

KARMA FINANCE COMMITTEE MEETING OCTOBER 15, 2007

Present: John Biggs, chair: Harry Koster, (recording); Charlie Lior: Donald Altman, Michael Armstrong- GM: Denise Stapleton, bookkeeper No show: Anil Reddi, treasurer.

*Denise cannot access the account because Alterna's transit number and bank code number have changed. Also our cheques may not be valid; and Graeme is the only person with the security clearance to access the codes. Alterna has to be notified and reissue signing authority and passwords.

*We are ahead of our budget in both store and membership by about \$2,000. All year end adjustments were put through. 4.5% seems about the right amount for shrink, although the auditor put it at 8%. This does not account for variable mark-up. Tracking dairy, bread and perishables has gone by the wayside because staff have no time to do it. Perhaps after the November 30 inventory would be a good time to tighten the ship and start tracking again. Michael says tracking groceries four times a year would be hard. All candidates being interviewed for the GM position have food experience; one has been eliminated, and none have financial administration skills. So a choice between the two remaining is difficult. John suggests that asking about inventory and shrink control should be an interview question. The next GM should meet with the finance committee in November to become aware of the importance of finances in running Karma. Don notes that rolf seems to think salary expenses are higher than last year. Denise says it is lower due to the absence of one staff member, but overtime wages and benefits are higher to make up for this. We do not have a line item that separates wages from overtime. Denise will go back to June to track over-time amounts over 44 hours. John notes that vacation pay is accrued; and Denise added that it is taken out in large chunks when people need it. Some employees get 4% and those working over three years get 6%. Denise will double check the figures and increase it accordingly. John noted that gross sales dramatically changed for grocery and produce, and both are well below budget. Michael agrees but says that margins are better. He added that farmers' markets are getting to be a phenomenon this year.

* Charlie noted that Karma needs to be publicized --so Now Magazine, which featured Fiesta Farms, should also have mentioned Karma. John indicated that we have collected \$20,000 for renovations, and this amount should be presented to members at the AGM. Donald added that the board would recommend the audit to members at the AGM and also that Berman Lofchick and Lum be retained as auditors.

*Denise informed us that Quick Books Files have been corrupted: we have to re-build the tiles and the back-up is corrupted too. So our transactions are all wrong Both February and April are wrong, and she cannot find \$5,000 of corrupted transactions--but the vendors are not pressing for payment so they must have been paid. Our files are way too big and either need to be compressed more often or closed off at the end of the year Sometimes it takes as long as ten minutes to verify data. Charlie suggested using a flash drive. Denise replied she has used several and problems started happening on her computer at home. John supports purchasing a new computer and paying an information technologist to regularly service it. Donald note that the Board already made that recommendation and that financial data be made more secure.

*On renovations Don reported that all selling space is reflected in the new design and some aisles are wider. However the budget grew from \$122,500 to \$150,000. But this is not based on tenders but on estimates. Also no window goes into the new members' room, but a new door will. Three things not included in the budget are the following: a change in the cash desks; furniture in the members' room; replacing chest freezers with upright freezers. We also do not know how much time will be needed, if any, to close the store and move things around; nor do we know the cost. John noted there was nothing on repairing the roof. Don said that would be in the next phase, and the roof should hold up for at least another two years. He also noted that there is mould. We shall need full hood suits, etc. to effect its removal which will increase costs to possibly \$175,000. Don believes we should have a plan to track such costs as depreciation, relocation, budget costs and any other costs evolving out of this renovation.

*Charlie brought out copies of the offering statement, and we all contributed to improving it. Charlie said that three years of financial information was requested. Don and John diverged as to whether it was the past three years or the projected future three years. Charlie will verify what is required. Denise needs to find the ONFC loan. We are now at \$32,366. Once this hits \$35,000, it becomes frozen and our payment to them stops. Charlie will put in page numbers and the dates and values of our investments.

*Nothing of a financial nature had been raised at the committee of committees except that *The Chronicle's* paper is being donated by a donor who would like the printing contract. Otherwise it would be over budget.

*The committee is unanimous in refusing to write the treasurer's report for the AGM. Months ago Anil was told that we would assist him if he requested it. He has never contacted any of us; and a week before the AGM is unreasonably short notice. John will send him the template later tonight: but that is all we can do.

* Next meeting to be Monday, November 19, 2007, at 7 pm at John's home.