



PEOPLE'S FOOD CO-OP NATURAL FOODS MARKET

ANNUAL REPORT

2025



PRESIDENT'S REPORT

BY SUSAN RANDALL, PFC BOARD PRESIDENT

Co-op Member Owners,

2025 was a year of leadership change and steps toward a turnaround. Much has been accomplished. Thank you for standing with our co-op!

We began the year with Interim General Manager Chris Moris on board, guiding the ship as the search for a new general manager was underway. A capable and dedicated GM Search Committee—Emily Case, Kate Kraus, Lee Herman—anchored the process of recommending a new general manager. At the April Annual Meeting, we announced the appointment of Clay Briegel as the new general manager, formerly PFC's grocery manager, who had come to PFC with a wealth of grocery experience. He is a talented leader bringing a bottom-line focus to the Co-op.

From February to June, the Board ran a Working Capital Campaign, raising \$103,000 to support PFC's leadership transition and turnaround. The funds—

from over 50 members-- made possible fresh produce display upgrades, match dollars for a marketing study, training and consulting to support the leadership transition, and a much-needed cash reserve.

Further steps to align the Ends with member perspectives were undertaken through focus groups and an in-store input board. In October, the Board gathered for a two-day retreat at the U MI student-owned Inter-Cooperative Council Education Center. A revised Ends statement, reflecting member input and board discussions, states our Co-op's intended impact on the Ann Arbor community. (see the Ends statement on page 2)

Location/space needs continue to be front and center for PFC. Newly negotiated lease terms were completed in July with favorable terms by our landlords. The Board appointed a Facility Future Committee in June: Kelly Finnigan, chair; Jane Dixon, Lee Herman, Jaime Magiera, Susan Randall. A market study by LOCi Consulting was completed in May and a proforma financial modeling study is currently underway by Sarah Leberher Consulting. As the Committee continues its discernment and reporting to the Board, all options remain on the table.

We continue into the Co-op's 55th year, standing proud as the only locally owned, democratically governed grocery store serving Ann Arbor.



A NOTE FROM YOUR GENERAL MANAGER

By Clay Briegel, General Manager

Over the past year, the Co-op has made meaningful progress. After a long stretch without a single profitable month, we have now seen seven profitable months since our last annual meeting. While there is still work ahead, this is an encouraging sign that we are moving in the right direction and building a more stable financial foundation.

We have also continued to strengthen our relationships with local vendors, expanding the number of producers and businesses we work with. Supporting local has always been central to who we are, and it is great to see that network continue to grow.

Through our Change for our Community round-up program, we have been able to give back in a direct and tangible way. Since our last annual meeting, our shoppers have helped raise over \$13,000 for local organizations simply by rounding up at the register. That kind of impact does not happen on its own. It is made possible by a community of people who care, and by staff who help make that connection happen every day.

At the center of all of this is our staff. Their effort, consistency, and care are what make the Co-op what it is. Whether it is stocking shelves, working with vendors, helping customers, or keeping things running behind the scenes, they are the reason this place continues to move forward. Their work often goes unseen, but it is essential to everything we have accomplished.

Looking ahead, we remain focused on steady growth, continuing to build sales, strengthen membership, and improve our operations while staying true to our values. We are optimistic about the future and committed to being a positive and lasting presence in our community.

THE ENDS

(The impact of the People's Food Co-op)

Everyone in the community, regardless of economic circumstances, will have physical and cultural access to a grocer that embodies the values of:

- A strong local food system and environmental sustainability
- Ethical business practices
- Community building
- A cooperative business model committed to co-op values and principles.



PEOPLE'S FOOD CO-OP

NATURAL FOODS MARKET

BY THE NUMBERS - 2025

- Number of Active Member Owners as of December 31, 2025: 2,398
- Working Capital dollars raised for the People's Food Co-op in 2025: \$103,000
- Charitable dollars contributed by members to benefit 12 organizations: \$14,651
- SNAP (Supplemental Nutrition Assistance Program) participation in 2025: \$92,801 from 4,115 transactions - 2.2% of total sales
- Double Up Food Bucks participation in 2025: 359 redemptions totaling \$3,964 in fresh produce for eligible customers
- Total Sales in 2025: \$4,160,000 - nearly level from 2024

Are you someone who is Friendly,
Flexible, Focused and

WANTS TO VOLUNTEER?

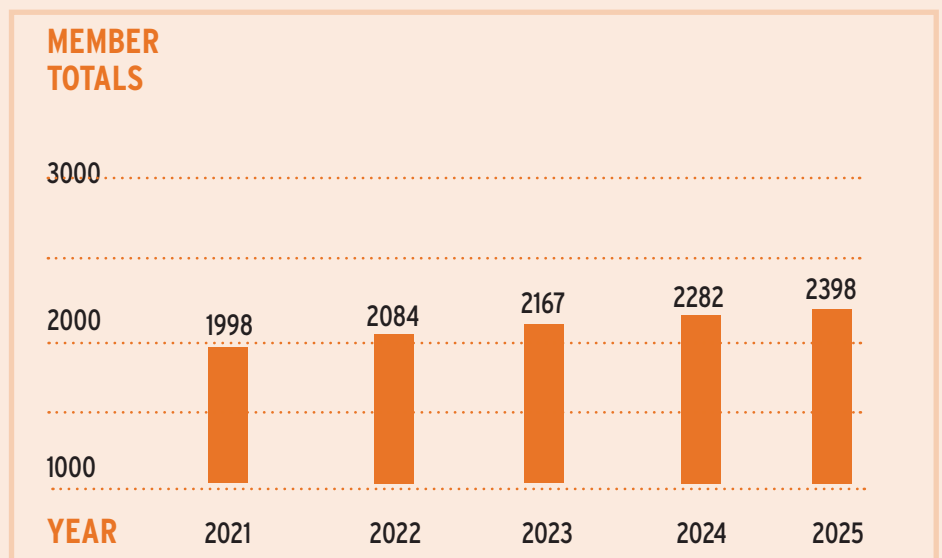


As a member-owner, PFC is YOUR co-op and does best with active and engaged members: from a one-time ask (like participating in a focus group) to the Sculpture Gardeners Group to running for the Board. We encourage all member-owners to take an active role as PFC moves into the future with opportunities for positive change and growth.

Please contact Kelly at:

vicepresident@peoplesfood.coop

MEMBER-OWNER GROWTH 2021 TO 2025





PEOPLE'S FOOD COOPERATIVE, INC.

STATEMENTS OF OPERATIONS

Years Ended December 31, 2025 and 2024

	2025		2024	
	Amount	%	Amount	%
SALES REVENUE				
Sales	\$ 4,159,861	100.00	\$ 4,173,455	100.00
Cost of sales	2,721,366	65.41	2,708,180	64.89
Gross profit	1,438,495	34.59	1,465,275	35.11
OPERATING EXPENSES:				
Personnel	849,006	20.41	1,039,786	24.91
Occupancy	341,770	8.22	367,310	8.80
Operating expenses	158,957	3.82	168,650	4.04
Administrative	158,859	3.82	88,498	2.13
Promotions	22,854	0.55	38,898	0.93
Depreciation	29,682	0.71	30,657	0.73
Governance	20,765	0.50	26,620	0.64
Total operating expenses	1,581,893	38.03	1,760,419	42.18
Net loss from operations	(143,398)	(3.44)	(295,144)	(7.07)
OTHER INCOME (EXPENSE)				
Interest expense	(9,032)	(0.22)	(11,797)	(0.29)
Other income	24,701	0.60	30,853	0.74
Other expense	(6,071)	(0.15)	(9,352)	(0.22)
Total other income	9,598	0.23	9,704	0.23
Net loss before income taxes	(133,800)	(3.21)	(285,440)	(6.84)
Provision for income taxes	(156,000)*	(3.76)	-	-
Net loss	\$ (289,800)	(6.97)	\$ (285,440)	(6.84)

* The \$156,000 shown is a tax credit for potential future earnings. This draft has it listed as an expense. It is not truly money owed or lost by the Co-op.



TREASURER'S REPORT

BY JANE DIXON, PFC BOARD TREASURER

At the close of fiscal year 2025, the People's Food Co-op continued to face financial challenges, but there are encouraging signs that the changes made over the past year are beginning to make a meaningful difference. For the year ending December 31, 2025, the Co-op reported a net loss of \$113,963. While this is still a significant loss, it represents a major improvement from the \$285,440 loss reported in 2024. More than half of the 2025 loss occurred in the first quarter, when the Co-op reported net earnings of negative \$60,384. This was driven in large part by the cost of bringing in an interim manager to support the transition to new general management leadership. Financial performance improved substantially over the remainder of the year as that transition was completed and operational changes began to take hold.

Quarterly results also show that losses narrowed as the year progressed. The Co-op reported a fourth quarter net loss of \$23,764, compared to a fourth quarter loss of \$75,372 in 2024. Total operating expenses declined from 39.8 percent of sales in Q4 2024 to 34.7 percent in Q4 2025, reflecting continued

efforts to better align staffing, services, and other expenses with the scale of the business. Personnel expenses also declined as a share of sales, from 22.2 percent in Q4 2024 to 19.7 percent in Q4 2025.

Throughout the year, the Co-op continued to operate as a leaner organization while focusing on its strongest core departments, including grocery, produce, wellness, and bulk products. Gross margins remained stable, and the Co-op ended the year with approximately \$92,400 in cash and cash equivalents, while also reducing accounts payable and maintaining member equity.

Although the Co-op has not yet returned to profitability, the financial results from 2025 suggest that the organization is moving in the right direction with multiple months of profitability. The Board and staff remain focused on improving operational efficiency, strengthening sales, growing community partnerships, and exploring opportunities for a more sustainable long-term operating model, including the possibility of a more efficient space.

We are deeply grateful to our staff, volunteers, and member-owners who continue to support the Co-op through these challenges. Your commitment, patience, and belief in the Co-op's mission continue to sustain this work. With continued focus and community support, we believe the People's Food Co-op is better positioned for a stronger and more stable future.



PEOPLE'S FOOD COOPERATIVE, INC.

BALANCE SHEET

December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 92,404	\$ 59,621
Accounts receivable	6,793	8,190
Inventory	246,599	266,472
Prepaid expenses	971	11,386
Total current assets	<u>346,767</u>	<u>345,669</u>
Equipment and leasehold improvements, net	95,166	117,660
OTHER ASSETS		
Operating lease right-of-use asset	403,688	412,722
Finance lease right-of-use asset	-	8,464
Equity and deposits in other cooperatives	158,884	170,330
Deferred taxes, net	-	156,000
Security deposits	16,569	16,569
Total assets	<u>\$ 1,021,074</u>	<u>\$ 1,227,414</u>
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 180,485	\$ 209,321
Gift card liabilities	28,769	27,956
Accrued liabilities	70,723	40,909
Current portion of operating lease liabilities	154,177	130,826
Current portion of finance lease liabilities	-	9,051
Current portion of long-term debt	3,201	2,053
Total current liabilities	<u>437,355</u>	<u>420,116</u>
LONG-TERM LIABILITIES		
Operating lease liabilities less current portion	265,072	300,740
Member loans	80,000	-
Long-term debt less current portion	146,814	153,165
Total long-term liabilities	<u>491,886</u>	<u>453,905</u>
Total liabilities	929,241	874,021
MEMBERS' EQUITY		
Members' shares, 6,156 and 5,980 issued and outstanding	984,988	956,748
Accumulated deficit	<u>(893,155)</u>	<u>(603,355)</u>
Total members' equity	<u>91,833</u>	<u>353,393</u>
Total liabilities and members' equity	<u>\$ 1,021,074</u>	<u>\$ 1,227,414</u>

BENEFITS OF MEMBERSHIP!

You're part of a democratically controlled business.

The money you spend helps build and strengthen your store.

You help build a stronger community and robust local economy when you shop at the Co-op.

Save even more as a member of your local cooperative.

CHANGE FOR OUR COMMUNITY



2025 Change for Community Donations

January - Humane Society of Huron Valley:.....	\$1,356.69
February - Hands-On Museum:.....	\$1,187.18
March - The Ark:	\$1,333.63
April - Washtenaw County Alano Club:	\$1,089.17
May - People's Food Co-op:.....	\$1,522.54
June - Corner Health Center:.....	\$1,163.73
July - Jim Toy Community Center:	\$1,041.89
August - The Guild of Artists & Artisans / Gutman Gallery:..	\$918.60
September - Home of New Vision:	\$1,105.75
October - Habitat for Humanity of Huron Valley:	\$1,230.27
November - Shelter Association of Washtenaw County:..	\$1,202.20
December - FedUp Ministries:.....	\$1,502.50

Total \$14,651

FILL IT UP fresh
First Friday of every month
10% OFF all produce!

Members save an
EXTRA 10%
on **coop deals**

People's Food Co-op BOARD OF DIRECTORS



SUSAN RANDALL
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TERM EXPIRES 2026
PRESIDENT@PEOPLESFOOD.COOP



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JAIME MAGIERA
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TERM EXPIRES 2028
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ABOUT: The Board of Directors are elected by PFC members to represent them in setting policy and ensure the financial well-being of the Co-op.

Member-owners are encouraged to participate in the Co-op's decision-making process and to attend monthly board meetings. Time is set aside for public comments at the start of each meeting. Have a topic you would like the board to consider? The deadline for member requested agenda items is two weeks before the scheduled meeting. Contact president@peoplesfood.coop for more information.

PFC Mission Statement: "The People's Food Co-op of Ann Arbor provides our community with accessible, sustainable, local food and household products as an economically just, member-owned business."

A LOOK BACK AT PFC IN 2025



Board retreat participants, l to r: Dan Gannon, Laurin Wolf Gannon holding baby Wendell, Kate Krauss, Susan Randall, Kelly Williamson-Administrative Assistant, Clay Briegel -General Manager, Kelly Finnigan, and Jaime Magiera. Board member Jane Dixon was out of town.

The Inter-Cooperative Council Education Center, a U MI student-owned housing cooperative, provided a warm and values-aligned space for the October Board Retreat.



Produce staff Liz greets shoppers as she stocks fresh produce on the new aerated shelving.



Wider shelves, aerated holes, and easy lift-out for cleaning are all features that add up to improved freshness and efficiency for the produce department and shoppers.



Wood bins hold more root vegetables and enhance organization.