

Park Slope Food Coop Financial Summary & Notes for the August 29, 2023, General Meeting

24-week Financial Statement for the Period Ending 07/16/2023

Summary Section 1: Quick View Statement of 24 weeks ending 07/16/2023

(Dollars rounded to the nearest thousand)

A) Income Statement

Sales	25,196,000
Money Generated by Sales to Pay Expenses (Gross Margin).....	4,942,000
Expenses.....	<u>(4,742,000)</u>
Gain or Loss on Operations.....	200,000
Other Income & Interest Income	84,000
Gain or (Loss) before Income Taxes	<u>284,000</u>

B) Balance Sheet

Current Assets:

Cash	6,798,000
Other Current Assets: Inventory, Prepaid Expenses etc.....	<u>1,244,000</u>
Total Current Assets.....	8,042,000

Non-Current Assets: Land, Buildings, Equipment, Tax Assets,

Money Held by Other Coops	<u>4,831,000</u>
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Total Assets.....	<u>12,873,000</u>
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Liabilities, Retained Earnings & Member Equity, etc.:

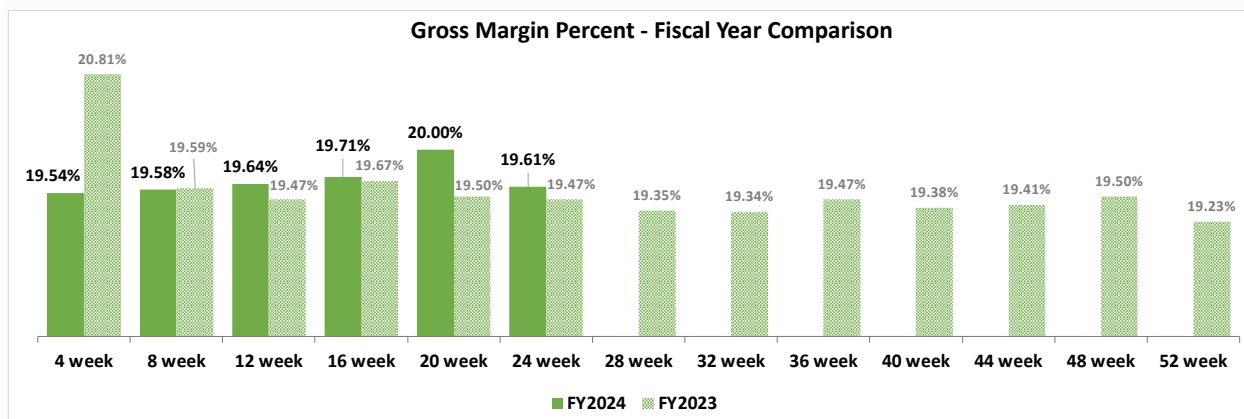
Liabilities including Pension Liability	4,325,000
Members Equity/Capital.....	4,232,000
Theoretical Pension Income	686,000
Retained Earnings	<u>3,630,000</u>
Total Liabilities and Members' Equity.....	<u>12,873,000</u>

C) Cash Flow Statement

Increase in Cash during the 24 Weeks Ended 07/16/2023	107,000
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Summary Section 2: The importance of the Gross Margin Percentage

Our gross margin after 24 weeks is 19.61% of sales. As we approach the October General Meeting when financial projections will be discussed, reasonably projecting gross margin is crucial for planning for the Coop's financial sustainability.



Summary Section 3: Definitions and calculations for understanding the financial statements

- 1 **Gross Margin Dollars** = Net Sales – Cost of the Goods Sold.
The gross margin dollars are used to pay the expenses of running of the Coop.
- 2 **Gross Margin Percentage** = Gross Margin dollars divided by Net Sales dollars.
- 3 **Mark Up** = The percentage or dollar amount added to the delivered cost of the products we sell. The Coop marks up all items received for resale to try to generate enough money to cover the expenses of operating the Coop; we don't always succeed.

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 is added to the delivered case cost; conventionally grown produce, an additional \$.50 per case; organic bananas, an extra \$2.50 per case above the \$1.10; and conventional papayas, an extra \$1.00 in addition to the \$.50. There are other minor add-ons and subtractions that are part of the mark-up. **The result of all of the above is an estimated overall current markup of 26.39%.**

- 4 **Perfect Gross Margin:** Perfect gross margin is reached when there is no spoilage, no theft, etc.; by the way, it is never reached. Our perfect gross margin is calculated by dividing .2639 (the mark-up) by 1.2639 which =20.88%.
- 5 **Shrink** = Perfect Goss Margin – Actual Gross Margin. Shrink and perfect gross margin have been part of our financial analysis since the Coop started in 1973. Because the Coop is usually run at about breakeven, we pay attention to how far from perfect we are to be alerted to problems that have a financial impact and therefore need to be solved or improved upon so that we can continue to have low prices and remain financially sustainable. **The goal is to keep our low-price structure by solving problems instead of raising prices.** 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 07/16/2023 is 1.27%** as a percent of sales. This is calculated from the “perfect” gross margin of 20.88% minus gross margin from the income statement of 19.61%= 1.27% shrink.

Park Slope Food Coop

Financial Statement

INCOME STATEMENT	24 weeks to	7/16/23	24 weeks to	7/17/22
		Per Cent of Sales		Per Cent of Sales
Net Sales	25,196,328	100.00%	21,646,953	100.00%
Cost of Goods Sold				
Inventory At Beginning	648,192		689,804	
Net Purchases	20,398,917		17,449,874	
Total Available for Sale	21,047,109		18,139,678	
Less: Inventory At End	792,382		707,085	
Cost of Goods Sold	20,254,727	80.39%	17,432,592	80.53%
Gross Margin	4,941,601	19.61%	4,214,361	19.47%
Expenses				
Expenses Except Depreciation	4,659,131	18.49%	4,291,714	19.83%
Depreciation	82,251	.33%	105,715	.49%
Total Expenses (Schedule)	4,741,382	18.82%	4,397,429	20.31%
Operating Income (Loss)	200,219	.79%	(183,068)	(.85%)
Other Income				
Membership Fees	31,994	.13%	42,655	.20%
Events & Gifts	0	.00%	(52)	(.00%)
Cash Discounts & Rebates	0	.00%	0	.00%
Other Discounts	0	.00%	0	.00%
Patronage Refund Income	3,591	.01%	4,775	.02%
Income Tax Refund	0	.00%	0	.00%
Other Income	(3,039)	(.01%)	4,912	.02%
Total Other Income	32,546	.13%	52,290	.24%
Income Before Interest & Taxes	232,765	.92%	(130,779)	(.60%)
Interest Expense-Loans	0	.00%	0	.00%
Interest Expense-Other	0	.00%	0	.00%
Dividend/Interest Income	50,799	.20%	17,572	.08%
Net interest	50,799	.20%	17,572	.07%
Income (Loss) Before Income Taxes	283,564	1.13%	(113,206)	(.52%)
Provision for Taxes	0		0	
Net Income (Loss)	283,564		(113,206)	
Other Comprehensive Income-pension Plan Related	0		0	
Total Comprehensive Income (Loss)	TBD		TBD	

Park Slope Food Coop

Financial Statement

SCHEDULES OF OPERATING EXPENSES

	24 weeks to	7/16/23	24 weeks to	7/17/22
		Per Cent of Sales		Per Cent of Sales
Personnel				
General Coordinators	258,621	1.03%	224,055	1.04%
All Other Employees	2,242,332	8.90%	2,056,615	9.50%
Total Payroll	2,500,953	9.93%	2,280,670	10.54%
Employee Health Benefits	797,026	3.16%	779,195	3.60%
Employee Pension Benefits	317,635	1.26%	297,609	1.37%
Employee Benefits-Other	473	.00%	2,739	.01%
Vacation, Health & Personal Days Accrued	0	.00%	0	.00%
Total Compensation Package	3,616,087	14.35%	3,360,213	15.52%
Payroll Taxes	224,589	.89%	197,598	.91%
Workers Comp. Insurance Expense-Staff	6,977	.03%	(4,263)	(.02%)
EAP and/or Training Fees	10,840	.04%	17,189	.08%
Retiree Health Benefits	15,000	.06%	14,932	.07%
Payroll Preparation Expense	26,351	.10%	25,295	.12%
Pension/401k Administration Expense	13,400	.05%	9,056	.04%
Consultant Fees	0	.00%	0	.00%
Total Personnel	3,913,244	15.53%	3,620,020	16.72%
Occupancy				
Electric	84,545	.34%	69,260	.32%
Gas	14,256	.06%	24,054	.11%
Insurance	140,161	.56%	131,749	.61%
Taxes - Real Estate	68,097	.27%	64,549	.30%
Taxes - Water & Sewer	4,302	.02%	4,292	.02%
Exterminator	1,715	.01%	1,230	.01%
Subtotal	313,076	1.24%	295,134	1.36%
Deprec. - Building	69,033	.27%	82,417	.38%
Total - Occupancy	382,109	1.52%	377,550	1.74%
Store				
Store Supplies	54,021	.21%	35,595	.16%
Recycling and Garbage Removal	16,230	.06%	10,430	.05%
Cash Short or (Over)	60	.00%	142	.00%
Svc Cntrct Exp. & Rpr.-Stre Equip.	80,070	.32%	90,691	.42%
Subtotal	150,382	.60%	136,859	.63%
Depreciation - Fixtures & Equip.	3,284	.01%	11,532	.05%
Total Store	153,666	.61%	148,391	.69%
Office				
Printing & Copying	2,468	.01%	2,368	.01%
Office Supplies	22,681	.09%	40,025	.18%
Telecommunications	16,625	.07%	15,588	.07%
Postage	2,667	.01%	3,123	.01%
Professional Fees	0	.00%	0	.00%
Svc Cntrct Exp. & Rpr.-Ofc. Equip.	50,094	.20%	44,939	.21%
Subtotal	94,535	.38%	106,043	.49%
Depreciation - Furn. & Equip.	9,933	.04%	11,766	.05%
Total Office	104,468	.41%	117,809	.54%

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Financial Statement

SCHEDULES OF OPERATING EXPENSES (cont'd)	24 weeks to	7/16/23 Per Cent of Sales	24 weeks to	7/17/22 Per Cent of Sales
Other				
Repairs, Tools, Maintenance	30,335	.12%	24,117	.11%
Advertising and Promotion Expense	6,219	.02%	0	.00%
General Meeting Expenses	0	.00%	4,422	.02%
Virtual Meeting Expenses	3,489	.01%	0	.00%
Miscellaneous Expense	12,074	.05%	10,045	.05%
Gazette Expense	123	.00%	0	.00%
National Co-op Grocers Member Fees	7,500	.03%	15,000	.07%
Childcare Expense	0	.00%	0	.00%
Audit Expense/Tax Preparation	0	.00%	0	.00%
Bank Charges	2,247	.01%	1,715	.01%
Electronic Payment Service Charges	97,627	.39%	80,686	.37%
Workers Compensation Insurance-Members	17,651	.07%	(7,734)	(.04%)
Legal Fees	10,631	.04%	5,409	.02%
Total Other	187,895	.75%	133,659	.62%
Total Expenses	4,741,382	18.82%	4,397,429	20.31%

SALES AND MEMBERSHIP AVERAGES

Sales Per Week:	24 weeks to	7/16/23	24 weeks to	7/17/22
Average	\$1,049,847		\$901,956	
Increase or (Decrease) in Sales Per Week	\$147,891	16.40%	\$77,395	9.39%

Park Slope Food Coop

Financial Statement

	24 weeks to 7/16/23				24 weeks to 7/17/22		
BALANCE SHEETS							
ASSETS							
Current Assets							
Cash & Cash Equivalent (Schedule)			6,797,771				4,272,874
Inventory			792,382				707,085
Prepaid Expenses (Schedule)			411,118				443,024
Other Current Assets			40,264	8,041,535		1,572,642	6,995,624
		Accum.				Accum.	
		Deprec.				Deprec.	
Fixed Assets							
Land	Gross		Net		Gross		Net
Building	165,000		165,000		165,000		165,000
Office Equipment	6,079,884	3,289,756	2,790,128		6,079,884	3,137,776	2,942,108
Store Equipment	494,726	454,974	39,752		494,726	441,918	52,809
Leased Equipment	2,142,940	2,123,739	19,202		2,128,895	2,113,265	15,630
Deposit on purch of FA	30,150	16,053	14,097		30,150	10,310	19,841
	50,000		50,000		0		0
	8,962,701	5,884,521	3,078,179		8,898,656	5,703,268	3,195,387
Other Assets							
Invest. in Other Cooperative Associations (Sched.)			625,393				577,222
Security Deposit (NCG Joint Liability)			63,384				233,073
Deferred Income Tax Asset			1,064,557	1,753,334		1,055,546	1,865,841
Total Assets			12,873,048				12,056,852
LIABILITIES & MEMBERS EQUITY							
Current Liabilities							
Accounts Payable			2,147,150				1,807,395
Accrued Vacation, Health & Personal Days			442,395				576,059
Accrued Miscellaneous Expense			245,859				241,214
Donations Payable: Fair Food Program			2,603				4,047
Taxes Payable			37,628				33,262
Net Income Tax Liabilities			0				0
Current Obligations Payable Under Capital Leases			3,992	2,879,628		3,604	2,665,581
Long Term Liabilities							
Non-Current Oblig. Payable Under Capital Leases			12,801				18,563
Bank Loans Payable			0				0
Pension Plan Liability			1,432,118	1,444,919		1,434,995	1,453,558
Total Liabilities			4,324,546				4,119,139
Members' Investment & Members' Equity							
Members' Investment			4,121,419				3,971,913
Paid-in Capital			10,566				10,566
Additional Paid-in Capital			100,026				91,511
Accumulated other comprehensive income			685,838				854,153
Retained Earnings			3,630,653	8,548,502		3,009,571	7,937,714
Total Liabilities & Members Equity			12,873,048				12,056,852
Cash			\$6,797,771				\$4,272,874
Less: Accounts Payable (money owed to suppliers)			2,147,150				1,807,395
			\$4,650,621				\$2,465,478

Park Slope Food Coop

Financial Statement

BALANCE SHEET SCHEDULES

24 weeks to 7/16/23

24 weeks to 7/17/22

Cash & Cash Equivalent

Sterling Checking	838,530		764,001	
Sterling Money Market Accounts	8,235		46,524	
Sterling FSA	39,172		25,388	
National Cooperative Savings Bank CD/Money Market	243,410		79,595	
Spring Bank Money Market/Savings	264,738		280,776	
Vanguard Treasuries/Money Market/CDs	5,135,802		2,813,705	
Peoples Alliance Federal Credit Union CD	267,884	6,797,771	262,884	4,272,874

Prepaid Expenses

Miscellaneous	100,000		21,000	
Service Contract-Office Equipment	31,679		30,914	
Service Contract-Store Equipment	10,533		22,137	
Workers Compensation Insurance	25,792		17,393	
Childcare Insurance	0		0	
Fire and Liability Insurance	77,090		53,731	
Fidelity Bond-Pension/401k	668		1,119	
Directors and Officers Liability Insurance	8,185		7,194	
General Meeting Room Expense	1,125		1,040	
Real Estate Taxes	70,511		67,172	
Net Tax Asset	85,535	411,118	221,323	443,024

Investment in Cooperative Suppliers

Patronage Dividends-National Co+op Grocers	458,777		410,183	
Patronage Refund-Frontier	76,241		76,664	
Patronage Refund-Fedco Seeds	775		775	
Equity-Fedco	100		100	
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	625,393	500	577,222

24 weeks to 7/16/23

24 weeks to 7/17/22

Inventory Turnover

61 x

54 x

Park Slope Food Coop

Financial Statement

STATEMENT OF CASH FLOWS

	<u>24 weeks to 7/16/23</u>	<u>24 weeks to 7/17/22</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, FISCAL YEAR TO DATE:		
Cash flows from operating activities:		
Net income (loss) before income taxes	283,564	(113,206)
Adjustments to reconcile results of operations to net cash effect of operating activities:		
Depreciation	82,251	105,715
Deferred income taxes	0	0
Excess of pension expense over cash contributions	67,635	297,609
Net change in asset and liability accounts:		
Inventories	(144,190)	(17,281)
Prepaid Expenses	(188,798)	118,724
Other current assets	(16,791)	520
Accounts payable	(116,992)	(157,134)
Other current liabilities	6,505	(215,160)
Total adjustments	<u>(310,380)</u>	<u>132,993</u>
Net cash provided by (used for) operating activities	<u>(26,816)</u>	<u>19,786</u>
Cash flows from investing activities:		
Acquisition of property and equipment, net	(64,045)	(34,837)
Investment in other cooperative associations	(2,334)	(3,235)
Security Deposit	<u>134,691</u>	<u>(3,471)</u>
Net cash provided by (used for) investing activities	<u>68,312</u>	<u>(41,543)</u>
Cash flows from financing activities:		
Repayment of capital lease obligations		
Bank Loans Payable	0	0
Net proceeds from member investments	62,082	98,170
Capital contributions	<u>3,255</u>	<u>8,306</u>
Net cash provided by (used for) financing activities	<u>65,337</u>	<u>106,476</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	106,833	84,719
Cash and cash equivalents - beginning of year	<u>6,690,939</u>	<u>4,188,155</u>
Cash and cash equivalents - end of period	6,797,771	4,272,874