



**Rutland Area Food Co-op Board Meeting
February 28, 2019**

Present:

Board: Chris Littler, Hannah Abrams, Dave Tibbs, Chris Ettori, Steve Peters, Jess Novak, Erin Anderson, Tyler Richardson, Irene Gold

Missing: Matt Poli, Kate Thomas,

Staff: Zach Stevens, Jamee Sherwin,

Guests: Asha – Co-op Member

Notes:

Meeting brought to order: 6:37 p.m. Hannah calls names to verify members are present.

Minutes: minor changes submitted for January minutes. Irene motions to approve January minutes with the correction. Chris Littler seconds. Approved unanimously.

FINANCE COMMITTEE –Chris L.

January Review

- Sales up \$2,624 or 1.5% from last year
- Considering all the unplanned closures from weather/electric issues, this is very impressive
- Ended with a profit of \$4,110, down \$6,800 from last year
- Cost of goods were up \$5,098 or 4.6%
- Payroll was up because there were 5 weeks in the month
- Customer Service fees were up this month due to not receiving our bill from Foley Services last month
- Gifts/Donations were up this month due to a contribution to Big Lenny whose wife has cancer. The family have been long time members
- Pro fees were up due to some work by Jeff Glassberg
- Balance sheet shows \$50,000 in Project Funding this month 2018. This is not accurate. The bank put the money in when they expanded our LOC. They were supposed to take it out immediately, but they left it there for a few weeks
- LOC is down to about \$40,000
- Savings account at \$78,000

Year to Date

- Sales are up \$19,800
- Cost of Goods are up \$13,998, because we are selling more product
- Expenses for the year are up, but we knew that was going to happen (Pro Fees, Payroll, and taxes.)
- Profit of \$38,000. Down from \$70,000 profit last year, but we were expecting that (see above point)

Looking Forward

- Sales are up \$2,000 this month

- Still waiting for utility bill from Mark Foley
- Plowing bills at about \$1,100
- QuickBooks payroll bill came in. It's about \$600, but well worth it
- Annual icemaker cleaning happened, so added expenses
- We will have some Lawyer bills in February
- Bill Gessner, who did our Pro-Forma, passed away. That is why he has not been responding about our Pro-Forma updates. There is a new person in place, but this will be delayed
- All items damaged in the power outage/surge have been repaired or replaced at no cost to the Co-op
- \$4,300 in taxes due in March

OWNERSHIP COMMITTEE – Kate

- Kate is not present.
- Committee has not meet since November.

ANNUAL MEETING COMMITTEE – Steve

- This will be our 25th annual meeting, would like to acknowledge that at the event
- Justin is already in touch with a caterer
- Looking at potentially using the new park outback
- Zach is working on creating a budget
- Looking at having Misguided Angels perform again
- Next meeting is March 21st 9am. All are welcome.
- Date of annual meeting us June 5th.

PG REPORTS

C1 –Governing Style– Dave Tibbs

- Postpone until next meeting

B1 Financial Condition and Activities

Rutland Area Food Co-op February 2019

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 12/31/18 and additional data ending 1/31/2019. Unless otherwise stated with an exception, all data in this report is accurate as of 12/31/2018.

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.

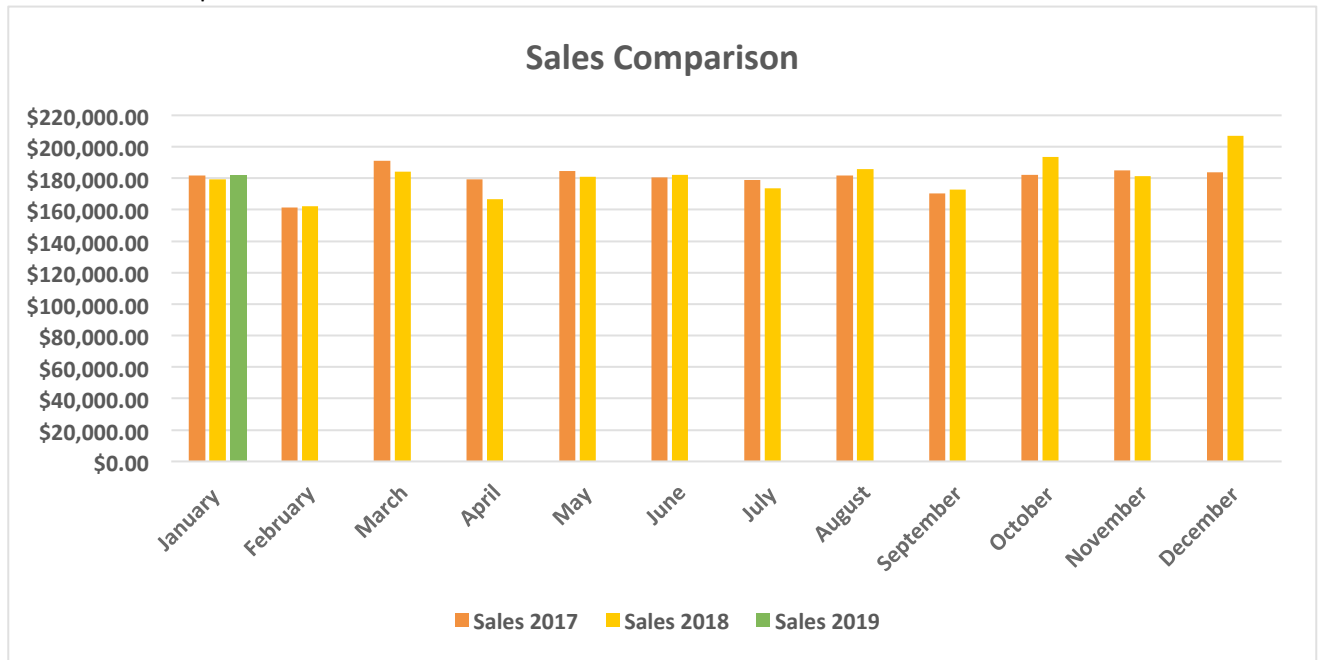
Data: The data collected is presented under each sub-policy below.

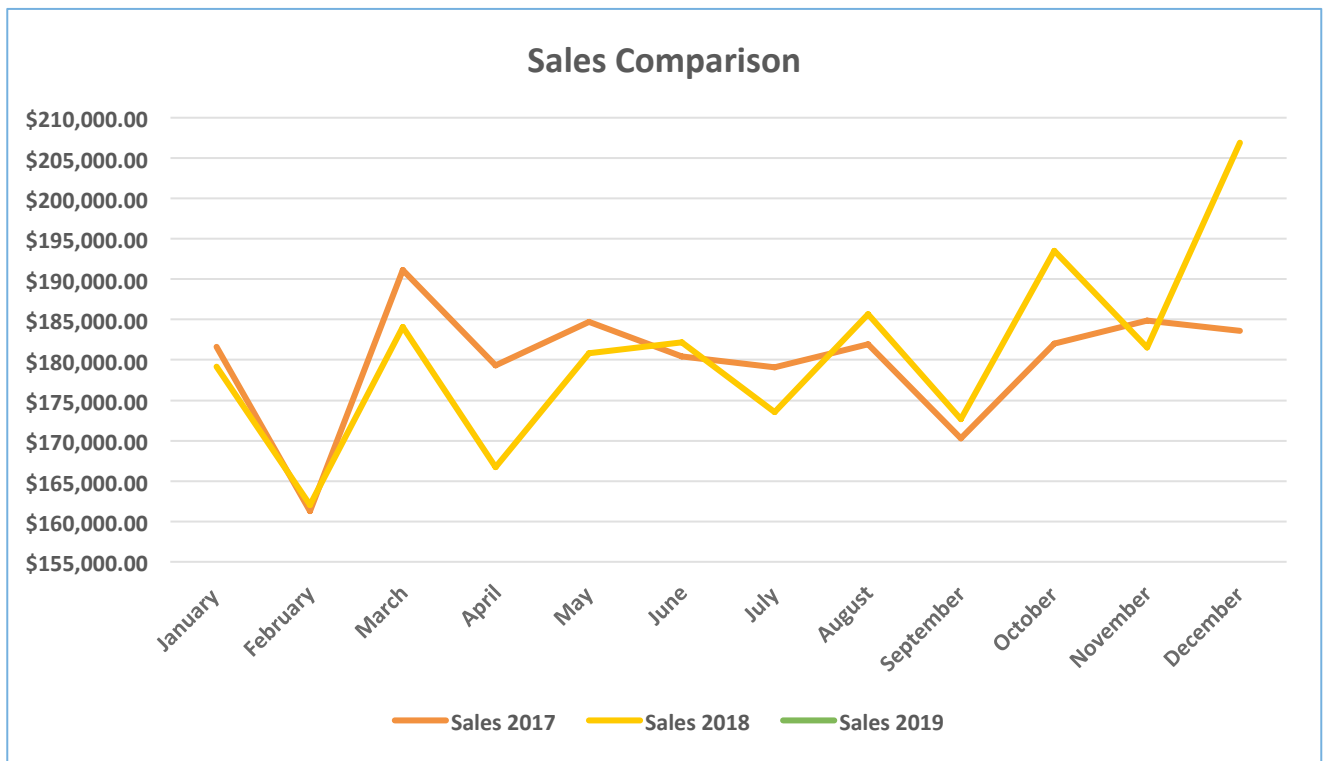
Conclusion: *We are still out of compliance in both sales growth and record keeping but are seeing advancement in both areas.*

Please see the data, plans, and timelines for each section in the appendix 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. 3 (10.1.18-12.31.18) were up **\$31,483.84 or 5.7%**. Sales Y.T.D. (4.1.18-12.31.18) are up **\$17,214.52 or 1.1%**

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

Plan: Our plans for increasing sales include:

- Continuing to demo, sample, and bring in new and interesting products
- Welcome and support shoppers/owners from the Poultney Co-op
- We have brought back and are going to promote staff pics.

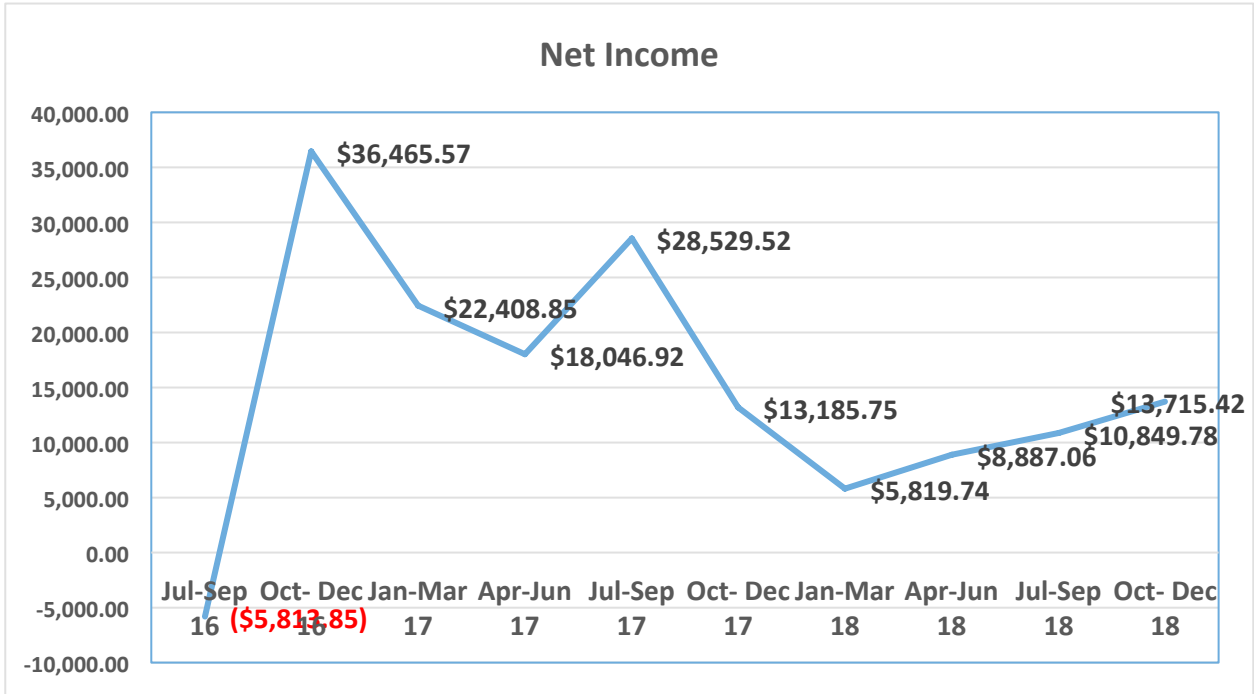
Our last goal was to be beating last year sales by 1% at the end of Q3. We met that goal, increasing sales for the year by \$17,214.52 or 1.1% at end of Q3. Our new goal is to increase sales to 1.5% over last year by the end of this fiscal year.

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. 3 (10.1.18-12.31.18) was **\$13,715.42**. Net Income Y.T.D. (4.1.18-12.31.18) is **\$34,252.45**.



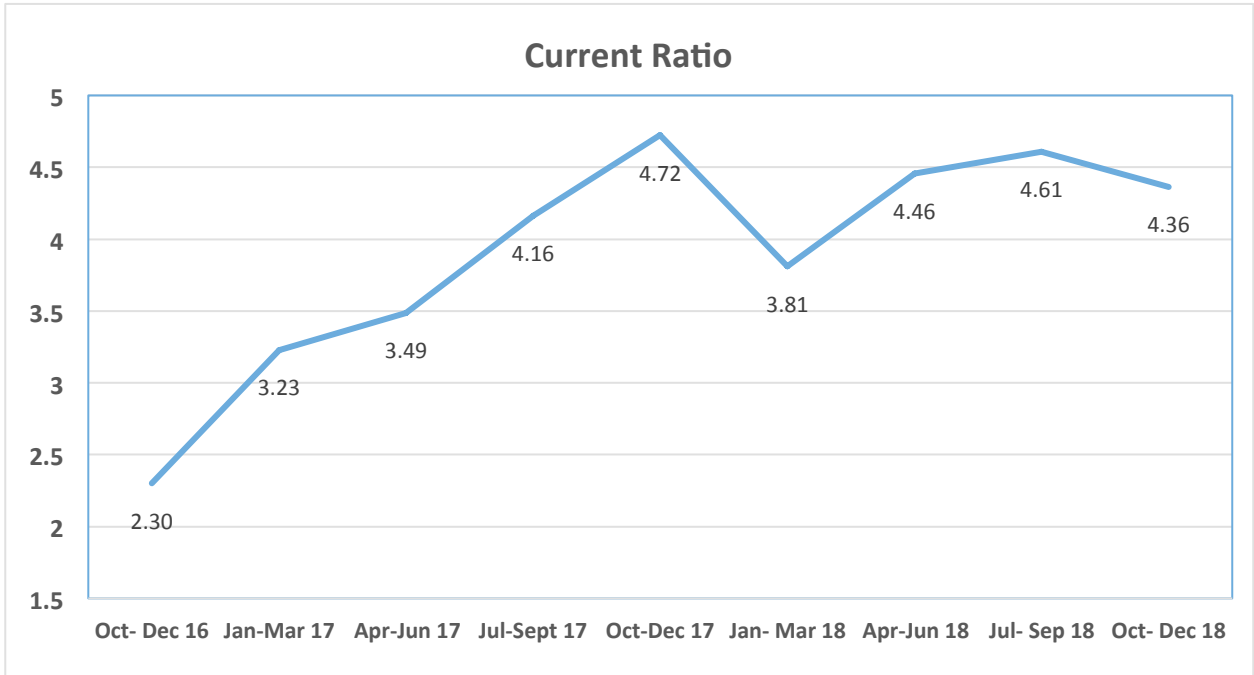
(Net Income) Conclusion: In compliance

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.

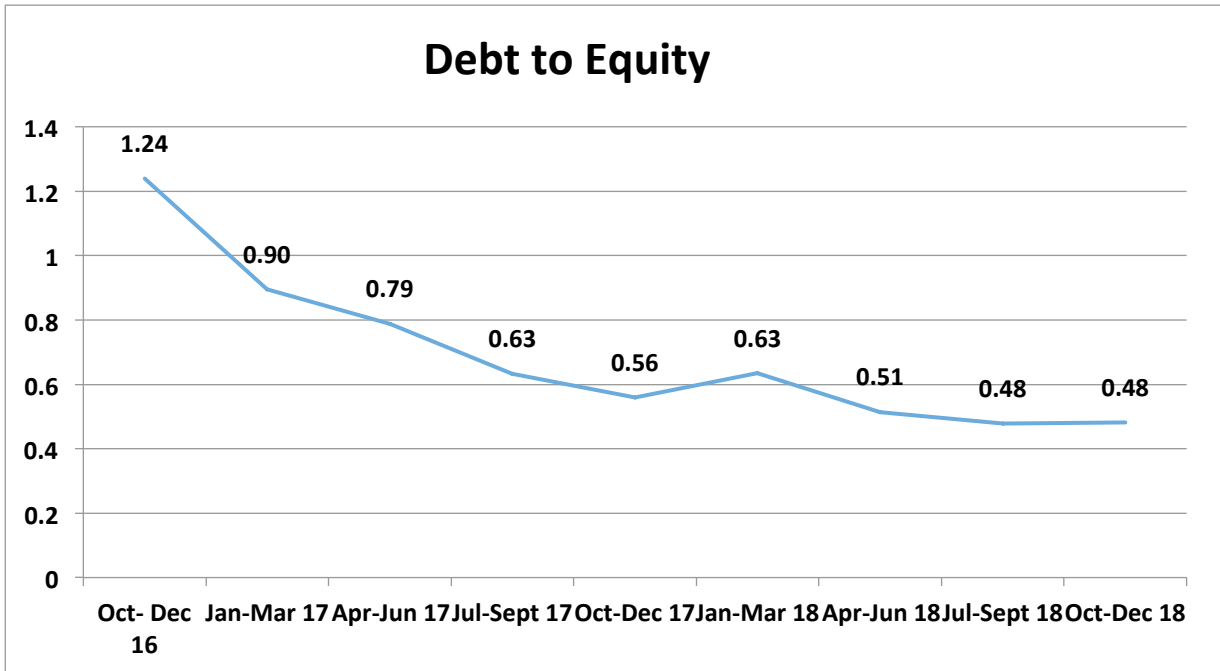
Data: At the end of December 2018 our current ratio is 4.36.

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 \$41,206.00 as of 12/31/18.

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- I last reported that the ownership committee was awaiting approval of the new policy. Policy has since been approved. The ownership committee continues to enter owner information into the database and have completed last names starting A-G. Our goal is to continue this process and have all the records entered by the end of the fiscal year 2018-2019.

Accepted with acknowledgement of noncompliance.

GM PG Report B9- Emergency GM Succession February 2019

To protect the Board and the Co-op from sudden loss of GM services, the GM shall not have less than one other manager sufficiently familiar with Board and GM issues and processes to enable him/her to take over the reasonable proficiency as an interim successor.

Data:

Melissa is sufficiently familiar with board and GM issues and processes and could act as interim GM if the need arises. Melissa and select department managers have the authority to sign one-write checks and issue payments to any of our vendors. Monica is fully trained to process payroll and any taxes of state fillings that may become due. Chris Littler is an authorized agent on all the co-op bank accounts and can sign payroll checks in the GMs absence.

Conclusion: In Compliance

Signed, Zach Stevens, General Manager

Accepted as in compliance.

GM Report

January Update

- Staff Dinner was again a great success. Costs- \$1,202.40

February

- I've emailed back and forth with a few grocery applicants and am awaiting more information from them.
- We closed early on the 19th for sledding event, we had a slight issue with the rec dept closing off our street parking for the entire day
- Update on sales since finance meeting sales up 3k.
- Have left two messages for Caitlin M, awaiting a call back to schedule event for her
- Noticed a tree down between our building and the house next door, made Mark aware
- Still haven't seen any reconciled utility bill or any responses from Mark
- We took part in Valentines Window display school groups
- We had three school group tours today from Rutland High School

March

- End of fiscal year
 - We will need some BOD help on Sunday evening the March 31st for our annual inventory.
 - We have the NFCA annual meeting on the March 23rd.
 - High Mowing seeds on order.
 - Real Pickles Demo this Saturday 2-4
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Unfinished Business

- Liquor Licensing – please see Erin if you still need to provide your information
- Kate was going to do an orientation with Jess, looking for a new volunteer to take-over Jess' onboarding and providing a binder. Hannah will bring Jess up-to-date.

New Business

- Steve will not be at next month's meeting.
- Tyler will not be at April's meeting
- Holiday meeting dates have been determined for 2019
 - November
 - December

Next Month

- Finance Committee Meeting: Wednesday, March 20th at 6 pm
- Board Meeting: Thursday March 28th at 6:30 pm
- Annual Committee Meeting: March 21st at 9 am
- Data Entry: March 7th at 5:30 pm
- C1 – Dave

- C2 – Board’s Job – Irene
- B4 – Ownership(membership) – Zach

Meeting closed: Tyler made a motion to end the meeting. Steve seconded. Meeting closed at 7:21 pm and went into executive session.