



**FIDDLEHEADS NATURAL FOODS
COOPERATIVE**

**BOARD OF DIRECTORS
MEETING PACKET**

**Meeting date:
January 5, 2016**



AGENDA

FIDDLEHEADS
BOARD OF DIRECTORS MEETING
January 5, 2015
6:30-8:30 PM
105 Huntington Street, New London

Time	Topic	Resource	Board Action/ Outcome	Leader
6:30	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	Agenda	Convene/Focus	President
6:30	Agenda Review	Agenda	Make any needed adjustments	President
	Member Comments		Listen	President
6:35	Minutes (Board Packet) <ul style="list-style-type: none"> • November 17, 2015 • December 15, 2015 	Packet	Approve Minutes	
6:40	Managers Update Report – TBD <ul style="list-style-type: none"> • Lease negotiations • Other items as appropriate 	Packet or Oral	Q&A	IGM
6:55	Consent Agenda <ul style="list-style-type: none"> • Member Equity Refund Requests (as needed) • GM Search Minutes Nov. 24, 2015 	Each item in packet	Approval	President
6:55	Discussion of Items removed from Consent Calendar	See above	Discuss/Approve	TBD
7:00	EXECUTIVE SESSION <ul style="list-style-type: none"> • To approve minutes of December 15, Executive Session Minutes • To discuss year end financial review options and decide which to pursue (decided by unanimous board approval without meeting) • To discuss GM search/candidates • To discuss IGM contract and possible extension • To discuss IGM succession planning 	Minutes To Be Provided		Secretary
		Document in packet		IGM/VP
				GM Search Committee
				President and IGM
7:45	Discussion/Action Items: <ul style="list-style-type: none"> • Code of Conduct for Board Members • Board Calendar (including Governance Calendar) for 2016 	In packet	Approve if necessary	Governance Committee
		In packet and hard copies to be brought	Approve and execute	Governance Committee
TBD	Committee/Task Force <ul style="list-style-type: none"> • Governance *Confirm committee membership			

	<p>*Discuss candidates for board vacancy</p> <ul style="list-style-type: none"> ● GM Search *Process going forward ● Annual Meeting *Any updates? ● Member Communications *Any updates 			
8:15	GM Monitoring Report	In Packet		IGM
8:40	Member Comments			
8:45	<p>Closings</p> <ul style="list-style-type: none"> ● SCHEDULE CDS CALL! ● Review decisions, tasks, assignments ● January 19th draft agenda ● 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 ● Adjourn Meeting 		<p>Review Evaluate meeting process: what worked and what needs improvement</p>	<p>President</p>

BOARD PACKET:

- Draft Minutes of November 17, 2015 & December 15, 2015 (Danny & Elisa)
- GM Update Report (Wynston)
- GM Search Minutes (in shared folder)
- Member Equity Refund Requests – If any (Wynston)
- Executive Session Minutes of December 16, 2015 – (to be brought to meeting by Danny)
- Financial Review Options Summary – (Wynston provided for December 16, 2015)
- Board Member Code of Conduct (Mona/Ellen provided for December 16th – AND hard copies to be brought to meeting to sign)
- Combined Board and Governance Calendar (Elisa, Sue, Mona – I think this needed tweaks from what was in December 16, 2015 packet)
- IGM Interim Monitoring Report (Wynston provided for December 16, 2015)
- Draft Agenda for January 19, 2016 meeting



Minutes

Meeting of 11/17

Meeting of 12/15

FIDDLEHEADS BOARD OF DIRECTORS
Board Meeting of November 17, 2015

I. CALL TO ORDER, ATTENDANCE, ANNOUNCEMENTS

A. Call to order

Susan Phillips called to order a monthly meeting of the Fiddleheads Board of Directors at 6:30 pm on Tuesday, November 17, 2015 at 105 Huntington Street, New London, CT.

B. Attendance

The following board members were present:

Susan Phillips, President
Susan Zimmerman, Vice-President
Helene Bardinet, Treasurer (arrived at 6:34PM)
Danny Spurr, Secretary
Mona Harmon-Bowman
Ellen Clinesmith
Carolyn Wilson

The following additional members were present:

Wynston Estis, Interim General Manager
Elisa Giommi, Board Administrator

It should be noted that Suzanne Cattanach has resigned from the Board of Directors.

C. Board Check-in

D. Agenda Review

The Lease Renewal item was removed from the consent agenda, as the lease renewal has not yet been finalized.

The Process for Handling Member Loans and Refund requests was removed from the Discussion/Action Item section as this has not yet been finalized.

The Proposal for Financial Training was added to the Discussion/Action Item Section.

It was clarified that the proposed Board Budget was for 2016, not 2015.

E. Member comments

Elisa Giommi proposed a new Board of Directors group photo for the coop.
No other members were present.

II. MINUTES OF PRIOR MEETINGS

A. Minutes of October 20, 2015 meeting

There were some edits and typographical errors noted.

Motion to accept minutes of October 20, 2015 with proposed edits.

Motion: Mona Harmon-Bowman

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Board Meeting of November 17, 2015

Second: Ellen Clinesmith
All in favor with Carolyn Wilson abstaining

III. MANAGER'S UPDATE REPORT

The manager's report was not included in the packet, but was presented orally at the meeting.

A. Lease negotiation

The lease negotiation is not yet complete, but Wynston has seen an addendum for a three year contract at the same rate as the five year contract. The addendum is with landlord's lawyer.

B. Store Reset

Reset is two thirds complete. The piano will stay, but will be locked. Volume levels of music will be managed to not interfere with the customer/staff experience.

C. Staff Update

Kristin DeMuzzio will be leaving at the end of the month. A replacement front end manager will most likely be hired from within, but there will be a need for new staff hires next month, as staffing levels are pretty minimal already. Wynston will be away from Thanksgiving until the following Monday. Rachel Watrous will again be acting GM in her stead.

D. Thanksgiving Hours

Fiddleheads will be opened from 8 to noon on Thanksgiving. Staff input was mixed on whether to be open on Thanksgiving, but there were enough staff willing to work the shift to allow Fiddleheads to be open.

IV. CONSENT AGENDA

A. Board Monitoring Report C5- Directors Code of Conduct

B. GM Search Committee Minutes

C. Member Equity Refund Requests

There are no pending requests for a Member Equity Refund.

D. Approve revisions of Workflow from September 15, 2015

Motion to approve the Consent Agenda

Motion: Ellen Clinesmith

Second: Danny Spurr

All in favor

V. DISCUSSION

A. Report on Portland, Oregon Co-ops

The collective management of the two co-ops mentioned (the Alberta Co-op and the People's Co-op) was of particular interest in relation to our GM transition and succession plan. Joanne Todd, a Board consultant at CDS is a former Board Director at the People's Co-op and could be a potential resource if the Board wanted more information on collective management. It

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was suggested that Ms. Todd could be a good candidate for our CDS-CBLD consultant should we request a change of consultants. Ms. Todd is the consultant for the Willimantic Food Co-op.

B. CDS Contract for Board Support

Susan Zimmerman contacted CDS about the possibility of requesting a new consultant. CDS will consider our request, but it is CDS who decides how to assign their consultants. They will be meeting at the end of the month to work out consultant assignments.

Susan Phillips will contact Mark (CDS) about our decision to renew.

Susan Zimmerman will contact David Fowle (NCG) about covering the CDS/CBLD contract fees as well as potentially covering our budgeted extra consulting hours and consultant travel expenses for the Board retreat.

Motion to enter into contract with CDS

Motion: Ellen Clinesmith

Second: Helene Bardinnet

All in favor

C. Financial Training Proposal

There was discussion about having a financial number crunching get together either before or after the proposed Willimantic facilitated training. Having such a get together after the training was seen as preferable.

Susan Zimmerman will coordinate with the Willimantic Co-op people to schedule a financial training session for sometime in January.

Motion to approve Financial Training Proposal

Motion: Mona Harmon-Bowman

Second: Carolyn Wilson

All in favor

D. Board Budget 2016

It was proposed that we remove the CBLD contract expenses from the budget should NCG agree to cover those costs.

There was some confusion about what the actual expenses were for Board consulting hours in the 2015 budget. It was agreed that this should be looked into further and that a more accurate set of actual 2015 Board expenses be assembled.

Motion to request for the Board Treasurer and General Manager to assemble 2015 Board Actuals by February 2016

Motion: Mona Harmon-Bowman

Second: Ellen Clinesmith

All in favor

Motion to approve the 2016 Board Budget (1st column of the Budget table)

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Motion: Ellen Clinesmith
Second: Susan Zimmerman
All in favor

E. Process for Handling Member Equity Refund Requests

The Board was shown the updated language on the Member/Owner Application form informing applicants about their equity and refund procedures. Wynston also read the new Member Equity Refund Request form to the Board.

It was noted that there is still a lot of work to do sorting out how equity was handled in the past so that our member equity is accurately reflected on our Balance sheet and our outstanding member equity can be made more current. Also, the language used on the application needs to be more accurate and the information regarding member equity more clearly stated.

F. Expectation of Board Membership

A proposed Board Code of Conduct Agreement was reviewed. It was agreed that the bylaws referenced in the agreement should be included in the agreement and minor edits were made.

Code of Conduct Agreement approval tabled until December. Governance Committee will prepare a final draft of the agreement for the December meeting.

G. Current Discount Policy and Practice

Plans are underway to replace the 2% member discount, by the February 2016 birthday celebration, with alternative ways to incentivize ownership. There will be a drive throughout the month of December to inform members of the upcoming changes. The military and student equity discount program that violated the Articles of Incorporation has been discontinued. [This program was found to violate our Articles of Incorporation by discounting the \$25 initial fee amount that is a required payment to buy a share and become a member. Though the GM can offer discount programs on purchases if they wish, they cannot discount the \$25 share price to become a member; The Certificate of Incorporation states: "Members who meet Membership requirements shall purchase one share of Class A Member Voting Stock, having a par value of twenty-five dollars." & "The amount of all capital stock issued by this Cooperative shall not exceed five million dollars, and no shares may be issued at less than their par value. No share shall be issued until the full price thereof has been paid in cash."]

H. IGM Service Contract Continuation

Approval was sought for a 4-8 week extension of the IGM Wynston Estis contract. After some discussion, it was agreed that, though it is possible we may not need Wynston's services for the full 8 weeks, this is probably a realistic time frame.

A question was asked about succession planning. Wynston has been examining this issue since her arrival at the store. It was noted by her that there is a lack of in-house capacity, but a plan, possibly using remote CDS consultants, can be developed, should Fiddleheads not have a permanent GM in place when Wynston leaves. Wynston will consult with Marilyn

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Scholl (CDS) about succession options.

Motion to approve an eight week continuation of the Interim General Manager Wynston Estis' contract through CDS

Motion: Susan Zimmerman

Second: Mona Harmon-Bowman

All in favor

VI. COMMITTEE/TASK FORCE REPORTS/ACTION

A. Governance Committee Report

The Governance Committee is in the process of creating their calendar. Constance Kendros was interviewed and is interested in serving on the Governance Committee, though she currently has a scheduling conflict on the Committee's meeting day.

Approval of Governance Calendar and chair for Governance Committee tabled.

B. GM Search Committee

The Board will be conducting an in-person interview with a GM candidate on December 1, 2015 at 6:30PM. There is a possibility of informal activities or dinner with the candidate on the following day. Elisa will send out an email to the Board about scheduling activities for the following day.

There were questions raised about interview questions 7 and 8 regarding race. It was felt that the questions may be too abstract and should relate more to the job of the potential GM. It was also felt that there should be a question related to income inequality as well as a question about engaging our regional membership outside of the local New London area.

Helene Bardinet, Ellen Clinesmith, Susan Zimmerman and Danny Spurr will meet to discuss potential questions relating to race, income inequality, and regional engagement.

C. Annual Meeting Committee Report

A deposit of \$600 will be needed to secure the Hygienic Art Park space for the meeting.

Motion to approve the Annual Meeting date of May 21, 2015 and the Annual Meeting budget of \$3500

Motion: Ellen Clinesmith

Second: Danny Spurr

All in favor

D. Membership Committee

Tabled

VII. GM MONITORING REPORT

A. Ends A2 – Thriving Local Economy (Adopted January 6, 2014)

Fiddleheads exists so to make Southeastern Connecticut a thriving, locally based economy

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Reasonable progress toward compliance.

B. Ends A3 – Sense of Community (Adopted January 6, 2014)

Fiddleheads exist so that shoppers and members have a strong sense of community

Reasonable progress toward compliance.

C. Ends A6 – Workplace (Adopted January 6, 2014)

Fiddleheads exists so that Southeastern Connecticut has meaningful work opportunities in a supportive environment.

Reasonable progress toward compliance.

The updates to job descriptions and duties and responsibilities were clarified. It was noted that the new financial summary matrix was very helpful. Wynston will provide Carolee Colter (CDS) with a copy of the new staff structure to provide to the GM candidate.

D. Executive Limitations B1 – Financial Condition and Activities (Revised August 18, 2015) Sections 1, 2, 3, 5, 7, 8

The GM shall not:

Section 1: Allow sales to decline or be stagnant.

Not in compliance. Fiddleheads is still under-performing. There is a plan in place to grow sales through improved:

- *Daily routine*
- *Promotions*
- *Pricing*

Section 2: Allow operations to generate an inadequate net income.

Not in compliance. There is a plan to improve net performance in 2016:

- *Replace 2% discount*
- *Promote product and service-based incentives:*
 - *The BIG Deal*
 - *Owner Exchange*
 - *Quarterly 10% off coupon*
 - *Quarterly and Seasonal exclusive discounts*

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

In compliance.

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

In compliance.

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

In compliance

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

Not in compliance. Non-compliance results from some overdue accounts payables. Efforts are being made to address this.

There were several discussion items for Executive Limitation B1:

1. A question was raised about the current ratios and why, while they seemed good, there was not a lot of cash on hand.
2. There was a clarification that the Gross Margin is calculated prior to any discounts.
3. Wynston noted that the primary income problem was related to sales and not margins.
4. It was noted that percent of assets financed by member equity is very low. This is due to current members not being paid up on their equity obligations as well as the need for more members. An equity drive is planned for after the reset in conjunction with the planned changes to owner benefits. Some ideas were offered to encourage members to pay off the rest of their equity obligations.

E. Executive Limitations B2 – Business Planning and Financial Budgeting (Adopted June 18, 2013)

In compliance.

F. Executive Limitations B3 – Asset Protection (Adopted June 18, 2013)

In compliance.

G. Executive Limitations B4 – Membership Rights and Responsibilities (Adopted June 18, 2013)

Not in compliance. Plan to come into compliance by February 2016 (birthday) when new member/owner program is live.

H. Executive Limitations B7 – Communication to the Board (Adopted June 18, 2013)

In compliance.

I. Executive Limitations B8 – Board Logistical Support (Adopted June 18, 2013)

In compliance.

Motion to accept Interim General Manager monitoring report with acknowledgement of non-compliance in the sections noted above:

Motion: Susan Zimmerman

Second: Helene Bardinnet

All in Favor

VIII. CLOSINGS

A. The CDS consultant call

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Call is scheduled for December 3, 2015 at 4:30 PM

B. Tasks and Assignments

Susan Phillips will email the Board the review of tasks and assignments.

C. Adjournment

Motion to adjourn at 8:50 pm

Motion: Mona Harmon-Bowman

Second: Helene Bardinet

All in favor

FIDDLEHEADS BOARD OF DIRECTORS
Meeting of December 15, 2015

I. CALL TO ORDER, ATTENDANCE, ANNOUNCEMENTS

A. Call to Order

Susan Phillips called to order a monthly meeting of the Fiddleheads Board of Directors at 6:31 p.m. on Tuesday December 15, 2015 at 105 Huntington Street, New London, CT.

B. Attendance

The following board members were present:

Susan Phillips, President
Susan Zimmerman, Vice-President
Helene Bardinet, Treasurer
Danny Spurr, Secretary
Mona Harmon-Bowman
Ellen Clinesmith
Carolyn Wilson

The following additional members were present:

Wynston Estis, Interim General Manager
Elisa Giommi, Board Administrator

C. Board Check-in

No Board Check-in

D. Agenda Review

1. The December 7, 2015 BOD meeting minutes were added for approval.
2. The December 7, 2015 executive session minutes were added to the executive session for approval.
3. The NCG participation resolution was added to the Action Items section.
4. The GM Search Committee minutes were tabled.
5. The year end financial review discussion was tabled.

E. Member comments

There were no member comments

II. MINUTES OF PRIOR MEETINGS

A. Minutes of November 17, 2015

Tabled until next meeting for editing

B. Minutes of December 7, 2015 (Special Meeting)

Motion to accept minutes of December 7, 2015

Motion: Helene Bardinet
Second: Ellen Clinesmith
All in favor

III. MANAGER'S UPDATE REPORT

A. Store Update

The store exceeded sales for the Thanksgiving week by about \$3,000 compared to last year, thanks in large part to increased turkey sales.

Three staff members will be leaving by the end of December and four new staff members have been hired. James Burke has been promoted to Front End Manager and Robert Tompkins will be taking over POS data entry responsibilities.

B. Owner Loan Process

The owner loan process is in Quickbooks and reconciled with the system and future loans will be booked through Quickbooks. Wynston was not concerned about the terms of the previous owner loans, though these could be examined if the Board felt this was necessary, but Wynston recommended a process for handling owner loans going forward. **Wynston will provide a written proposal for a process for handling owner loans for the January 19th meeting.**

C. Owner Incentive Program

The launch of the new owner incentive program and phase out of the 2% discount program has been delayed. A trial run of the new incentive program is planned for January to inform membership of the program and receive feedback about it, with the intent of fully transitioning to the the new program at the Fiddleheads birthday celebration in February.

D. Lease agreement

There is no lease agreement yet. Wynston intends to seek out legal counsel to aid in finalizing the lease renewal process. Some suggestions were given for lawyers who may be able to provide counsel.

IV. CONSENT AGENDA

A. Member Equity Refund Request

There was one request for a member equity refund.

Motion to approve full member equity refund for Kit and Jane Johnson:

Motion: Mona Harmon-Bowman

Second: Carolyn Wilson

All in favor

B. Board Monitoring Report C6- Officers' Roles

There was a proposal to review the language of the officers' roles, specifically in reference to the Treasurer's duty to ensure the annual report is delivered to the Secretary of State. Also the Treasurer must make sure that all the duties stated are necessary and comply with state statute and our bylaws. Susan Zimmerman and Susan Phillips offered to conduct this review.

There was also a question in regard to a comment made in C6 Section 1. of the Board monitoring report regarding expectations which may be perceived as "authoritative or

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directive". No one was clear, however, as to what specifically the comment was referring.

Motion to approve Board Monitoring Report C6- Officer's Roles:

Motion: Ellen Clinesmith
Second: Helene Bardinnet
All in favor

Motion to authorize Susan Zimmerman and Susan Phillips to review the language regarding officer's roles and to make certain they consistently support our bylaws and Connecticut state statute:

Motion: Ellen Clinesmith
Second: Carolyn Wilson
All in favor

V. EXECUTIVE SESSION

Motion to enter into Executive Session:

Motion: Carolyn Wilson
Second: Ellen Clinesmith
All in favor

Executive Session was entered at 6:56 p.m. and exited at 8:22 p.m.

Confidential minutes were taken in Executive Session. A vote was taken to offer a permanent General Manager contract to Seth Morley.

VI. DISCUSSION/ACTION ITEMS

A. Update on Financial Training for Board

A date has been set for a Board financial training workshop facilitated by Joanne Todd, Board Treasurer at the Willimantic Food Co-op. It will take place at 105 Huntington St. in New London on January 23, 2015 from 10 a.m. to 12 noon and will be followed by pizza.

B. NCG Participation Resolution

Motion to approve the National Cooperative Grocer (NCG) Member (or associate co-op) Resolution authorizing Wynston Estis to sign the updated NCG Member (or associate co-op) Agreement.

Motion: Susan Zimmerman
Second: Ellen Clinesmith
All in favor

C. Code of Conduct for Board Members

Tabled to January 5, 2015 special meeting.

D. Board Calendar

Tabled to January 5, 2015 special meeting. It was clarified that the January item on the

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calendar was included in error.

VII. COMMITTEE/TASK FORCE REPORTS

A. Governance Committee

Tabled to January 5, 2015 special meeting.

B. GM Search Committee

Tabled to January 5, 2015 special meeting.

C. Annual Meeting Committee

Tabled to January 5, 2015 special meeting.

D. Membership Communications Committee

Tabled to January 5, 2015 special meeting.

VIII. CLOSINGS

A. January 5, 2015 Special Meeting

A special meeting was called for January 5, 2015 to discuss the items tabled at this meeting due to lack of time and to hold an executive session to discuss personnel matters related to the GM Search.

B. Tasks and assignments

1. Sue Phillips and Susan Zimmerman will review officer's roles language in Board Policy C6
2. Wynston Estis will provide a written proposal for a process for handling owner loans for the January 19th meeting.
3. Board/Governance Calendar may need to be further edited.

C. Draft Agenda for January 5, Special Meeting

1. Approval of minutes for November 17, 2015 and December 15, 2015
2. Manager's Update Report including update on Member Incentive Program.
3. Executive Session to approve minutes of the December 15th Executive Session and discuss GM Search/candidates.
4. Code of Conduct for Board Members
5. Board Calendar
6. Committee/Task Force- Governance, GM Search, Annual Meeting, Member Communications
7. GM monitoring report (December report)

D. Adjournment

Motion to adjourn at 8:43 p.m. pending January 5, 2015 special meeting to discuss tabled items:

Motion: Ellen Clinesmith
Second: Helene Bardinet

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All in favor

Draft minutes prepared for submission to the board by Danny Spurr/Elisa Giommi on December 28, 2015.

Minutes approved by vote on _____ and put into final form by _____ on _____.



Financial Review Options

Financial Review options
December 2015

Company	Compilation	Review	Readiness	Audit	Taxes	Travel *
Wegner	\$2,000	\$3,500	\$2,500*	\$10,000*	\$1,000	\$1,500
O'Connor	\$4,000	\$7,000		\$11,000	\$2,500	\$0.00
Heap					\$1,500	\$0.00

Wegner CPA Madison WI 53703

Working Together and Guiding You

Our value-added services support you in making sound decisions and getting the most out of the work we do for you. From managing financial risk to improving performance and operational effectiveness, we provide you with the information you need to do what you do best. Our determination to guide you well helps you overcome the challenges you face and presents you with opportunities. Putting our thoughts efficiently into action is the key to your continued success.

Compilation:

Resulting document is a set of financial statements with footnotes.

Wegner CPA put Fiddleheads financial numbers into a set of financial statements with footnotes. There are very few required procedures so there is no assurance at all on the accuracy of the financial statements.

Review:

Resulting document is a set of financial statements with footnotes. This work could be scheduled Feb, Mar, or April

As an alternative to an audit the Cooperative may wish to have a review of its financial statements. A review is considerably less in scope than an audit and does not result in an opinion being given on the financial statements. A review consists primarily of inquiry and analytic procedures such as comparing financial results to budget and to other similar food cooperatives.

A review does not require us to visit the Cooperative and travel costs are not included in our proposed fee for a review. A review does not require that the inventory be observed by an outside CPA. A review also does not include the inquiry and documentation of the accounting systems or the internal control procedures in place to protect assets. A review does not normally include a management letter commenting on internal controls and other issues.

Reviewed financial statements are normally sufficient for meeting bank requirements for loan covenants and loan applications.

Assessment of Readiness for an audit:

Resulting document is a letter of suggestions to improve your accounting reconciliations and internal controls. This is typically performed just once with the idea that later there will be a review or audit. But some smaller coops have used it as a standalone engagement to help improve their systems. This work could be scheduled for December 2015 or January 2016

Wegner CPAs will review your accounting procedures and internal controls in the areas of cash receipts, cash disbursements, payroll, and financial management. We will review the reconciliations of key balance sheet accounts including cash, inventory, and accounts payable for the most recently closed accounting period to gain an understanding of how the accounting process works. We will also review the payroll, property, and sales taxes reports and payment procedures.

We will also consult with you on your financial statement presentation, and various other questions or concerns you may have. One goal for this procedure is to assess the readiness of the Co-op for a financial statement audit.

We expect to provide a list of items for staff to gather in preparation for the onsite visit. The onsite visit will be for a day on the date we agree on in advance. We will be available for continuing telephone support as needed. We will also plan to meet with the board during the visit at your option.

After the onsite visit we will prepare a letter to the Board describing our procedures and making recommendations for improving your accounting systems and internal controls. This can be presented to the Board in a conference call at your option

Tax return preparation:

We would prepare your federal and Connecticut income tax returns. This would include maintaining the depreciation schedule and advising on year end accounting adjustments. This service is offered on its own or in combination with any of the services noted above.

With our pricing we can agree to these fees. The fees quoted assume that the staff will prepare items needed to complete the particular service. If we encounter significant difficulties we will review those with staff to determine a solution.

O'Connor Davies, LLP Wethersfield, CT 06109

You will be a prestigious and important client of O'Connor Davies. In recognition of that and as part of our service commitment, **we will provide the following value-added services at no additional charge:**

Two partners will be dedicated to Fiddleheads – assuring that both an accounting and tax partner will always be available to address your service needs..

Prior year tax review – reviewing your 2014 income tax returns for compliance with the federal and state codes, regulations and possible missed opportunities.

Annual Tax Check-Up – identifying tax risk areas are the focus of this review with the goal of ensuring that Fiddleheads is in compliance with current tax regulations.

- **Compiled Financial Statements** - Compiled financial statements have a report that says we have taken the client's figures and put them in the form of a financial statement. The accountant is providing the reader with no assurance that they are correct. Compiled financial statements have some additional options in that they can just be parts of the full statement (for example, they can omit the footnotes).
- **Reviewed Financial Statements** - Our report would not provide an opinion that the financial statements are not materially misstated. In a review, we give negative assurance that, as far as we know, nothing is substantially misstated. We are required to do certain analytical testing and inquiries to see if the financial statements make sense.
- **Audited Financial Statements** - An audit is performed in accordance with Generally Accepted Auditing Standards. It includes tests of accounting records and other procedures we consider necessary to express an opinion that the financial statements are fairly presented in all material respects. An audit allows us to say that the financial statements are "not materially misstated" in accordance with GAAP.

As a value added service, we will provide the analytical work we perform in a review as a separate report. This is not generally shared in a traditional review engagement. This will compare internal statistics for the year, over time and with industry statistics.

Katz and Company West Hartford, CT 06107

Not taking new clients at this time



**Board of Directors
Code of Conduct**

Fiddleheads Food Coop Board of Directors Conduct Agreement Form

(Note: This form is to be completed by all directors at least annually, preferably within one month following board elections and shall be updated as circumstances require.)

Fiddleheads Board Policy C5 Directors' Code of Conduct C5 - We each commit ourselves to ethical, businesslike and lawful conduct.

- 1) Every director is responsible at all times for acting in good faith, in a manner which she/he reasonably believes to be in the best interests of the Cooperative, and with such care as an ordinarily prudent person in a like position would use under similar circumstances.
- 2) Directors must demonstrate unconflicted loyalty to the interests of the Cooperative's owners. This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups, membership on other Boards or staffs, and the personal interest of any director acting as an individual consumer or member.
 - a. There will be no self-dealing or any conduct of private business or personal services between any director and the Cooperative except as procedurally controlled to assure openness, competitive opportunity and equal access to "inside" information.
 - b. When the Board is to decide on an issue about which a director has an unavoidable conflict of interest, that director shall abstain from the conversation and the vote.
 - c. A director who applies for employment must first resign from the Board.
- 3) Directors may not attempt to exercise individual authority over the organization.
 - a. When interacting with the GM or employees, directors must carefully and openly recognize their lack of authority.
 - b. When interacting with the public, the press, or other entities, directors must recognize the same limitation and the inability of any director to speak for the Board except to repeat explicitly stated Board decisions.
- 4) Directors will respect the confidentiality appropriate to issues of a sensitive nature and must continue to honor confidentiality after leaving Board service.
- 5) Directors are expected to prepare for and attend all Board meetings and trainings.

Fiddleheads Board of Directors Bylaws – Removal and Conflict of Interest

4.4 Removal. A Director may be removed by decision of two-thirds (2/3) of the remaining Directors for conduct contrary to the Cooperative or failure to follow Board policies.

4.8 Conflicts of Interest. Directors shall be under an obligation to disclose their actual or potential conflicts of interest in any matter under consideration by the Board. Directors having such a conflict shall absent themselves from discussion and decision of the matter unless otherwise determined by the Board. No employee of the Cooperative may serve on the Board.

According to Article IV section 4.8 of the Fiddleheads Cooperative Bylaws, I have an affirmative duty to disclose my actual and potential conflicts of interests. My actual and potential conflicts of interest are listed below. I understand that I have a duty to disclose any additional conflicts that may arise and to abide by board policy regarding participation in matters under consideration by the board.

I agree to abide by Board Policy C5 and Bylaws 4.8 and any subsequent changes the board makes to that policy or bylaw. I agree that if, in the opinion of the majority of coop Directors, I have violated the letter or spirit of this agreement, I shall resign my position on the board immediately and shall not seek to cause continued disruption to the coop and the coop board for that action.

Signature of Director

Date



2016 Calendar

FIDDLEHEADS BOD 2016 CALENDAR

Item	January	February	March	April	May	June	July	August	September	October	November	December
Board Education	CBL101 9th Keene Financial Tng 23rd		Training			CCMA Conf 9-11		Conference		NFCA Fall Gathering	Yearly Reflection	Yearly Review and Update of next year's education plan
Member Engagemen t Newsletter Articles			Article about Policy Governance	Article about BoD Elections, Candidate Bios	Annual Meeting May 21 Article for Annual Report							
Admin Agenda Items			Review GM Compen- sation Proposal	Deadline BoD Candidate information for ballots Review Member Meeting Agenda and assignments	Board Elections Farewell to departing directors Welcome new directors Orientation meeting for new board members	Election of Board Officers	Finalize GM evaluation	BoD Retreat?	Board Retreat follow-up Start 2017 calendar	BoD Budget finalized		Review calendar for next year
Admin Board Monitoring	C7: Committee Principles	C8: Governance	D1: Unit of Control	D2: GM Accountabilit y	D3: Delegation to GM D4: Monitoring GM	C: Global Governance D: Global BoD-Mgmt	C1: Governing	C2: Board's Job	C3: Agenda Planning	C4: Meetings	C5: Code of Conduct	C6: Officers
GM Monitoring	B4: Membership B9: Succession	B1: Financial Condition	B1: Annual Financial Condition	B6: Staff	B1: Financial Condition	B5: Consumers	A: Ends	A: Ends Continued B1: Financial Condition	B7: Board Communicat ion B8: Board Support	B2: Planning & Budgeting	B1: Financial Condition	B: Global Constraint B3: Asset Protection



**General Manager Search Committee
Minutes**

Fiddleheads GM Search Committee
Meeting Notes: November 24, 2015

Present: Susan Phillips, Carolyn Wilson, Ellen Anthony
Also Present: Elisa Giommi Board Administrator

- 1) In preparation for full board interview of candidate S – all board members have been sent the qualifications matrix.

A group of board members are working on finessing questions about: (1) racial justice; (2) income inequality; and (3) serving the REGION not just New London.

Candidate S signed a confidentiality agreement and has received most of the recommended materials to review as recommended by Carolee Colter.

- 2) Candidate S itinerary: (Monday November 30th through Wednesday evening December 2nd)
 - Monday evening, dinner with Elisa after train arrives and he is into hotel
 - Tuesday – breakfast w/ Elisa and potentially some driving around
 - Tuesday lunch and meeting with: Ellen, Alison, Andrea, and Nancy H. at co-op/downtown
 - Tuesday post-co-op visit and pre-interview – send him to get dinner and relax on his own
 - Tuesday 6:30 full board interview
 - Wednesday morning – breakfast and hang out at co-op to meet with Wynston and others as necessary (coffee with staff?)
 - Wednesday afternoon – lunch and driving around New London County with Carolyn
 - Wednesday dinner with board at Two Wives

- 3) Candidate D has been screened by Carolee. Although this candidate has limited grocery management experience, he has significant financial and budget management experience. She feels he is a viable candidate if committee would like to proceed to next step.

Committee decided it will proceed with phone interview. Elisa will try to schedule for late next week (preferably Thursday the 3rd).

- 4) We will tentatively plan to meet again on December 8th at 5:30 p.m.

Submitted to Board on 12/15/2015.



IGM Monitoring Report

December 2015 Fiddleheads Policy Monitoring Report
December 10, 2015
Wynston Estis

Ends A2 – Thriving Local Economy (Adopted January 6, 2014) *All reports*
Fiddleheads exists so to make Southeastern Connecticut a thriving, locally based economy
I report reasonable progress towards accomplishment.

We continue to focus our purchases through as many local vendors as the season and sales will allow.

Our most recent efforts include:

- Shop Small Saturday General Merchandise promotion increased the categories sales two fold for that day
- City Flats conversation regarding how FFC contributes to the urban revitalization movement in New London and future collaborations.
- New London Food Policy Council offered FFC to have a representative to attend and participate in their monthly meetings
- Constant Contact posts are going out once a week routinely
- Facebook posts are capturing the excitement of the changes we are making here

Ends A3 – Sense of Community (Adopted January 6, 2014) *All reports*
Fiddleheads exist so that shoppers and members have a strong sense of community
I report reasonable progress towards accomplishment.

Steps we are taking to improve our visibility and presence in the community:

- Niantic Yoga Zen and Now outreach
- Outreach staff is working with a new owner/ worker for local school outreach support
- Outreach staff is working with a new owner/ worker for student art exhibits
- IGM including owner owner/ worker in owner incentive education campaign
- Connecticut College Faculty and Staff Christmas party favors donation
- Board meet & greets with and without bagging

Executive Limitations B- Global Executive (Revised June 18, 2015) **December**
The General Manger shall not cause or allow any practice, activity, decision, or organization circumstance that is unlawful, imprudent, or in violation of commonly accepted business and professional ethics and practice or, in violation of the Cooperative Principles
Executive Session_ Legal (tabled to next meeting)

Executive Limitations B1 – Financial Condition and Activities (Revised June 18, 2013)
December

Sections 1,2,3,5,7, and 8 *All reports*

This report uses data as of September 30, 2015 except as noted. Quarter 3 results are now included.

The GM shall not

- 1) Allow sales to decline or be stagnant.

Data = Operationally the Co-op underperformed in sales showing a negative sales growth compared to the same quarter prior year in the last two quarters.

	Q1	Q2	Q3	Q4	YTD
Sales (before discounts) 2014	\$817,634.19	\$868,370.28	\$830,877.46	\$818,946.00	\$3,335,827.93
Sales (before discounts) 2015	\$833,438.96	\$865,964.28	\$807,506.86		\$2,506,910.10
Sales growth	1.90%	-0.28%	-2.89%		

Conclusion: Not in compliance.

Plan: Here is what we are doing to grow sales.

- Development of product systems and promotions
 - Establish consistent daily stocking routine for Grocery staff to improve customer shopping experience
 - Promotion signage, order systems and display strategies
 - Promotion signage is going to be managed in Catapult for the aisles
 - Use Promotion Program planner template to improve consistency in offering an array of goods from across the store (Meat, Cheese, Frozen, etc every month)
 - Use End cap planner to plan displays and display order stock
 - Review of pricing strategies
 - Refrigerated grocery is under review for mid-December
 - Date checking systems trained and documented
 - Grocery staff will be held accountable for checking dates in the normal course of their duties to manage losses and protect our customer from purchasing short dated items inadvertently

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

Data = Current ratio as of 3/31/15 was 2.15:1. Current ratio as of 6/30/15 is also 2.2:1. Current ratio as of 09/30/2015 was 1.69:1. Current ratio as of 12/04/2015 was 2.03:1 Minimum acceptable is 1.25: 1

Conclusion: In compliance

To improve our cash position we continue to focus on managing expenses, informing vendors and suppliers of payment plan needs and most importantly working on many fronts to grow sales.

- December holiday promotion in the General Merchandise department the weekend before Christmas. Based on the success of the Shop Small promotion we've decided to offer the 10% off on general merchandise purchase of \$25.00 or more once again to move that product which will generate revenue
- Continue to improve quality and pricing in our aisles through setting up routine procedures in each department to cull produce and perishables at the beginning and ending of every shift
- Review efficiencies in the backroom operations to insure that systems in the back areas support the floor operations. Grocery back stock was recently reorganized to match the floor layout which is a standard approach so that all staff can find product when Grocery is gone for the day.
- Administrative staff are all located together for better efficiency and office equipment sharing
- Product staff are all located together in order to keep their hive like activities from distracting admin workers

Sales for October and November are encouraging that our efforts are having an impact.

Month	Sales	Gross Margin	Labor %	Net Income
October	\$272,010.08	42%	20%	\$17,700.57
November	\$272,272.52	35%	18%	\$8096.07 *

* Although margin performance did come down due to pricing adjustments and growth in offering discounted product through the Pantry program there is another factor that helps explain the drop in profitability which is depreciation. We have taken 33k YTD and we believe it wise to not take any more until we close the year and make adjustments then.

2) Allow operations to generate an inadequate net income.

Data = Net Income was 1.6 first quarter and 1.43 in the second quarter. Third quarter came in at -7.08 Fourth quarter YTD 4.35

Conclusion: Not in compliance

Plan to improve net income performance

To improve FFC net income we need to build our sales and cash base while protecting our ability to become profitable by replacing the current 2% owner discount with focused owner discount programs that are managed through operations rather than policy. At our November BoD meeting you endorsed my recommendation that we proceed with replacing the 2% owner discount with a product and service based approach to incentivizing use of the Co-op.

Staff and I have committed to three new product promotions to replace the owner discount. To receive these discounts an owner must be current in their equity payments and in good standing with the Co-op.

- The BIG Deal- will focus on deep discounts on an item or two per month on high quality staple goods such as olive oil in the month of January.
- Owner Exchange- will offer our premier brands and locally produced natural foods at discounted prices, 20% and greater, every month.
- Quarterly 10% off coupon- Once a quarter each ownership will have one 10% coupon to use whenever that owner account chooses to use it.
- Other quarterly and seasonal exclusives to be developed.

I have been designing a communication plan to convey this change to FFC benefits of ownership to shoppers and owners. It will be available in store as well as on line which includes a letter from me as IGM explaining what we are changing and why. I have also asked a staff member, Amelia Lord, an owner, Bonnie Tompkins, and a BoD member, Mona Harmon-Bowman to write letters of support for the new approach to incentivize placing equity in the Co-op and value in ownership.

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

Data = *The IGM has not incurred any new debt other than trade payables*

Conclusion: In compliance

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

Data = *The following taxes were paid in a timely manner*

Personal Property tax, bi-annually next payment due December 2015

Sales tax, monthly on the 20th of the month for the previous month based on sales

Conclusion: In compliance

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

Data: *Payroll obligations have been met in a timely manner. Loan payments are current as of 12/03/2015 Our accounts payable are not current as we have \$209.21 in AP's over 30 days with AP's due within the next 30 days of 52,000k some of which are beyond terms (down from 90k in previous report).*

Conclusion: Not in compliance

Plan: I have developed a cash budget to determine how much money we can devote to reducing our AP. In addition, plans to grow sales and maintain expenses will help generate cash to assist with becoming current. We expect that 3rd quarter sales will be the lowest of the year with the most expenses.

A new area of concern is scheduled payment of our lease in Quickbooks that will post the rent expense accurately via automated process. I have discovered we are not current on our lease, we are one month behind. There is also a Common Area Maintenance past due amount that is not currently in our system. I will work with Bev or other outside professional to implement the solution to these issues in order to stay current on lease payables.

Executive Limitations B2 – Business Planning and Financial Budgeting (Adopted June 18, 2013) *All reports*

I report compliance

I am working with staff to develop alternate programs to incentivize member use of the retail store. Fiscal 2016 budget is underway and should be complete by year end. I plan to work toward aligning the Fiddleheads chart of accounts with the tool that NCG uses as part of our budgeting work.

Refer to Executive Limitation B1

Executive Limitations B3 – Asset Protection (Adopted June 18, 2013) *All reports*

I report compliance

We have a plan for improved performance on this metric detail in prior reports that focuses on our physical plant security, data and information security, Payment Card Compliance, and an upgrade to our firewall in the course of the upcoming year.

Executive Limitations B4 – Membership Rights and Responsibilities (Adopted June 18, 2013) *By exception All reports*

Conclusion: Not in compliance

Plan to come into compliance by Co-op's birthday when the new owner exclusive incentives will go live. All non-owners and owners not current with their equity payment will not be eligible for any owner discounts or incentives.

Executive Limitations B5 – Treatment of Customers (Adopted June 18, 2013) **December**

I report compliance

The General Manager shall not be unresponsive to customer needs.

The GM will not:

1) Operate without a system for soliciting and considering customer opinion regarding preferences, product requests, complaints, and suggestions

I am monitoring the Co-op customers input in the following methods:

- The Co-op Café results that the board recently gathered.
- I spend from 4-6:30 on the floor most Wednesday evenings stocking and talking to our customers
- I bag for cashiers and customers on the weekends and other times when needed and ask people what they think about the changes we've made and other changes we are planning

Improvements that I have asked for include;

- Constant Contact posting to owners contains my email for owners to contact me directly with ideas
- We will broaden its focus to include room for either product requests, a comments or suggestions.
- We will add a space for owners to leave their email for a direct reply rather than just leaving input in the book
- The product suggestion book at the start of produce will now be monitored by Community Outreach staff

2) *Allow an unsafe shopping experiences for our customers.*

The Front End Manager, James Burke, and Coordinators touch base daily on the condition of the store.

- Staff are trained in the proper use of safety equipment such as 'wet' floor sign placement
- Staff quick to react and resolve any sort of safety issue they become aware of, typically broken jar of something
- Staff and Coordinators are comfortable notifying me of problem users of the store so that I can intervene or create necessary policies to support their ability to manage difficult or demanding customer

To improve our compliance, and as suggested by the CDS Staff Survey, we will be reviewing the safety / emergency procedures that have been developed for FFC staff.

Executive Limitations B7 – Communication to the Board (Adopted June 18, 2013)

I report compliance

I am in frequent communication with the board regarding the status and concerns of the Co-op.



Draft Agenda
for January 19 Meeting

FIDDLEHEADS
BOARD OF DIRECTORS MEETING
January 19, 2015
6:30-8:30 PM
105 Huntington Street, New London

Time	Topic	Resource	Board Action/ Outcome	Leader
6:30	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	Agenda	Convene/Focus	President
6:30	Agenda Review	Agenda	Make any needed adjustments	President
	Member Comments		Listen	President
6:35	Minutes (Board Packet) <ul style="list-style-type: none"> • January 5, 2016 	Packet	Approve Minutes	
6:40	Managers Update Report – TBD <ul style="list-style-type: none"> • Lease negotiations • Other items as appropriate 	Packet or Oral	Q&A	IGM
6:55	Consent Agenda <ul style="list-style-type: none"> • Board Monitoring Report B4-Membership • Board Monitoring Report B9-Succession • Review of Board Monitoring Rpt C6 Section 1 • Member Equity Refund Requests (as needed) 	Each item in packet	Approval Report	President Pres/VP
6:55	Discussion of Items removed from Consent Calendar	See above	Discuss/Approve	TBD
7:00	EXECUTIVE SESSION <ul style="list-style-type: none"> • To approve minutes of January 5, 2016, Executive Session Minutes • 	Minutes To Be Provided		Secretary
7:45	Discussion/Action Items: <ul style="list-style-type: none"> • 			
TBD	Committee/Task Force <ul style="list-style-type: none"> • Governance <ul style="list-style-type: none"> *Confirm committee membership *Discuss candidates for board vacancy • GM Search <ul style="list-style-type: none"> *Process going forward • Annual Meeting <ul style="list-style-type: none"> *Any updates • Member Communications <ul style="list-style-type: none"> *Any updates 			
8:15	GM Monitoring Report	In Packet		IGM

8:40	Member Comments			
8:45	Closings <ul style="list-style-type: none"> ● SCHEDULE CDS CALL! ● Review decisions, tasks, assignments ● February 16th draft agenda ● 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 ● Adjourn Meeting 		Review Evaluate meeting process: what worked and what needs improvement	President

BOARD PACKET:

- Meeting Agenda
- Draft Minutes of January 5, 2016 Meeting (Danny & Elisa)
- Board Monitoring Report B4 & B9
- GM Update Report (Wynston)
- GM Search Minutes (in shared folder)
- Member Equity Refund Requests – If any (Wynston)
- Executive Session Minutes of January 5, 2016 – (to be brought to meeting by Danny)
- IGM Interim Monitoring Report
- Draft Agenda for February 16, 2016 meeting