



NEIGHBORHOOD CO-OP GROCERY

ANNUAL REPORT

2021

Published by:

NEIGHBORHOOD CO-OP GROCERY

OUR STORE

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

DIRECTOR OF DESIGN

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CONTENT BY

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ECO PRINTING

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QUESTIONS

Email info@neighborhood.coop or call 618.529.3533

2022 BOARD MEETINGS

*Meetings happen once a month at 6pm
All owners are welcome!*

See neighborhood.coop for meeting dates

BOARD OF DIRECTORS

Richard Thomas, Chair
Barbara James, Vice Chair
Erika Peterson, Treasurer
Margaret Anderson
Kristy Bender
Lauren Bonner
Quianya Enge
Ron Mahoney
Jak Tichenor

Karen Schauwecker - Secretary

Contact the Board at:

Boardlink@neighborhood.coop

2021

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MEET YOUR CANDIDATES





FROM THE GENERAL MANAGER

FRANCIS MURPHY

2021 was another crazy pandemic year that illustrated perfectly that no one knows what is going to happen next. We experienced the start of decades-high inflation, supply chain interruptions, general fraying of the social fabric, and no end in sight to the pandemic. Despite the volatility, ambiguity, complexity, and uncertainty of these times, the Co-op had a very good year – especially financially – as detailed in the Treasurer's Report found in this publication.

Among the many positive outcomes of the past year was the continued support of the community for the Co-op. In 2021 we had 207 new owner signups and 30 resignations for a net gain of 177 owners. The number of new owner signups had been trending down in recent years, but we had an uptick in 2021.

The financial success of the Co-op in 2020 meant that we were able to issue patronage dividends in 2021 – for the first time since 2005. Board and management began serious study of patronage dividends in 2017, largely by utilizing the expertise of the board consultant who made a presentation at a board meeting and led discussion at the board's annual retreat. However, until 2020, net income had been so small that the size of individual dividends did not justify the administrative effort of issuing them. This calculation changed for 2020 as net income before taxes was sufficiently large that the Board declared a patronage dividend for that year in August 2021.

Based on the portion of the profit attributable to owner purchases, the Board declared a patronage dividend totaling \$58,831, with 20% or \$11,766 being distributed as store credit and 80% or \$47,065 being retained by the Co-op. They also decided on a \$2 minimum distribution, which included 1,257 owners in the payout. As a result of issuing patronage dividends, the Co-op saved nearly \$18,000 in federal and state income taxes and improved its cash position.

The most successful new program in the last few years has been the Link Match program. We have received grants each year since 2018 from Experimental Station, an Illinois not for profit, to implement this program. In 2021, we redeemed nearly \$20,000 in Link Match currency, a \$5,000 increase from previous years. The Link Match program is one of many ways that the Co-op actively seeks to be more inclusive of our community and to make shopping more affordable for people of all economic circumstances.

While many of the Co-op's usual outreach activities were curtailed due to the pandemic, in 2021 we partnered again with Food Works to create a successful Farm Crawl. We managed to host an in-person event where patrons took a self-guided tour to eight Southern Illinois farms. Activities included viewing bison, interacting with alpacas, feeding ducks and chickens, sampling fresh cider, watching the process of crushing grapes and making wine, learning about the benefits of hemp, and hearing about the ups and downs of owning a farm. Some farmers estimated 200 people visited their farm. Between sponsorships and ticket sales, we managed to raise over \$2,600 for Food Works.

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 OF DIRECTORS

RICHARD THOMAS, BOARD CHAIR

When I sit down to write the chair’s annual report on the activities of the Board of Directors, 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 2021 has not gone exactly to plan, and as I write in January it feels like it isn’t even over yet. The truly good news of 2021 is that your Neighborhood Co-op Grocery did very well despite the unprecedented and very stressful circumstances, thanks to the efforts of the general manager, Francis Murphy, and the hardworking Co-op staff. And, of course, you the owners make it all possible.

The above paragraph, with the exception of changing the date from 2020 to 2021, is copied directly from my chair’s annual report for 2020. I expect I am not alone in sometimes feeling like I’m living in the movie *Groundhog Day*. Thankfully, there are a couple of huge differences from 2020. We have wonderfully effective vaccines for SARS-CoV-2 and new therapeutic interventions are making significant improvements in the outcomes from Covid-19 infections – all of which makes me optimistic that whoever is writing next years’ chair report will not feel like copy-pasting that first paragraph again.

The board did manage a couple of in-person meetings last summer, once vaccines were available and Covid case rates dropped significantly for a time. This was very welcome because it allowed us to meet in person new board members before we went back to Zoom meetings.

We are continuing our efforts to improve diversity, equity, and inclusion at the Neighborhood Co-op. This is an important long-term effort to make our Co-op more representative of the community in which we operate.

Our owner education program was limited by the pandemic, but we did have one delightful and very informative online presentation on the joys of backyard chickens by our own Lauren Bonner. If you didn’t already keep chickens in town, this talk inspired you to get started.

The pandemic also caused us to hold our Annual Owner’s Fest virtually, again. Nevertheless, our board election went ahead as usual. We bid a sad farewell to Leslie Duram, whose energy and insights are much missed. We also welcomed Quianya Enge to the board. She brings great enthusiasm and ability for getting stuff done, and is already a strong asset to the board in her outreach to Community Connect, about which, more, later. We are all really looking

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We are continuing our efforts to improve diversity, equity, and inclusion at the Neighborhood Co-op.
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forward to being able to hold our Annual Owner’s Fest in person again for the good company, good music, good food, and good beer.

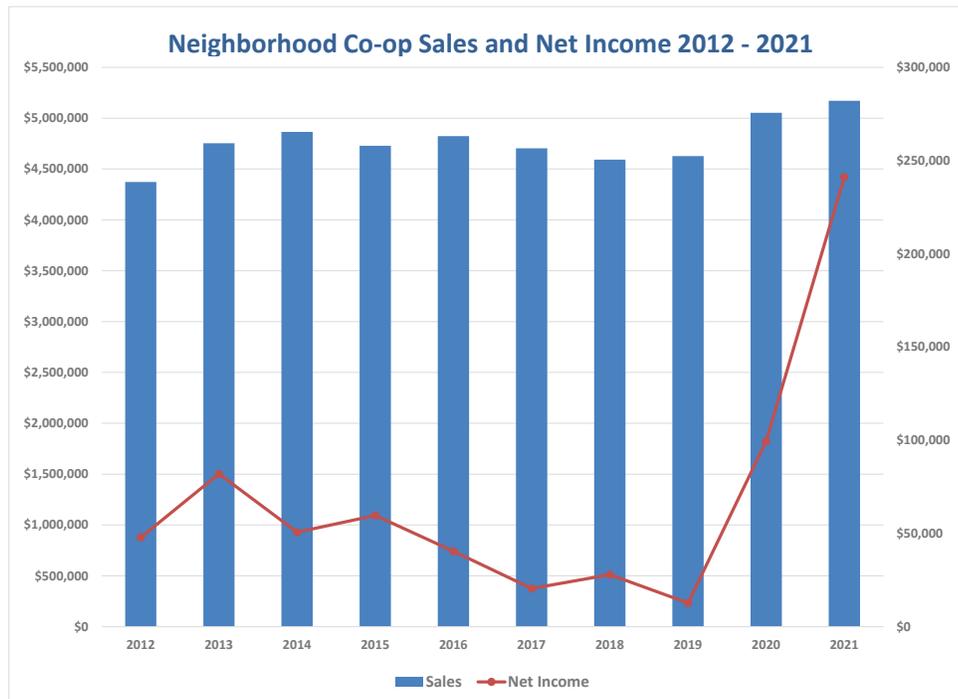
The board’s required oversight functions carried on as normal throughout 2021. We did revamp our policy on the annual evaluation of the general manager by streamlining the procedure for the evaluation while maintaining exactly the same level of oversight, saving considerable time for both the board and the GM. In consultation with the general manager, the board was very excited to authorize the distribution of patronage dividends for the first time since 2005. The practicalities involved in making this happen were complex, but it came off without a hitch. This is a measure of the financial health of the Co-op, and a testament to the hard work of the Co-op’s general manager and staff during difficult times.

As I wrote last year, I am hoping next year’s Chair’s Report will reflect a climb back to normality in 2022 for all of us.



TREASURER'S REPORT

ERIKA PETERSON, TREASURER



In 2021, for the second year in a row, Neighborhood Co-op Grocery experienced record sales, increasing 2.6% compared to 2020 to \$5.17 million. Compared to 2019, the last year before the pandemic, sales in 2021 were nearly 12% higher. As difficult as the last two years have been, grocery stores have been one of the few beneficiaries of Covid-19, growing sales while other industries have floundered. In particular, consumers have favored grocery stores over restaurants for much of the pandemic. The Co-op's recent growth is in marked contrast to the years just prior to Covid-19. From 2014 to 2019 the Co-op experienced flat sales as Southern Illinois University and the community contracted. The Co-op has also operated for several years in an increasingly competitive environment with national supermarket chain stores offering more and more private label natural and organic products.

Net income was roughly \$241,000 or 4.7% of sales in 2021 compared to budgeted net income of roughly \$47,000 or 0.9% of sales. A large portion of net income was due to the forgiveness of our Paycheck Protection Program (PPP) loan.

As the graph above shows, the last two years have been the most profitable of the last ten and in fact the most profitable in the Co-op's history. With record profitability, the Co-op has been able to award nearly \$160,000 in staff bonuses over the last two years. Before Covid-19 net income had generally fallen off for several years as a result of reduced margins due to competition and increased personnel costs.

The Co-op's balance sheet at the end of 2021 reflects a dramatically improved Debt-to-Equity (D/E) ratio. The D/E ratio, Total Liabilities divided by Total Equity, is a commonly used measure of solvency. One reason for this improvement is that we used extra cash to pay off \$155,000 in owner loans or about 40% of the total. The owner loan program was a key component of the financing plan in the Co-op's relocation to the current store in 2006. Last June, the Co-op's board approved a plan to start repaying owner loans as they come due. We are deeply grateful to those owners who made loans to the Co-op and renewed their loans as they came due over the past 15 years; this "patient capital" has been an important source of financial stability for the Co-op.



CO-OP OWNERS

- 207 New Owners
- 30 Resignations



OUTREACH

The Co-op contributed almost \$7,500 to local non-profit organizations.

HIGHLIGHTS



SALES

Increased 2.6% to \$5.17 million our highest annual sales ever.

STAFF BONUSES

With record profitability, the Co-op was able to pay staff a total of \$100,000 in bonuses



NET INCOME

Roughly \$241,000, or 4.7% of sales, compared to budgeted net income of roughly \$47,000, or 0.9% of sales. A large portion of net income was due to the forgiveness of our PPP loan.

LOANS

The Co-op's debt-to-equity ratio improved dramatically as we also used the extra cash to pay off \$155,000 in owner loans.



2021 FINANCIAL REVIEW

BALANCE SHEETS	2021	2020
Assets		
Current Assets	\$880,610	\$952,510
Property and Equipment	528,804	531,752
Other Assets	100,300	92,730
Total Assets	\$1,509,714	\$1,576,992
Liabilities and Equity		
Current Liabilities	\$366,078	\$430,518
Long-Term Liabilities	166,500	428,200
Total Liabilities	532,578	858,718
Co-op Shares	\$432,717	\$415,027
Paid-In Capital	22,234	22,234
Retained Earnings	233,948	134,434
Retained Patronage Dividend	47,065	47,065
Net Income	241,172	99,514
Total Equity	977,136	718,274
Total Liabilities and Equity	\$1,509,714	\$1,576,992

INCOME STATEMENTS

Sales	\$5,170,739	\$5,052,635
Cost of Sales	3,189,370	3,159,018
Gross Profit	1,981,369	1,893,617
Expenses		
Personnel	1,321,973	1,179,934
Occupancy	291,406	305,734
Operating	174,835	159,529
Administrative	36,948	43,015
Governance	36,391	24,525
Owner Sales Discounts	33,631	29,634
Marketing	39,324	35,677
Total Expenses	1,934,508	1,778,048
Operating Income	46,861	115,569
Other Income (Expense)	194,311	(16,055)
Net Income	\$241,172	\$99,514



COMMUNITY EVENTS

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.

Blood Drive – Jan. 21, April 1, Sept. 16, Nov. 18

As in past years, Neighborhood Co-op continues 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!

SIU Ceramic Plant and Pot Sale – May 1

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

Collection for Backpacks – Oct. 1-30

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 – Oct. 18

SIU glass program had their in-person annual Glass Pumpkin Sale. The remaining pumpkins that didn't sell were brought to the Co-op. Pumpkins were sold in-store until they were all gone. Proceeds from sales went to the SIU Glass Program to support students' creative activities!

Safe Halloween – Oct. 30

Trick-or-treaters were able to enjoy a day of fun activities and candy this year! The Co-op handed out candy in front of the store as families walked the shopping center for Safe Halloween.

Great Pumpkin Race - Oct. 30

The Co-op participated in the Carbondale Annual Great Pumpkin Race. This is a great family-friendly community event in which we were a sponsor and a participant. We again raced a large pumpkin that won the Grand Prix race winning \$250! The Co-op donated the winnings to the Boys and Girls Club of Southern Illinois.

Angel Tree – Nov. 1-30

Throughout November, the Co-op hosted an angel tree in support of The Women's Center in Carbondale.



Lights Fantastic Parade - Dec. 4

The Co-op once again participated in the Carbondale Lights Fantastic Parade. We used the same float decorations as previous years. We have several staff, kids, and friends ride the float.

Santa at the Co-op – Dec 18.

We were able to host Santa at the Co-op again! Vern Crawford offered to be Santa even with the continual Covid concerns. His presents brought great holiday spirit and gave many family and friends a free opportunity to take photos with Santa. We supplied candy bars, cookies, and coloring sheets for our little visitors. Musician Ed Van Awken played holiday songs on his keyboard during the two hours we hosted Santa.

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. 100% of the proceeds went to assist the Carbondale Parks and Recreation Fund supporting our city parks.

Fundraising Events

Co-op Feed Your Neighbor 5K – April 9 - 16

Due to Covid concerns, we hosted a virtual race. This allowed participants to run/walk anytime, anywhere, and track their time and distance on the RaceJoy app. Instead of one day like our in-person race, we made it a week-long event. The course was the same, but we reduced the entry to only \$10. All proceeds from the race went to support Good Samaritan House. We also had the option to collect donations for those who wanted to support Good Sam without entering to run the race. We raised \$1,100!

Farm Crawl - Sept. 12-13

We know that local farming creates significant economic opportunities, increases health benefits, and helps to reduce unfavorable environmental issues. The Co-op understands the importance of working with our local farmers and organizations like Food Works, a non-profit organization dedicated to creating a sustainable food economy in Southern Illinois. Food Works has been instrumental in helping educate new and current farmers. It seemed natural to partner with Food Works for the Co-op's Annual Farm Crawl. We know the value of being a voice to educate consumers on the importance of growing a sustainable food system in our region. The Co-op has the means to connect with consumers, while Food Works is a trusted source among farmers. Food Works has been instrumental in getting local farmers to open their doors, allowing the public to learn more about farming in Southern Illinois. But the benefits go beyond what consumers might learn; the event helps draw awareness to local farms, allowing them opportunities to increase business revenues. Ticket sales to the event allowed us to raise funds for Food Works so that they can continue the great work they do. Additionally, we sold a limited edition t-shirt, which, together with ticket sales, raised \$3,900!



Wooden Nickel Program

Our Wooden Nickels program allows patrons to financially support local and regional not-for-profit organizations by donating a wooden nickel every time they use a reusable bag. Many customers also continue to put cash in the boxes which gets donated to those organizations. We are honored to have had the opportunity to donate a total of \$2,108.85 in 2021. To the right is the list of recipients of the Wooden Nickel program.

- Carbondale Parks and Recreation Foundation
- Foster Family Resource Center of SO IL
- IL Native Plant Society
- Friends of Cache River Watershed
- WDBX
- Green Earth
- Richard Buckminster Fuller Dome
- Friends of Illinois Nature Preserves

2022 Board of Directors Candidates



Richard Thomas

BOARD NOMINATED INCUMBENT

After 17 years as a Neighborhood Co-op owner, and five and a half years serving on the board of directors, I find myself still excited about helping move the Co-op forward. The last two years have been hard on individuals and businesses, but the pandemic has shown the strength of the cooperative model and local food networks in the face of national supply chain disruptions. Your Co-op is a bright spot in the region's otherwise tough business environment. Your board has worked to support the General Manager and the Co-op staff in these trying times, and we all look forward to a return to normality. In the past year we have simplified our process for the annual evaluation of the General Manager while maintaining the same required level of monitoring throughout the year. The time saved helps the GM in the difficult task of keeping the wheels on in these "interesting times". It also frees more time for your board to further the mission of the Co-op. We are especially focused on broadening the appeal of the Co-op throughout the community. I would appreciate the opportunity to continue helping with this work.



Sage Banks

BOARD NOMINATED

I am most passionate about the Co-op's mission to buy from local farmers and merchandisers. I can tell the care that has been taken to select items that are from organic and sustainable sources. The commitment to purchasing Fair Trade items is readily apparent, as well. When I come to the Co-op, it feels like home to me, because it truly represents many of my values.

I have been a resident of Carbondale for four years now. I was visiting Carbondale long before that. I have been a member of the Carbondale Unitarian Fellowship since 2016, and I am active in our Social Action Committee. I have also volunteered with Rainbow Café, Sparrow Coalition, and at events such as the Alternative Gift Fair and Spirit of Christmas.

My background is in Nursing. I hold a Doctorate in Nursing Leadership and a Masters in Nursing Education. I would bring the background of caring for our community's health. I am also a firm believer that our mental health affects our physical health, and vice versa. I believe in a holistic approach to health, with what we put in our bodies being a huge part of that.





Amy Etcheson

BOARD NOMINATED

I moved to Carbondale in 2007. The Neighborhood Co-op quickly became one of my favorite destinations, especially on Saturday mornings when my family would walk there for breakfast before visiting the farmer's market. Over the years, I've met countless people at the Co-op, many of whom remain good friends. Because the Co-op is a hub of my neighborhood, I'm most passionate about the Co-op's mission to cultivate community. However, the Co-op's mission to "provide wholesome foods economically" also speaks to my foodie heart. I've always been passionate about food. Growing up, my family ate healthy, home-cooked meals together most mornings and evenings. My grandparents lived on a small farm that provided homegrown produce and pasture-raised meat to my entire extended family. During college, I worked as a server at an upscale French restaurant for an owner/executive chef who was passionately committed to carefully preparing fresh ingredients. My professional career began in Boston at a company that published multiple IACP and James Beard award-winning cookbooks. In 2008, I became a member of the first CSA in Southern Illinois. Currently, I am interim director of Southern Illinois University Press, where we publish a mix of scholarly books and books about our region. I have graduate degrees in the performing arts, publishing and writing, and business administration (MBA). If I am elected, I will bring a mix of business acumen, marketing experience, creativity, and a lifelong passion for food to the Co-op board.

VOTING STARTS APRIL 9TH

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 model 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 for Owner Fest 2022 to celebrate the newly elected Board!

Online voting will start Saturday, April 9, and ends at 6:30 pm on Saturday, April 30, 2022.

Voting will take place online. The election results get announced during our **Owner Fest on Saturday, April 30, 2022.**

To learn more about our Board, visit www.neighborhood.coop/about-us-board

Your Vote Matters!

Owner engagement is what a cooperative is all about! For an election to be valid, we need Co-op owners to vote. Voting is easy! 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!



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

CO-OP
*Owner
Fest*
2022

**SATURDAY
APRIL 30 • 5 - 9PM**

The Warehouse at 17th Street

214 North 17th Street, Murphysboro



SOCIAL 5:00 PM

Be Happy Social Hour with live local music!

MEETING 6:00 PM

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

DINNER 7:00 PM

Catered dinner from the Co-op and 17th Street

Join us for our biggest owner social event of the year, Owner Fest! Owner Fest is a celebration of our accomplishments and serves as our annual owners meeting. This is also the last day for voting before we elect the new board members. All owners are invited!

Tickets are necessary to attend the dinner and cost only \$5 each.

Pre-event registration participation will be used to calculate the quantity of food needed. Owners are asked to preregister whenever possible. However, tickets will be sold at the door for \$10 each.

(NOTE: Due to liquor licensing regulations, no outside alcohol will be permitted. Sorry for the inconvenience.)

Sign up at **neighborhood.coop** or in-store.