



LET'S BUILD A STORE TOGETHER!

The Hillsboro Food Coop (HFC) is pleased to present the 2019 fiscal year Annual Report to company owners and our community. Ownership growth in 2019 accelerated compared to the prior year as we surpassed the 500 owner milestone, ending the year with an additional 136 owners. HFC business activities conducted by the Board were focused on making investments in our business through contracting industry professionals and Board development. Routine operations were normal in 2019 as we continued to build out HFC volunteer capacity.

The Board and volunteers look forward to engaging with our owners and connecting with members of the community throughout 2020. Promotion and marketing will be challenging as we adjust to changes brought about by the COVID-19 health crisis. Based on HFC sign-up data, the Hillsboro Farmers' Market serves as an important touch point for prospective members. Because of this, the market's recent decision to move to a drive through only format poses a new challenge for the Co-op. HFC is now looking for creative ways to reach new owners and align our marketing strategy with this unexpected change in circumstances.

As a collective ownership, we know that local food systems offer supply chain resiliency, and derive pride from keeping money in our local economy. Grocery shoppers everywhere are also recognizing the value of local food systems. We hope all owners can take a moment to connect with their friends and family on these issues. Direct referrals build interest and are the number one way we have gained new members. Thank you for telling your friends and neighbors about the many positive benefits provided by a food cooperative, it's working! In 2020, we will continue sharing the HFC vision and building momentum towards opening day.

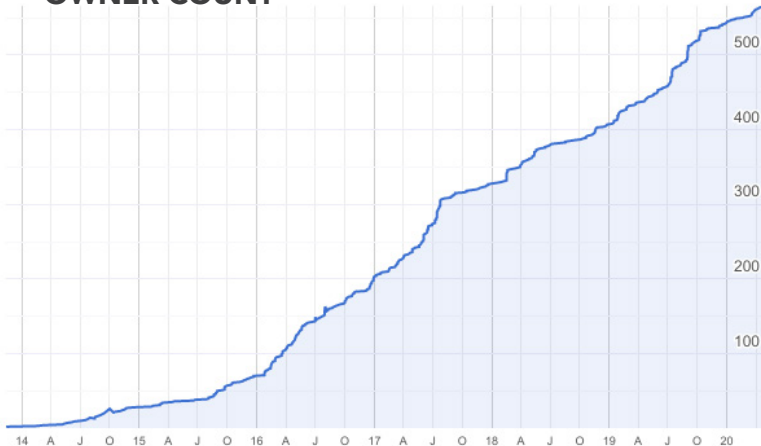
**OUR VISION**  
*We envision a community-owned grocery store that provides thoughtfully selected products, connects shoppers to our local food system, and strengthens our community.*

## Ownership Update

HFC ownership grew by 136 owners in 2019. Significant growth occurred around the 500 owner milestone and through vendor sponsored promotions at the Hillsboro Farmers' Market. As ownership in our business steadily increases, we are approaching major milestones that will continue to draw rapid ownership growth. Based on other cooperatives, we anticipate surges in growth as we become more visible to the community and as confidence builds in viability.

The Outreach team worked with a consultant to develop new promotional tactics which provided successful outcomes during the market season. Over the 2019 year, the business ran five owner promotions, which produced over 60% of all new owners. We redesigned promotions to include a pre-promotion build up, targeted ads, and group incentives, which helped boost the number of owners added per day. Understanding these types of information helps our limited volunteer resources become more effective and efficient in increasing the HFC ownership base.

**OWNER COUNT**



Promotion	New Owners	Days Ran	Owners per day
New Year New Member	29	90	0.3
15 Owners in 15 Days	21	15	1.4
Peak of the Season	19	15	1.3
Fall Harvest	13	6	2.2
Season of Giving	7	30	0.2

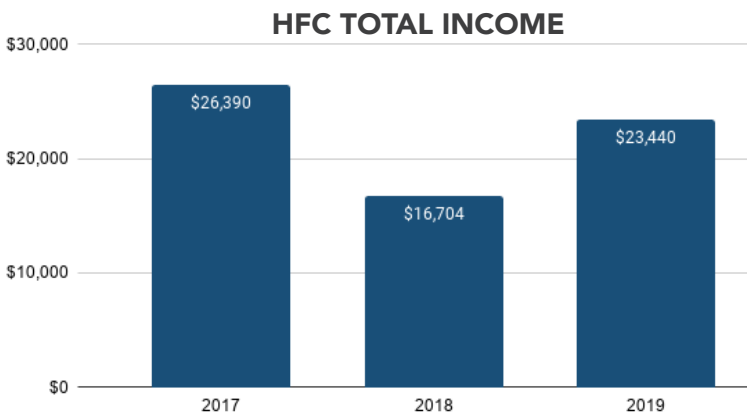
## Financials

HFC has a stable balance sheet with limited short-term liabilities associated with routine operations and no long-term liabilities. Total assets at the end of 2019 were \$56,066. During the fiscal year, and throughout the co-ops start-up phase, the primary source of income comes from new owner equity. To remain a growing business venture, our annual income must be greater than the expenses to avoid cash burn. In 2019 we saw Income outpace our Expense by a factor of nearly 1.7 times. Our existing assets and positive business cash flow provide ample funds to provide reinvestment into our business which will drive further growth.

## Income

Income realized by HFC in 2019 was \$23,440, an increase of 40% compared to 2018. Greater income in 2019 was driven primarily by ownership growth and ongoing realization of payment plan income. Grants and donations were flat compared to 2018 and represented only 3.1% of income.

The Food Coop Initiative suggests that grants and donations should account for nearly one third of the overall income a food cooperative realizes in a year. *We are seeking a volunteer* with experience in grant writing to generate more income for HFC.

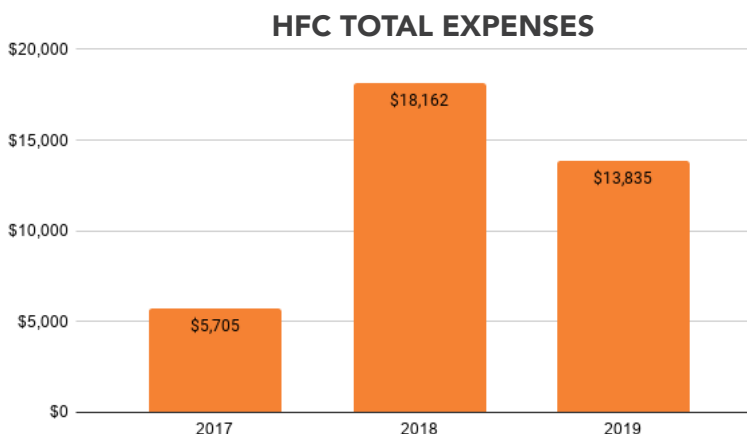


By Category	2019	2018	2017	3-yr avg
Grants	\$200	\$0	\$500	\$233
Donation/ Fundraising	\$527	\$826	\$1,186	\$846
Processing Fees and Interest Earned	\$447	\$239	\$444	\$377
Owner Equity Shares	\$22,266	\$15,640	\$24,260	\$20,722
	<b>\$23,440</b>	<b>\$16,704</b>	<b>\$26,390</b>	

## Expenses

Business expenses in 2019 were \$13,835, a decrease of 24% compared to 2018. This was mainly driven by a decrease in professional services related to the branding and website development efforts incurred in 2018. A year-over-year increase in Outreach was meaningfully higher due to the purchase of yard signs and market booth banners.

Operating costs for HFC remain on a consistent rising trend as business operations grow and expand. We anticipate expenses to be relatively flat when excluding professional service items. In 2020, we anticipate major professional service expenses for an Outreach and Volunteer Coordinator and Market Study. Expenses for these services are anticipated to be in the range of \$16,500 - \$21,000.



By Category	2019	2018	2017	3-yr avg
Operating Expenses	\$5,019	\$4,649	\$3,005	\$4,224
Events	\$5,438	\$3,155	\$800	\$3,131
Professional Services	\$2,638	\$9,068	\$80	\$3,929
Development	\$240	\$775	\$1,320	\$778
Charitable Contributions	\$500	\$515	\$500	\$505
	<b>\$13,835</b>	<b>\$18,162</b>	<b>\$5,705</b>	

