

**LMC Board of Directors Monthly Meeting**  
**Tuesday, July 16, 2024**  
**Next meeting Tuesday, August 20, 2024 5:45 pm**

**Attendees:**

Brian Naughton  
Liz Davenport  
Peter Chestnut  
John Kwait

Pete Clark

Maggie Seeley  
Nina Rosenberg  
James Esqueda  
Randy Evans

**Absent:**

Ching Lu  
Nini Sulamoyo

**Open Meeting**

- Approved the agenda unanimously
- Approved the minutes for June unanimously

**Member Comments**

- TalkWithTheBoard email from David Parsons asking that the Co-op discontinue carrying sourcing dairy products from ranchers and farmers continuing to operate in Point Reyes National Seashore National Park. We discussed the process the Co-op uses to make decisions on whether to stock any particular product. James explained that La Montañita relies heavily on working with the larger co-op community through, for example, National Co-op Grocers (NCG). NCG keeps track of products with respect to the US FDA's *Generally Regarded As Safe (GRAS)* designation and provides other services that individual co-ops have limited resources to provide themselves.
- TalkWithTheBoard email from Marianne Dickinson who sent an article regarding microplastics and health and asked that the Co-op take action on this. Board members noted that several members have expressed concern about plastics and health and environmental sustainability in the past few months. Pete offered to look into how the Co-op might address member concerns on this topic. Nina will forward him other TalkWithTheBoard emails on the topic and he will follow-up. working through the Membership Engagement Committee.

**GM Update – June 2024**

Sales

In June, our Coop experienced a 3.34% increase in total sales compared to last year, with retail store transactions growing by 2.41%. Despite challenges at the Distribution Center due to a significant change in purchasing volume from our top restaurant customer, we remain focused on driving sales growth. Our Director is actively supporting schools and senior centers to bolster outside sales and address the current gap in net sales.

Round Up For Change

Roots Animal Sanctuary, a local nonprofit that provides a safe and loving forever home for animals from difficult backgrounds, was the recipient of Round Up For Change for June. The

residents have come from a range of unfortunate situations, including neglect, abandonment, and abuse. I am proud to announce that we raised over \$6,000 for the nonprofit organization.

### Other News

We updated and relaunched our volunteer program this month. Members may now volunteer at partner organizations and receive 15% off discount cards to use at their preferred locations.

#### *How it works*

- Volunteers must be a current La Montañita member
- Volunteers must be approved by our Community Outreach prior to volunteering at an approved community organization
- Hours volunteered prior to program approval will not be valid.
- One 15% off Volunteer Discount Card will be earned for every six volunteer hours
- A maximum of two cards per month may be earned.

More information about partner organizations or the updated program can be found on our website at [lamontanita.coop/volunteer](http://lamontanita.coop/volunteer).

### Avanyu Store Update

The tenant improvement construction is in full swing. The building has received its first coat of stucco on the exterior, storefront windows, interior framing, and the construction of our patio has begun. Landscaping is scheduled to start next week. Our new target for opening the store will be January 2025. Stay tuned!

### **Website Update**

- In response to a question from the Board about the status of the website refresh, James reported that good progress is being made and he expected that the new website will go live by the end of August.

### **GM Monitoring Reports – L3 Financial Conditions Q3**

- **L9 – Member Engagement update**
  - Board voted unanimously to accept the updated report
- **L3 – Financial Conditions**
  - Board voted unanimously to accept the updated report

### **Finance Committee Report – Peter**

#### Q3 Summary

In Q3, ending on May 31, 2024, sales increased by 5.50% compared to the previous year. The gross profit margin for the quarter was 35.36%, exceeding the budget of 34.80%, resulting in a gross profit of \$104,000 more than last year. Notable operating expenses for the quarter

included Advertising, Insurance, Legal & Professional, and R&M Building & Equipment expenses. Also, adding the Lease Expense line to the balance sheet and income statements per location marked an essential development in Q3. It's important to note that there was a one-time impact on the income statement due to exercising the lease expense and achieving full compliance with the FASB lease accounting standard.

In the third quarter, the operating income was \$40,184, 0.33% of our total revenue. Our other income was \$196,640, including a \$64,000 annual patronage refund from the National Coop Grocers. This brings our net income to 1.91% for the quarter, compared to our budget goal of 1.19%

### Q3 indicators

Public Indicators				
Indicator	FY'22	FY'23	FY'24	Target
Comp Sales	8.85%	7.10%	5.50%	3%
Net Income	.95%	2.65%	1.91%	1%
Days Cash on Hand	42.82	47.79	38.70	12
Current Ratio	3.45	3.31	4.44	>1
Debt to Equity	.34	.32	.27	<2
Legend:		At target		
		Below Target		

### Period 9 (May) Indicators

#### Public Key Indicators

Indicator	FY '22	FY '23	FY '24	Target
Comp sales	6.32%	7.81%	5.63%	3%
Net income	.86%	5.40%	2.54%	1%
Days of Cash on hand	42.82	47.79	33.99	12
Current ratio	3.45	3.31	3.09	>1
Debt to equity	.34	.32	.27	<2

- The red/green chart was all green for period 9 and Q3 (see above)
- As of Q3, we've broken even financially for the year
- Special Finance Meeting Monday July 29 at 4:30 pm to address:
  - Board budget being reviewed for changes, simplification, condensation and clarity. Brian and Randy will meet to verify total numbers and accounting system tracking processes, and reporting frequency. The draft board budget will be reviewed/approved at the special meeting
  - Review assumptions for the LMC 2025 annual budget and approve new budget

- Avanyu Update – loan will close in August/Sept period. 3 grants under consideration with 1 having been rejected already. Final proforma will include 1 year, 3 year and life-of-the-loan projections as well as a final loan package and final Business Plan

### **Membership Engagement Committee Report - Ching**

- The Abq and SF book clubs met. Abq had 3 attendees and SF had 5. Everyone seemed engaged. At the next ME meeting we will discuss where to go from here

### **Board Elections, Nominations & Development Committee Report - Brian**

- Handbook is in process. Candidate packet and application packet revised and available on Coop's website. Presentations from recent CCMA conference has been shared with the board.
- Candidate recruitment strategy is starting with website and email promotion now and will continue through the application window. Brian and John will follow up with prior lists of members that expressed interest in running for the board. Leah is working internally to promote to staff, some of whom have already expressed interest in running.

### **Look Ahead (committee meetings start at 6pm unless otherwise noted)**

- Membership Engagement - Tue., July 23
- Special Finance Committee mtg – Mon, July 29, 4:30
- BEND - Tue., Aug. 6
- Finance Committee – Tue., Aug 13 @ 5:15
- Board Meeting – Tue., Aug 20 @ 5:45