



people's  
FOOD CO-OP

2013  
ANNUAL REPORT

**A PASSIONATE COMMUNITY  
WORKING TOGETHER  
FOR SUSTAINABILITY, PROGRESSIVE LAND  
AND ANIMAL STEWARDSHIP, HUMAN  
RIGHTS, SOCIAL AND ECONOMIC JUSTICE.**

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**THRIVING COOPERATIVE AND  
LOCAL ECONOMIES**

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**A SAFE, WELCOMING COMMUNITY  
WHERE ALL ARE VALUED**

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**DEMOCRATIC WORKPLACE WHERE ALL  
WORKERS' VOICES ARE VALUED**

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**ACCESS TO HEALTHFUL FOODS OUR  
CUSTOMERS CAN TRUST**

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**people's  
FOOD CO-OP**

# A LETTER FROM YOUR BOARD OF DIRECTORS



*Board of Directors' President,  
Joel Brock*

We all know People's as a buzzing hive of community, food, sustainability and cooperation. We know it because we choose to co-own it together, and some part of what makes People's unique and vital is that it resonates with each of us.

We demonstrate our support People's and its Ends each time we shop, each time we tell our friends how much

we love People's, and each time we bike past and smile at our beautiful little corner of southeast Portland.

## **Giving Back, Getting Better**

We are invested because we care about a future based on values we share: health for us, our families and the Earth, mutualism, equity, and fairness. People's embodies these values every day. We continue to grow our donations programs to support more communities and organizations in line with our Ends. Giving back creates ripple effects, so we may continue to grow the impact that we have as a small agent of big change.

People's continues to be a resource for the exchange of ideas, and the betterment of our selves through sponsored classes and events in our Community Room. Continuing to empower each

## **INGREDIENTS**

### **1 / Membership and Investment**

Your continued loyalty, voice, and investment as a Member-Owner is what sets us apart.

### **2 / Democratic Management**

Digging deeper into democratic principles, together.

### **3 / Financial Sustainability**

The numbers from 2013, and the stories behind them.

### **5 / The Environment**

Just a few of our sustainability accomplishments from 2013.

### **6 / Animals and the Land**

What you value, and what it looks like in practice.

### **6 / The Community**

We continue to grow our support of like-minded organizations in our Foodshed and beyond.

### **7 / For Everyone**

Food for All and our new SNAP Matching Program at the Farmers' Market increased food access in 2013.

### **8 / Local Economies**

Our direct relationships support our local economy.

other with shared knowledge is the most basic tool we have for strengthening our communities and growing ourselves as individual humans.

## **Competition = Opportunity**

Over the last four years we have watched our sales growth flatten following the mega "boom" we experienced in 2007 and 2008. The Collective Management (CM) is managing the requisite belt-tightening expertly. Together, the Board and the CM are still taking steps to prepare for slower years and position ourselves for more "booms" in the future.

We are also watching the influx of competition in the natural foods market in Portland: New Seasons continues to expand, Green Zebra is opening nearby, and others are popping up around town. While some areas of Portland struggle with being food deserts, here in southeast Portland, it seems we are caught in a food oasis. Here, too, the CM and the Board are working to manage the anticipated effects of all the growth in natural foods.

## **The People's Difference**

In my opinion, there is no better source than People's for the safest, cleanest, most local, most responsibly-sourced foods in Portland. Yet we offer something unique in the face of more shopping options: We offer Participation, Democracy, Ownership and Cooperation! All of us co-own this magnificent and radical organization that creates positive change in our communities and our food systems. We are your co-op and we create the change you wish to see in the world.

A handwritten signature in black ink, which appears to read "Joel Brock". The signature is fluid and cursive, written on a white background.

## **SURVEY SAYS:**

**In 2013, we asked Member-Owners like you all about People's. Look for the purple "survey says" mark to see what you all thought!**

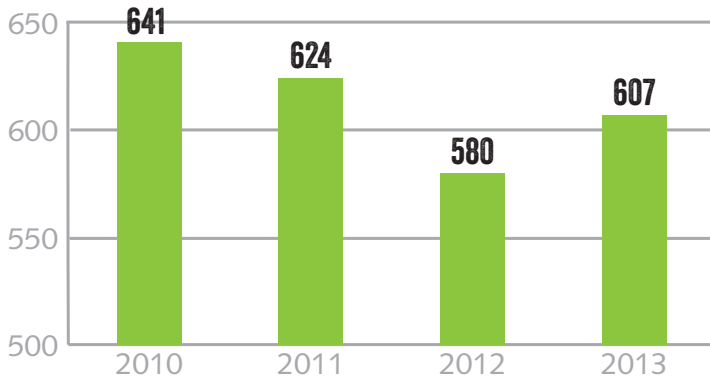
As a Member-Owner of People's, you already know that People's is a special place, unique in our dedication to quality, sustainability, ethics, inclusive democracy, and social justice. These principles have woven through People's history since its inception. They have been tirelessly championed and fortified by Member-Owners like you, and have been growing and getting stronger as we evolve.

Being a cooperative--being community-owned--is one of the principal ways that People's is different from most other businesses. It is the continued investment of Member-Owners like you that allows for our dedication to People's Ends, our ability to remain independent and self-directed, and to foster a secure future. Thank You, again, for your investment in People's Food Co-op, and enjoy your 2013 Annual Report.

## 2013 MEMBERSHIP & INVESTMENT

Taken as a whole, investment in People's by Member-Owners showed modest improvement in some areas, and flagged in others. One category where we saw improvement was with Net New Member-Owners.

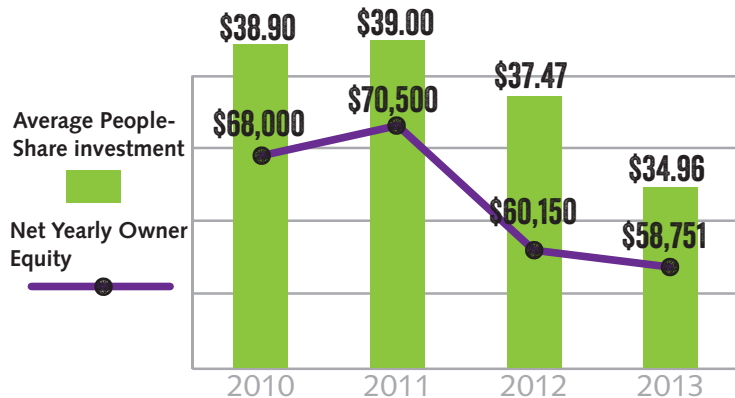
### NET NEW MEMBER-OWNERS



What does this mean? It means that more folks are investing in People's, while fewer are refunding their PeopleShares. This indicates an improving sense of commitment to investing in People's. Thankfully, 2013 marked the first improvement in a few years in this category. Let's keep it up!

The flip side of this improvement is a slight dip in Net New Member-Owner Equity. While more People's Member-Owners invested in their PeopleShares, the 2013 average investment was down to \$34.96/share from \$37.47/share in 2012. Although small, over the course of a year, this difference did effect Net New Owner Equity.

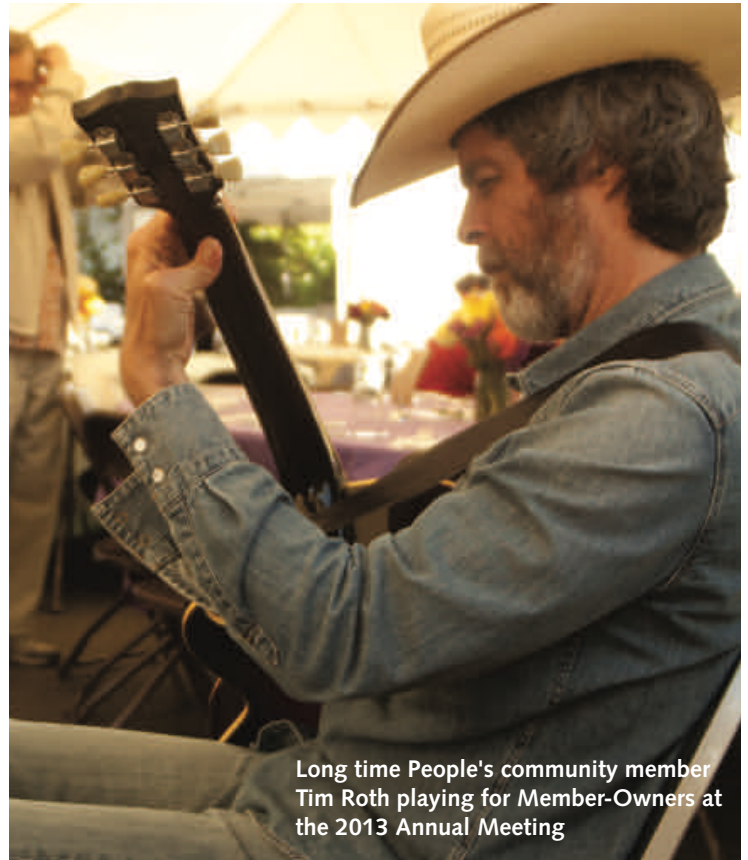
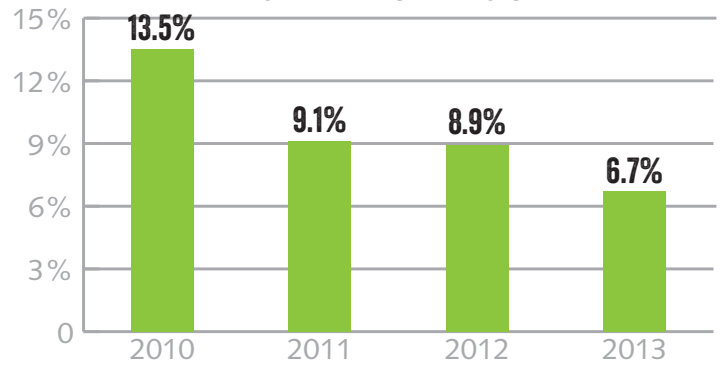
### AVERAGE INVESTMENT & NET EQUITY



### ONE PEOPLESHARE, ONE VOTE

Democratic Member Control is the first of the Seven Cooperative principles by which all cooperatives operate, and a key difference between co-ops and other business models. We've seen decline in voter turnout the last few years. Your active PeopleShare entitles you to a vote in People's yearly elections cycle. Remember, voting is one of many ways to have your voice heard at People's, and set us apart.

### VOTER TURN OUT



Long time People's community member Tim Roth playing for Member-Owners at the 2013 Annual Meeting

# DEMOCRATIC MANAGEMENT

There are a number of voices involved in making People's Food Co-op thrive. The everyday operations and big picture needs of the co-op are taken care of by the Collective Management, the Board of Directors, the Relief Staff and the Hands On Owners. The Collective operates within a highly democratic management structure; the Collective makes decisions in line with limits set by the Board, always considering the needs and values of Member-Owners and shoppers. We take time to make good, well-rounded decisions that consider the expressed needs and values of all these stakeholders. We work together, keeping the root values of the co-op as our common guide to address the health of the precious matrix of life that all food comes from. This is what makes this place a wonderful place to own, work and shop.

In 2013, we continued to pay good wages and give good benefits even in this challenging economic time where many businesses are cutting back. We remain committed to caring for the workers who invest their precious time, creativity and energy into the Co-op. While some workers leave every year, we still have many long-term staff, and our turnover remains low for the food co-op industry.

We also began to focus more on learning about and upholding the social justice part of our mission to stay grounded while we grow. As we move into our future, the topics on the table are: growth, cooperativism, food access, food justice, anti-oppression work and being a truly welcoming place. We are committed to building our togetherness, ethics and integrity along with our business and to continuing to respond to the needs of People's communities.

Learning about and practicing all of these things is what allows us to keep People's values and Ends intact as we grow, change and respond to the changes happening around us. Our work is focused on finding and providing nourishment in an equitable way to People's communities. We are looking forward to developing our capacity to be a vital community food source on every level.



Relief Staff Kim Wohlsein happily juggling her work in Produce



Hands On Member-Owner Carolyn Buhl



People's Collective Management

# FINANCIAL SUSTAINABILITY

2013 was an interesting year for People's financially. On the one hand, our overall financial position remained very strong. Cash is good and continued to increase, key ratios are strong, and Membership continued to grow. On the other hand, some operating indicators are in decline, sales growth and net income in particular. Competition continues to increase, and the ever-changing natural foods industry landscape presents ongoing challenges.

Despite sluggishness in some areas, your co-op is still in a strong financial position for designing our future, or tackling unexpected needs or opportunities.

## THE BALANCE SHEET

The co-op's total assets increased by \$219,000 in 2013. Equity increased \$209,000 due to net operating income, as well as \$59,000 in new Member-Owner investments. Our key financial ratios still look good: Current Ratio (of what to what) which measures our ability to meet our short-term financial obligations, is 3.7 (goal: 1.0 minimum). Our Debt To Equity Ratio is 0.2 (goal: 3.0 maximum). This measures the solvency of the co-op.

### 2013 ASSETS

Liabilities + Equity

Cash	\$857,180
Inventory	\$171,111
Other Current Assets	\$52,377
Equipment	\$295,318
Land & Building	\$889,870
Accumulated Depreciation	-\$421,485
Other Assets	\$44,323
<b>TOTAL ASSETS</b>	<b>\$1,888,694</b>

### 2013 EQUITY

Internal financing of assets (what we own)

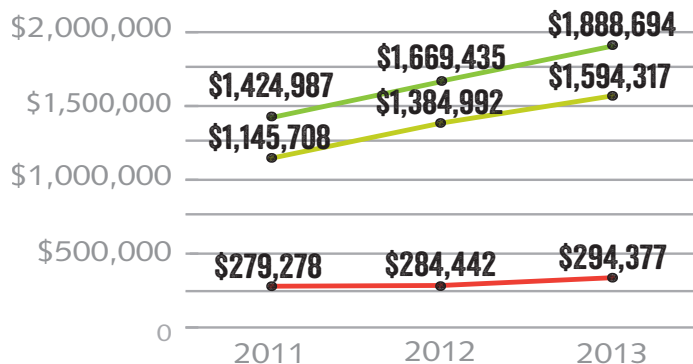
Peopleshares (Member Equity)	\$757,445
Retained Patronage Dividends	\$478,711
Current Earnings	\$188,694
Retained Earnings	\$169,407
<b>TOTAL EQUITY</b>	<b>\$1,594,317</b>

### 2013 LIABILITIES

External financing of assets (what the co-op owes to others)

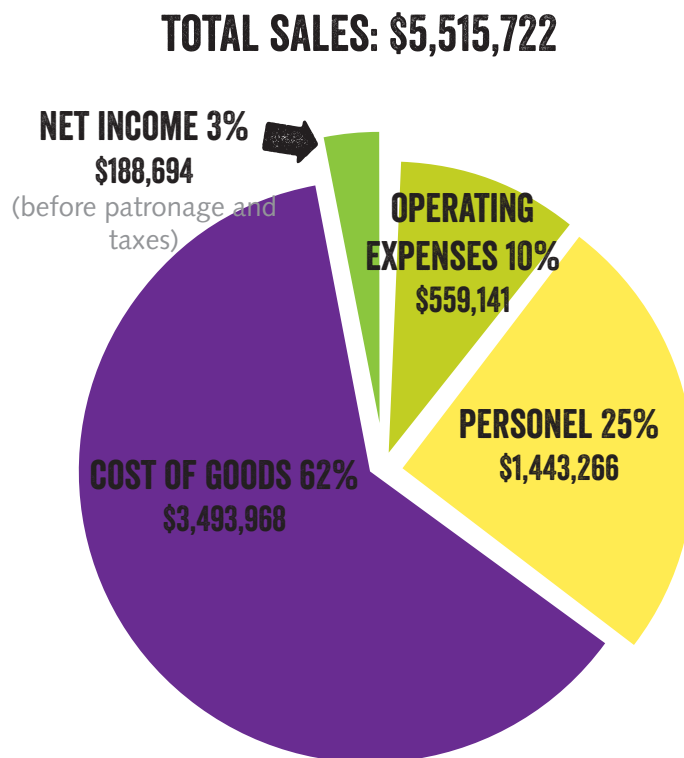
Accounts Payables	\$120,958
Patronage Dividends Payable	\$110,216
Other Current Liabilities	\$63,203
Long-Term Liabilities	\$0
<b>TOTAL LIABILITIES</b>	<b>\$294,377</b>

## ASSETS, EQUITY & LIABILITY SINCE 2011



## NET INCOME

In 2013, net income was solid at \$173,086 (3.1% of sales). However, this drops to 1.5% if we don't include the remaining inheritance from deceased Member-Owner Larry Juelfs. This is still good, but lower than we've seen in recent years. Given low sales growth and growing labor and other costs, net income is likely to decline further in 2014. We were able to allocate \$95,300 in total patronage dividends. See patronage dividend voucher for more details.

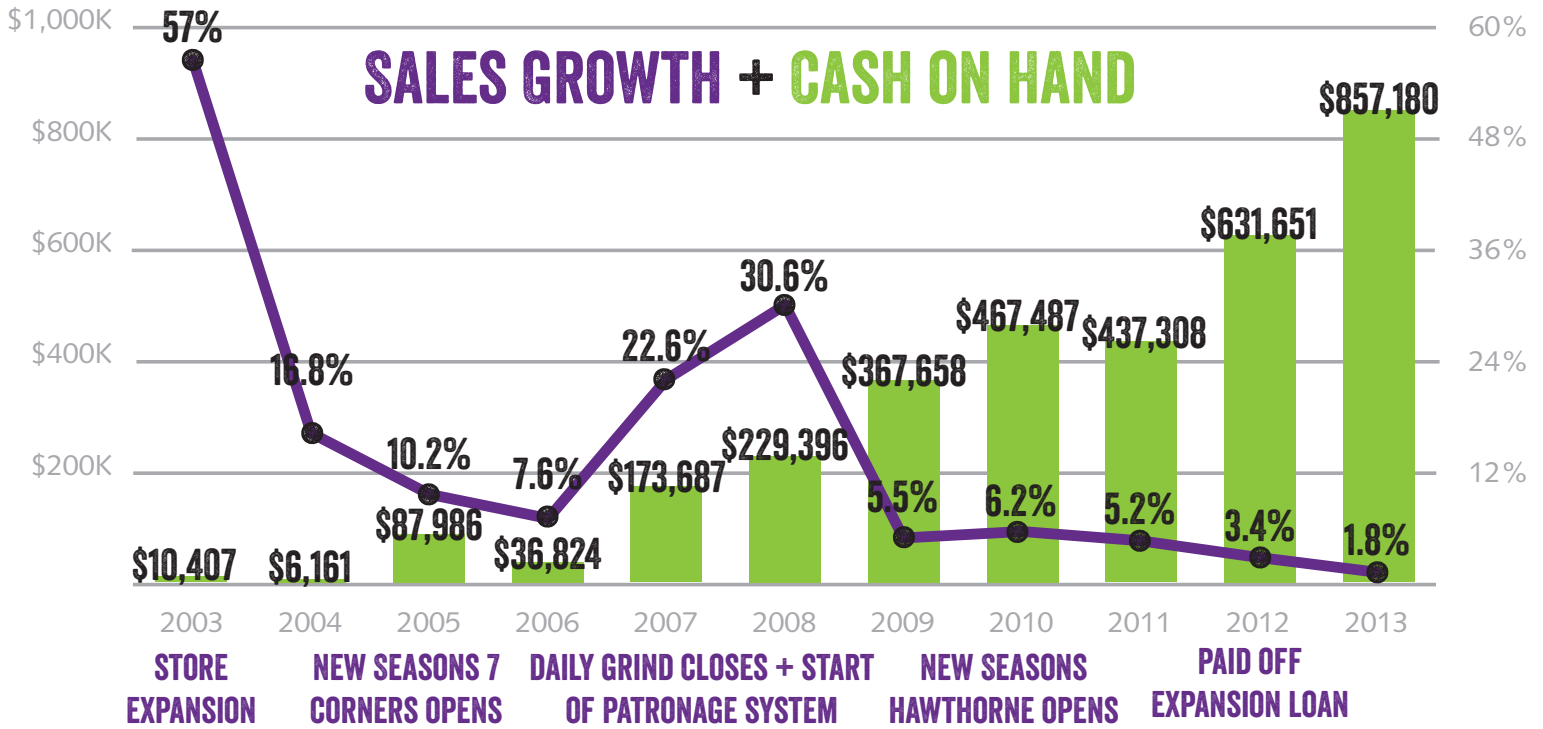


## CASH ON HAND

We have a solid \$857,180 in the bank, which is about 57 days worth of expenses. This is fine for now even if sales growth and net income stay low. In 2013, we utilized some of this for worthy capital projects, including a store reset, new coolers, and additional eco-roofs!

## SALES GROWTH

This was a relatively low, only 3.4% above 2012. This is largely a matter of capacity—our small store inhibits major growth. In fact, our retail sales per square foot was higher than almost all food co-ops nationally. We are, however, in keeping with national trends; Food co-ops continued to see lower growth in 2013 (+7.8%). Whole Foods growth (+10.4%) was also lower, but surpassed food co-ops.



Peaches growing at Columbia Blossom Organic Orchards

# LOCAL ECONOMIES



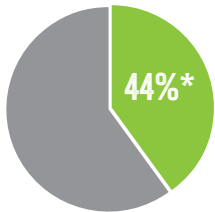
## LITTLE CO-OP, BIG ECONOMIC IMPACT:

Supporting and growing a thriving local economy is one of the cornerstone values that drive People's. People's Foodshed Program is our way of defining and identifying local products; specifically, Foodshed products are grown and/or locally produced in Oregon or Washington. 2013 marked the first full year of the program, and we're thrilled with the results. We're always aiming to introduce more Foodshed products. Look for the Foodshed stickers while you're shopping to help you identify and support our amazing Foodshed!

## THE LOCAL MULTIPLIER EFFECT

45% of dollars spent in our Foodshed stay in our Foodshed, grow jobs and wealth at two-to-four times a dollar spent at a non-locally owned business. That's a huge impact!

## % OF SALES FROM LOCAL GOODS



**PEOPLE'S**  
\*2013 Foodshed sales:  
\$1,808,992



**OTHER NCGA  
CO-OPS**



**CONVENTIONAL  
GROCERY**

## SURVEY SAYS:

**94.5%** of you rate Farm/Producer Direct offerings as crucial or important.



Glen Mills is a beloved Farm-Direct farmer who grows grapes, kiwis and nuts for People's on his Newberg farm

## FARM-DIRECT PRODUCE

People's Produce department purchased food directly from 39 local farmers in 2013, and we are looking to grow that number in 2014. Our small size allows our buyers to build relationships with farmers so we can pay the fairest price possible, purchase bumper crops, and schedule deliveries to the co-op at times that work best for them. The best part? You get to eat the freshest produce possible!

IN 2013 PEOPLES HAD  
**39 FARM-DIRECT**  
RELATIONSHIPS WITH  
**REGIONAL PRODUCERS**

IN TOTAL  
**\$223,057** OR **28.4%**  
OF ALL PRODUCE SALES  
WERE FARM-DIRECT





# THE COMMUNITY

In 2013, we expanded our local impact by increasing our donations to organizations that align with People's Ends and do powerful and meaningful work for the greater good. Our Donations Program is diverse and includes our Farmer Loan Program, People's Cooperative Community Fund, and donations to co-op start-ups, in addition to a general fund.

## DONATIONS WITHIN OUR FOODSHED

TOTAL DONATIONS IN 2013:

**\$19,018**



We redoubled our efforts to make more substantive donations from our general fund this year. One notable gift was a \$1000 donation to Portland Mercado. A project of Hacienda CDC, the Mercado will be a Latino-focused market and commissary kitchen, scheduled to open in fall of 2014. The Mercado will support Latino microenterprise in the Foster-Powell neighborhood. We are delighted to support this addition to Southeast Portland.

## 2013 FOODSHED & NATIONAL DONATION RECIPIENTS

**BARK** • CO-OPERATIVE DEVELOPMENT FOUNDATION (TYPHOON HAIYAN RELIEF) • **COMMUNITY WAREHOUSE** • **CREATIVE SCIENCE SCHOOL** • **DEPAVE** • **ETHOS MUSIC CENTER** • **FAIR TRADE USA** • **FARMERS ENDING HUNGER** • **FERAL CAT COALITION** • **FOOD FORUM** • **FRIENDS OF FAMILY FARMERS** • **FRIENDS OF ZENGER FARM** • **I HAVE A DREAM OREGON** • **INDEPENDENT PUBLISHING RESOURCE CENTER** • **JOURNEY YOUTH THEATER** • **KUKATONON CHILDREN'S AFRICAN DANCE TROUP** • **LEARNING GARDENS LAB** • **LETTUCE GROW: PRISON FOOD PROJECT** • **LITTLE GREEN SCHOOLHOUSE** • **MONTAVILLA FOOD CO-OP** • **MOTHER AND CHILD EDUCATION CENTER** • **MT HOOD HOSPITALITY AND TOURISM** • **MULTNOMAH LEARNING CENTER** • **MULTNOMAH PLAYSCHOOL CO-OP** • **NATIVE AMERICAN YOUTH AND FAMILY CENTER** • **NORTH AMERICAN STUDENTS OF COOPERATION (CO-CYCLE)** • **NORTHWEST EARTH INSTITUTE** • **NORTHWEST ENVIRONMENTAL DEFENSE CENTER** • **NORTHWEST WORKERS' JUSTICE PROJECT** • **OREGON GREEN SCHOOLS ASSOCIATION** • **OXBOW FIELDTRIP: METROPOLITAN FAMILY SERVICES** • **PACIFIC CREST COMMUNITY SCHOOL** • **PORTLAND JOBS WITH JUSTICE** • **PORTLAND MERCADO** • **PORTLAND RISING TIDE** • **PORTLAND WALK FOR FARM** • **ANIMALS/FARM SANCTUARY** • **RAPHAEL HOUSE OF PORTLAND** • **ROCK 'N' ROLL CAMP FOR GIRLS** • **SCRAP** • **SIGNAL FIRE** • **SUPPORT & ADVOCACY GLBT ELDERLY (SAGE, FRIENDLY HOUSE)** • **TRANSACTIVE EDUCATION AND ADVOCACY** • **TRYON COMMUNITY** • **VEGAN VILLAGE BETTER LIVING SHOW** • **VIBE OF PORTLAND** • **VILLAGE BUILDING CONVERGENCE** • **VIRGINIA GARCIA MEMORIAL FOUNDATION** • **YOUTH, RIGHTS AND JUSTICE** • **ZEB'S WISH EQUINE SANCTUARY**

# ANIMALS & THE LAND

People's Buyers are dedicated to finding the most ethical, highest quality foods, supplements and body care products available, and this dedication results in the most strident Purchasing Guidelines in Portland, a main attractor for almost all of our Member-Owners and shoppers.

## SURVEY SAYS:

**97.8%** of you value People's healthy, traceable, trustworthy Product Selection Guidelines

**88%** of you rate free-range eggs and dairy as crucial/important

**93%** of you rate no animal testing as crucial/important



## PURCHASING GUIDELINES IN PRACTICE

Our Produce	99% ORGANIC OR DEMETER BIODYNAMIC
Our Produce	52% FOODSHED
Our Body Care	100% SYNTHETIC FRAGRANCE FREE
Everything	100% FREE OF ANIMAL TESTING

# FOR EVERYONE

Making high-quality, wholesome foods accessible—i.e., affordable—is one element of People's Ends that takes careful consideration, time, and continual effort. 2013 brought two significant changes that improve food access for those of us in People's communities with restricted incomes.

First, our Food for All discount moved from 4% to 5%. Food for All is a benefit available to Member-Owners who have restricted incomes; those who qualify can sign up and receive this 5% discount at the register. Although certainly not a large discount, every bit helps when buying quality foodstuffs on tight budgets.

Second, and after considerable effort and time, we were able to implement a SNAP Matching Program at People's Farmers' Market. Formerly known as "food stamps," SNAP benefits can be used at our Market all year-round. We match the first \$5 SNAP users spend each week, which puts extra food on the table and more dollars directly in farmers' hands. People's SNAP Matching Program has been met enthusiastically by those in People's communities using SNAP benefits at the Market.

**OUR PROGRAM LAUNCHED IN AUGUST OF 2013 AND IN JUST FIVE SHORT MONTHS, WE DISTRIBUTED \$5,834 TO SNAP CUSTOMERS. WE ALSO SAW A 19% INCREASE IN SALES AT THE FARMERS' MARKET UPON THE LAUNCH OF THE SNAP MATCHING PROGRAM.**

Initial funding was provided by many sources: Farmers Market Fund (via the Willamette Week Give!Guide), Oregon Farmers Market Association, Partners for a Hunger-Free Oregon, as well as state and regional organizations, and is bolstered by the Larry Juelfs estate given to People's in 2012. You can contribute to this amazing program by donating your Patronage Dividend to the cause. See your Patronage Dividend for additional details.



SNAP matching at the Farmers' Market helped make fresh food more accessible to People's communities in 2013



Some of the tokens used for SNAP matching at the Farmers' Market



In the store, our Food For All program helps us continue to make healthy foods more affordable

# THE ENVIRONMENT

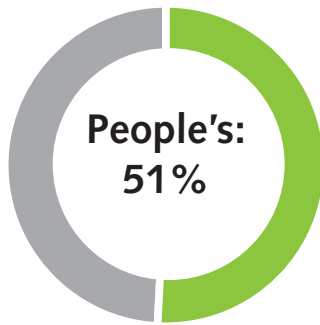
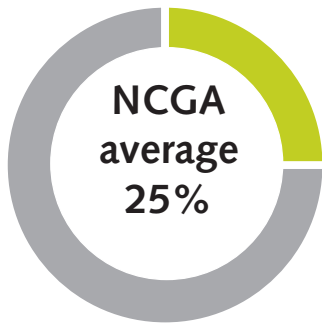
## NON-PACKAGED FOODS

Carrying a diverse and wide variety of non-packaged offerings is just one way that People's reduces its ecological footprint. We are way ahead of the industry standards for percent of sales from non-packaged foods, to boot.

### SURVEY SAYS:

**89.6%** of you say that minimal/no packaging is crucial or very important

## SALES FROM NON-PACKAGED FOODS



## BULK PERISHABLE COOLER INSTALLED

Last year brought the arrival of a long-anticipated cooler dedicated exclusively to bulk perishables. Now all our unique perishable bulk offerings have one home, making your purchases of sauerkraut, kimchi, misos, olives and more an easier and more seamless endeavor.



Our new bulk perishable cooler!

## ECOROOF EXPANSION

In late 2013 we expanded the ecoroof that rings the south side of the co-op, with grant money from the City of Portland's Bureau of Environmental Services easing the total cost of the project.

The ecoroof not only adds a unique beauty to our building, but it serves to reduce rainwater runoff and serves as insulation, lessening the need for heating and cooling. The plant species provide habitat for insects and wildlife. Ecoroofs last twice as long as a traditional roof, saving the co-op money in the long-term.



# MOVING FORWARD, TOGETHER

We're different. You can see it in our building, the quality of the products we offer, our attention to access for all. You can see it in our dedication to the local producers of our food and the heart that all our Member-Owners breathe into People's.

These values are woven into the tapestry of People's history, and they've grown and evolved with us. There's no denying that the natural foods grocery landscape is changing, and we're updating our business practices to keep our store financially sustainable. What will really pull us through and allow us to grow and flourish are the things that make us different. We're truly a community-based store, and in a market environment that's encouraging us to observe the status quo to get ahead, we're looking deeper into those things that make us different and asking tough questions so we can move forward in a way that is true to our identity and our history.

We're standing on the precipice of change. We're creating an invitation to our communities to deepen our roots so we can reach towards our future in a strong, beautiful, innovative way that meets the needs of those the co-op touches.

People's was born out of a demand for something better: a new way to work together to fulfill our need for healthful food. What are our needs now, and how will we get there? The answers will come from all of us.



3029 SE 21st Avenue  
Portland, Oregon 97202  
(503) ORGANIC (674-2642)  
[www.peoples.coop](http://www.peoples.coop)

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