



Finance Committee Meeting Minutes

May 10, 2018

Ten Pin Building Mezzanine

Present at meeting

Finance Committee: James Kloor (Treasurer), Cheri Strong (Director), Mary Ella Anderson (Director), Colin Fiske (President), Chris Copple (Member), Laura Jones (Member), Diane Sharples (Member), Ed Smith (Director)

Absent: Leah Stamper (Secretary), Robert Donovan (Vice President),

Staff: Melanie Bettenhausen, Emily Walter, Brandy Cogburn, Michelle Sanders, Jason Davenport

Members: None

1. Welcome

Meeting started at 6:04pm by James Kloor.

2. Approval of Minutes

<p>Motion: Approve finance committee minutes from February 8, 2018. Motion by Diane/2nd from Colin, motion passes (8/0/0)</p>

3. Health Insurance Report

Michelle has been working on a compared analysis for health care insurance for the Co-op. She gave a PowerPoint presentation on the process with a recommended outcome.

The Co-op put our medical benefits out to “market” to complete a comparative analysis for the following areas:

- Risk assessment: Low risk (fully insured planned) vs. High risk (self-insured plan)
- Broker selection: The Co-op has been without a broker since 2014
- Reduction of existing fees – without reducing services

Completed the initial review of data for 4 brokers and then did interviews with each.

Brokers: George Petersen, Pauli-Harbour, Heidi Olsen, Affiliated Benefits

Following interviews with the four brokers the committee recommends:

- Remain self-insured
- Maintain Affiliated Benefits as broker
- Retain Advantek as our TPA, rent Anthem Blue Cross network to provide greater in and out of network coverage
- End Goal: implement in July 2018

Changing the plan would not change current coverage. The only change will be in providers. We have asked to get a comparison of in and out of network between current and the proposed plan.

Changing plans should improve our current health care issues and costs. Long-term, we need to continue looking into alternative health care plans.

4. Review FY19 Budget

This budget was approved at the April board meeting.

- Chris – why is payroll so high (26%) when the benchmark should be 18-21%?
 - o The benchmark is before benefits. We plan to meet the 26% by reducing through attrition and not doing the remodel. We are also working on other administrative functions and reducing labor where not needed.
- Diane – there is an increase in the Marketing budget. Is the thought that increased Marketing will increase revenue?
 - o There are not necessarily more funds being spent. The increase is due from a shift in budget categories as we clean up GL lines. One example is the cost of election materials being moved from Board to Marketing.
- Diane – taken aback that the cash over/short in Arcata is \$18K.
 - o Some of this is control issues. Brandy is working with store managers and IT to make sure data input is correct. There is now a new tracking procedure for front ends. The other chunk has to do with our SMS program and how it treats gift cards and script.
- Chris – explain the capital budget.
 - o We anticipate re-doing the Arcata roof in June. This worksheet was created to see what the needs are. We will be updating this worksheet based on a statement of cashflow.

5. FY18 Fourth Quarter Financials

The first quarter has been left open and isn't showing the correct numbers because it needs adjustment. It is showing more expense than actual. We want to fix this when the auditors are here. We plan on fixing our financials and then going with different auditors next year. The auditors are coming June 11. James will meet with the auditors.

- Colin – the occupancy expenses are lower than last year.
 - o The security company is less, due to less service.
- Colin – income statement details – Mermaid Sushi has a strange budget number.

ACTION: Brandy will look into this.

- Colin – where is our dividend income coming from?
 - o NCG retained patronage payout and Frontier Co-op.
- Chris – total assets to total liabilities is stable.
 - o Margins and labor %. Margins not going down. Labor is going up.
 - o Not a lot of spikes in the balance sheet.
- Diane – why is SDI withheld 11% negative?

ACTION: Brandy will look into this

- Chris – accounts payable high
 - o we used to pay invoices as soon as we got them. Now we pay them closer to when they are due. We are also now cutting checks on Monday instead of Friday.
- Colin – same departments in different stores are widely different when it comes to cash flow.
 - o fluctuation of inventory is large because we switched inventory companies. The most recent inventory is the most accurate we've had.
- Colin – what is our inventory strategy?
 - o Jason attended the last inventory and is now working on implementing better systems for the next inventory. Melanie is talking to other Co-ops about their parameters for stocking. We are working on better purchasing strategies between the stores. Guidelines and parameters will be implemented for the buyers.

6. Change of Fiscal Year – reported by James

James recommends changing the last day of the fiscal year from the last Saturday of March to the last day of March.

It was discovered through this conversation that if we switched to a monthly close date we'd have to include a small multiplier into our reporting, causing a significantly larger headache than it would solve for.

Through discussion and sharing of institutional knowledge the committee understood the choices that lead to the current fiscal year end date. It was decided that the past decision is still the correct decision.

7. Member input on reports

The group is not satisfied with the current auditors. The group began discussing who we would want to do next year's audit. A local auditor or a co-op focused auditor?

Melanie thanks our three finance committee members. We appreciate your input.

ACTION: Diane wants comparative on the balance sheet detail.

8. Agenda items for next meeting

- Review FY19 first quarter financials and advise the board
- FY18 audit
- FY20 audit options

9. Meeting adjourns

Meeting adjourned at 8:00pm

Minutes submitted by Emily Walter