**Alfalfa House Treasurer’s Report:

THANKS**

**First of all a big THANK YOU to :**

* **Allie (as Manager);**
* **The Shop Staff who are working with us or have worked with us : (Ran, Emily, Yue, Tallulah, Paulo, Marnie, Georgie, Anna, Carina, Tayla, Roisin, Mariko, Freya, and Janet);**
* **The Vollies;**
* **The MC (Bruce, Uppma, Lauren, Vicki, Karl, Ashton); and**
* **The Members!**

**It takes a big effort to keep the doors open at Alfalfa. It’s most definitely worth it to provide the great community the healthy goodies and warm atmosphere we’ve come to love about the place.**

**Current Treasurer stepping down**

**I’ve been doing the role of the Treasurer on the MC Board for 2 years and will be stepping down at this AGM. Over that time, myself, the current MC and Allie, have focused hard on instilling stronger discipline in the financial practices of the Co-op, given the dire circumstances the Co-op faced at the start of the 2019 Calendar year.**

**The Financial Year 2020 results demonstrate the fruits of what this discipline has yielded. It is something that walks hand in hand with our member, volunteer and community engagement.
I have confidence stepping down, that the Co-op’s finances are in better shape than when I joined.**

**2020 Results
It’s been a big and disrupted year. However, we ended up with a $17.4k profit (before post 30 June-Annual Leave Loading backpay adjustments) these I will discuss shortly. This is a $66k improvement vs FY19 (FY20: $17.4k profit; FY19: $48.7k Loss). Factoring in this $20k adjustment, we still achieved a $46k improvement ($2.6k *adjusted* loss) vs 2019 ($48.7k loss).

These results are off the back of some fortuitous trade in early COVID, and some serious cost savings Allie’s worked hard to find.**

**Revenue
Sales
The start of the pandemic gifted us our strongest trade in a long time.
March 2020 monthly sales were $119k which is about $29k higher than most monthly sales (approx.. $90k/mth).

Although Sales were up in FY20, the Gross Profit (sales less produce & groceries purchases) was both nominally lower, and lower as a % of Sales (down $11.4k, & down 2.4%) vs FY19.
FY20 GP: 34.1% ($377.3k) was FY19 GP: 36.5% ($388.7k)

Government Assistance
We were also beneficiaries of some assistance by the ATO in the form of cash flow boost. At no point did our sales fall below the qualifying threshold 30% drop in sales, therefore we did not qualify for Jobkeeper.

Member Annual Subscription Fee income
This year yielded $33.6k, double FY19’s membership revenue ($17.0k) and the highest in the last four years. This presents a great opportunity in tapping into that member base, and finding how we can best retain, and keep delivering to members.**

**Cost Savings
Employee salaries & Super**

**The Co-op was able to save $57.0k in employee benefits expenses, driven by a saving of $68k in Wages and therefore Super costs.**

**This is due to the diligent rostering and budgeting Allie has done since coming on board as Manager in 2019. This has involved rationalising staffing hours, changing staffing positions and the altering the opening hours of the shop.**

**Operating & Admin costs Costs
The Co-op was able to save net $18.2k in operating & admin costs from the continued savings from the Co-op’s current bookkeeper, and lower insurance costs, offset by large repairs and maintenance costs for store Air-con, computers (now replaced), and fridges.**

**Balance Sheet**

**Due to the strong early COVID trade we received a sizeable boost to our cash balance (FY20 Cash: $62.9k; FY19: $23.5k.) We also had an $4.5k uplift in the value of the store’s stock balance at the ear ended 30 June stocktake.**

**Overall: Net Current Assets at year end were: $18.1k (including $20k estimated AL Loading provision) vs ($18.9k) net current asset deficiency in FY19. In FY19 we had a Net Total Asset Surplus, and we were able to pay employees and pay suppliers from cash flow from Sales.
Net Assets at year end were: +$48.8k (FY20) vs +$51.5k in FY19**

**Annual Leave Loading Backpay (and associated Super costs)**

At the end of September 2020, our bookkeeper informed the MC that the Co-op had inconsistently paid Annual Leave Loading on current and former employees’ Annual Leave paid. In some cases the loading had not been paid at all.

Since discovering this, myself and the MC immediately advised the Fair Work Ombudsman and we have been working with them since to resolve this matter and pay employees their entitlements.
We have also informed all affected employees.

The process thus far has involved extensive granular calculation. Along the way we have sought external legal guidance from an employment lawyer, Fair Work Ombudsman and other qualified professionals.

We are currently in the review phase of the calculations. Following internal review by MC, we will get 3rd party review (by an employment lawyer and our accountant). The fully reviewed calculations we will provide to the Fair Work Ombudsman. We will abide by their final decisions on the calculations.

Although I’m stepping down as Treasurer, I will work on this to ensure this reaches completion.

Conservatively we have estimated a $20k cost associated with the Annual Leave Loading backpay and associated Superannuation. This is higher than our current estimate, but allows some flex if changes are to be made.

**2021 & beyond:**

* Sales down for first 4 months of FY2021 (financial year started 1 July 2020)
* Strong competition from Online sales. Continue to focus on our point of difference-the customers’ experience in the shop.
* There are a few opportunities now restrictions are loosening:
1. More in or near store promotions (e.g. tastings & workshops, ‘meet the supplier’-type events (Zoom or in person), partnering with other organisations and businesses).
**Anything promotion in nature will require volunteer help**
2. Idea to open-up main Enmore Rd entry to Alfalfa House-to make it more obvious who and what we are to passers-by
3. The staff restructure (Allie-Back of House Manager/Produce Coordinator; Janet-Front of House Manager; Carina-Groceries Coordinator; Ran-Volunteer Coordinator; Emily-Marketing/Social Media Lead; all other staff as Front of House Staff) should give Alfalfa some space to focus on key priorities in:
* Product review (what we stock, margins and ordering programme)
* Marketing and Social Media (to work with ordering programme & promotions)
1. Volunteer assistance can be used to drive:
* **Lease renewal negotiations** (+inclusion of fit-out clauses)
* **Community/Member/Volunteer Engagement**
(Events, workshops, possible “Alfalfa Yellow Pages” a Directory for member skills available to the broader community)
* Finding ways to spruik Alfalfa’s **existing** **Sustainability** credentials.
* Finding & Applying for **Grants**
(to fund shop re-fit improvements, & events)
* Co-op of Co-ops (5x Co-op member body to look at joint marketing, joint ordering, and shared resources)