# 2016 ANNUAL REPORT

TPSS CO-OP

# 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 | 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

**Editor:** Marilyn Berger

**Designer:** Kiyoung Nam

## CO-OP MANAGEMENT TEAM

**General Manager:** Abdi Guled

**Store Manager:** Hussein Choteka

**Director of Administration:** Marilyn Berger

**Finance Manager:** Yodit Gebremeskel

**Front End Manager:** Eugenia Appiah-Kusi

**Wellness Manager:** Jane Batt

## BOARD OF REPRESENTATIVES

**President**
Rachel Hardwick
[redacted]
Occupation: Attorney
Term Ends: November 2016

**Vice President**
Robert Anderson
[redacted]
Occupation: Educator and Psychologist (retired)
Term Ends: November 2017

**Secretary**
Constance Louise Fulda
[redacted]
Occupation: Clinical Dietitian
Term Ends: November 2018*

**Treasurer**
Adam Frank
[redacted]
Occupation: Immigration Attorney
Term Ends: November 2017

Patrick Brown
[redacted]
Occupation: Systems Engineer
Term Ends: November 2018*

Melissa A Schweisguth
[redacted]
Occupation: Technical Specialist
Term Ends: November 2016

Emily Townsend
[redacted]
Occupation: Physicist
Term Ends: November 2016

David Zuckerman
[redacted]
Occupation: Program Manager
Term Ends: November 2017

Katie Parker
[redacted]
Occupation: Research Associate
Term Ends: November 2018*

**Board Representative resignation effective November 30, 2016*

# Letter from the President of the Board

Welcome to the Takoma Park Silver Spring Co-op's Annual Report for 2016! This report provides an overview of TPSS news and financial conditions for our last fiscal year, July 1, 2015 – June 30, 2016. 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 offering 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 2015-16 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 an accounting firm to perform an audit of Co-op finances and received a very good report from the auditors.
- The Co-op began selling beer and wine in 2015 and sales have been very positive. Clearly, shoppers are enjoying the convenience of buying beer and wine while purchasing other grocery items.
- The Board held two membership meetings in the past year: one in the fall and one in the spring. In the fall we heard from candidates for the Board and in the spring we celebrated the Co-op's 35th anniversary. The spring meeting was very well attended and included stories about the Co-op's founding from our very first members.
- The GM and his staff made many improvements in the store, in addition to making space for beer and wine, including improvements in the produce department and in the availability of prepared food.
- Lastly, the Co-op worked very closely with many involved parties regarding the Takoma Junction city parking lot and surrounding area. 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 need for a loading dock during and after construction. 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's business needs, including its loading dock, are necessary to protect this community treasure. The City Council recently entered into an agreement with NDC, 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, local suppliers, and farmers.

*Rachel*

Rachel Hardwick, **Board President**

## Takoma Park Silver Spring Cooperative

*Year End: June 30,2016*

### Income Statement

| | FY 2015-2016 7/1/2015-6/30/2016 | FY 2014-2015 7/1/2014-6/30/2015 | Change |
|---|---|---|---|
| Sales | $9,265,758 | $8,118,188 | $1,147,570 |
| Other income | 37,117 | 34,757 | 2,360 |
| Less: Cost of Goods Sold | (6,225,461) | (5,437,562) | (787,899) |
| Gross Income | 3,077,414 | 2,715,383 | 362,031 |
| Interest and Dividend Income | 257 | 257 | 198 |
| Total Net Revenues | 3,077,671 | 2,715,640 | 362,031 |
| | | | |
| Expenses | | | |
| Personnel Costs | 1,660,022 | 1,467,478 | 192,544 |
| Occupancy | 225,813 | 259,195 | (33,382) |
| Operating Costs | 294,419 | 294,414 | 5 |
| Administration / Other | 113,275 | 141,964 | (28,689) |
| Marketing & Outreach | 30,686 | 51,952 | (21,266) |
| Governance | 84,738 | 92,071 | (7,333) |
| Total Expenses | 2,408,953 | 2,307,074 | 101,879 |
| Earnings before Interest, Taxes, Depreciation & Amortization (EBITDA) | 668,718 | 408,566 | 260,152 |
| Less: Depreciation | 35,607 | 42,986 | (7,379) |
| Earnings before Interest & Taxes (EBIT) | 633,111 | 365,580 | 267,531 |
| Less: Provision for Income Tax | 221,700 | 193,014 | 28,686 |
| **Net Income** | $411,411 | $172,566 | 238,845 |

### Balance Sheets

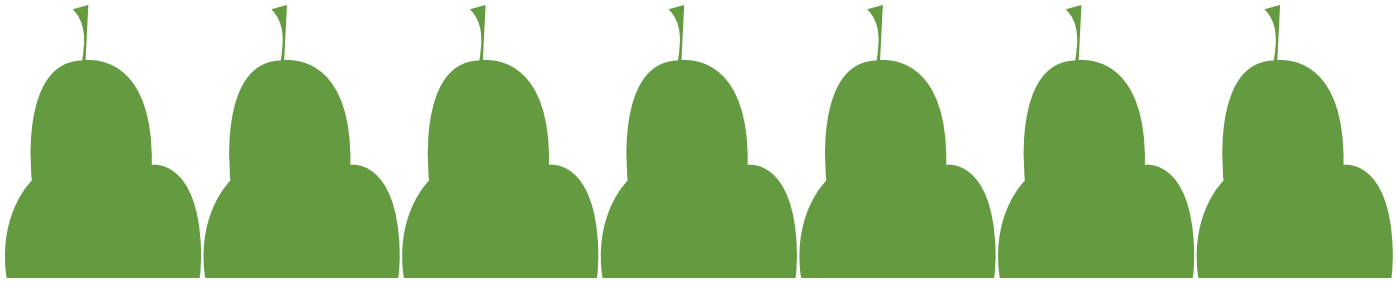
| **Assets** | **30 June 2016** | **30 June 2015** | **Change** |
|---|---|---|---|
| Total Current Assets | 3,035,992 | 2,388,094 | 647,898 |
| Net Fixed Assets | 52,920 | 78,830 | (25,910) |
| Other Assets | 154,274 | 150,746 | 3,528 |
| **Total Assets** | $3,243,186 | $2,617,670 | 625,516 |
| | | | |
| **Liabilities & Equity** | | | |
| *Liabilities* | | | |
| Current Liabilities | | | |
| Trade Debt | 183,786 | 174,560 | 9,226 |
| Other Current Liabilities | 383,843 | 233,979 | 149,864 |
| Total Current Liabilities | 567,629 | 408,539 | 159,090 |
| Long-term Liabilities | 57,000 | 58,000 | (1,000) |
| *Total Liabilities* | 624,629 | 466,539 | 158,090 |
| *Equity* | | | |
| Member Paid-in Capital | 878,795 | 822,780 | 56,015 |
| Donated Capital | 324,800 | 324,800 | - |
| Retained Earnings | 1,414,962 | 1,003,551 | 411,411 |
| *Total Equity* | 2,618,557 | 2,151,131 | 467,426 |
| **Total Liabilities & Equity** | $3,243,186 | $2,617,670 | 625,516 |

# 2016 Financial Condition Report to Owners

Adam Frank, Treasurer

I am happy to report that the finances of the Co-op were extremely positive this fiscal year. Our gross sales totaled over $9 million, an increase of over $1 million from last year. Our net income was also up over the previous year, to just over $400,000. We have also continued to save money for the expansion of the Co-op. Because of all the uncertainties still surrounding our expansion onto the city lot, we need to ensure that we have sufficient funds to expand our store and to see us through the entire build-out period. Therefore, we are still trying to expand our cash-on-hand to ensure we have sufficient funds and to help limit any borrowing needed for the expansion.

As with the last several years, the Board authorized a full audit of our books. We are pleased to say that the auditors stated that our financial statements "present fairly, in all material respects, the financial position of TPSS as of June 30, 2016 and 2015, 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, they did not find any material issues with our books or accounting practices. Abdi and his staff have done an excellent job of ensuring not only that our finances are on solid ground, but also that our books are in good shape. This enabled our accountants to complete the audit in a very short period of time. We thank Abdi and the entire Co-op staff for their continued hard work.



The Fiscal Year that ended June 30, 2016 was a very exciting and successful one at TPSS. I am happy and proud to share with you that TPSS has been ranked very highly in sales growth when compared with other co-ops of our size and with all co-ops in the NCG (National Cooperative Grocers) Eastern Corridor.

A significant part of this growth can be attributed to the start of beer and wine sales last fall. While the success of that effort has been terrific, I am also especially pleased that sales in every area, from produce and frozen to grocery and wellness, have increased at a steady rate. It is fun to see people stop in to buy their fixings for dinner and add a bottle or two of compatible wine to their carts.

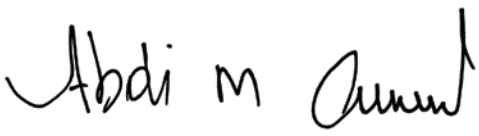
In keeping with Cooperative Principle #6 of cooperation among co-ops, we advised a group of Georgetown Law School students who are in the process of starting a small grocery co-op on campus. We also hosted a visitor from Switzerland who came here to observe and learn before returning home to open the first of its kind cooperative there.

Very important to us all is the Seventh Cooperative Principle of Concern for Community. During the year, a representative from TPSS

- Participated in the **Adventist Community Center Feeding People in Need** program at the Franklin Apartments on Maple Avenue.
- Met with representatives of the **Capital Area Food Bank** and **Manna Food Center** to explore how TPSS can support their efforts.
- Staffed a table at the **Community Conversation on Youth Success** sponsored by Takoma Park.
- Spoke at and provided snacks for the **Lunch and Learn program**, which is a camp that teaches children about health eating. Our Outreach Coordinator spoke spoke to 150 students and 20 chaperones about junk food vs healthy food and some of the benefits of eating a healthy diet.
- Worked with **Seed2Feed** and arranged a field trip to TPSS for the 17 students, ages 14-16, who participate in this summer youth program. The goal of the visit was to help them understand what makes the Co-op unique and the role we play in the community.
- Attended the annual **Fairtrade America** event in DC, which is held to help raise awareness of the growing number of small farmers who are not treated fairly. Handed out TPSS discount cards, information packets, and the B Business flyer highlighting the Fairtrade items sold at the Co-op.
- Participated in the **Takoma Park Police Department Night Out**. Sliced and served watermelons, and spoke to people about the Co-op.
- Met with a representative from **Union Kitchen** to explore business partnerships and working with their Mess Hall businesses.

Of course, the TPSS expansion and parking lot redevelopment remain at the top of our list of priorities. Throughout the year our Expansion Team—consisting of a very experienced and dedicated architect, Robert Anderson, one of the area's best, if not THE best, real estate attorneys, Marilyn Berger (Expansion Project Manager), and myself—has met often with representatives from Neighborhood Development Company to try to reach an agreement on terms for TPSS to occupy space in the planned new development. The support of our members, shoppers, and community has been incredibly important as we work to ensure that the Co-op's needs—access to a loading dock for all our delivery trucks (including the 18-wheelers that arrive almost daily), adequate parking, and business continuity throughout construction—are taken seriously by NDC and the City Council.

This is an ongoing process, so please continue to read our emails, newsletters, and postings in the store for the latest information on the Expansion Project.



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 worthy organizations. Customers receive a token for each reuseable bag used. Each token represents a nickel, and shoppers 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

RFKM's 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.

### 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 $CO_2$ emissions and work to put a price on carbon while addressing other important environmental issues.

In addition, to the Poker Chip Program TPSS, during FY 2016:

- Donated $2000 to the Karen Goldberg Smart Snacks Program at Manna Food Center to provide healthy food for ten children for the entire school year.
- Donated snacks and juice for participants in the NIH Bike-to-Work Day.
- Delivered 150 Pay-It-Forward cards to Adventist Community Center for distribution to the needy. The Pay-It-Forward program enables shoppers to pay for one of selected basic food needs products. The Community Center then receives a voucher for the product that is given to a needy participant, who then can come to the store to redeem the voucher for the item.

# 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:*

Asmar Inc
Avenue Gourmet
B.Dabler
Baguette Republic
Baltimore Baked Goods (Rosendorff Bakery)
Bao
Bee George
Bete Ethiopian
Blessed Coffee
Blue Nile
Bone Doctors' BBQ Sauce
Breads Unlimited (New York Bakery)
Canela Bakery
Chesapeake Bay Roasting Company
Chouquette
Coastal Sunbelt
Dallas Popcorn
DC Vegan
Demeter's Pantry (Greek Table)
Denizens Brewing Co.
DLC (Local Wineries/Breweries):
-Baltimore Beerworks
- Blue Mountain Organics
-Bold Rock
-Boordy Vineyards
Brigit Organics
Brewer's Art
DC Brau
Dogfish Head
Elk Run Winery
Evolution Beer
Flying Dog
Heavy Seas
Port City
Star Hill Brewing
Stillwater
Drink More Water
Dr. Gordshell's
Everlasting Life
Farmstead Ferments
Fells Point Meats
Feridies
Garden Spot Distributors
George's Veggie Garden (The Vegetable Garden)
G Natural
Golden Angel's Apiary
Golden Sun Organics
Gunter's Honey
Hale's Homemade
Harmony Creek Farm
Harrisburg Dairies
Heba's Health Foods
Hex Ferments
Hummingbird Farm
Jailbreak Brewing Co.
Jehovah Jireh
Karlacá Coffee
Knob Hall Winery
La Pasta
Lancaster Farms
Licking Creek Farms
Livity Foods
Locust Point Farms
Manor Hill Brewing
McCutcheons
MeatCrafters
Michele's Granola
Michelle Bailey (Cards)
Middle East Bakery
Moorenko's
Motisola
Nagadi Coffee
Natural Pumice Stones
Olive Tree
Oliver Brewing Co
Oscar Sushi
Potomac Whole Foods
Sangha Peace Cushions
Simply Sausage
SkinCanDo
Soupergirl
Sunnyside Gourmet
Sweet and Natural
Trickling Springs Creamery
Tuscarora Organic Growers
Ula Tortilla
Union Kitchen:
*Milk Cult*
*Squeaky Pops*
*Thunder Beast*
Uncle Brutha's
Undone Chocolate
Washington Homeopathic
Whisked
Zeke's Coffee