



Annual Report

2023



12 Principles

The 12 Principles
are values that
Central Co-op uses to
guide decision-making
for our stores and
our organization
more widely.

1. Voluntary and Open Membership

Central Co-op is a voluntary organization, safe and open to all persons able to use our services and willing to accept the responsibilities of membership, without discrimination based on race, religion, age, social status, political affiliation, sexual orientation, or gender identity.

2. Democratic Member Governance

We are a democratic organization governed by our members. Representatives are elected to serve the whole membership. All members have equal voting rights.

3. Member Economic Participation

Members contribute equitably to, and elected representatives direct, the capital of our cooperative. A portion of that capital is the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for developing their cooperative, setting up reserves, benefiting members in proportion to their participation, and supporting other activities approved by the membership. Members are encouraged to patronize and invest in the Co-op.

4. Autonomy and Independence

We are an autonomous, self-help organization governed by our members. If we enter into agreements with other organizations, including governments, or raise capital from external sources, we do so on terms that maintain our cooperative autonomy.

5. Education, Training, and Information

We provide education and training for our members, elected representatives, managers, and employees so they can contribute effectively to the development of our cooperative. We proactively inform the general public about the nature and benefits of cooperation.

6. Cooperation Among Cooperatives

We strengthen the co-op economy locally, regionally, nationally and internationally by working together.

7. Concern for Community

We support the sustainable development of our communities.

8. Concern for Ecosystems

Recognizing our dependence on the Earth's natural systems and resources, we respect animal habitats, human habitats, and the Earth's biological and physical equilibrium in the course of our activity as a cooperative.

9. Concern for Workers

We strive to provide purposeful, dignified employment and to encourage and enable worker participation in the governance and economic success of the Co-op.

10. Skilled Cooperative Management

Recognizing the need for organizational capacity, we rely upon effective management and accountable empowerment, filtering management decisions through the lens of the cooperative model. We seek opportunities to develop organizational skills and cooperative understanding for the benefit of our business and the cooperative movement.

11. Strategic Leadership

We are committed to cultivating leadership, accountability and trust at all levels. Leaders are tightly aligned on our principles and strategy, while demonstrating individual initiative and a bias for action. They seek diverse perspectives and work to challenge their assumptions.

12. Innovative Culture

We serve our members by fostering a culture of learning, continuous improvement and innovation, to ensure the continued relevance and success of the co-op. We strive to develop and implement new ideas for increasing value and relevance to members.



Table of Contents

**Central Co-op
Annual Report 2023**

Central Co-op's 12 Principles

2 CEO's Report

4 Community Outreach

6 Staff Engagement

8 Distinguishing Ourselves in the Marketplace

*Supporting Local Vendors & Producers
Member Benefits*

10 Focus on Seattle

11 Focus on Tacoma

12 Financial Report

13 Financial Summary



Greetings, Central Co-op Members,

Although we have faced significant challenges over the past few years, we are seeing encouraging improvements in 2024.

In 2023, we continued to be affected by the construction of the Madison Street Transit Line, which began at the end of 2021. We also faced challenges from high inflation, which altered consumer shopping trends, and significant local competition in the Seattle market. As a result, sales decline throughout 2022 and the first quarter of 2023, ultimately stabilizing at a lower level. This led to a 14% decrease in sales for 2022 and 12% decrease in 2023. We adjusted our operating expenses to align with lower sales and partially offset inflationary increases to mitigate the impact on our operating results; however, we still incurred operating losses in both years.

During 2023, we focused on improving store conditions and providing more value options to customers by expanding our participation in National Cooperative Grocers' (NCG) Co-op Deals and Core Set programs. We also enhanced customer service at checkout, continued our member discount programs, and strengthened our store management team. Our staff continues to earn wages above the industry average and receive excellent benefits. Additionally, we remain committed to supporting small local vendors and the community.

This year, with the transit line construction ending and inflation returning to more normal levels, we have seen sales increase through September. We anticipate reaching breakeven operations by the end of the year. As sales continue to grow, and with our long-term debt fully paid, we plan to increase our cash reserves, and our financial position over the next few years.

Community support

One of the important missions of the Co-op is to give back to our community. We continued three important programs that help address food insecurity in our community.

CEO's Report

Ron Lawrence



Through the City of Seattle's Fresh Bucks program, which started in 2022, eligible consumers were able to purchase over \$40,000 of fruits and vegetables from Central Co-op.

With Central Co-op's long standing Healthy Community Program, registered restricted-income shoppers saved over \$61,000 on purchases.

Through our partnership with Too Good to Go, which began in 2022, we have saved over 1800 meals, and customers have saved over \$30,000.

Supporting local vendors and producers

Our commitment to supporting small local vendors and producers remains unchanged. Through direct contact or buying through local farm incubator programs such as Puget Sound Food Hub we provide an opportunity for those firms to have their products in our store. In 2023, we added 24 brand new local vendors and producers -- a dozen in each store.

Our Employees

Our employees are the backbone of our business, and we thank them for all their hard work, dedication, and willingness to adapt to the challenges we have faced. In Seattle, 40% of our employees have been with the Co-op for more than 5 years. We provide our terrific staff with an employment package that includes wages and benefits among the highest in our market. We also empower our managers to engage with local vendors and farmers to discover new products so they can have an impact on the business.

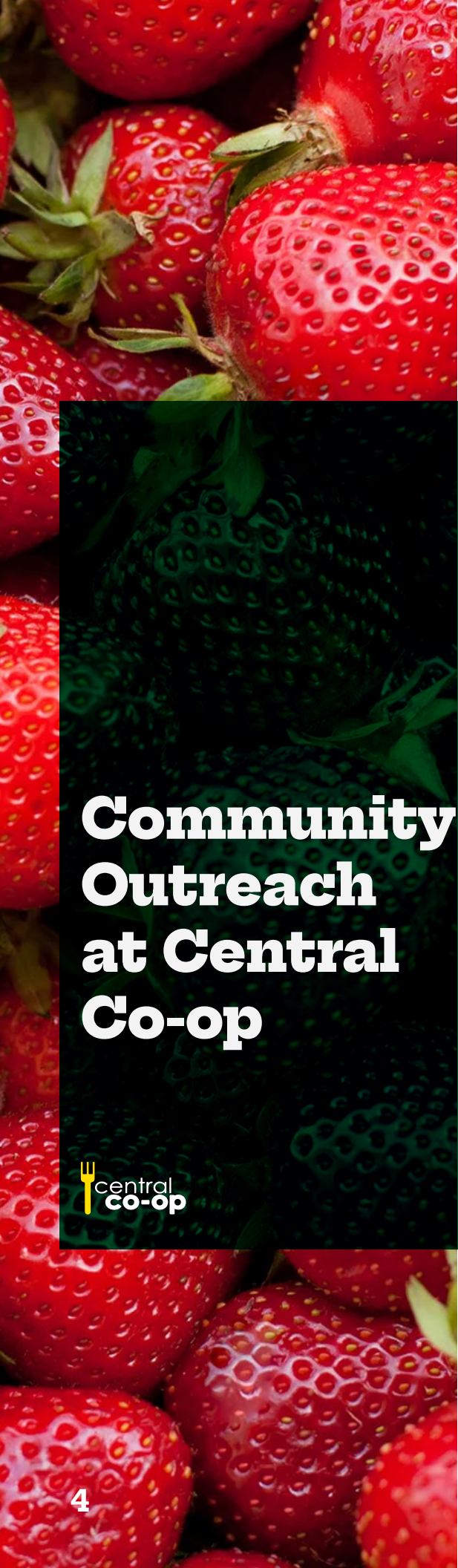
Members

Without your support none of the things you are reading about in this annual report would be possible ... our staff, support for local vendors and farmers, and community outreach. Your loyalty has enabled us to continue to have a positive impact in our communities. Each time you shop at Central Coop you are supporting our mission, and we are focused on doing as much as possible to support our community.

Board of Trustees

Finally, I would like to thank your Board of Trustees who have been very supportive through all the challenges we have faced and provided their talent and shared vision to our management team.

Gratefully,
Ron



The last few years have called on us all to be particularly adaptive, resilient, and engaged, prioritizing cooperative outcome and community over the individual self.

We are especially proud of our contributions to partners in food security, education, and justice.

A sampling of our 2023 Community Partners

Byrd Barr Food Bank
Casa Latina
Community Alliance for Global Justice
Friends of TOPS Elementary
Jewish Family Service
Jack & Jill Cooperative Preschool
Metro Parks Tacoma
People's Memorial
Point Defiance Zoo/Zoo Boo
Real Change Seattle
Skate Like a Girl
Tilth
Young Women Empowered Seattle
YWCA of Pierce & Kitsap Co.

Community Outreach at Central Co-op



Fresh Bucks

LAUNCHED JUNE 2022

We are thrilled to continue our partnership with the City of Seattle's Race and Social Justice Initiative to offer the Fresh Bucks program at Central Co-op Seattle!

This program aims to eliminate racial disparities in access to healthy food among historically underserved communities. Every month, participants receive \$40 to purchase fruits & vegetables at participating retailers, of which Central Co-op is one. The program began in June 2022, and in 2023, **participants received over \$40,400 in fresh produce.** For more information about this program, including eligibility and how to enroll, visit www.seattlefreshbucks.org.

Healthy Community Program

Our Healthy Community Program offers an everyday 10% discount to restricted-income shoppers, significantly reducing barriers for shoppers to take advantage of that benefit.

In 2023, shoppers in the Healthy Community Program collectively saved over \$50,000 on their groceries!

Interested in the Healthy Community Program?

Learn more by asking your cashier next time you're in-store -- it's easy to sign up at both Seattle & Tacoma.



Image credit: Too Good to Go

Too Good to Go

LAUNCHED APRIL 2022

An exciting new community-building partnership is Too Good To Go, which aims to reduce food waste and food disparity. Too Good To Go is an app that sells food nearing the end of its shelf-life at a discount, to make sure as much food as possible is consumed and enjoyed.


Too Good To Go is currently working with the Meat departments in each store to offer "Surprise Bags" -- a variety pack of our sustainably-sourced Meat & Seafood sold at a flat price (\$10 for \$30 worth of food) that shoppers can pick up in-store to eat for dinner that night. With every Surprise Bag picked up using the Too Good To Go app, around 5.5lbs of CO2e is saved.

The program began in April 2022, and since then, over 3300 meals were saved with customers saving over \$80,000.

Round Up at the Registers

When you, the shopper, round up to the next even dollar on your shopping trip at Central Co-op, that money goes directly to mission-aligned local food banks and community organizations. Your small change adds up and makes a big impact!

In 2023, your Round-Up donations put \$7,500 back into your Seattle & Tacoma communities.



All that we do at Central Co-op is only made possible by our employee team, who are committed, hardworking, and community-minded.

We are stronger for our diversity and wide range of skills. We champion avenues for staff to contribute their talent as well as proudly rewarding them for their hard work.

Staff Engagement at Central Co-op



Board Opportunities for Worker-Members

Central Co-op is excited to be one of only a few co-ops in the country to include both Consumer-Members and Worker-Members on its Board of Directors. One unique feature of our Solidarity Co-op structure is the ability of our workers to serve on our board once they have made the choice to invest as Worker-Members.

Comprehensive & Accessible Employee Benefit Package

Our staff continue to earn above-industry-average wages, and receive excellent benefits, which include:

100% Employer-paid Medical, Dental & Vision Coverage

Central Co-op covers all premium costs for all employees who work 28 hours or more per week. We also offer a cost-sharing structure for dependent children, spouse/domestic partners and part-time employees who regularly work more than 20 hours per week.

Additional Insurance Coverage

Short-term disability, long-term disability and life insurance 100% employer paid for all employees who regularly work 20 hours or more per week.

Matching 401(k)

Central Co-op 100% matches 401(k)-retirement plan contributions up to 4%.

Employee Discount

All employees receive an everyday 20% discount on groceries purchased at Central Co-op.

Expansive Paid Time Off Package

Central Co-op employees enjoy generous Paid Time Off (PTO) accrual rates that increase with years of service. Full-time new hires receive 120 hours of PTO in their first year.

Training Opportunities

Central Co-op partners with National Cooperative Grocers (NCG) and other organizations to provide on-site, online, and conference-based learning resources on current trends and industry best-practices to employees.

Fostering Relationships

A cornerstone of Central Co-op's operations is the amount of autonomy that we grant to our individual store department managers. We entrust them to build relationships with local vendors and suppliers and to make informed choices about the products their departments carry. This degree of freedom is uncommon in the grocery industry, and fosters authentic engagement between our staff, vendors, and the consumers who buy our products.

We often hear from our department managers how empowering it is to build significant partnerships with vendors, and that they feel supported in their efforts to be responsive to the emerging needs of our community.



Central Co-op is proud to be a runway for newly emerging vendors, committed to caring for the body, community, and planet.

As part of our holistic approach to the partnership between shopper and vendor, we also choose to reward our members with a benefits package.

Supporting Local Vendors & Producers

The past few years have magnified our understanding of, and response to, the needs and hardships continuing to be faced by small vendors and farmers. Taking on these small vendors gives them a toehold from which to grow, providing a vital lifeline for the survival of their businesses.

Central Co-op is often approached by small vendors who are rejected by other small grocery chains and even co-ops for not being able to produce enough for multiple locations. During 2023, we added 24 local vendors, 12 each in Seattle & Tacoma.

We are also proud to support local farm incubator programs, such as Viva Farms in Skagit Valley, as well as Scaling Up for Wholesale, from the Northwest Agricultural Business Center and Puget Sound Food Hub! Both programs work with small & medium-sized farms to provide land, marketing, and distribution resources that assist in increasing the markets and sales available to small farmers who are just starting out.

Much of the stunning seasonal produce that you find on Central Co-op's shelves from small Skagit Valley and Whatcom County farms is thanks to cutting-edge programs like these.

Distinguishing Ourselves in the Marketplace



Vendor Spotlight

Long Way Farm Carnation, WA

Long Way Farm is a queer-owned vegetable and cut flower operation in started in 2022 by its two co-owners Martie & Chloe, who met working at a farm in the Snoqualmie Valley. Located right on the Snoqualmie River, their land is owned by King County and managed by SnoValley Tilt's Experience Farming Project. (Martie is also an employee at our Seattle store!)



Although Long Way Farm is not yet certified organic, they strictly follow all Organic and Certified Naturally Grown practices. They also strive to build soil health through the use of crop rotation, cover crops, and compost. The farm floods seasonally, meaning that any products they apply or leave behind throughout the growing season will be carried away by the river in the winter; they are therefore extremely conscious and careful about what is put into the soil.

Martie & Chloe share, "From long days in the field to bringing the final product to market, the entire process brings us so much joy and appreciation for the world we live in. We also want to make sure that we can farm in a way that allows us to keep doing this work for years to come, which involves letting go of certain expectations and committing to learning what systems and farming practices truly work best for us and our operation.

We also do this work because we love the connection it brings us to the land, and we strive to be good stewards of that land. We hope to play a small part in a movement towards a more equitable and just way of growing and distributing food."

For more info, visit www.longwayfarmwa.com

Member Benefits

As many of you already know, we proudly launched a new Member Benefits Program for our Consumer members in 2023. **In 2023 members received over \$196,000 in discounts on purchases.** Some highlights of the member benefits include:

Four Seasonal 10% Off Coupons

Take 10% off the shopping trip of your choice each season!

Case Discounts

Central Co-op Members save 10% on pre-ordered cases.

Wellness Wednesdays

Members save 10% on supplements and body care products every Wednesday

Bulk 15

Members save 15% on bulk foods on the 15th of every month.

Visit centralcoop.coop for more information about your membership!

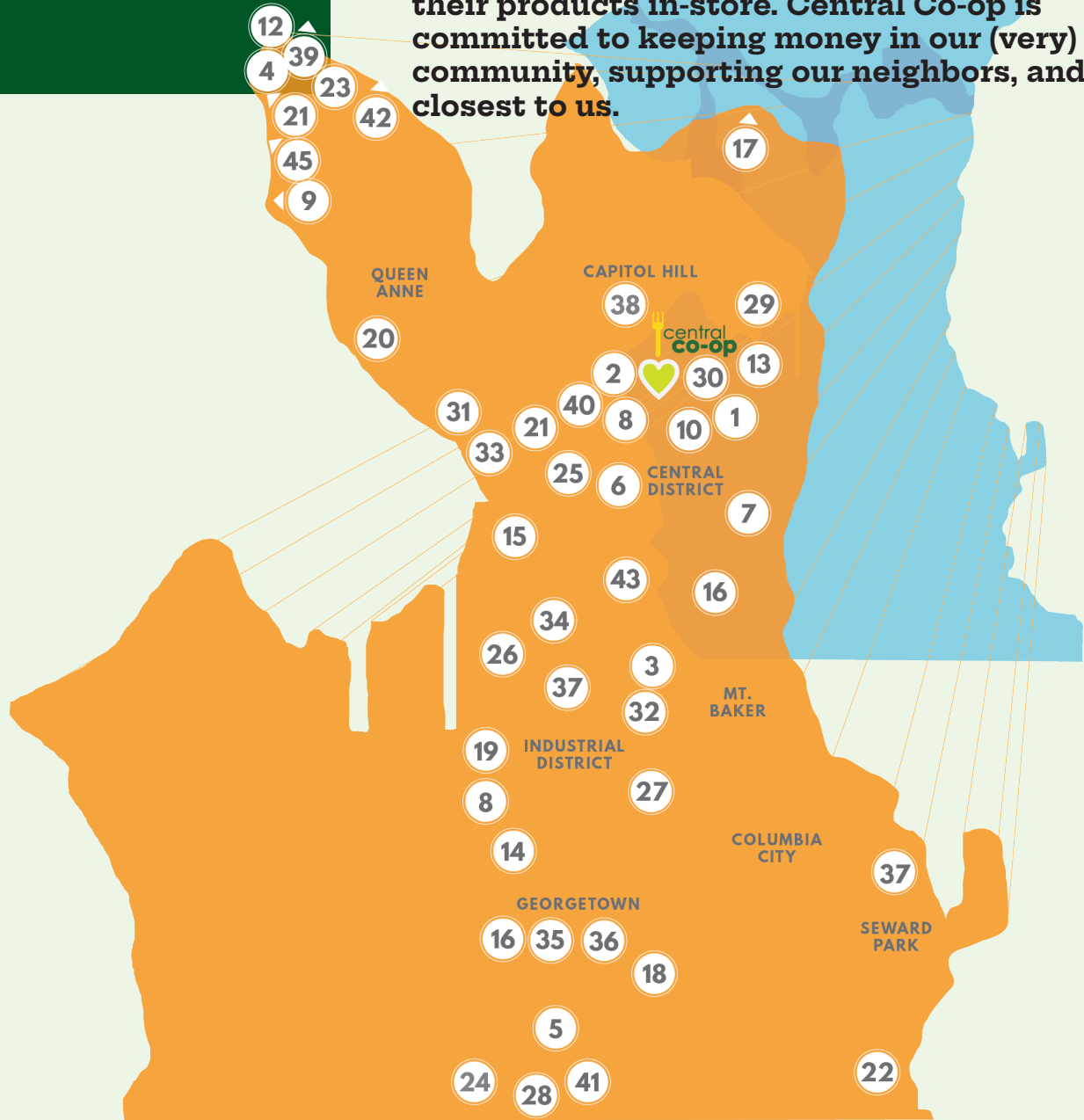
Focus on Seattle

New Members in 2023: 282

Total Seattle Members: 13773

This year, in our Seattle community, we've been talking about not only our impact on producers and partners from our local regions of the Puget Sound, Washington State, and the Pacific Northwest, but even more so, our hyper-local community right here in Central-South Seattle.

This map highlights local producers & distributors that we support through carrying their products in-store. Central Co-op is committed to keeping money in our (very) local community, supporting our neighbors, and those closest to us.



(Super) Local Producers & Distributors We Support

- | | | | |
|-------------------------|--------------------------|--------------------------------------|-------------------------|
| 1 ARCHAIC APOTHECARY | 15 ESTRELLA SOAP | 29 NATURAL STACKS | 42 URBAN FAMILY BREWING |
| 2 BENJI'S PEACH COBBLER | 16 FARMSTAND LOCAL FOODS | 30 NOWHERE FOODS | 43 ULI'S SAUSAGE |
| 3 BIANCO-ROSSO | 17 FOODS WITH ROOTS | 31 ONE FOR NEPTUNE | 44 VINEA IMPORTS |
| 4 BIZARRE BREWING | 18 FRAN'S CHOCOLATES | 32 R&K FOODS | 45 WHITE WOLF FOODS |
| 5 BIG DIPPER WAX WORKS | 19 GRAND CENTRAL BAKERY | 33 RACHEL'S GINGER BEER | |
| 6 BOON BOONA COFFEE | 20 GREENWOOD CIDER | 34 SALMONBERRY GOODS | |
| 7 BROADCAST COFFEE | 21 HAITI COFFEE | 35 SEATTLE EXPRESS WHOLESALE FLORIST | |
| 8 CAFFE VITA | 22 HAXAN HOT SAUCE | 36 SEATTLE WHOLESALE GROWERS MKT. | |
| 9 CAKE FOR BREAKFAST | 23 LADRO ROASTING | 37 SPECIALITY BOTTLE | |
| 10 COMMUNITEA KOMBUCHA | 24 LOKI FISH COMPANY | 38 STAMP ACT COFFEE | |
| 11 CORFINI MEATS | 25 LONG WAY FARM | 39 TALL GRASS BAKERY | |
| 12 CULTURE SHOCK | 26 MACRINA BAKERY | 40 THE JUICY CAFE | |
| 13 EMERALD TOUCH | 27 MICGROW FARMS | 41 TIMBER CITY GINGER BEER | |
| 14 ESSENTIAL BAKING | 28 MIDDLE FORK ROASTERS | | |

Focus on Tacoma

New Members in 2023: 186
Total Tacoma Members: 5435

In the four years since the store opened, we have added many producers and partners in the South Sound area. The map highlights a number of those neighbors that we support.

We continue to build our membership and store sales with well over 5000 members based in Tacoma.



South Sound Producers & Distributors We Support

- | | | |
|-----------------------------|------------------------|-------------------------------|
| 1 7 SEAS BREWERY | 12 THE EGG LADY | 23 MR. TEXAS |
| 2 ADAM'S MUSHROOMS | 13 E9 BREWING | 24 NORTHBEST NATURAL PRODUCTS |
| 3 AMBROSIA SELECTIONS | 14 FOUR ELEMENTS FARM | 25 OLYMPIA COFFEE |
| 4 BABY CHAV'S | 15 HILLSIDE QUICKIE | 26 OLYMPIC EAGLE |
| 5 BLOSSOM COFFEE ROASTERS | 16 ISLAND COFFEE | 27 THE PICKLED CHEF |
| 6 BLUEBEARD COFFEE ROASTERS | 17 LEFT FOOT FARM | 28 A SMALL SPECIALITY |
| 7 CAMPFIRE COFFEE | 18 LIVING LOTUS GREENS | 29 SWEET ALYSSUM FARM |
| 8 CHAMBERS BAY DISTRIBUTING | 19 MAGICAL MICROGREENS | 30 TAYLOR'S HONEY FARM |
| 9 CIVIC ROASTERS | 20 MANIFESTO COFFEE | 31 VALHALLA COFFEE ROASTERS |
| 10 DAN CASEY CARDS | 21 MIKE'S FINE BRINES | 32 WASHINGTON FLORAL |
| 11 DUDE'S DONUTS | 22 MOUNTAIN MIST | 33 WISER WORM FARMS |

Financial Report



During the past three years we have been impacted by strong new competition in our Seattle market; a rapid increase in inflation during 2022 and construction of the Seattle City Transit line on Madison St. With the increases in prices, consumers have changed their shopping patterns and are finding ways to reduce their spending on groceries. The Transit Line construction began late in 2021 and continued through the end of 2023 with frequent traffic disruptions and street closures. As a result, our sales were lower in 2023.

Our sales were \$19,465,000 in 2023, a decrease of \$2,726,000 from 2022, with most of that decrease occurring in our Seattle store. While sales were down by 12%, we carefully managed our operating expenses to align with the lower sales and partially offset inflationary increases. Our operating loss for 2023 was \$647,000, or \$194,000 more than the loss in 2022.

We continue our efforts to increase the long-term viability of our Co-op, remain competitive in our existing market, leverage our administrative resources, support local vendors and farmers, and contribute to the local communities. As a result of our emphasis during 2023 to improve store conditions and customer service, and strengthen our store management team, combined with the completion of the Transit Line project, sales in 2024 have been increasing in both our stores and we anticipate reaching profitable operations by the end of the year.

The debt that we incurred to open the Tacoma store in 2019 was paid off in September 2024, which will further improve our cash flow.

With the loss for the year, the Board did not declare a patronage dividend for 2023. Your loyalty as enable use to retain our footing and continue to have a positive impact on your Capitoli Hill and Tacoma communities.

Financial Summary

2023

	YEAR	YEAR
ASSETS, LIABILITIES, & EQUITY	2023	2022
CURRENT ASSETS	\$1,609,000	\$1,323,000
PROPERTY & EQUIPMENT	1,334,000	3,179,000
LEASE RIGHT OF USE ASSET	4,336,000	4,791,000
OTHER ASSETS	1,520,000	1,462,000
TOTAL ASSETS	\$8,799,000	\$10,755,000
CURRENT LIABILITIES	\$2,523,000	\$3,092,000
LONG-TERM DEBT	62,000	368,000
OPERATING LEASE LIABILITY	3,899,000	4,357,000
EQUITY	2,315,000	2,938,000
TOTAL LIABILITIES & EQUITY	\$8,799,000	\$10,755,000
OPERATING RESULTS	2023	2022
SALES	\$19,465,000	\$22,191,000
COST OF GOODS SOLD	12,780,000	14,511,000
GROSS PROFIT	6,685,000	7,680,000
OPERATING EXPENSES	7,332,000	8,133,000
OPERATING PROFIT (LOSS)	(\$647,000)	(\$453,000)

Note: In 2022, the Co-op adopted the Accounting Standard Update (ASU) 2016-02, Leases (Topic 842), which requires lessees to recognize assets and liabilities for leases currently classified as operating leases. As a result, the balance sheet now reflects a right of use asset and corresponding liability.