

Natural Alternative Food Cooperative Board Meeting Minutes via Google Meet

October 11, 2021

Jeff Peterson called the virtual 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 October agenda, Free to second, all in favor.

Doerr made a motion to approve the September 13, 2021 minutes, Noreen to second. Peterson offered clarification that the Covid Policy update approved in September was about reinstating the mask requirement. All were in favor of approving the minutes with that clarification.

Treasurer Lisa Doerr presented the financial report for the month of September:

Overview

September Net Sales were flat at \$37,800, down just \$89 from 2020. We must praise our incredible workers and customers who continue to pull together despite challenges with covid-19 related supply and staffing. Meat, Frozen, Supplements and Dairy logged increases of 31%, 27%, 18% and 17%, respectively. Bakery continues solid growth, nearly doubling in just two months.

Round up donations for Luck school came in at \$93.36.

Preliminary Gross Profit numbers on Grocery Sales are strong at 47.4% or \$18,047. However, this may need adjustment as final invoices for the month come in. Payroll was \$7,753 or 20.3% of sales. That is excellent in light of the \$874 in Covid-19 bonus pay.

Year to date Gross Profit is at 30.8%. Strong rental income of \$6,940 and well managed Payroll Expenses at 17.6% help maintain cash flow.

Preliminary Net Ordinary Income for September was \$6,720. After Depreciation and Other Income, Net Income was \$5,645. This brings Net Income Year-to-Date to -\$1,234 up from 2020's loss of -\$11,767.

It is important to note that our 2020 Payroll Protection Program (PPP) grant of \$16,200 was forgiven in February 2021 and taken as non-taxable income. This brings our paper income to \$14,966.

Our Balance Sheet remains strong with all Accounts Payable current.

Corporate taxes were submitted working with our CPA Forward Accounting. Our 2020 taxable Income (line 30) is -\$3,582. That puts retained earnings at -\$44,409. No taxes are due. Our 2019 to 2020 balance sheet rose from \$220,118 to \$235,132.

Exciting news for October! We will be settling the last \$8,000 of the \$54,200 in 2014 member loans taken out to remodel the front of the store. ***Many thanks to all the members who stepped up to make loans. We all owe 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 Fransden mortgage at \$27,438 and Regional Business Fund loan at \$2,889 we are now at an excellent debt load of \$30,327.

Year to Date Profit/Loss (YTD)

Net Sales 2021 YTD: \$340,072

Net Sales 2020 YTD: \$384,068

Decrease: \$43,366 or -11.29

Net Income 2021 YTD: \$14,966* Includes \$16,200 PPP grant

Net Income 2020 YTD: -\$11,767

Increase: \$26,732 or 227%

Kyle Wondrasch presented the manager's report:

Staffing

Storekeeper/Cashier staffing continues to be a challenge. Call-offs are frequent. Manager along with Patti and Liana filled in shifts. Current staffing level still poses operational challenges.

Our one full-time storekeeper's last day will be November 24.

Manager spent much of the month recruiting, screening, interviewing and hiring. Three hires for storekeeper have been made. One new staff member is in training. Two additional hires will begin at the end of Oct/early Nov.

Manager was able to complete one severely overdue staff review.

Operations

Masking and covid are still a topic of debate and concern. Some customers are complying with wearing a mask. Disposable mask supply has dwindled. A case has been ordered. Several instances of customers who claim to have covid have been in the store. They come in shopping for supplements. Staff have informed the manager of these cases.

The abandoned security cameras were reformatted and reinstalled. One of the pair which were purchased is damaged. The sole security camera is mounted over the second entry door. It records to an SD card. Remote monitoring is possible through an app.

Manager has begun work on overhauling the CoPos database. Hundreds of UPCs/PLUs are bloating the reports. Large portions of items are no longer sold. Much of the item database entry is incomplete.

Templates from the CoPos website will allow this work to be done remotely (otherwise the overhaul may be impossible to achieve due to the clunky nature of the POS and the staff need to access the terminal at regular intervals).

Manager has begun working on reducing product redundancy to lower purchases. A metric has been set for the number of items sold to qualify for repurchase. Goals are to purchase products which we sell, reduce the burden of inventory, streamline ordering and improve merchandising.

No progress has been made on the grab-and-go or bakery recipe work due to store keeping demands and call-offs.

Sales

September sales were down -0.4% (or \$149) over 2020, a better growth figure than July or August.

Average basket size per transaction was stable at \$35.17. Avg. number of daily sales was down about 2 transactions per day. Total shrink for the month was 4.1% of total sales. Produce, refrigerated and bakery were all high shrink departments.

Sales growth for 21Q3 was -7.56%. Meat and frozen had the strongest growth for the quarter at 9.02% and 14.81%. Bakery, refrigerated and alcohol had the weakest growth at -83.5%, -55.15%, -44.39%.

COVID Policy

Doerr made a motion to reinstate the sick pay policy as it was originally written in October of last year. Mattson seconded; all in favor.

Amy Free volunteered to work on updating the entire Covid Policy to incorporate current CDC guidelines, along with above-mentioned sick pay. By consensus it was agreed that the mask policy will remain in effect for the time being.

On a motion from Free, seconded by Noreen, the board voted unanimously to continue current wage bonuses for another month.

Strategic Planning

Discussion on the best way to implement a customer satisfaction survey to get consumer results that will aid in the Natural Alternatives strategic planning and budget planning process.

- Questions to focus on the values that make Natural Alternative unique.
- Pose questions that allow for feedback.
- Send surveys out via email.
- Pass out surveys to members/customers that are in the store to shop for a period of two weeks.

Committee Reports

There is one office space available for rent in the Loft that was recently vacated.

Next board meeting – November 15, 2021 at 7:00 pm*

Meeting adjourned at 8:49 p.m.

Draft minutes submitted by Sarah Cook

*Since moved to November 16 @ 7 p.m.