



NEIGHBORHOOD CO-OP GROCERY

Annual Report

2020

Published by:

NEIGHBORHOOD CO-OP GROCERY

OUR STORE

1815 W Main Street, Carbondale IL 62901

Open Daily 8 am - 8 pm

www.neighborhood.coop

The Neighborhood Co-op is a cooperative grocery store owned by members of our very own community. Most of our staff are even owners! We are a founding member of the National Co-op Grocers, a network of more than 200 cooperative grocery stores all across America. We combine our buying power to bring you the best food at the best value while staying locally governed. We work hard to support our community, and improve our local food system.

OUR MISSION

Neighborhood Co-op Grocery aims to serve the needs of its owners and patrons by providing wholesome foods, economically, in the cooperative tradition and in ways that best promote the health of the individual, the community, and the earth.

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ECO PRINTING

This magazine was printed by ModernLitho. They are certified to the Sustainable Forestry Initiative® (SFI®) and by the Forestry Stewardship Council® (FSC®) for their efforts in utilizing papers originating from a sustainable, ecological source and for maintaining rigorous processes, procedures and training to ensure their standards of excellence and environmental responsibility.

QUESTIONS

Email info@neighborhood.coop or call

618.529.3533

2021 BOARD MEETINGS

Meetings happen once a month

6pm Online Zoom

All owners are welcome!

See neighborhood.coop for meeting dates

BOARD OF DIRECTORS

Richard Thomas, Chair

Barbara James, Vice Chair

Margaret Anderson

Kristy Bender

Lauren Bonner

Leslie Duram

Ron Mahoney

Erika Peterson

Jak Tichenor

Contact the Board at:

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**2021 ELECTION:
MEET YOUR CANDIDATES**



FROM THE GENERAL MANAGER

FRANCIS MURPHY

2020 was a year of previously unimaginable challenges. While running a complex business, the management and staff had to try to protect shoppers from a novel virus; try to keep ourselves safe and cope with our own anxiety about contracting the virus; manage unpredictable customer demand and supply shortages; and respond to conflict brought on by sharp cultural divisions and the politicization of public health measures. At times, it felt like we were making daily adaptations to rapidly changing circumstances. However, 2020 was also a year in which several positive developments occurred which have strengthened the Co-op for the future.

At the start of the pandemic in March we saw the highest back-to-back weekly sales in the Co-op's history, which signaled the start of a banner year for sales. Not surprisingly there were supply issues (toilet paper!) and a number of changes were quickly implemented in order to keep customers and staff safe including closing our Community Room, shutting down our Deli and bulk department, modifying checkout counters with plexiglass shields, and sourcing PPE for staff. Store hours were reduced as we dealt with staffing issues and enhanced cleaning protocols.

The Co-op's strong financial performance in 2020 allowed us to give staff bonuses totaling nearly \$60,000 as some measure of appreciation for staff members' willingness to do their jobs under enormously stressful conditions. Our staff not only had to manage their own fears about getting COVID-19 but also had to deal with frightened or aggressive customers. I am very grateful to all the staff who continue to make the Co-op a warm and welcoming place despite many challenges. Thank you also to all of the owners and customers who follow public health protocols and remain kind.

Another positive development in 2020 was the dramatic increase in the Co-op's purchase of local products, which had been fairly flat for many years. The 2020 total of \$340,000 was a 54% increase from the previous year. The biggest growth was in eggs, beer and wine, meat, produce and wellness products.

In 2020, Co+op Basics sales grew approximately 20% compared to the previous year to 12% of total sales. The Co+op Basics program allows us to offer more affordable groceries for those looking to stretch their budget. Increasing sales of Co+op Basics products indicates that our shoppers appreciate these affordable options and our prices are indeed competitive. This is a National Co+op Grocers supported program, which means we have representatives at the national level negotiating better pricing and an increasing number of products to offer shoppers.

The most successful new program in the last few years has been the Link Match program. In 2020, we rolled over approximately \$2,900 in leftover grant money from 2019 and combined it with \$12,500 in new funding from Experimental Station, an Illinois not-for-profit. We redeemed roughly \$14,600 in Link Match currency in 2020 which meant we increased our ability to help low-resource individuals and families eat local fruits and vegetables. The Co-op actively seeks ways to be more inclusive of our community and to make shopping more affordable for people of all economic circumstances.

In short, despite the challenges of operating a grocery store during a pandemic, Neighborhood Co-op continues to be a thriving consumer owned food co-op. We remain a profitable business while making progress towards achieving goals around community, sustainability, and access to meaningful products and services. Thank you for being part of the Co-op and contributing to its success.



FROM THE BOARD CHAIR

RICHARD THOMAS, BOARD CHAIR

When I sit down to write the chair's annual report on the Board of Directors' activities, I look at the previous year's report to see how our plans for the coming year played out in reality. It will be no surprise to anyone that 2020 has not gone exactly to plan, and as I write in January, it feels like it isn't even over yet. The excellent news of 2020 is that your Neighborhood Coop Grocery did very well despite the difficult and very stressful circumstances, thanks to the efforts of the general manager, Francis Murphy, and the hardworking staff.

Board operations shifted entirely online in March while significant changes in the store functioning took hold as the pandemic intensified. The Board of Directors maintained the necessary oversight of the Co-op's operations and supported the General Manager and staff through these difficult times.

The Board's Owner Education Series continued, first with an in-person event in early February (remember those?) entitled "Vegan 101" by our own Dr. Leslie Duram. The following two events were hosted on Zoom, both presented by Austin Little of the University of Illinois Extension Service. In September, the first of these was entitled "Edible Landscapes", and the second, in December, entitled "Microgreens". We are all looking forward to the day when we can hold more of these events in the Community Room at the Co-op.

The pandemic forced us to make our Annual Owners Meeting a virtual event as well. That raised some interesting questions about the legality of the board election and bylaw changes on the ballot. To cut a long story short, we determined the virtual meeting would suffice, and we did have more than enough owners voting in the election. Our two incumbents, Lauren Bonner and Kristy Bender were reelected, and we welcomed Ron Mahoney and Erika Peterson to the Board. We did have a successful Zoom get-together, though we all missed the in-person music, meal, and conversation.

We also missed out on the glorious vegan chocolate cake we had planned to celebrate the retirement of the principa

bank loan that supported the move to the current store location in 2006.

After the board election on May 2nd, we said a fond farewell to Mary Avery. Many of you know Mary and her contributions to the Co-op over many years. We miss her incisive questions and hard work on behalf of the Board and wish her well and many happy travel adventures just as soon as the pandemic permits.

“-----”

The truly good news of 2020 is that your Neighborhood Coop Grocery did very well despite the difficult and very stressful circumstances...

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Your Board has not just been maintaining its legally-required oversight functions. We have engaged in strategic discussions with Francis and the Co-op department managers about the way forward in these very uncertain times. We have also continued debates on making the Co-op more reflective of the community we serve. Towards that end, we have arranged for formal work in 2021 with our co-op consultants to increase our diversity, equity, and inclusion.

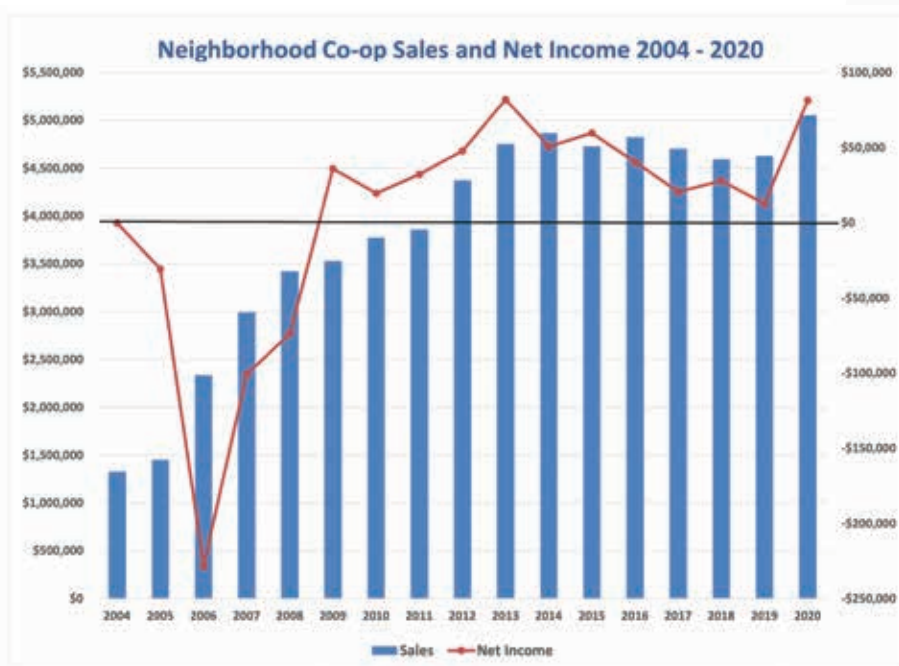
I hope next year's Chair's Report will reflect a climb back to normality in 2021 for all of us.





TREASURER'S REPORT

ERIKA PETERSON, TREASURER



Neighborhood Co-op Grocery's 2020 sales increased 9.2% compared to the previous year to \$5.05 million.

This was the highest percentage sales growth the Co-op has seen since 2012, and the first time we broke \$5 million in annual sales. From 2014 to 2019, the Co-op experienced flat sales as Southern Illinois University and the community contracted. The Co-op has also operated in an increasingly competitive environment with national supermarket chain stores offering more private label natural and organic products. However, during the pandemic, grocery stores experienced strong demand as restaurants were forced to close or became less attractive to a significant number of people.

Net income was roughly \$81,000 or 1.6% of sales in 2020 compared to budgeted net income of approximately \$19,000 or 0.4% of sales. As the graph above shows, the Co-op's net income had been trending down since 2013. However, 2020 was the second most profitable year in the Co-op's history, even as we paid nearly \$60,000 in staff bonuses. Net income had generally fallen off for the last several years due to reduced margins and increased

personnel costs. Like others, our co-op has lowered margins in recent years to better compete with conventional grocery stores that offer similar products. Simultaneously, personnel costs have gone up due to growth in wages and increased costs of benefits. Fortunately, in 2020, we were able to outgrow our expenses for the first time in many years.

The Co-op's balance sheet at the end of 2020 reflects the impact of the Paycheck Protection Program (PPP) loan that we received in April. The purpose of the PPP is to provide small businesses the means to pay their employees during the COVID-19 pandemic. The Co-op applied for a PPP loan because we wanted to do everything possible to ensure we could keep our staff employed and our doors open for business to serve our community. Like many businesses, we faced significant economic uncertainty as a result of the pandemic. The PPP loan helped us weather many unexpected changes by keeping all of our staff employed at a time it would likely have been challenging to do otherwise. It looks like we will get all or most of our PPP loan forgiven, which will provide a cash buffer for continued uncertain economic conditions in the months or years ahead.

2020 FINANCIAL HIGHLIGHTS



CO-OP OWNERS

200

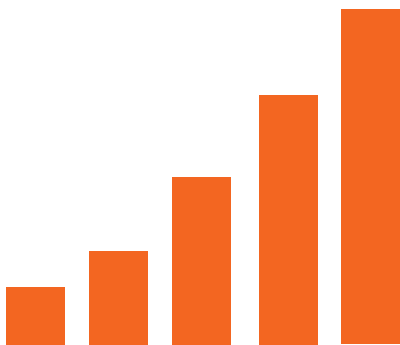
NEW OWNERS

28

RESIGNATIONS

2741

TOTAL
ACTIVE OWNERS



SALES

Increased 9.2%
to \$5.05 million



OUTREACH

The Co-op contributed
almost \$10,000 to local
non-profit organizations.



NET INCOME

Roughly \$81,000 or 1.6% of
sales compared to budgeted
net income of roughly
\$19,000 or 0.4% of sales.



STAFF BONUSES

With improved profitability,
the Co-op was able to
pay staff nearly \$60,000 in
bonuses in 2020.



20% OF SALES

Sales of local products
totaled \$1,022,000



SAVINGS THROUGH OWNERSHIP

\$29,634 in Owner Buys
and Owner Appreciation
Month discounts



PPP LOAN

The Co-op's cash position
improved with the receipt of a
Paycheck Protection Program
loan, which will help us
weather economic uncertainty
in the months or years ahead.

2020 FINANCIAL REVIEW

BALANCE SHEETS

	2020	2019
Assets		
Current Assets	\$939,577	\$555,821
Property and Equipment	531,752	574,849
Other Assets	92,730	92,710
Total Assets	\$1,564,059	\$1,223,380
Liabilities and Equity		
Current Liabilities	\$423,841	\$309,110
Long-Term Liabilities	428,200	300,000
Total Liabilities	852,041	609,110
Paid-In Capital	\$22,234	\$22,234
Co-op Shares	415,027	399,547
Retained Earnings	193,265	180,502
Net Income	81,492	11,987
Total Equity	712,018	614,270
Total Liabilities and Equity	\$1,564,059	\$1,223,380

INCOME STATEMENTS

Sales	\$5,052,635	\$4,627,187
Cost of Sales	3,157,443	2,873,171
Gross Profit	1,895,192	1,754,016
Expenses		
Personnel	\$1,179,934	1,131,974
Occupancy	305,734	319,878
Operating	159,501	146,730
Administrative	43,015	43,820
Governance	24,525	31,116
Owner Sales Discounts	29,634	21,615
Marketing	35,677	47,135
Total Expenses	1,778,020	1,742,268
Operating Income	117,172	11,748
Other Income (Expense)	(35,680)	940
Net Income	\$81,492	\$12,688

A More Engaged, Vibrant Community

Link Match Program

2020 was our third year participating in Link Match, a grant-funded program offered by Experimental Station. Each year the Co-op is allotted a set amount of funding that we pass onto our Link customers in the form of coupons to redeem free local fruits and vegetables. Improving on our past experiences, we are proud to report that we managed to redeem 100% of the grant! This is beyond amazing because it means we have helped more people gain access to healthier foods! To learn more about the Link Match program, please visit www.neighborhood.coop/link-match-program.



Fundraising Events

Co-ops have seven basic principles that serve as guidelines for decision-making. "Concern for the community" is our seventh principle. The Co-op is dedicated to assisting local non-for-profits that help community members who are in need. As a business, we have resources that allow us to make a significant impact; we do so by annually hosting two major fundraising events, the Feed Your Neighbor 5K and Co-op Farm Crawl.

Co-op Feed Your Neighbor 5K – April 3.

Due to COVID, the 2020 Co-op 5K was canceled to keep participants safe. It was a disheartening situation as we could not raise much-needed funds for the Good Samaritan House of Carbondale. However, not all was lost. Early on, we had solidified funds through sponsorships as well as some early registrations. Everyone was gracious enough to allow us to donate those funds, raising \$2,300 for Good Samaritan!









Farm Crawl - October 5-9.

Every September, the Co-op has hosted a Farm Crawl in some form or fashion. In recent years, the Crawl has been a self-guided tour where patrons visited between 13-15 farms in Southern Illinois for two days. Again, due to COVID, we had to structure things a little differently this year. Wading through uncharted territory, we relied on the talents from local experts, farmers, and staff, allowing us to pull together in a virtual format. The Crawl consisted of five evenings of Zoom presentations from local farmers and experts. Participants got a first-hand glimpse into their businesses, learned much great information about their practices, techniques, struggles, accomplishments, as well as resources about our food system! Most of all, we learned how important it is to continue to support LOCAL!! As a bonus, through sponsorships and t-shirt and meal kit sales, we raised \$3,900 for Food Works, the most we have ever raised! Food Works, a 501(c)3 non-profit, facilitates the development of a regional food economy in Southern Illinois. To learn more or see the Zoom presentations from the Farm Crawl, visit www.neighborhood.coop/2020farmcrawl.



As a cooperative, we structure much of what we do around our community. This grassroots approach guides us to work with local groups to make a collective impact in our region. We have supported many local organizations by working in partnership to help educate, bring awareness to, and raise funds for important causes throughout the past years.

Community Events

-  **Red Cross Blood Drive** – January 23, June 18, September 17 and November 19. In the past years, Neighborhood Co-op has proven to be a great spot to host blood drives. We helped Red Cross fill all of their time slots, despite operating during a pandemic. We will continue to support this great cause!
-  **Souper Bowl of Caring** – February 1. We were one of the locations that provided space for SIU football players to volunteer their time to raise money for Good Samaritan House.
-  **Get Out & Bike Week** – September 21-27. The Co-op partnered with the City of Carbondale to encourage community members to get out and bike. The purpose was to get people excited about biking in our area/region. The city has been working to increase the number of bike paths throughout the city. Due to COVID, we created safe, social distancing activities that encouraged engagement online to share routes and to provide a platform for inspiration.
-  **Collection for Backpacks** – Throughout October, we supported Backpacks for Success, a local program that supplies children whose families can't afford school supplies, with backpacks. We served as a backpack drop-off location during the entire month.
-  **Glass Pumpkin Sale** – October 3-4. Due to COVID, the SIU Glass Program could not hold its popular annual Glass Pumpkin Sale. We assisted by hosting their sale in our store instead. SIUC students made pumpkins, and proceeds from sales went to the SIU Glass Program to support students' creative activities!
-  **Angel Tree** – Throughout November, the Co-op hosted an angel tree in support of Caritas Family Solutions, a child welfare and family services agency in Southern Illinois. We collected gift card donations to help families in need.
-  **Glass Ornaments Sale** – We assisted the SIU Glass Program in selling their one-of-a-kind glass ornaments during the month of December. These ornaments were hand-made by SIUC students, and proceeds from sales went to the SIU Glass Program to support students' creative activities!
-  **Carbondale Coloring Book** – The Co-op helped the City of Carbondale sell a fundraising coloring book, which featured 22 pages of hand-drawn images of iconic buildings and landmarks throughout the City of Carbondale. A Carbondale resident designed the book to instill community pride in our youth. 100% of the proceeds went to assist the Carbondale Parks and Recreation Fund supporting our city parks.

Wooden Nickels Program

Our Wooden Nickels program allows patrons to support local and regional not-for-profit organizations financially by donating a wooden nickel every time they used a reusable bag. COVID forced us to temporarily interrupt this program, as we couldn't reward customers with nickels in an effort to reduce the spread of germs. However, in place of donating wooden nickles, customers took it upon themselves to donate cash. We decided to match dollar for dollar, up to \$250, to each organization. We are honored to have had the opportunity to support the following organizations in 2020 with total donations of \$1,627.08.

- The Women's Center
- Friends of the Shawnee National Forest
- Carbondale Dog Park
- Carbondale Warming Center



Your 2021 Board of Directors Candidates

VOTING STARTS APRIL 3

Our Board Of Directors

ABOUT THE BOARD

Only Co-op owners are eligible to be on the Board of Directors. Board members get elected through popular vote, for a three-year term. The Board operates under the Policy Governance method, and uses consensus to reach decisions. The Board creates and reviews broad goals to provide direction to the general manager, who is then responsible for identifying the steps necessary to achieve these goals.

Voting in the Co-op Board election is one of the things that makes the Neighborhood Co-op a co-op! The Board guides Co-op policy and plans for the Co-op's future. We can't do it without you, so please cast your vote and join us online for Owner Fest 2021 to celebrate the newly elected Board!

Online voting will start Saturday, April 3, and ends at 6:30 pm on Saturday, April 24, 2021.

This year's voting will take place online. The election results get announced during our online **Owner Fest on Saturday, April 24, 2021**. To learn more about our Board, visit www.neighborhood.coop/about-us-board.



Quianya Payne

BOARD NOMINATED

I became an Owner because I'm passionate about the entire mission statement. However, the promotion of health for the individual, the community, and the earth is dear and near to me. I am an urban gardener from the inner city of Chicago. Promotion of inclusive community health is important to me, as I have been a community organizer and educator for 20 plus years. I am currently a teaching assistant and mentor to freshmen at SIUC, an NFP founder, and participate in a number of other community service activities.

I am vision and leadership-driven with the ability to see the big picture while having the courage to set a direction to achieve the organization's mission. As a doctoral student, registered student organization President, peer mentor, and administrative worker for SIUC, I possess the ability to maintain the confidentiality of board discussions and speak with one voice when representing the organization to the community.

As an effective board member, I will bring my personal interests and expertise to the Co-op, but bear in mind my primary obligation of stewardship is to the organization as a whole.



Jak Tichenor

BOARD NOMINATED INCUMBENT

During my service on the Co-op Board, I became very passionate about the many positive aspects of the Co-op's relationship with our local community and economy as a welcoming center for commerce and ideas. As a Carbondale resident for nearly four decades, I deeply appreciate the important role the Co-op plays in helping to knit together a new sense of community identity in a University city that has historically been challenged by the high turnover of both students and professionals who transition through town on a regular basis.

Living only a few blocks away from the Co-op, I have seen first-hand how this business has breathed new life into our end of town and helped create a real sense of neighborhood pride and belonging among residents. I plan on spending the rest of my life in Carbondale and have devoted a great deal of time and service, whether it be through my work at SIU, in community affairs, and volunteer service in organizations like Carbondale Community Arts.

As a media practitioner for nearly 50-years, I think my communications skills and personal relationships with many people here in the city could be very helpful to the Co-op and its goals. I share your passion for making our city a better place to live and work and would consider it an honor to be of service once again if that is your decision.



Barbara James

BOARD NOMINATED INCUMBENT

The Co-op's mission statement concludes with the commitment "...to promote the health of the individual, the community, and the earth." Over the past three years, I have seen first-hand how dedicated the owners, management, staff, and board are to that mission. Learning how to join in that effort as a board member has been an honor and an education. As a retired teacher, I have learned so much about the Co-op's many community connections. The Farm Crawl introduced me to the hard-working people who run some of our local farms that produce healthy foods and products we sell in the store. I am increasingly aware of the impact a small, locally owned business can have on the entire region's economy through jobs, tax dollars, and efforts like the Link Match Program.

In August of 2020, my understanding of business finances was enhanced during an intense four-session financial workshop by the NCG. It has been instructive and enjoyable to be involved with fundraising events that directly address our community's needs, such as at Good Samaritan House.

The on-going efforts of the staff and management to deal with the COVID threat are truly incredible. I am looking forward to participating in the diversity workshops available to the board and staff in 2021. The Neighborhood Co-op Grocery is all about all of our community!



Neighborhood Co-op Grocery
1815 West Main Street
Carbondale, IL 62901

CO-OP Owner Fest 2021

**SATURDAY
APRIL 24 • 5:30**
ZOOM into the future with us!



SOCIAL 5:30 PM

Be Happy Social Hour!

MEETING 6:00 PM

(Last call for voting. Ballots close at 6:30 pm)

Looking for a fun and engaging way to make your business grow?? As an owner of a grocery store, you are the force behind the Co-op's success! Join us on April 24 for our virtual Annual Owners Fest. Gain insight about your Co-op and join in the excitement of what's to come. What to expect:

- Hear about the past year, the ups, downs, and the other
- We will announce our new board members
- Engage in a live Q & A
- Good food (You must provide your meal)
- Great Drinks (you must provide your drinks)
- Those in attendance will have a chance to win a Co-op gift card!
- Be part of the energy as we take on a new year!

Don't delay; sign-up now. Must be able to access Zoom to participate.

Sign up at **neighborhood.coop**