

## **OCTOBER NUMBERS / Dashboard**

We recorded \$114K in sales (vs. \$104K last year vs. \$122.5K the year before).

We show a net profit of around \$20K for the month. Note that: (i) we have significantly reduced purchasing (\$60K); (ii) we reversed an Annual Leave Expense of \$8.4K (this is the amount due to Simon that is being paid out in instalments over the next 8 months); (iii) we booked very little IT expense (4 (iv) we've reduced our use of outside cleaners; (v) we are running on reduced staff; and (vi) we have \$2.2K in donations through the till. So, the actual profit from operations would be lower - about \$9.4K. That's OK, but note that we would still be getting less business than same time two years ago.

We are continuing to deal with a bit of a cash crunch, but we are managing it. We have now paid for the sign (\$2K). We are still putting off paying (i) \$8.4K for Simon's annual leave payout - being paid out on a \$1k/mo plan; (ii) \$5K in PAYG withholding; (iii) Alinta's annual leave payout \$1K.

In addition, by March 31, 2017, we have to have spend the \$15,000 grant from Jenny Leong's office. We have spent \$7.8K of this money. We will need to spend the remaining \$7.2K. In essence, this remainder is borrowed money which we must repay (by spending it on our projects) by March 31st. Julia has been working with a volunteer to reshape the grant to cover some past expenses and installation of the sign.

Shop Update (Julia) - We had five weekends in October, so we expect numbers to be up as weekends are the busiest. The Save Our Co-op email went out at the start of the month, this brought donations and an influx of irregular shoppers. However, at the end of the month donations have lullled. We have been reducing the hours of shop coordinators, and it is likely that we will make these reductions permanent in November. During October, we have been consciously reducing our inventory and transitioning into just-in-time ordering. We have also increased the prices of the price-drops items back to their previous markup.

## **FYE 2016 NUMBERS AND REPORT**

The draft FYE 2016 report is here.

<https://drive.google.com/open?id=0B2CzrZkqx6HpQUdBR1p6SjRKUUX4TWtqbV9GS3IxQIVTdW5N>

## **FORENSIC ACCOUNTING**

We continue to work with RGL Forensics in order to sort out the \$20K loss we recognized in 2016.

In addition, the FWG will continue to pursue efforts to reconcile variances between the POS and our bank deposits (-\$3.5K in September, +\$500 in October). It looks like the September variance may go into July's or August's numbers or it may be an actual clearing account number.

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(from September 2016 Report)

We have contacted our insurance agent (Watkins Taylor Stone), and they have contacted our insurer (AIG). AIG have appointed RGL Forensics to act as our fraud investigation specialist. Their fees, up to \$100,000, will be paid by AIG under an extension in the Management Liability Policy. I was unsure whether to go ahead with RGL Forensics as they are acting on behalf of AIG; however, I have spoken with our book-keeper and with Paul Richie of William Buck (a forensic specialist at another accounting firm), and neither of them thought using RGL Forensics would be a big problem. In the US, these things are a bit different. Watkins Taylor Stone has assured us that our investigation costs will be covered under the policy whether or not we have a claim for theft/fraud. RGL Forensics is going forward with the investigation.

Jonny will set up August, July and June for review of POS vs. bank.

## **INSOLVENCY ALARM**

We discussed when we should be concerned about immediate insolvency. We all recognize the formal position that it is the point at which we would be unable to pay our debts as they come due. We looked at the current balance sheet, and we estimated that our current buffer is about \$43.5K. This figure is based upon the Current Assets less Liabilities; taking into account the \$7.5K grant money we owe back; basing inventory value at cost; estimating that inventory is at around the same value as at June 30.

## **BUDGET/FORECAST 2017 (Bike-racked)**

Draft projection of fixed operating costs, etc.

<https://drive.google.com/open?id=1byLkaCe4IEQ8qcn1nmCEZKxnWL0bz7rsNjjr90vUyk>

## **CASH FLOW BUDGET/FORECAST**

Julia still feels comfortable with her fortnightly budgeting at the moment. We do have some big one-off expenses coming up: insurance, floor repair, other spends under the grant. Julia is now budgeting about \$18K a week on stock purchases.





# Profit & Loss

## ALFALFA HOUSE COMMUNITY FOOD CO-OPERATIVE 1 October 2016 to 31 October 2016

	31 Oct 16	31 Oct 15	31 Oct 14
<b>Income</b>			
Daily Balance Sheet Variance	-	-	849
Fundraising Income	-	1,879	-
Sales - Ex GST	100,783	86,068	107,003
Sales - GST	12,438	16,475	16,780
Sales variance - POS to bank	498	-	-
Till Variance - Cash	-	(309)	(2,012)
Vouchers Claimed	-	-	(60)
<b>Total Income</b>	<b>113,718</b>	<b>104,113</b>	<b>122,561</b>
<b>Less Cost of Sales</b>			
Fruit & Vegetables	20,888	19,930	23,978
Groceries	39,112	43,404	54,922
<b>Total Cost of Sales</b>	<b>60,000</b>	<b>63,334</b>	<b>78,900</b>
<b>Gross Profit</b>	<b>53,718</b>	<b>40,779</b>	<b>43,661</b>
<b>Plus Other Income</b>			
Interest Income	55	96	202
<b>Total Other Income</b>	<b>55</b>	<b>96</b>	<b>202</b>
<b>Less Operating Expenses</b>			
<b>Administration Expenses</b>			
Accounting & Audit Fees	-	-	3,250
Bank Fees	854	-	75
Bookkeeping Fees	1,600	3,000	3,000
Catering Expenses	-	-	90
Computer & IT Maintenance	195	-	960
Computer Expenses	90	-	-
Depreciation	816	853	705
EFTPOS Fees	-	732	770
Equip. Repairs & Maintenance	320	80	410
Fines and Penalties	124	-	-
Pest Management	298	-	-
Postage [62850]	-	88	123
Printing	-	7	-
Recruitment Fees	-	110	-
Room Hire	104	-	90
Shop & Office Equip < \$1000	-	67	-
Software [62830]	-	70	64
Stationery & Office Supplies	15	75	404
Storage Fees	-	145	-
Subscriptions	170	298	59
Travel Expenses	-	23	-
<b>Total Administration Expenses</b>	<b>4,585</b>	<b>5,548</b>	<b>10,000</b>

# Profit & Loss

	31 Oct 16	31 Oct 15	31 Oct 14
<b>Communication Expenses</b>			
Internet	127	64	64
Telephone Expenses	66	280	2
<b>Total Communication Expenses</b>	<b>193</b>	<b>344</b>	<b>66</b>
<b>Employment Expenses</b>			
Annual Leave - Movements	(8,458)	10	(4,245)
Superannuation Expense	1,739	2,271	2,319
Wages & Salaries Expenses	27,922	24,084	29,439
<b>Total Employment Expenses</b>	<b>21,203</b>	<b>26,365</b>	<b>27,514</b>
<b>Facility Expenses</b>			
Cleaning Expenses	1,091	1,377	1,377
Electricity Expenses	1,679	2,337	1,774
Recycling Fees	-	100	-
Rent	3,259	3,259	2,702
Rubbish Removal	126	100	-
Shop Inspection	150	-	-
<b>Total Facility Expenses</b>	<b>6,304</b>	<b>7,173</b>	<b>5,853</b>
<b>Insurance Expenses</b>			
Work Cover Premiums	1,092	-	-
Workers Comp Insurance	-	(2,591)	885
<b>Total Insurance Expenses</b>	<b>1,092</b>	<b>(2,591)</b>	<b>885</b>
<b>Total Operating Expenses</b>	<b>33,377</b>	<b>36,839</b>	<b>44,318</b>
<b>Net Profit</b>	<b>20,396</b>	<b>4,035</b>	<b>(455)</b>

# Profit & Loss

## ALFALFA HOUSE COMMUNITY FOOD CO-OPERATIVE 1 July 2016 to 31 October 2016

	31 Oct 16	31 Oct 15	31 Oct 14
<b>Income</b>			
Cash Sales Deposited to bank	433	-	-
Daily Balance Sheet Variance	-	-	1,831
Debit/Credit Card Sales Deposited to bank	-	-	-
Fundraising Income	-	1,879	-
Sales - Ex GST	360,364	363,683	408,474
Sales - GST	51,370	62,749	63,925
Sales variance - POS to bank	(2,971)	-	-
Till Variance - Cash	-	(758)	(7,039)
Vouchers Claimed	-	-	76
<b>Total Income</b>	<b>409,196</b>	<b>427,554</b>	<b>467,267</b>
<b>Less Cost of Sales</b>			
Fruit & Vegetables	86,749	80,831	94,905
Groceries	161,090	196,494	213,640
Less: Closing Inventory	-	-	(58,710)
Opening Inventory	-	-	58,710
<b>Total Cost of Sales</b>	<b>247,839</b>	<b>277,325</b>	<b>308,545</b>
<b>Gross Profit</b>	<b>161,357</b>	<b>150,229</b>	<b>158,722</b>
<b>Plus Other Income</b>			
Interest Income	212	395	766
<b>Total Other Income</b>	<b>212</b>	<b>395</b>	<b>766</b>
<b>Less Operating Expenses</b>			
<b>Administration Expenses</b>			
Bank Fees	860	-	262
Bookkeeping Fees	8,888	12,000	12,000
Catering Expenses	-	-	90
Computer & IT Maintenance	1,415	3,040	4,346
Computer Expenses	215	-	-
Depreciation	3,238	3,383	2,695
EFTPOS Fees	2,508	3,190	2,569
Equip. Repairs & Maintenance	1,769	1,594	778
Fines and Penalties	124	104	-
Licences	117	427	113
Pest Management	589	291	545
Postage [62850]	-	88	156
Printing	75	211	140
Recruitment Fees	-	220	-
Room Hire	381	516	296
Shop & Office Equip < \$1000	1,494	512	1,294
Shop Refurbishment	-	-	250
Software [62830]	85	210	255



# Profit & Loss

	31 Oct 16	31 Oct 15	31 Oct 14
Stationery & Office Supplies	85	728	1,540
Storage Fees	-	145	-
Subscriptions	672	1,167	871
Travel Expenses	-	91	19
Website Hosting	-	-	133
<b>Total Administration Expenses</b>	<b>22,515</b>	<b>27,917</b>	<b>28,351</b>
<b>Communication Expenses</b>			
Internet	318	255	255
Telephone Expenses	193	855	285
<b>Total Communication Expenses</b>	<b>511</b>	<b>1,109</b>	<b>540</b>
<b>Employment Expenses</b>			
Annual Leave - Movements	(4,203)	2,117	(351)
Contractor Expenses	-	837	817
Long Service Leave Expense	2,355	-	(5,244)
Superannuation Expense	9,172	9,941	10,107
Wages & Salaries Expenses	106,442	105,327	109,496
<b>Total Employment Expenses</b>	<b>113,767</b>	<b>118,222</b>	<b>114,825</b>
<b>Facility Expenses</b>			
Cleaning Expenses	6,836	7,345	1,891
Electricity Expenses	1,679	4,189	1,569
Recycling Fees	-	500	505
Rent	13,036	11,233	10,860
Rubbish Removal	538	951	262
Shop Inspection	150	-	268
Water Usage	179	139	160
<b>Total Facility Expenses</b>	<b>22,418</b>	<b>24,357</b>	<b>15,516</b>
<b>Insurance Expenses</b>			
Business Insurance	-	4,262	986
Work Cover Premiums	1,092	-	-
Workers Comp Insurance	2,016	(513)	3,621
<b>Total Insurance Expenses</b>	<b>3,108</b>	<b>3,749</b>	<b>4,607</b>
<b>Total Operating Expenses</b>	<b>162,319</b>	<b>175,354</b>	<b>163,839</b>
<b>Operating Profit</b>	<b>(750)</b>	<b>(24,730)</b>	<b>(4,351)</b>
<b>Non-operating Expenses</b>			
<b>Other Non-operating Expenses</b>			
Suspense	-	222	-
<b>Total Other Non-operating Expenses</b>	<b>-</b>	<b>222</b>	<b>-</b>
<b>Total Non-operating Expenses</b>	<b>-</b>	<b>222</b>	<b>-</b>
<b>Net Profit</b>	<b>(750)</b>	<b>(24,953)</b>	<b>(4,351)</b>

# Balance Sheet

## ALFALFA HOUSE COMMUNITY FOOD CO-OPERATIVE As at 31 October 2016

	31 Oct 2016	31 Oct 2015	31 Oct 2014
<b>Assets</b>			
<b>Current Assets</b>			
<b>Bank Accounts</b>			
Bank Account - Community - 249	1,348	38,602	38,011
Bank Account - Expenses - 250	41,670	7,311	40,699
Community Access	6,070	-	-
<b>Total Bank Accounts</b>	<b>49,088</b>	<b>45,913</b>	<b>78,710</b>
<b>Inventory</b>			
Inventory	71,228	67,221	58,710
<b>Total Inventory</b>	<b>71,228</b>	<b>67,221</b>	<b>58,710</b>
<b>Other Current Assets</b>			
TFN Withholding Credits	-	354	354
<b>Total Other Current Assets</b>	<b>-</b>	<b>354</b>	<b>354</b>
<b>Receivables</b>			
Trade Debtors	-	-	466
<b>Total Receivables</b>	<b>-</b>	<b>-</b>	<b>466</b>
<b>Till Box</b>			
Float Till Drawer	300	300	300
Front Till Change box	466	466	466
<b>Total Till Box</b>	<b>766</b>	<b>766</b>	<b>766</b>
<b>Undeposited Funds</b>			
Electronic Clearing Account	-	(415)	-
Undeposited - Cash	1,111	19,144	11,718
Undeposited - Debit/Credit Card Funds	6,846	7,481	4,647
<b>Total Undeposited Funds</b>	<b>7,957</b>	<b>26,209</b>	<b>16,365</b>
<b>Total Current Assets</b>	<b>129,040</b>	<b>140,463</b>	<b>155,371</b>
<b>Non-current Assets</b>			
Containers & Scoops	4,400	5,178	6,090
Fixtures & Fittings	8,399	10,224	9,215
Improvements	10,329	12,516	-
Shop & Office Equipment	19,632	19,145	23,738
Software	1,401	1,869	2,491
<b>Total Non-current Assets</b>	<b>44,162</b>	<b>48,931</b>	<b>41,534</b>
<b>Total Assets</b>	<b>173,202</b>	<b>189,393</b>	<b>196,905</b>

## Liabilities

### Current Liabilities

#### ATO Liabilities

GST	(2,782)	(2,280)	(1,050)
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# Balance Sheet

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	31 Oct 2016	31 Oct 2015	31 Oct 2014
ICA - ATO	-	3,910	-
PAYG Withholding Payable	7,642	1	4,929
<b>Total ATO Liabilities</b>	<b>4,860</b>	<b>1,631</b>	<b>3,879</b>
<b>Employment Liabilities</b>			
Annual Leave Provision	11,752	20,121	20,335
Long Service Leave Provision	5,953	9,710	-
Superannuation Payable	1,739	9,941	2,319
Wages Payable - Payroll	-	-	-
<b>Total Employment Liabilities</b>	<b>19,444</b>	<b>39,771</b>	<b>22,654</b>
<b>Payables</b>			
Trade Creditors	55,224	38,542	37,742
<b>Total Payables</b>	<b>55,224</b>	<b>38,542</b>	<b>37,742</b>
<b>Total Current Liabilities</b>	<b>79,528</b>	<b>79,944</b>	<b>64,275</b>
<b>Total Liabilities</b>	<b>79,528</b>	<b>79,944</b>	<b>64,275</b>
<b>Net Assets</b>	<b>93,674</b>	<b>109,449</b>	<b>132,630</b>
<b>Equity</b>			
Current Year Earnings	(750)	(24,953)	(4,351)
Retained Earnings	94,424	134,402	136,981
<b>Total Equity</b>	<b>93,674</b>	<b>109,449</b>	<b>132,630</b>