

CONSOLIDATED FINANCIAL STATEMENTS
INDEPENDENT AUDITOR'S REPORT
AND CONSOLIDATING SUPPLEMENTAL INFORMATION
LITTLETON CONSUMER COOPERATIVE SOCIETY, INC.
AND SUBSIDIARY
JANUARY 2, 2021 AND DECEMBER 28, 2019

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

JANUARY 2, 2021 AND DECEMBER 28, 2019

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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 January 2, 2021 and December 28, 2019, and the related consolidated statements of earnings, members' equity, and cash flows for the fifty-three-week and fifty-two-week periods then ended, respectively, 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 January 2, 2021 and December 28, 2019, and the consolidated results of its operations and its cash flows for the fifty-three-week and fifty-two-week periods then ended, respectively, in accordance 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 January 2, 2021, and the related consolidating statements of earnings and cash flows for the fifty-three-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

South Burlington, Vermont
April 26, 2021

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

JANUARY 2, 2021 AND DECEMBER 28, 2019

A S S E T S

	January 2, <u>2021</u>	December 28, <u>2019</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,385,324	\$ 1,061,298
Accounts receivable	66,647	62,663
Inventories	587,122	658,017
Prepaid expenses and other current assets	73,756	30,832
Total current assets	<u>3,112,849</u>	<u>1,812,810</u>
 PROPERTY AND EQUIPMENT, at cost		
Land and improvements	1,360,252	1,360,252
Buildings and improvements	4,822,367	4,820,397
Machinery and equipment	1,644,737	1,589,019
	<u>7,827,356</u>	<u>7,769,668</u>
Less accumulated depreciation	<u>2,240,584</u>	<u>1,986,046</u>
	<u>5,586,772</u>	<u>5,783,622</u>
 OTHER ASSETS		
Restricted cash	51,597	37,395
Note receivable	4,720,800	4,720,800
Investments in other cooperative associations	281,391	267,225
Other	58,540	51,636
	<u>5,112,328</u>	<u>5,077,056</u>
	<u>\$ 13,811,949</u>	<u>\$ 12,673,488</u>

The accompanying notes are an integral part of these statements.

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
JANUARY 2, 2021 AND DECEMBER 28, 2019
LIABILITIES AND MEMBERS' EQUITY

	<u>January 2,</u> <u>2021</u>	<u>December 28,</u> <u>2019</u>
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 269,028	\$ 263,658
Accounts payable	438,352	381,562
Patronage refund payable	208,310	10,240
Accrued expenses and other current liabilities	<u>478,888</u>	<u>347,410</u>
Total current liabilities	<u>1,394,578</u>	<u>1,002,870</u>
LONG-TERM DEBT, less current maturities	<u>11,085,567</u>	<u>10,762,790</u>
DEFERRED INCOME TAXES, net	<u>98,700</u>	<u>64,100</u>
MEMBERS' EQUITY		
Members' shares	696,150	460,700
Donated capital	2,340	2,340
Retained earnings	<u>531,763</u>	<u>373,805</u>
	1,230,253	836,845
Noncontrolling interest in subsidiary	<u>2,851</u>	<u>6,883</u>
	<u>1,233,104</u>	<u>843,728</u>
	<u>\$ 13,811,949</u>	<u>\$ 12,673,488</u>

The accompanying notes are an integral part of these statements.

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF EARNINGS

**FIFTY-THREE WEEK PERIOD ENDED JANUARY 2, 2021
AND FIFTY-TWO WEEK PERIOD ENDED DECEMBER 28, 2019**

	January 2, <u>2021</u>	December 28, <u>2019</u>
NET SALES	\$ 16,873,312	\$ 13,551,995
COST OF SALES	<u>11,120,811</u>	<u>9,118,796</u>
GROSS PROFIT	5,752,501	4,433,199
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	<u>4,951,357</u>	<u>4,154,194</u>
EARNINGS FROM OPERATIONS	<u>801,144</u>	<u>279,005</u>
OTHER (INCOME) EXPENSES		
Interest expense	419,507	426,283
Interest income	(135,270)	(137,227)
Patronage income	(67,040)	(49,730)
Other, net	<u>(9,563)</u>	<u>(5,888)</u>
	<u>207,634</u>	<u>233,438</u>
EARNINGS BEFORE PATRONAGE REFUND AND INCOME TAXES	593,510	45,567
PATRONAGE REFUND	<u>400,000</u>	<u>-</u>
EARNINGS BEFORE INCOME TAXES	193,510	45,567
PROVISION FOR INCOME TAXES	<u>39,584</u>	<u>13,300</u>
NET EARNINGS	153,926	32,267
LESS: NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST	<u>(4,032)</u>	<u>(4,165)</u>
NET EARNINGS ATTRIBUTABLE TO LITTLETON CONSUMER COOPERATIVE SOCIETY, INC.	<u>\$ 157,958</u>	<u>\$ 36,432</u>

The accompanying notes are an integral part of these statements.

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY

**FIFTY-THREE WEEK PERIOD ENDED JANUARY 2, 2021
AND FIFTY-TWO WEEK PERIOD ENDED DECEMBER 28, 2019**

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, December 29, 2018	15,580	\$ 389,500	\$ 39,950	\$ -	\$ 429,450	\$ 2,340	\$ 337,373	\$ 769,163	\$ 11,048	\$ 780,211
Shares issued, net of cancellations	1,250	31,250	-	-	31,250	-	-	31,250	-	31,250
Net earnings (loss)	-	-	-	-	-	-	36,432	36,432	(4,165)	32,267
BALANCE, December 28, 2019	16,830	420,750	39,950	-	460,700	2,340	373,805	836,845	6,883	843,728
Shares issued, net of cancellations	1,418	35,450	-	-	35,450	-	-	35,450	-	35,450
Net earnings (loss)	-	-	-	-	-	-	157,958	157,958	(4,032)	153,926
Allocation of patronage refund to be issued as capital stock	-	-	-	200,000	200,000	-	-	200,000	-	200,000
BALANCE, January 2, 2021	<u>18,248</u>	<u>\$ 456,200</u>	<u>\$ 39,950</u>	<u>\$ 200,000</u>	<u>\$ 696,150</u>	<u>\$ 2,340</u>	<u>\$ 531,763</u>	<u>\$1,230,253</u>	<u>\$ 2,851</u>	<u>\$1,233,104</u>

The accompanying notes are an integral part of these statements.

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

**FIFTY-THREE WEEK PERIOD ENDED JANUARY 2, 2021
AND FIFTY-TWO WEEK PERIOD ENDED DECEMBER 28, 2019**

	January 2, <u>2021</u>	December 28, <u>2019</u>
INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings	\$ 153,926	\$ 32,267
Noncash items included in net earnings:		
Amortization of debt issuance costs included in interest expense	44,028	44,029
Depreciation expense	254,538	258,001
Patronage refund allocated to capital	200,000	-
Patronage received from investments in cooperatives	(14,166)	(10,712)
Deferred income taxes	34,600	13,300
Changes in assets and liabilities:		
Accounts receivable	(3,984)	8,384
Inventories	70,895	4,048
Prepaid expenses and other current assets	(42,924)	(10,185)
Accounts payable	56,790	25,437
Patronage refund payable	200,000	-
Accrued expenses and other current liabilities	131,478	(9,659)
	<u>931,255</u>	<u>322,643</u>
Net cash provided by operating activities	<u>1,085,181</u>	<u>354,910</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(57,688)	(19,976)
Other assets	(6,904)	13,217
Net cash used in investing activities	<u>(64,592)</u>	<u>(6,759)</u>
Subtotal (forward)	<u>\$ 1,020,589</u>	<u>\$ 348,151</u>

(CONTINUED)

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

**FIFTY-THREE WEEK PERIOD ENDED JANUARY 2, 2021
AND FIFTY-TWO WEEK PERIOD ENDED DECEMBER 28, 2019**

	January 2, <u>2021</u>	December 28, <u>2019</u>
Subtotal (forwarded)	\$ <u>1,020,589</u>	\$ <u>348,151</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term borrowings	(265,481)	(258,613)
Proceeds from Paycheck Protection Program loan	549,600	-
Net proceeds from issuance of capital stock	35,450	31,250
Patronage refunds paid	<u>(1,930)</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>317,639</u>	<u>(227,363)</u>
Net increase in cash and cash equivalents and restricted cash	1,338,228	120,788
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, beginning of period	<u>1,098,693</u>	<u>977,905</u>
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, end of period	<u>\$ 2,436,921</u>	<u>\$ 1,098,693</u>
<u>Supplemental Disclosures of Cash Flows Information</u>		
Cash paid during the period for:		
Interest expense	<u>\$ 386,096</u>	<u>\$ 381,071</u>
Income taxes	<u>\$ 52,929</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

JANUARY 2, 2021 AND DECEMBER 28, 2019

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 67% and 64% of total sales for the periods ending January 2, 2021 and December 28, 2019.

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 E) which 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 period ended January 2, 2021 ("2020") included fifty-three weeks and the fiscal period ended December 28, 2019 ("2019") 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. Inventory

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

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 2, 2021 AND DECEMBER 28, 2019

A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES (continued)

5. 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). The disbursement account included proceeds received from long-term debt (see Note E), which were borrowed under long-term debt agreements, pledged as collateral for the related long-term debt, and were available to fund future qualifying construction costs. During 2020 and 2019, all proceeds in the disbursement account were used in approved projects; therefore, there were no amounts in restricted cash related to the disbursement fund at January 2, 2021 and December 28, 2019. 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.

Amounts included in cash and cash equivalents and restricted cash were as follows at January 2, 2021 and December 28, 2019:

	January 2, 2021	December 28, 2019
Cash and cash equivalents	\$2,385,324	\$1,061,298
Restricted cash	<u>51,597</u>	<u>37,395</u>
	<u>\$2,436,921</u>	<u>\$1,098,693</u>

6. 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 January 2, 2021 and December 28, 2019, no allowance was required.

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 2, 2021 AND DECEMBER 28, 2019

A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES (continued)

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.

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 2020 or 2019.

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 2020 or 2019.

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 income 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.

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 2, 2021 AND DECEMBER 28, 2019

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, Littleton Consumer Cooperative 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 earnings.

11. Revenue and cost recognition

Revenues are recognized net of sales taxes at the time merchandise is sold to the customer, in an amount that reflects the consideration expected to be received in exchange for those goods. Discounts, which do not provide the customer with an option that is a material right, are recognized as a reduction in revenues and were approximately \$250,000 in 2020 and \$179,000 in 2019.

The Cooperative also enters into arrangements with card processors to facilitate credit and debit card transactions with customers. The Cooperative is charged processing fees, which are paid on behalf of the customer and included in selling, general and administrative expenses in the consolidated statements of earnings of approximately \$224,000 in 2020 and \$176,000 in 2019.

12. Advertising expenses

Advertising costs are charged to operations when incurred. Advertising expenses charged to operations were approximately \$52,900 in 2020 and \$70,200 in 2019.

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 earnings.

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 2, 2021 AND DECEMBER 28, 2019

A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES (continued)

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.

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 26, 2021, the date the consolidated financial statements were available to be issued.

B) NOTE RECEIVABLE

During 2016, in connection with financing agreements to finance a building expansion, Littleton Food Market used the proceeds of long-term debt from Mascoma Bank and New Hampshire Community Loan Fund (Note E) 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.

Littleton Food Market has entered into a put and call option agreement. The put option provides US Bancorp Community Development Corporation the right to require Littleton Food Market to purchase their interest in Twain at a price of \$1,000 for a term of six months commencing October 1, 2023. The call option provides Littleton Food Market the right to require US Bancorp Community Development Corporation to sell its investment in Twain to the Littleton Food Market at a price equal to the fair market value of Twain for a term of six months following the expiration of the put option period.

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 2, 2021 AND DECEMBER 28, 2019

C) INVESTMENTS IN OTHER COOPERATIVE ASSOCIATIONS

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

	<u>January 2, 2021</u>	<u>December 28, 2019</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 January 2, 2021 and December 28, 2019. The Cooperative owns 1,079 shares at January 2, 2021 and December 28, 2019 of Class B stock.	\$ 219,352	\$ 219,352
National Cooperative Grocers (NCG) –		
A business services cooperative that provides members with a variety of programs and services to improve operations, including purchasing and payment agreements with suppliers and 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 January 2, 2021 and December 28, 2019, the Cooperative owns one share of voting stock.	58,939	44,773
Other	<u>3,100</u>	<u>3,100</u>
	<u>\$ 281,391</u>	<u>\$ 267,225</u>

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 2, 2021 AND DECEMBER 28, 2019

D) NOTE PAYABLE – LINE OF CREDIT

The Cooperative had a line of credit with \$150,000 of availability with the Cooperative Fund of New England, Inc. (CFNE), which expired in March 2020 and was not renewed. Interest was payable monthly at a fixed rate of 5.5%. The line of credit was secured by inventory and certain assets and was subordinated to the MCD Subsidiary CDE 3, LLC long term debt agreement (see Note E), as defined. There were no advances outstanding on the line of credit at December 28, 2019.

E) LONG-TERM DEBT AND SUBSEQUENT EVENTS

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 provided 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.

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 2, 2021 AND DECEMBER 28, 2019

E) LONG-TERM DEBT AND SUBSEQUENT EVENTS (continued)

Long-term debt consists of the following at:

	January 2, <u>2021</u>	December 28, <u>2019</u>
<u>Littleton Consumer Cooperative</u>		
<i>Related parties (members) –</i>		
Unsecured agreements with multiple Littleton Consumer Cooperative members, payable in four annual installments, which commenced 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. Paid in full in March 2021.	\$ 288,000	\$ 432,000
<i>Unrelated parties:</i>		
MCD Subsidiary CDE 3, LLC (MCD, a subsidiary of Twain), (see Note B) –		
The following 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 2023. Balance is presented net of deferred financing costs of \$90,868 at January 2, 2021 and \$112,520 at December 28, 2019.	4,629,932	4,608,280
Note payable with monthly interest-only payments at 2.46%, due September 2051. The balance is presented net of deferred financing costs of \$58,191 at January 2, 2021 and \$67,103 at December 28, 2019.	1,885,009	1,876,097
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>145,000</u>	<u>160,000</u>
Subtotal (forward)	<u>\$ 6,947,941</u>	<u>\$ 7,076,377</u>

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 2, 2021 AND DECEMBER 28, 2019

E) LONG-TERM DEBT AND SUBSEQUENT EVENTS (continued)

	January 2, <u>2021</u>	December 28, <u>2019</u>
Subtotal (forwarded)	\$ 6,947,941	\$ 7,076,377
<u>Littleton Consumer Cooperative (continued)</u>		
<i>Unrelated parties (continued):</i>		
Mascoma Savings Bank –		
Unsecured note payable in connection with the Paycheck Protection Program (PPP), established by the federal government Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to assist qualifying small businesses in paying their employees and certain other expenses during the COVID-19 crisis. The loan is forgivable if the Organization meets certain criteria established under the PPP loan program. Subsequent to year-end, Littleton Consumer Cooperative received forgiveness for all funds borrowed under the Program in February 2021.	<u>549,600</u>	<u>-</u>
Total Littleton Consumer Cooperative	<u>7,497,541</u>	<u>7,076,377</u>
<u>Littleton Food Market</u>		
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 \$22,394 at January 2, 2021 and \$30,536 at December 28, 2019.	<u>2,956,399</u>	<u>3,031,096</u>
Subtotal (forward)	<u>\$ 2,956,399</u>	<u>\$ 3,031,096</u>

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 2, 2021 AND DECEMBER 28, 2019

E) LONG-TERM DEBT AND SUBSEQUENT EVENTS (continued)

	January 2, <u>2021</u>	December 28, <u>2019</u>
Subtotal (forwarded)	\$ 2,956,399	\$ 3,031,096
<i>Littleton Food Market (continued)</i>		
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 \$14,634 at January 2, 2021 and \$19,955 at December 28, 2019.		
	<u>900,655</u>	<u>918,975</u>
Total Littleton Food Market	<u>3,857,054</u>	<u>3,950,071</u>
Total long-term debt	11,354,595	11,026,448
Principal payments due within one year	<u>269,028</u>	<u>263,658</u>
	<u>\$ 11,085,567</u>	<u>\$ 10,762,790</u>

As of January 2, 2021, long-term debt matures as follows:

Fiscal Periods Ending on or Around <u>December 31,</u>	<u>Amount</u>
2021	\$ 269,028
2022	274,559
2023	4,854,937
2024	3,564,358
2025	15,000
Thereafter	2,013,200
PPP loan forgiven subsequent to year-end	<u>549,600</u>
	11,540,682
Deferred financing costs	<u>(186,087)</u>
	<u>\$ 11,354,595</u>

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 2, 2021 AND DECEMBER 28, 2019

F) INCOME TAXES

The provision for income taxes consists of the following for the periods ended:

	<u>January 2,</u> <u>2021</u>	<u>December 28,</u> <u>2019</u>
Currently payable, net of benefit of net operating loss carryforwards of approximately \$32,400 in 2020 and \$37,700 in 2019	\$ 4,984	\$ -
Deferred	<u>34,600</u>	<u>13,300</u>
	<u>\$ 39,584</u>	<u>\$ 13,300</u>

Deferred tax assets and liabilities consist of the following at:

	<u>January 2,</u> <u>2021</u>	<u>December 28,</u> <u>2019</u>
Deferred tax assets:		
Accrued expenses	\$ 44,700	\$ 31,800
Net operating loss carryforwards	81,900	114,300
Other	<u>16,100</u>	<u>40,200</u>
	<u>142,700</u>	<u>186,300</u>
Deferred tax liabilities:		
Depreciation	233,000	242,000
Accrued patronage refund receivable	<u>8,400</u>	<u>8,400</u>
	<u>241,400</u>	<u>250,400</u>
Net deferred tax liabilities	<u>\$ (98,700)</u>	<u>\$ (64,100)</u>

At January 2, 2021, the Cooperative has approximately \$388,000 of net operating loss carryforwards, which were generated prior to the enactment by the United States of the Tax Cuts and Jobs Act, and accordingly are available to reduce future federal taxable income without limitation of their use on an annual basis, expiring through 2037.

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, 2017.

During 2020 and 2019, the Cooperative recognized no interest or penalties related to unrecognized tax benefits.

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 2, 2021 AND DECEMBER 28, 2019

G) 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 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.

Patronage refunds: According to the 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.

Patronage refunds are determined from net earnings that were not allocated to the reserve fund, non-cumulative dividends, and the education reserve. The patronage refund rate cannot exceed the amount of net earnings before provision for income taxes allocable to members based upon the percentage of sales to members. Patronage refunds are 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 may issue patronage refunds in the form of cash, certificates of indebtedness, credit toward purchases at the Cooperative, or up to 80% of the distribution could be provided in the form of credits towards the purchase of capital stock ("share credits").

Patronage refunds declared were \$400,000 for the period ended January 2, 2021, of which \$200,000 is included in patronage refund payable and \$200,000 is retained as allocated capital. There were no patronage refunds for the period ended December 28, 2019. Patronage refund credits were \$39,950 at January 2, 2021 and December 28, 2019.

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 2, 2021 AND DECEMBER 28, 2019

G) MEMBERS' EQUITY (continued)

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 which it 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.

H) RETIREMENT PLAN

The Cooperative has a defined contribution 401(k) 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 \$49,100 in 2020 and \$44,500 in 2019.

I) MAJOR SUPPLIERS

During 2020 and 2019, the Cooperative purchased approximately \$7,329,000 and \$5,693,000 (66% and 62% of total purchases, respectively) of its goods from two related parties (AG and NCG). During 2020 and 2019, purchases from NCG relate to payments made under purchasing agreements, which provide the Cooperative with goods from certain suppliers, which are unrelated parties. At January 2, 2021 and December 28, 2019, amounts due to these related parties, included in accounts payable, totaled approximately \$229,000 and \$189,000, respectively.

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 2, 2021 AND DECEMBER 28, 2019

J) RELATED PARTY TRANSACTIONS

The Cooperative is a member of AG and NCG (see Note C).

In 2020, the Cooperative purchased goods from AG and NCG of approximately \$3,805,000 and \$3,524,000, respectively. Amounts due to AG and NCG, included in accounts payable, were approximately \$54,000 and \$176,000 at January 2, 2021, respectively. In 2019, the Cooperative purchased goods from AG and NCG of approximately \$2,881,000 and \$2,812,000, respectively. Amounts due to AG and NCG, included in accounts payable, were approximately \$62,000 and \$127,000 at December 28, 2019, respectively. Patronage refunds due from AG and NCG, included in accounts receivable, were \$40,000 at January 2, 2021 and December 28, 2019.

The Cooperative has loans with members of \$288,000 at January 2, 2021 and \$432,000 at December 29, 2018 (see Note E). Interest expense charged to operations for member loans was approximately \$12,100 and \$17,600 during the periods ended January 2, 2021 and December 28, 2019, respectively.

The Cooperative offers a 15% discount, which was temporarily increased to 25% during the month of May 2020, on purchases made by employees. Total gross sales to employees for 2020 and 2019 were approximately \$617,000 and \$462,000, respectively. The discounts on these sales were included as reductions to gross sales in the consolidated statements of earnings and approximated \$97,800 in 2020 and \$69,400 in 2019.

K) BUSINESS RISK

General economic conditions

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and federal and state governmental actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Cooperative operates.

While it is unknown how long these conditions will last and what the complete financial effect will be to the Cooperative, the Cooperative is experiencing increased revenues. However, an increase in the spread of the virus could result in more restrictive government regulation, which could have a negative impact on sales, and increase labor and inventory supply shortages, which could cause an interruption to operations and result in difficulties in meeting debt covenants. The Cooperative's reliance on two significant suppliers could also impact operations and make it possible that they are vulnerable to the risk of a near-term severe impact.

CONSOLIDATING SUPPLEMENTAL INFORMATION

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

CONSOLIDATING BALANCE SHEET

JANUARY 2, 2021

ASSETS

	Littleton Consumer Cooperative Society, Inc.	Littleton Food Market, LLC	Eliminations	Total
CURRENT ASSETS				
Cash and cash equivalents	\$ 2,355,931	\$ 29,393	\$ -	\$ 2,385,324
Accounts receivable	66,647	-	-	66,647
Inventories	587,122	-	-	587,122
Prepaid expenses and other current assets	73,756	-	-	73,756
Total current assets	<u>3,083,456</u>	<u>29,393</u>	<u>-</u>	<u>3,112,849</u>
PROPERTY AND EQUIPMENT, at cost				
Land and improvements	1,360,252	-	-	1,360,252
Buildings and improvements	4,822,367	-	-	4,822,367
Machinery and equipment	1,644,737	-	-	1,644,737
	7,827,356	-	-	7,827,356
Less accumulated depreciation	2,240,584	-	-	2,240,584
	<u>5,586,772</u>	<u>-</u>	<u>-</u>	<u>5,586,772</u>
OTHER ASSETS				
Restricted cash	51,597	-	-	51,597
Note receivable	-	4,720,800	-	4,720,800
Investments in other cooperative associations	281,391	-	-	281,391
Investment in subsidiary	91,080	-	(91,080)	-
Due from related party	787,750	-	(787,750)	-
Other	58,540	-	-	58,540
	<u>1,270,358</u>	<u>4,720,800</u>	<u>(878,830)</u>	<u>5,112,328</u>
	<u>\$ 9,940,586</u>	<u>\$ 4,750,193</u>	<u>\$ (878,830)</u>	<u>\$ 13,811,949</u>

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

CONSOLIDATING BALANCE SHEET

JANUARY 2, 2021

LIABILITIES AND MEMBERS' EQUITY

	Littleton Consumer Cooperative Society, Inc.	Littleton Food Market, LLC	Eliminations	Total
CURRENT LIABILITIES				
Current maturities of long-term debt	\$ 159,000	\$ 110,028	\$ -	\$ 269,028
Accounts payable	438,352	-	-	438,352
Patronage refund payable	208,310	-	-	208,310
Accrued expenses and other current liabilities	467,430	11,458	-	478,888
Total current liabilities	<u>1,273,092</u>	<u>121,486</u>	<u>-</u>	<u>1,394,578</u>
LONG-TERM DEBT, less current maturities	<u>7,338,541</u>	<u>3,747,026</u>	<u>-</u>	<u>11,085,567</u>
DUE TO RELATED PARTY	<u>-</u>	<u>787,750</u>	<u>(787,750)</u>	<u>-</u>
DEFERRED INCOME TAXES, net	<u>98,700</u>	<u>-</u>	<u>-</u>	<u>98,700</u>
MEMBERS' EQUITY				
Members' shares	696,150	-	-	696,150
Donated capital	2,340	-	-	2,340
Retained earnings	531,763	-	-	531,763
Members' equity	<u>-</u>	<u>93,931</u>	<u>(93,931)</u>	<u>-</u>
	1,230,253	93,931	(93,931)	1,230,253
Noncontrolling interest in subsidiary	<u>-</u>	<u>-</u>	<u>2,851</u>	<u>2,851</u>
	<u>1,230,253</u>	<u>93,931</u>	<u>(91,080)</u>	<u>1,233,104</u>
	<u>\$ 9,940,586</u>	<u>\$ 4,750,193</u>	<u>\$ (878,830)</u>	<u>\$ 13,811,949</u>

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF EARNINGS

FIFTY-THREE WEEK PERIOD ENDED JANUARY 2, 2021

	Littleton Consumer Cooperative Society, Inc.	Littleton Food Market, LLC	Eliminations	Total
NET SALES	\$ 16,873,312	\$ -	\$ -	\$ 16,873,312
COST OF SALES	<u>11,120,811</u>	<u>-</u>	<u>-</u>	<u>11,120,811</u>
GROSS PROFIT	5,752,501	-	-	5,752,501
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	<u>4,951,357</u>	<u>-</u>	<u>-</u>	<u>4,951,357</u>
EARNINGS FROM OPERATIONS	<u>801,144</u>	<u>-</u>	<u>-</u>	<u>801,144</u>
OTHER (INCOME) EXPENSES				
Loss from investment in subsidiary	76,625	-	(76,625)	-
Interest expense	208,555	210,952	-	419,507
Interest income	(4,975)	(130,295)	-	(135,270)
Patronage income	(67,040)	-	-	(67,040)
Other, net	<u>(9,563)</u>	<u>-</u>	<u>-</u>	<u>(9,563)</u>
	<u>203,602</u>	<u>80,657</u>	<u>(76,625)</u>	<u>207,634</u>
EARNINGS (LOSS) BEFORE PATRONAGE REFUND AND INCOME TAXES	597,542	(80,657)	76,625	593,510
PATRONAGE REFUND	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>400,000</u>
EARNINGS (LOSS) BEFORE INCOME TAXES	197,542	(80,657)	76,625	193,510
PROVISION FOR INCOME TAXES	<u>39,584</u>	<u>-</u>	<u>-</u>	<u>39,584</u>
NET EARNINGS (LOSS)	157,958	(80,657)	76,625	153,926
LESS: NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST	<u>-</u>	<u>-</u>	<u>(4,032)</u>	<u>(4,032)</u>
NET EARNINGS (LOSS) ATTRIBUTABLE TO LITTLETON CONSUMER COOPERATIVE SOCIETY, INC.	<u>\$ 157,958</u>	<u>\$ (80,657)</u>	<u>\$ 80,657</u>	<u>\$ 157,958</u>

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF CASH FLOWS

FIFTY-THREE WEEK PERIOD ENDED JANUARY 2, 2021

	Littleton Consumer Cooperative <u>Society, Inc.</u>	Littleton Food Market, LLC	<u>Eliminations</u>	<u>Total</u>
INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH				
CASH FLOWS FROM OPERATING ACTIVITIES				
Net earnings (loss)	\$ 157,958	\$ (80,657)	\$ 76,625	\$ 153,926
Noncash items included in net earnings (loss):				
Amortization of debt issuance costs included in interest expense	30,564	13,464	-	44,028
Depreciation expense	254,538	-	-	254,538
Patronage refund allocated to capital	200,000	-	-	200,000
Patronage received from investments in cooperatives	(14,166)	-	-	(14,166)
Deferred income taxes	34,600	-	-	34,600
Loss from investment in subsidiary	76,625	-	(76,625)	-
Changes in assets and liabilities:				
Accounts receivable	(3,984)	-	-	(3,984)
Inventories	70,895	-	-	70,895
Prepaid expenses and other current assets	(42,924)	-	-	(42,924)
Accounts payable	56,790	-	-	56,790
Patronage refund payable	200,000	-	-	200,000
Accrued expenses and other current liabilities	133,974	(2,496)	-	131,478
	<u>996,912</u>	<u>10,968</u>	<u>(76,625)</u>	<u>931,255</u>
Net cash provided by (used in) operating activities	<u>1,154,870</u>	<u>(69,689)</u>	<u>-</u>	<u>1,085,181</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Capital expenditures	(57,688)	-	-	(57,688)
Due to (from) related party	(155,650)	155,650	-	-
Other assets	(6,904)	-	-	(6,904)
Net cash provided by (used in) investing activities	<u>(220,242)</u>	<u>155,650</u>	<u>-</u>	<u>(64,592)</u>
Subtotal (forward)	\$ <u>934,628</u>	\$ <u>85,961</u>	\$ <u>-</u>	\$ <u>1,020,589</u>

(CONTINUED)

LITTLETON CONSUMER COOPERATIVE SOCIETY, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF CASH FLOWS

FIFTY-THREE WEEK PERIOD ENDED JANUARY 2, 2021

	Littleton Consumer Cooperative Society, Inc.	Littleton Food Market, LLC	Eliminations	Total
Subtotal (forwarded)	\$ 934,628	\$ 85,961	\$ -	\$ 1,020,589
CASH FLOWS FROM FINANCING ACTIVITIES				
Principal payments on long-term borrowings	(159,000)	(106,481)	-	(265,481)
Proceeds from Paycheck Protection Program loan	549,600	-	-	549,600
Net proceeds from issuance of capital stock	35,450	-	-	35,450
Patronage refunds paid	(1,930)	-	-	(1,930)
Net cash provided by (used in) financing activities	424,120	(106,481)	-	317,639
Net increase (decrease) in cash and cash equivalents and restricted cash	1,358,748	(20,520)	-	1,338,228
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, beginning of period	1,048,780	49,913	-	1,098,693
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, end of period	\$ 2,407,528	\$ 29,393	\$ -	\$ 2,436,921
<u>Supplemental Disclosures of Cash Flows Information</u>				
Cash paid during the period for:				
Interest expense	\$ 186,112	\$ 199,984	\$ -	\$ 386,096
Income taxes	\$ 52,929	\$ -	\$ -	\$ 52,929