

Analysis of key aspects of the PSFC Financial Statement for the 24-Week period ending: 07/18/2021 (Negative numbers in parenthesis.) page 1 of 3

Attached please find 18 additional pages. 6 pages that compare the 24 pandemic weeks this year with the 24 pre-pandemic weeks in 2019 follow these three analysis pages. The second set of 6 pages compare 24 weeks this year with the 20 weeks this year. The third set of 6 pages compares 24 weeks this year with the 24 weeks last year that were only partially during the pandemic.

Comparison Between same 24 Week Period in 2019 and 2021

Income statement	24 weeks ending 07/21/2019	24 weeks ending 07/18/2021
Loss	0	\$(1.534 million)
Gain	\$361,000	0

Change in operational output in above table from Gain to Loss= >\$(1.9 million)

Causes

- Shopping volume being down caused a difference of (\$800,000)
- Expenses up, especially personnel, caused a difference of (\$1,100,000)
- Other income plus interest income down by (\$100,000)

Important Note: Transactions at checkouts per week in 2019 were 17,000 versus 8,000 in 2021

Summary of Cash In/Used During Pandemic: Feb. 1, 2020 – July 18, 2021

Date	Source of Cash In	Amount
February 2020	Bank Balance	\$3.9 million
April 2020	PPP Loan (Forgiven)	1.5 m
Spring/Summer 2020	Voluntary increases in Member Investments	.8 m
October 13, 2020 to July 18, 2021	Income from temporary price increase (higher mark-up)	1.0 m
March 2021	PPP loan #2 (to be forgiven)	1.7 m
Feb. 1, 2020 – July 18, 2021	Total cash available to the Coop:	8.9 m=cash before operations
July 18, 2021	Subtract cash at this date	(2.4)M
Feb. 1, 2020 – July 18, 2021	Used by Coop during period	\$6.5 million*

Average week negative cash during period of Feb. 1, 2020 – June 20, 2021 (>\$80,000)

* a seasonal reduction in the amount we owe our suppliers ("accounts payable") make this number higher than normal by about \$200,000 than it ordinarily would be.

Qualitative Understanding of Coop's Finances Going Forward page 2 of 3

Impact of Return of Member Labor

Problem: We needed to increase staff to make up for loss of member labor

Solution: Return of member labor to reduce staff costs by at least \$30,000/week initially and later more.

Impact of Loss of Members

Problem: Coop lost at least 4000 members during pandemic thereby diminishing income

Solution: Member outreach and Restart New Member Orientations by August 15 or sooner if possible

Goal: Orient a minimum of 100 new members/week

Impact of Reduction of Shopping Hours

Problem: The Coop is open 84 hours per week down from 100 pre-pandemic thereby diminishing income

Solution: As we gain new members start opening up more hours.

Goal: Have at least 100 shopping hours per week

Impact of Ongoing operational losses:

During the remainder of this fiscal year, weeks 25 to 52 which will end 01/30/2022, I expect that our weekly operating loss will start to slow down and perhaps be close to zero by 01/30/2022. Nevertheless I project that our operations will average a loss of \$30,000 per week during this final 28-week period. At this time I am expecting to see an operating loss at fiscal year end of about \$2,400,000.

Impact of Additional Government funding on the other income section and cash on the balance sheet:

We have claimed or will be claiming a total of 4 Employee Retention Credits (ERC). One is for 2020 and 3 are for 2021. We are expecting but have not yet received any of the \$2,900,000 in cash from the IRS for these ERC claims. The one for 2020 for about \$860,000 is already carried over from the prior year as a current asset on our balance sheet. (See line for other current assets). If we enter the 3 ERC claims for 2021 into our accounting system it would make the bottom line view appear much brighter by about \$2,000,000. However, the IRS so far has been slow to pay us for our ERC claims. If this non-payment situation continues for the remainder of this fiscal year we could end the year with around only \$1,500,000, perhaps even less. It is possible that we would decide to borrow short term while waiting for the IRS to pay us for our tax credit claims. *The price increase continuation is built into these projections. If the price increase (mark-up increase) were to end then various key numbers would change.*

Summary of "We Musts"

- We must robustly admit new members both this year and next.
- We must significantly increase shopping hours.
- We must continue to bring back Member Labor to Members' former responsibilities.

Summary of milestones we will achieve from doing the "We Musts"

- Next year we should be able to reach an operational level that doesn't consume cash.
- We will have restored the central theme of members creating savings through their work and cooperation

What challenges might we face going forward? Page 3 of 3

- New Member Orientations might fail to restore membership to at or near pre-pandemic numbers.
- Federal funds might not materialize or might be delayed beyond reasonable expectations.
- If we need to institutionalize higher prices this could undermine our reputation for excellent prices and we might be viewed as less competitive than we have been over the years with other local grocery options. In turn this could hurt our chances of rebuilding our membership and our chances of returning to our former financial strength. Also higher prices could mean that our membership would become less economically diverse.

Definitions and Calculations for understanding the following attached 24 week financial statement:

- ¹ Gross Margin = Net Sales (money generated by members when we shop) – Cost of the Goods Sold. The Gross Margin dollars divided by Net Sales dollars yields the gross margin percentage. The gross margin dollars are used to pay the expenses of running of the Coop.
- ² The Coop marks up all items received for resale to try to generate enough money to cover the expenses of operating the Coop. As of 10/13/2020 **products are marked-up 25% for most members (temporarily up from 21%) above the delivered cost.** The exceptions: vitamins and supplements are marked-up an additional 10% above that; cheese, an additional 3%; bulk items, an additional 7%; organic produce, an additional \$1.10 per case to the delivered case cost; conventionally grown produce, an additional \$.50 per case; organic bananas, an extra \$2.50 per case in addition to the \$1.10; and conventional papayas, an extra \$1.00 in addition to the \$.50. There are other minor additions that also are part of the mark-up. **The result is an estimated overall current markup of 26.7%.**
- ³ Shrink and perfect gross margin have been part of our financial analysis since the Coop started in 1973. Perfect gross margin is reached when there is no spoilage, no theft, etc.; by the way, it is never reached. Because the Coop is usually run at about breakeven we pay attention to how far from perfect we are in order to remain financially sustainable and to be alerted to problems that have a financial impact and therefore need to be solved or improved upon. **The goal is to keep our low-price structure by solving problems instead of raising prices.** Shrink is the amount of imperfection. It is calculated by comparing the actual gross margin to the perfect gross margin. Our perfect gross margin is calculated by dividing .267 (the mark-up) by 1.267 which =21.07%. We estimate that a typical natural foods supermarket uses a markup of about 56% to yield a gross margin of about 34%. Our estimated shrink for the 24 week period ended 07/18/2021 is 0.54% as a percent of sales. Calculated from “perfect” gross margin of 21.07% minus gross margin from page 1 of 20.53%=0.54%.

please see the attached 18 pages of financial statements

INCOME STATEMENT

	24 weeks to	7/18/21	24 weeks to	7/21/19
		Per Cent		Per Cent
		of Sales		of Sales
Net Sales	<u>19,789,466</u>	<u>100.00%</u>	<u>27,143,406</u>	<u>100.00%</u>
Cost of Goods Sold				
Inventory At Beginning	630,935		698,341	
Net Purchases	<u>15,786,704</u>		<u>22,521,759</u>	
Total Available for Sale	<u>16,417,639</u>		<u>23,220,100</u>	
Less: Inventory At End	690,279		838,944	
Cost of Goods Sold	<u>15,727,360</u>	<u>79.47%</u>	<u>22,381,156</u>	<u>82.46%</u>
Gross Margin	4,062,105	20.53%	4,762,251	17.54%
Expenses				
Expenses Except Depreciation	5,511,496	27.85%	4,426,316	16.31%
Depreciation	<u>125,108</u>	<u>.63%</u>	<u>111,155</u>	<u>.41%</u>
Total Expenses (Schedule)	<u>5,636,604</u>	<u>28.48%</u>	<u>4,537,471</u>	<u>16.72%</u>
Operating Income (Loss)	(1,574,499)	(7.96%)	224,780	.83%
Other Income				
Membership Fees	3,140	.02%	23,205	.09%
Events & Gifts	0	.00%	1,497	.01%
Cash Discounts & Rebates	8,865	.04%	25,277	.09%
Other Discounts	0	.00%	6,461	.02%
Patronage Refund Income	13,294	.07%	55,993	.21%
Income Tax Refund	0	.00%	0	.00%
Other Income (incl SBA PPP Loan Forgiveness)	4,900	.02%	4,123	.02%
Total Other Income	<u>30,198</u>	<u>.15%</u>	<u>116,556</u>	<u>.43%</u>
Income Before Interest & Taxes	(1,544,301)	(7.80%)	341,336	1.26%
Interest Expense-Loans	0	.00%		
Interest Expense-Other	0	.00%	(218)	.00%
Interest Income	<u>10,152</u>	<u>.05%</u>	<u>20,121</u>	<u>.07%</u>
Net interest	<u>10,152</u>	<u>.05%</u>	<u>19,902</u>	<u>.07%</u>
Income (Loss) Before Income Taxes	(1,534,149)	(7.75%)	361,238	1.33%
Provision for Taxes	<u>TBD</u>		<u>TBD</u>	
Net Income (Loss)	<u>TBD</u>		<u>TBD</u>	
Other Comprehensive Income-pension Plan Related	<u>TBD</u>		<u>TBD</u>	
Total Comprehensive Income (Loss)	<u>TBD</u>		<u>TBD</u>	

SCHEDULES OF OPERATING EXPENSES

	24 weeks to	7/18/21	24 weeks to	7/21/19
		Per Cent of Sales		Per Cent of Sales
Personnel				
Salary-General Coordinating	265,868	1.34%	254,971	.94%
Salary/Wages-IT	224,635	1.14%	216,496	.80%
Wages-Hourly Coordinating	2,720,253	13.75%	1,773,788	6.53%
Total Payroll	3,210,755	16.22%	2,245,255	8.27%
Employee Health Benefits	889,629	4.50%	728,544	2.68%
Employee Pension Benefits	356,608	1.80%	291,772	1.07%
Employee Benefits-Other	89,223	.45%	43,299	.16%
Vacation, Health & Personal Days Accrued	0	.00%	0	.00%
Total Compensation Package	4,546,216	22.97%	3,308,871	12.19%
Payroll Taxes	263,844	1.33%	180,118	.66%
Workers Comp. Insurance Expense-Staff	7,264	.04%	33,940	.13%
EAP and/or Training Fees	14,659	.07%	9,605	.04%
Payroll Preparation Expense	56,013	.28%	10,747	.04%
Pension/401k Administration Expense	9,146	.05%	1,718	.01%
Consultant Fees	3,101	.02%	13,930	.05%
Total Personnel	4,900,242	24.76%	3,558,928	13.11%
Occupancy				
Electric	66,641	.34%	88,237	.33%
Gas	16,088	.08%	13,953	.05%
Insurance	124,383	.63%	108,615	.40%
Taxes - Real Estate	78,219	.40%	64,396	.24%
Taxes - Water & Sewer	4,279	.02%	4,280	.02%
Exterminator	1,225	.01%	3,198	.01%
Subtotal	290,834	1.47%	282,679	1.04%
Deprec. - Building	82,729	.42%	70,560	.26%
Total - Occupancy	373,563	1.89%	353,239	1.30%
Store				
Store Supplies	30,790	.16%	33,576	.12%
Recycling and Garbage Removal	12,791	.06%	17,068	.06%
Cash Short or (Over)	950	.00%	474	.00%
Svc Cntrct Exp. & Rpr.-Stre Equip.	61,310	.31%	68,521	.25%
Subtotal	105,841	.53%	119,640	.44%
Depreciation - Fixtures & Equip.	30,324	.15%	34,127	.13%
Total Store	136,165	.69%	153,766	.57%
Office				
Printing & Copying	11,845	.06%	18,676	.07%
Office Supplies	28,917	.15%	23,196	.09%
Telecommunications	15,070	.08%	17,611	.06%
Postage	11,898	.06%	16,977	.06%
Professional Fees	0	.00%	0	.00%
Svc Cntrct Exp. & Rpr.-Ofc. Equip.	43,681	.22%	52,614	.19%
Subtotal	111,411	.56%	129,074	.48%
Depreciation - Furn. & Equip.	12,056	.06%	6,468	.02%
Total Office	123,467	.62%	135,542	.50%

continued on page 3

SCHEDULES OF OPERATING EXPENSES (cont'd)

	24 weeks to	7/18/21	24 weeks to	7/21/19
		Per Cent of Sales		Per Cent of Sales
Other				
Repairs, Tools, Maintenance	14,605	.07%	26,711	.10%
Advertising and Promotion Expense	0	.00%	3,578	.01%
Meeting Room Expense	2,965	.01%	3,750	.01%
Miscellaneous Expense	7,656	.04%	17,684	.07%
Gazette Ad Income	0		(2,105)	
Less: Printing & Delivery	779		13,635	
National Co-op Grocers Member Fees	15,000	.08%	15,000	.06%
Childcare Expense	0	.00%	1,101	.00%
Audit Expense/Tax Preparation	11,300	.06%	3,750	.01%
Bank Charges	2,848	.01%	4,665	.02%
Electronic Payment Service Charges	60,196	.30%	130,392	.48%
Workers Compensation Insurance-Members	(17,161)	(.09%)	80,502	.30%
Legal Fees	4,980	.03%	37,333	.14%
Total Other	103,167	.52%	335,995	1.24%
Total Expenses	5,636,604	28.48%	4,537,471	16.72%

SALES AND MEMBERSHIP AVERAGES

Sales Per Week:	24 weeks to	7/18/21	24 weeks to	7/21/19
Average	\$824,561		\$1,130,975	
Increase or (Decrease) in Sales Per Week	(\$45,453)	-5.22%	\$19,586	1.76%

Due to changes in Coop operations since March 23, 2020, we will not provide numbers and statistics in this section until such time that we can ascertain the accuracy of the number of members.

	24 weeks to 7/18/21			24 weeks to 7/21/19		
BALANCE SHEETS						
ASSETS						
Current Assets						
Cash (Schedule)			2,375,371			3,263,560
Inventory			690,279			838,944
Prepaid Expenses (Schedule)			346,902			492,096
Other Current Assets			855,692	4,268,244		10,207
						4,604,807
Fixed Assets						
	Gross	Accum. Deprec.	Net	Gross	Accum. Deprec.	Net
Land	165,000		165,000	165,000		165,000
Building	6,057,384	2,958,904	3,098,479	5,071,853	2,601,812	2,458,281
Office Equipment	459,889	419,408	40,481	395,676	376,502	18,322
Store Equipment	2,128,895	2,082,362	46,533	2,103,293	1,946,102	151,503
Leased Equipment	30,150	4,566	25,584	15,998	11,332	15,861
Deposit on purch of FA	10,000		10,000	839,016		839,016
	8,851,318	5,465,241		8,590,835	4,935,748	
			3,386,078			3,647,982
Other Assets						
Invest. in Other Cooperative Associations (Sched.)			488,198			294,902
Security Deposit (NCG Joint Liability)			215,735			84,684
Deferred Income Tax Asset			1,534,507			578,842
			2,238,440			958,428
Total Assets			9,892,762			9,211,217
LIABILITIES & MEMBERS EQUITY						
Current Liabilities						
Accounts Payable			1,242,234			1,965,933
Accrued Vacation, Health & Personal Days			498,539			426,417
Accrued Miscellaneous Expense			212,945			241,317
Donations Payable: Fair Food Program			4,555			
Taxes Payable			32,711			49,345
Net Income Tax Liabilities			(216,723)			
Current Obligations Payable Under Capital Leases			3,241	1,777,502		2,750
						2,685,763
Long Term Liabilities						
Non-Current Oblig. Payable Under Capital Leases			23,936			12,943
Bank Loans Payable			1,677,345			
Pension Plan Liability			2,707,817	4,409,098		1,715,926
						1,728,869
Total Liabilities			6,186,600			4,414,631
Members' Investment & Members' Equity						
Members' Investment			3,889,768			3,133,967
Paid-in Capital			10,566			10,566
Additional Paid-in Capital			67,288			37,548
Accumulated other comprehensive income			(481,159)			(272,265)
Retained Earnings			219,700	3,706,162		1,886,771
						4,796,586
Total Liabilities & Members Equity			9,892,762			9,211,217
Cash			\$2,375,371			\$3,263,560
Less: Accounts Payable (money owed to suppliers)			1,242,234			1,965,933
			\$1,133,137			\$1,297,627

BALANCE SHEET SCHEDULES

24 weeks to 7/18/21

24 7/21/19

Cash

Citibank Checking	0		0	
Sterling Checking	159,401		713,187	
Sterling Money Market Accounts	208,174		736,684	
Sterling FSA	41,985		140,788	
National Cooperative Savings Bank CDs/Money Market	1,425,935		1,158,853	
Spring Bank Money Market/Savings	279,361		267,754	
Peoples Alliance Federal Credit Union CD	260,515	2,375,371	246,295	3,263,560

Prepaid Expenses

Miscellaneous	0		153,500	
Service Contract-Office Equipment	30,923		35,663	
Service Contract-Store Equipment	21,530		18,725	
Workers Compensation Insurance	119,838		39,679	
Childcare Insurance	0		1,141	
Fire and Liability Insurance	36,202		47,320	
Fidelity Bond-Pension/401k	166		874	
Directors and Officers Liability Insurance	6,655		1,933	
Meeting Room Expense	0		1,127	
CBD Products Insurance	0		2,965	
Real Estate Taxes	131,586		70,471	
Net Tax Asset	0	346,902	118,699	492,096

Investment in Cooperative Suppliers

Patronage Dividends-National Co+op Grocers	317,506		151,259	
Patronage Refund-Frontier	80,581		66,781	
Patronage Refund-Fedco Seeds	611		611	
Equity-Frontier Cooperative Herbs	3,734		3,734	
Equity-National Coop. Bank-Class C Stock	28,412		28,412	
Equity-National Co+op Grocers (Member Equity)	56,855		43,606	
Equity-National Co+op Grocers (Voting Stock)	500	488,198	500	294,902

24 weeks to 7/18/21

24 weeks to 7/21/19

Inventory Turnover

52 x

63 x

STATEMENT OF CASH FLOWS

	<u>24 weeks to 7/18/21</u>	<u>24 weeks to 7/21/19</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, FISCAL YEAR TO DATE:		
Cash flows from operating activities:		
Net income (loss) before income taxes	(1,534,149)	361,238
Adjustments to reconcile results of operations to net cash effect of operating activities:		
Depreciation	125,108	111,155
Deferred income taxes	0	0
Excess of pension expense over cash contributions	154,875	41,772
Net change in asset and liability accounts:		
Inventories	(59,344)	(140,603)
Prepaid Expenses	(172,580)	(228,214)
Other current assets	239,089	(3,047)
Accounts payable	(99,473)	(24,101)
Other current liabilities	(195,112)	42,366
Total adjustments	<u>(7,438)</u>	<u>(200,672)</u>
Net cash provided by (used for) operating activities	<u>(1,541,587)</u>	<u>160,566</u>
Cash flows from investing activities:		
Acquisition of property and equipment, net	(20,779)	(186,979)
Investment in other cooperative associations	(9,306)	(43,366)
Security Deposit	(80,582)	(163)
Net cash provided by (used for) investing activities	<u>(110,667)</u>	<u>(230,508)</u>
Cash flows from financing activities:		
Repayment of capital lease obligations		(1,482)
Bank Loans Payable	1,677,345	0
Net proceeds from member investments	(97,090)	22,363
Capital contributions	24,305	965
Net cash provided by (used for) financing activities	<u>1,604,560</u>	<u>21,846</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(47,693)</u>	<u>(48,096)</u>
Cash and cash equivalents - beginning of year	<u>2,423,064</u>	<u>3,311,656</u>
Cash and cash equivalents - end of period	<u>2,375,371</u>	<u>3,263,560</u>

INCOME STATEMENT

	24 weeks to	7/18/21 Per Cent of Sales	20 weeks to	6/20/21 Per Cent of Sales
Net Sales	<u>19,789,466</u>	<u>100.00%</u>	<u>16,789,676</u>	<u>100.00%</u>
Cost of Goods Sold				
Inventory At Beginning	630,935		630,935	
Net Purchases	<u>15,786,704</u>		<u>13,451,520</u>	
Total Available for Sale	<u>16,417,639</u>		<u>14,082,455</u>	
Less: Inventory At End	<u>690,279</u>		<u>750,990</u>	
Cost of Goods Sold	<u>15,727,360</u>	<u>79.47%</u>	<u>13,331,465</u>	<u>79.40%</u>
Gross Margin	4,062,105	20.53%	3,458,211	20.60%
Expenses				
Expenses Except Depreciation	5,511,496	27.85%	4,554,368	27.13%
Depreciation	<u>125,108</u>	<u>.63%</u>	<u>104,230</u>	<u>.62%</u>
Total Expenses (Schedule)	<u>5,636,604</u>	<u>28.48%</u>	<u>4,658,598</u>	<u>27.75%</u>
Operating Income (Loss)	(1,574,499)	(7.96%)	(1,200,387)	(7.15%)
Other Income				
Membership Fees	3,140	.02%	2,195	.01%
Events & Gifts	0	.00%	0	.00%
Cash Discounts & Rebates	8,865	.04%	8,865	.05%
Other Discounts	0	.00%	0	.00%
Patronage Refund Income	13,294	.07%	13,294	.08%
Income Tax Refund	0	.00%	0	.00%
Other Income (incl SBA PPP Loan Forgiveness)	<u>4,900</u>	<u>.02%</u>	<u>2,412</u>	<u>.01%</u>
Total Other Income	<u>30,198</u>	<u>.15%</u>	<u>26,766</u>	<u>.16%</u>
Income Before Interest & Taxes	(1,544,301)	(7.80%)	(1,173,621)	(6.99%)
Interest Expense-Loans	0	.00%	0	.00%
Interest Expense-Other	0	.00%	0	.00%
Interest Income	<u>10,152</u>	<u>.05%</u>	<u>8,866</u>	<u>.05%</u>
Net interest	<u>10,152</u>	<u>.05%</u>	<u>8,866</u>	<u>.05%</u>
Income (Loss) Before Income Taxes	(1,534,149)	(7.75%)	(1,164,755)	(6.94%)
Provision for Taxes	<u>TBD</u>		<u>TBD</u>	
Net Income (Loss)	<u><u>TBD</u></u>		<u><u>TBD</u></u>	
Other Comprehensive Income-pension Plan Related	<u>TBD</u>		<u>TBD</u>	
Total Comprehensive Income (Loss)	<u>TBD</u>		<u>TBD</u>	

SCHEDULES OF OPERATING EXPENSES

	24 weeks to	7/18/21	20 weeks to	6/20/21
		Per Cent of Sales		Per Cent of Sales
Personnel				
Salary-General Coordinating	265,868	1.34%	230,846	1.37%
Salary/Wages-IT	224,635	1.14%	185,800	1.11%
Wages-Hourly Coordinating	2,720,253	13.75%	2,252,998	13.42%
Total Payroll	3,210,755	16.22%	2,669,645	15.90%
Employee Health Benefits	889,629	4.50%	739,586	4.41%
Employee Pension Benefits	356,608	1.80%	297,173	1.77%
Employee Benefits-Other	89,223	.45%	64,101	.38%
Vacation, Health & Personal Days Accrued	0	.00%	0	.00%
Total Compensation Package	4,546,216	22.97%	3,770,504	22.46%
Payroll Taxes	263,844	1.33%	218,281	1.30%
Workers Comp. Insurance Expense-Staff	7,264	.04%	733	.00%
EAP and/or Training Fees	14,659	.07%	14,659	.09%
Payroll Preparation Expense	56,013	.28%	50,836	.30%
Pension/401k Administration Expense	9,146	.05%	5,620	.03%
Consultant Fees	3,101	.02%	0	.00%
Total Personnel	4,900,242	24.76%	4,060,633	24.19%
Occupancy				
Electric	66,641	.34%	53,400	.32%
Gas	16,088	.08%	13,298	.08%
Insurance	124,383	.63%	109,971	.65%
Taxes - Real Estate	78,219	.40%	66,688	.40%
Taxes - Water & Sewer	4,279	.02%	3,579	.02%
Exterminator	1,225	.01%	1,225	.01%
Subtotal	290,834	1.47%	248,161	1.48%
Deprec. - Building	82,729	.42%	68,914	.41%
Total - Occupancy	373,563	1.89%	317,076	1.89%
Store				
Store Supplies	30,790	.16%	26,496	.16%
Recycling and Garbage Removal	12,791	.06%	11,265	.07%
Cash Short or (Over)	950	.00%	930	.01%
Svc Cntrct Exp. & Rpr.-Stre Equip.	61,310	.31%	53,328	.32%
Subtotal	105,841	.53%	92,019	.55%
Depreciation - Fixtures & Equip.	30,324	.15%	25,270	.15%
Total Store	136,165	.69%	117,289	.70%
Office				
Printing & Copying	11,845	.06%	10,983	.07%
Office Supplies	28,917	.15%	16,144	.10%
Telecommunications	15,070	.08%	12,426	.07%
Postage	11,898	.06%	11,776	.07%
Professional Fees	0	.00%	0	.00%
Svc Cntrct Exp. & Rpr.-Ofc. Equip.	43,681	.22%	36,029	.21%
Subtotal	111,411	.56%	87,358	.52%
Depreciation - Furn. & Equip.	12,056	.06%	10,046	.06%
Total Office	123,467	.62%	97,404	.58%

continued on page 3

SCHEDULES OF OPERATING EXPENSES (cont'd)	24 weeks to	7/18/21	20 weeks to	6/20/21
		Per Cent of Sales		Per Cent of Sales
Other				
Repairs, Tools, Maintenance	14,605	.07%	12,147	.07%
Advertising and Promotion Expense	0	.00%	0	.00%
Meeting Room Expense	2,965	.01%	2,965	.02%
Miscellaneous Expense	7,656	.04%	4,959	.03%
Gazette Ad Income	0		0	
Less: Printing & Delivery	779		779	
National Co-op Grocers Member Fees	15,000	.08%	7,500	.04%
Childcare Expense	0	.00%	0	.00%
Audit Expense/Tax Preparation	11,300	.06%	0	.00%
Bank Charges	2,848	.01%	2,430	.01%
Electronic Payment Service Charges	60,196	.30%	49,584	.30%
Workers Compensation Insurance-Members	(17,161)	(.09%)	(18,818)	(.11%)
Legal Fees	4,980	.03%	4,650	.03%
Total Other	103,167	.52%	66,197	.39%
Total Expenses	5,636,604	28.48%	4,658,598	27.75%

SALES AND MEMBERSHIP AVERAGES

Sales Per Week:	24 weeks to	7/18/21	20 weeks to	6/20/21
Average	\$824,561		\$839,484	
Increase or (Decrease) in Sales Per Week	(\$45,453)	-5.22%	(\$55,971)	-6.25%

Due to changes in Coop operations since March 23, 2020, we will not provide numbers and statistics in this section until such time that we can ascertain the accuracy of the number of members.

24 weeks to 7/18/21

20 weeks to 6/20/21

BALANCE SHEETS

ASSETS

Current Assets

Cash (Schedule)			2,375,371				2,861,214	
Inventory			690,279				750,990	
Prepaid Expenses (Schedule)			346,902				238,728	
Other Current Assets			855,692	4,268,244			918,651	4,769,584

Fixed Assets

	Gross	Accum. Deprec.	Net		Gross	Accum. Deprec.	Net	
Land	165,000		165,000		165,000		165,000	
Building	6,057,384	2,958,904	3,098,479		6,057,384	2,945,090	3,112,294	
Office Equipment	459,889	419,408	40,481		459,889	417,840	42,049	
Store Equipment	2,128,895	2,082,362	46,533		2,128,895	2,077,308	51,587	
Leased Equipment	30,150	4,566	25,584		30,150	4,124	26,026	
Deposit on purch of FA	10,000		10,000		10,000		10,000	
	8,851,318	5,465,241		3,386,078	8,851,318	5,444,363		3,406,956

Other Assets

Invest. in Other Cooperative Associations (Sched.)			488,198				488,198	
Security Deposit (NCG Joint Liability)			215,735				213,303	
Deferred Income Tax Asset			1,534,507	2,238,440			1,534,507	2,236,008
Total Assets				9,892,762				10,412,547

LIABILITIES & MEMBERS EQUITY

Current Liabilities

Accounts Payable			1,242,234				1,427,356	
Accrued Vacation, Health & Personal Days			498,539				498,539	
Accrued Miscellaneous Expense			212,945				211,245	
Donations Payable: Fair Food Program			4,555				4,555	
Taxes Payable			32,711				39,559	
Net Income Tax Liabilities			(216,723)				-216,723	
Current Obligations Payable Under Capital Leases			3,241	1,777,502			3,831	1,968,362

Long Term Liabilities

Non-Current Oblig. Payable Under Capital Leases			23,936				23,936	
Bank Loans Payable			1,677,345				1,677,345	
Pension Plan Liability			2,707,817	4,409,098			2,648,382	4,349,663
Total Liabilities				6,186,600				6,318,025

Members' Investment & Members' Equity

Members' Investment			3,889,768				3,914,039	
Paid-in Capital			10,566				10,566	
Additional Paid-in Capital			67,288				61,983	
Accumulated other comprehensive income			(481,159)				(481,159)	
Retained Earnings			219,700	3,706,162			589,094	4,094,522
Total Liabilities & Members Equity				9,892,762				10,412,547

Cash			\$2,375,371				\$2,861,214	
Less: Accounts Payable (money owed to suppliers)			1,242,234				1,427,356	
			<u>\$1,133,137</u>				<u>\$1,433,859</u>	

BALANCE SHEET SCHEDULES

24 weeks to 7/18/21

20 weeks to 6/20/21

Cash

Citibank Checking	0	0
Sterling Checking	159,401	168,750
Sterling Money Market Accounts	208,174	153,062
Sterling FSA	41,985	19,784
National Cooperative Savings Bank CDs/Money Market	1,425,935	1,980,466
Spring Bank Money Market/Savings	279,361	279,238
Peoples Alliance Federal Credit Union CD	260,515	259,915
	<u>2,375,371</u>	<u>2,861,214</u>

Prepaid Expenses

Miscellaneous	0	0
Service Contract-Office Equipment	30,923	34,817
Service Contract-Store Equipment	21,530	23,723
Workers Compensation Insurance	119,838	66,826
Childcare Insurance	0	0
Fire and Liability Insurance	36,202	31,623
Fidelity Bond-Pension/401k	166	193
Directors and Officers Liability Insurance	6,655	7,606
Meeting Room Expense	0	0
CBD Products Insurance	0	0
Real Estate Taxes	131,586	73,940
Net Tax Asset	<u>0</u>	<u>0</u>
	<u>346,902</u>	<u>238,728</u>

Investment in Cooperative Suppliers

Patronage Dividends-National Co+op Grocers	317,506	317,506
Patronage Refund-Frontier	80,581	80,581
Patronage Refund-Fedco Seeds	611	611
Equity-Frontier Cooperative Herbs	3,734	3,734
Equity-National Coop. Bank-Class C Stock	28,412	28,412
Equity-National Co+op Grocers (Member Equity)	56,855	56,855
Equity-National Co+op Grocers (Voting Stock)	<u>500</u>	<u>500</u>
	<u>488,198</u>	<u>488,198</u>

24 weeks to 7/18/21

20 weeks to 6/20/21

Inventory Turnover	52 x	50 x
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STATEMENT OF CASH FLOWS

24 weeks to 7/18/2120 weeks to 6/20/21

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, FISCAL YEAR TO DATE:

Cash flows from operating activities:

Net income (loss) before income taxes	(1,534,149)	(1,164,755)
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Adjustments to reconcile results of operations to net cash effect of operating activities:

Depreciation	125,108	104,230
Deferred income taxes	0	0
Excess of pension expense over cash contributions	154,875	95,440
Net change in asset and liability accounts:		
Inventories	(59,344)	(120,055)
Prepaid Expenses	(172,580)	(64,406)
Other current assets	239,089	176,130
Accounts payable	(99,473)	85,648
Other current liabilities	(195,112)	(189,375)

Total adjustments	(7,438)	87,613
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Net cash provided by (used for) operating activities	(1,541,587)	(1,077,142)
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Cash flows from investing activities:

Acquisition of property and equipment, net	(20,779)	(20,779)
Investment in other cooperative associations	(9,306)	(9,306)
Security Deposit	(80,582)	(78,150)

Net cash provided by (used for) investing activities	(110,667)	(108,234)
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Cash flows from financing activities:

Repayment of capital lease obligations		
Bank Loans Payable	1,677,345	1,677,345
Net proceeds from member investments	(97,090)	(72,819)
Capital contributions	24,305	19,000

Net cash provided by (used for) financing activities	1,604,560	1,623,526
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NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(47,693)	438,150
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Cash and cash equivalents - beginning of year	2,423,064	2,423,064
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Cash and cash equivalents - end of period	2,375,371	2,861,214
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INCOME STATEMENT

	24 weeks to	7/18/21	24 weeks to	7/19/20
		Per Cent of Sales		Per Cent of Sales
Net Sales	<u>19,789,466</u>	<u>100.00%</u>	<u>20,880,335</u>	<u>100.00%</u>
Cost of Goods Sold				
Inventory At Beginning	630,935		712,728	
Net Purchases	<u>15,786,704</u>		<u>17,368,888</u>	
Total Available for Sale	<u>16,417,639</u>		<u>18,081,616</u>	
Less: Inventory At End	690,279		746,672	
Cost of Goods Sold	<u>15,727,360</u>	<u>79.47%</u>	<u>17,334,944</u>	<u>83.02%</u>
Gross Margin	4,062,105	20.53%	3,545,391	16.98%
Expenses				
Expenses Except Depreciation	5,511,496	27.85%	4,978,057	23.84%
Depreciation	<u>125,108</u>	<u>.63%</u>	<u>123,422</u>	<u>.59%</u>
Total Expenses (Schedule)	<u>5,636,604</u>	<u>28.48%</u>	<u>5,101,479</u>	<u>24.43%</u>
Operating Income (Loss)	(1,574,499)	(7.96%)	(1,556,088)	(7.45%)
Other Income				
Membership Fees	3,140	.02%	6,675	.03%
Events & Gifts	0	.00%	3,249	.02%
Cash Discounts & Rebates	8,865	.04%	12,184	.06%
Other Discounts	0	.00%	0	.00%
Patronage Refund Income	13,294	.07%	99,022	.47%
Income Tax Refund	0	.00%	0	.00%
Other Income	4,900	.02%	5,225	.03%
Total Other Income	<u>30,198</u>	<u>.15%</u>	<u>126,355</u>	<u>.61%</u>
Income Before Interest & Taxes	(1,544,301)	(7.80%)	(1,429,734)	(6.85%)
Interest Expense-Loans	0	.00%	0	.00%
Interest Expense-Other	0	.00%	0	.00%
Interest Income	<u>10,152</u>	<u>.05%</u>	<u>29,556</u>	<u>.14%</u>
Net interest	<u>10,152</u>	<u>.05%</u>	<u>29,556</u>	<u>.15%</u>
Income (Loss) Before Income Taxes	(1,534,149)	(7.75%)	(1,400,178)	(6.71%)
Provision for Taxes	<u>TBD</u>		<u>TBD</u>	
Net Income (Loss)	<u>TBD</u>		<u>TBD</u>	
Other Comprehensive Income-pension Plan Related	<u>TBD</u>		<u>TBD</u>	
Total Comprehensive Income (Loss)	<u>TBD</u>		<u>TBD</u>	

SCHEDULES OF OPERATING EXPENSES

	24 weeks to	7/18/21	24 weeks to	7/19/20
		Per Cent of Sales		Per Cent of Sales
Personnel				
Salary-General Coordinating	265,868	1.34%	262,833	1.26%
Salary/Wages-IT	224,635	1.14%	220,676	1.06%
Wages-Hourly Coordinating	2,720,253	13.75%	2,247,781	10.77%
Total Payroll	3,210,755	16.22%	2,731,290	13.08%
Employee Health Benefits	889,629	4.50%	838,039	4.01%
Employee Pension Benefits	356,608	1.80%	306,179	1.47%
Employee Benefits-Other	89,223	.45%	66,572	.32%
Vacation, Health & Personal Days Accrued	0	.00%	0	.00%
Total Compensation Package	4,546,216	22.97%	3,942,079	18.88%
Payroll Taxes	263,844	1.33%	185,805	.89%
Workers Comp.Insurance Expense-Staff	7,264	.04%	57,461	.28%
EAP and/or Training Fees	14,659	.07%	8,500	.04%
Payroll Preparation Expense	56,013	.28%	26,663	.13%
Pension/401k Administration Expense	9,146	.05%	2,969	.01%
Consultant Fees	3,101	.02%	22,673	.11%
Total Personnel	4,900,242	24.76%	4,246,149	20.34%
Occupancy				
Electric	66,641	.34%	65,043	.31%
Gas	16,088	.08%	15,958	.08%
Insurance	124,383	.63%	121,725	.58%
Taxes - Real Estate	78,219	.40%	73,809	.35%
Taxes - Water & Sewer	4,279	.02%	4,350	.02%
Exterminator	1,225	.01%	2,667	.01%
Subtotal	290,834	1.47%	283,552	1.36%
Deprec. - Building	82,729	.42%	82,631	.40%
Total - Occupancy	373,563	1.89%	366,183	1.75%
Store				
Store Supplies	30,790	.16%	47,537	.23%
Recycling and Garbage Removal	12,791	.06%	17,880	.09%
Cash Short or (Over)	950	.00%	(26)	(.00%)
Svc Cntrct Exp. & Rpr.-Stre Equip.	61,310	.31%	82,574	.40%
Subtotal	105,841	.53%	147,965	.71%
Depreciation - Fixtures & Equip.	30,324	.15%	27,219	.13%
Total Store	136,165	.69%	175,184	.84%
Office				
Printing & Copying	11,845	.06%	18,055	.09%
Office Supplies	28,917	.15%	33,402	.16%
Telecommunications	15,070	.08%	16,753	.08%
Postage	11,898	.06%	13,180	.06%
Professional Fees	0	.00%	0	.00%
Svc Cntrct Exp. & Rpr.-Ofc. Equip.	43,681	.22%	42,763	.20%
Subtotal	111,411	.56%	124,152	.59%
Depreciation - Furn. & Equip.	12,056	.06%	13,572	.06%
Total Office	123,467	.62%	137,724	.66%

continued on page 3

SCHEDULES OF OPERATING EXPENSES (cont'd)	24 weeks to	7/18/21	24 weeks to	7/19/20
		Per Cent of Sales		Per Cent of Sales
Other				
Repairs, Tools, Maintenance	14,605	.07%	32,504	.16%
Advertising and Promotion Expense	0	.00%	947	.00%
Meeting Room Expense	2,965	.01%	360	.00%
Miscellaneous Expense	7,656	.04%	6,089	.03%
Gazette Ad Income	0		(640)	
Less: Printing & Delivery	779		9,080	
National Co-op Grocers Member Fees	15,000	.08%	15,000	.07%
Childcare Expense	0	.00%	241	.00%
Audit Expense/Tax Preparation	11,300	.06%	11,725	.06%
Bank Charges	2,848	.01%	5,158	.02%
Electronic Payment Service Charges	60,196	.30%	60,981	.29%
Workers Compensation Insurance-Members	(17,161)	(.09%)	16,029	.08%
Legal Fees	4,980	.03%	18,764	.09%
Total Other	103,167	.52%	176,239	.84%
Total Expenses	5,636,604	28.48%	5,101,479	24.43%

SALES AND MEMBERSHIP AVERAGES

Sales Per Week:	24 weeks to	7/18/21	24 weeks to	7/19/20
Average	\$824,561		\$870,014	
Increase or (Decrease) in Sales Per Week	(\$45,453)	-5.22%	(\$260,961)	-23.07%

Due to changes in Coop operations since March 23, 2020, we will not provide numbers and statistics in this section until such time that we can ascertain the accuracy of the number of members.

24 weeks to 7/18/21

24 weeks to 7/19/20

**BALANCE SHEETS
ASSETS****Current Assets**

Cash (Schedule)		2,375,371		3,875,963	
Inventory		690,279		746,672	
Prepaid Expenses (Schedule)		346,902		279,556	
Other Current Assets		855,692	4,268,244	4,391	4,906,582

Fixed Assets

	Gross	Accum. Deprec.	Net		Gross	Accum. Deprec.	Net	
Land	165,000		165,000		165,000		165,000	
Building	6,057,384	2,958,904	3,098,479		6,053,505	2,779,780	3,273,725	
Office Equipment	459,889	419,408	40,481		459,889	397,167	62,722	
Store Equipment	2,128,895	2,082,362	46,533		2,110,319	2,016,282	94,037	
Leased Equipment	30,150	4,566	25,584		23,700	2,911	20,789	
Deposit on purch of FA	10,000		10,000		0		0	
	8,851,318	5,465,241	3,386,078		8,812,413	5,196,140	3,616,273	

Other Assets

Invest. in Other Cooperative Associations (Sched.)		488,198		457,974	
Security Deposit (NCG Joint Liability)		215,735		85,957	
Deferred Income Tax Asset		1,534,507	2,238,440	531,849	1,075,780
Total Assets			9,892,762		9,598,636

LIABILITIES & MEMBERS EQUITY**Current Liabilities**

Accounts Payable		1,242,234		1,312,151	
Accrued Vacation, Health & Personal Days		498,539		408,985	
Accrued Miscellaneous Expense		212,945		178,061	
Donations Payable: Fair Food Program		4,555		2,069	
Taxes Payable		32,711		31,608	
Net Income Tax Liabilities		(216,723)		28,516	
Current Obligations Payable Under Capital Leases		3,241	1,777,502	2,160	1,963,551

Long Term Liabilities

Non-Current Oblig. Payable Under Capital Leases		23,936		17,623	
Bank Loans Payable		1,677,345		1,454,763	
Pension Plan Liability		2,707,817	4,409,098	1,791,347	3,263,733
Total Liabilities			6,186,600		5,227,284

Members' Investment & Members' Equity

Members' Investment		3,889,768		3,878,505	
Paid-in Capital		10,566		10,566	
Additional Paid-in Capital		67,288		41,373	
Accumulated other comprehensive income		(481,159)		(209,579)	
Retained Earnings		219,700	3,706,162	650,488	4,371,352
Total Liabilities & Members Equity			9,892,762		9,598,636

Cash		\$2,375,371		\$3,875,963	
Less: Accounts Payable (money owed to suppliers)		1,242,234		1,312,151	
		<u>\$1,133,137</u>		<u>\$2,563,812</u>	

BALANCE SHEET SCHEDULES

24 weeks to 7/18/21

24 weeks to 7/19/20

Cash

Citibank Checking	0		10,404	
Sterling Checking	159,401		412,736	
Sterling Money Market Accounts	208,174		745,033	
Sterling FSA	41,985		31,419	
National Cooperative Savings Bank CDs/Money Market	1,425,935		2,148,391	
Spring Bank Money Market/Savings	279,361		274,665	
Peoples Alliance Federal Credit Union CD	260,515	2,375,371	253,315	3,875,963

Prepaid Expenses

Miscellaneous	0		6,203	
Service Contract-Office Equipment	30,923		49,268	
Service Contract-Store Equipment	21,530		20,170	
Workers Compensation Insurance	119,838		66,307	
Childcare Insurance	0		1,147	
Fire and Liability Insurance	36,202		54,536	
Fidelity Bond-Pension/401k	166		520	
Directors and Officers Liability Insurance	6,655		6,058	
Meeting Room Expense	0		0	
CBD Products Insurance	0		0	
Real Estate Taxes	131,586		75,347	
Net Tax Asset	0	346,902	0	279,556

Investment in Cooperative Suppliers

Patronage Dividends-National Co+op Grocers	317,506		299,421	
Patronage Refund-Frontier	80,581		71,276	
Patronage Refund-Fedco Seeds	611		611	
Equity-Frontier Cooperative Herbs	3,734		3,734	
Equity-National Coop. Bank-Class C Stock	28,412		28,412	
Equity-National Co+op Grocers (Member Equity)	56,855		54,021	
Equity-National Co+op Grocers (Voting Stock)	500	488,198	500	457,974

24 weeks to 7/18/21

24 weeks to 7/19/20

Inventory Turnover

52 x

51 x

STATEMENT OF CASH FLOWS

24 weeks to 7/18/2124 weeks to 7/19/20

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, FISCAL YEAR TO DATE:

Cash flows from operating activities:

Net income (loss) before income taxes	(1,534,149)	(1,400,178)
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Adjustments to reconcile results of operations to net cash effect of operating activities:

Depreciation	125,108	123,422
Deferred income taxes	0	
Excess of pension expense over cash contributions	154,875	186,179
Net change in asset and liability accounts:		
Inventories	(59,344)	(33,944)
Prepaid Expenses	(172,580)	(156,461)
Other current assets	239,089	52,633
Accounts payable	(99,473)	(921,650)
Other current liabilities	(195,112)	1,442

Total adjustments	(7,438)	(748,379)
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Net cash provided by (used for) operating activities	(1,541,587)	(2,148,556)
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Cash flows from investing activities:

Acquisition of property and equipment, net	(20,779)	(13,848)
Investment in other cooperative associations	(9,306)	(79,143)
Security Deposit	(80,582)	(461)

Net cash provided by (used for) investing activities	(110,667)	(93,452)
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Cash flows from financing activities:

Repayment of capital lease obligations		1,454,763
Bank Loans Payable	1,677,345	717,981
Net proceeds from member investments	(97,090)	1,935
Capital contributions	24,305	

Net cash provided by (used for) financing activities	1,604,560	2,174,679
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NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(47,693)	(67,330)
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Cash and cash equivalents - beginning of year	2,423,064	3,943,293
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Cash and cash equivalents - end of period	2,375,371	3,875,963
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