

**2019  
ANNUAL  
REPORT**



# An Expansive View

BRUCE MACCRACKEN, BOARD PRESIDENT

When I spoke last year at our Annual Meeting, I began with the lament that too many co-ops across the country are in danger of disappearing. Competition from “big box” stores and other new entries into the natural foods market are threatening the lifeblood of these small businesses.

Conversely, our Co-op was thriving! The 2017-18 fiscal year was great for our bottom line. Sales were up, ownership numbers were up, short and long-term debt continued to be paid down rapidly, and products and services offered to our community grew. Our store has been growing at a tremendous rate:

- One year ago, the Co-op had 7,176 owners. As of August 31, 2019, owners numbered 8,200! That measures out at over 1,000 new owners gained in a year. We anticipate that this remarkable increase in ownership will continue if the store can meet the demand.
- Annual sales from 2014 topped out at \$3,900,000. For 2019, sales ballooned to \$6,800,000. Sales of locally produced goods increased 26% in 2019 over 2018.
- The Co-op’s commitment to increase environmental efforts has resulted in nearly all of the store’s waste being either significantly reduced or recycled.
- As our owners choose to “round up” at the register, our cash donations to select local and regional non-profit organizations has reached five figures annually.

- With the recent addition of Patronage Refunds, when the store profits, the owners of the store profit with annual dividends.

The fiscal year 2018-19 has therefore proven that while the success of the Co-op continues unabated, our growth potential has yet to be achieved.

As our owner count continues to expand and thus becomes ever more demanding, and our marketing of the store throughout the community increases in ever more sophisticated ways, our need to continue to grow in size has also become increasingly obvious. As we look ahead, in order to provide all of the products and services our owners demand and appreciate, we foresee a need to expand, effectively doubling our retail space.

This need to expand is a wonderful problem to have, and to find the solution we are working closely with Co-op owners, community leaders and members of the City of Everett, including the Mayor and Deputy Mayor, to investigate ways of increasing our environmental, social and economic impacts on Everett and the Island and Snohomish counties.

Check out *The Tonic* newsletter and our website for further updates and information, and perhaps think about running for the Board or volunteering for one of several committees and help us strive to move the Co-op forward.



# Exemplary Workplace

ANDREW WALKER, HUMAN RESOURCES

We make every effort at Sno-Isle Food Co-op to ensure that our employees' wellbeing comes first and that we are a premier place to work with all of the benefits provided and quality of work environment.

Our progressive benefit offerings include significant discount on all store goods for everyone in each staff member's household, affordable gym memberships, flexible scheduling and generous leave policies with a varied and competitive insurance package.

We take great pride in the internal advancement opportunities available to everyone. Many leads, managers and senior managers currently employed began their journey with Sno-Isle in an entry level position. Professional development & training opportunities available through the extensive National Cooperative Grocers Network is a huge boon and something we pride ourselves on making accessible to all.

But more than the tangible benefits is the quality of work experience and wonderful community we've built here at Sno-Isle. Every employee who works here feels like family.



# of full-time staff  
(30+ hours/week)

27

# of part-time staff  
(<30 hours/week)

27

total staff

54



earn livable wages



eligible for healthcare

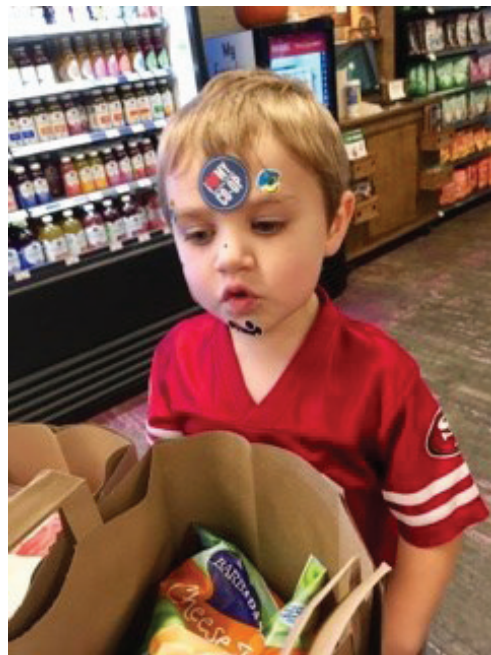
# Community Owned

LAURA FINLEY, MARKETING MANAGER

We welcomed nearly 1,200 new owners in 2019! With each new owner we grow stronger in our ability to provide wholesome products to our community, contribute to our local economy through fair wages for staff and producers, and support non-profits that serve our fellow neighbors. Owners value our trusted sourcing and owner specials, and it shows - owners account for a majority of our annual sales. This growth keeps Sno-Isle Food Co-op anchored in community right here in Everett.

In 2017, owners voted to implement patronage to share in the profits of the Co-op. Patronage is one way you, as an owner, reap the benefits of owning a grocery store with your friends. Each year the Board, along with input from our CPA, determines the total amount of profit that will be distributed to owners in the form of patronage. Each owner receives a share of those profits in relation to their spending in the fiscal year (September - August).

As a cooperative we are guided by our owners. Our growth is a testament to those who shop and participate, through voting or volunteering, in the Co-op.



Nathan McGee. Co-op regular.



patronage paid	\$24,645.60
\$11.26	average patronage earned by owner

# Giving Back

REBEKAH WEST, OUTREACH COORDINATOR

Working at Sno-Isle Food Co-op has been a wonderful experience, but my favorite part of my job as Outreach Coordinator is being able to take an active role in our donation program. As a not-for-profit business, any profits we make are used to support the community through donations and sponsorship, or to complete store improvements. It is the goal of the Co-op to support organizations that focus on food and nutrition issues, community building, sustainability, environmental preservation and conservation, cooperative values, or addressing social concerns.

It has been our privilege to support more than 50 local non-profits and community events over the last year. The generous response from our customers to our Register Roundup program has been a humbling illustration of what can happen when a community invests in itself, benefiting diverse organizations like the Everett Museum of History, Save-A-Mutt, Domestic Violence Services, and more.

We are fortunate to have a continuing partnership with the Everett Recovery Café, which is able to take the majority of our food waste off our hands and turn it into free nutritious meals for folks in recovery for drug and alcohol addiction.

During the last year, we have sponsored many community events with monetary or in-kind donations such as Nubian Jam, Green Everett Day, and SnoCo Pride Festival.

We look forward to increasing our community impact even more in the coming year, and we couldn't do any of it without the support of our wonderful owners and customers.



# \$10,699

in roundup donations  
from co-op shoppers

# 1000+

people participated in

# 110

co-op classes and events in 2019



# \$4,484.85

in cash donations from the Co-op to local  
non-profits.

# 5,267

pounds of healthy, edible food diverted from  
landfill and given to those in need.

# Supporting Local

LEAH SCATES, BRANDING COORDINATOR

At the Co-op, we support local farmers and food producers whenever possible. We see the economic, social, and environmental value in local products.

Our goal is to provide our community with products that meet our list of quality attributes. Our basic list of attributes that we consider when purchasing new products are: clean (no harmful ingredients, organic, non-GMO), sustainably produced, locally produced, socially responsible production, appropriately packaged, and healthful. These guidelines are stated in our 2019 New Vendor Packet. The packet is not only a guide of the Co-op's product standards but it is a valuable resource for local producers just starting their journey in food production.

In the 2019 fiscal year we saw a 26 percent increase in Washington product sales. This increase is so large due to the implementation of a new, more efficient tracking system. At the end of our 2018 fiscal year, our IT team conducted an audit of all grocery products in order to begin the process of tracking all Washington made items. Since then, every product coming from Washington is flagged in our database.

Moving forward, we are excited for the continuing creativity our staff brings to sustainable local food distribution.



Sales from WA products total:

**1.9M**  
in revenue dollars

**28%\***  
of total sales

**\*That's a 26% increase from the previous year!**



**44%**  
of Washington  
Sales come from  
within 50 miles  
of The Co-op!

# Sustainability at The Co-op

It is a number one priority at Sno-Isle Food Co-op that we are stewards for sustainability in Snohomish and Island Counties. Throughout the years we have made many efforts to challenge ourselves to be more socially and environmentally conscious.

Some of our achievements in 2019 include:

- We were certified a B Corporation by non-profit B Lab.
- Readers of *The Everett Herald* voted us Best Grocery Store of 2019.
- The Deli and Bulk switched to all compostable containers
- We created a metric data chart where we now record utilities, gas, water, refrigerant, compost, donated food, recycle and landfill waste.
- We started a partnership with Buddy Ohm, a company with hardware for determining energy and water use.
- The City of Everett installed new bike racks outside and we installed a bike rack inside for our staff.

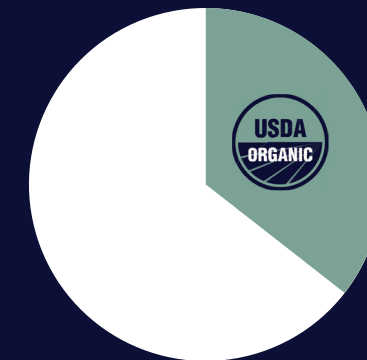


94%   
of our waste was diverted from the landfill. That's 66 tons!



kWh used in 2019:

231,278



39%  
of total store sales came from organic products

\$2.6M

# Fiscal Year Finances

AMBER KREISHER, FINANCE & GENERAL MANAGER

We are proud to say that this year we met most all of our financial goals. For the sixth year in row the Co-op experienced positive sales growth of 9%, ending the year with a gross income of 6.8 million.

Labor expense was close to the budgeted 24% ending at 24.5% of income, with a total dollar amount of \$1,664,927. Our over budget labor margin is a higher than we would have liked, however our management team is well staffed for our future expansion needs.

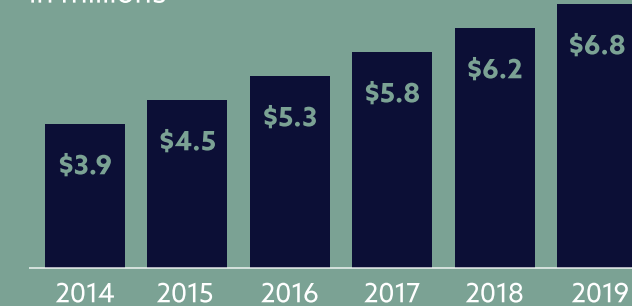
Total operating expenses minus labor expense increased 7% from the previous year. Preliminary net income at year end is 2.8% of income. This resulted with cash being 8.8% above the previous years balance.

The Co-op has moved into the new fiscal year with no long-term debts, all debts will be paid in full during this fiscal year. This will put the Co-op in a position of financial leverage for future projects.

Our number one goal for finances in the 2020 fiscal year will be to grow our cash on hand from it's current 57 days to 90 days. We look forward to an expected forecast of 7% sales growth.



annual sales  
in millions



## expense overview

62.5%	Cost of Goods Sold
24.5%	Payroll
10.2%	Other Operating Expenses
2.8%	Profit

**\$6,802,075.53**

TOTAL SALES

**9%**

SALES GROWTH





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theartofrosemary · 2018