Vermont Maple Sugar Makers' Association
P.O. Box 83, Westford VT 05494

Phone: 802-777-2667
www.VermontMaple.org

March 13, 2023

## To: VMSMA Board of Directors

From: Allison Hope
Re: FY22 Year End Financial Narrative

First, welcome to several new VMSMA Board members from across the state! Throughout the year, I share more detailed information behind our financials in an effort to give a fuller picture of our operations. At the end of the year, this information gets a bit longer as I find this is a good way to capture the stories of the entire year through financials. I strive for transparency in all areas of the Association, but especially with our financials. If you have questions at any time about how we record income, expenses, assets and liabilities; how we budget; how we spend or receive money; or anything else for that matter, please be in touch and feel free to ask questions!

The Association closed out fiscal year 2022 with a net profit of $\$ 12,592$ vs a budgeted net profit of $\$ 36,762$. Below, I've highlighted items of significance, but please feel free to ask any clarifying questions if I haven't addressed something here or call me to discuss. Overall, we ended FY22 in a better financial position that we started. Every year, since 2019 and the onset of the pandemic, we've had to learn to manage events, income, expenses and projects differently. And 2022 was no different.

As one simple example, in January 2020 we offered two winter maple schools - one in Hyde Park and one in Brattleboro. The costs for catering, rentals and staff for these events were not offset by registration and tradeshow income so we lost money. In December 2020 and December 2021, we offered free hybrid conferences with a week of online sessions (usually 3 a day). We planned for a hybrid model in December 2021, but given the surge in COVID, we didn't feel comfortable moving forward. In December 2022, we were finally able to implement the hybrid model, with three days of online sessions and one day of in-person learning (and a small tradeshow) at Vermont Technical College and paid tickets for all events. For comparison, in January 2020, we recognized a net loss of about $\$ 6,900$ on our maple schools. In December 2022 we were able to recognize income of almost $\$ 1,250$ to use toward future educational events for members.

The Big E was also a Big Unknown for FY22 (especially at the time we budgeted for it in November 2021). Thanks to the work of our Booth managers and the Big E Committee, we were able to create ways to cut back on the number of volunteers and lessen the impact of increasing expenses (like supplies, food costs and hotel rooms). I have a separate accounting for Big E income and expenses that you can find in the Board's Dropbox folder.

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## Income

In FY22 VMSMA recognized income of $\$ 654,912$ compared to $\$ 185,858$ in FY21 and a budget of $\$ 385,605$.

## 4100 Membership Dues

Membership revenue continues to fall behind prior years and behind budget. With the new Membership Manager position really up and running for fourth quarter FY22 and engaged in the 2023 renewal process, we've already seen a benefit in membership engagement and have reached out to members who may not have heard from us directly in a few years. Because our memberships generally run for a calendar year, dues received in November and December are recognized in January of the following year. As a comparison of where we were in January 2022 vs where we are now for January 2023, we can compare membership revenue to date (which would represent November/December/January membership dues paid). In January 2022, we accounted for $\$ 12,492$ in membership dues. In January 2023, we accounted for $\$ 25,963$. With improvements in the renewal process, a better understanding of our membership database (with all its flaws and inflexibility), and a great Membership Manager, we have dramatically increased the volume of dues paid during renewal season in just a short period.

## 4200 Grant Revenue

Grant revenue was about $\$ 20,000$ above budget due to successful applications to the Specialty Crop Block Grant Program (through VAAFM) for our Maple Passport program and a container labeling machine. These grants are in addition to the pre-existing grant for maple marketing with Place Creative (aka "Maple It Up") to promote maple as a pantry staple item. In FY22, we made our first claims on the two new grants which accounts for the additional revenue.

## 4225 CDS Grant

After seeking the advice of our year-end accountant at Pace \& Hawley, we are housing the federal funding in a balance sheet account. I will be making monthly adjustments to allocate revenue as funds are expensed in one of three ways, as outlined by our federal agreement. Funding will be used to offer grants to sugar makers, to fund the difference between what it costs to pay Certifiers and what we charge smaller sugar makers for Certification, and to help fund a Certification Manager. We did not expense any funds in FY2022, so you'll see that while this revenue was booked in November, it was adjusted in December. You will notice monthly adjustments starting in January.

## 4400 Product Revenue

We recognized $\$ 514,757$ in product revenue during FY22, about $200 \%$ (or $\$ 261,000$ ) above budget due to the six container orders placed with Hillside on behalf of container dealers. Revenue reflects payment from dealers for containers they ordered through this new system. The offsetting expenses (in this case, payments to Hillside for containers and payments to New England Label for container labels) related to these purchases is expensed to " 5400 COGS - Inventory Items".

As this is our largest revenue category, it makes sense to summarize it in a little more detail below:

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| Type of Product <br> Revenue | Amount | $\mathbf{\%}$ of <br> Total | Notes |
| :--- | ---: | :---: | :--- |
| Big E Booth sales | $\$ 212,479.82$ | $41.3 \%$ | Sales during Big E |
| Big E syrup from prior <br> years | $\$ 3,403.90$ | $0.66 \%$ | Syrup remaining from 2019 and prior sold in bulk |
| Container Sales to <br> Dealers | $\$ 239,823.69$ | $46.6 \%$ |  |
| Online Store (and in- <br> person sales at the <br> winter conference and <br> county meetings) | $\$ 59,049.27$ | $11.5 \%$ | FY21 product revenue from the online store totaled <br> $\$ 43,618.23 . ~ F Y 22 ~ r e f l e c t s ~ a n ~ i n c r e a s e ~ o f ~ o v e r ~ 35 \% . ~$ |
| Total | $\$ 514,756.68$ |  |  |

## COGS

## 5400 COGS - Inventory Items

The majority of expenses in this category were related to container orders for dealers. See below for a breakdown of costs for FY22:

| Type of Inventory | Amount | $\%$ of <br> Total | Notes |
| :---: | :---: | :---: | :---: |
| Big E Supplies | \$99,284.52 | 28.2\% |  |
| Containers: | \$247,254.59 | 70.2\% |  |
| Labels | \$44,821.92 |  |  |
| Containers | \$174,199.44 |  |  |
| Labeling | \$28,233.23 |  | We have $\$ 19,431$ in label inventory as of 12/31/22 |
| Grading Kit Supplies | \$10,309.59 | 2.9\% |  |
| Online Store Inventory | \$9,757.00 | 2.8\% |  |
| Inventory Adj for year-end | (\$14,606.51) | -4.1\% | The majority of this adjustment is related to the value of container labels currently in inventory |
| Total | \$351,999.19 |  |  |

## 5300 COGS - Printing \& Distribution

This account captures the expense from Maple News subscriptions. Members pay VMSMA \$28 per annual subscription (captured in the revenue line " 4500 - Service Revenue Maple Publications"). Every month, VMSMA shares new subscriptions with the Maple News and they bill us accordingly (at $\$ 25$ per subscription). Those expenses are recorded in this line item. You'll notice that in FY22, we recorded $\$ 6,160$ in revenue (reflecting 220 subscriptions) and $\$ 5,300$ in expenses (reflecting billing for 212 subscriptions, meaning a few more will come through in FY23), for net revenue of $\$ 860$. Offering Maple News subscriptions is not a significant source of revenue, but for some members it is easier to pay for their

VMSMA membership and their Maple News subscription at the same time (and they receive a small discount from the cover price). Subscriptions through VMSMA have declined in recent years as they used to be automatically added to renewals each year, but our membership database has not had success with this process in the last few renewal seasons.

## Expenses

We ended FY22 with expenses of $\$ 285,020$, or $10 \%$ over budget. This overage was in large part due to expenses (see "6779 - Professional Fees - Other") related to our Specialty Crop Block Grant for which there was offsetting (and also unbudgeted) income.

## 6300 Advertising

Year to date expenses are consistent with the budget and reflect:

- marketing for Spring and Fall Open Houses - both targeted email marketing and paid social media posts,
- participation in the Vermont Brochure Program, where VMSMA Consumer Guides are placed at all Vermont Interstate welcome centers
- the work done by Place Creative as part of our Specialty Crop Block Grant marketing maple for coffee and as a pantry staple
- underwriting with Vermont Public (radio spots)


## 6400 Bank Charges

Year to date bank charges reflect monthly charges for online purchases and are above budget. About half of the fees are for credit card sales during the Big E (about 3\% per transaction). Big E sales are split about $50 / 50$ between credit card sales and cash sales. In addition, we had a few dealers pay for their container orders via credit card and have since discouraged that option due to the associated fees.

## 6450 Dues \& Subscriptions

The majority of the $\$ 12,705$ in expenses are from the following:

- IMSI membership dues \$3,738
- NAMSC membership dues \$2,492
- Membership database annual fees $\$ 4,536$

The remaining expenses are monthly fees for technology used throughout the year for various projects (hosting the Holiday Gift Guide, virus protection, online store programs, and cloud file hosting).

## 6650 Meals \& Entertainment

In FY22 the majority of the budget for this line item reflected catering for the winter conference (came in at half of the budgeted amount) and catering for a summer annual meeting (which took place on Zoom, rather than in person). We were significantly underbudget for the year (but still had a good meal at the conference!).

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## 6680 Office Expense

Office expenses were above budget due to computer issues. Cory's VMSMA computer, which we purchased in February 2022, crashed in the summer and was sent back to HP for a new hard drive (under warranty). When Cory received the computer back and returned it to VMSMA, the hard drive still didn't work and we ended up buying a new computer for Heather when she started. We are on a 5 year replacement schedule for laptops and will budget for a new laptop in FY24 and then again in FY27.

## 6700 Operating Supplies

Operating supplies were above budget due to our (unbudgeted) attendance at the Taste of Vermont in DC for which we ordered $\$ 500$ worth of maple nips to hand out (in addition to candy donated by Mount Mansfield Maple). In addition, we spent about $\$ 570$ ordering additional hardware items for our Square registers for the Big E (two new ipads, new card readers to replace hardware that was out of date or went missing after the 2019 Big E, and a new cash drawer). Several supplies from our Big E booth went "missing" in our two year absence and also needed to be replaced, including trashcans and anti-fatigue mats. Our FY22 Big E actual expenses give us a better idea of what we'll spend in FY23 and future years.

## 6750 Printing \& Publications

In FY22, we budgeted printing items for two Maple Open House events, our quarterly printed VMSMA newsletters, and maple conference flyers. We were underbudget as we did not print a fall VMSMA newsletter due to staffing transitions and we offered a la carte options for Maple Open House consumer information. In the past, these items were included in the cost of registration. In FY22, we lowered the cost of registration and allowed folks to ordered what they wanted from the online store.

## 6770 Contractor

In FY22, we budgeted $\$ 26,500$ to pay our Big E Booth Managers and to pay Big E volunteers their daily $\$ 105$ stipend. We paid 3 booth managers ( 2 booth managers in the booth daily, and 1 booth manager handling logistics) their daily stipend plus an additional management fee and we paid 21 individual volunteers a stipend for their shifts. We also make a donation to St. Mark's Church who offers volunteers throughout the fair. That donation is reflected under " 9750 - Contributions/Grants".

## 6778 Professional Fees - Info Tech

We didn't budget for info tech expenses, but we asked our web developers at Eternity to make improvements to our maple map (for open houses) and to the holiday gift guide and the "find a sugar maker" web page. In addition, Google updates required that some coding be updated on our website as well.

## 6779 Professional Fees - Other

A number of expenses are included in this line item, including graphic design work for our printed VMSMA newsletters and other materials, monthly fees associated with our online store and the physical warehouse, and the exhaust hood cleaning at our Big E booth. We were above budget because of $\$ 24,757$ paid to Place Creative for their contracted work on our Specialty Crop Block Grants for the Maple It Up campaign as well

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as another $\$ 5,000$ deposit for the Maple Passport. These were unbudgeted expenses that were partly offset by unbudgeted income in the grant revenue line item. These grants require a match, so the expenses will not be completely covered by grant revenue.

## 7900 - Travel

The majority of the travel budget covers the hotel cost for Big E booth managers and volunteers. In FY22, our hotel bill in West Springfield totaled $\$ 11,343$. This amount is actually less than our FY19 hotel bill of $\$ 12,188.32$. Hotel prices have increased significantly; if we had continued to use the same number of booth volunteers, this line item would also have increased. The changes that our Big E Committee made, including making candy and most cream offsite, allowed us to have a great booth experience and lower the associated expenses. The remaining expenses were related to flights and hotel rooms for Allison's attendance at the Taste of Vermont event in DC, as well as attendance at the NAMSC conference in Wisconsin. We received $\$ 700$ in professional development funds from UVM Extension (reflected in FY23 revenue based on when expenses were approved and funds were received).

|  | Dec 31, 22 |
| :---: | :---: |
| ASSETS |  |
| Current Assets |  |
| Checking/Savings |  |
| 1015 - Stripe Account | 17,801.71 |
| 1020-Peoples Checking - 1044 | 689,150.78 |
| 1040 - Westfield Savings - 2839 | 96,125.35 |
| Total Checking/Savings | 803,077.84 |
| Other Current Assets |  |
| 1300 - Accounts Receivable | 15,913.70 |
| 1350 - Grant Receivable | 33,530.00 |
| 1400 - Inventory | 43,216.95 |
| Total Other Current Assets | 92,660.65 |
| Total Current Assets | 895,738.49 |
| Fixed Assets |  |
| 1500 - Equipment | 15,089.00 |
| $1700 \cdot$ Accumulated Depreciation | -15,089.00 |
| Total Fixed Assets | 0.00 |
| TOTAL ASSETS | 895,738.49 |
| LIABILITIES \& EQUITY |  |
| Liabilities |  |
| Current Liabilities |  |
| Accounts Payable |  |
| 20000 *Accounts Payable | 25,548.03 |
| Total Accounts Payable | 25,548.03 |
| Credit Cards |  |
| 2351 Peoples Credit Card | 4,104.09 |
| Total Credit Cards | 4,104.09 |
| Other Current Liabilities |  |
| 2300 - Deferred Revenue | 31,023.90 |
| 2325 - Refundable Advance - SBA | 637,000.00 |
| Total Other Current Liabilities | 668,023.90 |
| Total Current Liabilities | 697,676.02 |
| Total Liabilities | 697,676.02 |
| Equity |  |
| 3000 - Unrestricted Net Assets | 185,470.01 |
| Net Income | 12,592.46 |
| Total Equity | 198,062.47 |
| TOTAL LIABILITIES \& EQUITY | 895,738.49 |




