



erie FOOD co-op

2021-2022 Annual Report



the
CO-OP
CAFE & BAKERY



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.

The Erie Food Co-op is a community owned grocery store with two locations: 1341 West 26th, and 34 North Park Row both located in Erie, PA. Our focus and mission each day is to provide the best possible customer experience for each and every person who comes through our doors in order to support a thriving local food system for our member-owners. We recognize that healthy food can mean different things to different people. Our buyers at each location do their best to get to know the needs of our shoppers and create a product selection that encompasses options for different budgets and dietary needs.

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.



contents



2

board president's report



3

hello downtown



4-5

manager reviews



6-8

ends reports



9-11

financials

board president's report

By Shari Gross, Board President

Our co-op accomplished two things in the past year that have been discussed, weighed and debated for decades: locating a store in downtown Erie and changing our name. I've been on the board a long time. So many community groups gave us their best pitch on building a store downtown somewhere. Often we'd sit down with the interested party in our own cafe, talking about market studies and neighborhood needs. Trying to visualize a new store here or there. Wondering if the neighborhoods surrounding it wanted what we had to offer. Everyone had ideas, and we all agreed that the need seemed to match the co-op's mission. Finally, support from the Erie Downtown Development Corporation (EDDC) gave us the means to fill that long standing community need for fresh food in the heart of Erie.

Our name change was another frequent topic at board meetings and in cafe gatherings. Our former name, Whole Foods Cooperative, was a source of confusion to some who believed we were associated with the corporate giant "Whole Foods Market." At more than one board meeting we wondered: if that giant ever came to Erie, would they win a legal fight for our name? Not an issue any more: The Erie Food Co-op moved forward in July of 2021 with our new public identity. It is the board's hope that the name Erie Food Co-op will encourage every person in Erie to know this co-op is a community asset where they, too, can belong.

The name change came at an important time as we created the new Erie Food Co-op Downtown Store at the Flagship Market. The board is amazed and impressed with the efforts of all of the EFC staff, new and existing, for their efforts to make this particular dream a reality. One of our Ends policies (the policies that describe why we do what we do) requires us to be a vibrant part of a local and value-based food system. We are pleased to be bringing fresh and local foods to an area of our downtown that has historically struggled to find them. Every time the board hears reports that the downtown produce department is the one with the highest percentage of sales, it brings smiles.

The board was an active part of these changes. In fact, you may have visited the 26th street store on a weekend and observed board members sharing information about member loans and donations for our capital campaign. The board invested a great deal of time and effort to call and visit with members. At the end of the campaign, we had over \$40,000 pledged in loans and 2,050 small donations totaling \$5,352 for our project.

The board accomplished other things this year, but our greatest goal was to support our CEO/GM and staff as they undertook this incredible expansion of service. We are proud of our staff and proud of our members. Proud of our local vendors and our city. We are proud to be an organization actively working to operate according to our values.

Congratulations on this past year, Erie Food Co-op! Well done.



hello downtown



In October 2021, we held our Annual Meeting in the empty shell of what would become the Downtown Store. At the time we did tours of the undeveloped spaces that would become our food service department, our produce department, and our grocery aisles. We weren't even able to access what is now our check-out and refrigerators.

In January, we hired our Downtown Store Manager, Vivian McCullum, to start onboarding and prepare to hire the rest of the Downtown team. By February, almost all the equipment was in, and we began planning the lay-out and our opening order. This was a meticulous task of going shelf by shelf and imagining what items we would be bringing in. While we have the 26th street store to model after, the space is much smaller and in our listening sessions, the prospective shoppers from the Downtown community were asking for some different items than we usually carry at 26th Street.

We enlisted help from our friends at other Co-ops and through our relationship with National Cooperative Grocers (NCG). This included specialists in grocery, produce, and food service, as well as General Managers from other Co-ops who came to help us enter items into our POS, stock shelves, and serve as emotional support friends to our team as we got through the final push to get the doors open.

We also had a ton of support from our community, including BSI using their construction equipment to help us get our first shipment in the doors before the ramp was installed! We had so much help from Gordon's, Luminary the Food Hall vendors and the EDDC that it would be near impossible to list it all.

Our 26th street staff was busy training our Downtown team. We are so lucky for the team we have, who stepped in and audited product selection, covered shifts, and guided the development of their sister store.

Our admin team opted to cover both locations, and as we approached opening day, worked to get dual store processes in place for a smooth open.

On March 15th, 2022, we opened the doors to our second location at 34 North Park Row.

...continued on page 12



CEO/ GM review

By LeAnna Nieratko, CEO/ General Manager

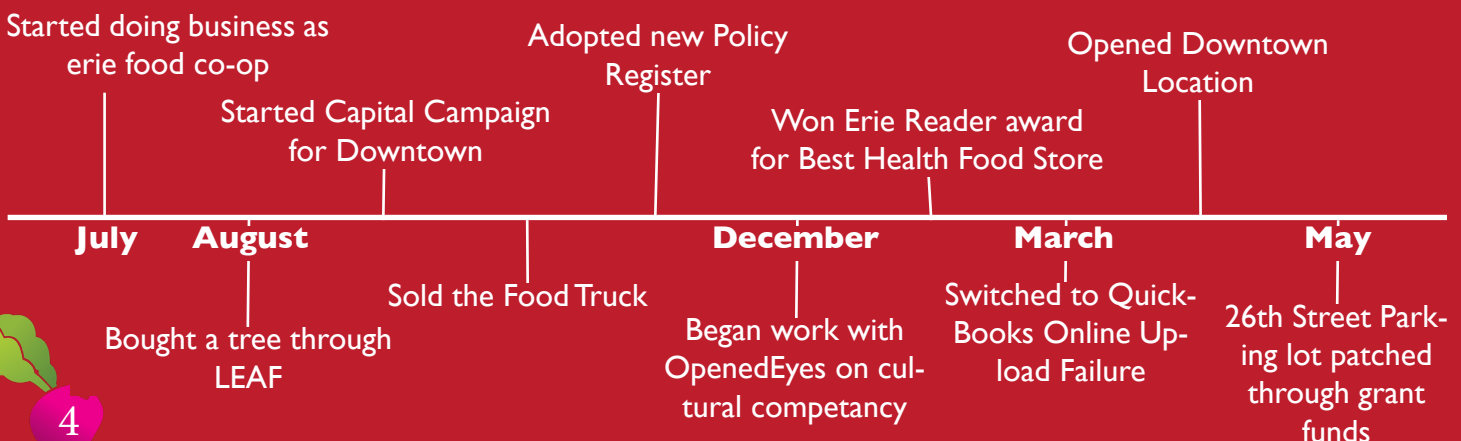
The Co-op's fiscal year ran from July 2021 – June 2022. Last year I wrote something about a COVID year feeling like a decade, not knowing that an expansion year could feel like a century. Reflecting back on the year, it's hard to not start with what we were doing in March 2022, when we opened the Downtown Store. While much of our July-February time was spent preparing for the new store, it wasn't the only thing we were up to.

One of the very first leaps into this new year was our name change. After 40 years as Whole Foods Cooperative, we started doing business as the Erie Food Co-op. While the association with another retailer of the same name was sometimes fine (we certainly were more Googleable that way) it also led to the perception that we were high-priced, or as many people have said online: bougie. While we had other work to do to be more competitive on pricing with other retailers, we felt the name would help us launch into the new era on our own.

As our operational workload increased during expansion, we felt it was critical to keep an eye on our Ends. Through this lens we made concentrated efforts on increasing accessibility to affordable fresh food. We had to reflect on some assumptions we have made about what people need and want from their community owned grocery store, including reflecting on the word "healthy" and how that word can mean different things to different people. We worked with the Board to make changes to the product statement to allow greater choice to consumers, with the important distinction that we will be transparent on products that would previously not have been allowed. This has largely meant expanding into conventional (or non-organic) staple foods like soups, produce, and milk. It has also meant expanding our selection of culturally specific foods. For each change, we listen to our stakeholders, both consumers and member-owners, through their requests, their concerns, and their spending habits. This is an ongoing project, for as long as we operate, we will be in complex communities whose needs change over time. We have to be adaptable to the needs of the people we are here to serve.

This is just a small snapshot of the year. There were so many more cool things happening at our Co-op, driven by dedicated staff, Board Directors, member-owners and community partners. As we move through the 2022-2023 year, we are working to strengthen our community relationships and be a more inclusive organization that everyone in our community can share. Our Co-op has a deep, rich history, and an exciting future. Even as we tackle disagreements and competing priorities, we are lucky to have a cooperative stake in our local food system, and a place to have crucial discourse on our shared future.

Year at a Glance



store manager reviews



26th street

By Chad Seblink, Store Manager

2021-2022 was another crazy year! We were still battling the ups and downs of Covid while trying to figure out what business was going to look like post-Covid. We brought our cafe back to being fully operational and began seeing pre-Covid sales numbers. It was obvious that our customers missed us and were excited to once again be able to get all their Co-op Cafe favorites! Our Bulk department also underwent its own resurrection, and returned to being 100% self-serve again. This was exciting for us as we were able to eliminate a huge amount of plastic that we were forced to use to pre-pack the Bulk inventory in order to keep everything available during difficult times. We saw some long time employees leave us and move on to new adventures but we have also had a lot of really great new people join our team! We hired a new cleaning company which has helped restore the beauty and attractiveness to our store while outside we began the process of resurfacing the parking lot to provide more curb appeal. We still have goals that we want to achieve and we are working hard each and every day to do so. We currently have in place one of the best teams I have had the pleasure of being a part of and I really do believe that the sky's the limit for Erie Food Co-op!

Downtown

By Vivian McCullum, Store Manager

The Downtown Erie Food Co-op is still in its infancy. And like a newborn child, we are learning what it takes to make the Co-op a success. We have incorporated a conventional supplier to our list of vendors. That was necessitated by the community in which we serve. And by doing so, we have built a trusting relationship with our regular patrons. They know that their needs are being seriously considered. Since adding these sorts of items we have been able to remain competitive. Gannon University's student body is happy that the Co-op is their newest neighbor. They relish in the fact that we carry some of the college students favorites at a reasonable price point.

Erie Downtown Development Corporation, Downtown Erie Partnership, Erie Insurance and the Erie Housing Authority have been leading the charge in helping us to generate new business. They've given constituents, employees and residents incentives like gift cards, discounts and have helped to defray the costs of equity payments. We've participated in the Farmer's Market and the Erie Food Tours this past Summer. We're on a continuous mission to grow our visibility and welcome every member of our community into our Co-op family.





environment

By Ash Smitham, Marketing and Design Specialist

Increasing our dedication to reducing our carbon footprint does not come all at once but with one small change at a time. Whether it be the compostable straws now carried by our cafe, the silverware made from 100% recycled plastics, or the 5 cent credit being extended to the use of reusable containers, there are always lots of small changes happening.

One of the changes we made this year was to start selling soil provided by conservation compost allowing us to facilitate full cycle gardening. Full cycle gardening means you can now come to the co-op and purchase all the seedlings and seeds you need to plant your garden, then when you tend to and harvest your garden you can then return plant waste to the co-op as a drop off point. Your scraps are then taken by conservation compost and turned into soil and soil additives creating a sustainable cycle. With the additional store and the additional residential composters, our 1 year estimate for compostable organics diverted from the landfill = 41,600 pounds. That's almost 21 TONS! We sold 98 bags of composted soil made from what Conservation Compost collected this Spring.

We have also continued our Partnership with Lake Erie Arboretum at Frontier (LEAF) through our "leaves for leaf" program that allows us to plant one tree every year while providing additional funds toward the re-leaf program which has the goal to plant one tree for each person living in Erie county. In July 2021, we set a goal of selling 1,000 leaves for \$1 each to help us purchase a serviceberry (this is a native tree to PA) tree with a plaque to commemorate the commitment of our shoppers. We ended up selling 2,046 "leaves"! Additional funds were donated directly to LEAF.





education

By Heidi Yeagle, Marketing and Member Services Manager

The downtown location has provided us with a new series of educational opportunities such as the Erie Food Tours, Perry Square Farmers Market, and events with the Children's Museum. During these events we like to educate people on what a co-op is through not only distributing information but working it into the presentation.

The Erie Food Tours alone have brought in 97 people between 5/20/22 and 6/18/22. During these tours we serve a primarily vegan menu with smoky chipotle tofu, to show our dedication to specialty needs diets. Bread from Majestic Bakery allows us to showcase the work we do with local vendors while the presenter is standing in front of a map of the local producers we carry. We also feature dragon fruit to show some of the unique and nutritious foods you can find at the co-op. We finish with Equal Exchange chocolates to highlight the steps we take to ensure fair trade and provide a living wage for all.

Earlier in the fiscal year, because of pandemic restrictions, we had to rethink how we educate our shoppers. Social media, online options, and in-store information has filled this need. We started incorporating video features into our social media, maintained our monthly print newsletter, staff picks, recorded our annual meeting online, provided capital campaign education: what is a capital campaign, what is a co-op, and why is it important. Promoting member drives, current sales events, local artists in the cafe on 26th street, and board meeting reminders are just a few examples of the education that we provide online.





erie

By Heidi Yeagle, Marketing and Member Services Manager

First and foremost, we changed our name! We are now Erie Food Co-op. We thought this more accurately reflected our place in the community and who we serve. For more years than we can count, we have been confused with Whole Foods Market. This, combined with opening a store in the downtown area facilitated the urgency needed to finally change our name. A big thank you to the Board of Directors for approving the change!

Our social media has reflected our commitment to Erie in so many ways. We have been promoting local events that our followers might take an interest in such as Erie Art Museum Gallery Nights, Sisters of Saint Joseph Farmers Market, Celebrate Erie, and Pride Events.

We also partnered with some really great non-profits this year including, but not limited to: Lake Erie Arboretum at Frontier (LEAF), Emmaus Soup Kitchen, Erie's Black Wall Street, NWPA Pride, and Opened Eyes.

We have also had an opportunity to participate in events again this year. We were represented in NWPA Pride's march this year for the first time. 20% of our staff members participated. We are also participating in the Perry Square Farmer's Market on Sundays. The Farmers Market gives us an opportunity to recruit more local vendors and to engage with members of the community that love to support local businesses.

In store, we thought we needed something more front and center to show our commitment to local businesses. We created a map on the wall at both locations to mark the locations of our local vendors. At a glance, shoppers can see where our local businesses are located. Many of which are in Erie County!

On the back end of things, we created an online form for potential local businesses to fill out that gets sent directly to our buyers. This has streamlined the process and helped us find some new artisans in our community. With the information that we gather when they apply we can create a brochure for customers and labels to identify the products on the shelf.

We also can't forget our biggest accomplishment of the year! On March 15, 2022 we opened our second location in the Flagship City Public Market located in the nation's poorest zip code.

financials



A note on our financial statements

Background

As we prepared to be a two-store operation, we found we outgrew our accounting software and planned to switch to a more versatile platform. During that change-over, we had an unrecoverable data loss that impacted February-May '21, as well as some challenges with the format change from our previous system to the new system. We're a very small team so the challenges of the new store just opening, the data loss and learning the new software proved to be a larger time commitment than we originally envisioned. We have re-entered all the previous data and are caught up on the year, but we still have some issues to investigate that could result in material changes from the statements we currently have. These changes include items that need to be capitalized, the categorization of loans and grants, and verifying there are no remaining duplicate entries. All information up to March '22 had previously been reviewed with our accountants.

Action Plan and Timeline

Thankfully, we have a great support system and have been working with a CPA from Columinate to review our entries prior to going to our local CPAs. We have filed an extension and do not anticipate any ongoing issues related to this. We anticipate the full review will be complete by January '23 and will give a formal update at the regularly scheduled December Board meeting with detailed financials.

Projected Numbers

While we don't have the complete and reviewed financials, we can share our work so far:

Profit and Loss Working Numbers

	26th Street	Downtown
Projected Sales	\$4,721,800	\$193,196
Projected Cost of Goods	\$2,892,648	\$195,948
Projected Margin	39%	-1.4%
Projected Payroll	\$1,161,789	\$166,590
Projected Labor %	24.6%	86.2%
Projected Other Expenses	\$2,089,627	\$274,195
Projected Other Income	\$129,765	\$103,818

Balance Sheet Working Numbers

Projected Ending Cash	\$206,097
Projected New Liabilities: Loans	\$152,011
Projected Member-Owner Equity	\$682,188

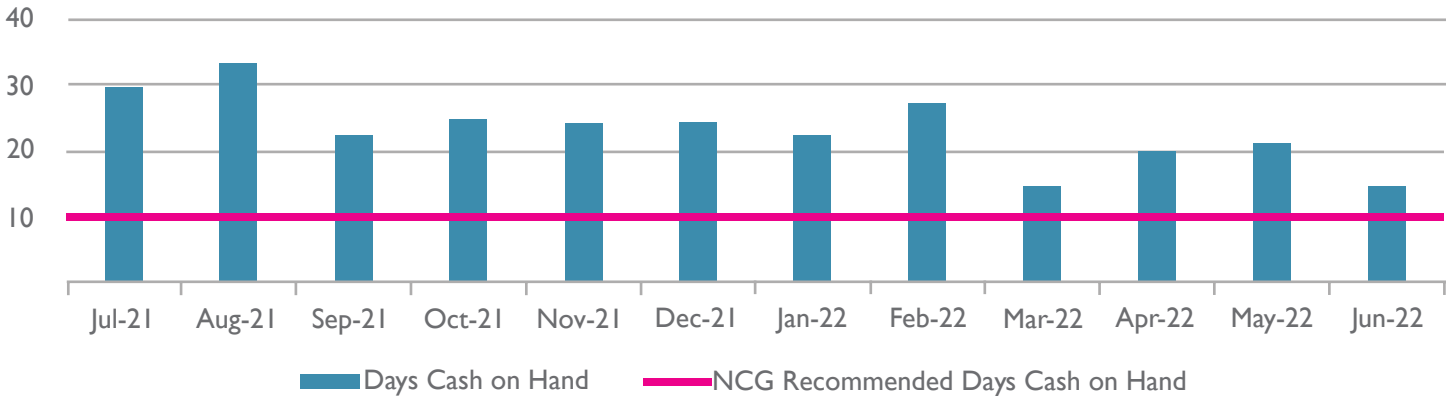
It is still possible that there will be material changes to the ending numbers. The following changes may occur at the suggestion of our accountants: Adjustments to when expenses were accrued, verifying the appropriate booking of grants and loans, and ensuring all the expenses that should be capitalized are correctly entered. There are also some duplicate liabilities and entries to individual stores that we are reviewing.



our year in finance

For our balance sheet, even with the expansion project, we didn't see a ton of changes to our liabilities or assets. We did sell the food truck this year and take on loans (listed on the chart). We also increased our investment in NCG. The key piece of information we need for the balance sheet is our net income.

Days Cash On Hand



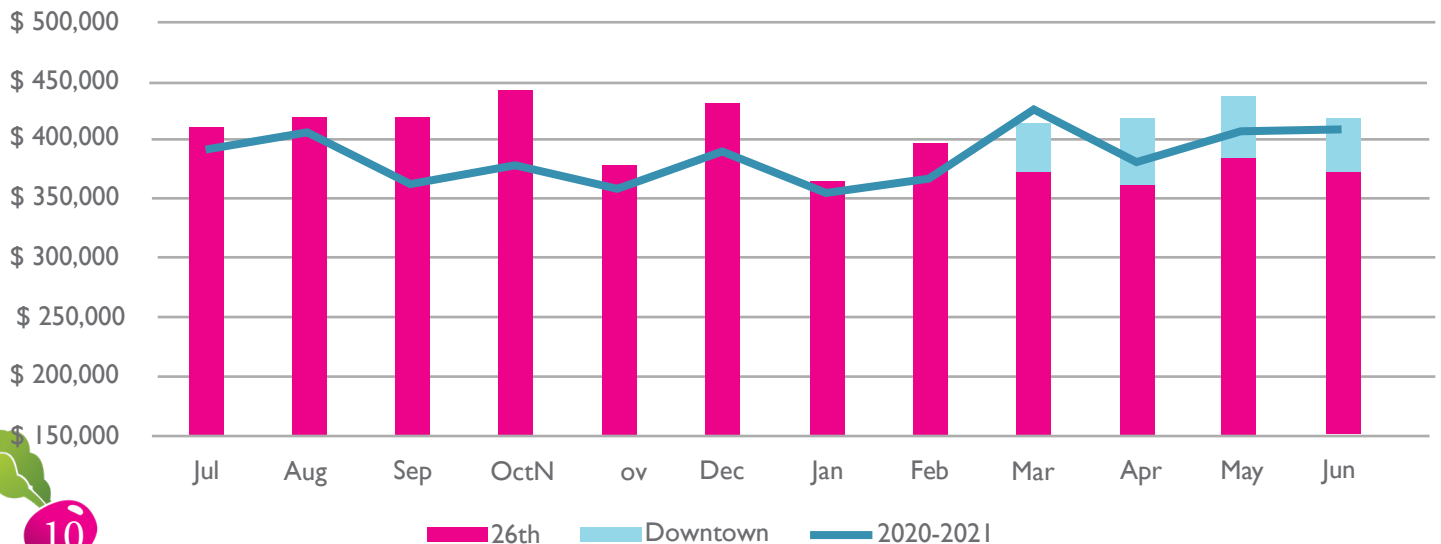
equity and new members

This year we welcomed 373 new member-owners to the Co-op, which is a 56% increase over last year. This represented an additional \$32,070 in equity. We also saw a reduction in equity refund requests: 45 this year, 31% less than the year prior, only accounting for \$4,320 in equity leading to a net equity gain of \$27,750. In 2021, the member-owners voted to extend the inactive period to 5 years from 2, meaning that member-owner equity would not be remitted to the Co-op until the member-owner was inactive (or did not shop) for 5 years. This change allows an additional grace period for people who may move or only get to the Co-op periodically. It also meant that we are now caught up to our bylaws in accounting for inactive equity!

Sales

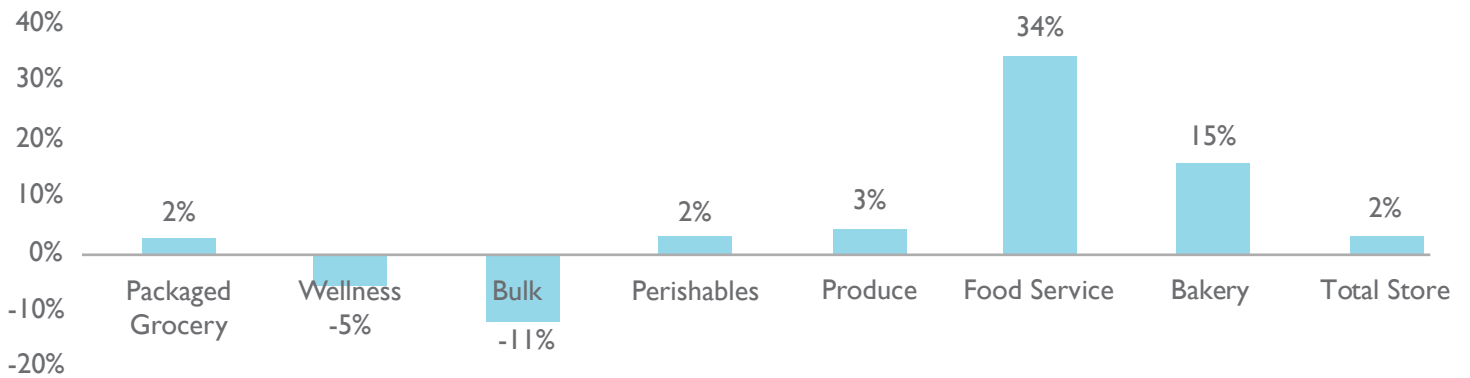
Sales for the organization were up 6.2% last year, representing \$287,887 in sales growth. While some of that can be attributed to the opening of the Downtown store, we were otherwise having a healthy sales year prior to that, with our member-owner sales in October and December 2021 driving significant increases over the year prior.

Monthly Sales Compared to Last Year



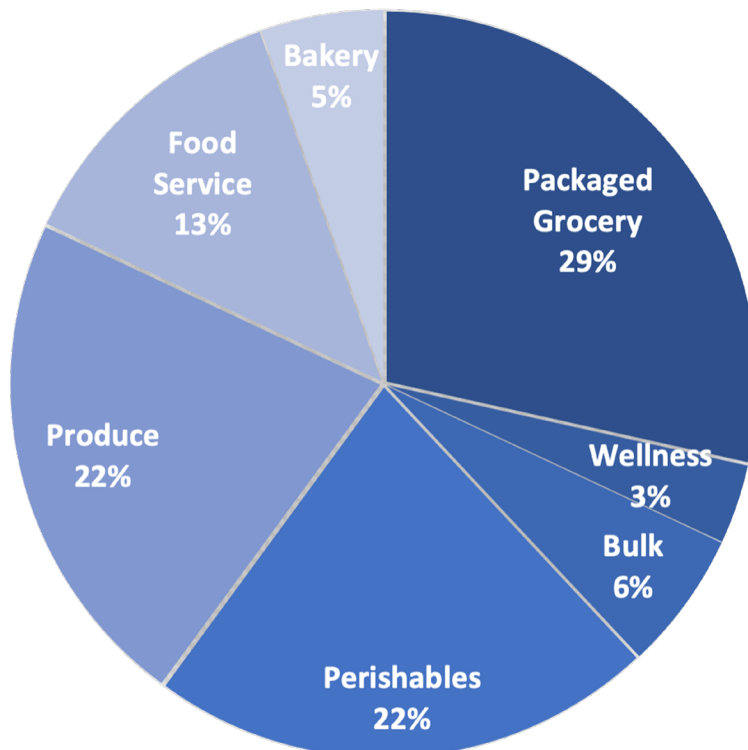
Growth over departments was all over the place, which is consistent for pandemic era data analysis. Our bulk section has been in flux as we have tried to return to customer self-service to reduce plastic waste. This is in line with sales decreases in bulk departments nationwide as shoppers relearn their comfort levels with shared scoops and gravity bins.

Sales to Last Year:26th Street



In sunnier news, we saw our food service department continue to rebuild (and then surpass) pre-pandemic sales. Food Service Manager, Jess Yamma (formerly of Sorcerie fame) focused on rebuilding our made-to-order wraps and sandwiches, which accounted for 43% of total sales. She also introduced \$5 meals to our prepared foods and brought back homemade soups. The team in the food service department has done an excellent job of adding new items and specials and this drove their 34% sales increase.

For Downtown, we don't have last year to project against, but have been tracking the percentage of sales for each department to set goals and measure progress. One heartening aspect of sales Downtown is how much of our total sales are for staple foods like produce and perishables (milk, eggs, cheese, etc.). Being able to have fresh staple items available was a key component of our decision to move ahead with the project. Seeing that this is, in fact, what the store is largely being used for, is a great sign.



hello downtown

continued from page 3...

In the pre-work as we were deciding to move ahead with the project, we had several market studies done. The one we chose to plan staffing and lay-out was designed specifically for cooperatives. These studies were done looking at 2019 data, which was a very different Downtown than the one we have now that construction has started, and the one we will have in the future after it's complete. We discovered unfortunately fast how much the construction impacted our sales.

The 5th street side of the store was originally going to be our main entrance. Early in our conversations, we learned that a parking garage was slated for construction on 5th and Peach. At one point, it seemed like it would be open in '22, but construction and material delays have pushed it back to late '23. Someday, that will be perfect, but at open and for the immediate future, we had to quickly adapt to much lower sales.

Thankfully, the 26th street store has been doing well and was able to absorb some of the labor and inventory that was not needed Downtown. The growing pains as we work to figure this out may have been more visible at first, but we're hoping to get better and better as time goes on! Some changes included reducing our total perishable shelving so we wouldn't have as much product loss (all of which we donated to the City Mission) and changing our operating hours so we could keep a leaner staff.

We continue to see a lot of positives Downtown: we have a whole cast of regulars who stop in daily, including some of our friends from 26th street and we continue to have tremendous community support from surrounding businesses and the Board organizations of the EDDC.

We also continue to believe in this project. Downtown Erie has not had a grocery store in over 50 years. As major corporations plan around their bottom lines, Co-ops are uniquely positioned to take chances on smaller spaces and in communities that have been historically excluded from service.







1341 West 26th Street
Erie, PA 16508
(814) 456-0282

eriefood.coop

34 North Park Row
Erie, PA 16501
(814) 636-6887