

Annual Report 2008-2009

Board Report

From Janie Booth and Julie Cross

The 2009-2010 Board of Directors consisted of Janie Booth, Sam Citron, Teddy Consolacion, Julie Cross, Desmond Jolly, Stacy Frerichs, Darius Pazirandeh, Steve Reynolds, Mike Ulrich, Kevin Wolf and Jack Young. Steve Reynolds was appointed President, with Stacy Frerichs serving as Vice President. Janie Booth was Treasurer and Julie Cross was Secretary. Darius Pazirandeh resigned from the Board in order to move to Alaska to pursue his legal career. Mike Ulrich also resigned as part of his move to San Francisco.

The Board is responsible for oversight of the store by way of managing the general manager, Eric Stromberg using a system called "Policy Governance." This system provides a distinction between governance and day-to-day management. The Board defines "Ends," or visionary statements that express

where they want the organization to go. In addition, the Board sets up executive limitations through policies. Within these constraints, the general manager is free to do whatever he sees fit as long as the Ends are pursued without violating the limitations set in the policies. This may seem complicated, but it is a sophisticated and powerful way to run an organization, and many other food co-ops, non-profits and even Fortune 500 companies use this model.

We invite members to participate in Board activities now and in our next calendar year. We always encourage motivated members to run for the Board. In addition, we have many exciting opportunities to participate in Board task forces. Feel free to email any of the Board members or come to the next Board meeting to learn more. We can offer volunteer credit for member involvement in Board activities.

2009-2010 BOD Accomplishments

2009-2010 has been a busy year. The Board has worked diligently to help the Davis Food Co-op better serve its members and greater



The Board has overseen the final phase of the store remodel. This \$3.5 million dollar project, started in 2007, was just completed. This remodel included fully renovating the off-site duplex into a world class teaching kitchen.

community. We have been working on strengthening and clarifying our policies and reviewing benchmarks and metrics set by the general manager for our Ends. For example, we have seen a marked increase in the number of local products in the store. This is a direct result of our Food End which reads, "People have access to healthful, high quality food: We are the best source of locally grown and produced food products." Another example is that the Board wishes to see more rigorous long-term planning on the part of management. Toward that goal, the Board now requires that the general manager complete a formal Strategic Plan each year.

In addition, the Board has overseen the final phase of the store remodel. This \$3.5 million dollar project, started in 2007, was just completed. This remodel included fully renovating the off-site duplex into a world class teaching kitchen, significantly upgrading and expanding the Deli, replacing produce and other cold food cases, replacing flooring and lighting, expanding product shelving, and replacing checkstands. In addi-

tion, many measures were taken to improve the overall energy efficiency and staff and shopper safety in the store. The final phase of the remodel, completed in April, was the ADA upgrades to the store parking lot sidewalks.

Future Objectives

Looking forward, we are excited to continue our work in the next Board cycle. First and foremost, the Board will continue to work on revising and updating the Board Policies. We want to make sure that the policies reflect the will of the members as well as looking after the organization in the short and long term. We must consider economic, social, environmental and practical issues as we revise our policies. We must always consider, "what good, for whom, at what cost."

We have not yet touched on one of the largest issues facing our Co-op: the very difficult economic times we face. Despite the downturn in the economy, the Co-op continues to thrive. We must ensure that we retain existing members and attract new ones. We must ensure that we are serving new members, long-time members, occasional shoppers and students. We must carefully consider the competitive threat posed by the new Trader Joe's opening this fall. Your Board of Directors has these issues and many others on its collective mind. We welcome your input and suggestions as we balance the challenges of the present with the opportunities that will surely arise once the recession is over. ●

General Manager Fiscal Year 2009 Review

Thanks to the support of over 10,000 member households who comprise our Co-op ownership, and thanks also to non-owner patrons, the Co-op completed another successful fiscal year.

Fiscal year 09 closed on October 3, 2009, and Gilbert Associates, a Sacramento certified public accountant firm, reviewed financial results. A "clean" report was declared, stating that the Co-op's monthly, quarterly, and year-end financial statements appear accurate.

The balance sheet shows that as of October 3, 2009, the Co-op ended the fiscal year with cash and current assets of \$1,987,644, and total assets of \$8,453,562. Total liabilities of \$4,206,588 include \$3,241,722 in long-term debt. Total membership equity stands at \$4,246,974. The year ended with working capital of \$1,111,797, a current ratio of 2.27, and debt to equity of .99. Cash reserves remain strong and cash flow is sufficient to cover short term and long-term liabilities.

Sales of \$19,185,723 show a 2.03 percent increase over prior fiscal year sales.

Total expenses of \$6,922,012 were under budget by \$35,456, and a net profit of \$52,327 was achieved for the year compared to a budgeted loss of \$42,251. Note that depreciation and amortization expenses had a

significant impact in depressing net earnings on the income statement, but cash flow was positive for the year.

The statement of cash flows shows year end cash of \$1,052,225, a \$245,426 increase over the prior year. In part, this increase reflects the timing of construction expenses and loan draws, but positive cash flow was an important goal and it was achieved.

Summaries of the income statement and balance sheet follow, and should you have a deeper interest in balance sheets and income statements, Co-op members in good standing are invited to visit the administration office to review the financial statement for the fiscal year in more detail. Please contact General Manager Eric Stromberg or Financial Manager Kenna Krueger.

The current economic climate has slowed growth and even reduced sales for many co-ops, and the West Coast has fared less well than other regions. Despite conditions, the Davis Food Co-op is doing reasonably well. As always though, we need and appreciate your support. The Davis Food Co-op is locally owned by you, and your continued support of the Co-op and its local vendors is good for you and for the local economy.

Eric Stromberg
04/19/2010



Balance Sheet

ASSETS	2009	2008
Current Assets	\$1,987,664.00	\$1,823,676.00
Non Current Assets	\$6,465,898.00	\$5,185,513.00
TOTAL ASSETS	\$8,453,562.00	\$7,009,189.00
LIABILITIES AND MEMBERSHIP EQUITY		
Current Liabilities	\$875,866.00	\$1,127,162.00
Non Current Liabilities	\$3,330,722.00	\$1,784,261.00
TOTAL LIABILITIES	\$4,206,588.00	\$2,911,423.00
MEMBERSHIP EQUITY		
Membership Shares	\$2,136,301.00	\$2,039,420.00
Uncashed Patronage Refunds	\$23,828.00	\$23,828.00
Retained Earnings	\$2,086,845.00	\$2,034,518.00
TOTAL MEMBERSHIP EQUITY	\$4,246,974.00	\$4,097,766.00
TOTAL LIABILITIES AND MEMBERSHIP EQUITY	\$8,453,562.00	\$7,009,189.00

STATEMENT OF INCOME FISCAL YEAR ENDED SEPTEMBER 27, 2008

		% of Sales
SALES	\$18,120,137.00	100%
Cost of Goods	\$11,647,544.00	64.28%
Gross Margin	\$6,472,593.00	35.72%
OPERATING EXPENSES		
Total Payroll	\$4,293,790.00	23.70%
Occupancy and Operating Expense	\$2,018,683.00	11.14%
TOTAL OPERATING EXPENSE	\$6,312,473.00	34.84%
Other Income and Expense	\$(58,110.00)	-0.32%
Income Tax	\$(2,000.00)	-0.01%
NET INCOME	\$100,010.00	0.55%



Community Sponsorships 2009



Your Co-op is rooted in your community! Being a member-owner means being a part of the network of support and sponsorship that benefits your community when the Co-op is profitable. The Co-op sponsors and supports community groups and events throughout the year—some large and some small. This year even during the midst of the remodel we continued our commitment to community!

Here are some notable examples from the last year:

- In the 2009-2010 school year, “Carrots in the Classroom” made more than 100 classroom visits.
- New partnerships were forged with Davis Farm to School and Davis Farm to Fork programs, so that the Co-op can help in feeding and educating Davis public school students.
- Our wine tasting program raised more than \$5,000 for the California Center for Cooperative Development, Yolo County Chapter of Marriage Equality USA, Yolo County Care Continuum and Yolo Mutual Housing.
- We continue providing free quarterly cooking lessons to seniors at Eleanor Roosevelt Cooperative Housing and the Davis Senior Center.
- Quarterly blood drives continue our partnership with Blood Source to make it easy for Co-op members to donate blood.
- This Thanksgiving, Co-op shoppers raised \$6,000 for the Yolo County Food Bank’s Thanksgiving baskets.
- In December, the 24th Annual Holiday Meal served more than 800 meals (in just two hours!) and raised \$19,344.40 for local community groups.
- In February, the 4th Annual Davis Food Co-op Souper Bowl raised \$3,200 for Elderly Nutrition.
- Once again this spring, the Co-op returns to Picnic in the Park to serve samples and hands out recipes to hundreds of happy eaters at the Davis Farmers Market.

Some other notable groups and events that were recipients of Co-op Sponsorship in FY '09 include:

Breakfast with Santa

Breakfast with the Bunny

Children’s Candlelight Parade & Downtown Carriage Rides

Chinese Students and Scholars Fellowship Mid-Autumn Festival

Davis Community Meals

Davis Farmers Market

Davis Little League

Davis Parent Nursery School

Davis Soroptimists

Davis Stampede

Davis Turkey Trot

East Quad Farmers Market at UC Davis

The Good Humus Farm Preservation Project / One Farm at a Time

Hoes Down Festival

KDVS

Mondavi Center

Northern California Children’s Therapy Center

Slow Food Yolo

SPCA

Sutter Hospital Roast-a-Doc

The Village Feast

Whole Earth Festival

Wild and Scenic Environmental Film Festival

Yolo Ag Futures Alliances

Yolo County Red Cross

Yolo Land Trust

The Co-op is also proud to support our community schools through donations, fundraising and sponsorships. For more information about Co-op sponsorships, or to request support of your organization or event, please contact Marketing Coordinator Melanie Madden, at mcmadden@davisfood.coop or visit our website www.davisfood.coop.

