

Minutes of the Grain Train Board of Directors Meeting

November 18, 2009

Brother Dan's Food Pantry 6:00 PM

Present: John Paul Westbrook - President, Allie Greenleaf Maldonado - Treasurer, Dan Tosch, Maggie Daniels, Carrie Livingston - Grain Train General Manager

Members: Jack Laurent

Absent: Trisha Shattuck, Gary Hammons, Hal Wilens, and Amy Maus

Time Keeper: Maggie

Secretary: JP

Our Mission: The Grain Train is committed to empowered individuals, vital communities and a healthy Planet. As a Natural Foods Cooperative, we are the trusted source in northern Michigan for high quality, local, organic and natural products at a fair value to our membership and community.

Call Meeting to Order 6:01, Quorum

Open Member Forum - Jack Laurent attended but had nothing to say

Approval of October BOD Minutes - Maggie motions to accept the October BOD Minutes.
J.P. seconds the motion. Vote: Unanimous Approval

Next Meeting December 14, 2009 at Brother Dan's Food Pantry

General Manager Report for October 2009

FINANCIAL-Sales for the month of October were \$234,694.00 compared to \$230,482.00 last October reflecting 1.8% increase year to year. October is the first month of our new fiscal year. Net profit for the month of October is (\$17,000.00) which is \$5,000.00 over budget. As reflected in the financial reports most of overage in expenses was in cogs. I suspect we will see cogs come in to line within the quarter. Last October reflected a net loss of (\$24,000.00).

OPERATIONAL-Dylan completed an update to the POS that will enable us to run operational reports that will help us better track departmental margins.

Erica has returned from maternity leave and is back to work in the same capacity as she was prior to leaving.

Bruce Jansen completed the new deli signage and is currently working on the aisle signage and I believe we are still trying to get the signage up before the end of the year.

Please pass the word that it is the time of year to order either organic or natural turkeys from the Grain Train.

MEMBERSHIP/MARKETING- We had 4 new owners join the Grain Train last month compared to 2 last October. Owner revenue for October 2009 was \$760.00 compared to \$145.00 last year.

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ASSETS

Current Assets

Checking/Savings

1100 · CASH - CHECKING	37,301.96	-416.32
11150 · CASH - CLEARING ACCOUNT	7.71	18,346.84
11200 · CASH - PETTY CASH	1,000.00	1,000.00
11250 · CREDIT CARD CLEARING ACCOUNT	14,860.14	0.00
11301 · SAVINGS - CHASE BANK	<u>20,523.32</u>	<u>523.32</u>

Total Checking/Savings 73,693.13 19,453.84

Accounts Receivable

1200 · *Accounts Receivable	<u>3,545.58</u>	<u>6,527.45</u>
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Total Accounts Receivable 3,545.58 6,527.45

Other Current Assets

13000 · INVENTORY	181,769.92	176,812.93
15000 · PREPAID INSURANCE	4,644.09	4,680.40
15200 · PREPAID NCGA MEMBER DUES	310.07	1,090.00
21200 · EMPLOYEE ADVANCE	<u>2,464.40</u>	<u>909.40</u>

Total Other Current Assets 189,188.48 183,492.73

Total Current Assets 266,427.19 209,474.02

Fixed Assets

18100 · EQUIPMENT - STORE	352,931.24	350,521.16
18250 · EQUIPMENT - OFFICE	25,812.15	20,695.43
18300 · EQUIPMENT - BAKERY	16,545.83	13,873.65
18700 · BUILDING & IMPROVEMENTS	983,735.77	979,176.52
18850 · LAND	102,357.87	102,357.87
18900 · ACCUMULATED DEPRECIATION	<u>-573,048.45</u>	<u>-494,564.68</u>

Total Fixed Assets 908,334.41 972,059.95

Other Assets

19500 · INVESTMENT - NCGA	16,092.16	8,800.87
19560 · INVESTMENT - EASTSIDE CO-OP	1,031.25	1,012.54
19565 · INVESTMENT - ONEOTA CO-OP SHARES	<u>100.00</u>	<u>100.00</u>

Total Other Assets 17,223.41 9,913.41

TOTAL ASSETS 1,191,985.01 1,191,447.38

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable				
21000 · ACCOUNTS PAYABLE	98,894.48	100,427.94		
Total Accounts Payable	98,894.48	100,427.94		
Other Current Liabilities				
21050 · CHASE LINE OF CREDIT	-76.42	35,042.19		
2110 · Direct Deposit Liabilities	0.00	426.98		
22100 · SALES TAX PAYABLE	2,112.80	2,113.62		
22300 · FEDERAL INCOME TAX PAYABLE	2,519.00	2,059.00		
25000 · PAYROLL LIABILITIES	11,336.88	9,955.78		
25300 · TICKET SALES PAYABLE	138.00	156.00		
Total Other Current Liabilities	16,030.26	49,753.57		
Total Current Liabilities	114,924.74	150,181.51		
Long Term Liabilities				
25280 · ACCRUED INTEREST PAYABLE	8,409.00	11,748.00		
28000 · NOTE PAYABLE - BANK ONE #1	619,718.86	653,856.66		
28050 · NOTE PAYABLE - BANK ONE #2	0.00	44,449.18		
28100 · EQUIPMENT LOAN-2009	57,162.07	0.00		
29200 · NOTES PAYABLE - MEMBERS	0.00	14,000.00		
29210 · MEMBER CO-OPITAL ACCOUNTS	4,063.51	4,014.17		
29310 · NOTE PAYABLE - COPIER	3,482.16	5,385.09		
Total Long Term Liabilities	692,835.60	733,453.10		
Total Liabilities	807,760.34	883,634.61		
Equity				
31000 · MEMBER SHARES (PAID IN CAPITAL)	247,298.81	236,684.16		
31050 · MEMBER SHARES (INACTIVE)	16,121.45	16,121.45		
32000 · RETAINED EARNINGS	137,833.72	79,685.51		
Net Income	-17,029.31	-24,678.35		
Total Equity	384,224.67	307,812.77		
TOTAL LIABILITIES & EQUITY	1,191,985.01	1,191,447.38		
Ordinary Income/Expense				
Income				
41000 · SALES	234,694.01	230,482.30	1.83%	101.3%
42900 · SALES DISCOUNTS	-3,000.14	-2,717.81	10.39%	-1.3%
Total Income	231,693.87	227,764.49	1.73%	100.0%
Cost of Goods Sold				
51000 · COST OF GOODS SOLD	146,829.85	149,393.67	-1.72%	63.37%
Total COGS	146,829.85	149,393.67	-1.72%	63.37%
Gross Profit	84,864.02	78,370.82	8.29%	36.63%

Expense				
52100 · SALARIES & WAGES	62,025.02	61,581.37	0.72%	26.77%
52200 · OTHER EMPLOYEE EXPENSES	8,427.45	7,857.92	7.25%	3.64%
53000 · STORE & OFFICE SUPPLIES	5,700.68	5,251.85	8.55%	2.46%
54000 · OCCUPANCY EXPENSES	4,539.65	5,743.63	-20.96%	1.96%
55000 · ADVERTISING/PROMOTION/MEMBERSHP	2,676.31	2,726.24	-1.83%	1.16%
56000 · SELLING EXPENSES	3,343.13	4,208.85	-20.57%	1.44%
57000 · ADMINISTRATIVE EXPENSES	5,395.85	6,473.76	-16.65%	2.33%
58000 · INTEREST EXPENSE	3,540.24	3,941.53	-10.18%	1.53%
59000 · DEPRECIATION EXPENSE	5,500.00	5,500.00	0.0%	2.37%
Total Expense	<u>101,148.33</u>	<u>103,285.15</u>	<u>-2.07%</u>	<u>43.66%</u>
Net Ordinary Income	-16,284.31	-24,914.33	-34.64%	-7.03%
Other Income/Expense				
Other Income				
64500 · MISC INCOME	55.00	700.58	-92.15%	0.02%
79000 · GAIN/LOSS ON ASSET DISPOSAL	0.00	451.40	-100.0%	0.0%
Total Other Income	55.00	1,151.98	-95.23%	0.02%
Other Expense				
75970 · DONATIONS	100.00	216.00	-53.7%	0.04%
79500 · FEDERAL INCOME TAX	700.00	700.00	0.0%	0.3%
Total Other Expense	<u>800.00</u>	<u>916.00</u>	<u>-12.66%</u>	<u>0.35%</u>
Net Other Income	<u>-745.00</u>	<u>235.98</u>	<u>-415.71%</u>	<u>-0.32%</u>
Net Income	<u><u>-17,029.31</u></u>	<u><u>-24,678.35</u></u>	<u><u>-31.0%</u></u>	<u><u>-7.35%</u></u>
Ordinary Income/Expense				
Income				
41000 · SALES	234,694.01	230,000.00	4,694.01	
42900 · SALES DISCOUNTS	-3,000.14	-2,200.00	-800.14	
Total Income	231,693.87	227,800.00	3,893.87	
Cost of Goods Sold				
51000 · COST OF GOODS SOLD	146,303.89	138,000.00	8,303.89	
Total COGS	<u>146,303.89</u>	<u>138,000.00</u>	<u>8,303.89</u>	
Gross Profit	85,389.98	89,800.00	-4,410.02	
Expense				
52100 · SALARIES & WAGES	62,025.02	62,000.00	25.02	
52200 · OTHER EMPLOYEE EXPENSES	8,427.45	9,000.00	-572.55	
53000 · STORE & OFFICE SUPPLIES	5,700.68	3,600.00	2,100.68	

54000 · OCCUPANCY EXPENSES	4,539.65	6,800.00	-2,260.35
55000 · ADVERTISING/PROMOTION/MEMBERSHP	2,676.31	2,500.00	176.31
56000 · SELLING EXPENSES	3,343.13	3,200.00	143.13
57000 · ADMINISTRATIVE EXPENSES	5,395.85	4,200.00	1,195.85
58000 · INTEREST EXPENSE	3,540.24	3,700.00	-159.76
59000 · DEPRECIATION EXPENSE	5,500.00	5,500.00	0.00
Total Expense	101,148.33	100,500.00	648.33
Net Ordinary Income	-15,758.35	-10,700.00	-5,058.35
Other Income/Expense			
Other Expense			
75970 · DONATIONS	100.00	250.00	-150.00
79500 · FEDERAL INCOME TAX	700.00	700.00	0.00
Total Other Expense	800.00	950.00	-150.00
Net Other Income	-800.00	-950.00	150.00
Net Income	-16,558.35	-11,650.00	-4,908.35

Old Business

Board's Code of Ethics - Allie presented her changes since last meeting. Some were grammatical. Fraternalizing with GM bullet was removed. Board training and retreat was put on with addition of "as is reasonably possible".

JP made a motion to accept the Board's Code of Ethics with changes. Mike seconded motion. Vote: four-for, one-against, motion passes.

GMM Update – Everything on schedule. Laura Cherven is finalizing the ballots. Carrie recommends that Jamie should be involved with the GMM due to her extensive background on the subject.

JP instructs Carrie to get the best staff for the GMM and the counting of the ballots.

2010 budget line item for the BOD – Dan reiterates his thoughts on the importance of having a line item on the budget to know truly how much the board spends and is budgeted each year.

Dan made a motion to have a line item for "Board Expense" added to the 2010 Budget. JP seconded. Vote: Unanimous acceptance, motion passes.

New Business

Grain Train Member Cards – Allie brought up that not all cashiers were asking for the membership cards. JP comments on same issue. This is the boards', GM's, and staff's responsibility to get the membership educated on using these for every purchase. Allie pointed out that it is necessary for the coop to prove that more than 50% of our gross sales are from our membership. Also, the board needs to track the memberships purchases for any rebates.

JP instructs Carrie to set up a policy for all cashiers to ask all patrons for his/her membership cards for all purchases.

Discussion on GT Deli – Allie brought up comments from Amy Maus about the deli. Discussion included menu options, variety and more.

JP suggested that this item be tabled for the December meeting so Amy might be present.

Committee Updates

GM Review Committee – Dan says we are a little behind schedule but the peer evaluations have been sent out, 4 have been returned. Erika will check on remaining outstanding evaluations. GM self evaluation has been distributed as well.

Finance Committee – The finance committee meet with Mike Nuorala about the year-end numbers and the budget for the next fiscal year. Mike discussed that the numbers looked great, the ratios were improving and the GT is continuing to pay down the long-term debt and improve its financial position. Mike mentioned we need to resolve the unresolved membership fees. The finance committee has finalized the 2010 budget. A flat line, -5% and +5% growth budgets were presented. Currently, the GT is operating on a flat line growth forecast for fiscal year 2009/2010.

Allie requested a finalized version of the GT financials policy and procedures that was sent to David Wilson for the audit.

JP made a motion to the board that the finance committee would NOT recommend paying a dividend (rebate) for the fiscal year ending on September 30. Maggie seconded. Vote Unanimous acceptance, motion passed.

Adjournment - J.P. motions for adjournment, Maggie seconds. Unanimous approval. 7:16 PM