

NEIGHBORHOOD CO-OP GROCERY

2024 Annual Report



Published by:
NEIGHBORHOOD CO-OP GROCERY

OUR STORE
1815 W Main Street, Carbondale, IL 62901
Open Daily 8am - 9pm
www.neighborhood.coop

Neighborhood Co-op is a cooperative grocery store owned by members of our very own community. Most of our staff are even owners! We are a founding member of the National Co-op Grocers, a network of more than 200 cooperative grocery stores all across America. We combine our buying power to bring you the best food at the best value while staying locally governed. We work hard to support our community and improve our local food system.

OUR MISSION
Neighborhood Co-op Grocery aims to serve the needs of its owners and patrons by providing wholesome foods, economically, in the cooperative tradition and in ways that best promote the health of the individual, the community and the earth.

CONTRIBUTORS

FRANCIS MURPHY Co-op General Manager
RICHARD THOMAS Co-op Board Chair
DONNA MARGOLIS Co-op Board Treasurer
EMILY YATES Co-op Design/Brand Manager

BOARD OF DIRECTORS

RICHARD THOMAS Chair
LAUREN BONNER Vice Chair
DONNA MARGOLIS Treasurer
SAGE BANKS
QUIANYA ENGE
AMY ETCHESON
ALLEGRA FRAZIER
BARBARA JAMES
ERIKA PETERSON

BREANNA TROVILLION Secretary

Contact the Board at: boardlink@neighborhood.coop

BOARD MEETINGS
Meetings are held once a month in the Co-op Community Room at 6pm. All owners are welcome.

ECO PRINTING
This magazine was printed by ModernLitho. They are certified to the Sustainable Forestry Initiative® (SFI®) and by the Forestry Stewardship Council® (FSC®) for their efforts in utilizing papers originating from a sustainable, ecological source and for maintaining rigorous processes, procedures and training to ensure their standards of excellence and environmental responsibility.

QUESTIONS
Email info@neighborhood.coop or call 618.529.3533.



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Meet the candidates for the 2025 Board of Directors. Voting starts April 5!

THIS YEAR'S HIGHLIGHTS

BUSINESS OF THE YEAR AWARD In 2024, the Co-op received the Business of the Year award from the Carbondale Chamber of Commerce. This was the second time the Co-op was so honored; we are the only business to have won this award more than once.



SALES

The Co-op increased sales **4.9%** to **\$5.81 million**; our highest annual sales ever!

CO-OP OWNERS

147 New Owners
22 Resignations



DEBT-TO-EQUITY RATIO

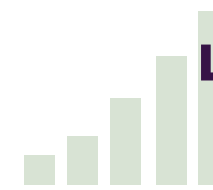
Continuing to improve with full repayment of owner loans scheduled for 2025.

24.9% OF SALES

We love local! \$1,438,881 of local products were sold at the Co-op this year, accounting for 24.9% of sales.



\$59K+ FREE LOCAL PRODUCE



Shoppers redeemed >\$59,000 in Link Match this year; a 15% increase over last year!

CERTIFIED ORGANIC

We sold \$1,770,629 of certified organic products this year, accounting for 34% of total sales.



OUTREACH

The Co-op contributed over \$15,200 in monetary and in-kind donations to the community in 2024!

NET INCOME

Roughly \$47,000 or 0.8% of sales compared to budgeted net income of roughly \$39,000 or 0.7% of sales





FRANCIS MURPHY
CO-OP GENERAL MANAGER

FROM THE GENERAL MANAGER

As we reflect on 2024, I am pleased to report that Neighborhood Co-op Grocery has continued to make meaningful strides in fulfilling our Ends policies. This year, we

remained committed to fostering a more engaged and vibrant community, enhancing access to meaningful products and services, and strengthening our cooperative business model.

Building a Stronger Community

Community engagement is at the heart of our Co-op's mission. While our new owner signups fell slightly below our annual goal, we welcomed 147 new owners, resulting in a net gain of 125 owners. Our efforts to improve shopper satisfaction yielded positive results, with our ratings aligning with or exceeding the national cooperative average in key areas. Additionally, our 2024 staff survey reflected a highly engaged workforce, ranking in the top quartile on 78% of measures compared to peer co-ops. Employee turnover remained below our 30% target, and we made significant progress in ensuring that nearly all full-time employees earned a livable wage.

Diversity and inclusivity remain central to our vision. While we acknowledge the need for further progress in reflecting the racial and ethnic diversity of our community within our ownership and staff, we are committed to fostering an inclusive environment. Moreover, our preparations for the Co-op's 40th anniversary in 2025 are well underway, promising a celebration that honors our legacy and future.

Sustainability and Local Impact

Our Co-op is dedicated to supporting local producers and promoting sustainability. In 2024, purchases of local products increased by 12%, reaching a new high of \$415,000, while sales of local products accounted for nearly 25% of our total sales. We also continued our commitment to energy efficiency, replacing refrigeration equipment with more efficient units and reducing our overall natural gas consumption for the seventh consecutive year.

A highlight of our sustainability

efforts was our collaboration with Food Works on the annual Farm Crawl. This event connected consumers with 11 local farms and raised \$3,800 to support sustainable agriculture initiatives. Additionally, our outreach programs, including the Link Match nutrition incentive program, helped provide greater access to healthy, local produce for people in need.

Enhancing Products and Services

To meet the evolving needs of our shoppers, we strengthened our Co+op Basics program to improve affordability and price perception. Sales in this program saw significant growth, though changes in measurement methods make year-over-year comparisons difficult. Additionally, our participation in the NCG Core Sets program helped us refine our product selection to better align with customer preferences.

While our overall shopper satisfaction remains strong, we recognize opportunities for improvement in certain departments. Moving forward, we will focus on enhancing our offerings to better serve our community's needs.

Financial Strength and Cooperative Success

The financial health of our Co-op remains strong. We successfully issued a patronage dividend for the third time, returning value to our owners while reinforcing the cooperative model. Owner equity grew by 4.8% in 2024, outpacing national trends, and we are on track to reduce long-term debt to zero by 2025. Our focus on labor efficiency through Open Book Management has yielded positive results, with Sales Per Labor Hour increasing by 5.7% in 2024.

A major milestone this year was securing a six-year lease extension through 2031, ensuring stability for our Co-op's future. Additionally, we developed an emergency general manager succession plan, with a more detailed transition plan set to be implemented in 2025 to ensure seamless leadership continuity.

Looking Ahead

As we move into 2025, we remain steadfast in our commitment to serving the Southern Illinois community. Our plans include continued investment in local food networks, further improvements in store operations and customer experience, and a renewed focus on diversity and inclusion. We are excited to celebrate our 40th anniversary and to build upon our legacy as a cooperatively owned and community-driven business.

On behalf of our dedicated staff, I extend my deepest gratitude to our owners, shoppers, and community partners for your continued support. Together, we are shaping a stronger, more sustainable future for our Co-op and our community.



RICHARD THOMAS
CO-OP BOARD CHAIR

FROM THE BOARD OF DIRECTORS

It has been another good year for your Co-op. This despite global conflicts, increasing evidence of climate change impacts on human affairs, and the

unsettled political situation here in the USA. Carbondale and the surrounding region continue to be a good place to live for many reasons. For more on just how good the year past has been for the Co-op, have a look at the general manager's and treasurer's pieces in this annual report.

Predicting the future of the economy and its effects on businesses like our Co-op has never been easy but seems particularly futile now given the current governmental chaos at the national level. We can and will continue to do what we do best by providing our community with healthful food and supporting local and regional producers wherever possible. As we learned during the COVID-19 pandemic, these producers can add much needed resilience in keeping critical items available during a time of disrupted national supply chains.

When you are reading the board chair's report about this time next year we will be nearing the end of our process to locate and hire a new general manager for the Co-op to take over following the retirement of our current general manager,



Francis Murphy, on June 30, 2026. In his 28 years as general manager Francis has led the Neighborhood Co-op through many challenges and changes and will leave us an extraordinarily well-run and successful business. Your board has developed a timeline for the search for Francis's replacement and has in place the expertise and resources to conduct the search. We will not find a candidate to replicate Francis's range of skills and experience, but we will find an individual capable of balancing their skills with those of the management team and the many resources available to us through Columinate, a national co-op of consultants, to lead our Neighborhood Co-op into the future.

Every year the board of directors has a one-day retreat with our consultant from Columinate who leads us through discussions of pressing topics, and we try to predict the range of conditions under which the Co-op will be operating in the next few years with scenario planning. We benefit greatly from the access that Columinate provides to the combined experiences of co-ops around the country. The Co-op department managers joined us for half the day again this year. We used a 2023 Carbondale Economic Recovery Plan report as a basis for our discussions. Carbondale faces serious challenges and has some attainable opportunities in sight. We have a much better understanding of what these mean for the future of the Co-op.

In April 2024 we said a fond farewell to long time board member and Co-op supporter of many years, Jak Tichenor. Among many other things, we will miss his appearances in the Co-op wearing a turkey costume before Thanksgiving. We were also very pleased to welcome Lauren Bonner back onto the board after a year's absence while it was determined that as a federal employee, she was not violating any ethics rules by serving on the Co-op board.





DONNA MARGOLIS
CO-OP BOARD TREASURER

FROM THE TREASURER FINANCIAL REPORT

Thank you for your investment in Neighborhood Co-op Grocery. Your support of our mission, our staff, and our product offerings contribute to our

continued financial success.

Financial Performance

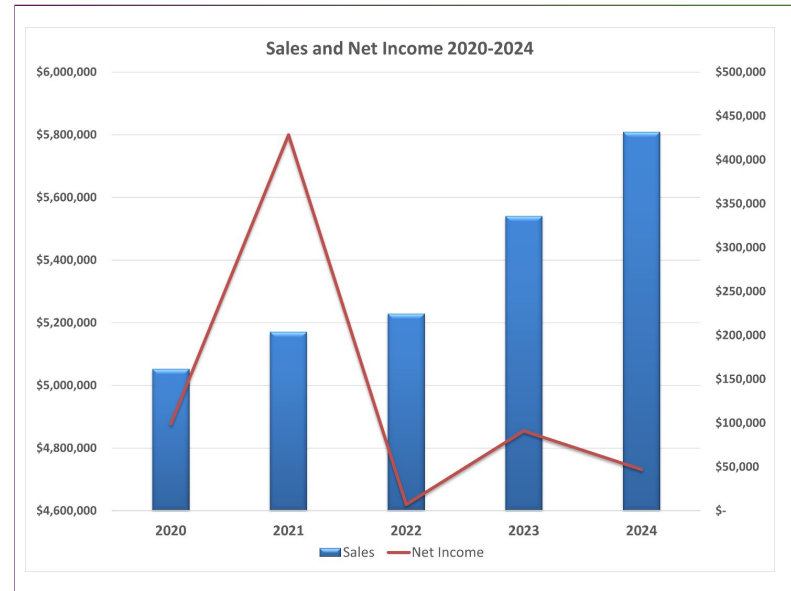
Sales growth remained steady, with annual sales increasing by 4.9%, aligning with the national cooperative average. The fourth quarter was particularly strong, with a 9.0% increase in sales, driven by significant growth in Meat, Cheese, Produce, General Merchandise, Beer & Wine, Frozen, and Refrigerated departments.

Net income for the year was \$47,033, or 0.81% of sales, exceeding the budgeted projection of 0.68%. This performance placed us above the co-op benchmark for financial stability. Additionally, our Earnings Before Interest, Taxes, Depreciation, Amortization, and Patronage (EBITDAP) for the year was 2.3%, indicating healthy profitability.

Liquidity and Solvency

Our financial health was further reflected in liquidity and solvency measures. The Co-op maintained a strong current ratio of 3.0, well above the National Co-op Grocers' (NCG) concern level of 1.25, ensuring we have sufficient assets to cover short-term obligations. While our Days Cash on Hand ended at 32, slightly below the national co-op average, our overall cash position remained stable.

On solvency, the debt-to-equity ratio was 0.60, significantly below the NCG concern threshold of 3.0. With continued repayment of owner loans, our financial structure remains resilient. The final owner loans totaling \$55,000 are scheduled for full repayment in 2025, positioning us for a debt-free future.



Ownership Growth and Investment

A strong cooperative depends on engaged owners, and while we fell short of our goal of 150 new owners, we still achieved a net gain of 125 owners. Paid-in owner equity increased by \$12,470, surpassing our budgeted goal and reinforcing our cooperative's financial foundation.

Key Financial Indicators: Sales Growth and Net Income

Among the most telling metrics, our sales growth and net income trends provides insight into our financial health and operational success. The accompanying graph highlights our consistent upward sales trend over the past several years. The spike in net income in 2021 was due in large degree to forgiveness of our Paycheck Protection Program (PPP) loan and our receiving Employee Retention Credits (ERC).

Conclusion

Overall, the Co-op ended 2024 in a strong financial position, with steady sales growth, healthy profitability, strong liquidity, and a solid ownership base. With long-term debt nearing full repayment, we are well-positioned for future growth and sustainability.

Thank you for your continued support and commitment to our cooperative's success.



2024 FINANCIAL REVIEW

BALANCE SHEETS	2024	2023
Assets		
Current Assets	\$962,727	\$992,988
Property and Equipment	536,420	523,788
Other Assets	602,462	675,196
Total Assets	\$2,101,609	\$2,191,972
Liabilities and Equity		
Current Liabilities	\$371,760	\$377,045
Long-Term Liabilities	411,855	556,536
Total Liabilities	783,615	933,581
Co-op Shares	\$474,637	\$462,067
Paid-In Capital	22,234	\$22,234
Retained Earnings	588,194	496,995
Retained Patronage Dividend	185,896	185,896
Net Income	47,033	91,199
Total Equity	1,317,994	1,258,391
Total Liabilities and Equity	\$2,101,609	\$2,191,972
INCOME STATEMENTS		
Sales	\$5,809,644	\$5,540,659
Cost of Sales	3,566,621	3,390,082
Gross Profit	2,243,023	2,150,577
Expenses		
Personnel	1,486,071	1,396,604
Occupancy	354,353	321,545
Operating	172,761	165,057
Administrative	68,546	68,634
Governance	41,723	35,532
Owner Sales Discounts	40,537	42,315
Marketing	42,858	45,618
Total Expenses	2,206,849	\$2,075,305
Operating Income	36,174	75,272
Other Income (Expense)	10,859	15,927
Net Income	\$47,033	\$91,199



A LOOK BACK OVER THE PAST YEAR

COMMUNITY OUTREACH & FUNDRAISING

As a cooperative, we structure much of what we do around our community.

This grassroots approach guides us to work with local groups to make a collective impact in our region. We have supported many local organizations by working in partnership to help educate, bring awareness to, and raise funds for important causes throughout the past year.



APRIL 22
EARTH DAY ALL SPECIES PARADE

The Co-op contributed to this family-friendly Earth Day event by providing and serving plant-based food to parade participants.

MAY 7
SIU CERAMICS PLANT & PLANTER SALE

Held in front of the Co-op, SIU Ceramic students made planters that were sold as a fundraiser. \$700 proceeds from the sale went to support student activities and research.



OCTOBER
COLLECTION FOR BACKPACKS

Throughout October, we supported Backpacks for Success, a local program that supplies children whose families can't afford school supplies with backpacks. We served as a backpack drop-off location for the month.

OCTOBER 12
EMPTY BOWLS

SIU Ceramics students and faculty sold handcrafted bowls in front of the Co-op to patrons, and the Co-op donated a free ladle of soup for each to enjoy. \$2,758 was raised during the 2-hour event for the Survivor Empowerment Center.



OCTOBER 30
SAFE HALLOWEEN

Trick-or-treaters were able to enjoy a day of fun activities and candy this year! The Co-op handed out candy in front of the store as families walked the shopping center.

OCTOBER 12
SECRET INGREDIENT COMPETITION

The Co-op sponsored this new community event to benefit Southern Illinois Collaborative Kitchen with a donation of 5 \$25 gift cards for event participants.

OCTOBER 24-26
PUMPKIN GLOW

The Co-op sponsored with proceeds benefiting Green Earth, Inc.

OCTOBER 26
CARBONDALE HALLOWEEN: THE GREAT PUMPKIN RACE

The Co-op sponsored this event to raise money for The Science Center and Read SI.



DECEMBER 14
COOKIES WITH SANTA

Vern Crawford brought great joy and holiday spirit to Co-op families as Santa again this year. Musician Ed Van Awken played holiday songs on

his keyboard as we served cookies, passed out allergy-free candy canes, and provided coloring pages for everyone to enjoy. We aimed to create a comfortable environment for families and provided a festive backdrop to take free photos with Santa.



ALL YEAR
WOODEN NICKELS PROGRAM

Our Wooden Nickels program allows patrons to financially support local and regional non-profit organizations by donating a wooden nickel every time they utilized a reusable bag. Two organizations each quarter receive community and Co-op matched donations. Recipients in 2024:

- African American Museum
- Carbondale Food Autonomy
- Connect 360
- St. Francis Care
- World Hunger Sale
- Toys for Tots
- The Little Resource Center
- Rainbow Cafe

We are honored to have had the opportunity to donate a total of \$2,931.82 this year!



SEPTEMBER 14 - 15
FARM CRAWL

We partnered with Food Works to continue this unique event with local farmers connecting customers to local food sources and providing an educational and fun opportunity to learn about various aspects of growing crops and managing livestock. In 2024 we expanded our reach to new farms in the Northern region with 5 new farms and featured 6 new farms in the Southeast/Central region. The event was split into two separate days.

Though this event raises money for Food Works, our main purpose is to educate consumers on resources in our region; connect how purchasing local supports creates a sustainable environment for local businesses; importance of healthy food and products based on healthy soil and practices.

We offered 11 farms to tour, all different from the past few years including: Marcoot Jersey Creamery, Main Street Pastures, Voss Pecans, Bernard Family Farm, Blackberry Hollow Farm, SIU Sustainable Farm, Glacier's End, Pink Tiger Farm, Bauman Family Farms, Dixon Springs Agricultural Center and Ryder Family Farm.

APRIL 12
ANNUAL CO-OP FEED YOUR NEIGHBOR 5K

A big thanks goes to a great group of volunteers and our Co-op staff who assisted in making our 5K successful! Our community came together for a great cause to show their support for battling hunger in our region. A huge thanks also goes to all of the local businesses that helped to sponsor the race.

We were able to donate \$1,000 along with over 100 reusable grocery bags to be used for the food pantry at the Good Samaritan House in Carbondale!

Car passes and event t-shirts were available for purchase in-store and online (with options for pickup or delivery). Car passes were \$15 (single day access) or \$25 (weekend access) per carload.

With sponsorships, shirt sales and car pass sales we raised \$3,800 for Food Works this year!



2025 BOARD OF DIRECTORS ELECTION MEET THE CANDIDATES



RICHARD THOMAS
BOARD NOMINATED INCUMBENT

One of the very first things we did when we moved to Carbondale twenty years ago was to become members of the Neighborhood Co-op. I have been involved with co-ops of one sort or another for about fifty years and it was a very pleasant surprise to find a successful co-op grocery in our rural town. I am now completing my third term on the Co-op's board of directors. In that time, among other things, the board has streamlined our critical oversight role, saving considerable time for both the board and the general manager, leaving us with more time to devote to steering our way through these ever more complex and unpredictable times. I did not intend to serve on the board for this long, yet here I am, asking you, the Co-op owners, for one last term on the board. We are fast approaching one of the most consequential transitions in the history of the Co-op – hiring a new general manager. Our general manager, Francis Murphy, will be retiring at the end of June 2026. Francis has for many years led the Co-op through changes large and small and will be leaving a remarkably healthy and successful business. Finding the right person for the general manager position is no simple matter, which is why your board has already started the process to find and hire a successor for Francis. I would like the opportunity to see this process through to its conclusion.



AMY ETCHESON
BOARD NOMINATED INCUMBENT

I moved to Carbondale in 2007, and the Neighborhood Co-op quickly became one of my favorite destinations, especially on Saturday mornings when my family would walk there for breakfast before visiting the farmer's market. Over the years, I've met countless people at the Co-op, many of whom remain good friends. Because the Co-op is a hub of my neighborhood, I'm most passionate about the Co-op's mission to cultivate community.

However, the Co-op's mission to "provide wholesome foods economically" also speaks to my foodie heart. I've always been passionate about food. Growing up, my family ate healthy, home-cooked meals together most mornings and evenings. My grandparents lived on a small farm that provided homegrown produce and pasture-raised meat to my entire extended family. During college, I worked as a server at an upscale French restaurant for an owner/executive chef who was passionately committed to carefully prepared fresh ingredients. My professional career began in Boston at a company that published multiple IACP and James Beard award-winning cookbooks. In 2008, I became a member of the first CSA in Southern Illinois.

Currently, I am the director of Southern Illinois University Press, which publishes a mix of scholarly and general-interest books, including many about our region. I have graduate degrees in the performing arts, publishing and writing, and business administration (MBA). If elected, I will bring a mix of business acumen, marketing experience, creativity, and a lifelong passion for food to the Co-op board.



LISA SMITH
BOARD NOMINATED

I had the privilege of working with Neighborhood Co-op Grocery for 14 years, starting as Event Coordinator, where I organized community events like the Organic Harvest Picnic and the Nutrition 5K. Over time, I became Marketing Manager as the store transitioned to its current location and quadrupled in size. Later, as Brand Development Manager, I led a small team responsible for outreach, advertising, events, store signage, and design. During this time, I also transformed our newsletter into Morsel magazine, increasing its impact and reach.

Some of my favorite moments at the Co-op were spent on the sales floor, helping shoppers create the perfect menu, discover foodie gifts, or explore new ways to improve their lives through food and wellness.

I have a deep love for the Co-op and the community it serves. Having stepped away from my position eight years ago, I now bring a unique perspective as both a longtime shopper and a former employee. I also currently serve on the Murdale Water Board, gaining additional governance experience and insight into serving a community's needs

This combination of experiences equips me to contribute meaningfully as a board member by understanding our community, building on the Co-op's success, and strengthening the connections we share with those we serve. It would be an honor to serve the Co-op in this capacity, and I hope to earn your vote.



Voting for the Co-op Board is one of the things that makes us a co-op!

Board candidates are Co-op owners who, if elected to the Board, serve for three-year terms. The Board guides Co-op policy and plans for the Co-op's future. We can't do it without you, so please cast your vote and join us at Owner Fest to celebrate the newly elected Board!

VOTING STARTS APRIL 5TH

This year's voting will take place online, 4/5 - 4/26 at 6:30 pm. Election results will be announced at Owner Fest on Saturday, April 26, 2025.





Neighborhood Co-op Grocery

1815 West Main Street
Carbondale, IL 62901

JOIN US FOR OUR BIGGEST OWNER SOCIAL EVENT OF THE YEAR!

CO-OP

Owner Fest

2025

SATURDAY
APRIL 26 • 5 - 9PM

The Warehouse at 17th Street

214 North 17th Street, Murphysboro



Owner Fest is a celebration of our accomplishments and serves as our annual owners meeting. This is also the last day for voting before we elect the new board members. All owners are invited!

SOCIAL 5:00 PM

Social hour with live local music!

MEETING 6:00 PM

Owner's meeting and last call for voting.
(Ballots close at 6:30 pm)

DINNER 7:00 PM

Catered dinner from the Co-op & 17th Street

Tickets are necessary to attend the dinner and only cost \$5 each. Pre-event registration will be used to calculate the quantity of food needed. Owners are asked to preregister if possible. However, tickets will be sold at the door for \$10 each.

*** Due to liquor licensing regulations, no outside alcohol will be permitted.*

...or preregister at neighborhood.coop or in-store.