

Morrisville Food Co-op Board Meeting - FINAL Minutes
January 25, 2021 5:00 p.m.
Virtual Meeting via Google Meets

Minutes

In attendance: Mark Andrews, Elaine Harvey, Jack Pickett, Taylor Evans, Cari Varner,, Beth Springston, Elly Ventura

Absent: Tricia Follert, Rachel Funk, Kelley Lyons

Guests: Susan Titterton

Minutes-Taker: Cari Varner

1. December minutes approved - Jack motions, Elaine second, Elly abstains, all in favor

2. Questions/Clarifications on Reports
 - a. Executive Committee - Jack reports that the Executive Committee met three times since the last meeting, which mainly discussed the potential loan, with goal of getting reports completed as of 1/24/21. There was a lot of rich discussion at these meetings - which Elly feels that would be beneficial for the entire board to be included on. The majority of the workload at this time is being shouldered by the Executive Committee. Mark introduces the idea of a more detailed task manager to help new members and others to have more meaningful participation overall.
 - b. Bi-monthly Board Meetings - The idea is presented that the entire MOCO Board should meet two times per month during the next eight weeks, as MOCO is guided through the financial difficulties and the potential loan. This would create the potential to include more
 - c. educational components about finances and other matters that would be useful to the entire board. Having a meeting earlier in the month would allow the board to be more responsive to the financials and allow for more timely and nimble decision making. The idea of having each meeting be set with a particular area of focus is agreed upon, and Elaine has already set-up a draft schedule.
 - i. Motion to meet twice per month - Elly motions, Elaine seconds. Because we are missing three board members, Elly agrees to send out a Doodle poll to assess availability.

3. Financial Reports
 - a. The need for more detailed and timely financial reports is agreed upon by all. Beth has been delving into past and present data to create graphs which are available to review.. Beth presented these graphs to the board. Graphs can be found at <https://drive.google.com/file/d/1Bwp63WFelSYNUjLDHPUkXqE44LE6DLUq/view?usp=sharing>.

- i. Graph 1 shows that overall sales kept increasing through the end of 2018, after that, the growth slowed down, COVID hit and then Taylor took over. Growth has increased again to where we were at the end of 2018.
- ii. Graph 2 shows the cost of goods sold (COGS) which does not include labor. It shows the margin between sales and cost of goods.
- iii. The third graph adds all personnel expenses onto the COGS, which shows how little margin is left to cover all other expenses. . Quickbooks only includes the cost of payroll bi-weekly, which creates a false picture as a particular quarter may include more pay periods than others. (for example, if there were three pay periods per month).
- iv. The fourth graph shows expenses before interest, tax and depreciation (EBITD) versus quarterly sales - Since expenses have been exceeding sales, MOCO is technically insolvent and living on loans.
- v. Graph 5 shows the percentage of sales growth. 5% of sales growth per year is a reasonable goal to have and is shown by the red horizontal line. MOCO has rarely exceeded this goal. But things are improving through Taylor's efforts and the last 2 quarters far exceeded that goal. The \$55,000 PPP Loan will be forgiven and this helped MOCO to not to carry additional debt rather than extending our line of credit from CFNE.
- vi. The sixth graph shows the Gross Profit Margin (revenue over cost of goods sold). Beth is not sure that she believes the COGS numbers, there's no way to truly verify the past numbers. But they're the best we can do.
- vii. The seventh graph shows the Net Profit Margin with a goal of 2% (net profit/net sales). MOCO is always negative. This is a very nasty picture. This graph can be found at <https://drive.google.com/file/d/1T2ppOPyk7av6qAIV8zLtdf-zUVWOZm0t/view?usp=sharing>.
- viii. The next graph looks at the Current Ratio (current assets/current liabilities), which is basically looking at short term debt load. It is extremely low because the CFNE line of credit is set as current rather than long-term. Things would look better if you pull that out, but still not good. Member loans that are due in year 4 (2021) have been moved to show as a current liability.
- ix. The final graph looks at cash on hand on the last day of the quarter. Beth is not confident that this is the right way to calculate, we probably should be calculating this at the average cash on hand over the quarter. . Culiminate recommends we have at least 10 days cash on hand, which we probably do right now because we just got the one time tax refund that was applied for last summer..

4. Manager's Report - Taylor reports that we need to increase turns of product. There's not much we can do to improve low margins, but are working on increasing the volume. We can currently increase volume without increasing staff. We had a very strong weekend of about \$13,000 from Friday to Sunday. It is going to increase. We don't want to be the customer service level of Hannafords, we need to be a speciality store.
 - a. Jack would like to see PNL and the percentages of across the board of each department. We need someone to do a monthly audit so they could reconcile the checks. Beth can be here and be a back-up for Christine. Jack's accountant can volunteer to do some work.
5. General Discussion
 - a. Zoom meetings versus Google Meets - A discussion ensues about which platform is better, with the consensus being that both experience glitches and the main issue is individual connections.
 - b. Susan very much appreciates Beth's work and presentation and the board concurs. She feels that MOCO can finally make good decisions and plans.
 - i. An additional loan would be helpful as long as the terms of the new loan were better than the loans it is being used to pay off. Beth says that if the loan lets you build cash and develop a higher volume, than a new loan can be a lifeline.
 - ii. Susan asks about the impact of MOCO being absolved of rent from November 2020 through June 2021. Beth reports that she has not done yet with an operational budget but it will certainly improve the picture. Susan hopes that rent is incorporated into the operational budget regardless, allowing MOCO to have an additional monthly \$2,000 of working capital for 7 months..
 - iii. Beth reports that moving forward, she can work with Christine to turn around financials within a few days of the end of the month, no later than by the tenth of each month. There are other reports that we can get out of Catapult that Beth wants to add to monthly graphs, such as members. We've started entering AP invoices twice, once in Catapult and once in QB, rather than exporting out of Catapult. It sounds inefficient, but we will get better COGS numbers from it along with the quarterly physical inventories.. The sales and credit card transactions upload cleanly from Catapult and will continue. She wants to hold off on voting on financials until she can complete a more thorough clean-up of the data. It is proposed that the board vote on financials each month, the same way we do as with the minutes.
 - iv. Elaine reports that there is a goal of increasing board shopping at MOCO by 40% since the new board members came on in October. Taylor agrees

that spending is good, but so is being responsive to MOCO social media.
The marketing is currently working!

6. Update on the Potential Loan
 - a. Susan reports that so far, MOCO has not met any of the conditions for the potential loan, but we are still at the table and continuing in this conversation. She asks: In the tracker, what efforts are being made to go after additional grants? What effort is being made to repay member loans? Board work via shopping and being ambassadors. Board work is improving with reaching out to members. So reporting on financials each month would be great. We need to see a budget for Q3, Q4 and if there is a need to delay, just report back to Tittertons. Increase communication and see what we can do together!
 - b. Susan would like a report back on the impact of the \$3,000 marketing loan made last year.
 - i. Taylor and MJ will compile data and provide information to Susan.
7. Board responsibilities
 - a. Committee reports should be complete five days prior to the board meeting, and all board members are responsible to review these and have questions prepared.
 - b. All board members should read this report:
<https://drive.google.com/file/d/1thOBujk5DYkotFT4S-e-fmFmlObUNHnO/view?usp=sharing>
 - c. Elaine and Elly are working on a letter to all MoCo members and will circulate a draft.

Jack - IN the managers report, there is a good explanation of the marketing improvements in the Managers Report. Taylor will report with MJ.

Elaine - allow anyone with a link to allow access to the drive. Please set that as the default.

Adjourn 6:45: Elaine motions, Elly seconds! All in favor!

MEETING ACTION ITEMS

- ❑ Send Doodle Poll and Skeletal Agenda by weeks end- Elly V
- ❑ Marketing Grant Update Report by Feb 1- Taylor, Jack Follow Up
- ❑ Activate Member-Loan Committee by weeks end - Elly V, cc: Jack & Beth
- ❑ Complete month's end books and operations by the 10th - Taylor &

Beth

- ❑ Build operating budget for Q3, meet next week - Beth & Taylor
- ❑ Follow up with accountant - Jack, include Beth
- ❑ Complete [Contact Form](#) - All
- ❑ Complete [Code of Conduct form](#) if you have not yet done so - All