Finance Committee Meeting Minutes
August 27, 2026
Zoom

Present at meeting
Finance Committee: Mike Connors (Treasurer), James Kloor (Member-at-Large), Chris Copple (Member-at-Large)
Absent Finance Committee Members: Diane Sharples (Member-at-Large), Elizabeth Gahm (Board member)
Board Members: Hayley Simera, George WinterSun, Layla Richardson
Staff: Emily Walter, Sean Nolan, Barney Doyle
Members: Karen Zimbelman, Jasmine Sarp

1. **Welcome. Introductions. Agenda Review.**
   The meeting was called to order at 6:03 by Mike.

2. **Finance Committee Member-at-Large Seat**
   Chris Copple would like to serve another term on the Finance Committee

   MOTION: Approve Chris Copple as a Member-at-Large for a 3-year term.
   Motion by Mike, 2nd by James. All in favor, motion approved (3/0/0).

3. **FY27 Q1 Financials** – reported by Barney
   Cash and Cash Equivalents were $2,682,441 or 25.2 days cash on hand, down from Q4 FY26 by $438,754. Inventory was physically counted at the end of Q1, and our inventory was $1,644,402, more than the previous year (Q1 FY26) by $60,269. Member Equity was down a net amount of $16,88 from Q4 FY26 and down from previous year (Q1 FY26) $51,791 in total shares.

   Net Revenue was $9,083,230, down by $245,426, or +2.6% under prior year Q1 FY26. Cost of Goods Sold was under budget by $154,239 or 2.7%, but with lower revenue, Gross Margin was unfavorable to budget by $244,609 for Q1, coming in at 38.0% of sales, whereas 39.0% was budgeted. Direct Payroll Expenses were lower in dollar terms for the quarter and finished $30,331 under budget. However, as a percentage of sales, payroll expenses were 19.0%, compared with the budgeted 18.5%, reflecting lower-than-expected sales. Benefits, including health care, are substantially over budget by $229,565, bringing total Payroll, Payroll Taxes and Benefits over budget by $199,009 or 29.0% of revenue as compared to 25.7% budgeted for Q1. General & Administrative Expense were slightly over budget by $29,387, and Occupancy costs were under budget by $23,039. We show a Net Loss for Q1 initially of $183,761, which is $421,196 unfavorable to budget for Q1 (+$237,435). All combined puts Total Operating Expenses over budget by $205,357 for Q1.

   Following approval of the FY26 audit, we anticipate approximately $221,000 in healthcare expenses being credited back to FY26, bringing net income to a positive figure for Q1 ($40K).

Benchmarks in the finance packet were updated with new lines including basket dollars, average daily sales, average number of daily transactions, % sales from owners, capitol expenses and outlier expenses.

- Mike – I see two lines that are daily operating expenses that are largely the same. I think we only need one of these lines. Instead, we could have a line for Net Income dollars. Is it possible to add another line for net income adjusted for outliers to get a sense for how operations are going without the outliers?

  ACTION: Barney will change the Daily Operating Expenses to Net Income Dollars above the percentage and add a Net Income line adjusted for outliers.

  ACTION: Barney will correct the Inventory/Accounts Payable charts.

- Chris- We're refining our understanding of what's going on well. Our statements show a long-term trend, even with excellent operation skills, of deteriorating and unpredictable sales, plus enormous healthcare claims continue. I suggest the committee recommends to the board that they ask for a capital budget to focus more on the long-term decrease in sales trends and be integrated into overall thinking to address systemic problems. The board should have an operating budget and capital budget on 1-year and 3-years terms to see long-term financial trends. I would also like to see an action plan to address possible co-op failure.

  AGREEMENT: Add an agenda item to the next Finance Committee to discuss potential of creating a capital budget and/or 3-year budget to better see downward trends.

MOTION: Recommend the Board approve the Fiscal Year 2027 Q1 financials.
Motion by Mike, 2nd by James. All in favor, motion approved (3/0/0).

4. **FY26 Audit Update** – reported by Barney
   Wegner has updated their quality control standards, and thus are digging deeper into our accounting, which has taken them a little bit longer than expected. The audit should be ready for us by the end of next week.

5. **Patronage Refund Update** – reported by Sean
   The board voted to approve a patronage distribution at the August board meeting. Our eligible surplus patronage is $352,402. We will be retaining 80% of that to be used as capital by the Co-op, and 20% distributed as store credit.
   - James – Will we see a new line under member equity called retained member patronage?
     - Sean – There is a line for that in the equity section. We keep a record of the allocation for each member. The board is not obligated to distribute this money unless they want to, not even if an owner closes their account.
     - James – I would like a better descriptor for that line. We've been confused by the "retained patronage refund" line in the past.

   ACTION: Barney will check with Wegner about changing the language of that line.

   - Chris – Is there clear quantification of the tax savings in this process?
     - Sean – the tax savings is the same whether we pay 100% or 20% in cash. We'll be saving about $102,000 in tax savings with this refund.
   - James – Did we update the Bylaws sections around Patronage Refunds?

- Sean – Yes, the board updated Bylaws language a couple of months ago. Some of the language that was inconsistent with tax codes was removed. These changes did not impact member rights and thus the board was able to approve these updates without owner approval.
- James – Just to make it clearer, I think we should include bylaws language about allocated retained earnings as a form of distribution in the following language.
    - *Any dividends declared, or patronage refunds paid or allocated pursuant to this section of the Bylaws may be in the form of cash and/or shares as determined by the Board, subject to Subsection (e) and (f) of this section of these Bylaws.*

ACTION: Sean will draft an update to the patronage refund language in the bylaws.

6. **FY27 Q3 C share dividend rate** – reported by Mike
   No action taken.

7. **Owner Comments**
   - Chris – Since the board changed the policy of having everyone on the finance committee, I feel the committee meetings can be more technical, and we can offer good advice to the board. I'm glad that change was made.

8. **Set Future FC Meeting Date and Agenda Items**
   Next Meeting: Wednesday, September 16, 6pm via Zoom

   Agenda Items:
   - Audit
   - Capital budget / 3-year budget discussion

9. **Meeting Adjourns**
   Consensus reached to adjourn August 27, 2026, meeting at 7:14pm.

   Minutes submitted by Emily Walter.