

# Annual owner Meeting 2021



community-owned grocery

open to everyone

solar-powered

# Welcome, owners!

# MEET YOUR BOARD OF DIRECTORS

**Lisa  
oglesby**

Board President  
2020-2022



**Kent  
McClard**

Board Treasurer  
2021-2022



**Cody Nunn**

Board Director  
2021-2023



**Jillian  
Tempesta**

Board Director  
2021-2022



**Janet  
Stich**

Board Secretary  
2021-2022



**Raphael  
Chinchilla**

Board Director  
2021-2023



# What is the role of the Board?



The past year has been one of the most challenging in the history of the co-op. When the Board wrote the 2020 “Meeting the Moment” expansion to our Strategic Priorities last year, we were not sure how long they would remain relevant. A full year later, we continue to use this expanded view of our priorities to lead the cooperative.

The impact of the pandemic hit the co-op at a vulnerable time. We went into the pandemic in a compromised fiscal position and were faced with a large drop in sales when UCSB and SBCC went remote. These choices kept the community safe but took a toll on the co-op. We kept our doors open and were committed to keeping our essential workers safe.



# 2021 Board of Directors Report

# Healthy Food For All

Increase the accessibility of nutritious, high-quality, affordable, and culturally-inclusive food for our community.

*2020 Update: Strive to ensure an exemplary and safe shopping experience that provides healthy food in ways that meet the varying needs of our customers during the pandemic. Increase pathways for the IVFC to support safe healthy food access for our most vulnerable community members.*



# Fair & Equitable Workplace

Foster a culture of diversity and empowerment.

Be a model of excellence in all employment practices.

*2020 Update: Strive to assure a safe work environment for all workers by serving as a model for worker pandemic safety in our community. Support the physical health and mental wellness of all workers.*



# Environmental Stewardship

Model environmental sustainability in our products and practices.

*2020 Update: Adapt our environmental sustainability practices to meet health and safety requirements during the pandemic.*



## Community Engagement

Create opportunities for the greater community to participate in the cooperative, and for our co-op to participate in the greater community.

*2020 Update: Encourage ownership and community connection through new pathways while physical distancing. Maintain timely and informative outreach on the IVFC's adaptation to the pandemic.*



## Economic Resilience

Strengthen our cooperative by ensuring fiscal security for the IVFC's future.

*2020 Update: Strive to ensure fiscal security of the IVFC by monitoring and planning for the ongoing fiscal impact of the pandemic.*



## Community Advocacy

Nourish and sustain a culture of inclusion for our diverse community.

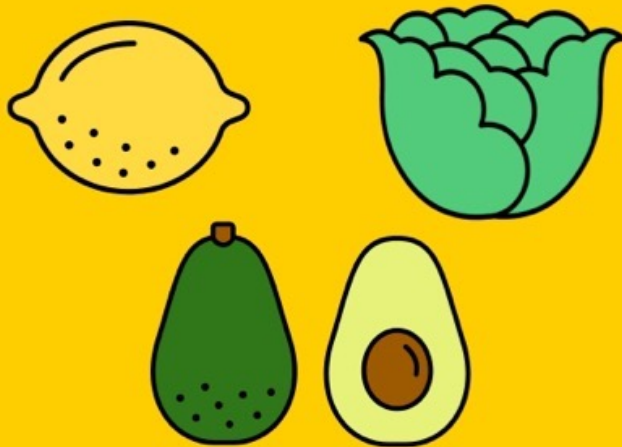
*2020 Update: Maintain a culture of inclusion and anti-discrimination through community conversation and supportive actions. Empower marginalized communities through partnerships and access to healthy food*



# Local Food System Support

Be a leading resource to support farmers and other producers in our local food shed.

*2020 Update: Encourage resilience in our local food system through ongoing support of local producers in the supply chain while promoting their health and safety during the pandemic.*



grow the visibility of  
our social impact &  
values

# Tell our story.

*2020 Update: Raise awareness of the value of co-operatives to build resilience in our community and local food system*



# Thank you, IVFC workers!

*The IVFC team is the best!*

Through this past difficult year and into this new year, the team of IVFC workers have done an incredible job of keeping the co-op going. Please be sure to thank them the next time you are in the store.

We maintain committed to ensuring a **Fair & Equitable Workplace** for all workers. As we move towards out fiscal recovery, the co-op will continue to invest in its workers and strive to be a model of excellent employment practices that fosters a culture of diversity and empowerment.

2021 has been a year of transition for the co-op. We have needed to pivot to the ever-changing challenges of the pandemic and the shifting needs of our community, all while maintaining a workplace that allows for support, growth, and change.

After the retirement of Melissa Cohen as GM in March, the Board brought in an interim General Manager, Mark Mulcahy from the Columinate consulting co-op to help us assess our current situation as we planned for the next GM hire. That assessment is available on the co-op website along with the April Board meeting minutes. Since the spring of this year, the Board has been working to get the co-op on the road to recovery from the challenges we faced.

Through these transitions, the team of IVFC workers have done an incredible job of keeping the store thriving! As we move towards recovery, we will continue to prioritize the needs of our workers.





For the second year, Board elections were held online in accordance with public health guidelines. In May we added two new Directors, Cody and Raphael, to the current Board. Cody and Raphael have jumped into their Board service with both feet and have been great additions to your working Board.

As most of you know, Board Elections are every year in the spring. In the coming months, the Election Committee will be doing outreach to our Owners about the Call for Candidates and voting process.

The co-op has a fiscal year that runs October 1<sup>st</sup> through September 30<sup>th</sup>. We just completed our Fiscal Year 2021 at the end of September and have some initial reporting to share.

## Challenges for our Economic Resilience: Low Net Income & the Impact of the Pandemic

Net Income from our Profit & Loss statements for the past 4 years:

Fiscal Year 2018 the coop **made** \$580

Fiscal Year 2019 the coop **lost** \$21,000

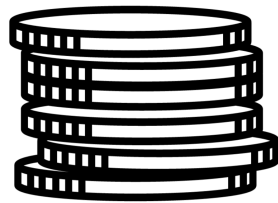
Fiscal Year 2020 the coop **made** \$59,000

Fiscal Year 2021 the coop **lost** \$170,000\*

\*We received \$175,802 from the PPP program which helped keep our doors open.

Sales for Fiscal Year 2021 were down from Fiscal Year 2020 by 15% and down from Fiscal Year 2019 by 12%.

Gross profits for Fiscal Year 2021 were down from Fiscal Year 2020 by 18% and down from 2019 by 13%.



## Challenges for our Economic Resilience: Mortgage on our Building

Additionally, the co-op needed to make enough **net profit** to cover the increasing principle on our debt service for the mortgage. This is the equity that we put into our building each year. These principle payments are not included on the P&L income statement and directly affect the cash reserves we use to run the business.

**Fiscal Year 2018 debt service was approximately \$36,000**

**Fiscal Year 2019 debt service was approximately \$55,000**

**Fiscal Year 2020 debt service was approximately \$58,000**

**Fiscal Year 2021 debt service was approximately \$62,000**

*When we entered into the mortgages in 2013, and for the first few years, the amounts we paid to our principle were lower. They increase each year, and the co-op reached a point where servicing the debt was impacting our Economic Resilience because of the impact on our cash reserves.*

While these increases were known, the store was not able to succeed in generating enough profit to cover this expense. We maintained our building with improvement projects but were unable to ensure resiliency for the impact of the mortgage this past year.

## Challenges for our Economic Resilience: Low Cash Reserves\*

Cash at end of Fiscal Year 2018 was **\$90,467.82**

Cash at end of Fiscal Year 2019 was **\$67,126.06**

Cash at end of Fiscal Year 2020 was **\$339,125.08**  
*(The co-op was able to get a fully forgiven \$175,000 PPP loan from the PPP program during Fiscal Year 2020)*

Cash at end of Fiscal Year 2021 was **\$68,398.06**

\*The recommended amount of cash reserves for our business is at least \$150,000 to \$200,000 in order to maintain the operational cash needs of the store.



The impact of our mortgage expense is seen mostly in our operating cash.

Our co-op needs to get this challenge under control in order to continue into the future. We have begun the hard work of analysis and planning for our fiscal recovery to stabilize the cooperative.

We will have the completed financial statements from our accountant later this month and the written Annual Report will be made available to the Ownership in December, in accordance with our bylaws.



**Welcome Hernan Cornejo as our  
New General Manager!**

We are pleased to have found a new General Manager, Hernan Cornejo, who's experience and skills in operational excellence far exceeded our hopes to find a partner to work with the Board on the financial recovery of the co-op. Hernan joined the co-op team in August and has been working to address the concerns outlined in our assessment from Columinate, to support the team in the growth of the co-op, and to be a partner with the Board to achieve the co-op's goals.

With a strong team in place, your co-op is well positioned to take on the challenges of the next year. We have implemented changes to improve the financial health of the cooperative, improve accountability to our Owners, be a great workplace for our staff, and reengage with the greater community as Isla Vista — all while being a great grocery store.



We are still here! The co-op has served many people during the course of the pandemic and we continue to be a resource for our community.

Since I discussed it in detail earlier in the report, I am happy to announce that the co-op is in the process of refinancing our mortgage loans with our local bank, Mechanics Bank! Currently, our total monthly payment for both mortgage loans with the National Cooperative Bank is \$9,841.22 and the interest rates are 6.02% on the smaller loan of \$119,000 and 5% on the larger loan of \$950,000. Mechanics is offering us an interest rate of 4.30% and our total monthly payment will be \$5,821.15 which means our monthly out of pocket expense will be reduced by \$4,020.07 (\$48,240.84 for the year).

With the return of in-person instruction at UCSB, the population of IV has increased and UCSB and SBCC students have returned to the store. We have the opportunity to engage with 2 years of students new to the area!

October was Co-op Month and our Owner Drive brought in 159 new and returning Owners!

We have a really great team of workers in place! As usual, you will see some new faces in the store. Some workers have left over the course of the past year to pursue other passions and we are hiring to staff up the store. (Please check the website for current job openings.)

Some of you might have heard about the expected supply chain disruptions. This is something co-ops are dealing with on a national level, and we have a strategy for minimizing this problem in our store.

Events have returned to the patio! Co-op tastings are back. We just co-hosted a Halloween costume contest with the IVCSA.

Our bulk department is back open!



## We want your Co-op Stories!

Help us compile a half-century  
of Co-op history to celebrate!

Submit online

(Photos, too!)

Next year our co-op turns 50!  
We will be celebrating our 50<sup>th</sup> year  
all year long, starting with some  
special events in January to kick  
things off.

So many people have helped to make  
the co-op a special place over the  
years. We are hoping to hear from  
you all and help us write the 50 years  
of Isla Vista Food Co-op history by  
providing us with your stories and  
memories. You can submit your co-  
op history input to us at:

<https://www.surveymonkey.com/r/IVFCHistoryProject>

# Ways you can support your Co-op:



 Tell your friends about the Co-op

Supporting your co-op is easy and often fun!

**Shop:** The pandemic has presented our store with some unique challenges and we very much appreciate your crucial financial support. Every dollar you spend at the co-op goes back into running the store, paying our staff, improving our building, serving our Owners, and giving back to our community.

**Tell Your Friends:** Co-op Owners are our best ambassadors! Every time that you tell people about the co-op you are helping to get the word out about what we do. When you amplify the work of the IVFC within the community to help raise awareness you are supporting your co-op and helping us reach our goals!

**Vote:** At the start of each year, your co-op holds elections for its Board of Directors. Voting in elections is a right of every Owner and something we encourage you to do in every voting cycle. Your vote lets us know what you want to see in co-op governance and leadership — even when you are just voting a vote of confidence, your voice matters.

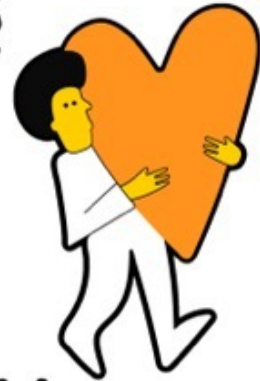


# Want to get more involved?

Come to a Board meeting



Serve on the owner Engagement Committee



Run for a seat on your Board of Directors



Do you want to get more involved in the co-op? Great, here's how!

**Board Meetings:** The IVFC Board of Directors has open meetings every 3rd Wednesday at 6:30pm on Zoom. Our next meeting is December 15th. Owners are welcome to attend meetings and we love to have guests and to hear from you.

**Owner Engagement Committee:** The OEC is working to enhance Owner communication with the Board and to get more Owners involved in co-op service. If you are interested in serving on the OEC to help maintain engagement with your fellow Owners please contact us.

**Board Candidates:** If you are looking to get even more involved, there are opportunities to run for a seat on the Board of Directors each year. The Board is looking for interested, qualified candidates right now! Director terms are 2 years. Interested candidates are encouraged to attend the December 15<sup>th</sup> Board meeting. You can apply yourself or let us know of Owners who you think would be a good fit. Just contact us at the email on the last slide and we will get back in touch with more details.

For more info contact us at:  
[board@islavistafood.coop](mailto:board@islavistafood.coop)

Thank you for coming to  
our Annual owner Meeting!



Thank you for coming!

Please stick around for  
Owner comments and  
Q&A, followed by the  
breakout room hangouts  
so Owners can connect  
with one another.