

Minutes of the Grain Train Board of Directors Meeting

January 19, 2010

Brother Dan's Food Pantry 6:00 PM Revised: 2/15/10

Present: John Paul Westbrook - President, Amy Maus - Vice President, Hal Willens - Treasurer, Trisha Shattuck - Secretary, Jaime Jankowski, Gary Hammons, Renee Allen.

Visitors: Craig Mulder - President & board member, Samantha Tengeltich : Oryana Food Cooperative, Traverse City

Absent: Allie Greenleaf Maldonado, Maggie Daniels, Carrie Livingston - General Manager

Time Keeper: Gary

Secretary: Trisha

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 6:00 PM, Quorum achieved.

Open Member Forum - Oryana visitors discuss networking via the Great Lakes Neighborhood of Co-ops (lower peninsula) using C.B.L.D. - Co-op Board Leadership Development. The board of Oryana feels it has been beneficial to be a part of C.B.L.D., which is a paid membership, national organization linking many cooperatives across the country. C.B.L.D. has a wealth of information that is easily accessible on many subjects that boards typically face. A day long meeting of area boards may be scheduled for the spring. Once a month conference calls are helpful.

Challenges:

Creating policy re/ GMO (Genetically Modified Organisms) contamination of foods as they may relate to the limitations of the Oryana charter / mission, and making the determination as to what levels of contamination may be tolerable. They then established plans to monitor and evaluate GMO reports.

Grievance policy preparation; When and how does the co-op BOD come into play with regard to grievances (member, staff, general manager, public)? Generally, the BOD does not intervene.

The process of employing a new general manager was difficult. The allotted time frame was insufficient. Many untailed job applications were received from individuals lacking cooperative experience. The vetting process was lengthy and required extension.

Expansion planning is being considered based upon recent growth: 2007 - 30%, roughly 20% growth / yr. until recently, where growth has been flat.

Establishing a web presence has been a project. The internet and Facebook have been powerful communication tools. Its use as a bulletin board has helped to increase membership.

Policy preparation at Oryana took three years to complete.

J.P. Westbrook highlighted board progress at the Grain Train over the past year: The BOD worked on the "framework"; Bylaw changes, reincorporation, arrangement of the 1st GT audit and initiated various policies.

Approval of the December `09 BOD minutes:

Jaime's name was misspelled and there were other minor revisions. J.P. motions that the minutes be approved with changes, Gary supportive, seconded by Trisha. Unanimous approval.

Approval of the December `09 GMM minutes:

J.P. motions to accept the GMM minutes. Gary seconds. Unanimous approval.

Next BOD meeting: 6:00 PM, February 16, 2010 - Location: Brother Dan's Food Pantry. J.P. suggests the BOD accept a year long schedule for posting the meeting dates while maintaining the use of Brother Dan's Food Pantry as the meeting site. The calendar to be reviewed and meeting dates posted in store.

General Manager's Report to the Board & Financials for December 2009:

FINANCIAL-Sales ytd are at \$687,901.00 compared to last year's sales of \$658,522.00 reflecting a 4.5% increase year to year and \$35,900.00 over forecasted sales for the first fiscal quarter. Net loss ytd is (\$2,887.00) compared to a net loss last year of (\$17,806.00). The forecast projected a net loss of (\$5048.00) so we have a \$2,000.00 higher profit than what we had projected.

Administrative expenses are nearly \$5000.00 over budget due to expenses related to the upcoming audit that were incurred over last fiscal year and newsletter expenses related to the GMM. These expenses were necessary but billed after the budget had been approved.

OPERATIONAL-Please note that Carrie Harrison was hired in November; I neglected to mention this in last month's report. Carrie's work ethic and attitude has been excellent. She is a wonderful addition to our staff. Holly Keller was hired in December to replace Mike Ostrander and, like Carrie, has a great attitude and works efficiently. The bakery/deli is the most temperamental department to manage within the store and this has presented a challenge to Meghan however, I believe the team she has put together will prove themselves over the next few months.

The Grain Train sponsored two families over the holidays as has been a tradition for the last 4 years thanks to Jamie's efforts and the generosity of our customers and staff members.

MEMBERSHIP/MARKETING- We had 4 new owners join the Grain Train last month compared to 5 last December. Owner revenue for December 2009 was \$705.00 compared to \$305.00 last year.

Thanks, Carrie

Financials:

FYTD budget vs. actual profit & loss

	Oct - Dec 09	Budget	\$ Over Budget
Ordinary Income/Expense			
Income			
41000 · SALES	687,901.32	652,000.00	35,901.32
42900 · SALES DISCOUNTS	-8,672.80	-6,900.00	-1,772.80
Total Income	<u>679,228.52</u>	<u>645,100.00</u>	<u>34,128.52</u>
Cost of Goods Sold			
51000 · COST OF GOODS SOLD	418,060.34	391,200.00	26,860.34
Total COGS	<u>418,060.34</u>	<u>391,200.00</u>	<u>26,860.34</u>
Gross Profit	<u>261,168.18</u>	<u>253,900.00</u>	<u>7,268.18</u>
Expense			
52100 · SALARIES & WAGES	142,329.26	142,000.00	329.26
52200 · OTHER EMPLOYEE EXPENSES	24,478.50	25,800.00	-1,321.50
53000 · STORE & OFFICE SUPPLIES	13,216.78	10,800.00	2,416.78
54000 · OCCUPANCY EXPENSES	19,385.64	20,400.00	-1,014.36
55000 · ADVERTISING/PROMOTION/MEMBERSHIP	8,798.23	7,500.00	1,298.23
56000 · SELLING EXPENSES	10,196.99	10,200.00	-3.01
57000 · ADMINISTRATIVE EXPENSES	21,112.93	16,400.00	4,712.93
58000 · INTEREST EXPENSE	9,998.74	11,100.00	-1,101.26
59000 · DEPRECIATION EXPENSE	9,999.00	9,999.00	0.00
Total Expense	<u>259,516.07</u>	<u>254,199.00</u>	<u>5,317.07</u>
Net Ordinary Income	<u>1,652.11</u>	<u>-299.00</u>	<u>1,951.11</u>
Other Income/Expense			
Other Expense			
75970 · DONATIONS	538.70	750.00	-211.30
79500 · FEDERAL INCOME TAX	4,000.00	3,999.00	1.00
Total Other Expense	<u>4,538.70</u>	<u>4,749.00</u>	<u>-210.30</u>
Net Other Income	<u>-4,538.70</u>	<u>-4,749.00</u>	<u>210.30</u>
Net Income	<u>-2,886.59</u>	<u>-5,048.00</u>	<u>2,161.41</u>

Balance sheet, fytd comp.

	Dec 31, 09	Dec 31, 08
ASSETS		
Current Assets		
Checking/Savings		
1100 · CASH - CHECKING	48,210.33	-1,172.15
11150 · CASH - CLEARING ACCOUNT	0.86	15,485.60
11200 · CASH - PETTY CASH	1,000.00	1,000.00
11250 · CREDIT CARD CLEARING ACCOUNT	12,192.57	0.00
11301 · SAVINGS - CHASE BANK	20,524.96	523.32
Total Checking/Savings	81,928.72	15,836.77
Accounts Receivable		
1200 · *Accounts Receivable	2,863.06	2,305.19
Total Accounts Receivable	2,863.06	2,305.19
Other Current Assets		
13000 · INVENTORY	180,857.77	175,669.76
15000 · PREPAID INSURANCE	11,704.84	6,149.65
15200 · PREPAID NCGA MEMBER DUES	-297.93	545.00
21200 · EMPLOYEE ADVANCE	2,841.42	1,563.05
Total Other Current Assets	195,106.10	183,927.46
Total Current Assets	279,897.88	202,069.42
Fixed Assets		
18100 · EQUIPMENT - STORE	354,781.36	352,212.46
18250 · EQUIPMENT - OFFICE	26,111.59	22,556.08
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	-577,547.45	-505,564.68
Total Fixed Assets	905,984.97	964,611.90
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	100.00	100.00
Total Other Assets	17,223.41	9,913.41

TOTAL ASSETS	1,203,106.26	1,176,594.73
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
21000 · ACCOUNTS PAYABLE	100,232.96	82,179.93
Total Accounts Payable	100,232.96	82,179.93
Other Current Liabilities		
21050 · CHASE LINE OF CREDIT	0.00	44,129.27
2110 · Direct Deposit Liabilities	0.00	426.98
22100 · SALES TAX PAYABLE	2,353.19	2,336.12
22300 · FEDERAL INCOME TAX PAYABLE	13,319.00	3,459.00
25000 · PAYROLL LIABILITIES	12,474.90	11,132.04
25300 · TICKET SALES PAYABLE	0.00	360.00
Total Other Current Liabilities	28,147.09	61,843.41
Total Current Liabilities	128,380.05	144,023.34
Long Term Liabilities		
25280 · ACCRUED INTEREST PAYABLE	8,481.00	11,117.00
28000 · NOTE PAYABLE - BANK ONE #1	613,984.06	646,028.92
28050 · NOTE PAYABLE - BANK ONE #2	0.00	38,773.19
28100 · EQUIPMENT LOAN-2009	53,118.91	0.00
29200 · NOTES PAYABLE - MEMBERS	0.00	11,000.00
29210 · MEMBER CO-OPITAL ACCOUNTS	3,971.76	4,864.66
29310 · NOTE PAYABLE - COPIER	3,151.90	5,077.09
Total Long Term Liabilities	682,707.63	716,860.86
Total Liabilities	811,087.68	860,884.20
Equity		
31000 · MEMBER SHARES (PAID IN CAPITAL)	233,263.55	237,709.16
31050 · MEMBER SHARES (INACTIVE)	16,121.45	16,121.45
32000 · RETAINED EARNINGS	145,333.21	79,685.51
Net Income	-2,699.63	-17,805.59
Total Equity	392,018.58	315,710.53
TOTAL LIABILITIES & EQUITY	1,203,106.26	1,176,594.73

	Oct - Dec 09	Oct - Dec 08	% Change	% of Income
Ordinary Income/Expense				
Income				
41000 · SALES	687,901.32	658,522.47	4.46%	101.28%
42900 · SALES DISCOUNTS	-8,672.80	-7,115.76	21.88%	-1.28%
Total Income	<u>679,228.52</u>	<u>651,406.71</u>	4.27%	100.0%
Cost of Goods Sold				
51000 · COST OF GOODS SOLD	418,060.34	404,663.47	3.31%	61.55%
Total COGS	<u>418,060.34</u>	<u>404,663.47</u>	3.31%	61.55%
Gross Profit	261,168.18	246,743.24	5.85%	38.45%
Expense				
52100 · SALARIES & WAGES	142,329.26	138,489.97	2.77%	20.96%
52200 · OTHER EMPLOYEE EXPENSES	24,478.50	21,121.58	15.89%	3.6%
53000 · STORE & OFFICE SUPPLIES	13,216.78	13,388.07	-1.28%	1.95%
54000 · OCCUPANCY EXPENSES	19,385.64	27,926.77	-30.58%	2.85%
55000 · ADVERTISING/PROMOTION/MEMBERSHIP	8,798.23	7,623.19	15.41%	1.3%
56000 · SELLING EXPENSES	10,196.99	11,150.80	-8.55%	1.5%
57000 · ADMINISTRATIVE EXPENSES	21,112.93	15,284.56	38.13%	3.11%
58000 · INTEREST EXPENSE	9,998.74	11,346.02	-11.87%	1.47%
59000 · DEPRECIATION EXPENSE	9,999.00	16,500.00	-39.4%	1.47%
Total Expense	<u>259,516.07</u>	<u>262,830.96</u>	-1.26%	38.21%
Net Ordinary Income	1,652.11	-16,087.72	-110.27%	0.24%
Other Income/Expense				
Other Income				
64400 · INTEREST INCOME	1.96	0.00	100.0%	0.0%
64500 · MISC INCOME	185.00	700.58	-73.59%	0.03%
64930 · INCOME - DONATIONS	0.00	95.00	-100.0%	0.0%
79000 · GAIN/LOSS ON ASSET DISPOSAL	0.00	451.40	-100.0%	0.0%
Total Other Income	<u>186.96</u>	<u>1,246.98</u>	-85.01%	0.03%
Other Expense				
75970 · DONATIONS	538.70	864.85	-37.71%	0.08%
79500 · FEDERAL INCOME TAX	4,000.00	2,100.00	90.48%	0.59%
Total Other Expense	<u>4,538.70</u>	<u>2,964.85</u>	53.08%	0.67%

Net Other Income	-4,351.74	-1,717.87	153.32%	-0.64%
Net Income	-2,699.63	-17,805.59	-84.84%	-0.4%

Questions: Contact the GM.

Old Business:

The BOD welcomes Renee Allen to the board. Renee highlights her attributes she anticipates the board may find insightful. She owns the Wellness Clinic and is currently in grad school at MSU in the department of Community Agriculture & Resources. She attends classes once a week on days that do not conflict with the BOD monthly meetings. She has a 12 year old son. She will be helpful answering agricultural questions and those of personal wellness. She's had experience preparing strategic plans and has worked in the medical field.

Updating the Strategic Plan: A dated 2008 copy of the most recent prepared strategic plan was handed out. J.P. asks the BOD to treat it like a homework assignment, imagining what topics should be included. He hopes for the board to lay the groundwork for revising the S.P. to speed that aspect of the April 2010 Board Retreat. Add ideas to the document for use as a business blueprint.

Secretary to forward PDF versions of the Code of Conduct to the BOD to be maintained as electronic files. Hard copies will be made available at the February BOD meeting for the board to sign.

Jaime suggests: Secretary to send note of thanks to those candidates who ran for GT office, but were not elected. The BOD did gratefully recognize their involvement during the recent election within the GMM minutes, but agrees a personal note of thanks is in order.

New Business

Toast The Local Difference - 6 - 9:00 PM, Friday, February 25 (always the last Fri. of February), Carnegie Bldg. - \$30 individual, \$50 couples, 125 total tickets available. Highlights wines carried by the GT and promises to be a fun event.

Letter from Members re/ GMM: J. & N. Rohde note their experience at the GMM and state their questions and concerns. J.P. agrees to contact and discuss their letter personally while reviewing the financials, GMM minutes, the post meeting document: General Membership Meeting, 12/11/09 Reflections / Suggestions for Improvement and any other information that Mr. & Mrs. Rhode request.

April BOD Retreat: Start thinking about it. Do we become part of C.B.O.L.? Must budget \$6,000 thousand for membership. Too short of time frame to make arrangements for C.B.O.L. involvement. Contact Lyn Jenks as facilitator. Renee states: She thought Lyn had much experience with marketing and strategic plans- but not the experience of facilitating co-ops that the other organization would bring forward in a collaborative effort. Hal questions how should we shape policy to focus the BOD into the near future?

Determine Lyn's available meeting dates and contact her. April 17th or the 24th do not conflict with Spring Break.

Amy motions a request of Jaime to confer with Lynn regarding her availability for the BOD April Retreat: J.P. seconds, Unanimous approval.

North Central Michigan College, Family Day - Feb. 20th, 3 - 6:00 PM Maggie requests a board member maintain a presence at the Grain Train table to answer questions. GT will be selling food at the event. One classroom will be available for seminars.

Committee Updates

GM Review Committee – Dan informs the BOD he would like to continue on the GM Review Committee where his direct experience will be appreciated. The board awaits Carrie's statement of goals for 2010 and her Self-Review. The committee will then prepare its final recommendation for board consideration and action.

Strategic Planning Committee to be formed once the board returns with suggestions for inclusion (see homework).

Finance Committee – The finance committee. Recently elected treasurer, Hal reiterates the date of the next finance committee meeting, Feb. 2, 5:30 PM, library.

Adjournment

J.P. motions to adjourn, Amy seconds, Unanimous approval. 7:37 PM