half of the monthly payments on this property. The member equity on the balance sheet continues to get stronger due to positive net income the last four years and increasing membership. Managing the store efficiently this past year contributed to the Board's decision to declare the second patronage in the last three years.

- Member shares increased by 5%
- Total equity increased by 10%

2015 *by the Numbers*

Annual Sales: \$5,068,813

Total number of employees: 49

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

Employees working between 20-30 hours per week: 12

Employees working fewer than 20 hours per week: 7

Average hourly wage paid to employees: \$12.73 (excludes GM salary)

Average number of customers per day: 657

Average customer transaction: \$21.69

Total number of active member/owners: 4,703

Percentage of sales to member/owners: 77.3%

Number of new member/owners: 260

Total member/owner investment: \$952,809

GREETINGS FROM THE ONEOTA CO-OP BOARD OF DIRECTORS

Brita Nelson, Board President

The year 2015 was significant for the community and business of our Co-op. Some highlights include:

- Continued, significant growth in the number of member/owners
- Increased total local sales
- Decreased overall energy usage
- Developed a new 5-Year Strategic Plan
- Continued to build savings to put Oneota in a strong position in the upcoming years

The Oneota Community Co-op (OCC) fared well in 2015, despite below-budget sales growth in the face of increasing competition in the natural foods market. This is a testament to the focus and thoughtful leadership from our GM, David Lester, and the terrific work of the OCC staff. As a board, we are continually pleased that the measure of employee satisfaction with work at Oneota remains high.

Thanks to increased efficiencies and the careful monitoring and adjusting of expenses as sales fluctuated, we had profits enough in 2015 to declare a patronage dividend. The Board is so pleased OCC will be offering the option for members to donate their patronage disbursements to a local non-profit. This is another way OCC contributes to the positive growth of the local community.

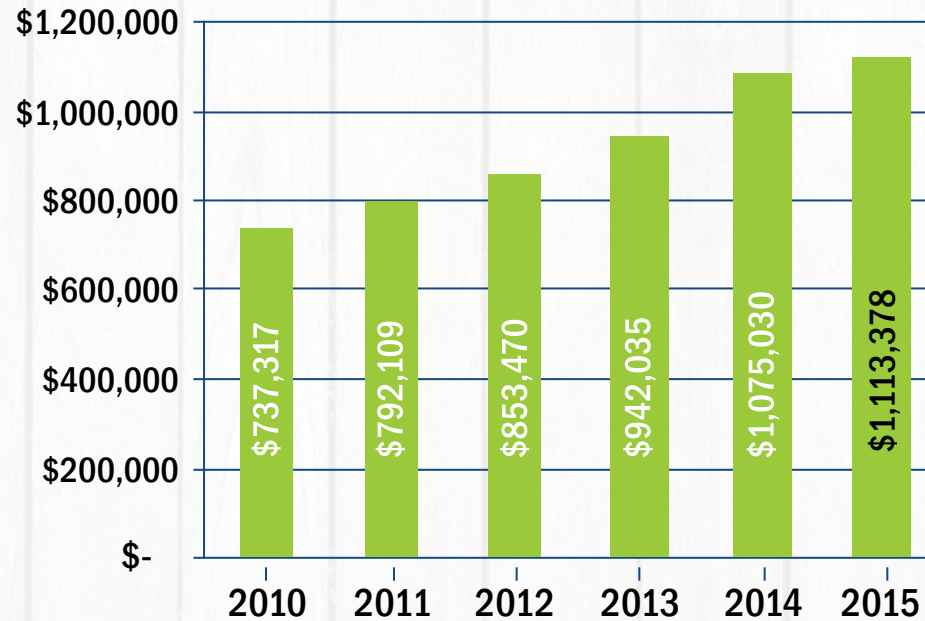
With our new strategic priorities laid out, we are enthusiastic about what lies before us. We have confidence that the vibrant community of staff, member/owners, and local grower/producers will keep us strong in a continually difficult market. We are grateful to all our member/owners for their patronage over the past 42 years. Here's to making 2016 another profitable and productive year!

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."

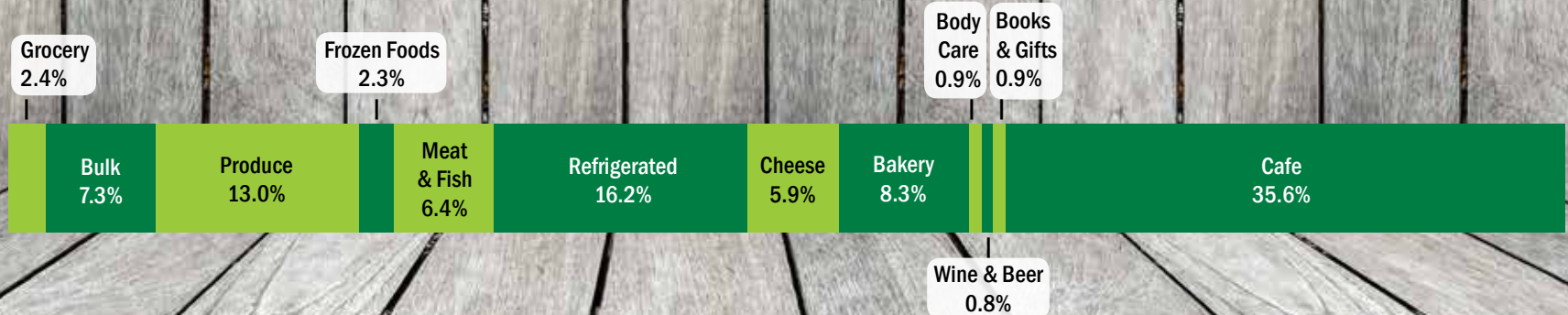
OUR COMMITMENT TO LOCAL

ANNUAL LOCAL SALES



local

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.



2014 Percentage Total Store Sales = 22%

Sales in Dollars = \$1,075,030

2015 Percentage Total Store Sales = 22%

Sales in Dollars = \$1,113,378

EUNICE CHRISTOPHER EMPLOYEE SPOTLIGHT

This year's employee spotlight is **Eunice Christopher**. You've probably seen Eunice and her great smile at the checkout. She exemplifies what great customer service is all about at the Co-op and we thought you might want to get to know Eunice a little better:

How long have you worked at the Co-op?

I have worked at the Co-op for 8 years.

What are your duties? What is a typical day like?

I am a cashier. Apart from ringing up sales, some of my duties are: assisting customers in finding what they are looking for, cleaning, wiping tables, bussing dishes, and occasionally carrying out groceries. However, most of my time is spent at the register. A typical day for me is about 2 ½ hours of lunch rush, a steady afternoon, then another couple of busy hours for the evening grocery shoppers.

What are some favorite things you like about the Co-op?

I like being able to get good nutritious, organic, and local food, knowing who our producers are, and knowing how food is being grown. I enjoy the rapport that I have with my fellow employees, Co-op members, and customers. Last but not least, I enjoy visiting with all the Co-op children. They can be very comical and help make your day.

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

Roasted chicken from the deli, the large variety of chocolate, all the great tasting fruit, Giovanni shampoo and conditioner, and grilled panini sandwiches.

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

I enjoy walking and riding bikes. In the winter, I like doing research on a wide range of topics and enjoy relaxing and spending time with my husband. My husband and I have lived in Decorah for 34 years. Before we settled down, we traveled to different places within the United States and visited Canada. I am a native of this area and I have been affiliated with the Oneota Co-op since I was a kid, way back around the time it first began (in 1974). My dad was a working member, so we bought most of our staples there, such as flour, sugar, oats, and a few other things. It has been an experience to see the Co-op grow from a very small building with a wood stove, a small inventory, and no cash register. We wrote our items on a pad and added them up with a calculator, then put the money in a metal box. It was an honor system. Now it is 2016 and several buildings later. I am happy to still be a part of this wonderful place and community.



OUR MEMBERSHIP CONTINUES TO GROW

Keeping it
Local

We want to personally thank all of the 260 new member/owners that signed up in 2015, which brings our total membership to 4,703.

As a member/owner of our Co-op, you directly support a local business that contributes approximately 45 cents of every dollar spent in our store to our local economy.



Co-op
Staff

2015: 4,703

2014: 4,505

2013: 4,279

2012: 3,976

2011: 3,701

2010: 3,531

2009: 3,241

LOOKING TO THE FUTURE/ STRATEGIC PRIORITIES

In the Fall of 2015, our Board of Directors finished its strategic visioning process. In collaboration with management, the Board organized its priorities into five categories:

1. Retail and Marketing
2. Employee Relations
3. Outreach (Membership, Community Relations, Education)
4. Supply Chain and Local Vendors
5. Sustainability

This past December, management presented its yearly business plan and 3-5 year strategic plan to the Board, and it was accepted. Some exciting tactics to achieve these priorities include focusing our work on increasing local purchases and making our products more affordable. The future expansion of the Co-op is also a part of this plan, and we expect that to take shape in the next two years. Keep looking for ways you can be a part of this process, and let us know what you would like to see us expand in regards to products and services...stay tuned!

