

Alfalfa House Members Council Meeting - minutes

Date: 24 October 2017

Time: 7pm

Location: Meeting Space, 8-10 Brown Street, Newtown

Facilitator: Katherine Lustig

Minutes: Matt McMillan

Timekeeper: David Winterton

Meeting opened at: 7:06pm

Acknowledgement of Country: Before we begin the meeting, I would like to acknowledge and pay respect to the traditional owners, both past and present, of the land we occupy and upon which we meet — the Gadigal people of the Eora Nation. It is also upon their ancestral lands that Alfalfa House is built.

1. Attendance and Apologies

Attendance: Katherine Lustig, Jonny Green, Matt McMillan, David Winterton, Catherine O’Keefe, Maurice Cabrera, Susan Thi Lan Phong Hu, Stevie Bee

Apologies: Renata Field, Bruce Diekman, Julia Gove, Yue Ajioka, Lucy Williams Moore, Janne King

Absent:

2. Approval of Agenda

That the agenda be approved.

Moved: Jonny Green. Seconded: Catherine O’keefe. Carried by consensus.

3. Consent Agenda

3.1. Adoption of Previous Minutes

That the minutes of the September 2017 meeting be adopted.

3.2. New Members and Cancellations

That members with the following membership numbers: 12559 to 12627 with 3 skipped/blank records (12567, 12595, 12602) be accepted as new members.

That members with the following membership numbers be cancelled: 1560, 2898, 3169, 3270, 3375, 3523, 3898, 4321, 4706, 4787, 4866, 5212, 5222, 5240, 5241, 5886, 5888, 5967, 6339, 6472, 6587, 6968, 7189, 7549, 7651, 8111, 8293, 8308, 8340, 8385, 8402, 8403, 8525, 8702, 8773, 8792, 8836, 8978, 9029, 9092, 9179, 9195, 9311, 9416, 9449, 9627, 9732, 9859, 10099, 10202, 10213, 10244, 10275, 10289, 10306, 10316, 10328, 10342, 10383, 10450, 10474, 10505, 10522, 10541, 10610, 10617, 10664, 10713, 10719, 10774, 10786, 10838, 10851, 10876, 10888, 10906, 10907, 10913, 10915, 10916, 10923, 10931, 10938, 10940, 10942, 10946, 10949, 10958, 10959, 10965

3.3. Out-of-session Decisions/Proposals

That the AGM take place on Sunday 19th November 2017, from 6:30pm, at Seaview Street Hall, 107 Crystal St, Petersham.

That the resignation of Victoria Taylor from the Members' Council be accepted.

3.4. Reports from Working Groups

3.4.1. Governance

NIL

3.4.2. Premises Solutions, Shop Development and Affordability

NIL

3.4.3. Sustainability

NIL

3.4.4. Volunteer Engagement

NIL

3.4.5. Community Outreach

NIL

3.4.6. Staff Liaison

NIL

3.4.7. Marketing

Susie Hollott has resigned from convenor of the MWG. A replacement is being sought out from the existing MWG working group.

Fanny Ronkainen joined the MWG in September and recently attended a workshop with Google for Not-for-profits. Below is a summary of the workshop:

Here are a few key-points from the seminar yesterday (16 Oct):

- With Ad grants the organisation gets up to \$10,000 (USD) to use for ads per month
- For the ads to work as effectively as they can it's important that they're structured well, with a clear goal, a relevant page that they land on when they click on the link/ad, relevant keywords etc. It's not only about the money you put in that will determine how well placed your ad is!
- Adwords (google ads) could for us, AH, be structured in different campaigns such as: Volunteering, Groceries and Produce and under-groups could be Volunteering-Gardening, Groceries-Skin care, Produce-Organic fresh produce. These are then turned into ads which means it's very targeted and will have its on set of keywords to attract different people for different product/services.
- You can target the ad to get different outcomes such as, increased; foot traffic, website clicks, sign ups to volunteering, phone calls to the shop etc.

- YouTube is the 2nd biggest search engine after google. You can also have ads as an overlay on youtube videos!
- YouTube videos should be under 2.34min and be; relatable, consistent, trendy (if possible), educational, entertaining however maybe not all at once, focus them!

- G suite is great to use for storing and collecting data (ex. via google drive or forms, which we're already using a bit), everyone in the organisation can have their email under G suite and can also chat to each other in the chat function,
- Other tools we could make use of: Google maps, making sure the opening hours, ph # etc is up to date

- For the ads to work it takes practice and consistency, just like physical training ;)

Next thing I'll do is:

- Think about how we can structure social media and marketing in a better way
- Contact people to see who wants to be involved/who is doing what
- Setting us up with Ad grants!!

3.4.8. Website

NIL

3.5. Staffing (appointments and resignations)

That Alfalfa House accept the resignations of Lucy Williams Moore (last day 17 November) and Julia Gove (last day 21 October). Julia will continue as a casual staff member.

3.6. Deferred Matters / Business Arising

Item	When expected	Status
Catherine: Provide contact details to Maurice for Bass Floors		Closed
Maurice: Confirm with FTD if there will be shelf space for groceries to be put at the till to make checkout easier.	This was included in the Shop Development proposal presented at Aug MC	Closed
Maurice: Ensure that freezer running costs are included in the costed proposal.	This was included in the Shop Development proposal presented at Aug MC	Closed
Marketing Working Group: Present alternative sign wording to MC for approval.		Closed
Victoria: Investigate specific case of member organisation which has a single membership number used by multiple staff for shopping.		Email to MC - 26.9.17. Proposed - checking numbers on membership number, then no further action
Community Outreach Working Group: Review opportunity to bring in an organisational membership / subscription fee for corporates and not-for-profits, and bring a proposal back to MC.		Open

Maurice will work with Catherine, Jonny and Finance working group to add details to Shop Strategy document. VWG will add the detail to the volunteer engagement strategy.	Catherine, Jonny and Maurice met on 16 Oct and agreed the next steps on the Shop Strategy process.	In progress
Vanessa to get figures on the return on shelf space to Catherine (Shop Development).	Vanessa working on providing shelf space comparison	In-progress
Katherine: Collate a set of questions for Shop Development		Open

3.7. Purchasing Policy (Catherine)

Proposal: That Alfalfa House adopts the [Purchasing Policy](#).

That the Consent Agenda Items be approved.

Moved: Matt McMillan. Seconded: David Winterton. Carried by consensus.

4. Finance

September 2017 Treasurer's Report

https://drive.google.com/open?id=1J3PcodrGvG9BkkKpEfxw2R9i9kPE0iSOaYO_hM4hE4

September 2017 Dashboard

<https://drive.google.com/open?id=0B2CzrZkqx6HpMy1VczRxOE1BazA>

Proposal: The FWG is recommending that we stop our investigation into the approximately \$20K of unidentified losses incurred during the period of April 2014 through June 2015 (and accumulated in the balance sheet in the line item: Clearing Account - Cash), subject to a final consultation with our solicitor.

Moved: Jonathan Green. Seconded: Katherine Lustig. Carried by consensus.

5. Manager's Report

[Manager's report](#)

Going forward, Workplace Health and Safety incident reports won't be part of the Manager's Report, but as a separate item in the MC meeting agenda.

6. Workplace Health and Safety

See Manager's Report for the WHS report this month.

Katherine noted that there was another incident of something being broken in the shop. MC's feeling is that they would like to see staff responding more urgently to incidents.

Maurice advised he would be conducting a full review of OH&S.

Catherine asked if someone breaks something, who pays for it?

Maurice advised that, in most cases, the customer offers to pay for it. But with every incident, it comes down to judgment.

Stevie said there should be a sign that says, "Breakages must be paid for."

Johnny quoted from the Breakages and Spills policy: A sign with the words 'Alfalfa House appreciates any donation for any spills and breakages.' is to be placed prominently in the shop. ... When a spill or breakage occurs, the value of the item at cost price is to be entered as stock loss. If a spill is caused by a shopper, Alfalfa House has no expectation that they will pay for the stock loss. However, if a shopper offers to make a payment for the stock loss, it is to be gratefully accepted and entered as part of the shopper's invoice.

Katherine noted that the description in the Manager's Report of the WHS incident in which she was involved was not accurate. In particular, it did not mention that there was broken glass mixed up with honey on the floor for half an hour, nor that there was broken glass left in the sink, making the incident appear less concerning than it really was.

7. Financial Statement

Proposal: That the [Financial Statement](#) for the year 2016-17 be approved.

Amended proposal: That the Financial Statement for the year 2016-17 be approved, pending addition of a note to the expense line item showing that \$4,500 was spent from a grant received in the FY 2015-16.

Amended proposal moved: Jonathan Green. Seconded: Matt McMillan. Carried by consensus.

8. Not-For-Profit Self Assessment (Matt)

Proposal: That the [Self-governance checklist for not-for-profit organisations](#), completed by the Finance WG, be signed and executed.

Matt will bring a hard copy of the completed checklist, to be signed by the MC, and subsequently held on the organisation's premises.

Maurice advised it would be sorted with a new POS.

Action items from the checklist "Planned actions" in the document's summary:

ACTION ITEM: Review office-holder handover checklist.

ACTION ITEM: Review possibly installing video recording of cash handling areas.

ACTION ITEM: Implement a policy of not self checking out.

Moved: Matt McMillan. Seconded: Catherine O'Keefe. Carried by consensus.

9. Food Grant

That the food grant application from Angel Street Permaculture be approved.

https://docs.google.com/spreadsheets/d/1dlaReQKQbj4V-_QpT92neDcAcLthVcrdQktTBLg54-Y/edit#gid=0

Moved: Jonathan Green. Seconded: Catherine O'Keefe. Carried by consensus.

Meeting closed at: 8:52pm

Post-meeting check-in

Next meeting date: 28 November 2017

SOP Title: Capital Expenditure & Associated Services – Non Stock - Purchasing Policy	
Security Level: Public	SOP #. AH001/1
SOP Author	Effective Date: 24/10/2017
Name: Catherine O’Keefe	Review Date: 24/10/2019

Version Control	Date Effective	Approved at MC meeting	Amendment
1	2.6.2015		Tendering - Original
2	10.6.2015		Purchasing - Original
3	9.8.2017		Supersedes both Tendering and Purchasing

Aim:

To define the process for capital expenditure and associated services, known as **nonstock purchasing**. This excludes operational shop items that are at the manager’s judgment under \$250.00 and stock purchasing. The following principles shall govern procurement policy and practice and, these are:

- a. Economic principles;
- b. Ethical principles,
- c. Environmentally conscious principles.

They also reflect the Alfalfa House objects which are in the Rules, Part 2, Rule 1.4 and are in Appendix 1.

Economic Principles

1. Any individual engaged in purchasing and procurement on behalf of Alfalfa House shall seek best value for money. The term “value” is not limited to the monetary cost of the supply but shall also take into account a range of factors such as quality and service.
2. Any staff member engaged in purchasing shall be mindful of the following aims:
 - a. to conserve funds through cost reductions without sacrificing quality;
 - b. to minimise total cost of ownership (see Definitions);
 - c. to reduce overheads, and
 - d. to reduce transaction volumes and streamline processes.
3. The following factors shall be taken into account when considering “value”:
 - a. the suitability and compliance of the goods/services being procured;
 - b. the service history of the supplier;
 - c. the associated delivery and operating costs; and
 - d. the cost of disposal.
4. Purchasers shall consider life-cycle costing, i.e., the cost of the item over the life cycle of its use (Appendix 2)
 - a. Life cycle costing shall be carried out on all significant equipment purchases.
 - b. All considerations to life costing shall be carried out before placing an order
5. Leasing: Where appropriate, staff members shall perform a cost-benefit analysis to determine whether outright purchase or lease is the best option.

Ethical Principles

1. There shall be an audit trail for all purchases that allows for transparency of decisions and review of purchasing practice. The conduct of procurement is subject to continuous auditing by Alfalfa House.
2. Staff members shall ensure that they are not, or are not perceived to be, in a conflict of interest with any supplier. Those staff members who have, or may be perceived to have, a vested interest in the outcome of a purchase should

- disclose any conflict to the MC and discuss whether they should exclude themselves from any role in the purchase process.
3. Purchasers shall be suitably skilled and qualified to attend to the completion of their purchasing and contracting role(s).
 4. Goods and services that are purchased with Alfalfa House funding shall be used for Alfalfa House purposes and not for private purposes.
 5. Open and effective competition shall be encouraged and observed ensuring equitable access to all suppliers.
 6. Purchasers shall ensure probity, transparency, fairness, and accountability in all stages of the purchasing process.
 7. All pertinent data relevant to a purchase shall be recorded and accounted for.
 8. Purchasers shall show regard for preferred suppliers and existing contracts.
 9. Purchasers shall not authorise payment to a person or organisation in which they have a material interest without prior written approval of the Treasurer and or Chair of the MC.
 10. All conflicts of interest shall be advised to the Treasurer and or Chair of the MC as soon as they arise.
 11. Any gifts or hospitality received about the purchase of goods and services shall only be accepted in accordance with the approval of the Treasurer and or Chair of the MC.

Environmentally Conscientious Principles

1. Environmentally conscientious principles shall be considered alongside economic and ethical principles. Consideration shall be given to:
 - a. The procurement of products containing materials produced in a sustainable manner and/or reconditioned or recycled components.
 - b. Use of suppliers that offer product stewardship, (e.g. suppliers that take back products at the end of their life, suppliers that provide a recyclable packing system, or ease of recycling).
 - c. Preference for goods that are more energy-efficient and cause less impact on the environment.
 - d. Preference should be given to those suppliers that minimise their energy consumption and adverse environmental impact.

Procedure:

	Action	Responsibility
1.	Project approval - All projects must be approved in principle by the MC prior to briefing suppliers. This is to ensure that AH focuses resources that align with the goals of the strategic plan and so that suppliers are not required to undertake extra time to prepare quotations, including determining the scope of the project.	MC
2.	<p>Suppliers - There is a preference to local suppliers so that the local economy is sustainable. Under no circumstances are offshore tenders such as through Freelancer or the like allowed as this is against our values of fairness and a living wage. In choosing suppliers and materials they must be done in consideration of the Alfalfa House Objects.</p> <p>Wherever possible, co-op members who have the necessary skills and qualifications and are known to be willing to help the co-op should be contacted in the first instance to provide such services as may be needed in exchange for extra discounts in lieu of payment for those services. The Manager will gain approval from the Chair or Treasurer of the MC for these discounts prior to agreeing on the appointment of the person for the job.</p> <p>Each job would be added to a specialist skills register, which would detail which member/s provided what kind of service, on what basis, how the exchange determined and any significant follow-up observations.</p> <p>Such members should come to an agreement with the Manager as to the value of extra discounts they are to receive in exchange prior to any work being undertaken. Such members should inform the Manager when they consider the service can no longer be provided by them and should be committed by a paid person.</p> <p>The cost of any materials used to effect such services must be approved prior and when</p>	Purchasing Officer, Manager

	approved submitted by the member for payment by the co-op unless the member does not wish to accept payment for such materials in which case the value of the materials is to be written up as a donation.	
3.	<p>Quotations</p> <p>3.1 All quotations are to be sourced in writing from the suppliers. They are to include quantity, commencement and conclusion date (where applicable).</p> <p>3.2 Considerations</p> <p>a. Rates being considered reasonable and consistent with normal market rates for items of a like nature; and</p> <p>b. Requirements not being split into components or a succession of orders, for the same goods or services to enable the goods/service to be obtained under the \$250 manager’s approval limit.</p> <p>3.3 For a new project three quotes are required and samples where possible and or applicable. If it is a new supplier references are required to ensure that their credentials match the project. Three written quotations do not have to be obtained where the goods or services are proprietary (held under patent, trademark or copyright), or are only obtainable from fewer than three suppliers.</p>	Manager; Purchasing Officer
4.	Orders - All purchases to Alfalfa House are to be made on official Purchase Orders. Official quotations must be supplied prior to an order being raised. The PO is to be signed both by the Chair or Treasurer and Manager.	Manager
5.	Payments - No payment will be made without matching the official purchase order, delivery docket and invoice. The documents are to be matched by the PO and then the requestor is to approve and code.	Manager, Treasurer
6.	Payment Terms - 30 days from the close of month the invoice is received are preferred.	Manager

END of SOP

Appendix 1: Objects of Alfalfa House Community Food Co-operative- Rules, Part 2, Rule 1.4

The objects of the co-operative are:

- a) to provide a retail source of whole foods so that members may have some control over the sources of their food supply;

- b) to provide information on and promote the use of
- i) low-cost, ethically-produced and packaged wholefoods,
 - ii) cruelty-free foods,
 - iii) vegetarian foods,
 - iv) vegan foods,
 - v) organic foods and
 - vi) genetically-modified-free foods;
- c) to run an ethical, not-for-profit business;
- d) to minimise resource wastage and, hence, encourage reuse and recycling;
- e) to support other cooperatives whose objects are similar or related to the objects of the cooperative; and
- f) to stimulate community development, foster community spirit and promote sustainable living.

Appendix 2: Life Cycle Costing Reference List	
PART A: INITIAL COST AND INSTALLATION	
Item	Things to consider
Cost of Item	What currency is the quotation <u>in</u> ?
	What conversion rate have you factored <u>in</u> ?
	Have you allowed for currency conversions and fluctuation in the value of \$AUD?
	What items have not <u>been included</u> in the initial cost of the item(s).
Installation	Dimensions what are the physical dimensions and weight of the equipment- will it physically fit in the space allocated?
	Will it fit through corridors for transportation to the installation site?
	Are all installation costs included in quotation?
	Have you included freight charges?
	If it is coming from overseas have you included any customs and/or duty that may be charged?
PART B: MAINTENANCE / SERVICE CONTRACTS	
Item	Things to consider
Maintenance Contracts	Are there regular maintenance or inspection and testing required that can be covered by a service contract?
	Will Alfalfa House staff or volunteers be required to provide maintenance surrounding this item(s)?
Special Licences	Software?
PART C: OH&S REQUIREMENTS	
Item	Things to consider
Risk Assessment/ Safe Work Procedure	Has a risk assessment been completed for the item? Are safe work procedures required as a control measure?
Training	Is there any external or internal training required to use the item?
	Who will be competent to deliver and assess training for the use and maintenance of the equipment?
First Aid Items	First Aid requirements?
Signage	Do you need door signage?
Ergonomic Factors	Has an assessment been made as to how people will use this item safely, e.g. height of desk, bench, chair etc.?
PART D: OTHER REQUIREMENTS	
Item	Things to consider
Other items	Has all storage of non-essential items been considered? Is there sufficient space to house these?
Storage	Is there sufficient storage space for ancillary items i.e. paper, cleaning utensils etc?

Environmental Factors	Does the item produce waste – are there specialist waste disposal required?
	Does the item require specialist cleaning services?
Disposal Costs	What is the life expectancy of the equipment?
	Are there any hazardous materials, required to be disposed of at the time of disposal?
PART E: STAFFING	
Item	Things to consider
What are the staffing implications	Does it require additional/specialist staff for the implementation/installation/training and ongoing support of the item(s)
	Can this be provided by existing or new staff?
	Does it require ancillary support for software development and support?
Will this be a new position?	Does it require a specialist operator or can existing staff be utilised
	If new staff member, additional operational costs i.e.
	salary,
	phone, internet, training, space (if not located in the same area as equip)
PART F: ALTERATIONS AND/OR REFURBISHMENT TO EXISTING BUILDING/ROOM	
Item	Things to consider
Flooring	Does the flooring need removing/replacing?
	Is the floor strong enough to support the equipment?
Joinery	Are desks, drawers, cupboards etc required?
Carpentry	Do walls and/or doors need moving?
Insulation	Is special insulation required to ensure noise is limited to surrounding areas?
Structural Support/Demolition	Are any demolition works required, if so what are the removal costs?
Other	Disabled Access ramps?
	Will the area require painting?
PART G: ALTERATIONS TO EXISTING SERVICES	
Item	Things to consider
Power Supply	Does the new equipment require additional power i.e. 3 phase or 15 amp?
	Do any cabinets require earthing?
Water Supply	Do you need water in the space in order for the equipment to run (this does not include cooling water)?
Gas Services	Are additional gas lines required to be installed?
	Are there existing services in the building?
Drainage	Does the equipment require access to drainage or areas?
Ventilation	Does the equipment emit toxic gases etc – does it require specialist ducting, supply air or extraction fans?
Essential Services	Are additional smoke detectors required?
	Is additional exit signage required?
PART H: ADDITIONAL BUILDING SERVICES AND/OR ANCILLARY EQUIPMENT REQUIRED	
Item	Things to consider
Air-conditioning	Does the equipment need temperature control – to what level?
Refrigeration	Are there refrigeration requirements? Does it require freezers?
Ongoing Maintenance	Are there regular service requirements that need to be conducted?

Other	Uninterrupted power supply?
PART I: IT REQUIREMENTS	
Item	Things to consider
Network	Are there sufficient phone and data ports available?
	Internet & Phone charges – ongoing costs?
Servers	Will this have an impact on existing server capacity or will another server be required?
Computer	What type of computer requirements for equipment?
	What type of computer requirements for staff?
Data Storage	Will this require the acquisition of further data storage?
Software	Does this item require specialist software to be purchased?
	Who will manage this? Is it something that AH will manage or is it readily available already?
Other	How does this impact / fit in with the shared server?
OTHER CONSIDERATIONS SHOULD THE GRANT/FUNDING BE APPROVED	
Item	Things to consider
Timelines for implementation	What time/notice is required by AH etc. for resource allocation for the project?
Business Continuity Planning	Have you considered the impact of this purchase on the financial resources of Alfalfa House?
Replacement Strategy	When will the equipment need to be replaced / upgraded?
	What costs will be associated with this replacement / upgrade?

2 Definitions	
Word/Term	Definition (with examples if required)
Best and Final Offer	In the context of this policy, the term “best and final offer” refers to final negotiations with the selected supplier(s) to extract the best terms.
Close Personal Friend	Is intended to refer to intimate and/or close personal and social relationships that are, or have been established between AH employees and individuals external to AH. It does not refer to professional working relationships that may be established with personnel internal, or external, to AH.
Consultancy	Refers to the procurement of external consultants or consultancy services to AH.
Life cycle costing	The terms “total cost of ownership” and “life cycle costing” refer to the ongoing, as well as initial, cost(s) of the purchase, e.g. the cost of installation, building and service modifications, maintenance, warranty, support, refills and complementary product, compatibility with other equipment and the cost of disposal.
Preferred supplier	A preferred supplier is one that has been selected by AH, following a market-testing process, and offers significant benefits to AH.
Product stewardship	Refers to the service that a supplier may provide in disposing of the goods after they have served their useful life.
Purchasing Officer	For the purpose of this policy the term Purchasing Officer refers to any staff member sourcing the goods or services and raising a requisition, an order or a payment to purchase goods and services.
Risk	Fundamentally, risk shall be understood to mean the extent to which AH is unable to meet the policy purposes, outcomes and principles intended, as a consequence of an inappropriate choice of procurement process.
Standing contract	In the context of this policy the term standing contract refers to a contractual agreement with a supplier. Usually these contracts are for a specific duration and/or a specific value.
Total cost of ownership	The terms “total cost of ownership” and “life cycle costing” refer to the ongoing, as well as initial, cost(s) of the purchase, e.g. the cost of maintenance, warranty, support, refills and complementary products, compatibility with other equipment and the cost of disposal.

END

ANNUAL REPORT 2017 FYE

We want to add a note to the Expense line item showing that \$4.5K in there was funded by the grant received in 2016. Jonny will ask Zahra if that will work?

We need to find the NFP Self-Assessment (executed); we need to figure out whether we passed a resolution at the MC level accepting our findings as an NFP.

SEPTEMBER NUMBERS / Dashboard

We recorded approximately \$88K in sales (vs. \$94K last year vs. \$102 the year before).

We show a net loss of about \$6K for the month.

Maurice saw that we were making less on a daily basis in September. Groceries were down, and we reduced purchases, as a result. Produce was also down, but, towards the end of the month, we increased produce purchases; the idea being that we need a good inventory of produce to sell produce. We could have experienced reduced sales because of the hot weather and the school holidays. We are looking better for October. More veggie box orders coming in.

Sales Variance (POS v. bank) is \$91.95 for the month. Maurice will be looking at this, together with the July and August numbers. Maurice has already cleared up some major errors in September (duplicated and trebled daily numbers for the 15th and 16th; 13th has a non-closed transaction; 1st we have \$100 missing).

Maurice continues to work with staff and volunteer (Bill Garvis) to reduce these Sales Variances, and we are seeing positive results. The Daily Balance Sheet has been redesigned and staff are using it. The timing of the download of the DBS needs to move from 3 am to 7 pm on the day; we may need to extend staff time to 7:30 pm to train staff on closing the DBS.

AUGUST AND JULY TILL VARIANCE NUMBERS CLEAN-UP

Maurice will review the numbers for these months (\$1.9K - Aug; \$600 - Jul).

FORENSIC ACCOUNTING

At this time, the FWG is recommending that we stop our investigation into the approximately \$20K of unidentified losses incurred during the period of April 2014 through June 2015 (and accumulated in the balance sheet in the line item: Clearing Account - Cash).

The reason for this is that, given the unlikelihood of actually collecting on any insurance claim related to the losses, we don't think we should spend any further resources on trying to discover

the details of what happened during that period. We do believe that the losses are a result of a combination of actual theft and reporting errors in the POS.

Why is it difficult to understand what caused the losses? 1. During the period, changes (potentially, corrections) were made to the data in our POS records. Unfortunately, these changes are not readily visible. It would take a great deal of effort (and, potentially, money paid to a consultant) to figure out which daily balance sheets and sales figures were changed. 2. The cash deposits made during this period were not matched to specific days, making the tracking of cash deposits vs. daily sales figures more difficult. 3. We are not receiving any real help from the forensic accountants provided to us under the insurance policy. In addition, our premiums have been increased, most probably, to cover the costs.

Why is it unlikely that we would collect on a claim? The co-op's accountants formally warned the MC (and the Manager) about the accumulating loss in the Clearing Account - Cash. This was done in the 2014 and 2015 audit reports. We failed to take steps to resolve this issue. As a result, according to our policy, we may have lost the right to make a claim for the losses.

What have we done? 1. We have a much better understanding of the design and function of our POS reporting; Maurice and Bill Garvis have worked to correct many errors in the POS reporting system. 2. Maurice has implemented better cash handling procedures at the till and at close-out (eg. using two folks to count out the till at the end of the day). As a result, we have seen significant reductions in till error and POS/cash discrepancies.

Finally, I would note that we should move our insurance away from our current provider as they are charging us a higher premium as a result of this incident; however, we cannot move insurers until the claim is closed. We have found a potentially cheaper insurance provider.

So, for these reasons, we are recommending that we close the investigation.

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 \$55K (a decrease of about \$5K from the previous month). This figure is based upon the Current Assets less Liabilities; basing inventory value at cost; estimating that inventory is at around the same value as at June 30, 2017.

CASH FLOW BUDGET/FORECAST

Maurice still feels comfortable with his fortnightly budgeting at the moment. Maurice is budgeting about \$15K a week on stock purchases. We are comfortable with our cash position for the next month. We are looking at the following expenses in October/November: we will do significant groceries purchasing in the first two weeks of November to ease pressure on staff while we bring in a new Groceries co-ordinator; increased staff costs related to training the new Groceries co-ordinator.

POS WORK AND INVENTORY TRACKING

This is subject to a current grant application.

Catherine O'Keefe is taking a lead on this. Catherine, Maurice and Jonny are traveling next week to FlameTree to see their POS (POSwise) in action.

In the meantime, we need to try and find an inventory module that works with Xero. Jonny to talk to Zahra about whether he knows of any modules for this.

Profit & Loss

ALFALFA HOUSE COMMUNITY FOOD CO-OPERATIVE 1 September 2017 to 30 September 2017

	30 Sep 17	30 Sep 16	30 Sep 15	30 Sep 14
Income				
Cash Sales Deposited to bank	-	-	-	-
Daily Balance Sheet Variance	-	-	-	819
Debit/Credit Card Sales Deposited to bank	-	-	-	-
Sales - Ex GST	75,266	82,507	88,414	101,982
Sales - GST	12,352	11,813	14,000	15,142
Sales variance - POS to bank	92	48	-	-
Till Variance - Cash	-	-	(232)	(3,184)
Vegie box sales to be allocated	199	-	-	-
Vouchers Claimed	-	-	-	236
Total Income	87,909	94,369	102,182	114,995
Less Cost of Sales				
Groceries	30,732	36,790	48,572	48,071
Packaging	48	-	-	-
Produce	29,434	21,749	19,372	24,818
Total Cost of Sales	60,214	58,539	67,944	72,890
Gross Profit	27,694	35,830	34,238	42,105
Plus Other Income				
Annual Subscription Fees	205	-	-	-
Interest Income	87	60	96	191
Joining Fees	643	700	1,060	1,840
Workshop Fees	242	-	-	-
Total Other Income	1,177	760	1,156	2,031
Less Operating Expenses				
Workshop staffing costs	175	-	-	-
Administration Expenses				
Accounting & Audit Fees	-	-	6,500	-
Advertising & Marketing	8	-	-	-
Bank Fees	-	3	-	62
Bookkeeping Fees	1,600	1,656	3,000	3,000
Computer & IT Maintenance	-	-	2,080	1,086
Computer Expenses	133	125	-	-
Depreciation	775	790	821	682
EFTPOS Fees	927	905	836	680
Pest Management	-	-	-	200
Printing	45	75	204	-
Repairs & Maintenance	806	660	683	-
Room Hire	-	193	352	143
Shop & Office Equip < \$1000	599	-	91	1,000
Software [62830]	-	-	70	64
Staff Amenities [62820]	30	-	-	-

Profit & Loss

	30 Sep 17	30 Sep 16	30 Sep 15	30 Sep 14
Stationery & Office Supplies	-	70	201	456
Subscriptions	11	-	554	59
Travel Expenses	-	-	23	-
Total Administration Expenses	4,934	4,476	15,414	7,432
Communication Expenses				
Internet	-	64	64	64
Telephone Expenses	20	-	198	199
Total Communication Expenses	20	64	261	263
Employment Expenses				
Annual Leave - Movements	(2,948)	1,683	1,626	(906)
Long Service Leave Expense	-	2,355	-	-
Superannuation Expense	2,434	2,554	3,400	3,300
Wages & Salaries Expenses	26,579	22,345	35,924	35,334
Total Employment Expenses	26,065	28,937	40,951	37,729
Facility Expenses				
Cleaning Expenses	17	1,491	1,836	514
Recycling Fees	-	-	100	273
Rent	3,314	3,259	2,762	2,702
Rubbish Removal	-	-	400	84
Shop Inspection	-	-	-	268
Water Usage	-	-	139	-
Total Facility Expenses	3,331	4,750	5,237	3,841
Insurance Expenses				
Workers Comp Insurance	822	727	-	2,000
Total Insurance Expenses	822	727	-	2,000
Total Operating Expenses	35,346	38,954	61,864	51,265
Net Profit	(6,475)	(2,363)	(26,470)	(7,128)

Profit & Loss

ALFALFA HOUSE COMMUNITY FOOD CO-OPERATIVE 1 July 2017 to 30 September 2017

	30 Sep 17	30 Sep 16	30 Sep 15	30 Sep 14
Income				
Cash Sales Deposited to bank	-	433	-	-
Daily Balance Sheet Variance	-	-	-	982
Debit/Credit Card Sales Deposited to bank	-	-	-	-
Sales - Ex GST	250,815	256,781	277,615	301,471
Sales - GST	44,051	36,273	42,794	41,864
Sales variance - POS to bank	1,421	(668)	-	-
Till Variance - Cash	-	-	(449)	(5,027)
Vegie box sales to be allocated	199	-	-	-
Vouchers Claimed	-	-	-	136
Total Income	296,485	292,819	319,961	339,426
Less Cost of Sales				
Groceries	125,537	122,693	153,090	158,718
Less: Closing Inventory	-	-	-	(58,710)
Opening Inventory	-	-	-	58,710
Packaging	157	-	-	-
Produce	73,136	65,861	60,901	70,927
Total Cost of Sales	198,830	188,554	213,990	229,645
Gross Profit	97,655	104,265	105,970	109,781
Plus Other Income				
Annual Subscription Fees	1,272	-	-	-
Interest Income	269	157	299	564
Joining Fees	3,322	2,660	3,480	5,280
Workshop Fees	1,421	-	-	-
Total Other Income	6,285	2,817	3,779	5,844
Less Operating Expenses				
Workshop staffing costs	810	-	-	-
Administration Expenses				
Accounting & Audit Fees	-	-	-	(3,250)
Advertising & Marketing	1,126	-	-	-
Bank Fees	-	6	-	187
Bookkeeping Fees	4,800	7,344	9,000	9,000
Computer & IT Maintenance	-	1,220	3,040	3,386
Computer Expenses	429	125	-	-
Depreciation	2,377	2,422	2,531	1,990
EFTPOS Fees	2,745	2,508	2,458	1,800
Equipment Hire	45	-	-	-
Fines and Penalties	-	-	104	-
Licences	410	117	427	113
Pest Management	291	291	291	545
Postage [62850]	-	-	-	33

Profit & Loss

	30 Sep 17	30 Sep 16	30 Sep 15	30 Sep 14
Printing	91	75	204	140
Recruitment Fees	110	-	110	-
Repairs & Maintenance	1,813	1,449	1,514	368
Room Hire	-	278	516	206
Shop & Office Equip < \$1000	1,156	1,494	445	1,294
Shop Refurbishment	-	-	-	250
Software [62830]	-	85	140	191
Staff Amenities	36	-	-	-
Staff Amenities [62820]	154	-	-	-
Stationery & Office Supplies	458	70	653	1,136
Subscriptions	541	502	869	812
Travel Expenses	-	-	68	19
Website Hosting	-	-	-	133
Total Administration Expenses	16,581	17,986	22,369	18,351
Communication Expenses				
Internet	89	191	191	191
Telephone Expenses	208	127	574	283
Total Communication Expenses	297	318	765	474
Employment Expenses				
Annual Leave - Movements	(1,322)	4,255	2,107	3,894
Contractor Expenses	-	-	837	817
Long Service Leave Expense	-	2,355	-	(5,244)
Superannuation Expense	8,183	7,433	7,669	7,788
Wages & Salaries Expenses	87,327	78,520	81,244	80,057
Total Employment Expenses	94,188	92,564	91,857	87,311
Facility Expenses				
Cleaning Expenses	54	5,745	5,968	514
Electricity Expenses	-	-	1,852	(205)
Recycling Fees	-	-	400	505
Rent	9,942	9,777	7,973	8,158
Rubbish Removal	251	413	851	262
Shop Inspection	-	-	-	268
Water Usage	-	179	139	160
Total Facility Expenses	10,247	16,114	17,184	9,663
Insurance Expenses				
Business Insurance	-	-	4,262	986
Workers Comp Insurance	1,643	2,016	2,078	2,735
Total Insurance Expenses	1,643	2,016	6,340	3,722
Total Operating Expenses	123,766	128,998	138,516	119,521
Operating Profit	(19,826)	(21,916)	(28,766)	(3,896)
Non-operating Expenses				
Other Non-operating Expenses				
Suspense	-	-	222	-
Total Other Non-operating Expenses	-	-	222	-
Total Non-operating Expenses	-	-	222	-

Profit & Loss

	30 Sep 17	30 Sep 16	30 Sep 15	30 Sep 14
Net Profit	(19,826)	(21,916)	(28,988)	(3,896)

Balance Sheet

ALFALFA HOUSE COMMUNITY FOOD CO-OPERATIVE As at 30 September 2017

30 Sep 2017 30 Sep 2016

Assets

Current Assets

	30 Sep 2017	30 Sep 2016
Bank Accounts		
Bank Account - Debit Card 249	639	14,960
Bank Account - Expenses - 250	26,930	16,401
Community Access	29,021	-
Total Bank Accounts	56,591	31,361
Inventory		
Inventory year end	55,176	71,228
Total Inventory	55,176	71,228
Other Current Assets		
Bond on rental property	3,585	-
Total Other Current Assets	3,585	-
Receivables		
Trade Debtors	(474)	-
Total Receivables	(474)	-
Till Box		
Float Till Drawer	300	300
Front Till Change box	518	466
Total Till Box	818	766
Undeposited Funds		
Undeposited - Cash	3,754	585
Undeposited - Debit/Credit Card Funds	4,374	4,426
Total Undeposited Funds	8,128	5,010
Total Current Assets	123,824	108,366
Non-current Assets		
Containers & Scoops	3,791	4,459
Fixtures & Fittings	11,574	8,534
Improvements	8,330	10,515
Shop & Office Equipment	17,595	20,037
Software	1,075	1,434
Total Non-current Assets	42,366	44,979
Total Assets	166,190	153,344

Liabilities

Current Liabilities

	30 Sep 2017	30 Sep 2016
ATO Liabilities		
GST	1,249	(2,104)
PAYG Withholding Payable	4,226	3,066
Total ATO Liabilities	5,475	962

Balance Sheet

	30 Sep 2017	30 Sep 2016
Employment Liabilities		
Annual Leave Provision	12,100	20,210
Long Service Leave Provision	6,564	5,953
Superannuation Payable	8,183	8,595
Total Employment Liabilities	26,848	34,758
Payables		
Trade Creditors	36,462	45,166
Total Payables	36,462	45,166
Total Current Liabilities	68,785	80,886
Total Liabilities	68,785	80,886
Net Assets	97,405	72,458
Equity		
Current Year Earnings	(19,826)	(21,916)
Retained Earnings	117,232	94,374
Total Equity	97,405	72,458