

2020 Annual Report



Stewarding the Co-op through Crisis

by Amina Rahman, External
Development Manager & Co-Manager

A year ago, as we were preparing the 2019 Annual Report for our membership, we had a sense we were on the brink of a year like none other in our lives – and, indeed, we were. We are still living through a global pandemic a full year later and are again preparing for fire season here in the Pacific Northwest.

At People's, we have met each new challenge guided by our values and Ends as a cooperatively-owned business. From being the first grocer in town to implement a customer limit, to shutting down on Thursdays to create a curbside shopping program, the Collective Management was quick to integrate change and adapt towards protecting our community of staff and shoppers.

Not every organization or business adapted towards community resilience: corporations like Amazon and Google saw record profits, lining the pockets of the 1% during a global pandemic that has affected us all and taken the lives of hundreds of thousands of Americans. Many of our competitors pay lip service to COVID-19 safety measures, but their stores and workers tell a different story. Small community-owned businesses like ours have had to tackle difficult issues with virtually no support from the local or federal government: how do we get food to people safely? How do we keep our staff safe while working? What do we have to deprioritize and let go of in order to focus on what's most important?

“By quickly re-working our operations and embracing change, the CM has stewarded the co-op admirably: we have not had a positive case of COVID-19 on staff and continue to work hard to keep it that way.”

We have learned much and accomplished much. By quickly re-working our operations and embracing change, the CM has stewarded the co-op admirably: we have not had a positive case of COVID-19 on staff and continue to work hard to keep it that way. We had a stellar Q1 sales quarter (+19%), even before pandemic-related panic buying set in, and were ranked #1 of all co-ops nationally based on financial performance. We ended 2020 meeting our net income goal of +0.5%, despite the added expenses of launching a curbside ordering program, closing the store one day a week, and reducing the number of customers we can serve at a time. As a result, People's will be able to give patronage back to the member-owners for 2020, concretely supporting our communities through a difficult economic time. If we had to choose a year out of People's 50 year history that best demonstrated all the reasons why communities need co-ops and community controlled food, it would be this past one.

There is so much to celebrate and to give gratitude for this year, including the member-owners and customers who stuck with People's. We would be nothing, however, without our staff who, at great personal-risk and risk to our/their families, worked to keep our doors open and food on the shelves. It is hard to find the words to describe how difficult and taxing it has been to be a frontline worker in this last year from putting ourselves at risk to go to work for our communities to the continuous boundary work with community members who refused to follow community safety measures – and it will likely continue to be so. When you're at People's next to stock up your pantry with bulk goods, grab your favorite snacks, or cash in your patronage check, please be sure to give your thanks to the workers and consider rounding up your change and donating to the Staff Support fund at the register.

Modeling Resiliency

by Board Directors Naoki Yoneyama,
Eleanor Escafi, & Sarabell Eisenfeld

Who could have predicted what 2020 had in store for us? The year was off to a great start for the Co-op: we had the second best financial ratio among co-ops nationwide, thanks to the work of the Collective Management improving the profitability of the store, as well as a surge in sales at the start of the pandemic.

As COVID-19 spread in our community, the Co-op had to make quick changes to safeguard the health and safety of workers, customers, and Hands-on Owners.

The Board recognizes the emotional toll and tremendous amount of stress and risk that workers faced in the past year, as they risked exposure to a dangerous virus every day at the Co-op, risked bringing the virus home to loved ones, and dealt with disgruntled community members who refused to keep distance or argued about wearing masks. It was time for society to recognize the essentiality of grocery workers who connect us so directly to our food. Unfortunately, essential workers weren't prioritized in the vaccine distribution schedule, and their work continues to be undervalued financially.

Thanks to the dedication of the workers, the Co-op was able to stay open and acted nimbly to become the first grocery store in Portland to implement a limited shopper capacity. These quick operational changes were made possible by the collective structure

of the co-op management, and the governance of the Board.

The Board helped the Co-op be successful by sticking to its governance role as the CM managed operations. This included monitoring the health of the co-op, educating ourselves, and thinking about the future of the co-op.

People's Food Co-op is one of only three co-ops in the nation that are collectively managed. This unique, non-hierarchical structure of twenty co-managers, designed to empower workers, allowed the Co-op to make quick and inclusive decisions to protect the health of workers, customers, and Hands-on Owners while keeping the co-op afloat. Indeed, the Co-op generated a profit of \$29,667 in 2020 even amid declining sales.

With the downturn in sales that followed the surge of panic buying early in the pandemic, the Co-op had to make budget cuts, which was an experience of both grief and resiliency. The Collective Management consented on budget cuts, which reduced the labor budgets especially, and called for lay-offs. Some Collective Managers opted for voluntary layoffs and became Substitute Staff, and some chose to step away from work at the Co-op entirely at this turning point. A smaller collective has been keeping the Co-op going.

Now in 2021, we are carrying on, weathering the challenges as they evolve. Member-Owners, shoppers, and community members: we need each other to continue. Every amount that you shop at the Co-op makes a difference. To be real, what makes the most difference is for Member-Owners to really make People's your shopping home, where you do most of your shopping and big shopping trips. If there are barriers you face in shopping more at the Co-op, we want to know! Please contact the Board (bod@peoples.coop) and/or the CM (info@peoples.coop) We also ask that our community do everything possible to protect the health of our community, including getting the vaccine if you are able to.

Here's to our resiliency, onward!



\$10,373

Total dollars raised by the community for Mudbone Grown, Project Umoja Kijana Shujaa, the Chuush Fund, People's Staff Support Fund, & Red House on Mississippi.

\$26,601

Total SNAP and Double Up Food Bucks (DUFb) distributed to our community at the Farmers' Market.

\$107,527

Total amount of groceries sold through our Curbside Pickup program. The Co-op launched our online store in June 2020 as an alternate method of shopping for folks who want or need to be able to shop mask-free or without coming into contact with the public.



2020 highlights

100

31.6%

Percentage of produce sold
that was farm-direct!

Our Co-Score for
Quarter 1 of 2020.
NCG (National Cooper-
ative Grocers) uses their
Co-Score system to
measure financial per-
formance of co-ops that
are members of NCG.
In Quarter 1 of 2020,
only one other co-op in
the nation achieved a
score of 100!



2020 Financial Report

by Rachel Markley, Finance Coordinator,
& Amina Rahman, Development Manager

Embarking on 2020, the Collective Management sought to work on increasing sales through growing basket size and customer counts, and becoming more efficient and reducing our labor and other operational costs. The COVID-19 pandemic made achieving these goals difficult. We closed on Thursdays in April in order to give staff a day of rest and to set up our curbside program, drastically reduced the number of customers allowed in at a time, and incurred increased expenses for cleaning and managing the customer queue. We ended the year with -6.3% sales growth, and a labor percentage of 25.7%.

Despite these challenges, the Collective Management reached our positive net income goal of +0.5%; after doing serious budget cuts and some layoffs, our year end profit was \$29,667. We also were approved a Paycheck Protection Plan loan (see Long-term Liabilities on the Balance Sheet) for the last quarter, which we expect to be fully or mostly forgiven in the coming year.

Moving forward into 2021, the Collective Management will be working on different ways to increase sales and improve our labor costs. Much of this work will be dependent on how the pandemic shifts.

The Profit and Loss table (below) shows the Co-op's operating income and expenses incurred. The Balance Sheet (on the next page) is an end-of-year snapshot of the Co-op's assets (what we own), liabilities (what we owe), and equity (what we have invested).

Highlights

-6.3%

Sales Growth

0.5%

Net Income

25.7%

**Labor Percentage
of Sales**

\$29,667

Net Profit

Profit & Loss

		2019	2020
income	Sales	\$5,202,917	\$4,875,674
	Other Income	\$25,493	\$50,628
expenses	Cost of Goods	\$3,364,597	\$3,096,731
	Labor	\$1,224,987	\$1,252,042
	Operating Expenses	\$597,358	\$542,662
	Income Taxes	\$4,235	\$5,200
	Net Profit/Loss	\$37,233	\$29,667

Balance Sheet

Assets	2019	2020
Cash	\$991,700	\$1,332,799
Inventory	\$240,974	\$237,409
Other Current Assets	\$18,362	\$14,392
Equipment	\$372,106	\$417,658
Land & Building	\$927,504	\$934,689
Accumulated Depreciation	-\$683,117	-\$744,345
Other Assets	\$115,932	\$107,562
Total Assets	\$1,983,461	\$2,300,164
Liabilities	2019	2020
Accounts Payable	\$103,472	\$104,591
Patronage Dividends Payable	\$68,675	\$39,918
Other Current Liabilities	\$68,788	\$80,603
Long-Term Liabilities	\$0	\$238,975
Total Liabilities	\$240,934	\$464,087
Equity	2019	2020
PeopleShares (Member-Owner Equity)	\$1,095,379	\$1,145,413
Retained Patronage Dividends	\$500,736	\$546,370
Earnings from Current Year	\$37,233	\$29,667
Patronage Dividends Payable from Previous Year	-\$30,566	-\$57,042
Retained Earnings	\$139,745	\$146,412
Total Equity	\$1,742,527	\$1,836,077

Patronage Dividends for 2020

Thank you for your support of People's during the trials of 2020. **Because of you and the nimble work of the Collective Management, People's made a profit for the second year in a row.** Because we are a co-op and not a traditional grocery store, People's returns some of those profits back to our owners – you. The more you shop, the more you receive. Thank you, Member-Owners!

Not only did the Collective Management run the store during a global pandemic, they continued to advance our work on community resources, organizing, and social justice. Along the way they took care of each other, arranging emergency time-off and hazard pay, and being a vanguard for community safety measures. Thank you, Collective Managers!

As a Board we decided to disburse 100% of the eligible funds back to you. We know the checks you receive may be small, but hopefully they are a help and a reminder of our gratitude for your steadfast patronage of the store.

Here are some quick details on the 2020 patronage dividend:

- **Total 2020 patronage-eligible Member-Owner sales: \$57,042**
- **Dividend amounts of less than \$3.00 will not be distributed** since it costs the Co-op more than \$3.00 to print and send it (outlined in Article VIII, Section 8.3 of our Bylaws).

As always, you can reach us at bod@peoples.coop. We'll see you around the Co-op or at a Board Meeting!

– Eleanor Escafi, Board President

2021 Annual Meeting

Saturday, June 26th

10 - 11am

**Join us in the courtyard for
coffee, chai, pastries, & voting!**

11:30am - 1:30pm

**Join us on Zoom to hear
about the state of the Co-op,
hear from the Board, & meet
the Board candidates!**

people's
FOOD CO-OP