

**Minutes of the Springfield Food Co-op Board of Directors  
Tuesday, November 29, 2011**

**Board Members Present:** Christine Speidel, Elijah Daniels, Judi Becker, Aram Polster, Cherie Harris, Brooke Decker, Steve Greene

**Ex-Officio:** Neomi Lauritsen, Lucy Georgeff

**Member Audience:** No Members Present

**Call to Order:** 6:03 PM

**Minutes of 10/25/11:** Judy made a motion, seconded by Cherie to approve the minutes as presented. The motion passed unanimously. Steve and Elijah abstained.

**Board Training:** There is a Board Training 101 seminar available. It is on Saturday, January 28 and would be beneficial for all board members to attend. It was also decided to tentatively schedule a one day retreat with Marilyn Scholl for Sunday, April 1, 2012.

**Executive Limitations Monitoring:**

**Interim Management Report –**

Sales have been great. For the week of Thanksgiving, sales were above \$24,000 despite being closed Thursday, November 24, 2011. Thank you to Black Watch Farm for lending us the refrigerated trailer for the week. The co-op sold more turkeys than ever before.

Accounts Payable is currently higher than last month, due to increased holiday purchasing. There are payment plans with most vendors and communication regarding payments has been made with all vendors. Due to a computer malfunction, inventory numbers from September were lost. Contact has been made with accountant, Sue Dana and appropriate accounting adjustments have been made to the books.

The personnel policy was recently revised. All employees will receive a copy of the new handbook.

Christine made a motion, seconded by Cherie to accept the interim management report as presented. The motion passed unanimously.

## **B -1 Financial Condition Report (Quarter 2, July - Sept):**

The GM will not:

### **1. Allow sales to decline or be stagnant.**

The Interim Management Team is reporting non-compliance. Sales Growth was at -3.1%, which is below the requirement of 3% for compliance. While currently non-compliant we are headed in the right direction, with this figure being better than for Quarter 1.

The Board accepted with acknowledgement of noncompliance.

### **2. Allow operations to generate an inadequate net income.**

The Interim Management Team is reporting non-compliance. Net Income was -0.06%, which is below the requirement of 0.5% for compliance. While currently non-compliant we are headed in the right direction, with this figure also being better than for Quarter 1.

The Board accepted with acknowledgement of noncompliance.

### **3. Allow liquidity, or the ability to meet cash needs in a timely and efficient fashion to be insufficient.**

The Interim Management Team is reporting compliance. The current ratio was 1.39, which is above the requirement of 1.25 to demonstrate compliance.

The Board accepted.

### **4. Allow solvency, or the relationship of debt to member/owners' equity, to be insufficient.**

The Interim Management Team reported compliance. The Debt to Equity Ratio was -12.38. The former GM's interpretation of the policy was that, to demonstrate compliance this ratio must be below 3.0.

Elijah noted that this is not a reasonable interpretation of the policy, because negative equity is out of compliance. What the GM probably meant was that the debt to equity ratio should be between zero and 3. The Management Team understands and will make the necessary adjustments to the B1 report. With the understanding that the report will be revised to report non-compliance, the Board accepted with acknowledgement of non-compliance.

### **5. Incur debt other than trade payables or other reasonable and customary liabilities incurred in the ordinary course of doing business.**

The Interim Management Team is reporting compliance. The Board accepted.

Current and Total Liabilities are down from the previous quarter. The largest Current Liability is Accounts Payable. As of the end of Q2 accounts payable was down \$7,600 from the end of Quarter 1.

### **6. Acquire, encumber or dispose of real estate.**

The Interim Management Team is reporting compliance. The Board accepted. Our real estate holdings did not change.

**7. Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.**

The Interim Management Team is reporting non-compliance. The first installment of our property taxes and the August Meals and Sales Tax were submitted late, both resulting in small fines of approximately \$20 each. Plan for compliance is to submit taxes on time in the future.

The Board accepted with acknowledgement of noncompliance.

**8. Allow late payment of contracts, payroll, loans or other financial obligations.**

The Interim Management Team is reporting non-compliance. A few key vendors had not received communication regarding late payments as of 9/30/2011. Accounts Payable was very large, though it had shrunk from Quarter 1. Payroll has always been settled in a timely manner and our mortgage payments have always been on time.

The Board accepted with acknowledgement of noncompliance.

**9. Use restricted funds for any purpose other than that required by the restriction.**

The Interim Management Team is reporting compliance. The Board accepted. The one restricted account (The Reserve Account) remains intact.

**10. Allow financial record keeping systems to be inadequate or out of conformity with GAAP.**

The Interim Management Team reports compliance. The Board accepted. There has not been an audit or review, however a system has been implemented to track sales, customer activity, labor, etc. This has enabled us to regularly track financials derived straight from our POS or accounting database. The team believes our financial record keeping systems are GAAP compliant.

**11. Operate without an adequate system of financial control.**

The Interim Management Team reports compliance. The Board accepted. We continue to operate with the flow charts previously reviewed by the Board.

**12. Engage in capital expenditure, or sell a capital asset or enter into a lease exceeding \$10,000 in value. Splitting order to avoid this requirement is not allowed.**

The Interim Management Team reports compliance. The Board accepted.

Christine made a motion, seconded by Elijah to act on the Monitoring Report as stated above. After corrections are made, the Board will receive a signed copy from the Interim Management Team. The motion passed unanimously. The Board thanked the Management Team for the report, and recognized that the team was not in charge during Quarter 2.

**Committee Reports/Updates:** Committee charters need to be presented to the Board for approval and made available to the membership.

Member Engagement – The committee discussed the possibility of meeting with local businesses to ask for sponsorship of Co-op memberships for their employees. Brooke will finalize a draft committee charter and forward to all Board Members via email.

Board Development – The committee is finalizing their charter and will forward when complete. At a minimum this committee will work to recruit additional board members. The committee may decide not to make board training part of their mission.

GM Search Committee - A time line has been established for hiring a new GM. The hope is that the new manager will begin work on April 1, 2012. Advertising will begin right after the holidays. A draft charter was provided by the committee. Steve made a motion, seconded by Brooke to approve the charter as submitted. The motion passed unanimously.

**Condo. Update:** Steve gave an update. Discussions are continuing regarding the common space.

**Miscellaneous:** USDA, who holds the current mortgage, is coming for a site visit on December 9<sup>th</sup>.

**Open Session:** No members spoke.

The next Board Meeting will be held Thursday, December 29<sup>th</sup> at 6:00 PM in the community room at the Co-op.

The meeting was adjourned at 7:45 PM.

Angela Eglintine  
Recording Secretary