

Treasurer's Report for Thursday, 8th March 2007

There was a Finance Committee meeting on Monday, 19th February 2007 and a number of important issues were discussed. Among the topics discussed were:

1. Password for Karma online banking
2. Karma Offering Statement
3. Building Planning Committee budget figures
4. Building Appraisals
5. Insurance Policy Update
6. Bookkeeping results for January
7. Year-to-date figures and product loss
8. T4 slips for Karma as well as CRA account
9. Denise's return to bookkeeping
10. Analysis of financial policies
11. Revisions to prior years' financial results
12. Committee of Committees
13. Store Building Fee Collection

These were the results of our discussion:

1. We have received a password for online banking and the bookkeeper will commence transactions.
2. We are proceeding with the offering statement and have already met on Tuesday, 27th February to revise the template. The completed offering statement will be sent to the Board for approval. The Committee felt that there was no certainty that Karma Cooperative will be profitable enough to repay "Big Buck Loans" given the year-to-date figures.
3. We are awaiting Building Planning Committee budget figures.
4. We are proceeding with Building Appraisals.
5. Insurance Policy update completed.
6. The bookkeeping results for January cause some consternation to the committee. The store losses were \$2500 in January and \$5000.00 YTD. Karma's Gross Profit is the lowest in 12 months. Staff wages are \$13000.00 over budget. Wages are consistently over budget. Casual labour is costing Karma \$1700 and budget figures are \$200. The committee did not hear a reasonable explanation from the GM.
7. Committee members expressed concern about the proposed building renovations and about the ability of this coop to repay "big-buck loans." The store took in less revenue this month as compared to the same period last year. Wages are also higher in comparison the same period last year.

In other words, no one can explain why we are taking in less revenue and spending more on staff wages for the same period last year. No solution or options were offered to the committee.

8. Karma will apply for a CRA account and file online.
9. Denise will return to Karma shortly but Dwight will continue to fill in until then.
10. We have asked the bookkeeper for a more simplified set of figures. We had to deal with 40 pages of figures at this meeting. The large amount of data could be simplified so that we can analyze the actual finances of Karma. We will have a simplified set at the next meeting that will allow us to make projections. We need the actual figures from the building renovations committee in order to create a more realistic budget.
11. There were concerns that the last budget was not accurate enough and figures will need revision. These include YTD figures as well as staff wages.
12. Donald is going to the Committee of Committees.
13. The Committee also was concerned that less than \$300.00 has been collected for the Building Renovation Fee. Apparently, up to February 4th 100 members have *opted out* of the fee payment, choosing to work in lieu. This “trend” has caused the most concern. Several members have reported that, when shopping at Karma, cashiers on duty have told them to “work it off” instead of paying the fee.

Since this fee is intended to be a way to raise funds for the proposed building renovations, such a “trend” would defeat the purpose of a fee levy. As a Board, we need to look at this whole process in detail.

To summarize Karma’s financial picture at this time, we need more simplified data to make projections. Karma is *not* trending up. Staff wages are up and store revenue is down.

January Reports are attached.