

Weaver Street Market

Annual Report 2014



The online version of our 2014 Annual Report is no longer available. This document contains the following excerpts from the report:

Goals diagrams

Financial information and local impact

Community loan program

Owner participation

CCF grant winners

Board election candidate statement

updates on

Four goals that show what's possible by pursuing economic viability, social responsibility, and environmental stewardship.

2013 ●

2020

1



Make healthy eating accessible, tasty and fun:

We will work with our owners and customers to promote practical and effortless solutions that will improve the way our community eats.

Themes that emerged when we asked owners and experts, "What's Possible?"

- Healthy food can be the best tasting
- Expand education
- Partner with non-profits and UNC Public Health School on increasing access to healthy foods
- Increase efficiency and scale in order to lower prices

Projects Initiated:

- More retail space for produce and bulk items
- New labeling of product qualities
- New e-news focused on healthy eating and new healthy eating food demos
- New employee wellness program to enable staff to communicate with shoppers about healthy foods

How Owners Can Participate:

- Read and contribute to healthy eating e-news
- Try new healthy eating choices
- Volunteer to give store tours about how to shop for healthy, affordable meals

2



Drive the growth of local and sustainable foods:

We will develop new suppliers, produce more local food ourselves, and provide co-op owners with tools to track their purchasing patterns. We will mobilize community resources to achieve ambitious goals for local and sustainable food sales.

Themes that emerged when we asked owners and experts, "What's Possible?"

- Develop a more robust supply chain for local foods
- Partner with aspiring local food entrepreneurs
- Develop common signage for products from local, small, and co-op producers

Projects Initiated:

- Partner with producers from new local food processing center in Hillsborough
- Promote local products with more space, signage, and sampling
- Develop more local products ourselves, including a new bagel bakery at the Food House

How Owners Can Participate:

- Buy local products and shop at locally owned businesses
- Learn about the local seasons for produce, meat, and seafood
- Visit local producers on the Farm Tour or watch our videos on Youtube

3



Invigorate downtowns:

We will make WSM stores even more vibrant and fun, and attract more people downtown. We will open new downtown stores at a similar pace to the three units we opened last decade.

Themes that emerged when we asked owners and experts, "What's Possible?"

- Build on unique outdoor vibrancy by improving facilities and offering more events
- Expand impact of WSM with additional downtown stores
- Strengthen existing stores prior to expansion

Projects Initiated:

- Carrboro remodel to include improved outside areas
- New Southern Village music series
- Investment in existing stores, including better pay and benefits and more effective business processes
- Development of criteria and communication plan started for new downtown stores

How Owners Can Participate:

- Attend store-sponsored food shows and music and community events
- Invest in future WSM capital loan program

4



Use net zero energy, create zero waste, and promote responsible packaging:

We will dramatically reduce energy use and install commercial solar, take responsibility that all of our packaging can be reused or recycled, and keep our waste out of the landfill.

Themes that emerged when we asked owners and experts, "What's Possible?"

- Change requires new behaviors from owners, employees, and producers in addition to new technology
- Zero energy and zero waste examples exist today that we can use as models

Projects Initiated:

- Renovations to the Carrboro store, including vestibule entrances, enclosed refrigeration cases, and LED lighting
- Owner focus groups about how to eliminate single-use grocery bags
- Energy saving retrofits in Hillsborough and Southern Village
- Preliminary analysis of rooftop solar
- New Owners e-News replacing print newsletter

How Owners Can Participate:

- Shop with reusable bags
- Shop bulk with reusable containers
- Sign up for e-communications
- Adjust shopping behaviors to new energy-efficient technologies in the stores

Ends: Vibrant, Sustainable Commercial Center

2020 Goals

- Healthy eating
- Local foods
- Invigorate downtowns
- Net zero energy/waste

Economic Activity
Buying/Selling Food
using a
COOPERATIVE RELATIONSHIP

- Shared Economics
- Shared Community
- Shared Knowledge

Planning and leveraging
collective resources and
knowledge



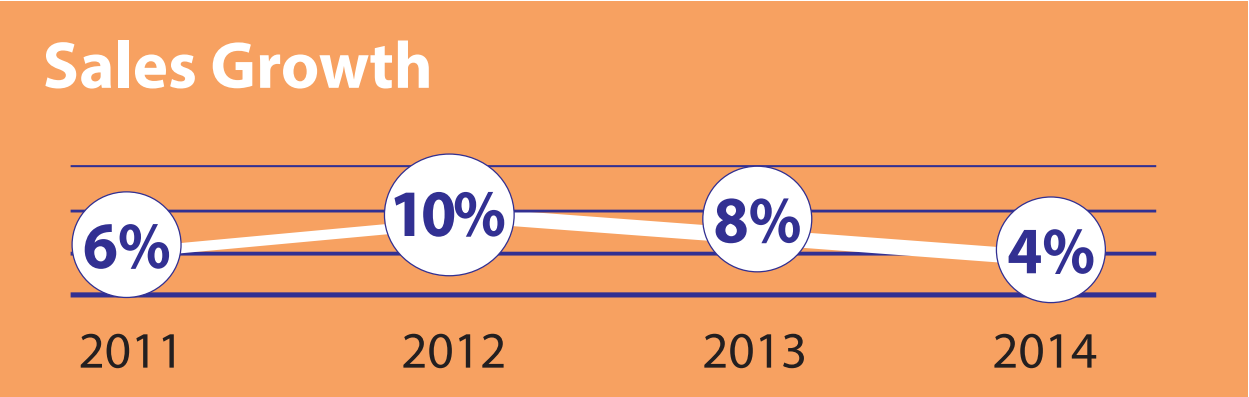
WSM 2014 Financial Statements

Income Statement	2014*	2013	2012
Sales	33,515,592	32,183,694	29,706,052
Cost of Goods/Occupancy	21,296,785	20,275,727	18,619,287
Gross Profit	12,218,807	11,907,967	11,086,765
Labor Expense	7,395,753	7,001,471	6,567,267
Operating Expense	3,100,233	2,919,683	2,463,098
Depreciation/Interest	1,210,799	1,149,639	1,295,936
Operating Profit	512,022	837,174	760,464
Profit as % of sales	1.5%	2.6%	2.6%

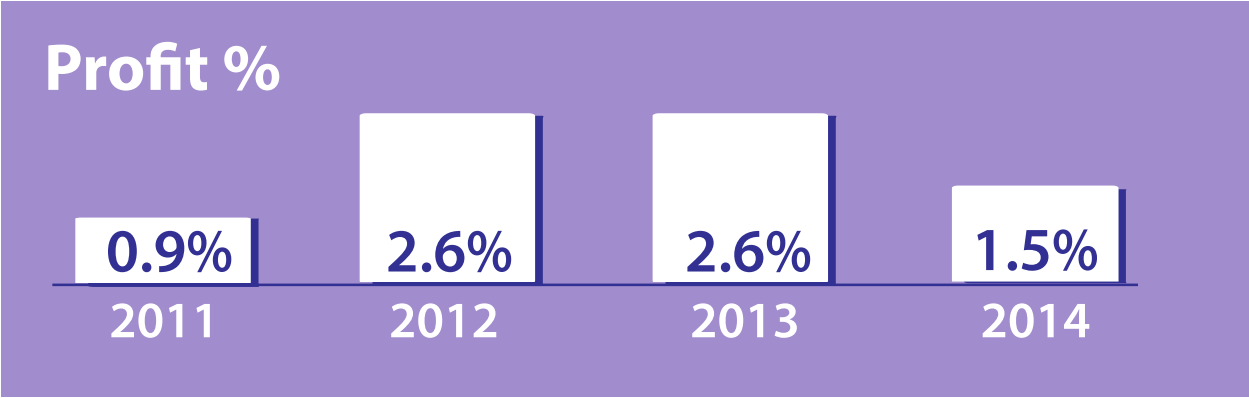
Balance Sheet	2014	2013	2012
Assets			
Current Assets	3,451,381	3,983,728	2,748,466
Property/Plant/Equip	9,300,627	8,944,343	9,408,944
Other Assets	616,821	503,860	512,957
Total Assets	13,368,829	13,431,931	12,670,367
Liabilities			
Current Liabilities	2,241,825	2,733,387	2,924,142
Long-Term Liabilities	5,875,504	5,899,351	5,677,525
Total Liabilities	8,117,329	8,632,738	8,601,667
Equity	5,251,500	4,799,193	4,068,700
Total Liabilities/Equity	13,368,829	13,431,931	12,670,367

* 2014 numbers are preliminary and pre-audit

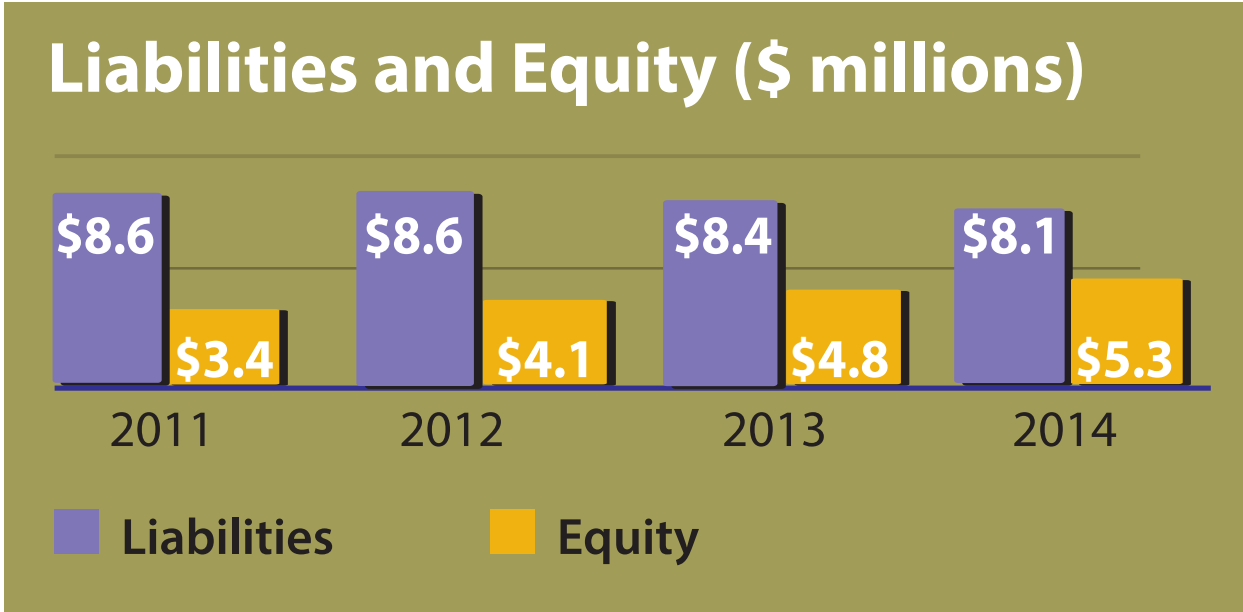
Sales growth continues:



Profits are steady:



WSM is saving more of our profits, which builds equity and reduces debt:





LOCAL

WEAVER
STREET
MARKET

Your
Community-Owned
Grocery

1,049,280
local eggs

167,623
bottles of
local milk

23,078
containers
of local
berries

212,113
loaves of local
organic bread

LOCAL ECONOMY

\$8.1 million

Additional **LOCAL economic impact** created by WSM compared to the same dollars spent at a chain grocery

1.73 million

WSM customer transactions downtown

180

LOCAL farmers and producers working with WSM

CONSUMER OWNERS & COMMUNITY

15,650

Consumer Owners that shopped at WSM

\$36,000

Donated to **Local Schools**

\$114,000

Owner savings through owner specials, discount coupons, and dividends.

EMPLOYEES & WORKER OWNERS

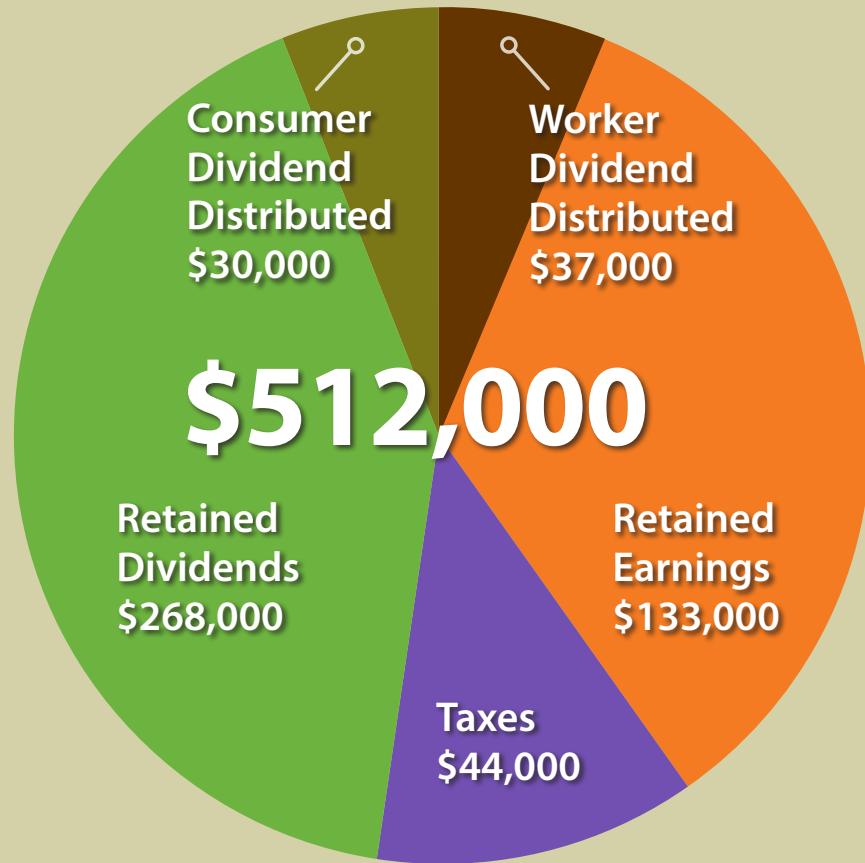
5%

Average **annual wage increase** last three years, compared to 2-3% average for other businesses

191

Worker Owners compared to 99 three years ago

Co-op Profits Stay within the Community



Consumer Patronage Dividend Distributed. WSM distributes a percentage of profits based on how much a consumer owner spends in a year.

Worker Patronage Dividend Distributed. WSM distributes a percentage of profits based on how many hours a worker owner works in a year.

Retained Dividends help WSM save for the future and build equity. The Board decided to retain 80% of both the consumer and worker dividend in 2014 to save for future needs and to build co-op equity.

Retained Earnings is the profit generated from non-owner business. It is not eligible for the patronage dividend.

Income Tax. WSM pays Income Tax on Retained Earnings but not on Patronage Dividends. Increasing sales to owners reduces taxes and helps keep more money in the local economy.

Community Loan Program

Weaver Street Market's Community Loan Program presents another opportunity for owners to participate in the sustainability of the co-op. In the past owners have been called upon to participate in the loan program when funds have been needed for a significant expansion or an improvement initiative. In 2015, WSM intends to call for owner loans in order to retire some of the co-op's bank debt. Within the next two years, the need for owner loans may also include financing expansions.

One way to increase the financial stability of the co-op is to keep debt local. Community Loans are loans from co-op owners directly to WSM, which means the interest the co-op pays for the loans stays local. The loans traditionally have been for a period of five years with interest paid annually at a rate exceeding comparable debt. Each loan has the obligations of the owner and WSM spelled out in a loan document. Upon execution of the loan document, WSM pays the annual interest and does the required IRS reporting.



Opportunities to participate in the Community Loan Program are anticipated for the first calendar quarter of 2015. Traditionally owner loans have been in increments of \$10,000, but the co-op is looking into the possibility of smaller increments so that more owners can participate. The co-op is in the process of implementing a new Loan Management System that owners will be able to access from our new website (to be launched later this fall). Through the LMS, owners can access their loan information including statements and communications.

Announcements and updates about the Community Loan Program will appear in our weekly e-newsletter.

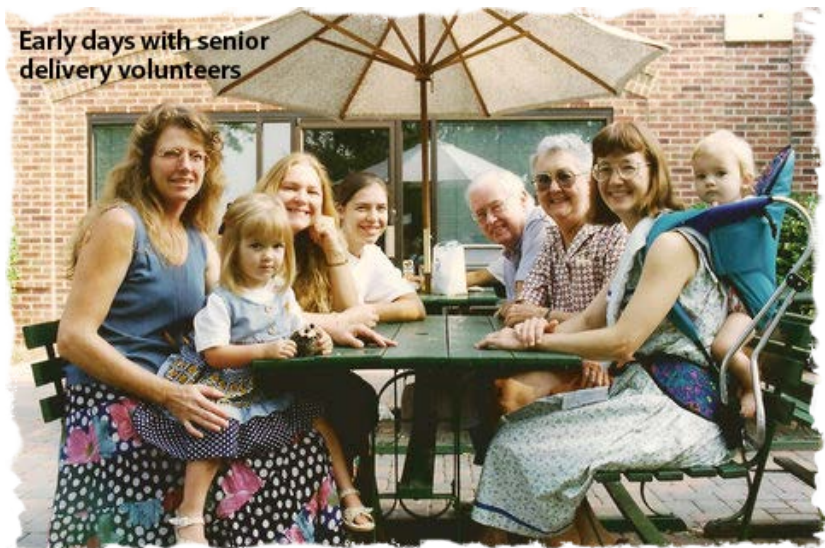
What's Possible!

Owner loans of \$1 million helped River Valley Market open in Northampton, Massachusetts six years ago. The 6,300-owner co-op recently raised \$2.4 million in owner loans to refinance its commercial bank loans and finance a deli remodel. Board President Dorian Gregory says the owner loan program asks people in the community "to see themselves as owners." She credits the work of the board, management and staff for coming together to explain the benefits of owner capital to the community: "We told them that by refinancing with member-owner loans the co-op would be more stable, have a stronger balance sheet, and be in a better equity position."



Owner Participation, Then and Now

There's something about a co-op culture that cultivates participation. Perhaps, it's ownership—wanting to see something you own succeed. Or perhaps it's community—simply engaging in the process of connecting food with community. Either way, owner participation has been important to the co-op's sustainability and vitality since its early days. Owners who wanted to see the fledgling co-op thrive, came in early in the morning and late in the evening to stock and



restock groceries. Owners helped with composting after hours, chopped olives for the olive herb bread, wrote articles for the newsletter, stickered labels on newsletters over a long weekend, helped with wellness fairs at local schools, and made deliveries to homebound owners.

With sales over \$32 million, the co-op now uses trained staff to operate and maintain its three stores and Food House, and we have a robust staff to handle the administrative tasks of the co-op. Yet, we continue to hear owners ask, "How can I volunteer my time to help the co-op?" With more 18,000 owners, it's no longer possible to have owners volunteer their time for the hands-on tasks associated with buying and selling food. Yet, there are still many ways for owners to participate.



There are two basic and fundamental ways owners have participated since the opening of the Carrboro store:



Shop the Co-op



Provide Feedback

In addition, owners can consider the following.

Use a Gift Card for Purchases

It's been a while since we reminded owners how much you save the co-op when you use a gift card for your purchases. The co-op pays more than half a million dollars in credit and debit cards fees each year! As we work diligently to lower margins and reduce prices, we will be talking more about this opportunity and working to make it easy and simple to recharge gift cards.



Attend a Meeting

As owners, you are also entitled to and invited to participate in co-op meetings, including monthly Board meetings, the Annual Meeting, and this year's Co-op Fair. This year, more than 30 owners attended one or more of the monthly Board of Director's Meetings. Owners who are eligible can also run for a seat on the Board of Directors.



Owners attend co-op leadership orientation prior to the June Board meeting

A New Kind of Owner Volunteer

We are actively looking for a new kind of volunteer. We need volunteers who are knowledgeable about the co-op, its products, its values, and its structure and who are interested in either sharing that knowledge with others or drawing upon it to provide an informed owner perspective in various task-oriented groups.

We have the following new participation opportunities available this fall:

Event Volunteers: We need volunteers to staff owner information booths at co-op events and owner drives, including the Co-op Fair on August 30 and our wine shows in October.

New Volunteer Tour Program: We need volunteers to lead tours at each of the stores for new owners. The tours may eventually include school and community groups.

Advisory Groups: We are seeking owners to participate on advisory groups for each store. The store managers will lead the advisory groups and topics will be store specific and will rotate according to the needs of the store.

Participate in Product Tastings: We are seeking owners to help us taste and evaluate selected foods, including our Food House products and products we carry or might carry in our stores.

Owners interested in these new participation opportunities, email Brenda at brendac@weaverstreetmarket.coop.



Cooperative Community Fund

Helping organizations connect our communities with healthy food

Thanks to generous contributions from owners and customers, **four local nonprofit organizations will receive a total of \$2,700 in grants from WSM's Cooperative Community Fund.** A committee of eight consumer and worker owners selected these recipients for their innovative approaches to connecting individuals and families in our community with healthy food. An underlying theme in this year's funded projects is the desire to empower individuals of all ages to make healthy food a part of their daily lives. Two of the projects focus on growing nutritious produce in sustainable gardens, and the other two provide nutritious food for individuals with limited access to healthy food.



\$750 to Hillsborough's new charter school, The Expedition School, for materials to build raised gardens and a rain barrel irrigation system for its edible schoolyard. The gardens are an integral part of the school's studies in sustainability and environment and its mission of providing a healthy eating culture. The gardens will provide hands-on learning experiences in sustainable agriculture practices, including the use of organic fertilizers, soil amendments, green manure, and water conservation, as well as safe harvesting and cooking of seasonal produce.

\$700 to sponsor one day's meals served by Chapel Hill-Carrboro Meals on Wheels to 140 elderly and homebound members of the community. The volunteer-based organization provides a daily balanced meal and human connection for homebound individuals unable to prepare meals for themselves.



The organization provided 33,800 meals in 2013 and with rapid growth in the elderly population, it expects to serve 40,000 annually by 2015.

\$700 to Orange County Partnership for Young Children to fund two workshops in its leadership development series for community gardens. Community gardens provide low-resource families with young children a place where they can grow their own food. The workshops address two ongoing challenges facing the gardens: garden management and sustainability. The hands-on workshops will address these challenges by providing the skills and tools the community gardeners need to take on the role as garden managers.



\$550 to TABLE for educational materials to help sustain its growing SnackChef Program. Through SnackChef, TABLE volunteers prepare healthy snacks for children at low-income after school centers. The children learn how to prepare the snacks themselves. They are then sent home with the ingredients and a recipe so that they can teach family or friends how to make the healthy snack. TABLE will use the funds to develop and print recipes for healthy snacks and for lesson plans that include interactive activities about healthy eating.



A volunteer packs healthy food for TABLE's Weekend Backpack Program. TABLE received CCF grants in 2008, 2010, & 2012.

Board Candidate Statement from Barbara Keith

Describe your occupation and community involvement.

Currently, I am Senior Director of Global Marketing for Quintiles overseeing the creative development of communications and marketing channels for Quintiles globally. Quintiles is the global pioneer in pharmaceutical services, helping deliver new drugs and cures for the world's most challenging diseases with a network of more than 29,000 engaged professionals in over 100 countries around the globe.



With corporate and agency experience in marketing and communications, I have been recognized as a strong conceptual and innovative thinker, with solid operational and creative skills developing solutions to solve problems at hands.

Previous profession or occupation: Born and raised in France I worked in my mother's restaurant in Paris while going through college with a specialty in international Marketing. I started in the technology sector ultimately transferring to the US HQ in Chicago as a "Market Maker" to create Comdisco's new Federal Sales Division, working closely with industry associations, government agencies to improve standards and procurement policies. While in Chicago, I earned an M.B.A. from Kellogg Graduate School of management at Northwestern University. I continued in the technology sector as VP of international Marketing for Sandia Imaging / AXCESS - a manufacturer of biometrics, and digital printing focused on large security projects in Europe and Asia (Driving licenses, INS green cards...) As a result of the internet bubble and mergers I accidentally found myself in the banking industry where I held various marketing executive positions for Citigroup and Bank of America supporting communications, branding and sales effectiveness and managing conferences and shows with over 120 events a



year. I also ran a creative agency specialized in brand identity and direct mail for local banks, small business and real estate developers. Then I decided at this point in my life, that it was time for me, to contribute my expertise for a more tangible cause providing real community benefits and decided to shift to the Healthcare industry: I joined VHA Inc. (Novation), a national network of not-for-profit health care organizations serving more than 1,400 hospitals and 25,500+ non-acute care providers nationwide. All along my business career I was involved in multiple community efforts: I was nominated by the French Senate as Trade Advisor (Pro-bono position) and became Board member of the French-American Chamber of Commerce.

Why do you want to serve on the Board of Directors?

I would like to serve on the Weaver Street Market Board of Directors because I want to get involved and contribute to my community and put my experience in marketing, business development and corporate communications, as well as my life experience as a member of the community. I am interested to take a more active role in the success of the businesses that support connecting the local food supply to the consumer along with an overall concern in keeping and making our environment safe and authentic.

What experience do you have with Weaver Street Market, cooperatives, or small community-minded businesses?

Weaver Street was my first encounter when moving to Chapel Hill and it helped me immediately connect with the soul of the Triangle. My family and I love to shop and dine at Weaver Street and value the efforts to bring local products to market. We are groupies of the farm tours look forward to discover and meet new farmers year after year. Prior to moving here, I spent 10 years supporting the French-American Chamber of Commerce in Chicago and Dallas, providing consultancy and doing fundraising via the creation and promotion of culinary events. I developed innovating avenues to raise money and fund their budget: I led and participated to over 10 Beaujolais Nouveau festivals, bringing together over 5,000 people each year, pulling together wineries from France then expanding to adding Texas and California growers in the spirit of collaboration. Year after year, the event grew to include more than 50 local food and restaurant vendors, music, fashion shows, activities and more, and becoming a staple event in the area. I was also the Committee Chairman for the Rose Gala, an event bringing together silent auctions, gourmet food, Champagne, roses, art and music to raise funds for the Chamber. Those events have been the pillar of the Chamber to provide them the necessary funds to drive their communication effort and support the networking and exchange of small businesses in the area.

What experience, skills, or perspective will you bring to the Board?

I feel that my business and communication experience can contribute to the growth and success of WSM mission and objectives. I have over 20 years in business strategy with an acute marketing skill of listening and understand the customers to build successful and innovative solutions of any scale. I am excited about the focus and direction Weaver Street is taking, and I want to play an active role in the implementation of Weaver Street's long-term plan. While my background has followed a corporate

model, I find the co-op model of mutual collaboration for the good of all to be extremely appealing and aligned with my personal beliefs. As a mom, wife and WSM member, I also wish to work to pave the way for creative problem solving and participation as a member of the WSM Board.

Include anything else about yourself that you may like others to know.

My husband Dana, my son Max (17 years old at ECHHS) and I moved to live in Chapel Hill in 2010. My daughter is in her last year of architecture at LSU in Baton Rouge. I am passionate about good nutrition and good food and wine and won the Iron Chef competition at the Four Seasons in Dallas... I am proud to say that my children have also the “food bug” combined with culinary talents and hope they will transfer those so important skills to their children...

