

North Coast Co-op 2015-2016 Annual Report



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A Rockin' Year for the Co-op!

By Melanie Bettenhausen, General Manager



Fiscal Year 2016 (FY16), April 2015 – March 2016, was a resounding success at North Coast Co-op! While we had our challenges, we also had some really great outcomes. Our Eureka Store saw a turnaround from neg-

ative sales growth to increases above budgeted projections. Arcata maintained strong sales growth throughout FY16, with some periods seeing double digits increases over the previous year, as well as breaking weekly sales records on multiple occasions (see page 8 for the financial results of FY16). Those financial successes were a direct result of the hard work of so many dedicated employees and the loyalty of our member-owners!

Context

FY16 was full of unexpected opportunities and unique challenges. What follows gives an idea of the context for the year and what was accomplished. During the summer of 2015 we saw an influx of customers who were escaping inland and southern fires by heading to our coast. Extremely low unemployment rates resulted in recruitment challenges. A newly passed California Paid Sick Leave Policy created challenges for implementation due to our already liberal Paid Time Off benefit program. Businesses and municipalities began

heavily engaging in dialogue on infrastructure changes in preparation for marijuana legalization. We learned that our Arcata store may or may not have significant infrastructure issues. Our Eureka store experienced major issues with a deteriorating gas lines and roof leaks. We witnessed what some consider a coup of the board of directors, and the departure of our GM and CFO. We became debt-free by paying off all remaining loans for the Arcata remodel in 2000 and began planning for a significant remodel of our Eureka store. Both Arcata and Eureka saw increases in vandalism and violent behavior by transients and others identified by police departments as “a new kind of threat”. We engaged in the business community’s dialog on racial diversity, hosted by Humboldt Area Foundation. We began designing a program that would address the needs of our low-income shoppers. We braced ourselves for a second location of Eureka Natural Foods opening in McKinleyville (originally slated for December 2015). Through it all, we maintained our title as Best Grocery Store by North Coast Journal readers!

As you can see, FY16 was a year full of interesting events. We are proud to say that we worked diligently through it all, and achieved quite a lot. We started FY16 with an Annual Operational Plan based on our Strategic Plan 2014-2018. This plan guided our decision making and resource dedication throughout the year. When you look at all that has transpired, it is clear that guiding documents such as these are critical to our success as a triple

Our Strategic Plan Goals

Develop Our Local Foodshed

Our goal is to collaborate in sustainable, local, and regional food system development that addresses gaps in food production, storage and/or distribution.



Invest in Our Future

Our goal is to strengthen our leadership position in the community by investing in opportunities that significantly serve our members to ensure a viable co-op for our future.



Educate and Advocate

Our goal is to engage our members to make positive changes around essential local and national issues which affect our community’s future, and advance our mission, principles and cooperative values.



Enhance the Co-op Experience

Our goal is to foster and develop talent, leadership, engagement and passion, creating an inspiring environment at our Co-op.



Promote Environmental Responsibility

Our goal is to continue to improve the environmental practices in our day-to-day operations.



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bottom line company—people, planet, profit. What follows is a summary of the operational highlights based on our Strategic Plan goals. See an outline of the full Strategic Plan on page 1.



Develop Our Local Foodshed

Boosting Local Products We continued to pick up new lines of local products, feature local products and look for opportunities to participate in further development of our local foodshed. We held our annual farmer meetings, in which we establish a local, organic produce calendar to ensure a viable market for farmers and the best local and organic produce available to our shoppers. Our sales of local products (not just produce) averaged 25% of sales—roughly \$8 million for the year.

Local Community To make onboarding new local vendors easier for all parties involved, we revamped our application and added it to our website. The pinnacle of developing our local foodshed occurred at Food Summit 2016, of which North Coast Co-op was a major sponsor and a key partner in planning and implementation. Around 300 community members were in attendance!



Invest in Our Future

Mixing Up Products We made several significant investments in the future of the Co-op when we added our juice, smoothie and kombucha bar, as well as nitro cold-brewed coffee. Those items have been incredibly popular, especially as they are made with organic ingredients. We continued expanding product lines to our Ten Pin warehouse, significantly reducing prices for shoppers while simultaneously increasing margin dollars for our financial bottom line. Similarly, National Co+op Grocers—our purchasing co-op—launched a Co+op Basics program, creating greater access to better pricing for co-ops across the nation. We took on as many new products as our product mix allowed. For the first time (maybe ever), we began hearing feedback that the Co-op has lower prices than its competitors!

In-House Cleaning We discontinued our contract with an outside vendor and implemented an in-house janitorial service, creat-

ing three new full-time benefited positions while providing more nuanced cleaning—and significant savings.

Facilities The majority of our investments in FY16, though, have been made in facilities improvements. We have aging stores with many costly needs. Fortunately, we have very skilled, talented and knowledgeable staff who think creatively and problem solve with efficiencies in mind. Our IT Department built out a fiber backbone to connect our two locations, thereby consolidating plans, eliminating services, increasing workflow, reducing costs and setting us up to be proactive with technical changes in the future. They also upgraded the pin pads at the registers, advanced our computers to Microsoft Windows 10, replaced our antiquated food service scales, and continued work on developing and testing a new membership database.

Our Maintenance Department was busy with a gas line retrofit on the Eureka roof, adding non-slip flooring in key areas of both stores (mainly Produce and Meat), upgrading the lighting at both stores' interior and in their parking lots (new retrofitted LED bulbs increase safety and decrease energy use), replacing a hot water heater in Eureka, replacing underground refrigerant lines in the Eureka store, applying sealant to the Arcata roof, and making many improvements to the Arcata store in anticipation of new competition in McKinleyville.

Signage and Branding We replaced the old neon signs on the face of the Eureka building with new LED sprout logo for increased awareness that our Arcata and Eureka locations are both owned and operated by North Coast Co-op. Additionally, we added painted words to the exterior of the Eureka building to indicate that it is a full-service grocery store with daily hours from 6am to 9pm. Along those lines we engaged in a third-party marketing/brand assessment.



Educate & Advocate

DARK Act We continued our work making positive changes regarding national and local issues that affect our community's future and advance our mission, principles and cooperative values. The most notable were efforts made by our purchasing co-op, National Co+op Grocers, and their partnership with the Just Label It campaign to defeat the bill commonly referred to by its opponents as the Deny Americans the Right to Know Act (DARK). The DARK Act would have permanently removed individual state's rights to mandate GMO labeling.

Orientation In an effort to bring more awareness to our unique business model, we compiled a new membership handbook, revamped the "What Is a Co-op?" portion of our employee orientation, and provided free t-shirts to employees with the seven Cooperative Principles artistically printed on them.



Community At our Annual Membership Meeting, we recruited chemist and toxicologist Julie Layshock to present on the effects of plastics in our environment and the limited options for disposal. We continued to participate in many community events providing opportunities to get to know the Co-op, and increased our presence and partnerships with Humboldt State University.



Enhance the Co-op Experience

Staff Engagement We made significant advancements in our efforts to foster and develop talent, leadership, engagement and passion while creating an inspiring environment at our Co-op. We diligently worked towards cross-training as many staff throughout the store as possible, providing extra coverage when we were short-staffed, and also providing more consistent access to knowledgeable staff and excellent customer service—our successful year would not be possible without our hardworking, knowledgeable staff!

Employee Forums We followed up with employees after the Employee Survey, creating an action plan for improvements in many areas, including communication. We implemented monthly Employee Forums, in which employees are invited to engage in dialog with the Management Team for an hour at each store. These forums have generated many solution-oriented ideas with actionable outcomes.

Security We engaged CDS Consulting Co-op in a security audit, hired a recommended Manager of Asset Protection, and began looking into updating our security camera system at both stores. Our police departments rely heavily on security video to hold accountable shoppers who steal and/or present a threat to the security of employees and customers. We also added, cautiously, unarmed uniformed security personnel to the Eureka store. With great result, we added unarmed uniformed security personnel to our Arcata store. We are thankful for the hiring choices and approach of North State Security out of Redding. We noticed an almost immediate positive impact of having unarmed, uniformed personnel on the premises during store hours—customers and employees reported that they felt safer and we have also seen theft decrease tremendously.

Customer Service We deepened our commitment to consistent, excellent customer service by providing specialized customer service training to all staff, and incorporated procedures that enable employees to meet customers' needs independent of supervisor approval. We improved the virtual customer service experience by launching a new website with lots of information about our stores, our cooperative structure, our history, our board of directors, our offerings, our savings and our community support. If you haven't been yet, check it out and sign up for one or all of our Staying Connected email options!



Promote Environmental Responsibility

Sustainable Planning After working to get a bus stop added to 4th & B, in front of our Eureka location, we continued to improve the practices in our day-to-day operations and partnered with community organizations to guide us on best practices. Our Sustainability Committee (board and operational hybrid) crafted a 20-year statement of sustainability. We began to see the results of entering our energy use and waste diversion information into a data tracking program through the National Co+op Grocers, Co+efficient, and found areas where we could make significant reductions in our environmental footprint.

Waste Reduction We also engaged Zero Waste Humboldt in conducting a packaging audit in our Prepared Foods Departments (Bakery & Deli) in order for us to understand our options from production to end-of-life disposal options. Unfortunately, the report shows that almost all packaging ends up in the landfill, mostly due to the lack of a market for post-consumer waste (regardless of whether the material is recyclable) and the lack of availability of commercial composters. To that end, we engaged Juliette Bohn to present food waste management options to the Management Team. Also, included in our waste diversion efforts is a new membership with the Sustainable Food Trade Association. We explored Electric Vehicle charging station options, moved to not printing register receipts (unless the customer asks) and began our effort to move to paperless with our *Co-op News* and sales flyer.

Moving Forward

Whew, your co-op is hard at work! We do what we do for you, because you asked us to, and because it's the right thing to do—for our employees, our community and our planet. In addition, our board of directors has been equally as busy. See the Board President's article on page 6. No matter how hard we work or how much we get done, our work is never over. We look forward to yet another year of serving you in a similar capacity as we have in FY2016. Cheers to the Co-op's good health! ■



ARCATA STORE



Go Paperless

We had 250 more members switch to the paperless version of the Co-op News! Visit us at http://www.northcoast.coop/co-op_news/stay_connected/ to sign up for the email version of the Co-op News & more!



Share the Spirit

During the holiday season we raised money to support our local food bank, Food for People, through our Share the Spirit program. Shoppers donated at the register and the Co-op matched their donations (up to \$5,000) for a total of \$27,173!



Best of Humboldt

North Coast Journal readers voted us Best Grocery Store in the 2015 Best of Humboldt poll!

Supporting Our Community

The following organizations have received support from the North Coast Co-op in the form of a donation or sponsorship in FY16. That's more than 200 groups receiving a total of \$24,256!

- 25th annual Humboldt Tri-Kids Triathlon
- 55th annual Bigfoot Days
- 55th Bigfoot Day's King & Queen Contest
- A Dream Maker Project of the Ink People — Devon's Version
- Affordable Homeless Housing Alternatives, Humboldt County—AHHA
- American Cancer Society—AAA Team/The Rack Pack
- American Cancer Society Relay for Life
- California Cancer Crushers
- American Cancer Society Relay for Life/Teresa's Dream Krewe
- American Foundation For Suicide Prevention (AFSP)
- American Legion, Arcata Post No. 274
- Arcata Christian School
- Arcata Food Project at Farmers' Market
- Arcata High School Interact
- Arcata High School Safe and Sober 2016
- Arcata High, Six Rivers Charter School and Pacific Coast Continuation School
- Arcata House Partnership
- Arcata Interfaith Gospel Choir
- Arcata Kiwanas Club
- Arcata Police Department
- Area 1 Agency on Aging
- ArMack Orchestra
- Bear River Band of Rhonerville Rancheria
- Beginnings Skyfish School
- Bella Vita Fire Dance Collective
- Big Brothers Big Sisters of the North Coast
- Big Latch On
- Bird Ally X/Humboldt Wildlife Care Center (BAX)
- Brazilian Cultural Arts Center
- California Center for Cooperative Development
- California Native Plant Society
- CASA of Humboldt
- City of Arcata—Arcata Recreation Division
- City of Arcata—Bayside Park Farm
- City of Arcata and Watershed Stewards Program
- City of Arcata—Environmental Services Department
- City of Eureka
- City of Eureka—Parks and Recreation Department
- City of Eureka Public Works Department
- Class of 2016 McKinleyville High School Safe and Sober Parent Committee
- Coastal Grove Charter School
- Coats for the Cold
- CR/EHS Media Club/Access Humboldt
- Cutten Ridgewood PTA
- Cutten-Ridgewood Student Foundation
- Dandelion Herbal Center
- Eel River Watershed Improvement Group
- Emma Center
- Environmental Protection Information Center (EPIC)
- Eureka Center for Spiritual Living
- Eureka High School Safe and Sober Committee 2015
- Eureka Main Street
- Eureka Parks & Recreation
- Eureka Police Department
- Families Advocating Autism Now
- Food For People
- Fortuna High School Class of 2015
- Friends of the Eel River
- Fuente Nueva Charter School
- Godwit Days
- GoJoe Lemonade
- Grant Elementary School PTA
- Holy Ghost Celebration Committee
- Hoopa Valley High School/Klamath-Trinity Teachers Association
- Hope Equestrian Relay Organization (HERO)
- Hospice of Humboldt
- HSU—Finding Resources and Empowerment through Education (F.R.E.E), Black Student Union (B.S.U) and Movimiento Estudiantil Chicano de Aztlan (M.E.Ch.A)
- HSU Campus Center for Appropriate Technology (CCAT)
- HSU Center Activities
- HSU Children's Center
- HSU Dept. of Anthropology
- HSU Film Festival
- HSU Gallery and Museum Practices Class
- HSU Mycology Club
- HSU Queer Student Union
- HSU Relay for Life
- HSU School of Education Critical Bilingual & Multicultural Studies
- HSU The Graduation Pledge Alliance
- HSU Waste Reduction and Resource Awareness Program (WRRAP)
- HSU Women's Resource Center
- HSU—Humboldt Juggling Society
- HSU—Redwood Chapter of Environmental Educators and Interpreters
- HSU—The College of eLearning & Extended Education

Humboldt Bay Critter Crawl
Humboldt Bay Marathon
Humboldt Branch of Women's International
League for Peace and Freedom (WILPF)
Humboldt Builders Exchange
Humboldt County 4-H
Humboldt County Goat Association
Humboldt County Library—Blue Lake & Arcata
Branches
Humboldt County Office of Education (HCOE)
and Community Alliance with Family Farmers
(CAFF)
Humboldt Deputy Sheriffs' Organization, Inc.
(HDSO)
Humboldt Dog Obedience Group, INC
Humboldt Folklife Society
Humboldt Food Policy Council
Humboldt Green Week
Humboldt Literacy Project
Humboldt Pride
Humboldt Pride and Humboldt LGBTQ
Community Project
Humboldt Senior Resource Center
Humboldt Sponsors
Humboldt-Del Norte Film Commission
HumFresh
Hydesville School, Hydesville Education
Foundation
Ink People and Area 1 Agency on Aging
J Bella Entertainment
Jeff DeMark
Klamath-Trinity Joint Unified School District Fish
Fair Committee
Kneeland School District
Ladies Auxiliary to Eureka Aerie No. 130,
Fraternal Order of Eagles
Lafayette Elementary School PTA
Laurel Tree Charter School
Laurie Wainwright Fundraiser
Long Prairie Gun and Archery Club
Los Bagels
Lost Coast Rotaract
Mad River Montessori School
Manila Community Resource Center
Maple Creek Elementary School District
Mattole Restoration Council
Mattole Valley Community Center
McKinleyville Land Trust
Mid Klamath Watershed Council
Morris Graves Museum of Art
Mothers of Preschoolers
Mountain Community and Culture (MCC)
Musicians for Community
NASCO—an Association of Cooperatives in
Canada and the U.S.
NCIDC
Newspapers in Education/Times-Standard
North Coast Grantmaking Partnership
North Coast Growers Association
North Humboldt Recreation and Park District
Northcoast Children's Center

Northcoast Environmental Center
Northcoast Marine Mammal Center
Northcoast Preparatory Academy (NPA)
Northcoast Regional Land Trust
Orleans Community Service Club
Pacific Coast Fish, Wildlife & Wetlands
Restoration Association
Pacific Union School Class of 2016
Pacific Union School District
Pacific Union School PTO
Redcrest Volunteer Fire Department
Redwood Christian School
Redwood Curtain Theatre
Redwood Discovery Museum
Redwood Empire BMX
Redwood Jazz Alliance
Redwood Parks Association
Redwood Preparatory Charter School
Redwood Region Audubon Society
Redwood Teen Challenge
ResolutionCare/resolutionCare Fund
Rising Stars—HCOE
Rotary Club of Arcata
Rotary Club of Arcata Sunrise
Salmon Creek Community School
SCRAP Humboldt
Sequoia Park Zoo Foundation
Six Rivers Pony Club
Smith River Alliance
Sorooptimist International of Arcata
Sorooptimist International of Eureka
Southern Humboldt Community Park
Southern Trinity Area Rescue (S.T.A.R.)
St. Bernard's Catholic High School Class of
2015
St. Joseph Hospital Foundation
STOMP! Out Epilepsy and SUDEP Awareness
Walk
Sunny Brae Middle School
Temple Beth El
The Arcata-Camoapa Sister City Project
The Breast and GYN Health Project
The Guy Kuttner Nature Education Memorial
Fund
The North Coast Rape Crisis Team
Timber Heritage Association
Tri-County Independent Living
Triumphant Life Camp
True Entertainment
Unofficial Redwood Community
US Servas
Washington School PTA
Watershed Stewards Program
Whitethorn School
Winship Middle School PTSA
Yurok Tribe Environmental Program
Zero Waste Humboldt



Co-op Pumpkin Patch

Celebrated 29 years of the Co-op's Pumpkin Patch. We hosted 3,800 kids from across Humboldt County at Warren Creek Farm, providing educational tours and allowing each child to pick out a free pumpkin from the Co-op.



Community Kitchen

We offered 69 classes and workshops through our Co-op Community Kitchens in Eureka and Arcata, and more than 780 people enrolled! In addition to classes offered by the Co-op, we provided a free venue and free promotion for classes offered by community organizations such as Public Health, Food for People, and the Master Food Preservers.

Annual Board Chair Report

By Dave Feral, Board President



Fiscal Year 2016 (FY16) was an interesting and productive year. The board handled routine tasks while addressing some challenging issues. Processes were strengthened, policies were clarified,

and open democratic participation was restored to our co-op.

North Coast Co-op is a member-owned organization guided by seven cooperative principles. Voluntary and Open Membership; Member Economic Participation; Autonomy and Independence; Education, Training, and Information; Cooperation Among Cooperatives; Concern for Community; and Democratic Member Control. The legal body of the North Coast Cooperative, the board of directors is the principle of Democratic Member Control in action, and this is what sets the Co-op apart from other retail stores; the members shape the way the organization is run, and without it the Co-op is just another store.

Along with the seven cooperative principles there are also six guiding values, which include: Self-Help, Self-Responsibility,

Democracy, Equality, Equity and Solidarity. Furthermore, North Coast Co-op is guided by its Mission, Articles of Incorporation, Bylaws, and Policies. Just as in any game or business, the guidelines must be followed for the game to be played or business to function, and when the rules or guidelines are not followed... well, the business will not function and though the game can be played, it cannot be played fairly.

Fortunately, for staff, membership, and our community, the current board of directors clearly understands the responsibility of following the rules of the game. Within the last year the board has worked tirelessly to ensure our members are heard, employees are being treated equitably, and the Co-op as an organization is in alignment with the values, principles and policies.

Indicators that an organization is working in alignment are: staff morale goes up, member satisfaction improves and productivity increases. When I was re-elected to the board two years ago, there were two active committees, the Finance Committee and the Nominating Committee. Since then the board has re-activated the Member Action Committee, initiated the Policy & Procedure Committee, the Big Ideas Gathering, and the Earth Action Committee.

The following are some of the actions the board has taken recently and in the past fiscal year based on committee input and member participation:

1. Supported the Driscoll's Boycott, which lead to the Sakuma Brothers re-opening negotiators and the formation of a union.
2. The board made considerable headway on the Board Policy Manual, aligning the bylaws with Board Policy Manual and actual practices.
3. Developed an operational policy to reduce single use packaging and offer durable packaging at a low cost.
4. Updated sections of the Co-op bylaws.
5. Fiscally, the board reviewed the FY15 audit, approved rate of 2% on C shares, approved the FY17 budget, and updated the Shareholder Disclosure Document.
6. Decided that the Co-op supports lifting

the ban of the sale of raw milk in Humboldt County!

7. Updated our current waste stream and recycling systems.
8. Began work on creating "Green Teams" for the tracking, reporting, and formulating sustainability strategies.
9. The board kept a watchful eye on our competition, approved earthquake insurance, and took due diligence with National Co+op Grocers (NCG) member agreements, approving the NCG contract only after thorough review of the terms.
10. Approved of the pilot Co-op Access Program (CAP) program, to begin in FY18.
11. Updated the Code of Ethics and Requirements & Expectations for Potential Candidates documents to a legal document.
12. Sponsored the Food Summit, a community event that brought farmers, food manufacturers, social service providers and scholars together to explore our local food systems and how they can provide sufficient, safe, and nutritious food to everyone.

And, the selection of the new General Manager Melanie Bettenhausen.

As you can see, being involved as a shopper, a committee member, staff, or a board member can and does shape the future, so I thank those of you who have participated in these discussions, and I encourage more of you to come play with us, shop, join a committee, attend a board meeting, and make our world a better place.

Moving forward with strength and unity is very important to the board. One of our member-owners said it best in a letter to the board in FY16, "... the Co-op has survived a mild revolution in the past year or so. A restive membership sought change: greater openness, greater involvement. This was handled well and has led to positive growth instead of damaging conflict." We couldn't agree more, and we look forward to working cooperatively with our staff and members to ensure we continue on this path in the coming fiscal year. ■



Cooperative Community Fund

Our Cooperative Community Fund (CCF) awarded grants to 21 community groups for projects pertaining to sustainable agriculture, food security and food nutrition and education, for a total of \$18,900. CCF has grown by \$9,483.32 through paper bag sales which go directly to CCF and \$2,080.57 through donations by member-owners and shoppers.



▲ WE EMPLOYED 207 ROCKSTARS!

Creating and Maintaining Local Jobs

As one of the largest employers in our area, we employ an average of 207 people; most of them are full-time benefited positions. We also offer great benefits to our part-time employees. We are proud of what we were able to provide to our employees in Fiscal Year 2016.

Health Care

Offering quality health care benefits to our employees has always been important at the Co-op. Our health plan covers medical, dental, vision and life insurance, as well as affordable dependent health insurance coverage. We provide an affordable health plan (\$350 deductible) with a premium of only \$51.00 per pay period (bi-weekly) for employee-only coverage and 30 percent co-pay by the employee. We also have a lower cost/higher deductible (\$1000) option. This health care plan is extremely competitive in today's health care landscape. Currently, 148 employees are enrolled in our insurance. Total cost for FY16 was \$808,490.

Retirement

The benefits don't stop with health care; we also offer a 401(k) match up to 5% and employees are fully vested as soon as they begin working. In the FY 2016 the Co-op contributed \$208,645.

Employees who have worked for the Co-op for 25 years or more receive, upon retirement, dividend-earning C shares valued at \$100 for each year they worked. They can either keep the investment in the Co-op or redeem it for cash.

While working their way to retirement, employees who have worked for the Co-op for 20 years or more receive a \$50 gift card to the restaurant of their choice every fifth year.

Bonuses & Perks

Every year, employees receive a Winter Solstice bonus based on the number of years worked, a discounted gym membership, as well as complimentary food in the break rooms.

All Co-op employees receive a 15% discount on their purchases from the Co-op every day.

Those who wish to, participate in an employee only buying club, purchasing cases of product at near wholesale cost.

We give generous paid time off, as much as five weeks per year for long-term (6 or more years) employees. Total cost for FY16 was \$431,478 in PTO and an additional \$52,691 in Sick Pay.

Gainsharing

As a part of Open Book Management, employees participate in efforts to achieve gainsharing. Sales goals are set for each department, which contribute to the overarching goal of net profit for the entire organization. When we win, we all win together. When we lose, we all lose together. In FY16, we were able to pay out gain share of \$20,942 to our employees.

Recognition

Our employees nominate co-workers for recognition awards when they have gone the "Extra Mile" for a customer, co-worker or the Co-op in general. In FY 16 we gave 36 recognition awards to our employees. We have seen a lot of benefit from peer-to-peer recognition. It is a great way to say thank you and I appreciate you.

PTO Donation Program

Employees can donate their Paid Time Off hours to co-workers that are on an approved leave of absence. This is a wonderful and generous program that has allowed employees paid time off in their time of need. Without these donations, there are times when employees would be off unpaid or be forced to return to work too soon. Last year a total of approximately 395 hours of donated time was used.

Education, Training & Information

We are dedicated to the growth of our employees and continue to offer regular training to our employees, including Orientation, Co-op 101, Customer Service and Open Book Management. A number of employees attend co-op specific trainings offered by National Co-op Grocers and various local trainings and food shows. In FY16 we continued with Communication Training to new employees and we presented Retrain Your Brain, Reframe Your Life training for all employees. ■



Four and five star ratings on Yelp!

We welcomed 696 new members, resulting in a total of 16,595 members owning the North Coast Co-op.

Financial Year 2016 at the Co-op

By Kristina Harris, Chief Financial Officer



What an amazing year our Co-op had with record sales of \$34 million. The fiscal year began on March 29, 2015 and ended on March 26, 2016. The overall sales were 5.9% above budget and exceeded last year's sales by \$1.9 million. Member-owner sales increased by 3.6% over last year.

Our Cost of Goods (COGS) ended higher than budget due to increased sales, bringing our actual Gross Margin to 36.81%

of sales, exceeding profit projections of .8% over budget.

Personnel Expenses exceeded budget by 1.3% or \$115k due to a combination of increased revenue volume not budgeted and employee attrition. Occupancy expenses exceeded budget by 15.1% or \$230K. These budget variances were attributed to increased store security, providing a secure shopping and working experience at both locations, utility, rent, insurance and other occupancy related expenses. Operational expenses, advertising and other expenses had a slight increase of \$8k or .5% over budget. We continue to strive to keep our expenses in line and exceeded expectations in many areas for

the fiscal year of 2015/2016.

Now that the annual audit is completed with a profit of \$362K, we will be distributing patronage refunds. With new leadership seated and working diligently to continue the success of FY16, we could not do this without our community. The difference in our Co-op continues to be *you*. Your membership, patronage and commitment to the North Coast Co-op continued success is what makes it a privilege to be here and work hard for you. Thank you!

All my best,
Kristina Harris
CFO

Income Statement

	FY 16	%	FY 15	%
NET SALES REVENUE	34,611,111	100.00%	31,728,957	100.00%
Cost of goods sold	21,869,659	63.19%	20,918,404	63.99%
GROSS MARGIN	12,741,452	36.81%	11,773,446	36.01%
Personnel Expenses	8,701,500.00	25.14%	8,562,634	26.19%
Occupancy Expense	1,171,986	3.39%	928,043	2.84%
Operating Supplies	414,345	1.20%	378,164	1.16%
Operating Expenses	498,930	1.44%	515,337	1.58%
Advertising and Promotion	207,792	0.60%	232,965	0.71%
Depreciation	192,110	0.56%	205,143	0.63%
Board and Membership	140,120	0.40%	138,183	0.42%
Professional Fees	848,707	2.45%	857,931	2.62%
Total operating expenses	12,175,490	36.18%	11,818,400	36.15%
Other income (expense)	59,453		60,565	
Income before income taxes	625,415		15,611	
Provision for income taxes	(262,645)		(34,989)	
NET INCOME (LOSS)	362,770	1.05%	(19,378)	-0.06%

Balance Sheet

Assets:	FY 16	FY 15
Current Assets	3,300,114	3,053,804
Property & Equipment	2,550,343	2,597,320
Other Assets	509,049	498,203
Total Assets	6,359,506	6,149,327
Liabilities:		
Current Liabilities	1,968,148	2,081,280
Long Term Liabilities	68,000	21,000
Total Liabilities	2,036,148	2,102,280
Member Equity:		
Current Owner Shares	3,454,843	3,500,315
Retained Earnings	868,515	546,732
Total Equity	4,323,358	4,047,047
Total Liabilities & Equity	6,359,506	6,149,327

