TPSS CO-OP 2015 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

Monday - Saturday 8:00 a.m. - 10:00 p.m.
Sunday 9:00 a.m. - 9:00 p.m.
www.tpss.coop

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

ANNUAL REPORT TEAM

Editor: Marilyn Berger

Designer: Kiyoung Nam

CO-OP MANAGEMENT TEAM

General Manager: Abdi Guled

Director of Administration: Marilyn Berger

Finance Manager: Yodit Gebremeskel

Grocery Manager: Tilahun Berhe

Produce Manager: Hussein Choteka

BOARD OF REPRESENTATIVES

President
Rachel Hardwick
[redacted]
Lawyer
Term Expires 11/16

Vice President
Robert Anderson
[redacted]
Licensed psychologist and educator (retired)
Term Expires 11/17

Treasurer
David Zuckerman
[redacted]
Research Associate
Term Expires 11/17

Secretary
Emily Townsend
[redacted]
Physicist
Term Expires 11/16

Tanya Whorton
[redacted]
Law Librarian
Term Expires 11/15

Bill Rodgers
[redacted]
Professor
Term Expires 11/15

Adam Frank
[redacted]
Immigration Attorney
Term Expires: 11/17

C. LuLu Fulda
[redacted]
Clinical Dietitian
Term Expires: 11/15

Letter from the President of the Board

Welcome to the Takoma Park Silver Spring Annual Report for 2015!

This report provides an overview of TPSS news and financial conditions for our last fiscal year, July 1 2014 – June 30, 2015. 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 and other retailers.

The 2014-15 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, financial stability, and more (see our End Policies, which are our "living organizational goals"), including:

- TPSS continued to be focused on financial competency and preparing for the future. The Board hired accounting firm McGladrey for a third year to perform an audit of Co-op finances for FY 13-14. The Board received a good report and the auditors made some suggestions for operational improvements. To audit our finances for the fiscal year covered by this report, the Board engaged Aronson LLC. All recommendations from our auditors are being reviewed and implemented as appropriate by our GM.

- The Co-op continued to work toward its beer and wine license. This was identified as a priority of member/shoppers in a 2009 customer survey. Thanks to the work of our staff, including working to change Maryland law, adding beer and wine service will become a reality.

- The Board worked on streamlining our meetings by implementing new committees, including a policy committee. We've had far less turnover of board members than in past years. Board members have been trained by CDS Consulting Co-op on topics including best practices in cooperative governance, financial oversight, and strategic leadership. The Co-op hired a new consultant from CDS Consulting Co-op to continue to help us improve our governance practices.

- The GM and his staff have made many improvements in the store and in the benefits available to members. Membership continues to grow and the M.A.D. Money program was implemented to allow members to choose the day, once a month, on which they can receive 10% off of their bill. Signage in the Co-op has improved as well as the variety of discounts.TPSS installed a natural gas generator to ensure we can preserve food and serve members through power outages.

- The Co-op entered a twenty year lease with the owners of our building, ensuring stable rent rates and ensuring our business has a home for decades to come.

- Lastly, the Co-op worked very closely with many involved parties regarding the Takoma Junction city parking lot and surrounding area. A consultant was hired to assist the Board and management during the many discussions with potential developers, our membership, the public, and the City. Our staff and Board members attended many City Council meetings, provided information to the Council about our strong financial position, our business continuity needs during construction, and the Co-op's plans for expansion. We are immensely grateful for the community support we received when members talked at City Council meetings about how important the Co-op is to them and how the Co-op is considered a community treasure. We are encouraged that the process led to a City Council resolution that recognized the important role of the Co-op in the Junction when it selected NDC as the developer. Our staff looks forward to working with NDC in the next phase of this process and it does so knowing the Co-op is on firm financial footing.

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

Rachel

Rachel Hardwick, **Board President**

Takoma Park Silver Spring Cooperative

Year End: June 30,2015
Income Statement

	FY 2014-2015 7/1/2014-6/30/2015	FY 2013-2014 7/1/2013-6/30/2014	Change
Sales	$8,124,462	$8,712,186	$(587,724)
Other income	63,913	55,072	8,841
Less: Cost of Goods Sold	(5,439,907)	(5,882,529)	442,622
Gross Income	2,748,468	2,884,729	(136,261)
Interest and Dividend Income	576	354	222
Total Net Revenues	2,749,044	2,885,083	(136,039)
Expenses			
Personnel Costs	1,479,876	1,670,527	(190,651)
Occupancy	270,444	383,846	(113,402)
Operating Costs	324,282	296,855	27,427
Administration / Other	145,234	138,839	6,395
Marketing & Outreach	39,986	37,948	2,038
Governance	92,071	47,513	44,558
Total Expenses	2,351,893	2,575,528	(223,635)
Earnings before Interest, Taxes, Depreciation & Amortization (EBITDA)	397,151	309,555	87,596
Less: Depreciation	22,799	46,555	(23,756)
Earnings before Interest & Taxes (EBIT)	374,352	263,000	111,352
Less: Provision for Income Tax	101,997	94,492	7,505
Net Income	$272,355	$168,508	103,847

Balance Sheets

Assets	30 June 2015	30 June 2014	Change
Current Assets			
Cash	$2,065,075	$1,780,038	$285,037
Inventory	258,142	298,408	(40,266)
Other Current Assets	67,391	110,066	(42,675)
Total Current Assets	2,390,608	2,188,512	202,096
Net Fixed Assets	99,017	121,817	(22,800)
Other Assets	150,350	144,610	5,740
Total Assets	$2,639,975	$2,454,939	185,036
Liabilities & Equity			
Liabilities			
Current Liabilities			
Trade Debt	174,434	225,724	(51,290)
Other Current Liabilities	150,874	216,031	(65,157)
Total Current Liabilities	325,308	441,755	(116,447)
Long-term Liabilities	63,688	63,688	-
Total Liabilities	388,996	505,443	(116,447)
Equity			
Member Paid-in Capital	822,780	793,652	29,128
Donated Capital	324,800	324,800	-
Retained Earnings	1,103,399	831,044	272,355
Total Equity	2,250,979	1,949,496	301,483
Total Liabilities & Equity	$2,639,975	$2,454,939	185,036

2015 Financial Condition Report to Owners

David Zuckerman, Treasurer

The Takoma Park-Silver Spring Co-op experienced several changes in Fiscal Year 2015 (July 1, 2014 to June 30, 2015). Midway through the year, I was elected by the Board to serve as Treasurer. Toward the end of FY2015, Yodit Gebremeskel became our Finance Manager, as Navneet Rangra left the organization. Overall, the past year has been a healthy one for the Co-op.

In 2015, we had sales of more than $8.11 million, the most in the history of our community-owned Takoma Park store. This success is based on the continued support of our members and we thank you for your patronage. The Co-op had net income of more than $280,000. This number is important; it helps build the Co-op's reserves so improvements can be made in the store and will help prepare for the store's expansion. In 2015, we also shared the store's success with our members through in-store member appreciation (Super Thursday/Mad Money) discounts of more than $143,000.

We ended the year with more than $2 million cash-on-hand. The Co-op has deliberately aimed to increase its reserves so we are better positioned for the future. These reserves will allow us to secure the necessary financing for expansion and ensure that significant funds are available during expansion and the immediate months thereafter.

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.

What an exciting year for your Co-op! We enjoyed a healthy growth in sales and membership and remain financially strong. As of June 30, 2015, we had over $2 million in cash. We are putting aside as much of that money as possible for the Co-op's planned expansion while continuing to provide our staff with competitive salaries and incredible benefits, such as fully employer-funded medical and dental insurance and very generous paid time off.

It is no wonder, then, that out of over 200 co-ops nationwide that participated in an employee satisfaction survey, TPSS scored the highest of them all! The results are even more astounding because in 2011, TPSS scored near the very bottom as compared with other co-ops! The areas showing the biggest jumps in scores included the lack of discrimination in the workplace, satisfaction with and trust for the Human Resources department, the consistent and fair application of policies, conflict management, and treatment with dignity.

We have a terrific staff, and I would like to recognize them for their hard work and dedication. TPSS management will continue to work to ensure that our Co-op remains a great place to work as well as shop.

TPSS Expansion and Development of the Municipal Parking Lot

The long process that started with a Request for Proposals by the Takoma Park City Council for development of the municipal parking lot adjacent to the Co-op sent out in January, 2014, culminated in April when the Council issued a resolution naming Neighborhood Development Company (NDC) to build on the site. We were very pleased to see that the City Council is committed to supporting a successful, growing TPSS. They included the following in their April 2015 resolution, which is to serve as the guideline for the developers:

> **WHEREAS,** the City Council recognizes the important role that the Takoma Park Silver Spring Co-op will play as the anchor tenant in the location and NDC has indicated it will work to assure the Co-op's continuity of operations during construction; and
> **WHEREAS,** the Council seeks the following:
> a) early resolution between NDC and the Co-op regarding the Co-op's long-term role as an anchor tenant in an expanded structure at the Junction;
> b) continued inclusion of public parking on the site;
> c) project design that minimizes detrimental impacts on neighboring properties on Columbia and Sycamore Avenues;
> d) continued guidance of NDC's design by the priorities identified in the Takoma Junction Task Force report;
> e) design that optimizes the provision of retail services on the first floor of the building; and
> f) provision of public or community spaces that result in enhanced interactions among residents and visitors.
>
> **NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL OF TAKOMA PARK, MARYLAND** authorizes the City Manager to initiate negotiations with the Neighborhood Development Company, LLC on an agreement for the redevelopment of the City-owned lot.

Please continue to check your emails, the TPSS website, and the store for news about the expansion.

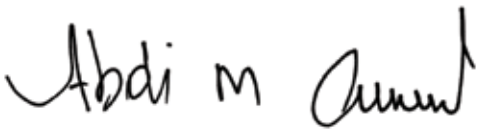
Beer and Wine Sales

Greg Czech, TPSS Director of Marketing, worked with our team throughout the year to make selling beer and wine at the Co-op a reality. Because state law had prohibited the sale of alcoholic beverages for consumption off-site in Takoma Park, we first met with various Montgomery County and Takoma Park City officials to be sure all key people would support our efforts. County representatives in Annapolis then guided a bill through the House and Senate, and the changes to the law passed easily. TPSS was then among the first, if not the first, group in Takoma Park to apply for a license once the bill became a law. We had to follow many more steps to complete the process. We are now looking forward to introduction of our new beer and wine department before the fall holiday season. Watch for our grand opening.

Member Appreciation Discount

We are always interested in receiving suggestions and feedback from our members. One of the things we learned from our customer survey was that many of you wanted to see changes to our Member Appreciation program. Instead of one day a month designated as Super Thursday, you wanted to be able to choose your own day every month to use your member appreciation discount. With the New Year, we began offering M(ember)A(ppreciation) D(iscount) money. You can now choose any day during the month to obtain your 10% discount.

As always, TPSS management and staff are anxious to hear from you! Please contact me via email (gm@tpss.coop) or call me at the store. I am looking forward to another terrific year with you.



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.

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.

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.

Capital Area Food Bank

The Capital Area Food Bank is the largest organization in the Washington metro area working to solve hunger and its companion problems: chronic undernutrition, heart disease, and obesity. By partnering with nearly 450 community organizations in DC, MD, and VA, as well as delivering food directly into hard to reach areas, the CAFB is helping 540,000 people each year get access to good, healthy food. That's 12% of our region's mothers, fathers, sons, daughters, sisters, brothers, and grandparents.

Crossroads Community Food Network

Crossroads Community Food Network's mission is to improve access to fresh, local, healthy food through innovative programs and models mutually supportive of those who grow our food and those who eat it. While their models are replicated in communities throughout the country, their primary focus is on the residents of Maryland's Takoma/Langley Crossroads, a diverse, largely immigrant area at the Montgomery County and Prince George's County border.

Miriam's Kitchen

The mission of Miriam's Kitchen is to end chronic homelessness in Washington, D.C.

Real Food for Kids Montgomery

Our Mission is to mobilize parents, students, educators and community members to promote policies, practices and educational opportunities that improve the food environment and general health and well-being of students in the Montgomery County Public Schools.

They conduct community-building, training and educational activities, and they advocate for policies at the county, state and federal level on nutrition, wellness and school-food related topics.

Takoma Park Fire Department

The Takoma Park Volunteer Fire Department was founded in 1894 - the first organized fire department in Montgomery County. The department has been based at Carroll Ave and Philadelphia Avenue since 1927, with the current building opening in 2010. The volunteers of TPVFD work alongside the career personnel of the Montgomery County Fire and Rescue Service as both EMTs and firefighters, providing emergency response to Takoma Park and the wider area. The department has seen a massive increase in new members recently, making support for increased training vital.

Young Voices for Climate Change

Young Voices for Climate Change is an educational and environmental non-profit whose mission is to limit the magnitude of climate change and its impacts through empowering youth to take an essential role in informing society and catalyzing change since they will bear the brunt of climate disruption. Their goal is to amplify the youth voice, promote greater energy awareness, and inspire young people and adults as well, through their effective short Young Voices for the Planet documentaries that champion youth solutions to the climate crisis and encourage everyone to reduce CO2 emissions and work to put a price on carbon while addressing other important environmental issues.

● = = $0.05

FISCAL YEAR 2014-15 TOTALS

23,442 = 33 SAVED

=$1,172.10

DONATED TO CHARITIES

Capital Area Food Bank
6,414 chips = $320.70

Crossroads Community Food Network
3,706 chips = $185.30

Miriam's Kitchen
6,099 chips = $304.95

Real Food for Kids Montgomery
1,678 chips = $83.90

Takoma Park Fire Dept.
3,388 chips = $169.40

Young Voices for Climate Change
2,157 chips = $107.85

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:

Avenue Gourmet
B.Dabler
Baba's Pickles
Baltimore Baked Goods (Rosendorff Bakery)
Bao
Banana Love Muffins
Bee George
Bete Ethiopian
Blue Mountain Organics
Blue Nile
Breads Unlimited (New York Bakery)
Brigit Organics
Broodjes & Bier
Canela Bakery
Capital Kombucha
Chesapeake Bay Roasting Company
Chocotenango
Chups
Coastal Sunbelt
Crested Duck
Dallas Popcorn
Demeter's Pantry (Greek Table)
Dr. Gordshell's
Drink More Water
Ester's Granola
Ever Bar
Everlasting Life
Farmstead Ferments
Fells Point Meats
Feridies
Firefly Farms
G Natural
Garden Spot Distributors
George's Veggie Garden
Gunter's Honey
Hale's Homemade
Harmony Creek Farm
Harrisburg Dairies
Hummingbird Farms
IOKTS
Jehovah Jireh
Joy Bliss Raw
Karlacá Coffee
Landcaster Farms
La Pasta
Legacy Manor Farm
Licking Creek Farms
Livity Foods (Ever Bar)
Locust Point Farms
McCutcheons
Meadow Creek Dairy
Michelle Bailey Cards
Michelle's Granola
Middle East Bakery
Moorenko's
Motisola
MTO Kombucha
Nagadi Coffee
Natural Pumice Stones
Natureflections
Number 1 Sons
Olive Tree
Oscar Sushi
Potomac Whole Foods
Purple Mountain
Sangha Peace Cushions
Seemconi
Simply Sausage
SkinCanDo
Soupergirl
Sticky Fingers
Sunnyside Gourmet
Sweet and Natural
Tasty6
Trickling Springs Creamery
Tuscarora Organic Growers
Ula Tortilla
Uncle Brutha's
Union Kitchen:
Bear's Made
Julie's Datery
Milk Cult
Squeaky Pops
Thunder Beast
Undone Chocolate
Washington Homeopathic
Whisked
Zeke's Coffee