

FY 2016 Annual Report



**City
Market**
Onion River Co-op

General Manager's Letter

Now that I'm over a year into my tenure as your General Manager, I've continued to get to know our Members. I have also joined the South End Arts and Business Association Board and am continuing to work with the Board of Directors and Co-op staff to prepare for the opening of the South End store. Quite possibly on the horizon is another, smaller store in the Old North End, as well as online and delivery shopping services, all of which we are very excited about exploring further. Our Annual Report is a gratifying illustration of what we've all accomplished together this year and we're so grateful for your role in our success.

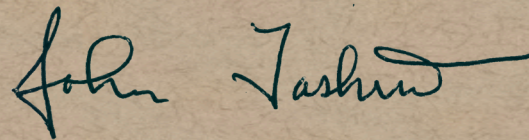
While success is about more than numbers, we like to start there. Our sales for fiscal year 2016 (FY2016) were over \$41 million, a 5.7% increase over the previous year. Our Membership grew to just shy of 12,000. Including all the household members on these accounts adds up to a Membership of almost 20,000. On average throughout the year, about 68% of our sales were to Members. This represents almost \$2 million in additional sales to Members over the prior year and tells me that we're continuing to provide benefits and engagement opportunities that interest you.

For the eighth straight year in a row, we were able to share a percentage of our profits with Members through our Patronage Refund Program. For FY2016, the Board of Directors approved a Patronage Refund cash distribution of about \$656,000. We mailed out over 11,400 checks with an average check of \$57. With this year's Patronage Refund, the Co-op has sent over \$5.4 million back to our Members to circulate in the local economy. We're well into expansion mode with our projects in Burlington's South End and Old North End and our plans to offer online and delivery service within the year. You'll notice that the FY2016 Patronage Refund was smaller than in years' past in order to reserve capital for these projects. We anticipate that this will be a trend for several years as we finish these projects, create new ones and ensure that the Co-op remains fiscally sustainable for the long term.

Speaking of the long term, working with a large variety of local vendors and offering thousands of year round local options continues to be a focal point and major point of differentiation between the Co-op and our competition. This past year 39% of our sales (over \$16 million) were local products, which represents a 10% increase in local sales over the previous year. We are committed as ever to help strengthen the local food systems.

You'll read about these successes and many others in this Annual Report that covers July 1, 2015 through June 30, 2016. Thank you for your ongoing support of our Co-op and I look forward to connecting with you throughout the year!

Cooperatively Yours,



John Tashiro
General Manager



Board President's Report

Thank you for investing this year in the success of your Co-op. We're almost 12,000 Members strong!

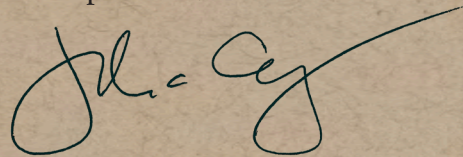
Our Co-op benefits each of us and the larger community in more ways than we can list here. Members get great service, input into the direction our business takes, and money back! We create good jobs: staff get a livable wage and a generous benefits package while we pay local farmers and vendors fair prices. We strengthen our community via donation programs, through Member volunteer work with non-profit partners, and by partnering with other cooperatives and like-minded businesses. And we strengthen our local food system in many ways – not least by creating markets for our producers' goods.

As we expand in the South End and Old North End of Burlington – equally exciting – through our upcoming online and delivery services, the Co-op's Board of Directors is focused on educating ourselves and working closely with the General Manager so that we're ready to make key decisions when needed. Meanwhile staff continues to conduct careful research and strategic planning to create a successful multi-store Co-op. Just think what our Annual Report will share when we more than double our impact on the community and move from one store to four (counting a virtual online store)!

Your participation and engagement drives our success. At whatever level you're involved, we want to make sure you feel connected to our staff, other Members, our community, our farmers and producers and our non-profit partners.

This Annual Report shows how your involvement has helped the Co-op to have an amazing impact on our Membership and our community. We hope you have your own 2016 Co-op stories to share, whether you joined this year or 36+ years ago. And we hope your Co-op experience offers plenty of opportunity for daily pride and appreciation. We're certainly grateful for your part in our continued success!

In Cooperation,



Julia Curry
Board President



City Market's Global Ends

The Onion River Co-op will be central to a thriving and healthy community, where:

- Consumers have local access to progressive social, environmental and healthful choices;
- Residents enjoy an enhanced quality of life;
- The local food system is strengthened;
- The cooperative model is supported; and
- Our owners have a sense of pride in their cooperative.

The Cooperative Principles

The cooperative principles are guidelines by which cooperatives put their values into practice.

1. Voluntary and Open Membership

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

2. Democratic Member Control

Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions.

3. Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their cooperative.

4. Autonomy and Independence

Cooperatives are autonomous, self-help organizations controlled by their members.

5. Education, Training and Information

Cooperatives provide education and training for their members, elected representatives, managers, and employees, and they inform the general public about the nature and benefits of cooperation.

6. Cooperation among Co-operatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional, and international structures.

7. Concern for Community

While focusing on members' needs, cooperatives work for the sustainable development of their communities through policies accepted by their members.



In FY2016 Membership at City Market grew to

11,671
Members

an increase from FY2015 of **6.2%**

We had over

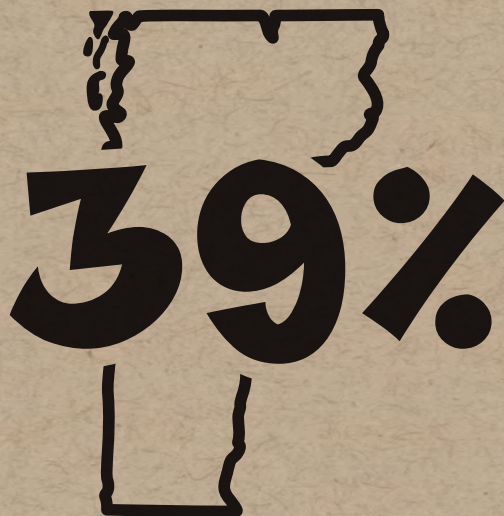
\$41 Million

in total sales



68%

of sales were
to Members



39%

of sales were
**Local
Products**





Financials

Balance Sheet

	FY2016	FY2015
Current Assets	\$8,350,204	\$9,429,033
Property & Equipment	\$8,195,385	\$5,223,593
Other Assets	\$1,256,271	\$1,722,551
Total Assets	\$17,801,860	\$16,375,177
Current Liabilities	\$3,291,588	\$3,219,339
Long Term Debt	\$1,694,443	\$1,879,951
Other Accrued Expenses	\$293,700	\$332,700
Member's Equity	\$12,522,129	\$10,943,187
Total Liabilities & Member Equity	\$17,801,860	\$16,375,177

Income Statement

	FY2016	FY2015
Net Sales	\$41,212,385	\$38,988,079
Cost of Sales	\$25,749,386	\$24,311,146
Gross Profit	\$15,462,999	\$14,676,933
Operating Expenses	\$13,064,594	\$12,188,266
Interest & Other (Income) Expenses	\$4,676	\$4,873
Patronage Refund Expense	\$1,643,384	\$1,687,101
Provision for Income Taxes	\$290,356	\$301,432
Net Earnings	\$459,989	\$495,261

For additional information regarding the Co-op's financial performance or to receive a detailed copy of the Annual Financial Statements, audited by Gallagher, Flynn and Company, LLP, please contact Tim George at tgeorge@citymarket.coop.



17,379

hours were completed by Member Workers many
with our **20** non-profit community partners.

This is the equivalent of **8 $\frac{1}{3}$** extra
full-time workers in our community.





1,445

people **tasted** new flavors
and **learned** new skills

at our low-cost cooking and wellness classes.



Over **\$656,000**

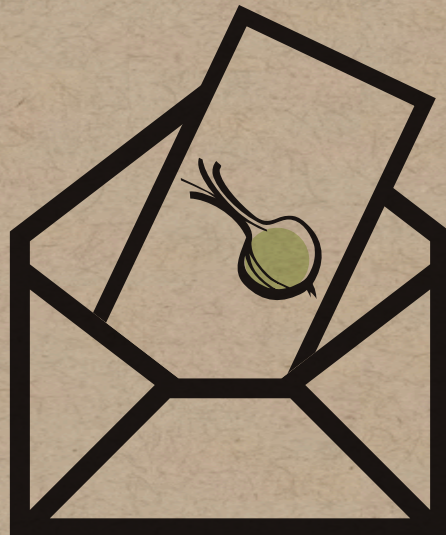
was recirculated as Patronage Refunds to

11,450 Members

with an average check of

\$57

That's about **2.4¢** of every **\$1.00** spent
returned to our Members.





Food for All Members

saved a total of

\$181,553



Our donations to
local non-profits last year alone totaled

\$308,792

including

\$108,679



\$137,523

**Rally
for
Change**

\$54,579



Co-op Patronage
Seedling Grants



We diverted over **83%**
of our waste to
composting or
recycling facilities.



of reverse osmosis
water was sold in bulk.
This took the place of
912,224
plastic 20 oz bottles!



Your Community-Owned Grocery Store

82 S. Winooski Ave, Burlington, VT 05401

(802) 861-9700 · info@citymarket.coop

www.citymarket.coop

