



August Finance Meeting Recap – submitted by James Kloor, Board Treasurer

On August 28 the Finance Committee met to discuss FY20 Q1 Financials, received the final FY19 Audit, and received a presentation on the Finance related portions of the Business Plan. Overall there was a lot of good news.

FY20 Q1 Financials were strong and showed a net profit of \$64,000. That's the third straight quarter of profits, and even better, the third straight quarter of increasing profits. In Q3 of FY19 we managed to squeak out a roughly \$8,000 profit (after some heavy losses in Q1 & Q2), and then in Q4 we ended up with a roughly \$48,000 profit. It's one thing to have profitable quarters, it's another to have increasing profitability. We're still a bit down in sales, yet we're doing a fantastic job of controlling expenses. Q1 has just a few weeks of the new hot bar in Eureka included – I'm curious and hopeful to see how Q2 shapes up. The Eureka hot bar and other deli upgrades seem to be doing really well. At the November Finance Committee meeting we'll be presented with a 6-month report on the Eureka Deli remodel and upgrades – to get a sense of the true cost and if it's meeting our initial goals and benchmarks.

I'm pleased to say we received our FY19 Audited Financials. There weren't any significant findings by the auditors – there were a few notes in the management letter – but they're mostly identifying areas we have already improved (like making sure the staff that prepares checks are not the staff that mail the checks – as an internal control improvement for example) – but nothing major. I have to commend the entire accounting staff at the Co-op – a fiscal audit is kind of like a final – it happens every year, you are meticulously judged and put under a microscope – and in the end the Co-op came out with high marks. This was Barney Doyle's second audit as our Controller, and he knocked it out of the park.

We received the Annual Business Plan from General Manager Melanie Bettenhausen. I wanted the Finance Committee to focus on the "finance" related aspects of the Business Plan, so we dove into the financial viability, financial plan, and "industry analysis" portions of the plan. The financial plan portion mainly covers the benchmarks set by the board, approved budget, and the known capital expenses we will be facing in the coming year. Financial viability is an identified area of importance in our 5-Year Strategic Plan – here is where we touched on and talked about the Eureka Deli remodel and assuring that it meets/exceeds a net profit to pay for itself, using that as a model for the Arcata store, as well as a whole host of other topics that will help us meet our financial benchmarks and budget.

Overall, the financial horizon for the Co-op keeps looking better and better. A few months ago, there was a storm coming in off the coast – but it looks as though it's turned and is headed back out to sea. Like all weather analogies we know that it could take a turn again – but we've got the right staff in the right places to get us through whatever the next one is.

The next Finance Committee takes place Thursday, Nov. 21, 6pm at the Eureka Chamber of Commerce.

If you have any questions regarding the Finance Committee, please email me at jameskloor.board@northcoast.coop.

Sincerely,

James Kloor, Board Treasurer