



**Ashland Food Co-op**  
FINANCIAL STATEMENTS WITH  
SUPPLEMENTARY INFORMATION  
December 31, 2017 and 2016

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Ashland Food Cooperative  
Ashland, Oregon

We have audited the accompanying financial statements of Ashland Food Cooperative, which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of income, owners' equity, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Ashland Food Cooperative as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Wegner CPAs LLP*

Wegner CPAs, LLP  
Madison, Wisconsin  
April 12, 2018

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**ASHLAND FOOD COOPERATIVE**  
**BALANCE SHEETS**  
December 31, 2017 and 2016

	2017	2016
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,773,366	\$ 1,984,969
Certificates of deposit	3,674,898	3,408,631
Accrued interest receivable	5,670	2,288
Employee payroll advances	7,220	7,572
Other receivables	19,782	15,038
Inventory	754,583	741,146
Prepaid insurance	14,383	13,337
Prepaid property tax	22,993	22,032
<b>Total current assets</b>	<b>6,272,895</b>	<b>6,195,012</b>
<b>PROPERTY AND EQUIPMENT</b>		
Land	579,278	579,278
Building and improvements	3,391,846	3,392,751
Equipment	1,579,063	1,440,390
<b>Property and equipment</b>	<b>5,550,187</b>	<b>5,412,419</b>
Accumulated depreciation	(2,330,498)	(2,110,115)
<b>Property and equipment - net</b>	<b>3,219,689</b>	<b>3,302,304</b>
<b>OTHER ASSETS</b>		
Deposits	79,058	54,723
Loan to other cooperative	94,017	97,140
Investment in National Cooperative Grocers	280,866	245,706
<b>Total other assets</b>	<b>453,941</b>	<b>397,569</b>
<b>Total assets</b>	<b>\$ 9,946,525</b>	<b>\$ 9,894,885</b>

See accompanying notes.

**ASHLAND FOOD COOPERATIVE**  
**BALANCE SHEETS**  
December 31, 2017 and 2016

	2017	2016
<b>LIABILITIES AND OWNERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 967,690	\$ 1,018,710
Unredeemed gift certificates	94,570	102,000
Retirement plan contribution payable	9,803	39,857
Accrued payroll and payroll taxes	262,255	260,334
Accrued productivity bonus	38,369	111,457
Accrued profit share bonus	91,736	156,513
Accrued vacation and sick pay	300,117	287,342
Accrued medical claims liability	170,000	170,000
Patronage dividends payable	163,349	287,354
Unclaimed patronage dividends	(8,334)	(4,602)
<b>Total current liabilities</b>	<b>2,089,555</b>	<b>2,428,965</b>
<b>OTHER LIABILITIES</b>		
Deferred income taxes	151,000	150,000
<b>Total liabilities</b>	<b>2,240,555</b>	<b>2,578,965</b>
<b>OWNERS' EQUITY</b>		
Membership stock	1,019,453	982,108
Patronage dividends retained	3,370,036	3,130,593
Retained earnings	3,316,481	3,203,220
<b>Total owners' equity</b>	<b>7,705,970</b>	<b>7,315,921</b>
<b>Total liabilities and owners' equity</b>	<b>9,946,525</b>	<b>\$ 9,894,885</b>

See accompanying notes.

**ASHLAND FOOD COOPERATIVE**  
**STATEMENTS OF INCOME**  
Years Ended December 31, 2017 and 2016

	<u>2017</u>		<u>2016</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Sales	\$ 29,737,203	100.00	\$ 30,794,229	100.00
Less cost of goods sold	<u>19,074,672</u>	<u>64.14</u>	<u>19,604,281</u>	<u>63.66</u>
Gross profit	10,662,531	35.86	11,189,948	36.34
Other operating revenue	<u>89,419</u>	<u>0.30</u>	<u>69,599</u>	<u>0.23</u>
Net revenue from operations	10,751,950	36.16	11,259,547	36.57
Operating expenses				
Payroll expenses	7,931,122	26.67	8,241,971	26.76
General and administrative expenses	<u>2,315,562</u>	<u>7.79</u>	<u>2,227,789</u>	<u>7.23</u>
Total operating expenses	<u>10,246,684</u>	<u>34.46</u>	<u>10,469,760</u>	<u>33.99</u>
Income from operations	505,266	1.70	789,787	2.58
Other income (expenses)				
Interest income	20,575	0.07	10,692	0.03
Gain (Loss) on disposal of equipment	2,500	0.01	(4,912)	(0.02)
Other income	<u>17,488</u>	<u>0.06</u>	<u>23,290</u>	<u>0.08</u>
Total other income (expenses)	<u>40,563</u>	<u>0.14</u>	<u>29,070</u>	<u>0.09</u>
Net income before provision for income taxes	545,829	1.84	818,857	2.67
Provision for income taxes	<u>35,358</u>	<u>0.12</u>	<u>68,230</u>	<u>0.22</u>
<b>Net income</b>	<u><u>\$ 510,471</u></u>	<u><u>1.72</u></u>	<u><u>\$ 750,627</u></u>	<u><u>2.45</u></u>

See accompanying notes.

**ASHLAND FOOD COOPERATIVE**  
**STATEMENTS OF OWNERS' EQUITY**  
Years Ended December 31, 2017 and 2016

	<u>Membership Stock</u>	<u>Patronage Dividends Retained</u>	<u>Retained Earnings</u>	<u>Total Owners' Equity</u>
Balance January 1, 2016	\$ 937,357	\$ 2,847,242	\$ 3,019,326	\$ 6,803,925
Stock issued	57,721	-	-	57,721
Stock redeemed	(12,970)	-	-	(12,970)
Patronage dividend	-	574,674	(574,674)	-
Patronage dividends payable	-	(287,354)	-	(287,354)
Prior patronage forfeited	-	(3,969)	7,941	3,972
Net income	-	-	<u>750,627</u>	<u>750,627</u>
Balance December 31, 2016	982,108	3,130,593	3,203,220	7,315,921
Stock issued	53,465	-	-	53,465
Stock redeemed	(16,120)	-	-	(16,120)
Patronage dividend	-	408,374	(408,374)	-
Patronage dividends payable	-	(163,349)	-	(163,349)
Prior patronage forfeited	-	(5,582)	11,164	5,582
Net income	-	-	<u>510,471</u>	<u>510,471</u>
Balance December 31, 2017	<u>\$ 1,019,453</u>	<u>\$ 3,370,036</u>	<u>\$ 3,316,481</u>	<u>\$ 7,705,970</u>

See accompanying notes.

**ASHLAND FOOD COOPERATIVE**  
**STATEMENTS OF CASH FLOWS**  
Years Ended December 31, 2017 and 2016

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 510,471	\$ 750,627
Adjustments to reconcile net income to net cash flows from operating activities		
Depreciation	242,525	210,939
(Gain) Loss on disposal of equipment	(2,500)	4,912
Increase (decrease) in deferred taxes payable	1,000	1,000
(Increase) decrease in assets		
Accrued interest receivable	(3,382)	(685)
Employee payroll advances	352	2,943
Other receivables	(4,744)	(10,616)
Inventory	(13,437)	17,388
Prepaid insurance	(1,046)	151
Prepaid property tax	(961)	(1,915)
Deposits	(24,335)	(13,916)
Investment in National Cooperative Grocers	(35,160)	(16,298)
Increase (decrease) in liabilities		
Accounts payable	(51,020)	23,446
Unredeemed gift certificates	(7,430)	6,000
Retirement plan contribution payable	(30,054)	(760)
Accrued payroll and payroll taxes	1,921	(3,859)
Accrued productivity bonus	(73,088)	(28,428)
Accrued profit share bonus	(64,777)	6,266
Accrued vacation and sick pay	12,775	(1,690)
Income taxes payable	-	(14,452)
Accrued medical claims liability	-	20,000
Unclaimed patronage dividends	(3,732)	(4,280)
<b>Net cash flows from operating activities</b>	<b>453,378</b>	<b>946,773</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for the purchase of property and equipment	(157,410)	(236,280)
Proceeds from loans to other cooperatives	3,123	2,860
Purchases of certificates of deposits	(266,267)	(749,157)
<b>Net cash flows from investing activities</b>	<b>(420,554)</b>	<b>(982,577)</b>

See accompanying notes.



**ASHLAND FOOD COOPERATIVE**  
**STATEMENTS OF CASH FLOWS**  
Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of membership stock	53,465	57,721
Patronage dividends paid	(281,772)	(240,766)
Payments on redemption of membership stock	<u>(16,120)</u>	<u>(12,970)</u>
<b>Net cash flows from financing activities</b>	<u>(244,427)</u>	<u>(196,015)</u>
<b>Net change in cash and cash equivalents</b>	(211,603)	(231,819)
Cash and cash equivalents - beginning of year	<u>1,984,969</u>	<u>2,216,788</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 1,773,366</u>	<u>\$ 1,984,969</u>
<b>SUPPLEMENTAL INFORMATION</b>		
Cash paid for taxes	\$ 23,230	\$ 51,600
Noncash financing activities		
Patronage dividends payable	163,349	287,354
Prior patronage forfeited	5,582	3,972

See accompanying notes.

**ASHLAND FOOD COOPERATIVE**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017 and 2016

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The Cooperative was originally incorporated in 1974 in the state of Oregon as Ashland Community Food Store, Inc., as a community-owned and member-governed nonprofit organization. In 2002 the Cooperative's membership voted to convert to a cooperative corporation and Ashland Food Cooperative (Cooperative) began operations on January 1, 2003. The Cooperative operates a natural foods store in Ashland, Oregon, which emphasizes locally produced, organically grown and ecologically sound products. Through outreach, sponsorship of educational forums, and store events, the Cooperative promotes awareness of natural foods and the environment. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Financial Statement Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

**Cash Equivalents**

The Cooperative considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Accounts Receivable**

The Cooperative considers all accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts has been established. If amounts become uncollectible, they will be charged to operations when that determination is made.

**Certificates of Deposit**

The Cooperative's fifteen certificates of deposits are held in multiple financial institutions and have maturities of 6 to 12 months. Maturity dates range from January to December of 2018 and interest rates range from .05% to 1.55% per year. Management considers the cost basis to approximate fair value.

**Inventory**

Inventory, which consists of grocery items held for resale, is valued at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method.

**Property and Equipment**

The cost of property and equipment in excess of \$5,000 is capitalized at cost and depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for 2017 and 2016 was \$242,525 and \$210,939, and is included in general and administrative expenses.

**ASHLAND FOOD COOPERATIVE**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017 and 2016

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Investment in National Cooperative Grocers**

The equity in National Cooperative Grocers is not readily marketable and is recorded at cost since it may be redeemed at face value only at the discretion of the cooperative's board of directors. The investment is required to maintain participation in the purchase of merchandise or services from the cooperative.

**Income Tax**

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes resulting primarily from the use of different methods and lives of property and equipment for financial and income tax purposes. In addition, a portion of the deferred income taxes results from timing differences in accrued compensated absences and accrued profit sharing bonuses, which are not deductible for income tax purposes unless actually compensated within two and one-half months following the Cooperative's year end.

The deferred taxes represent the future tax return consequences of those differences, which will either be deductible or taxable when the assets and liabilities are recovered or settled. The deferred tax assets and liabilities are determined based on temporary differences between the financial statement carrying value amounts and the tax bases of assets and liabilities using enacted tax rates in effect in the years in which the temporary differences are expected to reverse.

The Cooperative is allowed to deduct for income tax purposes the qualified patronage dividend allocations made by the board of directors. A minimum of 20 percent of the qualified dividend allocations must be paid in cash each year within eight and one-half months following the end of the Cooperative's fiscal year. Dividends not paid in cash are retained and included in the equity of the Cooperative.

**Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Advertising**

Advertising costs are expensed as incurred. Advertising expenses for 2017 and 2016 were \$60,031 and \$81,184.

**ASHLAND FOOD COOPERATIVE**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017 and 2016

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Presentation of Sales Taxes**

The City of Ashland imposes sales tax of 5% on some of the Cooperative sales to nonexempt customers. The Cooperative collects those taxes from customers and remits the entire amount to the city. The Cooperative's accounting policy is to exclude the taxes collected and remitted to the City from sales and cost of sales.

**Date of Management's Review**

Management has evaluated subsequent events through April 12, 2018, the date which the financial statements were available to be issued.

NOTE 2 – LOAN TO OTHER COOPERATIVE

The Cooperative issued a subordinated promissory note for \$100,000 to the NCG-Development Cooperative Loan Fund to support the operations of other cooperatives. The Cooperative receives monthly payments of principal and interest on deployed funds which mature in 2026 and 2027. The investment has an interest rate of 3%. At December 31, 2017 and 2016, the note receivable balance was \$94,017 and \$97,140.

NOTE 3 – ACCRUED MEDICAL CLAIMS LIABILITY

Effective January 1, 2004 the Cooperative adopted a partially self-funded preferred provider organization coinsurance plan for employee group health benefits. Under the plan, a third party administrator processes employee medical claims and the Cooperative is responsible for payment of the claims in accordance with the benefit provisions of the plan. The Cooperative maintains stop-loss insurance under the plan for claims exceeding \$55,000 annually per covered member and dependents. Additionally there is a monthly maximum stop-loss limit based on the number of enrolled participants. The Cooperative accrued an estimated liability of \$170,000 and \$170,000 for unsubmitted claims as of December 31, 2017 and 2016.

NOTE 4 – PENSION PLAN

Employees are eligible for the Cooperative's pension plan after age eighteen, and providing 1,000 hours of service within a one year period. The Cooperative changed certain plan features and adopted a Safe Harbor Plan structure as of January 1, 2010. The Cooperative will match 100% of employee deferrals up to 3% of compensation and half of employee deferrals between 3% and 5% of compensation. The Cooperative may also make additional discretionary matching contributions. Pension expense for 2017 and 2016 was \$170,905 and \$170,423.

**ASHLAND FOOD COOPERATIVE**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017 and 2016

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**NOTE 5 – PROFIT SHARE BONUS**

The Cooperative has an annual profit share bonus plan. Employees are paid a bonus based on a share of the profits before deduction of the profit share bonus, income taxes and patronage dividends. The bonus is calculated as one-half of the profit in excess of 1.5 percent of gross sales, limited to a maximum bonus of one-half of one percent of sales. In effect, the bonus is one-half of the profit increment between 1.5 and 2.5 percent of gross sales. The profit share bonus is to be paid annually to qualifying employees.

The profit share bonus was \$91,736 and \$156,513 for 2017 and 2016.

**NOTE 6 – PRODUCTIVITY BONUS**

The Board of Directors has approved a productivity bonus based on total labor costs as a percentage of sales. The bonus is calculated as the difference between total labor and benefit costs not including insurance benefits, employee relations expenses, or recruitment expenses and 22.0% of sales.

The productivity bonus is to be paid to employees quarterly. The productivity bonus was \$38,342 and \$394,929 for 2017 and 2016.

**NOTE 7 – MEMBERSHIP EQUITY**

Membership investments represent one share of stock in the Cooperative. Membership is available to the general public for a \$100 investment, which may be paid with an initial payment of \$10 followed by quarterly installments of \$10 each. Full participation rights are accorded to each member who is current in payment of the share purchase requirement. Membership entitles the patron to various benefits including participation in the patronage dividend allocations based on purchases from the Cooperative. 100,000 shares are authorized at zero par value. There are 9,913 and 9,656 outstanding at December 31, 2017 and 2016.

**NOTE 8 – SIGNIFICANT CONCENTRATIONS**

**Credit Risk**

The Cooperative maintains cash balances at local, regional and national financial institutions. The Federal Deposit Insurance Corporation insures accounts at each institution up to \$250,000. On December 31, 2017, the Cooperative had uninsured cash balances of \$1,171,822. On December 31, 2016, the Cooperative had uninsured cash balances of \$1,467,272.

**ASHLAND FOOD COOPERATIVE**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017 and 2016

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NOTE 8 – SIGNIFICANT CONCENTRATIONS (continued)

**Vendors**

During 2017 and 2016, the Cooperative purchased 52% and 51% of retail inventory purchases from two vendors.

**Collective Bargaining Agreement**

The Cooperative employs both union and nonunion workers and recognizes the AFC Employee Alliance as a labor organization. The current bargaining agreement covers 80% of the Cooperative's employees, became effective as of January 16, 2018 and remains in effect until a new contract is ratified or both parties consent to terminate the agreement.

NOTE 9 – DESCRIPTION OF LEASING ARRANGEMENTS

In December of 2016, the Cooperative entered into a lease for food preparation and retail space. This lease which runs through December 2021 requires quarterly payments of \$10,000, increasing by 3% each year. Additionally, the Cooperative has agreements to lease certain office equipment with lease terms expiring through 2022.

Lease expense for 2017 and 2016 was \$48,892 and \$45,137.

Future minimum lease payments are as follows:

2018	\$	50,092
2019		51,328
2020		52,601
2021		53,912

NOTE 10 – PURCHASING AGREEMENT

The Cooperative has an agreement through the National Cooperative Grocers (NCG) with United Natural Food, Inc. (UNFI). The Cooperative agrees to use UNFI as its primary supplier in exchange for additional purchase discounts. UNFI provides approximately 35% of the value of items purchased for resale.

As part of this agreement the Cooperative, along with other natural food cooperatives in the Western Corridor, is a member of the Joint Liability Fund (JLF) coordinated by NCG. In order to obtain better terms with UNFI the members of the JLF have guaranteed the debt of the other members of to UNFI. If a member were to default on its debt, the other members would each be responsible for a share of the debt based on their total purchases from UNFI. The total liability for this debt could exceed the amount of the deposit with the JLF.

**ASHLAND FOOD COOPERATIVE**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017 and 2016

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**NOTE 11 – INCOME TAXES**

Federal and state income taxes have been provided for in the statements as follows:

	2017	2016
Federal income tax	\$ 4,358	\$ 37,230
Oregon income tax	30,000	30,000
Total current provision	34,358	67,230
Deferred income tax	1,000	1,000
Provision for income taxes	\$ 35,358	\$ 68,230

**NOTE 12 – PATRONAGE DIVIDENDS**

The Cooperative annually calculates the share of overall net income resulting from members' patronage of the Cooperative. For the year ended December 31, 2017, net income from members' patronage was \$412,232. The Board of Directors declared a patronage dividend of \$408,374 from a portion of patronage net income for 2017. Of the declared dividend, 40 percent will be paid in cash. The liability for cash dividends payable is \$163,349 and the retained patronage dividends are \$245,025 for the year ended December 31, 2017. The 2017 retained patronage dividends are reported in the owners' equity section of the balance sheet.

For the year ended December 31, 2016, net income from members' patronage was \$576,824. The Board of Directors declared a patronage dividend of \$574,674 from a portion of patronage net income for 2016. Of the declared dividend, 50 percent was paid in cash. The liability for cash dividends payable was \$287,354 and the retained patronage dividends were \$287,319 for the year ended December 31, 2016. The 2016 retained patronage dividends were reported in the owners' equity section of the balance sheet.

**NOTE 13 – LINE OF CREDIT**

The Cooperative's \$1,000,000 revolving line of credit matures on August 1, 2018 and carries a floating interest rate of the Prime Rate set by the lender. The balance on the line of credit was \$0 at December 31, 2017 and 2016.

**NOTE 14 – SUBSEQUENT EVENT**

On March 19, 2018 the Cooperative entered into a contract to purchase real estate for \$1,550,000.

**ASHLAND FOOD COOPERATIVE**  
**SCHEDULES OF COST OF GOODS SOLD AND PAYROLL EXPENSES**  
Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Schedules of Cost of Goods Sold</b>		
<b>Beginning inventory</b>	\$ 741,146	\$ 758,534
<b>Purchases</b>		
Mercantile	151,911	173,971
Books	49,393	47,645
Grocery	3,489,119	3,550,615
Frozen	492,430	526,090
Meat	1,817,720	1,906,423
Cooler	1,725,212	1,812,734
Specialties	751,552	759,829
Bulk	1,357,886	1,485,818
Wellness	1,785,335	1,819,223
Bakery	833,735	881,125
Produce	3,826,815	3,757,828
Deli	1,808,609	1,791,408
Beer and wine	877,901	958,678
Deli packaging	121,451	121,751
Purchase discounts	(5,524)	(6,245)
Delivery surcharges	4,565	-
<b>Total beginning inventory and purchases</b>	19,829,256	20,345,427
Less ending inventory	<u>(754,584)</u>	<u>(741,146)</u>
<b>Cost of goods sold</b>	<u>\$ 19,074,672</u>	<u>\$ 19,604,281</u>
<b>Schedules of Payroll Expenses</b>		
	<u>2017</u>	<u>2016</u>
Salaries and wages	\$ 5,874,794	\$ 6,080,620
Payroll taxes	515,383	529,710
Workers compensation insurance	35,859	94,028
Employee discounts	122,148	132,492
Employee benefits	1,382,938	1,405,121
<b>Payroll expenses</b>	<u>\$ 7,931,122</u>	<u>\$ 8,241,971</u>



**ASHLAND FOOD COOPERATIVE**  
**SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES**  
Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Advertising and promotion	\$ 104,882	\$ 124,498
Bad debts	770	240
Bank and merchant credit card fees	388,230	385,514
Board of directors expense	79,359	76,134
Cash short (over)	697	199
Community grants	27,770	25,450
Community oven expense	11,779	15,718
Conferences and seminars	26,437	25,504
Consulting fees	21,945	25,904
Contracted services	113,844	91,467
Depreciation	242,525	210,939
Dues and subscriptions	42,465	42,200
Equipment rental and leasing	62,115	23,108
Insurance	82,095	79,316
Laundry and cleaning supplies	34,660	30,633
Legal and professional	72,495	62,550
Licenses, taxes and fees	5,739	4,505
Meals and entertainment	3,609	4,017
Membership expense	10,251	22,174
Newsletter expense	19,184	39,576
Office expense	151,917	153,526
Postage	4,751	4,996
Property taxes	45,025	42,149
Recruitment	7,428	472
Repairs and maintenance	101,138	96,923
Other personnel expenses	202,910	201,816
Signage	13,108	5,150
Small tools and equipment	35,506	12,833
Store supplies	228,213	242,131
Telephone	11,572	10,708
Trade show expense	3,257	4,195
Travel expense	1,014	491
Utilities	158,872	162,753
<b>General and administrative expenses</b>	<b><u>\$ 2,315,562</u></b>	<b><u>\$ 2,227,789</u></b>