

NEIGHBORHOOD CO-OP GROCERY

2022 ANNUAL REPORT



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 Cooperative 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
JAK TICHENOR Vice Chair
ERIKA PETERSON Treasurer
SAGE BANKS
LAUREN BONNER
QUIANYA ENGE
AMY ETCHESON
BARBARA JAMES
RON MAHONEY

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.



2022 CONTENTS

4 General Manager Letter

From Francis Murphy

5 Board Chair Letter

From Richard Thomas

6 Treasurer's Report

From Erika Peterson

7 Financial Review

Balance sheet and income statement

8 Outreach Report

A look back at how we showed our support within the community this year

10 2023 Board Election

Meet the candidates for the 2023 Board of Directors. Voting starts April 8!

THIS YEAR'S HIGHLIGHTS



SALES

The Co-op increased sales **1.1% to \$5.23 million**; our highest annual sales ever!

23.9% OF SALES

We love local! \$1,250,201 of local products were sold at the Co-op this year, accounting for 23.9% of sales.

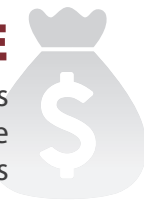


72% INCREASE

Shoppers at the Co-op redeemed nearly \$34,000 in Link Match this year; 72% higher than last year!

NET INCOME

Roughly \$7,000 or 0.1% of sales compared to budgeted net income of roughly \$65,000 or 1.2% of sales



CO-OP OWNERS

178 New Owners
30 Resignations



\$38,253 IN SAVINGS

It pays to be an owner! Owners shopped big *and* saved big with discounts this year!

\$24,807 IN STORE CREDIT

1714 owners received patronage dividends totaling \$124,035, with 20% or \$24,807 distributed as store credit.



OUTREACH

The Co-op donated to or raised over \$7,500 for local non-profit organizations in 2022!





FRANCIS MURPHY
CO-OP GENERAL MANAGER

FROM THE GENERAL MANAGER

The past year has been a challenging but successful one for our Co-op. While our financial performance was not as stellar as recent years,

we nonetheless made improvements and expanded programs which will yield benefits in the years to come.

Working with a produce retail specialist who works for National Co+op Grocers (NCG), we invested about \$30,000 in new equipment for our produce department and changed the layout early last year in order to improve the sightlines and streamline the look and shop ability of the department. This refresh represented that largest investment in a store department since we created the beer and wine department in 2011.

We made other investments in our store, including the upgrading of our refrigeration systems.

One project consisted of replacing the fan motors in all of the coolers and freezers, 67 in total, with electronically commutated (EC) motors. EC motors use 65% to 70% less electricity than conventional motors and are projected to save the Co-op over \$10,000 per year in electricity expense. These improvements are helping us to further reduce our carbon footprint as the Co-op has reduced its electricity usage by 17% over the past five years.

The most successful program for the last several years for improving access to the Co-op 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 2022, we redeemed nearly \$34,000 in Link Match currency, a 72% increase over the previous year. 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.

Thanks to your support, the Co-op had one of its most profitable years in the fiscal year that ended on December 31, 2021. A good deal of the net income was also due to the forgiveness of our Paycheck Protection

Program (PPP) loan and receiving Employee Retention Credits (ERC) from the federal government. Net income before taxes was \$448,915. After a reduction for a reserve, based on the portion of the net income attributable to owner purchases, the Board declared a patronage dividend totaling \$124,035, with 20% or \$24,807

being distributed as store credit and 80% or \$99,228 being retained by the Co-op. They also decided on a \$2 minimum distribution which included 1,714 owners in the payout which occurred this past fall.

I would like to extend my gratitude to our staff, who have gone above and beyond in serving our owners and customers. Their hard work and dedication to providing the best possible experience for our customers is key to our success. A staff survey last year validated management's efforts to ensure that staff have a good work experience, with the survey scores ranking in the top quartile on 61% of the measures compared to over 300 surveys at other natural food co-ops.

I would also like to take this opportunity to thank each and every one of our owners and customers for their continued support, and I look forward to serving you in the years to come. We will continue to listen to your feedback and work hard to make your shopping experience at Neighborhood Co-op as enjoyable and convenient as possible.

“*[Our staff's] hard work and dedication to providing the best possible experience for our customers is key to our success.*”



FROM THE BOARD OF DIRECTORS



RICHARD THOMAS
CO-OP BOARD CHAIR

Compared to the previous two years, 2022 achieved some of the trappings of normalcy for many people. You, as Neighborhood

Co-op Grocery owners, will have noticed this in the operations of the store. Your board of directors resumed meeting in person in March for our monthly meetings. Of course, the SARS-CoV-2 pandemic is not over, especially for the immune compromised and unvaccinated, but most of us have more or less returned to our pre-pandemic ways. Though we are the Neighborhood Co-op Grocery, we are strongly affected by national and global situations, most notably the Russian invasion of Ukraine, and inflation here at home. Fortunately, the General Manager, Francis Murphy and his team of managers, and the hardworking staff of the Co-op have all done an excellent job of navigating all the issues the past year has thrown up, leaving the Co-op in a very good state.

One of the board's responsibilities, aside from the mandated oversight functions, is to consider the future direction of the Co-op. Every year we have a day long retreat with the GM and our Columinate consultant, and in recent years we have been joined for half the day by the department managers, which has been especially useful. Planning ahead seems more fraught than usual in recent years. We did not predict

a global pandemic or a land war in Europe, and the economic fallout from these events. Nonetheless, we came up with

scenarios that we hope bracket the reality of the next three years. This is intended as an aid to the General Manager in producing the strategic plan for 2023-2025. The main focus of the board's work now is to increase the visibility and accessibility of the Co-op to the wider community in the region. We must



increase our base beyond our traditional anchor in the university community. Our diversity, equity, and inclusion work is a critical part of this effort.

The Co-op and your board of directors do not often involve themselves in political matters, but we made an exception, after long discussions, for the vote in Carbondale on whether to retain home rule status after the decline in Carbondale's population mandated a vote on the matter. We regard the local powers that home rule provides communities as a critical element in the future of Carbondale and its business community. A well-funded outside group with no discernible connections to Carbondale was flooding the town with slickly produced disinformation promoting the defeat of home rule. We felt this had to be countered. We were very pleased that the people of Carbondale voted resoundingly to retain home rule.

Our nine board of directors members have three year terms staggered so that three terms end each year. Two members decided not to run for reelection – Kristy Bender and Margaret Anderson. We miss both of them for being great colleagues and contributors to the functioning of the Co-op, but I need to personally single out Kristy Bender as the institutional memory of the board. Most of what I have learned about the workings of the board I have learned from Kristy and I'm very grateful for all her efforts. We welcomed two new board members this year: Sage Banks and Amy Etcheson. In this year's board election we will have four candidates for three open positions. Please vote! And consider running for the board yourself in the future.





ERIKA PETERSON
CO-OP BOARD TREASURER

FROM THE TREASURER FINANCIAL REPORT

In 2022, for the third year in a row, Neighborhood Co-op Grocery experienced record sales, increasing 1.1% compared to 2021 to \$5.23 million. However, this rate of growth was lower than we experienced in 2020 (8.9%) and 2021 (2.6%). The continued growth, while slowing, is notable because it contrasts with the flat or declining sales that we experienced for several years before the pandemic. On the other hand, with organic and natural foods inflation running around 5% or 6% in 2022, we actually had lower sales in real dollars last year compared to 2021. Inflationary environments are challenging for grocers like the Co-op that sell higher quality food because people tend to “trade down” when prices rise.

Net income was roughly \$7,000 or 0.1% of sales in 2022 compared to budgeted net income of roughly \$65,000 or 1.2% of sales. Much of the poor financial performance in 2022 can be attributed to our failure to keep up with cost increases for the products we sell, particularly early in the year. Unfortunately, if we don't raise our prices when costs go up, we lose margin. The gross profit margin is what pays for all of our expenses and anything left is our net income. The small net income in 2022 stands in striking contrast to the previous two years of record profits. In 2021, a large portion of net income was due to the forgiveness of our Paycheck



Protection Program (PPP) loan and our receiving Employee Retention Credits (ERC). As the graph above shows, the last two years have seen both the most profitable and the least profitable years of the last ten. 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 2022 looked dramatically different from previous years due to our adoption of a new Financial Accounting Standards Board (FASB) lease accounting standard. As a result of this change, leases now appear as both assets and liabilities. This makes comparisons with historical financial data more challenging and partially obscures the fact that we have been steadily paying down our debt, reducing the amount of owner loans by over \$210,000 in the past two years. We have done this while maintaining higher levels of cash than were imaginable in the years prior to the pandemic.



2022 FINANCIAL REVIEW

BALANCE SHEETS	2022	2021
Assets		
Current Assets	\$886,822	\$1,084,946
Property and Equipment	529,588	528,804
Other Assets	745,322	116,300
Total Assets	\$2,161,732	\$1,730,050
Liabilities and Equity		
Current Liabilities	\$368,277	423,748
Long-Term Liabilities	632,256	166,500
Total Liabilities	1,000,533	590,248
Co-op Shares	\$447,007	432,717
Paid-In Capital	22,234	22,234
Retained Earnings	538,558	109,913
Retained Patronage Dividend	146,293	146,293
Net Income	7,107	428,645
Total Equity	1,161,199	1,139,802
Total Liabilities and Equity	\$2,161,732	\$1,730,050
INCOME STATEMENTS		
	2022	2021
Sales	\$5,229,637	\$5,170,739
Cost of Sales	\$3,274,555	\$3,188,879
Gross Profit	\$1,955,082	\$1,981,860
Expenses		
Personnel	1,292,419	1,321,973
Occupancy	307,436	291,406
Operating	189,199	174,720
Administrative	59,099	36,948
Governance	37,324	36,391
Owner Sales Discounts	38,253	33,631
Marketing	44,806	39,324
Total Expenses	\$1,968,536	\$1,934,393
Operating Income (Loss)	(13,454)	47,467
Other Income	20,561	381,178
Net Income	\$7,107	\$428,645

A LOOK BACK OVER THE PAST YEAR COMMUNITY OUTREACH & FUNDRAISING

FEBRUARY 11, JULY 1, SEPTEMBER 14

RED CROSS BLOOD DRIVES

As in past years, Neighborhood Co-op continues to be a great spot to host blood drives. We will continue to support this great cause!



APRIL 14

EARTH DAY ALL SPECIES PARADE

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

MAY 7

SIU CERAMICS 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.



OCTOBER

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 for the month.

OCTOBER 15

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.



OCTOBER 30

SAFE HALLOWEEN

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.

NOVEMBER

ANGEL TREE

Throughout November, the Co-op hosted an angel tree in support of The Survivor Empowerment Center in Carbondale. Angel ornaments on the tree listed the needs/wants of anonymous children and mothers. Patrons were able to choose an ornament, purchase items on the list, and donate items to provide assistance and joyous holiday season for individuals in need.

DECEMBER 3

LIGHTS FANTASTIC PARADE

The Co-op participated in the Carbondale Lights Fantastic Parade with an all new float design- a big basket of fruits and vegetables, with over 3,000 lights. We had several staff, kids, and friends ride and walk along the float.

DECEMBER 17

COOKIES WITH SANTA



Vern Crawford brought great joy and holiday spirit to Co-op families as Santa again this year. Musician Ed Van Awken played holiday songs on his keyboard as we

served cookies, passed out allergy-free candy canes, and provided coloring pages for everyone to enjoy. We aimed to create a comfortable environment for families and provided a festive backdrop to take free photos with Santa.

ALL YEAR

CARBONDALE COLORING BOOK

The Co-op helped the City of Carbondale sell a fundraising coloring book, featuring hand-drawn images of iconic buildings and landmarks throughout the City of Carbondale. Proceeds went to assist the Carbondale Parks and Recreation Fund supporting our city parks.

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 year.

ALL YEAR

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 also continued to put cash in the boxes this year, which got donated, along with our matching contributions to these organizations:

- Boys & Girls Club of Southern Illinois
- Green Earth
- Gum Drops
- Southern Illinois Collaborative Kitchen
- World Hunger Sale

We are honored to have had the opportunity to donate a total of \$1,994.84 this year!



SEPTEMBER 10 - 11

FARM CRAWL

We partnered again with Food Works to create a successful Farm Crawl. The purpose of the Farm Crawl is to connect customers to local food sources and to provide an educational opportunity to learn about various aspects of growing crops and managing livestock. Through self-guided tours, attendees had access to 15 local southern Illinois farms/producers to hear about each farm's history and to see how they grow food, raise livestock, and bring locally-grown, locally-sourced products to market. Activities included on-site tours, demos, kid activities, food/product sampling, wagon rides, and more.

Though this event raises money for Food Works, our main purpose is to educate consumers on resources in our region; connect how purchasing local supports creates a sustainable environment for local businesses; importance of healthy food and products based on healthy soil and practices.

We feel we had a great mix of farms from community gardens to a variety of livestock. Farms/producers that participated were: Rolling Oak Alpaca Ranch, Flyway

APRIL 8

CO-OP FEED YOUR NEIGHBOR 5K

A big thanks goes to a great group of volunteers and our Co-op staff who assisted in making our 5K successful! Our community came together for a great cause to show their support for battling hunger in our region. A huge thanks also goes to all of the local businesses that helped to sponsor the race.

With all of our efforts, we were able to raise \$2,700 for the Good Samaritan House in Carbondale!

Family Farm, Countrysprout Organics LLC, Meadows Bluff Farm, Bison Bluff Farms, Wichmann Vineyard, La Colina Linda, LCL Farm, Mulberry Hill Farm - Carbondale, Bloom Ridge Farm-cut flowers, U of I Extension: Franklin, Jackson, Perry, Randolph, & Williamson Counties, Women for Change, Union County Garden, Angie's Farm, Echo Valley, and Backachers.

Car passes were available for purchase for \$20 per carload that allowed access to both days of the Crawl, Saturday Sept. 10 and Sunday, Sept. 11. We sold 70 passes, with about 10 more given out to volunteers and supporters.

This year, we raised \$2,848.04 for Food Works!



2023 BOARD OF DIRECTORS ELECTION

MEET THE CANDIDATES



ERIKA PETERSON
BOARD NOMINATED INCUMBENT

I have served on the board as Treasurer for the past three years. When I decided to run at the end of 2019, I certainly never imagined that I would be helping support the Co-op through the world's worst pandemic in a century! It's been a very interesting time to learn about the grocery business, to say the least.

The past three years have made the importance of local food systems clearer than ever. Sustainable local food production benefits consumers, the environment, and the economy. The pandemic has also made our basic interdependence clearer than ever; our individual choices ripple outward and affect the wellbeing of our entire community.

It's great that as Co-op owners, we have a voice in this business and we can make sure that the Co-op conducts its operations in ways that promote our mission and values.



DONNA MARGOLIS
BOARD NOMINATED

I am extremely passionate about the Co-op's mission to Cultivate Community. Many people, post-Covid, still have not returned to their community activities, which has no doubt impacted their mental health. The Co-op has always been a vital partner in the community and prior to Covid, offered many unique events in the community room. Additionally, as the age-in-place model has become more popular, it is crucial to provide not only locally sourced/nutritionally dense foods but also provide a resource where people can find caring and exceptionally knowledgeable staff!

After retiring from Southern Illinois University, I opened a home healthcare company serving all of our local communities. Once it was operational, I pursued in earnest, my other love -- yoga; earning my teacher training credentials at White Lotus (Santa Barbara, California) in 2018, and began teaching yoga weekly at Yoga One o One.

In February 2023, I began pursuing a Masters in Ayurveda and Integrative Medicine at Maharishi University. My passion is to guide/assist individuals in becoming holistically healthy through an integrated/balanced approach to wellness that is in alignment with my personal philosophy and yoga instruction.

I have both graduate/undergraduate degrees in accounting, and held numerous leadership positions while at SIU: Assistant Dean (COB); Director of Graduate Programs; Director of Placement and teaching positions: School of Accountancy and online MBA. Prior to SIU, I garnered accounting and business experience at Price Waterhouse (St. Louis); Ernst & Young (San Francisco); and was CFO of Inc. 500 company – United Science Industries.





ALLEGRA FRAZIER
BOARD NOMINATED

I'm the Director of Program Quality and Impact at the Boys & Girls Clubs. I'm also Carbondale homeowner who does my best to either grow my own produce or purchase locally. I'm from Tucson, Arizona, so I'm very interested in scarcity management and creating a space where quality food and environmental stability meet in a way that is universally accessible.

In addition to dedicating my career to the ever growing potential of Southern Illinois, I have a professional background in ad copy, human resources, business management, and art design.

Thanks very much for your consideration.



JESSICA ALLEE
BOARD NOMINATED

As a resident of Carbondale for over 12 years I am most excited to assist with the Co-op's continued goal of modeling a cooperatively owned business and also to further its environmental sustainability goals. It's important that the Co-op not only maintain but grow in its labor and environmental commitments as it continues to serve its owners and patrons.

I have served others primarily with a focus in mutual-aid. Over 7 years ago I co-founded the Carbondale Tool Library, a free resource, which is still helping regional residents. Shortly after, I co-founded the Carbondale Seed Library, which is housed at the public library. Both projects involve non-hierarchical organizing and collaboration with the goal of mutual benefit to local communities. Additionally, I was an early activist in Southern Illinois Against Fracturing the Environment and more recently Southern Illinois Reproductive Justice Network. Also, I manage numerous social media pages in order to help groups such as Little Egypt Death Talks, Crab Orchard Lake Sailing Association, and Carterville, Cambria and Crainville Buy Nothing Group.



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 8TH

Voting is easy! This year's voting will take place online, 4/8 - 4/29. 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 29, 2023.



Neighborhood Co-op Grocery

1815 West Main Street
Carbondale, IL 62901

JOIN US FOR OUR BIGGEST OWNER SOCIAL EVENT OF THE YEAR!

CO-OP
**Owner
Fest**
2023

**SATURDAY
APRIL 29 • 5 - 9PM**

The Warehouse at 17th Street

214 North 17th Street, Murphysboro

Preregister at neighborhood.coop or in-store.

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!

SOCIAL 5:00 PM

Social hour with live local music!

MEETING 6:00 PM

Owner's meeting and last call for voting.
(Ballots close at 6:30 pm)

DINNER 7:00 PM

Catered dinner from the Co-op & 17th Street

Tickets are necessary to attend the dinner and only cost \$5 each. Pre-event registration will be used to calculate the quantity of food needed. Owners are asked to preregister if 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.