

## Board of Directors Meeting Minutes

June 12, 2019

**Present:** Caroline Kinsman, Ryan Peters, Melissa Morin, Randy Rydel, Margaret Gerard, Seth Mangold, Laura Weiss, Ceci Lopez, Jon Edholm, Adrienne Renz, Amy Esary (2<sup>nd</sup> executive session only), Jean Rogers, Jon Edholm and Bethany Andrew from Larson Gross (financial review only)

**Absent:** Terrance Morris

**Facilitator:** Holly O'Neil

### **Announcements:**

- Annual Juneteenth Celebration is June 15, 4 – 8 pm at Maritime Heritage Park celebrating the official abolition of slavery (June 19). There is a fantastic line up of speakers and entertainment.
- Everyday Feminism is offering a 10-week online training, "Healing Internalized Whiteness." Board directors could opt to participate as a group or individually. If interested, talk to Ceci or Melissa.
- Sixty people attended the Co-op staff meeting, discussing finances, marketing strategies and other topics. Seth Mangold, Board staff director, said the meeting went well and it felt like we are on a good path.

**Agenda Review:** The Board will flip the order of the two executive session agenda items. Holly and Jean will attend for the retreat follow up, and not for the communication and counsel.

**Financial Review:** Bethany from Larson Gross provided the Board with an overview of the 2018 financial report and answered questions. The review went smoothly and everything looked good. The report is still a draft since we will receive our letter from WECU later in June, as well as the final provision for federal income tax expense.

#### *Balance sheet:*

- Cash increased about \$364,000.
- Accounts receivable increased just a bit (\$23,000), mainly due to a refund from some damaged equipment and loss reimbursement.
- Inventory and assets stayed consistent. Inventory should stay stable – the switch to five delivery days per week with UNFI didn't create as much of a drop as expected. Inventory tends to increase proportionately.
- Long-term debt decreased a lot because we refinanced the WECU note for the Cordata store.
- It is important to note that investment shares continued raising money after the closing date of the financial report.

*Consolidated statements:* Primary increases were due to wages, benefits and taxes.

*Cash Flow:* Overall, we had a good level of cash from operating activities. We took some money from a certificate of deposit. The overall change was an increase, with a cash balance of 1.6m, not including the investment shares. We used some of the cash to pay down debt.

#### *Notes:*

- Note 1 (Accounting policies): The main change is in depreciation expense.
- Note 3 (Investment in cooperatives): Investment in 2018 was \$381,192, up from \$366,267 in 2017.
- Note 4 (Fair value measurements): Larson Gross is providing more information about measuring the Co-op's brokerage account. Wells Fargo advisors oversee our investment but we have no money or investments with them.
- Note 7 (Income Taxes): In 2017, there were large changes due to tax law reform, much fewer in 2018.
- Note 12 (Commitments and contingencies): The Co-op is a member of National Cooperative Grocers (NCG). NCG has a contract with United Natural Foods Inc. (UNFI) to get pricing benefits.
- Notes 14 and 15 give information about upcoming changes in 2019 and 2020. In 2019, we might see decreases in credit card and bank fees. We also hope to save on e-commerce as, depending on future volume. A Montana co-op saved quite a bit of money. We mostly have transaction fees rather than bank fees. We are seeing steady increases in credit card use. Insufficient funds checks are a rare occurrence now. The private offering will come due in April 2020, and our consolidated loans are not due for ten years.

**Consent Agenda:** Directors confirmed they had read their packets.

- *GM Report B1.1-1.12.1:*

- B1.7– A director wondered why we had no wellness products in common with Whole Foods. Adrienne reported that we are doing a full wellness category assessment right now, and anticipates that data in subsequent reports will be more descriptive.
- Caroline asked for clarification about compliance with B1.6.5 (earnings before taxes and member dividend). It is acceptable to be within 3% of the business plan target, and we are trending close to the expectations of the business plan.
- *Monitoring Reports B1.1-B1.12.1, P1.3, and P4 (MAC, BDC): P4.8 and P4.86:* The monitoring process for committee chairs needs some clarification.
- *Committee Reports (Finance, Members Affair Committee (MAC) – April and May minutes, Board Development Committee (BDC):*
  - MAC minutes: When Margaret was on the committee, she suggested funding Community Shopping Day grant requests for food donations with Co-op gift certificates. A question is how it would affect administration of the grants. When not used, gift cards can sit as a liability. A director noted that we don't carry some culturally appropriate foods. If people cannot find a food they are looking for here, rather than going to a competitor, they may go to other stores that provide the food (Mi Rancho etc.). An option could be to make exceptions in these circumstances.
- *May 2019 Board business Minutes/May 2019 Spring Retreat Minutes:* No comments.
- *Pitch fest minutes and draft application:* Laura will check in with pitch fest sub-committee members for more information about the goals and plans for the event.

**Decision:** The Board approved the consent agenda by consensus.

**To-do's:**

**Adrienne** – look into the comparison chart for wellness items (Co-op and Whole Foods).

**Ryan** - Follow up in MAC about how gift cards would compare with the current CSD grant funding process.

**Jean** – put monitoring committee chairs on an upcoming BDC agenda. Correct the typo in the MAC minutes.

**Board Chair Report:**

- Caroline thanked the group for the great retreat in May, and reminded that there is no July Board meeting.
- The group confirmed they could attend the pitch fest (Board member engagement event) on Thursday October 17, 6 – 8 pm. It will be important for directors to attend, and to help with outreach for the event.
- The Community Food Co-op Farm Celebration (fundraiser for the Farm Fund and kickoff event for Eat Local Month will be on Sunday, September 1, 4 – 8 pm at Boundary Bay Beer Garden.
- The fall Strategic Planning Retreat will be Saturday November 9, 8:30 am – 4 pm.
- Reminder: Executive session discussions are strictly confidential.

The executive session started at 8:05 pm and ended at 8:45 pm. Mark Lee and Amy Esary joined the group for the second portion of the executive session.

**Executive Session – Retreat Follow Up:** No decisions to report at this time.

**Executive Session – Communication and Counsel:** No decisions to report at this time.

The meeting concluded with a brief report on the CCMA conference, attended by Ceci, Melissa and Ryan. Their presentation on the Board's equity, diversity and inclusion work received good evaluations. The conference provided a wealth of information, and the Board will receive a more detailed write-up of information, take-aways and suggestions related to the conference in August.

The meeting ended at 9:00 pm.

**Next Co-op Board of Directors meeting:** Wednesday August 14, 7 pm in the Connections Building Classroom.

*These minutes have not been approved by the Board.*