



**Rutland Area Food Coop
Board of Directors Meeting
2.24.22| 6:00pm**

Board First Facilitator Chris Etori called the meeting to order at 6:09pm.

Board Present: Jeanne Kaufman, Chris Etori, Matt Poli, Theresa Haywood, Sam Budusky, Annika Metcalf

Board Absent: None. Monika Ganguly-Kiefner has resigned.

Staff Present: Jeffrey Reel

Guest Present: None

Chris asked for a motion to approve the minutes from the January meeting. Theresa so motioned. Jeanne seconded. The motion passed unanimously.

Committee Reports

Finance Committee with Matt Poli

- The Finance Committee met on 2/16/22 to review the financials.
 - Marsha asked about meeting minutes and mentioned that should be submitted with the audit package.
 - Matt will put all the minutes in the finance committee Dropbox folder.
 - He wanted to know if it was accessible to other people outside of the board.
 - Chris thinks it's available to Management. He will update the permissions for the Finance folder so all the finance people have access to them.
 - There was a discussion about small tools and equipment
 - Per the capitalization policy, this shelving purchase qualified (>\$500) to be moved to fixed assets.
 - Marsha commented that there is no written policy that she can find but it should be written down.
 - Jeffrey will look to see if he has anything written
 - Chris Littler asked if the PPP loan belongs in "Other Income".
 - Marsha said the CPA moved it to retained earnings and counted it as untaxable income.
 - 20k Grant
 - Accounting Standards Board - Marsha needs to look at the RFP and the grant application.
 - May not qualify to be entered as revenue from a grant.
 - Matt will find the documents and send to Jeffrey and Marsha
 - The missing funds from the embezzlement need to be reclassified as A/R and any restitution would go to that.
 - If there isn't going to be restitution, it will have to get written off.
 - Jeffrey will find out. He's waiting for a response from the Sargent.
 - The CPA's entry adjustments will not show until we see a 3/31 YoY because entries were dated 3/31
 - The balance sheet shows 10k in EIDL that will be moved to other income
 - There are still some prepaid taxes from a few years ago that haven't been applied.
 - Hoping that it can be used as a credit for some of the tax we may owe this tax season.



**Rutland Area Food Coop
Board of Directors Meeting
2.24.22| 6:00pm**

- Marsha says if we get our paperwork turned in to the CPA in a timely fashion we can request a refund.
 - Jeanne asked about putting operations money into CDs or short term MMAs with higher interest rates
 - Marsha said there isn't usually enough cash to move around, but she will look at why the balance of the payroll acct was so high at the end of the month.
 - Negative prepaid acct balances have occurred.
 - The POS should not allow it.
 - Jeffrey has put in a help ticket into Catapult.
 - Chris Littler will ask the offending customer to repay his negative balance.
 - Matt asked about an old discussion about prepaid gift cards, possibly related to Rutland Welcomes.
 - Marsha said the CPA wrote some old gift cards off but that wouldn't show up on the balance sheet until year-end because of when the entries were dated.
 - Catapult keeps better records of gift cards than the old paper system.
 - The committee agreed to meet next month on zoom
- Total income: \$156,000
 - \$1200 profit

Board Development

- The committee was unable to meet this month.
- Sam volunteered for the committee, as did Matt.
- Jeanne had some information to report:
 - She met with Steve (from HFCU) again. He might end up coaching his son's baseball team, and doesn't want to over commit his time, but he's very interested in joining the board.
 - She also spoke with Cary Allen, who doesn't have the time herself, but knows many people in the community. Jeanne gave her a list of the types of people that the Board would benefit from, i.e. event planners, marketing, community organizers etc. She's waiting to hear back.
 - Jeanne is unable to commit to being a member of the Board Recruitment Committee, but she will gladly recruit on her own.
- Theresa noted that the latest version of the Policy Register she could find was from 2011. She explained that some revisions are only available in some places in paper or in Dropbox, and that there was a lot of confusion over what was the official version. The Board discussed the need to revisit the organization of all the files at length.



**Rutland Area Food Coop
Board of Directors Meeting
2.24.22| 6:00pm**

PG Reports

D4 - GM Monitoring

Policy Type: Board Process

Last Revisited: 1/28/21

Director: Chris Etori

Submitted On: 2/24/22

The Board will systematically and rigorously monitor and evaluate the GM's job performance.

1. Monitoring is how the Board determines the degree to which the GM is following Board policies. Information that does not directly relate to Ends or Executive Limitations policies is not monitoring information.
2. The Board will acquire monitoring information by one or more of three methods:
 - a. by internal report, in which the GM discloses interpretations and compliance information to the Board;
 - b. by external report, in which an external, disinterested third party selected by the Board assesses compliance with Board Policies; or
 - c. by direct Board inspection, in which a designated director or committee assesses compliance with the policy criteria.
3. In every case, the standard for compliance will be any reasonable GM interpretation (as described by operational definitions and metrics) of the Board Policy being monitored. The Board is the final arbiter of reasonableness but will always judge with a "reasonable person" test rather than with interpretations favored by individual directors or by the Board as a whole.
4. The GM is compliant with a policy if they present a reasonable interpretation and adequate data that demonstrate accomplishment of that interpretation.
5. The Board will monitor all policies that instruct the GM. The Board can monitor any policy at anytime by any method but will ordinarily follow the schedule outlined in the Board Annual Calendar.
6. The Board's annual evaluation of the General Manager, based on a summary of monitoring reports received from January through December, will be completed by the end of February. The Board will make its decisions concerning the evaluation and the employment contract no later than the end of February.
7. The Board will complete the GM compensation process no later than the end of February

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

Yes.

2. How have we been IN compliance?

We were in compliance through April of 2021 as we received GM monitoring reports through then.



**Rutland Area Food Coop
Board of Directors Meeting
2.24.22| 6:00pm**

3. How have we been OUT of compliance?

In many ways. Our current GM started at the end of June. In these past 8 months, while there have been conversations between the board and the GM, and more specifically between the board's executive committee and the GM, about Ends and Executive Limitations, the board did not request the GM to submit a monitoring report until the February board meeting. The board has also not conducted an external monitoring report nor conducted a direct board inspection. Additionally, the board has not conducted an annual evaluation by the date listed and it is not planned as of yet.

4. Overall, have we been in compliance?

I do not believe we have been in compliance for the reasons stated above. To get to compliance, we have donated board time with Columinate to the GM to provide support in crafting comprehensive and effective GM reports. We will get back to an appropriate annual calendar for reporting moving forward.

5. Is this the policy we want?

Yes

Recommended changes:

None

- Theresa asked how the annual evaluation worked?
- Chris wasn't sure if the dates are correct anymore and thought that it should probably follow the FY.
- Annika agreed on following the FY.
- Chris mused that he's been on the Board since 2018 and couldn't remember ever doing a GM review.
- Matt remarked that the last one he remembered doing was for Zack. The Board at the time took all GM reports for the previous year and reviewed them. He believed former First Facilitator Hannah Abrams emailed the data in advance and held an Executive Meeting to discuss with the Board. The evaluation with the GM was then scheduled for a later date.
- Theresa stated that if the Board needed a collection of reports, the date of the review should change or the Board should stay out of compliance for the Policy until Jeffrey has submitted a year's worth of reports.
- Matt looked up the calendar and reported that with the current timeline, the Board has until August to do the GM evaluation.
- Jeanne asked if the board should change the dates on the D4 to match the August date in the calendar?
- Chris concurred; yes they should match. The February date was set so a new salary would start at the beginning of the next FY.
- Matt reminded the Board that the Policy Calendar follows the calendar year, and the GM Report Calendar follows the FY.
- Chris suggested that once Theresa gets more comfortable with the calendars the Board may want to revisit this policy.



**Rutland Area Food Coop
Board of Directors Meeting
2.24.22| 6:00pm**

- Matt commented that the Board used to take notes on a calendar that hung on the wall of the conference room, which made it easier to track and follow. Not having that has made this all a bit confusing.
- Sam wanted to clarify if the due date was February or August, and suggested that it might be helpful to conduct a mid-year review with the GM to practice and to acquaint Jeffery and the new Board members with the process.
- Jeanne volunteered to set herself a reminder for July to put this topic on the August agenda.
- Sam wondered if it would be a good idea to print out the reports so the Board could make notes on them for easy reference? The binder could be kept in the conference room.
- The Board agreed it was a good idea to have a reference binder.
- Annika will bring some binders in.
- Chris suggested that the Board table the discussion for now. It will be revisited in August.

C - Global Governance Commitment

Director: Jeanne Kaufman
Submitted on 2/24/2022

Acting on behalf of our owners, the Board ensures that our cooperative produces benefit and value, while avoiding unacceptable actions and situations.

1. Is this policy clear?

Yes

2. How have we been IN compliance?

The board continuously works to support the mission of our co-op. Our first and second facilitators meet on a regular basis with our GM to keep informed and heading in the right direction. We have strategic planning sessions through out the year. The decisions we make are informed decisions that are based on fact, not with personal interest.

3. How have we been OUT OF compliance?

I am not aware of any way we are out of compliance.

4. Overall, have we been in compliance?

Yes

5. Is this the policy we want?

Yes, this is a key component of who we are.

Recommended changes: None



**Rutland Area Food Coop
Board of Directors Meeting
2.24.22| 6:00pm**

- Chris wanted to clarify that he is not meeting regularly with the GM.
- Theresa asked if Strategic Planning is a part of this policy?
 - Chris clarified that no it wasn't; Hannah started that committee.
 - Chris reiterated that's why board recruitment is so important. The more people involved means there can be more committees.
- Jeanne asked if there was a list of former Board Members that we can reach out to to see if they'd like to participate again?
 - Chris stated that everyone he has run into has declined.

CI – Governing Style

Director: Jeanne Kaufman

Submitted on 2/24/2022

We will govern in a way that emphasizes empowerment and clear accountability. In order to do this we will:

1. Focus our vision outward and toward the future
2. Observe the 10 Policy Governance Principles
3. Maintain group discipline, authority and responsibility
4. Clearly distinguish Board and General Manager roles
5. Encourage diverse viewpoints
6. Obey all relevant laws and bylaws

1. Is this policy clear?

Yes. This policy is clear. The goal of how the board of directors shall govern is clearly stated and the means to what goals is concisely outlined

2. How have we been IN compliance?

The board maintains an outlook to the future while executing its duties. The 10 Policy Governance Principles are observed, most notably by following and regularly reviewing our policies. Communications and discussion between board members, whether during a monthly meeting, a committee meeting, or in email, is respectful and orderly. To the best of my knowledge, all board members are equally held accountable and the authority of the board has not been compromised. We also maintain the boundary between the duties of the board and the operation of the store/ responsibilities of the General Manager. The board Facilitator and the second facilitator are in regular communication with the General manager, as is the entirety of the board during our monthly meetings, to maintain accountability and offer support. Diverse viewpoints are welcome and heard. Laws and bylaws are obeyed.

3. How have we been OUT OF compliance?

I am not aware of any way we are out of compliance.

4. Overall, have we been in compliance?

Yes



**Rutland Area Food Coop
Board of Directors Meeting
2.24.22| 6:00pm**

5. Is this the policy we want?

Yes, this is a key component of who we are.

Recommended changes:

None

B1 - Financial Condition and Activities

Monitoring Report, February 22, 2022

Policy: B1 – Financial Condition and Activities, Last Revised November 18, 2010

I report compliance with all parts of this policy except the global policy, B1.1 and B1.10.

Unless indicated otherwise, all data in this report is for Q3 2022 and is accurate as of February 1, 2022.

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

Signed _____, GM

Attachments: Balance Sheet, Profit & Loss Statement, letter from most recent audit/review

With respect to the actual, ongoing financial conditions and activities, the General Manager 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 sub policies below sufficiently cover the “fiscal jeopardy” part of this policy; see those sections for further interpretations and data.

Our budget describes our anticipated expenditures, and our Ends report demonstrates how our expenditures translate into our desired outcomes. Board acceptance of the budget and Ends report signify that our actual expenditures have not deviated materially from Board priorities.

Operational Definition:

The Board will accept the annual budget and the Ends report.

Data:

In my tenure so far, we have addressed other priorities and I have not yet submitted a budget or Ends report.



**Rutland Area Food Coop
Board of Directors Meeting
2.24.22 | 6:00pm**

The GM will not:

1. Allow sales to decline or be stagnant.

Interpretation:

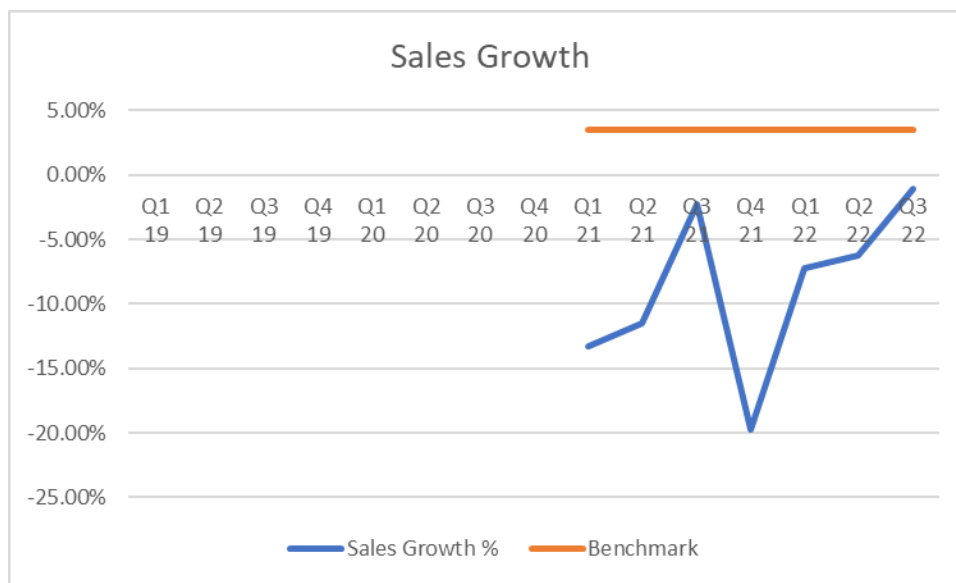
Growing sales is an indication that we are serving our customers' needs. Sales in this quarter should be greater than sales in the same quarter a year ago. In order to account for inflation, sales should actually grow greater than the rate of food inflation. According to [USDA](#), food-at-home (grocery store purchases) increased 3.5% in 2021.

Operational Definition:

Sales growth must be greater than 3.5%.

Data:

Sales growth = -1.03%.





**Rutland Area Food Coop
Board of Directors Meeting
2.24.22 | 6:00pm**

2. Allow operations to generate an inadequate net income.

Interpretation:

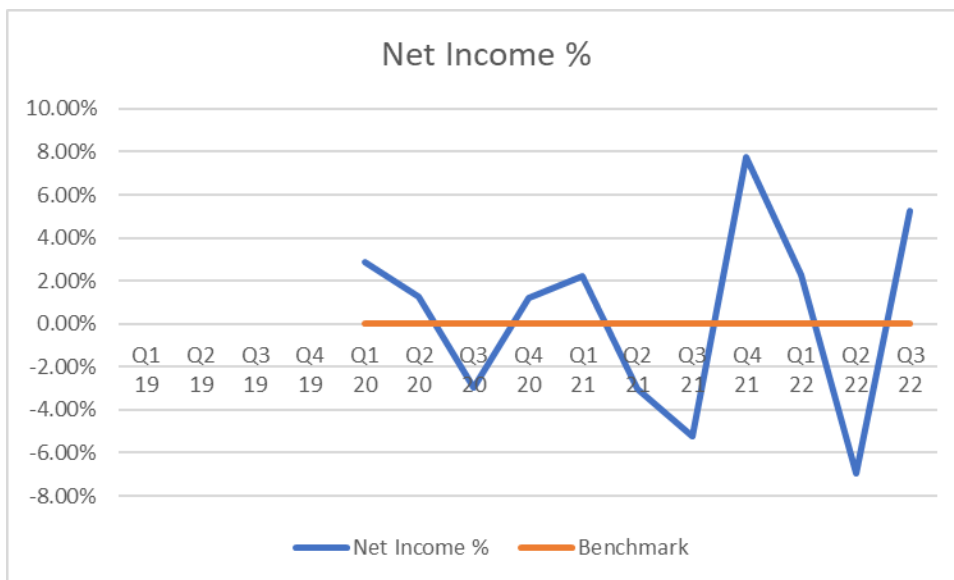
Our goal is to have a positive net income.

Operational Definition:

- Net income for any reporting period should be greater than 0.

Data:

- Net income for this quarter was 5.28%.





**Rutland Area Food Coop
Board of Directors Meeting
2.24.22| 6:00pm**

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

Interpretation:

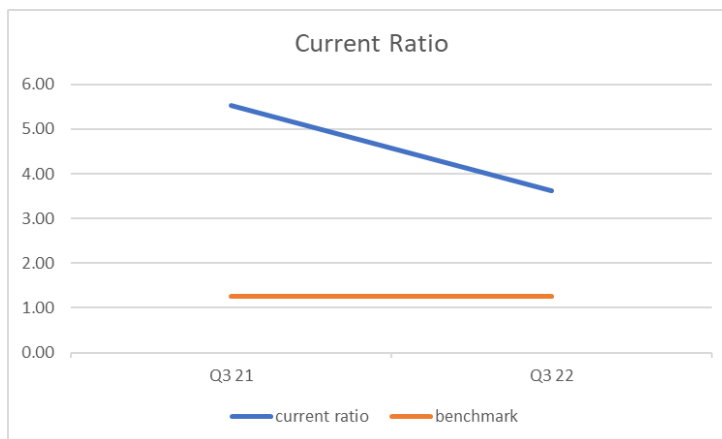
There are two common and useful measures of liquidity: Current Ratio (Current Assets divided by Current Liabilities) and Quick Ratio [(Current Assets – Inventory) divided by Current Liabilities]. Retail grocery co-ops that use these metrics tend to strive to maintain a Current Ratio of at least 1.25, and a Quick Ratio of at least 0.7.

Operational Definition:

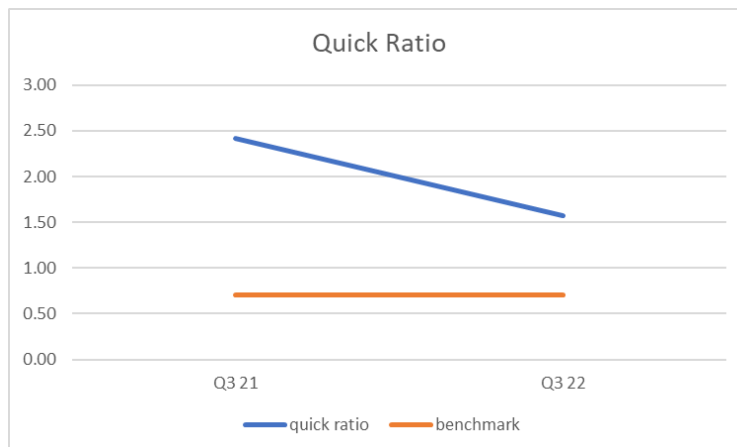
- The Current Ratio should be above 1.25.
- The Quick Ratio should be above 0.7.

Data:

- Current Ratio = 3.62



- Quick Ratio = 1.58





**Rutland Area Food Coop
Board of Directors Meeting
2.24.22 | 6:00pm**

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

Interpretation:

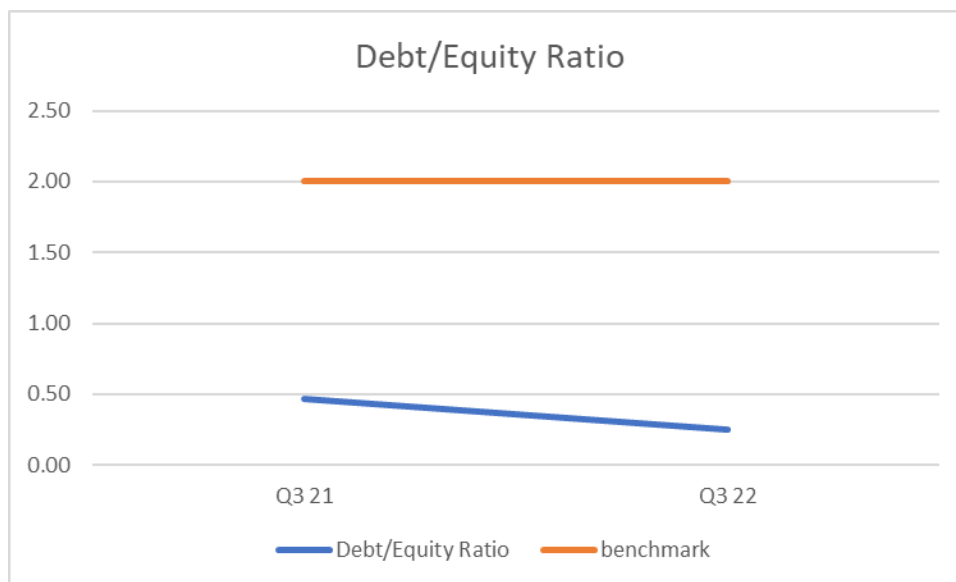
Common guidance for food co-ops suggests that a healthy debt-to-equity ratio is 2.0 or less.

Operational Definition:

Our debt-to-equity ratio should be no higher than 2.

Data:

D/E ratio = 0.25





**Rutland Area Food Coop
Board of Directors Meeting
2.24.22| 6:00pm**

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

Interpretation:

The Board retains authority for taking on debt for things like real estate; member loans; or other large, long-term loans. These sorts of debt are considered long-term liabilities, and would be listed as such on our Balance Sheet.

Operational Definition:

The amount of long-term liabilities on the current Balance Sheet should be less than or the same as on the previous quarter's balance sheet – unless the board has specifically authorized borrowing.

Data:

We have no long-term liabilities on the Balance Sheet.

6. Acquire, encumber or dispose of real estate.

Interpretation:

The Board retains authority for making decisions about buying, selling or mortgaging real estate. Real estate is considered a fixed asset, and would be listed as such on our Balance Sheet.

Operational Definition:

The land and buildings fixed assets on the current balance sheet should be the same as on the previous quarter's balance sheet – unless the board has specifically authorized a purchase or sale.

Data:

We lease our building. We have made no real estate purchases or commitments. There is no real estate listed in the Fixed Assets section of the Balance Sheet.

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

Interpretation:

Our only "government-ordered" payments are the various taxes we pay.

Operational Definition:

- All taxes due will be paid on time.
- We will receive no notice from the government that our taxes are unpaid, paid late, or inaccurately filed.

Data:

- All taxes have been paid on time.
- We received no notice of overdue or inaccurate payments during this reporting period.



**Rutland Area Food Coop
Board of Directors Meeting
2.24.22| 6:00pm**

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

Interpretation:

We should pay all of our bills on time. Payments are considered on time unless we receive a past due notice or written complaint.

Operational Definition:

We shouldn't receive any past due notices or complaints about late payment.

Data:

We have paid all of our bills on time, and we haven't received any past due notices or complaints.

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

Interpretation:

Restricted funds are any money or account controlled by the Board of Directors or outside authority for a specific purpose. Only the board or that outside authority may alter the spending assignment for that money.

We do not have any restricted funds at this time.

Operational Definition: NA

Data: NA

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

Interpretation/Operational Definition:

- We should use an established and widely-accepted system to keep track of our finances.
- An independent auditor should regularly confirm that our financial records are adequate and in conformance with GAAP (generally accepted accounting principles).

Data:

- We use QuickBooks as our financial record-keeping system.
- Our most recent financial review was performed by McCormack, Guyette & Associates. Their January 2022 review notes that our financial statements are adequate for income tax purposes, though this is not the same as generally accepted accounting principles.



**Rutland Area Food Coop
Board of Directors Meeting
2.24.22 | 6:00pm**

- Sam - Asked how in Q4 the net income was up 5% but the sales were down 20%?
 - After some discussion and research the Board figured out that there were fewer staff during that time, which meant a decrease in payroll.
- Theresa asked if it was fair to include a mandatory 2% growth?
 - Matt said that this same question has come up in the past, but explained that if the Co-Op is not making 2% more than last year, it's not even keeping up with inflation. It may sound harsh, but the Co-Op is a business.
 - Chris told the newer Board members that they have been out of compliance more often than not.
 - Jeanne pointed out that Jeffrey has implemented a lot of things that haven't had time to reflect in the numbers yet.
 - Chris stated that even if everything works out well, the Co-Op still may not meet these goals every quarter.

Report accepted as in compliance.

Monthly Updates

Facilitator Update with Chris Etori

- Monika has resigned from the Board.
 - Due to the nature of her work, her main focus on joining the Board was about food access. She has joined another board that was more in service to that. Chris implored her to return when the Co-Op is in a position to have that conversation.
- Jeffrey is working with someone to bring in halal foods to the Co-Op.
 - May have a donation lined up to purchase the beef.

GM Update with Jeffrey Reel

- Hired kitchen manager. Initial costs to set that up.
- Going to do a complete freezer reset.
 - Jeanne asked what the status was of the donated cooler?
 - Jeffrey said it's in storage; he just needs to figure out how to get it into the building. He's anxious for the warmer weather so he can seriously look at getting the new equipment set up.
- Store inventory scheduled for April 5th.
 - They really should do inventory quarterly.
 - Sam believes the ratio numbers in the B1 are probably incorrect because there hasn't been an inventory done in so long. Will have to wait until April to see.
- Still looking for a part time front end employee



**Rutland Area Food Coop
Board of Directors Meeting
2.24.22 | 6:00pm**

Unfinished Business

- RYP Mixer
 - The date has been set for May 19, 6-8pm!
 - RYP needs a synopsis of what Jeffrey is going to talk about.
 - Theresa will check with the Masons to see if we can use their lawn (the open space next to the Co-Op).
 - Jeffrey asked how many people he should expect to attend?
 - Jeanne responded there would be 40-60 people maybe? She will email him her notes.
 - Theresa asked if Champlain Orchard would do cider samples? Or maybe they could have a kombucha sampling?
 - Jeffrey asked what type of food they should provide. Appetizers?
 - Jeanne said anything would be great.
 - Jeffrey stated that whatever they serve it should be locally sourced.
 - Jeanne told him that Wonderfeet does cheese and crackers, and Roots does a whole spread, so somewhere in between would be good.
 - Theresa suggested the store set up some kind of discount for people attending the mixer.
 - Chris thought this would be a great opportunity to advertise the new prepared foods.
- Jeffrey reported that the new sign has been made. He's just waiting on some red tape to get them hung.

New Business

Annual Meeting

- Chris brought up that the Board needed to start thinking about the Annual Meeting.
- Jeanne asked if it would be prudent to discuss a date now?
- Chris responded that it would be good to also create the committee. He also said that in the past, early June worked.
- Annika suggested the first Wednesday in June.
- Chris looked up the day and saw that it was June 1st, which is coincidentally Neighbors Day!
- Annika thought the Mixer would be a great time to advertise to join the Co-Op.
- Chris reminded the Board that the Annual Meeting is the time to vote for Board members.
 - Members up for reelection: Chris and Sam. Matt is, regrettably, aging out.



**Rutland Area Food Coop
Board of Directors Meeting
2.24.22 | 6:00pm**

Closing

Agenda Requests for Next Meeting

- Annual Meeting

Reporting for Next Meeting

- C2 & C3- Annika
- GM - Jeff will talk with his advisors to see which report would make sense, but the calendar says B8 & B9

Upcoming Committee Meetings

- Finance - 3/16 6pm
- Board Recruitment - TBD
- BoD - 3/24 6pm

Adjourn Meeting

Board Facilitator Chris Etori called for a motion to adjourn the meeting. Sam so motioned. The meeting ended at 8:05pm.