



Finance Committee Meeting Minutes

February 24, 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), Roger

Staff: Emily Walter, Sean Nolan, Barney Doyle

Members: Kathleen Pelly

1. Welcome

Meeting started at 6:03pm by Kirsten Lindquist. Introductions were made.

2. FY22 Third Quarter Financials – Reported by Barney

We discovered a procedural error in capturing data in P6 Q2 inventory. Thus, all financials following P6 had to be updated. We updated operating procedures to make sure this error does not happen in the future.

- The Tesla batteries are now working and added as an asset.
- The loan for renovations is now in our savings account, increasing cash on hand to 40 days.
- We continue paying close attention to department margins.

- Chris – the Sales Growth benchmark is greater than zero. With inflation increasing, shouldn't the number be that of inflation to maintain being zero?

ACTION: Barney will contact NCG about the Sales Growth benchmark and revising the goal to that of inflation.

- Chris – it seems it's been 10 years since the Co-op was able to conduct a confident inventory. Through multiple leaders and solutions this has been a consistent problem. Maybe the board structure needs to be updated.
 - o Sean – I've worked with different inventory companies for many years and have never had a good experience. This is why we recently created a process to do our own inventory with our staff. We feel confident that our new system is the best method.
 - o Barney – as has been discussed in previous meetings, a perpetual inventory system would be ideal, but it will take a lot of time and money to implement.
 - o Roger – I will follow up with the board about inventory structure/process.

Recommendation to the Board: Accept the FY22 Q3 financials.

Motion by James, 2nd from Diane, motion passes (7/0/1). Roger abstains.

3. C Share Dividend Rate

The board does not want to change the dividend rate at this time.

4. FY23 Draft Budget

- Kirsten - a change in this year's budget format from previous is that discounts have been moved to revenue. Revenue is now 102.22% instead of 100% because we're subtracting out the discounts.
 - o Barney – it used to be gross sales, less costs of goods for gross margin when the discounts were in the G&A section. The discounts in G&A created a lot of problems as far as monitoring department margins. We contacted our auditors to find out why discounts were in G&A. We found we had been doing this simply to relate our numbers to NCG, but our audits reflect this presented format, meaning moving forward with this newer format it will be easier to compare to our annual audit. This will give us better information to make better decisions.
 - Chris – I thought employee discounts were going to go into employee costs. This employee benefit is being hidden, not showing the true costs for labor.
 - Barney – if we did that, then it's not going against a sales figure, because it doesn't directly relate to employee activity. It's an offset to get to the net number of dollars received. We want to be consistent to get a number of what dollars are received and how they were received.
 - Kirsten – it's a benefit to employees but it's not a cost to the Co-op.
 - Sean – we will still be reporting employee discounts to NCG co-metrics.
 - Roger – I think we could have lines that show the discounts.
- James – why is the draft FY23 payroll so similar to the FY22 payroll? I'm worried about staffing and wanting the flexibility to increase payroll to be more competitive.
 - o Sean – we are well below the FY22 payroll budget. The actuals are much lower than budget. We took this into account when creating the FY23 payroll budget. We have budgeted to allow for pay rate increases.
- James – this draft budget does not include the \$1M tax credit that we hope to receive this year.
 - o Sean – we are still waiting for this tax credit but since we don't know for sure when we will actually receive it, we did not include it in the budget.

Recommendation to the Board: Approve the budget provided by Barney showing a 1.5% net profit.

Motion by Diane, 2nd from James, motion passes (6/1/1). Chris votes No. Roger abstains.

5. Member Comment on Reports

None

6. Set Future FC Meeting Date and Agenda Items

Next Quarterly Finance Committee Mtg. – Thursday, May 26

Agenda items:

- FY22 fourth quarter financials
- Approve FY23 Second Quarter C Share Dividend

7. Meeting Adjourns

Consensus reached to adjourn the February 24, 2022, meeting at 7:32pm.

Minutes submitted by Emily Walter