



Open Harvest Cooperative Grocery

1618 South Street
Lincoln, NE 68502
Phone: 402-475-9069
harvest@openharvest.coop
www.openharvest.coop

Board of Directors

Keith Dubas, Chair
Tim Arkebauer
Miles Bryant
Dave Eckmann
Mary Jane Gruba
Bob Hutkins
Gail Kendall
Alisa Kushner
Ingrid Kirst
Carla McCullough
Sara Moshman
David Murphy
Maggie Pleskac
Scott Renken
Alene Swinehart

Open Harvest Mission Statement

The goal of Open Harvest is to provide good health through good nutrition.

Open Harvest provides high quality and natural foods with a high level of service and a reasonable price to the community of Lincoln.

Open Harvest is a member-owned retail cooperative dedicated to equitable employment practices, support of local producers, consumer education, and sustainable agricultural practices.

ANNUAL REPORT

General Manager's Report

The great news this year is the real possibility that Open Harvest will have a new home. We have been bursting at the seams in our current location for years. This move is a very important stage for Open Harvest as our space at South Street has almost completely limited our growth and ability to provide an acceptable level of service to our loyal member owners and other customers.

SUPPORTING LOCAL SINCE 1975. Open Harvest has a long history of promoting local foods. Recently, in the market place, conventional retailers are promoting the fact that they are offering local foods. One Lincoln retailer was promoting foods from the Midwest, products from Missouri and Michigan, etc. Are these retailers really behind these concepts or just reacting to what they think is a trend? I would guess the latter. Open Harvest has believed in supporting local since 1975. We live and breathe it.

We plan on taking our "supporting local" efforts a step further in the future by being a better and more in-depth partner with our local suppliers. We will be meeting with some select local vendors and discussing the entire farm to table process. We want to help them plan from seeding the field forward. By this I mean committing to buying a certain volume and advertising/promoting their product far enough in advance so they can plan their schedules from planting to Open Harvest's produce case. We know this can lead to a stronger working relationship and rewards for both parties.

continued on page 2

	PROJECTED FY 08/09	FY 07/08	FY 07/07
Gross Sales	\$3,791,984	\$3,538,396	\$3,246,042
Growth from Previous Year	7.2%	9.0%	6.2%
Customer Count	170,462	162,203	156,844
Average per day	467	444	438
Average Basket	\$22.25	\$21.82	\$20.83
Member Sales	60%	58%	55%
Non Member Sales	40%	42%	45%
New Members	1,000	639	485
Renewing Members	1,500	1,053	900
New Member Equity	\$25,000	\$15,975	\$12,100
Renewing Member Equity	\$37,500	\$26,325	\$22,700

General Manager's Report, continued

Our 2007/2008 financial year is over and we are happy to report a profitable result and a respectable sales gain. We finished the year with a little over a 9% sales gain over the previous financial year and recorded a small profit. This was made possible by very hard work by our dedicated staff.

Our 2008/2009 financial plan is in place and we hope to provide the co-op with an even stronger performance so we can maintain our focus on relocating the store with a strong financial history.

Your support of your co-op is very much appreciated by the staff and your fellow member-owners. We hope that with the Yearly Report for 2008/2009 we can share success stories in our new location and have a firm footing for the future of Open Harvest.

Jim Nelson

Balance Sheet Definitions

Current Assets – includes monies in checking and savings accounts, accounts receivable, short term CD's, prepaid expenses, and inventory.

Fixed Assets – includes furniture and equipment, leasehold improvements, less depreciation and amortization.

Other Assets – investments and long term CD's.

Current Liabilities – includes accounts payable, accrued personnel expenses, other payable expenses such as sales and property tax

Long Term Liabilities – includes long term loans

Member Equity – the equity in the Co-op held by Active members

Retained Earnings – how much money the Co-op made in its 30 year history

Net Income – how much money the Co-op made this fiscal year

Income Statement Highlights*

	FY 07/08	FY 06/07
Sales	\$3,538,395	\$3,246,042
Cost of Goods Sold	\$2,100,311	\$1,949,463
Gross Margin	\$1,438,084	\$1,296,579
Operating Expense	\$1,454,297	\$1,363,874
Other Income/Expense	\$29,735	\$58,247
Net Income	\$13,522	(\$9,048)

*Full audit report available upon request.

Balance Sheet

	FY 07/08	FY 06/07
ASSETS		
Current Assets	\$426,120	\$369,623
Fixed Assets	\$86,087	\$109,649
Other Assets	\$35,838	\$45,260
TOTAL ASSETS	\$548,045	\$524,532
LIABILITIES		
Current Liabilities	\$257,066	\$272,307
Long-Term Liabilities	\$0	\$0
TOTAL LIABILITIES	\$257,066	\$272,307
EQUITY		
Member Equity	\$189,495	\$164,263
Retained Earnings	\$87,962	\$97,010
Net Income	\$13,522	(\$9,048)
TOTAL EQUITY	\$290,979	\$252,225
TOTAL LIABILITIES & EQUITY	\$548,045	\$524,532

Local Suppliers

	Projected FY 08/09	FY 07/08
Local	26%	24%
Regional	4%	3%
UNFI	41%	44%
All Others	29%	29%

Local – Nebraska, Kansas and Iowa

Regional – Missouri, Wisconsin and Colorado

WHERE YOUR DOLLARS GO...

Many of the following amounts support local growers and suppliers, provide jobs and services that stay in our community, give money back to members and make donations to help ease hunger in Lincoln.

	FY 07/08	FY 06/07
Wages and Salaries	\$718,874	\$680,984
Other Personnel Expenses	\$145,657	\$135,810
Discounts to Staff and Volunteers	\$62,121	\$56,087
Member Discounts	\$34,118	\$28,938
Other Member Benefits	\$11,451	\$12,407
Donations (Food and Other Support)	\$16,831	\$4,473
Expansion Expense	\$12,188	\$17,154
Rent	\$84,184	\$82,667
Credit Card Fees	\$40,891	\$36,842

DEFINITIONS

Wages and Salaries – wages, salaries and contract labor

Donations – food, outreach and other donations

MEMBERSHIPS

New Members: 639

Renewing Members: 1053

New Member Equity: \$15,975

Renewing Member Fees: \$26,325

Expansion Update

Open Harvest has signed a Letter of Intent to lease space at the Indian Village Shopping Center at 13th and High, which is only a little over a mile from our current location. This should allow all of our current customers to continue to support Open Harvest, while allowing us to attract new ones.

If you are not familiar with the Indian Village Shopping Center, it is currently a center that needs some TLC. In the near future this center will have new owners and they have some wonderful plans to modernize it. These plans include a new parking lot, new roof, landscaping to include sidewalks, berms, etc. They also will be adding some outdoor seating areas and a new facade on the front of the building. Their concept for the center is one of community, and in the long run they hope to attract a bike shop, a coffee shop, and possibly a credit union and bookstore.

Some of the current shops will stay in the center and some may elect to move on after their lease obligations are complete.

In our new space you will possibly see some new departments. These may include Wine and Beer and Floral. We also plan on a gift section. We plan on having a complete Customer Service Desk that can offer mailing service, stamps and fax and copy service. We also plan on expanding the deli seating areas.

Our inventory in the store will almost double. This means a much larger selection of grocery items, expanding our bakery offerings, more goodies from the deli, with possibly an olive bar and salad bar. One of the major changes will be an expanded meat department. As you may have noticed we have already expanded into Organic Beef, Natural Beef and Natural Pork items. It is just going to be a whole new shopping experience.

As of today, we are currently waiting for a final loan commitment. We have been working with three different local banks. As we are a co-op, this presents some difficulties, as we lack the ability to have a single signer to guarantee the loan amount. We do feel confident that we will be able to secure a portion of funds from a conventional source.

As with almost all co-ops making the move to a new space or updating a current one, member loans are an important part of the financing package. Open Harvest will need the support of member loans to make this move possible. You can expect correspondence regarding helping Open Harvest in the near future.

We will keep you updated on our progress. With some luck and good planning we may just be in the new Open Harvest in the spring of 2009. See you there.

Jim Nelson