HEALTHY FINANCIALS REPORTED AT COOP ANNUAL MEETING

July 25, 2023


PHOTO BY CAROLINE MARDOK

By Leila Darabi

The Coop held its 2023 annual meeting and monthly General Meeting on June 27. There was a detailed presentation of the Coop's audited financial statement by external accountants; the voting in of a new member of the Coop's board of directors; and further discussion of succession planning for the eventual retirement of Joe Holtz, the Coop's cofounder, general manager, and treasurer. David Moss of the Chair Committee moderated both meetings, which took place via Zoom with all votes conducted using a digital platform called Simply Voting.

HEALTHY BALANCE SHEET

Salvatore Vicari, CPA, a partner at Cornick, Garber & Sandler, LLP, the Coop's outside auditing firm, walked meeting attendees through a detailed presentation of the

Coop’s audited annual financial statement (PDF), covering Jan. 30, 2022 through Jan. 29, 2023. “What’s special about tonight is we have outside experts… and you get to ask them directly questions about our financials and our financial report,” said Holtz as he introduced Vicari and Vicari’s colleague Zanna Masko.

> NET INCOME FOR FY 2023 WAS $224,310, DOWN FROM $1,368,930 THE PREVIOUS FISCAL YEAR BECAUSE 2022 INCLUDED INCOME FROM ONE-TIME PAYCHECK PROTECTION PROGRAM (PPP) LOANS.

The report cites the Coop’s total assets at $12,566,999 at the end of fiscal year (FY) 2023, up from $11,633,699 at the end of FY 2022. Vicari noted that these assets include two new line items: “investment in debt securities current” and “investment in debt securities long-term,” which comprise about $2.8 million invested in US treasury bills. The Coop recorded annual net sales of $48,172,077 in FY 2023 up from $42,862,061 for FY 2022. Vicari also noted that operating costs fell to $9,335,157 in FY 2023 from $10,963,697 in FY 2022, noting that the reduction of temporary labor accounted for most of that $1.6 million savings. Net income for FY 2023 was $224,310, down from $1,368,930 the previous fiscal year because 2022 included income from one-time Paycheck Protection Program (PPP) loans. Similarly, prepaid expenses fell from $1,913,586 in FY 2022 to $245,793 in FY 2023, largely due to the receipt of the employee retention credit that the Coop filed for through its tax returns. The employee retention credit is a tax incentive designed to encourage businesses to keep employees on the payroll during economic downturns. Receipt of that cash was used to pay a portion of the Coop’s bills.

> OVERALL, THE COOP REPORTED FISCAL YEAR-END CASH AS $3,870,715 IN JANUARY OF 2023, DOWN FROM $4,188,155 IN JANUARY OF 2022, BUT STILL WHAT VICARI AND HIS FIRM DEEMED A “HEALTHY BALANCE SHEET.”

In reporting on the cash flow section of the report, Vicari called it “my favorite page of the financial statement because it really shows what’s happening at the Coop.” Net cash provided by operating procedures came in at $2,392,905 for FY 2023, up from just $294,024 the previous fiscal year, with $1,652,291 of that difference coming from the employee retention credit. Overall, the Coop reported fiscal year-end cash as $3,870,715 in January of 2023, down from $4,188,155 in January of 2022, but still what Vicari and his firm deemed a “healthy balance sheet.”

During the question and answer period, member Stewart Pravda asked about a paragraph in the report’s footnotes stating that only 38% of members in 2023 and 35% in 2022 were eligible to shop. Joe Holtz fielded the question, explaining that—following the Coop’s bylaws—anyone who has contributed a member investment and not recouped it is considered a member/owner in the financial report, which includes more than 30,000 individuals. Holtz clarified that a far higher percentage of the Coop’s more than 15,000 active members are in good standing to shop.

Attendees voted to approve the audited annual financial report with 47 votes of “yes” and zero votes of “no.”

NEW BOARD MEMBER PUTS HAT IN RING FOR TREASURER

The annual meeting also included voting in a new board member and electing board officers.

With a vote of 329 “yes,” to 133 “no,” and 86 “abstain,” members elected Timothy Hospodar to fill the single open seat on the Coop’s board. Hospodar’s candidate statement, published in the *Gazette* in March, emphasized the importance of Coop members with school-aged children having a voice in decision making.

Later in the meeting, Hospodar put himself forward as a nominee for treasurer, causing a bit of a stir in a meeting otherwise free of conflict. The role of Coop treasurer has traditionally been held by a general coordinator, but it does not require nominees to be full-time staff or members of the board. When given two minutes to give a statement, Hospodar suggested that an external point of view could complement staff perspectives when reviewing financial decisions. He also cited the eventual retirement of the current treasurer, Joe Holtz, stating that it would be beneficial to the Coop to have someone assume the role of treasurer while “Joe is still in the building as a full-time employee.”

Ann Herpel nominated Joe Holtz to remain treasurer. The latter thanked Hospodar for volunteering but questioned the efficiency of having someone from outside the staff approve and review the thousands of expenses and daily financial actions of the Coop. “Although I appreciate your willingness to get involved, I just don’t think this is the right avenue for that,” Holtz said.

> MEMBERS VOTED TO KEEP JOE HOLTZ AS TREASURER WITH FINAL TALLIES OF 43 VOTES OF “YES” AND 9 NOTES OF “NO” FOR HOLTZ AND 13 VOTES OF “YES” AND 34 VOTES OF “NO” FOR TIMOTHY HOSPODAR.

Two members asked Hospodar to describe his credentials ahead of the vote. In response, Hospodar shared that he has a background in mathematics and computer science and works for an auditing company. He noted that his expertise in data and analytics could potentially help the Coop automate some of the Coop’s financial reporting.

Following this discussion, members voted to keep Holtz as treasurer with final tallies of 43 votes of “yes” and 9 notes of “no” for Holtz and 13 votes of “yes” and 34 votes of “no” for Hospodar.

All other board officer roles held. Imani Qryn was nominated for and accepted the nomination of board president, winning the uncontested vote with 34 votes of “yes” and 3 votes of “no.” Shayna Moliver won the uncontested vote for vice president with

45 votes of “yes” and 1 vote of “no.” Finally, with a vote of 39 “yes” and 3 “no” Elizabeth Tobier retained the non-board role of secretary, which includes drafting and reviewing meeting minutes.

Members also voted to retain for another fiscal year the services of Garber & Sandler, LLP, as the Coop’s external auditors (42 “yes” to 2 “no”).

QUESTIONS ABOUT DELIVERY PROGRAM PILOT

In the open forum of the June General Meeting, Jan Rigsby suggested that taking paid staff time into account should be a requirement of proposals brought to general meetings. “I have increasingly been concerned about plans that could potentially suck up a lot of paid [Coop staff] time,” she shared, citing the Coop’s pilot program to allow shoppers to order online and have groceries delivered as something currently requiring staff attention.

> DELIVERY SERVICE COULD REDUCE THE NUMBER OF MEMBERS DRIVING TO THE COOP AND COULD INSPIRE MEMBERS TO DO LARGER, LESS FREQUENT SHOPS.

Stanley Greenberg asked for an update on the pilot program, citing concerns that the delivery program could increase truck traffic and that partnering with a third-party vendor like GrubHub would put the Coop in partnership with an anti-worker platform. Joe Holtz shared that the pilot would like to partner with a cooperative delivery company if one were to form and that they are still investigating options and noted that any expansion of the pilot would require discussion and voting at a future general meeting. General coordinator Joe Szladek noted that traffic is something the general coordinators have discussed and that the hope would be to reduce traffic, as a delivery service could reduce the number of members driving to the Coop and could inspire members to do larger, less frequent shops—which could potentially reduce car trips and traffic.

The meeting closed with the board voting unanimously to accept member recommendations on the board member and board officer votes, as well as the vote to retain the Coop's external auditors. The board also unanimously approved minutes from the May 2023 General Meeting with no changes.

No committees shared reports at this meeting.

Leila Darabi joined the Gazette *as a reporter in 2016. She is the cohost of the feminist TV podcast Cringewatchers and shares photos of the things she cooks with Coop ingredients via @persian_ish on Instagram.*