

# ANNUAL REPORT



**EASTSIDE**  
FOOD CO-OP



**Fiscal Year 2018**



Dear Eastside Food Co-op owners,

It has been another amazing year at our co-op. As the general manager's report attests, we have had many successes and some interesting challenges. And the whole management team has been working really hard, setting the stage for Eastside to move into the future in a robust and authentic way. While John and his staff have been working operationally to ensure Eastside's fiscal health, internal vitality, and readiness to meet future challenges, your board of directors has been embarking on a strategic process to engage you, our owner stakeholders, co-op staff and the wider community in creating a future vision for Eastside Food Co-op.

This co-op that we have today is the realization of a dream. Many of you helped to shape that dream, that vision—to have a store and then to expand so we could truly fulfill that original vision. With our earlier dream now a reality, it is time to share our hopes and imaginings for the future of Eastside. What's the next great step that we will take as a strong force for change in Northeast Minneapolis? Your board of directors, the elected governing body of our cooperative entity, takes its job very seriously. Not just our fiduciary responsibility to protect the assets of Eastside's owners, but our duty to develop and advance a future vision for the co-op and then to work with our manager to ensure that vision can become a reality in a way that uplifts co-op owners, our staff and the entire community. Over the course of the past ten months we have made this work the focus of two retreats, several strategic sessions with owners and staff, and most recently, a store survey. Going forward, we plan a dot survey at the checkout about board engagement, and on this year's ballot, a chance for owners to have a say about which of our many great nonprofit neighbors benefit from the monthly Seedlings fundraiser at the register.

This is hard work. Buddhist leader Daisaku Ikeda reminds us that challenge enables us to grow: "Life is a process of ongoing challenge. Those who lead lives of boundless challenge realize boundless growth. In a time of tumultuous change, what people need most is vitality to challenge their circumstances and the wisdom to open the treasure house of knowledge, to ceaselessly strive to create new value." That's what this is really all about—creating new value for our co-op and our community. Eastside Food Co-op now consists of over 8000 owners—I'd like to encourage each of you to add your voice to the conversation. Look for invitations to join in each issue of The Carrot and other co-op communications.

Thank you all for taking the leap of faith to become part of this dream-in-the-making.

Ginny Sutton  
Board President





Hello Eastside Food Co-op owners.

You did it again – thanks to your loyal patronage, you made 2018 another successful year for your co-op! Thank you! I recently completed my first full year as Eastside’s general manager. While there have been some bumps along the way, I couldn’t ask for a better organization to continue to serve. Our shoppers and owners are incredible and the board of directors and I have developed a strong relationship! Couple this with our amazing staff who predominantly live in the community, and we have a winning recipe!

The previous year provided the co-op with much success. Sales grew to over \$15 million and we’re seeing strong growth in the beginning of our current fiscal year. Eastside Food Co-op reached a collective bargaining agreement with the United Food and Commercial Workers Union Local 663 in early December of 2017 that will run until March 31, 2021. Working in a union environment has necessitated some changes, it has made us a better employer and we’re proud of our relationship with the union! We’re excited to invite some of our union employees to share their experience with creating this change at the annual meeting.

As we look to the future, we are focused on continuing to improve your shopping experience. I’m sure that many of you are noticing that rapid change is occurring in the Northeast community. As a result, we are planning for the future needs of the people who call our diverse community home. At about the time you are receiving this information, Eastside will begin the work that marks our first significant investment in our facilities since the completion of the expansion project in 2016.

Throughout the Twin Cities region, we see that competition for consumers’ grocery dollars is increasing. The management team of Eastside Food Co-op strongly believes that the only response to increasing competition is to become better competitors. Our investment this fall will attempt to do just this. We are excited that we will be able to offer consumers more fresh options in a store that is easier to shop. Be on the lookout for more information about these exciting changes in the coming weeks!

As we look ahead even further, we know that additional investment will be necessary. It’s for this reason that we invited shoppers and owners to participate in a customer survey this past summer. We are excited to use the information from this survey to ensure that we are making investments in our business that best meet the needs of our shoppers now and in the future.

John Lacaria  
General Manager



## BALANCE SHEET

<b>CURRENT ASSETS</b>	June 30, 2018	June 30, 2017	<b>CURRENT LIABILITIES</b>	June 30, 2018	June 30, 2017
Cash & Investments	\$ 838,875	\$ 549,598	Accounts Payable	\$ 550,965	\$ 465,467
Accounts & Notes Receivable	\$ 12,945	\$ 11,783	Accrued Expenses	\$ 284,593	\$ 240,399
Inventory	\$ 465,447	\$ 436,842	Current Maturities of	\$	\$
Refundable Income Taxes	\$ 90	\$	Long-term Debt	204,630	137,807
Prepaid & Deposits	\$ 28,038	\$ 15,965	<b>TOTAL CURRENT LIABILITIES</b>	\$ 1,040,188	\$ 843,673
<b>TOTAL CURRENT ASSETS</b>	\$ 1,345,395	\$ 1,014,188			
			<b>OTHER LIABILITIES</b>		
<b>FIXED ASSETS</b>			Long-Term Debt	\$ 5,370,176	\$ 5,583,525
Furniture & Equipment	\$ 1,517,586	\$ 1,491,288	Other Liabilities	\$ 117,500	\$ 148,881
Building, Land & Leasehold			<b>TOTAL LIABILITIES</b>	\$ 6,527,846	\$ 6,576,079
Improvements	\$ 5,637,522	\$ 5,635,242			
Less: Depreciation	\$ (1,335,939)	\$ (897,359)	<b>EQUITY</b>		
<b>TOTAL FIXED ASSETS</b>	\$ 5,819,169	\$ 6,229,171	Ownership Stock	\$ 833,886	\$ 741,036
			Class B Stock	266,759	266,759
<b>OTHER ASSETS</b>			Stock Subscriptions Receivable	\$ (66,292)	\$ (55,318)
Investment in Other Co-ops	\$ 308,431	\$ 297,356	Class C & D Stock	\$ 657,600	\$ 657,600
Other Assets	\$ 422,796	\$ 443,250	Retained Earnings	\$ (324,026)	\$ (202,191)
<b>TOTAL OTHER ASSETS</b>	\$ 731,227	\$ 740,606	<b>TOTAL EQUITY</b>	\$ 1,367,927	\$ 1,407,886
			<b>TOTAL LIABILITIES &amp; EQUITY</b>	\$ 7,895,791	\$ 7,983,965
<b>TOTAL ASSETS</b>	\$ 7,895,791	\$ 7,983,965			

## STATEMENT OF INCOME AND RETAINED EARNINGS

<b>PROFIT</b>	June 30, 2018		June 30, 2017	
GROSS SALES	\$ 15,306,699	100%	\$ 14,114,532	100%
Less: Member Discounts	\$ (136,391)	(0.9%)	\$ (113,837)	(0.8%)
<b>NET SALES</b>	\$ 15,170,308	99.1%	\$ 14,00695	99.2%
Less: Cost of Goods Sold	\$ (9,623,368)	62.9%	\$ (8,880,740)	62.9%
<b>GROSS PROFIT</b>	\$ 5,546,940	36.2%	\$ 5,119,955	36.3%
<b>OPERATING EXPENSE</b>				
Wages & Benefits	\$ 3,557,224	23.2%	\$ 3,284,888	23.3%
Depreciation & Amortization	\$ 438,580	2.9%	\$ 443,714	3.1%
General & Administrative	\$ 1,425,090	9.3%	\$ 1,424,217	10.1%
<b>OPERATING INCOME</b>	\$ 126,046	0.8%	\$ (32,864)	(0.2%)
Other Income	\$ 40,575	0.3%	\$ 59,839	0.3%
Other Expense	\$ (257,646)	(1.7%)	\$ (255,970)	(1.7%)
Patronage Refund	\$	0.0%	\$	0.0%
Preliminary Provision for Income Taxes	\$ (30,810)	(0.2%)	\$ 65,124	0.4%
<b>NET INCOME</b>	\$ (121,835)	(0.8%)	\$ (163,871)	(1.2%)
<b>RETAINED EARNINGS</b>	\$ (324,026)		\$ (202,191)	



## LOCAL TO THE CORE

We heard in our shopper survey that local products are a top priority. When you say you love local – you mean it! Last year, Eastside shoppers purchased \$5,700,000 in local goods from more than 220 local vendors. Look for our Local Favorites throughout the co-op!



## SUPERSTAR STAFF

It takes an incredible crew to keep this co-op running smoothly. Eastside employs 86 full-time and 40 part-time staff, 61% of whom live in the neighborhood. That's approximately \$2.17 million in annual wages staying right here in Northeast Minneapolis!



## GROWING OWNERSHIP

Our co-op community grew to 8,200+ owners in fiscal year 2018, with owner purchases accounting for 65.5% of the year's total sales. 916 brand new owners joined Eastside Food Co-op in the past twelve months. Welcome to the co-op – we're glad you're here!



## COMMUNITY SUPPORT

Eastside Food Co-op reserves a portion of its annual budget to support organizations committed to making our community a better place to live! We provided \$23,475.00 in donations and sponsorship to local nonprofit organizations in fiscal year 2018.



## SEEDLINGS

Our shoppers raised an impressive \$25,351.38 through small donations made at the register. Thank you for your generosity! Learn about our 2019 Seedlings applicants in the Voter Guide, and cast your vote for this year's recipients.

**Eastside Food Co-op**  
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## Great Things are in Store!

Thank you to all of our shoppers who participated in our survey this summer! We've received the results and appreciate your thoughtful feedback. At the suggestion of many of our shoppers, we're implementing some exciting improvements to our store this fall that will make Eastside a more enjoyable and convenient place to shop, with more room for the products you love.

In the next month, shoppers can look forward to:

- An improved Refrigerated Grocery aisle, with more shelf space dedicated to local and plant-based products
- New display fixtures for bananas and root vegetables in the Produce aisle
- Larger bakery case with an increased selection of fresh baked goods
- A single location for cold beverages – including kombucha – perfect for perusing while you wait for your Deli burrito!

