



TPSS
CO-OP
2014
Annual Report



About the TPSS Co-op



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
9 am - 9 pm
www.tpss.coop

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

ANNUAL REPORT TEAM

Editor: Marilyn Berger

Designer: Kiyoun Nam

CO-OP MANAGEMENT TEAM

General Manager: Abdi Guled

Director of Administration: Marilyn Berger

Finance Manager: Navneet Rangra

Front End Manager: Tilahun Berhe

Produce Manager: Adam Tenga

BOARD OF REPRESENTATIVES

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Occupation: Law Librarian
Term Expires 11/30/14

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Occupation: VP and
Associate General Counsel,
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Term Expires: 11/30/14

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6404 45th Place
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Occupation: Research
Associate, Democracy
Collaborative
Term Expires: 11/30/14

Letter from the President of the Board

Welcome to the Takoma Park Silver Spring Co-op Annual Report for 2014! This report provides an overview of TPSS news and financial conditions for our last fiscal year, July 1 2013 – June 30, 2014. A lot has happened over the past year. TPSS membership continues to grow, and we continue to serve our local community with high-quality, organic, local goods and produce. We also continue to provide the economic benefits of a cooperative business, such as providing substantial discounts to members, keeping dollars in our own community and providing better health benefits to our staff compared to traditional grocers.

The 2013-14 fiscal year was profitable, but just as important, there have been many developments this year to support the Co-op's goals relating to food, community, growth, member education, and more (see our End Policies, which are our "living organizational goals", on our website).

- TPSS kicked off a Community Business Partner Program in the spring to help support other local businesses, build relationships in the community, and provide more benefits to our members.
- TPSS launched a series of classes open to the community; some of the offerings covered cooking, yoga, and eating healthy.
- TPSS is focused on financial competency and preparing for the future. The Board hired accounting firm McGladrey for a second year to perform an audit of Co-op finances. The Board received a good report and the auditors made some suggestions for operational improvements, which are being reviewed and implemented as appropriate by the GM.
- To work towards identifying and fulfilling the needs of our members and shoppers, the GM implemented a customer survey this year. TPSS collaborated with an established survey program between the University of Wisconsin/National Co-op Grocers Association. The Board received an informative report on the survey findings, which was both educational and helps us think about ways the Co-op may need to change and grow in the future.
- TPSS installed a natural gas generator to ensure we can preserve food and serve members through power outages.



- Another development this past year was the Co-op explored the possibility of obtaining a beer and wine license. This was identified as a priority of member/shoppers in a 2009 customer survey and was noted again in the 2014 survey. As the Co-op works to expand our physical size, adding beer and wine service becomes a possibility.
- The Board worked on strengthening our procedures around protecting the business from conflicts of interest with Board members. We developed a more extensive form around disclosure and commitment to avoiding conflicts of interest. Each Board member has to review and sign each year.
- After many years of cumulative losses, the Board decided it had to take action to prevent unreasonable risk to TPSS as a whole, and voted to authorize the GM to close the Silver Spring store.
- Lastly, the Co-op submitted a proposal to the city in response to their RFP regarding the Junction city parking lot and surrounding area. Having already commissioned a market feasibility study and feasibility study for Co-op growth, TPSS worked with national cooperative groups and a local architecture firm to prepare the submission. We relied on the extensive recommendations of the Takoma Junction Study, community and business needs and feedback from the City, member survey data, and put together a submission that we felt fit the needs of the surrounding community, the Co-op business and member/customers, while fitting within the parameters of the RFP. Having just learned that our proposal was not selected, the Co-op is re-grouping to see how we can best move forward to ensure a vibrant, expanded food Co-op for many years. We are in a strong financial position in that we have savings in the bank towards expansion, we are profitable, and as demonstrated by food Co-ops nationwide, we have an opportunity to raise capital from dedicated and passionate members who care about the future of their local food Co-op.

On behalf of myself and the rest of the Board, thank you to our loyal members, shoppers, staff, local suppliers, and farmers.

Yours cooperatively,

Tanya

Tanya Whorton, Board President

Financial Report - TPSS Co-op Ends Statements

Takoma Park Silver Spring Cooperative

Year End: June 30, 2014

Income Statement

	FY 2013-2014 7/1/2013- 6/30/2014	FY 2012-2013 7/1/2012- 6/30/2013	Change
Sales	\$ 8,000,552	\$ 10,732,648	\$ (2,732,096)
Other income	66,656	77,536	(10,880)
Less: Cost of Goods Sold	(5,006,883)	(7,404,768)	2,397,885
Gross Profit	3,060,325	3,405,416	(345,091)
Interest and Dividend Income	356	364	(8)
Total Net Revenues	3,060,681	3,405,780	(345,099)
Expenses			
Personnel Costs	1,803,429	1,917,871	(114,442)
Occupancy	375,215	373,493	1,722
Operating Costs	418,821	379,220	39,601
Administration	138,027	213,387	(75,360)
Marketing & Outreach	32,835	14,225	18,610
Governance	46,485	40,454	6,031
Total Expenses	2,814,812	2,938,650	(123,838)
Earnings before Interest, Taxes, Depreciation & Amortization (EBITDA)	245,869	467,130	(221,261)
Less: Depreciation	46,555	38,072	8,483
Earnings before Interest & Taxes (EBIT)	199,314	429,058	(229,744)
Less: Provision for Income Tax	2,337	192,259	(189,922)
Net Proceeds	\$ 196,977	\$ 236,799	(39,822)
Net Income (Loss)	\$ 196,977	\$ 236,799	(39,822)

Balance Sheets

Assets	30 June 2014	30 June 2013	Change
Current Assets			
Cash	\$ 1,709,424	\$ 1,555,273	\$ 154,151
Accounts Receivable	1,259	2,998	(1,739)
Inventory	296,281	419,545	(123,264)
Other Current Assets	111,360	116,426	(5,066)
Current Assets	2,118,324	2,094,242	24,082
Net Fixed Assets	121,817	150,548	(28,731)
Other Assets	135,840	117,020	18,820
Total Assets	\$ 2,375,981	\$ 2,361,810	\$ 14,171
Liabilities & Equity			
Liabilities			
Current Liabilities			
Trade Debt	218,884	336,939	(118,055)
Other Current Liabilities	121,656	170,684	(49,028)
Total Current Liabilities	340,540	507,623	(167,083)
Long-term Liabilities	80,609	80,609	-
Total Liabilities	421,149	588,232	(167,083)
Equity			
Member Paid-in Capital	809,781	786,522	23,259
Donated Capital	324,800	324,520	280
Retained Earnings	820,251	662,536	157,715
Total Equity	1,954,832	1,773,578	181,254
Total Liabilities & Equity	\$ 2,375,981	\$ 2,361,810	14,171

The preparation of financial statements requires management to make estimates and assumptions. Actual results could differ from those amounts. The Co-op auditors are currently performing the remainder of their audit procedures. The information presented was prepared by management, is subject to change based on the completion of the audit, and is considered unaudited until the auditors complete their procedures and review process. Management does not believe the remaining audit procedures will result in significant changes to the information presented, and will issue a supplement to the annual report should the information change significantly.

2014 Financial Condition Report to Owners

Matt Hersh, Treasurer

The Fiscal Year 2013-2014 brought about many changes for TPSS. Our Treasurer left the Board in January, and I volunteered to take over. The Board decided soon thereafter that we wanted to become more aware and literate in the financials. The Finance and Audit Committee (FAC) had consisted of a mix of some Board members and volunteers from the general membership. We decided it was important for all the Board members to be more involved and voted to make the FAC a responsibility for all board members. The Board has benefitted greatly from more interaction with the Finance Manager, Navneet Rangra, and the independent auditing firm, McGladrey.

Management has reported increased sales at the Takoma Park store. Although we suffered the closing of the Silver Spring location, we are expecting more profit for the organization.

Ends Statements

1. TPSS Co-op will be a sustainable cooperative enterprise that benefits the community at large — consistent with community needs, financial viability, cooperative principles, healthful living, and strong environmental stewardship.
2. Co-op members are involved in and knowledgeable about the meaning, benefits and responsibilities of cooperative ownership.
3. Co-op customers have access to goods produced in socially and environmentally responsible ways, with an emphasis on local and organic foods, at reasonable prices and in welcoming community marketplace settings.
4. Customers are knowledgeable about food and food related issues and can make informed choices about healthful living.
5. TPSS Co-op is committed to being inclusive and accessible to the whole community. The Co-op will build strong linkages through its outreach programs with surrounding communities and nearby farmers and businesses.
6. The TPSS Co-op staff has an empowering and positive workplace.

Letter from the General Manager

I am very pleased to report that TPSS is financially strong, meeting all of the criteria used to monitor financial health as set forth in our Financial Conditions Policy. The indicators (current ratio, quick ratio, and debt/equity ratio) all show that we are positioned to ensure growth, profitability, solvency, and liquidity. Happily, we continue to see a steady increase in membership, which is up to 8,426.

Our department managers and buyers remain focused on bringing into the store more product choices and a wide range of price points. As you can see from the section elsewhere in this report, our selection of local products has expanded at an astounding rate, and we continue to search for more!

One of the basic Co-op principals is #7: Concern for Community. During the past fiscal year, TPSS has participated in or contributed to the following community activities: Takoma Park 5K Run, Boy Scout Troop 33, Food and Public Policy series on healthy and safe food and how our government representatives are addressing the issue of food safety and the availability of healthy food, Takoma Play Day, Egg Hunt, Acorn Hill Nursery School, Crossroads bus ride for seniors, NIH Bike to Work Day, Multiple Sclerosis, Takoma Park T-Ball League, Art Hop, Montgomery County Health and Human Resources support for Pregnant and new moms, and the 4th of July Parade.

Under Marketing Manager Greg Czech's leadership, TPSS has re-introduced our Community Business Partner Program. The purpose of this program is to provide a connection between our members and the businesses in our community, to provide a tangible membership benefit to Co-op members, and to build and sustain the local economy.

TPSS would be nothing without our excellent, hard-working, dedicated staff. TPSS is committed to providing a living wage to our employees. The current living wage in this area, which takes into account health insurance payments by the employer, is \$13.20/hour. The average living wage for our employees is \$19.13, thanks mainly to the fact that we pay 100% of the premium for medical, dental, vision, and life insurance for every employee working over 30 hours a week.

In addition to paying a living wage and starting employees well above the minimum wage and what unionized big grocery chains pay, we offer very

generous paid time off -22 days in the first two years of employment and increasing from there. TPSS offers an incredible compensation and benefits package. While the Federal and Maryland minimum wage is \$7.25/hour, TPSS starts new employees at \$10/hour.

While we experienced so many successes in the past year, the TPSS community also faced the heartbreaking decision to close our Silver Spring store. Following several years of successful operation of the original TPSS, first on Sligo Avenue and then at its present location in Takoma Park, the Board and General Manager decided to expand operations, and the Silver Spring store opened in the fall of 2001. In order to be a successful business endeavor, the store needed a sustained growth in revenue and a strong connection to the Silver Spring Community. Unfortunately, things did not work out as hoped. After implementation of several recommendations from an expert consultant failed to turn things around, we were forced to make the painful decision to close the store.

The Challenge of the Future: Expansion and the Municipal Parking Lot

TPSS has been considering expanding our store for several years. Expansion would enable us to purchase more products from local farmers and businesses, offer a wider range of products and price points, and provide more well-paying jobs with a great benefits package. Then, in January, 2014, the City of Takoma Park issued a Request for Proposals for development of the municipal lot adjacent to the Co-op. The lot is crucial to the future of TPSS because it provides access to our loading dock and parking for our customers.

TPSS, along with six developers, submitted a proposal for development of the lot to the City Council in May. Please see the article by Marilyn Berger, our Project Manager, elsewhere in this report for more details on our proposal and the process the City will follow in making a decision on what will ultimately happen with the parking lot. We will be calling on you for support, so please continue to follow our newsletter and email blasts closely.

I am always anxious to hear from our members. If you have concerns or ideas about how to improve what we do at TPSS, please contact me directly. The best way to reach me is via email: gm@tpss.coop or by calling the store (301-891-2667).



A handwritten signature in black ink that reads "Abdi M. Guled". The signature is fluid and cursive.

Abdi Guled, General Manager

Co-op Principles

Statement of Co-op Identity

Adopted by the International Cooperative Alliance in 1995.

Definition: A Cooperative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

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.

Principles: The Cooperative principles are guidelines by which Cooperatives put their values into practice:

1st Principle: Voluntary & Open Membership

Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of members, without gender, social, racial, political, or religious discrimination.

2nd Principle: 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 on other levels are also organized in a democratic manner.

3rd Principle: Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their Cooperative. At least part of that capital is usually the common property of the

Cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any of the following purposes: developing their 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.

4th Principle: Autonomy & 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.

5th Principle: Education, Training & 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.

6th Principle: Cooperation among Cooperatives

Cooperatives service their members most effectively and strengthen the Cooperative movement by working together through local, national, and international structures.

7th Principle: Concern for Community

Cooperatives work for the sustainable development of their communities through policies approved by their members.

Plans for Expansion and the Redevelopment Of Municipal Parking Lot

In January, 2014, the City of Takoma Park issued a Request for Proposals for the development of the municipal parking lot adjacent to the Co-op. Six developers and TPSS submitted proposals. Ours called for the expansion of the store in order to offer a broader product mix with a wide variety of price points and provide new space that would allow us to sponsor regular community programs that would continue to foster a strong Co-op/community relationship. Our plans also included space for local businesses, such as a wine and beer shop, a coffee shop or café, and a credit union, all in an area lush with gardens, trees, and lawns.

TPSS and our small parking lot sit on private property, so no matter what the outcome of the effort to develop the municipal lot, we will continue to thrive. Of utmost importance as the City moves forward are:

1. A guarantee of business continuity during construction (TPSS must remain open for business throughout).
2. Access to our loading dock for 18-wheel trucks five or six days a week during construction and after.
3. Sufficient available parking.

Please stay informed by checking our website frequently and reading the emails we will be sending out on a regular basis. We will be calling upon you, our dedicated members, for your support in the months ahead.

Please feel free to contact me with any questions or suggestions.

Marilyn Berger, Project Manager
mberger@tpss.coop

Concern for Community: Cooperative Principle #7

Shoppers who bring their own grocery bags not only help to protect our environment, but they also have a chance to support a worthy organization. Customers receive a token for each of their own bags used. Each token represents a nickel, and shoppers can select the organization that will receive the donation by the placing the tokens in the appropriate jar at the front of the store.

St. Jude's Children's Research Hospital

The mission of St. Jude Children's Research Hospital is to advance cures, and means of prevention, for pediatric catastrophic diseases through research and treatment. Consistent with the vision of our founder Danny Thomas, no child is denied treatment based on race, religion or a family's ability to pay.

Shepherd's Table

Shepherd's Table is a nonprofit organization in downtown Silver Spring, supported by volunteers, religious organizations, government, businesses, foundations, and individual donors. Our mission is to provide help to people who are homeless or in need by providing basic services, including meals, social services, medical support, clothing, and other assistance in an effective and compassionate manner.

Special Olympics

The mission of Special Olympics is to provide year-round sports training

and athletic competition in a variety of Olympic-type sports for children and adults with intellectual disabilities, giving them continuing opportunities to develop physical fitness, demonstrate courage, experience joy, and participate in a sharing of gifts, skills, and friendship with their families, other Special Olympics athletes, and the community.

Meals on Wheels

Our Mission is to provide national leadership to end senior hunger. Senior hunger in America is a monumental problem. The latest research reveals 8.8 million seniors in the United States faced the threat of hunger. Looking at the numbers, it is easy to become discouraged. Looking at the people whom the numbers represent, however, impels us to action and helps develop our plan. Because of the magnitude of the problem, we know that we cannot solve it overnight or with a single project or initiative.

M.O.M.I.E's TLC



The mission of M.O.M.I.E's TLC is to nurture the genius of children and create a transformative learning system.

Save the Bay™

Save the Bay™, and keep it saved, as defined by reaching a 70 on CBF's Health Index.



FISCAL YEAR 2013-14 TOTALS

34,401  = 49  **SAVED**

= \$1,720.05
DONATED TO CHARITIES

St. Jude

3,835 chips = \$191.75

Shepherd's Table

6,604 chips = \$330.20

Special Olympics DC

3,358 chips = \$167.65

Meals on Wheels

9,067 chips = \$453.35

M.O.M.I.E.'s TLC

3,705 chips = \$185.25

Chesapeake Bay Foundation

7,832 chips = \$391.60

TPSS Co-op Committees

TPSS Co-op committees provide ways for member-owners, staff, management and governance to cooperate in planning strategic initiatives, proposing or refining policies, monitoring or evaluating results, and gathering community input. Below are some of the Co-op committees now active. Contact the Co-op for opportunities to participate in these committees.

Membership Committee

The Membership Committee is a standing committee that reports to the Board of Directors. The Membership Committee advises the Board regarding member policies, outreach, member education, and volunteering and organizes at least two full membership meetings each year.

Nominations Committee

The Nominations Committee supervises Board elections and recruits candidates to run for election to the Board. The Committee meets on an as-needed basis, typically with meetings concentrated around the election period.



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:

Baba's Pickles
 Bao Food and Drink
 (Garden Spot Distributors)
 Bee George
 Bete
 Blind Dog Cafe
 Blue Nile Botanicals
 Bonaparte Breads
 Café Kreyol
 Canela Bakery
 Capital Kombucha
 Caromont Farms
 Chapel's Country Creamery
 Chesapeake Bay Roasting Company
 Crested Duck
 Ester's Granola
 Eternity
 Everlasting Life
 Everona Dairy
 Firefly Farms
 George's Veggie Garden
 Gunther's
 Harmony Creek Farm

Harrisburg
 Heba's Health Foods
 Honey Hope Farm
 Hummingbird Farms
 Ibex
 Jehovah Jireh
 Keswick Creamery
 Licking Creek (Mike Tabor)
 Loch Lomond Bakery
 Locust Point Farms
 M.T.O. Kombucha
 Maschhoff
 McCutcheon Apple Products
 Meadow Creek Dairy
 Moorenko's
 NatureReflections Photography
 Nature's Yoke
 New Day Farms
 New York Bakery
 No Bull
 Olive Tree
 Oscar Sushi
 Planet of Vegans

Plainsville Farms
 Purple Mountain Organics
 Ravioli Revolution
 Roseda
 Rosendorff's Bakery
 Seemcon
 Second Spring
 Shepherd's Manor Creamery
 Shiloh Farms
 (Garden Spot Distributors)
 Simply Sausage
 Spring Mill Bread Co
 Stoney Point Farm
 Sunnyside Gourmet
 Sweet and Natural
 Sweet Farm
 Toigo Orchards
 Tricking Springs Creamery
 Two Armadillos
 Whisked
 Zeke's Coffee
