



Finance Committee Meeting Minutes

August 14, 2024

Zoom

Present at meeting

Finance Committee: Mike Connors (Treasurer), Brenda Harper (President), James Kloor (Member at Large), Chris Copple (Member at Large), George WinterSun (Secretary), Ellis Smith (Employee Director), Diane Sharples (Member at Large), Laura Jones (Director)

Staff: Emily Walter, Sean Nolan, Barney Doyle

Members: Kathleen Pelley

Guests: Steven Brokish (Wegner CPAs)

1. Welcome

The meeting was started at 6:01pm by Mike.

Steven Brokish from Wegner CPAs is in attendance to discuss the audit. This is the second year he has worked on our audit.

2. FY24 Audit Review – reported by Steven

There were no material errors in the financials. Last year we added the lease standard and corresponding liabilities. This year there is a continued recognition of that with liabilities continuing to decline. The ratio of margin improved year over year, along with fewer medical claims. Personnel remains a little high and remains a pinch point when it comes to the total operating margin. This is common across other Co-ops, especially with the more recent increased difficulty of hiring and retaining employees for all businesses. Overall, the Co-op basically broke even this year. There was an improvement of net cash flow. It's good to see a positive number from operating cash flow.

The IRS is cracking down on companies that wrongly took Employee Retention Credits. I don't anticipate the Co-op having any issues. We believe our claim is legitimate, I just wanted to update you on this.

- Diane – The litigation amount of ~\$85,000 is an accrued expense on the balance sheet.
 - o Steven - It was recognized as an expense in 2022 and will remain on the books as a liability until it is paid.
- Diane – Why is the advertising separated out?
 - o Steven – We are required by GAPP to show advertising expenses.
- Diane – What is gift card breakage?
 - o Steven – I can buy you a gift card. You use the gift card, but you don't use all of it before throwing it away. Every tenth year we take all gift cards that haven't had activity, and we pick it up as revenue and off the books as an expense.
- James – I think we've made good progress with our cash. Is where we are now standard, or is there more progress to be made?
 - o Steven – You are in a healthy position. I don't see much else to be done there. We have been seeing a lot of co-ops taking advantage of short-term CDs and treasury bills.
- Mike – Thank you to Wegner and to Sean, Barney and the team for achieving a clean audit.

- Chris – I was impressed looking at the audit. The Co-op made a lot of improvements. There were no emergencies, and health care claims were down, and yet we are out a quarter of a million dollars. I think we need to address this trend. We did what we planned to do and we’re still living on the covid money. Don’t we have a responsibility to make this known to the Board?
 - o James – The numbers that we are looking at are from a year ago. Management has since done a deep dive to make improvements to margins. It’s going to take a while to see the impact of changes to margin. Chris isn’t wrong to point these issues out. But staff have worked on making progress since March of last year.
 - o Sean – The margins last fiscal year were lower than where we wanted them. We’ve put in diligent work to improve these figures.
- James - Roger has brought this up in the past. We don’t always compare our budget to the actual audit. I’m wondering if staff could compile a one-page summary.
- Barney – That’s an easy comparison for me to create.

Recommendation to the Board: Accept the FY24 audit as presented.
 Motion by Diane, 2nd from George, motion passes (9/0/0).

3. **Decide on a Time to Review FY25 Q1** – reported by Barney
 We decided to wait to review Q1 so that we can make entries from the approved audit and give you a final version. There will also be a revised Q4, adjusted from the audit.
4. **Approve the May Finance Committee Meeting Minutes** – reported by Mike
 Correction – Agenda Item #4 was discussing FY24 Q2.

Recommendation to the Board: Approve the May Finance Committee Minutes as corrected.
 Motion by Diane, 2nd from James, motion passes (9/0/0).

5. **FY25 Q3 Share Dividend Rate** – reported by Mike
 Agreement for no action.
6. **Finance Committee Members at Large** – reported by Mike

Recommendation to the Board: Approve James Kloor to serve another 3-year term as a Member at Large on the Finance Committee.
 Motion by Brenda, 2nd from Diane, motion passes (8/1/0). James abstained.

7. **Member Comments**
 None.
8. **Set Future FC Meeting Date and Agenda Items**
 Next Finance Committee Meeting – Thursday, August 22 at 6pm

Future Agenda Items:
 - FY25 Q1 Finance Review

9. **Meeting Adjourns**
 Consensus reached to adjourn the August 15, 2024, meeting at 6:55pm.
Minutes submitted by Emily Walter