



# 2021 Annual Report



## Erie Food Co-op Mission Statement

*To serve our community as the foremost provider of foods and products that enrich health and well-being, cultivating a spirit of community through excellent service and education.*

Erie Food Co-op is a full-service natural foods grocery store with a wide variety of healthy foods, wellness products, and body care products from local and national brands. Our focus and mission each day is to provide the best possible customer experience for each and every person who walks through our doors. Our buyers do their best to create a product selection that encompasses the daily needs of our customers by providing options with the consideration of a variety of dietary needs as well as budgets.













## Erie Food Co-op Ends Statements

Because of the Erie Food Co-op, the Erie community and our member-owners will:

- 1. Erie** - Our Erie community will flourish as a result of our support for a local and value-based food system, our efforts to foster a culture of inclusion, and our commitment to a living wage.
- 2. Environment** - Our environment will be minimally impacted by the Co-op's own practices, and our members, neighbors, and civic leaders will be able to follow our example toward a greener future.
- 3. Education** - Our members, shoppers, and community will look to the Co-op as a trusted resource for information about nutrition, health, sustainability, and cooking practices. Our civic leaders will look to the Co-op as a trusted resource on the Cooperative business mode.



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# board president's report

By Shari Gross, Board President

Our co-op is at a critical moment in its history. It's not that we haven't experienced change before. After all, we had a few other locations before we moved into West 26th and Brown Avenue. We never had a Community Room until we built one. We added a food truck and joined the rest of the world in slogging through a pandemic. And when the going gets tough? The tough create a handy curbside pickup service. And improve affordability of co-op food for Women, Infants and Children by working towards becoming part of the WIC program.

This past year hasn't been easy. The staff at our co-op over the years and particularly now have greeted change by adapting, pivoting, and innovating. On behalf of the Board of Directors, I can only try to express our gratitude and pride in this amazing group of people, our co-op staff. For our part, though we operate in the background and at a policy governance level, the board was inspired to also step up. The opportunity brought to the co-op through the EDDC was exciting and complicated at the same time. The board asked our GM to join with us in doing a thorough study of the EDDC's proposal, opportunities to make co-op food more accessible and affordable, member/investor interest in the project, market data, financial projections, legal implications and more. She worked tirelessly to bring us a mountain of information. It took us the better part of 18 months to come to a point where the board voted to authorize our GM to proceed to a lease agreement and the fundraising necessary to launch the new store: And this is contingent on adding programs to increase food affordability.

I've been on (and briefly off) the board for the better part of 11 years. I have to say, I have never seen a board kick into gear the way this board has this past year. Adding board study sessions, reading volumes of material, reviewing presentations, and discussing matters for hours on end. I am proud of the work this board has done to bring us to this moment of change and growth. Virtually every board committee is active and contributing to a better future for our membership. We were intentional in our support for the downtown store project, as well as to finally shed a confusing name to now operate as the Erie Food Co-op.

Our investors/members have also been our strength during this time of challenge and change. For one thing, investors continued to shop at the co-op and that is one of the most profound acts of support we can do. We've also seen investors weigh in on important topics including the downtown store project, through listening forums and even on social media. The success of our co-op was the very thing that made us an obvious partner for a revitalization project downtown. Thank you for the discourse and for letting us know what is important to you.

As we look ahead to the challenge of fundraising to open a downtown store, we have many opportunities to support this effort. Shop at the co-op. Round up at the register. Consider an investor loan. Nudge your friendly employer to donate to this project to provide healthy food accessibility and affordability to a part of our Erie Community that needs it. We have an unprecedented opportunity to be agents for positive change in Erie. If anyone can make it happen, our Erie Food Co-op can.

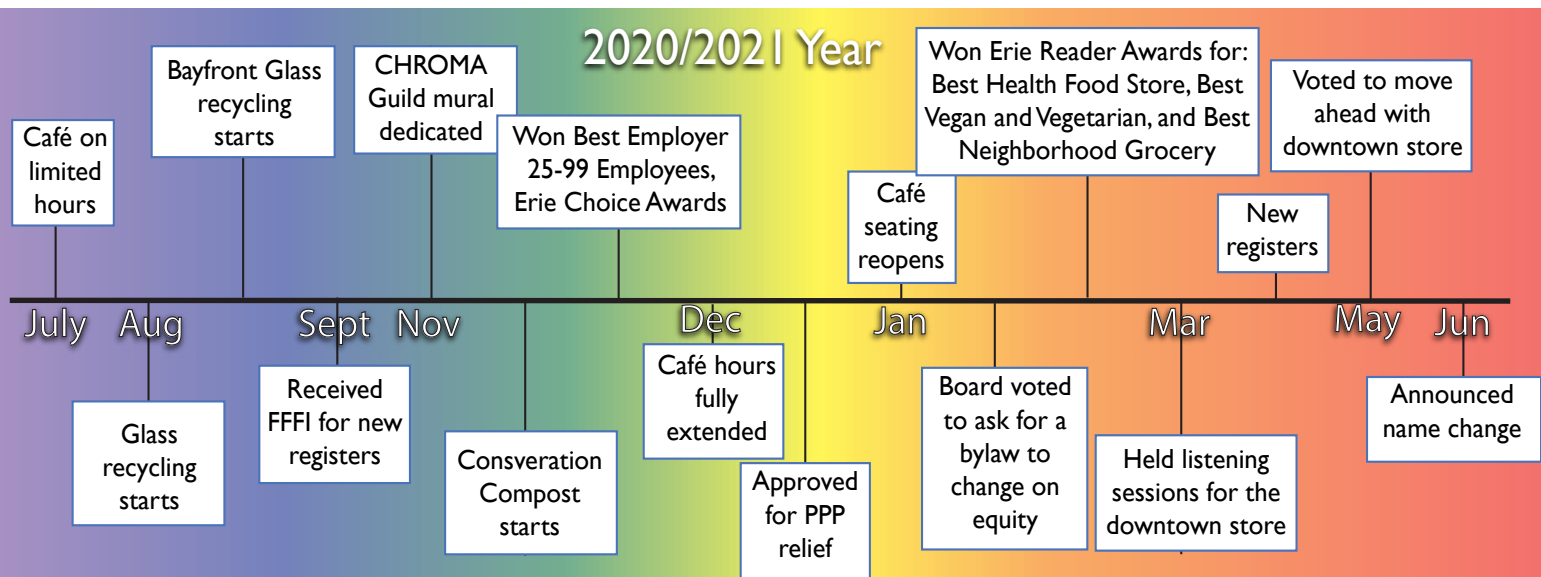


# general manager's review

By LeAnna Nieratko, General Manager

The Co-op's fiscal year ran from July 2020-June 2021. In regular time that's one year, but in COVID time it feels like a decade. Last summer feels like a chapter closed, with the hope of a return to normal turning into a long slog. It also feels worlds different than where we are at now; there was so much more uncertainty then. We were experiencing challenging sales, tumultuous world events, and distribution challenges. Looking at numbers from July of last year is like seeing a decades old picture of myself with pastel lip gloss and super low rise jeans; just a totally different time.

We started the year with strained sales. We were still in the midst of various lockdowns, masking and learning how to navigate a pandemic. Then we shifted into a very weird holiday season; one where people were looking less for large scale party foods and more for small scale stay-at-home comfort foods. We also had our cafe on limited hours and with a limited menu until December. Planning for the 2020/2021 year was a huge challenge between a complete change in shopper patterns, regulations, and the unknown future. We did our best to maintain our expenses in line with our sales decline, but certainly had some overspends in areas; this particularly impacted labor as we both increased our pay and worked hard to not decrease our staff during the uncertainty. So that is the past. . . all of that is the pastel lip gloss and low-rise jeans.



Now we're in a totally different era! After a decade of talking, we changed our name and after almost two years of negotiation we opted to open the Downtown store. These are massive changes and while we are happy to have made the leap on both counts, we are aware there is always tension in change. With around 7,000 members, there is a diversity of opinion and needs that can be challenging to navigate. We did our best to balance the roles of the operations team and the Board and worked to mitigate any dissenting concerns.

As we move forward into this new world, we must keep these conversations alive. How do we continue to grow, to listen and evolve? How do we navigate differences and disagreements with cooperation? Our success relies on us to align on the things that matter the most. The process of determining what matters can be tricky, but it's worth it.

# goodbye sorcerie

By Jess Voltz, Café Manager

Being a food truck worker is bittersweet, it's never boring and you get to make all these cool connections with people. You go to events where people are wearing tuxedos and ballroom gowns, to parking lots outside dive bars for a record sale night, car shows, and the "I love Lucy Fest". When I first came to work at the Co-op it was solely to join the food truck. From day one I got to be a part of its birth and I spent all my time thinking about it! When I was hired it wasn't even in the parking lot yet, so I didn't even have a vision of what was to come. I drew plans of where people would stand and how the flow of a dinner service would work. A food truck isn't for the faint of heart and you have to be made of some tough stuff to endure it. It makes you feel good about the sacrifice of spending your summer doing your best to make other people's summers fun. We managed to do all of these things by being on time, friendly, doing hip things with food, and remembering details of people's likes and dislikes. Being at some events ensured some people that had dietary needs were able to eat like a regular person! A festival or concert can mean zero food options for some and I'm so glad we could be there for those people.

Throughout all the hard work, people's gratitude made things worth every challenge we faced. The food truck crews from old to new all bonded through hard, hard work. It was rewarded by people going out of their way to say "thank you", "good job", or "that was the best" (which we got a lot, just sayin). The sweetest part of the whole experience were the people inside the truck. Working together in extreme heat and being non-stop busy is not for everyone but you have to love it.

Now it's my turn to thank everyone who made all of the magic happen...

Thank you to the crews that worked huge events for a made-from-scratch kitchen, thank you managers for working and sweating right beside us, thank you fellow co-op employees for rooting for our success, thank you local businesses for inviting us, asking us back, and promoting us. Thank you to our lovely customers who would seek us out and go out of their way to sometimes wait in line just to say good job. It meant a lot.

Good luck truck, you're off for new adventures!

Your friend,  
Jess





# education

By Heidi Yeagle, Marketing and Member Services Manager

With the pandemic still raging on throughout the fiscal year, it had posed some challenges to our “usual” way of doing business. This caused us to constantly re-evaluate our approach and adjust as necessary.

After closing the Community Center in March 2020, we decided it was time to bring back some educational facets, and Betty Amatangelo stepped up to the task. She was very interested in teaching her yoga classes via Zoom. We provided her with use of the Co-op Zoom account to use for her classes and advertised them for her. She has had great success with these and has had a regular following throughout.

Because we could not figure out a great way to have cooking classes on Zoom, we decided to post recipes on our social media pages. With the pandemic, many more people were cooking at home than ever before and we found that these were very well received.

Since we had to find new ways to engage and educate our members and customers, social media seemed like the obvious answer. Our social media strategy changed immensely over the last year to incorporate some learning opportunities about our products. We made the decision to give them an opportunity to “shop from home” as much as possible and would focus on featuring new products in our daily posts. All along reminding the customers that we offered free curbside pickup for those who could not or chose to not come into the store.

One of our features that we tried out this year was having the wellness staff talk in great length about selected products that we thought might be of interest to our customers. We would feature the videos every other week thinking it was nice for our audience to be able to learn about the items without the risk of talking in person. They seemed to really like this feature!

And last but not least, we brought back the printed newsletter! We started offering this online as well as printed copies in the store. We were sure to include the artist of the month feature, as well as a retired cafe recipe, along with an update from our general manager. We set out to use the printed newsletter as a sort of archive of what was happening at the Co-op at that point in time, which seemed like it was lost when we discontinued the printed media and moved to online. Now we know that the future Co-op will have an easy to find reference point. Over the years, we have kept copies of previous issues (all the way back to 1981) and they are always nice to reference. We hope that our future selves will appreciate them.



## Healthy Outlook

September 2020

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# erie

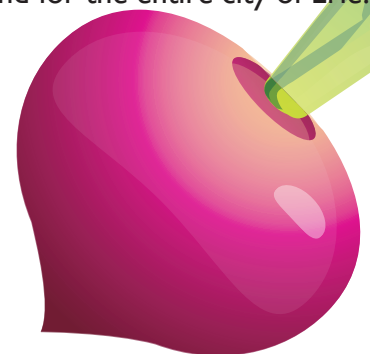
By Kendrick Tate, Marketing and Outreach Specialist

The start of the Co-op's new fiscal year also starts off our renewed efforts to connect deeper with Erie! All of us have worked hard to counteract the struggles that separation has brought into our lives--and we continue to face those challenges by standing firm in the power and perspective of our experiences. The Co-op has been making that brave effort since summer of 2020, addressing the social friction within the Erie community by adjusting its image to confront bigotry, by adapting store policies to the rapid changes we've seen, and by pushing even harder toward its mission.

Late last summer, the Co-op collaborated with the CHROMA Guild of Erie Arts and Culture to collect community input about a mural project at the store outside of the cafe seating area: the mural was commissioned by the Co-op to illustrate the intersection between the themes of food accessibility and community. Also, our store began to establish stronger partnerships with local community organizations, like the Robbins Blass Neighborhood Watch, in order to sustain important relationships with the people that our grocery store serves and the mission we promote. We've continued to spotlight our commitment to the cooperative principles--the foundation to our business--through collaboration with local businesses and through the transparent, democratic decisions of the Board of Directors during some contentious discussions about expanding our business footprint with the Erie Downtown Development Corporation (EDDC). Ultimately, the Board of Directors and our GM agreed to sign a lease from the EDDC establishing a second, downtown Co-op location. While the public opinions on the EDDC and the Co-op seem to have become intertwined from the outside, on the inside we are continuing to strengthen our accountability to our membership, our mission, and our Ends.



There has been no shortage of effort from the Co-op to fully commit to providing the Erie community with what it needs wherever we are. We'll only be in a better position to make that effort with this commitment to increasing food accessibility in our upper West side area, our future downtown neighborhood, and for the entire city of Erie.





# environment

By Ash Smitham , Marketing and Design Specialist

For many years the co-op has prided itself on its limited single use packaging in the bulk department and reusable bag incentives to assist in its environmental initiatives. This proved difficult during the pandemic as rapidly changing information and policies led to the removal of bulk bins blocked the ability for customers to bring in reusable bags for a period.

While these setbacks were significant, we continued our dedication to the earth through the support of local businesses, including two we will discuss in this article, Bayfront Glass and Conservation Compost.

Bayfront glass is an Erie glass recycling company that exists in response to only 3% of glass being recycled and the rest ending up in landfills. They take advantage of the infinitely recyclable nature of glass and dedicate themselves to true bottle to bottle recycling meaning recycled bottles never end up in landfills. In the end of July, we did away with pop up glass recycling events and began offering full time glass recycling through Bayfront Glass in our parking lot. With the help of the community after just one month 17,633 pounds (nearly 8 tons) of glass were diverted from landfills and recycled.

To continue our efforts to reduce potentially harmful materials from ending up in landfills we looked inward at the number of receipts we had going out daily. While we still suggest skipping receipts as the best option to reduce waste, in October we took our own initiative and changed to Rolly Receipts. This allowed us to offer a BPA/BPS free receipt with no plastic or cardboard core for our shoppers who require a slip.

In December we partnered with Conservation Compost to reduce the amount of food waste we were sending to landfills. We were able to reduce waste from café, produce, and offer a compost option for members of the community through Conservation Composts residential program. This local company based out of Saegertown pa can process many items not suitable for at home composting such as cooked foods and dairy, this also includes many compostable items such disposable dinnerware we carry in store.

As covid restrictions began to ease we saw the return of reusable shopping bags and the gradual roll out of bulk bins begin. This coupled with the long-term solutions built during this year gives us great confidence in the green future of our co-op. While the path is not always clear we are proud of the partnerships we have made, and the community support we have received.



# thank you

Even with a rocky start we're tying up a successful year for our Co-op. There are really four crucial pillars to the life of our Co-op.

We want to thank the Board, led by Shari Gross, for putting their hearts into making difficult decisions. In addition to approving larger expenses for the year including our new POS, they also worked diligently to understand what the downtown store means to our members and organization. They put in countless hours of work, tying up loose ends to get our Co-op ready for expansion and a new frontier.

We want to thank the staff for rolling with changes and never holding back the thoughtful feedback that makes us grow. We never had to reduce hours or offerings due to staffing, and worked together to cover shifts during quarantines so that our community could continue to rely on the Co-op for their needs. We said good-bye to some beloved long-time employees this year, and we said hello to some new staff who are ready to ride with us onto new challenges. We're grateful for everyone who put in time and energy to the Co-op.

We want to thank our member-owners for contributing, attending meetings, and giving critical feedback as we discussed moving forward. We had so many great candidates up for Board positions last year, and great candidates running this year; all who are pooled from a group of thoughtful, community minded member-owners.

We finally want to thank the community: the people who come and shop, the organizations who partner with us, the people who lift us up. There are so many ways to keep our little community grocery store alive and every effort from every person to shop at the Co-op, work with us, share our posts or engage with us in a meaningful way is appreciated.

## member owners & the board

By Kevin Schaaf

This year, the Board of Directors has heard from member-owners on a variety of topics - everything from product selection to the new store to the annual meeting. While we're not always able to give everyone what they want, we always try. Because we're here to represent you - all 7,000-plus of our member-owners. Because we're here to do what's best for Erie Food Co-op.

So, please - tell us your thoughts. We want your feedback, your participation. A co-op works best when members are involved. Not just a few members, but many members. Join us for our monthly board meetings. Vote in the election each year (there's one starting tonight!) Run for a seat on the board. Email us ([board@eriefood.coop](mailto:board@eriefood.coop)). We want our member-owners to be active!

Likewise, we realize that there are things we on the board of directors can do to make ourselves more accessible. Our Member Linkage committee has recently been looking at ways to facilitate increased communication with member-owners. We're looking at things like including a monthly board of directors update in the co-op newsletter, increasing board-specific content on social media, holding in-store events, etc. You'll see a concerted effort at increased communication over the next year!

Let's open the pipeline wider in both directions. The co-op will be that much better for it!



# financials



## Profit and Loss Statement

	2021	2020	2019	2018
<b>Sales</b>	\$4,625,942	\$4,960,795	5,173,982	\$5,003,209
<b>Cost of Goods</b>	\$2,725,456	\$2,967,934	\$3,145,865	\$3,049,804
<b>Gross Profit \$</b>	\$1,900,486	\$1,992,861	\$2,028,117	\$1,953,405
<b>Gross Profit as a % of Sales</b>	41. 1%	40. 2%	39. 2%	39. 0%
<b>Operating Expenses</b>	\$525,549	\$580,938	\$625,664	\$691,721
<b>Staff Wages, Benefits &amp; Taxes</b>	\$1,334,132	\$1,319,092	\$1,321,207	\$1,279,631
<b>Member-owner Discounts</b>	\$38,559	\$17,921	\$12,481	\$10,141
<b>Depreciation, Building &amp; Equipment</b>	\$84,220	\$87,864	\$88,870	\$83,926
<b>Property Taxes</b>	\$22,283	\$22,345	\$ 21,190	\$20,728
<b>Bank Card Fees</b>	\$59,463	\$69,929	\$71,614	\$65,528
<b>Total Expenses</b>	\$2,064,206	\$2,098,089	\$2,141,026	\$2,151,675
<b>Income from Operations</b>	(\$163,720)	(\$105,445)	(\$112,909)	(\$198,270)
<b>Other Income</b>	\$65,388	\$254,312	\$97,027	\$31,983
<b>Rental Income</b>	\$64,860	\$63,660	\$59,460	\$59,460
<b>Total Other Income</b>	\$130,248	\$317,392	\$156,487	\$91,443
<b>Net Income Before Taxes \$</b>	(\$33,472)	\$212,527	\$43,578	(\$106,827)
<b>Net Income Before Taxes as a % of Sales</b>	-0. 7%	4. 3%	0. 8%	-2. 1%
<b>Taxes</b>	(\$1,881)	\$(4,300)	(\$12,590)	\$24,305
<b>Net Income After Taxes \$</b>	(\$31,591)	\$208,227	\$30,988	(\$82,522)
<b>Net Income After Taxes as a % of Sales</b>	-0. 7%	4. 3%	0. 6%	-1. 6%

## our net income this year

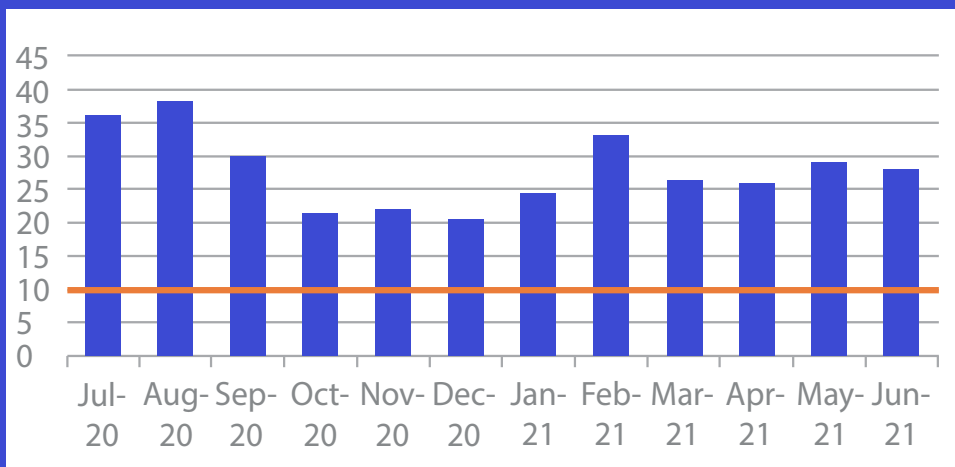
This was a difficult year to balance financials with hard-to-predict sales, an increase in wages, and unpredictable distribution. Every major lever that we utilize to impact our bottom line was facing unprecedented challenges. We opted to focus our energy on increasing sales and decreasing other expenses so that we could maintain staffing as a safe-guard against rapid change. Additionally, we monitored our cash balance closely; this was the primary measure of our health and defined many of the decisions we made throughout the year.



## our year in finance

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### Recomended Days Cash on Hand vs Actual



We are a part of a Co-op of co-ops called National Cooperative Grocer (NCG) who helps set standards for financial health. They recommend that Co-ops have 10 days worth of cash on hand, meaning we could go 10 days without sales and still pay our bills. We were well above that measure all year.

■ Days Cash on Hand

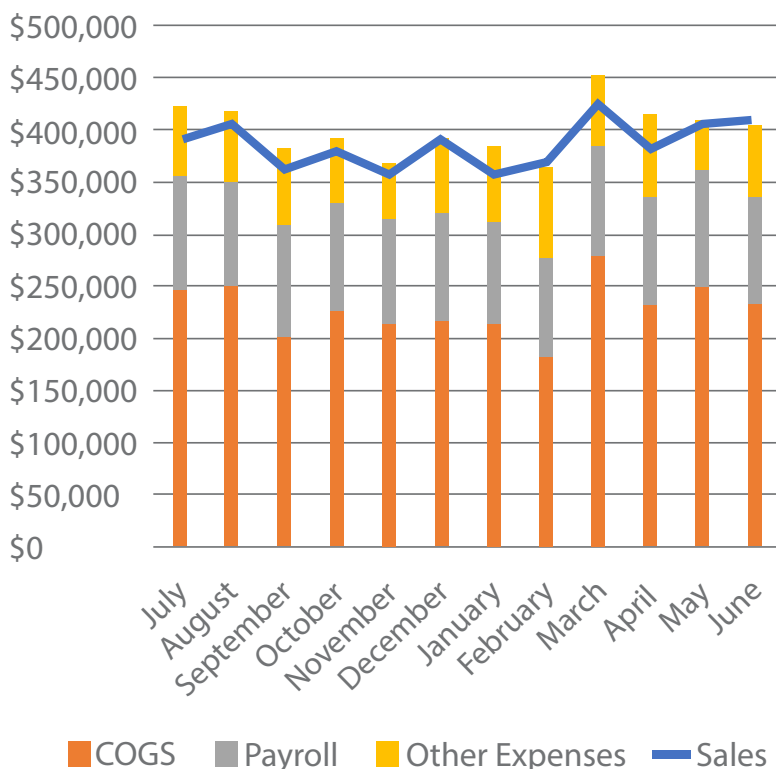
— Ncg Recomend Cash On Hand

## investment in the future

As we investigated the Downtown Store, we spent significant time and energy on figuring out if it was the right fit, and also how we might go about doing it should we decide to move ahead. This time and energy translates into real dollars on our profit & loss. We didn't quantify it for this fiscal year, but will be breaking out expenses towards the Downtown Store going forward so we can look more clearly at what it takes to operate each location and the organization as a whole.

Still the work we were doing for Downtown also increased awareness for the 26th street location so we worked to ensure that even as we invested time and energy into the expansion project. It balanced as much as possible with sales.

### Sales in versus expenses out



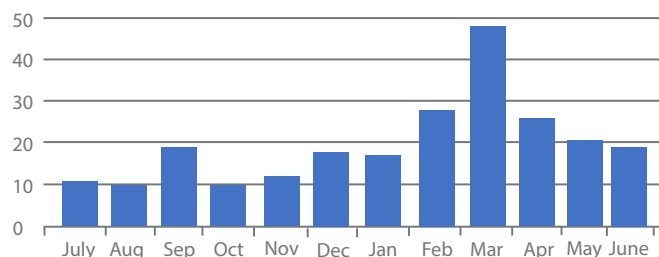
## equity talk!

Just like last year, we are continuing to work towards bylaw compliance (if not changing the bylaw on abandoned equity). We consider anyone who has not shopped in two years as inactive, and their equity is remitted to the Co-op as income. This has been in the bylaws since 2014, but we didn't enact it until 2018/2019. As the Board and Operations Team worked together to find a solution, we decided that five years felt like a better starting point for inactive than 2.

While we seek the bylaw change, we are continuing to remit inactive equity at the 5 year mark. This year this represents \$24,445 in equity. We are coming up on the 5 year anniversary of the discontinuation of the monthly discount, and are anticipating the mark of this change on our inactive shoppers.

Any member-owners who had their equity remitted as income are able to request their equity reinstated. This is not a charge to the member-owner.

## new member-owners



This year we welcomed 239 new member-owners. With a reduction in traffic, we also saw a reduction in new member-owners for the beginning of the year but started picking up towards the end of the year with increased awareness of the Co-op around our expansion and name change. We had 63 people request their equity back: the majority due to moving or living far away.

### Balance Sheet

	2021	2020
<b>Assets</b>		
Cash	\$273,310	\$366,845
Current Assets	\$317,197	\$284,644
Fixed Assets	\$1,395,187	\$1,446,685
Other Assets	\$170,970	\$154,189
<b>Total Assets</b>	<b>\$2,156,664</b>	<b>\$2,252,363</b>
<b>Liabilities</b>		
Accounts Payable	\$160,111	\$147,828
<b>Total Current Liabilities</b>	<b>\$128,628</b>	<b>\$127,289</b>
<b>Total Long Term Liabilities</b>	<b>\$531,141</b>	<b>\$601,151</b>
Other	\$64,010	\$62,981
<b>Total Liabilities</b>	<b>\$883,890</b>	<b>\$939,249</b>
<b>Equity</b>		
Common Stock	\$652,573	\$660,923
Retained Earnings	\$620,201	\$652,191
<b>Total Equity</b>	<b>\$1,272,774</b>	<b>\$1,313,114</b>

## revenue recognition

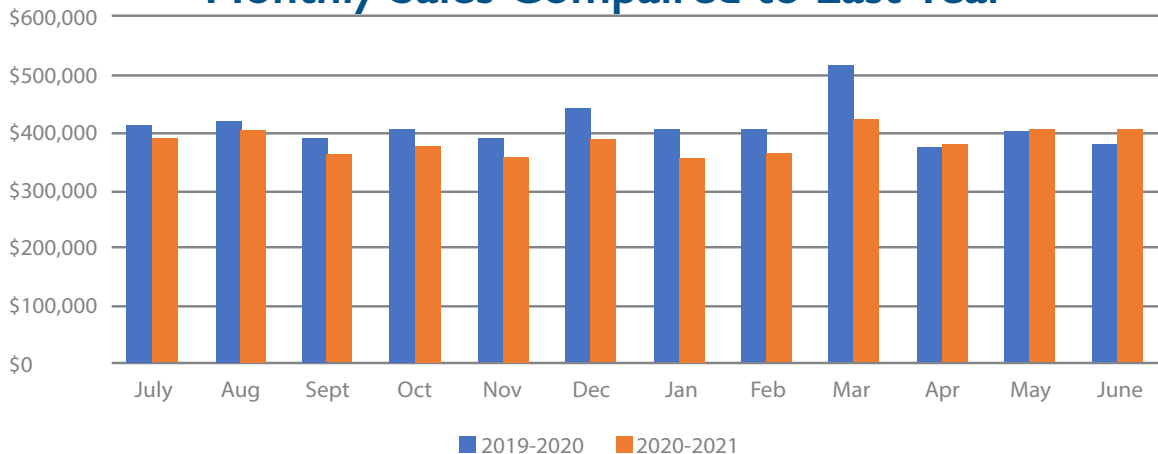
We do not have our final numbers for the year due to an accounting change that needed some additional scrutiny around gift cards. We will share the finalized numbers in the Board meeting closest to when they are complete. The only area impacted is the recognition of gift cards on our financial statements and is not related to any money changing hands.

# let's talk about sales!



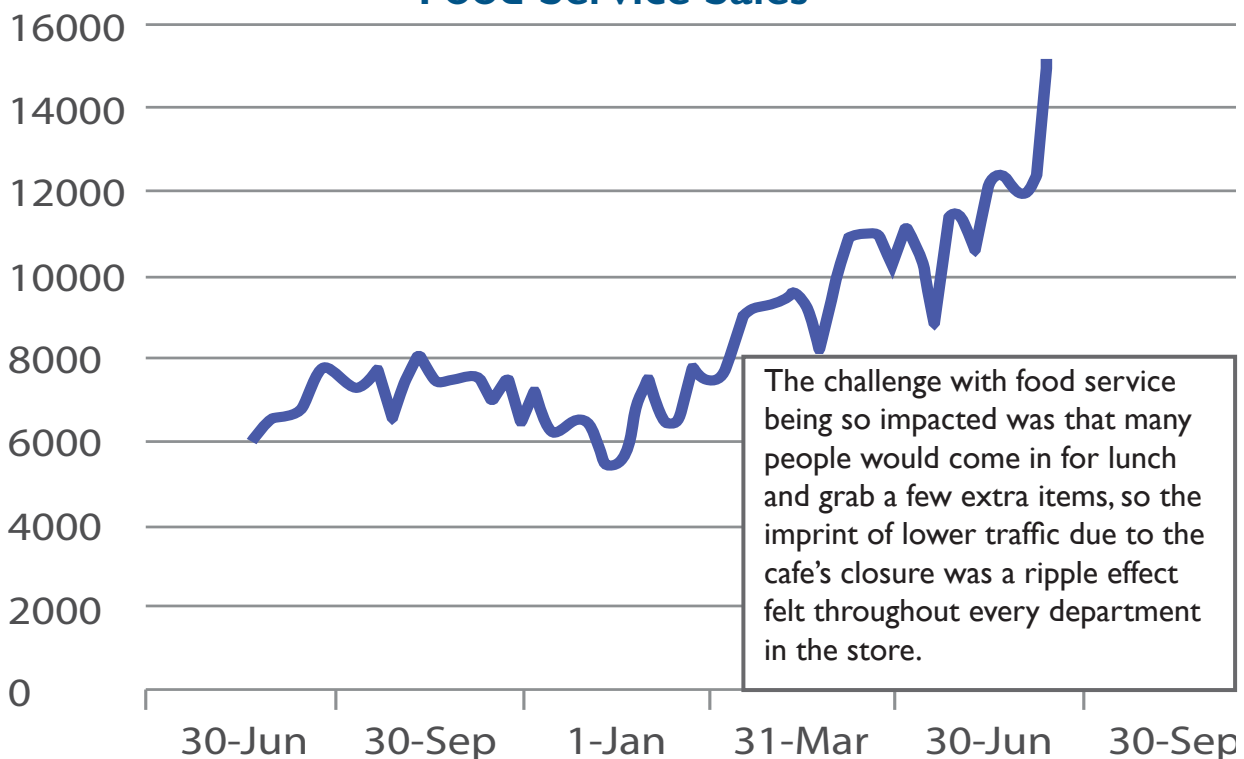
This was a very interesting year for sales; hard to predict with lots of mitigating factors. When we look at sales compared to the previous fiscal year, we are also looking at abnormal results for the second half of the year. March 2020 was our highest sales volume month on record which was driven by pantry stocking (remember this was when we ran out of toilet paper as a society), so March 2021 couldn't even compare.

## Monthly Sales Compared to Last Year



After the lockdowns in April, we continue to struggle to meet our previous years' sales. Much of that came from not running the food truck and keeping the cafe hours limited. While the sales were down from last year, the food service team fought hard to rebuild, which can be seen from the July 2020-July 2021 graph where they continue to build sales week over week as they get back into the full menu and full hours.

## Food Service Sales



# let's talk about sales!

(continued)

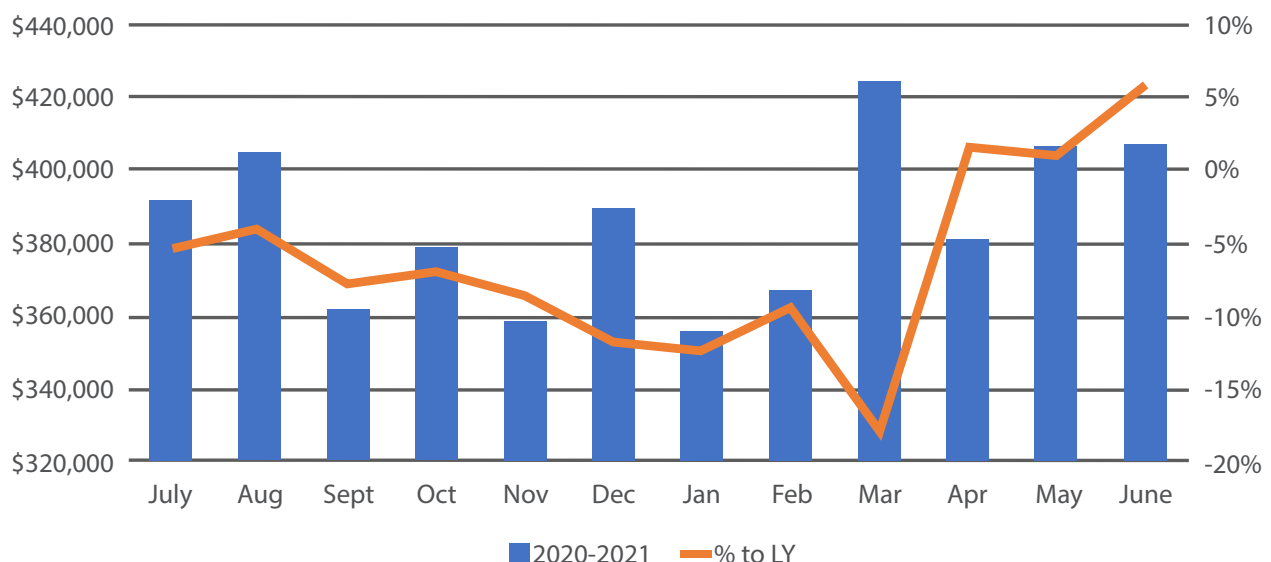
We continued to see a decline in our bulk department. We continue to have disruption here: we want to ensure anything we have out for the public is following the most up-to-date health department guidance while still meeting customer needs. We also were unable to run our beloved bulk sale in this fiscal year as we didn't want to drive a bunch of traffic into the store at the same time during the pandemic. All of these variables have made bulk a little difficult to project and rebuild.

Another challenging factor for this fiscal year related to distribution issues. Throughout the year we saw many deliveries cancelled or short of our order, as well as many manufacturer out-of-stocks on items our customers rely on. This was industry-wide, but even more difficult to navigate at our small Co-op because of our limited channels for distribution. This was particularly impactful to our wellness department.

Despite the aforementioned challenges, there are some bright spots! Our bakery team continues to grow sales year-over-year. Our Bakery Manager, Sarah, and her team worked diligently on partnerships with local businesses as well as monitoring their product mix and recipes to ensure they had the delicious items our shoppers crave.

We also are seeing sales increases as we anniversary the lockdowns- meaning pandemic to pandemic, we are increasing our sales.

## Sales and % to Last Year



We also are getting back into hosting member-owner sales and just in general have seen an increase in traffic as our city comes back to life. Now with the addition of the Downtown Store, we are excited to see where our little Co-op will go!