

FY2015 Annual Report



General Manager's Letter

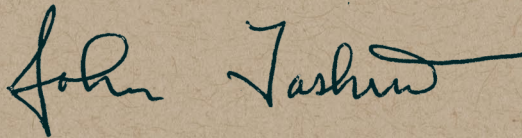
As your new General Manager, I've been working closely with the Board of Directors and Co-op staff to learn about our Co-op's story, history of success and hopes for the future. Our Co-op has experienced success on many levels in 2015 and I'm excited to work with everyone to build on that in the coming year. Our Annual Report is one chapter of a much larger story that illustrates what we've accomplished this year and it's a gratifying story to share.

While our success is about more than numbers, it's a good place to start. Our sales for fiscal year 2015 (FY2015) were almost \$39 million, a 2% increase over the previous year. Our Membership grew to just shy of 11,000 Members and we're now closing in on 11,500. On average throughout the year, about 67% of our sales were to Members. This represents over \$1 million in additional sales to Members over the prior year and tells me that we're continuing to provide benefits and

engagement opportunities that interest you. For the seventh year in a row, we were able to share a percentage of our profits with Members through our Patronage Refund Program. For FY2015, the Board of Directors approved a Patronage Refund cash distribution of \$926,000. We mailed out over 11,280 checks (an increase of 9.5%) with an average check of \$82. With this year's Patronage Refund, the Co-op has sent \$4,750,000 back to our Members to circulate in the local economy. Uncashed Patronage Refund checks this year will continue to support recipients of our Co-op Patronage Seedling Grant Program. All 6 projects will make diverse and important impacts on our local food system. Speaking of local food, working with a large variety of local vendors and offering thousands of year-round local options is another major point of differentiation between the Co-op and our competition. This past

year 38% of our sales (almost \$15 million) were local products. To further support our local farmers and producers, we've made several no interest loans to promote projects like local tortillas and fresh, local egg production. You'll read about these successes and many others in this Annual Report that covers July 1, 2014 through June 30, 2015. I look forward to getting to know you throughout my first year as General Manager and appreciate your support of our Co-op!

Cooperatively Yours,



John Tashiro
General Manager



Board President's Report

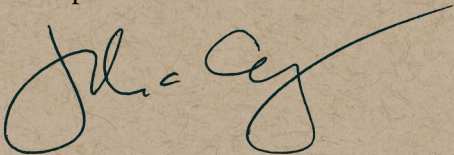
Our Co-op exists because we all invested in it, and it is thriving and growing because we all keep supporting it. So I want to thank you for co-owning our business along with 11,000 other Members! In our Annual Report, we get to highlight the many ways our Co-op makes an impact. Our strong sales support good livelihoods in the store, our region and across the world. We also strengthen our community through donation programs and by crediting Member work for local non-profits. We strengthen our local food system with grants, loans to farmers and producers, and through community education. As you know, we're now preparing to expand. The Board of Directors has focused on educating ourselves about this exciting and complex development, and we've worked with the General Manager to ensure we are ready to make key financial decisions when needed. At the same time, staff have focused on careful research and planning to create a strong two-store operation. Just think what our Annual Report will share when we double our impact on the community and move from one store to two!

Member participation will continue to drive our success, and it can take so many forms! How have you connected with the Co-op this year?

- Did you shop at the Co-op throughout the year?
- Did you *Rally for Change* and round up your purchases at the register?
- Did you read our monthly e-newsletter, the weekly Co-op Specials newsletter or do you receive our new craft beer text alerts?
- Did you fill out a customer comment card, send a note to us on social media or otherwise share with us what you were thinking?
- Did you buy a COTS Tree last December?
- Did you participate in our Member Worker program and volunteer at a partner non-profit for Co-op discounts (and for good karma)?
- Did you attend one of our almost 140 classes or one of our Dish events?
- Did you attend our Annual Member Meeting, where we changed the location, day, time and entire format to see if we could increase attendance? (We did!)
- Did you vote in October's Board elections?
- Did you run for the Board?

There are so many ways to participate in your Co-op; we hope you've found ways to participate this year that speak to you personally! If you haven't found those ways yet, please reach out so we can create them. Our Annual Report really is one chapter of a much larger story that relates what we've accomplished this year. Hopefully it gives you the opportunity to see that we've been working to meet your needs, the needs of the community, staff, farmers, and producers throughout the year, while fulfilling our Global Ends. As Co-op Members you can all take pride in our collective impact! It's really something to see us build together on our success and continue to spread it back into the community and the world. Thank you for again for being part of our growth.

In Cooperation,



Julia Curry
Board President



City Market's Global Ends

The Onion River Co-op will be central to a thriving and healthy community, where:

- Consumers have local access to progressive social, environmental and healthful choices;
- Residents enjoy an enhanced quality of life;
- The local food system is strengthened;
- The cooperative model is supported; and
- Our owners have a sense of pride in their cooperative.

The Cooperative Principles

The cooperative principles are guidelines by which cooperatives put their values into practice.

1. Voluntary and open Membership

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.

2. Democratic Member Control

Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions.

3. Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their cooperative.

4. Autonomy and Independence

Cooperatives are autonomous, self-help organizations controlled by their members.

5. Education, Training and Information

Cooperatives provide education and training for their members, elected representatives, managers, and employees, and they inform the general public about the nature and benefits of cooperation.

6. Cooperation among Co-operatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional, and international structures.

7. Concern for Community

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

In FY2015 Membership
at City Market grew to

10,987
Members

an increase from FY2014 of

7.2%

We had almost

\$39 Million

total sales



67%

of sales were
to Members



of sales were
**Local
Products**





Financials

Balance Sheet

| | FY2015 | FY2014 |
|--|---------------------|---------------------|
| Current Assets | \$9,429,033 | \$8,885,000 |
| Property & Equipment | \$5,223,593 | \$5,096,837 |
| Other Assets | \$1,722,551 | \$1,071,205 |
| Total Assets | \$16,375,177 | \$15,053,042 |
| Current Liabilities | \$3,219,339 | \$3,011,985 |
| Long Term Debt | \$1,879,951 | \$2,058,144 |
| Other Accrued Expenses | \$332,700 | \$424,300 |
| Member's Equity | \$10,943,187 | \$9,558,613 |
| Total Liabilities & Member Equity | \$16,375,177 | \$15,053,042 |

Income Statement

| | FY2015 | FY2014 |
|----------------------------|---------------------|---------------------|
| Net Sales | \$38,988,079 | \$38,265,655 |
| Cost of Sales | \$24,311,146 | \$23,765,785 |
| Gross Profit | \$14,676,933 | \$14,499,870 |
| Operating Expenses | \$12,188,266 | \$12,085,588 |
| Other (Income) Expenses | \$4,873 | (\$50,260) |
| Patronage Refund Expense | \$1,687,101 | \$1,614,114 |
| Provision for Income Taxes | \$301,432 | \$325,936 |
| Net Earnings | \$495,261 | \$524,492 |

For additional information regarding the Co-op's financial performance or to receive a detailed copy of the Annual Financial Statements, audited by Gallagher, Flynn and Company, LLP, please contact Jennifer Kennelly at jkennelly@citymarket.coop.



16,642

hours were completed by Member Workers
many with our **18** non-profit community partners.

This is the equivalent of **5³/₄** extra
full-time workers in our community.



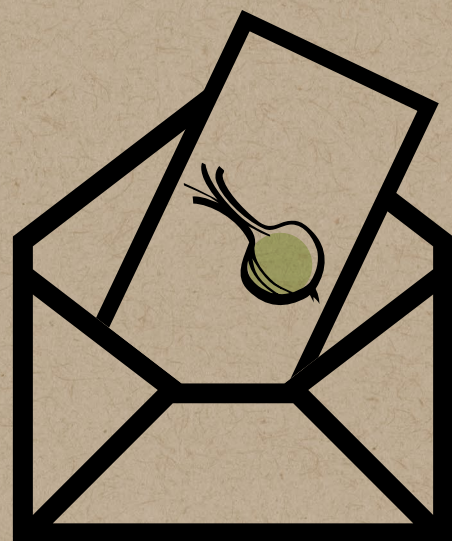
1,400

people **tasted** new flavors
and **Learned** new skills
at our low-cost cooking and wellness classes.



Over **\$926,000**
was recirculated as Patronage Refunds to
11,280 Members
with an average check of
\$82

That's about **3.5¢** of every **\$1.00** spent
returned to our Members.



**Food for ALL
Members**
saved a total of
\$178,096



Our donations to
local non-profits last year alone totaled

\$286,081

including

\$83,799



CHITTENDEN EMERGENCY
FOOD SHELF
feeding people, cultivating opportunities

\$93,913

**Rally
for
Change**

\$59,811



Co-op Patronage
Seedling Grants

We diverted $\frac{4}{5}$
of our waste to
composting or
recycling facilities.



Compost



**238
Tons**



Recycling



**215
Tons**



Landfill



**97
Tons**



**117,000
Gallons**

of reverse osmosis
water was sold in bulk.
This took the place of

748,000
plastic 20 oz bottles!