

**FIDDLEHEADS
BOARD OF DIRECTORS MEETING
August 19, 2014
6:30-8:30 PM
105 Huntington Street, New London**

Time	Topic	Resource	Board Action/ Outcome	Leader
6:30-6:40	Meeting Preamble <i>Each of us is a member of the coop community and has been elected to be leaders in serving our members. May we conduct this meeting by empowering each other, treating each other with kindness, and maintaining an atmosphere of mutual respect.</i> Check-in			President
6:40-6:45	Agenda Review		Make any needed adjustments	President
6:45-6:55	Member Comments			President
6:55-7:15	Presentation <ul style="list-style-type: none"> Cooperative Cafe 			Susan Zimmerman/ Carolyn Wilson/Jessica James-Carnes
7:15-7:25	Minutes July Regular and July Special (board packet)		Accept minutes	President
7:25-7:35	GM Update Report		Discuss as necessary	General Manager
7:35-7:40	Consent Items-Any item can be removed for discussion at the request of a board member <ul style="list-style-type: none"> Board Monitoring C2 Board's Job (board packet) Board Budget 2Q Actuals (board packet) 		Accept report	President
7:40-7:55	Consent Agenda Items needing discussion <ul style="list-style-type: none"> GM Monitoring Report A Ends (Part II) (board packet) GM Monitoring Report B1 Financial Condition (board packet) 		Accept after discussion	President
7:55-8:00	Action Items <ul style="list-style-type: none"> Act on the following resolution: <i>Resolved the BOD of Fiddleheads Natural Foods Co-op authorizes General Manager, Richard Virgin, to reopen the Refrigeration Fund account with CFNE for the purpose of receiving donations individuals wish to make to the fund.</i> 			President
8:00-8:15	Board discussion-These items are for discussion; no action at this meeting <ul style="list-style-type: none"> Annual Meeting Review <i>What worked? What didn't?</i> 		Take action at next meeting as needed	President
8:15-8:30	Closings <ul style="list-style-type: none"> September draft agenda (Board Packet) Meeting Checklist <ul style="list-style-type: none"> Everyone was present physically and attentively No sidebar conversations Maintain topic focus Everyone had a voice and was heard Be honest but not brutal Don't monopolize Clarify the purpose of each agenda item 		Review Evaluate meeting process: what worked and what needs improvement	President President

	<ul style="list-style-type: none"> to begin ○ Signal if you feel personally attacked, disrespected, or put down • Review Decisions, Tasks, Assignments • Adjourn Meeting 			
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BOARD PACKET:

- 1) Draft July Meeting Minutes
- 2) GM Update Report
- 3) General Manager Monitoring Report
- 4) Board Monitoring Reports
- 5) Board Budget Actuals
- 6) September Draft Agenda

FIDDLEHEADS BOARD OF DIRECTORS
Meeting of July 15, 2014 [Draft prepared July, 17, 2014]

I. CALL TO ORDER

Susan Zimmerman called to order the regular meeting of the Fiddleheads Board of Directors at 6:32 p.m. on July 15, 2014 at 105 Huntington Street, New London, CT.

II. ATTENDANCE

The following Board members were present:

Susan Zimmerman, President
Mark Roberts, Vice President
Sue Phillips, Secretary
Ed DeMuzzio, Treasurer
Ellen Clinesmith
Carolyn Wilson
Bonnie Tompkins
Suzanne Cattanach (arrived at 6:36)

The following Board member were absent:

Mona Harmon-Bowman (teleconferenced in for the Board Monitoring Report, Officer Elections, and Board Retreat Outcomes)

The following additional persons were present:

Alyssa Skaves, Recording Secretary
Richard Virgin, General Manager
Helen Bardinet

III. AGENDA REVIEW

Summary: The President proposes adding the Board Monitoring Report to the agenda and moving the GM Monitoring Ends Report to the special July meeting, in order to give board members more time to review the Ends report and to have more time for discussion. All Board members were in favor of the addition and suspending discussion of the Ends Report until the special July meeting.

The Evaluation and Compensation Task Force requested postponing the Executive Session to discuss its GM Evaluation and Compensation Proposal to the special July meeting. Board members agreed to the postponement.

IV. MEMBER COMMENTS

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Meeting of July 15, 2014 [Draft prepared July, 17, 2014]

No comment at this time, but Bud McAllister had asked a Board Member to share a notice of a one-day retreat on July 26th on Skills for Building Sustainable Communities offered by Partners in Health Communities.

V. MINUTES

Motion to accept June 17th Board Meeting Minutes.

Motion: Mark Roberts

Second: Suzanne Cattanach.

All in favor: 7

Abstaining: 1 (Bonnie Tompkins)

Motion to accept June 26th Board Meeting Minutes.

Motion: Mark Roberts

Second: Suzanne Cattanach

All in favor: 6

Abstaining: 2 (Bonnie Tompkins and Ellen Clinesmith)

VI. GM UPDATE REPORT

Summary: The GM reports that sales were down this month. The Board discussed possible reasons why, such as local farmers markets and home gardens diverting produce sales. It was suggested that numbers be run on the individual departments to see if there is a decline overall, or if a specific area, like produce, is lagging behind. The GM discussed some measures which might be taken to combat low sales, such as potentially extending hours; however, he did mention that new management has been successful in addressing some existing product availability issues that might have initially driven some customers away. There will also be a new supplier of beef starting this month and Fiddleheads will be selling fresh fish, which may bring in more customers.

Notes that we are now making deliveries of orders to both Block Island and Fishers Island. This is keeping sales from being ever further down.

The GM reported that sales on the islands have helped to sustain sales this summer and the Board briefly discussed the progress of the island program and some possible pathways for expansion.

GM also announced at check-in that the two new Assistant Mangers (promotions of existing staff) had jumped right into new duties immediately.

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Meeting of July 15, 2014 [Draft prepared July, 17, 2014]

VII. BOARD MONITORING REPORT: C1 Governing Style

Summary: Mark Roberts reminds the Board to take the survey in a timely manner and Board members are encouraged to leave comments in the space provided, especially if they feel their opinion or viewpoint may be controversial or unique. All responses are anonymous. These comments would aid discussion of survey results that show responses to be all over the map.

One board member volunteered that she felt too new to participate in monitoring process and another that no internet access available and a third that they were simply too late and responses had not been included. It was suggested that monitoring report be completed even when board member could not opine, and to note reason why in comment box.

Motion to accept Board Monitoring Report: C1 Governing Style

Motion: Ellen Clinesmith

Second: Carolyn Wilson

All in favor: 8 (including Mona Harmon-Bowman via teleconference)

Abstaining: 1 (Bonnie Tompkins)

VIII. ACTION ITEMS

A. Officer Elections

Motion to re-elect the current officers for a second, one year term.

Motion: Sue Phillips

Second: Ellen Clinesmith

All in favor: 9 (including Mona Harmon-Bowman via teleconference)

B. Approve Revised Board Meeting Schedule

Summary: The Board Meeting Schedule was revised to address the possible need of extra board meetings to handle issues with possible expansion. If accepted, the Board would meet twice a month, starting in September, on the first and third Tuesdays. This will be facilitated by now having conference call capacity with a phone and long line running from jack in Sue Phillips' office (upstairs from meeting location).

Motion to accept proposed meeting schedule.

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Motion: Sue Phillips
Second: Ellen Clinesmith
All in favor: 9

C. Retreat Outcomes

Summary: The Board discusses the written proposal contained in board packet, particularly the proposed location in Hanover/Sprague. Ed Demuzzio suggests that the start time be changed from 9:00am to 9:30am to allow for travel. Food will be potluck.

An online assessment needs completion before the retreat and Board members should bring the distributed tool kit. The Board will be notified of any further items they need to bring.

Motion to accept the Retreat Proposal with start time of 9:30.

Motion: Ellen Clinesmith
Second: Carolyn Wilson
All in favor: 8 (Mona Harmon-Bowman lost connection before vote)

IX. EXECUTIVE SESSION

The Board is holding an executive session to discuss proposals pertaining to real estate. The Board entered executive session at 7:23 and exited executive session at 8:00. No notes were taken and no votes were held.

X. DISCUSSION: Communications Task Force

Summary: The Board discussed the best use of the Communications Task Force, as a Board Task Force or as a GM Task Force. The consultant had been clarifying with the Board the difference between Board and GM Task Forces. In the future the Board would like to articulate the long term goal behind any committee or task force, so it may be dissolved when no longer needed.

In terms of Communication Task Force, it was decided to dissolve it as a Board Task Force and GM can create it as a GM Task Force with the same and additional members. Board participation is probably important and Board wants to ensure that GM feels supported in planning for possible expansion and in what is decided regarding how to share information and receive feedback from members. GM is already working with

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NCGA in developing project plans and this will include recommendations for communication with members.

Motion to discontinue the Members Communication Task Force.

Motion: Sue Phillips

Second: Mark Roberts

All in favor: 8

Additional Discussion: All Board members who served on the Task Force were thanked for their time and efforts.

Potential expansion and communicating possibilities to members will be discussed at the retreat. Before the retreat, Board members are asked to read the Decision Tree for Acting on Internal Reports, sent by Joel on June 25th.

X. CLOSINGS

A. Draft Agenda for July 29, 2014

Summary: An agenda for the July 29th meeting will include a discussion of the GM Monitoring Report A: Ends, and the Labor Ready Space Expansion Proposal. There will also be an Executive Session to discuss the GM Evaluation and Compensation proposal from that Task Force.

B. Draft Agenda for August 19, 2014

Summary: An agenda for the August 19th meeting will include a presentation on the Cooperative Café, GM Update Report: Part 2 of Ends, Financial Conditions, and C2 Board Monitoring Report. Discussion Topics may include, Committee Structure, Review of the Annual Meeting, and How to Choose an Auditor.

VIII. ADJOURNMENT

Motion to adjourn at 8:25

Motion: Mark Roberts

Second: Ellen Clinesmith

All in favor.

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FIDDLEHEADS BOARD OF DIRECTORS

Meeting of July 15, 2014 [Draft prepared July, 17, 2014]

Draft minutes prepared by Alyssa Skaves on July 17, 2014.

Draft minutes reviewed and prepared for submission to Board by Sue Phillips on August 14, 2014.

Minutes approved by vote of the Board on _____ and put into final form by Sue Phillips on _____

FIDDLEHEADS BOARD OF DIRECTORS
Meeting of July 15, 2014 [Draft prepared July, 17, 2014]

I. CALL TO ORDER

Susan Zimmerman called to order the special meeting of the Fiddleheads Board of Directors at 6:33 p.m. on July 29, 2014 at 105 Huntington Street, New London, CT.

II. ATTENDANCE

The following Board members were present:

Susan Zimmerman, President
Mark Roberts, Vice President
Ellen Clinesmith
Carolyn Wilson
Ed DeMuzzio
Suzanne Cattanach (arrived at 6:41)
Mona Harmon-Bowman
Bonnie Thompson

The following Board member were absent:

Sue Phillips

The following additional persons were present:

Alyssa Skaves, Recording Secretary
Richard Virgin, General Manager

III. AGENDA REVIEW

Summary: No one has anything to add to the proposed agenda.

V. DISCUSS AND APPROVE REAL ESTATE PROPOSAL

Summary: In order to make real estate expansion profitable, Fiddleheads sales would have to increase by 3.8% in order to cover the additional rent, so about an extra \$110 a day. This figure does not include personnel increases. The GM believes this is a doable goal and has been looking into strategies to draw in new customers. There will be about 37 employees total and this additional expense should be considered. Average cost per employee has not been determined yet but will be looked at in the future, especially where employees have already been separated into departments to determine departmental expenses. The numbers provided in the proposal do include additional expenses for contingency.

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An expansion would allow the produce section to continue to grow, along with adding some additional retail space. The extra office space lease would start August 1st.

Based on the Sources and Uses statement in the proposal, the project could be financed with \$6,000 from the refrigeration fund and borrowing \$20,000 from CFNE. It was noted that a borrowing of \$20,000 or less goes through a staff review at CFNE. Any larger loan has to go to the loan committee which takes somewhat longer for approval. The normal interior renovations budget could probably cover the difference, however, the budget does not reflect how much of that money is available on hand.

The GM explained the alternative proposal to locate a second cooler outside the back door would be cost \$5,000. The cooler can't easily go outside because the pavement is not level and some sort of shelter would need to be built. Additional prep space for produce and better use of back stock space would not be resolved with this solution

In response to whether the alternative of a store reset in the current location reducing retail space to give more back space, this alternative was not considered.

The GM said contractor would need about 3 weeks' notice before they were ready to start. He looked into buying used sinks and other materials, but found the savings were negligible.

Motion to accept lease addendum #4 to include additional space at 115 Broad St. and 102 Huntingon Avenue.

Motion: Mark Roberts

Second: Mona Harmon-Bowman

All in favor: 8

Motion to accept 115 Broad St. space expansion as proposed.

Motion: Mark Roberts

Second: Ellen Clinesmith

All in favor: 8

Motion to seek an additional Cooperative Fund of New England (CFNE) loan for \$20,000.

Motion: Mark Roberts

Second: Ellen Clinesmith

All in favor: 8

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Meeting of July 15, 2014 [Draft prepared July, 17, 2014]

VI. GM MONITORING REPORT-ENDS POLICIES

Summary: The Board reviewed the report and discussed the benefits and drawbacks of the process. The Ends were interpreted by the GM and are to become the basis for strategic planning. The GM reports data back to the board and the Board’s job is to discuss whether interpretations are a reasonable interpretation. The purpose of today’s discussion is to review how the ends will be measured to give the GM guidance in his interpretation for the next year.

To that end, the Board clarified with the GM their intent behind terms in the Ends statements:

Healthy: On account of the awareness raised by Fiddleheads, this definition may include the expansion of famer’s sales and increase in healthy foods sold by other grocers to compete. It may also include the health fairs, healthy living workshops, and the startup of other Co-ops. All of these things point to an increased healthy food awareness in our community.

Robust: This definition may include sales growth, the presence in the community, Fiddleheads’ overall strength (in membership or equity) and that impact on farmers, other Co-ops. Technology may also drive robustness.

Inclusive: This definition includes the notion of a just, equal opportunity Co-operative, where no one is excluded. This means, for example, maintaining a low mark-up on products to ensure no one is excluded on account of their social status. This could also cover fair treatment of members and employees.

VII. EXECUTIVE SESSION

Motion to go into executive session to discuss the GM Evaluation and Compensation Proposal.

Motion: Mark Roberts
Second: Ellen Clinesmith
All in favor: 8

Executive Session ended at 8:54pm.

Motion to accept the GM Evaluation and Compensation Letter as presented with changes as discussed.

Motion: Suzanne Cattanach
Second: Bonnie
In favor: 7
Opposed: 1

VIII. ADJOURNMENT

Motion to adjourn at 9:00pm.

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Motion: Ellen Clinesmith
Second: Mona Harmon-Bowman
All in Favor: 8

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Draft minutes prepared by Alyssa Skaves on 8/14/2014.

Draft minutes reviewed and prepared for submission to Board by Sue Phillips on

Minutes approved by vote of the Board on _____ and put into final form by Sue Phillips
on _____

TO: BOD

FR: Dick Virgin, GM

July/August report

Our July sales were a little better than June. August has started off almost the same as July. We have looked at the data of sales and discovered that we had been averaging just over 10,000 shoppers a month. We found that in June our shoppers dropped by 850 and had only recovered by 100 in July. It certainly has been noticeable in the coop, especially on weekends. We are planning some things to help reinvigorate shoppers. We have a long way to go to get income not only up to where it was but to exceed that. We'll keep you posted

Eight members of our staff made a trip to Keene and Brattleboro a couple of weeks ago. We had things set up with the GM at Monadnock Co-op, he spent the greater part of the morning with us and made other people available as well. The Monadnock Co-op in Keene, NH has been open for a little more than a year

Amelia and I met with the sustainability group from Conn College to work on plans for the market this year. It's looking good, we're making a few changes which we think will improve it.

We had two students working for us this summer who were being paid under the summer youth employment program. We were told we would have them all summer. Both students are good workers and we have become very dependent on them. On the last day of July, the agency for the program told over 100 of their workers that it would be their last day due lack of funding. We agreed to hire the two students until school starts.

We are looking at changing member days as the move we made last year of having 5% on the 15th of each month has not been successful.

We are going to be implementing a program to show our community connection and to encourage shoppers to reuse containers. We will be rewarding shoppers who bring in their own shopping bags, containers for bulk or cloth bags for produce with wooden nickels. Shoppers will receive "nickels" for their recycling efforts. They will then deposit their "nickels" in one of three donation containers for a local agency. Our plan is to have 3 groups each month – maybe longer, we'll see. At the end of the time, we'll count the nickels and write a check to the group for that amount of money. The containers will then go back up with three new groups. This won't cost us a lot of money, but should create some goodwill and hopefully get more people to reuse containers.

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FR: Dick Virgin, GM

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Board Monitoring Report

C2: The Board's Job

1. In order to govern successfully, we will create and sustain a meaningful relationship with member-owners.

Strongly Disagree	Disagree	No Opinion	Agree	Strongly Agree	Total	Average Rating
–	–	–	–	–	–	–
0.00%	14.29%	42.86%	28.57%	14.29%	7	3.43
0	1	3	2	1		

Comments(2)

1. Not sure what we are doing and what board should do vs. GM.
2. We haven't done much yet.

2. In order to govern successfully, we will hire, compensate, delegate responsibility to, and hold accountable a General Manager.

Strongly Disagree	Disagree	No Opinion	Agree	Strongly Agree	Total	Average Rating
–	–	–	–	–	–	–
0.00%	0.00%	28.57%	42.86%	28.57%	7	4.00
0	0	2	3	2		

Comments(0)

3. We will use a strategic process to establish the value of GM compensation, and complete this process in a timely manner.

Strongly Disagree	Disagree	No Opinion	Agree	Strongly Agree	Total	Average Rating
–	–	–	–	–	–	–
0.00%	14.29%	14.29%	57.14%	14.29%	7	3.71
0	1	1	4	1		

Comments(2)

1. We are in a steep learning curve on this currently and are improving our current processes.
2. We are going slowly and deliberately, a bit slow.

4. In order to govern successfully, we will have expectations in the form of written governing policies that realistically address the broadest levels of all organizational decisions and situations. We will write these policies in the form of Ends, Executive Limitations, Board Process, and Board-Management Relationship, as described in the Policy Governance principles.

Strongly Disagree	Disagree	No Opinion	Agree	Strongly Agree	Total	Average Rating	
–	–	–	–	–	–	–	
0.00%	14.29%	14.29%	28.57%	42.86%			
0	1	1	2	3	7	4.00	

Comments(1)

1. We have done this as well as we can.

5. In order to govern successfully, we will assign responsibility in a way that honors our commitment to empowerment and clear distinction of roles.

Strongly Disagree	Disagree	No Opinion	Agree	Strongly Agree	Total	Average Rating	
–	–	–	–	–	–	–	
0.00%	14.29%	28.57%	42.86%	14.29%			
0	1	2	3	1	7	3.57	

Comments(2)

1. We are working on this very hard.
2. We are not clear in communicating our expectations. We tend to criticize after the fact. We need to clearly communicate our expectations.

6. In order to govern successfully, we will rigorously monitor operational performance in the areas of Ends and Executive Limitations, and Board performance in the areas of Board Process and Board-Management Relationship.

Strongly Disagree	Disagree	No Opinion	Agree	Strongly Agree	Total	Average Rating	
–	–	–	–	–	–	–	
0.00%	14.29%	14.29%	71.43%	0.00%			
0	1	1	5	0	7	3.57	

Comments(3)

1. Again, we are working on this very hard.
2. We are gaining in our board discipline.
3. I agree we should do this.

7. In order to govern successfully, we will perpetuate the Board's leadership capacity using ongoing education, training, and recruitment.

Strongly Disagree	Disagree	No Opinion	Agree	Strongly Agree	Total	Average Rating
–	–	–	–	–	–	–
0.00%	42.86%	28.57%	14.29%	14.29%	7	3.00
0	3	2	1	1		

Comments(3)

1. We need to get going on this.
2. Current board member attendance in training is spotty.
3. We need a plan.

8. In order to govern successfully, we will perform other duties as required by the bylaws or because of limitations on GM authority.

Strongly Disagree	Disagree	No Opinion	Agree	Strongly Agree	Total	Average Rating
–	–	–	–	–	–	–
0.00%	0.00%	42.86%	42.86%	14.29%	7	3.71
0	0	3	3	1		

Comments(0)

2014 Board Budget

	1Q	Actual	2Q	Actual	3Q	Actual	4Q	Actual	Annual
CDS Consulting	1,613	1,613	1,613	1,613	1,613	-	1,613	-	6,4
Cooperative Café	300		-	350	-	-	-	-	3
CCMA	-	-	1,700	1,700	-	-	-	-	1,7
Conference Travel	1,200	1,125	2,300	1,347	-	-	-	-	3,5
Consultant Travel	-	-	-	-	1,500	-	-	-	1,5
Consulting Hours	390	375	390		390	-	390	-	1,5
Recording Sec	300		300		300		300		1,2
Legal/Director's Insurance	3,000	-	2,000	-	-	-	-	-	5,0
Total	6,803	3,112	8,303	5,010	3,803	-	2,303	-	21,2
			15,105						

1Q Cooperative Cafe 6@\$50

2Q CCMA 2@\$850

Conference Travel

1Q Mileage and Hotel, Keene NH X 2

2Q Airfare and Hotel, Madison WI

Consulting Hours for Task Force Support

3@\$130=\$390

Recording Secretary

\$100 per month

Director's Insurance estimated

Type	Date	Num	Name	Memo	Split	Amount
Overhead expenses						
Board Expense						
Bill	1/8/2014	16205	CDS Consulting		Accounts payable	\$ 375.00
Bill	2/7/2014	11014	Susan Zimmerman Reimbursement		Accounts payable	\$ 261.00
Bill	2/7/2014	11114	Carolyn Wilson Reimbursement		Accounts payable	\$ 165.76
Bill	3/8/2014	16391	CDS Consulting		Accounts payable	\$ 1,612.50
Bill	3/18/2014	318	Susan Zimmerman Reimbursement		Accounts payable	\$ 129.71
Bill	3/19/2014	31414	Carolyn Wilson Reimbursement		Accounts payable	\$ 568.34
Bill	4/9/2014	16685	CDS Consulting	Cooperative Cafe Semina	Accounts payable	\$ 350.00
Check	5/21/2014	2168	Mark Roberts	CCMA Conference	Checking Oper - Dime Bank-26:	\$ 1,006.00
Bill	6/6/2014	16913	CDS Consulting		Accounts payable	\$ 1,612.50
Check	7/4/2014	2177	Susan Zimmerman Reimburseme	CCMA Conference	Checking Oper - Dime Bank-26:	\$ 2,041.00
Total Board Expense						\$ 8,121.81

Check	5/9/2014	2163	Dakota Worldwide Corporation	Market Analysis	Checking Oper - Dime Bank-26:	\$ 4,150.00
Bill	5/22/2014	9004	Dakota Worldwide Corporation		Accounts payable	\$ 5,811.43

Part 2

A4 Growing Co-op Model Use

Fiddleheads exists so that SE CT has a growing use of the co-op model.

I interpret this to mean that we will do what we can to foster the growth of new co-ops in area and support any co-ops that come into existence.

We can create a brochure on how co-ops, what they are and some resource ideas.

Then we could keep track of how many brochures are picked up by persons who are interested in co-op development.

We can log any instances of direct help to others about want to know ore about co-ops.

A5 Food and Health Knowledge

Fiddleheads exists so that SE CT is knowledgeable about food systems, and personal and environmental health

I interpret this to mean that we need to keep our knowledge current and then share what we know with others to help them gain in their understanding about food systems and personal and environmental health.

We can keep data on training sessions that Fiddleheads personnel attend. We can demonstrate the training of employees. We can offer and keep track of workshop attendance at workshops we offer to our shoppers and the public. We can become more active in non-GMO groups and other food organizations working to improve food systems in SE CT and across the world.

A6 Workplace

Fiddleheads exists so that SE CT has meaningful work opportunities in a supportive environment. I interpret this to mean that we will be a good employer and work to pay our employees a decent wage and provide benefits we can afford. We will also investigate what group the co-op can become part of to help gain access to employee benefits. We can document our research into these areas to find benefits to support our employees. We can keep data on the pools of applications who

Policy Title: B1- Financial Condition and Activities

Monitoring Report: Second Quarter 2014

With respect to the actual, ongoing financial conditions and activities, the General Manager shall not cause or allow the development of fiscal jeopardy or material deviation of actual expenditures from Board priorities established in Ends policies.

I interpret this to mean that my management of the coop will be fiscally sound and that I will not create, condone, or allow any financial behavior within the coop that would result in financial conditions which would be significantly different from the 2014 budget, would lead to a loss of profitability, would be a fiscal practice which did not reflect GAAP principles, or that could potentially cause the loss of viability of the coop.

The GM will not:

B.1.1 Allow sales to decline or be stagnant.

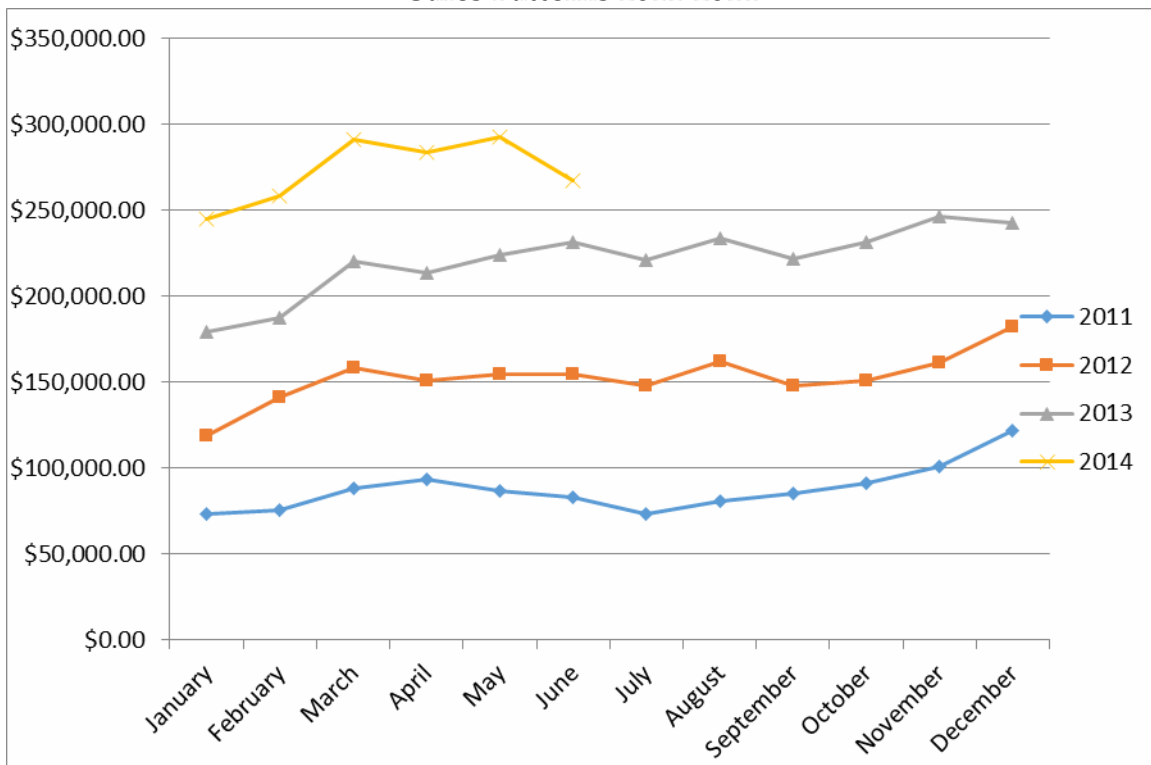
I interpret this to mean that the overall pattern of sales must be better than the previous year. That as we compare our sales for the current to prior years that we will see growth. If sales do not show growth there will need to be an explanation that is tied to industry or overall economic conditions that are creating a negative impact much broader than just Fiddleheads Co-op.

Gross Sales	2011	2012	2013	2014
First Quarter	\$236,944.23	\$418,023.50	\$586,495.42	\$794,294.75
Second Quarter	\$263,553.01	\$459,504.26	\$669,220.98	\$864,240.56
Third Quarter	\$239,027.15	\$458,239.75	\$676,644.06	
Fourth Quarter	\$313,921.35	\$494,463.87	\$720,837.87	
Total	\$1,053,445.74	\$1,830,231.38	\$2,653,198.33	
Percent Increase				
First Quarter		76.40%	40.30%	35.40%
Second Quarter		74.30%	45.60%	29.14%
Third Quarter		91.70%	47.70%	
Fourth Quarter		57.50%	45.80%	
Total		73.70%	45%	

Dollar Increase

First Quarter	\$181,082.27	\$168,472.92	\$207,799.33
Second Quarter	\$195,951.25	\$209,716.78	\$195,019.58
Third Quarter	\$219,212.60	\$218,404.31	
Fourth Quarter	\$180,542.52	\$226,374.00	
Total	\$776,788.64	\$822,968.01	

Sales Patterns 2011-2014



The GM will not:

B.1.2.Allow operations to generate an inadequate net income

I interpret this to mean that the GM will see that the sales generate adequate net income to meet financial obligations of the co-op. While co-op sales have

increased, there have also been increases in expenses, so what is the net income that has been realized and is it adequate?

The Profit and Loss statement from January through March of 2014 reveals a positive pattern of sales, but it is slightly behind where I had hoped we would be in order to make our budget of \$3.4 million for this year. The summer months of June and July are our lowest month of the year. Last year we managed to not see much of downturn, but this years drop in June was more significant.

The P and L at the end of June shows a net income of \$964.58. In addition to our sales being down in June, some expense factors were: payment for the purchase of and installation of the heater/blower over the front door; travel conference expenses of employees and BOD to conferences; payment of just under \$10,000 for contract work on Parcel J and our portion of the costs of the purchase of and the installation of the new produce cooler. A transfer of funds from the refrigeration fund to the general to cover this expense. This transfer took place in the third quarter.

The relationship between the sales in a quarter and the cost of goods sold was 67.4% in the first quarter and 67.2% in the second quarter.

I am in compliance with meeting the standard of adequate net income.

The GM will not:

B.1.3. Allow liquidity (the ability to meet cash needs in a timely and efficient fashion) to be insufficient.

Our current liquidity is 2.49. The standard is to have a ratio of 2. or higher.

The GM is in compliance with this standard.

The GM will not:

B. 1. 4. Allow solvency (the relationship of debt to assets) to be insufficient.

I interpret this to mean that the GM will monitor the relationship of assets and liabilities to make sure that the relationship is a positive one. Using the Quick Ratio, our ratio is 1.01, CoCoFiSt has an average of 1.25. NCGA rates at 1.5

The General Manager is in compliance with this directive.

The GM will not:

B.1. 5 Incur debt other than trade payables or other reasonable and customary liabilities incurred in the ordinary course of doing business.

I interpret this to mean that I will stay within overall budget guidelines and that if adjustments need to be made that those changes will be communicated and explained to the Board of Directors. In the course of doing regular business if equipment fails and needs to be replaced, the GM will do so in a prudent manner and keep the Board of Directors aware of such changes. It will also be the responsibility of the GM to make changes in any insurance, tax, or loan arrangements required with the replacement of equipment.

We have not taken on any debt other than trade payables during the first quarter of 2014. Therefore I am in compliance with this directive.

The GM will not:

B.1.6. Acquire, encumber or dispose of real estate.

I interpret this to mean exactly what it says. I am not to take part in any real estate transactions in the name of the coop.

I have not purchased or disposed of any real estate in the name of the coop. Therefore, I am in compliance with this direction.

The GM will not:

B.1.7. Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.

I interpret this to mean that all tax obligations will be met and met on time.

We made sales tax payments of:

April \$2,316

May \$2,690

June \$2,811

A total of \$25,534.97 in payroll taxes was paid in six separate payments during the second quarter.

The GM will not:

B. 1. 8. Allow late payment of contracts payroll, loans or other financial obligations.

I interpret this to mean that the GM will establish procedures which assure that payroll is prepared and distributed on time, that loan payments are made and that all other bills for operations, equipment, and product are paid in a timely manner. Our procedures are established and operating in such a way that 98% of all obligations are met on time. I am in compliance with this directive.

The GM will not:

B. 1.9. Use restricted funds for any purpose other than that required by the restriction.

I interpret this to mean that any restricted funds which are set aside or established for a particular purpose need to be spent only for that purpose. The only restricted funds we have are those in the refrigeration fund. Expenditures from that account have only been used for the purchase and installation of refrigeration equipment. I am in compliance with this directive.

The GM will not:

B.1.10 Allow financial record keeping systems to be inadequate or out of conformity with Generally Accepted Accounting Principles (GAAP).

I interpret this to mean that financial records will be kept in a professional manner and use the GAAP to prepare our records.

While we are not in total compliance with GAPP, we are keeping records on an income tax basis of accounting.

It has been the practice to follow income tax basis of accounting at Fiddleheads rather than GAAP. I am in compliance with the accounting method used by the BOD.

FIDDLEHEADS
BOARD OF DIRECTORS MEETING
September 16, 2014
6:30-8:30 PM
105 Huntington Street, New London

Time	Topic	Resource	Board Action/ Outcome	Leader
6:30-6:40	Meeting Preamble <i>Each of us is a member of the coop community and has been elected to be leaders in serving our members. May we conduct this meeting by empowering each other, treating each other with kindness, and maintaining an atmosphere of mutual respect.</i> Check-in			President
6:40-6:45	Agenda Review		Make any needed adjustments	President
6:45-6:55	Member Comments			President
6:55-7:05	Minutes July Regular and July Special (board packet)		Accept minutes	President
7:05-7:10	GM Update Report		Discuss as necessary	General Manager
7:10-7:15	Consent Items-Any item can be removed for discussion at the request of a board member <ul style="list-style-type: none"> • GM Monitoring Report B7 Board Communications and B8 Board Support • Board Monitoring C3 Agenda Planning 		Accept report	President
7:15-7:25	Consent Agenda Items needing discussion <ul style="list-style-type: none"> • 		Accept after discussion	President
7:25-7:35	Action Items			President
7:35-8:15	Board discussion-These items are for discussion; no action at this meeting <ul style="list-style-type: none"> • Committees <i>Discuss our current committee structure and answer the following questions</i> <ol style="list-style-type: none"> 1. <i>What Committees do we need?</i> 2. <i>Do we have charters for these committees</i> 3. <i>How will we track committee activities</i> • Process for Selecting an Auditor <i>Discuss Questions in CBLD Field Guide Audits and Reviews (board packet)</i> 		Take action at next meeting as needed	President
8:15-8:30	Closings <ul style="list-style-type: none"> • October draft agenda (Board Packet) • Meeting Checklist <ul style="list-style-type: none"> ○ Everyone was present physically and attentively ○ No sidebar conversations ○ Maintain topic focus ○ Everyone had a voice and was heard ○ Be honest but not brutal ○ Don't monopolize ○ Clarify the purpose of each agenda item to begin ○ Signal if you feel personally attacked, disrespected, or put down • Review Decisions, Tasks, Assignments 		Review Evaluate meeting process: what worked and what needs improvement	President President

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| | • Adjourn Meeting | | | |
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BOARD PACKET:

- 1) Draft August Meeting Minutes
- 2) GM Update Report
- 3) General Manager Monitoring Report
- 4) Board Monitoring Reports
- 5) October Draft Agenda