

## Annual Meeting of WCFC Member/Owners 12/7/21, via Zoom

In attendance:

Board Members - Maureen Boornazian, Jennifer Dow, Corinne Ferguson, Gail Johnson, Erin Perkins (Ex Officio), Susanne Radek, Diane Rock, Courtney Schmidt, Cassie Wilensky

Staff and Member/Owner – Tracy Button

CFNE Loan Officer and Member/Owner – Maggie Cohn

Corinne opened the meeting at 5:30 and welcomed the attendees. She expressed disappointment at the low attendance of Member Owners (hereinafter known as owners). She introduced Maggie Cohn to the group. In addition to being a WCFC owner she is the Co-op's loan officer at CFNE.

Jennifer Dow was formally nominated to join the Board by Susanne Radek, seconded by Maureen Boornazian, and unanimously approved for a three-year term.

Erin Perkins expressed collective thanks to Gail Johnson and Diane Rock. She said "Thank you Gail for being the voice of reason at many a meeting. You have been a great advocate for the community, and you have a knack of gleaning and sharing perspectives that many of us would not have considered. We have had our hands full as we adapted to the many roadblocks that the Co-op has endured, but you are always ready with inspiring ideas to help us get through. We appreciate the time you were able to give us, the mornings you swooped in to run the store, and of course for helping with our trash and cardboard over the years.

Diane, thank you for being my personal voice of reason over the years, you've kept me from working myself into the ground on more than one occasion. Your experience has been a boon for our staff and board. It was incredibly valuable to have someone on the board that could advocate for the staff as we figured out our needs and the operations of the store. You are great reigning in the board meetings if we went off on a tangent and you have come through in a pinch to volunteer for a shift at the coop on many occasions, and I cannot tell you how much we have appreciated that. I honestly don't know what overwhelmed shape I'd be in right now if not for you.

You are both amazing and generous and will be sorely missed."

Gail Johnson asked for approval of the minutes of 12/8/2020, which were amended to add Erin Perkins to the attendance list. Unanimously approved.

### Financial Report – Ivette Babylon

Ivette explained that she had been involved with the Co-op at the very beginning with the original leadership group. She has now taken the role as bookkeeper. She said she was pleasantly surprised to see the financials grow. The organization has done a really good job of growing the business and new location has made a big difference.

Financial statements were displayed for fiscal 2021 to November 30, 2021. Change year on ear shows a \$60k increase in revenue. This is great, but on the downside, margins have really gone down and the \$60k of revenue added only \$12k of bottom line to gross profit. That margin erosion is a concern.

The biggest reason for the erosion is increased discounts from loyalty programs and punch cards, and these are two things that should be addressed.

Net operating income is about \$8k less than last year as operating expenses went up about \$20,000. Most of that was related to payroll as we increased staff. There was some increase in utilities which were impacted by the new refrigeration systems.

To summarize, the store took in \$60k more in revenue, but \$8k less in operating profit. In 2020 we were favorably impacted by donations and pandemic related funding, that brought some extra cash to fund operations.

A discount summary showed about 1,400 sales with discounts in 2020, representing 3% of revenue. In 2021, discounts represented 5% of sales. These were because of owners' bulk discounts, owner discount days, punch cards and something called "open amount" which is where customers used multiple cards for one purchase.

Giving non-members discounts though the punch card system, has disincentivized customers from becoming members.

Discussion ensued about the viability of the punch card discount system.

The Co-op gives owners a 15% discount to if they buy in bulk, a 10% discount once a month. This 10% is supposed exclude products where margins are very small, such as local meats, but the POS system does not make it easy to differentiate them. In addition, WCFC is giving a \$7 discount for a punch card that represents \$100 of purchases, and, a \$5 discount to non-members.

Corinne explained that we have looked at other coops and we are more generous, and the discounts are prohibiting us from paying of debt as quickly as we would like, and from offering a dividend to the owners.

Maggie Cohn said that we appear to have an excessive number of discount mechanisms. If the members see themselves as owners, they should understand that not only, do they benefit from having the Co-op, but they have an obligation to keep WCFC's head above water. There are Co-ops that offer no discounts, but rather have a rebate at the end of the year depending on how much an owner has spent, and this is applied at the store in POS system, so that when they shop, they can spend it down. Some Co-ops give all owners a once-a-month discount that they can use any day within that month, but it can be used only once a month.

Erin added that the biggest request from owners is for more bulk, but that would require more capital. Most customers say they are happy with the store as it is.

The group discussed ideas as to how to communicate the financial burden the number of discounts is putting on the Co-op and why the system needs to change.

Maureen added that at the initial marketing of Co-op memberships before opening, it was stressed that once we were profitable, we would give owners dividends. It seems like now is the time to say we are getting to the place to do what we originally said we would do, give dividends.

Ivette added that the punch card discounts were started to increase sales after the opening of the Co-op. Punch cards and discount days were marketing strategies that were implemented after the bulk of the members joined. Erin confirmed that member discount days do not increase sales, so we do not need to move from once a month to every three months as many other Co-ops do.

Maggie will send a CFNE a cash flow template.

The board had hoped to hear from owners about other ways the Co-op could serve members better, but this will have to wait due to lack of attendance. Maureen suggested that people just want it to work and don't want to participate unless there is food and community. We are doing a good job. Huge jumps from 2015.

Tracy offered a special thank you to Maureen. Maureen has been very helpful to Erin and Tracy, and to the board in making sure we received our vaccines promptly at the same time as working nights at the hospital and managing the vaccinations to all that want them. She said we are grateful for everything Maureen does for the community and the Co-op.

Corinne thanked Maggie for her support and advice of the Co-op.

The meeting was adjourned at 18:49.