

NORTH COAST COOPERATIVE INC. UNAUDITED FINANCIAL STATEMENTS

INCOME STATEMENT YEAR ENDING MARCH 27, 2010

BALANCE SHEET AS OF MARCH 27, 2010

	FY 2010		FY 2009	
NET SALES REVENUE	\$26,641,530	100.0%	\$25,411,875	100.0%
Cost of goods sold	17,037,340	64.0%	16,238,062	63.9%
GROSS MARGIN	9,604,190	36.0%	9,173,814	36.1%
Payroll and benefits	6,877,459	25.8%	6,699,623	26.4%
General and administrative	1,335,051	5.0%	1,286,106	5.1%
Occupancy expense	1,538,327	5.8%	1,473,719	5.8%
Total operating expenses	9,750,837	36.6%	9,459,448	37.2%
INCOME FROM OPERATIONS	(146,647)	-0.6%	(285,635)	-1.1%
Other (income) expense	(13,786)		296	
INCOME BEFORE TAXES	(132,862)	-0.5%	(285,931)	-1.1%
Provision for taxes	(12,000)		(110,225)	
NET INCOME (LOSS)	\$(120,862)	-0.5%	\$(175,706)	-0.7%

Note: The Co-op operates on a standard retail accounting calendar, each quarter ending on a Saturday. Therefore our fiscal year ended Saturday, March 27, 2010.

	Mar 27, 2010	Mar 28, 2009
Assets:		
Current assets:		
Cash and cash equivalents	\$881,583	\$774,075
Accounts receivable	181,703	129,869
Inventory	1,234,471	1,167,923
Prepaid expenses	126,117	166,941
Deferred income tax	211,969	207,969
Total current assets	<u>2,635,843</u>	<u>2,446,777</u>
Fixed assets:		
Building and L/H Improvements	3,988,095	3,961,680
Equipment	2,386,754	2,344,479
Accumulated depreciation	(3,381,880)	(3,037,786)
Net fixed assets	<u>2,992,969</u>	<u>3,268,374</u>
Other assets		
Investments	149,449	213,076
Other assets	51,123	57,419
Deferred income tax	7,772	7,772
Total other assets	208,345	278,267
Total assets	<u>\$5,837,157</u>	<u>\$5,993,417</u>

Liabilities:

Current liabilities:		
Trade accounts payable	\$566,837	\$490,078
Current portion - LT Debt	126,011	118,064
Current portion - member debt	25,000	25,000
Other accrued expenses	545,389	521,612
Total current liabilities	<u>1,263,237</u>	<u>1,154,754</u>
Long-term debt:		
LT debt	738,472	864,433
LT - member debt	353,899	378,899
Deferred income tax	89,839	97,839
Total long term debt	<u>1,182,211</u>	<u>1,341,171</u>
Total liabilities	<u>2,445,448</u>	<u>2,495,925</u>

Member Equity:

Preferred stock	2,508,718	2,455,269
Common stock	259,345	239,855
Additional paid-in capital	136,587	136,832
Retained earnings	487,058	665,536
Total member equity	<u>3,391,709</u>	<u>3,497,492</u>
Total liabilities and equity	<u>\$ 5,837,157</u>	<u>\$ 5,993,417</u>

Sales Growth Strong Health Care Costs Continue to Rise



By David Lippman,
General Manager

remains solid, and operational performance is trending in the right direction.

Like so much of the country our greatest challenge is the rising cost of health care expense.

Over the course of the past four years the Co-op's total cost of providing health care benefits to our employees has gone up 400%, from \$300,000 per year to \$1,200,000.

Grappling with this issue is likely to be the toughest element of our upcoming negotiations with the employee's union; how to provide decent health care for our employees without breaking the bank.

The new fiscal year has started out strong, April and May recording record sales.

There is no question that strong sales increases will help restore the Co-op to strong financial performance, hopefully creating sufficient profits to allow the payment of patronage refunds in the next year or two.

The past year showed improved performance over prior year but still showed a loss of \$120,862.

Sales were up for the year by almost \$1,200,000 and gross margins were up by almost \$500,000; expenses were up by about \$300,000.

With depreciation (paper or non-cash expense) of \$350,000 our cash position

Co-OpéRa The Magic Fruit

June 25
June 26
June 27

It could happen
anywhere
anytime
at your Arcata Co-op.
See page 17 for details.



HELP FOR HAITI

Co-op Members donated

\$2827.56

Thank you Co-op members and shoppers!

Donations will be sent to Cooperative Development Foundation for their Co-op Emergency Fund (CEF).

The Cooperative Development Foundation (CDF), whose mission is to promote community, economic, and social development through cooperative enterprises, created the Cooperative Emergency Fund specifically to provide financial aid to people during a devastating event like the earthquake in Haiti. CDF will be collaborating with international cooperative relief efforts in this endeavor to rebuild those co-ops afflicted by the Haiti disaster.