



Hanover Consumer Cooperative Society, Inc.
Annual Meeting April 1, 2017

Financial Report for Activities in 2016

Prepared by:

Benoit Roisin, Treasurer

Paul Guidone, Director of Finance

Auditors: Gallagher, Flynn & Company, LLP

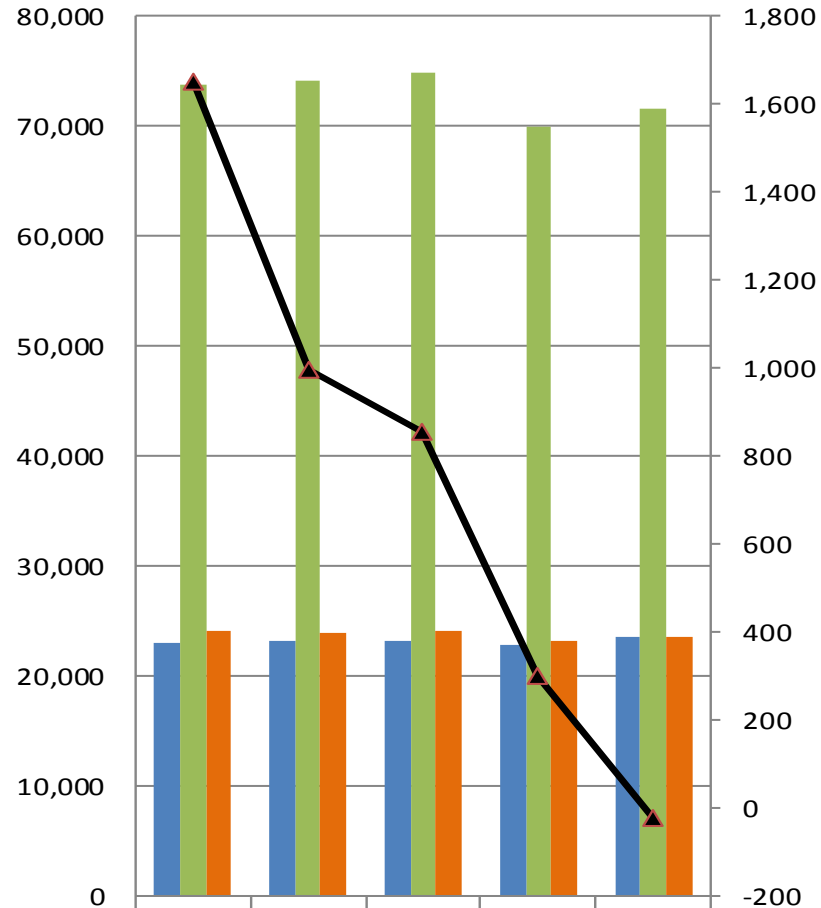
Audit Report on February 22, 2017

The 2016 Financials – Part 1: Income Statement

	2015 Actual		2016 Budgeted	2016 Actual	
Net Sales	\$69,993,775	100%	\$73,705,009	\$71,555,883	100%
Cost of Good Sold	46,891,161	67.0%	49,453,270	48,117,615	67.2%
Gross Profit Margin	23,102,614	33.0%	24,251,739	23,438,268	32.8%
Wages & Benefits	11,591,090	16.6%	12,271,217	12,018,499	16.8%
Other Operations	11,213,691	16.0%	11,241,503	11,445,017	16.0%
Total Operating Expenses	22,804,781	32.6%	23,512,720	23,463,516	32.8%
After Operations	297,833	0.4%	739,019	(25,248)	(0.04%)
Misc. Income (Interest)	(94,106)	(0.1%)	(376,802)	(99,054)	(0.14%)
Earnings Before Taxes	\$203,727	0.3%	\$362,217	(\$124,302)	(0.18%)
Taxes	(122,685)	(0.2%)	(189,085)	6,027	0.01%
Net Savings	\$81,042	0.12%	\$173,152	(\$118,275)	(0.17%)

\$2.1 million short
2.9% below budget
2.2% above 2015

SALES AND PROFIT OVERVIEW (1,000'S)

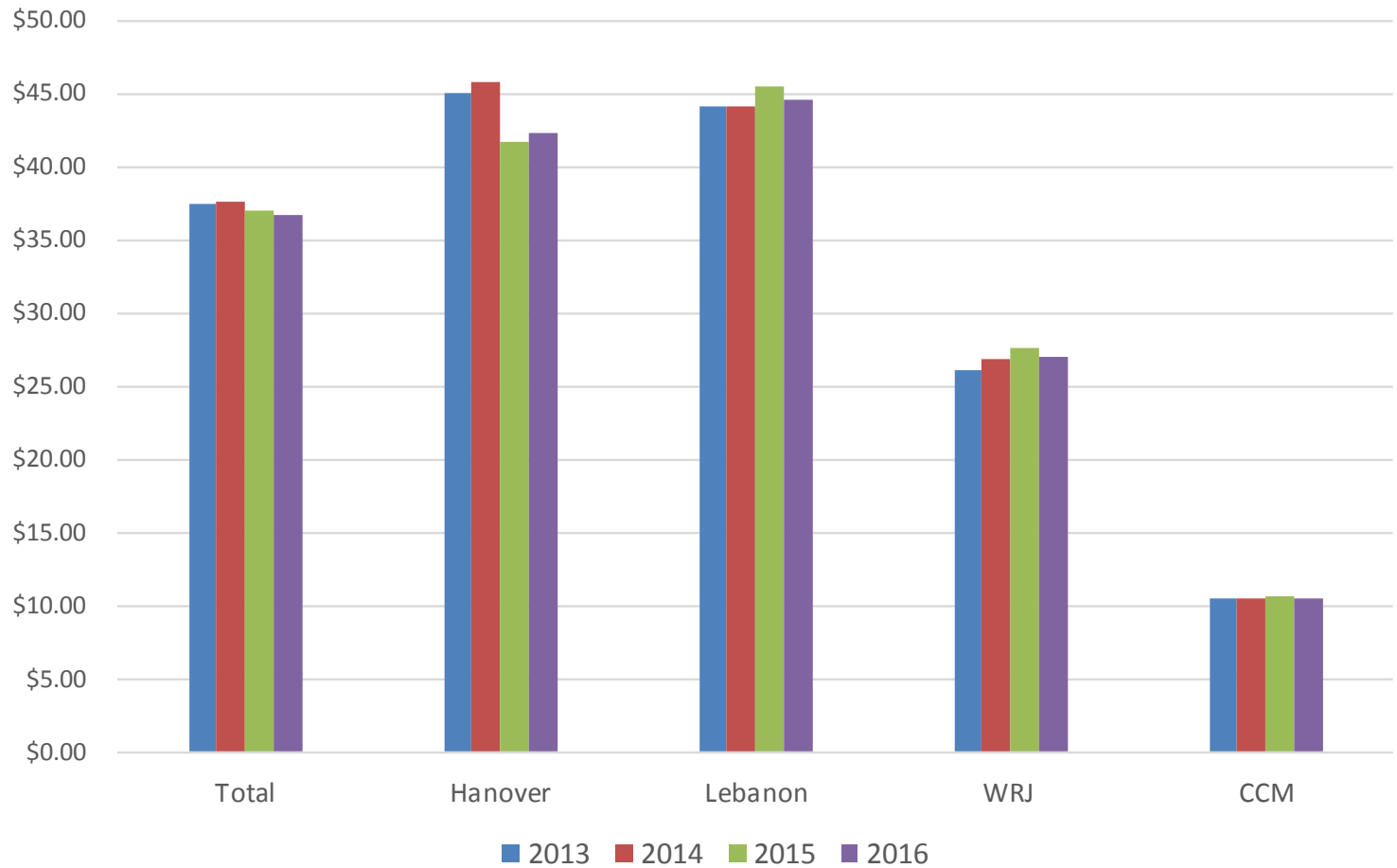


■ Operating expenses	22,939	23,163	23,165	22,805	23,464
■ Net Sales	73,756	74,109	74,867	69,994	71,556
■ Gross Profit	24,056	23,936	24,003	23,103	23,438
▲ Operating profit (loss) before bonus/gain-share	1,654	996	855	298	(25)

The 2016 Financials – Part 2: Balance Sheet

	2015	2016
Cash	528,017	1,336,288
Receivables	369,838	363,188
Inventory	2,000,069	2,072,413
Other Current Assets	724,781	645,657
Property & Equipment (Net)	10,343,211	9,268,352
Other Assets	1,650,365	1,624,026
Total Assets	\$15,616,281	\$15,309,924
Accounts Payable	2,410,892	2,548,802
Notes Payable - Current	315,823	324,993
Other Current Liabilities	1,300,627	1,393,704
Total Current Liabilities	4,027,342	4,265,499
Long-Term Debt	3,562,038	3,280,234
Other Long-Term Liabilities	1,025,031	887,331
Total Liabilities	8,614,411	8,433,064
Member Equity	3,378,341	3,106,799
Donated Capital	50,693	315,500
Retained Earnings	3,572,836	3,454,561
Total Equity	7,001,870	6,876,860
Total Liabilities & Equity	\$15,616,281	\$15,309,924

Basket Size by Location



The 2016 Loss in Perspective

\$124,302 corresponds to
a little over 1/2 day of sales
less than 2/10th of a penny for every \$1.00 dollar of sales.

\$124,302 loss can be compared to:

\$1,019,117 fees paid for credit card services in 2016

\$936,634 in equipment costs in 2016

\$450,000 member discounts given in 2016.

Pennies for Change

Initiated in June 2016

Raised by end of 2016: **\$137,599.47**



Distribution:

\$27,521.29 to Listen

\$27,521.29 to The Haven

\$27,521.29 to Willing Hands

} Food Access

Plus **\$55,035.60** given to

Child and Family Services, League of NH Craftsmen, Headrest, Vital Communities, Twin Pines Housing Trust, Mascoma Valley Health Initiative, Good Neighbor/Red Logan, Opera North, Wise, Ottauquechee Health Foundation, Women's Health Resource Center, Watson Upper Valley Dog Park, Vermont Center for Ecostudies, and Upper Valley Humane Society.

A True Success Story !