



## Finance Committee Meeting Minutes

May 26, 2022

Zoom

### Present at meeting

**Finance Committee:** Kirsten Lindquist (Treasurer - Employee Director), Diane Sharples (Member at Large), Thomas Wehland (Board Member), Pamela Lee (Vice President), Chris Copple (Member at Large), Laura Jones (Board Member), James Kloor (Member at Large), Alexandra Profant

**Staff:** Emily Walter, Sean Nolan, Barney Doyle

**Members:** Kathleen Pelly

### 1. Welcome

Meeting started at 6:02pm by Kirsten Lindquist.

### 2. FY22 Period 12 and Fourth Quarter Financials – Reported by Barney

We have three major audit revisions we are currently working on. Therefore, these are interim financial statements for the period, quarter, and year-end, not to be used for publication or other purposes.

- (1) The Claims Payable balance from the end of FY21 was incorrect and will be adjusted, adding \$207,510 either into Other Income or Retained Earnings. We were overstating the health care costs and overstating the associated expenses. We are working with the auditors to make the appropriate corrections. Moving forward will report actual health care costs, with no amortizations.
- (2) The Tesla batteries were supposedly activated in January, however we never saw an impact in our energy bill and found out that the Tesla batteries were tripping our electric breaker and had caused several brief power outages at the Eureka store. The battery is now completely shut off. Once their installation has been verified to be corrected, they will be put back into service in FY23. Due to the discovery of the incorrect installation of the Tesla batteries, they have not actually been in service and the January P10 Journal Entry adding them to Fixed Assets, offset by Other Income (\$639,618) and the resulting depreciation charges will be reversed for FY22.
- (3) We filed our 941-X form for the Employee Retention Credit (\$1,049,000) in November but have not received confirmation of acceptance from the IRS. Normally, this would be included as an Accounts Receivable, but due to the large amount and tax return implications, this will be adjusted once we receive notice from the IRS. If we receive the credit prior to the completion of the audit we plan to include the income in FY22.

It's been an exceptional year as far as sales with revenue up 5%. We are seeing improvement in margin from new pricing tools. Prepared Foods is really making a comeback. Payroll numbers came in under budget.

**Recommendation to the Board:** Accept the FY22 P12 and Q4 interim financials as presented. Motion by James, 2<sup>nd</sup> from Thomas, motion passes (8/0/0).

### 3. **Audit Update** – Reported by Barney

The onsite audit will take place starting May 31. The auditor will meet with the staff throughout the week. The auditors have all the data already and will present any questions or issues to us during their visit. We anticipate the audit process to be smooth.

- James – What is the carry forward for losses from previous years as far as taxes are concerned?
  - o Barney – On the federal level we’re carrying \$700k-\$800k of losses to be used against taxes.

### 4. **FY23 Second Quarter C Share Dividend Rate**

- Diane – I would like to keep the rate where it is. The Federal rates are going up, so I wouldn’t want to lower it. I also don’t currently see a need to increase it.
- Chris – By not increasing the dividend rate, it’s a slight encouragement for some members to get their shares repurchased, which would lesson C share liability for the Co-op.

<p><b>Recommendation to the Board:</b> Keep the C Share Dividend at 2.5%.</p>
---

<p>Motion by Thomas, 2<sup>nd</sup> from Diane, motion passes (8/0/0).</p>
--

### 5. **Member Comment on Reports**

None

### 6. **Set Future FC Meeting Date and Agenda Items**

Next Quarterly Finance Committee Mtg. – Thursday, August 25 at 6pm

Agenda items:

- FY22 Audit
- FY23 first quarter financials
- Approve FY23 third quarter C share dividend

### 7. **Meeting Adjourns**

Consensus reached to adjourn the May 26, 2022, meeting at 6:47pm.

*Minutes submitted by Emily Walter*