



people's  
FOOD CO-OP

Whether you are a new member or have been an owner of People's for many years, you have probably noted or participated in discussions about the co-op's research of possible plans for expansion. Even if you haven't been aware of these conversations, you may have found yourself among crowds of shoppers, barely fitting into the store, wondering what can be done to ease the crowding. Those tight spaces in the aisles are not just an indication of our community's desire for local, healthful foods but also reflect a commitment to the cooperative values that guide People's as a business. Cooperatives worldwide share basic principles, such as democratic member control and concern for community, but since the summer of 2007, People's has also worked with an Ends Statement that more specifically guides our daily operations, and acts as a beacon for our co-op's evolution. Through these we strive to create and maintain:

***A passionate community working together for sustainability, progressive land and animal stewardship, human rights, and social and economic justice.***

The Board of Directors' purpose – as the democratically elected representatives of you, the Member-Owners – is to guide the co-op with a visionary, informed understanding of both the Member-Owners' desires and the co-op's possibilities. To that end, during the past year and a half, we have studied your responses in focus groups and surveys, listened to you in meetings, casual conversations, and through personal communications. We have learned that Member-Owners are generally supportive of opening a second store but also

have prudent concerns, such as taking that step in the midst of a serious recession and developing in a way that does not diminish the diverse culture and values that define our co-op. The development committee of People's amazing Collective Management team has been studying the financial feasibility of opening a second store, and they are working with outside advisors to ensure that research and projections are as complete as possible. Our governing process ensures that no major steps toward the development of a second store will be taken unless they are financially wise and align with the will of the Member-Owners.

Member-Owners have also expressed a broader vision for the added value that People's can contribute to our community, pushing us to fully explore how People's can maximize the impact of cooperative values and culture in our unique city. That vision is reflected in one aspect of our Ends – the creation of "thriving cooperatives and local economies" – and has guided much of the Board's study as we play our part in the co-op's development. We have been researching and discussing many of the broad concepts that can guide and impact the development of that alternative economy.

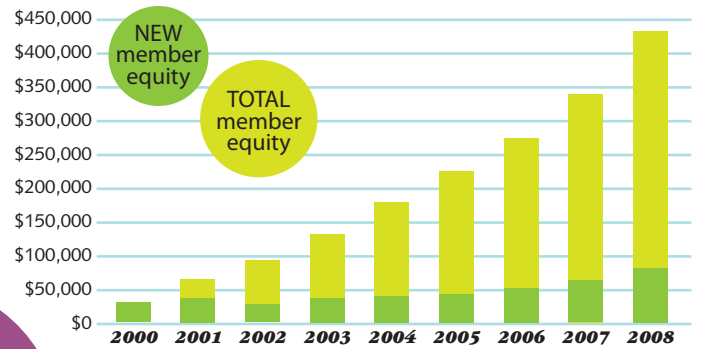
We undertake the research of these principles and possibilities with the expectation that it will enable us to be successful servant leaders of your co-op. Please join us for events in the community room and for the monthly board meetings held at 5:30 on the fourth Tuesday of every month. We look forward to sharing what we've learned with you while we continue the process of external research and internal listening to fulfill the vision of People's building a strong, local cooperative movement.

*Cooperatively Yours,*  
People's Food Co-op Board of Directors

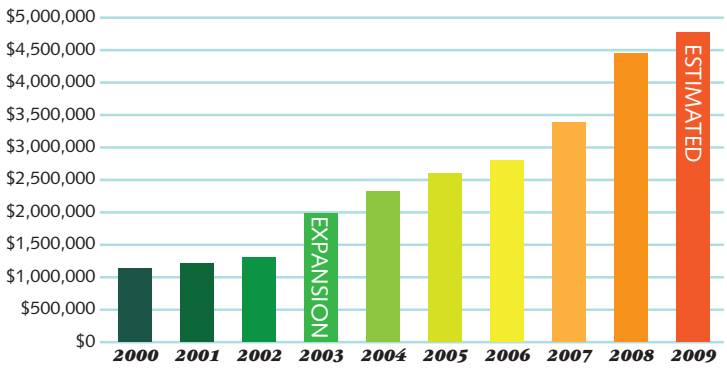
## In times like these, we can really see what is so special about a co-op.

Tough economic circumstances make a cooperative economy more important than ever, not only for providing the goods and services you need, but for the feeling of support, 'cause we're all in this together. It's nice to know there is a place you can trust: your co-op staff works hard to make sure you have access to healthy food at a good value when money is tight. Of course, the co-op itself must remain financially viable or these services won't exist. With a solid financial foundation, we are able to be forward thinking, visionary, contemplate development and focus on ways we can contribute to stronger communities, a healthy environment, and a thriving local economy. Happily, we can say that your co-op is doing just fine. Take a look!

Another great year for building co-op equity!



In addition to net income and retained 2007 patronage, Member-Owners invested \$84,540 in new equity, a new record – for the 6th year in a row! This brings the total shares invested by our owners to over \$431,000 – thanks for investing generously in your co-op.



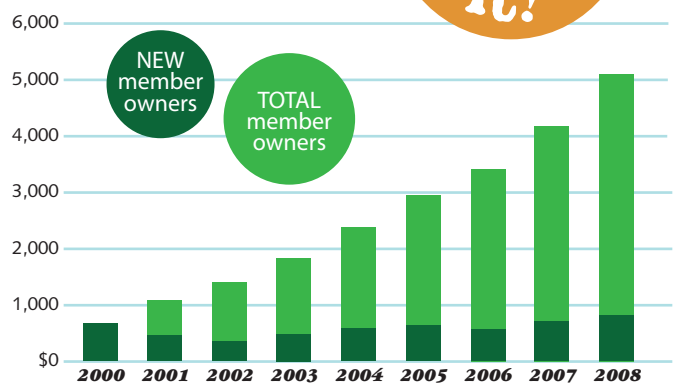
**SALES** reached \$4,441,190 in 2008, an amazing 31% above 2007. Growth was absolutely through the roof in the first half of the year, then the recession caught up with us, causing much slower growth at the end of the year. Many natural food retailers began seeing stagnant or declining sales while we stayed ahead of the curve. We have been able to maintain a consistent high standard of 67% of our total sales to our Member-Owners!

**NET INCOME** before taxes and patronage refunds totaled \$164,000 (3.7% of sales), quite an achievement for the typically low-margin grocery business, especially considering the economic landscape. After taxes and patronage refund allocations, the net income comes to \$28,000 (0.6%).

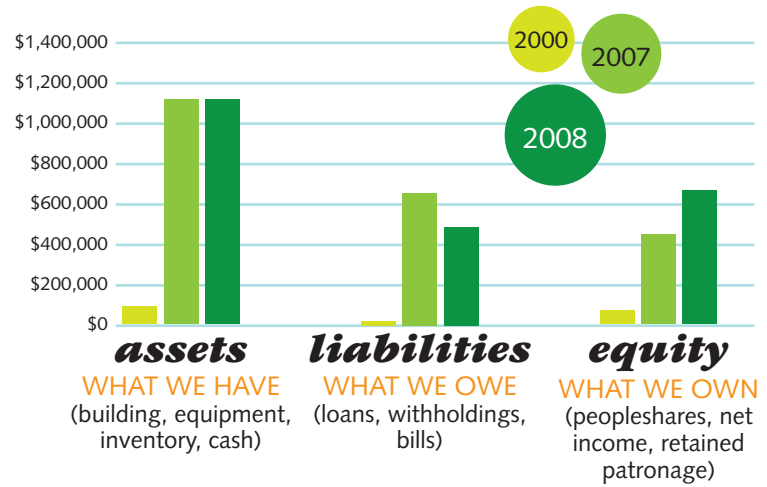
**MEMBERSHIP** is still growin' steady!  
In 2008 we had:

- 954 New Member-Owners
- 2,846 Active Member-Owners
- 5,164 Total Member-Owners

You own it!



**EQUITY - A STRONG FOUNDATION:** This is how the co-op actually survives and thrives in the long run. Building equity gives the co-op financial stability, leverage for borrowing money for capital projects, and more possibilities for the future. Our major indicators and ratios have improved steadily – an excellent position to be in during a major recession and with many development aspirations for our co-op waiting to be fulfilled!



Because profits were substantial during 2008, we had a healthy amount to re-distribute through our Patronage Refund system. As a tax incentive to the co-op, we are legally able to allocate 20% of profits from sales to Member-Owners as Patronage. Within this allocated amount, the Board of Directors decided to pay out nearly \$31,000 in refunds to our Member-Owners (1% of your 2008 purchases). The remaining amount is retained as equity for possible future development or other community-benefiting projects. Your patronage refund can be used towards purchases, reinvested in the co-op through your PeopleShare, redeemed for cash or check, or donated to People's Cooperative Community Fund Fund.





## *sustainability*

### FINANCIAL SUSTAINABILITY

**At People's, we measure our success from a triple bottom line: financial, environmental & social wellness.** Our financial vitality directly correlates to the impact we make through contributions to cooperative & community development.

**People's Cooperative Community Fund (PCCF):** People's has proudly invested over \$11,563 in our CCF. The principle amount is provided to groups interested in starting cooperative businesses while the interest earned is donated to community organizations voted on yearly by our Member-Owners. In 2009 we hope to raise our PCCF balance to over \$21,000! Donations can be made to PCCF anytime – ask your cashier!

**Donations:** Every year we allocate a certain amount of our budget for community donations. In 2008, we donated over \$2,000 in cash & food to community organizations, farm worker unions, local schools, the Howard Bowers fund for cooperative education & so many more influential community organizations.

**Patronage Refunds:** Patronage Refunds are another way we give back to our community. Refunds are available to all active Member-Owners. They are calculated by the total amount you spent at the co-op the previous year. We carefully consider how to best manage our common wealth by looking at the triple bottom line & well thought out Patronage Refund criteria. Balancing the needs of the co-op with the joy of providing this economic benefit to our owners is at the heart of these discussions. Visit [www.peoples.coop/idea/patronage](http://www.peoples.coop/idea/patronage) for more information.

## *passionate community*

People's Member-Owners have a healthy reputation as being passionate & committed to the co-op & our broader community. It is our mission to continue to inspire & harness this engagement through strong Member-Owner participation in People's events that broaden our connection to the larger community. In 2008, we focused our attention to the education & empowerment of our community via our beautiful Community Room. In addition, 2008 marked our most successful annual meeting to date by closing down the street, calling in live local music, sharing a delicious lunch, & stimulating group discussions among Member-Owners in attendance.

### SUSTAINABLE BUILDING & ENERGY USAGE

To some, the most recent expansion may not seem so long ago, but six years is plenty of time for a Portland building to accumulate signs of wear & tear. Maintenance of what we have is as important as installing new green technologies. In 2008, we refinished the courtyard side of the building, rebuilt the courtyard cob bench, augmented our landscaping, added solar exterior feature lights & updated some of our interior lighting. As always, we are committed to implementing the most durable green-building solutions for maintaining our store & community space.

### SUSTAINABLE PURCHASING

**In 2008 our buyers continued to work hard "shopping for you," selecting the most sustainable, ethical and locally produced products available. We expanded our bulk offerings including a number of new & locally produced perishable items. Our year-round Farmers' Market connected our community with local growers and producers. Our "reuse" areas & procedures have been revamped to ensure our customers have a steady supply of clean, dry bags & containers. We also worked on developing tools to measure our support of local, certified fair-trade, & co-op produced products.**



## *safe welcoming community where all are valued*

Our Diversity & Anti-oppression Working Group (DAWG) is working inside the co-op to identify ways to make the co-op more inclusive & empowering. We continue to work to train staff, provoke conversations, raise self-awareness of subconscious biases & systematically address barriers to inclusion. We hope our work inspires our community to engage in this process with us. For more information email [dawg@peoples.coop](mailto:dawg@peoples.coop).

Development has been the buzz around the co-op over the past two years. Be it through engagement of Member-Owners via surveys or focus groups, seeking help from experts in the field, or discussions among the Collective Management (CM), we have all been deep in the intrigue, research & curiosity of finding the answer to, "What will the co-op do next?" In 2008, we gained major traction by narrowing our options to four: a farm, a second store, a co-op incubator & a community kitchen. In early 2009, the Development Options Research Committee (DORC) opted to remove the community kitchen from our immediate plans upon learning that other area groups are investing time & energy into developing that community asset & opportunity (see the June '09 issue of *Grassroots* for more info). Since this decision, the DORC has created concept papers to outline the vision, overall business structure & activities of the three remaining options. Read on to discover where we are in the process:

**2ND STORE** The People's community continues to grow. We want to have enough room to comfortably welcome everyone at the co-op. A second store would: increase the accessibility of healthy foods to our Member-Owners & community, increase the presence of cooperative businesses, & contribute to a thriving local economy. We have conducted both market & financial feasibility studies that result in favorable projections. A community engagement plan has been designed to ensure that a second store would be authentically supported & welcomed by the community it is built in. Our next research steps include: a design feasibility study, current & future Member-Owner/community engagement, & further assessment of organizational preparedness.

## thriving cooperative & local economies

**CO-OP INCUBATOR** An incubator would support motivated community groups in developing successful food cooperatives. We regularly field calls asking for advice & support in starting or strengthening co-ops. A co-op, like any business, started with resources, time & expertise has a greater likelihood of surviving & thriving. People's has tremendous wealth & knowledge to lend through the incubation & education of cooperative & collective models to nurture a thriving local cooperative economy. Our next research steps include: a financial feasibility study, Member-Owner/community engagement, investigating the possibilities of incorporation (as either an autonomous non-profit or co-op) & further developing the incubation model.

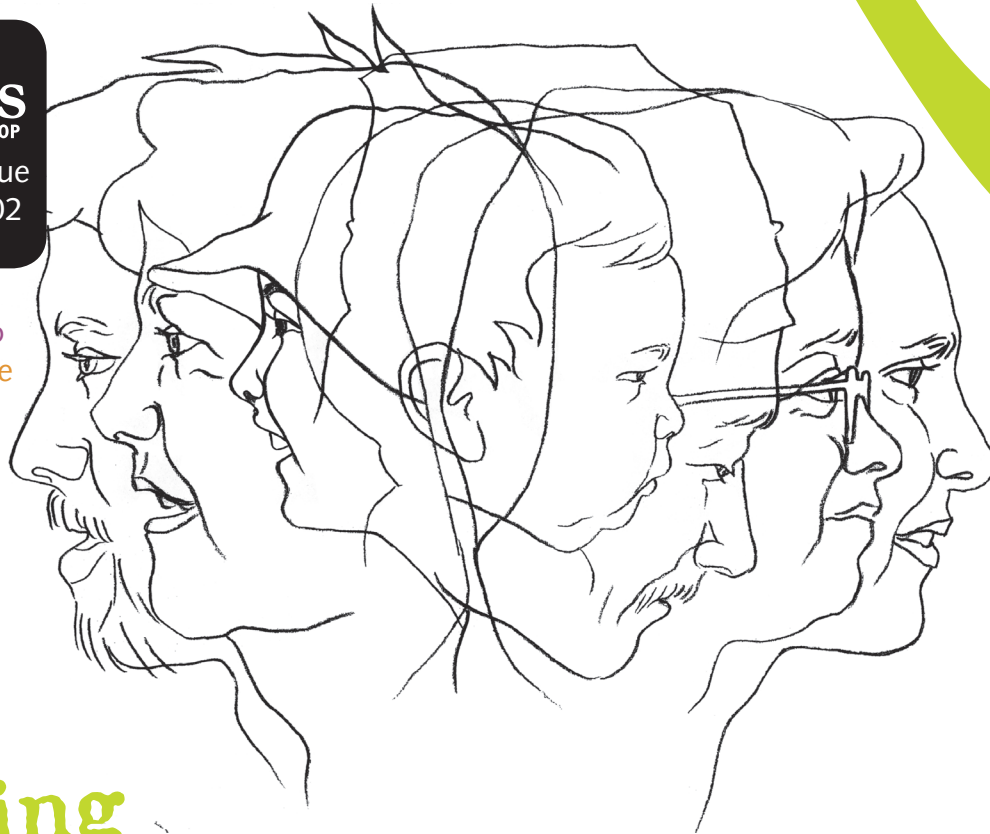
**FARM** Local agriculture, food access & social justice are at the core of our concerns. A People's sponsored farm could offer greater community access to urban farming education as a means to increase area food security. In 2008, we interviewed local organizations working on food security issues as well as co-ops that have grown their communities to include farms that work in conjunction with their stores. Our next research steps include: a financial feasibility assessment, Member-Owner/community engagement, deciding upon the most viable business models, & developing educational program plans.

We will continue to inform you of our progress - please stay involved! Send comments/questions to: [dorc@peoples.coop](mailto:dorc@peoples.coop).

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FOOD CO-OP

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(503) ORGANIC  
[www.peoples.coop](http://www.peoples.coop)  
everyone welcome



growing  
together