

# Fiddleheads Food Coop

## Board of Directors Meeting

May 19, 2015



**FIDDLEHEADS FOOD COOP**  
**Board Of Directors Meeting**  
 105 Huntington Street, New London  
 May 19, 2015 6:30-8:30 PM



| Time                             | Topic  | Board Action/Outcome  | Leader  |
|----------------------------------|--|---|---|
| 6:30<br><input type="checkbox"/> | <b>Meeting Preamble:</b> <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>  |   |   |
| <input type="checkbox"/>         | <b>Agenda Review - Check-in</b>  | Make any needed adjustments   | Mark Roberts  |
| <input type="checkbox"/>         | <b>New Members, Welcome</b><br>Helene Bardinot, Daniel Spurr, Mark Patnode   |   | Board   |
|                                  | <b>Member-Owner Comments</b> (3 minutes each)<br>Maggie Cohn, Coop Fund of New England attending   | Comments from attending member-owners   | Mark Roberts  |
|                                  | <b>I) Minutes of Meeting April 21, 2015 Doc I.</b>   | Approve Minutes   | Sue Phillips  |
| <input type="checkbox"/>         | <b>II) Consent Agenda:</b><br>1. Updated Board Roster Doc II.1<br>2. Updated 2015 Board Calendar Doc II.2<br>3. Proposal: Board Administrator record Exec Sessions<br>4. Managers Update Report Doc II.4<br>5. Board Monitoring Report D3 #Doc II.5<br>6. Governance Committee Report Doc II.6<br>7. Annual Meeting & Membership Committees Doc II.7 | Acceptance of each report   | 1. Mark Roberts<br>2. Mark Roberts<br>3. Mark Roberts<br>4. CoManagers<br>5. Mark Roberts<br>6. Mona Harmon-Bowman<br>7. Carolyn Wilson |
| <input type="checkbox"/>         | <b>Discussion of any Consent Agenda Items</b>  | Clarify report  | Mark Roberts  |
| 7:05<br><input type="checkbox"/> | <b>III) Reconstruction of GM Search Committee</b><br>Appoint Directors to GM Search Committee Doc III  | Decide on membership and start process.   | Mark Roberts  |
| <input type="checkbox"/>         | <b>IV) Board Monthly Workflow:</b> The purpose of the workflow is to ensure that board agenda and board packet meet the board's needs. Doc IV<br><i>What is working? What needs to be revised?<br/>           Who gets the board packet materials?</i>   | Discuss & decide on changes   | Mark Roberts  |
| <input type="checkbox"/>         | <b>V) Proposal for Governance Committee to interview Directors, and propose a slate of officers in June.</b>   | Approve proposal  | Mark Roberts  |
| 7:30<br><input type="checkbox"/> | <b>VI) Monitoring Report B1 Annual Financial Condition</b><br>Doc VI   | Accept Report   | CoManagers  |
| <input type="checkbox"/>         | <b>VII) Monitoring Report B1 Q1 Financial Condition</b><br>Doc VII   | Accept Report   | CoManagers  |
| <input type="checkbox"/>         | <b>IX) Retreat topics - define outcomes</b><br>1. SWOT Analysis<br>2. Action Goals<br>3. Strategic Roadmap<br><i>Overall Retreat activities should strengthen teamwork.</i>  |   | Mark Roberts  |
| 8:00<br><input type="checkbox"/> | <b>X) Executive Session</b><br>DOC X   | Approve Minutes   | Sue Phillips  |
| 8:20<br><input type="checkbox"/> | <b>Meeting Checklist:</b> Fist to Five<br>• Everyone was present physically and attentively<br>• No sidebar conversations<br>• Maintain topic focus<br>• Everyone had a voice and was heard  | • Be honest but not brutal<br>• Don't monopolize<br>• Clarify the purpose of each agenda item to begin<br>Signal if you feel personally attacked, disrespected, or put down |   |
| 8:30                             | <b>Adjourn Meeting</b>   |   |   |

I: Minutes of Meeting:

*April 21, 2015*

Doc I



**FIDDLEHEADS BOARD OF DIRECTORS**  
Board Meeting of April 21, 2015 [Prepared April 29, 2015]

**I CALL TO ORDER, ATTENDANCE, ANNOUNCEMENTS**

**A. Call to Order**

Susan Zimmerman called to order a special meeting of the Fiddleheads Board of Directors at 6:32 p.m. on Tuesday April 21, 2015 at 105 Huntington Street, New London, CT.

**B. Attendance**

**The following Board members were present:**

Susan Zimmerman, President  
Mark Roberts, Vice President and Treasurer  
Sue Phillips, Secretary (left at 8:00 p.m.)  
Carolyn Wilson  
Mona Harmon-Bowman  
Lisa Cygan  
Ellen Clinesmith  
Suzanne Cattanach

**The following Board Members were absent:**

None

**The following additional persons were present:**

Vanessa Young, Board Administrator  
Sheila Herbert, Co-Manager  
Kristin DeMuzzio, Co-Manager  
Rachel Watrous, Staff  
Ellen Anthony, Staff  
Daniel Spurr (running for Board in May)  
Ed DeMuzzio (member/financial volunteer)  
Helene Bartinet (member/volunteer) (arrived 6:55 p.m.)

**C. Announcements**

- Lisa Cygan and Ellen Clinesmith are leaving the board, will not be running again. Celebratory cake baked by Susan Zimmerman.
- Copies of on-line ordering system PowerPoint created and presented by Andrea Hall were available for board members who had not been able to attend her presentation.
- A CDS resource regarding monitoring reports was also distributed.

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**D.     Agenda Review**

No changes.

**E.     Member Comments**

None.

**II.    MINUTES OF PRIOR MEETINGS**

**A.     Minutes of March 17, 2015 meeting**

**Motion to accept.**

Motion: Mark Roberts

Second: Lisa Cygan

All in favor with one abstention (Suzanne Cattanach)

**III.   EXECUTIVE SESSION: APPROVE PRIOR EXECUTIVE SESSION MINUTES**

**Motion to enter executive session.**

Motion: Mark Roberts

Second: Ellen Clinesmith

All in favor.

Executive session started at 6:43 p.m. and ended at 6:54 p.m.

Separate minutes of executive session are routinely taken and maintained in a separate confidential file.

Votes were taken to approve the executive session minutes from February 17, 2015 and March 17, 2015.

**IV.    QUARTERLY CHECK-IN**

Board members had been asked to reflect on three questions:

- 1) How does the GM interact with the full board and individual directors?
- 2) Are the GM's reports clear and focused?

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- 3) How well does the GM communicate? Does she respond to questions, especially questions she can't answer, without defensiveness or anger?

Board initially solicited more information about Co-Manager's perceptions of current staff morale and how they have been managing human resources. Co-Manager, Sheila Herbert, explained that when they had first been placed in positions as Acting Co-Managers, she and Kristin DeMuzzio faced a lot of challenges, including scheduling, staff changing, and safety. The main action strategy that management pursued was to *empower people versus directing people*.

Board members who spoke agreed that the GM monitoring reports reflect a tremendous amount of work and a very good development of this system of accountability. The Board is interested in seeing even more development of data interpretation as the system of monitoring reports continues to be developed.

In terms of specific questions, all Board members felt Co-Managers have been approachable and respectful and communicating without anger and defensiveness, particularly given how difficult it is when there is so much to be learned in new positions. This has been a two way street with Board members also becoming better at communicating with the Co-Managers and each other.

All agreed that this is a time of change, and it is not always possible to have change and work with other people and not have conflict. The consensus was that all board members and co-managers have made a lot of progress in navigating the process of engaging in change-triggered conflict in a constructive and non-damaging way.

There will be another Quarterly Check-In in about 2 months (as this one had been delayed and occurred later than initially planned).

**V. ACTION ITEMS**

**A. Revision of Policy B8**

In board packet. This is a substantive revision proposed by Co-Managers when Monitoring Report B8 was last presented. Revision is to make a specific sub-part to describe GM responsibility to ensure that Board has staff administrative support.

**Motion to approve.**

Motion: Mark Roberts

Second: Ellen Clinesmith

All in favor.

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**B. Board Election Proposal**

Mona Harmon-Bowman and Helene Bartinet, Co-Chairs of the Governance Committee.  
Candidate package handout.

Board election Process:

- Reached out via 1582 member-owners emails - break down of opened, kicked back, spam will allow staff to clean-up the email list for more effective use in the future
  - Staff was not included in this email to member-owners - they would have to give up staff position if elected
  - 50 people with positive or detailed negative replies
- Those with interest are now in a pool of member-owners interested in volunteering to support either Board work or Staff work
  - This pool will continue to be built, annually
  - Board work is committee and task force work focusing on vision and strategy for co-op
  - Staff work is more operationally focused: planning special events, volunteering for special projects, etc.
- Members of the responding pool were invited to “meet and greet” with Board members to ask questions regarding the Board and what commitment would be involved
  - Time commitment does not start and stop when the meeting begins and ends – it is at least 10 hours per month
- Interviewed 5 potential board candidates (2 who had been interested stepped down due to time restraints; still in pool for other committees)
- As there are 5 openings on board, the two currently serving candidates and the 3 “new” candidates will be the recommended slate

Governance Committee presented candidates via handouts, and this information is available to member-owners at store and on internet.

Board agrees that due to the extensive outreach of this election, additional nominations, including from the floor will not be necessary. It was also noted that recently adopted by-laws do not require nominations from the floor, so it is not inconsistent with organizational documents.

Governance Committee and Annual Meeting Committee will coordinate around specific election process at annual meeting (with ballots available at store in week before annual meeting also) and determination of length of terms of newly elected board members after annual meeting. There are 3 available three-year terms, 1 available two-year terms, and 1 available one-year term.

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Governance Committee will also provide Co-Managers with language about election process to send out in an eBlast with the next day.

It was also suggested that in the future staff be included in email soliciting volunteers for board work including being on the board, but that this be accompanied by disclaimer that individuals are not allowed to be both staff and board members.

**Motion to approve the slate of candidates presented by the Governance Committee**

Motion: Ellen Clinesmith

Second: Lisa Cygan

All in Favor.

*\* Sue Phillips left meeting at 8:01 p.m.*

**C. Annual Meeting Talking Points**

Board sought to develop talking points so that any board member who is asked questions knows what consistent messages board feels are most important to share with membership.

Agree upon points for board members to share with member-owners:

- Expansion:
  - Plans for additional space - inside and outside the store.
  - Increase of member-owners, 2014 ownership growth was approximately 28%
- Community:
  - Dollar amount raised through Neighborly Nickels
  - Difference we've made in the community with the Neighborly Nickels
  - Veggie Passport
  - Island Deliveries - unique program.
  - Number of local products we sell
  - Sales increase from 2013 to 2014
  - Staff increase from 2013 to 2014
- Store operation:
  - Jobs
  - Sustainability
  - Recycling
  - Beautification
  - Lighting system - energy efficient
  - Better security
  - Additional produce cooler - improved produce



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- Parcel J = Exploratory research indicated that Fiddleheads is not financially, organizationally, or operationally in a position to pursue such an ambitious expansion at this time
- Coop cafe - discuss challenges
- Financials:
  - Anticipation of loss
  - Non recurring expenses,
  - Higher than usual operating costs
  - Expansion & Higher than Personnel cost (this covers with 2 points)

It was proposed to create a “Did you know” handout containing Fiddlehead facts for annual meeting to cover many of the above noted items.

Also plan to create a handout on “accountability.” Co-Manager Kristin DeMuzzio will email data to Mark Roberts. Mark Roberts will write up 1 pager and email to Carolyn Wilson. Carolyn Wilson will produce a one page handout, two-sided front and back

Speakers will utilize the content of the above as talking points for annual meeting.

Speakers will be:

Kristin DeMuzzio & Sheila Herbert – Co-Managers (GM)  
Susan Zimmerman - President  
Mark Roberts - Treasurer

## **VI. MANAGERS’ UPDATE REPORT**

In board packet.

## **VII. GM MONITORING REPORTS**

### **A. Monitoring Report B7 Board Communications**

- Requested change to chart of meetings with Board President reflecting no meetings in February/March notes was not made
- Board members suggested tying any concern about board behavior to a specific policy section to improve feedback for the future
- Also suggested that conversation with individuals is preferable to putting individual behavior in the update report
- President reminded board that the report had already been accepted and this review would be for future reports

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**B.     Monitoring Report B1 Financial Condition**

- Board postponed discussion of report until the final audited numbers are available.

**VIII.   CONSENT CALENDAR**

Consent Calendar consists solely of Board Monitoring Report D2: GM Accountability

**Motion to approve the Consent Calendar/Board Monitoring Report D2**

Motion: Mark Roberts

Second: Mona Harmon-Bowman

All in favor.

**IX.     BOARD DISCUSSIONS**

**A.     Monthly Workflow**

No discussion as believed premature in light of upcoming transition in board presidency.

**B.     Succession process for Board Presidency**

- Susan Zimmerman reads prepared statement saying it is time for new leadership and she will not seek a 4<sup>th</sup> term as President
- There was discussion around transfer of responsibilities
- There was a suggestion that board may want to revisit organization of board monthly workflow as part of this transition

**X.     CLOSINGS**

**A.     Agenda Review (items for April Board meeting)**

Draft agenda was not prepared this month in view of the transition to new leadership

Things that need to be done include:

- Approval 3/24 minutes
- Executive Session to approve for 3/24 and 4/21 executive session minutes
- GM Monitoring Reports
- Board Monitoring Reports
- Post Annual Meeting - “After Action Review” --- What worked? What didn't?

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Mark Roberts & Mona Harmon-Bowman will meet with co-managers to work out agenda for May meeting.

Discussion around newly arriving board members:

- Potential meet and greet social for new members?
- Producing a member package?

**B.     Adjournment**

**Motion to adjourn at 8:59 p.m.**

Motion: Mona Harmon-Bowman

Second: Ellen Clinesmith

All in favor.

\*       \*       \*       \*       \*       \*       \*

Draft minutes prepared for submission to board by Sue Phillips/Vanessa Young on April 29, 2015.

Minutes approved by vote of the Board on \_\_\_\_\_ and put into final form by Sue Phillips/Vanessa Young on May \_\_\_\_, 2015.

II: Consent Agenda:  
*Updated Board Roster*  
Doc II.1





## Board of Directors

| Name               | Term | # | Position                  | Email  | Phone                                      |
|--------------------|------|---|---------------------------|--|--|
| Helene Bardinnet   | 2018 | 1 | Governance Com, Chair     | <a href="mailto:missplumeau@gmail.com">missplumeau@gmail.com</a>               | 860-227-6760                               |
| Mark Patnode       | 2018 | 1 |                           | <a href="mailto:mpatnode@ct.metrocast.net">mpatnode@ct.metrocast.net</a>       | 860-460-8458                               |
| Daniel Spurr       | 2018 | 1 |                           | <a href="mailto:danmanspu@gmail.com">danmanspu@gmail.com</a>                   | 860-444-7445<br>860-389-2054 (cell)        |
| Mark Roberts       | 2017 | 2 | Vice President, Treasurer | <a href="mailto:hmmmark@gmail.com">hmmmark@gmail.com</a>                       | 860-271-2010 (work)<br>860-303-8223 (cell) |
| Carolyn Wilson     | 2017 | 1 |                           | <a href="mailto:cwilsonwellness@yahoo.com">cwilsonwellness@yahoo.com</a>       | 860-922-3853                               |
| Susan Zimmerman    | 2017 | 2 | President                 | <a href="mailto:susanzimmerman@sbcglobal.net">susanzimmerman@sbcglobal.net</a> | 860-822-6767 (hm)<br>860-334-1102 (cell)   |
| Suzanne Cattanaach | 2016 | 2 |                           | <a href="mailto:Sccat@ct.metrocast.net">Sccat@ct.metrocast.net</a>             | 860-443-0779<br>860-235-9901 (cell)        |
| Mona Harmon-Brown  | 2016 | 1 | Governance Com, Chair     | <a href="mailto:mharmonbowman@gmail.com">mharmonbowman@gmail.com</a>           | 860-447-1673                               |
| Sue Phillips       | 2016 | 1 | Secretary                 | <a href="mailto:phillipsusan@sbcglobal.net">phillipsusan@sbcglobal.net</a>     | 860-235-7136                               |

II: Consent Agenda:  
*Updated 2015 Board Calendar*  
**Doc II.2**



## Fiddleheads BOD 2015 Calendar

| Item   | Jan   | Feb   | Mar  | Apr   | May  | June   | July                            | Aug   | Sept  | Oct                      | Nov                                       |
|--|---|---|--|---|--|--|---------------------------------|---|---|--------------------------|---|
| <b>Board Education</b>                           | CBL 101 & Leadership Training Keene NH Jan.11th           | Yearly Reflection: What have we learned? How can we integrate this learning/learned into the future | CDS Cooperative Café Keene NH March 7<br><br>NFCA Annual Meeting |   |  | CCMA June Boise                                |                                 | CT NOFA Summer Conference ?   | NFCA Fall Gathering                             |                          |   |
| <b>Member Engagement and Newsletter Articles</b> | Set Date for Annual Meeting<br><br>Store-Board Task Force | Member Event to present Ends  | Article about Policy Governance                                  | Article about BoD Elections, Candidate Bios   | Annual Member Meeting<br><br>Article for Annual Report   |  |                                 |   |   |                          |   |
| <b>Admin. Agenda Items</b>                       |   |   | Review GM Compensation Proposal                                  | Deadline for BOD Candidates information for ballots<br><br>Review Member Meeting Agenda and assignments | Board Elections<br><br>Farewell to departing directors<br><br>Welcome new directors<br><br>Orientation meeting for new board members | Election of Board Officers                     | BOD Retreat                     | Board Retreat Follow-up<br><br>Review first half Board Budget performance | Start 2016 calendar<br><br>BOD Budget finalized |                          |   |
| <b>Board Monitoring</b>                          | C7: Committee Principles                                  | C8: Governance Investment   | D1: Unity of Control   | D2: GM Accountability   | D3: Delegation to GM<br><br>D4: Monitoring GM  | C: Global Governance<br><br>D: Global BoD-Mgmt | C1: Governing Style             | C2: Board's Job   | C3: Agenda Planning                             | C4: Meetings             | C5: Code of Conduct                       |
| <b>GM Monitoring</b>                             | B3: Asset Protection                                      | B1: Q4 Financial Condition  | B7: Board Communication<br><br>B8: Board Support                 | B1: Annual Financial Condition  | B1: Q1 Financial Condition   | B: Global Constraint<br><br>BoD-Mgmt           | B6: Staff<br><br>B9: Succession | B1: Q2 Financial Condition<br><br>B4: Membership                          | B5: Consumers<br><br>B7: Board Communication    | B2: Planning & Budgeting | B1: Q3 Financial Condition<br><br>A. Ends |

### ☆ Quarterly Check-in Questions by Co-Managers:

1. How does the GM interact with the full board and individual directors?
2. Are the GM's reports clear and focused?
3. How well does the GM communicate? Does s/he respond to questions, especially questions s/he can't answer, without defensiveness or anger?

## II: Consent Agenda:

*Proposal: Board Administrator  
record Executive Sessions*





## II: Consent Agenda:

### *Managers Update Report*

#### Doc II.4



## MANAGER'S REPORT

APRIL 11, 2015

### Online Shopping update:

We are on target for our early July rollout. We are working with a few local contractors to get the space ready. Preliminary costs are \$2300 for the remodeled space, new shelving and delivery supplies. We will need a catapult register license, a handheld device and a new desktop computer. Total upfront costs are approximately \$5,000.

### Outreach:

We celebrated Earth Month in April. We had local, live music in the store on Saturdays. We conducted a Greens Workshop and a Culinary Tour in the store. We supported two workshops off-site on Home-Canning and Homemade Salad dressings. We hosted a NL Spark! event. We gave a tour of the store for 70 elementary age students from the New London Magnet School (RMMS). We partnered with Field of Greens to support their NL farmers Markets this summer.

After much deliberation and discussion we ended our Connecticut College Market. We were losing money and the labor hours needed were not matching the benefits we had hoped for. We are working with Josh Stoffel, the Director of the Sustainability Department to develop a new program that is more comprehensive and sustainable. This new program will begin in the fall of 2015 when school is back in session.

### Personnel:

Peter Cooper and Vanessa Young officially came on board this month. They are doing well in their new roles, and have expressed their enthusiasm in working at the Co-op. We expect they will need a few months to get acclimated. With assistance from working owner Kelleen Giffin, we have developed a comprehensive job search for the Ownership and Outreach Manager. While we have posted to our normal places, this time we need to go much further in our efforts for this critical job. Our current efforts will attract individuals who are seeking a new role, but we also want to network with individuals who are not currently considering a new role, but would be interested in our opportunity if they were made aware. We have asked board members, owners, customers and supporters to actively network with individuals they know or "know of" to significantly reach out to the broad (regional) community for candidate identification.

### NCG:

We will be submitting our application on June 1<sup>st</sup>. Jeanie Wells will be assisting us with the process.

### Strategic Planning/Visioning:

In March we hosted an internal Co-op Café pilot in the store based on the one held by CDS Consulting in Keene, NH earlier in the year. We invited board members, staff and key working member owners. Approximately thirty people participated in a thoughtful and energizing workshop. Results were collected by the organizing team and used to inform and improve the Co-op Café that we presented at the Annual Meeting. Details and results from the Co-op Café hosted during the annual meeting will be available at the next board meeting and will be used to further develop our vision planning for the next 3-5 yrs.

### CDS Consulting Site Visit:

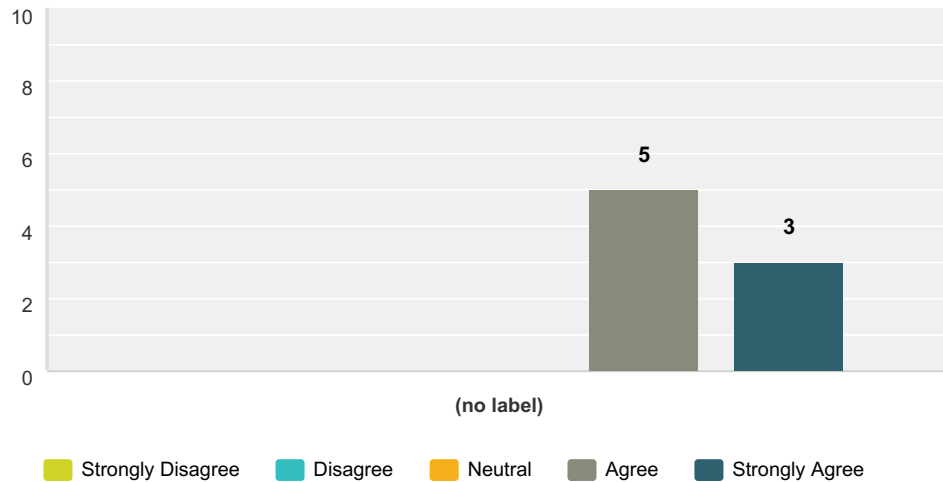
Jeanie Wells spent two full days at the Co-op with Sheila and Kristin. Although we covered many topics, we will be focusing on four major areas: Strengthen current operations; apply to NCG to increase access to full spectrum of resources; on-line ordering rollout plan; reset and improve relationship with the board. Jeanie will be creating more follow-up materials and a schedule that she will share with the board so that the board can be aware of how the work will progress.

II: Consent Agenda:  
*Board Monitoring Report D3*  
Doc II.5



## Q1 The Board delegates authority to the GM through written Ends and Executive Limitations policies.

Answered: 8 Skipped: 0



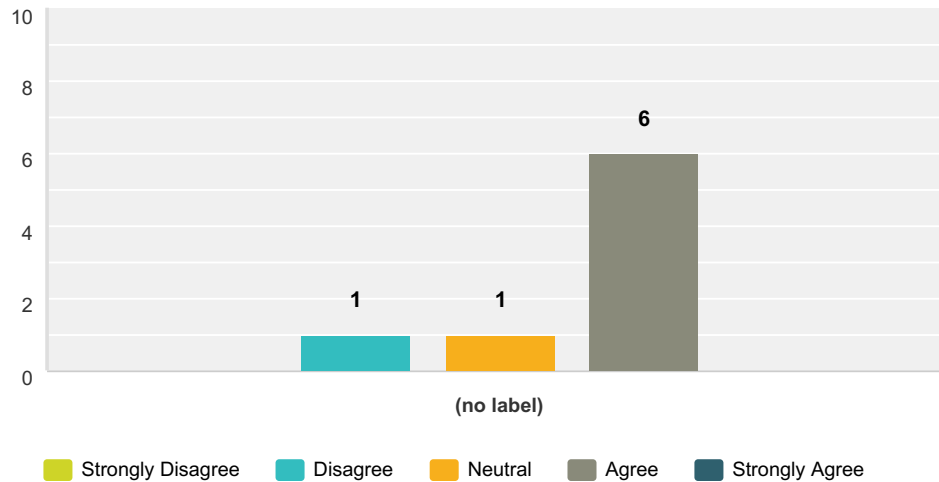
|            | Strongly Disagree (1) | Disagree (2) | Neutral (3) | Agree (4)   | Strongly Agree (5) | Total | Weighted Average |
|------------|-----------------------|--------------|-------------|-------------|--------------------|-------|------------------|
| (no label) | 0.00%<br>0            | 0.00%<br>0   | 0.00%<br>0  | 62.50%<br>5 | 37.50%<br>3        | 8     | 4.38             |

| Basic Statistics |                 |                |              |                            |  |
|------------------|-----------------|----------------|--------------|----------------------------|--|
| Minimum<br>4.00  | Maximum<br>5.00 | Median<br>4.00 | Mean<br>4.38 | Standard Deviation<br>0.48 |  |

| # | Comment  | Date             |
|---|--|------------------|
| 1 | I think we have the policies but there is sometimes confusion when it comes to implementation. | 5/8/2015 9:52 AM |

**Q2 As long as the GM uses any reasonable interpretation of the Board's Ends and Executive Limitations policies, the GM is authorized to establish all further policies, practices and plans for the cooperative.**

Answered: 8 Skipped: 0



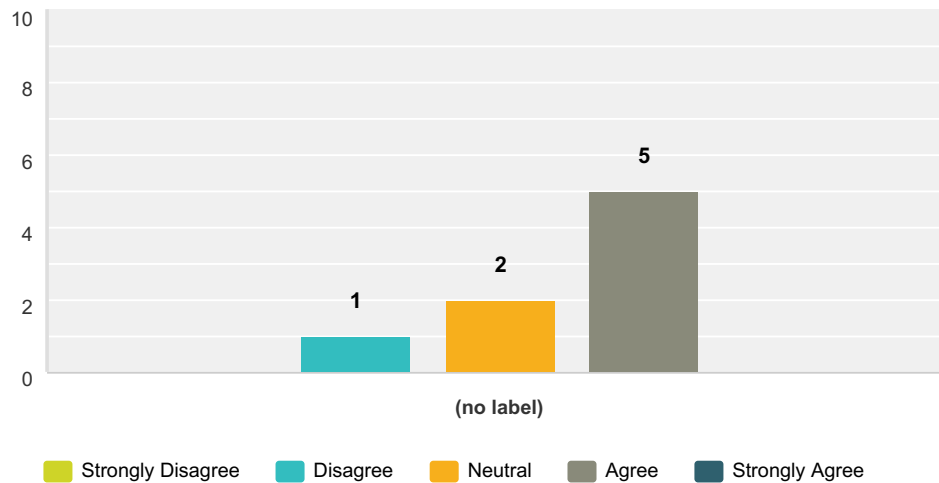
|            | Strongly Disagree (1) | Disagree (2) | Neutral (3) | Agree (4)   | Strongly Agree (5) | Total | Weighted Average |
|------------|-----------------------|--------------|-------------|-------------|--------------------|-------|------------------|
| (no label) | 0.00%<br>0            | 12.50%<br>1  | 12.50%<br>1 | 75.00%<br>6 | 0.00%<br>0         | 8     | 3.63             |

| Basic Statistics |                 |                |              |                            |
|------------------|-----------------|----------------|--------------|----------------------------|
| Minimum<br>2.00  | Maximum<br>4.00 | Median<br>4.00 | Mean<br>3.63 | Standard Deviation<br>0.70 |

| # | Comment  | Date              |
|---|--|-------------------|
| 1 | Again we have at times not given as much authority as this policy states.                                    | 5/8/2015 9:52 AM  |
| 2 | These policies seem sound, and, as a new Board member, I am curious to see how they have worked in practice. | 5/6/2015 10:08 PM |
| 3 | ...establishe all further practices and plans for the coop...not all policies                                | 5/5/2015 10:12 PM |

**Q3 The Board will respect and accept the GM's choices as long as those choices are based on reasonable interpretations of Board policies.**

Answered: 8 Skipped: 0



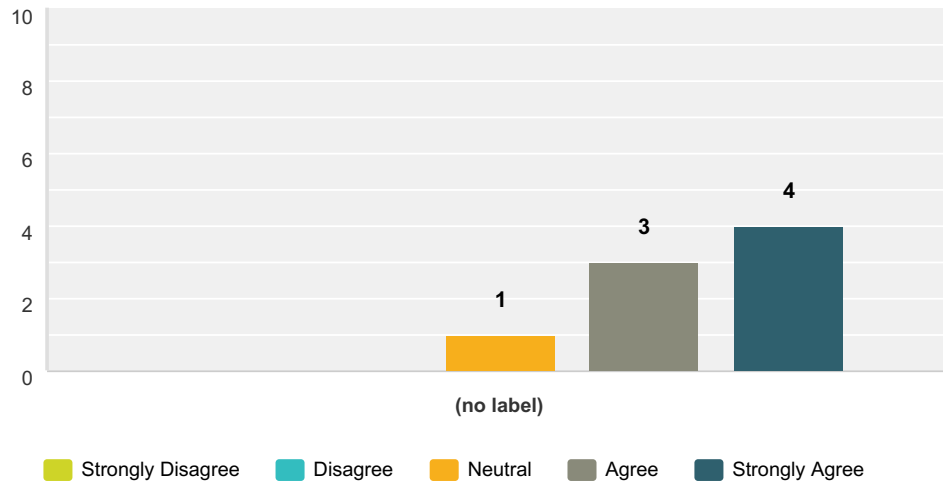
|            | Strongly Disagree (1) | Disagree (2) | Neutral (3) | Agree (4)   | Strongly Agree (5) | Total | Weighted Average |
|------------|-----------------------|--------------|-------------|-------------|--------------------|-------|------------------|
| (no label) | 0.00%<br>0            | 12.50%<br>1  | 25.00%<br>2 | 62.50%<br>5 | 0.00%<br>0         | 8     | 3.50             |

| Basic Statistics |                 |                |              |                            |
|------------------|-----------------|----------------|--------------|----------------------------|
| Minimum<br>2.00  | Maximum<br>4.00 | Median<br>4.00 | Mean<br>3.50 | Standard Deviation<br>0.71 |

| # | Comment  | Date              |
|---|--|-------------------|
| 1 | Much work needs to be done on the communication from our GM.   | 5/8/2015 9:52 AM  |
| 2 | These policies seem sound, and, as a new Board member, I am curious to see how they have worked in practice. | 5/6/2015 10:08 PM |

**Q4 If the Board changes an Ends or Executive Limitations policy, the change only applies in the future.**

Answered: 8 Skipped: 0



|            | Strongly Disagree (1) | Disagree (2) | Neutral (3) | Agree (4)   | Strongly Agree (5) | Total | Weighted Average |
|------------|-----------------------|--------------|-------------|-------------|--------------------|-------|------------------|
| (no label) | 0.00%<br>0            | 0.00%<br>0   | 12.50%<br>1 | 37.50%<br>3 | 50.00%<br>4        | 8     | 4.38             |

| Basic Statistics |                 |                |              |                            |
|------------------|-----------------|----------------|--------------|----------------------------|
| Minimum<br>3.00  | Maximum<br>5.00 | Median<br>4.50 | Mean<br>4.38 | Standard Deviation<br>0.70 |

| # | Comment                 | Date |
|---|-------------------------|------|
|   | There are no responses. |      |

II: Consent Agenda:  
*Governance Committee Report*  
Doc II.6





## **Governance Committee Charter adopted July 4, 2014**

Composition: Three Board Members and Three Staff / Member-owners

Committee Co-Chairs: Hélène Bardinnet and Mona Harmon-Bowman

Meeting Frequency: Monthly or Bi-monthly, as needed

- Create development plans for each individual director to grow their governance capability
- Create and manage a Board Development Plan to meet the needs of the Board in the future
- Review plan for approval with full Board
- Receive all nominations for Board participation
- Hold semi-annual workshops to set expectations for Board candidates
- Create Board Book for new Directors containing key documents
- Recommend a slate of directors to the membership at the annual meeting and as needed
- Recommend participants for full committees (not Task forces)

### **What process did we use to develop a slate for Board endorsement to be voted on in the 2015 Annual Meeting?**

We emailed 1,582 member owners to ascertain interest in Board work (task force, committee and Board membership). A total of 31 persons expressed interest in Board work. We followed up via email and phone with the 9 persons who could not attend scheduled Meet and Greets. The email included the info packet and the application form.

We hosted 2 Meet and Greets with 22 potential Board work candidates.

The candidate slate was comprised of the 5 member-owners who completed candidate application forms and who could fully commit to the monthly 10 hour minimum Board work requirement.

We interviewed these candidates and presented them to the Board for endorsement: (Mark Patnode, Daniel Spurr, Helene Bardinnet, Carolyn Wilson, Susan Phillips)

### **After Action Review: No Project is Complete Until It Is Reviewed**

The Governance Committee will survey staff, member-owners and Board members to gather data in the following categories:

1. What did the Governance Committee accomplish in building the candidate slate for the 2015 Board election?
2. What did the Governance Committee do well that we want to continue?
3. What does the Governance Committee need to focus on improving?
4. What does the Governance Committee want to stop doing?

Data analysis will focus on emerging themes leading to improving the Governance Committee process. A report of findings will be communicated to all member-owners, staff and Board

II: Consent Agenda:  
*Annual Meeting &  
Membership Committee*  
Doc II.7



## **Carolyn Wilson: May 2015 Updates**



### **Annual Meeting Task Force**

This task force continued meeting weekly and coordinated efforts to plan all facets of the annual meeting, right up until the day of the meeting.

Special thanks to Lisa for leading the task force, Ellen for helping with ballots and promotion, Amelia and Kristen for the delicious food and Sheila for helping us secure the location and entertainment. Special thanks to the governance committee for their excellent work finding our new Board members and to Kelleen and Mark for an amazing coop café (both the test run and at the meeting)! Special thanks to Warren and Andrea for doing check in and Andrea Hall for coordinating the technology for our new check in system. Special thanks to the Tompkins' for coordinating childcare! Special thanks to all volunteers and staff who helped set up and clean up!

We had a great meeting and our “hotwash” re-cap will be on 5/26/15, where we will debrief and go over the feedback we received from Kelleen’s feedback sheet.

Task force members will tally up the expense of the meeting and set up a budget for next year.

### **BOD/Member-Owner Communications Committee**

The time has come to act on some of the proposed projects this committee included in its charter!

We need the community and ESPECIALLY our member-owners to know why we are different—what sets us apart?

The first project will be publicizing our ENDS policies to a wider audience. I propose a magnet or a bookmark that can be mass produced and handed out at the register. The hope is to have a member-owner design it. Someone who does graphic art would be perfect. This person could gain working hours in return. We could announce the project in an upcoming e-blast. If we have our new Outreach staff member in time, I’d work closely with them on it. It’s important to highlight opportunities for member owner participation beyond helping unpack orders and helping around the store. Just like we do with governance, its essential to engage our members and highlight their talents and interests for the good of the coop. I’d like to get this completed by 6/30/15.

Potential Costs: 5,000 bookmarks for \$100 or 1,000 4x6 Fridge magnet for \$308 (plus shipping) Pricing is from UPrinting. Cost depends on the item we pick. We could also mail postcards to all member-owners, but that is a mailing project.

I will need support from store co-managers for the project budget OR the BOD will have to include something like this in our next budget and absorb the cost this year. This is meant to be more than a marketing effort—more like a meaningful gift from the BOD.

# III: Reconstruction of GM Search Committee:

Doc III





To the Board of Fiddleheads Co-op  
From Carolee Colter  
September 29, 2014

## PROPOSAL FOR SUPPORT FOR YOUR GENERAL MANAGER SEARCH

First I recommend that you revisit the manual called Hiring a General Manager, from the National Cooperative Grocers Association toolbox series. This will guide the board step by step through the process. It will minimize the need to use my paid time so that I can focus on where I can be most useful to you.

Please see the matrix included in this proposal for more detail on where I can help in the process. I suggest that I focus on the following areas in providing guidance to the Board, and to the committee delegated to conduct the search:

- Defining qualifications for the new GM
- Advice on recruiting sources, and feedback on ad copy
- Initial screening for the candidates you designate
- Checking references for finalists, both those provided by the candidates and those from people in co-ops or the natural foods industry I may know who know the candidates
- Compensation package requirements / employment contract
- Other aspects of the search process, as requested

In my experience GM searches take from 3 to 12 months with 6 months being the median. Typically when I am supporting a board in a GM hiring process, they use 10 to 25 hours of my time, with the median being 15. I charge \$130 an hour, and bill every month for the hours spent that month. I send a spreadsheet with an accounting of my hours to the chair of the Search Committee every month, too.

Sometimes I am in a position to recruit candidates for an opening--usually people I've met through other co-ops' searches. I will follow up on all leads I know of for possible candidates, but I'm not representing myself as "headhunter." My value to your co-op lies more in presenting the job in a realistic and attractive light to candidates, in clarifying what you are looking for, in screening candidates, in advising you on compensation, and on advising you on process questions as they arise.

continued

In some cases the search committee wants me to communicate with them as a group in joint e-mails and possibly in a conference call at key points (e.g. before choosing finalists, or before making the job offer). In other cases, the search committee wants me to communicate entirely through the committee chair. You can decide how you prefer to proceed.

## References

- ➔ Susan Barbera, former board member and Search Committee chair, Rising Tide Co-op, [susan.barbera@xpcc.com](mailto:susan.barbera@xpcc.com)  
I assisted this co-op in hiring a GM in the fall of 2012. Tragically, the new GM died suddenly after being in his position for 6 months. Last fall I again assisted Rising Tide with hiring a new GM. We were able to build on the base created from the first search.
- ➔ Graham Anderson, board vice-president and Search Committee chair, East End Food Co-op, Vancouver, BC  
[graham.j.anderson@gmail.com](mailto:graham.j.anderson@gmail.com)  
During the process of hiring their new GM, I also have assisted this co-op with dealing with some challenges with the outgoing GM.

If you have any questions about how the process will work, I'd be happy to talk on the phone.

In cooperation,  
Carolee

250.505.5166 (p)  
[caroleecolter@cdsconsulting.coop](mailto:caroleecolter@cdsconsulting.coop)  
Nelson, BC

*All information provided and recommendations made are provided in good faith based upon the experience and judgment of the consultant. However, it should be understood that your co-op remains responsible for all decisions made and all actions or inactions that result from this work.*

## GENERAL MANAGER SEARCH RESPONSIBILITIES

*If there is no board administrator, the tasks in that column would need to be handled by the Search Committee.*

|   | <b>Search<br/>Com.</b> | <b>Whole<br/>Board of<br/>Directors</b> | <b>Consultant<br/>(Carolee)</b> | <b>Manage-<br/>ment Team</b> | <b>Board Ad-<br/>minis-<br/>trator</b> |
|---|------------------------|---|---------------------------------|------------------------------|--|
| <b>RECRUITING</b>   |                        |   |                                 |                              |  |
| Give input on priorities for qualifications, using a worksheet I will provide         | <b>X</b>               | <b>X</b>                                |                                 | <b>X</b>                     |  |
| Give feedback on qualifications to ensure common understanding of what the words mean |                        |   | <b>X</b>                        |                              |  |
| Prioritize and approve qualifications   |                        | <b>X</b>                                |                                 |                              |  |
| Discuss and agree on reasons why a candidate would want the job                       |                        | <b>X</b>                                |                                 |                              |  |
| Advice on recruiting sources  |                        |   | <b>X</b>                        |                              |  |
| Draft ads and job announcement for web sites and publications                         | <b>X</b>               |   |                                 |                              |  |
| Feedback on ads   |                        |   | <b>X</b>                        |                              |  |
| Place ads in publications/websites  |                        |   |                                 |                              | <b>X</b>                               |
| Track expenses for recruiting   |                        |   |                                 |                              | <b>X</b>                               |
| <b>SCREENING</b>  |                        |   |                                 |                              |  |
| Receive resumes and forward to Search Com   |                        |   |                                 |                              | <b>X</b>                               |
| Acknowledge receipt of resumes to candidates  |                        |   |                                 |                              | <b>X</b>                               |
| Provide screening tool for evaluating resumes   |                        |   | <b>X</b>                        |                              |  |
| Evaluate resumes and designate some for phone screening                               | <b>X</b>               |   |                                 |                              |  |
| Send rejection e-mails to candidates who won't be interviewed                         | <b>X</b>               |   |                                 |                              |  |
| Phone screen candidates designated by Search Com and report back                      |                        |   | <b>X</b>                        |                              |  |
| Decide who to interview (by conference call for non-local candidates)                 | <b>X</b>               |   |                                 |                              |  |

|  | <b>Search<br/>Com.</b> | <b>Whole<br/>Board of<br/>Directors</b> | <b>Consultant<br/>(Carolee)</b> | <b>Manage-<br/>ment Team</b> | <b>Board Ad-<br/>minis-<br/>trator</b> |
|--|------------------------|---|---------------------------------|------------------------------|--|
| <b>SCREENING, continued</b>  |                        |   |                                 |                              |  |
| Set up conference call dates with committee members and candidates                           |                        |   |                                 |                              | <b>X</b>                               |
| Provide interview questions to reflect on how candidates meet the established qualifications |                        |   | <b>X</b>                        |                              |  |
| Conduct conference call and/or in-person interviews with candidates of interest              | <b>X</b>               |   |                                 |                              |  |
| Select finalists   | <b>X</b>               |   |                                 |                              |  |
| Call interviewed candidates who won't be finalists   | <b>X</b>               |   |                                 |                              |  |
| Send out more detailed financial information to finalists                                    |                        |   |                                 |                              | <b>X</b>                               |
| Check finalist candidate references  |                        |   | <b>X</b>                        |                              |  |
| Arrange for criminal background check by established agency                                  | <b>X</b>               |   |                                 |                              |  |
| Provide interview questions for finalist interviews  |                        |   | <b>X</b>                        |                              |  |
| Schedule in person interviews with top candidate and Search Committee and Management Team    |                        |   |                                 |                              | <b>X</b>                               |
| Make travel arrangements for candidate(s) if needed  |                        |   |                                 |                              | <b>X</b>                               |
| Participate in final candidate in-person interviews  | <b>X</b>               | <b>X</b>                                |                                 | <b>X</b>                     |  |
| Authorize parameters for negotiation   |                        | <b>X</b>                                |                                 |                              |  |
| Make job offer, negotiate compensation   | <b>X</b>               |   |                                 |                              |  |
| Advise on developing job offer (including compensation)                                      |                        |   | <b>X</b>                        |                              |  |
| Rejection call to rejected finalist(s)   | <b>X</b>               |   |                                 |                              |  |
| Track expenses for screening   |                        |   |                                 |                              | <b>X</b>                               |



IV: Board Monthly Flow:

Doc IV



# Monthly Work Flow

Approved June 18, 2013

- **Third Tuesday: Meeting**
  - Recording secretary takes minutes and prepares draft minutes within 1 week of board meeting
- **Fourth Tuesday: 7 days after meeting**
  - Draft minutes distributed to GM & president and copied to all board members
  - GM & president have 7 days to review minutes & send any comments to secretary
- **First Tuesday: 14 days after meeting**
  - GM & president input on minutes complete
  - Directors (and owners) may submit agenda topics up to 14 days prior to monthly meeting\*
- **Thursday: 12 days before meeting**
  - GM & president meet & discuss agenda, et al.
  - President sets agenda (\*submitting a topic does not guarantee it will be on the agenda)
- **Saturday: 10 days before meeting**
  - Meeting Notice sent by President (per Bylaws)
  - Draft agenda distributed
  - Short window to make adjustments to the agenda if needed
  - Any information for the board to consider delivered to the president at least 1 week prior to the next meeting so that it can be included on the board packet
- **Second Tuesday: 7 days before meeting**
  - All packet material sent to president
  - President compiles and distributes packet of material
- **Thursday: 5 days before meeting**
  - Packet distributed
  - Directors have 5 days to read all packet material prepare for board meeting
  - President meets with facilitator to go over meeting agenda
- **Third Tuesday: Meeting**
  - Near the beginning of the meeting there is an agenda review to answer any questions or make any last-minute necessary changes
  - For each agenda item, directors are asked if they read the related documentation and are prepared for the topic; if directors are not prepared, the board decides whether to table the item or proceed, and if proceeding, whether unprepared directors should abstain from voting on any decision
  - At the end of the meeting, directors review the preliminary draft agenda of the next month's meeting, evaluate the meeting process, and determine any action items due in the interim before the next meeting

**Dates adjusted appropriately for meetings held on dates other than Third Tuesday.**

V: Proposal for Governance Committee  
to interview Directors:



**VI:** Monitoring Report B1:  
*Annual Financial Condition*

**Doc VI**



Policy: B1 – Financial Condition and Activities

**We report compliance with this policy with the exceptions of B1.2 Net Income as percent of Sales, Current Ratio and Quick Ratio**

Unless indicated otherwise, all data in this report is for FY14 and is accurate as of April 14, 2015.

We certify that the information contained in this report and attachments is true.

Signed\_\_\_\_ Kristin DeMuzzio\_\_\_\_\_, Co- Manager Signed\_\_\_\_ Sheila A. Herbert\_\_\_\_\_, Co- Manager

Co-Managers commencing November 18, 2014

Attachments: Balance Sheet, Income/Expense Statement, memo from most recent external audit

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**With respect to the actual, ongoing financial conditions and activities, the Co-Managers shall not cause or allow the Cooperative to be unprepared for future opportunities, the development of fiscal jeopardy or key operational indicators to be below average for our industry.**

**Interpretation:**

In order to be prepared for future opportunities, the co-op must not only avoid “fiscal jeopardy;” it must also define and reach financial goals that are clearly developed with stability and growth in mind.

For sub-policies 1-4, we will interpret the policy in a way that it addresses both jeopardy and future opportunities. Sub-policy 5 deals primarily with being prepared for the future. Sub-policies 6-10 are less relevant to future preparations, but still certainly address various aspects of “fiscal jeopardy.”

We attain our financial goals (and our Ends) by striving for excellence in operations. There are several ways to measure operational health and excellence. For the purpose of this report, pertinent key operational indicators are those measures that illustrate operational efficiency and for which we have comparative data from other co-ops. These key indicators are:

- Sales growth
- Margin minus Labor (before taxes/benefits)
- Sales/labor hour
- Inventory turnover
- EBITDA
- Growth in owner paid-in equity

For each of the key operational indicators, our co-op’s performance in any given reporting period should be within range of similar size co-ops in that same period.

**Operational Definition:**

See the sub-policies below for further interpretations and definitions.

For each of the key operational indicators, our annual performance should be within in the range of similar-size co-ops.

**Data:**

(Compliance is based only on data for most recent year. Data from previous years is included on FYI basis only.)

Please look below for definitions and data for each of the sub-policies.

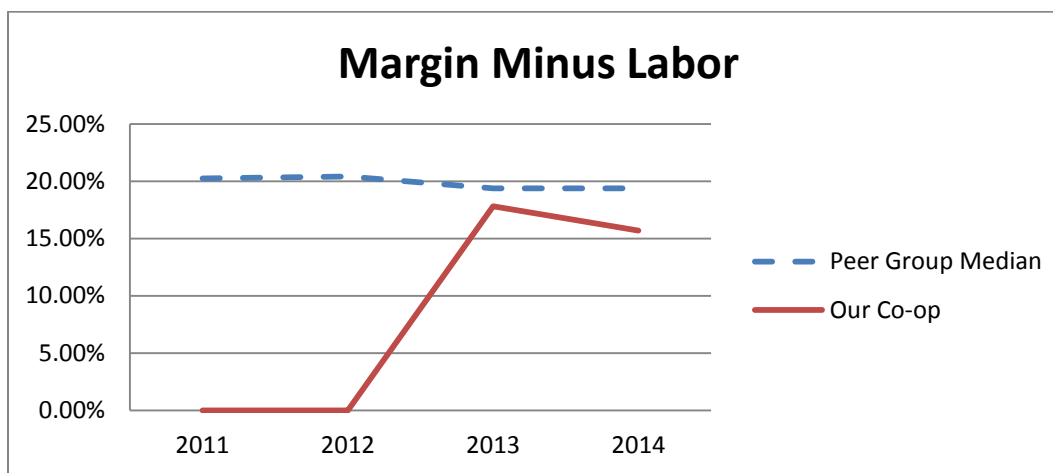
For the key indicators of Sales, EBITDA and Owner Paid-in Equity, comparison data will be included with those sub-policies.

**Margin Minus Labor (MML)**

Margin Minus Labor (MML) – A measure of how much of every dollar spent in the store is left after paying for the product and the labor associated with the product.

MML is a measure of the stability of overhead costs.

MML = Margin as a percent of sales – Labor as a percent of Sales

**Data:**

Margin Minus Labor (2014) = 15.70%

Median for similar size co-ops = 17%

Range = 15% - 20%

MML for Fiddleheads is slightly below the median for co-ops similar in size, but still within the range.

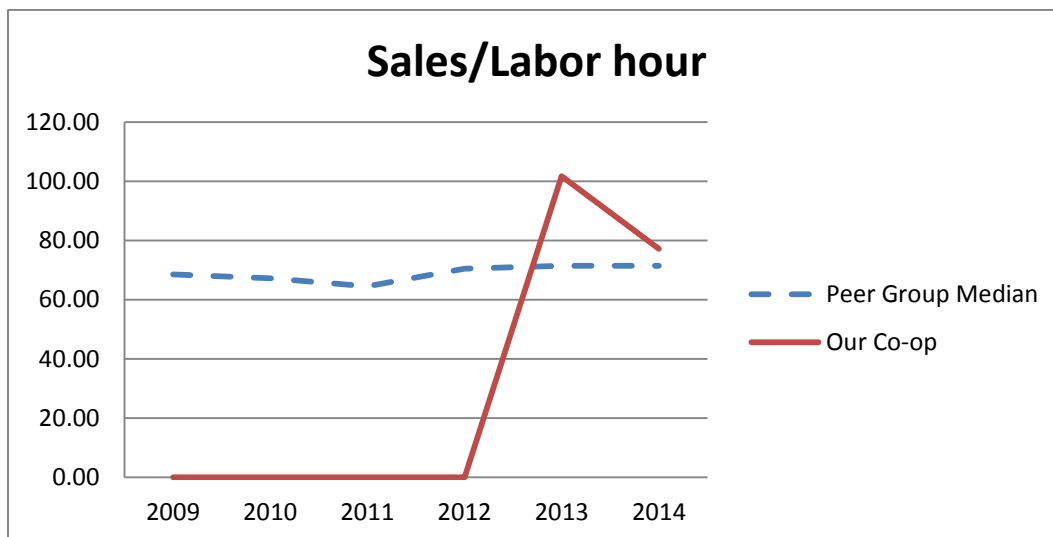
This has been addressed by:

- Financial data in Q3 Y14 showed a net loss (\$33,000) which prompted us to analyze labor costs and current margins. Results showed we needed to reduce hours in certain departments and redeploy staff to essential shifts in other departments. We also developed and implemented a cross-training program to improve efficiency which reduced our payroll expenses by almost 9%.
- Increasing our Department Margins. Inventory Adjusted Gross Margin in 2014 was 32.7%.

**Sale/Labor hour**

Sales per Labor hour – A measure of the amount of Gross Sales per each Labor hour.

Sales per Labor hour is a measure of efficiency and stability.



**Data:**

Sales per Labor Hour = \$77

Median for similar size co-ops = \$75

Range = \$60 - \$85

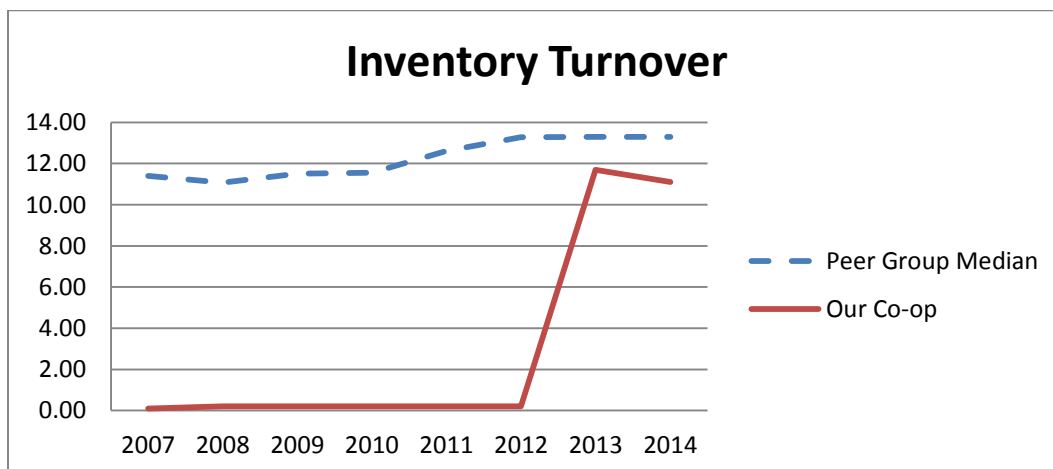
Fiddleheads is above the median for co-ops similar in size. This is an indicator of stability and efficiency.

### Inventory Turnover

Inventory Turnover is the number of times the entire store inventory is sold and replaced.

Inventory Turnover indicates the effectiveness of inventory management.

Inventory Turnover =  $\text{Cost of Goods Sold} / \text{Average Inventory}$



**Data:**

Inventory turnover = 11

Median for similar size co-ops = 13

Range = 11 - 15

Inventory Turnover is slightly below the median for co-ops similar in size, but still within the range.

In the 4th Quarter of 2014 we addressed this by reducing our total inventory especially in the Merchandise Category. Our plan to move towards the median includes maintaining appropriate inventory levels, increasing goods sold, fair pricing and better marketing. This will further increase our efficiency and profitability.

The GM will not:

- 1. Allow sales to decline or be stagnant.

**Interpretation:**

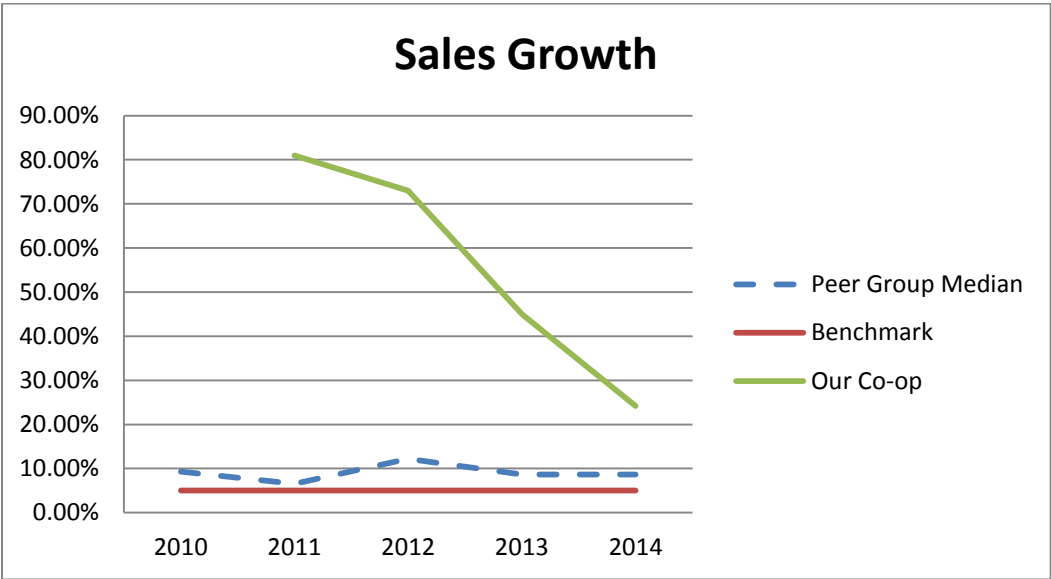
Managers of NCG co-ops, as part of the CoMetrics, have set a benchmark for fiscal jeopardy for sales growth at 3%. For the purposes of this report, compliance will be achieved if sales growth is at or above of the median for similar-size co-ops.

**Operational Definition:**

Sales growth must be at or above of the median of similar size co-ops for compliance.

Sales Growth = Sales of Current Year – Sales of Past Year/Sales of Past Year

Data used is Total Annual Sales (\$3,298,250) as shown on attached Income/Expense Statement compared to Total Annual Sales (\$2,653,198) of the previous year.



**Data:**

Sales Growth = 24.20%

Median Sales Growth = 7%

Range = 4% - 10%

Our sales growth continued at a high rate in 2014 well above the median for similar size co-ops. Over the next few years the sales growth for Fiddleheads will level off as we move from being a ‘start-up’ co-op to a more stable co-op and be more typical of the sales growth shown by the Peer Group Median. The Peer Group Median is a very healthy annual sales growth benchmark at 7%.

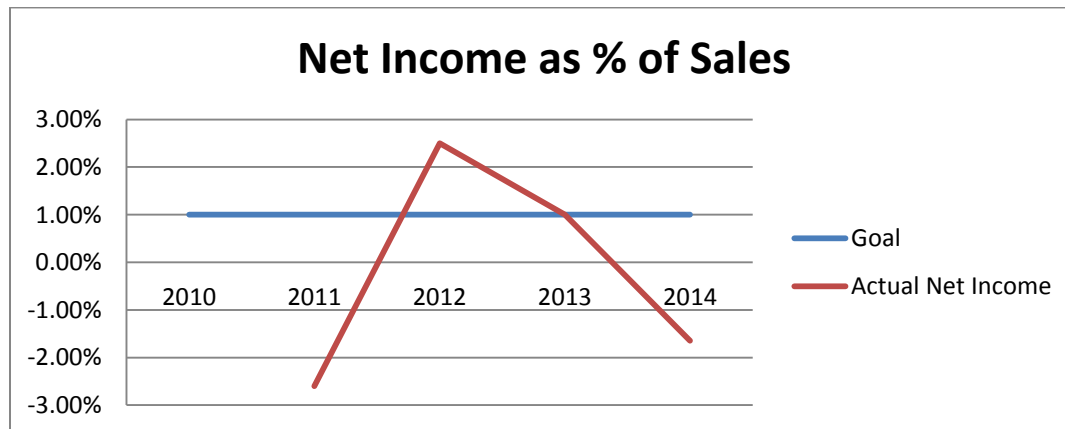
- 2. Allow operations to generate an inadequate net income.



**Interpretation:**

There are two important ways to look at income: the bottom line (net income) and EBITDA (Earnings Before Interest, Income Taxes, Depreciation/Amortization.)

For net income, the CoMetrics benchmark for jeopardy is set at 0.5%. Our goal is 1%. Actual net income as a % of sales from the most recent year must be at or above 1%.

**Data:**

Net Income = -1.65%.

Median Net Income = 1%

Range = negative 0.5% - 5%

Non-compliance in 2014.

**Explanation:**

A number of factors contributed to a net loss in 2014.

Expenses that were not budgeted for included:

- Labor (Higher than budgeted)
- Legal
- Expenses associated with the exploration of the feasibility of moving to a new location
- On site expansion
- High depreciation

Some of the expenses were exceptional and non-recurring. For the expenses that are recurring, our plan is to control labor and budgeted expenses and increase our margin percent.

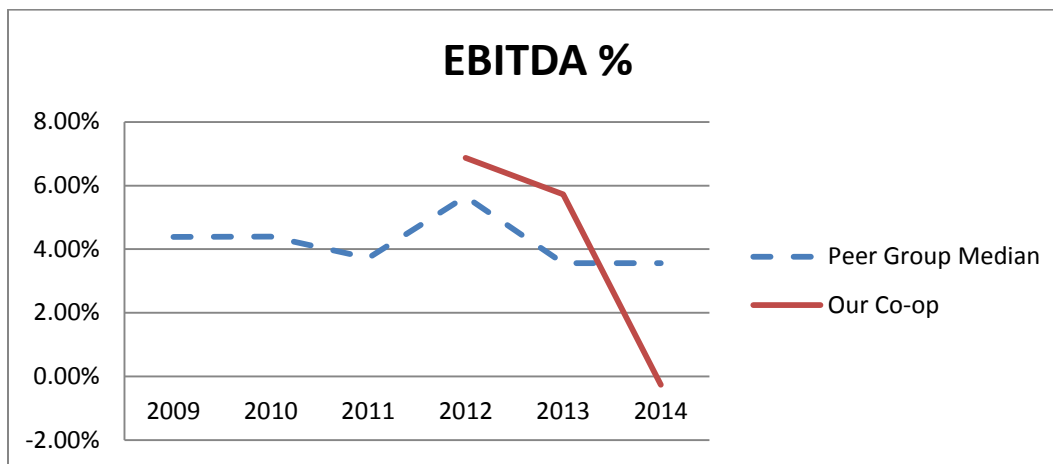
In Q4 2014 labor costs were analyzed. As a result, a reduction in the number of labor hours was needed. It was achieved by attrition, fewer hours in a small number of employee positions and redeployment of employees to other departments.

Accurate and careful purchasing, receiving, pricing and inventory controls have improved our net income ratio. Also, stricter monitoring of monthly departmental budgets for costs of goods indicate increased margins and profitability.

**Operational Definition:**

Earnings Before Interest, Income Tax, Depreciation and Amortization (EBITDA) is useful as a comparison tool. We can gauge the soundness of our operations by comparing our performance to that of our peers. As with all peer comparisons in this report, compliance will be achieved if our performance is at or above the median.

EBITDA Percent (as a % of sales) from the most recent year must be at or above the median for our peer group.

**Data:**

EBITDA = -.26%

Median for similar size co-ops = not available

Range = not available

Non-compliance in 2014.

*For an explanation, refer to Page 5 under "Net Income as a % of Sales"*

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

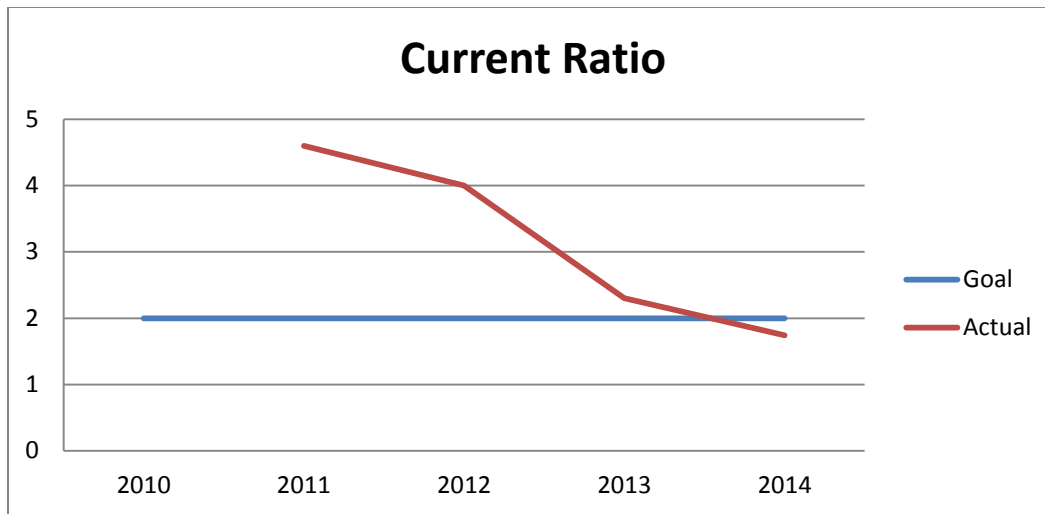
**Interpretation:**

There are two common and useful measures of liquidity: Current Ratio (Current Assets divided by Current Liabilities) and Quick Ratio [(Current Assets – Inventory) divided by Current Liabilities]

The CoMetrics benchmark for jeopardy (minimally adequate liquidity) is a Current Ratio of 1.25 and a Quick Ratio of 0.70. Our annual plan includes a Current Ratio goal of 2.0 and a Quick Ratio goal of 1.25.

**Operational Definition:**

The Current Ratio should be above 2.0.



**Data:**

Current Ratio = 1.74

Median for similar size co-ops = 2

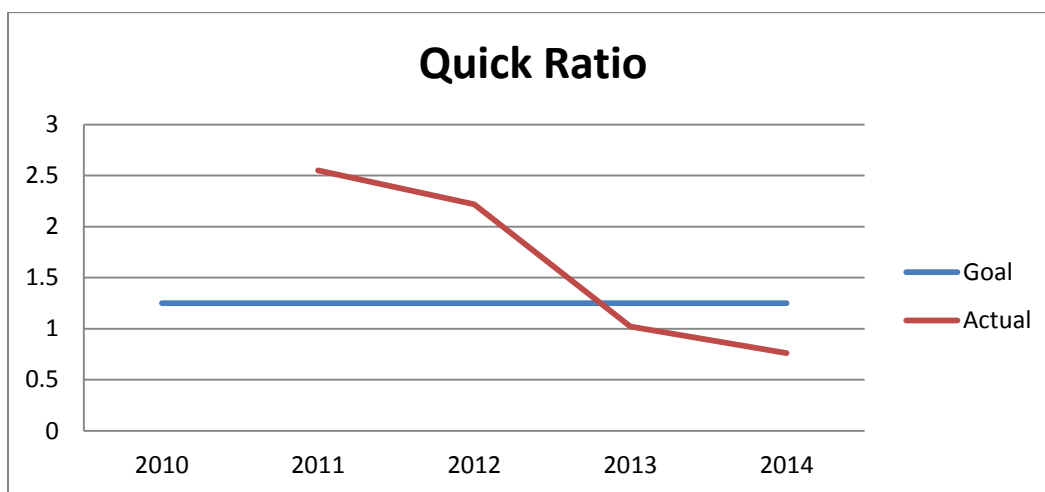
Range = 1.5 – 4.0

Non-compliance in 2014.

*For an explanation, refer to Page 5 under “Net Income as a % of Sales”*

**Operational Definition:**

The Quick Ratio should be at 1.25.



**Data:**

Quick Ratio = 0.76

Median for similar size co-ops = not available

Range = not available

Non-Compliance in 2014.

Plan is to increase liquid assets by:

- Inventory maintenance
- Increasing inventory turns
- Increasing margin to 35%
- Reducing labor costs by 5%

4. Allow solvency (the relationship of debt to equity) to be insufficient.

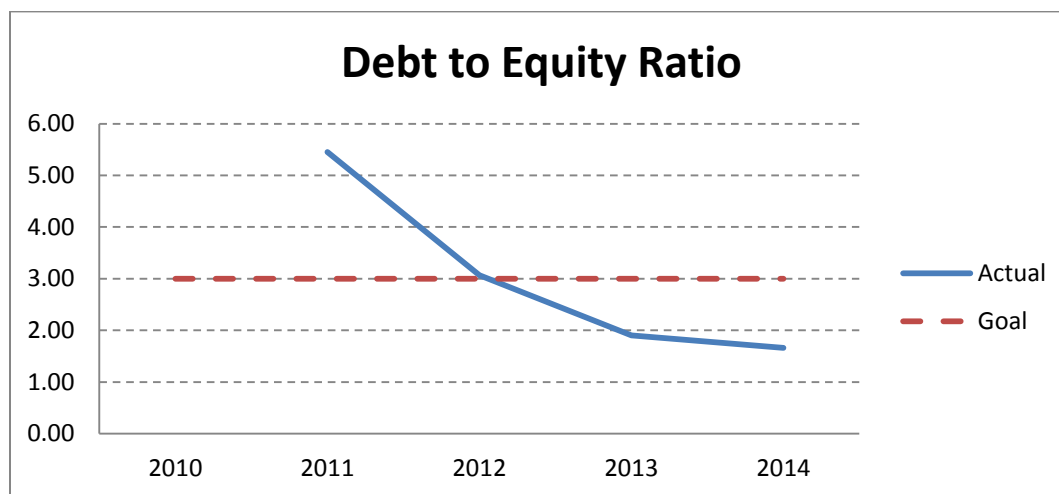
**Interpretation:**

The Debt to Equity ratio, Total Liabilities divided by Total Equity is a commonly used measure of solvency. It is an indicator of the proportion of debt and equity the company is using to finance its assets.

The CoMetrics benchmark for jeopardy is a Debt to Equity Ratio above 3.0. For the purposes of this report, compliance will be achieved if the Debt to Equity Ratio is below 3.0.

**Operational Definition:**

Our actual Debt to Equity ratio must be below 3.0.



**Data:**

Debt to Equity = 1.66

Median for similar size co-ops = 2

Range = .5 -3

Non-compliance in 2014.

*For an explanation, refer to Page 5 under "Net Income as a % of Sales"*

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

**Interpretation:**

Management may not incur new indebtedness except as trade payables, ordinary credit lines, and leases for equipment necessary in the ordinary course of business.

**Operational definition:**

Compliance will be achieved if, since the last report, no new indebtedness is reflected on the Balance Sheet other than those described above.

**Data:**

The following information is taken from the Liabilities section of the attached Balance Sheet. It shows no new liabilities.

The board approved the following liabilities, or potential liabilities, that are still active. Items 1 and 2 are listed on attached Balance Sheet.

| Item |              | Date last verified | Verified Loan Amount | Current Loan Amount | Notes                               |
|------|--------------|--------------------|----------------------|---------------------|-------------------------------------|
| 1    | CFNE         | 12/31/2013         | \$168,403.87         | \$172,663           | Took a draw \$12,143.55 Sept., 2014 |
| 2    | Member Loans | 12/31/2103         | \$39,500             | \$37,500            | No new loans                        |

6. Acquire, encumber or dispose of real estate.**Interpretation:**

This policy limits the GM from purchasing or committing to purchase any real estate; only the Board has the authority to make any kind of real estate (land or buildings) deal.

**Operational definition / Data:**

No real estate purchases or commitments have been made in 2014.

Compliance in 2014.

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

Our only "government-ordered" payments are the various taxes we pay.

**Operational definition:**

All taxes due will be paid on time.

We will receive no notice from the government that our taxes are unpaid, paid late, or inaccurately filed.

**Data:**

Annual payment schedule

|             | Date Due | Date Paid | Amount Paid |
|-------------|----------|-----------|-------------|
| Payroll Tax | 04/08/14 | 04/08/14  | \$31,649.18 |
|             | 07/31/14 | 07/31/14  | \$30,573.67 |

|                               |          |          |             |
|-------------------------------|----------|----------|-------------|
|                               | 10/31/14 | 10/31/14 | \$40,667.33 |
|                               | 02/02/15 | 02/02/15 | \$41,264.34 |
| <b>Sales Tax</b>              | 01/27/14 | 01/27/14 | \$2,979     |
|                               | 2/28     | 2/28     | \$2,282     |
|                               | 3/31     | 3/31     | \$2,386     |
|                               | 4/30     | 4/30     | \$2,690     |
|                               | 6/2      | 6/1      | \$2,686     |
|                               | 6/30     | 6/30     | \$2,811     |
|                               | 7/31     | 7/26     | \$2,506     |
|                               | 9/2      | 8/29     | \$2,713     |
|                               | 9/30     | 9/29     | \$2,671     |
|                               | 10/31    | 10/29    | \$2,664     |
|                               | 12/1     | 11/28    | \$2,886     |
|                               | 12/31    | 12/30    | \$2,821     |
| <b>Federal<br/>Income Tax</b> | None due |          |             |
|                               | " "      |          |             |
| <b>State<br/>Income Tax</b>   | None due |          |             |
|                               | " "      |          |             |

This year we received no notice of overdue or inaccurate payments.

Compliance in 2014.

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

**Operational definition / Interpretation:**

- A. Contracts are agreements between the Co-op and another party. They include, for example, purchasing contracts with United Natural Foods, and our contract with CDS for the CBLD board development program. Contracts are considered settled in a timely manner unless we receive notice that our payment is past due.
- B. Payroll is the sum of wages and benefits paid to staff. It is considered settled in a timely manner if employees receive their wages and benefits as outlined in the Employee Handbook, and if no employee makes a valid grievance concerning untimely payment.
- C. Loans are anything listed as "Notes Payable" on our Balance Sheet. They are considered settled in a timely manner if we make payments according to the note, and if we receive no notice that our payment is past due.
- D. Fiddleheads has no other financial obligations.

**Data:**

- A. We received no past due notices this reporting period.
- B. Employees received their paychecks on time every pay period. No grievances (valid or otherwise) concerning payment were filed this reporting period.

- C. We paid all notes according to terms this reporting period. We received no notices of late payment from any note holder.
- D. N/A

Compliance in 2014.

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

**Interpretation:**

Restricted funds are any money or account controlled by the Board of Directors or outside authority for a specific purpose. Only the board or that outside authority may alter the spending assignment for that money.

**Operational Definition:**

Restricted funds are clearly identified on our balance sheet.

The amount of any restricted fund should only change according to decisions of the controlling authority.

**Data:**

Restricted funds controlled by the board: none.

Restricted funds controlled by others: none.

Compliance in 2014.

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

**Operational definition:**

The co-op's financial record keeping systems will comply with Generally Accepted Accounting Principles (GAAP).

A qualified third party from outside the organization will review the co-op's accounting systems on an annual basis to a level of depth necessary to provide an opinion regarding compliance with GAAP. The external auditor hired by the board to perform the annual audit qualifies as this party.

Compliance will be achieved if the auditor provides a "clean" or unqualified letter regarding conforming to GAAP.

**Data:**

In the [date] "Independent Auditor's Report on the Financial Statements," Shannon Heap states that our financial statements are "in conformity with accounting principles generally accepted in the United States of America."

Attachment: letter from the auditor.

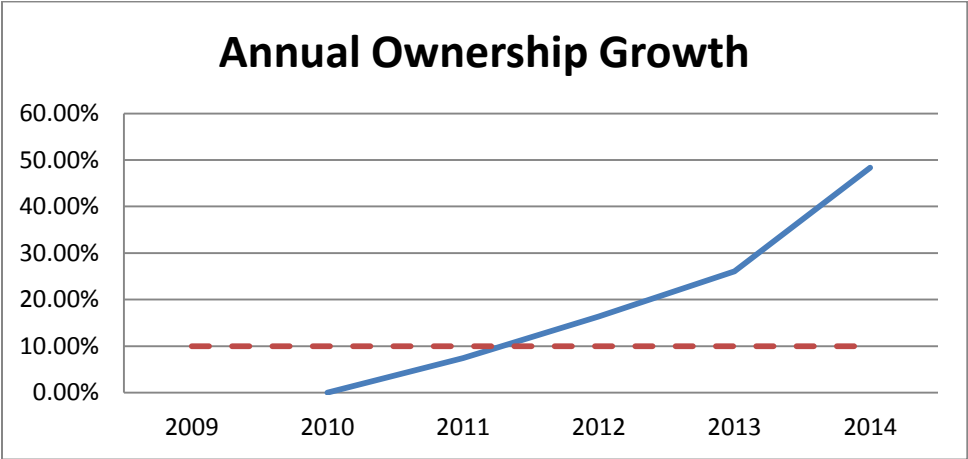
11. Allow growth in ownership and owner paid-in equity to be insufficient.

**Interpretation:**

Our goal is an annual growth of 10% in the number of owners. There is no NCG benchmark for owner paid-in equity, but we consider growth in owner paid-in equity will be sufficient if it meets our own goals.

**Operational Definition:**

The number of co-op owners will grow at least 10% annually.



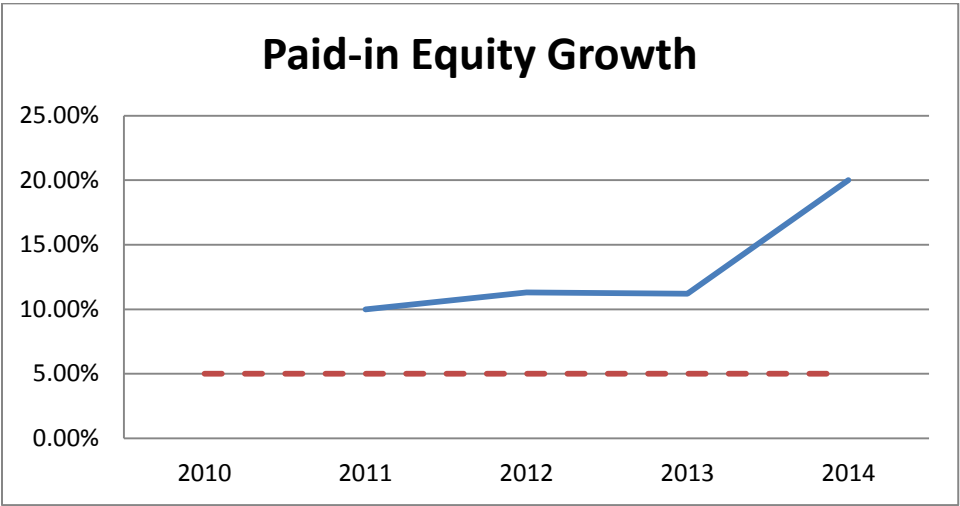
Ownership growth = 29%

FYI: # of owners as of 12/31/14 = 2132

Compliance in 2014.

**Operational Definition:**

Owner paid-in equity will grow at least 10% annually.



Paid-in equity growth = 20.0%

Compliance in 2014.



# VII: Monitoring Report B1 Q1:

*Financial Condition*

Doc VII



**Quarterly** Monitoring Report, May 19, 2015

**Policy: B1 – Financial Condition and Activities**

We report compliance with all parts of this policy except Sub-Policies B1.1, B1.2 and B1.3

This is a quarterly update report on key financial and operational indicators included in the annual B1 report, as well as on our tax payments. In addition, this report will include any information about actual or anticipated non-compliance for all aspects of the B1 policy. Interpretation details can be found in the annual monitoring report.

Unless indicated otherwise, all data in this report is for Q1 15 and is accurate as of May 1, 2015.  
I certify that the information contained in this report and attachments is true.

Signed \_\_\_\_\_, Co-Manager

Signed \_\_\_\_\_, Co-Manager

Attachments: Balance Sheet, Income/Expense Statement

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**Operational Definitions and Data for each Key Indicator**

**Global Policy**

Margin minus Labor will be at or above the median for small to medium-size co-ops.

Margin Minus Labor (MML)

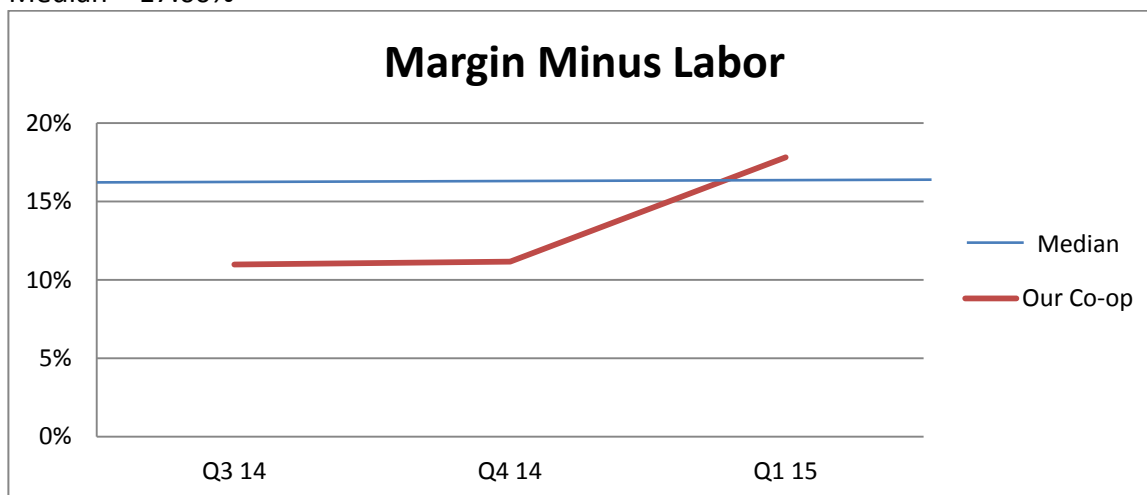
Margin Minus Labor (MML) – A measure of how much of every dollar spent in the store is left after paying for the product and the labor associated with the product.

MML is a measure of the stability of overhead costs.

MML = Margin as a percent of sales – Labor as a percent of Sales

Q1 MML = 17.82%

Median = 17.00%



### Sale/Labor hour

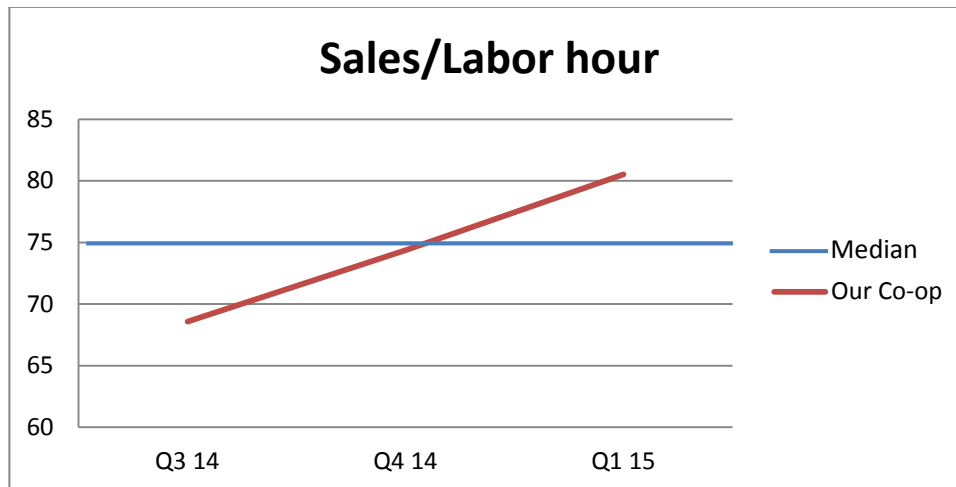
Sales per Labor hour – A measure of the amount of Gross Sales per each Labor hour.

Sales per Labor hour is a measure of efficiency and stability.

Sales/Labor hour will be at or above the median for small to medium size co-ops.

Q1 Sales/labor hour = \$80.53

Median = \$75.00



### Inventory Turnover

Inventory Turnover is the number of times the entire store inventory is sold and replaced.

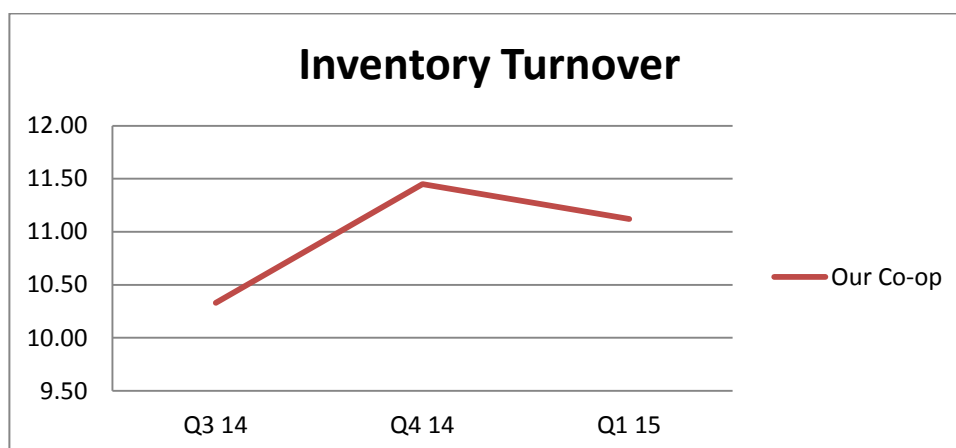
Inventory Turnover indicates the effectiveness of inventory management.

Inventory Turnover = Cost of Goods Sold/Average Inventory

Inventory turnover will be at or above the median for small to medium size co-ops.

Q1 Inventory turnover = 11.12

Median = 13.00



### Plan:

- Monitor product movement for each department and eliminate slow moving products
- Monitor data from SPINS (product information service for natural food stores) and UNFI (our major supplier) for highest selling products in the natural foods category. Assess this data and add highest selling items to our product mix.

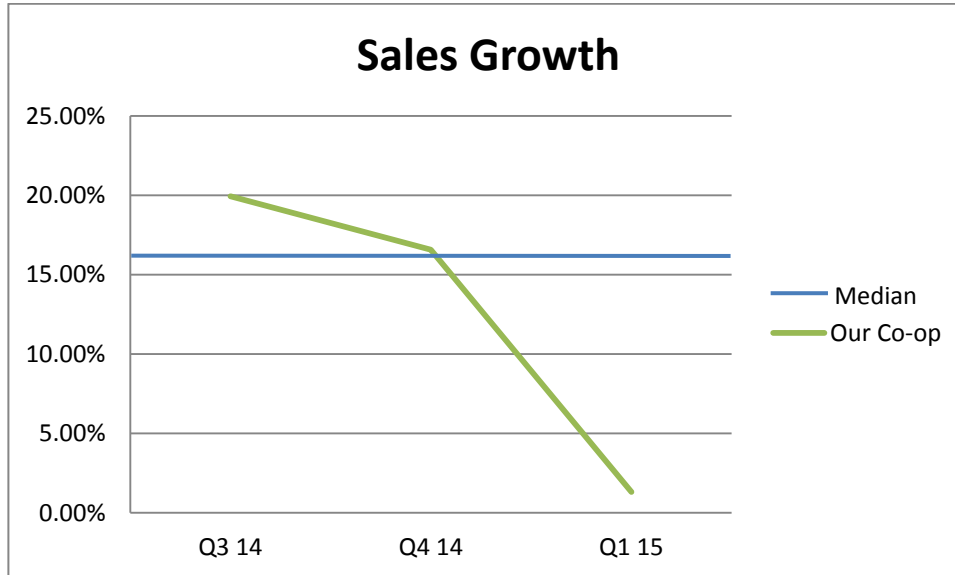
### Sub-policy 1.1

Sales growth must be above both budget (10%) and the group median.

Sales Growth =  $\frac{\text{Sales of Current Year} - \text{Sales of Past Year}}{\text{Sales of Past Year}}$

Q1 Sales growth = 1.31%

Median = 7%



Plan:

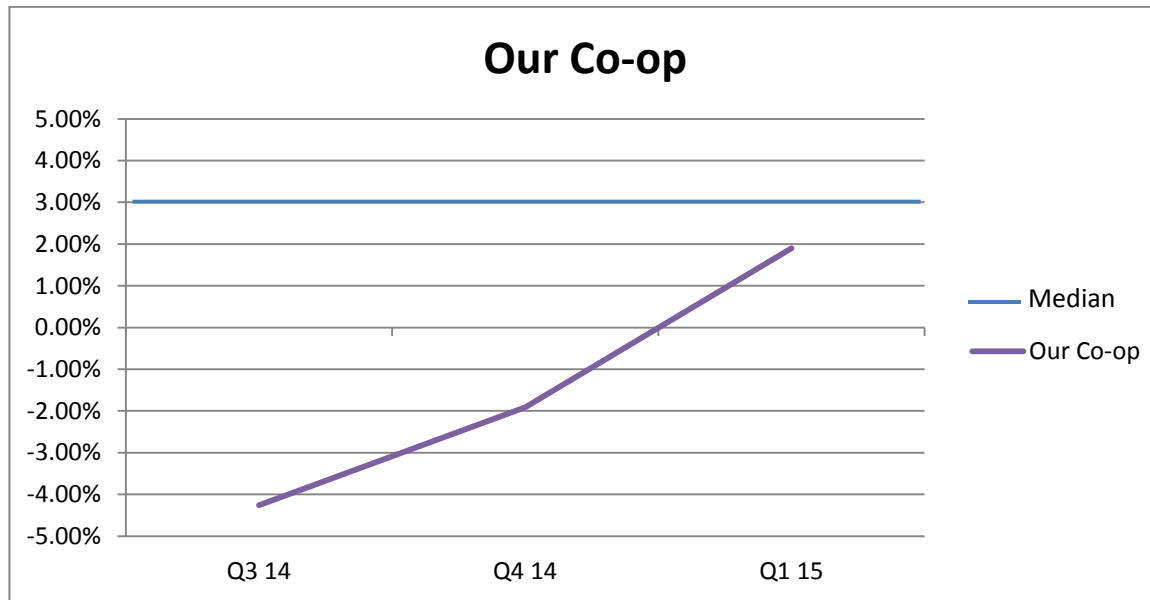
- Increase Basket Size
- Initiate “Summer Sampling Program – Plan includes active sampling 5 days/week and intensive passive sampling all week long.
- Increase case stack deals for attractive pricing
- Advertise strategically
- Currently using deals from The Day in the Reader’s Choice “Best of.....” promotion.
- Will explore promotion with “Patch”
- Support local events
- Increase Ownership
- Hire Ownership and Outreach Manager
- Continue to build Customer Service skills with all staff
- Investigate store reset with Nicole Klimek of CDS

## Sub-policy 1.2

EBITDA will be at or above the median for small to medium-size co-ops.

Q1 EBITDA = 1.90%

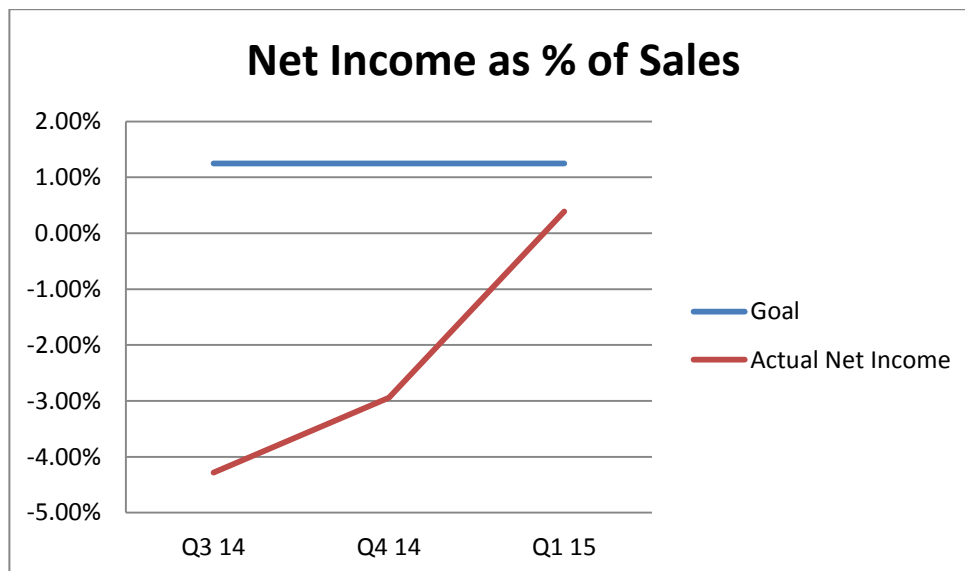
Median = 3.00%



Net Income as a % of Sales from the most recent quarter must be at or above the median for small to medium size co-ops.

Q1 Net income = 0.39%

Median = 1.25%



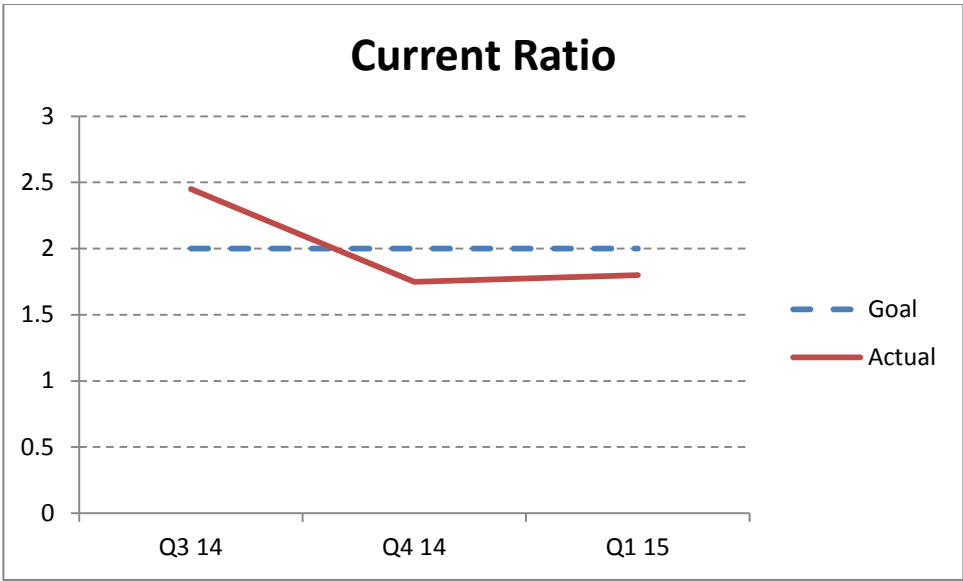
For the above indicators, EBITDA and Net Income as % of Sales, there is an upward trend. Our B1 annual plan of closely monitoring expenses, pricing and inventory is having a positive effect on these indicators. Our plan for increasing sales (see plan under “Sales Growth”) will also positively affect these indicators.

**Sub-policy 1.3**

The Current Ratio should be at or above 2.0.

Current Ratio (Current Assets divided by Current Liabilities)

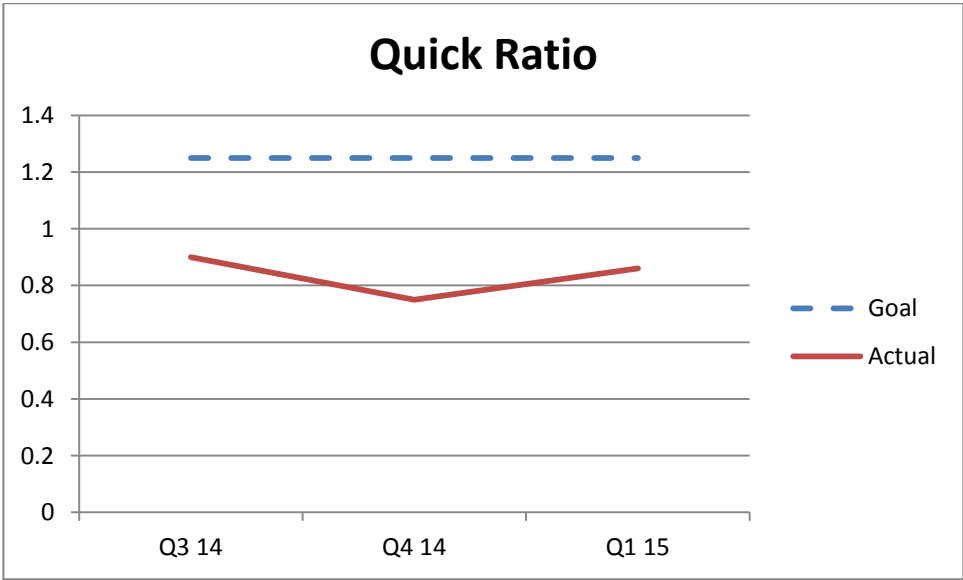
Q1 Current ratio = 1.80



Quick ratio should be above 1.25.

Quick Ratio [(Current Assets – Inventory) divided by Current Liabilities]

Q1 Current Quick ratio = 0.86



For the above ratios, Current Ratio and Quick ratio there is also an upward trend. Again, our B1 annual plan of closely monitoring expenses - especially labor expense, pricing and inventory is having a positive

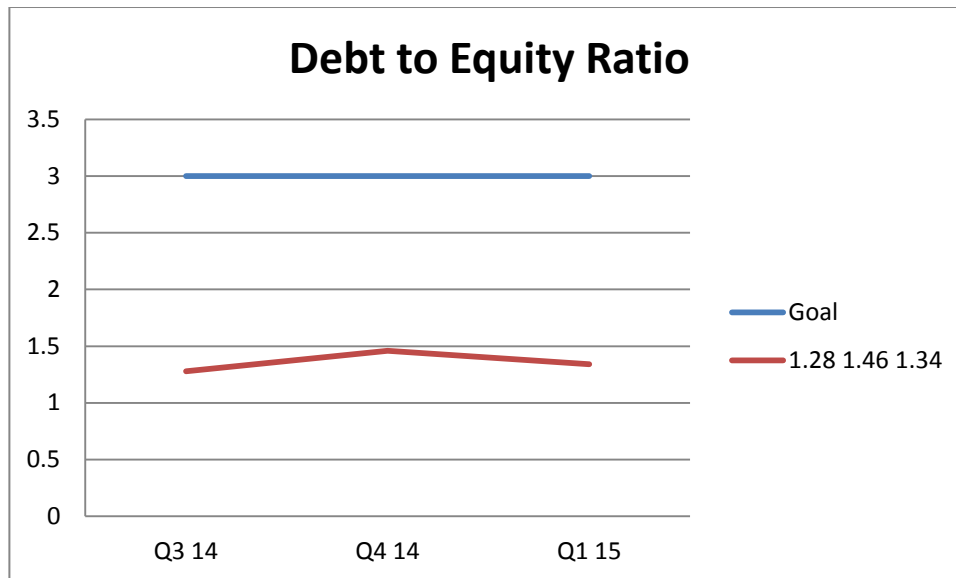
effect. Our plan for increasing sales (see plan under “Sales Growth”) will also positively affect these ratios.

Our standards for Current Ratio and Quick Ratio is conservative. The CoMetrics benchmark for jeopardy (minimally adequate liquidity) is a Current Ratio of 1.25 and a Quick Ratio of 0.70.

#### Sub-policy 1.4

Debt to Equity ratio must be below 3.0.

Q1 Current D/E ratio = 1.34



#### Sub-policy 1.7

Quarterly tax payments:

|                    | Date Due | Date Paid | Amount Paid |
|--------------------|----------|-----------|-------------|
| Payroll Tax        | 01/07/15 | 01/07/15  | \$4,764.55  |
|                    | 01/22/15 | 01/22/15  | \$4,960.21  |
|                    | 02/04/15 | 02/04/15  | \$4,623.90  |
|                    | 02/19/15 | 02/19/15  | \$4,572.15  |
|                    | 03/04/15 | 03/04/15  | \$4,510.24  |
|                    | 03/18/15 | 03/18/15  | \$4,456.63  |
|                    |          | TOTAL     | \$27,887.68 |
| Sales Tax          | 01/26/15 | 01/26/15  | \$3,747.00  |
|                    | 02/18/15 | 02/18/15  | \$2,988.00  |
|                    | 03/18/15 | 03/18/15  | \$2,698.00  |
|                    |          | TOTAL     | \$9,433.00  |
| Federal Income Tax | None due |           |             |
|                    |          |           |             |
|                    |          |           |             |
| State Income Tax   | None due |           |             |
|                    |          |           |             |
|                    |          |           |             |

### Sub-policy 1.11

Number of owners will grow at least 5% annually.

Q1 Growth = -25%

Owner paid-in equity will grow at least 5% annually.

Q1 paid-in equity growth (year to year) = -6%

#### Plan

- Hiring a highly qualified Ownership and Outreach Manager is a top priority. We will do a thorough and extensive search for this position reaching out regionally and networking with a broad community to include non-profit agencies.
- Increased attention to customer service.
- More attention to providing customers with membership information.



## Balance Sheet

|                        |                      |
|------------------------|----------------------|
| Cash and Receivables   | \$ 147,004.64        |
| Inventory              | 161,858.90           |
| Fixed and Other Assets | <u>397,071.16</u>    |
| <b>Total Assets</b>    | <b>\$ 705,934.70</b> |

|                                     |                      |
|-------------------------------------|----------------------|
| Current Liabilities                 | \$ 171,248.68        |
| Long Term Loans                     | 233,520.10           |
| Equity                              | 53,675.00            |
| Accumulated Earnings                | <u>247,490.92</u>    |
| <b>Total Liabilities and Equity</b> | <b>\$ 705,934.70</b> |

## Income Statement

|              |                    |
|--------------|--------------------|
| Market Sales | \$ 828,030.45      |
| Discounts    | <u>(27,797.60)</u> |
| Net Revenues | \$ 800,232.85      |

|                      |                   |
|----------------------|-------------------|
| Cost of Market Goods | \$ 541,933.76     |
| Personnel Expenses   | 156,220.03        |
| Building Expenses    | 73,946.85         |
| Overhead Expenses    | 16,704.22         |
| Other                | 2,254.69          |
| Taxes and Permits    | <u>6,018.00</u>   |
| Total Expenses       | <u>797,077.55</u> |
| Net Income           | \$ 3,155.30       |

## IX: Retreat Topics:

*Define Outcomes*



X: Executive Session:

Doc X

