

Natural Alternative Food Cooperative Board Meeting Minutes

January 10, 2022 via Google Meet

Jeff Peterson called the meeting to order at 7:02 PM.

Present: Board members Jeff Peterson, Lisa Doerr, Zach Mattson, Mike Noreen, Amy Free, Sarah Cook, and manager Kyle Wondrasch

Mattson made a motion to approve the January agenda, Cook to second, all in favor.

Doerr made a motion to approve the November 16, 2021 minutes, Peterson to second, all in favor.

Natural Alternative Food Co-op 2021 Year End Financial Report

Overview

Please give thanks to the extraordinary staff, board and members that made it possible to keep serving our community during a year of unprecedented challenges. Like so many businesses this year, we faced ongoing staffing shortages and product availability issues.

Net Sales for 2021 were \$456,036, down from 2020's record of \$497,978 by 8.4%. Double digit drops in three departments - Bulk, Produce and Refrigerated - account for 75% of this. However, our largest department - Grocery - held steady for the year.

Gross Profit on Grocery Sales was 27.4% or \$124,886, missing our target of 30% of grocery sales by \$11,629. Cost of Goods Sold (COGS) needs careful analysis of pricing, inventory control and turnover. However, Gross Profit may change once we have final inventory numbers.

Payroll Expenses were \$92,844 or 20.4% of Grocery Sales. This includes \$5,906 in Covid-19 bonus and sick pay.

Net Ordinary Income for 2021 was -\$6,043. Net Income including our Payroll Protection Program (PPP) grant and Depreciation was -\$445. Without PPP, Net Income would be -\$15,755.

New Member Equity was \$2,925. Rent was \$9,160. We have now generated \$50,863 from rental income since renovating the Co-op Loft in 2017-2018.

We settled the last \$8,000 of the \$54,200 in member loans taken out in 2014 to remodel the front of the store. *Many thanks to all the members who stepped up to make loans. Special gratitude to those who then forgave \$25,000 of that debt.*

Since 2017, the board of directors has focused on building the Co-op's financial foundation. Paying down the member loans was key to that effort. With the Frandsen mortgage at \$26,750 and Regional Business Fund loan at \$2,556 we are now at an excellent debt load

of \$29,306. In addition, we have a multi-layer financial team in place to. This includes the Board Treasurer, Staff administrator, a contract bookkeeper and Certified Public Accountant.

Balance sheet remains strong with all Accounts Payable current.

2021 Round Up

Round up donations totaled \$2,019. January and February donations of \$676 went to help fund the Co-op awning.

Donations to Outside Groups - \$1,344

Community Referral Service	\$439
Cooked 2 Serve	\$332
Frederic School Backpack Program	\$89
Farm Feral & Stray	\$220
Luck Fire Department	\$175
Luck School Backpack Program	\$89

2020 Profit/Loss

Net Sales 2021: \$456,036

Net Sales 2019: \$497,978

Decrease: \$41,942 or 8.4%

Net Income 2021: -\$445* Includes \$16,200 PPP

Net Income 2020: -\$4,142

Increase: \$3,696 or 8

Cook made a motion to accept September 2021 financials. Noreen to second, all in favor.

Manager's Report

Staffing

Staff did a great job through the holiday season. Turkey sales went smoothly. High volume days were a success. Coverage has been good for storekeeping and the new hires are settling in.

Operations

The first major snowstorm created pitfalls on the sidewalk. Substantial ice formed from the freeze, thaw, refreeze. Lots of salt was applied to beat back the danger zones.

Yearly store inventory count took place Sun, Jan 2nd from noon until 6pm. We broke up into teams and counted away. I made pizzas to keep the spirits high and express my appreciation to

the team. Staff did an excellent job of being thorough and organized. The day went really well!

Soup production for Cooked2Serve continues. We now have four soup recipes that have been costed, yielded and can be scaled to need. A cooked item cooling log was implemented to ensure safe food practices and compliance with regulations.

A new vendor, Whole Grain Milling, will be showing up in the bulk aisles. They are an excellent farm/mill in Welcome, MN. Many of the grains we carry will transition from being purchased through UNFI to direct from Whole Grain Milling Co.

Sales

October was a rough start to the quarter. There was a strong year-over-year sales decline compared to 2020 and 2019. Nearly every dept experienced double-digit sales decline. Prelim margin for the month is 28.2%.

November was a big rebound month, essentially the opposite story of October. Nearly all depts saw double-digit growth over 2020. Prelim margin for the month is 30%.

December was a more modest growth month. Single digit growth for the big departments except bulk. Bulk will be an area of focus in the next quarter. Prelim margin for the month is 29.5%.

Produce department (which was marked as a dept of concern by the treasurer) has improved each month of the quarter - increasing sales, improving growth and decreasing spoilage.

Overall, 4Q sales were down 3.9% from last quarter. 4Q21 sales were up 1.2% over 4Q20. Gross profit for the quarter increased 1.6% (to 28.96%) from 3Q to 4Q.

COVID Policy

Approved November 16, 2021, revised and approved December 30, 2020.

Free made a motion to approve revisions to covid policy, Mattson to second, all in favor.

Staff Bonus Pay

Doerr made a motion to keep the \$2/hr. bonus for staff to remain in effect for another month, three pay periods, to be revaluated at the February board meeting. Free to second, all in favor.

Board Election Update

We have two possible candidates that have expressed interest in running for election to the board in the upcoming election.

Annual Meeting

Cook made a motion to set the annual meeting date for March 22, 2022, Free to second, all in favor. The meeting will likely be held virtually.

Operation Round Up Recipients for 2022

January/February – Ruby’s Pantry

March/April – Natural Alternative

May/June – Cooked2serve

July/August – Luck Fire Department (in support of their give back to the community program)

September/October – Luck/Frederic backpack program

November/December – Community Referral Agency

Customer Survey Response

The recent survey that was conducted yielded seventy-five responses, which the board reviewed.

Mattson will create a presentation on the survey results, which will be shared at the annual meeting.

The next board meeting was set for February 14, 2022 at 7:00 p.m.

Peterson moved to adjourn meeting at 8:30 p.m.

Draft minutes submitted by Sarah Cook