

ANNUAL REPORT 2021

CELEBRATING 50 YEARS OF
COOPERATION AND GOOD FOOD!



“

I was 52 years old when I got involved, and those ideas were like the far side of the moon to me. I was absolutely amazed it didn't go down the drain. After my initial reaction—that is was bullshit—I must say it's changed my mind about people. There are more generous people than I ever imagined! I must say now the 'learning experience' is the Co-op's major contribution to the community and individuals. The Co-op has created hope for what can happen when the heart's in the right place. -Frank Killham

I was the self-appointed manager; Lynn was the self-appointed secretary and bookkeeper. Chelle was the self-appointed helper. My dad (a grocer) said, 'Co-ops were good for a while, but wouldn't last.' I said, 'Well, we can't worry about that now. -Hank

It wasn't cheaper food—it cost most to buy unprocessed food. We were going for more quality in our lives. -Gae

”



WHAT A LONG, STRANGE, BEAUTIFUL TRIP IT'S BEEN

BY LISA BARCLAY, BOARD SECRETARY

Fifty years ago, Port Townsend was so quiet you could walk down the middle of the street and never encounter a car. This low-key atmosphere and the beautiful setting attracted young people disillusioned with government (especially as the draft sent ever more young men to Vietnam) and with capitalism. In the 1960s, co-ops started popping up all over the country as an alternative to corporate-owned stores, so when Vietnam vet Grant Logg began selling honey, rice, and flour in his candle shop on Water Street, it didn't take long for the idea of a co-op to take root.

The Co-op grew quickly, moving from Frank Killham's paint barn to the uptown bus garage and finally to the old bowling alley, where we are now. With each move, members worked to fix and beautify their "new" space, continuing in the PT tradition of renovation. With each move, the store metamorphosed. The first building was tiny and heated with a pot-bellied stove. At the next, members transformed a gravel driveway into a beautiful courtyard, opened a mercantile section in the adjacent Co-op Too, and most importantly, purchased a freezer to hold those popsicles beloved by Co-op kids. The final move gave us room for a Wednesday farmers market, the Alcove for local entrepreneurs, a deli, and perhaps most coveted of all, a parking lot!

Our 50-year path has not been without its bumps. Volunteers were always in short supply, meetings could take all night to reach consensus, and ideologies frequently clashed. Cooperation is hard work. There were recessions, bridge closures, and a pandemic to negotiate, not to mention competition from huge corporations hilariously marketing themselves as local and organic. But here we are, stronger than ever, thanks to 50 years of dedication from our phenomenal volunteers, staff, and members. Thank you all!





BEYOND OUR WALLS

BY KENNA EATON, GENERAL MANAGER

Co-ops have a powerful story to tell about how we are vehicles for change, that what we do matters beyond the walls of our stores. For the Food Co-op, this means that, in addition to the good food we provide, we are always looking for tangible ways to nourish our community.

We work with a variety of local partners to increase access to healthy food, enhance our food shed, and further the cooperative economy and ideals. Our partners range from the Organic Seed Alliance to the Jefferson County Farmers market—from seed to table. We’ve worked with the LandWorks Collaborative and Jefferson Land Trust to ensure there is land to grow those seeds on and farmers to grow that food for us. We co-founded Eat Local First to highlight the importance of local farms, farmers, and producers.

Over the past 50 years, we’ve found many ways to make a difference in our community, but possibly everyone’s favorite is Beans For Bags. We were the first store I know of to offer it—in fact, we even won an award—and since 2008 we’ve distributed \$136, 878 to over 75 different community nonprofits. Check out Dave’s piece on the opposite page for this year’s details.

Our latest program is Change For Change. When you tell your cashier you would like to round up, we put those extra cents (or dollars!) in our C4C fund. These funds have gone to the Jefferson Land Trust to protect farmland, but this spring we collected for local farmers, who will use those dollars to subsidize CSAs, donations to schools and the food bank, or similar programs.

Thank you for being a key part of this positive impact on our community!



“

In 1991 the small Food Coop was Uptown, and I have great memories of how certain staff helped me find bargains and suggest new recipes for me to try (as well as supplements). I depended on them each time I came to shop with a limited amount of money. Each person there deserves 5 stars for making the coop experience a pleasure. So I hope you keep growing and changing and making our lives richer by giving us the best foods around and the best staff!

-Nan

The first time I walked into the Food Co-op was in 1981 or '82, when the store front was opened in the courtyard uptown. I remember walking in there feeling it was very ‘down to earth.’ Other people would say ‘hippie,’ I suppose, but I thought it was informal and honest, a grassroots kind of operation. I had already been part of the buyers club, getting bulk flour, sugar, oats, beans, and stuff like that. I liked it from the beginning.

-Anne

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FOOD FOR PEOPLE

BY DEB SHORTESS, SIPS MANAGER

The co-op was started for members to have access to good food and we still focus on that today. In 1982, a committee formulated our buying policies/priorities in a living document, “The Products We Choose to Carry.” We use this as a foundation for purchasing products today. Local and organic are a big part of these guidelines.

Local produce has always been important to us. When I arrived in late 1989, we had only one major produce delivery a week from a distributor. Additional produce from local farms and gardens could make all the difference in having fresh product to offer. The busiest day was Wednesday – that was the day we got our produce delivery. Within a year, we were getting two major deliveries a week.

In the summer in 1992, up to 25% of our produce was local. Now, if there is a good blueberry crop, we have up to 45% local produce. From 2004 to 2021 we grew our total local farmer/producer purchases from over \$500,000 in to over \$1.4 million.

When I started, 3 local farms were certified organic – Lazy J Tree Farm, Nash’s Organic Produce, & Gunning Family Farms. Now most of our local farmers are certified organic, and we have been able to grow our organic offerings to over 98% of our total produce sales. Our total certified organic sales have been 45% consistently over the last 10 years.

We have also done many product audits, over the years as concerns were raised or as ingredients were added to our unacceptable list, which we call TAUFIL.

Here are a few that were done.

1989 – Reviewed products for those not tested on animals.

1991 – Statement that the Co-op will not knowingly sell irradiated foods.

1994-95 – Asked for statements from dairy producers about their use of rBST.

prior to 2010 - Developed our acceptable/unacceptable food ingredients list (TAUFIL). (updated annually)

2007 - Formed Product Research Committee (currently an operations committee; began as a board committee)

2007 - Wrote first product boycott process.

2011 - Reviewed radiation testing standards of products from Japan after tsunami.

2013 – Audited products for potential high risk GMO ingredients. (The number of nonGMO verified products available now has increased fourfold or more.)

2016 - Audited products for carrageenan.

2017-18 - Audited products for glyphosate and sustainable palm oil.

In 2021, we purchased over \$900,000 from co-operatively owned producers and distributors, up 20% from 2020.

We will continue our work of the last 50 years, to search out local products, review our TAUFIL, audit products as needed, look for opportunities to support other co-operatives, all to provide good food for you.





... NOT FOR PROFIT

BY OWEN ROWE, BOARD TREASURER

The way we conduct our business is every bit as important as the products we sell. Since 1972, The Food Co-op has played an important role in building and strengthening Port Townsend's culture of community service, collective effort, and mutual aid.

As a cooperative, we work to uphold seven principles:

Voluntary and Open Membership

Democratic Member Control

Member Economic Participation

Autonomy and Independence

Education, Training, and Information

Cooperation among Cooperatives

Concern for Community

Part of what makes Port Townsend special is that so many businesses in town can point to similar principles, whether or not they identify as a cooperative.

Non-profits share our spirit of community service, whether they're doing cultural work (Centrum, New Old Time Chautauqua), environmental work (North Olympic Salmon Coalition, Jefferson Land Trust), or human services work (Jumping Mouse, Dove House). Collective effort is at the core of the Shipwrights Co-op, Port Townsend Gallery, and Peninsula Homecare Cooperative. Mutual aid drives the work of Habitat for Humanity and the Jefferson County Food Banks.

Over the past five decades, Port Townsend has said farewell to some beloved organizations (Town Tavern and Boiler Room R.I.P.). Over that time, though, Port Townsend and The Food Co-op have also welcomed and helped launch newer groups pursuing new community aspirations, including Quimper Mercantile Co., the Jefferson County Anti-Racist Fund, the Port Townsend Film Festival, The Benji Project, and Olympic Angels. It couldn't be clearer: we're not doing this just to make a buck. We're doing this for each other.



1972

The Co-op initially sold local produce on consignment.

Volunteers make supply runs to Seattle for rice, honey, and flour.

1975

We add fresh tofu, soy sauce, miso, and nutritional yeast to our products.

We start a farmers market with grant money we received.

It cost \$10 for a family to join the Co-op plus \$2 a month dues or a day's work. In 1844, Rochdale cooperative dues were the equivalent of a month's wages, with no volunteer option.

We begin collecting glass and aluminum from members to recycle.

1976

We collaborate with PT Bakery to provide bread made with Co-op ingredients.

Dr. Bronner's soap cost \$1.98 per pint in bulk.

We hold a raffle to buy a truck. The Cosmic Crinkle begins to make runs to Seattle.

1976

The Co-op sells raw milk as pet food for a few months.

1982

Product Guidelines Committee formed.



1988

We get a new upright freezer to sell frozen food, as people are spending less time cooking.

1989

Co-op offers products not tested on animals.

1990

Alar scare brings more people to the Coop.



1991

We stock products from a Guatemalan weaver cooperative, initiating our support of Fair-trade initiatives.

1992

Produce labels designate organic, non-organic, and pesticide-free.



25% of produce in summer/fall months was local.

1993

35 local producers/manufacturers at co-op.

1996

Board hires first general manager.



GROWING OUR COMMUNITY

BY DAVE DUNN, FRONT END MANAGER AND BOARD MEMBER

So I've been given 250 words to mention the ways the Co-op helps the greater community. Gotta go with bullet points to fit in as much as possible!

We all know how much we love to care for our neighbors and that is reflected in giving to The Food Bank. Last year, The Co-op gave \$5,768 through Beans For Bags to the Food Bank and a total of \$35,325 in food donations (7,000+ items!).

Total beans last year: 216,715!

Other Beans For Bags recipients received a combined total of \$7,252.

Farm to School: When you purchase these 3# bags of apples, our schools get money for programs that focus on healthy food (Community Wellness Project).

Bicycle Benefits: \$1,296 in apples, bananas, or carrots for folks who eschewed gas and rode their bikes to the store.

Local event sponsorships: \$13,475 for things like those bananas and oranges we gobble up after the Rhody Run.

Northwest Watershed Institute Plant-A-Thon: \$1,000 to support restoration efforts in the Tarboo watershed.

Cooperative Community Fund: Cooperatives giving money to help other cooperatives. We use our interest to improve food access, support sustainable agriculture, focus on healthy kids/families, and much more.

Twin Pines Cooperative Community Endowment Fund: \$3,362 (protects organic farmland, etc).

BIPOC organizations doing food system work in our local and regional community: \$2,000+.

Grow Fund went to Hugging Tree Legacy this year: \$1,456

Then there's Round It Up at the checkout (e.g., Jefferson Land Trust, Farmer Fund), Co-op Explorer's Club (apple/banana/carrot for kids), annual Beach Cleanup, Co-op Food Bank garden, multiple re-use programs designed to reduce community waste, and many more.

This is a very reduced list and doesn't go into all the ways we support the local economy, food education programs, or reduce our environmental impact through reducing waste. Just remember, we are not shopping at "just a grocery store"—we are growing community!

CONNECTING WITH OUR COMMUNITY

THE CO-OP BY THE NUMBERS 2021

In a town of 10,000 people, the Co-op has 7,000 active members.

Improving Food Access



7000+ items of Food Donated to the food bank with a retail value of **\$35,325**



\$1,241.27 Farm to School apple bag donations to the Community Wellness Project



\$2000+ given to BIPOC organizations doing food system work in our local and regional community

Sustainable Agriculture, Land, & Sea Stewardship



\$2000 Jefferson Land Trust agricultural conservation



\$1456 Grow Fund granted to Hugging Tree Legacy for their work at SHY ACRE FARM.

Healthy Kids, Families, and Animals



\$ 1,296 of FREE fruit given to Bike enthusiasts via our BIKE BENEFITS program.



216,715 Beans Collected WOWZA! That's also 216,715 single use bags saved from the landfill



\$ \$25,310 = Local Giving (JeffCo** \$ from beans + donations – national donations = Local Giving.)



\$13,475 Local Program/Event Sponsorships



\$1500 Head Start organic milk program



\$2,299 of fruit given to our young CO+OP EXPLORERS

Supporting the Cooperative Model



\$3,362.66 Funds deposited into the Twin Pines Cooperative Community Endowment Fund

1996

Store tours for teens & kids.

1997

We put up the suggestion board.

We open on Sundays.

Checkout clerks have printouts with most prices for bulk, produce etc, so shoppers don't have to write everything down.



2001

With the move to bowling alley, we have more shelf space, and can offer WIC (Women, Infants, and Children). Deb immediately sets to find out how to get affordable organic foods into the government program.

We provide space for Wednesday Farmers Market. The deli opened when we moved to the much larger bowling alley.



2002

We reimburse shoppers 5 cents for bringing their own bag and 2 cents for jars.

2003

We co-sponsor first county farm tour.

We assist Food Bank in construction of new walk-in freezer. Board drafts first Ends policies

Our Produce Department became the first organically certified on the peninsula. Now 99% of our produce is organic!!!



CO-OP STAYS STRONG THROUGH ANOTHER TOUGH YEAR

BY OWEN ROWE, BOARD TREASURER

Planning for 2021 at the end of 2020, we anticipated that the pandemic would end and life would return to something resembling normal. Instead, 2021 was another difficult year. We felt the effects of inflation, supply chain disruptions, the local housing crisis, and a tight employment market—on top of the continuing pandemic and social-political tensions.

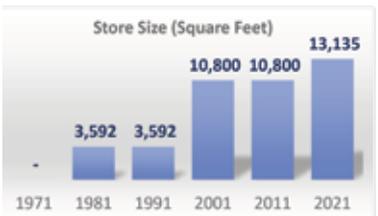
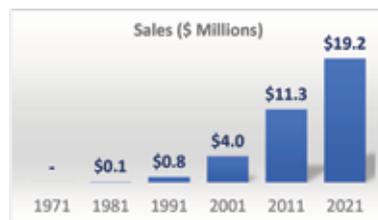
Still, we did better than we expected. The store actually made a small profit on operations, but that became a loss when we included interest payments on our building and equipment loans and an unexpected charge related to the roof replacement. (We had to write off the value of the old roof.) Unfortunately, that means there's no profit to return to member-owners as a patronage dividend for 2021.

While 2021 wasn't a stellar year financially, the Co-op was able to survive and thrive thanks to 50 years of member investment. The four graphs below give you a broad sense of the Co-op's steady growth over that time, but I want to point out one of the numbers on the next page:

Members' Equity

Members' Equity is the total of the Capital Investment everyone pays when they join the Co-op, the portion of each year's patronage dividend that we retain, and the cumulative earnings from 50 years of operation. It doesn't mean we have \$5 million in the bank! Most of that equity has been invested in our building and equipment, giving us tools and resources to weather difficult times.

This is what accountants mean when they talk about a "strong balance sheet." Despite the challenges of recent years, in 2022 our Co-op is financially strong, thanks to 50 years of support from our community and our member-owners.



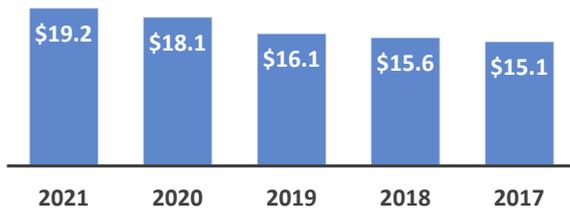
**Profit & Loss Summary
December 2021**

		% Sales
SALES	\$ 19,202,395	100.0%
Cost of Goods Sold	\$ 11,947,052	62.2%
Gross Profit Margin	\$ 7,255,343	37.8%
OPERATING EXPENSES		
Total Personnel	\$ 5,164,761	26.9%
Total Operating	\$ 552,676	2.9%
Total Administrative	\$ 662,044	3.4%
Total Occupancy	\$ 312,969	1.6%
Depreciation	\$ 312,838	1.6%
Marketing & Outreach	\$ 146,412	0.8%
Board Governance	\$ 71,590	0.4%
Total Operating Expenses	\$ 7,223,290	37.6%
Total Other Expenses	\$ 110,802	0.6%
NET INCOME (LOSS)	\$ (78,749)	-0.4%
Local Farmer & Producer Purchases	\$ 1,433,363	12.0%

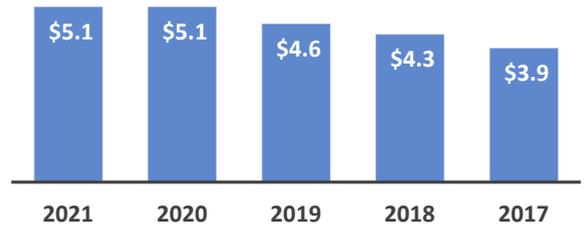
**Balance Sheet
December 2021**

ASSETS	
Cash	\$ 1,585,510
Inventory & Receivables	\$ 909,784
Land, Building & Equipment	\$ 5,332,849
Investments	\$ 200,112
Total Assets	\$ 8,028,255
LIABILITIES	
Current Liabilities	\$ 907,445
Long-term Liabilities	\$ 2,039,300
Total Liabilities	\$ 2,946,745
MEMBERS' EQUITY	
Members' Capital	\$ 1,083,464
Retained Patronage	\$ 1,279,530
Retained Earnings	\$ 2,718,516
Total Members' Equity	\$ 5,081,510
Total Liabilities and Equity	\$ 8,028,255

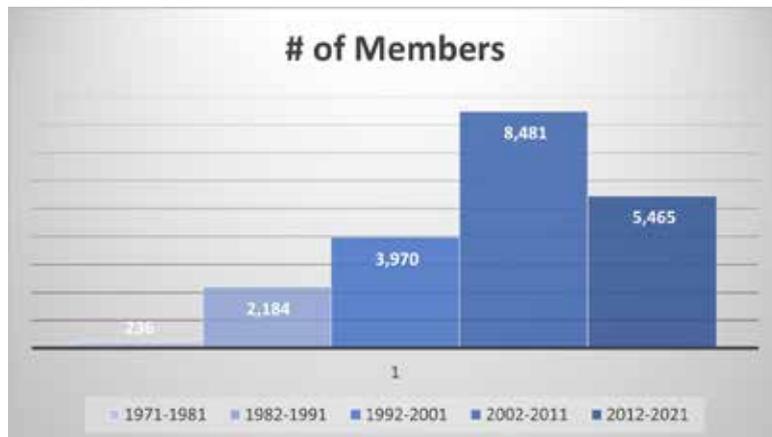
Store Annual Sales
(in millions)



Members' Equity
(in millions)



THE CO-OP OVER THE YEARS





2004

We install EV charging station.

2005

We hold several Wisdom Councils to get the benefit of our collective knowledge and experience.

Buy Local Day gives shoppers a chance to meet some of our local producers.-

The Choices, Choices Forum brings Co-op members and producers together for an evening of exploration of food choices and their impact on the environment, health, the local landscape and economy resulting in our Products We Choose to Carry guidelines.

2006

We are first in the area to introduce Local labels.



Local Food Forum initiates a dialogue about sustainability.

Buy Local Day gives shoppers a chance to meet some of our local producers.-



2007

Buyers begin work on list of acceptable and unacceptable ingredients (TAUFIL). “Listening Like Crazy” events lead to a revised mission and principals.

Buyers work on list of acceptable and unacceptable ingredients (TAUFIL).



Begin the “market basket” program, with 7 items at lowest possible price—now it’s our Co+Op Basics, with over 300 items.

Consultant hired to begin Strategic Planning Process.

2008

First store cards issued.

First year of Beans For Bags, raising \$6856.65!

2009

We begin using 100% recycled bags with FSC certified paper, leading to this change at all NCGA Co-ops.

\$10,000 grant to Organic Seed Alliance.



We partner with PT Library and receive a grant to teach healthy eating. Our Co-op Natural Foods curriculum includes over 10 hours of training. Staff receive this education, which is also offered free to owner-members.

2012

Board completes first 5-year Strategic Plan in 2013 after a year-long process consulting members and community partners.

2015

Round Up for Land Trust begins.

Co-op Annual Meeting leads to Eat Local First campaign.

Begin program to loan money to farmers.

2016

GM and board president help found the Olympic Cooperative Network, which assists local coops to get started.

Product Research Committee surveys store for possible GMO ingredients. We find very few, then label and begin to phase out products that might contain GMOs.

2018

Begin collecting clean plastic to recycle into Trex, both from the store and our members.

We sponsor "Cooking with the Co-op" for middle schoolers, where a variety of local chefs taught kids how much fun it can be to eat healthily

2019

Offer soups in reusable jars.

Multiple green business awards over the years, including

We partner with the Farmers Market and hospital on Veggie Rx program, getting fresh vegetables to those who need them.

Board organizes volunteers to shop and deliver food during the first months of the pandemic.

Coop2Go debuts in July

We have over 900 local items in the store!

2022

We celebrate 50 years in our community!

