

BELFAST COOP BOARD MEETING – December 18, 2008

PRESENT: Allen Ginsberg, Scott Giroux, Wayne Kraeger, Debbi Lasky, Bindy Pendleton, Kip Penney, Paul Sheridan, Jerry Savitz, Peri Tobin, Zafra Whitcomb. Absent: Richard Brown, Susan Lauchlan. Staff: Erica Buswell, Pepper Bush, Goldy Goldstein. Member: Sally Skillman  
Guest: Mike Nickerson, accountant

FACILITATOR: Allen. Scribe: Paul. Timekeeper: Allen. Vibewatcher: Scott.

ANNOUNCEMENTS: Wayne encourages us all to contact our US Senators to protest the quality of the nominee for Secretary of Agriculture, Tom Vilsick, who represents Big Agriculture, and the ethanol lobby. We have received official resignation from the board from Mike Marino. Erica Bertram has also resigned as staff rep to the board.

MINUTES: from November 20, 2008 meeting were accepted (10 Y, 0 No, 2 Abs) with corrections in the sentence order and clarity in the Recycling entry; and additional rewording in the Board Statement entry. These were also approved for web posting, with a single dollar amount removed in the Environment Committee entry.

ACCOUNTANT'S REPORT: Mike Nickerson distributed and reviewed three documents: Financial Statements, Ratio Analysis; Current and Prior Year Comparisons.

- First, this is a compilation report, not an audit, but we can be assured it is fairly accurate. In this statement, the co-op recognizes income, whether or not we are yet paid for an item.
- Our member equity has increased. The current ratio of assets to liabilities is good (current assets divided by current liabilities) for first time in the last six or so years. Means we are more liquid, and therefore more nimble.
- We had a big decrease in accounts payable, which shows that management is staying atop bills. Sales were \$5.2 million; showing a nice profit, increase in sales, and increase in cost of sales. Lower cost of sales is due in part to a marked decrease in spoilage; department managers are atop their product lines, with more inventory turnover, equals fresher goods.
- Labor Costs up 16%, however as a percentage of sales up only 4.5%.
- Patronage dividends show an amount never utilized by our members, now "recaptured" as income. Allow members to actually donate unclaimed dividends so that co-op does not pay taxes on these.
- Cash Flow statement can be the most helpful document, but the least understood. Operating cash is the day-to-day cash; investment cash is the investments, the capital expenses; financial activities are the debt service. We had a net decrease in cash of \$3100.
- Net Sales: every department increased sales. Note that sales discounts (for whatever reason) increased at a rate of 47%. Be wary that discounts do not eat away at gross sales.
- Question on the 80/20 rule as it refers to the patronage dividend? We have been giving out 100% of the dividend; it is not necessary to give out 100%, but we must give out at least 20%, meaning we can retain 80% as additional equity, and also must give a statement to members informing them of the retained equity. Additionally, members must be given the option to trade dividend for cash. Finance Committee has a list from Mike to aid them in this procedure. There is an 8.5 months deadline (from the close of the fiscal year) to apply the procedure.
- Ratio Analysis (which can also be applied to interim statements) is a useful tool. Our target is to meet industry averages. It is also applicable to departments, to see trends. Debt is up, but absolutely necessary as investment in business. Suggest we look at long-term notes, now that interest rates are down—we must save 1.5 points at a minimum to make refinancing worthwhile.
- Charts and Data, show trends visually. Budgets can be most useful; part of the planning process;

must be structured properly. These are more meaningful if structured on cash flows. Can show us what cash reserves are needed. Best policy-wise is that the board should approve a cash flow budget, instead of an accrual budget.

- Fiscal Year should end when the business is slow, and also end on a calendar quarter.
- Focus areas, given the current economy: Keep an eye on inventory, keep it down as needed, if there is a reduction in traffic. Debt services: pay off early if possible, refinance if applicable.

GM TEAM REPORT: written report was received. Comments and questions:

- continuing on working towards a 21 hour reduction in labor from the permanent schedule.
- keeping inventory down, as to be expected at this time of year.
- When will board statement from November be distributed to staff/members? No time line was established. What is normal procedure for a new policy? It was a board policy; who on board will distribute? Zafra, as staff rep, could distribute it to staff?

MEMBER COMMENTS: Sally Skillman is considering running for the board. She formerly ordered items at her own store for delivery to the co-op.

ELECTIONS COMMITTEE: Annual Meeting to be held at UU Church, Miller St. Sunday, March 8, with 15th as snow date. Possibilities: speaker, Bob St. Peter; and Candidate Forum. Election article in the Jan/Feb newsletter.

FINANCE COMMITTEE REPORT: report received; wages are still high, as this includes 5 pay periods, but have corrected somewhat from previous month. For expenses, some payments made last year in August were made in October this year. Spike in theft, esp. wine dept, esp. higher-end stuff. Today a shoplifter was caught; awareness is needed. One equipment fix might be an electronic gateway with a beeper. About \$4000, plus 10 cents for each electronic sticker, on expensive items.

HOMEWORK: Only two replies received by Debbi from the Retreat homework: "Role of the board in policy making?" Please forward your reply to her as soon as possible.

NEXT MEETING: Thursday, January 22, 2009, 6:30 PM at Waterfall Arts, Wayne facilitating.