



2  23

Annual Report
NEIGHBORHOOD CO-OP GROCERY

Published by:
NEIGHBORHOOD CO-OP GROCERY

OUR STORE
1815 W Main Street, Carbondale, IL 62901
Open Daily 8am - 9pm
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.

CONTRIBUTORS

FRANCIS MURPHY Co-op General Manager
RICHARD THOMAS Co-op Board Chair
ERIKA PETERSON Co-op Board Treasurer
ALLISON HYLAND Co-op Brand/Design Manager

BOARD OF DIRECTORS

RICHARD THOMAS Chair
ERIKA PETERSON Treasurer
SAGE BANKS
QUIANYA ENGE
AMY ETCHESON
ALLEGRA FRAZIER
BARBARA JAMES
DONNA MARGOLIS

BREANNA WHITLEY Secretary

Contact the Board at: boardlink@neighborhood.coop

BOARD MEETINGS
Meetings are held once a month in the Co-op Community Room at 6pm. All owners are welcome.

ECO PRINTING
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QUESTIONS
Email info@neighborhood.coop or call 618.529.3533.



Join us for our biggest owner social event of the year!



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Meet the candidates for the Board of Directors. Voting starts April 6!



CO-OP

Owner Fest

APRIL 27, 2024
4:30PM - 9PM

The Warehouse at 17th Street
214 N. 17th Street, Murphysboro, IL

- 4:30pm SOCIAL**
Get social while enjoying complementary beer and wine (with the purchase of dinner ticket).
- 5:00pm KEYNOTE SPEAKER**
Jon Steinman, author of *Grocery Story: The Promise of Food Co-ops in the Age of Grocery Giants*, highlights the role that food co-ops have played in the evolution of the food system and provides a comprehensive overview of where food co-ops find themselves today. He offers a refreshing and motivational outlook for how food co-ops can continue their longstanding role as changemakers.
- 6:00pm MEETING**
Owners' meeting and last call to vote for the 2024 Co-op Board of Directors. Ballots close at 6:30pm.
- 7:00pm DINNER**
Enjoy a catered dinner from the Co-op and 17th Street, followed by live local music, drinks, and socializing.

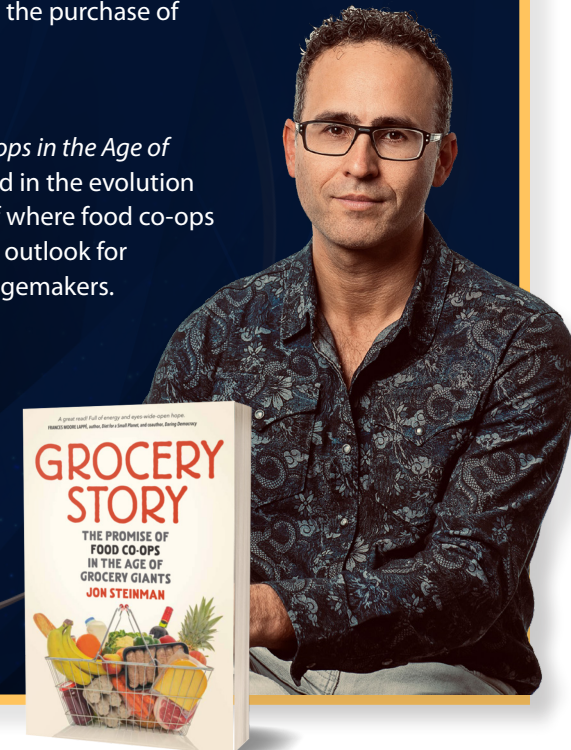
Our annual owners' meeting is a celebration of our accomplishments over the past year. It's also the last opportunity to vote for new board members. All owners are invited to attend!

DINNER TICKET

The meeting is FREE, but if you want dinner, tickets are

\$5 in advance
\$10 at the door

Register in-store, online at neighborhood.coop, or scan this QR code.





FROM THE GENERAL MANAGER

FRANCIS MURPHY
CO-OP GENERAL MANAGER

Throughout 2023, Neighborhood Co-op Grocery remained committed to its purpose of providing our community with access to fresh, locally-sourced, and sustainable food options while fostering a sense of belonging and ownership. Despite the challenges presented by the ongoing global circumstances and the local economy, our dedication to serving you, our valued owners, remained unwavering.

I am pleased to report that in 2023, Neighborhood Co-op Grocery experienced significant milestones and accomplishments:

1 FINANCIAL STABILITY

Despite economic uncertainties, we maintained a strong financial position, ensuring the sustainability and resilience of our co-op for years to come. Sales, gross profit margin, and net income were all better than budget and our already solid cash position improved.

2 OWNER GROWTH

Our co-op welcomed a notable increase in new owners, reflecting the growing interest in supporting local, community-driven initiatives. We had 197 new owner signups and 21 resignations for a net gain of 176 owners. New owner signups went up compared to the previous year and owner resignations were at their lowest level in the past five years.

3 EXPANSION OF OFFERINGS

We expanded our product offerings to better meet the diverse needs and preferences of our owners, including an increased selection of organic, gluten-free, and locally-sourced options. Sales of certified organic products increased 5% to \$1.77 million and sales of local products were \$1.42 million, which was a 13% increase from the previous year.

4 COMMUNITY ENGAGEMENT

Through various outreach initiatives and partnerships with local organizations, we

continued to actively engage with and support our community, further strengthening the bonds that unite us. Our annual Farm Crawl was especially fruitful as we had a great turnout and raised a record \$5,700 for Food Works, a non-profit organization dedicated to creating a sustainable food economy in southern Illinois.

5 SUSTAINABILITY EFFORTS

In line with our commitment to environmental stewardship, we implemented several sustainability initiatives, such as reducing waste, promoting reusable packaging, and supporting eco-friendly farming practices. We also improved the Co-op's energy efficiency, reducing the store's electricity and natural gas usage for the fifth year in a row.

6 TECHNOLOGY UPGRADES

We made a host of technology improvements including a new POS server, a security camera system, a new network server, register CPUs and customer-facing monitors, a new Datto backup device, and new desktop computers.

As we celebrate these achievements, it is important to acknowledge that none of this would have been possible without the dedication, support, and collaboration of our owners, staff, suppliers, and community partners. Your continued commitment to our co-op is what drives us forward and inspires us to strive for excellence every day.

Looking ahead, we are excited about the opportunities and challenges that the future holds. With your ongoing support and participation, I am confident that Neighborhood Co-op Grocery will continue to thrive as a beacon of community, sustainability, and quality food for many years to come.

On behalf of the entire team at Neighborhood Co-op Grocery, I extend my deepest gratitude to each and every one of you for your continued trust, support, and partnership.



FROM THE BOARD OF DIRECTORS

RICHARD THOMAS
CO-OP BOARD CHAIR

The past year has been very good for your Co-op. It was also another good year for emphasizing the folly of trying to predict the future, and for reinforcing the importance of local food networks in providing some much-needed supply chain resilience. We may be Neighborhood Co-op Grocery, but we are affected by events far beyond our region, ranging from supply chain issues lingering from the pandemic, to Russia's war on Ukraine, to war in the Middle East, to tensions with China, and more. The national economy has so far dodged a recession while inflation is coming down without throwing many out of work. Locally, there are some encouraging signs; enrollment at SIU is up, the new Carbondale transportation hub is on its way to being a centerpiece for our community, and sales continue strongly at the Co-op.

Every year the board of directors has a one-day retreat with our consultant from Columinate, a cooperative of consultants, who leads us through discussions of pressing topics, and we try to predict the range of conditions under which the Co-op will be operating in the next few years with scenario planning. We benefit greatly from the access that Columinate provides to the combined experiences of Co-ops around the country. The Co-op department managers joined us for half the day again this year. They each gave very informative presentations on the workings of their departments and answered many questions. As always, I was left very impressed by the amount of organization and hard work that is needed to keep the shelves of the Co-op filled. You can learn much more about one of these

departments from Jak Tichenor's interview with Chris Neville, manager of the produce department, in the latest issue of Morsel. I hope we can look forward to more such interviews.

The Co-op's general manager, Francis Murphy, will be retiring on June 30th, 2026, after 28 years leading the Co-op through an amazing evolution. June 2026 may sound a very long way off, but considering what a huge transition this will be, it is not too soon to start planning for it. The second half-day of our board retreat was spent considering what is involved in finding a new general manager, and learning about the resources available to the board in guiding our search. You, the owners of the Co-op, will be hearing more about this.

In April 2023 we said a fond farewell to two board members, Ron Mahoney and Lauren Bonner, and welcomed two new members, Allegra Frazier and Donna Margolis. The members of your board of directors have very diverse knowledge and experiences, and all are united in working towards the best path forward for the Co-op. You should think about running for election to the board, but in the meantime please do vote in the coming board election!





FROM THE TREASURER FINANCIAL REPORT

ERIKA PETERSON
CO-OP BOARD TREASURER

In 2023, for the fourth year in a row, Neighborhood Co-op Grocery experienced record sales, increasing 6% compared to 2022 to \$5.54 million. This growth rate was the second best in the last 10 years. Unfortunately, a large measure of the sales growth was due to grocery food prices increasing 5% in 2023, according to the USDA. The good news going forward is that grocery food prices are forecast to actually decline slightly in 2024.

The Co-op underwent a positive transformation from a challenging year in 2022 to a much-improved financial position in 2023. The gross profit margin was the highest it has been in nearly 10 years. This turnaround can be attributed to improved methods of updating costs and retail prices. Net income was roughly \$82,000 or 1.5% of sales in 2023 compared to budgeted net income of roughly \$43,000 or 0.8% of sales. With robust profitability, the Co-op was able to award \$44,000 in staff bonuses last year. The spike in net income in 2021 in the accompanying graph was due in large degree to forgiveness of our Paycheck Protection Program (PPP) loan and our receiving Employee Retention Credits (ERC).



The Co-op's balance sheet was also stronger at the end of 2023. Cash account balances were nearly \$100,000 higher than the end of 2022 even with equipment upgrades last year costing nearly \$50,000 and the repayment of \$91,500 in owner loans. At one point, owner loans totaled over \$450,000; at the end of 2023, only \$75,000 remained. Owner loans have been an important part of the Co-op's capital structure for a number of years. However, it is in the best interest of the Co-op to pay back these loans now that they are no longer required.

Your continued support has allowed the Co-op to increase its profitability and makes it likely that the Co-op will once again return a portion of that profit to the owners. Patronage dividends offer significant tax benefits to the Co-op and its owners. These dividends are deductible to the Co-op, and owners don't include the allocation in their taxable income. Thank you for supporting your co-op!

2023 FINANCIAL REVIEW

| BALANCE SHEETS | 2023 | 2022 |
|-------------------------------------|--------------------|--------------------|
| Assets | | |
| Current Assets | \$993,604 | \$886,364 |
| Property and Equipment | 523,788 | 529,588 |
| Other Assets | 669,580 | 745,822 |
| Total Assets | \$2,186,972 | \$2,161,774 |
| Liabilities and Equity | | |
| Current Liabilities | \$371,670 | \$367,484 |
| Long-Term Liabilities | 556,536 | 632,256 |
| Total Liabilities | 928,206 | 999,740 |
| Co-op Shares | \$462,067 | \$447,007 |
| Paid-In Capital | 22,234 | 22,234 |
| Retained Earnings | 546,499 | 538,558 |
| Retained Patronage Dividend | 146,293 | 146,293 |
| Net Income | 81,673 | 7,942 |
| Total Equity | 1,258,766 | 1,162,034 |
| Total Liabilities and Equity | \$2,186,972 | \$2,161,774 |
| INCOME STATEMENTS | | |
| Sales | \$5,540,659 | \$5,229,637 |
| Cost of Sales | \$3,390,082 | \$3,273,762 |
| Gross Profit | \$2,150,577 | \$1,955,875 |
| Expenses | | |
| Personnel | 1,396,604 | 1,292,419 |
| Occupancy | 321,545 | 307,436 |
| Operating | 165,057 | 189,199 |
| Administrative | 68,634 | 59,099 |
| Governance | 35,532 | 37,324 |
| Owner Sales Discounts | 42,315 | 38,252 |
| Marketing | 45,618 | 44,806 |
| Total Expenses | \$2,075,305 | \$1,968,535 |
| Operating Income (Loss) | 75,272 | (12,660) |
| Other Income | 6,401 | 20,602 |
| Net Income | \$81,673 | \$7,942 |

THE PAST YEAR IN OUR COMMUNITY OUTREACH & FUNDRAISING

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 and causes over the past year by working in partnership to help educate, bring awareness to, and raise funds for important causes. By providing donations of food, snacks, service, gift baskets, gift cards, sponsorship, or monetary donations, we can help reach out to those in need in the community to truly make a difference in our region.

Q1 JAN • FEB • MAR

COMMUNITY DONATIONS & SPONSORSHIPS

The Co-op served as a community collection location for blankets and bedding to benefit Good Samaritan House by Sigma Phi Sigma fraternity.

We also were able to provide gift cards, gift baskets, and food donations for several events and organizations this quarter, including:

- Little Chefs cooking event at Unity Point School
- Harriet Tubman birthday celebration
- Parents Against Gun Violence meeting

Q2 APR • MAY • JUN

COMMUNITY DONATIONS & SPONSORSHIPS

We put together several gift baskets and supplied gift cards to fundraising events and organizations:

- First Presbyterian Church silent auction
- Zeta Phi Beta Sorority, 75th anniversary
- Juneteenth block party celebration
- Hopewell Missionary Baptist children's event

FEED YOUR NEIGHBOR 5K (CO-OP EVENT)

Thanks to our great Co-op staff volunteers who assisted in making our 24th annual 5K happen. Our community and several local businesses came together to show their support in our region. This year, we were able to donate \$500 to the Good Samaritan House in Carbondale, along with over 100 reusable grocery bags to their food pantry.

EARTH DAY ALL SPECIES PARADE

The Co-op contributed to this family-friendly event by providing and serving plant-based food to parade participants.

PLANT & PLANTER SALE

Held in front of the Co-op, SIU Ceramic students made planters that were sold as a fundraiser. Proceeds from the sale went to support student activities and research.

Q3 JUL • AUG • SEPT

COMMUNITY DONATIONS & SPONSORSHIPS

The Co-op provided fresh fruit to the feed campers at the Y'all Rock Summer Camp in Carbondale, donated gift baskets and gift cards to a few local causes, and also sponsored a family arts and music festival by Cauldron & Fire Cultural Center.

FARM CRAWL (CO-OP EVENT)

In early September, we partnered with Food Works for another successful Farm Crawl. It provided attendees a connection to local farmers in southern Illinois, including seven all-new farms to the crawl, Northwest of Carbondale, and ten returning farms, located South of Carbondale. Through self-guided tours, participants learned about crop cultivation, livestock management, and local product sourcing. While the event supports Food Works financially, its main goal is to educate consumers about our region's resources, promote local purchasing for sustainability, and emphasize the importance of healthy food and farming practices.

We had a great mix of farms from across our region featuring an apiary, a few breweries utilizing their own crops, and a vineyard. There were also an array of native, heritage, and cultivated flowers, hemp, mushrooms, and crops, some of which were from French roots, featured within the scenic potager garden at Fort de Chartres. Various farms featured livestock including alpacas, bison, chickens, cows, elk, heritage pigs, and even ostrich! The weekend event's activities included on-site tours, demos, kid crafts, food/product sampling, local vendors, wagon rides, and more!

Car passes and event t-shirts were available for purchase in-store and online (with options for pickup or mailed delivery). Car passes were for \$15 (one day access) or \$25 (multi-day) per carload.

With sponsorships, shirt sales, and car pass sales, **we raised \$5,700** for Food Works this year!

Q4 OCT • NOV • DEC

COMMUNITY DONATIONS & SPONSORSHIPS

We were proud sponsors of many events in the fall of 2023, by providing goods, gift baskets, and cash donations to assist in event planning and fundraising for:

- CommUnity "Local Harvest" dinner
- VultureFest
- Green Earth's annual Pumpkin Glow
- Great Pumpkin Race, to benefit Science Center
- Survivor Empowerment Center
- Colon cancer fundraiser
- Illinois Climbers Association
- Alternative gift fair: Beyond the Walls, NFP
- Alternative gift fair: Green Earth
- IL Native Plant Society

COLLECTION FOR BACKPACKS

Throughout October, we served as a collection site for a local program, Backpacks for Success, that supplies backpacks for children whose families can't afford school supplies.

EMPTY BOWLS

SIU Ceramics students and faculty sold handcrafted bowls in front of the Co-op to patrons, and the Co-op donated a free ladle of soup for each to enjoy. \$2,825 was raised during the 2-hour event for the Survivor Empowerment Center.

SAFE HALLOWEEN

Co-op staff dressed in costume and handed out candy to trick-or-treaters in front of the store as families walked the Murdale shopping center.

ANGEL TREE

The Co-op hosted an Angel Tree in support of the Survivor Empowerment Center.

COOKIES WITH SANTA

We hosted Santa Vern with musician Ed Van Awken, as kids and families enjoyed cookies, allergy-free candy canes, and coloring pages.

'23 WOODEN NICKELS PROGRAM

Our Wooden Nickels program allowed patrons to financially support local and regional not-for-profit organizations by donating a wooden nickel every time they utilized a reusable bag. Many customers continued to put cash in the donation boxes as well, which were given along with our matching contributions, to:

Q1 Y'all Rock Carbondale
Good Samaritan House

Q2 Carbondale New School
Carbondale United

Q3 Gaia House
Carbondale Laundry Project

Q4 The Cauldron Center
Family Advocacy Center

We are honored to have had the opportunity to donate a **total of \$2,927.88 this year** to these eight 501(c)3 organizations.

2024 BOARD OF DIRECTORS ELECTION MEET THE CANDIDATES



BARBARA JAMES

BOARD NOMINATED INCUMBENT

I am running for re-election because I am committed to the Co-op's mission to serve our community. I know how to help people work together productively, and I enjoy doing it!

Over the past six years I have learned a great deal about how to help provide that service. I prepare for all board meetings by carefully studying the general manager's detailed reports and have a reputation for asking penetrating questions, particularly about finances. I feel humbly responsible to the employees and their families, to the owners, to patrons, to producers—to all who are committed to the Co-op mission.

Over thirty-five years at JALC, I taught communications, served as a faculty union president, completed mediation training (at SIUC), and eventually worked as an academic chair. After I retired, I enrolled in a nursing program, obtained an LPN license, and worked for DCF. I have served on a number of other community boards, including the Women's Center, Church Women United, Habitat for Humanity, and the Thrift Shop.



LAUREN BONNER

BOARD NOMINATED

When I joined the Neighborhood Co-op many years ago, I was drawn by its small, local flavor and the sense of community I felt when I shopped there. Since then, as I've continued to learn about the cooperative model and the mission and values of the store, I've had the privilege of channeling my passion for a values-driven organization by serving on the Board.

Additionally, I feel that board service parallels my professional life as a public servant. As a federal employee, I answer to Illinois constituents and convey their concerns to Springfield and Washington; in the Co-op setting, I'm tasked with serving the owners as well as the community.

Most important, I feel that my seven years of experience as a director could be valuable in helping the Co-op successfully navigate significant leadership changes in the coming years, and I'm eager to rejoin the Board during this season of unique challenges and opportunities.

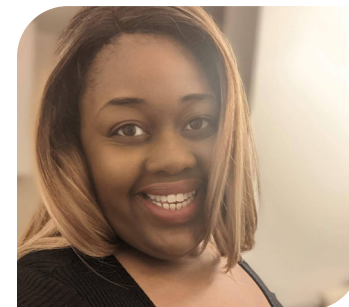


QUIANYA ENGE

BOARD NOMINATED INCUMBENT

As an active member of this community for 5 years, I am a community developer with extensive professional experience and significant executive leadership accomplishments in business and philanthropy. Being a member of the Co-op board allows me to continuously pursue applicable ways to solve community-based problems.

This opportunity and others are moments where I can create positive societal changes through DEIB+J initiatives. The Co-op is a space where our community can find ethical practices such as impact investing and conscious consumerism in Carbondale, which are important to me. Social entrepreneurship is my way to connect to my life's purpose, help others find theirs, and make a difference in the world.



ALESSANDRA NICHOLSON

BOARD NOMINATED

As a candidate, I bring a deep-rooted commitment to farm-to-table principles, sustainability, and profitability. With a heritage rooted in farming and sustainable living, I learned early the importance of caring for the earth and utilizing its gifts responsibly. My grandparents lived close to the land and I learned quickly how a season could make or break our family.

The principles of providing care and comfort lead me to a frontline healthcare service career and to active community involvement. With 16 years of experience in healthcare, I understand the significance of access to wholesome foods as a fundamental right. I have actively contributed to community-building efforts, organizing meals for the homeless to do my part at ensuring food accessibility for all.

In my nearly 9 years of management experience, I have honed skills in operations, budgeting, procurement, and customer service. These skills, combined with my ongoing education in farming and local food networks, uniquely position me to contribute to the Co-op's success. My goal is simple: to meet or exceed the objectives set by the Co-op owners. With a diverse background in management, healthcare, and community engagement, I am dedicated to fostering a strong, connected community centered around sustainable, locally sourced goods.



DAWN STAYTON

BOARD NOMINATED

The part of the Neighborhood Co-op's mission that I am most passionate about is the ability of our locally governed store working with the local food system to provide healthy choices to the people of our community. I feel the support of local small businesses is an integral part of the longevity of our area.

Service to others is something that I have always felt called to do. My recent areas of service have included church youth group leader and small group leader, facilitator of Dave Ramsey's Financial Peace University adult and youth classes, Rotary Club Member and Membership Chair, Carbondale Chamber of Commerce member, and Murphysboro Apple Festival Parade volunteer. Being personally committed

to fiscal responsibility would help guide the Co-op in serving its members to the best of its ability, demonstrating fiscal responsibility as well. Since my husband and I moved here a little over 3 years ago, our desire has been to help reinvigorate Carbondale and the surrounding areas. Serving on the board of the Neighborhood Co-Op would be another way that I feel I can contribute to this cause.



Voting for the Co-op Board is one of the things that makes us a co-op!

Board candidates are Co-op owners who, if elected to the Board, serve for three-year terms. 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 at Owner Fest to celebrate the newly elected Board!

VOTING STARTS APRIL 6TH

Voting is easy! This year's voting will take place online, 4/6 - 4/27. We will share a link when it comes time. Log in with your first name and owner number; it only takes a minute of your time! Election results will be announced at Owner Fest on Saturday, April 27, 2024.



Neighborhood Co-op Grocery

1815 West Main Street
Carbondale, IL 62901

THIS YEAR'S HIGHLIGHTS



SALES

The Co-op increased sales **6%** to **\$5.54 million**; our highest annual sales ever!



CASH & UPGRADES

Cash increased by roughly \$100,000 even while paying back over \$90,000 in owner loans and replacing or upgrading nearly \$50,000 worth of equipment.



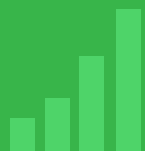
25.5% OF SALES

We love local! **\$1,415,398 of local products** were sold at the Co-op this year, accounting for 25.5% of sales.



OWNERSHIP

197 New owners
21 Resignations



\$51,000+ FREE LOCAL PRODUCE

Shoppers redeemed more than \$51,000 in Link Match vouchers this year- all on local produce!



CERTIFIED ORGANIC

We sold **\$1,770,629 of certified organic products** this year, accounting for 32% of total sales.



OUTREACH

The Co-op donated to or raised **over \$11,500** for local non-profit organizations and community events.



NET INCOME

Net income was roughly \$82,000 (1.5% of sales) compared to the budgeted roughly \$43,000 (0.8% of sales). Strong sales growth, achieving our margin goal, and controlling expenses led to better than budgeted profitability.