Our Vision
Bringing good food and community together

Our Mission
Working together to nourish the community by focusing on value while providing healthy food and quality products

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FROM THE BOARD OF DIRECTORS

Protocols, policy and people. These three words could be called our mantra during the Sitka Food Co-op’s (“Co-op”) inaugural year as a member-owned and operated food cooperative. We became official on September 21, 2012 at our first annual membership meeting by approving bylaws and electing five members for the Board. Since that time, the Board has logged over 800 volunteer hours developing the protocols and policies necessary to build a solid foundation for the Co-op while focusing on people by cultivating and meeting the needs of our new membership. We have achieved much in our first year (and a few months), and proudly share the following report with our members and the Sitka community.

Keith Nyitray (Chair)  
Dr. Ron Dick (Vice Chair)  
Jen Mac Donald (Secretary)  
Ann Betty (Treasurer)  
Renee Pierce (At-Large)

FINANCIALS

As a fledgling organization with the objective of making our products available as inexpensively as possible, we approached every need and subsequent decision with frugality in mind. If we could get it done for free (e.g., Google web services, foodclub.org, volunteers) or at very little cost (e.g., mail and message service provided by Balanced Practice) and still accomplish our mission without overly burdening ourselves, we did it. With one “unofficial” year under our belt in 2012, we already had a basic idea of the cost of doing business in Sitka. This knowledge helped us set initial policy for membership fees, product pricing, and member discounts that would sustain our operational needs while also slowly building capital for future growth.

The follow tables and graphs summarize the Co-op’s financial position in 2013:

### INCOME STATEMENT

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>% of Total Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Income</td>
<td>$89,104</td>
<td>100.00%</td>
</tr>
<tr>
<td>Merchandise Sales</td>
<td>$86,636</td>
<td>97.23%</td>
</tr>
<tr>
<td>Membership Fees</td>
<td>$2,460</td>
<td>2.76%</td>
</tr>
<tr>
<td>Misc. Income</td>
<td>$8</td>
<td>0.01%</td>
</tr>
<tr>
<td>Cost of Goods Sold</td>
<td>$82,203</td>
<td>92.24%</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>$6,893</td>
<td>7.73%</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>$2,916</td>
<td>3.27%</td>
</tr>
<tr>
<td>Net Income</td>
<td>$3,985</td>
<td>4.47%</td>
</tr>
</tbody>
</table>
WHERE DID THE MONEY GO IN 2013?

Sales
One of the Co-op’s objectives is to provide local and regional products, which minimizes our environmental footprint and supports the local and regional economies. The Co-op wrapped up 2013 with six total suppliers providing quality products to the community (up from two at the start of the year). We began working with Blue Valley Meats from Walla Walla, Washington to provide members a sustainably raised and humanely processed meat option. Azure Standard, a natural foods producer and distributor from Dufur, Oregon was added by membership request. We also featured three local products sources: Hanson Baked Goods, Sitka Local Foods Network growers, and Sitka Naturals.

Total 2013 sales from all suppliers combined were $125,239. The following chart breaks this down by supplier. Note that these figures represent all dollars associated with each supplier (i.e., includes shipping, Co-op fees, and product sales). These figures differ from the Income Statement (above) because not all sales pass directly through the Co-op. Members pay most of the purchase costs for Azure Standard and Blue Valley Meats products directly to the supplier. We are including these figures because these sales represent purchases under the Co-op umbrella.
The following table provides some baseline sales statistics that will be useful to track over time:

### BASELINE STATS FOR 2013

<table>
<thead>
<tr>
<th>Measure</th>
<th>UNFI</th>
<th>Azure Standard</th>
<th>Blue Valley Meats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highest dollar volume for a single month</td>
<td>$10,831 October</td>
<td>$4,118 November</td>
<td>$4,490 November</td>
</tr>
<tr>
<td>Membership percentage that purchased from each supplier</td>
<td>84% (98)</td>
<td>35% (41)</td>
<td>42% (49)</td>
</tr>
<tr>
<td>Average monthly purchase per member (includes shipping and fees)</td>
<td>$197</td>
<td>$178</td>
<td>$132</td>
</tr>
<tr>
<td>Percentage of members placing orders 50% of the time (annual basis)</td>
<td>39% (45)</td>
<td>17% (20)</td>
<td>6% (7)</td>
</tr>
<tr>
<td>Return purchasers (purchased once and came back for more)</td>
<td>67% (78)</td>
<td>25% (29)</td>
<td>17% (20)</td>
</tr>
<tr>
<td>Highest percentage of members purchasing for an order</td>
<td>51% (59) November</td>
<td>20% (23) October</td>
<td>23% (27) November</td>
</tr>
</tbody>
</table>

Note: There were not enough months of sales by our three local suppliers (Hanson Baked Goods, SLFN, and Sitka Naturals) to provide accurate baseline stats. We plan to increase local product sales in 2014.

### OPERATIONS

We spent much of 2013 developing standard protocols, increasing efficiency, and establishing a solid operational structure (specifically, setting up a system for a General Manager to carry forward). We also made strategic equipment purchases that resulted in easier payment reconciliation (iPads allowed us to convert to an electronic register system), improved transport for members to move their goods to their vehicles (large folding carts), supplies to meet DEC standards (hair nets, gloves), and kitchen equipment to make it easier for volunteers to split bulk orders (e.g., scoops, scales, knives, cutting boards). Our operations also incorporated...
environmental practices (e.g., utilizing re-usable cloth bags, recycling, establishing paperless operations, supporting local foods activities, supporting green education, and providing organic/fair trade/green products), which resulted in receipt of the Sitka Global Warming Group’s Green Business Award.

Volunteers
Food co-ops traditionally have utilized volunteer labor as part of their operational structure to keep costs down, create a sense of community within the organization, and build greater support and understanding from its members. We follow this same model and owe our successes this year to active volunteer engagement.

In 2013, 23 members gave over 300 hours of their time to help with order deliveries. Our top volunteers are recognized below, but all of our volunteers deserve our most sincere appreciation for their contributions!

1. Deb LeVeck donated 45.5 hours  
2. Robert Baines donated 43.5 hours  
3. Kate Johnson donated 32 hours  
4. Hilloah Courtney donated 26 hours

Membership
Members are the center of a cooperative, and we recognized the importance of starting on the right foot to outreach, engage, and sustain our membership. Our primary goal was to get people interested in joining the Co-op by explaining the benefits and providing clear and accurate instructions for using the Co-op’s services. We strived for good customer service by responding to inquiries quickly and treating everyone courteously. And we hoped to inspire excitement for membership renewal by showing our appreciation for their support with end of year thank you gifts and initiating an end of year survey to provide members a voice in how the Co-op operates. Time will tell if we were successful in getting members excited about renewing, but we did achieve 116 new members in 2013!

Management
The newly elected Board of Directors capitalized on the skillsets of each board member to create a solid foundation for the Co-op. Major accomplishments include:

- Developing and implementing a membership structure and application system.
- Providing an avenue for members to provide feedback.
- Developing a mechanism for volunteers to learn about and sign up for volunteer opportunities, and tracking volunteer hours.
- Developing and instituting a set of policies that provide consistency and fairness to the Co-op’s operations.
- Developing monthly order protocols.
- Developing a 4-Year Strategic Plan.
- Establishing a budget.
- Board of Director development and engagement:
  - Met with the Food Cooperative Initiative to share our story and obtain recommendations for development into the future.
o Received a grant to attend the Fresh Starts conference in Portland, OR.
o Attended online webinar trainings for Board development and Co-op startups.
o Developed ongoing “Board to Board” relationships with the Sitka Local Food Network and the Community Food Hub working group.

Outreach & Education

Website & Social Media
Establishing and maintaining a website was a critical task in 2013. We use the web to support our operations (i.e., providing instructions for ordering, supplier info, FAQs), provide education (Food Tips Blog), act as a clearinghouse for Board of Directors meeting minutes, Co-op history and general information, member registration and engagement, and volunteer information. We also actively use Facebook as a means for quick information delivery and feedback.

Events & Activities
One of our objectives is to support local production of foods and other goods; and a number of our Outreach and Education efforts revolved around this theme. The Co-op participated in or helped sponsor the following community events in 2013:
• Food Film Festival: to increase awareness about the impacts of an industrial food system and the benefits of more localized, sustainable farming practices.
• Sitka Farmer’s Markets
• Sitka Food Assessment Summit and roundtable discussions: to identify the limiting factors of Sitka’s food system and develop strategies for improvement.
• Community Greenhouse: working toward developing a community greenhouse to increase local food production.
• Community Food Hub: working toward addressing the emergency food needs of Sitka.

The Future
While we accomplished a great deal in our first year, we recognize that there are areas that need to be improved upon. Three specific areas that were outlined in the Strategic Plan are:

Distribution Location
We are still in search for a more permanent location that will provide for more efficient and manageable delivery, distribution and storage, as well as potential growth in operations.

Ordering Instructions
We understand that ordering online has been both daunting and discouraging for some members and are currently working to create an easier interface as well as web tutorials for those who are still somewhat uncomfortable and/or confused by our system.

Membership Diversity & Accessibility
While there is a growing “buzz” about our Co-op, we are aware that many segments of our community are still unaware and unsure of who and what we are. In addition, accessibility and transportation options are limited for certain segments of our community who might benefit the most from being part of a cooperative.
Our Strategic Plan also identifies objectives for building our internal capacity, improving operations in other areas, and outreach/education goals. We have an ambitious 2014 timeline to make great strides in achieving our vision and mission. We look forward to working with our members to meet their needs and to strengthen the Co-op’s place in our community.