



DURANGO NATURAL FOODS

A Co-operative Market

575 E. 8th. Ave | The corner of 8th and College | 970.247.8129  

Board of Directors Meeting Minutes August 15, 2018

BOD Members Present: Jules Masterjohn, Jamie Matthews, Tom Riesing, Cathy Cowles
Staff Present: Tsewang Sherpalama
Members: none
Minutes by Cathy Cowles

Meeting convened at 5:34

Approval of July Minutes Jamie moved to approve with minor changes made in last version, Tom seconded. Motion carried

GM Store Report

Sherpa

Sherpa shared a brief monthly report. July sales were down compared to 2017, a residual result of the 416 fire. Since he created the report, sales have come back to parallel with August 2017 sales. Also, he has been working with a CPA firm and the Board Treasurer to simplify DNS's financial reporting system, getting it more in line with industry standards.

Treatment of Consumers (B5) survey results

Sherpa

Sherpa shared the results of the 2018 Customer Survey, most responses were "satisfied" or "very satisfied". There are several areas we can improve, which were discussed. We had triple participation in the Customer Survey from last year (124 in 2018) but it is still a small sample. Also, the staff will revisit the Product Policy in the near future. The Board voted to accept Sherpa's compliance report of B5.

Staff Treatment and Compensation (B6) survey results

Sherpa

Sherpa shared results from the 2018 Employee Survey. Overall staff satisfaction is extremely high. We discussed some areas where we can work to improve. Due to the financial bump the Co-op is experiencing, Sherpa has not paid himself the difference between his former salary and the raise he was given. Jamie will write up the difference in pay that is owed to Sherpa, and will create a journal entry to be entered monthly. Jamie will send out an email proposing how we will treat this debt, and the Board will vote whether or not to accept Sherpa's compliance report on B6 via email.

Financial Conditions July 2018 (B1)

Sherpa

Although many of our working capital ratios are out of compliance, the Board is aware that this is the cumulative effect of many years of net loss. Our strategic plan to increase the size

of the store will increase revenue and our economies of scale (buying power), thus our margins will continue to improve over the next few years. The General Manager and the BOD Treasurer are monitoring the situation closely, and the Co-op has amazing unrecognized assets (such as the actual value of the building and land, as opposed to the dollar amount recognized when the asset was first purchased many years ago). Because of this asset, the Co-op has a lot of growth potential.

Jamie and Sherpa are working with Wagner CPAs to simplify our bookkeeping system, in order to make it more accurate around the value of inventory, the current value of our assets, and our debt to asset ratio.

The Board voted to accept Sherpa's compliance report on July Financial Conditions B1.

Officer's Roles (C5)

Jules

Jamie moved to accept C5 as is, with no changes, Tom seconded. Motion carried.

Market Study

Jamie

Jamie and Sherpa have been discussing the idea of having a market study for store expansion done by a third-party person who specializes in coops, recommended by CDS. Cost for a 2-day Market Study tailored to our current needs would be approximately \$7,500 plus expenses. Sherpa will continue discussion with the consultant about a potential market study, and we hope to have a proposal ready for the Board Retreat. Follow-up decision-making to happen by email.

Board Retreat Agenda

Jules, Cathy

Agenda ideas:

- Board-staff relationships
- Member engagement
- 2019 Board Budget items – send requests to Sherpa by October (1% - 2% of net sales)
- 2018-2019 Board Calendar
- Bylaw updates
- Review Ends Statement
- Strategic Vision and Planning

Meeting adjourned at 7:35