**Finance Report – Members Committee Meeting 24 June 2021**

**May Results**

Trading throughout May was slightly improved compared to April, with total shop revenue increasing 3% month on month. April was a break-even month for Alfalfa House, following a month where we had a $2,756 loss. In May, we recorded a profit of $7,080, which is much improved. The table below sets out a summary Profit and Loss for May 2021 as compared to April 2021:



Notes:

1. Daily shop trading figures decreased slightly throughout May ($2,404 in April vs $2,110 in May). Refer to below June trading update which details recent daily shop trading trends.
2. Administrative expenses were slightly higher than our target of $3,000, however, this amount includes $1,235 depreciation expenses, which are not a cash cost to the business.
3. After discussions with the Co-Managers, new COGS spending restrictions were put in place in mid-May. Given the turbulent trading throughout 2021 so far, the previous purchases budget of $9,000 per week was slightly too rigid. It did not account for a reduction in the week following a poor trading week. We have adjusted the purchases budget so that it is simply a calculation from the previous week’s trading. The new purchases budget has been set at 60% of the prior week’s revenue (i.e. if we have only $13k revenue one week, the next week’s purchases budget will be $7.2k). As you can see from the May results, the majority of the profit can be tied back to a reduction in COGS spending. This also has a positive cash flow impact for the Co-op.

**June Trading Update**

Daily shop sales continue to trend below the $3,000 per day mark, and we even had a day on 10 June which didn’t crack $1,000 in revenue. However, this is manageable so long as the restricted spending measures are kept in place. The table below sets out the average daily shop revenue by month since 1 January 2021:

|  |  |  |  |
| --- | --- | --- | --- |
| **Month** | **Total Sales ($)** | **No. Trading Days** | **Average Daily Sales ($)** |
| January  |  87,807.56  | 28 |  3,135.98  |
| February  |  64,209.01  | 28 |  2,293.18  |
| March  |  68,057.38  | 31 |  2,195.40  |
| April |  67,311.98  | 28 |  2,404.00  |
| May |  65,998.09  | 31 |  2,128.97  |
| June (1st - 22nd) |  46,420.44  | 22 |  2,110.02  |
| **Total** |  **399,804.46**  | **168** |  **2,379.79**  |

The above data suggests that the shop sales have evened out over the last few months, hovering between $64,000 and $68,000. The averages daily sales have also become a bit more steady, hovering between $2,100 and $2,400 per day. This shows that the business has well and truly stabilised over the past few months – this is likely the “new baseline” for the Co-op’s finances. With the addition of new purchases budgets, controlled spending, and the comprehensive review of product lines/profit margins, profitability should continue to be positive (all other things remaining the same).

Despite this, we are not out of the woods yet, and we need to continue to remain vigilant with spending initiatives, member engagement and store improvements.