

**Natural Alternative Food Cooperative Board Meeting Minutes – DRAFT MINUTES  
November 11, 2019**

Jeff Peterson called the meeting to order at 6:33 PM.

Present: Board members Jeff Peterson, Lisa Doerr, Jason Montgomery-Reiss, Zach Mattson, Wendy Peterson and Co-op manager Marie Clark.

W. Peterson made a motion to approve the November 2019 agenda, Mattson seconded, all in favor. Mattson made a motion to approve October 14, 2019 minutes, Doerr seconded, all in favor.

**Manager's Report - Marie Clark**

**Staffing**

- Planning to hire a local cleaning crew - Picking up the Pieces - for the entire building. Should be starting the week November 18.
- Paid Time Off (PTO) policy – Clark and the board discussed a range of ideas for managing PTO. Montgomery-Reiss and Clark will look into surveying staff for input.

**Grab & Go Soup**

- Marketing Committee did a great job with their October 25 soup promotion. The license, equipment and supplies needed to sell soup are together. We are now figuring out logistics for preparation and clean up. Mattson suggested looking to start soup for a limited number of days, perhaps toward the end of the week.

**Financial Report - October 2019**

**Overview**

Net Sales for October jumped 12.4% over 2018 at \$38,646. This makes the fourth month in a row of growth. Our largest department, Grocery, saw solid 9.3% growth. Meat and Refrigerated continued their positive march with increases in both departments of 33%. Produce sprouted back from a slump with more than 19% growth. Consignment hit sales out of the park again with a 272% increase. Alcohol continues to struggle with negative growth of 38%. Net Sales for the year are up 3.76% over 2018 and 13.82% over 2017.

Basket Size is up over 2018 by 8.3% to \$28.46. Member sales drove that with a 19.4% increase. Donations for the back wall improvement project were \$291. October Rental Income was \$1,167 or \$10,572 for the year.

Gross Profit on Net Grocery Sales was low at 23.4% or \$9,069. Gross Profit for the year is 27.8%. That is below our budgeted target of 30% but does not reflect inventory growth.

Payroll Expenses for October were right on target at 19.1% of sales or \$7,244.

Net Ordinary Income for October was -\$2,156. After Depreciation and Other Income, Net Income was -\$2,781, down \$1,820 from 2018. Year to Date for 2019, Net Income is -\$905 up \$9,938 over 2018.

**Exciting news!** With careful fiscal management over the past three years, we significantly reduced our long term debt in October. We paid back \$11,000 in Owner Loans taken out to

finance the 2015 store remodel. We will be making similar payments for the next three years. Thanks to the incredible owners who stepped up in 2014!

Our Balance Sheet remains strong with all Accounts Payable current.

**Year to Date Profit/Loss (YTD)**

Net Sales 2019 YTD: \$379,909  
Net Sales 2018 YTD: \$366,148  
Increase: \$13,761 or 3.76%

Net Income 2019 YTD: -\$905  
Net Income 2018 YTD: -\$10,863  
Increase: \$9,938

**2018 Corporate Tax Return** was filed on October 15, 2019 by Forward Accounting. We show Net Income of \$7,487 for 2018, however no taxes are due because we had over \$30,000 in negative retained earnings. Annual reports based on the return were submitted to our two commercial creditors, Fransden Bank and the Regional Business Fund.

Montgomery-Reiss moved to accept financial report, Mattson seconded, all in favor.

**2020 Budget** – Doerr presented a DRAFT 2020 Budget. Projections are based on 2019 performance with a 1.2% increase in Net Sales. Targets for Gross Profit, Wages and Rent Income are kept the same. (See 2020 Budget below.)

Mattson moved to adopt the 2020 Budget, Montgomery-Reiss seconded, all in favor.

**Building Committee Report**

**Rental Area** -Per order of the Fire Inspector, J. Peterson and Ron Erickson built a railing for the loft area that is part of the library's space.

**Back Room** - An old copier, printer and fax machine were taken to Polk County recycling. A file cabinet left in The Loft by a tenant was moved down to archive Co-op records. The new under counter refrigerator, convection oven and induction burners were staged for staff to decide final set-up for the commercial kitchen.

**Back Wall** – Work has stopped for the winter.

**Front Awning** - Erickson and Doerr repaired tears to the awning.

**Roofing** - Erickson did repairs to parapet siding on the northwest corner of the roof.

**2020 Roundup**

January & February - Co-op for Front Awning

March & April - Western Wisconsin Food Alliance

May & June - Co-op to be determined

July & August - Friends of the Gandy Dancer

September & October - Co-op to be determined

November & December - Frederic Operation Help

**2020 Annual Meeting** - March 23, 2020

**Next Board Meeting** - January 13, 2020 @ 11:00 am

Adjournment – J. Peterson moved to adjourn meeting at 8:12 pm.

Draft minutes submitted by Lisa Doerr

**Natural Alternative Co-op  
2020 Projected Budget**

11/11/2019

| <b>Profit &amp; Loss</b>           | <b>Projected<br/>2020</b> | <b>% Gross<br/>Sales</b> | <b>Projected<br/>2019</b> | <b>% Gross<br/>Sales</b> |
|------------------------------------|---------------------------|--------------------------|---------------------------|--------------------------|
| <b>Gross Sales</b>                 | <b>\$475,000</b>          |                          | <b>\$468,000</b>          |                          |
| Owner discounts                    | \$6,650                   | 1.4%                     | \$6,552                   | 1.4%                     |
| Employee discounts                 | \$4,275                   | 0.9%                     | \$3,744                   | 0.8%                     |
| Senior discounts                   | \$475                     | 0.1%                     | \$328                     | 0.1%                     |
| Sales Tax                          | \$5,700                   | 1.2%                     | \$5,148                   | 1.1%                     |
| <b>Net Sales</b>                   | <b>\$457,900</b>          |                          | <b>\$452,228</b>          |                          |
| Cost of Goods Sold                 | \$325,109                 | 71.0%                    | \$322,000                 | 70.0%                    |
| <b>Gross Profit</b>                | <b>\$132,791</b>          | <b>29.0%</b>             | <b>\$130,228</b>          | <b>28.8%</b>             |
|                                    |                           | <b>% Net<br/>Sales</b>   |                           | <b>% Net<br/>Sales</b>   |
| <b>Operating Expense</b>           |                           |                          |                           |                          |
| Wages                              | \$77,843                  | 17.0%                    | \$77,000                  | 17.0%                    |
| Payroll Taxes                      | \$7,784                   | 1.7%                     | \$7,700                   | 1.7%                     |
| Workers' Comp Insurance            | \$4,800                   | 1.0%                     | \$4,814                   | 1.1%                     |
| Real Estate Taxes                  | \$2,100                   | 0.5%                     | \$2,049                   | 0.5%                     |
| Utilities                          | \$17,000                  | 3.7%                     | \$16,500                  | 3.6%                     |
| Credit Card & Bank Charges         | \$6,200                   | 1.4%                     | \$5,950                   | 1.3%                     |
| General                            | \$13,955                  | 3.0%                     | \$14,993                  | 3.3%                     |
| <b>Total Operating Expense</b>     | <b>\$129,682</b>          | <b>28.3%</b>             | <b>\$129,006</b>          | <b>28.5%</b>             |
| <b>Net Ordinary Income-Grocery</b> | <b>\$3,109</b>            | <b>0.7%</b>              | <b>\$1,222</b>            | <b>0.3%</b>              |
| <b>Other Income</b>                |                           |                          |                           |                          |
| Donations                          | \$1,000                   |                          | \$1,800                   |                          |
| Rent                               | \$12,000                  |                          | \$12,000                  |                          |
| Other                              | \$100                     |                          | \$1,000                   |                          |
| Total Other Income                 | \$13,100                  |                          | \$14,800                  |                          |
| <b>Other Expense</b>               |                           |                          |                           |                          |
| Mortgage Interest                  | \$1,800                   |                          | \$1,800                   |                          |
| Depreciation                       | \$10,247                  |                          | \$11,000                  |                          |
| Capital Repairs                    | \$5,000                   |                          | \$2,000                   |                          |
| Other                              | \$600                     |                          | \$0                       |                          |
| Total Other Expense                | \$17,647                  |                          | \$14,800                  |                          |
| <b>Diff Income/Expense</b>         | <b>-\$4,547</b>           |                          | <b>\$0</b>                |                          |
| <b>NET INCOME</b>                  | <b>-\$1,438</b>           |                          | <b>\$1,222</b>            |                          |