

Minutes

Swarthmore Co-op Board Meeting

October 23, 2023

Swarthmore Borough Hall

The existence of this member-owned market means that Swarthmore and its surrounding communities will be healthier and more vibrant, the local food system will thrive, and meaningful connections will be forged between member-owners, customers, and workers in a welcoming environment.

In Attendance: Greg Bockman, President; Donna Francher, Vice President; John Moots, Treasurer; Mark Rossi, Secretary; Kevin Kebea, Vibhat Nair, Ines Rodriguez, Keith West; Kira Montagno, General Manager; Dave Blanda, Grocery Manager.

Absent: Lauren Shohet

Greg called the meeting to order at 7:33 p.m.

Review/Approve August 2023 Meeting Minutes

The Board reviewed the minutes from the August 28, 2023 Board Meeting. Donna made a motion to approve the minutes as written, John seconded the motion and the motion passed unanimously.

Member comments: There were no member guests at the meeting and no written comments received by the Board.

Presentation: Brittany Baird – Resource Manager - National Co-op Grocers

The Co-op welcomed Brittany Baird, Resource Manager for National Co-op Grocers (NCG).

Brittany's presentation was to encourage interest of the Swarthmore Co-op in joining NCG. NCG Background: NCG is a business services cooperative for retail food co-ops located throughout the United States. Today, NCG supports 151 food co-ops operating over 220 stores in 38 states with combined annual sales of over \$2.4 billion serving over 1.3 million consumer owners. NCG provides the capacity of a chain while maintaining the autonomy of each individual co-op. NCG helps unify food co-ops in order to optimize operational and marketing resources, strengthen purchasing power, and ultimately offer more value to food co-op member owners and shoppers everywhere.

The meeting included a lengthy Q&A discussion from the Board about the NCG, its business practices and ways that NCG membership could be of benefit to the Co-op.

Next steps: Kira and the Co-op team will further research of NCG through contact with other NCG-member co-op stores in the Philadelphia region. Kira and the Board will weigh

whether to apply for membership and will confirm what we would need to budget for membership in 2024. The Board will discuss at the next Board meeting on November 27.

General Manager Monthly Update Report – October 2023

Kira presented the General Manager and Team Reports for discussion. Following are the highlights of her presentation:

Operations:

Thanksgiving planning is underway. The Thanksgiving menu will be released on 11/1 and run through 11/15. Jason is streamlining the backend reporting for a simplified system of our Thanksgiving results.

Kira and her team are doing strategic planning for the fourth quarter, with the main focus on increasing revenue, controlling spending and increasing basket size.

Facilities:

The heater balancing/damper work is scheduled for next week.

John Adams is working with Kira on getting the patio set up so we can start to hold events and support wine and beer sales there.

Personnel Update:

Bjorn has joined the team as a part-time employee in Produce.

Strategic Plan Update:

The Patio Lease and Liquor License approvals are completed!

The PNC accounts have been restructured. (See minutes from July and August 2023 Board meetings).

We have increased the amount of funds to be transferred from the operational account to the capital account.

Following is Kira’s summary of financial results for September 2023:

September Numbers	Budget	Actual	LY 2022	Difference in \$ compared to 2022	% Change compared 2022
Sales	\$609,711.00	\$579,761.99	\$587,537.00	\$(7,775.01)	-1%
Total Cost of Goods	\$390,664.00	\$377,291.25	\$380,903.56	\$(3,612.31)	-1%

Other income		\$696.26	\$1,222.67	\$(526.41)	-76%
Gross Profit	\$214,583.00	\$197,514.48	\$202,170.24	\$(4,655.76)	-2%
Wages	\$84,921.00	\$88,957.93	\$80,114.74	\$8,843.19	10%
Store Supplies	\$11,210.00	\$10,062.55	\$10,993.94	\$(931.39)	-9%
Marketing	\$3,097.00	\$2,746.70	\$3,006.28	\$(259.58)	-9%
Occupancy	\$19,507.00	\$28,809.59	\$18,938.97	\$9,870.62	34%
Administrative	\$35,015.00	\$44,022.73	\$33,995.89	\$10,026.84	23%
Profit or Loss	\$43,977.00	\$6,934.00	\$39,484.01	\$(32,550.01)	-469%

Kira's Summary: Sales for September came in lower than budgeted and 1% lower than sales for the same period last year. Cost of goods are still somewhat high. A few departments in particular are having issues with cost of goods and margin: Meat, Seafood and Floral. Kira is working with the department heads to help them with controlling spending, invoice coding and pricing.

There are several expenses to be expected around this time of year, the biggest being completion of taxes, which will result in higher expenses in consulting fees and professional expenses. We will see the payment for our state tax return hit October's income statement instead of September this year. However, we saw the real estate tax hit this month's income statement. These expenses are reflected in a \$28k increase in Total Expenses compared to September 2022.

We ended the month with a cash position of \$718k.

Grocery Update:

Dave Blanda joined in tonight's meeting to cover his Grocery Update:

Grocery in sales were down about 2.44% (slightly over \$3k).

Costs were up 6% (about \$5k).

A few observations on this:

- A bookkeeping error was discovered from the week ending 9/9 with a Penn Beer invoice worth about 1k went into grocery purchases
- A huge order for Bonne Maman preserves were made at the start of the month for the owner specials. We're still sitting on some of it, which will turn a better margin at regular retail.

Trend-wise, we are generally being shopped as a convenience store by most people again. 27 of the top 50 grossing items in Grocery are drinks and snacks.

Dairy was down \$2k in sales, and was 2k down the year before as well. Cost of goods were down \$2k to match.

Frozen food has been doing great. We were up 12% with a cost of goods increase of only 2%.

The new premium ice creams are a big driver. We're selling more ice and brioche as well, which pushes the number up. There have also been some new additions we've advertised throughout the department that are doing OK so far.

As of this month, our work with UNFI is completed and we are working to rapidly replace items we ordered from them, most of which are bulk items.

Discussion:

The Board discussed several items in response to Kira's report:

Tax Reporting: The issue with tax reporting generated discussion. Apparently there were missed supporting documents in 2022 for the filing of the return for 2021 because we were without a general manager during this period. Kira discovered this issue with the work to file the 2022 return. Loan information was not in place with the financial statements. The next round of reporting will include documents that were missing in 2022.

Action: John noted that the Finance Committee will address this matter in its next meeting to ensure that tax reporting procedures are fully in place in the future.

Everyone agreed to that financial reporting and record-keeping is essential and we need to have the right processes and tools to support this objective. In addition to tax reporting for operations, there was broader concern expressed about the need for the Board's financial information to be well documented and secure. Keith reminded the Board that we had some initial discussions about replacing the "Backpack" system last year with Dropbox or another system that would allow secure access from Board members. To date we are still using Backpack.

Next Steps: Donna will investigate with Jason whether there may be an option to combine the Board system with the IT system used in the store. Donna and Mark will address various options and share with the Board for discussion.

PECO/Green Mountain Billing: The Board also asked Kira for an update on the PECO/Green Mountain electric service billing issue. We are currently paying PECO on an installment basis of \$2,000 per month. We have also filed a complaint with the Public Utility Commission to challenge the outstanding bill that PECO has charged to us from

2021. The issue is being negotiated with Green Mountain and PECO. The PUC continues to investigate the issue and we are hoping to have a resolution in a month.

Finance Committee Report

John updated the Board on the following:

Board Budget

It is now time to establish the Board's budget, which sets aside funds for Board-related activities. This should be done to align with the overall Co-op Budget approval to take place in March 2024.

The Board discussed that the Board Budget should be around \$4,000, including new director onboarding, \$1,500; communication/outreach to owners, \$1,000; the annual meeting, \$1,000; and IT support, e.g. Backpack or another system.

The Board Budget should be a line item of the Annual Budget. This should be clarified and expressed clearly in **C8: Governance Investment** in the Policy Register.

Next Steps: At the November meeting, the Board will vote to approve the Board budget. The Governance Committee will review **C8: Governance Investment** and edit the policy accordingly to ensure the Board is in compliance.

GM Monitoring:

B7: Co-op Premises: The Board reviewed B7 and agreed that the General Manager is in compliance. However, the language about organizations soliciting on the patio needs to be edited, as soliciting is no longer permitted.

Action: Mark made a motion to that the General Manager is in compliance with B7, with a notation to edit the policy as discussed, Donna seconded the motion and the motion passed unanimously.

B2: Business Planning and Financial Budgeting: The Board reviewed B2.

Action: John made a motion that the General Manager is in compliance, Vibhat seconded the motion and motion passed unanimously.

B3: Asset Protection: As discussed at the August Board Meeting, **B3-9** needs to be rewritten to account for the new account structure with PNC. This will confirm that the General Manager is in compliance with B3 overall.

Action: John and Kira will update this language.

Board Monitoring:

C6: Officers' Roles: Ines reported the Board survey results that we are in compliance with C6.

C7: Committee Principles: Ines reported the Board survey results that we are in compliance with C7. However, it was noted that we need to review and update the committee structure.

Next Step: Committee Chairs should review their committee charters.

C8: Governance Investment: Ines reported the Board survey results that we are in compliance with C8. However, there were questions regarding whether the policy language is accurate, as per the Board Budget discussion at tonight's meeting.

Next step: The Governance Committee will correct the policy language accordingly.

Action: Greg made a motion that the Board is in compliance with C6, C7 and C8, with the need to correct C7 and C8 as noted above. Ines seconded the motion and motion passed unanimously.

D1: Unity of Control was scheduled for tonight but we will review compliance at the November Board meeting.

Old Business

Website Update: Mark, Donna and Lauren are reviewing the website content and navigation to recommend updates. We will include Angie Tseng, member, who has experience with websites and has offered to help us.

Mural Project Update: Keith and Kira will continue to work on this project with a few store employees who are interested and will stay in touch with the Swarthmore Town Center Mural Committee.

New Business

Kira reported that the health care open enrollment process for 2024 is now underway with open enrollment for staff beginning next week. We have received a \$9,000 credit from Independence Blue Cross for our health insurance group plan. Our rates will not increase in 2024. We are also increasing our HSA plan benefit for employees. Dawn Betts, our HR consultant, is managing the renewal process. The Healthcare Summary is in Backpack for your information.

Adjournment:

The meeting was adjourned at 9:41 p.m.

Next Meeting: Monday, November 27, 2023

Meeting Materials:

October 23 Agenda

Draft Minutes, August 28 Meeting

NCG Background and Membership info

NCG Info for Co-op Boards

Co-op Healthcare Plan Summary

General Manager Report, October 2023

B2: Business Planning and Financial Budgeting

B3: Asset Protection

B7: Coop Premises

Profit and Loss: 9/30/23

Balance Sheet: 9/30/23

Side-by-side 1 and 2: 9/30/23f