

willy street co-op

Annual Report
Fiscal Year 2020

JULY 1
2019

TO

JUNE 28
2020



33%

of the products
the Co-op
purchases are **local!**



Pounds of
LOCAL
cheese sold:

274,272 lbs



12,822 lbs

of food
donated to
local
food pantries &
food banks



2,487

New Owners

Number of new
local vendors
added

22

(an 11% increase)

110

Classes &
Nutrition
Consultations



Boxes of food provided
to customers via
curbside pickup

1,802



GENERAL MANAGER REPORT

Anya Firszt, General Manager

a.firszt@willystreet.coop

Hello Dear Owners,

Last year was about change and unrealized budgetary goals; it was not just business as usual.

Early in the fiscal year, staff voted in favor of union representation by the United Electrical, Radio, and Machine Workers of America (UE). This began our six-month journey negotiating a collective bargaining agreement with the UE, which resulted in a ratified contract on March 16, 2020. I want to thank and recognize the Site Directors and UE Collective Bargaining Team for working together to successfully negotiate our first union contract. This change in our operation is a good change for staff.

The second week of March, we were faced with more potential change. We began to reexamine and change the way we were doing business to address the health and safety of staff and customers in light of the coronavirus. And, change we did. Nearly every aspect of our operation changed in some way to address the health and safety of our staff and customers in order to stay open for business. These changes in our operation were hard, but necessary.

Special thanks to the retail floor staff, our managers, and technical staff for providing essential services so that we could remain open for business. We owe them a debt of gratitude for their dedication and determination.

Then, on May 25, George Floyd, a Black man, was murdered by police in Minneapolis, which sent a wave of civil unrest throughout the country and sparked protests against police brutality and systemic racism. With all our nimbleness and ability to change the way we did business with regard to COVID-19, it was clear that we have not eliminated organizational racism in our Co-op, and we need help to do this work.

At the end of the fiscal year, we began working with a local outside consulting

firm, Step Up: Equity Matters, to help us with this work. They will provide an organizational equity assessment, facilitate an Equity, Diversity, and Inclusion strategic plan to prioritize initiatives, support plan implementation with a focus on change management, and design and implement a training program to recognize, own and disrupt individual and organizational biases.

The results of our work with Step Up will guide our strategic priorities for the fiscal year and into the future. I am listening and committed to making our co-op a place where “everyone welcome” is a reality.

Throughout all of last year, we struggled to achieve our budgetary sales goals, and sales are what makes everything happen. Our sales were under budget by \$2.1 million, and expenses up due in part to the operational changes because of the coronavirus, which resulted in operating losses greater than budgeted at \$1.4 million.

We have seen tough financial times before, and we have successfully changed various aspects of doing business in order to turn things around. We will continue to review areas of our operation to gain efficiency or provide cost savings.

Thank you for your continued support and being part of the journey; we would not be here were it not for you.

Here's to another 46 years!



Dane Arts Mural Arts, community groups, and Co-op Owners worked together to paint a mural for the front of Willy North.

BOARD OF DIRECTORS REPORT

Jeannine Bindl, Board President

board@willystreet.coop

Fiscal Year 20 (FY20) was an unprecedented year. We have heard this often in the past few months. Most of the time “unprecedented” referenced COVID-19 and social unrest, but we were fortunate enough to have a few positive highlights as well.

The Board’s Policy Committee started FY20 with an in-depth review of our Co-op’s bylaws. (The Board uses Co-op bylaws as a set of “rules” established by Owners to guide how the Co-op is run.) Owners were invited to submit comments, either electronically or in person, on the first version of revised bylaws in January of 2020. Suggestions were discussed and a second revised version was presented to Owners on the ballot in July. We are pleased to report that you approved our suggested revisions to the bylaws. Thank you!

Our staff voted to unionize! The collective bargaining process took about six months to complete; typically, bargaining the first contract takes about a year. Congratulations to everyone involved on the successful bargaining of a first contract.

Another great thing that happened in FY20: our Co-op was able to provide grants to 12 local organizations via our Community Reinvestment Fund. All of the organizations funded had a focus on reaching out to underserved populations, creating jobs or developing job skills, and fostering social engagement. Seven of the awarded grants went to supporting extensions of current programming and five grants were awarded to organizations starting new programming. The average grant amount was \$2,138, totalling \$25,000 reinvested into our community. Even more exciting, this is a fraction of what we as a Co-op community were able to invest in our community during FY20.

We would be remiss if we did not visit other significant events of 2020. Between the global COVID-19 pandemic and our coun-

try’s increased awareness of racism in America, this has been a year full of challenge and growth. Our Co-op staff worked hard to find innovative solutions to the challenges faced by retailers. As a result, our community has continued to have the opportunity to shop and invest locally. Please join us in thanking our Co-op’s staff for all they have done and continue to do.

Finally, we would like to reiterate the Board’s commitment to addressing racism in our community. The Co-op has engaged Step Up: Equity Matters. Additionally, many Board members have embarked on individual learning as well. We are all committed to doing the work of becoming aware of our biases so that we are able to support changes in our organization and larger Dane County community. We invite you to participate in this work in your own space as well.

As always, thank you for your support of our Co-op. We appreciate the opportunity to represent you on the Co-op’s Board of Directors.

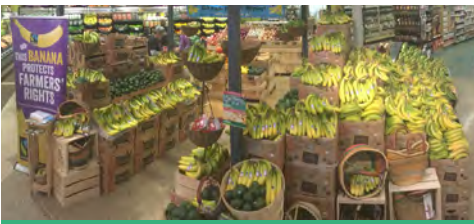
We can be reached by email at:
board@willystreet.coop (Board only)
or allboard@willystreet.coop
(Board and some management).

willy street co-op

GLOBAL ENDS POLICY:

Willy Street Grocery Co-op will be at the forefront of a cooperative and just society that:

- has a robust local economy built around equitable relationships;
- nourishes and enriches our community and environment; and
- has a culture of respect, generosity, and authenticity.



Willy West hosted the World's Largest Display of Fair Trade Produce: 6,000 individual avocados and roughly 12,508 bananas, totaling 18,508 pieces of fruit at 5,740 lbs!



Co-op Principle #6 is "cooperation among co-ops," and that was demonstrated by our partnership with Union Cab to help us deliver groceries during the pandemic.



One of Co-op Owners' favorite class instructors, Chef Paul Tseng, presented a series of cooking segments on News 3 Now.



Northside Planning Council, Wisconsin Women's Business Initiative Corporation (WWIBC), and Willy Street Co-op were three of the organizations to win Dane Buy Local Biz Awards this year. Your Co-op won in the category of Family Wellbeing.



In early February, Willy North was fortunate to host Sherman Middle School GSA for a late breakfast, a tour, and some activities. North Owner Resources Coordinator gjanofier fields talks about what's in a package of soup and encourages the students to find ingredients they could use to make their own from scratch.



A Monona Grove High School digital art class very kindly created some thank-you cards for the work of Willy East staff during the pandemic.

Save Some Trees

Get our newsletter and Annual Report via willystreet.coop/subscribe



GIVING BACK



CHARITABLE GIVING AMOUNTS BY TYPE:

"Abandoned equity" is Owner equity paid to join the Co-op that is unclaimed or donated by Owners who leave or do not shop at the Co-op for at least three years. By law, funds are donated annually to a charitable fund. "Operations" refers to money budgeted as an expense for the purpose listed.

\$313,692

From Customers

Community CHIP™

See details at www.communityshares.com



\$304,431

From Operations

Access Discounts

(1240 participants)



\$50,793

From Operations

Donations of food, gift bags, gift cards and other products and services (203 nonprofits and schools)



\$72,891

From Operations, Customers, & Abandoned Equity

Double Dollars Fund

See details at www.willystreet.coop/community/double-dollars



\$53,900

From Customers, & Abandoned Equity

9 national, regional, and local nonprofits and food co-ops supporting Black lives and civil rights



\$25,000

From Abandoned Equity

Community Reinvestment Fund

(12 organizations)



\$22,310

From Customers

Disaster relief through GlobalGiving due to Australian wildfires & Puerto Rican earthquakes



\$10,000

From Abandoned Equity

Dane County Farmers' Market/FairShare CSA Coalition COVID-19 Emergency Farmer Fund



\$10,000

From Abandoned Equity

Pantries of Plenty (Goodman Community Center, Lusser Community Education Center, Middleton Outreach Ministry, The River Food Pantry, and Wil-Mar Neighborhood Center)



\$10,000

From Abandoned Equity

REAP Food Group & Roots4Change COVID-19 Farms to Families Emergency Initiative



\$73,940

From Operations

Local event sponsorships

(including the Good Neighbor Festival, Fête de Marquette, YWCA Racial Justice Summit, and many more)



\$946,957

TOTAL IN FY20 DONATIONS

FINANCE REPORT

Paige Wickline, Finance Director

p.wickline@willystreet.coop

The audited financial statements show an operating loss of \$1.4 million dollars for Fiscal Year 2020 before our federal income tax entry that reduced the loss to \$1.1 million. We had budgeted for a small operating loss of \$100,000; our loss was much larger because our sales were under budget by \$2.1 million and our expenses were greater than budget due to COVID-19. This translated to operating losses that were \$1.3 million greater than planned.

Your Co-op did receive a Personal Paycheck Protection (PPP) loan in April through the Small Business Administration based on two and a half months of wages and benefits. We used 100% of the funds to pay for payroll and benefits per the guidelines for the loan. We had used all of the funds over a 10 week period from the middle of May to the end of July. These funds provided the cash needed to:

-  pay for wages and benefits to keep our retail stores open
-  expand labor for our online delivery and pickup service
-  re-open our Production Kitchen
-  offer a limited time hazard bonus to our employees at the retail and the Kitchen

Our balance sheet shows a strong cash position which will provide the liquidity to carry us through the pandemic and economic recovery. These funds will be used to provide operating cash for our Co-op, and debt repayment. Our Co-op requires around \$2 million in cash on-hand to be able to meet our operating needs for payroll and payments to our vendors. The funds will also cover our annual debt repayment which includes any portion of the PPP loan that is not forgiven, installments on our loans with Summit Credit Union and the \$540,500 in Owner Bonds coming due in the summer of 2021.

Per generally accepted accounting principles (GAAP), the PPP loan is reflected as a liability on our year end financial statements. We will file for forgiveness by the end of the calendar year and anticipate the portion forgiven will reduce our anticipated operating losses for the current year.

The safety of staff and customers continues to be our top priority. Our next priority is the financial health of our Co-op. The Co-op's goals are to keep all of our locations open and have adequate cash to pay our obligations including payroll, vendor payables for the products we sell, and debt payments to Owner Bond holders and Summit Credit Union. The future economic outlook is uncertain and the recovery will be slow and extended, so we need to much more closely monitor our expenses and align expenses with current sales revenue—all while the COVID-19 pandemic continues in our community.

Thank you for your support and interest in our Co-op.

Number of people the Co-op employs:

360



Number of staff eligible for benefits:

300

(Healthcare benefits for staff working at least 30 hours per week.)



The Balance Sheet, which provides a snapshot of the Co-op's resources (assets) and the financing of the resources (liabilities + equity), reflects the financial stability of the Cooperative. Liabilities are our obligations to creditors (banks, vendors, employees). Equity is comprised of our Owners' contributions via Fair Share payments, retained patronage refunds and unallocated earnings. We round to the nearest decimal or dollar.

Balance Sheet	FY 2020	%	FY 2019	%
Assets				
Cash & Equivalents	4,922,676	30.90%	3,086,199	21.18%
Inventory	1,902,048	11.94%	2,049,920	14.07%
Income Tax Receivable	3,127	0.02%	3,127	0.02%
Other Current Assets	164,747	1.03%	258,962	1.78%
Property & Equipment - net	7,795,209	48.93%	8,404,397	57.67%
Other Assets	1,144,260	7.18%	771,122	5.29%
Total Assets	15,932,067	100.00%	14,573,727	100.00%
Liabilities & Equity				
Accounts Payable	1,953,582	12.26%	1,921,812	13.19%
Patronage Refund Payable	0	0.00%	0	0.00%
Other Current Liabilities	3,983,448	25.00%	2,376,825	16.31%
Long-Term Liabilities	6,023,209	37.81%	5,210,146	35.75%
Total Liabilities	11,960,239	75.07%	9,508,783	65.25%
Fair Share	2,814,904	17.67%	2,758,332	18.93%
Retained Patronage Refunds	1,449,506	9.10%	1,449,506	9.95%
Retained Unallocated Earnings	-292,582	-1.84%	857,106	5.88%
Total Equity	3,971,828	24.93%	5,064,944	34.75%
Total Liabilities and Equity	15,932,067	100.00%	14,573,727	100.00%

The Income Statement measures our profitability. Sales, gross profit margin (sales less costs of goods sold), and personnel expenses are the key indicators of whether we can expect to meet budgeted profitability.

Income Statement	FY 2020	%	FY 2019	%
Sales	58,458,708	100.54%	56,456,167	100.43%
Access Discount	-316,637	-0.54%	-244,505	-0.43%
Gross Sales	58,142,071	100.00%	56,211,662	100.00%
Cost of Goods Sold	-37,666,136	-64.78%	-36,163,070	-64.33%
Gross Profit Margin	20,475,935	35.22%	20,048,592	35.67%
Expenses				
Personnel Expense	15,698,663	27.00%	14,531,013	25.85%
Occupancy Expense	2,138,480	3.68%	2,063,509	3.67%
Operating Expense	1,680,959	2.89%	1,603,655	2.85%
Promotional Expense	639,458	1.10%	688,268	1.22%
Depreciation & Amortization	986,436	1.70%	893,350	1.59%
Administrative Expense	764,853	1.32%	563,906	1.00%
Governance Expense	162,389	0.28%	137,055	0.24%
Total Operating Expense	22,071,238	37.96%	20,480,756	36.44%
Other Income	343,668	0.59%	277,914	0.49%
Interest Expense	-214,004	-0.37%	-173,586	-0.31%
Other Expense	-49	0.00%	-65,110	-0.12%
Total Other Income (Expense)	129,615	0.22%	39,218	0.07%
Income (Loss) Before Income Taxes	-1,465,688	-2.52%	-392,946	-0.70%
Income Taxes	316,000	0.54%	194,000	0.35%
Net Income (Loss)	-1,149,688	-1.98%	-198,946	-0.35%

willy street coop

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POSTMASTER: DATED MATERIAL
CHANGE SERVICE REQUESTED