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

Our Values
Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others. In addition, the Sitka Food Co-op values local, regional, humane, and organic food sources, food security, health, community, diversity, and a sense of humor.
The Year In Review

From the Board of Directors by Ariane, Simon, Hannah, Joann, & Jim

The Sitka Food Co-op is now heading into its eighth year! In those eight years, the Co-op has grown from just a few families here in Sitka to over 230 with every year being even bigger than the last. This last year has seen some major changes with our Board of Directors as James Swift is the only non-interim Board member. However, the Board has been stable over the last six months and working hard to learn, adapt and be the Board needed for us to thrive. We have also started a newsletter to improve communication with members and we hope to go into 2019 continuing to grow our board muscles and skills. We also hope to be at a new location by the end of 2019 - one that will better serve all of us.

Thank you all for being part of the Co-op. We couldn’t do this without you!

From the General Manager by Keith Nyitray

Growth: “The process of increasing in amount, value, or importance.”

Growth - this one word definitely sums up what’s been happening with, and within, our Co-op these past seven plus years. Looking back over 2018, I can’t help but be both amazed and proud of what our Co-op is accomplishing. One year ago when I sat down to estimate what our growth would be for this year I was hoping that we might grow another 10-15% above what we had done in 2017. Thanks to the growing awareness of what the Co-op offers not only to our members, but also to the community as a whole, we ended up growing by an astonishing 22.8% over 2017. Members are now ordering more and more often, several local businesses and organizations are also now ordering through the Co-op, and the local “buzz” about who we are and what we’re trying to do has only increased. More and more of our bumper stickers are being seen on cars in town, our social media presence has increased, and… friends are telling other friends and family members about the Co-op. One might say we are growing “organically.” 😊

Another positive change that took place this past year (from the GM’s perspective) is how well the new Board has come together and stepped up to take an active involvement in, and oversight of, the Co-op’s growth and development. Thanks to them much was accomplished this past year including, but not limited to: generating a new business plan; reviewing our Governance Policies; negotiating a potential lease (on-going); creating a Capital Campaign (to meet the needs of our potential expansion), and; to just working well together with a positive and creative dynamic. This bodes well for our future.

Of course, everyone knows I’m a shameless promoter of the Co-op because I believe in what we’re doing and accomplishing is extremely worthwhile… and needed in Sitka. I remain extremely optimistic about our future and I’m proud to be in a position to help “Bring Good Food & Community Together.”
General Review & Overview
Each and every year since we incorporated in 2011 the Co-op has always been presented with a variety of challenges as we grew and developed our retail operation – and, 2018 was no different. This past year the main challenge was how to handle and process the increasing size and number of orders. As stated above, the Co-op grew an additional 22.8% in 2018. With the subsequent increase in the size of our deliveries, the amount of time and expense required to keep the Co-op running increased as well.

The following tables and graphs summarize the Co-op’s growth, sales, and financial position in 2018 compared to prior years.

**GROWTH TRENDS**

![Growth Trends Chart](image)

**FINANCIALS**

Gross Income: $304,317 – (20.9% increase over 2017)

Gross Value: $416,579 – (22.8% increase over 2017)

*Note: This amount represents all dollars associated with all purchases from all suppliers. This differs from our Gross Income because members pay most of the purchase costs for Azure Standard and Blue Valley Meat products directly to the supplier. We include this figure because it represents the retail value of all purchases made under the Co-op’s "umbrella."

Total Expenses: $299,331 – (22.9% increase over 2017)

Net Income: $4,986 – (38.7% decrease over 2017)
Expenses
As in every previous year, as our operations grew, so did our expenses. This year our overall expenditures were 22.9% higher than last. The largest increases took place in four main areas:

- Purchases increased by $39,984 (26.6%)
- Shipping increased by $16,124 (46.4%)
- Payroll increased by $4,107 (13.4%)
- Discounts given increased by $2,128 (44.7%)

A breakdown of our expenses is as follows:
- 81% went towards the purchasing and shipping of the products members ordered and received.
- 15% went towards payroll and operational expenses (rent, equipment, office supplies, taxes, and dues & subscriptions).
- 3% went towards administrative expenses (insurance, professional fees, training & travel).
- 1% went towards charitable contributions.
It should be noted that while the overall cost of goods sold (purchasing & shipping) increased as a percentage of expenses (an increase of 5% over 2017), operational and administrative expenses actually decreased as a percentage of our expenses. This tells us that we’re gaining some operational efficiency as we continue to grow - as well we should.

**Operations**

Co-op operations in 2018 were largely focused on managing the ongoing exponential growth of the Co-op and training staff and volunteers to handle the increased workload.

**Staff** - Leah Murphy, began taking on more of the “behind the scenes” responsibilities such as managing our volunteer program and taking over a good chunk of the tasks required to manage the ordering of fresh produce – which, as shown above, had grown by a whopping 40% over 2017. Maury Hackett also took on more responsibilities during our delivery days but, unfortunately for us, Maury moved on and is now the Director for Braveheart Volunteers. That position has now been filled by Kate DeRosiers and she is a force to be reckoned with and a valuable addition to our team. If you like our new newsletters know that Kate is the one pulling all that together (along with Ariane Goudeau, Kathy Ingallinera, and myself).

**Retail** – We continued to expand our use of promotional offerings to offer more online sales and increase the amount of inventory on the retail tables. In addition, we recently joined the ION Marketing Group. The ION group (It's Only Natural) is a collection of over 100 independent retail stores that have banded together to increase their purchasing power with our main distributor (UNFI). So now we're getting much better deals on thousands of items our members purchase and (of course) we're passing those deals on to our members and… making a tad more profit at the same time.

**Equipment** – Additional basic equipment purchases were made to make it easier for volunteers to handle the growth on delivery days (additional scales, iPads, etc.). We also began collecting a wide range of
commercial equipment from other cooperatives in the Pacific Northwest in anticipation of our possible relocation. Items include pallets of shelving, stand-alone displays, scales, bulk bins and dispensers, and even a commercial coffee grinder! These items are currently being stored in a Seattle warehouse (compliments of our produce supplier) and await our request to have them shipped up.

**Practices** – Lastly, our operations continued to incorporate as many positive environmental practices as we currently can (e.g., continuing paperless operations where feasible, reducing our use of plastic, reusing cardboard boxes on our delivery days, supporting local food activities, supporting green education, and providing organic/fair trade/green products). All these efforts resulted in our Co-op receiving the Sitka Global Warming Group’s Green Business Award for the 6th year in a row.

**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 once again owe much of our success again this year to active volunteer engagement.

In 2018, 84 people gave over 1,600 hours of their time to support the Co-op (equivalent to 200 8-hour person-days). Our top volunteers are recognized below, but all of our volunteers deserve our most sincere appreciation for their contributions!

1. Joann Torgeson 130 hours
2. Hannah Green 128 hours
3. Kathleen McCrossin 112 hours
4. Debbie LeVeck 104 hours
5. Kathy Ingallinera 80 hours
6. Mercedes Phillips 80 hours

Of course we know that not all members can volunteer during our order delivery days, so this coming year we plan on revamping our entire volunteer system so as to provide more opportunities for members to take an active role in guiding our growth. That said, we’d like to remind everyone that there will be plenty of opportunities to support the Co-op besides helping out on a delivery day and we encourage all members to consider running for the Board or joining one of the following committees:

- Membership & Education: Increase membership and work on better education/outreach.
- Capital Campaign: Currently on hold, but will reinitiate once we’re positive we’ll be relocating.
- Newsletter: Help produce our monthly newsletter.
• Operations: Help improve our current system and develop possible options for a home delivery service.
• Facility: Explore and develop options as we shift to permanent distribution location.
• Rebranding: Looking into creating a new logo and generating possible “schwag.”

Membership

In 2018 we were surprised that our overall membership remained somewhat level (we’re still hovering around 240 members). We had hoped that this might increase by 10% or so this past year, but the sad reality is that many long-time Sitkans are leaving town due to the high cost of living. Fortunately, many households who have been reluctant to become members are beginning to realize the advantages of doing so and are signing up. Our goal this coming year, if/when we relocate, is to create an active outreach position and program to bring in new members.

We definitely recognize that members are the center of a cooperative and as such, it is critical that we are meeting their needs. To help us determine this, we continue to conduct periodic surveys asking members a wide variety of questions. Mainly we want to find out how well we were meeting their needs in terms of product variety & quality, pricing, ordering process, hours of operation, and location.

Overall, we continue to receive positive feedback on our current products and pricing, our courteous community oriented member service, and our response time to any and all inquiries, concerns, and comments. Still, the Foodclub ordering site, hours of operation, amount of inventory carried, and temporary location remain areas for improvement. We’re still endeavoring to make improvements in these areas and hope that with a possible relocation, and with an expanded involvement of members with our committees, we will accomplish this. THANK YOU to all our members for your continued support in 2019!
Community Support
The seventh of the seven cooperative principles that all cooperatives strive to adhere to is “concern for community.” Our Co-op puts this into practice by working with several community service organizations to provide access to healthy foods via direct food donations, membership assistance, and sponsorships. Besides our on-going relationship with the Sitka Tribe of Alaska’s social services division (where we provide fresh produce at a deep discount for their food pantry), the Co-op has now also entered into a relationship with the Youth Advocates of Sitka. Our goal is to provide healthy and wholesome food and snacks (at reasonable prices) for their after-school program.

New for 2018 was the creation of our “Co-op Cares” program. This is a "member-driven" donation program where everyone who shops the Co-op has the opportunity to "round-up" their purchase total to the nearest dollar – and then have that difference donated to a local charitable organization. For 2018 members contributed just under $1,000 to the Sitkans Against Family Violence (SAFV) “safe shelter” and the “Blessings in a Backpack” program.

In addition, we continued to donate excess, unsold, perishables to the SAFV safe shelter, the Sitka Senior Center, and sponsor the Sitka Health Summit.

Outreach
Another of the seven guiding principles of all cooperatives (the 6th) is “cooperation among cooperatives.” As in previous years, our Co-op has reached out to cooperatives around the country and shared our “lessons learned” and “best practices.” This year, in recognition of our continued adherence to this principle, the Sitka Food Co-op received the 2019 “Cooperative Citizen” award at the "Up & Coming" conference for food cooperatives recently held in Milwaukee.

"The Cooperative Citizen award is awarded for exceptional embodiment of cooperative principle six, “cooperation among cooperatives”, within the startup food co-op community. Awardees have gone far above and beyond to share their knowledge, experience, and solutions with peer startups, contributing significantly to the growth of the overall food co-op startup community. Sitka Food Co-op was recognized specifically for their passionate and generous sharing of their unique development with other rural and small town food co-op startups that may benefit from using a similar model."

Events & Activities
This year we held our second annual “Volunteer Appreciation” event at the Halibut Point recreation site where great food, gift bags, and appreciation gift certificates were distributed to those who helped us distribute over 60+ tons of food and wholesome products over the course of the previous year.
Acknowledgements
At our current stage of growth and development we are much more than a buying club, but not quite the standard “brick and mortar” operation that we aspire to become. We are successful, and we are growing, but we are also aware that we continue to need outside help to continue doing so in a professional and profitable manner. Over the past year the Board has worked closely with several national groups to assist us with planning, development, and training. Of those we would especially like to thank:

• The Food Cooperative Initiative for all their instructional advice and materials.
• The University of Alaska Center for Economic Development for their financial assistance with conference fees, bringing consultants to Sitka, and developing a formal business plan.
• The Howard Bowers Fund for Consumer Cooperatives (in conjunction with the Cooperative Development Fund) for assistance in obtaining grants to attend conferences.
• The Consumer Cooperative Management Association for the opportunity to meet “in-person” with other co-op managers, staff, and Boards from around the country as well as representatives from numerous consulting groups and financial organizations which assist in cooperative development.
• The Democracy at Work Institute for their work in helping us write our first formal business plan.

The Future
We expect to focus on the following areas in 2019:

Distribution Location
We are so very close to relocating to a possible new and more stable/permanent location. Fingers are crossed that a mutually agreeable lease will be signed sometime in the next few months.

Ordering Instructions
We will continue in-person tutorials to orient new members to our ordering process and provide tricks and tips to existing members via online resources. However, we also understand that ordering online has been both daunting and discouraging for some members and will continue to work on improving the experience. Our main goal this year is to create a web tutorial, hold public information and training sessions, and possibly create an alternative simplified online ordering system that is much more user friendly.

Delivery Day Operations
We will continue to work on streamlining operations on delivery days to assist members with getting their orders with minimum hassle and confusion – possibly even being open longer and more often. Also, in response to member feedback, we will seriously begin to look at a home delivery option.

In 2018 (and in the first few months of 2019) we have been asked by several local businesses if we can provide needed (quality) items for their operation at a better price than available elsewhere. To date we are now working with the Beak Restaurant, the Baranof Island Brewing Company, and the Mean Queen at Totem Square. We anticipate that these, and other possible business relationships, will continue to grow and expand as word gets out about the services and quality products we can provide.

Co-op Mentoring
We have much to offer other nascent rural co-ops in terms of lessons learned, and will continue to work with any co-op, anywhere in the world, that seeks advice and input.
Conclusion
Since 2011, we have seen an idea grow from one person’s attempt to bring healthy, organic foods to her family at lower prices than what was available to the community at the time, to an incorporated organization that is now serving about 240 households, bringing an average of 5.5 tons of food into town per month, and is on track to do well over $460,000 worth of sales in 2019. We look forward to working with all our members to meet their needs and to strengthen the Co-op’s place in our community. Together we are creating an alternative food model for Sitka.

* * *

Cooperative |ˈkōəp(ə)ratɪv|

Adjective: involving mutual assistance in working toward a common goal.
Noun: a farm, business, or other organization owned and run jointly by its members, with profits or benefits shared among them.

The 7 Cooperative Principles are guidelines by which cooperatives put their values into practice:

#1: Voluntary and Open Membership: Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.

#2: Democratic Member Control: Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives members have equal voting rights (one member, one vote) and cooperatives at other levels are organized in a democratic manner.

#3: Member Economic Participation: Members contribute equitably to, and democratically control, the capital of their cooperative. Members allocate surpluses for any of all of the following purposes: developing the cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

#4: Autonomy and Independence: Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

#5: Education, Training and Information: Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives. They inform the general public—particularly young people and opinion leaders—about the nature and benefits of cooperation.

#6: Cooperation Among Cooperatives: Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional, and international structures.

#7: Concern for Community: While focusing on members needs, cooperatives work for the sustainable development of their communities through policies accepted by their members.
A FOOD CO-OP BRINGS LOCAL TOGETHER
producers & consumers in MEMBER-OWNED MARKETPLACE
to grow a healthier community

WE MODEL COOPERATIVE VALUES,
operate with transparency, and foster
TRUSTING RELATIONSHIPS
with our customers, employees, and suppliers.