



## Finance Committee Meeting Minutes

August 28, 2019

Arcata Community Center – Arts & Crafts room

### Present at meeting

**Finance Committee:** James Kloor (President & Treasurer), Leah Stamper (Secretary), Cheri Strong (Director), Ed Smith (Director), Colin Fiske (Vice President), Ivy North (Director), Diane Sharples (Member at Large), David Dahler (Member at Large)

**Absent Finance Committee Members:** Chris Copple (Member at Large)

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

**Members:** Laura Jones

### 1. Welcome

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

### 2. Approval of Minutes

**Motion:** Approve finance committee minutes from May 30, 2019 as amended.

Amendment: Add a line under agenda item 4 that states, “Colin, Cheri and Ed abstained due to not having enough time to review the budget.

Minutes approved by consensus.

### 3. FY20 First Quarter Financials

Barney reviewed the FY20 first quarter financials. We had three consecutive quarters of profit. Cash on hand is 6.6 days. We are working on software to get better reporting tools to save staff time and get reports faster.

**Motion:** Accept FY20 first quarter financials.

Motion by Colin, 2<sup>nd</sup> from Diane, motion passed (8/0/0).

### 4. FY19 Audit – Bruce from Wegner CPAs on the phone

The auditor’s opinion is that the Co-op has a reliable set of financial statements. Inventory numbers were greatly reduced which is great. Sales were flat which we are seeing as a common trend nationally for food co-ops. Gross margin percentage is steady which is good. The payroll is about as high as you can go.

Staff are working on audit recommendations. Management will reply to the auditor’s letter and include the letter in the next Finance committee packet.

**Recommend to the Board:** Accept the FY19 audit financial statements as presented.

Motion by Diane, 2<sup>nd</sup> from David, motion passed (8/0/0).

#### 5. **FY20 Audit**

The committee reviewed the process of sending out RFPs last year and decided to continue engagement with Wegner CPAs if possible.

ACTION: Barney will contact Wegner about engaging them for FY20.

#### 6. **Approve FY20 Third Quarter C Share Dividend**

Consensus to keep the C share dividend at 2.65%

#### 7. **FY20 Business Plan Review**

Melanie reviewed and the committee discussed the FY20 Business Plan. Melanie will do a presentation of the Business Plan at the September Board meeting.

David wants more financial information about the Eureka hot bar before planning for an Arcata hot bar. The committee agreed they would like more information at the November Finance Committee meeting. Information should cover the first six months of the Eureka hot bar and include but not be limited to foot traffic, basket size, impacts to other departments nearest the deli area and financial impact including offsetting the cost of the loan for the project.

The Co-op Access Program (CAP) was discussed. The Business Plan includes ending the pilot program so that CAP can be revamped and implemented in a more financially viable way. Colin was concerned about ending the pilot program.

**Recommend to the Board:** Approve the Business Plan as presented.

Motion by Diane, second from James, motion failed (3/4/1). David, Cheri, Leah and Colin oppose. Ivy abstained.

#### 8. **Short-term C Share Payment Plan**

Barney reported on how the current C share payment plan is being implemented. Cash flow projections show that we may need our line of credit in late October. However, there is also a very good chance we won't need the line of credit depending on sales and any new C share investments.

ACTION: Barney will seek loans from financial institutions that offer a revolving line of credit, unlike our current line of credit.

#### 9. **Long-term C Share Planning**

The long-term plan is to permanently budget \$5,000 a week to pay off C-shares. Even if we don't have any repurchase requests, we'll have funds set aside for future requests. Marketing would like to focus on a B share campaign to encourage members to get to Fair Share status. Bringing 1,000 members up to Fair Share status would cover the cost of the current C Share repurchases. This would also serve to educate members about B shares and being invested in the Co-op. A capital campaign was discussed to raise funds for renovating the Arcata parking lot, Arcata deli remodel and or replacing the coolant in the Arcata store.

#### **10. Member Comment on Reports**

David would like to see the Finance Committee meet more often. The committee decided to revisit this idea at the next Finance Committee meeting.

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

Next Finance Committee Meeting - Thursday, November 21, 6pm

Agenda items:

- Approve FY20 fourth quarter C share dividend
- Review FY20 second quarter financials
- Review benchmarks for possible updates
- Midyear budget review
- Hot bar financial report
- Discuss the requirement for all board members to be on the Finance Committee.

#### **12. Meeting Adjourns**

Consensus reached to adjourn the August 28, 2019 meeting at 8:22pm.

*Minutes submitted by Emily Walter*