

FINANCES

A REPORT FROM UKIAH NATURAL FOODS FINANCE MANAGER

Sales for 2018 totaled \$15,093,494. For the first time in many years, sales growth for the Co-op was a negative 4.46%. Sales began declining in July when Costco opened. Every department, with the exception of the Espresso & Juice Bar, had negative sales in 2018. Sales to Co-op member/owners comprised 74% of total sales. An average of 1,257 customers per day shopped at the Co-op in 2018, a drop of 27 customers per day from 2017.

Operating expenses increased from 30.06% of sales in 2017, to 32.14% in 2018. It cost \$4,851,747 to run the store in 2018; a dollar increase of \$103,439 over 2017. The highest cost increase was in labor expense as we continue to incrementally raise wages to stay ahead of the upcoming California mandate of \$15 minimum wage by 2022. The lower sales and higher expenses this year resulted in earnings before income taxes of \$605,315 or 4.01% of sales. This is \$289,207 less in net profit than the Co-op generated in 2017. We're pleased that the Co-op made a profit in 2018 and that the finances are healthy enough to support 2018 patronage dividends and the planned 2019 expansion/remodel. The asset-to-liability ratio is excellent at 8:1, which means the Co-op has \$8 in assets for every \$1 in liabilities. There were 6,755 Co-op members at the end of 2018, and we collectively own \$7.5 million in equity in our local food Co-op!

The amount available from 2018 earnings for patronage dividends is \$450,173. This is \$210,163 less than 2017. In March 2019, the Co-op's Board of Directors voted to issue 50% of the declared Patronage Dividend in cash, and 50% will be reinvested in the Co-op, primarily to financially support the investment we are making in the upcoming 2019 remodel.

Patronage Dividend checks totaling \$225,086 were sent to 4,367 members in April 2019. Since our first Patronage Dividend in 2012, the Co-op has given \$2.6 million in cash patronage dividends back to its member/owners.

In Cooperation,
Anne Wright
Finance Manager

UKIAH Natural Foods CO-OP

2018 ANNUAL REPORT

The Homestead Cooperative, Inc. Balance Sheet Year ending 12-31-2018

	2018	2017
Current Assets	\$ 6,005,852	\$ 5,848,009
Property & Equipment	\$ 1,908,322	\$ 1,927,499
Other Assets	\$ 741,043	\$ 731,421
Total Assets	\$ 8,655,217	\$ 8,506,929
Current Liabilities	\$ 990,513	\$ 1,166,522
Deferred Tax Liability	\$ 90,000	\$ 101,000
Member's Equity	\$ 7,574,704	\$ 7,239,407
Total Liabilities & Member Equity	\$ 8,655,217	\$ 8,506,929

The Homestead Cooperative, Inc. Statement of Earnings Year ending 12-31-2018

2018 2017

Gross Sales	\$15,093,494 (100%)	\$15,797,705 (100%)
Cost of Sales	\$9,501,512 (62.95%)	\$9,975,573 (63.15%)
Member Discounts	\$218,767 (1.45%)	\$227,311 (1.44%)
Gross Profit	\$5,373,215 (35.60%)	\$5,594,820 (35.42%)
Operating Expenses	\$4,851,747 (32.14%)	\$4,748,308 (30.06%)
Other (Income) Expenses	\$83,847 (0.56%)	\$48,010 (0.30%)
Provision for Income Tax	\$43,803 (0.29%)	\$2,363 (0.01%)
Net Earnings	\$561,512 (3.72%)	\$892,159 (5.65%)

For additional information regarding the Co-op's financial performance or to receive a detailed copy of the annual financial statements, reviewed by Wegner CPA's, please contact Anne Wright at awright@ukiahcoop.com.

BUILDING COMMUNITY

Average number of shoppers at the Co-op per day:

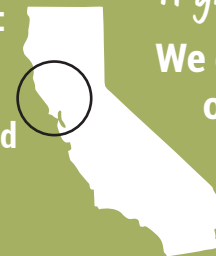
1,257

\$50,000 new Local Farmer Loan Program fund designed to aid local farmers with capital projects

\$32,000 total charitable donations, including **\$12,000** donated to local non-profits improving the health and wellbeing of our community through our annual Grants & Donations program

SUPPORTING LOCAL ECONOMY

SALES FROM LOCAL PRODUCTS: **\$4,069,369**
(Our definition of local is produced within a 200-mile radius.)



A great place to work!
We employed an average of **97** staff in 2018.

53% Full Time
47% Part Time

MINIMIZING ENVIRONMENTAL IMPACT

59% OF TOTAL STORE SALES COME FROM ORGANIC PRODUCTS

NUMBER OF NON-GMO PRODUCTS ON OUR SHELVES: **4,750**

3,766 PRODUCTS CARRIED MET OUR DEFINITION OF LOCAL (not including produce)