



# 2020

annual  
report

**WHOLE  
FOODS  
CO-OP**

**CO-OP**  
CAFE & BAKERY  
**SORCERIE**  
FOOD TRUCK  
**CO-OP**  
community center

## Whole Foods 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.*

Whole Foods Co-op is a full-service natural foods grocery store with a wide variety of healthy foods, wellness products, and body care products from local and national brands. Our focus and mission each day is to provide the best possible customer experience for each and every person who walks through our doors. Our buyers do their best to create a product selection that encompasses the daily needs of our customers by providing options with the consideration of a variety of dietary needs as well as budgets.

## Whole Foods Cooperative Ends Statements

Because of the Whole Foods Cooperative, 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.



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# board president's report



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Whole Foods Co-op

By Cole Schenley, Board President

I've been told by board members with longer tenures than me that there are years on the board where not much happens. This isn't to say that the role of a board member in those times isn't important, but that major decisions about the direction of the Co-op are not always the norm. There are months and years where a course has been set, and it becomes the board's role to perform month to month oversight over the operations of the Co-op, to ensure that the business is running smoothly and that the staff & member-owners are happy, empowered, and engaged.

Clearly this has not been one of those years. Even before the Covid-19 pandemic became an all encompassing problem for the world, the board of directors of the Co-op were looking towards the future. In my time as a board member, we have had many discussions around updating the Co-op's five year plan. The very first activity I ever partook in as a board member was a visioning session for the Co-op, led by the board's longtime consultant, Leslie Watson. That was November of 2017, which feels like a lifetime ago. In the three years since that session, the board has made decisions that have affected the direction of the Co-op, such as asking our membership to vote on a bylaw change to extend director terms to three years instead of two, after we realized that the first year of a director's term can almost certainly feel like an extended orientation to policy governance system that the board uses to oversee the Co-op.

But it would be fair to say that a combination of internal issues, a revolving door of board members, and the month to month duties of oversight and policy review have kept the board from grounding itself in the work of setting the direction of the cooperative. That direction setting is the very reason we as board members are elected by you, the member-owners of the Co-op. We chart the course for the business, and the operations team, led by general manager LeAnna Nieratko, does the hard work of running the business.

We as a board know this has not been an easy time. We can't thank LeAnna and the ops team enough for how much work they've put into keeping the store afloat at a time when so many businesses are shuttering permanently. From going after a Paycheck Protection Program loan earlier than many other regional businesses in order to make sure that we could guarantee that the employees of the Co-op could safely keep their jobs, to getting a grant from the Fresh Food Initiative in order to fund the majority of a new point of sale system, the ops team has done so much. And the board has been right there with them, looking over legal documents, analyzing expenditures for new initiatives, approving safety plans in the midst of the pandemic, and beginning the planning for the next several years of the Co-op.

When protests broke out across the country, in the wake of the murder of Minnesota resident George Floyd by a police officer, members of our Erie community also took part in calling for an end to the systemic racism that has plagued our country since its beginnings. The board has taken a firm stance against racism in our community. We have also been firm in our support of the operations team insistence on mask wearing and social distancing at the Co-op while the Covid-19 pandemic remains a threat. In a time when the political world has been deeply polarizing, the board wants our member owners to know that diverse opinions are welcome at the Co-op. But racism will not be tolerated. Threats to our employees will not be tolerated. We are committed to social justice and safety measures that protect employees and shoppers alike.

For all the strife the year has brought, there is good news to share. We have the best cash balance on hand that I've seen in my three year tenure as a board member, thanks in part to the PPP loan the board approved earlier in the year, along with a positive net income. The board approved a mural from local artists, Antonio Howard, Leslie Sotomayor, Caesar Westbrook, and Walter Ang from the CHROMA Guild, a group that helps find opportunities for creative people of color from NWPA. And we have a retreat planned with Leslie Wastson for later this year to finally lay out a vision for the Co-op's future. I'm so appreciative of all of our board members for offering up even more time than is typically asked of them. I'm so very proud of the work we have done this year.

# general manager's review

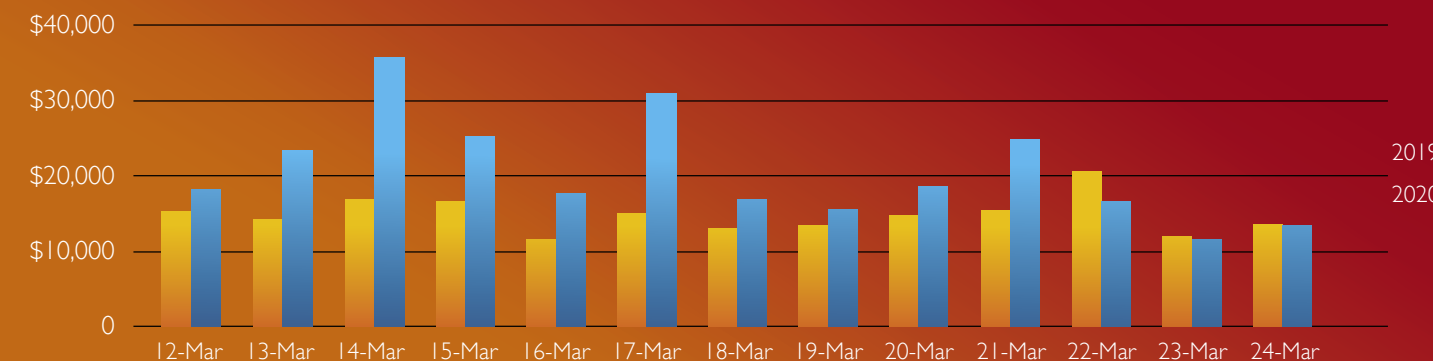


By LeAnna Nieratko, General Manager

Coronavirus and the related shut-downs started midway through the second half of the year. It would seem that only being 25% of the total year, it would be a fraction of the focus and yet looking back on plans and initiatives as they began in 2019 seems silly. Everything changed. That last quarter of the year shifted our goals, priorities and plans so dramatically that you'll see its impact throughout the entirety of this report. There are still half completed plans for our now-indefinitely-postponed breakfast program plans in my Drive; still magnets with our yet-to-be-launched new hours (that we were going to announce in March) on the doors in our offices. These now feel like the kind of remnants you see in an apocalypse movie that serve as reminders for a strange old world. Yet here we are! We have so many things to share about what we learned this year and how our small team did our best to pivot to be the grocer our community needed.

The start of the year feels almost unremarkable now. We had some plans in the works at that time that included planning for the food truck for the summer, launching a breakfast program through the cafe, and expanding our bulk department. All these were in mind to pick up sales to support our admittedly high labor expenses. On March 11th, the managers gathered as we do biweekly to review some of the upcoming spring plans. It was at that meeting, one in which I can remember where everyone sat and the heaviness of that room, that we decided to enact our Pandemic plan which up until then was a document put together in hopes to never use.

Daily Sales Mid-March: This year versus last

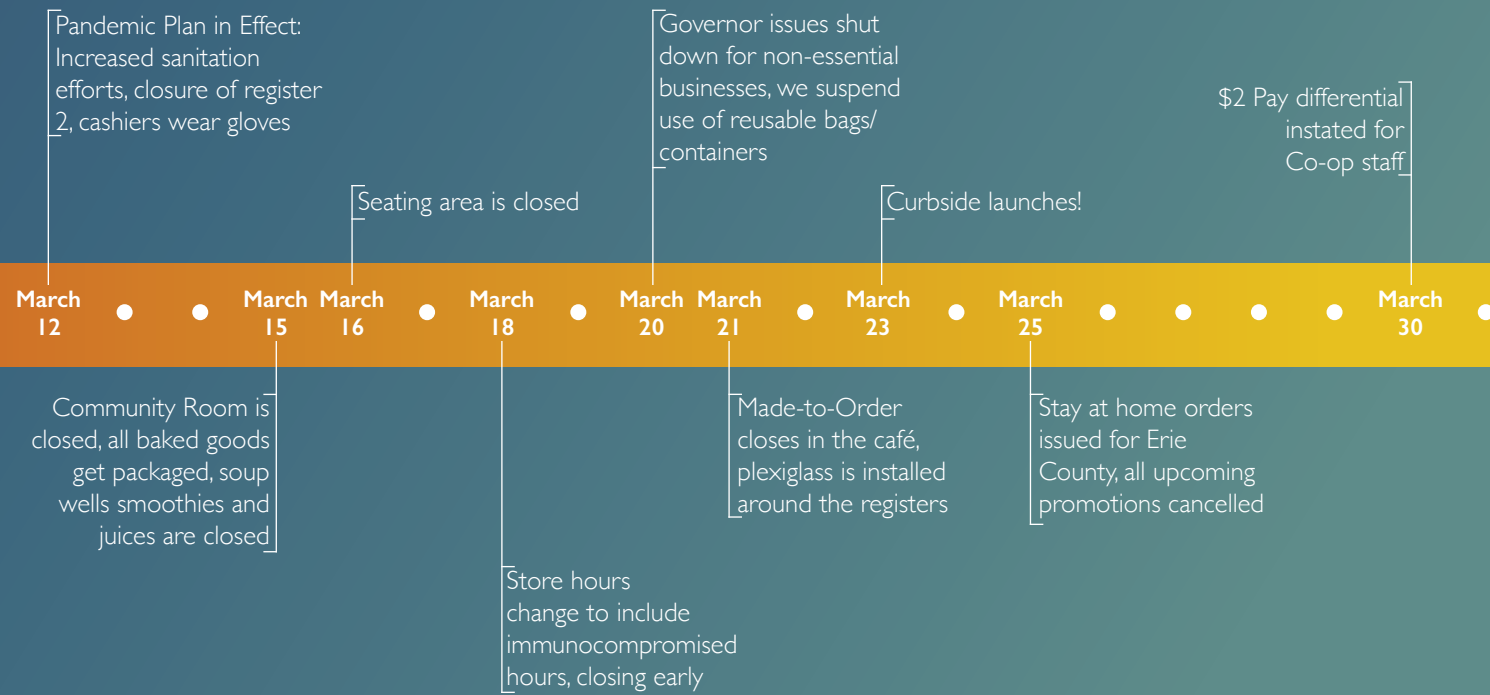


That really was the defining moment for our organization. The following few weeks saw record high sales including some shelves completely wiped of toilet paper, paper towels, milk, eggs, and marinara. Simultaneously, we grew more and more anxious about the number of people in the store and the health risk that posed to our staff and community. There were so many changes and adjustments through the remainder of March that we were putting out daily communication emails to staff; some small things like which entrances to use, to massive things like which departments were still fully operational.

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## Pandemic Related Changes: March 2020



Once we were able to catch our breaths, we found some things worth keeping:

- It became clear that keeping a pay differential for our staff was crucial
- Curbside, a concept we once thought totally out of reach, launched with lovable flaws and is here to stay. (Stay tuned for some major upgrades!)

We also were very lucky to receive the Payroll Protection Program loan/grant which allowed us to maintain staffing and wages during uncertain times, particularly as we had to keep our food truck and café closed during their busiest seasons.

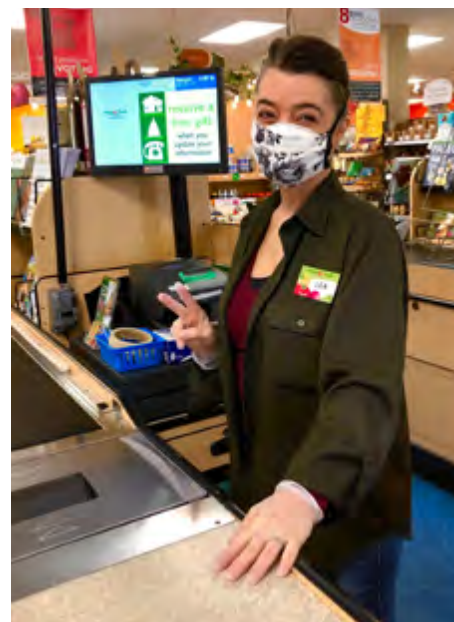
## thank you

I am grateful for the Co-op team. For the staff members who came in at 5 am and powered through massive shipments during the early days, for the staff members who spent their hours on the floor with the public during a pandemic, for the staff members who worked diligently to help us launch new and necessary processes, who waded in uncertain times and maintained flexibility.

I am grateful for our Co-op community who donated masks, showed us grace and patience as we fumbled through challenging scenarios, and who treated us with kindness despite facing their own struggles.

I am grateful for our Board of Directors who met with just hours' notice to make crucial decisions that impacted employment at the Co-op and our ability to maintain community access with respect to caring for our employees.

So many people worked together to keep our Co-op afloat this year; Every single one helped to cultivate the spirit of cooperation and of community that keeps us all coming every day.



# charitable donations

By Heidi Yeagle, Marketing and Member Services Manager

Donations are important to us at the Co-op because it is our way of giving back to the community and reaching out to other organizations that need a little boost. This fiscal year we revamped our “Chip-In” program at the registers to include more local non-profits. Every quarter we collect donations for 6 different local, non-profit organizations. Next to the recipients we have listed the amount of money collected for their organization. All of the dollar amounts are then posted on the tree graphic on the side of the bakery case. Just think, every donation was a nickel! That’s pretty impressive.

Because of COVID, the 4th quarter donations were put on hold and were finished up in the 1st quarter of the next fiscal year (July-September 2020).

We also give back in other ways as well! When the stay at home orders went into effect and our cafe had to shut down, we had a bunch of backstock that we weren’t able to sell. We donated over \$2,000 worth of fresh food to Community of Caring and Second Harvest Food Bank of NWPA during a time when many people needed it the most.

The Co-op also does sponsorships for local events and this year we sponsored Because You Care’s Annual Walk, Young Artist’s Debut Orchestra Summer Program, the annual LEAF Festival, and BBQ, Brews, and Tattoos auction.

And last but not least, every time you purchase our delicious “Cake Scraps” from the bakery case, we donate 10% of the proceeds to our Chip In program.

There are so many ways to give back to our community at the Co-op and we’re always looking for new organizations that we may not know about. If you have a suggestion, please feel free to email me at [heidi@wferie.coop](mailto:heidi@wferie.coop) or check our website for a donation application for your non-profit organization under the ‘our co-op’ section (charitable donations).

## 2019-2020 Charitable Donations

### 1st Quarter

1. Presque Isle Partnership	\$230.02
2. Because You Care	\$272.57
3. Autism Society of NWPA	\$238.47
4. NWPA Pride Alliance	\$229.02
5. Community Shelter Services	\$249.71
6. Sisters of Saint Joseph Neighborhood Network	\$244.71

### 2nd Quarter

1. Purple Martin Conservation Assoc.	\$237.30
2. Erie Humane Society	\$281.55
3. Barber National Institute	\$223.70
4. Friends of the Erie County Library	\$247.75
5. Crime Victims Center	\$235.85
6. Erie Homes for Children and Adults	\$231.65

### 3rd Quarter

1. Lake Erie Arboretum at Frontier	\$251.63
2. Orphan Angels Cat Sanctuary	\$294.28
3. Trans Family of NWPA	\$238.58
4. Community of Caring	\$225.83
5. SafeNet	\$274.49
6. Habitat for Humanity	\$265.54



# education



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By Savanna Wright, Marketing and Outreach Specialist

The Community Center typically serves as the one of the main channels in which we provide education either from our team directly or through knowledgeable instructors in our local community. On March 16th, we made the decision to temporarily close the Community Center as a precaution to reduce the spread of covid-19. Before the closure, we were still able to connect twenty-eight instructors with our community through forty-three unique classes. Ten of those instructors were teaching at the Co-op for the first time. Some of our most popular classes included Green for Health: Introduction to Juicing with Lisa Rose, Hearty Vietnamese Dinner with Huong Dapash and Crystals 101 with our very own Meadow Thompson. Other staples remained this year like weekly yoga and meditation sessions and opportunities seemingly

sprung out of nowhere like when French pastry chef Bruno Breillet was visiting Erie and reached out to teach a series of classes on perfecting macarons, choux pastry and tarts.

When it became clear classes would not be resuming anytime soon, on June 8th our marketing team implemented an education plan utilizing our Facebook and Instagram accounts to reach the most people while we are all spending more time at home. Each week, we provide content relating to each of our ends- Erie, Education, Environment. While it certainly does not replace the experience of attending a class at the Co-op, it was a step at bridging the gap. As the fiscal year came to a close, the we were exploring the feasibility of online classes as the Community Center is anticipated to remain closed for at least the rest of 2020.



# financials



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## Profit and Loss Statement

	2020	2019	2018	2017
<b>Sales</b>	\$4,960,795	5,173,982	\$5,003,209	\$5,142,012
<b>Cost of Goods</b>	\$2,967,934	\$3,145,865	\$3,049,804	\$3,010,100
<b>Gross Profit \$</b>	\$1,992,861	\$2,028,117	\$1,953,405	\$2,131,912
<b>Gross Profit as a % of Sales</b>	40.2%	39.2%	39.0%	41.5%
<b>Operating Expenses</b>	\$580,938	\$625,664	\$691,721	\$610,201
<b>Staff Wages, Benefits &amp; Taxes</b>	\$1,319,092	\$1,321,207	\$1,279,631	\$1,243,502
<b>Member-owner Discounts</b>	\$17,921	\$12,481	\$10,141	\$115,596
<b>Depreciation, Building &amp; Equipment</b>	\$87,864	\$88,870	\$83,926	\$75,704
<b>Property Taxes</b>	\$22,345	\$21,190	\$20,728	\$20,686
<b>Bank Card Fees</b>	\$69,929	\$71,614	\$65,528	\$67,586
<b>Total Expenses</b>	\$2,098,089	\$2,141,026	\$2,151,675	\$2,133,275
<b>Income from Operations</b>	(\$105,445)	(\$112,909)	(\$198,270)	(\$1,363)
<b>Other Income</b>	\$254,312	\$97,027	\$31,983	\$15,649
<b>Rental Income</b>	\$63,660	\$59,460	\$59,460	\$57,660
<b>Total Other Income</b>	\$317,392	\$156,487	\$91,443	\$73,309
<b>Net Income Before Taxes \$</b>	\$212,527	\$43,578	(\$106,827)	\$71,946
<b>Net Income Before Taxes as a % of Sales</b>	4.4%	0.8%	-2.1%	1.4%
<b>Taxes</b>	\$(4,300)	(\$12,590)	\$24,305	\$18,725
<b>Net Income After Taxes \$</b>	\$208,227	\$30,988	(\$82,522)	\$53,221
<b>Net Income After Taxes as a % of Sales</b>	4.3%	0.6%	-1.6%	1.0%

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## our net income this year

Our financial reports for the 2019/2020 are not finalized as of October 1st. This is because we were the recipient of the Payroll Protection Program (PPP). There are tax implications and potential loan forgiveness that will be updated via our blog as soon as we have final information.

## what is the ppp loan?

The Payroll Protection Program is a government program launched through the Small Business Association designed to help employers maintain staffing during the uncertainty of the Coronavirus shutdowns. The loan will be forgiven if the organization is able to maintain its staffing (as measured by a metric known as full-time-equivalents (FTEs) and spent the funds on approved expenses (such as payroll, or employee insurance). We received \$213,389 that we anticipate will be forgiven.



## equity talk!

As announced in the 2018/2019 Annual Report, we continue to work towards bylaw compliance. In our bylaws, we are to consider anyone who has not shopped in two years inactive and remit their equity to the Co-op as income. This bylaw was passed in 2014, but hadn't been enacted until last year when the Operations team and Board of Directors decided to begin the process of handling the equity issue. In discussions, both teams agreed to explore the potential for inactive shopper status to begin at five years instead of two. We felt this would allow member-owners an additional grace period while we investigated a potential bylaw change.

This year we saw \$17,567 in equity turn to income from shoppers who have been inactive for five or more years.

Member-owners who had their equity remitted as income last year were able to request their equity reinstated. This happened two times last year. In both cases, equity was returned at no charge to the member-owner.

## new member-owners



This year we had 250 new member-owners join us. This is a decrease from the 322 who joined us the year before. Our member-owner drive, which usually sees the highest increase in new member-owners for any month in the year, was the start of the pandemic. We suspended the drive mid-way through the month.

## impact to net income

Receipt of the PPP loan impacts our net income in some obvious ways, and in some less obvious ways. It sits on our Profit and Loss statement as "other income," which is income that does not come from operations. However, use of the loan was in operational expenses (payroll). In another circumstance, we would have reduced our labor expense due to the decrease in sales due to our limited hours, café closure and closure of the food truck. Due to receipt of the PPP, we maintained a remarkably high labor percent through the pandemic at 23.4% of our total sales. Much of this overspend was necessary as we used it to increase sanitization procedures and to package our entire bulk section.

### Balance Sheet

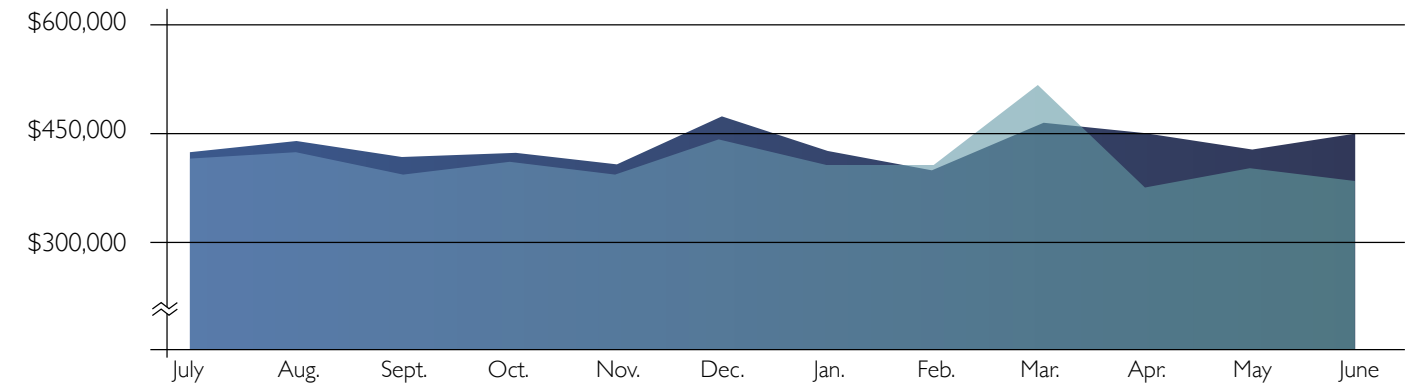
	2020	2019 (Adjusted)
<b>Assets</b>		
Cash	\$366,845	\$168,792
Current Assets	\$284,644	\$286,278
Fixed Assets	\$1,446,685	\$1,531,689
Other Assets	\$154,189	\$145,099
<b>Total Assets</b>	<b>\$2,252,363</b>	<b>\$2,124,709</b>
<b>Liabilities</b>		
Accounts Payable	\$147,828	\$130,622
<b>Total Current Liabilities</b>	<b>\$127,289</b>	<b>\$141,697</b>
<b>Total Long Term Liabilities</b>	<b>\$601,151</b>	<b>\$685,683</b>
Other	\$62,981	\$55,819
<b>Total Liabilities</b>	<b>\$939,249</b>	<b>\$1,022,073</b>
<b>Equity</b>		
Common Stock	\$660,923	\$659,545
Retained Earnings	\$652,191	\$443,091
<b>Total Equity</b>	<b>\$1,313,114</b>	<b>\$1,102,636</b>

# let's talk about sales!



Our year ended at \$4.9 million which was down from last year by 4%. Major drivers of this change were the closure of the café and the extremely abbreviated food truck season, though we were seeing some lagging sales in the lead up to COVID, as well.

Sales 2018/2019 vs. 2019/2020



## Pre-COVID:

Sales were at \$3,281,615 which was down 3% to the same time frame the previous year. This was with a 2% increase in traffic and a decreased average sale per shopping trip at \$25.74, down \$1.50 per transaction from the same period the year prior.

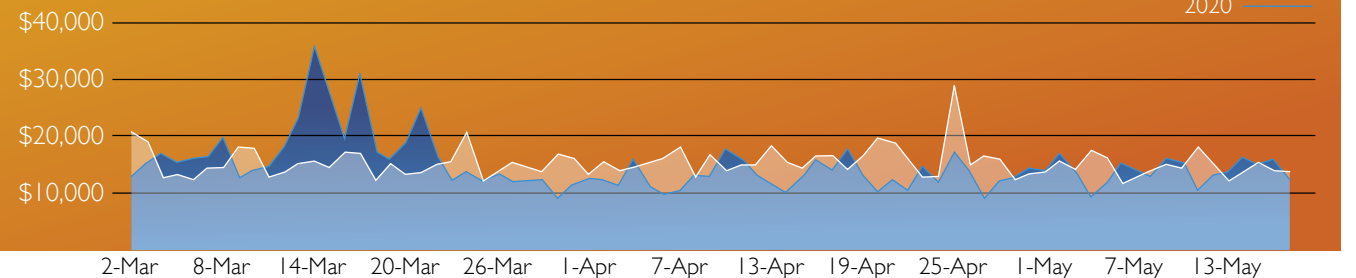
At the time, we set out to listen to our consumers and made some changes:

- Changed the layout of our wellness department so customers could shop without as much assistance and find companion products.
- Added additional selections of fresh meat.
- Increased scratch recipes from our kitchen to replenish the grab n go and ensure scratch soups were available.
- We were preparing to launch a breakfast program in the café.

## Post COVID:

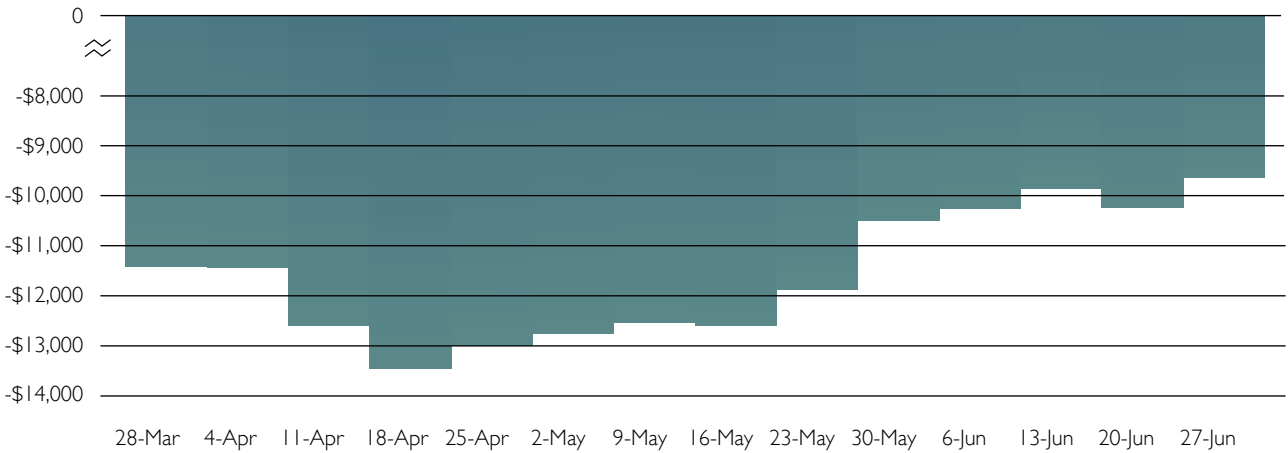
In March 2020, a massive sales spike drove the Co-op to its highest volume sales month ever at \$517,694. Packaged grocery, produce and bulk comprised most of the sales growth during this time as customers began the process of pantry loading prior to stay-at-home orders.

Sales: 2019 & 2020



At the same time, we were put in a position to cease some operations in the café including hot soups, made-to-order, and smoothies. We also made the difficult decision to cancel all of our summer plans for SorCERIE food truck. This resulted in significant sales loss in the food service department.

### 6 Week Average Food Service Deficit



Despite anticipated sales decline in the food service department, as well as a reduction in operating hours, some departments saw growth. Produce/Perishables (including refrigerated, frozen, meat and cheese). As did the grocery department.

### Produce and Perishable

