



Finance Committee Meeting Minutes

November 6, 2025

Zoom

Present at meeting

Finance Committee: Mike Connors (Treasurer), James Kloor, Chris Copple, Diane Sharples, Elizabeth Gahm (Board Member)

Board Members: Hayley Simera, Jon Haumeder

Staff: Emily Walter, Sean Nolan, Barney Doyle

Members: Kathleen Pelley

1. **Welcome. Introductions. Agenda Review.**

The meeting was called to order at 6:02 by Mike and introductions were made.

2. **Status of Accounts Payable Catch-up** – reported by Barney

Accounts Payable are still in catch up mode. We're currently working on getting Q2 complete. We've made some improvements to our new accounting system to keep it running smoothly. We hope to finish Q2 by the end of the month. We're all caught up and current on scanning invoices, so once we get Q2 complete we should be staying right on track.

3. **FY26 Q1 Finance Review** – reported by Barney

Our cash shows a slight rebound from FY25 Q4. Net cash increase for the quarter is \$319,000. With higher revenue and lower gross costs, we hit a 40% margin. Payroll and benefits were under budget for the quarter. Healthcare continues to be under budget for the year. We received a refund from NCG that was ~\$50k that is shown in other income.

- Mike – I saw that P3 margins were 43% and asked Sean if he could explain how this happened.
 - o Sean – When you look at a Period specific margin, they'll always be an estimate. We historically estimate lower margins for the first two periods of the quarter and once we get the actual inventory at the end of the quarter the difference of the lower estimates are made up in P3 which can make it look higher even though in actuality it wasn't. Additionally, at the end of June we weren't getting UNFI deliveries for weeks when they had a computer system shut down. We were getting random shipments of product, not based on actual orders, which could have also affected margins.
- Chris – It seems like all the things you've been working on implementing are now working. The only thing that hasn't seemed to change is inventory turns. If we can increase the turns that will also increase profitability.
 - o Sean – Starting in January, we're going to dive into merchandising and getting a higher turn. This will include working to clean up products that don't sell well.
- Sean – There was a power outage at the Eureka store last week and the backup generator worked great, with no product loss. The store remained open. We're still working on updating a few things to make sure things run smoothly during and following a power outage.

ACTION: Barney will make sure the graphs have the same color coding for the years.

MOTION: Recommend the Board accept FY26 Q1 Financials.
Motion by Mike, 2nd by Diane. All in favor, motion approved (5/0/0).

4. FY26 Q3 C Share dividend rate – reported by Mike

I spoke to the auditors about patronage verses dividends to C Shares. I wanted to see how we compare to other Co-ops. We give dividends to C Shareholders, but we haven't been able to give a patronage refund to members. The auditors reported that most Co-ops try to pay out equal amounts of dividends and patronage.

- Chris – That doesn't make any sense to me. Those investments have entirely different purposes. C-shares are for capital, and we should be paying to keep the amount of capital we think we need or want. Our current goal is to slowly liquidate C Shares.
 - o Mike – I agree C Shares are capital for the Co-op to use. I'm not sure it's our goal to slowly liquidate them. I want to perhaps increase our C shares and use member money instead of money from a bank.
 - o James – I was curious how much we pay out in C shares each year. It's interesting to think what it would look like if we could pay out 2.5% profits in patronage at the end of the year.
 - o Barney – we pay about \$34k in dividends in a year to about 400 members. If we spread \$34k to all our members in patronage it would be a very small payment.

The committee took no action on the C Share dividend rate.

5. Member Comments

None.

6. Set Future FC Meeting Date and Agenda Items

Next Meeting: Tuesday, December 9 at 6pm via Zoom

Agenda Items:

- FY25 Q2 Financials

7. Meeting Adjourns

Consensus reached to adjourn the November 6, 2025, meeting at 7:01pm.

Minutes submitted by Emily Walter