



**Rutland Area Food Co-op Board Meeting
April 25, 2019**

Present:

Board: Chris Littler, Hannah Abrams, Dave Tibbs, Steve Peters, Jess Novak, Erin Anderson, Irene Gold, Matt Poli

Missing: Chris Etori, Tyler Richardson,

Staff: Zach Stevens, Jamee Sherwin,

Guests: Lane, a representative from Cooperative Fund of New England. Julie Zaloudek

Notes:

Meeting brought to order: 6:33 p.m. Hannah calls names to verify members are present.

Minutes:

minor changes submitted for March minutes. Irene motions to approve March minutes with the correction. Dave seconds. Approved unanimously.

FINANCE COMMITTEE –Chris L.

March Review

- Sales are up \$6,000 or 3.3%
- Cost of Goods were down \$15,060
- The staff kept orders low at the end of the month for inventory. Also, Easter was April 1st last year, so there was heavy buying at the end of the month to prepare.
- Profit of \$21,293, up from a \$10,000 loss last year
- March was a very good month
- Repairs/Maintenance were up. Bills for freezer and ice machine repair came in late

Quarter Review

- Sales for the quarter were \$540,500, up \$15,000, or 2.9% from last year
- Profits for the Quarter were \$33,000 Up from \$6,000 last year

Year End

- Year end sales were \$2,184,008, up \$32,361 or 1.5% from last year
- Cost of Goods were only up \$6,500
- Expenses were up \$25,000. Mostly payroll and taxes
- Tax expense of \$4,300 this quarter. Only \$450 last year
- Pro Fees were down from last year, but there were some late bills that came in during April
- A profit of \$67,489, up \$1,905. It will probably change once the accountant sends adjustments
- We have \$50,000 more in the bank than we did last year.
- Co-op loan down to about \$40,000

April

- Sales are up \$5,000 in April
- Still waiting on utility bill
- E-mailed the CPA asking for a 6 week turn around on the financial review. E-mail was sent on 4/17, so there was no response as of meeting
- Expenses up with GM search
- Will be organizing an onsite job event for open positions
- Sent a \$1,387 check for tent rental

- Budget is out and broken down by month with profit/loss

OWNERSHIP COMMITTEE – Chris

- Pulling back on the data entry a bit as there are so many employee changes, we’ve decided to focus on that at the moment.
- We are now a patronage system, we have overhauled our recording keeping, however we’ve realized that anyone looking to be on the Board must be the primary owner and not just an authorized user.
- There was a glitch in our POS system where it was not notifying board members or staff when their ownership/membership had expired. The glitch has been fixed.

HIRING COMMITTEE – Jess

- Last meeting the hiring committee was excited to have staff join.
- GM positing is on LinkedIn, Indeed, REDC, and a few other job boards. We are also spreading the word to additional regional cooperative organizations.
- Have been discussing how to ensure staff are involved but are not asked to take on additional work outside of their normal working hours.

STRATEGIC PLANNING COMMITTEE – Hannah



**4th Quarter, Fiscal year 2018-2019
Company Wide Rocks & Accountability**

Q3 Financial Goals

Gross Sales: \$531,000
Net income: \$7,000
GMP: 33-36%

Q3 KPIs (Key Performance Indicator)

1. Sales Growth: 2%
2. Basket Total: \$30 (or greater)
3. Membership Growth: 88 new members

	WHAT	WHO	WHEN	STATUS	DATE COMPLETE
1.	Co-op handbook is complete, has been reviewed by our legal counsel, Heather Wright, and ready for implementation – for real!	Zach & Melissa	3/1/19	NO	
2.	The ownership committee has put all the membership records thru the policy and we have our finalized numbers for the CPA	Melissa and kate	2/28/19	NO	
3.	The Coop has interviewed and selected an ideal Grocery Manager who has been trained and is	Zach	2/14/19	YES	3/31/2019

	functioning happily in their new role				
4.	The Annual Meeting Committee has planned and prepped for an exciting event that invigorates our owner and grows attendance and participation	Steve	3/31/19	YES	3/31/2019
5.	Newest version of pro-forma with Bill Gessner ready to present	Hannah	2/15/19	NO	
##	Extras: Final and complete painting of the retail store is complete	Zach	1/15/2019	Completed in Q4	



**1st Quarter, Fiscal year 2019-2020
Company Wide Rocks & Accountability**

Q1 Financial Goals

Gross Sales: \$551,000
Net income: \$12,000
GMP: 33-36%

Q1 KPIs (Key Performance Indicator)

1. Sales Growth: 2%
2. Basket Total: \$30 (or greater)
3. Membership Growth: 88 new members

	WHAT	WHO	WHEN	STATUS	DATE COMPLETE
1.	The new GM hiring search has taken place and the committee is ready to present the top 2 candidates to the rest of the Board	Hiring Committee Chair	6/30/19		
2.	Ownership Committee has gone thru all physical folders and all member-owners are recorded in the data accuracy project database and letter/stock certs are ready to be sent out for Q2	Melissa and the Committee Chair	6/1/19		
3.	The Annual Meeting Committee has planned and prepped for an exciting event that invigorates our owners and grows attendance and participation	Steve	6/5/19		
4.	Our revised handbook has been submitted to our attorney, Heather Wright for completion and is then reviewed by current management	Hannah and Management	5/15/19		
5.	Newest version of pro-forma with Don Moffitt is ready to present	Hannah	4/25/19		

##	Extras: We are actively searching and hiring new team members to fit the present needs of the coop	Zach	5/10/19		
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ANNUAL MEETING COMMITTEE – Steve

- Tents are set, food is set (from Harvest Moon), music is set.
- Will have a coupon for members who attend.
- Will need volunteers for the day, please follow up with Erin.
- Looked into having tshirts or hats.
- Looking to start promoting the even next week.
- The library has offered the Fox room as a backup in case of rain.

PG REPORTS

C3 –Agenda Planning– Chris

Policy Name & Number: C-3 Agenda Planning
 Policy Type: Board Process
 Last Revisited: April 20, 2018

Director: Chris Littler
 Submitted On: April 22, 2019

We will follow an annual agenda that focuses our attention upward and outward.

1. Our annual governance cycle will run from January to December.
2. We will create, and modify as necessary, an annual calendar that includes the items mentioned in this policy, membership meetings, Board training schedule, monitoring schedule, and the GM evaluation and compensation decisions as outlined in our Board-Management Relationship policies.
3. Throughout the year, we will attend to consent agenda items as expeditiously as possible.
4. We will limit the amount of meeting time taken up by monitoring reports, discouraging discussion unless the reports indicate policy violations, or the policy criteria themselves need review.

1. Is this policy clear: (Yes/ No/Comments)

Yes. The policy lays out how we should set our agenda for the year. While the language “upward and outward” appears more flowery than functional, the actual points of the policy appear to be straight forward.

2. How have we been IN compliance?

We keep our governance cycle running between January and December, we have created an annual calendar that is posted in the meeting room and we update it as needed. And we have been doing a good job of limiting our in meeting discussions to the policies at hand. The board does not use consent agenda items at this time.

3. How have we been OUT of compliance?

As stated above, the board does not use a consent agenda. However, the policy does not mandate we use one, only that we attend to it as expeditiously as possible. Also, while we have been good about limiting our discussions on policies unless we believe there has been a violation or change, some of these debates can get out of hand at times and act as a drain on our time.

4. Overall, have we been in compliance?

Yes. While discussions can get out of hand, our implementation of a loose version of Robert's Rules of Order has given us various means to get conversations under control, or end them until a time we can properly handle the issue.

5. Is this the policy we want?

Yes.

Recommended changes:

None at this time

Submitted by:

Chris Littler

Policy Governance Report

B1 –Financial Conditions & Activities– Zach

Rutland Area Food Co-op April 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 3/31/19. Unless otherwise stated with an exception, all data in this report is accurate as of 3/31/2019.

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.

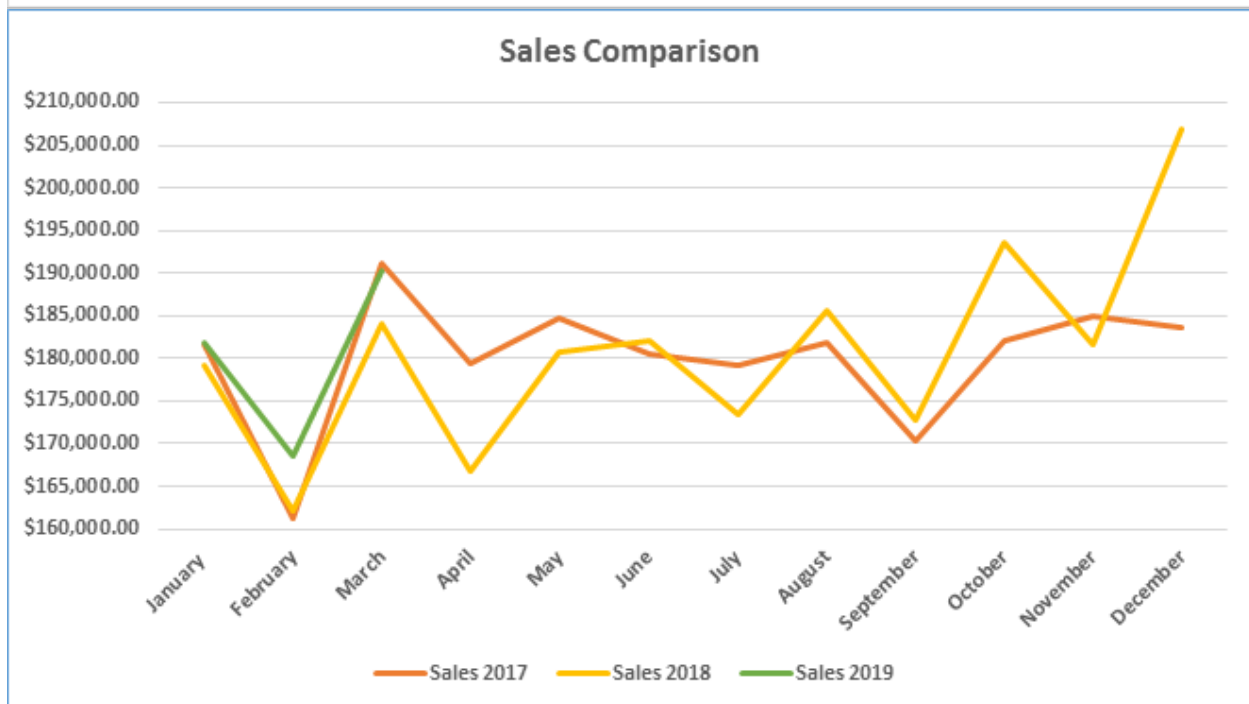
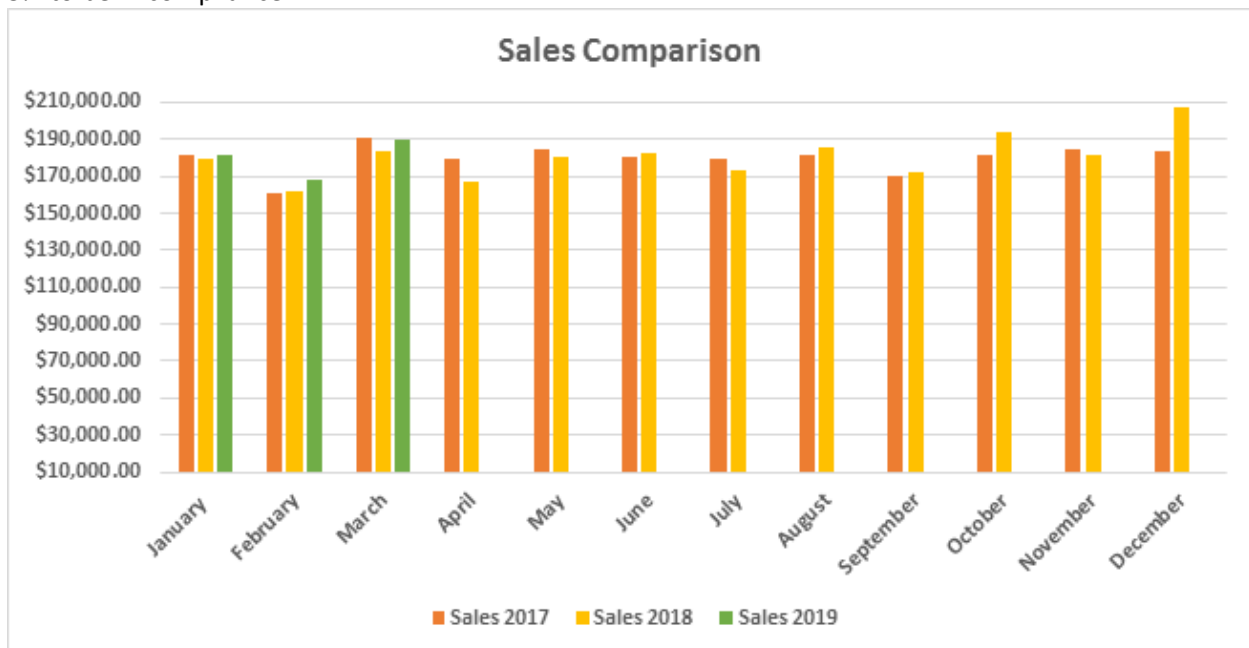
Conclusion: We are still out of compliance in both sales growth and record keeping but are seeing advancement in both areas.

Please see the data, plans, and timelines for each section 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. 4 (1.1.19-3.31.19) were up **\$15,147.29 or 2.9%**. Sales last fiscal year (4.1.18-3.31.19) ended up **\$32,361.81 or 1.5%**

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

Plan: Our plans for increasing sales include:

- Hiring and training staff to fulfill the roles of each department
- Continuing to demo, sample, and bring in new and interesting products

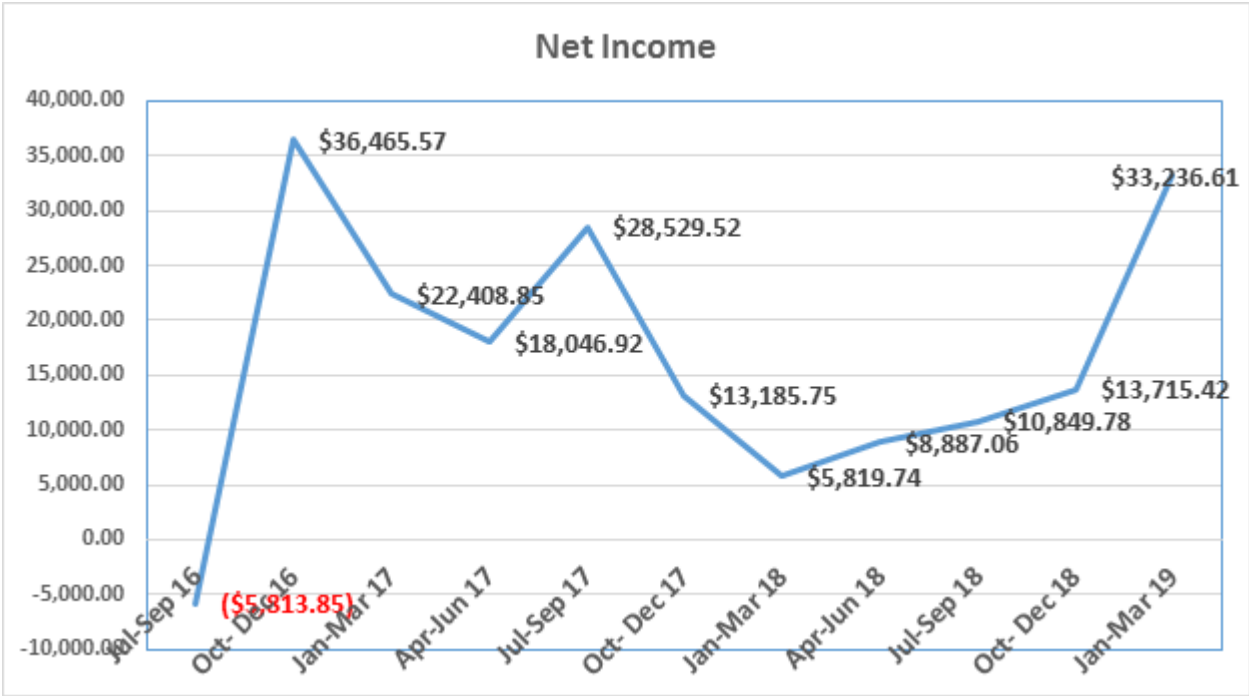
Our most recent goal was to beat last year sales by **1.5%** by the end of the fiscal year. We met that goal! We increased sales for last fiscal year by **\$32,361.81** or **1.5%**. This is the second goal we have met in a row! Our new goal is to increase sales by **2%** or **\$10,593.81** over last year by the end of the first quarter.

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. 4 (1.1.19-3.31.19) was **\$33,236.61**. Net Income for last fiscal year (4.1.18-3.31.19) before CPA adjustments is **\$67,489.06**



(Net Income)

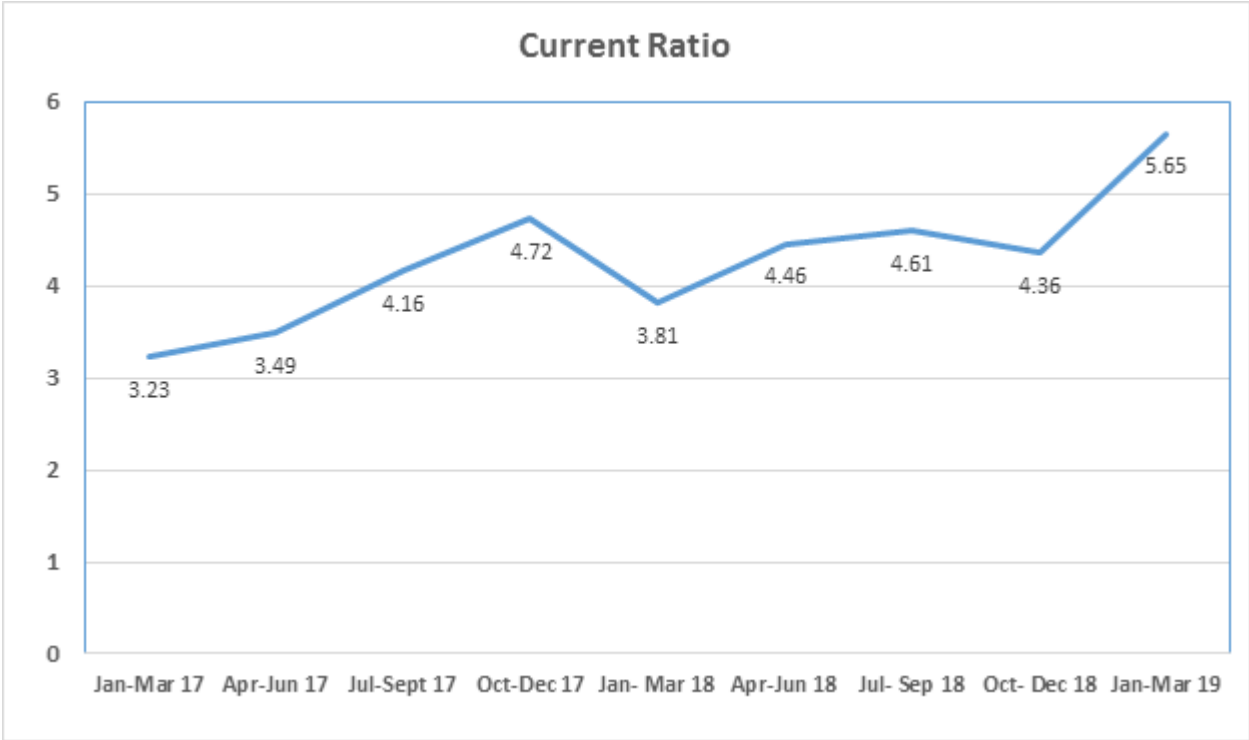
Conclusion: In compliance

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

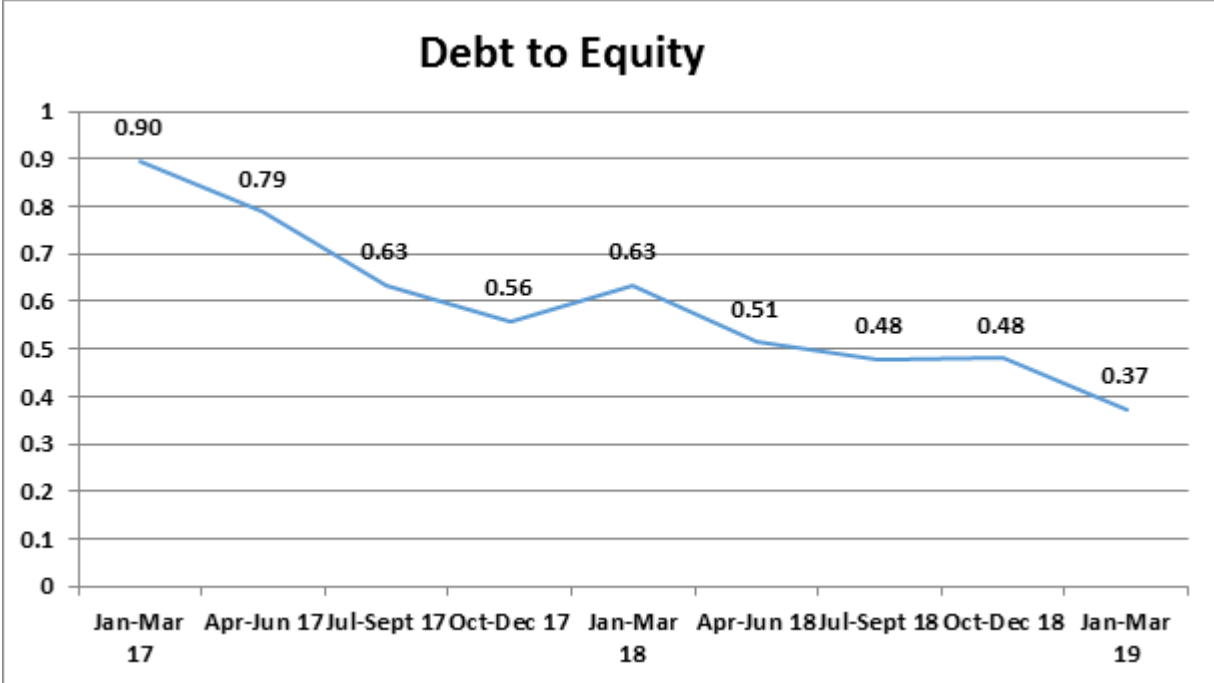
Interpretation: The current ratio, Current Assets divided by Current Liabilities, is a common measure of liquidity. The Current Ratio should be above 2 to be in compliance.

Data: At the end of March 2019 our current ratio is 5.65.

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 = .37

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 \$40,078.83 as of 3/31/19.

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 continues to enter owner information into the database and have completed last names starting "o". Our goal is to continue this process and have all the records entered by the end of Summer 2019.

Accepted with acknowledgement of noncompliance. Unanimously approved.

GM PG Report B5- Treatment of Consumers

The General Manager will not be unresponsive to customer needs.

The GM will not:

- 1.) Operate without a system for soliciting and considering customer opinion regarding preferences, product requests, complaints, and suggestions.**
- 2.) Allow an unsafe shopping experience for our customers.**
- 3.) Operate without product selection guidelines that are consistent with and supportive of the Mission (Ends).**

Data:

1.) We have a customer suggestion form and drop box at the front of the store available to all patrons. We encourage feed-back and suggestions and look for every opportunity to bring in new and exciting items. The staff can reach out to me or provide my Co-op contact information to anyone, at any time, for any reason. We appreciate both positive and negative feedback as we continue our efforts to grow and adapt to customers/owner's needs. Our website lists management and department managers contact information for suggestions, compliments/complaints or potential vendors. We set-up a survey this past year to see what areas of the store customers would like to see expanded in the future.

2.) We have safety measures in place including clearly labeled and lit emergency exits, up-to-date fire extinguishers, wet floor signs, and basic first aid. We utilize proper food handling and food safety guidelines. We strive to make the Co-op a safe and inviting shopping experience for everyone.

3.) We continue to utilize the product selection guidelines (Please see second page) in-compliance with our mission. All new-hires and staff are made aware of these guidelines and follow them when sourcing products.

Conclusion: In-Compliance

Accepted as in compliance. Unanimously approved.

Rutland Area Food Co-op Product Selection Guidelines

Buyers shall follow these considerations for purchasing product for the Co-op.

For any product category offered by the Co-op, preferences shall be given to products and vendors that best satisfy the following;

The product is grown or produced locally.

The product is wholesome, natural, and minimally processed.

The product is grown and processed organically or sustainably.

The product is minimally or sustainably packaged.

The product is affordable

The producer:

Demonstrates a commitment to these considerations.

Demonstrates a commitment to social and environmental responsibility.

Must be a Co-operative business or demonstrates a commitment to Co-op values.

Buyers are expected to apply judgement to determine the best-suited products, using these considerations as guidelines rather than strict rules. For example, a product grown or produced in Rutland would certainly be local, but if it is produced using pesticides, GMO's, excessive packaging, or unfair labor practices, we would not give it as high a preference.

Buyers should keep in mind the Purpose (mission) of the Co-op in making product decisions.

Provide affordable access to natural, whole, and minimally processed and packaged food items and other products that form the basis for healthy and ecological lifestyles.

Provide a market for local, regional, and other cooperative producers of food and other household and personal products.

Provide a community building and educational center where owners and other patrons can work, shop, and learn together and empower each other.

Provide a support for the cooperation with other individuals and organizations whose purposes are similar to those of the Co-op.

GM Report

March

- End of fiscal year!! Hooooooray!

April

- Inventory is/was down \$10,000.00 so we are stating April with a loss of 10k this is an on-paper loss not a real loss.
- Sip and Shop event was awesome we look forward to the next one.
- Emailed the CPA on 4/17 asking about our letter and a 6-week turnaround time haven't heard back yet (not a huge surprise with tax season just coming to a close)
- Thank You Jess Novak for helping with Inventory on Sunday 3/31
- Sales as of Tuesday 4/23 are up \$5,500.00 or 5%.

Staff Changes

- Caitlyn Little has given notice and is moving to part-time mid-May
- Melissa has given notice – No exact end-date yet
- Helena's last day is next Thursday 5/2
- Elizabeth has given notice her last day is this Saturday 4/27
- Rob has given notice and is leaving after annual meeting in June
- New hire Mel from Roots NCNS after a week and a half, Shock to all of us.
- Jamee (board recorder) is also leaving at the end of may.
- Helena and Rob have offered to stay on a contingent basis- I will need to research the labor laws and policies associated with this but it would be a great help to the future.
- We have the Asst. Manager position, Cooler/Freezer Manager, and HABA manager posted in-house and online as well as indeed. We are also looking for a full-time and part-time cashier and a floating MOD. We're losing about half of our employees.
- Still No utility bills or word from Mark.

May and the Future

- Plant starts are coming tomorrow

- Steve P and I are planning an inhouse job fair, some board members may be asked to assist in interviews at this event
- Maple brook tasting this Saturday 4/27/19 (11-2)
- CBD soda demo Wed 5/1/19 (11-2)
- Local Sweet Soda- Saturday May 25th (11-3)
- We are closed for Memorial Day
- Hannah/Lawyer Update- Heather is leaving the firm, Eric Jones taking over all the clients. New Handbook with revisions will be turned around to us for review in the next 2-3 days. Heather advised we can schedule a follow-up call with Eric a week or two after.
- Zach's extension of contract- Please don't take advantage of my kindness, I still need the BOD and hiring committee to step up and take on a larger roll in the day to day operations, hiring, handbook, and planning. I am not sure how all of this works or looks with PG and such but really need to stress that my staying doesn't mean we or the BOD can become complacent of all the current needs of the business.

Hannah Update

- Ownership is getting more and more complicated and as such we are working with our lawyer to ensure we are compliant with regulations. We will be hearing more about this issue in May.
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Unfinished Business

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New Business

- Hannah and Zach have created a transition plan for the GM position that will be reviewed in Executive Session.
- We will be giving Zach a two weeks' notice once we believe the new GM is capable of running, however with a hard date in August.

Next Month

- Board Meeting: Thursday May 23rd at 6:30 pm
- Membership Nights: To be announced for May.
- C4 – Meetings – Hannah
- B2 – Planning and Budgeting – Zach

Meeting closed: Dave made a motion to end the meeting. Erin seconded. Meeting closed at 7:40 pm and went into executive session.