



2020



**East Aurora
Co-op Market**
locally grown, community owned

ANNUAL REPORT



**FROM YOUR
Board President
Bethany Markovich**

As we all begin to feel collective relief that 2020 is behind us, there is much to be thankful for. As a board, we are grateful to be a part of this amazing community; the support from our member-owners this past year has helped us to understand that our co-op has become an important part of the East Aurora landscape. We are grateful for our employees; they showed up and kept showing up, despite the risks they faced each day. They came to work with ideas, adjusted to the ever-changing landscape that Covid presented, and provided great customer service every day. We are grateful to our general manager Jess, who has helped provide stable leadership for our store during this crisis.

As we approach our five year anniversary, it is most important for all of us to remember that we are still, very much a “start-up” business. Our co-op continues to face the challenges most new start-ups encounter: financial uncertainty, managing

competition, unrealistic expectations for growth, and working to win the trust and loyalty of our customers. And for good measure, our business was thrown into the front lines of a global health crisis. These are trying times for our store and these factors have added new wrinkles to our start-up path.

We believe we have the right pieces to continue to build a successful and sustaining business, and we also know that we need more time to develop that business. This is one reason the board is asking member-owners who have provided loans to the co-op to either convert to shares or extend the terms of their loans.

As we move forward, we know the retail environment will be different in 2021, but we don't get a handy quick start guide that tells our staff exactly what to change. Like in 2020, we have to learn and adapt. The co-op continues to work closely with our board and management consulting team, who have been invaluable in supporting us through these unknowns.

On behalf of your entire board of directors, thank you for being a part of the East Aurora Co-op Market community. Onward we go!





**FROM YOUR
General Manager
Jessica Armbrust**

Reflecting on 2020, we see both the strengths we have built on and the obstacles we face going forward. As we are all aware, 2020 was an extremely challenging year. The events of early 2020 were unprecedented. Panic buying, supply chain disruptions, product out of stocks, and high turnover as frontline staff dealt with the impact of the pandemic. No one knew what to expect. But your co-op hit a new stride and through teamwork, diligence and creative thinking, EACM persevered.

2020 provided your co-op with unique opportunities to establish itself in the community as the go-to place for quick, personable, safe grocery shopping. You loaded up on fresh produce, meats (meat sales up 28%!), cheese and grocery staples, and our community didn't skimp on the tasty treats - we bought 41,604 chocolate chip cookies in 2020. All of this occurred while we prioritized the safety and well being of our customers and staff alike. We were the first in the area to install plexiglass shields at our registers. We developed and rolled out EACM's own curbside shopping program to ensure all customers have access to quality products regardless of whether they feel comfortable shopping in person. Customers have repeatedly expressed their gratitude for the co-op's efforts; we realized sales growth of 12.5% over 2019 and reached \$4M in sales during a global pandemic!

At the same time, 2020 brought significant challenges to our business plan. We saw a shift in the sales mix as the lunch crowd stayed home and purchases in our prepared foods department dropped by 32%. We covered the costs of some significant

expenses including two new point of sale terminals and a new refrigeration compressor. Costs of goods and supplies across the grocery sector have increased and New York State's incremental move toward a \$15 per hour minimum wage has created necessary increases in our labor budget. These shifts in our sales and expenses have delayed our expectations for reaching profitability.

Let's review the numbers:

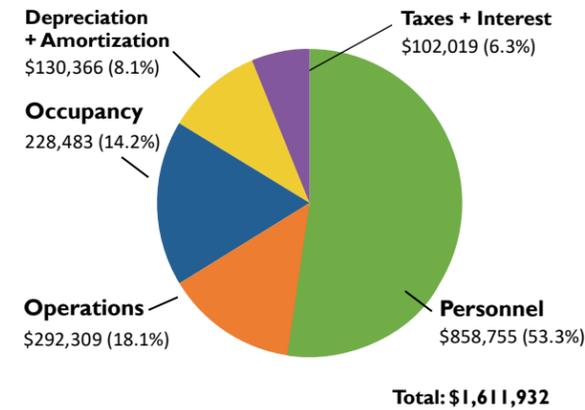
Gross annual sales: 2020 sales were just over \$4.02M, as compared to \$3.57M in 2019 - this represents 12.5% growth year over year.

Member-owners: We surpassed our 2020 goal of 2,365 member owners with 2,373 member-owners as of December 2020.

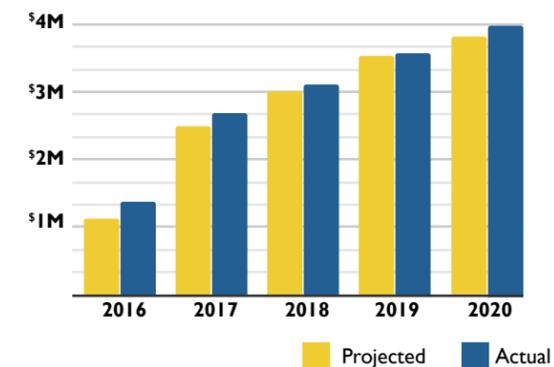
Net profit: At -1.49%, the co-op fell below our 2020 goal of -.99% net profit. We continue to review and revise our plans and projected outcomes as we work through the challenges of the pandemic.

2021 and 2022 will be a time of belt tightening, debt restructuring and hard work. Your board, your GM and your co-op team are up for the task of ensuring the East Aurora Co-op - your co-op - will continue to be a great place to work and shop for years to come. While we do this necessary work, I continue to be in awe of our co-op staff. They are essential workers and heroes, dedicated to our community business. They provide each shopper with the groceries they need, safely and with a smile. I am also deeply grateful to you, our member-owners. Each shopping trip you make to the co-op reinforces what the staff, management and I are working for every day. Our greatest satisfaction comes when we see your smiling eyes above your mask or in your rear view mirror at curbside pickup. Thank you for your ongoing support. As we buckle down for the work ahead, you can help ensure your store's success by choosing EACM first for your grocery needs and continuing to spread the word about your co-op.

2020 Expenses



Sales Growth



YOUR PANDEMIC APPRECIATION

Rhonda Crouch
We never thought we could feel more grateful for our co-op and all those who work there but -truly- we're more grateful than ever! Thank you to each and everyone of you!! We miss seeing you (& your smiles!) as often as we once had but we'll get through this - together. (P.S.

As a person with anxiety disorder, who is already struggling 1 week into all this, you all have been a lifesaver. The thought of going into a big commercial market is overwhelming. I stopped in yesterday and felt at ease, got what I needed and left. Thank you for caring for your staff and your customers.

Jessica Ten Eyck
we decided to exclusively shop at your store during this pandemic. it's so much easier and I already loved you before!

Linda Babetski Zaff
Sincere thanks to the EA Co-op staff for your work each day! Thank you for keeping local shopping available, shopping for us, and offering curbside pick-up! This has been such an important option for us since you started curbside!

Bob Schumacher
Thank you. I appreciate the extra efforts to make us all feel safe while shopping and the continued selections of great food items

Lynn Brunner
Thank you co-op staff! So grateful. We have been doing curbside, a real blessing! But miss seeing you!



BALANCE SHEET	2020	2019
Assets		
Current Assets		
Cash	161,461	24,912
Inventory	162,311	165,987
Prepays	14,283	9,519
Accounts Receivable	50	425
Total Current Assets	338,105	200,843
	Book Value	Book Value
Property & Equipment (Fixed Assets)	1,409,891	1,523,531
Other assets	38,435	42,816
Total Assets	1,786,431	1,762,458

Liability & Member Equity		
Current Liabilities		
	682,546	191,923
Notes Payable		
Loans - Long Term Portion	835,721	1,154,560
Owner Loans + Interest	540,786	526,350
Total Notes Payable	1,376,507	1,680,910
Total Liability	2,059,054	1,872,833
Member Equity		
Owner Preferred Shares	832,300	832,300
Paid in Member Capital	434,299	398,239
Retained Earnings	(1,479,368)	(1,223,970)
Net Income	(59,853)	(112,211)
Total Equity	(272,623)	(105,642)
Total Liabilities + Member Equity	1,786,431	1,767,190

INCOME STATEMENT

Income		
Sales Income	4,012,026	3,567,544
Cost of Goods Sold	2,496,456	2,197,896
Net Profit on Sales	1,515,570	1,369,648
Other Income	36,508	16,119
Total Income	1,552,078	1,385,766
Expenses		
Personnel	858,755	764,651
Operating Expenses	292,309	277,475
Occupancy	228,483	234,081
Depreciation & Amortization	130,366	125,155
Taxes and Interest	102,019	96,614
Total Expenses	1,611,932	1,497,977
NET OPERATING INCOME	(59,853.45)	(112,211)

oh, 2020

....THE SURPRISES

Mid-March: Madness takes on a whole new meaning

20% more customers

60% larger shopping trips

\$231,737 in sales

That's 81% of the prior full month's sales!

and then...

1 day from suggestion to implementation of plexi shields at the registers

1,587 curbside orders fulfilled

\$15,577 pandemic premium wages to staff

so many face masks distributed

3,514 seniors-only shoppers



THE PROGRESS!

168 new member-owners

\$29,129 savings
by member-owners

116 local producers

45% STAYS LOCAL

For every dollar spent at your co-op,
45¢ stays right here in WNY.

That's \$1.8 million last year!

