

Board of Directors Agenda for the RAFC
August 27, 2020
Location: Virtual meeting via Google Meet; due to Covid-19

Board president Hannah Abrams called the meeting to order at 6:36pm.

Attendance

Board Members Present: Melissa Rixon, Steve Petters, Matt Poli, Chris Littler, Jess Venable-Novak,
Hannah Abrams
Staff: TJ Allen
Absent: Chris Etori, Irene Gold

Hannah asked for a motion to approve the minutes from the July meeting. Melissa motioned. Matt Poli seconded. The motion passed unanimously.

Committee Reports

Finance Committee w/ Chris Littler

- There wasn't a meeting this month due to the emergency meeting called last week during the time when the committee was supposed to meet.
- That said, it was a tough month financially.
- The bulk section was out of commission for July due to the moth problem, but it's all been cleaned out and is under control now. August is looking better.
- The next meeting will need to be rescheduled because the Annual Meeting is going to be held on the same day as the committee's usual meeting time.
- Chris L is planning on continuing to be the finance committee leader for the time being, even though his official term as a board member is over.

Annual Meeting w/ Melissa Rixon

- It was decided in the Annual Meeting Committee meeting that this year's Annual Meeting will be held via Zoom as a live meeting with pre-recorded segments from the Board Facilitator, Treasurer, and GM, etc. There will also be a live Q and A. The Middlebury Co-Op is holding a virtual meeting as well. They have a very similar agenda to the meeting we're planning. Melissa is going to virtually attend the meeting to take notes.
- The Agenda:
 - Live welcome
 - Overview of meeting agenda
 - Expectations
 - Pre-recorded segments
 - Ask if any members want to become board members (either live or prerecorded)
- There will be a raffle as well to encourage attendance. Members need to RSVP to enter and must attend the meeting. 3 gift baskets have been prepped.
- There will be an email sent out to ask members to send in questions prior to the meeting.
- Melissa suggested that presenters practice before the meeting.
- Steve has a pro membership to Zoom with allows pre-recorded segments.
- Melissa plans on contacting the Middlebury Co-Op after their meeting with any questions she may have or advice they can offer.
- She wanted to make sure there's nothing that members will need to vote on. There isn't.
- Jess wondered if there are any time or file size limits to the Zoom meeting. Melissa will find out.

- Hannah wanted to know when we needed the recorded bits done. Melissa didn't have a concrete date.
- Matt wanted to know how we'll know who is attending. Melissa isn't sure how to track attendance. Matt said the Columinate webinar uses a good system. Melissa said there's an additional fee of maybe \$40 to use the webinar feature on Zoom. Matt said he'd personally pay the \$40 to not have to listen to every person attending.
- The meeting is scheduled for 9/16.
- Chris L said they'd have to move the finance committee meeting.
- We need to send out the invite ASAP. Justin is working remotely Friday, 8/25 so Melissa will connect with him.
- For past events we've used Eventbrite, so that might be an option.

PG Reports

C8-Governance Investment - Hannah Abrams

We will invest in the Board's governance capacity.

1. We will make sure that Board skills, methods and supports are sufficient to allow us to govern with excellence.
2. We will incur governance costs, prudently, though not at the expense of endangering the development and maintenance of superior capability.
 - a. We will use training and retraining liberally to orient new directors and candidates for board membership, as well as to maintain and increase existing directors' skills and understanding.
 - b. We will arrange outside monitoring assistance as necessary so that the Board can exercise confident control over organizational performance.
 - c. We will use outreach mechanisms as needed to ensure our ability to listen to owner viewpoints and values.
 - d. We will use professional and administrative support.
3. We will develop the Board's annual budget in a timely way so as to not interfere with the development of the Cooperative's annual budget. In no case will we complete this work later than February.
4. In accordance with By-Laws article 9.3, we will engage a certified public accountant to perform an audit of the Co-op's financial statements and a study of internal controls at least every three years, beginning fiscal year end March 31, 2011.

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

Yes

2. How have we IN compliance?

We have an orientation procedure for every new Board member, they can receive a three-ring binder with all pertinent Board information and/or we have a designated folder in Dropbox. During the first few months for a new Board member we provide them specific reading assignments to help get them up to speed without overwhelming them with all the reading at once.

- a. There are a number of free or low cost options. In my opinion we do not take enough advantage of these individually or collectively. There are also many books that could be read to help enhance our Coop understanding and governance
- b. We have begun working with Columinate for our relocation, but I feel we could benefit greatly from enrolling in their CBLD program and taking part in other ongoing education

opportunities they provide. I am encouraged that two current Board members are taking one of their Financial classes and that the cost is covered by The Coop.

- c. We are lacking in providing opportunities in this, but at the same time, it is hard to be motivated when turn out and response is so lacking or minimal from our member/owners when we have done so in the recent past.
- d. We continue to have a Board Recorder for our meetings. We could bring in outside help either in person or virtually to help and support us more in other ways.

3. We do have an annual Board budge. I believe our only recent expenses are for online courses with Columinate for a few Board members and those expenses were discussed and approved with the help of our GM. Since Covid-19 Columinate has many more free or low cost trainings via webinar and they are often recorded and disseminated if you sign up and can't attend the live event.
 - The Board Budget could/should be an action item added to our annual Board calendar for future compliment
4. We continue to be up-to-date on this one and have worked with the same accountant for many years for our annual tax filings. I am not sure if we are having a study of internal controls every three years. If no, we must change that and get compliant.

3. How have we been OUT of compliance?

- We do not partake of enough ongoing Coop education, training and reading of Cooperative books and materials
- I am not clear on whether or not we have had an “study of internal controls” every three years
- We do not receive ongoing and regular two-way communication with member/owners

4. Overall, have we been in compliance?

Overall, we have been In compliance

5. Is this the policy we want? (yes/No)

Yes

Recommended changes:

- That we continue to find ways to improve our mantra of “continuous improvement” when it comes to Board education, training and with member/owner communication

B1 Financial Condition and Activities - TJ Allen

Graphs unable to be copied, see full report for visuals.

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 periods ending 06/30/2020. Unless otherwise stated with an exception, all data in this report is accurate as of 06/30/2020.

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

Signed, TJ Allen, 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 in compliance with all areas except for the ongoing member equity data input project.

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 to keep up with market inflation, operational increases and allow the business to expand its offerings.

Data: Sales for Qtr. 1 (4.01.20-06.30.20) were \$470,215.52, down 11.8% over last year

Conclusion: **Out of Compliance.**

Plan/Timeline:

This quarter represents the months hardest hit by the global pandemic, economic struggle, stay-at-home orders and statewide shutdowns and the sales reflect that. With that being said, there is always room for us to improve and expand sales. To that end, we are currently:

- Diversifying our grocery offering to bring in more well known, lower price point items (Newman's Own, Annie's) – **Ongoing**
- Resuming our Fresh Fish Program – **Completed by 9/18**
- Resetting our Bulk Coffee Display – **Waiting on Lozier shelving from Middelbury**
- Resetting HABA – **Completed by 9/30**

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. 1 (04.01.20-06.30.20) was **\$5,316.93**

(Net Income) Conclusion: **Compliant.**

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 **June 2020 our current ratio is 8.04.**

Conclusion: **Compliant.**

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 = .17

Conclusion: **Compliant**

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:

PPP Loan acquired through HFCU on April 22, 2020 in the amount of \$83,900. Funds were immediately transferred to the RAFC payroll account and have been used solely for that purpose since disbursement.

As of August 12, 2020, we are still awaiting guidance from HFCU regarding applying for loan forgiveness.

Conclusion: **Compliant.**

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: **Compliant.**

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: **Compliant**

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: **Compliant**

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: **Compliant**

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. Taxes were dropped off April 15th although, due to the global pandemic and non-essential business closures, we are expecting the report much later than in previous years.

Conclusion: **Compliant**

- Melissa congratulated TJ on all his work on the B1. Matt did as well. They've both been taking the Columinate financial webinar and they look forward to diving into the B1.
- Melissa is going to put all the PDFs from the webinar into dropbox so everyone can access them. She has some more thoughts on the webinar and is wondering if this is worthy of a future agenda meeting. Hannah is excited that Matt and Melissa have taken this webinar.
- Melissa reflected that the training has been incredibly beneficial and she feels more prepared to ask the right questions.

The B1 was accepted with acknowledgement of being out of compliance, and with understanding of the COVID circumstances.

GM's Monthly Update

- TJ thanked the board for understanding his family situation due to COVID and is pleased to continue working as the GM with some temporary modifications to his job description.
- Hannah said she was happy that TJ was open to this new role and schedule.
- Steve also expressed his gratitude for TJs flexibility.
- Justin is back from paternity leave on Monday with a more comprehensive job description.
- Monica's last day was yesterday. She has moved onto Casella to be a full time employee.
- Had a 2 ½ hour ProForma meeting with Dom. The full report of the meeting is in Dropbox.

- New England peer audit started. They go through the whole store and report back on ways to optimize the co-op.
- Still in a holding pattern with Catapult due to COVID. They still don't have any reps in Vermont that are available. Looking at help from Hunger Mountain's tech person maybe.
- Fish program is back. Black River's product started to decline in quality since COVID. The new program is more like a CSA and is picked up in the store.
- The Co-Op will be closed Labor Day.

Announcements

Matt's friend Sam has expressed an interest in becoming a board member. Matt is going to invite him to the next board meeting.

Agenda Setting

Board Calendar:

- B3 - TJ Allen
- D - Melissa Rixon
- D1 - Matt Poli

Request for any new Agenda items:

- Columinate webinar update from Melissa & Matt
- Post Mortem of Annual Meeting

Adjournment

This was Board President Hannah Abram's and Treasurer Chris Littler's last meeting. Steve expressed his thanks for all their years of service.

Board President Hannah Abrams called for the meeting to adjourn at 7:28pm.