

**Foremost Brewing Cooperative**  
Fourth Annual Meeting of the Membership  
7:00 PM March 20, 2023

**Meeting Minutes**

Minute Recorder – Molly Kerr, Records Chair

- 1) Call to Order
  - a. Called to order at 7:05pm
- 2) Verification of Certification of Mailing for Annual Meeting
  - a. 2 weeks prior to event according to by-laws
    - i. Verified by the board.
  - b. First delivered January 25, 2023, via member email
    - i. Verified by the board.

**3) Director/Committee Reports**

- a. Chair Report

**Foremost Annual Meeting – March 2023 – Chair Report**

**Year-in-Review**

2022 marked our second, full fiscal year of being open! While the previous year we endured all sorts of crazy challenges – in 2022, developing our staff, finding fun ways to get people in the door, and community involvement became our focus. Getting the right people in here, training them properly, and creating an overall fun and productive environment was, and is essential. Expanding our charity outreach and building relationships throughout the entire community was and is essential.

Last May with help from Molly Kerr, we were featured in Southern Minnesota's Scene Edition – which is an article on the editor's choice for what to do in our region. The article highlighted our abilities to create an inviting atmosphere for everyone, our extensive efforts with local charities, and how we are the outstanding result of local people coming together to achieve a common goal of making our town a more desirable place to live and visit. It truly is heartwarming to see how people from around Southern Minnesota are viewing us in a positive light.

So, talking about outstanding local people coming together – one of our proudest moments this past year – was getting the city approval to build a street café out back. With Roger's very impressive, and mind you ridiculously detailed building plans... and the blood, sweat and tears of dozens of volunteers... we were able to bring something new and exciting to our downtown. Absolutely thank you to all those volunteers and sponsors that made funding and building the patio possible. And, to our staff with diving right in figuring out how to best manage another whole section of the brewpub. The plan is of course to bring the patio back this year, May 15 - Oct 15!

Since our last annual meeting, we have been working thoroughly on how we can improve. Several great accomplishments took place this past year that I want to share, specifically thanks to our incredible staff:

- A thank you to Terrence Flynn:
  - For your passion and amazing attention to detail with the work that you do, the outstanding quality beer you make... and for you just being you: a truly upstanding guy with just a hint of stubbornness.
  - This past year was full of new things from Terrence:
    - Quite a few new IPAs, Irish Red Ale, Dunkel Beer... the Kentucky Common: a beautifully bourbon barrel aged version of the California Common, and Bob's Extra Pale Ale – an awesome addition to the line of Bob Beers.
    - The Quite Light has been a great hit, constantly brewing 10-barrel batches.
    - The collaboration beer with Broken Clock – the Co-Op Mule.
    - The Sours have been absolutely on point – the Dark Sweet Cherry, Strawberry Peach Mango, Raspberry, Lemon Hibiscus, Pinegerine, and now recently the Papaya Kettle Sour.
    - The new Code of Hammurabi, the Belgian Dark Strong Ale, is dangerously smooth. I'm excited to see how this one ages. Last year's special Imperial Stout has aged magnificently by the way – I'm hoping others were able to resist temptation, and hang on to at least one bottle to try!
    - You even tried some different and fun things like the Smoke and Mirrors Polish Beer, Gingerbread Ale, Great Pumpkin Beer, the Flavored Seltzers, Hop Water, our own Ginger beer for cocktails, and recently an NA Lager.
    - But! My all-time favorite beer of the year was your German Klar Bier (or Clear Beer) released on April 1st... 0% ABV, 0 IBU, and absolute 0 FLAVOR. You, Tim and Molly certainly had fun with that!
  - You've held some "Brewer-For-A-Day Sessions" with some great local homebrewers, and now we're implementing a new smaller Pilot Brew System that will allow us to experiment more and switch out taps more often. Heck of a year sir, please give Terrence a hand.

### A thank you to Tim Flynn and Molly Kerr – and the rest of the Foremost Staff:

- Tim, you have great personality and work ethic for this business – with your ability to create camaraderie with the staff, and how well you handle yourself with customers. And those stylish shirts I catch him wearing here... I mean come on, you simply pull it all off, my friend.
- And Molly, you have been and continue to be a cornerstone of Foremost – from your work with membership, marketing, merch, and how extremely well you represent Foremost in the community. I've received so many nice comments about "who runs our charity engagement and social media", especially from other businesses, and I'm like... "I know right, that's 100% Molly Kerr!" Now, I pick on Terrence and Tim (a good amount actually), but it's honestly difficult to do that with Molly... she has the biggest heart, and her genuine concern for others is amazing.
- So, to both of you and the entire Foremost staff... your guys' teamwork this past year, to pull together all the things I'm about to share, is nothing short of incredible:
  - Leading the charge at creating better staff stability – our staff get along and work very well with each other, and that translates into how well they take care of our customers.
  - The great job working with Sysco and other partners on trying new things with the drinks and food. I'd like to mention if you haven't tried that new Italian Beef Sandwich, please do yourself a favor.
  - All the fun events at the brewery: Private Company Events, Trivia Mafia Nights, Wii Games, Member Happy Hours (and now everyday Happy Hours with new offerings), KOWZ and KRUE Radio Takeover, The Car Show with Ron's Repair, The Paint Pubs, Yoga, Easter Cookie Decorating, The Fall Fest with our Fest Beer, Cheers and Beers Holiday Party, and of course Bob Fest – quickly becoming our best event, with the Beer Poking and the Bob Beers.
  - Live Music Saturdays with awesome acts like Mark Cameron Blues Band, Hans the Accordion Man, that Tom Petty tribute band at the Halloween Bash I heard was pretty good... Jazz bands like Adrian Barnett, EZ Jazz Trio, Jazz Groove, and other well-known regional acts like Paperbacks, Wade Snake, The Orange Goodness, Jeff Reinartz, Luke Smith, Nathan Griner, Rachael Schroeder and many more.
  - All the offsite events and partnerships like the Downtown Thursdays, GEM Days, Community Pathways, World Foods and Brewfest, Big Brothers Big Sisters, Hops for Habitat, Holiday Lighted Parade, and the Brewers Association and attending the big conference here in Minneapolis.
  - The absolute great success of "Pints with a Purpose", having greatly aided places like the Crisis Resource Center, Special Olympics, Owatonna Arts Center, Humane Society, Furnishing Hope, Beyond the Yellow Ribbon, Transitional Housing, Rachel's Light, Hospitality House, Center for Family Unity, Let's Smile, United Way, Toys for Tots, and many more.
  - Folks... these guys are incredibly engaged, so please give a hand to Tim, Molly, and the staff!
- And finally, a thank you to the Volunteers and Co-Op Membership:
  - There are a handful of folks throughout the year that have helped with so many things like fixing furniture, decorating upstairs and most recently downstairs, moving, fixing, and installing all kinds of equipment, putting up and taking down our new patio, and so much more. And, very importantly the funding from new memberships the past year – all these things help keep this place up and running.

## **Forward Looking**

The Foremost Board recently got together again to sharpen our mission on what we see this place becoming. We aspire to be...

- The most influential organization in Owatonna and industry.
- The greatest community leader and citizen.
- The best employer: Having a waitlist of candidates because we develop all employees.
- The destination for special events in people's lives.
- Award-winning in all we offer.
- A culture of friendliness and inclusion: No one ever leaves a stranger.

We have reevaluated the road map for the next few years, centering on our newly updated pillars of: Culture, Experience, and Relationships. Exciting priorities for the coming years include:

- 2023
  - Working on getting our vision, mission and core values deeply understood by both employees and the membership.
  - Focusing more on membership engagement: cultivating “the why” of people's involvement. Feeding those relationships, sense of belonging, and ownership.
  - Hosting larger quarterly “experiential” events. Expanding on seasonal pairings of food/drinks, and potentially working toward a fully established cocktail program. Having six whole-facility-use corporate events for the year, and maintain community events with charity.
- 2024
  - Having our vision, mission and core values fully integrated into every part of the business, along with a notable increase in co-op membership.
  - Establishing a core group of musicians/entertainers, and special event acts, that create even better profitability.
  - Triple the number of Google (and other) reviews and maintain a 4.7 rating. Having Foremost representation on the Chamber of Commerce.
- 2025
  - Being profitable and financially stable enough to pay dividends to the membership.

## **In Closing**

Thank you to our Building Investors for your continued support to our operations.

Thank you to my fellow Board of Directors. I've said this before, but these guys are one of the best groups of volunteers I've been involved with.

Thank you to Terrence Flynn, Tim Flynn, Molly Kerr, and all the kitchen, bar and serving staff. You guys are in the trenches every day and are the reason why people keep coming back to Foremost, again and again.

And thank you to the Co-Op Membership and Our Community. Every time I stop in here,

I see so many friendly and familiar faces. I'm still amazed at how generous people have been in making Foremost great – we really are embracing what it means to be a Co-Op. So, here's to the next year, great beer, and even greater friends!

Cheers,

Nate Sherwood

Chair, Foremost Board of Directors

b. Financial Chair

**Roger Warehime, Financial Chair**

In 2022, total sales were \$755K which was an 8% increase over 2021. Our bottom-line net income, excluding depreciation, was a loss of \$37,647. Notable "Other Income" included a \$15,000 COVID Relief Grant, \$6,000 in table sponsorships for the street café, and \$2,800 in penalty decreases from the IRS, related to the Employee Retention Credit.

Foremost Brewing Cooperative	
Profit and Loss	
January - December 2022	
	TOTAL
Income	<b>\$754,680.69</b>
Cost of Goods Sold	<b>\$185,881.83</b>
<b>GROSS PROFIT</b>	<b>\$568,798.86</b>
Expenses	
Casual Labor	108.99
Direct Operating Expenses	<b>51,506.67</b>
General & Administrative Expenses	<b>37,301.48</b>
Marketing Expense	<b>21,606.50</b>
MN Corporate Income Tax	915.00
Music and Entertainment	15,059.40
Occupancy Costs	<b>141,240.40</b>
Payroll Expenses	<b>303,146.20</b>
Repairs and Maintenance	3,009.01
Utilities	<b>29,247.22</b>
<b>Total Expenses</b>	<b>\$603,140.87</b>
<b>NET OPERATING INCOME</b>	<b>\$ -34,342.01</b>
Other Income	<b>\$26,052.63</b>
Other Expenses	<b>\$29,357.92</b>
<b>NET OTHER INCOME</b>	<b>\$ -3,305.29</b>
<b>NET INCOME</b>	<b>\$ -37,647.30</b>

Despite our financial loss, our cash-on-hand increased from \$44K to \$90K due to receiving \$132K from the IRS for the Employee Retention Credit (ERC); we have an additional \$45,459 ERC shown on our balance sheet which we expect to receive in

2023. A huge thank you to Terry Evans and Associates for all the excellent research and work to obtain the ERC.

We received \$2,669 in new Patron memberships. We received an additional \$3,000 member loan at the beginning of the year, and we paid back \$7,000 in member loans later in the year for a net reduction of \$4,000. We paid down \$21,788 on our equipment lease bringing the remaining balance to \$161,689.

We made \$11,749 in capital investments, namely the bar shelving & merchandise display, and the street café.

## Foremost Brewing Cooperative

### Balance Sheet

As of December 31, 2022

	TOTAL	
	AS OF DEC 31, 2022	AS OF DEC 31, 2021 (PP)
<b>ASSETS</b>		
Current Assets		
Bank Accounts	\$89,685.75	\$43,623.39
Accounts Receivable	\$0.00	\$0.00
Other Current Assets		
Employee Retention Credit	45,458.77	177,951.90
Inventory	21,727.16	23,481.10
Prepaid Expenses	0.00	
<b>Total Other Current Assets</b>	<b>\$67,185.93</b>	<b>\$201,433.00</b>
<b>Total Current Assets</b>	<b>\$156,871.68</b>	<b>\$245,056.39</b>
Fixed Assets		
Other Assets	\$321,790.99	\$310,042.36
	\$200.00	\$500.00
<b>TOTAL ASSETS</b>	<b>\$478,862.67</b>	<b>\$555,598.75</b>
<b>LIABILITIES AND EQUITY</b>		
Liabilities		
Current Liabilities		
Accounts Payable	\$5,381.08	\$9,119.80
Other Current Liabilities		
Direct Deposit Liabilities	0.00	0.00
Direct Deposit Payable	0.00	0.00
Foremost Properties LLC	17,136.56	20,568.94
Gift Cards	18,397.37	14,047.95
Interest Payable	2,949.68	2,130.31
MN Revenue Payable	5,398.14	10,355.00
Other Current Liabilities	0.00	0.00
Payroll Liabilities	897.21	3,355.74
Vendor Payable	947.68	7,500.00
<b>Total Other Current Liabilities</b>	<b>\$45,726.64</b>	<b>\$57,957.94</b>
<b>Total Current Liabilities</b>	<b>\$51,107.72</b>	<b>\$67,077.74</b>
Long-Term Liabilities		
Equipment Lease	161,689.38	183,477.32
Member Loans	34,517.64	38,517.64
<b>Total Long-Term Liabilities</b>	<b>\$196,207.02</b>	<b>\$221,994.96</b>
<b>Total Liabilities</b>	<b>\$247,314.74</b>	<b>\$289,072.70</b>
Equity		
Members Equity	-54,741.22	-82,341.96
Memberships - Non-Patron	239,450.00	239,450.00
Memberships - Patron	84,486.45	81,817.27
Net Income	-37,647.30	27,600.74
<b>Total Equity</b>	<b>\$231,547.93</b>	<b>\$266,526.05</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$478,862.67</b>	<b>\$555,598.75</b>

Our 2023 budget calls for \$920,873 in sales (22% over 2022) and a net income of

\$42,307 excluding depreciation. We have \$9,500 capital expenditures budgeted for the pilot brewing system and aesthetic improvements to the tasting room.

As of February, YTD sales are 7% greater than the same period 2022. In February, we added Tuesday as a day we are open, and in the middle of March we added an enhanced “every day” happy hour; both of these changes should increase sales.

c. Other Officer Reports (if needed)

i. No reports given

d. General Manager Update

**General Manager – Tim Flynn**

i. Moving forward in 2023:

1. Happy Hour changes 4pm-6pm every day.
2. Member Happy Hour update: BOGO Foremost beer pints for the Member Happy hours on Thursdays
3. A new wine selection will be available soon.
  - a. Includes a house red & white wine.
  - b. Higher grade wines from what is currently being offered.
4. New cocktails will be coming soon as well using Tatersall Distilling liquors.
5. Tuesdays are picking up slowly. Having a game night on Tuesdays has been helping to draw people in and is starting to gain attention.
6. Overall new ideas:
  - a. Foremost will be offering special tasting events for groups and individuals in the future.

e. Membership Update

**Membership Update – Molly Kerr, Membership & Marketing Coordinator**

Foremost has 663 members! We gained 23 new members in 2022. We plan to hold a membership drive in the month of April, to help fund some of the capital investments the board would like to make in the upcoming year. During the drive will be the perfect opportunity for our current members to invite their friends to join them in membership. We will be holding the beer for a year contest once again for any new members that join us during the member drive.

### **Member Happy Hour**

As previously mentioned, Foremost now has a daily Happy Hour. With this addition, we have reworked our Thursday Member Happy Hour to include a BOGO Foremost Pint for all members.

### **Pints with a Purpose**

A huge Thank You to everyone that took our community organization survey. It was intragyral in the development of our Pints with a Purpose Calendar. In February, the proceeds went to Let's Smile Inc. Next on the docket will be Healthy Seniors of Steele County. Pints with a Purpose is held on the last Thursday of each month.

#### 2023 Pints with a Purpose Calendar:

**APRIL:** Rachel's Light - <https://www.rachelslight.com/>

**MAY:** Steele County Humane Society <https://www.steelecountyhumanesociety.org/>

**JUNE:** Hospitality House of Owatonna, Inc. <https://hospitalityhouseofowatonna.org/>

**JULY:** We All Play - <https://www.facebook.com/WeAllPlayOwatonna/>

**AUGUST:** Beds for Kids - <https://www.tlcowatonna.org/bedsforkids>

**SEPTEMBER:** Open Arms Suicide Prevention Program  
- [openarmssuicideprevention.org](https://openarmssuicideprevention.org)

**OCTOBER:** Crisis Resource Center of Steele County <https://www.facebook.com/CRCSTEELE/>

**NOVEMBER:** Transitional Housing of Steele County <https://www.transitionalhousingsc.com/>

**DECEMBER:** United Way of Steele County

#### Foremost Member Committee

This year we are forming the Foremost Member Committee. The first step will be a member survey to confirm what types of events members would like to see at Foremost. Please reach out to me if you would like to take part or would be interested in heading up this committee. I will be a part of this committee but would really like to see it be member led.

Now, I would like to take a moment to thank Tim, Terrence and the rest of the staff at Foremost for putting up with me and going along with some of my “wild ideas”. I truly enjoy working with you and feel lucky to be a part of Foremost.

Lastly, thank you to all of the Foremost Members. Without you, Foremost wouldn't be where we are today.

Your friend in membership,

Molly Kerr

#### **4) Verification of Quorum**

- a. 50 Members in attendance minimum (coops with 500+ members)
  - i. 34 Members were in attendance.

#### **5) Review and Approval of 2022 Annual Meeting Minutes**

- i. Marleen Lundberg motioned, 2<sup>nd</sup> by Randy Balausky
  - 1. Approved by the board.

#### **6) Nominations/Voting for Board of Directors**

- a. Report results of on-line voting.
  - i. 391 eligible voters with 128 submitted a ballot.
- b. Certify results:
  - i. Roger Warehime received 103 Votes 32%
  - ii. Justin Velzke received 76 Votes 24%
  - iii. Dan Wurdeman received 59 Votes 18.2%
- c. Thank you, Randy and Jack, for time and dedication to Foremost. We appreciate you & everything you've done for Foremost.
- d. Thank you, Chris and Bob, for running we appreciate your interest.

#### **7) Call for advisory resolutions from the membership.**

- i. Nothing was mentioned.

#### **8) Members Q & A**

- a. Would there be a way to have a proxy designated for members that aren't able to attend? That way we can conduct business with a quorum.
  - i. Nate will look into it.
- b. Scott Lundberg: We are up 7% in sales from last year, what percentage is from raised costs compared increased traffic. About 3% is for raised food cost.
- c. Dan Wurdeman: He has enjoyed the new happy hour food he's tried.
- d. Carol Wurdeman: Is there any update on pull tabs?
  - i. We have been making about \$90.00 a month.

**9) Adjourn**

- a. At 7:50pm.