

From the GM:

2010 was another record-breaking year for Eastside Food Co-op, as we continue to grow. It was our first operationally profitable year, and those dollar signs directed our thoughts to expanding the store. We completed two of the three "setting the stage" projects—a 4th register and a new walk-in cooler for deli, cheese and meat. The third project, administrative offices, is still under consideration. Our capital structure planning committee identified necessary changes to our preferred stock program and the board of directors is recommending that our membership approve changes in our bylaws and articles of incorporation. The committee has also identified operational needs for cash, and discussed strategies for funding a future expansion.

In 2011, EFC increased our sales capacity by switching the bulk and wellness aisles, adding 14 linear feet to our wellness departments, and adding more variety and more shelf space in our bulk and baking categories. As we passed the threshold from "small" business to a medium-sized business with over 50 employees, staff is evaluating our policies and procedures to insure that our co-op maintains a high level of professionalism in all our business, personnel and customer transactions.



Co-op members and COMPAS ArtsWork supporters enjoy a summer evening at the mosaic dedication.



Musicians Gabe, Dane, Paul, and Chris from the Big House Jug Band performing at the COMPAS ArtWorks mosaic dedication and Eastside's Eat Local Barbecue.

From the President:

As 2011 comes to a close, we've got a lot to be proud of at the Eastside Food Co-op. Staff, management and shoppers worked together for another record-breaking year with \$5 million in sales. Hard work, loyalty, and dedication continue to propel EFC into the future as a strong business, a resource for the community, and an advocate for sustainably raised, locally sourced, and organically grown food.

The Board of Directors has continued its work as well: we've talked with members at events like Member Orientations and the Spring Ponder, we've connected with the community with the Northeast Network, and we continue to plan strategies for the future of EFC.

Every member and employee of EFC can be proud to be a part of an organization that is succeeding both as a business and as an agent of social responsibility.

2010/11 Board of Directors:

George Fischer, president
Lisa Friedman, vice-president
Luna McIntyre, secretary
Bobbie Fredsall, treasurer
Tom Dunnwald
Stephanie Johnson
Manisha Nordine
Chris Pratt
Leslie Watson



Eastside Board of Directors at Strategic Planning Retreat



Board member Tom Dunnwald doubles as Grillmeister at our Eat Local BBQ.

FINANCIAL REPORT

In 2010, EFC continued the trend of sales growth and profitability. We increased our assets, reduced our debts, and built up equity. Those positive trends are continuing in 2011.

EFC Balance Sheet

	6/30/11	12/31/10	12/31/09
Assets			
Current Assets	\$ 430,990	\$ 361,254	\$ 236,678
Property & Equipment	1,091,392	1,072,572	1,105,689
Other Assets	76,579	81,760	66,086
Total Assets	\$1,598,961	\$1,515,586	\$1,408,453
Liabilities			
Current Liabilities	\$ 350,454	\$ 391,075	\$ 348,552
Long Term Debt	911,599	911,513	971,321
Other Liabilities	3,900	3,323	2,374
Total Liabilities	\$1,265,953	\$1,305,911	\$1,322,247
Member Equity			
Membership Stock	\$ 337,375	\$ 320,349	\$ 290,882
Preferred Stock (C & D, non-voting)	292,600	292,600	289,700
Retained Earnings (Deficit)	(296,967)	(403,274)	(494,376)
Total Member Equity	\$ 333,008	\$ 209,675	\$ 86,206

EFC Income Statement

	6/30/11	%Sales	12/31/10	%Sales	12/31/09	%Sales
Sales	\$2,849,578	100%	\$4,981,594	100%	\$4,259,899	100%
Cost of Goods Sold	1,784,312	63%	3,156,322	63%	2,732,162	64%
Gross Profit	1,065,266	37%	1,825,272	37%	1,527,737	36%
Operating Expenses	\$ 936,256	33%	\$ 1,699,334	34%	\$ 1,509,416	35%
Member Discounts	18,664	1%	34,783	1%	29,250	1%
Operating Profit (Loss)	\$ 110,346	4%	\$ 91,155	2%	(10,929)	
Other Income (Expense)	(3,706)		947		(2,531)	
Income Tax Provision	1,000		1,000		1,015	
Net Income (Loss)	\$ 105,640	4%	\$ 91,102	2%	\$ (14,475) (0.3%)	

The Rochdale Cooperative Principles:

- Democratic member control
- Education, training and information
- Cooperation among cooperatives
- Concern for community
- Member economic participation
- Voluntary and open membership
- Autonomy and independence

PROGRESS ON ENDS POLICIES

Community: Our community benefits from our presence.

We try to build our great Northeast community with every donation we make and every event we attend. We partner with local organizations for mutual benefit. We recognize community as the cornerstone of our co-op.



Employees: Our employees are motivated to excel by receiving a living wage, benefits and advancement opportunities in a fair and respectful workplace.

EFC staff Abby Rae LaCombe, David Hirschboeck, Sara Tonko and Ginny Sutton listen to Greg Reynolds on a Riverbend Farm tour.



Products and Services: Our products and services sustain and satisfy our community, and are selected by giving preference to organic, fair trade, and local production.



EFC's greenhouse — our biggest plant sale ever!

EFC recycling team tours Republic's northside facility, where our plastics are delivered weekly by the City of Minneapolis.



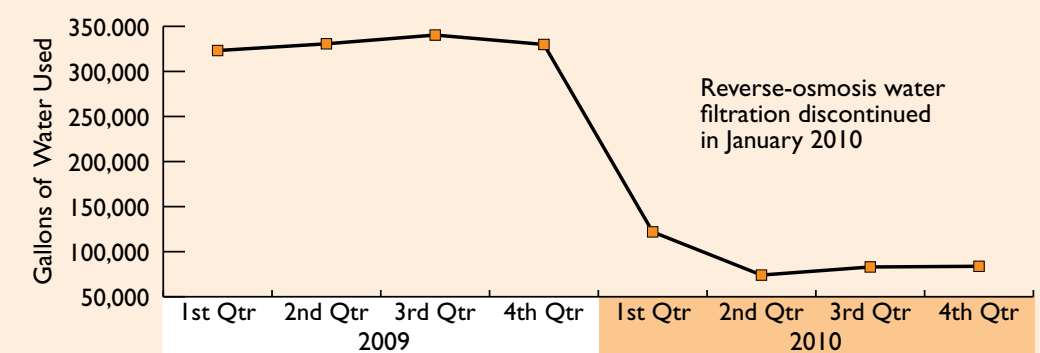
EFC Benefits Available

Purchasing Discount	15%
Personal Time Off (PTO)	Less than 90 days — none 90 days to 1 years — 80 hours, pro-rated 1-5 years — 120 hours, pro-rated 5+ years, 160 hours, pro-rated
401K	EFC matches EE savings at 50%, cap at 2% of earnings
Dental Insurance	20-30 hours/wk — EFC pays 50% 30+ hours/wk — EFC pays 70% EFC pays 50% dependent coverage
Health Insurance	30+ hours/wk — EFC pays 70% EFC pays 50% dependent coverage
Health Reimbursement Account	20-30 hours/wk — EFC provides \$750 HRA (with proof of individual coverage for employee) 30+ hours/wk — EFC provides \$750 HRA for employees enrolled in health plan
Life Insurance	30+ hours/wk — EFC pays for \$10,000 plan
Long-Term Disability	30+ hours/wk — EFC pays 100% of plan
FSA(Flexible Spending Acc't)	Available to all employees after 90 days

Our primary service to our community is our store operations, open 8 a.m. to 9 p.m. daily. In 2010, we provided these additional services:

- Plastics Recycling of plastic resins #1-#7 on Thursdays from 3-7 and Saturdays from 10-2.
- Movie Nights every third Thursday of the month, plus two family movie nights
- Classes, held both on-site in the Granite Studio and off-site
- CSA Fair, held annually in April
- Plant Sale, held annually in May
- Winter Farmers Market — 2010 was the first year we hosted the Northeast Minneapolis Farmers Market each month.

Environment: Our environment is minimally impacted by our presence and practices.



Employees at EFC sort our refuse into five categories:

- plastics;
- glass, metals, aseptic packs;
- organics composting including food containers and food waste;
- paper and cardboard;
- and trash.



Jon Kramer and his associates at Sundial Solar installed a 20 kilowatt passive solar array on the co-op's roof in October of 2010. The panels were manufactured in Minnesota by TenK Solar. The panels are estimated to provide 5-7% of Eastside's annual electricity needs.

Business: Our business grows and prospers and is rooted in the Rochdale Cooperative Principles.

