



Open Harvest Cooperative Grocery

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

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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

Interim Manager's Report

The big buzz this year has been about the possibility of expansion. We have been bursting at the seams in our current location for a couple of years. The Expansion Committee composed of Board, Staff and Members has been meeting regularly since January, 2006. We are currently investigating several sites within two miles of our current location. To date, no firm decisions have been made. We need to proceed cautiously for the future health of the Co-op.

The other big news concerns the resignation at the end of June of our long-time General Manager Jean Helms. She is currently pursuing other career goals including the family business and caring for her son. The search committee has been conducting a nationwide search and we hope to have a new GM in place soon.

Throughout the 06-07 fiscal year, we have greatly expanded our contacts with area producers and *Buy Fresh, Buy Local* signs identify these products in numerous store departments including produce, cheese, grocery and frozen. We have also introduced the *Give Where You Live* program, and boxes at the registers collect money for a different local organization each month. Our Membership selected the recipients of these donations by casting votes for their top choices from a long list of possibilities. A display concerning the current month's recipient can be found at the customer service desk.

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	FISCAL YEAR 2005/2006	FISCAL YEAR 2006/2007	PROJECTED FISCAL YEAR 2007/2008
Gross Sales	\$3,055,586	\$3,246,042	\$3,505,725
Growth over prev. yr.	11.7%	6.23%	8.0%
Customer count	154,881	156,844	165,000
Average per day	432	438	458
Average Basket Size	\$19.73	\$20.83	\$21.25
Member Sales	49%	55%	58%
Non Member Sales	51%	45%	42%
New Members	502	485	800
Renewing Members	793	900	1200
New Member Equity	\$12,550	\$12,100	\$20,000
Renewing Member Fees	\$19,825	\$22,700	\$30,000

Interim Manager's Report, continued

An extensive closure of South Street impacted sales fourth quarter (April, May and June). We hope the attractive improvements will lure more customers throughout the fall. Sales growth was running about 8% for the fiscal year until fourth quarter which brought the sales growth for the year down to 6%. Net income from operations was \$8,106. With expansion expenses of \$17,154, this led to a net loss of \$9,048. The board is looking at this number of "net income from operations" in order to access the health of the operation without including the monies spent on expansion.

Over the last year we have continued to invest in increasing our readiness for expansion. Both staff members and board have attended training sessions, workshops and conferences to increase knowledge and skill level. We utilized the help of consultants in expansion planning, selecting a new General Manager and Board training. In the coming year, aside from continuing to build capacity, we will be making some important decisions about the future home of our Co-op and how we can better serve our member-owners.

Please help support the Co-op by continuing to give us feedback, attending informational meetings, answering surveys, buying groceries, bringing in a friend or two, and participating in the capital campaign for the relocation.

MEMBERSHIPS

New Members: 485
Renewing Members: 900
New Member Equity: \$12,100.
Renewing Member Fees: \$22,700.

Profit & Loss Income Statement

	FY 05-06	FY 06-07
SALES	\$3,055,586	\$3,246,042
Less cost of goods sold	\$1,804,941	\$1,949,463
GROSS MARGIN	\$1,250,645	\$1,296,579
OTHER OPERATING REVENUE	\$40,253	\$52,633
OPERATING EXPENSES	\$1,294,032	\$1,365,666
NET OTHER INCOME less taxes	\$1,500	\$7,406
NET INCOME	-\$1,634	-\$9,048
EXPANSION EXPENSES	\$6,687	\$17,154
NET INCOME from operations	\$5,053	\$8,106

Balance Sheet

	FY 05-06	FY 06-07
ASSETS		
Current Assets	\$298,602	\$368,516
Fixed Assets	\$133,857	\$109,649
Other Assets	\$90,250	\$46,367
TOTAL ASSETS	\$522,709	\$524,532
LIABILITIES		
Current Liabilities	\$260,333	\$272,307
Long-Term Liabilities	\$0	\$0
TOTAL LIABILITIES	\$260,333	\$272,307
EQUITY		
Member Equity	\$165,366	\$164,263
Retained Earnings	\$98,644	\$97,010
Net Income	-\$1,634	-\$9,048
TOTAL EQUITY	\$262,376	\$252,225
TOTAL LIABILITIES & EQUITY	\$522,709	\$524,532

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

WHERE YOUR DOLLARS GO...

Following are the amounts which 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 06-07 Actual		FY 07-08 Projected	
Wages and Salaries	\$705,874	54.2%	\$710,968	50.6%
Employee Benefits	\$32,880	2.5%	\$35,137	2.5%
Discounts to Members	\$95,100	7.3%	\$100,000	7.1%
Donations	\$4,473	0.3%	\$4,500	0.3%
Expense \$ Nebraska	\$207,821	16.0%	\$250,000	17.8%
	as a percent of total expenses			
Nebraska Suppliers	\$257,186	13.2%	\$285,000	13.5%
Regional Suppliers	\$456,896	23.4%	\$470,000	22.3%
Primary Supplier UNFI	\$1,003,076	51.4%	\$1,200,000	56.9%
	as a percent of total cost of goods			

DEFINITIONS

Wages and Salaries – wages, salaries and contract labor

Employee Benefits – healthcare, employee misc benefits, holiday pay, funeral pay

Cash back to Members – vitamin cards, member coupons, member discounts, emp/vol discounts

Donations – food, outreach and “other” donations

Expense \$ Nebraska – NE businesses where we spend money for equipment, services, and supplies

Nebraska Suppliers – Nebraska vendors from which we buy products to sell

Regional Suppliers – Midwest vendors (KS, MO, IA, CO, SD, IL, IN, OH, MN)

Primary Supplier UNFI – Products purchased from United Natural Foods (IA)

Expansion Update

by Jean Helms, OH consultant and former General Manager

An Expansion Committee was formed in January 2006 made up of board members, member-owners and staff. In order to familiarize ourselves with this type of strategic planning, we read a handbook called the “Expansion Toolbox”. The author, Bill Gessner, is a co-op financial consultant who has been called upon to help with the project.

The role of the Expansion Committee is to support the work of the Board and the General Manager by building alignment, seeking input from member-owners, developing a shared vision, and communicating with member-owners. The Committee has held focus group interviews with member-owners, done vision work, reviewed criteria for potential sites, toured potential sites, and reviewed financial information.

Some of the Key Assumptions that we have been using include:

- A new store will be 2 to 3 times the current size
- A new store will be within 2 to 3 miles of the current store
- We are considering a potential opening date of Nov. 08

A market study in the fall of 2006 has given us guidance on our short and long term future. We asked the consultant to give us feedback on a few specific sites, as well as general recommendations for areas of town to consider. He confirmed that in order to serve our trade area well we need to consider locations within three miles of our current store.

We narrowed the search by using five criteria which are parking, size, potential for future expansion, a loading dock and distance from our current store.

As you may know, we are considering a relocation to 27th & Hwy 2 (Bishop Heights) or 18th & O (Duteau). We have also recently become aware of an additional possibility which is 25th & O, the former O’Asian building. No final decision has been made.

There is still a lot of work to be done. The Board of Directors, Expansion Committee, Interim GM Margot Conrad, Staff and myself are all working to meet the diverse needs of our member-owners.

The Expansion Committee: Dave Eckmann, Keith Dubas, Miles Bryant, Alene Swinehart, Pat Lombardi, Elizabeth Nelson, Jackie Barnhardt, Jean Helms, Anne McCollister, Steve Larrick, Jim Larson, Margot Conrad, and the late Terrence Moore.