



## Finance Committee Meeting Minutes

March 28, 2019

Arcata Community Center – Arts & Crafts room

### Present at meeting

**Finance Committee:** James Kloor (Treasurer), Leah Stamper (Secretary), Cheri Strong (Director), Ed Smith (Director), Colin Fiske (President), Diane Sharples (Member at Large), Laura Jones (Member at Large), Chris Copple (Member at Large)

**Absent Finance Committee Members:** Robert Donovan (Vice President)

**Staff:** Melanie Bettenhausen, Emily Walter, Barney Doyle, Laurie Talbert, Kristen Hayen, Kirsten Lindquist

**Members:** Kurt Christman, David Dahler, Kathleen Pelley

### 1. Welcome

Meeting started at 6:02pm by James Kloor. Introductions were made.

### 2. Approval of Minutes

**Motion:** Approve finance committee minutes from February 28, 2019 as amended.

Colin motioned, 2<sup>nd</sup> from Leah, motion passed (7/1/0) Chris Copple abstained.

### 3. Review FY18 Audit – reported by Barney

We are addressing items, putting plans in place, and taking actions to make corrections and or adjustments based on feedback from the audit. When they made the final adjusting journal entries it made substantial impacts to the previous and current year. We didn't owe any taxes or patronage for FY18 with the adjustment. There was no knowledge of non-compliance or suspect of non-compliance.

The auditors mentioned that board minutes are too transcript like which could create liability for the Co-op.

**Recommend to the Board:** Authorize Colin and Emily to consult with the board's attorney regarding the proper content for board minutes.

Colin motioned, 2<sup>nd</sup> from Diane, motion passed (6/1/1) Cheri abstained, Chris Copple opposed.

### 4. Review Status of C Shares – reported by Laurie

There was \$56K in C share investments since the dividend rate was increased. Over 70% of the new investments were directly related to the rate change. There is currently over \$300K on the C share withdraw list to be paid within one year of each withdraw request.

## 5. FY20 Budget Review

Three budget scenarios provided by staff were reviewed by the committee.

Scenario #3 would get us to ten days of cash by December 2020, with hopes that we'd do better.

**Recommend to the board:** Accept budget scenario #3 presented to the Finance Committee at the March 28 Finance Committee for fiscal year 2020. (See attachment A)

Diane motioned, 2<sup>nd</sup> from Chris, motion passed by consensus (8/0/0).

## 6. Member Comment on Reports

- James – I'd like to thank staff for creating three budget scenarios to review. It's provided for a helpful and useful conversation.
- David – what makes the Co-op unique is the knowledge of people working the floor and their customer service. This is the Co-ops strength going into the future. Make sure that the driver of the business is taken care of. I'm concerned about morale.
  - o Diane – cashiers are the most important people. They are the face of the business.

## 7. Set Future FC Meeting Date and Agenda Items

Next Finance Committee Meeting - Thursday, May 30, 6pm location TBD.

Agenda items:

- Approve FY20 second quarter C share dividend
- Review FY19 fourth quarter financials
- Review FY20 budget

## 8. Meeting Adjourns

Consensus reached to adjourn the March 28, 2019 meeting at 7:48pm.

*Minutes submitted by Emily Walter*

(Attachment A)

<b>Scenario #3</b> Less Net, Realistic Sales, Labor Steady <b>FY2020</b>		
NET SALES REVENUE	32,958,829	100.0%
<i>% change from Flat Sales</i>	-3%	
Cost of goods sold	20,764,063	63.0%
GROSS MARGIN	12,194,767	37.0%
Payroll Expense	6,921,354	21.0%
Payroll Taxes	659,177	2.0%
Benefits	1,582,024	4.8%
General & Admin Expense	1,186,518	3.6%
Occupancy Expense	1,318,353	4.0%
Total operating expenses	11,667,426	35.4%
INCOME FROM OPERATIONS	527,341	1.6%
Other income (expense)	31,615	0.1%
INCOME BEFORE TAXES	558,956	1.7%
Provision for taxes	110,000	0.3%
<b>NET INCOME (LOSS)</b>	<b>448,956</b>	<b>1.4%</b>