

TPSS CO-OP



ANNUAL REPORT

2017



Our Mission Statement:

Takoma Park-Silver Spring Co-op promotes healthful living by offering wholesome food, high quality products, and community resources in clean, friendly cooperative grocery stores... that you can own!

STORE HOURS - LOCATION

Open Daily | 8:00 a.m. - 10:00 p.m.

www.tpss.coop

201 Ethan Allen Avenue
Takoma Park, MD 20912
301-891-2667

ANNUAL REPORT TEAM

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Store Manager: Hussein Choteka

Human Resources Manager: Irene Cox

Finance Manager: Yodit Gebremeskel

Front End Manager: Mherete Belhu

Assistant Store Manager: Joao Carlos Vieira

IT Manager: Paul Richards

Beer & Wine Manager: Alec Blake

Marketing & Outreach Manager: Denise Cumor

Wellness Manager: Jane Batt

Produce Manager: Erick DeLeon

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Term Ends: November 2019

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Term Ends: November 2018

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Term Ends: November 2017

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Occupation: Senior Program Offi-
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I was visiting family in the Midwest and my sister-in-law was talking about how difficult it is to find healthy foods that she could trust to feed her family. It took me a minute to catch up to what she was saying: she doesn't have grocery options like ours, she doesn't have a co-op full of healthy alternatives, sourced as local as possible. Having the Co-op in the heart of Takoma Park is a wonderful resource -- even I take for granted -- that we must continue to protect and nurture.

The Co-op has recently come through a difficult period in which we (1) made the decision to end negotiations with the developer for store expansion onto the city-owned lot and (2) saw the departure of two senior managers at the Co-op, including our general manager.

For the past several years the Co-op has discussed and negotiated with the City and NDC, the developer of the lot next to the store, about the possibility of expanding the Co-op's footprint onto the lot by almost double the store's current space.

The Co-op put together a team of consultants to help us every step of the way and determined after a lot of careful analysis that the rents proposed by the

developer would mean the cost of goods sold in the store would increase dramatically. The Board could not go ahead with a plan that would put the store's financial well being in jeopardy and price many shoppers out of buying groceries from the Co-op.

Our discussions with the City and NDC now focus on ensuring the Co-op's needs are met including the unloading of delivery trucks, adequate parking both during and after construction, and as little disruption as possible to shoppers and store operations during construction.

The Board is just beginning the search for a new general manager. While change is always hard, we are very much looking forward to what new leadership will mean for an even better Co-op in the future.

We are grateful for all of the support the community has given the Co-op this year, by showing up at Council meetings, membership meetings, giving us feedback and asking questions, and most of all by shopping in a store that provides local, healthy, quality food, keeping our dollars in the community and the store financially healthy. Thank you!

Rachel

Rachel Hardwick, **Board President**
September 2017



Takoma Park Silver Spring Cooperative

Year End: June 30, 2017

Income Statement

	FY 2016-2017 7/1/16-6/30/17	FY 2015-2016 7/1/15-6/30/16	Change
Sales	\$9,635,292	\$9,265,758	\$369,534
Other Income	35,887	37,117	(1,230)
Less: Cost of Goods Sold	(6,465,667)	(6,225,461)	(240,206)
Gross Income	3,205,512	3,077,414	128,098
Interest income	1,782	257	1,525
Total Net Revenues	3,207,294	3,077,671	129,623
Expenses			
Personnel Costs	1,686,409	1,660,022	26,387
Occupancy	270,123	225,813	44,310
Operating Costs	302,184	294,419	7,765
Administration / Other	174,835	113,275	61,560
Marketing & Outreach	24,220	30,686	(6,466)
Governance	68,547	84,738	(16,191)
Total Expenses	2,526,318	2,408,953	117,365
Earnings before Interest, Taxes, Depreciation & Amortization (EBITDA)	680,976	668,718	12,258
Less: Depreciation	21,846	35,607	(13,761)
Earnings before Interest & Taxes (EBIT)	659,130	633,111	26,019
Less: Provision for Income Tax	283,200	221,700	61,500
Net Income	\$375,930	\$411,411	(35,481)

Balance Sheets

Assets	30 June 2017	30 June 2016	Change
Current Assets			
Cash	\$2,300,402	\$2,132,650	\$167,752
Certificate of Deposit	501,099	500,062	1,037
Inventory	323,970	333,332	(9,362)
Other Current Assets	93,584	69,948	23,636
Total Current Assets	3,219,055	3,035,992	183,063
Net Fixed Assets	28,233	52,920	(24,687)
Other Assets	176,162	154,274	21,888
Total Assets	\$3,423,450	\$3,243,186	180,264
Liabilities & Equity			
Liabilities			
Current Liabilities			
Trade Debt	169,340	183,786	(14,446)
Other Current Liabilities	148,901	383,843	(234,942)
Total Current Liabilities	318,241	567,629	(249,388)
Long-term Liabilities	67,592	57,000	10,592
Total Liabilities	385,833	624,629	(238,796)
Equity			
Member Paid-in Capital	921,925	878,795	43,130
Donated Capital	324,800	324,800	-
Retained Earnings	1,790,892	1,414,962	375,930
Total Equity	3,037,617	2,618,557	419,060
Total Liabilities & Equity	\$3,423,450	\$3,243,186	180,264



2017 Financial Condition Report to Owners

Adam Frank, Treasurer

I am happy to report that the finances of the Co-op have been positive this past year. In terms of our sales, our gross sales were approximately \$9.6 million, an increase of about \$400,000 from last year. Our net income was approximately \$375,000. While our net income was down slightly, much of this is attributable to hitting the end of the bump that we received from beginning to sell wine and beer in the store. As both sales and profits remain strong, at this point, it is not something we, or the management, are concerned about.

We do still have a good amount of cash on hand that we had saved for possible expansion. Because of all the uncertainties still surrounding the development on the city lot, we need to ensure that we have sufficient funds to improve and expand our store and to see us through the entire build-out period for the city lot. Therefore, we continue to expand our cash on hand to ensure we have sufficient funds.

In addition, we received a \$500,000 grant from the State to help improve our store. Since one of the requirements for the grant is that we match the grant with our own funds, our practice of fiscally conservative planning meant that the Co-op was in the position to take advantage of the grant opportunity. We are hoping to start using this grant money in the upcoming fiscal year. As with the last several years, the Board again authorized a full audit of our books. We are pleased to say that the accountants stated that our financial statements "present fairly, in all material respects, the financial position of Takoma Park Silver Spring Cooperative Inc. as of June 30, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America." In other words, the auditors did not find any material issues with our books or accounting practices. The entire staff, including our interim GM Martha Whitman, has done an excellent job ensuring not only that our finances are on solid ground, but also that our books are in good shape, enabling our accountants to complete the audit in a very short time. We thank the staff for their continued hard work.

Greetings! I'm Martha Whitman, your interim general manager hired by your board to hold down the fort while they conduct a search for your next general manager. I was excited to accept the interim position for many reasons. I love co-ops and have been involved with them in one way or another since the 1980s. Because of my range of co-op experience I can offer a unique perspective and guidance during the months ahead.

I am joining you at a time of transition, both within your co-op as well as out in the marketplace. While change can be challenging, it also represents new beginnings and opportunities. We are in an excellent position, the co-op is financially healthy and the staff is excellent. I have the honor to witness the co-op from behind the scenes and can heartily report the cooperative spirit is alive and well at TPSS. I am working with people who want to improve what the co-op provides its members and the community, and we all want TPSS to continue to be a great place to work.

The real challenge today is our marketplace. Long gone are the days when co-ops were the only place to reliably find natural and organic products. I find it

amazing that in 2016, Natural Foods Merchandizer reported conventional stores now sell 44% of all natural products, compared to 39% sold in natural products stores! Still more competition and more disruption is ahead now that Amazon owns Whole Foods and plans to change the way people shop for groceries.

We can't compete with Amazon's global technology and logistics expertise, but we do have one overriding competitive advantage: we are owned by our customers and we are inextricably linked to the neighborhoods we serve. And we know that our members share our "all things local" commitment and our deep cooperative roots.

So in spite of our fast-changing world, I'm couldn't feel more positive about TSPP Co-op and its future. With your continuing engagement and support, we're going to thrive. Since I arrived here in July I've been delighted to meet members as they shop. I invite you to ask for me the next time you're in the store, or to send me emails at gm@tpss.coop, I'm eager to hear your thoughts, ideas and impressions. After all, we work for you.



Martha Whitman, **General Manager**
September 2017



The Year at a Glance

FRESH FACE!



This year we introduced our very first TPSS Co-op brand video, produced by **Shouting Fire Media**. The video celebrates community and our mission. We also gave a fresh and colorful make-over to our brochure and membership application.

IN-STORE GALORE



TPSS Co-op has made great strides to step up the excitement in-store with over 60 In-store tastings and demos and a variety of endcaps and campaigns that included American Heart Month, Bulk Food Fair, Pajamarama, Hemp History Week, Goodness Gives Back, International Women's Day, Hemp History Week and World Fair Trade Day.

OUT & ABOUT!

In the continued tradition of giving back to community we are always donating and out there attending events including Lets Play America, Adventist Hospital and Adventist University Expos and Health Fairs, Takoma Park Education Center, Monsterbash, TP5K Challenge, NIH Bike to Work, Celebrate Takoma, Takoma Park Street Festival, Crossroads Farmers Market, DC Vegfest, Summer Drum Circles, National Night Out and Lunch & Learn.



Membership at TPSS Co-op is **ALWAYS GROWING!**

We welcomed 504 new members this year for a total of 9,656 members this fiscal year!

504 NEW MEMBERS

CO-EFFICIENCY

In 2017 TPSS Co-op made a pledge to join the **National Co-op Grocers Co-Efficiency program** to track metrics and implement effective and efficient sustainability practices.





**MAGICAL!
WHIMSICAL!
GREEN!**

We were proud to once again host Takoma Park Earth Day, a long standing tradition and opportunity to celebrate our values and our mission and reach new Members. The festival was a wonderful day, filled with fairies, music, food, artisans, speakers and food trucks, spotlighting “local” with non-profit organizations, TPSS Co-op food vendors, farmers and green businesses.



**WE
COMMUNITY**

This last year we devoted our funding into projects that align more fully with our mission, committed to food initiatives, education and giving back to community with Manna Foods Center, Eco City Farms, Crossroads Community Food Network , Takoma Park MLK Food Drive, Real Food for MoCo Kids and Takoma Park Summer Youth Employment Program.

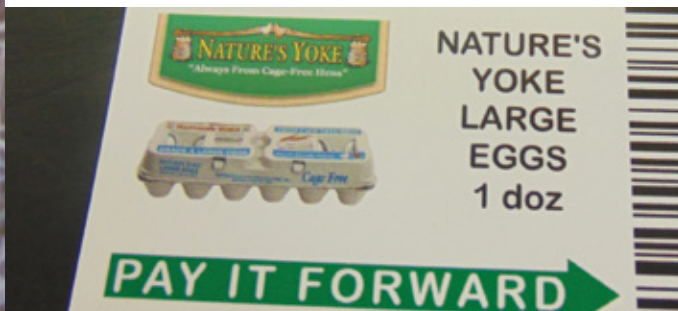


**Good for the
Community
Good for the
Environment**

This year our Poker Chips program raised \$3,177.36 for Manna Food Center, Eco City Farms, Young Activist Club, Takoma Park Fire Department, and the Washington Humane Society and also saved 46,583 in unused plastic bags.

**PAY IT
FORWARD**

Pay it Forward, one of our projects supporting community efforts to feed the hungry raised \$1,393.72 of food purchased in Pay It Forward cards. This year we have teamed up with Manna Food's Choice Pantry at Silver Spring United Methodist Church where the food is delivered monthly.



SHOP LOCAL!



We are committed to supporting local commerce by partnering with local small businesses. Now in its 3rd year, our Community Business Partnership Program (CBPP) has 19 participating businesses. This year TPSS Co-op welcomes Blue Note Title Inc. & Bikram Yoga Takoma Park to CBPP!





Supporting Our Local Vendors

During the past year, we have added hundreds of new local products to our shelves. Here is a list of our local vendors:

Lancaster Farm Cooperative
 Licking Creek Bend Farms
 Nisani Farm
 Hummingbird Farms
 Tuscarora Farm
 Potomac Sprout Company
 Dallas Popcorn
 Holistic Home
 Drinkmore Water
 DC Brau
 4 Quarter's Farm
 Elk Run Vineyard & Winery
 Boordy Vineyards
 McCutcheon's
 Toigo Orchards
 Feredie's
 Beautiful Universe
 Asmar's Mediterranean
 Everlasting Life
 Heba's Health Food's Inc.
 DC Vegan
 Trickling Springs Creamery
 Joseph Sushi
 Demeter Pantry
 Harrisburg Dairies
 Olive Tree
 Sunnyside Gourmet
 Jehovah-Jireh Farm
 Tio Gazpacho
 Milton's Local
 Mobtown Fermentation
 Bete Ethiopian
 Baguette Republican
 Canela Bakery
 Old Time Bakery
 Sweet and Natural
 Baltimore Baked Goods

Breads Unlimited
 Lancaster Food Company
 Nagadi Coffee
 Souper Girl
 Bee George
 Bates Family Farm
 G Natural Hair Product
 Washington Homeopathy
 Dr. Gordshell's
 SkinCondo
 Brigit True Organics
 Affiyah's Circle
 Akron Tea House
 Truly Life
 Sangha Peace Project
 Michelle Bailey Cards
 Nature Reflections
 Diya Candles
 Soap Box
 Morenko's Icecream
 Steaz
 Motisola's
 The Fillo Factory
 Natural by Nature
 Natural Zing
 Nature's Yoke
 Caribe'
 Uncle Bruthas
 Golden Angels Apiary
 Seven Stars
 Katz District Coffee
 Zeke's Coffee
 George's Veggie Garden
 The Greek Table
 Three and a Half Peppers
 Karlaca Coffee Company
 Chesapeake Bay Roasting Company

Chesapeake Choice
 Hex Ferments
 DC Dills
 Melanie's Medley's
 Cherry Glen
 Twin Oaks Community Foods
 Sun Neen
 La Pasta
 Hempzel's
 1-800-TheWoman
 Erivan Yogurt
 Ula Tortilla
 Café Kreyol
 Plainville Farms
 Potomac Whole Foods
 Garrett Valley
 Andrew & Everett
 Flying Dog Brewery
 Gunter's Honey
 Denizens Brewing Co.
 Oliver Brewing Co.
 Nana's Cocina
 Unique
 The S & S Maple Camp
 Manor Hill Brewing
 7 Locks Brewing
 Peabody Heights Brewery
 Dogfish Head Brewery
 Really Raw Honey
 True Pop
 Route 11 Potato Chips
 Bold Rock Hard Cider
 Jail Break Brewing Company
 Port City Brewing
 Michele's Granola
 Shiloh Farms

