



**Rutland Area Food Co-op Board Meeting
November 29, 2018**

Present:

Board: Steve Peters, Erin Anderson, Irene Gold, Chris Littler, Matt Poli, Tyler Richardson, Hannah Abrams, Molly

Missing: Kate Thomas, Dave Tibbs, Chris Etori

Staff: Zach Stevens, Jamee Sherwin

Guests:

Notes:

Meeting brought to order: 6:32 p.m. Hannah calls names to verify members are present.

Minutes:

Chris motions to approve October minutes. Molly Seconds. Approved unanimously.

FINANCE COMMITTEE –Chris L.

October Review

- Sales were up \$11,506 or 6.3%!!!
- We had a profit of \$3,115, which was a profit of \$80 from last year
- Cost of goods was up for the month. This was up due to the inventory
- Expenses were up only slightly from October '17. Payroll, advertising, and Gifts were up, but Repairs, Janitorial, and Store Supplies were all down.
- We have \$108,000 in our bank accounts, with \$70,000 in savings
- Accountant answered our question about showing tax pre-payments on P&L or balance sheet. They said either is fine, so we are going to leave it on P&L.

Year to Date

- Sales are down \$2,762 for the year, but we were down \$14,262 last month, so we are improving!
- Profit of \$23,452, which is down from \$46,700 at this time last year.
- Expenses are up \$30,000, but the store is still well within the budget that was laid out at the beginning of the year. We were expecting lower profits this year with an increased payroll and taxes, as well as prepping for Patronage and expansion.

Looking Forward

- Co-op was closed on 11/5 and for 3 hours on 11/6 due to work on water pipes. Co-op earned about \$6,500 during that time the previous year.
- Sales for November are down \$7,000, about what was lost during the construction.
- Nicole was on site 11/5. Will be seeing expenses of about \$1,870 for that in November
- Jeff was on hand for her visit as well, so we will be getting a bill from him
- Had our annual compressor and fan cleaning. A necessary expense to help avoid costly repairs.
- Invested money into a window display for the Downtown Rutland Holiday Stroll
- Launched a new Vermont lotion line. About a \$1,000 cost, but they built us a great display
- 83 Turkey's sold this year. That's down about 30 from last year, which will hurt sales, but should not hurt profits.

- Staff received their holiday gift cards. \$40 for full time, \$20 for part time.

OWNERSHIP COMMITTEE – Steve

- Draft policy was supposed to go out to board to review, however it was not sent. Steve will send a new draft policy asap for review and potential adoption.
- There has been a readjustment with expectations for getting through the records, the new goal is to be completed by the end of January.
- **Membership Data Crunch Nights**
 - **Tuesday 12/4 5-7:30pm**
 - **Monday 12/10 5-7:30pm**
 - **Wednesday 12/19 5-7:30pm**

LEASE COMMITTEE – Chris L.

- Mark responded to our email and at this time he cannot disclose who will be responsible for what in the upcoming construction. He said he plans to do work on the parking lot to fill holes.

PG REPORTS

D2 –GM Accountability– Matt P

Policy Name & Number: D.2 – Accountability of the GM
 Policy Type:Board- Management Relationship
 Last Revisited: November 2017

Director: Matthew Poli
 Submitted On: November 25, 2018

The General Manager is the Board’s only link to operational achievement and conduct.

1. The Board will view GM performance as identical to organizational performance so that the Cooperative’s accomplishment of Board-stated ends and avoidance of Board-proscribed means will be viewed as successful GM performance.
2. The Board will not instruct or evaluate any employee other than the GM, except during such periods as the GM position is vacant, or the GM is otherwise unable to carry out the position’s responsibilities.

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1. Is this policy clear: (Yes/ No/Comments)
Yes
 2. How have we been IN compliance?
The board uses policy governance to narrow the path to desired ends and uses GM monitoring reports to assure the ends are being met. Individual directors do not attempt to dictate by what means those ends are met.
 3. How have we been OUT of compliance?
We are not out of compliance with this policy.
 4. Overall, have we been in compliance?
Yes

5. Is this the policy we want?
Yes

Recommended changes:
None

Submitted by:
Matthew Poli

Special note:

The definition of the term “proscribed”, according to the following website: <https://www.merriam-webster.com/dictionary/proscribe>

Proscribe:

1: to publish the name of as condemned to death with the property of condemned forfeited to the state

2: to condemn or forbid as harmful or unlawful : prohibit

B4 – Ownership – Kate

- **Moving to next meeting as Kate is absent.**

B1 – Financial Conditions and Actives –Zach

This report has been generated using reports from the last two years to show trends. The actual report status is based solely on the current complete data of the three previous quarters ending 9/30/18 and additional data ending 10/31/2018. Unless otherwise stated with an exception, all data in this report is accurate as of 10/31/2018.

I certify that the information contained in this report and its attachments are true.

Signed, Zach Stevens, General Manager

B1- With respect to the actual, ongoing financial conditions and activities of the RAFC, the GM shall not cause or allow the development of fiscal jeopardy or material deviation of actual expenditures from Board priorities established in Ends policies.

Interpretation: The policy states the criteria that we base our financial practice and assessment on which is outlined below. We use the following to measure our financial performance and look at trends to make informed decisions. If we fall out of compliance in any areas, it is the GM’s responsibility to report on what may be a factor and our working plan towards compliance.

Data: The data collected is presented under each sub-policy below.

Conclusion: We are still out of compliance in both sales growth and record keeping.

Please see the appendix for data, plans, and timelines for each section and the dropbox for financial reports.

Accepted with acknowledgement of noncompliance.

GM Report

October Update

- October as Chris mentioned was a great month. Our sales were up \$11,506.48 or 6.3%

Follow-up's from last Board Meeting:

- I reached out to the insurance agent to find out about our coverage for closures. The plan covers lost profits not lost sales, we will continue to work with our agent as these closures progress to see what claims are available to us.

November Update

- We ended up doing 84 turkeys this year, down from the 120 we did last year.
- We have not heard anything from Mark about the utilities nor or a plan for when the sidewalk or parking lot will be fixed. Robert advised they need to us to close two full days to work on the buildings electric service, I advised to please have Mark send the request in writing and that December would be impossible. I have not received anything as of yet.
- Small Business Saturday was better this year then past years, we saw greater foot traffic and an increase in sales of approx. \$800.00.
- Sales for November as of Tuesday 11/27 are down \$6,000. Or 3.7%. We lost \$6,500.00 in sales from being closed for watermain work without that we would be slightly ahead of last year.

December and upcoming

- We will be doing fresh turkeys for Christmas, Usual sales between 8-10.
- We will again be closing early at 4pm on Christmas Eve and Closed both Christmas and Boxing day.
- I plan to paint the rest of the store on Sunday evening 12/9/18.
- We have received our first large holiday wine order, please take a look at the selection when you get a chance.

Nicole Visit update

- Equipment update would be close to 1million regardless of if we move or stay in our current location

Unfinished Business

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New Business

- Molly is going to step down in January.
 - Please let any interested parties know of the vacancy asap.

Announcements

Review of Board Calendar

- September
 - Holiday Board Meetings
 - November 29th at 6:30 pm
 - December 20th at 6:30 pm
 - Hannah proposes that missed November and December meetings would not count as an absence.
- November
 - Member Loan on hold

Tabled Items

- BOD & Staff Event – December

Next Month

- Ownership Committee Meeting: Tuesdays 5:30-8:30pm
- Finance Committee Meeting: Wednesday, December 12th at 6 pm
- Board Meeting: Thursday December 20th at 6:30 pm
- **Membership Nights**
 - **Tuesday 12/4 5-7:30pm**
 - **Monday 12/10 5-7:30pm**
 - **Wednesday 12/19 5-7:30pm**
- D3 – Delegation to GM – Molly
- D4 – Monitoring – Hannah
- B4 – Ownership – Kate
- B7 – Board Communication – Zach
- B8 – Board Support – Zach

Meeting closed: Irene moves to close meeting. Chris seconds. Unanimously approved. Meeting closed at 7:05 pm.

Executive Session: N/a

APPENDIX

B1 Financial Condition and Activities.

Rutland Area Food Co-op November 2018

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I certify that the information contained in this report and its attachments are true.

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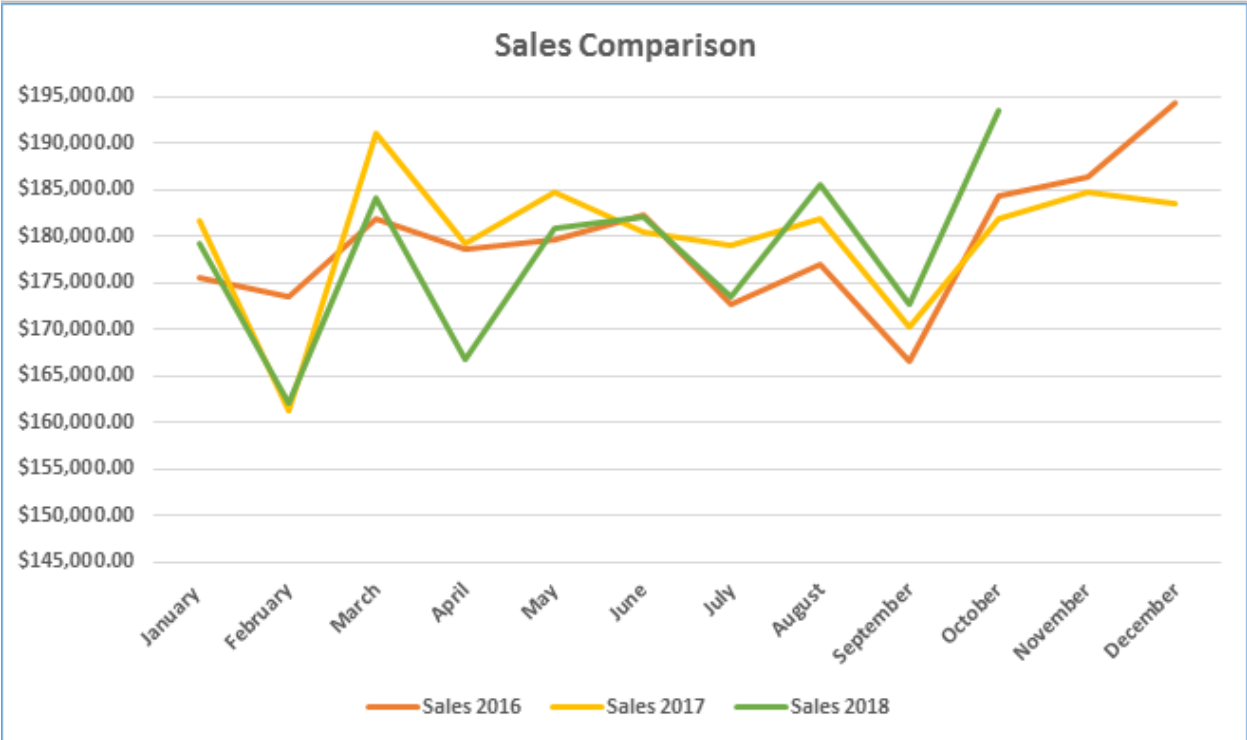
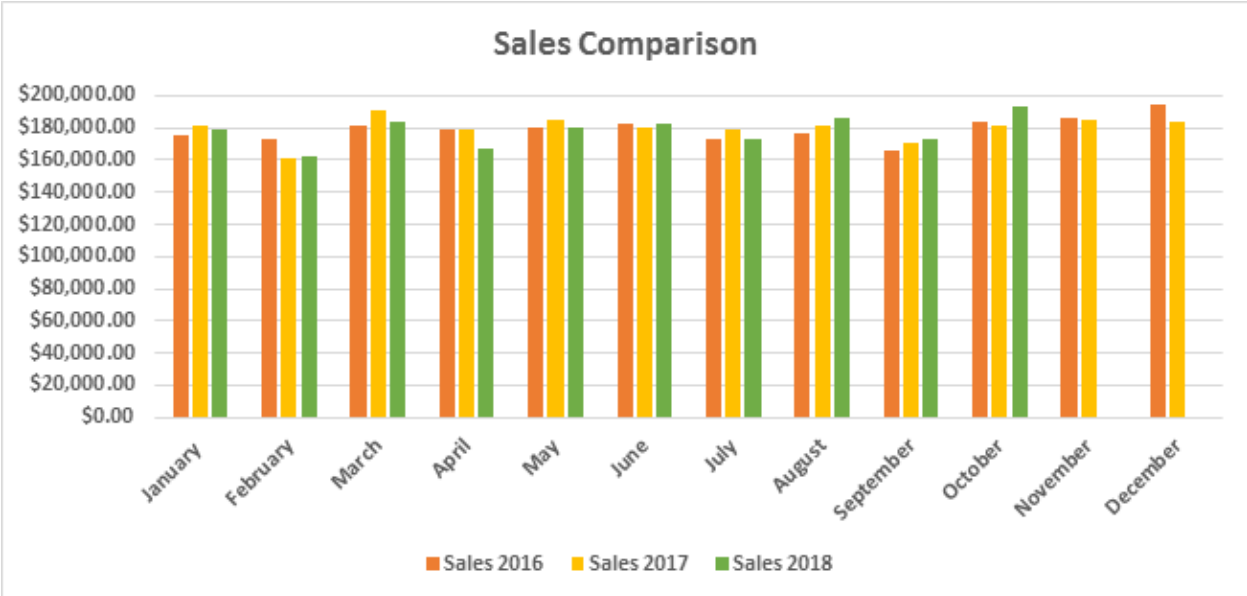
Data: The data collected is presented under each sub-policy below.

Conclusion: We are still out of compliance in both sales growth and record keeping.

Please see the data, plans, and timelines for each section below as well as the attached financial reports.

1.) Allow sales to decline or be stagnant.

Interpretation: Management strives for growth in sales in order to keep up with market inflation, operational increases and allow the business to expand its offerings. Sales growth should be above 3% to be in compliance.



Data: Sales for Qtr. 2 (7.1.18-9.30.18) were up **\$561.95** or **.1%**. Sales Y.T.D. as of 9.30.18 were down **\$-14,269.32** or **-1.3%**. Sales Y.T.D. as of 10.31.18 are **down \$-2,762.84** or **.2%**.

Conclusion: It is this manager’s conclusion that we are out of compliance.

Plan: Our plans for increasing sales include:

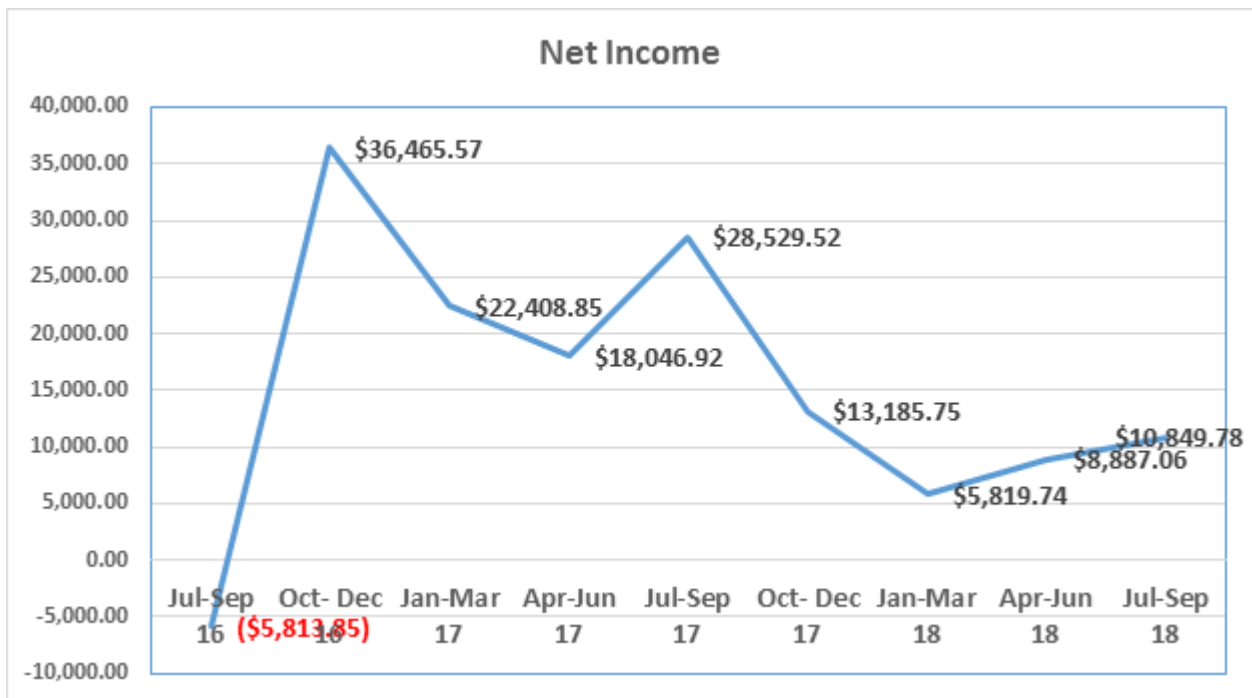
- Based on feedback from Vermont Farm to Plate we are going to try buyers' meetings again to see if we can better our planning for upcoming holiday and events as well as cross promotion ideas.
- We have launched new Vermont product lines in Gift and Haba
- With the continued delays to the renovation we will look for inexpensive ways to freshen up the store

Our last goal was to increase sales enough to absorb the losses and become even with last year by the end of Q2. We were unable to reach this goal, however increased sales in Qtr. 2 by **\$561.95** or **.1%** October was an excellent sales month seeing a sales increase of **\$11,506.48** or **6.3%**. Octobers increase has shrunk our year to date sales losses to **\$-2,762.84**. Our goal is to continue to work toward an increase and anticipate beating last year sales by 1% at the end of Q3.

2.) Allow operations to generate an inadequate net income.

Interpretation: Management strives for a positive net number and uses operational strategies, planning and organization to meet this goal, Net income should be greater than 0 (Zero) to be in compliance.

Data: Net Income for Qtr. 2 (7.1.18-9.30.18) was **\$10,849.78** compared to **\$28,573.52** Qtr. 2 last year. Net Income Y.T.D. (4.1.18-9.30.18) is **\$20,337.03**.

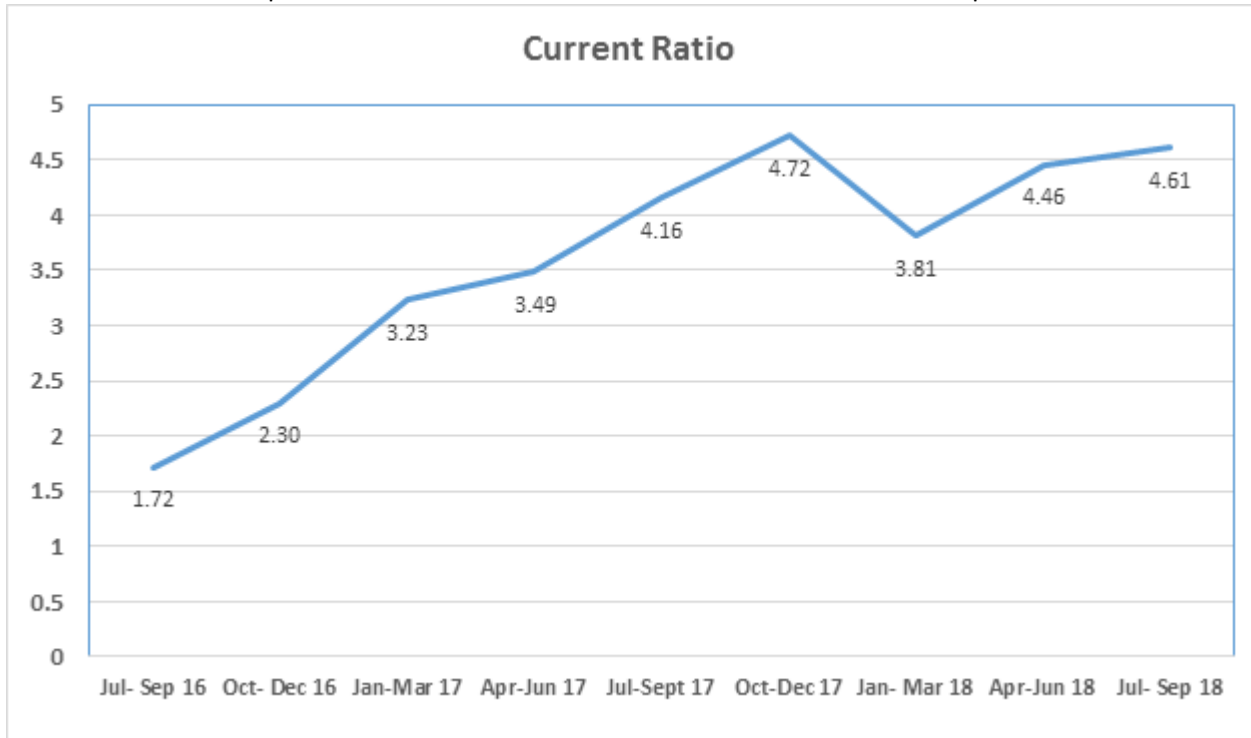


(Net Income) Conclusion: In compliance

3.) Allow liquidity, or the ability to meet cash needs in a timely and efficient fashion to be insufficient.

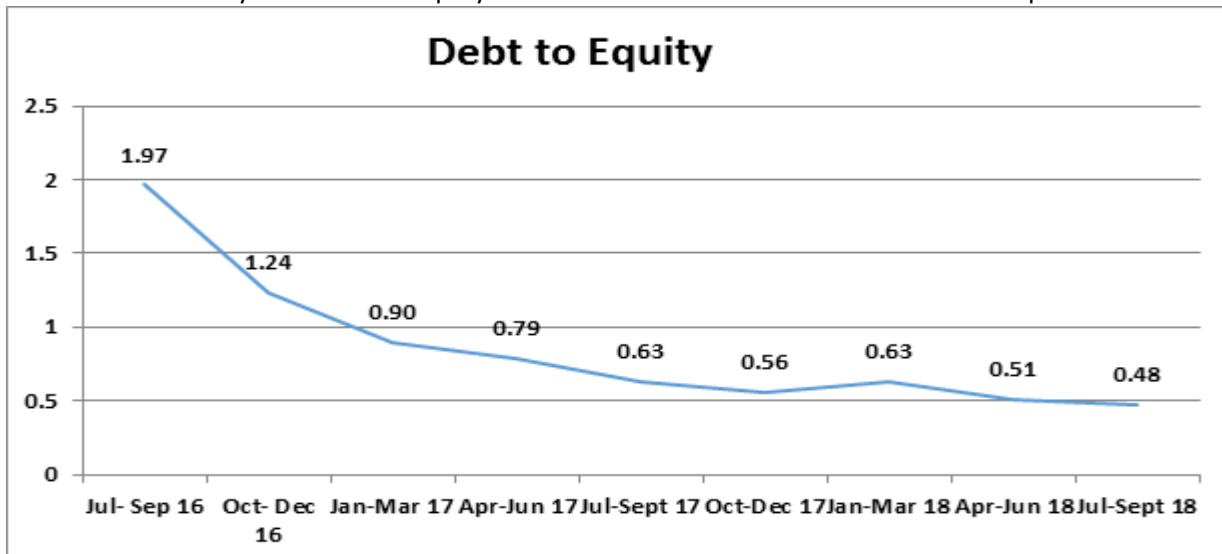
Interpretation: The current ratio, Current Assets divided by Current Liabilities, is a common measure of liquidity. The Current Ratio should be above 2 to be in compliance.

Data: At the end of September 2018 our current ratio is 4.61. Conclusion: In compliance.



4.) Allow solvency, or the relationship of debt to member/owners' equity, to be insufficient.

Interpretation: The debt to Equity ratio, Total Liabilities divided by Total equity is commonly used measure of solvency. Our Debt to Equity ratio must be below 2.0 to demonstrate compliance.



Data: solvency = .48

Conclusion: In Compliance

5.) Incur debt other than trade payables or other reasonable and customary liabilities incurred in the ordinary course of doing business.

Interpretation: Management may not incur new indebtedness except as trade payables, ordinary credit lines, and leases for equipment necessary in ordinary course of business.

Data:

Co-op fund of New England \$150,000 Revolving Line of Credit, Annual Interest Rate = 6.00%, Terms=5 years. Granted July 19, 2013. Loan has been readjusted for another 5 years as of January 2018.

No drawdowns since January 2016. Credit line increase to \$150,000.00 January 2018.

Current total of loan without interest is \$41,948.13 as of 10/31/18.

Conclusion: In Compliance

6.) Acquire, encumber, or dispose of real estate

Interpretation: This policy limits the GM from purchasing or committing to purchase and real estate; only the Board has the authority to make any kind of real estate (land or buildings) deal.

Data: No commitments or purchases have been made.

Conclusion: In Compliance

7.) Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.

Interpretation: Management will ensure that our payments of filings are timely and current.

Data: All payments and filings are current, timely and up to date.

Conclusion: In Compliance

8.) Allow late payments of contracts, payroll, loans, or other financial obligations.

Interpretation: Management will ensure that all accounts and financial obligations are current and in good standing.

Data: All contracts and accounts are current and in good standing.

Conclusion: In Compliance

9.) Use restricted funds for any purpose other than that required by the restriction

Interpretation: Management will use funds appropriately and only from accounts that are intended for the expenditures. If an exception occurs and Board approval is necessary, Management will present the information, so the Board is aware and agrees with the proposed methodology.

Data: All funds are used appropriately from the intended accounts. All payments have documentation attached and are entered in QuickBooks and filed accordingly.

Conclusion: In Compliance

10.) Allow financial record keeping systems to be inadequate or out of conformity with GAAP.

Interpretation: Management will keep accurate records, controls and financial practices in place that in the best interest of RAFC. Annual assessment of these practices will keep them current and appropriate.

Data: Records, controls, and financial practices are in place. A financial review is completed annually by McCormack, Guyette and Associates. The review for year-end 3/31/18 is available at the Co-op or in Drop-box. We are aware that our categorizing of membership income is incorrect, and our member data and records need updating.

Conclusion: Out of Compliance, ownership records/equity

Plan/Timeline- The ownership committee has written a new policy and is awaiting approval from the entire board. A team has begun entering member information into the database and have completed last names beginning A, B, and half of C. Our goal is to have all the records entered by the end of January 2019.