1 BRIARPATCH COOPERATIVE OF NEVADA COUNTY, INC. 2 **Annual Owner Meeting MINUTES May 28, 2024** 3 RCA Community Room and via Zoom Webinar 4 5 6 Board of Directors Present: Rachel Berry, Jonathan Collier, Richard Drace, Mark 7 Fenton, Katie Ivy, Alana Lucia, Lindsey Pratt, Deborah Yashar 8 9 Absent: Kwong Chew 10 Owners Present: see Appendix for complete list of attendees 11 12 13 1.0 Land Acknowledgement & Call to Order: 14 15 Board President Rachel Berry called the meeting to order at 7:00pm and offered an acknowledgement of our use of the lands of the Nisenan, Southern Maidu, Valley and 16 17 Plains Miwok, Patwin Wintun and Wilton Rancheria peoples. 18 19 Rachel went on to highlight and celebrate the hard work resulting in opening our 20 second store in August of 2023. She then explained that the Board's work is primarily 21 focused on vision and the future of the co-op, not on the daily operations of the store. She also encouraged participants to consider future involvement on the board or 22 23 committees. 24 25 2.0 Board Presentation 26 27 Each board director discussed and celebrated specific achievements toward our 28 Ends Policies over the past year. 29 30 3.0 Treasurer's Report - 2023 Financial Highlights: 31 32 2023 operations resulted in a net loss for the second consecutive year. These losses resulted from the start-up of the new Auburn store, which was anticipated and is 33 34 normal after opening a new store. Our Grass Valley store reported normal, healthy 35 profits. This store continues to operate well. A one-time employee retention tax 36 credit helped offset losses from the new store and the Co-op is expected to return to 37 profitability in 2-3 years. Our balance sheet, including cash on hand, remains strong. 38 Since there was no profit in 2023 to distribute, no patronage dividends were paid out 39 for 2023. Instead, we emailed coupons to owners in late April as a token of our 40 appreciation for supporting the Co-op. 41 42 Sales of \$40 million grew 11% over the prior year, due primarily to the opening of the 43 new Auburn store in August. Of the \$40 million in total sales in 2023, \$35 million 44 came from the Grass Valley store and \$5 million came from the Auburn store. 45 Currently the Auburn store is generating about \$13 million annually (30% of total 46 sales) and we expect this to increase over time. Gross profit is what is left over after 47 we pay suppliers for the products we sell. In 2023, gross profit remained the same as

the prior year, as a percentage of sales. This means that we kept our pricing the

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same, relative to the costs that we pay our suppliers. <u>Personnel costs</u> were higher in 2023 because of the new Auburn store. These costs were higher as a percentage of sales than is optimal, which we expected and is normal after opening a new store. We expect these costs to reach targeted levels by the end of 2024. <u>Other operating costs</u> were significantly higher in 2023 due to one-time promotional and supplies costs to open the Auburn store and also due to rent and electricity on the Bell Road location (we own the building in Grass Valley, so we don't pay rent and our solar array covers about half of our electrical costs). <u>Other income (expense)</u> includes \$1.9 million in Employee Retention Tax Credits. These are one-time tax credits from the Federal government which are being granted to employers as incentive for retaining employees during the Covid-19 pandemic. Without this income, these costs would have been higher than last year, due to interest expense and depreciation expense related to the new Auburn store.

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<u>Cash</u> – The decrease in cash from last year was anticipated and is normal during the initial period after opening a new store. Our balance at the end of 2023 and our current balance today represent more than 20 days' worth of operating expenses and are believed to be more than adequate for the near future. <u>Inventory</u> balances increased significantly, reflecting the product inventory added for the new Auburn store.

<u>Building and equipment</u> decreased slightly from the prior year, due to depreciation expense, partially offset by the final costs related to the completion of the Auburn store.

<u>Loans payable</u> increased due to final loan draws early in the year, while completing construction on the Auburn store.

3.0 Question and Answer

Answers to questions from Owners:

 Sustainability Coordinator, Lauren Scott, offered a detailed explanation of the efforts we are taking to reduce R404 refrigerant leaks which negatively contribute to climate change.

 Cash on hand for the co-op (20 days' worth of expenses) is approximately \$3.2M.
The Grass Valley store had sales of \$35M for 2023. The Auburn store yielded \$5M

 and is projected to reach over \$13M for 2024. The feedback is incredibly positive for the new store, and we are listening to how we can improve. We are investing in ways to encourage shoppers to return and make the co-op a regular destination for their grocery shopping.

 More advanced public communication and larger attendance was requested for future Owner Meetings to help grow ownership and co-op engagement.

4.0 Meeting Adjournment: The Owner Meeting was adjourned at 7:40 p.m.

Minutes prepared by Mary Hunter on June 5, 2024.

1 APPROVED BY: DATE: 6/25/24
2 (These minutes were approved by the Board of Directors on June 25, 2024. The official signed copy is on file.)

BRIARPATCH COOPERATIVE OF NEVADA COUNTY, INC. Annual Owner Meeting - May 28, 2024 Attendee List

TOTAL = 41 attendees: 28 in person, 13 virtual

Christy	Barden	Lisa	Macrina
Ken	Barrett	Dre	Maher
Aleta	Barrett	Chris	Maher
Rachel	Berry	Matt	Marguilies
Anitra	Cole	Mike	McCary
Jonathan	Collier	Carol Lee	Meinhold
Zachary	Conroy-Salmassy	Stephanie	Nuttman
Glenn	Dal Porto	William	Ososki
Richard	Drace	Linsdey	Pratt
Kathleen	Fenton	Takahiro	Sasaki
Mark	Fenton	Danielle	Scallin
Chealsea	Hardy	Lauren	Scott
Bill	Hunter	George	Siffri
Mary	Hunter	Loyce	Smallwood
Katie	Ivy	Dave	Thomas
Dan	Krikorian	Rebecca	Torpie
Sarah Jo	Lang	John	Watson
Gary	Lehar	Chelle	Wheatley
Sara	Lehr	Kiyoko	Wilcox
Cassidy	Limberg	Deborah	Yashar
Alana	Lucia		