

High Falls Food Cooperative Meeting Minutes  
April 21, 2014  
Marbletown Community Center, 7:00 p.m.

Board Members Present: Gary Donelian, Ryan Fitzgerald (staff representative), Patricia Hasegawa, MaryJo Johnson, Donna Perry, Marybeth Wehrung. Absent: Chloe Annetts, Henning Grentz, Pat York.

Marybeth read minutes of the March meeting. There were some corrections and the addition of MaryJo Johnson's Mission Statement (See Revised March minutes attached). Because there were not enough board members for a quorum, we did not approve those minutes; we will do so in May.

### **1. Manager's Report (Ryan Fitzgerald)**

**Staffing:** Evan Mason (kitchen) gave one week's notice and is leaving this week. Management hired Adele Kirshy to replace him. For the first time, with Adele, we are implementing signed paper work stating our 90-day probation period. Sheena Hienitz was hired for fill-in and cleaning, as we prepare for our annual inspection from NY State Inspection Agency. Chris Cruz's latest doctor's appointment revealed that he is out long term from 6 weeks to 6 months. He has a herniated disc and torn muscles and is collecting workman's compensation. Ryan, Ruth, Michael, Kate, and Jodi have been contributing to covering his work while he is gone. Ruth is on vacation now; Jodi and Kate are handling her work. Ryan is on vacation in early May. The staff (Jodi, Ryan, Kate, Andrew, and Irene) is travelling to Connecticut for the UNFI Trade Show next month at Foxwoods Casino. This provides a great opportunity to discover new products and made good deals.

**Roof Work Started:** Ray Vankleek inspected the roof for snow blocks, water guards, and underlayment, and we passed the first stage work. He will return for a final inspection. The metal roof should be completed sometime next week. Some unexpected issues have come up with the roof regarding the siding as well as gutters and snow blocks. We will be submitting an estimate to the Board for the extra work that is needed.

**High Falls Bridge Work:** Jodi, Marybeth, and Gary attended the last High Falls Bridge the Gap Meeting. The meetings are organized by the Concerned High Falls Citizens and Business Owners. It was stated that they were creating an action plan with the first steps being to write a letter to the Town Supervisor and open a Facebook page. The Co-op was asked to put together a list of our potential impacts due to the redesign of the bridge. Marybeth added that the design is as yet unknown. It is supposed to involve 6 months full or partial closure and be a winter 2014 or the following winter project. May 1<sup>st</sup> is the next meeting; we want to be represented. Most alarming is the issue of the width of the bridge. Widened, it would cut into our parking lot, resulting in loss of property and parking.

**Kitchen Design/Downstairs:** We are ready to start design plans for the kitchen expansion. Kurt Sutherland (architect) met with us to discuss the kitchen expansion-fire code and general design

concepts. Ray Vankleek will have to be involved and we will need a building permit. There is new office space downstairs; every department head has his/her own area.

**Other Updates:** Greg built a custom plant stand for plant sales in front of the store. Perennials and vegetable plants have begun to arrive. We were closed on Easter Day.

**2. Financial Report: First Quarter 2014** (Patricia Hasagawa): The Coop had a great 1st Quarter. It was the first time in over a year that every month in a quarter was profitable. The last time this happened was 1<sup>st</sup> quarter 2012. Also, this quarter shed more light on the subject of membership and membership discounts. Last month I spoke about how much the coop gives back in discounts and how that affects the bottom line, but this quarter's data shows us something more. It suggests that the coop's growing revenue is not closely tied to membership sales.

**Sales:** March sales increased by 16K, or 10%, over March 2013 sales. This brings 2014 March sales to 175K before membership's discounts or 168K respectively. This makes first quarter sales top \$472K with a 9 % revenue growth rate. (First Quarter 2013: revenue growth rate was 12.2%) So the coop is still growing, just at a slightly slower rate. Produce, prepared food and bulk are the departments experiencing the most revenue growth.

175K in sales, before membership discounts, is a new sales high for the first quarter. Last year first quarter monthly sales were in the 140K – 158K range. Normally, the high revenue months are in the summer. Last summer's monthly sales were approximately 178K and 175K. If the coop keeps even a 5% revenue growth rate during the remaining quarters, then 2014 annual revenue would break 2 million.

**Discounts:** While sales jumped 16K in March, member discounts increased by \$780. This is the same trend we saw last month, increased sales and a comparable small increase in member discounts. Instead of a 3.71% - 3.72% percent of sales going to membership discounts, March had 3.58% of sales going to membership discounts. This brings the first quarter and YTD figure to 3.67% of sales returned to members, or \$17,962.

**Cost of Goods Sold (COS):** Again Holly and the staff's efforts with the budget are paying off: March has a COS again below historical norms (which have been from 70-73%), at 63.59%. This brings YTD COS to 68.42%, which is 5% less than 2013's COS year end, which was 73.11%.

**Gross Profit:** (Goal is 30-33%) Gross Profit for March 2014 is 34%, or \$57K. That is a higher level of Gross Profit than I have ever seen. This brings First Quarter Gross Profit at 31.58%, or 149K.

**Expenses:** Expenses continue to be tightly controlled, almost identical to February's, with a slighter higher payroll, but overall expenses came in at 25.71% for the month and 28.88% for the quarter. This is only slightly higher than 2013 number of 27.30%. First quarter payroll in 2013 was \$75K, and 2014's First Quarter payroll was \$91K. All other expenses are in line.

**Ordinary Profit:** Profit! March ended with a 16K profit. We had an operating profit (no membership dues) of 14K and quarterly profit, including membership dues, of \$23, 962. The

coop has been profitable every month in this First Quarter. I checked 2013 and 2012 and during those years the coop never had a quarter of straight profit and that much profit. If the coop can continue this trend, then it is on its way to being more financially stable and meeting its goal of continuous profitability.

**Membership Dues:** Membership totals are slightly lower overall over last year, coming in at \$10,690 compared to \$11,375 in 2013.

**Balance Sheet:** Cash Position is steady with 98K in current assets. Accounts payable are slightly higher than year end, at \$ 55,551. The loan to Key Bank has decreased. It is now at 88K, compared to year end 2013 which was \$91K.

After the report, Ryan added that inventory was low by the end of March because of high sales volume and cutting back on ordering. Pat pointed out that she investigated and it doesn't pay for us to do the NJIA membership because of our situation (no point of sale system, etc.).

3. Co-op Communication Committee met and are dealing with these issues: member communications, financial and fundraising, website design and upkeep, marketing and public relations. What questions do we want to ask members and how do we want to communicate with them? The new brochures are out. We want to tell members that we can do more with their help. At the meeting, Joan and Wilton talked about having our elder members as greeters in the store. Jodi and Ruth are not sure this would be a good idea, given space and logistics issues. Elders are possible resource, though. We want to keep track of member communications using website and google docs. We would like to know who said what when so we aren't duplicating efforts. Chloe has a copy of the ads we run regularly.

4. General Discussion and Action Plans: There was some discussion of the employee/vendor situation in the kitchen. **Patricia will find out who does what and report back to the Board.** In regard to the roof, there was some question about the additional anticipated expenses. Ryan got past emails and provided this information on Roof Figures from Pat:

\$10,000 roof price  
snow rails \$2800  
new gutters \$1500  
painting \$450  
replace siding? Per hour

The Board agreed that this was what we remembered agreeing to. There was some discussion of ways to do some jobs more cheaply. **Ryan and Marybeth will coordinate getting us more information about the current charges and we will correspond via email to facilitate getting the work done asap.**

The meeting adjourned at 9:35. Next meeting will be May 19<sup>th</sup>. Same time; same place.

Submitted by Donna Perry, Secretary

