



Annual Report & Notice of 2016 Annual Owners' Meeting

Neighborhood Co-op Grocery
1815 West Main Street . Carbondale . IL



Cooperating For Over 30 Years!
www.Neighborhood.Coop . 618.529.3533



Neighborhood Co-op Grocery

Murdale Shopping Center

1815 West Main Street Carbondale, IL 62901

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board of directors

Mary Avery
 Kristy Bender
 Jordan Smith Edmonds
 Simeon Grater, M.D.
 Charlie Howe
 Ryan Pankau, Chair
 Gary Williams, Treasurer
 Jak Tichenor

Kristin Pass, Secretary

about our store

Neighborhood Co-op Grocery is owned by thousands of friends and neighbors throughout the Southern Illinois region. Everyone can shop in our store, but owners receive special perks like 10% off case orders, special owner-only sales, discounts on classes and events, and an invitation to our annual meeting and party. Ownership is only \$10 a month for 10 months and is fully refundable. See a cashier for details or go to our website.

board meetings

With few exceptions, board meetings are the fourth Thursday of every month and begin at 6PM. Location is subject to change, so please call the store for more information.



Pictures back to front, left to right: Jordan Smith Edmonds, Ryan Pankau, Francis Murphy, Charlie Howe, Dr. Simeon Grater, Kristy Bender, Makayla Bonney, and Mary Avery. Inset: Gary Williams and Jak Tichenor.



Clockwise from above: Monica sitting atop our gigantic pumpkin that weighed 580 lbs.; Shopper Erik dressed as Santa's helper the week of Christmas; Rumi who is as sweet as the butternut she's holding; and Courtney Smith celebrating Non-GMO certified products.



From the General Manager

FRANCIS MURPHY

Given the ongoing challenges with the state and local economies, the Co-op's 2015 budget forecast a flat year for sales growth. Unfortunately we didn't meet that modest plan, ending the year with sales down about 2.5% compared to the previous year. We were not alone in that, with co-ops nationwide experiencing flat or decreasing sales due to changing market conditions. Beginning in 2014, conventional supermarkets began outpacing natural food retailers in the sale of natural and organic foods. This trend highlighted our need to become more price competitive and to reduce expenses. We began to make progress in those areas in 2015, particularly in reducing expenses, with the result that the Co-op's net income should be close to budget for the year. Also on the plus side, available cash, working capital, current ratio and debt to equity ratio all improved during the course of 2015. In other words, our balance sheet is stronger now than it was a year ago.

I am hopeful that a year from now this Annual Report will contain our complete financial results including balance sheet and income statement. The Co-op has been unable to include the year-end financial report in the Annual Report for several years because this publication also serves as the official notice of the annual meeting of owners. To solve this problem, the Co-op Board of Directors is proposing a bylaw change that would extend the deadline for the annual meeting of owners from 90 days to 180 days after the end of the fiscal year. This would give management enough time to include complete financial results in the Annual Report. Please vote "yes" on the bylaw change proposal on the ballot this year.

2015 was the 30th anniversary of Neighborhood Co-op as a retail grocery store in Carbondale. It has been interesting to reflect on the changes as we have grown from a small store on Jackson Street with handmade grocery shelves

and no cash register to a full-fledged grocery store that employs 50 people and plays a significant role in the community. The 30th Anniversary Park Party in August was an appropriate celebration of this milestone featuring an award-winning band, The Bankesters, as well as a photo booth, water slide and plenty of free samples from local vendors.

The 2015 Farm Crawl in September was a big success including 14 farms and hundreds of participants. It was our main event in the Eat Local Challenge, which was a partnership with Food Works, the City of Carbondale, and SIH, and was kicked off with a press conference at the Co-op. Our Super Sale in October was the second best we've had in terms of sales and in many ways went more smoothly than ever.

It is hard to believe that May 1 this year will be the 10 year anniversary of what some of us still refer to as the "new" store. The management team has been working with a store designer on freshening up the store layout and making changes to some of the fixtures. We are taking a multi-phase approach to the store re-design with the first phase focused on the grocery and wellness departments as well as the bakery display area and community room. Our goal is to improve the flow in the store and make your shopping experience easier and more intuitive.

Another part of our plan to increase sales in 2016 has been implemented by the time you receive this Annual Report. I anticipate that you have been enjoying the Co-op's new hours of operation which began January 18th. The new hours are 7 AM to 10 PM every day. The management team hopes that these expanded hours enhance your experience of the Co-op. I look forward to continuing to create value for our owners in 2016. Thank you for being part of Neighborhood Co-op! ★

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Financial Statements Available After March 1st



From the Board of Directors

RYAN PANKAU, BOARD CHAIR

It has been another productive and busy year for the Neighborhood Co-op Board of Directors. The Board continues to act on behalf of our owners to further the Co-op's mission and strategically plan for the future.

Over the past year, we have sought opportunities to inform and interact with Co-op owners. Board members published articles in each issue of Morsel to inform owners about Co-op specific topics and provide perspective on national/global issues. At special events, such as Owner Appreciation Days and the 30th Anniversary Celebration, board members have been present bagging groceries, attending info tables and wrangling frozen turkeys. These efforts are not only fun for board members but creates interaction among our owners. This allows the board to gain a better understanding of our owners' values and to incorporate those values into what the Board does. Please don't hesitate to take these opportunities to openly and honestly talk with board members.

Periodically, the Board does ask for more information about owner values in the form of a survey. In the coming year, the Board plans to send out a survey to Co-op Owners. Please watch for this survey and provide us some feedback. We need to know what you want!

In an effort to further the community conversation about Carbondale farmers' markets, the board asked Francis to provide Co-op support in pursuit of a USDA grant opportunity for a market feasibility study. The purpose of the study is to provide the community with real data about local food and the growth potential for local food products and farmers' markets in Southern Illinois. Ultimately, Francis determined that the Co-op was not an eligible organization to

apply for this funding. Therefore, a past board member, Silvia Secchi, and a current board member, Gary Williams, took up the cause. Gary and Silvia were successful in securing the grant funding for the study on behalf of the City of Carbondale. I am excited for the results of the study to reach publication so the community can use the data to make informed decisions. As of the writing of this report, work on the study has commenced but will not be completed until later this spring.

This year we welcomed two new board members, Simeon Grater and Makayla Bonney. Welcome aboard Simeon and Makayla! Unfortunately, Mary Avery will be leaving the Co-op Board after two terms of service and two years serving as your Board Chair. Thank you for all you have done, Mary. You will be greatly missed!

Your ballot this year will include a request to change the cooperative's bylaws. This revision will extend the time frame for the annual meeting from 90 days to 180 days after the end of the fiscal year to allow more flexibility in scheduling. The plan is to shift the annual meeting to one month later in the spring. This will allow the Annual Report to be published one month later, which will then allow the year-end financial reports to be included. By including financial reports for the year, I feel that Co-op owners will benefit from a more complete Annual Report.

We are looking forward to another great year of exploring ways to better define how the Neighborhood Co-op can serve its ownership. The Board appreciates feedback and collaboration from owners at any time. Please find a board member at a Co-op event or email us at: Boardlink@Neighborhood.Coop. ★

“The plan is to shift the annual meeting to one month later in the spring.”

Meet the Candidates



Charlie Howe

BOARD NOMINATED . INCUMBENT

For the Co-op to provide good food and contribute to the community, it needs to remain a “going concern.” That means keeping the business going. This needs to be the primary concern in these perilous times. My hat’s off to the general manager and staff for doing their best in this area.

Part of my experience being involved in our community includes being an activist for social, political and environmental causes, keeping 15 acres of woods along south US Hwy 51 undeveloped and in its natural state, growing veggies organically, and being a contributor of my discretionary wealth to many local non-profits that need that help now more than ever!

Some of my skills, interests and background include college degrees in sociology and international business, all kinds of blue collar jobs starting with repairing railroad tracks in the summer of 1964 and ending with work in the corporate setting inspecting 747’s in Seattle. Retired in 1998 at age 54. Since 1999, when I moved back here, I’ve been involved in Green Party politics fighting for what I believe is a free and sustainable society. During this past decade I was on the board of Green Earth, which preserves natural areas within Carbondale, and was elected to the Co-op board in 2013. ★



Heather Lapham

BOARD NOMINATED

I believe everyone should have access to fresh, sustainably grown foods, so I am most passionate about the Co-op’s initiative to promote sales of local products and their ongoing efforts to educate the broader community about nutritious, fair trade food options. My own experiences have taught me that many modern health problems can be healed through dietary changes, and such changes have been possible for me because of the wholesome foods and products available through the Co-op.

I volunteer at a no-kill animal shelter in Southern Illinois, and provide service to my professional field of archaeology in many ways (newsletter editor, chair and member of committees in professional organizations). I currently oversee 20 sub-committees for a national archaeology society and serve on the steering committee of an international zoo archaeology organization. I am interested in serving on the Board of the Co-op to increase my contribution to the local community.

As an archaeologist I study food systems in the past, which makes me keenly aware of the importance of building and maintaining sustainable systems of food production and distribution in the present. In addition, I have more than a decade of experience in obtaining and managing grants (nearly \$1M), overcoming administrative hurdles, and developing and implementing educational programs. If elected to the Board I would use my creative problem solving and organizational skills to help the Co-op continue its mission to build a vibrant and ethical business that will provide healthful products to our community far into the future. ★



Christopher Post
BOARD NOMINATED

I am passionate about the Co-op's mission to provide wholesome foods to the community. Fresh and nutritious food can provide health and well-being for not just individuals but also for our community. In addition, a local food industry provides local growers and distributors with sustaining livelihood. In summary, I believe the Co-op is helping improve people's health and our community by providing wholesome fresh food. This is why I would like to serve as a board member among my fellow co-op owners.

I started serving others as a child through Scouting. I completed many volunteer projects to become an Eagle Scout and it instilled in me the value of service to one's community. As a young adult, I volunteered at Habitat for Humanity projects. More recently, I volunteer at Southern Illinois University as a guest reviewer at the School of Architecture and as a conversational partner for the Center for English as a Second Language.

As a member of the Architecture Industry, I have experience on various types of projects, communicating ideas, establishing common goals, and meeting deadlines. As a project manager, I have the skills to find the source of a problem, research solutions and solve it in an efficient manner. In architecture, as in any other service industries, listening to the ideas, concerns and opinions of our clients is very important. I look forward to transferring these skills to serve my fellow Co-op members and the Co-op. ★



Jak Tichenor
BOARD NOMINATED . INCUMBENT

I am most passionate about Neighborhood Co-op Grocery's sustaining presence for the past 30 years as a powerful force for positive change in the Carbondale community and beyond. I love seeing the large number of people there seeking high-quality organic, natural, and, as often as possible, locally grown and produced foods and products that reflect their values about localism and leaving a smaller footprint on the Earth.

The Co-op is an important social hub for our community and for families and people of all ages and social backgrounds. There's an authentic sense of community here that heralds back to the old corner grocery that serves as the social "glue" knitting us all together..

With annual sales of nearly \$5 million and a workforce of some 50 employees, the Co-op is integral to the economic health of our community. I really enjoy the sign out front that consistently shows upwards of \$20 thousand in weekly sales of hundreds of local products that directly impact the local economy and NOT being sucked out of the community by chain stores.

I have decades of community service experience as a public broadcaster who has worked hard to learn about local, state, and national issues, as well as an elder and board member at First Christian Church Carbondale, former member and Chairman of the Carbondale Information and Telecommunications Commission, and more recently as board member of Carbondale Community Arts.

I am a communications professional with many long-term relationships with local opinion leaders and others who can further the Co-op's mission. ★



Cultivating Community . Providing Meaningful Goods and Services



Richard Thomas
BOARD NOMINATED

My life as a biologist has taken me many places in the US and around the world. From a housing co-op in Austin, to a food buying club in Alaska, to a co-op bike repair shop and food co-op in Tucson, I've been involved with cooperative ventures for much of my adult life. The existence of Neighborhood Co-op was big plus in our decision to move to Southern Illinois, and one of the first things I did on arriving here 12 years ago was to become a member (as we were then). Southern Illinois is my home and I want to see local healthy food production thrive here. The Neighborhood Co-op has a crucial role to play in the health and well-being of its owners and the region, and encouraging local food networks is an essential part of that role.

In my professional life as a scientist, collaboration and talking through ideas and problems of all sorts is my daily bread. I have many years of experience writing grant applications, and managing the resulting projects, people and funds. I also have extensive experience serving on panels that evaluate grant applications and disburse millions of dollars of highly competitive research funds. I believe I have useful skills in evaluating the risks and rewards inherent in complex situations, such as those facing our Co-op.

I would like to have the opportunity to help guide the Co-op through the challenging times we face. ★

Cast Your Ballot

www.Neighborhood.Coop

Starting February 28th

Proposed Bylaw Change

SECTION 3.1

Proposed Language for Section 3.1 of the Bylaws

An annual meeting of the owners shall be held within ~~90~~ 180 days of the close of each fiscal year to review the operations of the Co-op, to elect directors, and to conduct such other business as may properly come before the meeting.

Explanation: *The Co-op has been unable to include the year-end financial report in the Annual Report for several years because this publication also serves as the official notice of the annual meeting of owners. Extending the deadline for the annual meeting of owners from 90 to 180 days will permit the inclusion of the year-end financials in the Annual Report. It also conforms to anticipated changes in Illinois cooperative statutes. ★*



OwnerFest 2015 at The Warehouse at 17th Street.

VOTING LOGIN INFORMATION:

Your username is the primary owner's first name. The password is your owner number, which is in the top right of the address area on this mailer. Paper ballots are available on request. Please see a cashier for more information.

Outreach Report

by Courtney Smith

Outreach and Owner Services Coordinator

Concern for community is one of the Co-op's guiding principles. We are pleased to work with our community to help educate on important food issues, support like-minded organizations financially, and create a family-friendly fun atmosphere with Co-op events. This past year, we helped support, enrich, educate, and celebrate our wonderful community!

Wooden Nickels Program:

The Wooden Nickels program allows patrons to support local and regional non-profit organizations. Bring a bag, basket, or anything else to carry your groceries in, and we'll give you a token to donate. Wooden Nickel organizations are nominated mostly by shoppers. Two are selected each quarter. In 2015, the recipient organization funds totaled over \$1500 and went to:

- Illinois Migrant Council
- Southern Illinois Center for Independent Living
- United Way of Southern Illinois
- Boys & Girls Club of Carbondale
- This Able Veteran
- The Women's Center
- Sandra's Comfort
- Tupelo Chapter of Wild Ones

Store Tours and Community Engagements:

Community events and Co-op store tours are great educational opportunities to learn about our food systems and the Co-op. We participated in many community events and with the following groups in 2015:

- Souper Bowl of Caring for Good Samaritan House
- SIU Head Start
- Church Wellness Group Tour
- Rotary Club of Carbondale-Breakfast
- Cup Sale Fundraiser with Southern Clay Works
- Taste of Home Cooking School
- Dawg Daze of Summer Shelter Spectacular
- Kiwanis Club of Carbondale
- Rock the Plate with Food Works
- Homeschool Group Tour

- Murdale Merchants Safe Halloween
- The Women's Center Angel Tree

The Co-op Educational Events:

Opportunities to participate in national food movements and local food systems happen throughout the year and in a variety of ways: educational signage, displays in the store and media coverage. Here's a list of our regular events:

- Earth Day – March
- Nutrition 5K and Kid-K – April
- Bike to Work Day – May
- Hemp History Week – June
- Pollinators Week – June
- B Corps “B the Change” – September
- Non-GMO Month – October
- Fair Trade Month – October

Kitchen Gadget Swap

This is one of our newest events and is very popular. Participants can bring items to swap – leave yours and take someone else's offerings, if you wish. In 2015, we had around 40 people who attended the lively gadget swap. Leftovers that were clean and in good working order were donated to The Women's Center of Carbondale. It was a big success!

Meet and Greet the Co-op's Board Candidates

As a Co-op, our Board of Directors is made up of owners who are elected for 3 year terms by popular vote. In order to give our owners a chance to meet the candidates, our board hosts an informal “meet and greet” with refreshments from the Co-op in our community room, so owners can get to know them and the new board candidates.

OwnerFest

Held at The Warehouse at 17th Street in Murphysboro, our annual owner's celebration and meeting brings together folks for a relaxing evening of food, music and fun! Delicious food catered by our local bakery and lunch hot spot, Cristaudo's, featured food with local ingredients sourced from Lick Creek Beef and Flyway Family Farms. 17th Street BBQ provided their legendary pulled pork sandwiches with all the fixings. Over 150 owners at the party were serenaded with classics played by local musician Nate Staub.

Food For Change Documentary Screening

The Co-op helped financially support efforts to bring to fruition the film *Food For Change: A Documentary Film About Food Co-ops* by award-winning filmmaker Steve Alves, so naturally we were glad to host an in-store screening this past spring that was enhanced by the addition of a popcorn buffet! The purpose of the film is to help educate consumers about the historical significance of co-ops and to tell the story of what co-ops mean to our communities.

17th Annual Nutrition 5K & Kid-K

A favorite running event that is also a fund raiser for Good Sam is held on a fast and flat course that winds through the scenic SIU Campus Woods and beautiful Evergreen Park. As always, our race is fun for the whole family with door prizes and some great edible treats! Our bakery staff prepares yummy goodies to refuel the 5K runners. Prizes include delicious loaves of Co-op Made Bread, and top prize winners receive gift certificates for massages from In Sync Mind Body Therapy Center. And, everyone has the a chance to get a rub down by John A. Logan College massage therapy students. Our Kid-K race, led by the tuba player from the musical duo RodgnboB, helps keep the kiddos in fine spirits, too! In 2015 we raised over \$500 for Good Samaritan House of Carbondale.

Foodie Movies

In July we partnered up with the wonderful people at Scratch Brewery to offer free screenings of foodie films, which we dubbed 'Foodie Movie Fridays'! While enjoying the rich and rustic ambiance at Scratch with cold brew in hand, attendees could watch some great films about brewing, food systems, and farming!

30th Anniversary Park Party

Yes, that's right! The Co-op has been around for 30 years! We've changed faces and places a few times, but our heart has remained true to our goal of being the best Co-op around! Held at neighboring Lenus Turley Park this past August, over 400 community members gathered for the live music, free ice cream and fun! Our friends and nationally known musical group, The Bankesters, along with talented locals, Gentle Ben & Friends, created a lively atmosphere of good, down-home music. Several local producers and artists were on hand to sample their goods and show their wares. Tim Damien's Photo Booth was a grand hit, providing photo memories of the event. We helped 'show our age' with the 'String of Memories' – photos, newspaper clippings, articles and general goofiness was displayed from the past 30 years.

Fall Farm Crawl

Fourteen local farms, producers and orchards opened their doors to the public on a beautiful fall weekend in Southern Illinois. Highlighting our long history as a food-producing region, people were able to shake the hands of farmers, see the land where their food is produced, and gain valuable knowledge about how our food gets to our tables. Traveling on gravel roads through the rolling hills of the area, interspersed with wineries, breweries, orchards and farm stands, reminds us all how fortunate we are!



Top: The Farm Crawl had record attendance, with hundreds of people participating in the tour! Below: The Co-op again partnered with SIU's Southern Clay Works for to hold Empty Bowls, a fund raiser for area food pantries. The event raised \$5200!

Empty Bowl Fund Raiser with Southern Clay Works

This hugely successful fund raiser for area food pantries brought in over \$5200 this year! Through the generosity and hard work of students in Southern Clay Works, a registered student organization at SIU, along with the help of faculty and friends, hundreds of ceramic bowls were made to raise money to help feed the hungry in our region. It was freezing cold that windy Saturday, so it was a good thing the Co-op donated soup to fill the bowls bought at the event! The Co-op is proud to work with SIU and their registered student organizations to promote art, food and cultivating community in our region. ★



Clockwise from top left: Nina and Holly ready to hand out candy to trick or treaters coming out for Murdale's Safe Halloween; Santa visiting the Co-op just before Christmas to say his favorite cookie is the Phil Brown; Ernest Weaver of Between The Rivers Apiary showing off his beekeeping suite; Owner/farmer Tim Francis of Union Springs Farm, and his dog; a charming view of Flora Bay Farm; shoppers lined up for the opening of the Super Sale; Cheeky Monkey switching it up a bit - hangin' out with the apples!

Cool Things to Know

2015 Co-op News & Numbers



300 new owners

New Owner Signups & Resignations



68 resignations

The Co-op had a net gain of 232 owners in 2015.. That is lower than in years past. The loss of positions at SIU over the past several years has resulted in more owner resignations. Approximately 75% of owners resigning their share said that they were moving away from the area.

57.4%

Sales to Owners



Owners shop at the Co-op more than those who have not taken the plunge to invest in a an owner share, yet! Thank you for your patronage!



\$1,001,802
Local Products Sold

This was the first year that sales of local goods broke the million dollar mark, a number that equals 21% of total store sales! It was nice growth over 2014 when the Co-op sold \$929,000, or 19.1% of store sales. Thank you for supporting your local farmers and producers!



\$215,000
Fair Trade Products Sold



25% Employee Turnover

● Compared to 33% in 2014

Workforce.com says the median turnover rate for grocery stores is 47.4%, some sources say it's even higher! Experienced employees give better service, and are a great value to the employer. Plus, there is a direct correlation between low employee turnover and high customer satisfaction.



Event Participation

An estimated 200 people participated in the 2015 Farm Crawl visiting some of the 14 farms that opened their gates and doors to the public for this annual event!



Recycled Materials

- **Mixed Paper:** 28,800 lbs.
- **Glass, Metal, Plastic:** 9,600 lbs.
- **Cardboard:** 62,100 lbs.

In 2015 the Co-op changed how it measures how much is recycled. Therefore, the amounts listed above will serve as a baseline for the future.



92%
Overall

Mystery Shopper Quality Score

We participate in this national program offered by the National Co-op Grocers. The national quality score is 92%.





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

OwnerFest

2016 Annual Owners' Meeting & Party



Saturday, March 19

The Warehouse at 17th Street

214 North 17th Street . Murphysboro

5PM Be Happy Hour . 6PM Annual Meeting . 7:15 PM Catered Dinner

Dinner catered by Cristaudo's & 17th Street Bar & Grill

About the Meeting & Dinner: Owners are asked to bring a dessert, wine, or appetizer to contribute. A limited quantity of complimentary beer and wine, plus a cash bar, will be available with I.D. There will plenty of free non-alcoholic options, too. The meal will feature two options: 17th Street's pulled pork dinner and, from Cristaudo's, two kinds of paella: chicken and chorizo with veggies and a vegetarian/vegan option made with vegetables and tempeh. To guarantee a meal, please buy advanced tickets. No ticket is required to attend the meeting. All owners are invited.

Tickets go fast!

Advance Tickets = \$5 per person . At the Door = \$10

Reserve your tickets @ www.Neighborhood.Coop