



MEMORANDUM REPORT

January 10, 2000

TO: County Council

FROM: Joan M. ^{JMP}Pedersen, Program Evaluator
Office of Legislative Oversight

SUBJECT: OLO Memorandum Report: FY 99 Financial Activity for Department of Liquor Control Contracted Stores

This report provides an update on the FY 99 financial activity of the Department of Liquor Control (DLC) program to contract retail outlets. Based on revenue and expenditure information obtained from DLC, the Office of Legislative Oversight (OLO) prepared several statements that compare and contrast financial activity of the four contracted stores. The contracted stores are Kensington, Muddy Branch, Pike, and Flower Avenue.

Two sets of financial statements are attached. The first set (Circles 1-5) show financial activity for the four contracted stores for FY 99 as compared to the average activity for the DLC stores, then show activity for each contracted store for FY 99 as compared to store performance in FY 98. The second set of statements (Circles 6-9) display the financial history of each contracted store for one year before and for each year after the County contracted out the store operation. There is one statement for each of the four contracted stores.

The attached financial statements include the following.

- ◆ Comparison of contracted stores to average activity for 21 DLC stores (Circle 1a)
- ◆ Comparison of contracted stores to average activity for 17 DLC stores not contracted (Circle 1b)
- ◆ Changes in financial activity from FY 98 to FY 99 for the Kensington store (Circle 2)
- ◆ Changes in financial activity from FY 98 to FY 99 for the Muddy Branch store (Circle 3)
- ◆ Changes in financial activity from FY 98 to FY 99 for the Pike store (Circle 4)
- ◆ Changes in financial activity from FY 98 to FY 99 for the Flower Avenue store (Circle 5)
- ◆ History of financial activity for the Kensington store, FY 92 through FY 99 (Circle 6)
- ◆ History of financial activity for the Muddy Branch store, FY 92 through FY 99 (Circle 7)
- ◆ History of financial activity for the Pike store, FY 92 through FY 99 (Circle 8)
- ◆ History of financial activity for the Flower Avenue store, FY 94 through FY 99 (Circle 9)

Office of Legislative Oversight

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Comparison of Contract Store Performance Against Averages

The first financial statement (Circle 1a) shows financial activity for each of the four contracted stores in FY 99 and the average for 21 DLC stores, which includes the contracted stores. The second financial statement (Circle 1b) shows financial activity for each of the four contracted stores in FY 99 and the average for 17 DLC stores that are not contracted. Neither statement includes any DLC stores that were open only part of the year. Highlights follow.

- Three of the four contracted stores reported above-average gross sales, as shown below.

Average for 21 stores (including contracted stores)	\$ 2,192,177
Average for 17 stores (excluding contracted stores)	2,154,227
Kensington	2,380,752
Muddy Branch	2,829,271
Pike	2,918,541
Flower Avenue	1,285,290

- Sales to licensees were above average for two of the contracted stores, as demonstrated by the level of discounts given by the contractors.

Average for 21 stores (including contracted stores)	\$ 35,185
Average for 17 stores (excluding contracted stores)	36,110
Kensington	20,313
Muddy Branch	39,358
Pike	53,061
Flower Avenue	12,284

- Three of the contracted stores reported net income higher than the average in both dollars and as a percent of net sales. Net income amounts in FY 99 for the average liquor store and the contracted stores are shown below.

Average for 21 stores	\$ 247,239	11.46 percent of net sales
Average for 17 stores	210,793	9.95 percent of net sales
Kensington	554,362	23.49 percent of net sales
Muddy Branch	490,454	17.58 percent of net sales
Pike	469,758	16.39 percent of net sales
Flower Avenue	93,916	7.38 percent of net sales

- Of the four contracted stores, the Kensington store returned the highest net income to the County, although the store did not have the highest net sales. A partial explanation is the lower operating expenses incurred at the Kensington store as compared to the other contracted stores. Note that rental expense for the Pike store was more than twice that for the average store. The higher rent at the Pike store is due to the size and location of the store.

- For comparison purposes, commissions paid to store contractors were combined with DLC personnel costs (for time spent on audits of inventories) and displayed on the same line as personnel costs associated with operation of an average store. Details on changes in DLC personnel services and contractor commissions follow.

	<u>Kensington</u>	<u>Muddy Branch</u>	<u>Pike</u>	<u>Flower Avenue</u>
Contractor Commissions	\$128,374	\$157,458	\$158,384	\$144,449
DLC Personnel Costs	9,408	26,736	15,402	12,390
Total Personnel/Commissions	<u>\$137,782</u>	<u>\$184,194</u>	<u>\$173,786</u>	<u>\$156,839</u>

Comparison of Kensington Retail Store Financial Activity

The financial statement at Circle 2 shows financial activity of the Kensington store for FY 99 compared to FY 98. The store began operation under contract as of October 19, 1992. The County successfully rebid the contract for this store during FY 98 and reduced the contractor commission rates for the new three-year contract. As of December 8, 1997, commissions paid on regular sales fell from 9.20 percent of net sales to 6.25 percent, and commissions paid on sales to licensees fell from 2.00 percent to .99 percent.

The FY 98 and FY 99 activity shown in the financial statement at Circle 2 represent 12 full months of contractor performance each year. The first pair of columns show FY 98 activity; the second pair show FY 99 activity; and the third pair show the dollar and percentage changes from FY 98 to FY 99.

Statement Highlights

- Net sales increased from FY 98 to FY 99 by \$89,133 (+3.92 percent).
- Discounts given (mostly to licensees) decreased by \$3,936 (-16.23 percent) from discounts given in FY 98. Note that discounts had also declined from FY 97 to FY 98 by \$6,745 (-21.76 percent).
- Personnel services/contractor commissions decline by \$36,575 (-20.98 percent). Note that these expenses had also declined from FY 97 to FY 98 by \$40,303 (-18.78). DLC personnel costs for inventory audits decreased substantially during FY 99, and the County paid lower contractor commissions due to a commission rate reduction that took effect in mid-year FY 98. Details on changes in DLC personnel services and contractor commissions follow.

<u>Category</u>	<u>FY 98</u>	<u>FY 99</u>	<u>\$ Change</u>	<u>% Change</u>
DLC personnel services	\$ 36,568	\$ 9,408	\$ (27,160)	- 74.27
Contractor commissions	137,789	128,374	(9,415)	- 6.83
Totals	<u>\$174,357</u>	<u>\$137,782</u>	<u>\$ (36,575)</u>	- 20.98

- Total operating expenses decreased by \$43,738 (10.85 percent) from FY 98 to FY 99. Major changes in operating expenses included: personnel services/contractor commissions decreased by \$36,575, due to lower commissions at the store and lower DLC personnel costs for inventory audits; repairs and maintenance costs decreased by \$8,697; and rental expenses declined by \$1,746. Credit card service fees increased by \$3,789 and miscellaneous expenses increased by \$2,964.
- Because of higher sales revenues and lower operating expenses, the Kensington store produced an increase in net income to the County of \$218,813 (+65.21 percent) in FY 99 over FY 98.

Comparison of Muddy Branch Retail Store Financial Activity

The financial statement at Circle 3 shows financial activity of the Muddy Branch store for FY 99 compared to FY 98. This store began operation under contract on December 7, 1992. The County successfully rebid the contract for this store during FY 98 and reduced the contractor commission rates for the new three-year contract. As of October 26, 1997, commissions paid on regular sales fell from 8.50 percent of net sales to 6.24 percent, and commissions paid on sales to licensees fell from 2.00 percent to 1.95 percent.

The FY 98 and FY 99 activity shown in the financial statement at Circle 3 represent 12 full months of contractor performance each year. The first pair of columns show FY 98 activity; the second pair show FY 99 activity; and the third pair show the dollar and percentage changes from FY 98 to FY 99.

Statement Highlights

- Net sales increased from FY 98 to FY 99 by \$128,354 (+4.82) percent.
- Discounts given (mostly to licensees) declined by \$6,6429 (-14.44 percent) from discounts given in FY 98.
- Personnel services/contractor commissions increased by \$4,986 (+2.78 percent). Although DLC personnel costs for inventory audits increased slightly during FY 99, contractor commissions declined because of a reduction in commission rates negotiated in FY 98. Details on changes in DLC personnel services and contractor commissions follow.

<u>Category</u>	<u>FY 98</u>	<u>FY 99</u>	<u>\$ Change</u>	<u>% Change</u>
DLC personnel services	\$ 9,967	\$ 26,736	\$ 16,769	+168.21
Contractor commissions	169,241	157,458	(11,783)	- 5.91
Totals	<u>\$179,208</u>	<u>\$184,194</u>	<u>\$ 4,986</u>	+ 2.83

- Total operating expenses increased by \$87,445 (+22.63 percent) from FY 98 to FY 99. Major changes in operating expenses included: communication expenses fell by \$2,393; rental costs increased by \$66,500 (+81.17 percent); contractor commissions/personnel costs increased by \$4,986; repairs and maintenance costs increased by \$6,113 (+245.70 percent); credit card service fees increased by \$5,789; miscellaneous expenses increased by \$2,282; and warehouse expenses allocated to the store went up by \$4,423 because of higher sales for the year
- Because the higher sales revenues more than offset the slightly higher overall operating expenses, the Muddy Branch store produced an increase in net income to the County of \$7,854 (+1.63 percent) in FY 99 over FY 98.

Comparison of Pike Retail Store Financial Activity

The financial statement at Circle 4 shows financial activity of the Pike store for FY 98 compared to FY 99. This store began operation under contract on October 26, 1992. The County successfully rebid the contract for this store during FY 98 and reduced the contractor commission rates for the new three-year contract. As of November 1, 1997, commissions paid on regular sales fell from 10.75 percent of net sales to 5.99 percent, and commissions paid on sales to licensees fell from 2.00 percent to 1.95 percent.

The FY 98 and FY 99 activity shown in the financial statement Circle 4 represent 12 full months of contractor performance each year. The first pair of columns show FY 97 activity; the second pair show FY 98 activity; and the third pair show the changes from FY 98 to FY 99.

Statement Highlights

- Net sales declined from FY 98 to FY 99 by \$20,731 (-0.72 percent).
- Discounts given (mostly to licensees) increased by \$7,487 (+16.43 percent) over discounts given in FY 98.
- Personnel services/contractor commissions decreased \$35,671 (-17.03 percent). Although DLC personnel costs increased slightly in FY 99, commissions paid to the contractor fell substantially due to a combination of slightly lower sales and a mid FY 98 reduction in the commission rate paid on product sales. . Details on changes in DLC personnel services and contractor commissions follow.

<u>Category</u>	<u>FY 98</u>	<u>FY 99</u>	<u>\$ Change</u>	<u>% Change</u>
DLC personnel services	\$ 13,697	\$ 15,402	\$ 1,705	+ 12.45
Contractor commissions	195,760	158,384	(37,376)	- 19.09
Totals	<u>\$209,457</u>	<u>\$173,786</u>	<u>\$ (35,671)</u>	- 17.03

- Total operating expenses decreased from FY 98 to FY 99 by \$46,358, or -8.01 percent. Major changes in operating expenses included: personnel services/contractor commissions fell \$35,671, partly due to a decrease in sales and lower commission rates from the year before; rental expenses declined by \$10,174; credit card service fees increased by 1,891; and miscellaneous expenses increased by \$2,771.

- Although sales volume decreased slightly in FY 99, operating expenses declined more substantially, so net income to the County increased by \$122,195 (+35.16 percent) over FY 98.

Comparison of Flower Avenue Retail Store Financial Activity

The financial statement at Circle 5 shows financial activity of the Flower Avenue store for FY 99 compared to FY 98. This store began operation under contract on September 19, 1994. During FY 98, the County extended the contract to September 15, 2001. Sales commission rates paid to the contractor during FY 99 were based on the following terms:

- 13.50 percent on regular net sales to \$999,999
- 10.00 percent on regular net sales in range \$1,000,000-1,249,999
- 8.00 percent on regular net sales in range \$1,250,000-1,999,999
- 6.50 percent on regular net sales at \$2,000,000 or over
- 2.00 percent on licensee and ride-on bus fare card sales

The FY 98 and FY 99 activity shown in the financial statement at Circle 5 represent 12 full months of contractor performance each year. The first pair of columns show the FY 98 activity; the second pair show FY 99 activity; and the third pair show the change from FY 98 to FY 99.

Statement Highlights

- Net sales increased from FY 98 to FY 99 by \$195,626 (+18.16 percent).
- Discounts given (mostly to licensees) increased by \$4,541 (+58.65 percent) over discounts given in FY 98.
- Personnel services/contractor commissions increased \$13,566 (9.47 percent). DLC personnel costs more than doubled in FY 99, and commissions paid to the contractor increased because of higher product sales. Details are as follows:

<u>Category</u>	<u>FY 98</u>	<u>FY 99</u>	<u>\$ Change</u>	<u>% Change</u>
DLC personnel services	\$ 5,994	\$ 12,390	\$ 6,396	+ 106.71
Contractor commissions	<u>137,279</u>	<u>144,449</u>	<u>7,170</u>	+ 5.23
Totals	<u>\$143,273</u>	<u>\$156,839</u>	<u>\$ 13,566</u>	+ 9.47

- Total operating expenses increased by \$10,831 (+3.41 percent) from FY 98 to FY 99. Major changes in operating expenses included: personnel services/contractor commissions increased by \$13,566 (+9.47 percent); credit card service fees increased by \$2,272 (+37.03 percent); miscellaneous expenses increased by \$2,644 (+36.63 percent); warehouse expenses allocated to the store went up by \$6,420 (+22.91 percent) because of higher sales for the year; and rental expenses declined by \$12,118 (-11.48 percent).

- The slight increase in operating expenses was more than offset by higher sales at the Flower Avenue store in FY 99, resulting in higher income to the County of \$56,342 (+149.95 percent) over net income contributed by the store in FY 98.

Financial History of the Contracted Stores

There are four statements at Circles 6-9, one for each of the contracted stores. Each statement shows financial activity for each year and the cumulative effects of performance since the store was contracted out. At Circles 6-8 are statements for the Kensington, Muddy Branch, and Pike stores that show activity for FYs 92 through 99. All three stores were contracted out during FY 93, so the financial activity shown for that fiscal year represents between seven to nine months of contractor performance (contracts began October 19, 1992; October 26, 1992; and December 7, 1992). FY 92 represents the base year for comparison, since that was the last full year the County operated the three stores.

The fourth store is Flower Avenue, which was contracted out during FY 95 (the contract began September 19, 1994). The statement at Circle 9 shows financial activity for this store for FYs 94 through 99. FY 94 represents the base year for comparison, since that was the last full year the County operated the Flower Avenue store.

The tables that follow highlight key results of the FY 99 operation of each of the four contracted stores as compared to the last full year of County operation.

Changes in key indicators for the Kensington store from FY 92 to FY 99.

	FY 92	FY 99	Change	
Net Sales	1,903,894	2,360,439	456,545	<i>24.0% increase</i>
Cost of Goods Sold	1,240,016	1,440,115	200,099	
Operations Gross Profit	663,878	920,324	256,446	
Deduct: Operating Expenses	412,921	359,433	(53,488)	
Depreciation	17,101	6,990	(10,111)	
Net Operating Income	233,856	553,901	320,045	
Add/Deduct: Other	2,134	461	(1,673)	
Net Income	\$ 235,990	\$ 554,362	\$ 318,372	<i>134.9% increase</i>

(Detail for FYs 92 through 99 and the cumulative effects on net income for the Kensington store are shown in the statement at Circle 6.)

Changes in key indicators for the Muddy Branch store from FY 92 to FY 99.

	FY 92	FY 99	Change	
Net Sales	1,729,544	2,789,913	1,060,369	<i>61.3% increase</i>
Cost of Goods Sold	1,109,306	1,817,612	708,306	
Operations Gross Profit	620,238	972,301	352,063	
Deduct: Operating Expenses	334,253	473,826	139,573	
Depreciation	14,760	8,565	(6,195)	
Net Operating Income	271,225	489,910	218,685	
Add/Deduct: Other	1,948	544	(1,404)	
Net Income	\$ 273,173	\$ 490,454	\$ 217,280	<i>79.5% increase</i>

(Detail for FYs 92 through 99 and cumulative effects on net income for the Muddy Branch store are shown in the statement at Circle 7.)

Changes in key indicators for the Pike store from FY 92 to FY 99.

	FY 92	FY 99	Change	
Net Sales	1,773,538	2,865,480	1,091,942	<i>61.6% increase</i>
Cost of Goods Sold	1,158,263	1,853,726	695,463	
Operations Gross Profit	615,275	1,011,754	396,479	
Deduct: Operating Expenses	507,049	532,352	25,303	
Depreciation	14,832	10,203	(4,629)	
Net Operating Income	93,394	469,199	375,805	
Add/Deduct: Other	1,989	559	(1,430)	
Net Income	\$ 95,383	\$ 469,758	\$ 374,375	<i>392.5% increase</i>

(Detail for FYs 92 through 99 and cumulative effects on net income for the Pike store are shown in the statement at Circle 8.)

Changes in key indicators for the Flower Avenue store from FY 94 to FY 99.

	FY 94	FY 99	Change	
Net Sales	823,431	1,273,006	449,575	<i>54.6% increase</i>
Cost of Goods Sold	553,602	851,944	298,342	
Operations Gross Profit	269,829	421,062	151,233	
Deduct: Operating Expenses	329,383	321,204	(8,179)	
Depreciation	5,325	6,190	865	
Net Operating Income	(64,879)	93,668	158,547	
Add/Deduct: Other	447	248	(199)	
Net Income	\$ (64,432)	\$ 93,916	\$ 158,348	<i>245.8% increase</i>

(Detail for FYs 94 through 99 and cumulative effects on net income for the Flower Avenue store are shown in the statement at Circle 9.)

Changes in key indicators for average activity of the DLC stores system from FY 92 to FY 99.

	FY 92	FY 99	Change	
Net Sales	1,641,633	2,156,992	515,359	<i>31.4% increase</i>
Cost of Goods Sold	1,065,729	1,428,708	362,979	
Operations Gross Profit	575,904	728,284	152,380	
Deduct: Operating Expenses	370,779	473,703	102,924	
Depreciation	12,106	7,763	(4,343)	
Net Operating Income	193,019	246,818	53,799	
Add/Deduct: Other	1,842	421	(1,421)	
Net Income	\$ 194,861	\$ 247,239	\$52,378	<i>26.9% increase</i>

(The FY 92 column shows averages for 21 stores owned by DLC that year. The column does not include activity for one store that sustained a loss in FY 92 and subsequently closed in mid-year. The FY 99 column also shows averages for 21 stores [a combination of 18 DLC-operated stores and the 4 contracted stores]. The column does not include activity for four stores that sustained losses because DLC opened/closed them in mid-year. DLC closed the Burtonsville and Fenton stores and opened the Chevy Chase and Silver Spring stores during the year.)

Changes in key indicators for the average activity of 17 DLC-operated stores (which excludes contracted stores) from FY 92 to FY 99.

	FY 92	FY 99	Change	
Net Sales	1,653,678	2,118,117	464,439	<i>28.1% increase</i>
Cost of Goods Sold	1,073,596	1,414,087	340,491	
Operations Gross Profit	580,082	704,030	123,948	
Deduct: Operating Expenses	365,797	485,939	120,142	
Depreciation	11,682	7,711	(3,971)	
Net Operating Income	202,603	210,380	7,777	
Add/Deduct: Other	1,855	413	(1,442)	
Net Income	\$ 204,458	\$ 210,793	\$(6,335)	<i>3.1% decrease</i>

(The FY 92 column shows averages for 17 stores operated by DLC that year. The column does not include activity for one store that sustained a loss in FY 92 and subsequently closed in mid-year. The FY 99 column also shows averages for 17 stores. The column does not include activity for four stores that sustained losses because DLC opened/closed them in mid-year. DLC closed the Burtonsville and Fenton stores and opened the Chevy Chase and Silver Spring stores during the year.)

If you have any questions about this memorandum report or would like to receive a full copy of one of the previous reports, please call me at extension 7-7995.

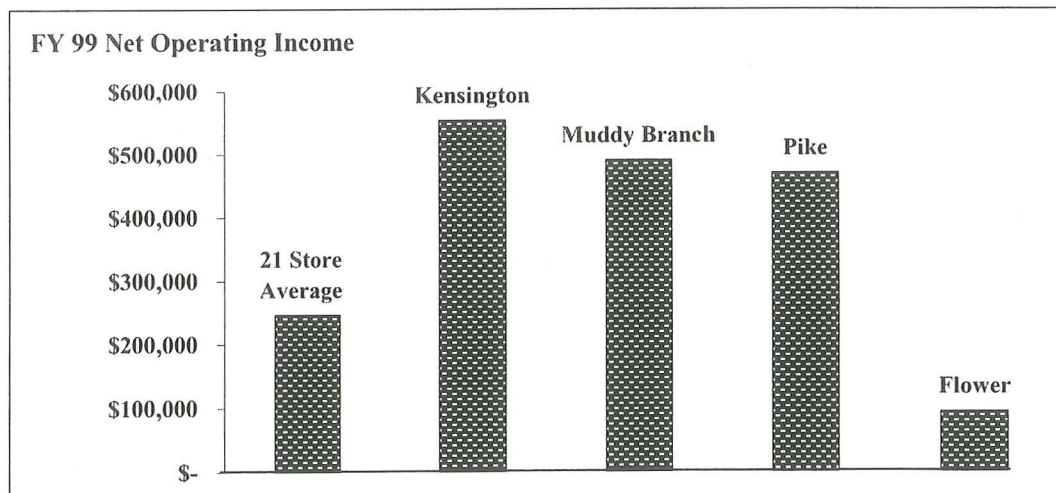
Attachments

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c: Bruce Romer, County Administrative Officer
 Deborah Snead, Assistant Chief Administrative Officer
 Steve Farber, Council Staff Director
 Justina Ferber, Legislative Analyst
 Howard Cook, Director of DLC
 Timothy Firestone, Director of Finance

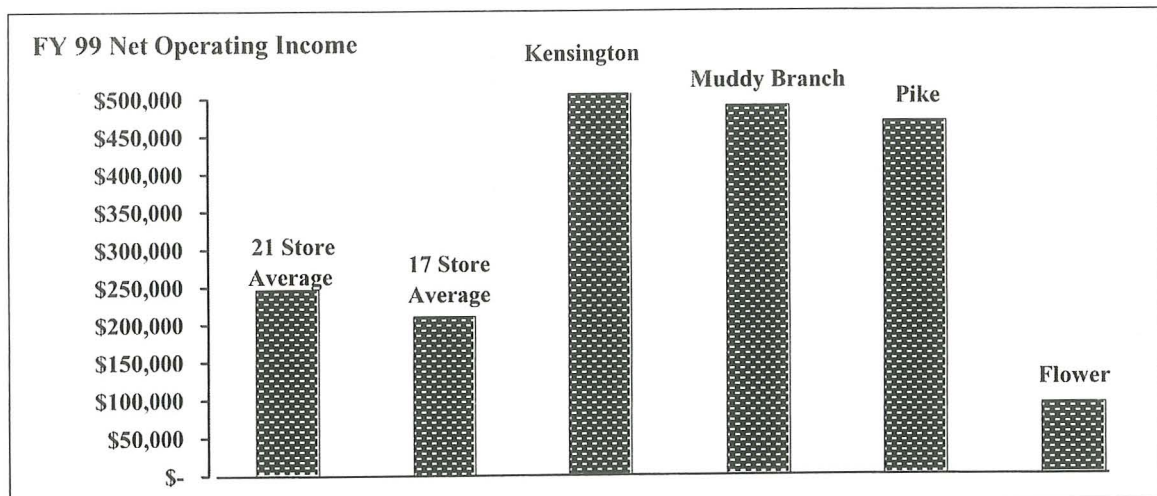
Comparison of Pilot Store Financial Performance Against Average Activity for 21 Retail Stores
For the 12-Month Period of July 1, 1998 Through June 30, 1999

	AVG - 21 STORES			KENSINGTON			MUDDY BRANCH			PIKE			FLOWER		
Gross Sales	2,192,177	101.63%		2,380,752	100.86%		2,829,271	101.41%		2,918,541	101.85%		1,285,290	100.96%	
Add Container Tax	n/a	n/a	P	n/a	n/a	P	n/a	n/a	P	n/a	n/a	P	n/a	n/a	P
Minus Discounts	(35,185)	-1.63%	e	(20,313)	-0.86%	e	(39,358)	-1.41%	e	(53,061)	-1.85%	e	(12,284)	-0.96%	e
Net Sales	2,156,992	100.00%	r	2,360,439	100.00%	r	2,789,913	100.00%	r	2,865,480	100.00%	r	1,273,006	100.00%	r
Cost of Goods Sold:			c			c			c			c			c
Beginning Inventory	264,852	12.28%	e	278,248	11.79%	e	228,153	8.18%	e	379,547	13.25%	e	256,527	20.15%	e
Purchases	0	0.00%	n	0	0.00%	n	0	0.00%	n	0	0.00%	n	0	0.00%	n
Transfers from Whse	1,507,377	69.88%	t	1,567,009	66.39%	t	1,986,330	71.20%	t	1,968,000	68.68%	t	918,109	72.12%	t
Goods Available for Sale	1,772,229	82.16%		1,845,257	78.17%		2,214,483	79.37%		2,347,547	81.93%		1,174,636	92.27%	
Minus Ending Inventory	(343,521)	-15.93%	o	(405,142)	-17.16%	o	(396,871)	-14.23%	o	(493,821)	-17.23%	o	(322,692)	-25.35%	o
Cost of Goods Sold	1,428,708	66.24%	f	1,440,115	61.01%	f	1,817,612	65.15%	f	1,853,726	64.69%	f	851,944	66.92%	f
Operations Gross Profit	728,284	33.76%		920,324	38.99%		972,301	34.85%		1,011,754	35.31%		421,062	33.08%	
Operating Expenses:			N			N			N			N			N
Personnel/Commissions	238,088	11.04%	e	137,782	5.84%	e	184,194	6.60%	e	173,786	6.06%	e	156,839	12.32%	e
Professional Services	0	0.00%	t	0	0.00%	t	0	0.00%	t	0	0.00%	t	0	0.00%	t
Communications	2,238	0.10%		1,849	0.08%		979	0.04%		1,785	0.06%		1,896	0.15%	
Motor Pool Charges	579	0.03%	S	544	0.02%	S	545	0.02%	S	545	0.02%	S	544	0.04%	S
Repairs/Maintenance	6,558	0.30%	a	3,484	0.15%	a	8,601	0.31%	a	3,382	0.12%	a	3,532	0.28%	a
Rental Expenses	118,886	5.51%	l	108,939	4.62%	l	148,428	5.32%	l	214,017	7.47%	l	93,436	7.34%	l
Utilities	9,190	0.43%	e	10,463	0.44%	e	9,507	0.34%	e	15,941	0.56%	e	11,225	0.88%	e
Risk Management Charges	3,079	0.14%	s	0	0.00%	s	0	0.00%	s	0	0.00%	s	0	0.00%	s
Office Supplies	1,806	0.08%		1,646	0.07%		1,930	0.07%		1,894	0.07%		1,022	0.08%	
Credit Card Service Charges	17,399	0.81%		18,221	0.77%		23,597	0.85%		23,864	0.83%		8,407	0.66%	
Miscellaneous	18,124	0.84%		18,288	0.77%		22,568	0.81%		22,201	0.77%		9,863	0.77%	
Admin Expenses Allocated	0	n/a		n/a	n/a		n/a	n/a		n/a	0.00%		n/a	n/a	
Whse Expenses Allocated	57,755	2.68%		58,217	2.47%		73,477	2.63%		74,937	2.62%		34,440	2.71%	
Total Operating Expenses	473,703	21.96%		359,433	15.23%		473,826	16.98%		532,352	18.58%		321,204	25.23%	
Income From Operations Before Depreciation	254,581	11.80%		560,891	23.76%		498,475	17.87%		479,402	16.73%		99,858	7.84%	
Depreciation	5,035	0.23%		4,240	0.18%		5,094	0.18%		6,663	0.23%		4,563	0.36%	
Whse Depr Allocated	2,728	0.13%		2,750	0.12%		3,471	0.12%		3,540	0.12%		1,627	0.13%	
Total Depreciation	7,763	0.36%		6,990	0.30%		8,565	0.31%		10,203	0.36%		6,190	0.49%	
Net Operating Income	246,818	11.44%		553,901	23.47%		489,910	17.56%		469,199	16.37%		93,668	7.36%	
Other Income (Expenses):															
Investment Income	0	0.02%		0	0.00%		0	0.00%		0	0.00%		0	0.00%	
Miscellaneous Income	421	0.00%		461	0.02%		544	0.02%		559	0.02%		248	0.02%	
Bond Interest Expense	0	0.02%		0	0.00%		0	0.00%		0	0.00%		0	0.00%	
Total Other Income (Expense)	421	0.02%		461	0.02%		544	0.02%		559	0.02%		248	0.02%	
Net Income	247,239	11.46%		554,362	23.49%		490,454	17.58%		469,758	16.39%		93,916	7.38%	



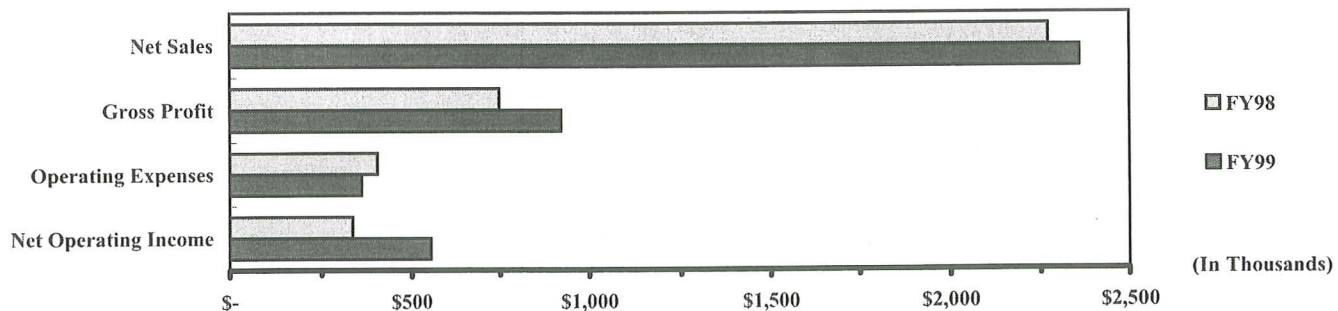
Comparison of Pilot Store Financial Performance Against Average Activity for 17 Retail Stores
For the 12-Month Period of July 1, 1998 Through June 30, 1999

	AVG - 17 STORGS			KENSINGTON			MUDDY BRANCH			PIKE			FLOWER		
Gross Sales	2,154,227	101.70%	P	2,380,752	100.86%	P	2,829,271	101.41%	P	2,918,541	101.85%	P	1,285,290	100.96%	P
Add Container Tax	n/a	n/a		n/a	n/a		n/a	n/a		n/a	n/a		n/a	n/a	
Minus Discounts	(36,110)	-1.70%	e	(20,313)	-0.86%	e	(39,358)	-1.41%	e	(53,061)	-1.85%	e	(12,284)	-0.96%	e
Net Sales	2,118,117	100.00%	r	2,360,439	100.00%	r	2,789,913	100.00%	r	2,865,480	100.00%	r	1,273,006	100.00%	r
Cost of Goods Sold:			c			c			c			c			c
Beginning Inventory	259,966	12.27%	e	278,248	11.79%	e	228,153	8.18%	e	379,547	13.25%	e	256,527	20.15%	e
Purchases	0	0.00%	n	0	0.00%	n	0	0.00%	n	0	0.00%	n	0	0.00%	n
Transfers from Whse	1,483,263	70.03%	t	1,567,009	66.39%	t	1,986,330	71.20%	t	1,968,000	68.68%	t	918,109	72.12%	t
Goods Available for Sale	1,743,229	82.30%		1,845,257	78.17%		2,214,483	79.37%		2,347,547	81.93%		1,174,636	92.27%	
Minus Ending Inventory	(329,142)	-15.54%	o	(405,142)	-17.16%	o	(396,871)	-14.23%	o	(493,821)	-17.23%	o	(322,692)	-25.35%	o
Cost of Goods Sold	1,414,087	66.76%	f	1,440,115	61.01%	f	1,817,612	65.15%	f	1,853,726	64.69%	f	851,944	66.92%	f
Operations Gross Profit	704,030	33.24%		920,324	38.99%		972,301	34.85%		1,011,754	35.31%		421,062	33.08%	
Operating Expenses:			N			N			N			N			N
Personnel/Commissions	255,721	12.07%	e	137,782	5.84%	e	184,194	6.60%	e	173,786	6.06%	e	156,839	12.32%	e
Professional Services	0	0.00%	t	0	0.00%	t	0	0.00%	t	0	0.00%	t	0	0.00%	t
Communications	2,382	0.11%		1,849	0.08%		979	0.04%		1,785	0.06%		1,896	0.15%	
Motor Pool Charges	587	0.33%	S	544	0.02%	S	545	0.02%	S	545	0.02%	S	544	0.04%	S
Repairs/Maintenance	6,984	5.36%	a	3,484	0.15%	a	8,601	0.31%	a	3,382	0.12%	a	3,532	0.28%	a
Rental Expenses	113,635	0.41%	l	108,939	4.62%	l	148,428	5.32%	l	214,017	7.47%	l	93,436	7.34%	l
Utilities	8,580	0.18%	e	10,463	0.44%	e	9,507	0.34%	e	15,941	0.56%	e	11,225	0.88%	e
Risk Management Charges	3,804	0.09%	s	0	0.00%	s	0	0.00%	s	0	0.00%	s	0	0.00%	s
Office Supplies	1,849	0.81%		1,646	0.07%		1,930	0.07%		1,894	0.07%		1,022	0.08%	
Credit Card Service Charges	17,135	0.85%		18,221	0.77%		23,597	0.85%		23,864	0.83%		8,407	0.66%	
Miscellaneous	18,099	0.00%		18,288	0.77%		22,568	0.81%		22,201	0.77%		9,863	0.77%	
Admin Expenses Allocated	0	n/a		n/a	n/a		n/a	n/a		n/a	0.00%		n/a	n/a	
Whse Expenses Allocated	57,164	2.70%		58,217	2.47%		73,477	2.63%		74,937	2.62%		34,440	2.71%	
Total Operating Expenses	485,939	22.94%		359,433	15.23%		473,826	16.98%		532,352	18.58%		321,204	25.23%	
Income From Operations Before Depreciation	218,091	10.30%		560,891	23.76%		498,475	17.87%		479,402	16.73%		99,858	7.84%	
Depreciation	5,010	0.24%		4,240	0.18%		5,094	0.18%		6,663	0.23%		4,563	0.36%	
Whse Depr Allocated	2,700	0.13%		2,750	0.12%		3,471	0.12%		3,540	0.12%		1,627	0.13%	
Total Depreciation	7,711	0.36%		6,990	0.30%		8,565	0.31%		10,203	0.36%		6,190	0.49%	
Net Operating Income	210,380	9.93%		553,901	23.47%		489,910	17.56%		469,199	16.37%		93,668	7.36%	
Other Income (Expenses):															
Investment Income	0	0.02%		0	0.00%		0	0.00%		0	0.00%		0	0.00%	
Miscellaneous Income	413	0.00%		461	0.02%		544	0.02%		559	0.02%		248	0.02%	
Bond Interest Expense	(0)	0.02%		0	0.00%		0	0.00%		0	0.00%		0	0.00%	
Total Other Income (Expense)	413	0.02%		461	0.02%		544	0.02%		559	0.02%		248	0.02%	
Net Income	210,793	9.95%		554,362	23.49%		490,454	17.58%		469,758	16.39%		93,916	7.38%	



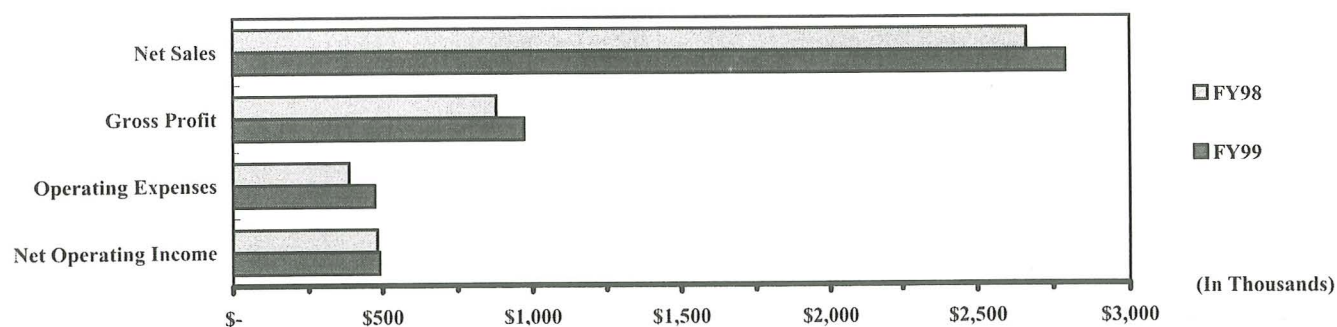
Comparison of Kensington Retail Store Financial Activity FY 98 to FY 99

	7/01/97-6/30/98			7/01/98-6/30/99			Changes from FY98		
Gross Sales	2,295,555	101.07%		2,380,752	100.86%		85,197	3.71%	
Add Container Tax	n/a	n/a	P	n/a	n/a	P	n/a	n/a	P
Minus Discounts	(24,249)	-1.07%	e	(20,313)	-0.86%	e	3,936	-16.23%	e
Net Sales	2,271,306	100.00%	r	2,360,439	100.00%	r	89,133	3.92%	r
Cost of Goods Sold:			c			c			c
Beginning Inventory	225,542	9.93%	e	278,248	11.79%	e	52,706	23.37%	e
Purchases	1,889	0.08%	n	0	0.00%	n	(1,889)	-100.00%	n
Transfers from Whse	1,574,593	69.33%	t	1,567,009	66.39%	t	(7,584)	-0.48%	t
Goods Available for Sale	1,802,024	79.34%		1,845,257	78.17%		43,233	2.40%	o
Minus Ending Inventory	(278,248)	-12.25%	o	(405,142)	-17.16%	o	(126,894)	45.60%	f
Cost of Goods Sold	1,523,776	67.09%	f	1,440,115	61.01%	f	(83,661)	-5.49%	
Operations Gross Profit	747,530	32.91%		920,324	38.99%		172,794	23.12%	C
Operating Expenses:			N			N			h
Personnel Services/Commissions	174,357	7.68%	e	137,782	5.84%	e	(36,575)	-20.98%	a
Professional Services	1,375	0.06%	t	0	0.00%	t	(1,375)	-100.00%	n
Communications	2,886	0.13%		1,849	0.08%		(1,037)	-35.93%	g
Motor Pool Charges	487	0.02%	S	544	0.02%	S	57	11.70%	
Repairs/Maintenance	12,181	0.54%	a	3,484	0.15%	a	(8,697)	-71.40%	F
Rental Expenses	110,685	4.87%	l	108,939	4.62%	l	(1,746)	-1.58%	r
Utilities	10,445	0.46%	e	10,463	0.44%	e	18	0.17%	o
Risk Management Charges	0	0.00%	s	0	0.00%	s	0	0.00%	m
Office Supplies	1,975	0.09%		1,646	0.07%		(329)	-16.66%	
Credit Card Service Charges	14,432	0.64%		18,221	0.77%		3,789	26.25%	
Miscellaneous	15,324	0.67%		18,288	0.77%		2,964	19.34%	F
Admin Expenses Allocated	n/a	n/a		n/a	n/a		n/a	n/a	Y
Whse Expenses Allocated	59,024	2.60%		58,217	2.47%		(807)	-1.37%	9
Total Operating Expenses	403,171	17.75%		359,433	15.23%		(43,738)	-10.85%	8
Income From Operations Before Depreciation	344,359	15.16%		560,891	23.76%		216,532	62.88%	
Depreciation	6,497	0.29%		4,240	0.18%		(2,257)	-34.74%	
Whse Depr Allocated	2,565	0.11%		2,750	0.12%		185	7.21%	
Total Depreciation	9,062	0.40%		6,990	0.30%		(2,072)	-22.86%	
Net Operating Income	335,297	14.76%		553,901	23.47%		218,604	65.20%	
Other Income (Expenses):									
Investment Income	0	0.00%		0	0.00%		0	0.00%	
Miscellaneous Income	256	0.01%		461	0.02%		205	100.00%	
Bond Interest Expense	(4)	0.00%		0	0.00%		4	-100.00%	
Total Other Income (Expense)	252	0.01%		461	0.02%		209	-82.94%	
Net Income	335,549	14.77%		554,362	23.49%		218,813	65.21%	



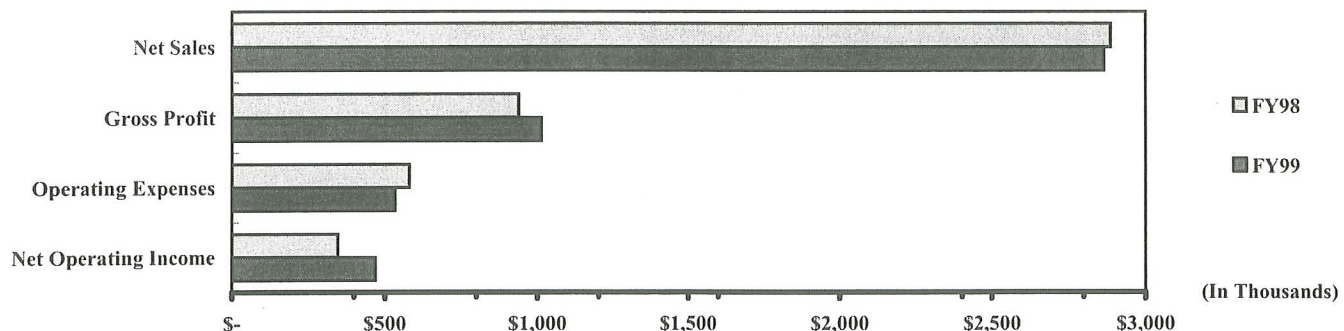
Comparison of Muddy Branch Retail Store Financial Activity FY 98 to FY 99

	7/01/97-6/30/98			7/01/98-6/30/99			Changes from FY98		
Gross Sales	2,707,559	101.73%		2,829,271	101.41%		121,712	4.50%	
Add Container Tax	n/a	n/a	P	n/a	n/a	P	n/a	n/a	P
Minus Discounts	(46,000)	-1.73%	e	(39,358)	-1.41%	e	6,642	-14.44%	e
Net Sales	2,661,559	100.00%	r	2,789,913	100.00%	r	128,354	4.82%	r
Cost of Goods Sold:			c			c			c
Beginning Inventory	291,821	10.96%	e	228,153	8.18%	e	(63,668)	-21.82%	e
Purchases	2,018	0.08%	n	0	0.00%	n	(2,018)	-100.00%	n
Transfers from Whse	1,717,038	64.51%	t	1,986,330	71.20%	t	269,292	15.68%	t
Goods Available for Sale	2,010,877	75.55%		2,214,483	79.37%		203,606	10.13%	o
Minus Ending Inventory	(228,153)	-8.57%	o	(396,871)	-14.23%	o	(168,718)	73.95%	f
Cost of Goods Sold	1,782,724	66.98%	f	1,817,612	65.15%	f	34,888	1.96%	
Operations Gross Profit	878,835	33.02%		972,301	34.85%		93,466	10.64%	C
Operating Expenses:			N			N			h
Personnel Services/Commissions	179,208	6.73%	e	184,194	6.60%	e	4,986	2.78%	a
Professional Services	1,375	0.05%	t	0	0.00%	t	(1,375)	-100.00%	n
Communications	3,372	0.13%		979	0.04%		(2,393)	-70.97%	g
Motor Pool Charges	487	0.02%	S	545	0.02%	S	58	11.91%	
Repairs/Maintenance	2,488	0.09%	a	8,601	0.31%	a	6,113	245.70%	F
Rental Expenses	81,928	3.08%	l	148,428	5.32%	l	66,500	81.17%	r
Utilities	7,664	0.29%	e	9,507	0.34%	e	1,843	24.05%	o
Risk Management Charges	370	0.01%	s	0	0.00%	s	(370)	-100.00%	m
Office Supplies	2,341	0.09%		1,930	0.07%		(411)	-17.56%	
Credit Card Service Charges	17,808	0.67%		23,597	0.85%		5,789	32.51%	
Miscellaneous	20,286	0.76%		22,568	0.81%		2,282	11.25%	F
Admin Expenses Allocated	n/a	n/a		n/a	n/a		n/a	n/a	Y
Whse Expenses Allocated	69,054	2.59%		73,477	2.63%		4,423	6.41%	9
Total Operating Expenses	386,381	14.52%		473,826	16.98%		87,445	22.63%	8
Income From Operations Before Depreciation	492,454	18.50%		498,475	17.87%		6,021	1.22%	
Depreciation	7,351	0.28%		5,094	0.18%		(2,257)	-30.70%	
Whse Depr Allocated	2,797	0.11%		3,471	0.12%		674	24.10%	
Total Depreciation	10,148	0.38%		8,565	0.31%		(1,583)	-15.60%	
Net Operating Income	482,306	18.12%		489,910	17.56%		7,604	1.58%	
Other Income (Expenses):									
Investment Income	0	0.00%		0	0.00%		0	0.00%	
Miscellaneous Income	299	0.01%		544	0.02%		245	100.00%	
Bond Interest Expense	(5)	0.00%		0	0.00%		5	-100.00%	
Total Other Income (Expense)	294	0.01%		544	0.02%		250	-85.03%	
Net Income	482,600	18.13%		490,454	17.58%		7,854	1.63%	



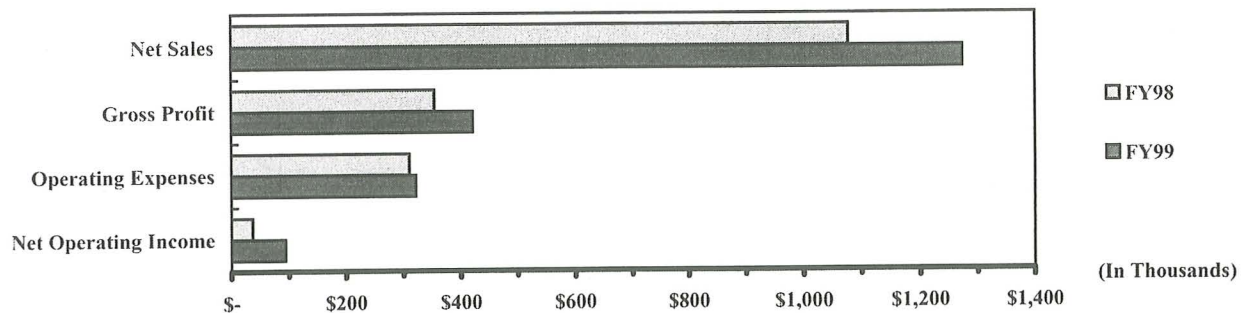
Comparison of Pike Retail Store Financial Activity FY 98 to FY 99

	7/01/97-6/30/98			7/01/98-6/30/99			Changes from FY98		
Gross Sales	2,931,785	101.58%		2,918,541	101.85%		(13,244)	-0.45%	
Add Container Tax	n/a	n/a	P	n/a	n/a	P	n/a	n/a	P
Minus Discounts	(45,574)	-1.58%	e	(53,061)	-1.85%	e	(7,487)	16.43%	e
Net Sales	2,886,211	100.00%	r	2,865,480	100.00%	r	(20,731)	-0.72%	r
Cost of Goods Sold:			c			c			c
Beginning Inventory	405,278	14.04%	e	379,547	13.25%	e	(25,731)	-6.35%	e
Purchases	1,473	0.05%	n	0	0.00%	n	(1,473)	-100.00%	n
Transfers from Whse	1,920,856	66.55%	t	1,968,000	68.68%	t	47,144	2.45%	t
Goods Available for Sale	2,327,607	80.65%		2,347,547	81.93%		19,940	0.86%	o
Minus Ending Inventory	(379,547)	-13.15%	o	(493,821)	-17.23%	o	(114,274)	30.11%	f
Cost of Goods Sold	1,948,060	67.50%	f	1,853,726	64.69%	f	(94,334)	-4.84%	
Operations Gross Profit	938,151	32.50%		1,011,754	35.31%		73,603	7.85%	C
Operating Expenses:			N			N			h
Personnel Services/Commissions	209,457	7.26%	e	173,786	6.06%	e	(35,671)	-17.03%	a
Professional Services	1,375	0.05%	t	0	0.00%	t	(1,375)	-100.00%	n
Communications	2,886	0.10%		1,785	0.06%		(1,101)	-38.15%	g
Motor Pool Charges	487	0.02%	S	545	0.02%	S	58	11.91%	
Repairs/Maintenance	4,249	0.15%	a	3,382	0.12%	a	(867)	-20.40%	F
Rental Expenses	224,191	7.77%	l	214,017	7.47%	l	(10,174)	-4.54%	r
Utilities	16,716	0.58%	e	15,941	0.56%	e	(775)	-4.64%	o
Risk Management Charges	88	0.00%	s	0	0.00%	s	(88)	-100.00%	m
Office Supplies	2,400	0.08%		1,894	0.07%		(506)	-21.08%	
Credit Card Service Charges	21,973	0.76%		23,864	0.83%		1,891	8.61%	
Miscellaneous	19,430	0.67%		22,201	0.77%		2,771	14.26%	F
Admin Expenses Allocated	n/a	n/a		n/a	n/a		n/a	n/a	Y
Whse Expenses Allocated	75,458	2.61%		74,937	2.62%		(521)	-0.69%	9
Total Operating Expenses	578,710	20.05%		532,352	18.58%		(46,358)	-8.01%	8
Income From Operations Before Depreciation	359,441	12.45%		479,402	16.73%		119,961	33.37%	
Depreciation	9,068	0.31%		6,663	0.23%		(2,405)	-26.52%	
Whse Depr Allocated	3,129	0.11%		3,540	0.12%		411	13.14%	
Total Depreciation	12,197	0.42%		10,203	0.36%		(1,994)	-16.35%	
Net Operating Income	347,244	12.03%		469,199	16.37%		121,955	35.12%	
Other Income (Expenses):									
Investment Income	0	0.00%		0	0.00%		0	0.00%	
Miscellaneous Income	325	0.01%		559	0.02%		234	0.00%	
Bond Interest Expense	(6)	0.00%		0	0.00%		6	-100.00%	
Total Other Income (Expense)	319	0.01%		559	0.02%		240	-75.24%	
Net Income	347,563	12.04%		469,758	16.39%		122,195	35.16%	



Comparison of Flower Avenue Retail Store Financial Activity FY 98 to FY 99

	7/01/97-6/30/98			7/01/98-6/30/99			Changes from FY98		
Gross Sales	1,085,123	100.72%		1,285,290	100.96%		200,167	18.45%	
Add Container Tax	n/a	n/a	P	n/a	n/a	P	n/a	n/a	P
Minus Discounts	(7,743)	-0.72%	e	(12,284)	-0.96%	e	(4,541)	58.65%	e
Net Sales	1,077,380	100.00%	r	1,273,006	100.00%	r	195,626	18.16%	r
Cost of Goods Sold:			c			c			c
Beginning Inventory	241,801	22.44%	e	256,527	20.15%	e	14,726	6.09%	e
Purchases	792	0.07%	n	0	0.00%	n	(792)	-100.00%	n
Transfers from Whse	737,303	68.43%	t	918,109	72.12%	t	180,806	24.52%	t
Goods Available for Sale	979,896	90.95%		1,174,636	92.27%		194,740	19.87%	o
Minus Ending Inventory	(256,527)	-23.81%	o	(322,692)	-25.35%	o	(66,165)	25.79%	f
Cost of Goods Sold	723,369	67.14%	f	851,944	66.92%	f	128,575	17.77%	
Operations Gross Profit	354,011	32.86%		421,062	33.08%		67,051	18.94%	C
Operating Expenses:			N			N			h
Personnel Services/Commissions	143,273	13.30%	e	156,839	12.32%	e	13,566	9.47%	a
Professional Services	1,375	0.13%	t	0	0.00%	t	(1,375)	-100.00%	n
Communications	2,886	0.27%		1,896	0.15%		(990)	-34.30%	g
Motor Pool Charges	487	0.05%	S	544	0.04%	S	57	11.70%	
Repairs/Maintenance	2,530	0.23%	a	3,532	0.28%	a	1,002	39.60%	F
Rental Expenses	105,554	9.80%	l	93,436	7.34%	l	(12,118)	-11.48%	r
Utilities	11,952	1.11%	e	11,225	0.88%	e	(727)	-6.08%	o
Risk Management Charges	0	0.00%	s	0	0.00%	s	0	0.00%	m
Office Supplies	942	0.09%		1,022	0.08%		80	8.49%	
Credit Card Service Charges	6,135	0.57%		8,407	0.66%		2,272	37.03%	
Miscellaneous	7,219	0.67%		9,863	0.77%		2,644	36.63%	F
Admin Expenses Allocated	n/a	n/a		n/a	n/a		n/a	n/a	Y
Whse Expenses Allocated	28,020	2.60%		34,440	2.71%		6,420	22.91%	9
Total Operating Expenses	310,373	28.81%		321,204	25.23%		10,831	3.49%	8
Income From Operations Before Depreciation	43,638	4.05%		99,858	7.84%		56,220	128.83%	
Depreciation	4,982	0.46%		4,563	0.36%		(419)	-8.41%	
Whse Depr Allocated	1,201	0.11%		1,627	0.13%		426	35.47%	
Total Depreciation	6,183	0.57%		6,190	0.49%		7	0.11%	
Net Operating Income	37,455	3.48%		93,668	7.36%		56,213	150.08%	
Other Income (Expenses):									
Investment Income	0	0.00%		0	0.00%		0	0.00%	
Miscellaneous Income	121	0.00%		248	0.00%		127	104.96%	
Bond Interest Expense	(2)	0.01%		0	0.02%		2	-100.00%	
Total Other Income (Expense)	119	0.00%		248	0.00%		129	108.40%	
Net Income	37,574	3.49%		93,916	7.38%		56,342	149.95%	



Kensington Retail Store Financial Activity FYs 1992 Through 1999

	FY 92		FY 93		FY 94		FY 95		FY 96		FY 97		FY 98		FY 99	
Gross Sales	1,925,633		2,032,429		2,152,869		2,284,278		2,470,406		2,422,952		2,295,555		2,380,752	
Minus Discounts	(21,739)		(29,615)		(39,447)		(39,837)		(35,518)		(30,994)		(24,249)		(20,313)	
Net Sales	1,903,894	100.0%	2,002,814	100.0%	2,113,422	100.0%	2,244,441	100.0%	2,434,888	100.0%	2,391,958	100.0%	2,271,306	100.0%	2,360,439	100.0%
Cost of Goods Sold:																
Beginning Inventory	143,271		174,572		200,156		175,933		214,109		238,672		225,542		278,248	
Purchases	19,844		17,558		16,252		19,530		18,645		15,554		1,889		0	
Transfers from Whse	1,251,473		1,319,290		1,350,727		1,508,094		1,624,720		1,571,395		1,574,593		1,567,009	
Goods Available for Sale	1,414,588		1,511,420		1,567,135		1,703,557		1,857,474		1,825,621		1,802,024		1,845,257	
Minus Ending Inventory	(174,572)		(200,156)		(175,933)		(214,109)		(238,672)		(225,542)		(278,248)		(405,142)	
Cost of Goods Sold	1,240,016	65.1%	1,311,264	65.5%	1,391,202	65.8%	1,489,448	66.4%	1,618,802	66.5%	1,600,079	66.9%	1,523,776	67.1%	1,440,115	61.0%
Operations Gross Profit	663,878	34.9%	691,550	34.5%	722,220	34.2%	754,993	33.6%	816,086	33.5%	791,879	33.1%	747,530	32.9%	920,324	39.0%
Operating Expenses:																
Personnel/Commissions	243,984		232,189		211,280		208,806		222,983		214,660		174,357		137,782	
Rental Expenses	88,343		106,295		103,508		105,049		105,547		108,894		110,685		108,939	
Utilities	9,378		9,208		8,639		8,959		9,820		11,044		10,445		10,463	
Repairs/Maintenance	8,575		7,980		6,427		5,650		4,781		4,488		12,181		3,484	
Risk Management Charges	337		3,622		11,374		2,111		0		0		0		0	
Other Expenses	15,988		19,498		23,873		23,982		33,211		36,479		36,479		40,548	
Whse Expenses Allocated	46,316		51,008		61,222		61,437		66,898		64,975		59,024		58,217	
Total Operating Expenses	412,921	21.7%	429,800	21.5%	426,323	20.2%	415,994	18.5%	443,240	18.2%	440,540	18.4%	403,171	17.8%	359,433	15.2%
Income From Operations																
Before Depreciation	250,957	13.2%	261,750	13.1%	295,897	14.0%	338,999	15.1%	372,846	15.3%	351,339	14.7%	344,359	15.2%	560,891	23.8%
Depreciation	17,101		16,244		17,144		14,958		15,336		12,941		9,062		6,990	
Net Operating Income	233,856	12.3%	245,506	12.3%	278,753	13.2%	324,041	14.4%	357,510	14.7%	338,398	14.1%	335,297	14.8%	553,901	23.5%
Other Income (Expenses)	2,134		378		1,150		1,451		(75)		989		252		461	
Net Income	235,990	12.4%	245,884	12.3%	279,903	13.2%	325,492	14.5%	357,435	14.7%	339,387	14.2%	335,549	14.8%	554,362	23.5%

Changes

**\$9,894 @ seven
years = \$69,258**

**\$34,019 @ six
years = \$204,114**

**\$45,589 @ five
years = \$227,945**

**\$31,943 @ four
year = \$127,772**

**(\$18,048) @ three
years = (\$54,144)**

**(\$3,838) @ two
year = (\$7,676)**

**\$218,813 @ one
year = \$218,813**

\$786,082 ADDITIONAL NET INCOME SINCE FY 92

NOTE: This store has been managed by a contractor since October 19, 1992.

Therefore, DLC operated the store during all of FY 92 and for approximately three and one-half months during FY 93.

Muddy Branch Retail Store Financial Activity FYs 1992 Through 1999

	FY 92		FY 93		FY 94		FY 95		FY 96		FY 97		FY 98		FY 99	
Gross Sales	1,754,599		1,885,990		2,128,801		2,306,039		2,384,605		2,582,929		2,707,559		2,829,271	
Minus Discounts	(25,055)		(29,749)		(41,323)		(52,784)		(47,111)		(45,461)		(46,000)		(39,358)	
Net Sales	1,729,544	100.0%	1,856,241	100.0%	2,087,478	100.0%	2,253,255	100.0%	2,337,494	100.0%	2,537,468	100.0%	2,661,559	100.0%	2,789,913	100.0%
Cost of Goods Sold:																
Beginning Inventory	149,432		149,083		159,949		178,872		221,067		258,692		291,821		228,153	
Purchases	13,475		11,507		11,136		11,106		12,948		12,526		2,018		0	
Transfers from Whse	1,095,482		1,201,376		1,369,719		1,508,430		1,553,498		1,694,854		1,717,038		1,986,330	
Goods Available for Sale	1,258,389		1,361,966		1,540,804		1,698,408		1,787,513		1,966,072		2,010,877		2,214,483	
Minus Ending Inventory	(149,083)		(159,949)		(178,872)		(221,067)		(258,692)		(291,821)		(228,153)		(396,871)	
Cost of Goods Sold	1,109,306	64.1%	1,202,017	64.8%	1,361,932	65.2%	1,477,341	65.6%	1,528,821	65.4%	1,674,251	66.0%	1,782,724	67.0%	1,817,612	65.1%
Operations Gross Profit	620,238	35.9%	654,224	35.2%	725,546	34.8%	775,914	34.4%	808,673	34.6%	863,217	34.0%	878,835	33.0%	972,301	34.9%
Operating Expenses:																
Personnel/Commissions	192,304		200,363		193,790		193,192		193,206		207,679		179,208		184,194	
Rental Expenses	71,030		74,641		77,737		76,763		80,063		82,298		81,928		148,428	
Utilities	5,986		7,311		7,198		7,322		9,033		8,480		7,664		9,507	
Repairs/Maintenance	8,537		7,989		6,586		5,937		5,070		4,461		2,488		8,601	
Risk Management Charges	288		2,921		6,785		916		736		821		370		0	
Other Expenses	14,672		18,141		23,678		24,084		31,353		39,191		45,669		49,619	
Whse Expenses Allocated	41,436		46,773		59,934		60,938		63,179		67,987		69,054		73,477	
Total Operating Expenses	334,253	19.3%	358,139	19.3%	375,708	18.0%	369,152	16.4%	382,640	16.4%	410,917	16.2%	386,381	14.5%	473,826	17.0%
Income From Operations																
Before Depreciation	285,985	16.5%	296,085	16.0%	349,838	16.8%	406,762	18.1%	426,033	18.2%	452,300	17.8%	492,454	18.5%	498,475	17.9%
Depreciation	14,760		14,083		15,132		13,394		13,669		12,823		10,148		8,565	
Net Operating Income	271,225	15.7%	282,002	15.2%	334,706	16.0%	393,368	17.5%	412,364	17.6%	439,477	17.3%	482,306	18.1%	489,910	17.6%
Other Income (Expenses)	1,948		236		1,136		1,459		(68)		1,050		294		544	
Net Income	273,173	15.8%	282,238	15.2%	335,842	16.1%	394,827	17.5%	412,296	17.6%	440,527	17.4%	482,600	18.1%	490,454	17.6%

Changes

\$9,065 @ seven
years = \$63,455

\$53,604 @ six
years = \$321,624

\$58,985 @ five
years = \$294,925

\$17,469 @ four
year = \$69,876

\$28,231 @ three
years = \$84,693

\$42,073 @ two
year = \$84,146

\$7,854 @ one
year = \$7,854

\$926,573 ADDITIONAL NET INCOME SINCE FY 92

NOTE: This store has been managed by a contractor since December 7, 1992.

Therefore, DLC operated the store during all of FY 92 and for approximately five and one-quarter months during FY 93.

Pike Retail Store Financial Activity FYs 1992 Through 1999

	FY 92		FY 93		FY 94		FY 95		FY 96		FY 97		FY 98		FY 99	
Gross Sales	1,806,039		1,807,019		2,362,785		2,976,963		3,119,290		3,098,019		2,931,785		2,918,541	
Minus Discounts	(32,501)		(36,879)		(64,554)		(97,070)		(76,142)		(51,681)		(45,574)		(53,061)	
Net Sales	1,773,538	100.0%	1,770,140	100.0%	2,298,231	100.0%	2,879,893	100.0%	3,043,148	100.0%	3,046,338	100.0%	2,886,211	100.0%	2,865,480	100.0%
Cost of Goods Sold:																
Beginning Inventory	182,738		223,516		205,181		291,303		293,975		373,778		405,278		379,547	
Purchases	17,082		13,811		18,104		20,154		17,538		16,968		1,473		0	
Transfers from Whse	1,181,959		1,136,444		1,580,312		1,906,349		2,085,682		2,028,337		1,920,856		1,968,000	
Goods Available for Sale	1,381,779		1,373,771		1,803,597		2,217,806		2,397,195		2,419,083		2,327,607		2,347,547	
Minus Ending Inventory	(223,516)		(205,181)		(291,303)		(293,975)		(373,778)		(405,278)		(379,547)		(493,821)	
Cost of Goods Sold	1,158,263	65.3%	1,168,590	66.0%	1,512,294	65.8%	1,923,831	66.8%	2,023,417	66.5%	2,013,805	66.1%	1,948,060	67.5%	1,853,726	64.7%
Operations Gross Profit	615,275	34.7%	601,550	34.0%	785,937	34.2%	956,062	33.2%	1,019,731	33.5%	1,032,533	33.9%	938,151	32.5%	1,011,754	35.3%
Operating Expenses:																
Personnel/Commissions	242,765		238,797		262,673		289,605		309,790		330,482		209,458		173,786	
Rental Expenses	184,974		192,012		200,066		205,533		211,732		218,107		224,191		214,017	
Utilities	11,803		12,779		18,547		15,391		20,045		18,381		16,716		15,941	
Repairs/Maintenance	8,937		8,939		6,730		5,942		6,009		6,441		4,249		3,382	
Risk Management Charges	432		3,237		11,495		1,768		0		813		88		0	
Other Expenses	14,928		17,456		25,673		29,689		42,216		48,607		48,550		50,289	
Whse Expenses Allocated	43,210		45,484		66,551		79,353		83,618		81,775		75,458		74,937	
Total Operating Expenses	507,049	28.6%	518,704	29.3%	591,735	25.7%	627,281	21.8%	673,410	22.1%	704,606	23.1%	578,710	20.1%	532,352	18.6%
Income From Operations																
Before Depreciation	108,226	6.1%	82,846	4.7%	194,202	8.5%	328,781	11.4%	346,321	11.4%	327,927	10.8%	359,441	12.5%	479,402	16.7%
Depreciation	14,832		13,759		16,372		13,650		14,275		12,944		12,197		10,203	
Net Operating Income	93,394	5.3%	69,087	3.9%	177,830	7.7%	315,131	10.9%	332,046	10.9%	314,983	10.3%	347,244	12.0%	469,199	16.4%
Other Income (Expenses)	1,989		147		1,250		1,864		(94)		1,261		319		559	
Net Income	95,383	5.4%	69,234	3.9%	179,080	7.8%	316,995	11.0%	331,952	10.9%	316,244	10.4%	347,563	12.0%	469,758	16.4%

Changes

(\$26,149) @ seven years = (\$183,043)	\$109,846 @ six years = \$659,076	\$137,915 @ five years = \$689,575	\$14,957 @ four years = \$59,828	(\$15,708) @ three years = (\$47,124)	\$31,319 @ two years = \$62,638	\$122,195 @ one year = \$122,195
\$988,770 ADDITIONAL NET INCOME SINCE FY 92						

NOTE: This store has been managed by a contractor since October 26, 1992.

Therefore, DLC operated the store during all of FY 92 and for approximately five and three-quarter months during FY 93.

Flower Avenue Retail Store Financial Activity FYs 1994 Through 1999

	FY 94		FY 95		FY 96		FY 97		FY 98		FY 99	
Gross Sales	831,576		866,110		997,074		1,050,617		1,085,123		1,285,290	
Minus Discounts	(8,145)		(6,937)		(6,666)		(8,029)		(7,743)		(12,284)	
Net Sales	823,431	100.0%	859,173	100.0%	990,408	100.0%	1,042,588	100.0%	1,077,380	100.0%	1,273,006	100.0%
Cost of Goods Sold:												
Beginning Inventory	135,999		152,257		193,704		213,581		241,801		256,527	
Purchases	5,632		5,855		6,571		6,285		792		0	
Transfers from Whse	564,228		610,007		667,161		724,926		737,303		918,109	
Goods Available for Sale	705,859		768,119		867,436		944,792		979,896		1,174,636	
Minus Ending Inventory	(152,257)		(193,704)		(213,581)		(241,801)		(256,527)		(322,692)	
Cost of Goods Sold	553,602	67.2%	574,415	66.9%	653,855	66.0%	702,991	67.4%	723,369	67.1%	851,944	66.9%
Operations Gross Profit	269,829	32.8%	284,758	33.1%	336,553	34.0%	339,597	32.6%	354,011	32.9%	421,062	33.1%
Operating Expenses:												
Personnel/Commissions	181,126		143,282		140,007		140,989		143,273		156,839	
Rental Expenses	91,018		95,448		98,853		103,743		35,915		93,436	
Utilities	11,452		10,089		12,988		11,420		11,952		11,225	
Repairs/Maintenance	6,528		5,886		5,409		5,591		2,530		3,532	
Risk Management Charges	3,825		1,342		0		0		0		0	
Other Expenses	11,072		11,372		15,795		19,045		88,683		21,732	
Whse Expenses Allocated	24,362		23,697		27,021		28,547		28,020		34,440	
Total Operating Expenses	329,383	40.0%	291,116	33.9%	300,073	30.3%	309,335	29.7%	310,373	28.8%	321,204	25.2%
Income From Operations												
Before Depreciation	(59,554)	-7.2%	(6,358)	-0.7%	36,480	3.7%	30,262	2.9%	43,638	4.1%	99,858	7.8%
Depreciation	5,325		7,290		7,453		6,946		6,183		6,190	
Net Operating Income	(64,879)	-7.9%	(13,648)	-1.6%	29,027	2.9%	23,316	2.2%	37,455	3.5%	93,668	7.4%
Other Income (Expenses)	447		555		(30)		431		119		248	
Net Income	(64,432)	-7.8%	(13,093)	-1.5%	28,997	2.9%	23,747	2.3%	37,574	3.5%	93,916	7.4%

Changes

\$51,339 @ five
years = \$256,695

\$42,090 @ four
years = \$168,360

(\$5,250) @ three
years = (\$15,750)

\$13,827 @ two
years = \$27,654

\$56,342 @ one
year = \$56,342

\$493,301 ADDITIONAL NET INCOME SINCE FY 94

NOTE: This store has been managed by a contractor since September 19, 1994.

Therefore, DLC operated the store during all of FY 94 and for approximately two and two-thirds months during FY 95.