





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

Thriving cooperative & local economies

A safe welcoming community where all are valued

Democratic workplace where all workers' voices are valued

Access to healthful foods our customers can trust

Experimental Oregon wheat crop at Sunbow Farm

In 2009, People's Board of Directors, your elected representatives, continued our commitment to thoughtfully and responsibly govern the co-op on behalf of you, the Member-Owners. Our policies and monitoring systems ensure that the Collective Management (CM) makes accountable decisions about co-op management that respect patrons, Member-Owners, and workers; protect the co-op's assets; and require planning that is both fiscally responsible and true to Member-Owners' visions and desires for the co-op.

In the fall of 2010, we celebrate People's 40th Birthday and the visionary work of a small group of individuals who were committed to providing themselves and their neighbors with healthful food and a business based in community. As we celebrate forty years of success as a democratic business, the Board is looking forward to our co-op's next forty years.

Our policies require People's to cultivate a passionate community working together for sustainability, progressive land and animal stewardship, human rights, and social and economic justice. That long-term vision — collectively referred to as our Ends — also specifies that People's will further thriving cooperative and local economies; a safe welcoming community where all are valued; a democratic workplace where all workers' voices are valued; and access to healthful foods our customers can trust.

This grand vision ensures that forty years from now, People's will be supporting local farmers, providing workplace empowerment, giving neighbors access to healthful foods, and otherwise contributing to the economic, social and environmental sustainability of our community. As a co-op, business decisions are made not for the financial benefit of a few, but for the good of a large, diverse group of Member-Owners. People's vision is guided and protected by our democratic structure, which ensures authenticity.

As your elected representatives, we want to ensure that we truly represent Member-Owners in each and every decision we make. In order to gain clarity on your vision and desires for the co-op, we seek versatile ways to obtain feedback. We are lucky to have an amazing CM as our partner in this endeavor. Peoples' CM is required by policy to communicate with Member-Owners and gather input about plans for development, and they have done a great job! Through participating in surveys, focus groups, forums, and conversations in meetings, Member-Owners have shaped the development concepts and plans now being considered by People's to open a second store, create an educational farm, and/or establish a co-op incubator that can exponentially increase the number of food co-ops in our community. In the coming year, the Board will continue in deep discussion regarding the implications of implementing one or more of these development concepts.



We realize that making a decision will give us the opportunity to deepen our understanding of and commitment to democracy and to help actualize People's reality and possibilities while eagerly listening to Member-Owners' guidance. Thank you, as always, for your commitment to the co-op, and please keep in touch. We're more excited than ever to imagine what our co-op can achieve in the next forty years.

Cooperatively Yours,

**People's Food Co-op
Board of Directors**

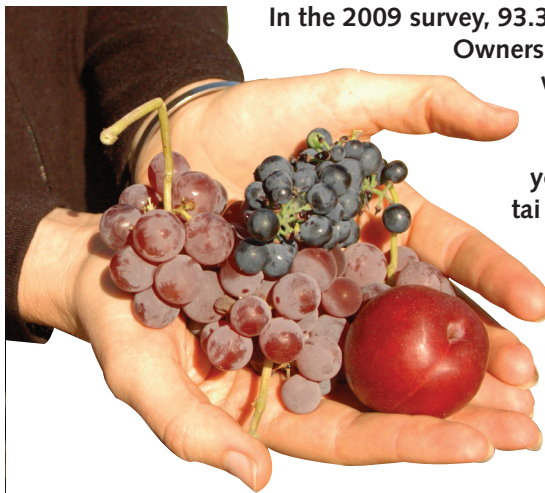
passionate community

Your Member-Ownership is what makes People's a co-op. At People's, Member-Ownership starts with a financial investment (PeopleShare) and extends to other ways of participating. Every time you add equity to your PeopleShare, participate in an event, take a survey, come to a forum, vote, or shop at the co-op you are supporting our End of a passionate and invested Member-Ownership. Thank you for all the time, love, thought, and financial resources that you invest in the success of your co-op!

In 2009, we saw the financial stress our community was facing with more PeopleShare refunds requested and overall lower investments than in 2008. All the while we continued to experience support with a net increase of 731 Member-Owners and \$66,000 as Member-Owners continued to invest new equity into the co-op. We closed 2009 just short of \$500,000 in Member-Owner equity invested and nearly 3,000 active Member-Owners.

2009 FINISHES WITH STRONG OWNER-INVESTMENT:

- 67% of our sales continued to come from Member-Owners.
- A record 350 people attended the 2009 Annual Member-Owner Meeting.
- 20%, or 603, Member-Owners took part in our 2009 Member-Owner Survey.
- 84% of our Member-Owners feel like they are "part of the co-op," according to our 2009 survey.
- Over 100 Member-Owners worked in the store as Hands-On-Owners (HOO's).
- 37 Member-Owners visited a Board of Directors meeting throughout the year. (Meetings are held the fourth Tuesday of every month, from 5:30-8:30pm.)
- 55 people participated in our first ever Farm Tour co-hosted with Food Front.



In the 2009 survey, 93.3% of Member-Owners surveyed said they want more classes on: gardening, cooking, food preparation, yoga, pilates, tai chi, and other health & wellness topics.

We have responded with an increase of classes that educate, support, heal and connect to continue to meet your needs and serve as more than just a grocery store.

Get ready to cast your vote. Only 4.9%, or 144, of all active Member-Owners voted in the 2009 Board elections.

Our goal for the 2010 election in July is a minimum of 15% of active Member-Owners! Votes may be cast in the store or by mail to the co-op.

"more than just a grocery store"

Have you made your PeopleShare payment? 49% of all Member-Owners were "on hold" at the end of 2009. What does that mean? "On hold" means that an investment hasn't been made at the minimum level of \$30 installments each year to reach the full PeopleShare investment of \$180. This results in losing rights of

Member-Ownership such as: rights to vote, eligibility of earning patronage points on purchases, ceasing the mailing of coupons, newsletters, special promotions and announcements to one's home, and not being able to take advantage of Member-Owner yoga and other classes. We would like to see more Member-Owners fully invest in the co-op and we want to make that easier than ever. To make investments as convenient as possible, we are working on implementing an on-line PeopleShare investment option. We understand that financial constraints may be a barrier; please contact Monica Cuneo at monica@peoples.coop to explore options of making investments and/or paying off your PeopleShare in a way most comfortable for you.



Eager gardeners learn about home garden planning from Growing Gardens on Love Your Farmer Day.

NEW classes offered in 2009:

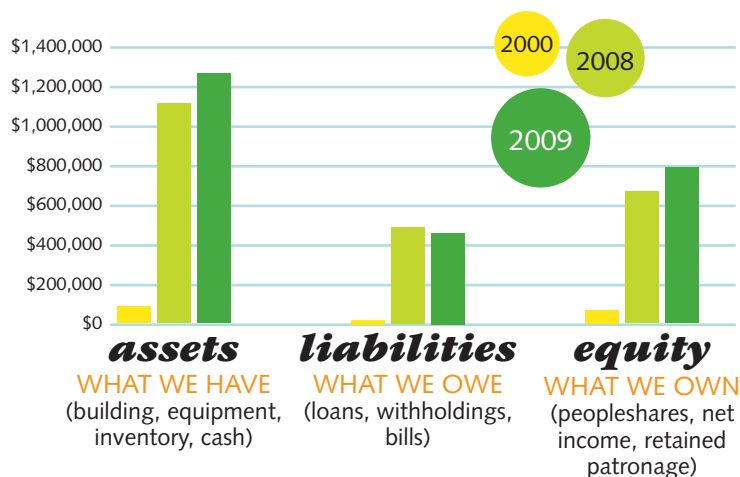
Urban Chickens 101, Chicken Coop Build & Design, Food Security Panel, Preserving Summer's Bounty, Year-Round Vegetable Gardening, Curbside Recycling & Beyond, Greener Cleaners, Composting with Worms, Shopping at People's on a Budget, Lacto-Fermentation, Fermenting Fall Vegetables, Make Your Own Condiments & MORE!

financial sustainability

A community-owned co-op can provide support and nourishment for Member-Owners and the community during hard financial times. We work hard to supply the community with affordable, quality food, education, resources, and good, old-fashioned peace of mind. We do this with great attention given to the financial stability of the co-op to ensure we can continue to give back to our community and Member-Owners alike.

We are pleased to report that we ended the year with a solid, positive net income. With plenty of money in the bank and strong financial indicators we are well positioned to keep our co-op thriving.

On the balance sheet, things are looking good. Our assets and equity both went up substantially while liabilities declined. We paid off the rest of our Member-Owner loans from our 2002 expansion and the co-op's cash climbed to \$367,000 in the bank resulting in all key financial ratios improving.

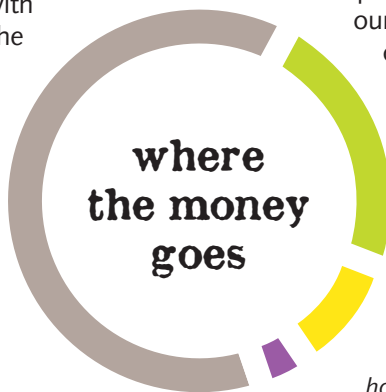


Sales growth slowed in 2009. We ended with \$4,685,000 for the year – a 5.5% sales increase from 2008. While this was positive growth, it was small by comparison to the exceptional 30.6% growth we experienced in 2008. Industry-wide we fared well, as many co-ops (as well as national natural foods stores such as Whole Foods) saw declining or stagnant sales.

Our gross margin was a bit higher in 2009 (36.6% compared to 36.2% in 2008). This is because our cost of goods did not increase as much as our sales. Operating expenses overall were also higher in 2009, though still within industry standards.

Net Income (aka profit) for 2009 was \$138,000, which is 2.9% of sales. As a comparison, in 2008 we ended with \$164,000 or 3.7% of sales. This is a highly respectable figure in the food co-op and grocery store industry. *Note: These figures are before patronage refunds or taxes were taken out.*

While making a profit is a key factor in long-term sustainability, at People's there is more to financial sustainability than simply having a profit at the years' end. True financial sustainability means that we are in a position to actualize our Ends by supporting a triple-bottom line of social, environmental and financial well-being. Our ability to invest in co-ops and community is not only a key measurement of our success as a co-op, it is also an indicator of the co-op difference.



COST OF GOODS SOLD: \$2,969,000
how much we paid for the goods we sold

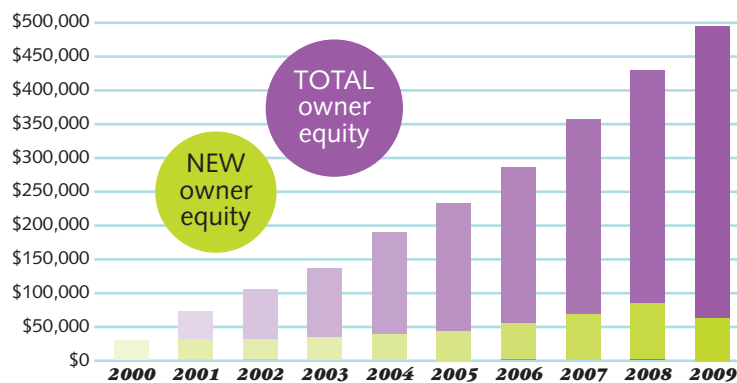
PERSONNEL: \$1,179,000
staffing expenses (wages, payroll, benefits, etc.)

OTHER EXPENSES: \$399,000
marketing, membership, supplies, etc.

NET INCOME: \$138,000
how much money we made (before patronage)

Another indicator of the co-op difference is our ability to respond quickly to the needs of our community. For you, the Member-Owners, as well as the broader community, we responded to economic need by offering more product specials, deals and discounts. Three 10% off days saved our community \$14,500 on groceries, produce, health and personal care purchases. Our Food For All program provided an additional \$5,500 in discounts to Member-Owners experiencing economic hardship. During the holiday season we distributed sixty free food baskets valued at \$65 each and collected over 800 lbs of non-perishable food items for the Oregon Food Bank. We hosted workshops and events to help stretch and save your dollars – “Shopping at the Co-op on a Budget”, gardening and food preservation, seed and plant swaps. We offered even more classes and workshops to keep your body and spirits happy – additional yoga classes, homeopathy, naturopathy, fermentation. Not to mention, dozens of classes and workshops to empower and educate you - food security panel, worm bin composting, ayurvedic skin care, and cooking classes.

Starting in 2009, People's now invests 2% of our annual profits in People's Cooperative Community Fund (PCCF). With the support of Member-Owners, the PCCF has grown to over \$17,300. We created and put a new “Community Investments” policy to good work by providing a small, low-interest loan to the worker-owned Red & Black Café and issued \$3,000 in no-interest loans to three local farmers as part of our new “Farmer Loan Program.” We also donated an additional \$2,000 to local non-profit groups.



sustainable transportation

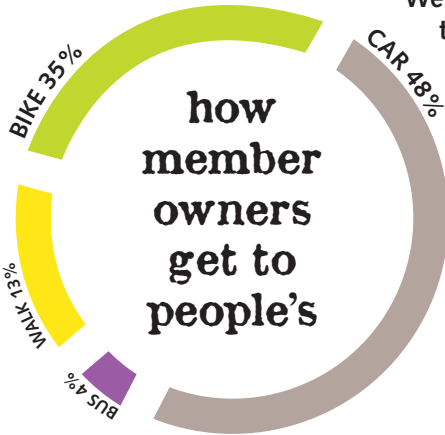
We love our suppliers and producers that deliver via bicycle and bio-diesel powered vehicles, and are proud to support quite a few. Your transportation to and from the co-op is also important – we encourage bicycle and bus riding with ample bike parking and Tri-met passes and tickets available for purchase at the registers.

sustainable product selection & purchasing

Our committed buyers work hard to offer the most ethical products. They seek out, research, screen, and assist new producers in introducing their products onto the market. We are working to implement a system of more informed signage to direct shoppers to locally grown and produced products and food. Our hope and goal is to reduce our collective carbon footprint by minimizing the distance our food travels while supporting our local economy. To effectively measure our impact, we will track the sales of these locally grown and produced items at the register.

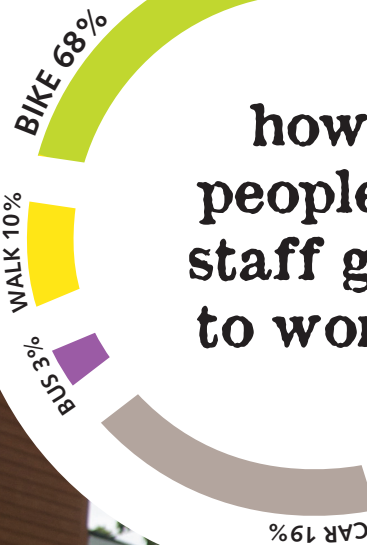
Being the food store that we are, we realize our role in minimizing the packaging that brings food to our community. During 2009, while shoppers were seeking out ways to save money, they turned to our outstanding bulk department. In addition to offering ways to re-use containers, we have now set goals to reduce the use of new paper and plastic bags and new plastic containers by over 20% in the next four years. Help us actualize this goal by bringing in your own bags and containers, and dropping off clean, used items for others to re-use!

how member owners get to people's

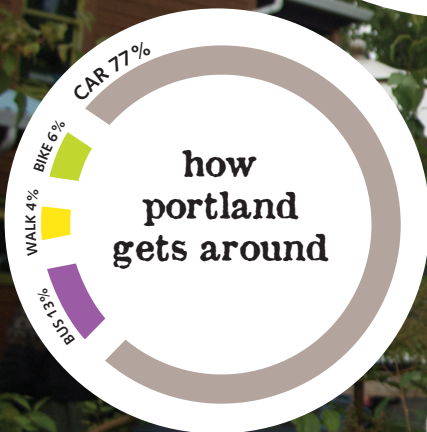


We hope to decrease trips to the co-op by car by over 6% in the next five years. Please help us reach our goal by increasing your use of bus, bike and foot whenever possible.

how people's staff get to work



how portland gets around



Sage Benson, People's Operations Manager, on her trusty Peugeot, Pierre.

progressive land and animal stewardship

People's prioritizes working with growers and food producers that are responsible stewards of the land and animals that they tend. This is evident in our continued commitment to organic produce, groceries, and health care products and our buyers' commitment to knowing the growers' and producers' practices personally, when possible. In partnership with the Portland State University Capstone program, we have profiled many of the farms we work with in order to let you know and "Love Your Farmer." As part of this work, we compared our dairy products to the Cornucopia Institute's scorecard that evaluates the efficacy and sustainability of a product based on a wide range of criteria. To educate you, we increased classes, events and workshops on these issues by hosting a variety of presentations on chicken raising, gardening, heirloom seeds, and more. The 2009 Farm Tour (in partnership with Food Front) was a huge success, resulting in two scheduled for 2010!

thriving cooperative & local economies

2009 was a landmark year in our work to cultivate a thriving cooperative and local economy. We introduced a number of new programs including:

- **Farmer Loan Program** (\$3,000 in no-interest loans were distributed to three local farmers.)
- **Community Investments Program** (A low interest loan was given to the Red & Black Café, and in 2010 a no-interest investment was made in the Black Star Co-op.)
- **Co-ops 101 Workshop** (Over 130 people have already participated in one of our bimonthly workshops.)
- **Investing 2%** of our 2009 profits in our Cooperative Community Fund.

Dozens of new and existing co-ops and non-profit community groups have requested support in improving their structure, policies, procedures, and democratic processes. We are in the fortunate position to be able to offer them resources, information, and connections. With budding excitement and organization, there is strong reason to believe that in addition to Vancouver, we will see food co-ops open in the Montavilla and Lents neighborhoods within the next five years. Because People's believes in the cooperative principle, "Cooperation Amongst Cooperatives," we are committed to helping support these community groups in making their visions a reality. Now *that's* cooperation!

In 2009, we continued in deep discussion regarding the future of People's development. We held a Member-Owner forum to share the development process to date. The Development Options Research Committee (DORC) engaged in research, sought out professional help, connected with local organizations and groups, and communicated with the Collective Management about the variety of options the co-op is poised to consider. We plan on further gauging your support for our proposed development projects over the coming year.

the seven cooperative principles:

Voluntary and Open Membership

Democratic Member-Owner Control

Members' Economic Participation

Autonomy and Independence

Education, Training and Information

Cooperation among Cooperatives

Concern for Community



People's Collective Management as of June 2010

Farm Tour participants learn about biodynamic orchard stewardship at Mt. Hood Organics.





democratic workplace

People's is an example of direct workplace democracy. Our democratic management structure is based on a collective management model, meaning that we share management responsibility and decision-making rather than having a single general manager. Currently our full time staff (28+ hours/ week average) are eligible to become Collective Managers after nine months of employment. The Collective Management (CM) is accountable to the Board of Directors. The CM makes decisions as a group on various aspects of the co-op's operations, in addition to individuals' decisions about the primary job that they employ. The CM uses modified consensus (consensus minus one) for decisions such as approving the yearly strategic plan, the annual operations budget, and personnel policies. While other decisions are made under team or job description jurisdiction and empowerment, input from the rest of the CM is always welcomed. Because we value all workers' voices, avenues exist for part-time staff (including subs) and our valuable Hands On Owners (HOO's) to bring about change in their workplace.

working together

a safe welcoming community

The Diversity and Anti-oppression Working Group (DAWG) was created in 2007 to help People's maintain honesty and authenticity around truly being a safe and inclusive environment for everyone in our community. During 2009, the DAWG convened with refocused vigor to enhance the capacity of the staff and board to face the issues that permeate not only our inner co-op culture, but also the realities of the world around us and our role in it. With coordinated staff and board trainings on anti-oppression and social justice issues, the DAWG had an engaged and reflective year that has geared them up for impacting positive change in 2010.

In our 2009 survey, we asked YOU how we're doing at fostering a safe, welcoming community.

Here's what you said:



Now that's
CO-OP
-eration!

In 2009, we continued to not only strengthen our Collective Management model but also to further community understanding and value of workplace democracy & empowerment. Currently 84% of our Member-Owners recognize that we have this value. Over the next few years, we hope to increase community recognition of People's as a unique and democratic workplace.



access to healthful foods

In 2009, we put forth considerable effort and focus to make our high quality, healthful food more affordable and accessible to our community.

We held three wildly successful "10% Off on the 10th" days, each event resulting in more savings for shoppers.

We started the "People's Prices Program" which offers deep discounts on featured products throughout the co-op.

We sent out a number of coupons for discounts on purchases in the co-op and at our weekly farmers' market.

We introduced the "How to Shop at People's Co-op on a Budget" class that teaches tips and strategies for lowering your grocery bill by cooking and eating seasonally with wholesome foods.

We increased our budget for our "Food For All" program that gives an additional 4% off to low-income Member-Owners.

We distributed sixty holiday food baskets, bountiful with seasonal produce and nutritious foods. That's nearly *twice* as many as last year!

We increased communication that our weekly farmers' market accepts food stamps which resulted in unprecedented use.

We hope that our efforts here have impacted your access to eating the nourishing food you love at a price that supports you. *The co-op provides!*

thank you for continuing to support
a community-owned business!

people's
FOOD CO-OP

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