

# Meeting of the Hunger Mountain Co-op Council: Agenda

**Date:** 6/23/2026 **Time:** 5:30 pm

**Place:** Community Room

**Zoom:** [zoom.us/j/97641441406?pwd=aDZGbHJtRnlETDY1VnZUOC9rWlVLdz09](https://zoom.us/j/97641441406?pwd=aDZGbHJtRnlETDY1VnZUOC9rWlVLdz09)

**Meeting ID:** 976 4144 1406 | **Passcode:** 282095 | Tel. 1 646 558 8656 US | One-tap mobile (US) +13092053325,,97641441406#,,, \*282095#

Item	Description	Page #	Presenter	Action/ outcome	Duration	Start
1	Welcome: Agenda review, check-in		Elly Wood	Approve	5	5:30 PM
2	Cooperative community comments (2 minutes per person)		Elly Wood	Listen	10	5:35 PM
3	Consent agenda: Minutes, formally setting annual meeting date and time		Elly Wood	Approve	5	5:45 PM
4	Business plan presentation		Mary Mullally, Tom Wright	Listen, learn	20	5:50 PM
5	Monitoring report: L6 Business and Financial Planning		Mary Mullally	Approve	10	6:10 PM
6	Council self evaluation (1 of 2)		Carl Etnier	Listen, learn	20	6:20 PM
7	Form ballot committee		Carl Etnier	Approve	5	6:40 PM
<b>Break</b>					10	6:45 PM
8	Strategic planning check-in (executive session)			Listen, learn	45	6:55 PM
9	Executive session (if needed)		Elly Wood	Discuss	10	7:40 PM
10	Wrap-up: Action items; calendar (inc. 4th Tuesday); future agenda items; evaluation		Elly Wood	Listen, share	10	7:50 PM
11	Adjourn					8:00 PM

## Key to roles

Elly Wood: Facilitator

Tom Wright: Finance Manager

Mary Mullally: General Manager

Carl Etnier: Council President

We exist to create and sustain a vibrant community of healthy individuals, sustainable local food systems, and thriving cooperative commerce.



## Welcome to our second June 2026 regular meeting of the Hunger Mountain Co-op Council

To: Hunger Mountain Co-op Council  
From: Carl Etnier, Council President  
Date: June 19, 2026  
Re: Agenda overview for our June 23, 2026 meeting

We are packing two regular meetings into this month's calendar, as established early in the Council year, so we can take not one but two months free of regular Council meetings this summer.

### Agenda review

The agenda remains open for new items.

For the executive session at the end of the meeting: Last meeting we postponed the General Manager (GM) evaluation agenda item until this meeting—and then this item was omitted from the agenda. It was scheduled for 25 minutes last time. To rectify that:

**Suggested motion:** To use the scheduled executive session in agenda item #9 for GM evaluation and schedule it for 25 minutes.

### Consent agenda

#### *Minutes of June 9, 2026*

The consent agenda this meeting includes approval of minutes from the June 9, 2026 meeting; we approved equity refund requests on June 9.

#### *Convening the annual meeting*

There's an additional item for the consent agenda. The bylaws (6.1) require the Council to convene the annual meeting and designate the time and place. We've informally done this in discussions with Community Relations. The following statement formalizes the Council's action and clarifies that members who have a no trespassing order in effect may only participate virtually:

Pursuant to the Bylaws (6.1), the Council hereby announces the 2026 Annual Meeting of the Members of Hunger Mountain Co-op will be convened as follows:

- **Date & Time:** September 24, 2026, at such time as management shall include in the notice.
- **Location:** Alumni Hall, College Street, Montpelier, Vermont (Washington County).

The Council directs the General Manager to give notice of this meeting in accordance with the Bylaws 6.3(a).

#### **Virtual Participation:**

Members who, at the time of the meeting, are subject to a **Notice Against Trespass** issued by the Co-op shall be permitted to participate **exclusively via the virtual platform** provided by the Council. No in-person attendance will be allowed for such Members.

**Suggested motion:** To approve the consent agenda items.

### Business plan presentation / Monitoring report: L6 Business and Financial Planning

The monitoring report on Policy L6 shifts the Council’s focus from current performance to forward-looking discipline. L6 asks whether planning processes are credible, multi-year in perspective, and aligned with the Cooperative’s Ends, without overstating opportunities or hiding risks. Reviewing this policy invites discussion about assumptions, trade-offs, and preparedness for future decisions—especially capital and strategic ones. It’s a chance for the Council to consider how planning quality supports both agility and restraint in uncertain times.

Questions in writing about the report help Mary prepare better answers and save time at the meeting; please read the report carefully and send the questions to Mary by Monday.

Suggested motion: To accept the L6 monitoring report.

### **Council self-evaluation**

In the Council’s Governing Policies, we have specified (**G1.3**) that the Council “will monitor and discuss the Council’s process and performance at least annually.” In past years, we have used a process involving each Council member filling out a detailed questionnaire (the questions from 2024 are in the packet). The results have been compiled by our CBLD representative and presented to us, along with a short written report to put them in perspective—both over the years with this co-op and what they’ve seen in other co-ops.

We’ll discuss whether we want to continue that means of evaluation this year or use some other means of monitoring and discussing our process and performance.

### **Form Ballot Committee**

It’s a little early to form the committee for counting Council election ballots in October, but we may want to do it before our September meeting. Only a few people are necessary for it, and we have a list of half a dozen or so who have done the work in recent years to reach out to. The following allows us to put the ballot committee in place before the Council’s September meeting:

**Suggested motion:** To authorize the Executive Committee to appoint the members of the 2026 Ballot Committee.

### **Strategic Planning check-in**

Material for this executive session will be sent to Council members separately from the packet.

### **Conclusion**

It’s still not too early to get the next couple CBLD education opportunities on your calendar: the [virtual Cooperative Board Leadership \(CBL\) 101](#) on July 18, and the [Board Leaders Roundtable](#) on July 19. And be sure to check out which [videos from the just-completed CCMA conference](#) in Tacoma you’ll want to view; CCMA has committed to making them available this month. Details about the [general sessions](#) and [breakout sessions](#) are at those links.

Please let me know ahead of the meeting if you have questions or concerns about any item on the agenda. After this meeting, our next regular Council meeting is September 8, the day after Labor Day. Until then, enjoy wearing white! :-)

Cheers,  
Carl

PS As usual, I’ll plan to be in the community room on June 9 at 5 pm eating dinner, and I welcome company. Please join me.



Business Plan  
Fiscal Years 2027-29  
June 2026 - June 2029

## **Executive Summary**

This plan summarizes our cooperative's conservative approach to business in the coming three years as we operate in a time of uncertainty and rising costs. Our management team led a planning process that considered a variety of inputs from key stakeholders including Co-op members, shoppers, and staff. Our current situation speaks to many of the challenges that we face, similar to those faced by other retail grocers operating during this time, certainly other co-ops. It also speaks to some great opportunities for the coming year, including our strategic planning process.

We continue to focus on three primary strategies to enhance our impact in the context of our Ends Policies and current situation. We will continue to develop our systems and our employees. We will move forward with our efforts to strengthen our workplace culture. And we will continue our focus on sales growth and efficiency amid rising costs and a tight labor market. Our operating budget is our fiscal plan, that allocates resources to key priorities while preserving our financial health. We anticipate a slowdown in sales growth and hope that sales remain in line with, and ideally exceed, inflation. Based on conservative budgeting assumptions and industry trends, we anticipate that over the coming three years, gross margin will hold steady while our labor rate and other operating expenses will continue to rise, resulting in a negative net income. Our capital expenditure plan will help us maintain and renew our physical plant and technology assets.

In addition to working toward the goals that we have developed, it will be essential for us to remain aware of and adapt to the organization's changing needs. While flexibility will be necessary, our commitment to our core values will remain.

Mary Mullally  
General Manager

## **Introduction: Policies, Principles and Process**

As always, our starting point for all planning is our Ends Policies, the long-term desired outcomes for our cooperative provided by our governing Council:

**Hunger Mountain Cooperative  
exists to create and sustain  
a vibrant community of healthy individuals,  
sustainable local food systems and  
thriving cooperative commerce.**

**More specifically, we will strive for:**

- **Member-owners and customers have reliable access to high-quality local, natural, and/or organic groceries and goods that meet their needs.**
- **Our community is informed about nutrition, food systems, and the impacts of its purchases.**
- **Trusted regional partnerships, fair pricing, and a stable market support local ownership and control of a comprehensive, sustainable food economy.**
- **The Co-op is financially sustainable; its operations are managed for resilience and to achieve economic, social, and environmental results.**
- **Member-owners, customers, workers, and vendors experience a culture of dignity, equity, inclusion, and respect in all Co-op interactions.**

We are also guided by this Council resolution adopted in 2020 that speaks to our justice, equity, diversity and inclusion values:

*Hunger Mountain Co-op wants everyone to feel welcome,  
and we strive to be an inclusive and anti-racist community.*

*We respect differences, honor each person, value your unique stories,  
and seek to learn from each other.*

*We succeed when you feel this is your Co-op.*

Additionally, we draw on the Cooperative Principles and Values as defined by the International Cooperative Alliance:

## Cooperative Principles:

- Voluntary and Open Membership
- Democratic Member Control
- Member Economic Participation
- Autonomy and Independence
- Education, Training, and Information
- Cooperation among Cooperatives
- Concern for Community

**Cooperative Values:** Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity.

**Planning Process:** This year's planning process combined typical elements with an especially conservative approach given the continued uncertainty at the national level. To prepare, we reviewed our FY2026 priorities which focused on systems, employee development, workplace culture, sales and efficiencies and more. We also gathered input from our shopper and employee surveys along with several all-staff meetings and also held a manager's retreat. Our primary strategies were developed out of all of these inputs, with the senior management team fine-tuning our priorities. Department managers developed plans based on those strategies using varying levels of input from their teams. The budget was built from department goals for sales, gross margin and labor expense combined with projections for store-level expenses. Compensation for bargaining unit employees is established in our labor agreement with a separate but related process used for changes to managers' compensation.

## Current Situation June 2026

In planning for the coming three years, we recognize these conditions, factors and trends among others:

- The sustained uncertainty at the national level encouraged us to take an increasingly conservative approach to our budgeting process.
- Vermont's labor market continues to be tight, with Washington County unemployment reaching 2.6% in April 2026, which has only increased by 0.4% from this time last year. Vermont has the fourth lowest unemployment rate in the nation. **Hiring and retaining employees** remains a challenge.
- **Price inflation** has risen dramatically, with food-at-home prices in the Northeast at 3.9% as of May 2026. Affordability and accessibility concerns continue to be a central focus given our co-op's commitment to high-quality and local products. Shoppers are seeking **affordable** options and we are looking for new ways to offer them.
- **Affordable housing** remains a challenge, making it extremely difficult for current and potential employees and customers to remain in or relocate to our area.
- **Member satisfaction**, as measured by our annual shopper survey and ongoing customer experience surveys, remains quite high. The shopper survey gave us an overall rating of 4.4 out of 5.
- We've had a good response to our **member engagement opportunities**. Our Dinner & Discussion was well attended, we hold Co-op Connects monthly, we are looking forward to hosting a family friendly summer event in July, and then a council candidate forum and our annual meeting both in September.
- Our **Strategic Planning** process has begun with the formation of the committee and the search for a facilitator to help us engage our stakeholders in discussions about the Co-op's future. This work will continue throughout the majority of the coming year.

- We continue to offer twice weekly staff meetings and written updates as opportunities for **employee engagement**. In response to feedback from our employee survey, we are planning increased opportunities for communication, building on what we started last year for communication within the departments.
- Our annual employee survey showed that **staff satisfaction** improved or remained the same in almost all categories over the previous year, with the pay/cost of living ratio again ranking as the top concern this year.
- The Co-op is fortunate to have many long-term employees, with the average tenure being close to 8 years. Our **employee turnover** rate dropped from 26.5% last year to 23% this year, which is well below the industry average of 69%. Most of this turnover is happening at entry level positions.
- We have a large project under way to improve our **new building**. This project involves replacing the fire-damaged exterior of the building and creating easier access to store products there.
- **Local foods** remain central to our business model. Last year, we had \$10.4 million in sales from locally made products, and we worked with 429 Vermont vendors to achieve this.
- Our **collaboration with other co-ops** continues; we have especially strong ties with the regional and local co-ops of similar size to us. We have been hosting various Caledonia Co-op managers to provide support in advance of their opening in July. Our membership and participation in the Neighboring Food Coops Association and National Coop Grocers also strengthen that cooperative connection and opportunities for collaboration.
- **Co-op sales** grew just over 2.6% in FY2026. Produce saw particularly strong growth this year, while a few departments saw zero to negative sales growth.
- With sales keeping pace with expenses, and decreased compensation/personnel costs, HMC has been **profitable** this year, with projected net income at 1.5% of sales. Accordingly, we anticipate a patronage refund and gain share distributions this year.
- At the same time, the Co-op continues to have a strong **balance sheet** and cash position with \$3.8 million in working capital.

## Action Plan



Our action plan details our approach to three key strategies along with many substantial projects. We will continue our work of documenting operational systems while supporting employee development, communication and workplace culture. We will focus on prioritizing sales growth, operational efficiencies and margin management in response to the tight labor market and to maintain positive financial performance. Our plans specify our work for Fiscal Year 2027 and include an outline for subsequent years. This section summarizes our cooperative priorities; we have created detailed versions of these, and department plans, which we will monitor and adjust over the coming year.

## Employee Development

### Primary 2027 Activities:

- Department Level
  - Update training checklists
  - Continue to define and document standard operating procedures
  - Continue succession planning
  - Share department specific financials with team quarterly
  
- Employee Level
  - Solicit feedback from employees on training needs
  - Provide trainings based on feedback, incorporating this into planning for following year
  - Trainings requested and planned for this year: IT, Finance 101, DEI, Communication and Conflict Resolution
  - Buyer training
  - Quarterly financial updates at staff update meetings
  
- Manager Level
  - Monthly Manager Training Series Program
  - Guide and training for report literacy
  - Quarterly Financial communication and explanation

### Measures of Success:

- Provide all four requested trainings for staff, with at least two sessions for each
- Update training checklists for each department by year end
- Monthly manager training series completed by 100% of the management team
- Eight quarterly financial reports shared at staff update meetings

### Subsequent Years:

- Develop/refine department handbooks documenting key systems
- Establish continuity plans for all departments

## Communication and Workplace Culture

## Primary 2027 Activities:

- All-Staff Trainings
  - Safety and Green team twice annual training
  - Mandatory Harassment Prevention and Bystander training
  - Develop annual Emtrain training schedule for building culture, inclusion, diversity trainings
  
- Employee Communication
  - Develop a “You Said, We Did” program
  - Maintain twice weekly all staff meetings and updates
  - Continue union-management housekeeping meetings
  - Update practices for employee recognition and appreciation for work anniversaries
  - Department
    - Departments continue to develop communication channels: communication logs, supervisor meetings, Sharepoint documents, shift huddles, continue to ask for feedback from staff on how best to do this
    - Maintain regular department meeting/check in schedule
    - Senior managers regular participation in department meetings/check ins
  
- Focus on increasing sustainability awareness and practices.
  - Green Team will offer training in All Staff trainings
  - Conduct waste audits
  - Launch two awareness campaigns for staff focused on recycling, energy conservation and waste reduction.
  - Increase amount of film plastic kept out of the waste stream
  - Look into offering a repair cafe
  
- Increased General Manager Presence in Operations
  - Open door policy- make sure everyone know this exists
  - Participate in Department meetings
  - Increased participation in Promotions meetings
  - Increased participation in Operations managers meetings
  - Spend time regularly on sales floor

## Measures of Success:

- Improved employee survey scores for questions related to communication, appreciation, respect, discrimination and overall satisfaction
- Regular participation from senior team and GM in department meetings
- Maintain regularly scheduled housekeeping meetings
- 2 waste audits completed

## Subsequent Years:

- Focus on teamwork, trust-building and improved morale
- Next steps with communication and employee training

- Redesign the cafe waste station
- Increase in weight of plastic film recycled

## Sales and Efficiencies

### Primary 2027 Activities:

- Promotions
  - Execute Promotions Calendar
  - Emphasize affordability through Co-op Basics program
  - Revamp Community Links program
  - Strengthen and promote Member Volunteer program
  - Continued emphasis on local vendors and products
  - Increase use of digital advertising
  - Research customer loyalty program
  
- Price Focus
  - Maintain consistent focus on pricing changes/margin management
  - Conduct regular price surveys and adjustments
  - Provide improved pricing resulting from purchasing in larger quantities
  - Consider product assortment adjustments and alternative suppliers
  - Utilize category management
  
- Critical Numbers
  - Focus on sales, sales per labor hour, margin minus labor, inflation and others
  - Analyze current performance, trends and comparatives
  - Share this information out with quarterly financial reviews with staff
  
- Next Level NCG Projects
  - Adopt Common Chart of Accounts

### Measures of Success:

- Adoption of Common Chart of Accounts by spring of 2027
- Place two digital ads per month promoting affordability
- Successful execution of promotions calendar
- Increase in purchase of Co-op Basics products
- Increase participation in Member Volunteer program by 10%
- Maintain or improve a gross margin of 35.8%

### Subsequent Years:

- Consider additional digital advertising dependent on engagement with this year's advertising.
- Pursue implementation of customer loyalty program.

## 2027 Major Projects

- Create office space and rebuild bathrooms in new building
- Utilization of new building for product storage
- Purchase of forklift for product movement
- Develop inventory management program for two locations
- Transition to NCG's Common Chart of Accounts
- Sustainability Initiatives
  - Continue purchasing Framework computers
  - Purchase electric ovens to replace existing propane units
  - Green Team focused on: staff education, training and waste reduction
  - Evaluate options for additional material recycling
  - Look to reduce single use plastics for prepared foods
- Update Employee Handbook
- Plan/Execute Egg Cooler Replacement
- Member Engagement Activities
  - Council Candidate Forum, Annual Meeting, Dinner and Discussion, Summer Party, Strategic Planning engagement events
- Continue to Explore Business Expansion and Diversification Opportunities
  - Possible: second location, small store format, building expansion, commercial kitchen

## Financial Plan

Our operational and capital expenditure budgets are our financial plan for the coming three years. We create our budgets based on a combination of the current situation, trends, key assumptions, operational plans and projections. We build our budgets from department level forecasts of sales, gross margin and labor expense combined with known or estimated projections for storewide overhead expenses. We are guided by Council policy and work to strike a balance between conservative and realistic projections.

### Key Assumptions

- Our budget assumes we will finish Fiscal Year 2026 with net sales of \$31.4 million and net income before patronage refund and taxes of \$493,602. Total assets and working capital will come in at \$12.2 million and \$3.8 million, respectively.
- We created the labor budget based on historical payroll expense trends, including paid time off usage and cash out. Our budget assumes that all budgeted labor hours (totaling nearly 240,000) will be paid.
- For our level funded medical insurance plan, which employs a health reimbursement account, we have estimated the employee reimbursement rate to be at 50%.
- Annual member paid-in equity increase will remain consistent.
- Though a patronage refund from FY2026 is likely, there is no assumption of one. Nor is there any assumption of a distribution of previously retained patronage refunds.
- Inventory levels will increase proportionately to sales, with possible increases for long-term product storage next door.
- We assume no major disruption to the Co-op's business.

### Income Statement

- Sales: We project sales will grow at 3.0%. Produce, Non-food and Grocery will see the most growth (5.3%, 9.8% and 3.8%) while we are budgeting no growth in Wine and Bulk due to current trends.

Sub-Department	Sales Growth Target
Grocery	3.8%
HABA	2.8%
Vitamins	0.8%
Produce	5.3%
Non-Food	9.8%
Bulk	0.0%
Prepared Foods	2.8%
Frozen	2.8%
Cheese	2.8%
Wine	0.0%
Beer	1.0%
Refrigerated	2.5%

Bakery	0.0%
Co-op Merchandise	0.0%
Meat & Fish	2.8%
Bulk Herbs	2.8%

- **Member Discounts:** Member discounts will increase by 1.9% as our Senior Discount program continues along current trends, offset by a decrease in Co-op Cares (due to one-off increase in Q2 FY26) and we continue our working member discount through our new Member Volunteer program.
- **Gross Margin:** We expect gross margin dollars will grow at approximately the same rate as sales next year, with our gross margin performance (35.8%) coming in just below the current year (36.3%) on a percentage basis. We will maintain the margin.
- **Personnel Compensation:** Total labor expenses are set for \$9.1 million or 28.1% of sales up from \$8.8 million and 27.9% in the current year. The increase is primarily driven by the annual increase in labor contract pay rate by 3.9%. The average increase on the bargaining unit wage scale is 3.75% and managers will receive increases based on this and relative to CPI. On the benefits side, medical insurance premium rates are decreasing 1.4% while workers compensation premiums are increasing significantly by 22% based on our experience. We are budgeting \$36,500 next year as an investment in employee development.
- **Other Operating Expenses:** We are planning for increases in most categories and an additional \$30,000 for a market study. We also include increased expenses for governance, with \$30,000 increase for Strategic Planning Facilitation.
- **Other Income/Expense and Net Income:** Higher interest rates continue generating much of the additional income in Other Income but we expect those interest rates on our investments to decline in the coming year(s). We are conservatively projecting net income before patronage refund of \$29,200 or 0.1% of sales.

## **Balance Sheet**

- **Assets:** FY2027 Year-end Total Assets are expected to be \$12.4 million, we expect a decrease in cash as we pay down our liabilities at a rate faster than our equity is expected to grow. We expect inventory to grow at a rate similar to sales (with the exception of 707 product storage) and for our fixed assets to grow.
- **Liabilities:** We are projecting a decrease in Total Liabilities to \$2.6 million as we pay down debt.
- **Equity:** With paid-in equity and retained earnings as sources, Total Equity will grow to \$9.8 million.
- **Ratios:** We are projecting a Current Ratio of 2.6, Liabilities:Equity of 0.3 and Working Capital of \$3.7 million at year-end, all comfortably better than our established benchmarks for avoiding fiscal jeopardy and preparedness for future opportunities.

**Cash Flow:** We anticipate our capital expenditures to be \$470,150. In terms of financing, member paid-in equity will offset our long-term debt repayment. We expect \$421,476 in cash from operating activities. All told, we expect to decrease cash by \$33,316, reaching a year-end total of \$1.7 million.

**Capital Expenditures:** Our capital expenditure plan for Fiscal 2027 includes a collection of important facilities and IT projects.

**Fiscal Year 2026 Capital Expenditure Budget**

707 Outside	\$ 166,000
707 Interior	\$ 89,000
IT infrastructure	\$ 79,000
Replacement Egg Cooler	\$ 75,850
Forklift and Other Items	\$ 45,000
Electrical upgrades	\$ 15,300
<b>Total</b>	<b>\$ 470,150</b>

**Multiyear Budget:** Our multiyear budget model assumes sales growth of 3.0% and 3.0% in Fiscal Years 2027 and 2028 respectively, along with consistent rates of gross margins. Labor expenses and all other expenses are expected to grow. We will need to maintain and reduce expenses and increase sales for both years. Our budget shows cash and Total Assets will decrease due to projected negative income. We expect to continue to pay down debt and accumulate equity throughout this period.

## Fiscal Year 2027 Operating Budget

INCOME STATEMENT			Budget	
Line Item	FY2026 Est		FY2027	
Revenue				
Total Gross Sales	31,963,804	100.0%	32,922,651	101.9%
Member Discounts	602,819	1.9%	599,537	1.9%
Total Net Sales	31,360,985	100.0%	32,323,114	100.0%
COGS	19,979,117	62.5%	20,747,027	63.0%
Gross Margin	11,381,868	36.3%	11,576,087	35.8%
Operating Expenses				
Compensation	8,763,866	27.9%	9,070,003	28.1%
Occupancy	638,843	2.0%	654,568	2.0%
Operating	826,808	2.6%	861,604	2.7%
Admin	295,991	0.9%	402,403	1.2%
Community Relations	153,193	0.5%	171,401	0.5%
Governance	110,083	0.4%	151,450	0.5%
Total Operating Expenses	10,788,784	34.4%	11,311,429	35.0%
EBITDA	593,084	1.9%	264,658	0.8%
Interest Expense	-10,482	0.0%	-8,098	0.0%
Depreciation	-345,000	-1.1%	-360,000	-1.1%
Net Other (Inc)/Exp*	256,000	0.8%	132,640	0.4%
Total Other Income	-99,482	-0.3%	-235,458	-0.7%
Net Income	493,602	1.6%	29,200	0.1%

## Projected Balance Sheet FY2027

BALANCE SHEET			Budget	
Line Item	FY2026 Est		FY2027	
<b>ASSETS</b>				
Current Assets				
Cash and Cash Equivalents	1,691,541	13.8%	1,658,224	13.4%
Accounts Receivable	80,000	0.7%	82,170	0.7%
Short Term Investments	3,400,000	27.8%	3,400,000	27.5%
Inventory	780,000	6.4%	801,156	6.5%
Prepaid Expenses	150,000	1.2%	154,068	1.2%
Total Current Assets	6,101,541	49.9%	6,095,618	49.2%
Non-Current Assets				
Property, Plant & Equipment	8,213,000	67.2%	8,683,000	70.1%
Accumulated Depreciation	-4,748,859	-38.8%	-5,108,859	-41.3%
Long Term Investments	2,239,625	18.3%	2,284,418	18.4%
Investments in Coops	420,000	3.4%	428,400	3.5%
Total Non-Current Assets	6,123,766	50.1%	6,286,959	50.8%
<b>TOTAL ASSETS</b>	<b>12,225,307</b>	<b>100.0%</b>	<b>12,382,577</b>	<b>100%</b>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts Payable	1,100,000	9.0%	1,129,835	9.1%
Taxes Payable	55,000	0.4%	55,000	0.4%
Current Portion LTD	75,000	0.6%	75,000	0.6%
Other Current Liabilities	1,100,000	9.0%	1,129,835	9.1%
Total Current Liabilities	2,330,000	19.1%	2,389,671	19.3%
Long Term Liabilities	300,000	2.5%	225,000	1.8%
<b>TOTAL LIABILITIES</b>	<b>2,630,000</b>	<b>21.5%</b>	<b>2,614,671</b>	<b>21.1%</b>
<b>SHAREHOLDERS' EQUITY</b>				
Member Paid-in Equity	1,650,000	30.3%	1,730,000	14.0%
Retained Patronage Equity	3,709,705	30.6%	3,773,105	30.5%
Retained Earnings	3,742,000	4.0%	4,235,602	34.2%
Current Year Net Income	493,602	78.5%	29,200	0.2%
<b>TOTAL EQUITY</b>	<b>9,595,307</b>	<b>78.5%</b>	<b>9,767,906</b>	<b>78.9%</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>12,225,307</b>	<b>100%</b>	<b>12,382,577</b>	<b>100.0%</b>

## Projected Cash Flow FY2027

STATEMENT OF CASH FLOWS	Budget
Line Item	FY2027
OPERATING ACTIVITIES	
Net Income	29,200
Add: Depreciation	360,000
Changes in Working Capital:	
(Increase)/Decrease in AR	-2,170
(Increase)/Decrease in Inventory	-21,156
(Increase)/Decrease in Prepaid	-4,068
Increase/(Decrease) in AP	29,835
Increase/(Decrease) in Other Liab	29,835
Change in ST Investments	0
Cash from Operating Activities	421,476
INVESTING ACTIVITIES	
Capital Expenditures	-470,000
Change in LT Investments	-44,793
Cash from Investing Activities	-514,793
FINANCING ACTIVITIES	
Member Equity Contributions	80,000
Debt Repayment	-20,000
Patronage Refund Payments	0
Cash from Financing Activities	60,000
Net Change in Cash	-33,316
Beginning Cash	1,691,541
Ending Cash	1,658,224

## Projected Income Statement FY2027-29

INCOME STATEMENT	Budget		Projection		Projection	
Line Item	FY2027		FY2028		FY2029	
Revenue						
Total Gross Sales	32,922,651	100.0%	33,910,330	100.0%	34,927,640	100.0%
Member Discounts	599,537	1.9%	617,523	1.9%	636,049	1.9%
Total Net Sales	32,323,114	98.2%	33,292,807	98.2%	34,291,591	98.2%
COGS	20,747,027	63.0%	21,423,620	63.2%	22,066,328	63.2%
Gross Margin	11,576,087	35.8%	11,869,187	36.3%	12,225,263	36.3%
Operating Expenses						
Compensation	9,070,003	28.1%	9,432,803	28.3%	9,762,951	28.5%
Occupancy	654,568	2.0%	674,205	2.0%	694,432	2.0%
Operating	861,604	2.7%	887,452	2.7%	914,076	2.7%
Admin	402,403	1.2%	376,247	1.1%	387,534	1.1%
Community Relations	171,401	0.5%	176,543	0.5%	181,839	0.5%
Governance	151,450	0.5%	106,015	0.3%	109,195	0.3%
Total Operating Expenses	11,311,429	35.0%	11,653,265	35.0%	12,050,027	35.1%
EBITDA	264,658	0.8%	215,922	0.6%	175,236	0.5%
Interest Expense	-8,098	0.0%	-6,000	0.0%	0	0.0%
Depreciation	-360,000	-1.1%	-367,200	-1.1%	-374,544	-1.1%
Net Other (Income)/Expenses*	132,640	0.4%	132,640	0.4%	132,640	0.4%
Total Other Income	-235,458	-0.7%	-240,560	-0.7%	-241,904	-0.7%
Net Income	29,200	0.1%	-24,638	-0.1%	-66,668	-0.2%

## Projected Balance Sheet FY2027-29

BALANCE SHEET	Budget		Projection		Projection	
Line Item	FY2027		FY2028		FY2029	
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and Cash Equivalents	1,658,224	13.4%	1,651,766	13.2%	1,610,808	12.8%
Accounts Receivable	82,170	0.7%	84,635	0.7%	87,174	0.7%
Short Term Investments	3,400,000	27.5%	3,400,000	27.2%	3,400,000	27.1%
Inventory	801,156	6.5%	825,191	6.6%	849,946	6.8%
Prepaid Expenses	154,068	1.2%	158,691	1.3%	163,451	1.3%
<b>Total Current Assets</b>	<b>6,095,618</b>	<b>49.2%</b>	<b>6,120,282</b>	<b>49.0%</b>	<b>6,111,379</b>	<b>48.6%</b>
<b>Non-Current Assets</b>						
Property, Plant & Equipment	8,683,000	70.1%	9,083,000	72.7%	9,483,000	75.5%
Accumulated Depreciation	-5,108,859	-41.3%	-5,476,059	-43.8%	-5,850,603	-46.6%
Long Term Investments	2,284,418	18.4%	2,330,106	18.6%	2,376,708	18.9%
Investments in Coops	428,400	3.5%	436,968	3.5%	445,707	3.5%
<b>Total Non-Current Assets</b>	<b>6,286,959</b>	<b>50.8%</b>	<b>6,374,015</b>	<b>51.0%</b>	<b>6,454,812</b>	<b>51.4%</b>
<b>TOTAL ASSETS</b>	<b>12,382,577</b>	<b>100%</b>	<b>12,494,297</b>	<b>100.0%</b>	<b>12,566,191</b>	<b>100.0%</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Accounts Payable	1,129,835	9.1%	1,163,730	9.3%	1,198,642	9.5%
Taxes Payable	55,000	0.4%	55,000	0.4%	55,000	0.4%
Current Portion LTD	75,000	0.6%	75,000	0.6%	75,000	0.6%
Other Current Liabilities	1,129,835	9.1%	1,163,730	9.3%	1,198,642	9.5%
<b>Total Current Liabilities</b>	<b>2,389,671</b>	<b>19.3%</b>	<b>2,457,461</b>	<b>19.7%</b>	<b>2,527,285</b>	<b>20.1%</b>
Long Term Liabilities	225,000	1.8%	145,000	1.2%	55,000	0.4%
<b>TOTAL LIABILITIES</b>	<b>2,614,671</b>	<b>21.1%</b>	<b>2,602,461</b>	<b>20.8%</b>	<b>2,582,285</b>	<b>20.5%</b>
<b>SHAREHOLDERS' EQUITY</b>						
Member Paid-in Equity	1,730,000	14.0%	1,810,000	14.5%	1,890,000	15.0%
Retained Patronage Equity	3,773,105	30.5%	3,841,673	30.7%	3,920,412	31.2%
Retained Earnings	4,235,602	34.2%	4,264,801	34.1%	4,240,163	33.7%
Current Year Net Income	29,200	0.2%	-24,638	-0.2%	-66,668	-0.5%
<b>TOTAL EQUITY</b>	<b>9,767,906</b>	<b>78.9%</b>	<b>9,891,836</b>	<b>79.2%</b>	<b>9,983,907</b>	<b>79.5%</b>
<b>TOTAL LIAB &amp; EQUITY</b>	<b>12,382,577</b>	<b>100.0%</b>	<b>12,494,297</b>	<b>100.0%</b>	<b>12,566,191</b>	<b>100.0%</b>

**Projected Cash Flow FY2027-FY2029**

STATEMENT OF CASH FLOWS	Budget	Projection	Projection
Line Item	FY2027	FY2028	FY2029
<b>OPERATING ACTIVITIES</b>			
Net Income	29,200	-24,638	-66,668
Add: Depreciation	360,000	367,200	374,544
Changes in Working Capital:			
(Increase)/Decrease in AR	-2,170	-2,465	-2,539
(Increase)/Decrease in Inventory	-21,156	-24,035	-24,756
(Increase)/Decrease in Prepaid	-4,068	-4,622	-4,761
Increase/(Decrease) in AP	29,835	33,895	34,912
Increase/(Decrease) in Other Liab	29,835	33,895	34,912
Change in ST Investments	0	0	0
Cash from Operating Activities	421,476	379,230	345,644
<b>INVESTING ACTIVITIES</b>			
Capital Expenditures	-470,000	-400,000	-400,000
Change in LT Investments	-44,793	-45,688	-46,602
Cash from Investing Activities	-514,793	-445,688	-446,602
<b>FINANCING ACTIVITIES</b>			
Member Equity Contributions	80,000	80,000	80,000
Debt Repayment	-20,000	-20,000	-20,000
Patronage Refund Payments	0	0	0
Cash from Financing Activities	60,000	60,000	60,000
Net Change in Cash	-33,316	-6,458	-40,958
Beginning Cash	1,691,541	1,658,224	1,651,766
Ending Cash	1,658,224	1,651,766	1,610,808

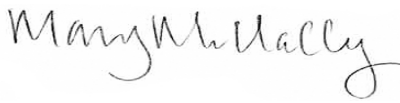


July 2026 Monitoring Report

Submitted by Mary Mullally, General Manager

**I report compliance with all parts of this policy.**

I certify that the information contained in this report and attachments is true.

Signed 

Attachment: Business Plan FY2027-29

Note: Any changes to interpretations are marked by the *italics/underline* typeface.

**Policy Type: L- Executive Limitations**

**Policy Title: L6 – Business and Financial Planning**

*The General Manager must not cause or allow business plans, whether for operations or major capital expenditures, to deviate from the Council’s Ends policies, risk financial jeopardy, or fail to be derived from a multi-year plan.*

**Interpretation:** Sound business planning is essential for organizational alignment, strategic deployment of resources and avoidance of fiscal jeopardy. The Co-op must annually update a multi-year business plan that supports the long-term financial sustainability of the Co-op while identifying actions and resources needed for reasonable accomplishment of outcomes called for in the Ends Policies.

**Operational Definition:** More specifically:

- A. Ends: “Non-deviation from Council Ends” means that each business plan priority reasonably supports at least one of the Council Ends Policies. The GM will provide a rationale for plan goals in reference to the Ends it is intended to help accomplish.
- B. Fiscal Jeopardy: Budget projections for the following metrics at year-end must be better than these benchmarks:
  - a. Liquidity: Current Ratio greater than 1.30, identical to L5 fiscal jeopardy benchmark
  - b. Solvency: Liabilities to Equity ratio less than 4.00, identical to L5 benchmark.
  - c. Profitability: Net Income Before Taxes/Patronage Refund greater than 0%
- C. Multi-Year Plan: “Derived from multi-year plans” means business plan covers a timeframe of at least three years.

**Data:**

- A. Ends: Our business plan establishes goals for Employee Development, Communication and Workplace Culture, and Sales and Efficiencies along with many key projects. These priorities directly and indirectly support values of sustainable operations, vibrant community, local food, environmental sustainability, cooperation and more as articulated in our Ends Policies.
  
- B. Avoiding Fiscal Jeopardy: Fiscal Year 2027 budget projections are better than benchmarks in all three measures.

Category	Benchmark	FY2027 Projection	Compliant?
Current Ratio (liquidity)	>1.3	2.6	<b>Yes</b>
Debt to Equity (solvency)	<4.0	0.3	<b>Yes</b>
Pre-tax/PR Net Income (profitability)	>0.0%	0.1%	<b>Yes</b>

- C. Multi-Year Plans: This year’s plan is for the coming three years.

*Accordingly, the General Manager shall:*

***L6.1** Not fail to produce an annual business plan representing a rolling update to a multi-year business plan, based on credible projections of revenues and expenses that neither conceal risks nor overestimate opportunities.*

**Operational Definition:** The GM will annually create a multi-year plan with reasonably reliable budget projections.

**Interpretation:** Specifically, compliance requires:

- A. The GM must annually submit a business plan that addresses the Co-op’s goals and resources for a period of at least three years.
- B. “Credible projections” are those which tend to reasonably underestimate revenue and/or overestimate expenses. Compliance will be achieved using a list of specific revenue and expense items that are conservative and an explanation.

**Data:**

- A. Submission: The business plan for FY2027-29 was submitted to the Council as supporting evidence to this L6 monitoring report.
- B. Conservative assumptions: The FY2027 budget contains several conservative assumptions:

<b>Assumption</b>	<b>Explanation</b>
Net income at 0.1% of sales	Projected net income for FY2026 is 1.5% of sales. However, in FY2027 we expect a modest increase to revenue offset by higher compensation expenses, higher operational expenses and higher cost of goods.
Assume all planned labor hours will be paid	For FY26 paid hours were 1% higher than budgeted (mostly due to increase in sales vs. Budget). We expect similar for FY2027.
Health Reimbursement Arrangement budgeted at 50% utilization	Historical experience has been approximately 40-50%. Budgeted at 50%
Capital expenditure budget of \$470,000	Upper limit of likely expenditure.

*Accordingly, the General Manager shall:*

***L6.2** Not omit from business plans financial details concerning owner investment and return, separation of capital and operating items, cash flow, line and category items in sufficient detail to permit an informed overview of planning decisions, and disclosure of the underlying assumptions used in planning.*

**Interpretation:** The GM will effectively plan and budget for the long-term success of the Co-operative. Effective plans include specific demonstrable features that inform the planning process.

**Operational Definition:** The Co-op’s business plan must contain:

- projections of member equity
- projections of positive net income, unless there are unavoidable adverse factors
- separate operating and capital budgets
- projection of cash flow
- projections of sales in total and by department
- summarized expense categories that align with Co-op financial statements
- a narrative of planning assumptions

**Data:** Analysis of FY2026 financial plan against Council criteria:

Criteria	Y/N?
Projections of Member equity	Yes
Positive net income?	Yes
Separate Operations and Capital budget?	Yes
Cash flow projection?	Yes
Projections of sales in total and by department	Yes
Expense categories align to statements?	Yes
Narrative disclosing planning assumptions?	Yes

<b>Compliant?</b>	<b>Yes</b>
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*Accordingly, the General Manager shall:*

**L6.4** *Not fail to base business decisions on three criteria: financial returns, social benefits, and environmental responsibility, and to cite all three in business plans, especially when they are or appear to be in conflict.*

**Interpretation:** The GM will plan for the Co-op to provide environmental, financial and social returns as required in the Ends Policies.

**Operational Definition:** Compliance will be demonstrated by inclusion of environmental, financial and social priorities in the Co-op's business plan along with specific objectives with measurable targets or outcomes.

**Data:** The following table highlights some of the priorities in each area:

Criteria	Example Priorities
Environmental	Green Team re-established and will provide staff training and awareness campaigns, single-use plastics reduction for prepared foods, reduce propane usage through replacing convection ovens
Financial	Adopt Common Chart of Accounts, Employee development and training, store promotions, focus on sales growth and margin management, analyze key indicators
Social	Training and employee development, employee communication, member engagement including strategic planning process

# Questions from the 2024 Hunger Mountain Council Self-Evaluation survey

Questions 1-55 are on a Likert scale (strongly disagree – strongly agree); 56-58 are open ended.

1. Meeting minutes are appropriate, accurate records of proceedings.
2. Council members are rarely absent from meetings.
3. Meetings are well planned.
4. Meetings are well facilitated.
5. Council meeting discussions are stimulating.
6. Council meeting discussions produce a clear outcome.
7. At meetings, ideas are exchanged, not attacked.
8. The council manages its meeting time efficiently.
9. I have a chance to contribute at meetings.
10. The council elects a president who can effectively lead the council and build a partnership with the General Manager.
11. The council annually reviews the performance of the General Manager and periodically conducts an assessment.
12. The annual retreat is an effective way to plan our year's work.
13. We set goals and define projects for the council and committees.
14. I feel we generally achieve our goals and finish our projects on time.
15. The council keeps a calendar that ensures completion of tasks.
16. We have an established procedure for evaluating our performance.
17. The council periodically reviews the Ends to ensure it fits the current context of the Co-op community and addresses the needs of the Co-op as a whole.
18. The council ensures that the Co-op operates under a written strategic plan that defines its strengths, challenges, and priorities.
19. The council seeks out and considers diverse and competing points of view when discussing critical issues.
20. We are willing to tackle tough, complex issues.
21. We are good at reaching consensus and know how to compromise.
22. I like our balance of opinion and research when making decisions.
23. We are committed to being well-informed about Co-op issues.
24. The council's decision-making processes are clear and effective.
25. The council has a shared view of the Co-op's future.
26. We have a complete set of clearly written policies that help us steer the Co-op and oversee the GM.
27. We set the Co-op's direction based on strategic, big-picture thinking and research on external trends.
28. I'm very familiar with the policies and how to use them.
29. I understand and agree with the council's role at the Co-op.
30. The council focuses on council level work and avoids micromanagement of Co-op operational responsibilities.
31. The council monitors its own overall performance, ensuring policies about council member responsibilities, development, ethical behavior, and conflicts of interest are current, understood, and followed.
32. Council members are disciplined and professional in their council work.
33. The council uses its meetings and members effectively to accomplish its work.

34. The council evaluates and makes recommendations about whether the council has the right mix of skills and abilities among board members.
35. The council adheres to a comprehensive conflict of interest policy and addresses conflicts appropriately.
36. I believe the council's work adds value to the Co-op and is worth the effort, time, and cost.
37. We establish an annual budget for the council and monitor its use.
38. We have effective procedures for recruitment, nomination, and election of new council members.
39. Our orientation efforts ensure that each new council member is prepared to fulfill his or her responsibilities.
40. I feel council works together as a team.
41. Council is capable of disciplining itself to accomplish projects.
42. We understand and use the principle of speaking in one voice when communicating council decisions.
43. The council president provides leadership to help us accomplish our projects and keeps us focused on the Ends.
44. The council establishes a culture of engagement based on trust, respect, and a commitment to inquiry and inclusion.
45. The council conducts itself in an exemplary manner and acts with transparency.
46. The council promotes trust among board members through a culture based on openness and respect.
47. The council fosters diversity and inclusion at the council level.
48. The council respects the confidentiality of council and committee materials and discussions.
49. The GM and the council agree on expectations for operations.
50. The council and GM share mutual trust.
51. We have clearly delegated authority to the GM and have an effective system for assuring the GM's accountability and for monitoring their performance and interpretation of our policies.
52. We have established and communicated criteria for the GM's annual performance evaluation.
53. I have an opportunity to listen to owners and act on their behalf.
54. The annual meeting gives owners a sense of their stake in the Co-op.
55. We're good at communicating the work we're doing on behalf of owners.
56. If I could change one thing about our meetings, it would be....
57. I would recommend serving on the council to a friend because....
58. Anything else you would like the council to know about our performance over the past year?