

Foremost Brewing Cooperative
Third Annual Meeting of the Membership
7:00 PM March 21, 2022

Meeting Minutes

Minute Recorder – Molly Kerr, Records Chair

1) Call to Order at 7:01PM

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 31, 2022, via member email
 - i. Verified by the board

3) Director/Committee Reports

a. Chair Report

Chair Report – Nate Sherwood

Year-in-Review

2021 marked our first, full fiscal year of being open – and believe you me – last year was one heck of a ride for all of us. Our annual meeting last year was held on March 8, 2021. By this time, we had been open for inside dining only a couple months, albeit at reduced capacity, coming off the heels of the COVID shutdown that happened literally days before we were to officially open in late November 2020.

I mention to folks that ask how we weathered that storm – that in many ways it was a blessing in disguise – as we were able to more slowly ramp up our business. First starting with take out only of sandwiches and crowlers, it allowed us more time to get the building ready and further expand our staff and menu, all while still bringing in sales. We even encouraged the city to (temporarily) let us have a crazy winter outdoor patio to expand our seating capacity – and I want to personally thank those brave patrons that showed up in full blown winter gear to try one of our new beers or cocktails, while freezing their butts off.

Since our last annual meeting, I am proud to say we have made great strides in becoming what we are today, and still working enthusiastically on how we can become better each week. There have been many highlights this year, too many to mention all of them, but some great ones that come to mind include:

- Our excellent quality and variety in beer!
 - The Belgian Tripel, Bob's Bad Ass Bock, California Common... we even threw in some Sours and IPAs in there like all the other cool kids are doing.
 - And I must say, Terrence really has knocked them all out of the park. Thank you sir!
- Our food! I don't think any of us truly expected the food to be such a prominent showstopper for the business!
 - Those Bavarian Pretzels and Olive Bread, holy cow, and simply the best flatbreads and paninis.
 - And of course, our menu has expanded into other great offerings like tacos and salads, charcuterie boards and now daily lunch specials with soups.
 - Thank you Tim, for all the hard work in keeping our menu fresh and our food quality top-notch, all while keeping day-to-day operations with the staff moving.
- Marketing and merchandise!
 - Molly Kerr has been another integral part of our Foremost team – and has genuinely become the voice of our business with the work she has done with membership, social media, advertising and our merch. Thank you Molly!
- Our great staff! It is absolutely heartwarming to see how well our staff get along with each other, working hard, and how that translates into how well they take care of our patrons.
- Fun stuff around the brewery!
 - Member happy hours, Friday flight nights, Vikings and other sports games, trivia nights, cribbage tourneys, E-tabs and Pull Tabs, Holiday parties, and Saturday Music (working toward having music EVERY week here at the pub).
- Volunteer help!
 - Thank you to the folks over the year that have helped with fixing tables and chairs, decorating for holiday parties, moving and installing all sorts of equipment, putting up and taking down that crazy patio I mentioned earlier, shoveling snow, and so much more.

- And I also want to thank the decorating committees' great work with the painting, bar shelving, and merchandise wall – looking forward to what they're planning next.
- We've even dabbled in furthering our technology around here by implementing remote network access.
 - So that Terrence can be comfy at home partaking in breakfast beers on his day off, while having peace of mind that the brewhouse is maintaining all its metrics.
- All these fine details, and more, add up to something truly special. They have even added up to winning some special local accolades:
 - Best of Owatonna – Best Beer Selection, Best Cocktails, Best Appetizers
 - Best of Southern Minnesota – Best Brewery/Cidery

Forward Looking

This past year, our focus has simply been to get a little bit better each day, as we've weathered all sorts of challenges: management changes, finding the right staff, supplier problems, facility issues, some growing pains – you name it. Given all that, this board of directors and the Foremost staff have come together countless times to find solutions and charge ahead.

We have painted a picture of what we see this place becoming. Foremost will be "Top-of Mind" with ours and the surrounding communities. We aspire to be...

- The most influential organization in Owatonna and industry.
- The best employer with a waiting list of applicants.
- We focus on developing ALL employees.
- We are THE destination for special events in people's lives.
- We are the greatest community leader/citizen.
- We are award winning in all we offer.
- No one ever leaves a stranger. Our culture is that of friendliness and inclusion.

We have developed a Road Map for the next three years, focusing on our People, Product, Reputation, and Community Influence. Exciting priorities for the coming year (and beyond) include:

- Implementing an improved employee training and certification program.
- Creating a leadership team to better assist each other, including kitchen and FOH leads.
- Employee recognition program.
- Tapping into more uses for our meeting space downstairs.

- Expanding upon our seasonal food and beer offerings.
- Working with staff and coop members on word-of-mouth recruiting for new hires.
- Pushing our initiative of “we’re more than just beer” with radio, social media and other campaigns.
- Charity – partnering with local charities on monthly giving programs, as well as taking part in 5 big events each year.
- Other projects of note: continuing to decorate our space (inside and out) and make it very appealing, and hopefully a semi-permanent patio space that is easily removable/storable while being aesthetically pleasing.

In closing...

Thank you to our Building Investors...

- Who made that fateful decision to press on with the purchase of the building, right in the height of the COVID outbreak and shutdowns. This dream started with you guys!

Thank you to my fellow Board of Directors...

- Our board really has been the best group of volunteers I have been involved with. I feel we have all made lifelong friendships here. Thank you all for bringing your talents and tenacity, and simply the amount of time you all spend keeping this ship sailing in the right direction.

Thank you to our wonderful Foremost Staff...

- Terrence Flynn, Tim Flynn, Molly Kerr – and all the kitchen, bar and front of house staff. You guys make this possible every single day.

And most importantly, thank you to the Coop Membership...

- The overall reception from the community has been remarkable. I am still amazed at how generous our membership has been with getting this place off and running. The beer brought us together – but it is the relationships we’ve built and the concern for community that will keep us going for many years to come.

Cheers,

Nate Sherwood

b. Financial Report

Financial Report – Roger Warehime, Financial Officer

In our first full year of operation, we had just under \$700,000 in sales and just under \$2,500 in net operating profit. Having a positive net operating profit in our first year given the crazy business climate we experienced is something of which we can feel proud. Our bottom-line net income, excluding depreciation, was a loss of \$23,715.

Foremost Brewing Cooperative	
Profit and Loss	
January - December 2021	
	TOTAL
Income	\$698,531.30
Cost of Goods Sold	\$170,717.57
GROSS PROFIT	\$527,813.73
Expenses	
Direct Operating Expenses	35,334.20
General & Administrative Expenses	25,072.75
Marketing Expense	10,502.99
Music and Entertainment	3,055.40
Occupancy Costs	111,352.95
Payroll Expenses	303,318.77
Repairs and Maintenance	7,649.49
SUSPENSE	0.00
Uncategorized Expense	993.92
Utilities	28,040.28
Total Expenses	\$525,320.75
NET OPERATING INCOME	\$2,492.98
Other Income	\$8,503.61
Other Expenses	\$34,711.70
NET OTHER INCOME	\$ -26,208.09
NET INCOME	\$ -23,715.11

On the balance sheet, we finished the year with current assets of \$67,359 down from \$85,032 at the beginning of the year. We added \$9,600 in non-patron memberships and \$5,780 in patron memberships. We received \$15,518 in member loans and paid back one member loan in the amount of \$1,000, bringing the

member loan balance to \$38,518. We paid down \$17,895 on our equipment lease bringing the remaining balance to \$183,477.

Foremost Brewing Cooperative Balance Sheet

As of December 31, 2021

	Dec 31, 2020	Jan - Dec 2021
ASSETS		
Current Assets		
Total Bank Accounts	\$ 57,700.20	\$ 39,087.05
Total Accounts Receivable	\$ 3,605.42	\$ 0.00
Other Current Assets		
Credit Card Clearing Account		4,791.34
Total Inventory	\$ 23,726.19	\$ 23,481.10
Total Other Current Assets	\$ 23,726.19	\$ 28,272.44
Total Current Assets	\$ 85,031.81	\$ 67,359.49
Fixed Assets		
Accumulated Depreciation	-17,890.00	-17,890.00
Furniture and Equipment	305,375.75	315,052.90
Leasehold Improvements	75,776.81	75,776.81
Total Fixed Assets	\$ 363,262.56	\$ 372,939.71
Total Other Assets	\$ 500.00	\$ 500.00
TOTAL ASSETS	\$ 448,794.37	\$ 440,799.20
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Total Accounts Payable	\$ 13,619.50	\$ 9,119.80
Other Current Liabilities		
Foremost Properties LLC	21,890.12	20,568.94
Gift Cards	6,059.24	14,047.95
Interest Payable	963.52	2,130.31
Total MN Revenue Payable	\$ 2,215.91	\$ 12,100.16
Total Payroll Liabilities	\$ 11,771.80	\$ 1,269.85
Total Other Current Liabilities	\$ 42,900.59	\$ 50,117.21
Total Current Liabilities	\$ 56,520.09	\$ 59,237.01
Long-Term Liabilities		
Equipment Lease	201,372.00	183,477.32
Member Loans	23,000.00	38,517.64
Total Long-Term Liabilities	\$ 224,372.00	\$ 221,994.96
Total Liabilities	\$ 280,892.09	\$ 281,231.97
Equity		
Members Equity	-18,866.02	-137,984.93
Memberships - Non-Patron	229,850.00	239,450.00
Memberships - Patron	76,037.21	81,817.27
Net Income	-119,118.91	-23,715.11
Total Equity	\$ 167,902.28	\$ 159,567.23
TOTAL LIABILITIES AND EQUITY	\$ 448,794.37	\$ 440,799.20

Most importantly, we learned much in 2021. While there are still areas where we can improve, we have gotten a good handle on our processes and reporting so that we can accurately monitor our financial situation in 2022, comparing our performance to plan.

Our 2022 budget calls for \$810,548 in sales (16% increase compared to 2021), \$61,807 in net operating income, and \$47,412 net income excluding depreciation. The net income budget includes a \$15,000 Covid relief grant which was received in January. We will have \$32,220 in debt principal payments which must come from our net income. In other words, the budget doesn't leave much once everything has been paid. Hopefully, we will perform much better than budget. So far in 2022 (January and February) we have performed slightly better than budget.

There are a number of capital investments the board would like to make which are not included in the budget. These include a street café (outdoor dining), painting "Foremost Brewing Cooperative" on both sides of the building, insulation for the steam piping, an exhaust hood for the kitchen, and walling off an area on the main level for storing merchandise and other materials. Bringing on additional members would be an excellent way to fund these investments, and Molly is planning a membership drive in April.

Respectively,

Roger Warehime

Additional Questions for Roger:

A member asked what the food vs beer sales comparison is?

- The food sales are higher when comparing to beer only, but with the addition of alcohol it is pretty even.

If we add a hood, will we have additional food options?

- With the addition of a hood, it would open the opportunity to the possibility of new food options the addition of equipment.

c. Other Director Reports (if needed)

- i. The board introduced themselves to everyone in attendance.
- ii. Matt Gillard thanked everyone that ran for the board. He also encouraged people to run for the board next year and to continue to be involved.

d. General Manager Update

General Manager Update – Tim Flynn, General Manager

Money:

Been over our projected budget the last two weeks, Saturdays are becoming very consistent in the afternoons.

Our grain costs have gone up, about \$0.15/lb. To combat that, I've increased our beer prices slightly. A \$6 pint now cost \$6.37. However, with tax it now comes to a flat \$7. Previously with tax was \$6.59, if you're paying with cash then you have change that isn't much use anymore. I felt making it a flat 7 is easier on everyone. All beer pricing should end on the quarter, making it easier for bartenders to quickly flip checks and move to the next guest.

Staffing:

New staff are doing well, working with Julia Seykora to set up a meeting on April 11th, where we'll work on implementing/training off of ideas we shared last month. Scenarios between staff and customers, word examples, things like that.

Have some applications for summer employment, which will help a lot if our patio is approved. Planning to have one server dedicated to that area with 6 tables.

Menu:

We are looking to add additional items to the menu that aren't as carb heavy including wraps and grain bowls.

e. Membership Update

Membership Update – Molly Kerr, Membership & Marketing Coordinator

Foremost has 640 individual members! We will continue to hold our weekly Member Happy Hour which now includes wine, cocktails, appetizers, and as always, Foremost beer pints & other special member events throughout the year.

A question I get quite frequently is "how do the points work?". Our Toast POS (Point of Sale) uses language that makes keeping track of patron purchase sound like a typical customer loyalty program, and this has been confusing. Being a member of Foremost is more than being in a customer loyalty program; as a Foremost member you are an owner! As owners, we can't take money out of the business until it is solidly, profitable. Beginning our second year of business, we are still in the start-up phase. If we meet our 2022 budget, we will generate just enough profit to fund our debt service; therefore, we do not plan to issue patron dividends based on our 2022 financials. Even if we do significantly better than budget (which we hopefully will do), we will want to build up some cash reserves and pay down some debt before issuing patron dividends.

Thank you to everyone that took our community organization survey. It was intragyrical in the development of our Pints with a Purpose Calendar. These events have been successful in raising money for 3 local charities so far and with your participation they will continue to grow.

In the month of April, we will hold a Membership Drive to help fund some of the capital investments the board would like to make. One in particular being our outdoor sidewalk cafe. During the drive it will be the perfect opportunity for our current members to invite their friends to join them in membership!

I want to take this time to thank of our Foremost Members. Without you, Foremost wouldn't be what we are today.

Your Friend in Membership,

Molly Kerr

4) Verification of Quorum

- a. 146 members voted and 43 members attended the annual meeting.
 - i. The quorum was met and verified by the board.

5) Review and Approval of 2021 Annual Meeting Minutes.

- a. Tom Tum moved to dispense the meetings minutes from 2021.

- i. Approved by the board
- ii. Molly will send out the 2022 meeting minutes.

6) Nominations/Voting for Board of Directors

- a. Report results of on-line voting.
 - i. 146 members voted – quorum met
- b. Certify results –
 - i. Sue Tuma, received 21.4% of the vote, Nate Sherwood received 39.3% of the vote.

7) Call for advisory resolutions from the membership

- a. Tom Tuma asked how the city feels about the sidewalk café.
 - i. Roger said that he feels good so far, but there is no guarantee. It will go before the city council on April 5th. He encouraged members to reach out to their city council members to voice their support.
 - ii. Molly Kerr will send an email with the date and time for the city council meeting.

8) Members Q & A

- a. How are merchandise sales going?
 - i. Everything is going well & people have enjoyed the selection. Please reach out to Molly Kerr if there is something specific you'd like to see.
- b. When will the decorating be completed?
 - i. It is an ongoing project. The shelving, painting and merchandise area have been completed!
- c. What is the target split between food and alcohol sales?
 - i. It's about what it's been.
- d. How's the gaming doing?

- i. We Haven't seen a large profit yet, but people seem to be interested.
 - 1. Do we advertise it?
 - a. We haven't at this point.
- e. What are our top sellers?
 - i. The Buck is our top seller for cocktails.
 - ii. Cream Ale is th top beer, with sours & fruit beers coming in second.
- f. Have we thought about having snacks for after the kitchen closes?
 - i. We have discussed bringing in additional snacks. It is an ongoing project & we are looking into our options.
- g. Has there been any thought into having the kitchen open later into the evenings?
 - i. Not at this time.
- h. Has there been any thought into NA cocktails?
 - i. The Owatonna Buck can be made NA. Tim is looking into others.

9) Adjourn – Adjourned at 7:58pm

Members in Attendance:

Randy Balausky
Matt Boisen
Patrick Delehanty
Jonathan DeMars
Dennis Ebeling
Terrence Flynn
Matt Gillard
Deb Gillard
John Havelka
Barb Heerema
Jason Howland
Scott Lundberg
Marleen Lundberg
Jeremy Mathison

Sarah Obert
Seth Muir
Donald Nollet
Lynn Olson
David Olson
Mark Kaplan
Molly Kerr
Paul Osdoba
Steve Partridge
Tom Partridge
Audrey Schroht
Randal Schroht
Theresa Scheidt
Bob Shellen
Kay Shellen
Nathan Sherwood
Randy Sobrack
Jack Spitzack
Diane Spitzack
Dale Tuma
Sue Tuma
Tom Tuma
Kristin Warehime
Roger Warehime
Jack Wilson
Jane Wolke
Dan Wurdeman
Carol Holinka-Wurdeman
Darrell Zolnowsky

Sidewalk Café

6 Table – View from Sidewalk Side

