



OUR ENDS

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




BE A
WORKPLACE
OF
choice
FOR ALL
EMPLOYEES



INCREASE ECONOMIC + CULTURAL
accessibility
FOR ALL
COMMUNITY
MEMBERS




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



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



grow
AND EXPAND
TO FURTHER OUR
mission



MOSCOW FOOD CO-OP

2019

Annual Report

121 East 5th Street and on campus at 822 Elm Street
Moscow, Idaho
(208) 882-8537



HELLO TO OUR DEAR CO-OP COMMUNITY!

Thank you for another wonderful year of cooperation! It seems like every year in the history of the Co-op is a bit of an adventure. Last year's epic adventure was finalizing our plans for and beginning the work of relocating our center store bakery to the Cooperative Bakehouse.

In addition to the hard work of our staff, the excitement from our owners really helped turn our dream of an offsite bakery into a reality. With the new space for our bakery operations and freed-up space for our deli kitchen, we are looking forward to providing our community some tasty new treats!

The 2019 fiscal year also brought some changes to the world of plastic recycling. We were touched to see so many owners voicing their concerns to the Co-op after hearing about the reduction in the types of plastics accepted in our community's recycling system. With a great amount of enthusiasm and support from our owners and the help of our Sustainability Committee, the Co-op was able to successfully launch our Sustainable Silverware Program, eliminate the plastic clamshells used with our salad bar and cookies, and begin participating in the TREX plastic recycling program. This is just one of the many examples of how the voices of our owners can make a difference.

The opening of the Bakehouse is one example of a project that aligns with one of the Co-op's 2014-2020 Ends - *to grow and expand to further our mission while expanding on our sustainability initiatives* meets our End to *model environmental sustainability through our activities, facilities, products, and services*. Another major project of the year was updating the Co-op's Ends Policy for the first time in five years. In 2014, the Board updated the Ends to mirror the six incoming 2015-2020 Strategic Priorities. However, the Board subsequently realized in 2018 that the Ends should be written to be more ambitious and contain long-term objectives. While the Strategic Priorities remained the same, the Board set out to fulfill its responsibility to establish clear long-term objectives for the Co-op staff to work towards, grounded in our core Co-op owner values. The updated Ends were completed in late 2019 and officially adopted this February.

Updating our Ends Policy also included considering the progress on our previous ends that were accomplished. Check out the sidebar to see just a few other examples of the strides we have made.

None of these amazing accomplishments could have been achieved without collaboration among our Co-op staff, local partners and wonderful community of engaged owners. We continue to be grateful for your ongoing support, whether it be through shopping with us, serving on a committee, or sharing a few simple words of positivity and encouragement as we continue to navigate what has already been a very interesting year.

Thanks for a great 2019!

In co-operation,

Alice Ma, Board President
Melinda Schab, General Manager

Promoting our cooperative identity by being good stewards of the earth and each other for over 40 years.

We continue to be a workplace of choice for all employees with our pay and benefits package and investment in staff training and development and an our entry-level wage recently increased to \$11.00/hr.

We continue to educate our owners, customers, and the wider community about food and food systems by offering classes and educational events.

We continue our efforts to increase economic and cultural accessibility for all community members by offering owner and staff discounts and partnering with organizations to reach out to our community.

We promote the local, sustainable, and organic foods economy. We've increased our dollars spent on local sourcing by 44% in the last five years!

Thanks to donations from our generous shoppers, we donated over 10,325 pounds of food to the area food banks in 2019 (almost double compared to 2018).

We are so proud of the collective work that occurred last year to further our mission to nourish and nurture our community.



WITH 7 COOPERATIVE PRINCIPLES

The Moscow Food Co-op, like all cooperatives, operates under seven guiding principles. This year, we've done a lot of work to directly support our cooperative principles. By shopping at the Co-op, you help support local farmers, employ your neighbors and help this business remain profitable. Here are some other cooperative goals we've all accomplished:

Voluntary and Open Membership

The very first principle: cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination. The Co-op is owned by more than 8,000 people on the Palouse.

In 2019 more than 1,200 new owners invested in our Co-op.

We're a community of food-loving individuals who put an emphasis on buying local. Being a Co-op owner is truly an investment in your community.

Democratic Member Control

Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Those serving as elected representatives are accountable to the membership.

In March 2019, a record number of Co-op owners (1,061) voted to elect Alice Ma, Ken Hart, and Mark Thorne to the Co-op's Board of Directors.

By voting in Board elections, our owners are shaping the future of the Moscow Food Co-op and participating in a democracy. With the bylaws as our foundation, the Board represents our owners' interests largely by creating policies for the store and monitoring for compliance. These policies help put our values into practice and achieve our goals. The policies shape broad-level goals in areas such as sustainability, product standards, and customer service.

Member Economic Participation

Cooperative principle number three spells out the responsibilities of members to their cooperatives, and how money is to be treated in the cooperative business

association: all our members contribute equitably to, and democratically control, the capital of our cooperative business.

Your \$10 annual equity payment is a true investment in the Co-op and its future.

This investment helps build your store. For example, owner equity helped us pay for our salad bar, energy-efficient lighting, bakery ovens and so much more! Your equity is designated for store improvements and is not taxable to our Co-op. However, it's more than that too!

In 2019, Nearly 80% of our sales were to Co-op owners!

Autonomy and Independence

The new fourth principle states: "Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy."

So what does that mean? Underlying this thought is the basic concept that cooperatives exist to serve the interests and needs of their owners, period.

Our Co-op was founded in 1973 by four college students. To this day, it continues to be controlled by nearly 8,000 owners – people who live, work, and eat in our region.

Education, Training, and Information

The fifth principle states that cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives. They inform the general public about the nature and benefits of cooperation.

In 2019, we hosted 26 community-focused classes, collaborated with community organizations to support the Palouse Community Bike Ride, the POP club program through the Moscow Farmers Market, the PCFC Food Summit, Love Your Farmer, and the Food for Thought Film Series, Kernal Program Through the Pullman Farmers Market, the

Modest Music Festival and produced several publications all seeking to provide owners and readers with useful information about the Co-op and our food system.

Our class catalog offers something for everyone. From cooking classes and wellness seminars to gardening workshops and Zero Waste Living events, we hope attendees make connections about important food, health, and environmental issues. We offer ways to sharpen skills like home cooking, food-growing, composting, and waste reduction, which are all vital to maintaining personal and communal health.

We believe it is crucial to offer a way for people of all ages to learn and grow, building their skills for greater self-sufficiency and a healthier, more informed life.

Cooperation Among Cooperatives

We have many opportunities to work with and support co-ops across the country and around the world. We offer seeds from the Snake River Seed Cooperative, produce from LINC Foods (a regional worker & farmer owned co-op), legumes from PNW Farmers Cooperative, bulk herbs and spices from Frontier Co-op, and organic dairy products from Organic Valley Farmers Co-op, just to list a few.

The Co-op continues to belong to National Co-op Grocers, a cooperative of natural foods cooperatives.

Concern for Community

While focusing on member needs, cooperatives work for the sustainable development of their communities through policies approved by their members.

In 2019, we increased our FLOWER discount from 10 to 20 percent and more than doubled the number of participants in the program to 163, directly increasing accessibility for community members impacted by food insecurity.

We donated over 10,325 pounds of food to the area food banks. Our composting partnership with PCEI diverted over 80,000 pounds of food from the solid waste stream. We continue to reward the reuse of cloth shopping bags and reusable coffee cups through our Dime in Time Program, and with these donations, we supported a variety of community organizations to the tune of \$8,459.70!

THE BOARD TREASURER REPORT

Hello from your Board Treasurer!

I'll start by addressing the elephant in the room. The COVID-19 pandemic has affected the Co-op's financial condition dramatically, just like any business. As such, this report – which only discusses the Coop's pre-pandemic performance – may feel rather behind the times. That being said, it's still valuable to understand where we were at heading into the pandemic (plus a little comforting to discuss a more familiar time), so let's dive into 2019!

In 2019, the Co-op achieved sales growth of 1.3% over 2018. While we were glad to have positive sales growth, it was not as high as we would have liked—staff aims for at least 3% sales growth each year. (Although the Co-op does not believe in growth just for growth's sake, this rate of sales growth is critical to keep up with increasing business expenses such as wages, cost of benefits, rent & utilities expenses, and cost of goods). So, while sales were going in the right direction pre-pandemic, they were still below where we would have liked to see them.

However, we were still able to improve our net income over 2018 considerably. This was largely due to staff working hard to improve operational efficiencies, which helped trim personnel expenses by 6.1% (all while continuing to raise wages!). It also helped that the Co-op took on fewer construction and expansion expenses than we did in 2018, when we invested in remodeling the central part of the main store and opening the UI Campus store. With our overall expenses 2.2% lower than 2018, we finished 2019 with just a slight net loss.

Additionally, despite having net losses for the last two years, the prudent fiscal management of our General Manager and her management team meant we entered the pandemic with around \$800K in cash on hand, an enviable position for a business our size.

With the operational improvements and expansions made in recent years, staff were well-positioned to turn 2020 into a year with 3+% sales growth and a net profit. But needless to say, the pandemic dashed all plans and the Co-op has seen significant sales declines. While we thankfully have reserves to help us weather the initial hit, the one thing that's certain about the future is they won't last forever. Your Co-op needs your support! Every dollar you spend at the Co-op is an investment in the future of your community-owned-and-controlled grocery store. And in return, you can count on staff and the Board to tirelessly navigate through the pandemic and keep providing you with an excellent store.

Stay tuned for more details on the current financial condition of the Co-op in the 2020 Annual Report in the coming months—the next Annual Meeting shouldn't be as delayed as this one!

In co-operation,

Cheyne Mayer, Board Treasurer

We hosted 26 classes, including:
Healthy Eating on a Budget, Zero-Waste Cooking, and more.

In 2019, the Co-op spent
\$802,521
sourcing from local producers.

We pay
100%
of health insurance premiums for FT staff, which cost \$312,131 in FY2019.

OUR OWNER COMMUNITY IS NEARLY
8,000
MEMBERS
STRONG!

MAKING OUR PRODUCTS ACCESSIBLE
FLOWER - 163 Participants in FY2019 with \$62,894.60 in discounts given
Senior Discount: \$90,946.52
Student Discount: \$21,325.07
Other Discounts: \$1089,904.27
Staff Discount (20% everyday): \$83,796.18

Thank you for supporting
YOUR CO-OP!
@moscowfoodcoop

2019 Financial Report

Assets

Checking/Savings	\$816,763
Accounts Receivable	\$7,639
Prepaid Expenses	\$68,298
Deposits and Other	\$20,706
Inventory	\$439,978

Other Assets

Equipment and Improvements	\$2,837,576
Accumulated Depreciation	\$(1,624,433)
Refundable Security Deposit	\$11,568
NCG Joint Liability Fund	\$26,879
Patronage Equity in other Co-ops	\$122,212
Deferred Tax Credit	\$54,500

TOTAL ASSETS: \$2,781,685

Liabilities and Equity

Accounts Payable	\$285,537
Gift Cards	\$71,410
Sales Tax Payable	\$55,353
Current Portion LT Debt	\$86,935
Accrued Payable PTO	\$79,943
Income Tax Liabilities	—
Payroll Liabilities	\$122,225
L-T Loans Payable	\$392,062

TOTAL LIABILITIES: \$1,093,465

Paid-in Owner Equity	\$1,156,770
Retained Patronage	\$317,970
Retained Earnings	\$235,777
2019 Net Income	\$(22,297)

TOTAL EQUITY: \$1,688,220

TOTAL LIABILITIES

+ EQUITY: \$2,871,685

FINANCIAL RESULTS

	2019	2018
Net Sales	\$11,521,357	\$11,372,645
Cost of Goods	\$6,719,299	\$6,586,073
GROSS PROFIT	\$4,802,058	\$4,786,572
Personnel	\$3,117,003	\$3,319,088
Occupancy	\$444,782	\$417,052
Administration	\$498,352	\$468,925
Marketing + Outreach	\$415,975	\$351,926
Store Operations	\$394,845	\$416,386
Governance	\$27,959	\$35,636
TOTAL EXPENSES	\$4,898,916	\$5,009,013
Net Other Income and Expenses	\$70,052	\$76,259
NET PROFIT	(-) \$26,805	(-) \$146,182



CO-OP MONTH BINGO!

We're excited to highlight the cooperative business model and what makes it special - YOU, our owners! Join us in some activities to celebrate Co-op Month and win gift certificates to the Co-op!

Complete a row, column, or diagonal line of 5 boxes and be entered to win a \$5 Moscow Food Co-op Gift Card!

Complete every box on the card and be entered to win a \$50 Moscow Food Co-op Gift Card!



 Try a new product from the Co-op's bulk section Check out the Co-op's website!	 Buy your favorite item from the Co-op Deli Follow the Moscow Food Co-op on Instagram	 Read about the 7 Cooperative Principles See some of the links we mentioned! Co-op's Website: moscowfood.coop Co-Op on Instagram: @moscowfoodcoop
 Snap a pic of your favorite Co-op purchase and share on social media Mark off 2 more boxes!	 Attend the Annual Owner's Meeting on October 5 at 5:30 p.m. Grab a cup of Co-op fair trade coffee or tea	 Visit the Co-op on Campus Open 8am-2pm Incorporate a Co-op item into your Halloween costume Mark off 3 more boxes!
 Give an MFC giftcard to a friend Sign up for (or read) the Co-op newsletter  FREE!	 Pay \$10 toward your Owner Share Mark off 5 more boxes!	 Buy a local vegetable Pay \$30 towards your Owner Share Mark off 10 more boxes!
 Eat a Co-op cookie Learn about the Pullman Good Food Co-op Have or open an account at a credit union Mark off 2 more boxes!	 Gift an MFC annual membership to a friend Share one fact you've learned about Co-ops this month and post to social media Check out the benefits of Owner Patronage Link in the sidebar!	Give your Dime in Time token to the Co-op Community Fund Read "Grocery Story" by Jon Steinman Mark off 3 more boxes!

No Contact Entry Available: Snap a photo of your completed BINGO card and email it to BoardAdmin@moscowfood.coop, or share it on social media and tag us [@MoscowFoodCoop](https://www.instagram.com/MoscowFoodCoop).

CELEBRATING CO-OP MONTH - OCTOBER 2020