

Annual Report 2009

The Kootenay Co-op Board of Directors

PRESIDENT'S REPORT

As I stated in my President's report from last year, we live in interesting times and that certainly continues to be the case. These interesting times are characterized by a level of uncertainty in many aspects of our local and globally integrated lives from which the Co-op is not excluded. The Board of Directors has done our best to address those uncertainties in a variety of ways this past year, with a view to securing, as much as possible, the long-term viability of the Kootenay Country Store Co-operative. After 34 years, it is pretty clear that the Co-op continues to meet the needs of our community members, despite the many changes in our region and in the natural foods industry over those three and a half decades.

Our efforts in this regard continued the work of improving the practice of the Board. After the election of the Executive at the first post-AGM Board meeting, we reviewed our responsibilities and purview as well as the various policies that guide our practice. Each of the Board committees, which support the efforts of the Directors, was tasked with developing and finalizing a Terms of Reference document so that all involved are clear on the roles and decision-making procedures associated with all Board activities. These were incorporated into other ongoing work by the Policy Committee to refine and expand the Board Manual. I personally am delighted by our efforts in this regard, having been involved with various organizations that have floundered at times, in part because roles and responsibilities were not clear.

The work of the Board committees over the past year has contributed greatly to the efforts of the Board and has entailed a great deal of extra effort by each Director.

The Finance Committee, chaired by Olindo Chiocca, worked closely with the Co-op's Finance Manager, Paul Dawson, kept each of the Directors informed of the financial health of the Co-op, and participated in the development of the Annual Budget, approved by the Board at our May meeting.

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The Eco Innovation Committee, chaired by Jon Steinman, continued their efforts to help the Co-op be as well positioned as possible for the imperatives and repercussions of climate change on our food supply and store. The committee also collaborated on a background document that helped to inform our Strategic Planning process.

The Strategic Planning Committee, chaired by Jeremy Lack, oversaw the entire Planning process, from identification of the preferred method, to selection of the contractor for facilitating our Retreat, to editing of the draft Strategic Plan.

The ad hoc Evaluation Committee, chaired by me (Abra Brynne) guided the Directors through the process of evaluating the work of our sole employee, the General Manager, in our biennial review and contract negotiation. Given the need to have an experienced leader at the helm of the Co-op at this point in our history, and the high level of confidence that we have in the General Manager, the Board decided to negotiate a three-year term with Deirdrie Lang going forward.

The Expansion Committee, chaired by Russell Precious, continued our efforts to address the priorities of our members (good food and body care products and a downtown location) with the high volume of people and product that go through our doors every day.

The Policy Committee and the new Board Development Committee, chaired by me, continued the work of improving the practice and skills of the Board of Directors by providing clear guidelines and adequate information. This included our second annual self-evaluation and an assessment of the skill set needed by the Board as we move forward.

On top of all that Committee work, we wrestled with how to best secure the financial position of the Co-op as we were deluged late last year with stories of a global economic meltdown. These discussions fed into the conservative sales growth estimate for our current budget.

The Strategic Planning process was an excellent learning opportunity for all involved and really served to strengthen a healthy and collaborative relationship with the store's senior managers. For the first time in the Co-op's history, our strategic planning was anchored in a two-day retreat that included each of the Board of Directors as well as the General Manager and the eight Department Managers. Through a series of activities and lots of discussion, we reviewed what our Mission and Principles mean to each of us in community and in every day practice at the store, alongside projections of the business and economic environment in which the Co-op will operate in the coming years. From a very broad base we were able to hone in on the categories and priorities for the store and develop a Strategic Plan to guide the operations of the store. This autumn will see the creation of a concrete Operational Plan, created by and for the staff, that will manifest all the great visions and ideas that went into the Strategic Plan.

This past year also saw some changes on the Board. Cecil Bund resigned as a Director in early April. We very much appreciated his participation on the Board during his term and wish him and his wife Joni all the best.

Our Co-op Bylaws allow the Directors to fill openings on the Board between AGMs so we were fortunate to welcome Paula Sobie to the Board in time for her to join our Strategic Planning retreat in early May. I know that it was a "hair straight back" immersion in the culture and doings of the Kootenay Co-op but I am guessing that it was likely one of the most effective Board orientations ever.

As I have announced earlier, I am stepping off the Board this year. It has been a very difficult decision to make and I am still not sure how my life will go on without the Co-op being an intimate part of it. I am honoured to have served as the Board President for the past four years and sincerely hope that my efforts have indeed contributed to the health and vitality of the Co-operative. It is not always "smooth sailing" when working in community and co-operation, but the joys and benefits of working with so many great and committed people to guide a values-based business have, for me, been enormous.

I wish to thank each of my fellow Directors for their efforts, their patience, their support, their laughter and their hard questions. I am also deeply grateful to each and every one of the staff who put so much of themselves into the Co-op. And of course, without the members, this would not and could not be a Co-operative. Let us continue to support this wonderful store long into the future, modeling a better way to do business in community. With gratitude.

Abra Brynne, Board President

Strategic Planning Committee Report

Members:

Jeremy Lack (Chair), Abra Brynne, Russel Precious, Deirdrie Lang

In the fall of 2008, due to the adverse and volatile state of the economy, the board decided that it would be prudent to revisit and update the Co-op's Strategic Plan.

We commenced a series of meetings – some with the directors on their own and some in conjunction with the senior managers of the Co-op to outline and strategize the various strengths and weaknesses of the organization and the opportunities and threats that we faced. It rapidly became clear, that this was too big and important a task to do part time in the evenings after a full working day, and thus in the spring of 2009, we decided to tackle the task at a weekend retreat and to employ a full time facilitator to enable full participation of all board members in the process.

The retreat was held at the Red Mountain Resort, and was facilitated by Keith Jardine. Present at the retreat were the directors, the general manager and the senior managers of the Co-op. In an intense period from Friday evening to Sunday afternoon, an amazing amount of work was created – laying out the vision for the Co-op and the path to be taken for the next three to five years. The Strategic Plan is the responsibility of the board of directors and is owned by them. It is a confidential document and has only been released to the General Manager and the senior managers of the Co-op.

The Co-op now has a Strategic Plan in place, and the task now is for the General Manager and the senior managers of the Co-op to convert this into an operational plan that will guide the Co-op as it moves forward.

Eco Innovation Committee

Members:

Jon Steinman (Chair)
Russell Precious,
Deirdrie Lang, Matt Lowe

I've been at the Co-op since 1998 and I've always experienced employment here as something much more than 'just a job'. The special alchemy of the Co-op's laudable mission, the skill and care with which the store is run, and the commitment to making the workplace fun and rewarding all contribute making it a wonderful place to work. And being paid a livable wage with fantastic benefits has made it possible for me to support my personal value system AND my family and community.

The past year, the Co-op has once again invested in our employees. In October, we were able to increase our entry level wages for all staff. Clerks and cashiers now begin at \$13.00/hr, with regular raises based on the number of hours they work for the Co-op (e.g. the first raise is at 800 hours).

Despite rising health care costs, we have also continued to provide all eligible staff with a truly top-drawer benefits package that includes extended health and dental coverage, as well as a cluster of insurances. And of course, we have been able to offer employment to even more wonderful people. Last year we had approximately 60 staff. This year we are hovering around 68! We are about evenly divided between part-time and full-time employees.

Our 2008 renovations provided office staff with much needed work space improvements...Speaking for myself, I now have an office space where once I had a desk in the staff room! On the topic of staff rooms, we renovated the basement and now have a beautiful and comfortable place for staff to rest, eat and chat during breaks.

The question of Sunday opening was perhaps our largest internal issue this past year. It has come up regularly over the years, but took root as an issue that needed to be seriously considered in 2008 as Co-op management continued to look for ways to serve the membership better and manage our increasingly cramped quarters in the downtown core. To open or not to open became the subject of many management meetings, thoughtful group conversation at our biannual full staff meeting and of a small ad-hoc committee of staff and management, as well as a specific part of a staff questionnaire, at the Board and Management Strategic Retreat, staff forums and during innumerable conversations among coworkers!

I was proud to be part of a process that made room for staff to provide intelligent and heartfelt input without losing sight of management's responsibility for making the ultimate decision.

The decision to open on Sundays was not an easy one to make, but I'm proud of how we made it. This is not to say the process was perfect-- no process ever is. But I observed a lot of intelligent questioning, active listening, sincere reflecting, and the ultimately the renewing of both our commitment to serving our membership and to being a compassionate and progressive workplace. In order to reap the rewards of a great work environment, we will stay committed to having challenging conversations and incorporating differing points of view. I am grateful for all those staff who actively engaged in this discussion and to all those who put themselves in the shoes of others in the spirit of cooperation.

Jocelyn Carver, Human Resources Manager

Why the EIC?

1. We recognize that the scientific consensus around global warming, peak oil and climate change is that they are substantially caused by the burning of fossil fuels and other human interventions in the ecosystem, and may have catastrophic results for the planet and its inhabitants.

2. We recognize that the Kootenay Co-op's continued dependence on the conventional food system, with its reliance on centralized supply, fossil fuels and inefficient technologies makes us economically vulnerable in the context of global warming, peak oil and climate change.

Activities:

Since its formation, the EIC has discussed, researched, and brainstormed strategies to reduce the Co-op's dependence on the conventional food system.

In light of a rapidly changing economic, political, and environmental climate, the EIC recognized a need to incorporate its ideas as part of a new Strategic Plan that would assist the operations of the KCSC to navigate through these changes.

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GENERAL MANAGER'S REPORT

Although I am thrilled that it is September (nothing is better than Fall in the Kootenays!), I can't believe how quickly it has come around again. Time for another Annual General Meeting and report to our membership on the state of their Co-op!

While the Co-op has enjoyed years of stable and consistent growth, the issues that have plagued the global economy over the past year have touched us as well. Although the impact of the recession to the Co-op has not been severe, we have felt it through slower than expected sales growth. Paul will cover more about the Co-op's finances in his report.

We continue to be a major economic contributor to Nelson with a staff of over 65 and 18% of every dollar spent at the Co-op returned to our local community through our payroll. We have an amazing staff at the Co-op and we love to be part of such a great work environment. We are fortunate to have a number of people who have chosen to live in the Kootenays and make the Co-op their career. One of those long-time staffers is our Grocery Manager Cindy King who celebrated 20 years with the Co-op in March. Congratulations Cindy!

Along with the day-to-day operations of keeping the store running, we took the opportunity this year to take a step back and consider the future direction of the Co-op. The Board of Directors along with the management staff, worked together to develop a Strategic Plan for the Co-op. With the decision to open on Sundays, we have already made immediate use of our strategic plan. Next steps for the management staff will be to develop our operating plan and further realize our Co-op's infinite potential.

The Co-op was presented with the Nelson & District Chamber of Commerce 2008 Business of The Year Award last December. Each year the award is given to an organization that the Chamber feels has a significant impact on the community from an economic, environmental and community outreach capacity. We are thrilled and honoured to have received this award! Be sure to check out the beautiful granite award mounted at the front of the store.

We are saying thank-you and goodbye to two long-term Board members this year. Abra Brynne and Olindo Chiocca were both elected to the board in 2004 and have both decided to not stand for re-election this year. Abra has spent the past four years whipping the board meetings into a prime example of efficiency as the Board President. Olindo has brought much business expertise to the position of Treasurer for all five years of his board service. A huge thank you to Abra and Olindo for their years of service to our cooperative, it has been a pleasure working with you both!

Looking forward to (and already in the midst of!) another great year – Co-op 2010!

Deirdrie Lang
General Manager



The Co-op Supports Local Farms

Last year more than \$330,000 worth of produce was purchased from 23 local, organic growers!



Eco Innovation Committee

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To assist the strategic planning process, the EIC spent considerable time preparing an Environmental Scan of issues pertinent to the KCSC. The document produced is a comprehensive overview of subjects such as, Global/National Economy, Regional/Local Economy, Energy, Climate Change, Government Policies/Regulations, Agricultural Trends/Issues in B.C., Consumer Awareness & Education, Buy Local Trend, Organic Standards, Food Processing / Storage Capacity, and Genetically Modified Food Moving Forward

Moving forward:

The EIC will be preparing a strategy to assist the KCSC to operationalize any of the strategic goals that fall within the purview of the EIC. The EIC will be sharing our Environmental Scan and Strategic Plan with the North American food co-operative community as a tool to spark a discussion among food co-ops with the hope that the KCSC can share our goals/strategies with other co-ops and learn from their strategies at the same time.

The EIC's Environmental Scan is available to members and the public on the KCSC web site at www.kootenay.coop.

FINANCE REPORT

2009 Annual Report

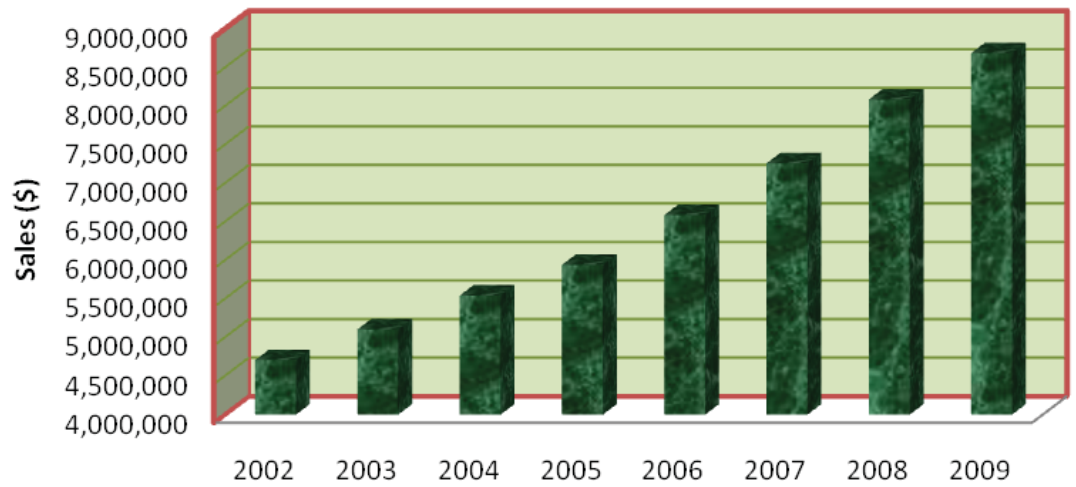
The Kootenay Country Store Cooperative concluded a successful 2009 fiscal year by generating record sales of almost \$8.7 million, a 7.5% increase over our last fiscal year.

As alluded to by the General Manager, the Co-op has been affected by the external economic situation. While we started off the first six months of the year (June to November 2008) with sales increases close to 11%, the second half saw a slowdown, with sales increasing by a more modest 5%. Overall though, as the sales chart indicates, the Co-op has enjoyed steady growth over the past few years.

Of the \$8.7 million in sales, our cost of goods sold totalled \$6.1 million, leaving approximately \$2.6 million for all other expenses. Of the \$2.4 million in actual expenses, about \$1.7 million went back to the community in the form of wages and benefits to staff, as well as various donations and community outreach programs by the marketing department. More details on these community donations can be found elsewhere in the Annual Report.

We welcomed 535 new members over the last year, and net share investment totalled \$22K, indicating that people continue to be attracted to the Co-op's products, services and business model. Our total members now number 8,700 – an impressive number considering the size of the population that we serve. Affordability of products was enhanced by member discounts given at the tills totalling \$823K. After all expenses and income taxes we were left with a net income figure of \$216K to be retained in the business.

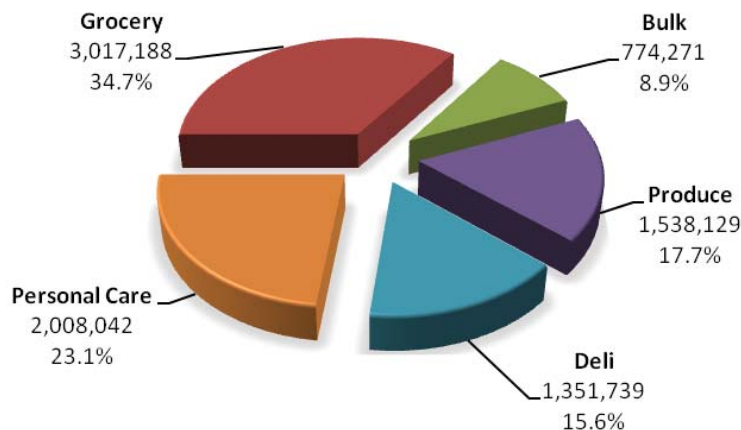
Store Sales 2002 - 2009



With our sales per square foot ratio running at 75% higher than the average cooperative grocery store, management and staff have needed to become innovative in space usage. In 2009, the Co-op invested in office and staff room renovations, which temporarily alleviated a desk and computer shortage in the office, and allowed the staff a quiet location away from business activities. Also, the purchase of new shelving racks has helped with the ever-increasing quantity of products flowing through the warehouse. Other notable capital expenditures in fiscal 2009 included a long-overdue network server and stations, a new warehouse lift and new compressors for the coolers.

Despite \$136K of such outlays, we were still able to add approximately \$150K to our cash reserves. As outlined in the notes to the financial statements, much of these reserves are invested in short term deposits in various B.C. financial institutions.

Sales by Department Fiscal 2009



All departments grew at similar rates in the last fiscal year, with the breakdown by sales and percentage of overall sales shown in the Sales by Department pie graph.

Overall, despite the economic uncertainties that surround us, the Co-op remains in a healthy financial position heading into the 2010 fiscal year.

Paul Dawson
Finance Manager

The Kootenay Co-op is committed to COMMUNITY DONATIONS

The Kootenay Co-op offers fundraising opportunities for individuals & non-profit organizations in our community

Bursaries

\$500 Youth Award:

Aysia Lowell-Guy is now attending Acadia University in Wolfville Nova Scotia where she will be pursuing Sociology and Environmental studies.

\$500 Linda Prentice Memorial Award:

Chelsea Raney will be attending the Academy of Classical Oriental Sciences

\$500 Gordon Seward Art & Music Award:

Rebecca MacLeod is attending Carnegie Mellon University in Pittsburgh, Pennsylvania to further her studies in Violin Performance.

\$500 Environmental Fund

The Environmental Fund was awarded to **KCAP - Kootenay Citizens for Alternative to Pesticides**



The Co-op sponsors an adult and a youth soccer team.

Till Donations

You can support these groups with your donations at the tills

- W Kootenay Women's Association
- ANKORS
- The Food Cupboard
- Stepping Stones For Success
- Pregnancy Outreach
- OAFP
- Second Chance Animal Shelter
- Broader Horizons



Prize Giveaways

- Simply Natural BBQ
- Snowboard
- Cast Iron Teapot & Mugs
- Bulk Bin Bounty Basket
- Sprouting Kit
- Misc. baskets and gift cards

Bike Giveaways

Marie Pfeffer won the \$500 hybrid bike, compliments of Ryza Beverage.

Shaune Frisch won the \$200 recycled junior bike, compliments of Prairie Naturals.



Community Sponsorships

- Kootenay Co-op Radio
- Deconstructing Dinner
- FLIKS Film Festival
- Nelson Youth Soccer
- Nelson Adult Soccer
- Welcome Wagon
- Baby Welcome Wagon
- Kaslo Jazz Festival
- Chamber of Commerce & Selkirk College Gala
- Fundraising Dinners.
- Kootenay Food Revival
- Feeding The Future with Michael Ableman
- UCCC (Upper Columbia Coop Council) educational event.
- Kid Walk
- Percy Schmeiser at the Brilliant Cultural Centre
- Carole Rubin Ecological Garden Care
- Community Food Matters
- Gathering
- Nelson Leafs

World Food Day



The Co-op's World Food Day partnership with the Nelson Food Cupboard and the

United Church raised more than \$2,500 in food and money to feed those in need in our community



The Kootenay Co-op is committed to COMMUNITY DONATIONS

Miscellaneous | Community Donation Days



*Miscellaneous Donations
to these community groups:*

On the third Tuesday of every month, 1% of sales is donated to a community group. These groups received the following amounts:

- ACOS
- AFKO
- Amnesty Intl Film Fest
- ANKORS
- Art Walk
- Association of Kootenay and
Boundary Local Govts.
- BCSPCA
- Bonnington Park & Rec.
- Brent Kennedy Elementary
- Celebrate Africa
- Chamber of Commerce
- Common Grounds
- Commuter Challenge
- Crawford Bay Elementary
- Earth Day 2009
- Food Not Bombs
- Frog Mtn Films
- Girls Night Out Benefit
- Glacier Gymnastics
- Grans to Grans
- Greener Footprints Rossland
- Habitat for Humanity
- Heart to Heart
- Heritage Fair
- Kootenay Home Educators
Theatre Company
- Hume School
- Hungry Bowls
- Kalso Trailblazers
- KLEESA
- Kootenay Co-op Radio
- Kootenay Kids
- Kootenay Kiltie Pipe Band
- Kootenay Society for
Community Living
- Licencing Officers of BC
- Mountain Lake Seniors
- Mount Sentinel Secondary
- Nelson Blueliners
- Nelson History Theatre
- Nelson Municipal Library
- Nelson Nordic Ski Club
- Nelson Special Olympics
- Nelson Waldorf School
- N & D Housing Society
- N & D Community
Complex
- N & D Women's Assn.
- Off the Mat
- Oysters, Authors & Ale

- \$237.73** - Deconstructing Dinner
- \$312.97** - Lower Columbia First Nations
- \$299.04** - Friends of the Family
- \$251.46** - Slocan River Valley Seed Savers
- \$372.57** - West Kootenay Eco Society
- \$264.84** - Second Chance Animal Shelter
- \$314.17** - Kootenay Kids Garden Project
- \$295.56** - Inspire Nelson
- \$269.09** - BEAKS
- \$248.63** - Community Garden Society of Kaslo
- \$381.37** - Crawford Bay School Playground
- \$364.03** - Inspiring Youth for Change

Total \$3611.46

- Oxygen Art Centre
- Pura Vida Foundation
- Red Fish School
- Salmo Secondary
- Salmo Ski Racers
- Salmo Valley Youth Centre
- Second Chance Animal
Shelter
- Selkirk College Foundation
- Selkirk College Guatemala
Nursing Program
- Selkirk College Wellness Fair
- Senior Citizen's Assn. of BC
- Sinixt Nation FroggyFest
- Slocan Valley Parks & Rec
- Soap Box Derby
- Sound Vibes
- South Nelson School
- Special Olympics of BC
- St. Joseph School
- Sunshine Bay Celebration
- Take Back the Night
- The Factory
- The Whole School
- The Sistering tree
- Touchstones
- United Way
- Valhalla Wilderness Sch
- Wee Ones Daycare
- WK Eco Society
- WK Women's Centre
- Wild Flower School
- Working Women's Open
Youth Employment
Resource Centre

Product Donated to Food Banks & other Community Service Groups

**\$4668.54 of
GROCERY product
was donated last year**

**\$11,241.13 of
PRODUCE was
donated last year**



Events & Educational Opportunities this past year

The main Events & Programs this year::

Cooking School

The popular Co-op Cooking School offered their six-series cooking classes in both the spring and fall this last year with local whole foods expert Maggie Jones at the helm. We are fortunate to have Maggie share her expertise and love of cooking with participants, who enjoy a full meal of delicious creations after each class. Due to their success, they are running again this fall.

Food Film Festival

Following the lead of the previous year's Dinner & A Movie Series, we held our first one-day film festival in February with two exceptional films "Food Matters" and "Simply Raw". Hundreds of people enjoyed these films that highlighted the undeniable link between diet and health.

Winter Social

Once again we stayed warm and cozy at our Annual Winter Social. We enjoyed fresh baked goods, supplied by Co-op staff, stayed toasty with hot apple cider and cocoa and sang along to Christmas Carols played by our in-house Co-op band.

Plus Speakers & Workshops

- Terry Willard from Wild Rose College
- Element Botanicals - Bath Salts Workshop
- Green Smoothie Revolution
- Raw Foods Workshop
- Brendon Brazier Seminar
- Sam Graci Seminar

Winter Social Food Film Festival Earth Month Cooking School



Member Resources

- Member Pamphlet
- Community Outreach Pamphlet
- Monthly Newsletter
- Workshops, Classes & Seminars
- Guest Speakers
- Recipes & Food Tips
- Dietary & Nutritional Information
- Store Tours
- Kids Card (8 & under)
- Website: www.kootenay.coop
- eNEWS (subscribe by clicking the button on the homepage)
- Product Information & Demos
- Food Politics & Industry News
- Free & Sponsored Magazines

New Resources

- Recipe Cards
- Produce Info Cards
- Deli Cheese Cards
- Bulk Bin Bounty Pamphlet
- All Natural Household Cleaners
- Sweeteners & Sugars
- Guide to Nutritional Yeast
- Fats & Oils
- Celiac Disease & Gluten Intolerance
- Our Local Farmers Guide

Earth Month

Earth Day Broadcast



On April 21, Kootenay Co-op Radio set up in front of the Co-op for its annual Earth Day Broadcast with the "Ecocentric" hosts and guest speakers. There were giveaways and live music on this warm sunny day, making this outdoor event a success.



Bulk Bin Bounty

In April we celebrated Earth Month with a Bulk Bin Bounty theme. There was a Bulk Food Resource table at Customer Service with recipes, demos, card facts, the Whole Food Guide plus our Spring Case Lot Sale to help you get cooking.



Investing in our Community

Your are automatically investing in your community every time you shop at the Co-op. You can make an even bigger impact by:

- Shopping on Community Donation Days
- Using the till Donations cards
- Supporting The Seasonal Giving Tree