

CONSOLIDATED FINANCIAL STATEMENTS
INDEPENDENT AUDITOR'S REPORT
AND CONSOLIDATING SUPPLEMENTAL INFORMATION
LITTLETON CONSUMER COOPERATIVE SOCIETY, INC.
AND SUBSIDIARY
DECEMBER 29, 2018 AND DECEMBER 30, 2017

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

DECEMBER 29, 2018 AND DECEMBER 30, 2017

CONTENTS

	<u>Pages</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED BALANCE SHEETS	3 - 4
CONSOLIDATED STATEMENTS OF OPERATIONS	5
CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY	6
CONSOLIDATED STATEMENTS OF CASH FLOWS	7 - 8
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	9 - 22
CONSOLIDATING SUPPLEMENTAL INFORMATION	
CONSOLIDATING BALANCE SHEET	23 - 24
CONSOLIDATING STATEMENT OF OPERATIONS	25
CONSOLIDATING STATEMENT OF CASH FLOWS	26 - 27



Independent Auditor's Report

To the Members and
Board of Directors of
Littleton Consumer Cooperative Society, Inc. and Subsidiary

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Littleton Consumer Cooperative Society, Inc., and Subsidiary (collectively, the "Cooperative") which comprise the consolidated balance sheets as of December 29, 2018 and December 30, 2017, and the related consolidated statements of operations, members' equity, and cash flows for the fifty-two week periods then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Cooperative as of December 29, 2018 and December 30, 2017, and the consolidated results of its operations and its cash flows for the fifty-two week periods then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The accompanying consolidating balance sheet as of December 29, 2018, and the related consolidating statements of operations and cash flows for the fifty-two week period then ended, are presented for the purpose of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Gallagher, Flynn & Company, LLP

April 24, 2019

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

DECEMBER 29, 2018 AND DECEMBER 30, 2017

A S S E T S

	December 29, <u>2018</u>	December 30, <u>2017</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 940,553	\$ 579,420
Accounts receivable	71,047	64,001
Inventories	662,065	689,665
Prepaid expenses and other current assets	<u>20,647</u>	<u>23,894</u>
Total current assets	<u>1,694,312</u>	<u>1,356,980</u>
 PROPERTY AND EQUIPMENT, at cost		
Land and improvements	1,360,252	1,348,466
Buildings and improvements	4,802,444	4,774,784
Machinery and equipment	<u>1,582,701</u>	<u>1,486,661</u>
	7,745,397	7,609,911
Less accumulated depreciation	<u>1,728,043</u>	<u>1,480,351</u>
	6,017,354	6,129,560
Construction in progress	<u>4,293</u>	<u>-</u>
	<u>6,021,647</u>	<u>6,129,560</u>
 OTHER ASSETS		
Restricted cash	37,352	196,466
Note receivable	4,722,800	4,722,800
Investments in other cooperative associations	256,513	243,177
Other	<u>62,853</u>	<u>51,425</u>
	<u>5,079,518</u>	<u>5,213,868</u>
	<u>\$ 12,795,477</u>	<u>\$ 12,700,408</u>

The accompanying notes are an integral part of these statements.

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

DECEMBER 29, 2018 AND DECEMBER 30, 2017

LIABILITIES AND MEMBERS' EQUITY

	December 29, <u>2018</u>	December 30, <u>2017</u>
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 258,654	\$ 108,322
Accounts payable	356,125	335,338
Accrued expenses and other current liabilities	<u>367,309</u>	<u>278,344</u>
Total current liabilities	<u>982,088</u>	<u>722,004</u>
LONG-TERM DEBT, less current maturities	<u>10,982,378</u>	<u>11,196,977</u>
DEFERRED INCOME TAXES, net	<u>50,800</u>	<u>48,000</u>
MEMBERS' EQUITY		
Members' shares	429,450	399,375
Donated capital	2,340	2,340
Retained earnings	<u>337,373</u>	<u>316,368</u>
	769,163	718,083
Noncontrolling interest in subsidiary	<u>11,048</u>	<u>15,344</u>
	<u>780,211</u>	<u>733,427</u>
	<u>\$ 12,795,477</u>	<u>\$ 12,700,408</u>

The accompanying notes are an integral part of these statements.

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS

**FIFTY-TWO WEEK PERIODS ENDED
DECEMBER 29, 2018 AND DECEMBER 30, 2017**

	December 29, <u>2018</u>	December 30, <u>2017</u>
NET SALES	\$ 12,760,368	\$ 11,253,575
COST OF SALES	<u>8,570,274</u>	<u>7,564,724</u>
GROSS PROFIT	4,190,094	3,688,851
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	<u>3,872,797</u>	<u>3,597,693</u>
EARNINGS FROM OPERATIONS	<u>317,297</u>	<u>91,158</u>
OTHER (INCOME) EXPENSES		
Interest expense	433,125	415,008
Interest income	(132,608)	(133,213)
Patronage income	(38,766)	(36,562)
Other, net	<u>(5,963)</u>	<u>(9,474)</u>
	<u>255,788</u>	<u>235,759</u>
EARNINGS (LOSS) BEFORE PATRONAGE REFUND AND INCOME TAXES	61,509	(144,601)
PATRONAGE REFUND	<u>42,000</u>	<u>-</u>
EARNINGS (LOSS) BEFORE INCOME TAXES	19,509	(144,601)
PROVISION FOR (BENEFIT FROM) INCOME TAXES	<u>2,800</u>	<u>(109,300)</u>
NET EARNINGS (LOSS)	16,709	(35,301)
LESS: NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST	<u>(4,296)</u>	<u>(4,728)</u>
NET EARNINGS (LOSS) ATTRIBUTABLE TO LITTLETON CONSUMER COOPERATIVE SOCIETY, INC.	<u>\$ 21,005</u>	<u>\$ (30,573)</u>

The accompanying notes are an integral part of these statements.

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY

**FIFTY-TWO WEEK PERIODS ENDED
DECEMBER 29, 2018 AND DECEMBER 30, 2017**

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC.

	Members' Shares									
	Capital Stock		Share Credits	Allocated Capital	Total	Donated Capital	Retained Earnings	Noncontrolling		
	Shares	Value						Total	interest	Total
BALANCE, January 1, 2017	13,183	\$ 329,575	\$ 39,950	\$ -	\$ 369,525	\$ 2,340	\$ 346,941	\$ 718,806	\$ 20,072	\$ 738,878
Net loss	-	-	-	-	-	-	(30,573)	(30,573)	(4,728)	(35,301)
Shares issued, net of cancellations	1,194	29,850	-	-	29,850	-	-	29,850	-	29,850
BALANCE, December 30, 2017	14,377	359,425	39,950	-	399,375	2,340	316,368	718,083	15,344	733,427
Net earnings (loss)	-	-	-	-	-	-	21,005	21,005	(4,296)	16,709
Shares issued, net of cancellations	1,203	30,075	-	-	30,075	-	-	30,075	-	30,075
BALANCE, December 29, 2018	<u>15,580</u>	<u>\$ 389,500</u>	<u>\$ 39,950</u>	<u>\$ -</u>	<u>\$ 429,450</u>	<u>\$ 2,340</u>	<u>\$ 337,373</u>	<u>\$ 769,163</u>	<u>\$ 11,048</u>	<u>\$ 780,211</u>

The accompanying notes are an integral part of these statements.

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

**FIFTY-TWO WEEK PERIODS ENDED
DECEMBER 29, 2018 AND DECEMBER 30, 2017**

	<u>2018</u>	<u>2017</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings (loss)	\$ 16,709	\$ (35,301)
Noncash items included in net earnings (loss):		
Amortization of debt issuance costs included in interest expense	44,028	43,810
Depreciation expense	247,695	186,223
Patronage refund declared	42,000	-
Patronage received from investments in cooperatives	(3,044)	(16,426)
Deferred income taxes	2,800	(109,300)
Changes in assets and liabilities:		
Accounts receivable	(7,046)	(6,782)
Inventories	27,600	(217,322)
Prepaid expenses and other current assets	3,247	(178)
Accounts payable	20,787	78,364
Accrued expenses and other current liabilities	46,965	51,323
	<u>425,032</u>	<u>9,712</u>
Net cash provided by (used in) operating activities	<u>441,741</u>	<u>(25,589)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(139,782)	(1,816,051)
Restricted cash	159,114	2,662,905
Purchases of investments in cooperatives	(10,292)	(2,985)
Other assets	(11,428)	(26,816)
Net cash provided by (used in) investing activities	<u>(2,388)</u>	<u>817,053</u>
Subtotal (forward)	\$ <u>439,353</u>	\$ <u>791,464</u>

(CONTINUED)

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

**FIFTY-TWO WEEK PERIODS ENDED
DECEMBER 29, 2018 AND DECEMBER 30, 2017**

	December 29, <u>2018</u>	December 30, <u>2017</u>
Subtotal (forwarded)	\$ 439,353	\$ 791,464
CASH FLOWS FROM FINANCING ACTIVITIES		
Accounts payable - construction-related	-	(807,336)
Principal payments on long-term borrowings	(108,295)	(105,414)
Deferred financing costs	-	(5,250)
Proceeds from issuance of capital stock, net of cancellations	<u>30,075</u>	<u>29,850</u>
Net cash used in financing activities	<u>(78,220)</u>	<u>(888,150)</u>
Net increase (decrease) in cash and cash equivalents	361,133	(96,686)
CASH AND CASH EQUIVALENTS,		
beginning of period	<u>579,420</u>	<u>676,106</u>
CASH AND CASH EQUIVALENTS, end of period	<u><u>\$ 940,553</u></u>	<u><u>\$ 579,420</u></u>
<u>Supplemental Disclosures of Cash Flows Information</u>		
Cash paid during the period for:		
Interest expense	<u><u>\$ 388,393</u></u>	<u><u>\$ 373,829</u></u>
Income taxes	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these statements.

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 29, 2018 AND DECEMBER 30, 2017

A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES

Operations:

The Littleton Consumer Cooperative Society, Inc. (Littleton Consumer Cooperative), was incorporated in New Hampshire in 2006, and operates a member-owned food store in Littleton, New Hampshire, open to its members and the general public. Sales to members were approximately 66% and 67% of total sales for the periods ending December 29, 2018 and December 30, 2017.

The Littleton Food Market, LLC (Littleton Food Market) was formed in August 2016. During 2016, Littleton Consumer Cooperative acquired a 95% interest in Littleton Food Market. Thereafter, the Littleton Consumer Cooperative and Littleton Food Market entered into agreements with unrelated parties to facilitate financing for the expansion of Littleton Consumer Cooperative's food store (Notes B and D). Construction of the facility expansion commenced in July 2016 and was completed in June 2017.

Accounting policies:

A summary of the Cooperative's significant accounting policies applied in the preparation of the accompanying consolidated financial statements follows:

1. Principles of consolidation

The consolidated financial statements include the accounts of the Littleton Consumer Cooperative Society, Inc. and its majority owned subsidiary, Littleton Food Market, LLC (collectively, the "Cooperative"). All material intercompany transactions have been eliminated.

2. Fiscal year end

The Cooperative's fiscal year ends on the Saturday nearest to December 31. The fiscal periods ended December 29, 2018 and December 30, 2017 included fifty-two weeks.

3. Cash and cash equivalents

For purpose of the statement of cash flows, the Cooperative considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

4. Restricted cash

Restricted cash represents amounts which are restricted for use and are required to be reserved in three funds pursuant to agreements between Littleton Consumer Cooperative and MCD Subsidiary CDE 3, LLC (MCD).

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 29, 2018 AND DECEMBER 30, 2017

A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES (continued)

4. Restricted cash (continued)

The disbursement account included proceeds received from long-term debt (see Note D), which were borrowed under long-term debt agreements, were pledged as collateral for the related long-term debt, and were available to fund future qualifying construction costs. During 2018, the proceeds in the disbursement account were used in approved projects; accordingly, amounts in restricted cash related to the disbursement fund were \$0 and \$159,216 at December 29, 2018 and December 30, 2017, respectively. The debt service reserve requires a minimum balance of \$37,250 and the distribution reserve requires a monthly deposit of \$14,150 with all disbursements made at the discretion of MCD in accordance with the agreement.

5. Accounts receivable

Accounts receivable consists primarily of patronage refund amounts expected to be received as a result of membership in cooperatives (see Note C). Management considers the following factors when determining the collectability of these receivables: financial condition of the related cooperative, past transaction history, current economic industry trends, and changes in inventory purchases. If the financial condition of the cooperatives, in which the Cooperative is invested, was to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the Cooperative provides for estimated uncollectible amounts through a charge to operations and a credit to a valuation allowance. At December 29, 2018 and December 30, 2017, no allowance was required.

6. Inventory

Inventory is stated at the lower of cost or net realizable value. Cost is determined using the retail method, which approximates actual cost.

7. Property and equipment

Depreciation and amortization are provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. The straight-line method of depreciation is followed for substantially all assets for financial reporting purposes, but accelerated methods are used for tax purposes.

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 29, 2018 AND DECEMBER 30, 2017

A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES (continued)

8. Impairment of long-lived assets

Long-lived assets, such as property and equipment, and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows. An impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. No impairment loss was required to be recognized in the periods ended December 29, 2018 and December 30, 2017.

9. Investment in other cooperative associations

Nonmarketable investments in cooperative associations are carried at cost and are evaluated for impairment annually to adjust the investments to their net realizable value. No impairment loss was required to be recognized in the periods ended December 29, 2018 and December 30, 2017.

10. Income taxes

Items of income and expense recognized by Littleton Food Market are passed through and are taxable entirely to the members under the terms of the operating agreement and federal tax regulations.

Deferred taxes for Littleton Consumer Cooperative are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Effective December 31, 2017, the Company adopted new accounting guidance which requires the presentation of deferred tax assets and liabilities as noncurrent. The new guidance was applied on a retrospective basis, with \$36,900 of current deferred tax assets being reclassified against non-current deferred tax liabilities as of December 30, 2017.

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 29, 2018 AND DECEMBER 30, 2017

A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES (continued)

10. Income taxes (continued)

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Company may recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

Interest and penalties associated with unrecognized tax benefits are classified as additional income taxes in the consolidated statements of operations.

11. Revenue recognition

The Cooperative recognizes revenue when customers receive goods, which are presented net of discounts of approximately \$147,000 in 2018 and \$128,000 in 2017.

12. Advertising expenses

Advertising costs are charged to operations when incurred. Advertising expenses charged to operations were approximately \$66,900 and \$63,900 for the periods ended December 29, 2018 and December 30, 2017.

13. Deferred financing costs

Loan commitment fees and related legal expenses are amortized over the term of the related financing arrangement on a straight-line basis, which approximates the effective interest method. Deferring financing costs are presented as a direct deduction from the carrying amount of the related debt liability in the consolidated balance sheets and related amortization as interest in the consolidation statements of operations.

14. Use of estimates

In preparing consolidated financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 29, 2018 AND DECEMBER 30, 2017

A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES (continued)

15. Evaluation of subsequent events

In preparing these consolidated financial statements, the Cooperative has evaluated events and transactions for potential recognition or disclosure through April 24, 2019, the date the consolidated financial statements were available to be issued.

16. New accounting pronouncements

The Cooperative is currently evaluating the impact of adopting the following recently issued accounting pronouncements:

Restricted cash

In December 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash* (a consensus of the FASB Emerging Issues Task Force). This ASU clarifies that the statement of cash flows should include restricted cash with cash and cash equivalents in the reconciliation of the beginning of period and end of period amounts shown on the statement of cash flows. This ASU is effective for years beginning after December 15, 2018.

Revenue recognition

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), which provides a robust framework for addressing revenue recognition issues and, upon its effective date, replaces almost all existing revenue recognition guidance, including industry-specific guidance, in current U.S. generally accepted accounting principles. The revenue recognition policies of almost all entities will be affected by the new guidance in the ASU. The degree to which an entity's revenue recognition policies will change upon the adoption of the ASU, and the effects the changes will have on the entity's financial statements will vary depending on the nature and terms of the entity's revenue-generating transactions. In addition, entities in some industries likely will be affected by the new guidance in the ASU more than entities in other industries. Given the broad applicability and potentially significant ramifications of the guidance in the ASU, the FASB provided significantly delayed effective dates for its guidance. The ASU is effective for fiscal years beginning after December 15, 2018.

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 29, 2018 AND DECEMBER 30, 2017

A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES (continued)

16. New accounting pronouncements (continued)

Leases

In February 2016, the FASB issued ASU 2016-02 *Leases (Topic 842)*. This ASU was issued in three parts: (a) Section A, Leases: Amendments to the FASB *Accounting Standards Codification*, (b) Section B, Conforming Amendments Related to Leases: Amendments to the FASB *Accounting Standards Codification*, and (c) Section C, Background Information and Basis for Conclusions. While both lessees and lessors are affected by the new guidance which includes many changes, the effects on lessees are much more significant. The most significant change for lessees is the requirement to recognize right-of-use assets and lease liabilities for all leases not considered short-term leases, affecting leases which previously were accounted for as operating leases. This ASU is effective for years beginning after December 15, 2019, and must be implemented using a modified retrospective approach.

B) NOTE RECEIVABLE

During 2016, Littleton Food Market used the proceeds of long-term debt (Note D) to loan \$4,720,800 to Twain Investment Fund 185, LLC (“Twain”, a wholly-owned subsidiary of US Bancorp Community Development Corporation). The note is receivable with monthly interest only payments at an effective annual interest rate of 2.76%, due September 2023. The note is secured by Twain’s membership interest in MCD Subsidiary CDE3, LLC (see Note D).

The Littleton Food Market has entered into a put and call option agreement allowing US Bancorp Community Development Corporation to put their interest in Twain to Littleton Food Market at a price of \$1,000. The put option period is six months commencing October 1, 2023. The Littleton Food Market then has a call option which is the six months following the expiration of the put option period. During the call option period, the Littleton Food Market can call the investment in Twain at a price equal to the fair market value of Twain.

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 29, 2018 AND DECEMBER 30, 2017

C) INVESTMENTS IN OTHER COOPERATIVE ASSOCIATIONS

The investments in other cooperative associations are nonmarketable investments, which consist of the following at:

	<u>December 29, 2018</u>	<u>December 30, 2017</u>
Associated Grocers of New England, Inc. (AG) – AG is a consumer goods membership cooperative that provides members with discounted purchase pricing and annual patronage rebates in cash, certificates of indebtedness and patronage shares. Members initially purchase one share of Class A stock at \$5,000 and purchase additional shares of Class B stock annually based on total merchandise purchases. Class A and B stock are eligible to pay cash dividends and are redeemable in the event that the Cooperative terminates membership, as defined. The Cooperative owns one share of Class A stock at December 29, 2018 and December 30, 2017. The Cooperative owns 1,052 shares at December 29, 2018 and 1,006 shares at December 30, 2017 of Class B stock.	\$ 213,208	\$ 202,916
National Cooperative Grocers (NCG) – A business services cooperative that provides members with annual patronage rebates in cash and patronage shares. Members initially purchase one share of voting stock at \$500 and maintain a base equity investment of 0.1% of annual purchases of inventory from NCG. Base equity investments are redeemable at the discretion of the NCG board of directors and eligible to receive cash dividends. At December 29, 2018 and December 30, 2017, the Cooperative owns one share of voting stock.	40,205	37,161
Other	<u>3,100</u>	<u>3,100</u>
	<u>\$ 256,513</u>	<u>\$ 243,177</u>

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 29, 2018 AND DECEMBER 30, 2017

D) LONG-TERM DEBT

In October 2016, the Cooperative entered into numerous agreements in order to finance the expansion and renovation of Littleton Consumer Cooperative’s operating facility in a manner that will provide new market tax credits to an unrelated qualified community development entity (CDE). Under the financing arrangements, Littleton Food Market borrowed \$4,300,000 from Mascoma Savings Bank and New Hampshire Community Loan Fund under long-term debt agreements and loaned the proceeds to Twain (see Note B). Twain used the proceeds from this loan to obtain a majority membership interest in MCD Subsidiary CDE 3, LLC (MCD). Subsequently, Littleton Consumer Cooperative borrowed \$6,700,000 from MCD to finance construction costs to renovate and expand its operating facility, purchase equipment for operations, refinance then existing long-term debt, finance the cost of acquiring long-term debt, and provide working capital for operations.

Long-term debt consists of the following at:

	December 29, 2018	December 30, 2017
<i>Littleton Consumer Cooperative</i>		
MCD Subsidiary CDE 3, LLC (MCD, a subsidiary of Twain, (see Note B) – These notes are secured by substantially all assets of Littleton Consumer Cooperative. Provisions of the loan agreements include, among other things, maintenance of a debt service coverage ratio.		
Three notes payable with monthly interest-only payments at 2.46%, due September 2024. The balance is presented net of deferred financing costs of \$134,172 at December 29, 2018 and \$162,417 at December 30, 2017.	\$ 4,586,628	\$ 4,558,383
Note payable with monthly interest-only payments at 2.46%, due September 2051. The balance is presented net of deferred financing costs of \$76,015 at December 29, 2018 and \$78,336 at December 30, 2017.	1,867,184	1,864,865
Revolving Loan Fund, administered by the Grafton Regional Development Corporation (GRDC) – Payable in annual maximum installments of \$15,000, contingent upon excess cash flows as defined in the Revolving Loan Fund agreement. Noninterest bearing and unsecured.	<u>175,000</u>	<u>190,000</u>
Subtotal (forward)	<u>\$ 6,628,812</u>	<u>\$ 6,613,248</u>

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 29, 2018 AND DECEMBER 30, 2017

D) LONG-TERM DEBT (continued)

	December 29, <u>2018</u>	December 30, <u>2017</u>
Subtotal (forwarded)	\$ 6,628,812	\$ 6,613,248
Related parties –		
Unsecured agreements with multiple Littleton Consumer Cooperative members, payable in four annual installments commencing in February 2019, aggregating to approximately \$144,000, plus interest ranging from 0% to 4.5%, due through July 2022. Subordinated to notes payable to Mascoma, New Hampshire Community Loan Fund, and MCD.	<u>576,000</u>	<u>576,000</u>
Total Littleton Consumer Cooperative	<u>7,204,812</u>	<u>7,189,248</u>
<i>Littleton Food Market</i>		
Mascoma Savings Bank –		
Payable in monthly installments of \$18,624, including interest at 4.65%, with a final balloon payment of approximately \$2,716,000 due January 2024. Secured by a security interest in substantially all assets of Littleton Food Market. The balance is presented net of deferred financing costs of \$38,679 at December 29, 2018 and \$46,821 at December 30, 2017.	3,102,038	3,169,406
New Hampshire Community Loan Fund (NHCLF) –		
Payable in monthly installments of \$6,382, including interest at 5.90%, with a final balloon payment of approximately \$846,000 due January 2024. Secured by assignment of security interests in note receivable to Twain, Twain’s investment in MCD, and an unrelated party (investor in Twain). The balance is presented net of deferred financing costs of \$25,277 at December 29, 2018 and \$30,598 at December 30, 2017.	<u>934,182</u>	<u>946,645</u>
Total Littleton Food Market	<u>4,036,220</u>	<u>4,116,051</u>
	11,241,032	11,305,299
Principal payments due within one year	<u>258,654</u>	<u>108,322</u>
	<u>\$ 10,982,378</u>	<u>\$ 11,196,977</u>

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 29, 2018 AND DECEMBER 30, 2017

D) LONG-TERM DEBT (continued)

As of December 29, 2018, long-term debt matures as follows:

Fiscal Periods Ending on or Around <u>December 31,</u>	<u>Amount</u>
2019	\$ 258,654
2020	263,657
2021	268,915
2022	274,439
2023	4,857,044
Thereafter	<u>5,592,466</u>
	11,515,175
Deferred financing costs	<u>(274,143)</u>
	<u>\$ 11,241,032</u>

E) INCOME TAXES

The provision for (benefit from) income taxes consists of the following for the periods ended:

	December 29, 2018	December 30, 2017
Current	\$ -	\$ -
Deferred	<u>2,800</u>	<u>(109,300)</u>
	<u>\$ 2,800</u>	<u>\$ (109,300)</u>

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 29, 2018 AND DECEMBER 30, 2017

E) INCOME TAXES (continued)

Deferred tax assets and liabilities consist of the following at:

	<u>December 29,</u> <u>2018</u>	<u>December 30,</u> <u>2017</u>
Deferred tax assets:		
Accrued expenses	\$ 29,100	\$ 10,200
Net operating loss carryforwards	152,000	132,600
Other	<u>36,100</u>	<u>45,200</u>
	<u>\$ 217,200</u>	<u>\$ 188,000</u>
Deferred tax liabilities:		
Depreciation	\$ 259,600	\$ 227,600
Accrued patronage refund receivable	<u>8,400</u>	<u>8,400</u>
	<u>\$ 268,000</u>	<u>\$ 236,000</u>

On December 22, 2017, the United States enacted the Tax Cuts and Jobs Act. Effects of tax law changes were accounted for in the period of enactment and deferred tax assets and liabilities were required to be adjusted to reflect the effect of a change in enacted tax rates in the period in which the law was enacted. The U.S federal corporate tax rate was reduced to 21%, which was effective as of December 31, 2017. The impact of applying the new tax rate to deferred taxes was reflected in 2017 as a deferred tax benefit of approximately \$42,400.

At December 29, 2018, the Cooperative has approximately \$724,000 of net operating loss carryforwards available to reduce future federal taxable income, expiring through 2038.

The effective income tax rate in the fifty-two week period ended December 29, 2018 is materially consistent with expected amounts if the federal statutory rate was applied to earnings. The effective income tax rate in the fifty-two week period ended December 30, 2017 is higher than would be expected if the federal statutory rate was applied to earnings primarily because of the impact of the change in the federal tax rates.

The Cooperative files income tax returns in the U.S. federal jurisdiction and one state jurisdiction. With few exceptions, the Cooperative is no longer subject to U.S. federal, state or local income tax examinations by tax authorities for fiscal periods before January 1, 2015.

During the periods ended December 29, 2018 and December 30, 2017, the Cooperative recognized no interest or penalties related to unrecognized tax benefits.

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 29, 2018 AND DECEMBER 30, 2017

F) MEMBERS' EQUITY

Littleton Consumer Cooperative

The Cooperative's legal organization is determined by federal and state laws and by its By-Laws (pursuant to the revision adopted effective April 30, 2017) and Certificate of Organization.

Capital stock: The Certificate of Organization authorizes 40,000 shares of stock, \$25 par value. Dividends may be paid on share capital as determined by the board of directors (the Board). An individual or an organization is a member by holding shares of capital stock. A member that holds four or more shares of capital stock is a voting member, entitled to one vote at any meeting of the Cooperative. If a member elects to discontinue membership and request a refund, the Cooperative, at the discretion of the Board, may repurchase all shares from a member or approve the transfer of shares to a person or organization.

Reserve fund: The Cooperative has established a reserve fund, which is also known as "retained earnings." The amended By-Laws do not establish criteria related to the distribution of net earnings to the reserve fund, except for the distribution of profits generated from member-owners in the form of patronage refunds as noted below.

Prior to the amendment of the By-Laws, following the close of the fiscal year, net earnings were first used to replenish accumulated losses, if any. Then the Cooperative was to set aside in the reserve fund an annual allotment of not less than ten percent of the net earnings of the Cooperative for each year (if any) as well as other capital transactions as defined in the By-Laws.

Patronage refunds: According to the amended By-Laws, patronage refunds are determined at the discretion of the Board in accordance with applicable state and federal laws, and accounting principles generally accepted in the United States of America.

Prior to the amendment of the By-Laws, patronage refunds were determined at the discretion of the Board from net earnings that were not allocated to the reserve fund, non-cumulative dividends, and the education reserve. The patronage refund rate could not exceed the amount of net earnings before provision for income taxes allocable to members based upon the percentage of sales to members. Patronage refunds were calculated under a formula by applying the percentage of sales to members and non-member patrons to calculate member net earnings and non-member earnings (also known as "savings"). The Board could issue patronage refunds in the form of cash, certificates of indebtedness, credit toward purchases at the Cooperative, or up to 50% of the distribution could be provided in the form of credits towards the purchase of capital stock ("share credits"). Patronage refunds of less than \$10 were distributed in the form of merchandise certificates redeemable within the Cooperative. In addition, the Cooperative may have retained up to 5% of earnings to be allocated to an education reserve and also allocated amounts to the Reserve Fund as increases to retained earnings at the discretion of the Board to support general operations of the Cooperative.

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 29, 2018 AND DECEMBER 30, 2017

F) MEMBERS' EQUITY (continued)

Littleton Consumer Cooperative (continued)

Patronage refunds declared were \$42,000 and \$0 for the periods ended December 29, 2018 and December 30, 2017, respectively.

Littleton Food Market

Littleton Food Market has authorized one class of membership interest. Income and loss from any fiscal year shall be generally allocated among members in proportion to their membership interest.

The Littleton Consumer Cooperative has entered into a put and call option agreement with NHBFA CDE, LLC (NHBFA), the holder of a 5% member equity interest in the Littleton Food Market, allowing NHBFA to put their interest in Littleton Food Market to the Littleton Consumer Cooperative at a price of approximately \$26,000. The put option period is for a six-week period beginning October 1, 2023 and ending on November 15, 2023. The Littleton Consumer Cooperative then has a call option for a period of sixty days following the expiration of the put option period. During the call option period, the Littleton Consumer Cooperative can call the investment in Littleton Food Market at a price equal to the fair market value of NHBFA's investment in the Littleton Food Market.

G) RETIREMENT PLAN

Effective January 1, 2018, the Cooperative adopted the Littleton Food Coop 401(k), which is a defined contribution 401(k) plan (the Plan) that covers substantially all employees. Under the terms of the plan, the Cooperative matches 100% of employee contributions up to 3% of employees' eligible compensation, plus 50% of amounts contributed between 3% and 5% of eligible compensation. Matching contributions to the Plan charged to operations were approximately \$50,800 during the period ended December 29, 2018.

The Cooperative terminated the SIMPLE IRA plan (the IRA Plan), which covered substantially all employees of the Cooperative, on December 31, 2017. The Cooperative matched amounts up to 3% of employees' wages based on employee contributions. Matching contributions to the IRA Plan of approximately \$37,100 were charged to operations during the period ended December 30, 2017.

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 29, 2018 AND DECEMBER 30, 2017

H) MAJOR SUPPLIERS

During the period ended December 29, 2018, the Cooperative purchased approximately \$5,767,000 (67% of total purchases) of its goods from an unrelated party and two related parties (AG and NCG, see Note C). At December 29, 2018, amounts due to these suppliers, included in accounts payable, totaled approximately \$246,300.

During the period ended December 30, 2017, the Cooperative purchased approximately \$5,623,000 (77% of total purchases) of its goods from an unrelated party and two related parties (AG and NCG, see Note C). At December 30, 2017, amounts due to these suppliers, included in accounts payable, totaled approximately \$225,900.

I) RELATED PARTY TRANSACTIONS

The Cooperative is a member of AG (see Note C). The Cooperative purchased goods and groceries from AG of approximately \$2,776,000 and \$2,974,000 during the periods ended December 29, 2018 and December 30, 2017, respectively. Amounts due to AG, included in accounts payable, were approximately \$70,000 at December 29, 2018 and \$53,000 at December 30, 2017. Patronage refunds due from AG, included in accounts receivable, were \$40,000 at December 29, 2018 and \$28,000 at December 30, 2017.

The Cooperative has loans with members of \$576,000 at December 29, 2018 and December 30, 2017 (see Note D). Interest expense charged to operations for member loans was approximately \$22,000 during the periods ended December 29, 2018 and December 30, 2017.

The Cooperative offers a 15% discount on purchases made by employees. Total gross sales to employees for the periods ended December 29, 2018 and December 30, 2017 were approximately \$459,000 and \$418,200, respectively. The discounts on these sales were included as reductions to gross sales in the consolidated statements of operations and approximated \$69,000 and \$63,000 for the periods ended December 29, 2018 and December 30, 2017, respectively.

CONSOLIDATING SUPPLEMENTAL INFORMATION

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

CONSOLIDATING BALANCE SHEET

DECEMBER 29, 2018

ASSETS

	Littleton Consumer Cooperative Society, Inc.	Littleton Food Market, LLC	Eliminations	Total
CURRENT ASSETS				
Cash and cash equivalents	\$ 890,653	\$ 49,900	\$ -	\$ 940,553
Accounts receivable	71,047	-	-	71,047
Inventories	662,065	-	-	662,065
Prepaid expenses and other current assets	20,647	-	-	20,647
Total current assets	<u>1,644,412</u>	<u>49,900</u>	<u>-</u>	<u>1,694,312</u>
PROPERTY AND EQUIPMENT, at cost				
Land and improvements	1,360,252	-	-	1,360,252
Buildings and improvements	4,802,444	-	-	4,802,444
Machinery and equipment	1,582,701	-	-	1,582,701
	<u>7,745,397</u>	<u>-</u>	<u>-</u>	<u>7,745,397</u>
Less accumulated depreciation	1,728,043	-	-	1,728,043
	<u>6,017,354</u>	<u>-</u>	<u>-</u>	<u>6,017,354</u>
Construction in process	4,293	-	-	4,293
	<u>6,021,647</u>	<u>-</u>	<u>-</u>	<u>6,021,647</u>
OTHER ASSETS				
Restricted cash	37,352	-	-	37,352
Note receivable	2,000	4,720,800	-	4,722,800
Investments in other cooperative associations	256,513	-	-	256,513
Investment in subsidiary	246,835	-	(246,835)	-
Due from related party	462,300	-	(462,300)	-
Other	62,853	-	-	62,853
	<u>1,067,853</u>	<u>4,720,800</u>	<u>(709,135)</u>	<u>5,079,518</u>
	<u>\$ 8,733,912</u>	<u>\$ 4,770,700</u>	<u>\$ (709,135)</u>	<u>\$12,795,477</u>

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

CONSOLIDATING BALANCE SHEET

DECEMBER 29, 2018

LIABILITIES AND MEMBERS' EQUITY

	Littleton Consumer Cooperative Society, Inc.	Littleton Food Market, LLC	<u>Eliminations</u>	<u>Total</u>
CURRENT LIABILITIES				
Current maturities of long-term debt	\$ 159,000	\$ 99,654	\$ -	\$ 258,654
Accounts payable	356,125	-	-	356,125
Accrued expenses and other current liabilities	353,012	14,297	-	367,309
Total current liabilities	<u>868,137</u>	<u>113,951</u>	<u>-</u>	<u>982,088</u>
LONG-TERM DEBT, less current maturities	<u>7,045,812</u>	<u>3,936,566</u>	<u>-</u>	<u>10,982,378</u>
DUE TO RELATED PARTY	<u>-</u>	<u>462,300</u>	<u>(462,300)</u>	<u>-</u>
DEFERRED INCOME TAXES, net	<u>50,800</u>	<u>-</u>	<u>-</u>	<u>50,800</u>
MEMBERS' EQUITY				
Members' shares	429,450	-	-	429,450
Donated capital	2,340	-	-	2,340
Retained earnings	337,373	-	-	337,373
Members' equity	<u>-</u>	<u>257,883</u>	<u>(257,883)</u>	<u>-</u>
	769,163	257,883	(257,883)	769,163
Noncontrolling interest in subsidiary	<u>-</u>	<u>-</u>	<u>11,048</u>	<u>11,048</u>
	<u>769,163</u>	<u>257,883</u>	<u>(246,835)</u>	<u>780,211</u>
	<u>\$ 8,733,912</u>	<u>\$ 4,770,700</u>	<u>\$ (709,135)</u>	<u>\$ 12,795,477</u>

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF OPERATIONS

FIFTY-TWO WEEK PERIOD ENDED DECEMBER 29, 2018

	Littleton Consumer Cooperative Society, Inc.	Littleton Food Market, LLC	<u>Eliminations</u>	<u>Total</u>
NET SALES	\$ 12,760,368	\$ -	\$ -	\$ 12,760,368
COST OF SALES	<u>8,570,274</u>	<u>-</u>	<u>-</u>	<u>8,570,274</u>
GROSS PROFIT	4,190,094	-	-	4,190,094
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (INCOME)	<u>3,873,787</u>	<u>(990)</u>	<u>-</u>	<u>3,872,797</u>
EARNINGS FROM OPERATIONS	<u>316,307</u>	<u>990</u>	<u>-</u>	<u>317,297</u>
OTHER (INCOME) EXPENSES				
Loss from investment in subsidiary	81,625	-	(81,625)	-
Interest expense	215,920	217,205	-	433,125
Interest income	(2,314)	(130,294)	-	(132,608)
Patronage income	(38,766)	-	-	(38,766)
Other, net	<u>(5,963)</u>	<u>-</u>	<u>-</u>	<u>(5,963)</u>
	<u>250,502</u>	<u>86,911</u>	<u>(81,625)</u>	<u>255,788</u>
EARNINGS (LOSS) BEFORE PATRONAGE REFUND AND INCOME TAXES	65,805	(85,921)	81,625	61,509
PATRONAGE REFUND	<u>42,000</u>	<u>-</u>	<u>-</u>	<u>42,000</u>
EARNINGS (LOSS) BEFORE INCOME TAXES	23,805	(85,921)	81,625	19,509
PROVISION FOR INCOME TAXES	<u>2,800</u>	<u>-</u>	<u>-</u>	<u>2,800</u>
NET EARNINGS (LOSS)	21,005	(85,921)	81,625	16,709
LESS: NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST	<u>-</u>	<u>-</u>	<u>(4,296)</u>	<u>(4,296)</u>
NET EARNINGS (LOSS) ATTRIBUTABLE TO LITTLETON CONSUMER COOPERATIVE SOCIETY, INC.	<u>\$ 21,005</u>	<u>\$ (85,921)</u>	<u>\$ 85,921</u>	<u>\$ 21,005</u>

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF CASH FLOWS

FIFTY-TWO WEEK PERIOD ENDED DECEMBER 29, 2018

	Littleton Consumer Cooperative Society, Inc.	Littleton Food Market, LLC	<u>Eliminations</u>	<u>Total</u>
INCREASE IN CASH AND CASH EQUIVALENTS				
CASH FLOWS FROM OPERATING ACTIVITIES				
Net earnings (loss)	\$ 21,005	\$ (85,921)	\$ 81,625	\$ 16,709
Noncash items included in net earnings (loss):				
Amortization of debt issuance costs included in interest expense	30,564	13,464	-	44,028
Depreciation expense	247,695	-	-	247,695
Patronage refund declared	42,000	-	-	42,000
Patronage from investments in cooperatives received	(3,044)	-	-	(3,044)
Deferred income taxes	2,800	-	-	2,800
Loss from investment in subsidiary	81,625	-	(81,625)	-
Changes in assets and liabilities:				
Accounts receivable	(7,046)	-	-	(7,046)
Inventories	27,600	-	-	27,600
Prepaid expenses and other current assets	3,247	-	-	3,247
Accounts payable	20,787	-	-	20,787
Accrued expenses and other current liabilities	43,629	3,336	-	46,965
	<u>489,857</u>	<u>16,800</u>	<u>(81,625)</u>	<u>425,032</u>
Net cash provided by (used in) operating activities	<u>510,862</u>	<u>(69,121)</u>	<u>-</u>	<u>441,741</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Capital expenditures	(139,782)	-	-	(139,782)
Restricted cash	159,114	-	-	159,114
Due to (from) related party	(169,800)	169,800	-	-
Purchases of investments in cooperatives	(10,292)	-	-	(10,292)
Other assets	(11,428)	-	-	(11,428)
Net cash provided by (used in) investing activities	<u>(172,188)</u>	<u>169,800</u>	<u>-</u>	<u>(2,388)</u>
Subtotal (forward)	\$ 338,674	\$ 100,679	\$ -	\$ 439,353

(CONTINUED)

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF CASH FLOWS

FIFTY-TWO WEEK PERIOD ENDED DECEMBER 29, 2018

	Littleton Consumer Cooperative Society, Inc.	Littleton Food Market, LLC	<u>Eliminations</u>	<u>Total</u>
Subtotal (forwarded)	\$ 338,674	\$ 100,679	\$ -	\$ 439,353
CASH FLOWS FROM FINANCING ACTIVITIES				
Principal payments on long-term borrowings	(15,000)	(93,295)	-	(108,295)
Proceeds from issuance of capital stock, net of cancellations	<u>30,075</u>	<u>-</u>	<u>-</u>	<u>30,075</u>
Net cash provided by (used in) financing activities	<u>15,075</u>	<u>(93,295)</u>	<u>-</u>	<u>(78,220)</u>
Net increase in cash and cash equivalents	353,749	7,384	-	361,133
CASH AND CASH EQUIVALENTS, beginning of period	<u>536,904</u>	<u>42,516</u>	<u>-</u>	<u>579,420</u>
CASH AND CASH EQUIVALENTS, end of period	<u>\$ 890,653</u>	<u>\$ 49,900</u>	<u>\$ -</u>	<u>\$ 940,553</u>
<u>Supplemental Disclosures of Cash Flows Information</u>				
Cash paid during the period for:				
Interest expense	<u>\$ 187,988</u>	<u>\$ 200,405</u>	<u>\$ -</u>	<u>\$ 388,393</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>