



Port Townsend Food Co-op

ANNUAL REPORT

from our Board President
Sam Gibboney

2011 was a good year for the Port Townsend Food Co-op. We have held our own in these tough economic times, finished some key projects and laid the groundwork for our future growth.

It wasn't a banner year. Like everyone, we have had to tighten our belts and our team of employees has really worked to offer the best value to our owners. We have continued to offer wholesome food at affordable prices and have expanded our efforts in these price-conscious times. In addition to our Member Appreciation Days, we offered Thrifty Thursdays for a monthly discount day and continued our staples program of "Every Day Good Prices." All the while, we strive to live our values. For example, we expanded our purchases from local vendors and farmers and continue to support our local food economy.

You may not have noticed, but we also accomplished a major remodel in the back of the store. The remodel went so smoothly that many of our owners didn't even know it was happening. But happen it did; on time and under budget. The remodel provided additional storage space that improved both worker and food safety.

This success was due to many of our capable staff, not the least of which is our General Manager, Kenna Eaton. We did hire Kenna in 2011, and already she feels like she is rooted here and prospering as a capable leader.

2011 left us in a good position to develop opportunities to grow and serve our membership and community. Here's to an even better 2012.

2011

A close-up photograph of several pumpkins with green and orange mottled patterns, filling the right side of the page.

PORT TOWNSEND
FOOD CO-OP

ANNUAL MEETING

Sunday, June 3

Community Recreation Center
620 Tyler, Port Townsend
5:00-7:30 pm

Annual Meeting for Co-op Owners

*Light refreshments will be served
& gifts for everyone dressed up
as "Cooper" or "Organica"*

\$50 store card to best of each category!

In 2011 we offered monthly "Thrifty Thursdays" to give our owners even more discounts.

Beans for Bags

We credited shoppers \$9,410 for re-using bags from home, saving 157,611 bags!

\$22,732 was donated to 58 local, non-profit organizations

"I live on Whidbey Island and ride the ferry to shop at the Food Co-op."

Sue Burgess
Owner

In 2011, Port Townsend Food Co-op was running on a tight budget, as were our local partners. Recognizing that when times are hard, help is needed, we kept our community support strong for our local partners. Donations were made to support local Farm to School projects; to help preserve farmland; to provide foods for fundraising events; for health and wellness projects; and to local food banks. More donations went to support community arts, local radio, farming education, animal welfare, and to provide healthy snacks for school children during testing and after school during tutorial sessions.

The Food Co-op partnered with Port Townsend Film Festival, Port Townsend Main Street Association, J.C. Chamber of Commerce and Landworks Collaborative to help further economic development in our community. We fed the Kinetic Skulpture racers and provided raffle prizes to the Andy Palmer Benefit. Many other donations of food and gift baskets made their way to local schools, including the gift of organic apples on the first day of school. All of this community support was possible due to our owner’s loyalty during challenging economic times. We appreciate your support!

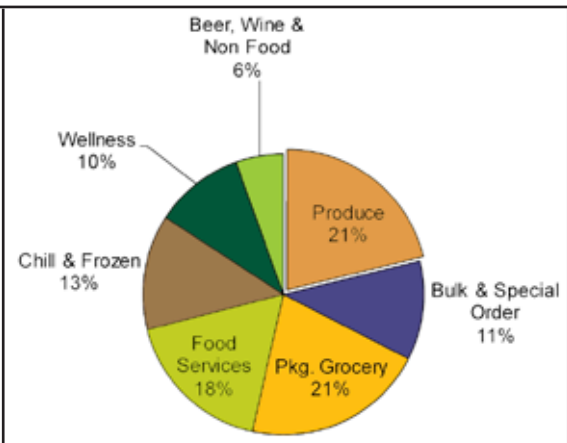
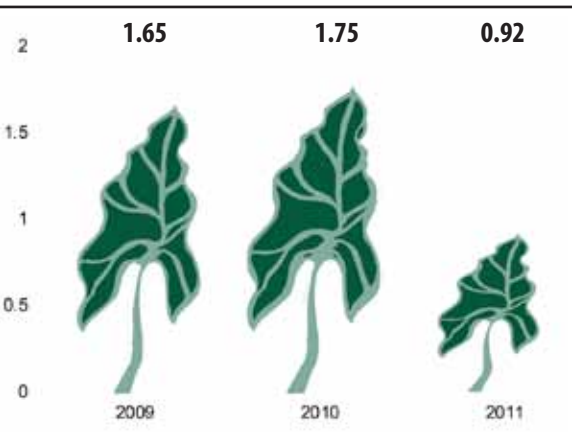
Beans for Bags

Tri Area Food Banks	\$ 4,184	Dove House	\$ 303
REPAH	705	Boiler Room	243
J.C. Humane Society	430	Olympic Mountain Pet Pals	237
Center Valley Animal Rescue	381	P.T. Cooperative Playschool	233
KPTZ Radio	331	J.C. Sheriff's Foundation	190
NAMI	305	Clemente Course	189
		AAUW	50
Total			
\$ 7,881			

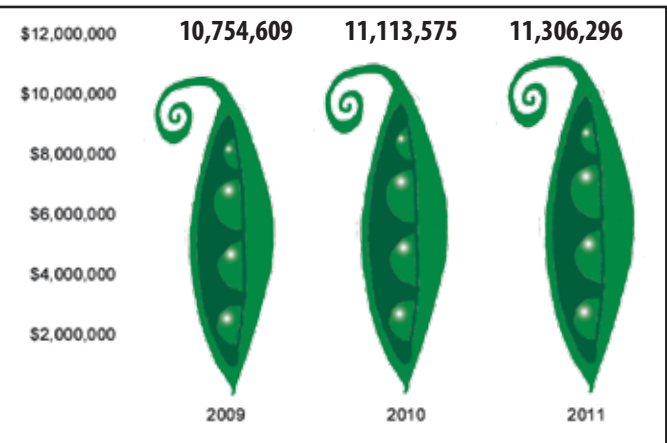
2011 Food Services Remodel Construction Project Summary

	Expenditures	Budget	Over (Under) Budget
James Williams, Architect	\$ 47,880.00	\$ 47,880.00	\$ 0
Ed Boehmer Project Management	11,216.36	11,000.00	216.36
Nordland Construction	106,291.58	91,894.00	14,397.58
Permits and Printing	4,953.91	0	4,953.91
Construction Total	170,341.85	150,774.00	19,567.85
Major Equipment for the Remodel	80,661.41	71,922.56	8,738.85
Contingency	0	77,303.44	(77,303.44)
Project total-Final	\$ 251,003.26	\$ 300,000.00	\$ (48,996.74)

Net profit as % of sales



Sales 2011





Red Dog Farm Crew



"I've been selling to the Food Co-op since 2005. We started small, bringing in a case or two at a time -- sometimes only 1/2 a case! Over the years, I've been able to grow and our deliveries to the Co-op are now full truckloads, all full cases! It's been a really good journey working with the Food Co-op."

Karyn Williams
Owner, Red Dog Farm



Short's Grass Fed Beef owners

We make it a priority to purchase from local vendors when possible and strive to keep as many of the dollars we spend here in our local area. Growth in our local purchases has been consistent every year.

In 2011 over \$4 million spent by the Food Co-op stayed in Jefferson, Kitsap, Clallam and Island counties. This figure includes payments to employees, vendors, and service providers.

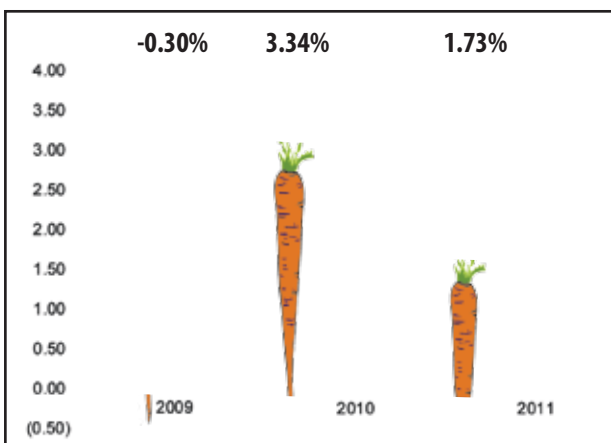
The goal of supporting local extended to our Co-op educational programs. We supported our local educators by sponsoring Co-op Classes, many free to attend. By partnering with local naturopaths, chefs, chiropractors, health educators, nutritionists, and high school teachers, Co-op educational opportunities were expanded and continue to grow. If you haven't taken a Co-op Class yet, we encourage you to make a reservation soon!

Local Expenditures	2009	2010	2011
Local farmers & producers	\$ 729,650	\$ 790,685	\$ 850,399
Local distributors & services	636,512	681,209	910,267
Staff wages	2,090,962	2,104,685	2,126,276
Staff vacation (paid time off)	129,861	125,293	136,660
Donations & discounts	86,316	105,385	110,943
Interest on member loans	3,798	1,827	0
Total local expenditures	\$ 3,677,098	\$ 3,809,084	\$ 4,134,545
% of annual sales	34.2%	34.3%	36.6%
Annual Sales	\$ 10,754,609	\$ 11,113,575	\$11,306,296

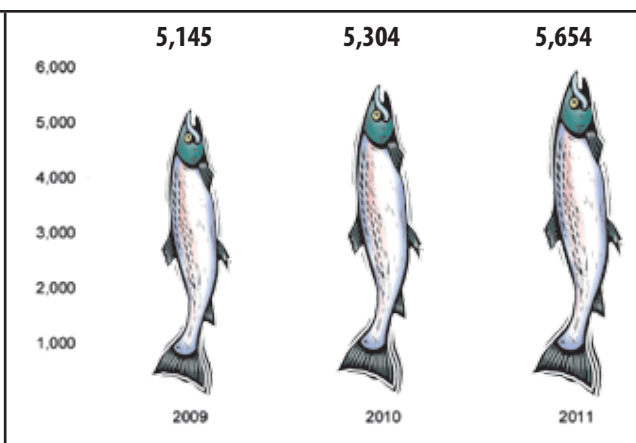
Local farmers & producers			
Purchases as % of annual sales	6.8%	7.1%	7.5%
Local Purchases as % of Total Purchases	17%	18%	20%

Donations & Discounts	2009	2010	2011
Staff Discount	\$ 53,885	\$ 53,462	\$ 56,091
Volunteer Expense	169	0	0
Sponsorships	0	28,006	12,046
MAD Discounts	8,969	11,337	32,141
Bag Refunds	9,580	9,381	9,410
Donations	13,713	3,199	1,255
Total	\$ 86,316	\$ 105,385	\$ 110,943

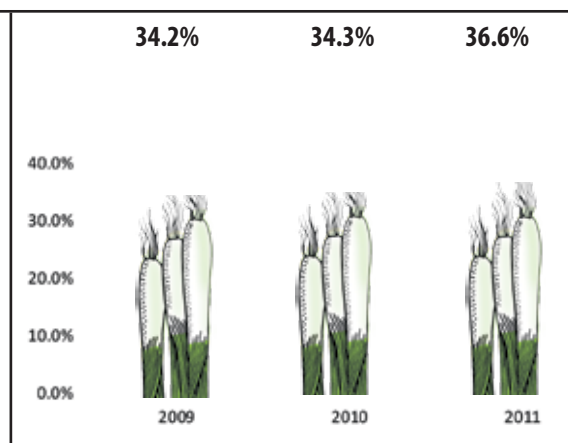
Percent Change in Sales Over Prior Year



Active Voting Memberships



Local Expenditures as a % of Total Sales



THE FOOD COOP Profit & Loss Summary

	2009		2010		2011	
SALES:	10,754,609	100.0%	11,113,575	100.0%	11,306,296	100.0%
COST OF GOODS SOLD	6,659,123	61.9%	6,912,434	62.2%	7,059,944	62.4%
GROSS PROFIT MARGIN	4,095,486	38.1%	4,201,141	37.8%	4,246,352	37.6%
OPERATING EXPENSES:						
Total Personnel	2,808,956	26.1%	2,874,759	25.9%	2,967,211	26.2%
Total Occupancy	266,692	2.5%	248,196	2.2%	277,114	2.5%
Total Store Operations	326,564	3.0%	313,596	2.8%	364,773	3.2%
Total Advertising & Outreach	104,176	1.0%	99,200	0.9%	118,499	1.0%
Board Expenses	34,891	0.3%	45,910	0.4%	47,298	0.4%
General Admin	314,149	2.9%	326,742	2.9%	338,803	3.0%
TOTAL OPERATING EXPENSE	3,855,428	35.8%	3,908,403	35.2%	4,113,698	36.4%
NET OPERATING INCOME	240,058	2.2%	292,738	2.6%	132,654	1.2%
TOTAL OTHER INCOME (EXPENSE)	30,074	0.3%	2,511	0.0%	16,757	0.1%
Federal Income Tax Expense	92,752	0.9%	100,887	0.9%	45,582	0.4%
NET INCOME (LOSS) AFTER TAXES	177,380	1.6%	194,362	1.7%	103,829	0.9%

THE FOOD CO-OP Balance Sheet

	12/31/2009	12/31/2010	12/31/2011
ASSETS			
Total Cash	735,011	1,072,232	899,991
Inventory & Receivables	369,149	414,716	457,287
Total Current Assets	1,104,161	1,486,948	1,357,278
Land, Building, Equipment	2,287,930	2,235,578	2,396,745
Investments	330,598	333,776	345,312
Total Assets	3,722,689	4,056,302	4,099,336
LIABILITIES			
Total Current Liabilities	380,830	527,427	513,373
Total Long Term Liabilities	1,405,256	1,327,157	1,244,334
Total Liabilities	1,786,086	1,854,584	1,757,707
Retained Earnings	1,345,046	1,568,200	1,672,027
Capital Investments	591,557	633,518	669,601
Total Member Equity	1,936,603	2,201,718	2,341,629
Total Liabilities & Equity	3,722,689	4,056,302	4,099,336

from our
General Manager
Kenna S. Eaton

At the Food Co-op we pride ourselves on running a good operation; paying our staff decent wages, supporting our local community and leaving as light a footprint as feasible for such a complex organization.

To allow us to pay for all of this, for every dollar in sales generated, we spend almost 63 cents buying the goods, leaving us with a little over 37 cents to pay for all of our other expenses, including 26 cents for staff and benefits. The next ten cents is spent on occupancy and operations, with just over half a penny for taxes and less than a penny for savings. It's tight but we think we've got a pretty good balance going on.

Some members wonder if we would be better served by allocating our expenses differently; perhaps we should pay our staff more or charge less for groceries. Recently I was even asked if we paid for our kitchen expansion by raising our prices.

Look at the balance sheet and you can see the cost of the expansion coming out of a combination of current assets and cash. The same will be true with our upcoming dining room addition.

Thanks for your part in helping us through our first 40 years- we hope you'll stick around and support us for another 40!

