

July 27, 2017 Buffalo Mountain Co-op Board Minutes

Attendance:, Marina Carleton, Chris Duff, David Ludt, Annie Gaillard, John Mandeville, Keith Bellairs, Kate Arnold (as Liaison), Zarina O'Hagin

Absent: Karla Haas Moskowitz

David Ludt left meeting at 6:08pm

Start: 6:04 pm Adjourn: 8:00 pm

6:00 – 6:10 Approve June minutes and review agenda

approved as presented

agenda approved as presented

6:10 – 6:15 Member Input

no members present

6:15 – 6:30 Financial 2nd Quarter Review

Keith says we are slightly more profitable – gross profit, and net profit fractionally improved. We are selling more. So, good news. Discussion on how Barry's method of paying invoices affects our net profit. We are not doing proper accrual. Barry thinks it is twice as much work, according to Keith. John thinks maybe we should change the P&L to a cash basis instead of accrual.

Gross sales up 4% compared to same period last year. These numbers come straight from the CoPos and are up to date. Other income – dividends – they are patronage dividends from other co-ops – we show it as if it were investment income. Frontier, FedCo, Hunger Mountain Coop.

Keith spoke with Joanna Gordon about using these numbers to develop a store wide budget.

Balance Sheet: Equity Account – paid for produce cooler out of checking instead of savings. So we owe them from equity account for this. Kate says we should have deposited into equity, and then withdrawal from equity. Regina said she can make a journal entry to account for this. Keith says we have plenty of money but the cash flow will always be tight because we go through the money really quickly – we buy inventory. But we are improved compared to last year. Under accumulated depreciation of store equipment is same this year as last year – our tax person Michael gives a number at the end of the year, so it will remain the same until the end of this fiscal year.

6:30 – 6:45 Management Monitoring

B1: Financial Condition and Activities

Kate Arnold presented B1 report.

Fire loan is anticipated to be paid off this year.

Around \$9,600 in arrears for equity account. Payments have been made. Discussion ensued around equity account and the requirements for that. We do not have to have all equity ever paid in the account – we are supposed to use it for investments of certain types. Keith mentioned we may have to keep it at least 50%. Kate says she would like to see a policy for members in getting their equity back.

B3: Asset Protection

Kate Arnold did the report.

Zarina had a question about passwords and information protection. Kate says There are passwords and the people that need them have them.

Both reports accepted as presented.

6:45 – 6:55 Policy Governance Presentation to Staff – Overview

Chris and Annie sent out a description of what they will present to the Collective at the all staff meeting on August 10th. They also thought about tweaking it a little to put into a new board member packet, and that it should also go in new employee packet. Chris and Annie trying to make it more friendly and approachable. Keith mentioned that the policy selected uses double negatives and that may be very confusing, so perhaps using different examples.

6:55 – 7:00 Update on BMFC Corporate Status

Keith looked at the articles of incorporation from when we incorporated in 1975. Later on the state said you can only call yourself a co-op if you have x, y, and z in your articles. We do not have those things, but we are being treated by the state as if we are grandfathered in. We file annual reports and have never had an issue. The x, y, and z are basically the Cooperative Principles. Amending the articles of incorporation is a hassle. Keith thinks it is not worth the hassle. Other board members chimed in the possibility of amending to be in compliance. Keith does not think we are at risk as we are now. The state considers us a nonprofit that doesn't qualify for giving charitable giving deductions. We are not a 501(c)3. We file an ordinary straight income return and pay income tax on our profits. But we try to keep our profit low by giving to charity and bonuses to staff and also having massive sales. We typically don't have much profit to get taxed on anyhow. Consensus from board to keep on doing what we are doing.

7:00 – 7:10 Policy Proposal: Large Expenditures

Keith proposes large expenditures out of the ordinary should not be seen by one set of eyes. There was recently a scam situation where \$1,000 was given to a scammer by one collective member. It was a large, out of the ordinary expenditure. Discussion on whether the board should be involved in checks written over x amount that are not in the ordinary course of business. Chris says

he is apprehensive about the board being involved in this way. Zarina is in line with Chris. Kate mentioned bringing a policy proposal to the all collective meeting. John says that the fiduciary responsibility lies with the board. Chris wonders if we should change a B report to get more detailed information? Keith says if we are creating a policy, that is a board responsibility. Zarina feels collective should be the one to handle this issue. John says Vermont is the capitol of embezzlement. He is concerned about not having safe guards. Marina thinks it needs to be dealt with, whether by board or collective. She is concerned about treasurer's time. John thinks it would be rare so it is not a time issue. Kate thinks checks and balances are good. Who has ability to write checks? Barry, Regina, and some other folks who have to pay vendors. Ordinary operating expenses are: vendors, maintenance, utilities, payroll, etc.

Proposal: Have the collective talk about it at their meeting and propose a way to handle out of the ordinary purchases over x amount. Kate will report back to board.

7:10 – 7:20 Board Email Policy & Format

- Table this for next meeting

7:20 – 7:25 Restructuring Committee Update

Kate reports it has met. Slated to meet again. Summers are hard. Chris suggests picking the same day every two weeks and just committing. Nothing really to report.

7:25 – 7:30 Compensation Package Mid Year Review – Why is this on calendar?

Chris says a few years ago there was given a probationary raise. Marina unsure why this is still on calendar, since board just decides on whole amount once a year and collective divides it up as they like. Chris brought up two major pieces from collective that need to happen are budgeting and evaluations. Long conversation ensued about livable wage and what that means at the coop – the history, where we are at now. No decisions were made.

Compensation package mid year review – proposal: take it off the calendar for July of next year. We review our total compensation package once a year in the beginning of the year. Proposal accepted.

7:30 – 8:00 Accountability of Collective

Continuation from last meeting....

Kate should not be doing the monitoring reports all on her own. Zarina it agrees if there is a problem in the reports, we need to revisit. What is the leverage the board holds? How can board have an impact without micro managing? Board would like to see how firing / probation is laid out in the personnel policy. Requested this info from Kate. John reminded us that the collective mentioned

that they don't always know what they can get from the board. Kate will discuss this with collective at all staff meeting and ask collective what they would like to see from the board. Keith read the bylaws and reiterated that the buck stops here, with the board, and that the board has the power to fire an individual if necessary for the wellbeing of the coop. Kate will share minutes from all staff meeting with the board prior to next board meeting.

Next meeting will be at Zarina's house. Marina will change location on board calendar online. 215 Corner Rd Hardwick VT 05843. Pizza social will also be held there at 5:30 – 6:00pm August 24th.