



Finance Committee Meeting Minutes

August 26, 2021

Zoom

Present at meeting

Finance Committee: Kirsten Lindquist (Treasurer - Employee Director), Pamela Lee (Board Secretary), Diane Sharples (Member at Large), Leah Stamper (Vice President), Thomas Wehland (Employee Director)

Staff: Emily Walter, Barney Doyle

Members: Chris Copple

Guests: Bruce Mayer & Elizabeth van der Weide (Wegner CPAs)

1. Welcome

Meeting started at 6:04pm by Kirsten Lindquist. Introductions were made.

2. FY21 Audit - reported by Bruce Mayer and Elizabeth van der Weide (Wegner CPAs)

The audit went smoothly and on time. No red flags or big problems were found during the audit. Co-ops all faired differently during COVID and overall, this Co-op did well. For a large Co-op, your numbers look good, with little debt. Your margins were flat, which was good compared to many Co-ops this last year. Operating income was positive. Your PPP loan did its job at stabilizing your business. Net income was 1.4M, which is great. The profit came from the PPP loan, and thus there are no patronage refunds.

There were a few improvements that we brought to the managements attention but none of them were significant or would impact the financials.

- Barney – Sean and I have gone through the deficiencies and are preparing responses to them that will be shared with the board soon.

Recommendation to the Board: Accept the FY21 Audit.

Motion by Diane, 2nd from Thomas, motion passes (5/0/0).

3. FY22 First Quarter Financials - reported by Barney

It was a good quarter with positive net income. Margins are improving. Sales were 5% over budget. Prepared foods sales had the biggest improvement of all the departments. The Co-op currently has 27.5-days cash on hand. We qualified for the employee retention tax credit that will bring in 1M+ to the Co-op in the next six month. We completed our second in house inventory, which went great.

- Chris – if increase in sales is due to prepared foods, why is the margin going down? I thought prepared foods has a higher margin.

ACTION: Barney will investigate margins by department and get back to Chris with further information.

Recommendation to the Board: Accept the FY22 Q1 financials.

Motion by Thomas, 2nd from Diane, motion passes (5/0/0).

4. Employee Discount Line in Financials - reported by Barney

The discount is currently in the G&A costs, along with member and senior discounts. We discussed this with Wegner CPAs and found that the employee discount can stay where it is or be moved to employee benefits. It's our choice. Because it's listed in the Union contract as an employee benefit, it does make sense to move it. We can move the employee discount line into employee benefits. I suggest making that change at the beginning of the next fiscal year.

The committee agrees to move the employee discount line to from G&A to benefits.

5. Approve FY22 Q3 C Share Dividends

The current C share dividend rate is 2.50%.

- Diane – comparing cd rates to our dividends is like comparing apples to oranges. We should compare ourselves to corporate dividends, as the risks are more similar. I looked at different corporate sectors and they are comparable to the current 2.5% dividend.

Recommendation to the Board: Keep the C Share dividend rate at 2.5%.
Motion by Diane 2nd from Pamela, motion passes (5/0/0).

6. Finance Committee Member At Large Terms – reported by Kirsten

David Dahler's term expires this month. James Kloor is interested in serving as a Member at Large and Chris is interested in serving again as well.

Motion: Appoint Chris Copple and James Kloor to two-year terms starting September 2021.
Motion by Diane, 2nd from Thomas, motion passes (5/0/0).

7. Member Comment on Reports

- None

8. Set Future FC Meeting Date and Agenda Items

Next Quarterly Finance Committee Mtg. - Tuesday, November 16

Agenda items:

- FY22 second quarter financials
- Approve FY22 Fourth Quarter C Share Dividend

9. Meeting Adjourns

Consensus reached to adjourn the August 26, 2021, meeting at 7:10pm.

Minutes submitted by Emily Walter