

# Park Slope Food Coop Summary Notes for the August 30<sup>th</sup>, 2022 General Meeting (reviewing the financial statement as of

08/14/2022-the first 28 weeks of the fiscal year)

- 1) **Losing much less money this year than last year from the basic operations of the Coop:**  
See page of 1 of 6 mid-way down the page-Operating Income (loss). Compare left and right columns to see that we are 1.5 million dollars less negative than last year. **WHY?:** This year we had the return of required member labor for the entire 28 weeks whereas last year at this point there had only been 5 weeks of required member labor. Member Labor reduces our biggest expense-Personnel Expense.
- 2) **The Continued effect of the Mark-up increase which began in October 2022:** The temporary increase in the mark-up from 21% to 25% affected both these fiscal years. For the current year it has brought in about \$700,000 thus far. Look at page 6 of 6, our cash flow statement, 3 lines up from the bottom. We are at negative \$6,000 (6,407). Without the mark-up increase we would be at (706,000). **When will the mark-up be adjusted downward as mandated by the August 2020 GM?** The August 2020 GM voted as follows..... the mark-up ...”will revert to 21% when member labor has resumed in full or the Coop’s finances reach break-even level”. The General Coordinators will be discussing this mandate and when to comply or perhaps to ask the GM for a modification. One of the possibly mitigating factors is that in August 2020 we did not know that we would shrink by 5,000 members and we did not know that we would not begin admitting new member households until December 2021.
- 3) **Projections for the end of this fiscal year at 01/29/2023:** Based on some increase in the size of the membership going forward and the sales patterns of late I project sales of \$47,500,000 producing \$9,200,000 of gross margin dollars using the lower than expected current gross margin percentage of 19.37%. Annualizing the current expenses, I expect \$9,600,000 of expenses for an operating loss of \$400,000 (9.6 minus 9.2). However, we can expect about \$250,000 from a combination of other income and interest income leading to a yearend negative bottom line of \$150,000. Hopefully these projections will prove to be more conservative than the reality.
- 4) **How is our financial cushion?** See page 4 of 6. Add together cash of 4.2 million and other current assets of 1.5 million which is cash that the IRS should pay us in the near future and we get 5.7 million-far more than the pre-pandemic high of about 4.0 million. The biggest reason by far for this surge is the 6.2 million from US Gov’t aid programs.
- 5) **What are the financial sustainability issues and questions looking forward:**
  - How important is lowering or not lowering prices?
  - How important is adding back more checkouts that were removed during the pandemic?
  - How important is adding back shopping hours that have been reduced during the pandemic?
  - How important is allowing more shoppers to be present in the store than we are doing now due to pandemic public health considerations?
  - How important is adding a home delivery system?

*Prepared on 08/24/22 by Joe Holtz, General Manager, General Coordinator and Treasurer  
Good Food at Low Prices for Working Members Through Cooperation Since 1973*

INCOME STATEMENT	28 weeks to	8/14/22	28 weeks to	8/15/21
		Per Cent of Sales		Per Cent of Sales
<b>Net Sales</b>	24,807,998	100.00%	22,622,197	100.00%
<b>Cost of Goods Sold</b>				
Inventory At Beginning	689,804		630,935	
Net Purchases	20,018,740		18,078,780	
<b>Total Available for Sale</b>	20,708,545		18,709,715	
Less: Inventory At End	700,603		690,219	
<b>Cost of Goods Sold</b>	20,007,941	80.65%	18,019,496	79.65%
<b>Gross Margin</b>	4,800,057	19.35%	4,602,702	20.35%
<b>Expenses</b>				
Expenses Except Depreciation	5,039,420	20.31%	6,315,258	27.92%
Depreciation	123,269	.50%	144,492	.64%
<b>Total Expenses (Schedule)</b>	5,162,690	20.81%	6,459,750	28.55%
<b>Operating Income (Loss)</b>	(362,633)	(1.46%)	(1,857,049)	(8.21%)
<b>Other Income</b>				
Membership Fees	47,870	.19%	3,925	.02%
Events & Gifts	(52)	(.00%)	0	.00%
Cash Discounts & Rebates	0	.00%	8,865	.04%
Other Discounts	0	.00%	0	.00%
Patronage Refund Income	4,775	.02%	13,294	.06%
Income Tax Refund	0	.00%	0	.00%
Other Income	6,771	.03%	4,910	.02%
<b>Total Other Income</b>	59,364	.24%	30,993	.14%
<b>Income Before Interest &amp; Taxes</b>	(303,269)	(1.22%)	(1,826,055)	(8.07%)
Interest Expense-Loans	0	.00%		
Interest Expense-Other	0	.00%	0	.00%
Dividend/Interest Income	18,606	.07%	10,587	.05%
<b>Net interest</b>	18,606	.07%	10,587	.04%
<b>Income (Loss) Before Income Taxes</b>	(284,664)	(1.15%)	(1,815,468)	(8.03%)
<b>Provision for Taxes</b>	0		0	
<b>Net Income (Loss)</b>	TBD		TBD	
<b>Other Comprehensive Income-pension Plan Related</b>	0		0	
<b>Total Comprehensive Income (Loss)</b>	TBD		TBD	

## SCHEDULES OF OPERATING EXPENSES

	28 weeks to	8/14/22	28 weeks to	8/15/21
		Per Cent of Sales		Per Cent of Sales
<b>Personnel</b>				
General Coordinators	261,635	1.05%	300,891	1.33%
All Other Employees	2,390,234	9.63%	3,306,726	14.62%
<b>Total Payroll</b>	<b>2,651,869</b>	<b>10.69%</b>	<b>3,607,617</b>	<b>15.95%</b>
Employee Health Benefits	906,368	3.65%	1,102,175	4.87%
Employee Pension Benefits	347,210	1.40%	416,042	1.84%
Employee Benefits-Other	19,762	.08%	89,678	.40%
Vacation, Health & Personal Days Accrued	0	.00%	0	.00%
<b>Total Compensation Package</b>	<b>3,925,209</b>	<b>15.82%</b>	<b>5,215,512</b>	<b>23.05%</b>
Payroll Taxes	227,173	.92%	294,475	1.30%
Workers Comp. Insurance Expense-Staff	4,379	.02%	14,676	.06%
EAP and/or Training Fees	17,189	.07%	14,659	.06%
Payroll Preparation Expense	29,725	.12%	56,411	.25%
Pension/401k Administration Expense	14,753	.06%	10,170	.04%
Consultant Fees	0	.00%	3,161	.01%
<b>Total Personnel</b>	<b>4,218,429</b>	<b>17.00%</b>	<b>5,609,064</b>	<b>24.79%</b>
<b>Occupancy</b>				
Electric	82,543	.33%	79,290	.35%
Gas	28,124	.11%	18,225	.08%
Insurance	153,414	.62%	147,087	.65%
Taxes - Real Estate	75,811	.31%	89,750	.40%
Taxes - Water & Sewer	4,992	.02%	4,979	.02%
Exterminator	1,720	.01%	1,636	.01%
<b>Subtotal</b>	<b>346,604</b>	<b>1.40%</b>	<b>340,966</b>	<b>1.51%</b>
Deprec. - Building	96,153	.39%	96,544	.43%
<b>Total - Occupancy</b>	<b>442,757</b>	<b>1.78%</b>	<b>437,511</b>	<b>1.93%</b>
<b>Store</b>				
Store Supplies	63,663	.26%	33,232	.15%
Recycling and Garbage Removal	12,677	.05%	15,764	.07%
Cash Short or (Over)	212	.00%	1,035	.00%
Svc Cntrct Exp. & Rpr.-Stre Equip.	104,455	.42%	71,439	.32%
<b>Subtotal</b>	<b>181,007</b>	<b>.73%</b>	<b>121,469</b>	<b>.54%</b>
Depreciation - Fixtures & Equip.	13,125	.05%	34,146	.15%
<b>Total Store</b>	<b>194,131</b>	<b>.78%</b>	<b>155,615</b>	<b>.69%</b>
<b>Office</b>				
Printing & Copying	2,762	.01%	12,218	.05%
Office Supplies	42,327	.17%	29,496	.13%
Telecommunications	18,275	.07%	17,817	.08%
Postage	3,151	.01%	12,002	.05%
Professional Fees	0	.00%	0	.00%
Svc Cntrct Exp. & Rpr.-Ofc. Equip.	51,336	.21%	50,594	.22%
<b>Subtotal</b>	<b>117,851</b>	<b>.48%</b>	<b>122,127</b>	<b>.54%</b>
Depreciation - Furn. & Equip.	13,992	.06%	13,802	.06%
<b>Total Office</b>	<b>131,843</b>	<b>.53%</b>	<b>135,929</b>	<b>.60%</b>

continued on page 3

SCHEDULES OF OPERATING EXPENSES (cont'd)	28 weeks to		28 weeks to	
		8/14/22		8/15/21
		Per Cent of Sales		Per Cent of Sales
<b>Other</b>				
Repairs, Tools, Maintenance	31,942	.13%	22,666	.10%
Advertising and Promotion Expense	0	.00%	0	.00%
Meeting Expenses	4,712	.02%	3,557	.02%
Miscellaneous Expense	10,262	.04%	7,795	.03%
<i>Gazette</i> Ad Income	0		0	
Less: Printing & Delivery	<u>0</u>	.00%	<u>779</u>	.00%
National Co-op Grocers Member Fees	15,000	.06%	15,000	.07%
Childcare Expense	0	.00%	0	.00%
Audit Expense/Tax Preparation	12,000	.05%	11,300	.05%
Bank Charges	2,324	.01%	3,413	.02%
Electronic Payment Service Charges	92,611	.37%	69,948	.31%
Workers Compensation Insurance-Members	(2,892)	(.01%)	(18,076)	(.08%)
Legal Fees	9,572	.04%	5,250	.02%
<b>Total Other</b>	<u>175,531</u>	<u>.71%</u>	<u>121,631</u>	<u>.54%</u>
<b>Total Expenses</b>	<u>5,162,690</u>	<u>20.81%</u>	<u>6,459,750</u>	<u>28.55%</u>

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**SALES AND MEMBERSHIP AVERAGES**

Sales Per Week:	28 weeks to		28 weeks to	
		8/14/22		8/15/21
Average	\$886,000		\$807,936	
Increase or (Decrease) in Sales Per Week	\$78,064	9.66%	(\$41,027)	-4.83%

	28 weeks to 8/14/22			28 weeks to 8/15/21		
<b>BALANCE SHEETS</b>						
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash (Schedule)			4,181,748			2,158,176
Inventory			700,603			690,219
Prepaid Expenses (Schedule)			234,076			323,142
Other Current Assets			1,515,548	6,631,976		853,672
						4,025,209
<b>Fixed Assets</b>						
	Gross	Accum. Deprec.	Net	Gross	Accum. Deprec.	Net
Land	165,000		165,000	165,000		165,000
Building	6,079,884	3,151,512	2,928,372	6,057,384	2,972,719	3,084,664
Office Equipment	494,726	443,702	51,024	459,889	420,712	39,177
Store Equipment	2,128,895	2,114,858	14,038	2,128,895	2,086,185	42,710
Leased Equipment	30,150	10,751	19,399	30,150	5,008	25,143
Deposit on purch of FA	0		0	10,000		10,000
	8,898,656	5,720,823	3,177,833	8,851,318	5,484,625	3,366,694
<b>Other Assets</b>						
Invest. in Other Cooperative Associations (Sched.)			577,222			488,198
Security Deposit (NCG Joint Liability)			198,075			217,835
Deferred Income Tax Asset			1,055,546			1,534,507
<b>Total Assets</b>			<u>11,640,651</u>			<u>9,632,442</u>
<b>LIABILITIES &amp; MEMBERS EQUITY</b>						
<b>Current Liabilities</b>						
Accounts Payable			1,730,019			1,225,077
Accrued Vacation, Health & Personal Days			576,059			498,539
Accrued Miscellaneous Expense			235,926			208,556
Donations Payable: Fair Food Program			4,124			4,555
Taxes Payable			29,419			28,082
Net Income Tax Liabilities			(216,137)			(216,723)
Current Obligations Payable Under Capital Leases			3,309	2,362,718		2,946
						1,751,032
<b>Long Term Liabilities</b>						
Non-Current Oblig. Payable Under Capital Leases			18,563			23,936
Bank Loans Payable			0			1,677,345
Pension Plan Liability			1,484,596	1,503,159		2,767,251
<b>Total Liabilities</b>			<u>3,865,878</u>			<u>6,219,564</u>
<b>Members' Investment &amp; Members' Equity</b>						
Members' Investment			3,979,010			3,873,282
Paid-in Capital			10,566			10,566
Additional Paid-in Capital			92,931			71,808
Accumulated other comprehensive income			854,153			(481,159)
Retained Earnings			2,838,114	7,774,774		(61,619)
<b>Total Liabilities &amp; Members Equity</b>			<u>11,640,651</u>			<u>9,632,442</u>
Cash			\$4,181,748			\$2,158,176
Less: Accounts Payable (money owed to suppliers)			<u>1,730,019</u>			<u>1,225,077</u>
			\$2,451,729			\$933,099

**BALANCE SHEET SCHEDULES****28 weeks to 8/14/22****28 weeks to 8/15/21****Cash**

Sterling Checking	781,071		153,530	
Sterling Money Market Accounts	6,932		548,575	
Sterling FSA	19,810		39,858	
National Cooperative Savings Bank CDs/Money Market	15,684		875,935	
Spring Bank Money Market/Savings	280,955		279,473	
Vanguard_Treasuries/Money Market	2,814,219		0	
Peoples Alliance Federal Credit Union CD	263,078	4,181,748	260,805	2,158,176

**Prepaid Expenses**

Miscellaneous	6,788		0	
Service Contract-Office Equipment	28,272		27,277	
Service Contract-Store Equipment	18,582		19,397	
Workers Compensation Insurance	60,774		113,341	
Childcare Insurance	0		0	
Fire and Liability Insurance	55,750		37,228	
Fidelity Bond-Pension/401k	1,084		139	
Directors and Officers Liability Insurance	6,166		5,705	
Meeting Room Expense	750		0	
Real Estate Taxes	55,910		120,056	
Net Tax Asset	0	234,076	0	323,142

**Investment in Cooperative Suppliers**

Patronage Dividends-National Co+op Grocers	410,183		317,506	
Patronage Refund-Frontier	76,664		80,581	
Patronage Refund-Fedco Seeds	775		611	
Equity-Fedco	100		0	
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)	500	577,222	500	488,198

**28 weeks to 8/14/22****28 weeks to 8/15/21**

Inventory Turnover

53 x

51 x

## STATEMENT OF CASH FLOWS

	<u>28 weeks to 8/14/22</u>	<u>28 weeks to 8/15/21</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, FISCAL YEAR TO DATE:		
<b>Cash flows from operating activities:</b>		
Net income (loss) before income taxes	(284,664)	(1,815,468)
Adjustments to reconcile results of operations to net cash effect of operating activities:		
<b>Depreciation</b>	123,269	144,492
Deferred income taxes	0	0
Excess of pension expense over cash contributions	347,210	214,309
Net change in asset and liability accounts:		
Inventories	(10,799)	(59,284)
Prepaid Expenses	106,349	(148,820)
Other current assets	57,613	241,109
Accounts payable	(234,510)	(121,957)
Other current liabilities	(219,323)	(199,098)
<b>Total adjustments</b>	<u>169,809</u>	<u>70,751</u>
<b>Net cash provided by (used for) operating activities</b>	<u>(114,855)</u>	<u>(1,744,717)</u>
<b>Cash flows from investing activities:</b>		
Acquisition of property and equipment, net	(34,837)	(20,779)
Investment in other cooperative associations	(3,235)	(9,306)
Security Deposit	31,527	(82,682)
<b>Net cash provided by (used for) investing activities</b>	<u>(6,545)</u>	<u>(112,766)</u>
<b>Cash flows from financing activities:</b>		
Repayment of capital lease obligations		
Bank Loans Payable	0	1,677,345
Net proceeds from member investments	105,268	(113,576)
Capital contributions	9,726	28,826
<b>Net cash provided by (used for) financing activities</b>	<u>114,994</u>	<u>1,592,595</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(6,407)	(264,888)
<b>Cash and cash equivalents - beginning of year</b>	<u>4,188,155</u>	<u>2,423,064</u>
<b>Cash and cash equivalents - end of period</b>	4,181,748	2,158,176