



PEOPLE'S FOOD CO-OP
NATURAL FOODS MARKET & DELI

ANNUAL REPORT 2020



General Manager
GM LETTER
ANGIE VOILES

When we start new employee orientation, we ask the presenters to state their role at the co-op and their tenure. I begin my part by saying, "Working at the co-op was my first job in high school. And I've been: a grocery stocker, produce stocker, cashier, the bulk buyer, receiving coordinator, dairy buyer, grocery manager, grocery division manager, interim general manager, and then general manager." I know every corner of our co-op and deeply value all it has been to me and our community for the past 50 years. I want the value and promise I see in our co-op every day continue to strengthen and serve our community for the next 50 years!

If you've read my previous messages to our cooperative Ann Arbor community you will remember my passion and commitment to this co-op and my call to necessary action from our members and community—

We currently risk losing this co-op and all it stands for.

We have reduced all expenses to the levels that we can, while still offering the services and products that we all value, but we cannot simply cut expenses down to achieve profitability and longevity. WE must decide if we want this co-op. And I am fully certain of my response: I do. I want this co-op to survive and thrive! I join our staff (past and present) in working beyond our job descriptions, working harder, caring more, knowing you as individuals, wanting the best for our community and our world. In addition to this passion, we need dollars to stay in business.

As we walk together into our 50th year of impact, revolution, health, and human care, can we make this work? Will we? Will you join us in an investment in something that is both an ideal and a reality?

This store, and movement, is a statement of representative democracy. It is an investment in local and ethical food. It is the perfect experiment in community connection that Ann Arbor started in 1971 and has been working to evolve and grow ever since. Is it easier to order online from a big corporation, find a slightly cheaper price at a chain store, and park 15 feet from where you'll exit? Yes, it is easier, but we're exchanging our co-op's health and viability for those conveniences. If this past year has taught us anything, it's that our belief in collective health and wellbeing is more important than the easy choice.

OUR ENDS POLICIES, WHICH IS OUR PURPOSE AND GOAL FOR EXISTING AS A BUSINESS ARE STATED AS: Health and well-being for Members and the community for a cost justified by the results.

PEOPLE'S FOOD COOPERATIVE EXISTS TO PROVIDE SERVICE TO OUR MEMBERS AND THE COMMUNITY BY ACHIEVING OUR ENDS:

- Through our products and services, we promote local economy, environmental sustainability, health, and economic justice.
- We enhance and encourage cooperative community.
- We foster participatory ownership through volunteer opportunities, educational experiences and cooperative governance.
- In our business and community, we work towards the elimination of institutional and structural racism and oppression.
- We develop collective community wisdom around health and nutrition, principles and practices of sustainability, cooperative values and principles, and our own cooperative history.
- We are a model employer demonstrating a culture of professionalism, mutual support, and open communication which is based on the balance of personal and organizational needs.
- Remembering and building on People's Food Co-op's history we will thrive into the future!

Equity, inclusion, health, environmental sustainability, community, and support. Isn't this outcome what we're all striving for?

This is the cooperative difference. WE are the difference and OUR VALUES are the difference. And we're learning and growing as we have been for 50 years to embrace the change that is necessary in our world.

This co-op will not survive if the community does not invest in it via shopping and membership. Ideals cannot exist without individuals collectively stepping up to support and nurture them. Let me be clear - the money you spend at the co-op directly supports those ideals.

A sincere thank you to all who have supported PFC over the years and to those that continue to support it! Let's tell our neighbors, our friends, our family how much we value PFC and welcome them into our co-op. Let's look at our own patterns and ask ourselves, is it possible for me to make one extra trip to PFC per month or per week or even just pick up a few extra items each trip?

Now is the time for us to come together and support PFC so it can be here in the years to come!



President PRESIDENTS REPORT

JAIME MAGIERA PRESIDENT

The past year was one of significant challenges for the co-op. The store continues to struggle due to competition and the physical constraints of our location. The situation is dire. The Board had several areas of focus the past year to address this head on.

First and foremost, the Board has been working with the General Manager on a multi-year plan that involves short-term financial turnaround and long-term growth. That plan requires joint participation of the Board, the General Manager, and the membership. We'll be finalizing the details soon and reaching out to the membership, highlighting the ways in which you can get involved in the plan to save the co-op. I'm confident that with an effectively devised and executed plan, supported by the membership, the co-op can not only survive but thrive in the coming years. It's going to take a concerted effort by all involved.

To foster PFC's connection to the community, our Linkage Committee has been burning the midnight oil to come up with new ways to engage members and inspire participation. Please see the Vice President's article on page 4 of this report.

Lastly, we have been focused on enhancing our onboarding process to help new board members hit the ground running and have multiple points of support. In everything from historical documentation to having "board buddies", we've made the process of joining the PFC Board even more welcoming and supportive.

Looking ahead to this coming year, the Board will be taking on several key tasks of the multi-year plan:

Shopper Survey. The Board is working with the General Manager to facilitate a survey of our shoppers to better understand your needs and what about PFC is most important to you.

Revisiting our corporate structure. When PFC was incorporated, decisions were made within the limitations of Michigan corporate law. Some of those limitations have changed and there are also other options that may serve our membership better.

Location, Location, Location. The Board will be supporting the General Manager as they investigate options for relocating to a building that will help PFC overcome the limitations of our current space.

The board has a lot of work ahead, which we will do with vigor and focus. We are passionate about PFC and

are working diligently to help the co-op during these difficult times.

Here are some things that you can do to help the co-op survive:

Shop at the co-op often. Every purchase you make at PFC increases our chances of survival. While it may be more convenient to shop at stores which are larger and have dedicated parking, there is a trade-off in terms of the co-op's bottom line and all the things we represent in the community- including environmental sustainability.

Tell your friends about PFC. Even with all the signage and advertising, and our long history in the community, we need your help in spreading the word about PFC and the values we represent. If you share your co-op story with others, highlighting the benefits of membership, you can inspire others to shop in the store and become members themselves.

Volunteer: We need more members stepping up to share in the co-op's policy governance and committee work. Participating on the Board is a great way to better understand how the co-op operates, collaborate with a cross-section of very interesting people, and give back to the co-op community. Likewise, through committee involvement, you can help bring members together, educate the public on the value of co-ops, and recognize members of our community who have done work in the spirit of our shared values.

Lastly, the Board would like to publicly recognize the PFC staff. They have worked tirelessly to not just keep the co-op running, but to help it run even more efficiently during these financially challenging times. They've done so during a pandemic, taking extreme care in protecting the health of shoppers and fellow staff alike. PFC employees are a fundamental component of the distribution system which brings healthy, environmentally sustainable foods to our tables. We thank them profusely.

Thank you for taking a moment to read about the work we are doing. Please feel free to share your thoughts and questions. The PFC Board of Directors is here to serve the membership and the greater community. You can email me at: president@peoplesfood.coop

I wish you good health and wellbeing,
Jaime Magiera

BOARD OF DIRECTORS



JAIME MAGIERA
PRESIDENT
TERM EXPIRES 2021



RAY ANDERSON
VICE PRESIDENT
TERM EXPIRES 2022



HANNAH DAVIS
TREASURER
TERM EXPIRES 2022



AMANDA McCRELESS
SECRETARY
TERM EXPIRES 2022



MARY H ROONEY
DIRECTOR
TERM EXPIRES 2021



VICTORIA WESTMAN
DIRECTOR
TERM EXPIRES 2023



PATRICK ZABAWA
DIRECTOR
TERM EXPIRES 2023

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. Our board generally meets on the third Wednesday of the month (subject as always to occasional one-time shifts to accommodate events).

If you have any comments to share with us, contact any of the directors.



TREASURER'S REPORT

HANNAH DAVIS, BOARD TREASURER

We have made it through another year, one of the hardest and longest in memory. This pandemic has been incredibly stressful for us all, as individuals and as people invested in the success of a cooperative business. We started the year with optimism and a plan for returning to profitability: sales growth was up 0.7% over the previous year, and our General Manager Angie and the co-op staff had been successfully retooling store operations to hit our margin and profit goals.

The rest of the year has not been so rosy. Ongoing lockdowns and limited capacity in the store, along with the closing of the cafe and hot bar, have resulted in our customer count drastically decreasing, though that has been offset somewhat by an increase in basket size as customers stock up. This pattern reflects grocery trends across the country, and our margins are being squeezed further by rising costs on the supply side. As essential as grocery stores are, it's still hard to keep the doors open in such a crisis.

However, we were helped in large part by the federal government's small business support through the PPP loan, which should be forgiven and offset our losses for the year. All told, our loss for 2020 came to -\$158: almost exactly breaking even. In addition, we are still in a healthy position regarding cash on hand, assisted by the PPP loan and by the increase in equity from new members joining. We increased our cash from \$291,846 in 2019 to \$555,797 in 2020.

We still have a long way to go to profitability, but with the help of the PPP loan we have a chance to make it there.

Throughout the year, our General Manager and the PFC staff worked incredibly hard to keep the co-op running and keep themselves and customers safe. Right after the pandemic hit, they scrambled to offer online shopping and curbside pickup for customers who couldn't come into the store, and they recently unveiled an improved system for ordering online. They also have joined the Double Up Food Bucks program to help shoppers on limited budgets, and started the Change for the Community initiative to donate to local nonprofits.

Thank you, as always, for all your support. The co-op would not exist without its members and its customers. Thank you for shopping here, for being members, and for telling your friends about this piece of Ann Arbor's history and future.

MEMBER REINVESTING IS CONTINUING, JANUARY 2021-MARCH 2021:

	Reinvested	New Members	Refund Requests
Jan 2019 - Dec 2020	1,804	314	397
January 2021	1	4	3
February 2021	1	6	2
March 2021	16	12	1
Totals (since equity change):	1,822	336	403

PEOPLE'S FOOD COOPERATIVE, INC. BALANCE SHEET

Years ended December 31
2020 2019

ASSETS

CURRENT ASSETS

Cash	\$555,797	\$291,846
Accounts receivable	3,917	3,863
Inventory	210,317	222,497
Prepaid expenses	15,719	17,325
Total current assets	785,750	535,531
Equipment & leasehold improvements-net	227,425	286,966

OTHER ASSETS

Equity and deposits in other cooperatives	187,734	199,023
Deferred taxes	156,000	156,000
Security deposits	16,569	16,569
Total assets	\$1,373,478	\$1,194,089

LIABILITIES & MEMBERS EQUITY CURRENT LIABILITIES

Accounts payable	\$170,293	\$185,845
Accrued liabilities	51,480	46,751
Total current liabilities	221,773	232,596
Long-term debt	150,000	-
Total liabilities	371,773	232,596

MEMBERS' EQUITY

Members' shares	850,707	810,337
Retained earnings	150,998	151,156
Total members' equity	1,001,705	961,493
Total liabilities & members' equity	\$1,373,478	\$1,194,089

PEOPLE'S FOOD COOPERATIVE, INC. STATEMENT OF OPERATIONS

Years ended December 31
2020 2019
(Audited)

SALES REVENUE

Sales	\$4,746,361	\$5,544,815
Less: Member discounts	(73,932)	(103,172)
Net sales	4,672,429	5,441,643
Cost of sales	3,045,801	3,483,841
Gross profit	1,626,628	1,957,802

OPERATING EXPENSES

Personnel	1,134,823	1,346,858
Occupancy	326,869	348,013
Operating expenses	218,031	236,972
Depreciation expense	65,354	76,167
Administrative expenses	58,046	63,966
Governance	24,068	38,583
Promotions	32,803	35,113
Total	1,859,994	2,145,672

OTHER INCOME (EXPENSE)

PPL loan forgiveness	195,000	-
Other income	40,757	41,948
Other expense	(2,549)	(28,315)
Total other income (expense)	233,208	13,633
Net loss before income taxes	(158)	(174,237)
Provision for income taxes	-	-
Net loss	\$(158)	\$(174,237)

Your PFC Linkage Committee!

RAY ANDERSON

A year ago the Linkage Committee was struggling for ways to engage with PFC members as the reality of the lockdown was in full effect. We decided to work with the store's new round-up at the register program, Change for our Community. We began hosting monthly virtual conversations with the various non-profits that the store selects as the program's recipient. Each virtual conversation has been an in-depth exploration of these amazing non-profits' work. In hosting these conversations, we have further extended the mission of our cooperative in the community. We have recordings of all of our conversations if you missed the live monthly events.

The Linkage Committee set up the board of directors' 2021 election. We failed to get the minimum recommended four candidates for the three open board seats (only two members applied as candidates). We hope to encourage more members to help their cooperative succeed in these difficult times.

Our committee is facilitating PFC's Annual Meeting on Tuesday at April 27 at 6:30 pm. We have arranged for Dr. Oran Hesterman as our keynote speaker this year (you can read more about Dr. Hesterman also in this newsletter). We are very excited to have such a founding father in the sustainable farming movement as our speaker. He is well-known for his extensive work in social justice through the non-profit he started, Fair Food Network.

Since the beginning of 2021, we have been working with PFC staff on ideas for the store's 50th Anniversary. Our committee is also beginning a member story initiative to go with our anniversary celebration. Read more about this project in this newsletter and submit to: tellusyourstory@peoplesfood.coop.

We are always happy to welcome interested members to join our committee work. Currently we meet monthly virtually. To learn more or to get the Zoom link for our meetings contact, vicepresident@peoplesfood.coop.



TELL US YOUR STORY: 50 YEARS STRONG!

We are seeking stories from the PFC community. Tell us something that stands out in your memory, a role you or someone you knew played in PFC's history, or just something that comes to your mind when you think about People's Food Cooperative. You can write us a story (include a picture of yourself), send us an audio file (also include a picture) or capture your story on camera. If you keep it short (audio or camera recording under 30 seconds) and you if approve, we will feature these stories in the store and through our social media. Ours has certainly been a colorful history! It's always fascinating when we hear our history through the stories of those we meet in the store.

Send your submission to tellusyourstory@peoplesfood.coop.

