



# 2022 TWIN CITIES CO-OP PARTNERS ANNUAL REPORT

Letters from the CEO and Board • Financials • Giving Report

# LETTER FROM THE CEO

By Josh Resnik

In my role as CEO of the co-op, I get to talk with many co-op owners, farmers, and community leaders. Through those conversations, I have developed an important perspective on how people are valuing community and connection in these turbulent times.



At Twin Cities Co-op Partners, we take our role very seriously in building community and developing strong connections among the people who give the Twin Cities and Upper Midwest a great local food culture. While it is easy and necessary to focus on the everyday, a big part of my job is looking ahead to the future and finding ways to protect and build the co-op so that we can continue to have a positive impact on our community not just today, but for future generations.

In early 2022 TCCP leadership and the board worked together in developing a Long-Range Plan. It was a very collaborative process, and one in which we got focused on what we want to build the co-op to be in the future and how we are going to get there. Both the journey and the end result have been very helpful in creating greater clarity, focus, and a shared language of what we want to be as an organization. A lot of the conversation centered on how we can create the greatest impact for all of our stakeholders—owners, employees, farmers and vendors, and the community. By sustaining a healthy business, we ensure the future of the co-op for decades to come and also expand our positive impact to all who are touched by the co-op. Strategically, we are focused on delivering a delightful experience for all customers through: 1) trusted curation of the best local and organic products, 2) personalized service, and 3) authentic connection to our communities. This is what customers have counted on the co-op for for decades, and by being best at these things we will continue to succeed in an increasingly crowded

retail and distribution environment. While we would eventually like to grow our footprint through new stores and expanding CPW's coverage area, we recognize that the next couple years are about setting the foundation for future growth acceleration. And by improving our back of house systems and tightening up business processes, we can better generate the funds that will help fuel this growth, which ultimately goes back into the pockets of our stakeholders.

Here is a brief summary of some of the business highlights from the past year:

**NICOLLET SALE:** As we reported last year, we decided to exit our stand-alone food service business (Commissary Kitchen, Bakery, Catering, and Café) on Nicollet. We have successfully moved our food production back in house at the Wedge and Linden Hills—resulting in improved product quality and more operational efficiency. We put the Nicollet building on the market and sold it relatively quickly.

I would describe the transaction as a win-win; the co-op got a good return on the sale and can use that money to invest in other growth drivers in the future. And a great purchaser, Jami Olson of Centro, bought the building to expand her modern Mexican cooking franchise. They have done a great job with their new restaurant on Eat Street and the building continues to support a strong local food system.

**CO-OP PARTNERS WAREHOUSE:** Tom Rodmyre, who led CPW for over two decades, retired in February 2022. We truly value Tom's vision, leadership, and unsurpassed commitment to CPW's success; he helped build the business from the ground up and treated all his employees like family. With that said,

we are very lucky to have James Collins leading CPW now. He joined TCCP a couple years ago, and has been involved in several capacities for the organization. In February he took the baton from Tom. James brings an incredible level of operational and distribution expertise, and a tremendous energy to the role. He has also hired a number of new key leaders who are working with the existing team to drive positive change at CPW. In his two years at CPW we have seen double digit sales growth each year and there have been dramatic changes to a number of systems that have helped us operate more efficiently. FY'22 was a record sales (+15.0% vs LY) and profitability year for our largest and fastest growing business unit—in fact, CPW now makes up almost half of our total sales. We continue to look for new ways to be a force for positive change in the food system in the Upper Midwest through new programs and grower partnerships.

**RETAIL:** While CPW grew double digits in FY'22, we saw modest declines at both of our retail business units in FY'22. The Wedge was down 5.0%

and Linden Hills was flat. On a positive note, we did see some sales momentum in the later part of the fiscal year, and we ended much stronger than we started the year. Especially at the Wedge, we have been impacted by some changing dynamics in the external environment—between

increases in crime in the neighborhood and downtown office traffic still at about half of pre-pandemic levels, we have seen some declines in store traffic. We are encouraged by the more recent trend since this summer with road improvements on Lyndale that have made traffic flow more smoothly and the "dreaded left turn" from Lyndale into the Wedge much easier with a dedicated lane. We have made some changes in our store team whereby long-time Wedge veteran Dean Schladweiler is back as Produce



# LETTER FROM THE CEO

Manager and the department is looking better than ever. Doug Peterson, a co-op veteran operator, is now in the role of Store Director—we have gotten very positive feedback from customers about the store shopping experience recently. Meanwhile, changes in Prep Foods at the Wedge—including the re-opening of the Hot Bar, the expansion of hot breakfast sandwiches, and high-quality sushi in the former salad bar space—have been met with positive reviews. Last October, we celebrated our commitment to Fair Trade, as we partnered with Fair Trade America and Equal Exchange and had a beautiful mural painted on the front to our store by local artist, Reggie LeFlore. Another highlight of the year was in February with some of the in-store signage, merchandising, and social media storytelling behind several great brand partners for Black History Month. Over at Linden Hills, store director Lisa Coyne and her team have celebrated a number of wins as well. The use of merchandising space and creating value for our customers is better than ever. Like many other businesses across the country, there has been employee turnover, but the team has done an incredible job of being flexible and has worked really hard to deliver top tier customer service—as measured by our external audit system.

**STAKEHOLDERS:** While we are embracing change over the past 18 months and adjusting our business priorities, our values and commitment to our mission and stakeholders remains steadfast. We are completely committed to the mission of Building Community by Developing a Strong Local Food System—and that is something we focus on every day through all the decisions that we make. And we remain committed to supporting the needs of our stakeholders (owners, employees, community, farmers/vendors) who loyally support our business. I wanted to share some highlights about our

work to support the various stakeholders.

## OWNERS/SHOPPERS:

In FY'22 owners received \$790,902 in discounts. Through a combination of our quarterly 10% off owner-only deals, our CAP discounts, and our 1% rebate at the end of the year, owners saw major benefits to shopping at the co-op, and this does not even include many other owner specials and savings from promotions like Fresh Cut Friday, Wellness Wednesday, and other product savings in our monthly specials. We continue to work on refining the value we provide to owners, and have modified our owner specials this year to provide more immediate, year-round value, and also to better align customers savings by highlighting our amazing local vendors.



Access to high quality, healthy food is as

important as ever. Through Co-op Affordability Project (CAP), we offer an alternative path to ownership and everyday discounts to people who qualify by being part of various government assistance programs. In FY'22 we welcomed 438 new CAP owners to the co-op. At the end of the year, we had a total of 1,665 active CAP owners—and increase of 7% over the previous year. And our total investment in CAP discounts was \$277,051—a 13% increase over the previous year and 29% above 2020.

While impact can sometimes be measured by numbers, it often goes beyond that. I wanted to share a personal story about the impact we have on our long-time Wedge shoppers—specifically one customer. Over the years, she would always stop me in the



store to complain about something. I used to joke with her that if she was not complaining then I would be really worried; she complained because she cared, and the Wedge meant a lot to

her. A little over a year ago she was diagnosed with cancer and it advanced pretty quickly. I got a voice message from her July 4 weekend; she was calling from quarantine in the hospital. She said, "The customer service at the Wedge is absolutely wonderful. I'm so grateful for your customer service team. Even when they make mistakes, it's no big deal....I mean it is a big deal...but it's not really." She continued, "I have been shopping there for over 20 years and am grateful for your products, and how you always clearly list the ingredients. Thank you for everything!" I kind of knew at the time it was a goodbye message. And sure enough a few weeks later her sister called me to let me know that she had passed away. Part of her getting closure was expressing gratitude for the Wedge and letting me know how important that was in her life. I don't mean to suggest we play that role in all 21,000 owners' lives. For many people we are simply a great place to get the best quality ingredients that they trust. But for many others, it is about more than that—and is an important part of their lives and their connection to the community.



**EMPLOYEES:** During the FY'22 we completed new collective bargaining agreements at Co-op Partners Warehouse and the Wedge. Both negotiations were relatively collaborative, and all sides came out feeling like we created a positive agreement. We

have moved starting wages up to \$16.50 per hour at CPW and the Wedge. And across the whole organization, our average hourly employee makes \$20.35 per hour.

## LETTER FROM THE CEO

On top of that we have prioritized a largely full-time employee basis because we know the importance of providing a complete benefits package for employees—currently 78% of our employees are full-time. TCCP values having long-term employee retention and believes a key piece of that is investing for employee development. We are working to help employees build their skills in a number of ways—including more multi-department flexible positions at retail and building a warehouse and sales skill development track into the CPW union contract. I am happy to report that 46 employees (almost 15% of staff) received a promotion in the last year. And many employees view working at TCCP as a career, not just a fill-in job. This is evidenced by the fact that in an industry known for very high turnover, we have over 30% of employees who have worked for TCCP for 10+ years, and even 7.5% who have been with the company for 20+ years. In addition to training, another important motivator for employees is in creating a sense of engagement and ownership in the business. In the past year, we have created employee-led committees on the topics of Sustainability and Diversity, Equity, and Inclusion to ensure employees have an opportunity for a bigger voice in the business. In an effort to diversify our employee base and better reflect the diverse community in Minneapolis, we have partnered with the Minneapolis Department of Employee and Economic Development, and Twin Cities Urban League to attend job fairs and reach new people who might not otherwise think of working at the co-op. While I will say that the effort has been sincere, the results have admittedly not gone as far as we would like—we increased from 17% to 18% BIPOC employees in the past year; but we recognize that there is more work we need to do. We hope that some of the work to focus on not just Diversity, but also Equity, will have an impact on increasing that number in the future.



**VENDORS:** One way we distinguish ourselves most as a company is that we are the first to carry a myriad of new products. I love hearing stories from local food entrepreneurs about how they got their start selling at our co-op.

Nurturing and helping build local food brands is in our DNA and part of our mission. While the pace of new product innovation slowed down a little during the first couple years of Covid, it was exciting to see some return to normal with many exciting new brands hitting our

shelves. One of the absolute best items at retail is the Nixta Tortillas—they are heirloom corn tortillas made in Northeast Minneapolis that taste like homemade if you could make excellent tortillas at home. Another great artisanal local item is the Aliment Pasta Ravioli—crafted at the Food Building, also in Northeast Minneapolis. The drink category continues to be a great source of innovation and new local brands like Jinx Tea and Superior Small Batch both created real innovation with high quality products. Our most newsworthy and integrated launch of the year was our partnership with James Beard finalist Chef Yia Vang and his Union Hmong Kitchen line of products. We carried his sauces and spice rubs at retail, and also have been using them for value added offerings in our meat case—I am totally hooked on the lemongrass scallion shrimp skewers. Meanwhile Co-op Partners Warehouse is continuing to find new ways to partner with local farms for integrated programs that bring their produce to more co-ops through the Upper Midwest and take more truck miles off the road.

**COMMUNITY:** The need in our community continues to be large, and Twin Cities Co-op Partners continues

to step up and support several important organizations that are doing amazing work in the community. Through the generous giving of our shoppers and vendors, TCCP helped direct \$124,481 (over \$10,000 per month) to 12 Change Matters recipients. That program supports organizations doing work in three areas: 1) Empowering Black, Indigenous, and other communities of Color, 2) Supporting organizations working in hunger relief, and 3) Supporting up-and-coming farmers of Color through partnerships with local farm associations. This year we had several new partners—including Ujamaa Place, Haven Housing, and Hmong American Farmers Association—who were able to create a real positive impact through these donations. In addition, through sales of merchandise, we directed money to Gender Justice, Reclaim, Stand with Ukraine, and the Du Nord Foundation. Co-op Partners Warehouse was once again an important donor of fresh food to those helping solve the very serious hunger issue in the Twin Cities, and Linden Hills Co-op recently started a food recovery program with Second Harvest Heartland. We also recognize that we play an important role in the community through our role as educators. TCCP continued its partnership with other co-ops in the Twin Cities to host the series “Co-op Community Conversation: Exploring the Intersection of Racial, Social, and Food Justice.”

Our work in the community and serving our amazing owners is never done. Each year we ask how we can do even better at serving our customers, farmer/vendors, and the community. I am very proud of the team at

Twin Cities Co-op Partners and grateful for their commitment to building a strong local food system. As I look forward, I am very energized by our long-range plan and am excited about continuing to serve the community in meaningful and impactful ways.



## GIVING REPORT

### A STRONG FOUNDATION OF COMMUNITY

During the past fiscal year, we strengthened our ties to the community and continued to grow a strong, local food system in numerous ways.

THROUGH CHANGE MATTERS, WE RAISED OVER \$124,000 FOR LOCAL ORGANIZATIONS EMPOWERING COMMUNITIES OF COLOR, FIGHTING HUNGER, AND SUPPORTING EMERGING FARMERS. THANK YOU FOR ROUNDING UP AT THE REGISTER WHEN YOU SHOP, AND THANK YOU PRODUCT PARTNERS FOR YOUR GENEROUS DONATIONS!

WE RAISED  
**\$2,801**  
to benefit  
**Du Nord Foundation**  
and **Stand With Ukraine MN** through the proceeds from our yard signs.



CO-OP PARTNERS WAREHOUSE DONATED  
**\$381,623.63**  
in food to **Loaves and Fishes**, **Twin Cities Food Justice**, **Sisters' Camelot**, **First Nations Kitchen**, and others fighting hunger in our community.



WE SUPPORTED RECLAIM with a  
**\$574**  
donation through the sale of Pride t-shirts in June.

WE WELCOMED  
**1,403**  
NEW OWNERS  
into the co-op community.



**\$206.70**  
was donated to **Gender Justice** with proceeds from the pronoun pins sold in our stores.



WE ISSUED  
**\$277,051.07**  
in discounts to owners enrolled in our **Co-op Affordability Project**.



**\$4,969.69**  
in change was collected in our donation boxes and given to local food shelves.

WE SUPPORTED LOCAL FARMERS AND PRODUCERS BY ADDING 214 NEW LOCAL ITEMS TO OUR SHELVES. THIS BRINGS THE TOTAL NUMBER OF LOCAL PRODUCTS IN OUR STORES TO 4,466, AND THOSE ITEMS COME FROM 479 DIFFERENT LOCAL BRANDS.

WE HIRED  
**115**  
new employees into TCCP and promoted  
**46**  
internal employees to new positions!



THANK YOU FOR BEING A PART OF THE CO-OP COMMUNITY!

## LETTER FROM THE BOARD

In the age of big box stores, “greenwashing,” and global-wide supply chains, how do our local community co-ops keep going? How do they continue to bring great, quality, and truly local food products into our communities?

A lot goes into operating our co-ops!

For decades, through countless cultural and environmental changes, the co-ops have strived to do right by people, and right by the planet. Our knowledgeable and passionate staff have kept the co-ops fun and safe places to shop. Our strong relationships with farmers and vendors have kept the warehouse, and the stores, full of quality, trustworthy, local products. And our more than 21,000 owners, not to mention shoppers coming from areas throughout the Twin Cities, have created even more community up and down the aisles of our stores.

Through change after change (especially over the last few years) our mission has consistently guided us: We know that we build community by developing a strong local food system. We believe that our success is measured by having meaningful social, environmental, and economic impact, what people in the co-op world call “the triple bottom line.” That guides us to balance a sustainable mix of people, planet, and profit.

As we look ahead, we understand that our need to adapt to change is an evergreen need. This year, the TCCP management team, along with the Board of Directors, developed the TCCP Long Range Plan (LRP). The LRP is a series of goals, strategies, and initiatives to support our mission, our customers, our communities, our employees, and the partners we work with throughout the Upper Midwest. We are excited and optimistic that the LRP provides us with a strong, updated foundation for positive impact, and helps us generate a profit that enables positive impact to people and planet.

The Board thanks all of you, the owners of Twin Cities Co-op Partners, for your ongoing support. Spending your shopping dollars at the co-ops keeps that money in the community, supports fair wages and benefits for employees, and helps sustain our local, midwestern food system.

We encourage you to connect with us at [board@tccp.coop](mailto:board@tccp.coop)

Yours in cooperation,  
The TCCP Board of Directors.



**Top row (l to r):** Sarita Parikh (President),  
Christine Page (Vice President),  
Emily Anderson (Secretary)

**Middle row:** Lisa Fittipaldi (Treasurer),  
Sophia Nelson, Steve Share

**Bottom row:** Tom Pierson

## TREASURER REPORT

As planned, fiscal year 2022 has been a stabilizing year for Twin Cities Co-op Partners (TCCP) and we are positioned for growth going forward. Explained in more detail below, the financial statements reflect positive after-tax net income of \$2.6 million dollars, driven by forgiveness of our Covid Payroll Protection Program (PPP) loan. Excluding the PPP loan forgiveness and estimated taxes, TCCP's net income for FY'22 is \$101,000.

You will see some substantial changes in the balance sheet and income statement reflecting significant transactions during the year.

In February, we successfully completed the sale of the Nicollet property for \$3 million net of selling costs. After repaying the loan secured by the Nicollet location, our net cash proceeds are \$150,000.

As mentioned above, our PPP loan was forgiven in full, resulting in \$2.7 million of non-patronage income.

We also retired over \$290,000 in C Shares (an equity offering initiated in 2013 by the Wedge Community Co-op pre-consolidation), on a first in first out (FIFO) basis. We are happy to announce that the Board approved redemption of an additional \$500,000 for this fiscal year. We mailed C share dividends of 4% and the approved redemption payments in early October. Following these redemptions, TCCP's C Shares balance will be \$592,000. This is a significant reduction of the \$1.9 million initial C Share offering.

FY'22 was not without its challenges. While some normalcy has returned post-pandemic, much of the downtown Minneapolis workforce has not, and may never fully, return to working in person. This has a direct impact on the Wedge which benefits from downtown lunchtime and post-work traffic in the evening. Moreover, the increase in crime seen nationwide has had a bigger impact on perceived safety at the Wedge vs. Linden Hills, given the Wedge's urban setting. Sales and profit at the Wedge were down 5% vs. the prior year, while sales and profit at Linden Hills were flat. CPW continues to thrive increasing both sales and profit by 15% and 16.8% respectively. This mix resulted in total TCCP sales increasing to \$77.6 million before member discounts, a 3% increase over the prior year. TCCP's net income was \$2.6 million. Net income excluding the PPP loan forgiveness (\$2.7 million) and estimated taxes (\$220,000) is \$101,000.

TCCP's balance sheet is strong.

- Both assets and liabilities declined by \$3 million with the sale of Nicollet.
- PPP loan forgiveness reduced liabilities by an additional \$2.7 million.
- Cash and CDs increased to \$12.4 million compared with \$11.9 million at year-end fiscal year 2021.

TCCP's long range plan includes modest sales growth in FY'23 at both CPW and the retail stores. We plan to continue to refresh our stores and make strategic larger dollar investments to support TCCP's growth strategies. Our strong balance sheet and positive operating cashflow positions us well to support our initiatives. The TCCP Board and leadership teams remain committed to growing TCCP over the next several years and to delivering on our mission of building the community through a strong local food system.

Lisa Fittipaldi  
*Board Treasurer*

## Twin Cities Co-op Partners

## STATEMENT OF INCOME AND RETAINED EARNINGS

	JUNE 30, 2022		JUNE 30, 2021			
<b>GROSS SALES</b>	\$	77,583,861		\$	75,291,003	
Less: Member Discounts	\$	517,683	0.7%	\$	494,167	0.7%
<b>NET SALES</b>	\$	77,066,178	100.0%	\$	74,796,836	100.0%
<b>COST OF SALES</b>	\$	53,161,613	68.5%	\$	50,389,642	66.9%
<b>GROSS PROFIT</b>	\$	23,904,565	30.8%	\$	24,407,194	32.4%
<b>OPERATING EXPENSE</b>						
Payroll	\$	15,575,206	20.1%	\$	16,857,440	22.4%
Shipping & Delivery	\$	2,703,007	3.5%	\$	2,206,265	2.9%
Depreciation & Amortization	\$	883,480	1.1%	\$	1,072,828	1.4%
General & Administrative	\$	5,120,841	6.6%	\$	5,113,231	6.8%
<b>TOTAL OPERATING EXPENSES</b>	\$	24,282,534	31.3%	\$	25,249,764	33.5%
<b>OPERATING PROFIT</b>	\$	(377,969)	-0.5%	\$	(842,570)	-1.1%
<b>OTHER INCOME / (EXPENSE)</b>						
Interest Expense	\$	(82,485)	-0.1%	\$	(123,210)	-0.2%
Interest Income	\$	20,392	0.0%	\$	45,653	0.1%
Other Income	\$	598,510	0.8%	\$	979,619	1.3%
PPP Loan Forgiveness	\$	2,728,000	3.5%			
Other expense	\$	-	0.0%	\$	(9,031)	-0.0%
Owners' Cash-Back Reward	\$	(273,239)	-0.4%	\$	(319,998)	-0.4%
<b>TOTAL OTHER</b>	\$	2,991,178	3.9%	\$	573,033	0.8%
<b>INCOME TAX BEFORE EXTRAORDINARY ITEMS</b>	\$	2,613,209	3.4%	\$	(269,537)	-0.4%
<b>IMPAIRMENT GAIN(LOSS) ON NICOLLET LOCATION</b>	\$	216,052	0.3%	\$	(1,047,003)	-1.4%
<b>INCOME BEFORE INCOME TAX</b>	\$	2,829,261	3.6%	\$	(1,316,540)	-1.7%
<b>INCOME TAX (EXPENSE) / BENEFIT</b>	\$	(220,476)	-0.3%	\$	321,763	0.4%
<b>NET INCOME</b>	\$	2,608,785	3.4%	\$	(994,777)	-1.3%
<b>RETAINED EARNINGS</b>	\$	3,819,409		\$	4,868,066	
(Beginning of year)						
<b>NET INCOME (Loss)</b>	\$	2,608,785		\$	(994,777)	
Less: C-Share DIVIDENDS ACCRUED	\$	43,760		\$	53,880	
<b>RETAINED EARNINGS/ADDITION PAID IN CAPITAL (End of year)</b>	\$	6,384,434		\$	3,819,409	



## Twin Cities Co-op Partners

## BALANCE SHEETS

	JUNE 30, 2022	JUNE 30, 2021
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 10,120,825	\$ 8,243,186
CDs & Investments	\$ 1,762,544	\$ 1,130,082
Inventory	\$ 2,345,715	\$ 2,475,609
Prepaid	\$ 54,640	\$ 42,842
Receivables	\$ 1,579,092	\$ 1,450,528
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 15,862,816</b>	<b>\$ 13,342,247</b>
<b>FIXED ASSETS</b>		
Property & Equipment, Net	\$ 6,343,994	\$ 9,975,170
<b>TOTAL FIXED ASSETS</b>	<b>\$ 6,343,994</b>	<b>\$ 9,975,170</b>
<b>OTHER ASSETS</b>		
CDs & Investments	\$ 537,771	\$ 2,482,493
Investment in Other Co-ops	\$ 1,741,010	\$ 1,674,322
Other Assets	\$ 861,067	\$ 1,088,524
<b>TOTAL OTHER ASSETS</b>	<b>\$ 3,139,848</b>	<b>\$ 5,245,339</b>
<b>TOTAL ASSETS</b>	<b>\$ 25,346,658</b>	<b>\$ 28,562,756</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Current Portion of Long-term Debt	\$ 206,433	\$ 412,198
Accounts Payable	\$ 1,894,832	\$ 1,761,619
Accrued Expenses	\$ 1,798,324	\$ 1,752,403
Accrued Owners' Cash-Back Reward	\$ 310,507	\$ 342,478
Accrued C-Share Dividends	\$ 43,760	\$ 53,880
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 4,253,856</b>	<b>\$ 4,322,578</b>
<b>LONG TERM DEBT</b>	<b>\$ 1,216,116</b>	<b>\$ 6,736,227</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 5,469,972</b>	<b>\$ 11,058,805</b>
<b>EQUITY</b>		
Class A Stock	\$ 417,440	\$ 406,640
Class B Stock	\$ 2,699,188	\$ 2,649,278
Class C Stock	\$ 1,094,000	\$ 1,347,000
Patronage Equity	\$ 9,281,624	\$ 9,281,624
Retained Earnings	\$ 6,384,434	\$ 3,819,409
<b>TOTAL EQUITY</b>	<b>\$ 19,876,686</b>	<b>17,503,951</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$ 25,346,658</b>	<b>28,562,756</b>

