



# OPEN HARVEST CO-OP GROCERY 2011 ANNUAL REPORT



# 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.

# THE SEVEN CO-OP PRINCIPLES

- 1 Voluntary and Open Membership
- 2 Democratic Member Control
- 3 Member Economic Participation
- 4 Autonomy and Independence
- 5 Education, Training and Information
- 6 Cooperation among Cooperatives
- 7 Concern for Community

# GM Report:

Open Harvest Cooperative Grocery started as a storefront back in 1975, and prior to that was a small buying club out of a garage. Now, 36 years later, we are a 9,500 sq. ft. store with 4.5 million dollars in annual sales, and over 3,000 member-owners. There are many, many, stories to be told about the history of Open Harvest. Those stories are good to think back on from time to time. After all, it can be rather nostalgic to remember where we came from and what the store used to be like. However, our future is a story still waiting to be scripted, and as a team we write that script daily.

Two years post expansion we are in new territory at the store and in our community. We have a vivacious staff, a strong board of directors, and faithful member-owners who keep us working hard to bring them, our customers, what they are asking for.

Whether you are new or a lifelong supporter of Open Harvest, you have hopefully realized we are so much more than just a grocery store. We are a cooperatively owned natural and organic



KELCI SWANSON

food store that lives by our mission statement and strives to fulfill our customers' needs. Not only do we focus on bringing you the best local and organic food in town, we also care deeply about the community of Lincoln, and we work hard to support and provide education about sustainability, support of the local economy, and good health through good nutrition.

This past year we have seen lots of changes, and in the year ahead we will be focusing on some really great projects. Look for more in-store and sales events, member drives, cooking classes, local farm tours, and the launch of the Community Cooperation Program, coming this October, with which Open Harvest member-owners will receive discounts at other local businesses.

Thank you for your continued support; we would not be here without you!

# Board Report:

Greetings. I'm Carla McCullough, and I have been board chair for just over a year. This year's election resulted in the re-election of incumbents Bob Hutkins and Miles Bryant, and the election of new board members Barbara DiBernard, Jon Ihrig, Steven McFadden and Vicki Newman. We welcome them and their variety of skills and experience.

Following our expansion 2 years ago and increased competition both open and pending in Lincoln, it is more important than ever for the board and members to embrace the difference the cooperative business model makes. The board is excited to play its role in ensuring a successful future for Open Harvest.

Details of monthly board meetings, minutes and activities can be found at the Open Harvest website and on the bulletin board in the store. Members can contact the board with questions or comments at [harvest@openharvest.coop](mailto:harvest@openharvest.coop)

The following are items of interest to members concerning the board's activities over the past year:

- Draft minutes from board meetings are now posted on the website and at the store instead of waiting for the following month's meeting and the approved



CARLA MCCULLOUGH

minutes, allowing for more timely communication with members.

- There is now a member comment time at the beginning of board meetings in addition to the comment period at the end. This enables members to comment on items on the agenda prior to decisions being made. Members wishing to use this time are asked to contact the board chair before the meeting. It is not necessary to contact the board in advance to utilize the comment period at the end
- At its annual retreat in June, the board set the following priorities for the coming year: streamline policies: review bylaws, election procedures, and standards for financial monitoring; re-assess meeting structure and materials: write a follow-up article regarding the member petition from January, and have more fun!
- Board meetings are currently held at Irving Rec. Center at 5:30 p.m. the first Monday of each month. We are searching for a new meeting location and possibly a new day of the week and time. Any changes will be posted on the website and in the store.

Thank you for being part of our wonderful Co-op!

## BOARD MEMBERS

Carla McCullough, Chair  
Miles Bryant, Vice-Chair  
Robert Hutkins  
John Christensen  
Barbara DiBernard  
Keith Dubas  
Jon Ferguson  
Jon Ihrig  
Gail Kendall  
Ingrid Kirst  
Steven McFadden  
Sara Moshman  
David Murphy  
Vicki Newman  
Maggie Pleskac

## GLOBAL ENDS

Lincoln's trusted source for responsibly selected natural foods, products, and related outreach services for owners and the food buying community, while perpetuating the store and its policies.

# LOCAL ECONOMY



Open Harvest Co-op is rooted in this community. We're owned by over 3,000 households just like yours, and our commitment to helping strengthen the local economy is paramount. During this last fiscal year (July 1, 2010 to June 30, 2011), Open Harvest spent \$1,285,149 locally on goods to sell in the store and services for the store. This accounted for 28% of all Co-op money spent. During the same fiscal year, an additional \$1,156,313 was spent on staff wages. Overall, that is more than 2.4 million dollars put into our local economy.

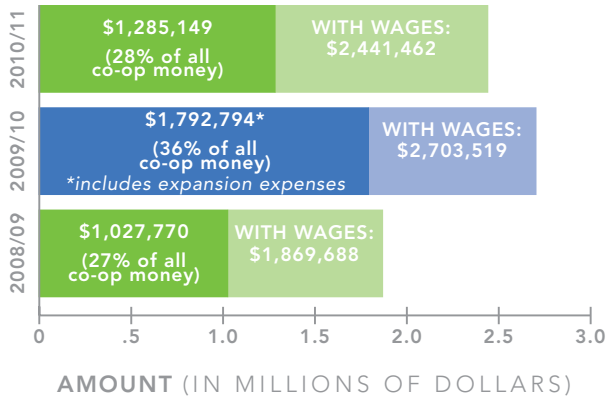
For comparison, during the fiscal year 2008-09, \$1,027,770 was spent locally (\$1,869,688 including wages), accounting for 27% of all Co-op money spent. During the fiscal year 2009-10, \$1,792,794 was spent locally. Included in that amount were all applicable expansion expenses, and it accounted for 36% of all Co-op money

spent (the total was \$2,703,519 including wages).

With or without expansion, Open Harvest remains dedicated to supporting local suppliers of all kinds. From office paper to potatoes, your Co-op is committed to thinking local first. For example, when you buy produce at the Co-op, 65¢ of every dollar you spend makes it back to the farmer! (The national average, on the other hand, is less than 9¢ for every dollar spent.) It's not just produce, though. On average, 75¢ of every dollar spent on local meat makes it back to that producer. For local cheese, nearly 80¢ of every dollar spent makes it back to that producer. These are real differences that you are making. Thank you.

Please continue to support the local economy and your local food and non-food suppliers by shopping at your Co-op. With your help, we can help keep our community thriving.

## MONEY SPENT LOCALLY:



out of every dollar spent on local produce at open harvest...

**65¢** makes it back to the farmer. compare that to the national average of 9¢.

# ENVIRONMENTAL IMPACT



Many of our office supplies are made from recycled materials, We also re-print on clean sides of used paper to reduce paper use.

We keep packing peanuts from all of our shipment boxes instead of throwing them out. When our back room fills up with them, we call a local company and someone comes to get them. They use them to re-pack items they ship.

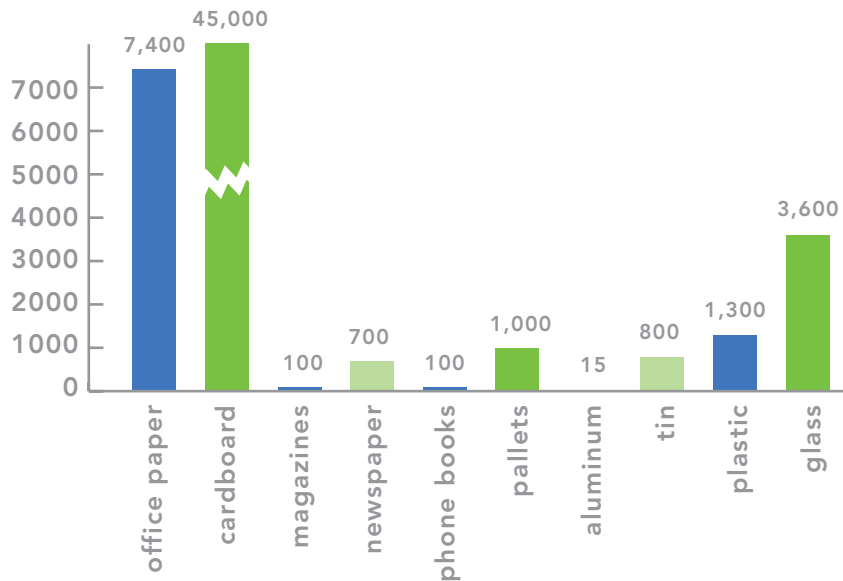
We have a box bin at the front of the store where our stockers put empty boxes for consumers to pick up and use to carry out their groceries.

We have two barrels at the front of the store where customers can recycle cloth and plastic bags. Gently used cloth bags can be adopted and reused by other shoppers, and plastic bags are collected and we recycle them for our customers.

## MISC MATERIALS RECYCLED BY OPEN HARVEST

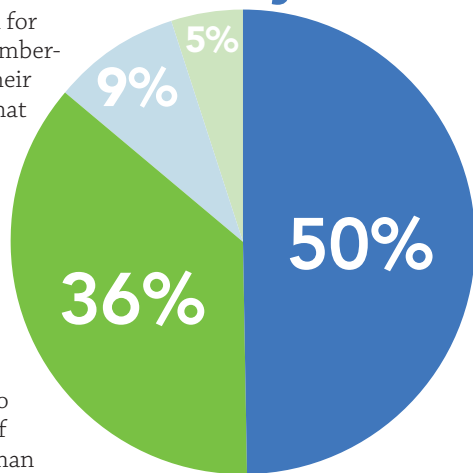
fluorescent light tubes	100
batteries	300 lbs
printer cartridges	25
computer equipment	80 lbs
cell phones	15





## RECYCLING REPORT BY VOLUME (LBS.) TOTAL VOLUME: 60,015 LBS (30 TONS)



## Expansion Funding and Member Loan Payback

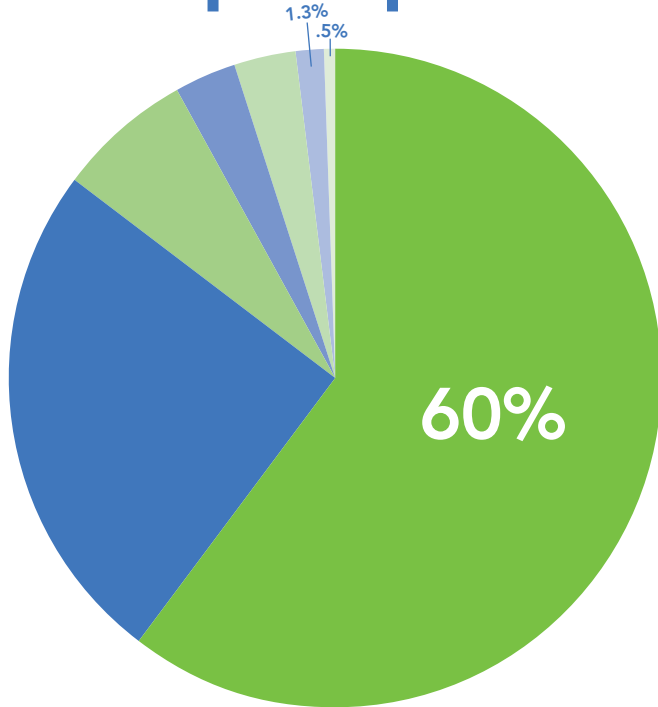
Open Harvest is grateful for the generosity of the member-owners who loaned us their hard-earned money so that we could expand their Co-op. The Open Harvest membership came through in a big way in 2009, with 83 members lending the cooperative \$201,400. The store continues to grow and thrive since expansion. These loans enabled us to finance a good portion of the expansion at lower than market interest rates while providing a range of interest rate options for our members. We have put aside funds each month for the purpose of paying our members back in full and on time. The first of these loans will come due in March 2013, and we are on track to make these payments.



	union bank \$275,000
	member loans \$201,400
	member pay forward \$50,000
	open harvest cash reserves \$26,291

SNAPSHOT OF:	2010/2011	2009/2010
<b>ANNUAL SALES</b>	\$4,545,218	\$4,387,412
<b>GROWTH OVER PREVIOUS YEAR</b>	3.60%	17.10%
<b>CUSTOMER COUNT</b>	182,052	182,408
<b>AVERAGE CUSTOMERS PER DAY</b>	498	506
<b>AVERAGE BASKET SIZE</b>	\$23.43	\$24.34
<b>MEMBER SALES</b>	57%	59%
<b>NON-MEMBER SALES</b>	43%	41%
<b>NEW MEMBERS</b>	469	613
<b>RENEWING MEMBERS</b>	847	1,341
<b>ACTIVE MEMBERS</b>	3033	3,258
ASSETS	2010/2011	2009/2010
<b>CURRENT ASSETS</b>	\$547,097	\$522,463
<b>FIXED ASSETS</b>	\$486,012	\$549,601
<b>OTHER ASSETS</b>	\$48,228	\$27,000
<b>TOTAL ASSETS</b>	<b>\$1,081,337</b>	<b>\$1,099,064</b>
LIABILITIES	2010/2011	2009/2010
<b>CURRENT LIABILITIES</b>	\$310,512	\$325,452
<b>LONG-TERM LIABILITIES</b>	\$456,852	\$464,057
<b>TOTAL LIABILITIES</b>	\$767,364	\$789,509
EQUITY	2010/2011	2009/2010
<b>MEMBER EQUITY</b>	\$331,468	\$306,630
<b>RETAINED EARNINGS</b>	\$2,802	\$76,876
<b>NET INCOME</b>	(\$20,297)	(\$73,951)
<b>TOTAL EQUITY</b>	\$313,973	\$309,555
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$1,081,337</b>	<b>\$1,099,064</b>

# Co-op Expenses



\*Included in Occupancy is \$63,382 in Depreciation Expense. Depreciation is a non-cash accounting of the use of equipment and occupied space, representing the decline in value of an asset.

P&L INCOME STATEMENT	2010/2011	2009/2010
<b>SALES</b>	\$4,545,218	\$4,387,412
<b>LESS COST OF GOODS SOLD</b>	\$2,702,065	\$2,615,564
<b>GROSS MARGIN</b>	\$1,843,153	\$1,771,848
<b>OPERATING EXPENSES</b>	\$1,887,752	\$1,811,727
<b>OTHER INCOME/EXPENSES*</b>	\$24,302	(\$34,072)
<b>NET INCOME</b>	(\$20,297)	(\$73,951)

\*includes \$46,544 in expansion expenses in 2009/2010

- cost of goods & shrink  
\$2,788,122
- personnel  
\$1,156,313
- occupancy\*  
\$301,478
- operational costs  
\$146,389
- governance, outreach, promotions: \$139,145
- administrative  
\$58,370
- other  
\$22,168

**Current Assets** Includes monies in checking and savings accounts, accounts receivable, short term CD's, prepaid expenses, and inventory

**Current Liabilities** Includes accounts payable, accrued personnel expenses, other payable expenses such as sales tax and property tax

**Fixed Assets** Includes furniture and equipment, leasehold improvements, less depreciation and amortization

**Other Assets** Investments and long term CD's

**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 has made in its 36 year history

**Net Income** How much money the Co-op made this fiscal year



**OPEN  
HARVEST**  
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