



**ASHLAND  
FOOD CO+OP**

EST. 1972

# 2016 Annual Report

We put people,  
the planet and our  
principles before profit.



## General Manager's Report

by Emile Amarotico, *General Manager*

2016 was a good year for Ashland Food Co-op. We welcomed 482 new owners and averaged 3,500 daily transactions. With the Haggen/Safeway closure in late 2015, sales rose modestly at a 4% growth rate. We continued to deal with a more and more crowded facility and limited parking as we were the only grocery store servicing the downtown area. Also during the year we increased the usable area of our barn warehouse by 700 square feet.

Late in the fall, we piloted our Parking

Ambassador program to keep the parking area flowing smoothly and to "tame the Wild West" as some have termed the experience. Response to the pilot from owners was so positive that we've elected to continue it year round and hopefully expand its coverage to include more hours each day.

Remarkably our Organic Produce sales dollars were relatively flat for the year as increased production led to lower cost and lower consumer prices. This deflation

put pressure on labor expenses which continue to rise with increases in the Oregon Minimum Wage and health care costs.

And finally, the Co-op moved forward on two exciting new initiatives this year: a rebrand, based on recommendations from National Cooperative Grocers' Brand Assessment, and our Customer Experience Initiative (CXi), which started with a top down vision of great service and is now being carried out at the staff level.



## Board President's Report to Owners

by Gwyneth Bowman, *AFC Board President*

Year 2016 was a banner year that focused on the development of programs to enhance our Co-op owners' participation and comfort. We also had an increase in sales that further enhanced our bottom line!

Sometimes it is the little things that make a difference in our level of comfort. The remodeling of our bathrooms eliminated long waiting lines and expedited their use. A huge thank you to our General Manager who sacrificed the majority of his office for the rest of us. Also our Parking Ambassador Program has received raves from our Owners. Having someone assist with parking has been greatly appreciated and has slowed down traffic patterns to a level of safety for all of us.

Another program of value that has been developed is the creation of a Restorative Justice Program for teen shoplifters. Working with Resolve, and our loss prevention consultants from the Grange Co-op we have developed a state of the art program to assist teens when they cross the line with unacceptable shoplifting behavior. Completion of the program will assist teens with lowering their fines and allowing them to return as a Co-op shopper in a shorter period of time.

Working with our State Representative, Mr. Peter Buckley, Cooperative State law was changed to include the use of e-Voting by cooperative shareholders. This will allow our owners to vote by email.

Our Co-op owners approved this By-Law change last year. Of importance, stop by the information desk and give them your email address so you will be able to receive your ballot! Email voting will save our Co-op approximately \$30,000 each year.

"Stronger together" means we need your involvement to continue building a positive future that will meet our collective needs." Our Board wants to hear from you. We are in the process of developing additional focus groups so we can involve you in the governance of our Co-op. Your innovative creative ideas are needed. Owner/member buying power helps ensure lower prices and a more financially successful Co-op! You own it - help make it great.



## Board Treasurer's Report

by Charlie Douglass, *AFC Board Treasurer*

Well the year 2016 was a very good one from a financial growth perspective. Our Co-op showed an over 4% increase in sales over 2015! Great performance thanks to all of you! We have just completed a complete audit, which we do every 3 years. This is to assure that the Co-op is following the prescribed accounting procedures and is in full disclosure of its' financial picture. As always, we received the best review with kudos for the Finance Manager and

General Manager for their total cooperation and disclosure. These audits are an important part of our financial transparency and accuracy. We are not expecting the same level of growth in 2017, but our Ashland Food Cooperative remains in a strong financial position going into the new year.

Now for my soapbox, your Co-op shopping costs are reduced by use of coupons, which

the Cashier will remind you of when you check out. Another way to make your food cost less is by use of a gift card which you can purchase at the info desk. You write a check for \$97 and get a credit of \$100. That is an additional 3% off your groceries! Also, shop for basic pricing items, which will save you even more!





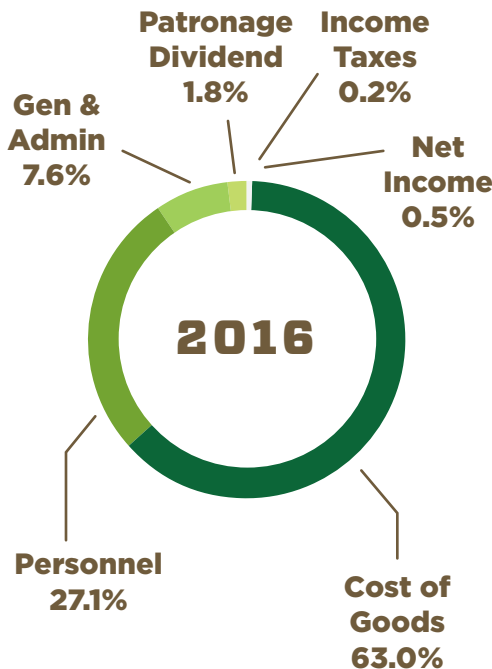
# 2016 Financial Report to Owners

by Christina Oliver, *Financial Manager*

In 2016, the Co-op enjoyed a sales growth rate of 4.1% for the year which is very similar to last year. When Safeway re-opens later this year, we expect some impact on sales as curious shoppers check out the remodeled store. We are hoping that when the newness wears off, people will realize what great value and service their local option offers and be happy to stay with the Co-op for their healthy and sustainable lifestyles.

The total patronage dividend amount for 2016 was \$574,674, which is approximately 2.5% of about \$23.0 million in sales to owners. This amount was calculated by our CPAs to be the maximum patronage dividend allowed by the IRS, subject to the Co-op's \$2 check minimum. Since the Board has decided to retain 50% of this patronage dividend allocation for future capital needs, 50% will be the actual amount distributed. Each owner will receive a check in 2016 for approximately 1.3% of their purchases during the year 2016. Thank you for the continued support of your local food co-op.

## Where did the money go in 2016?



## Balance Sheet

Assets	2016	2015
Cash	1,989,571	2,217,110
Short-Term Investments	3,408,631	2,659,474
Other Current Assets	84,754	61,782
Inventory	741,146	779,323
<b>Total Current Assets</b>	<b>6,224,102</b>	<b>5,717,689</b>
Long-term Assets	3,302,304	358,563
Fixed Assets	373,082	3,281,891
<b>Total Assets</b>	<b>9,899,488</b>	<b>9,358,143</b>

Liabilities & Equity	2016	2015
Accounts Payable	933,326	914,287
Patronage Dividend Payable	287,354	244,737
Other Current Liabilities	1,212,887	1,225,404
<b>Total Current Liabilities</b>	<b>2,433,567</b>	<b>2,384,428</b>
Deferred Tax Liability	150,000	149,000
<b>Total Liabilities</b>	<b>2,583,567</b>	<b>2,533,428</b>

Retained Patronage Dividend	3,176,563	2,885,272
Retained Earnings	3,000,945	2,970,237
Other Equity	983,248	938,497
Net Income	155,165	30,708
<b>Total Equity</b>	<b>7,315,921</b>	<b>6,824,714</b>
<b>Total Liabilities &amp; Equity</b>	<b>9,899,488</b>	<b>9,358,143</b>

## Income Statement

	2016	%	2015	%
Sales	31,289,973	100%	30,049,565	100%
COGS	19,634,718	62.8%	18,941,912	63.0%
<b>Gross Margin</b>	<b>11,655,255</b>	<b>37.2%</b>	<b>11,107,653</b>	<b>37.0%</b>

## Operating Expenses

Wages & Benefits	8,327,620	26.6%	8,028,335	26.7%
Profit-Sharing	156,450	0.5%	150,248	0.5%
Occupancy	501,730	1.6%	505,565	1.7%
Depreciation	210,939	0.7%	192,734	0.6%
Operating	680,755	2.2%	658,082	2.2%
Administrative	289,920	0.9%	260,874	0.9%
Governance	140,500	0.4%	137,203	0.5%
Member Sales Discounts	467,536	1.5%	461,564	1.5%
Promotional	163,641	0.5%	168,600	0.6%
Other Expenses (Income)	-81,905	-0.3%	(64,952)	-0.2%
<b>Income Before PD &amp; Taxes</b>	<b>798,069</b>	<b>2.7%</b>	<b>609,400</b>	<b>2.0%</b>
<b>Patronage Dividend</b>	<b>574,674</b>	<b>1.8%</b>	<b>489,439</b>	<b>1.6%</b>
Taxable Income	223,395	0.7%	119,961	0.4%
Income Tax Expense	68,230	1.8%	89,252	1.6%
<b>Net Income</b>	<b>155,165</b>	<b>0.5%</b>	<b>30,709</b>	<b>0.1%</b>



# 2016 Social Responsibility Report

Social Equity, Education & Sustainability

## Education

**The Outreach Team engages in activities that enhance social equity in the community to fulfill Cooperative Principle 5: Education, Training and Information:**

### Education Annual Report 2016

#### Valentine Cookie Party

- Decorated hundreds of cookies at our Valentine's Cookie Party and Gingerbread Cookie Party- a free community event where families can decorate holiday cookies with organic ingredients and leave the mess to us.

#### Movie Nights

- Held Movie Nights featuring Food for Change, a film about food cooperatives' force for social and economic change, and The Last Crop, a film about farm succession in California's Central Valley.

#### Discussions

- Offered the Northwest Earth Institute's Discussion Course called Menu for the Future. Participants studied issues around food choices and personal ethics.

#### Farm Tour

- Connected customers with farmers on our annual Farm Tour. We visited Blue Fox Farm, Whistling Duck, Rolling Hills and Fry Family Farm.

#### Bee Girl

- Partnered with Bee Girl Organization to host her intensive six-part Beekeeping Course.

#### Rogue Valley Farm To School

- Partnered with Rogue Valley Farm to School to offer 3 Summer Kids Camps. Jackson Care Connect offered scholarships to make the camps accessible to all community members.

#### Road Scholar Classes

- Hosted nine Road Scholar classes to showcase the culinary splendors of Ashland.

## Sustainability

**We made some big and "bright" strides towards an efficient, climate friendly future. We expanded our rooftop solar array, adding 150 Solar World panels (made in Oregon!), generating 42kW towards our power needs and retrofitted nearly all our overhead and cooler lighting with LED fixtures that use an average of 50-70% less energy per bulb.**



- 28,000 lbs pounds of healthy, edible food diverted from landfill and given to those in need
- 82% of discards are recycled and diverted from our landfills. That's 704 tons!
- Expanded our employee and customer bike parking areas by 37%
- Reduced paper receipts from entering the world for 875 owners who have opted for emailed receipts.