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September 25, 1940.

To the Board of Directors,
Bennington College Cooperative Store,
Bennington College,
Bennington, Vermont.

Dear Sirs:

We have examined the balance sheet of the Bennington College Cooperative Store as at June 30, 1940, and the statement of income and expense for the fiscal year then ended, have reviewed the system of internal control and the accounting procedures of the store, and, without making a detailed audit of the transactions, have examined or tested accounting records of the store and other supporting evidence, by methods and to the extent we deemed appropriate.

Our report on that examination is set forth herein and is accompanied by the following Exhibits:

EXHIBIT A - Balance Sheet

EXHIBIT B - Statement of Income and Expense

ORGANIZATION

The Bennington College Cooperative Store is operated under an annual license granted by the Trustees of Bennington College and is not an incorporated organization.

The management of the store is vested in the Board of Directors of the Store. The working capital has been obtained from the sale of memberships costing $10.00 each, which are refundable, but not transferable.

RESULT OF OPERATIONS

The operation of the store for the fiscal year ended June 30, 1940, resulted in a profit of $266.78. This is a decrease compared with the previous year of $1,072.95. A condensed comparative statement of the operations follows:

	Year Ended June 30,1940	Year Ended June 30,1939	Increase or Decrease
Sales	$29,048.71	$28,494.86	$ 553.85
Cost of Goods Sold	25,585.16	24,376.26	1,208.90
Gross Profit from Store Sales	$ 3,463.55	$ 4,118.60	$ 655.05
Income from Commissions and Services:			
Commission from Beauty Parlor	$ 417.02	$ 322.69	$ 94.33
Commission on Exhibits	1,187.34	1,281.27	93.93
Commission on New Music Quarterly Recording	25.85	62.48	36.63
Services to Bennington College	267.00	263.00	4.00
Total Income from Commissions and Services	$ 1,897.21	$ 1,929.44	$ 32.23
Total Gross Profit	$ 5,360.76	$$ 6,048.04	$ 687.28
Expenses:			
Manager's Salary	$ 1,800.00	$ 1,800.00	$ -
Salary of Manager's Assistant	517.00	-	517.00
Student Wages	869.63	1,049.90	180.27
Services Furnished by Bennington College	1,135.00	1,180.00	45.00
Other	829.09	713.38	115.71
Total Expenses	$ 5,150.72	$ 4,743.28	$ 407.44
Excess of Income over Expense from Operations	$ 210.04	$ 1,304.76	$1,094.72
Add - Discounts on Purchases	63.19	74.75	11.56
	$ 273.23	$ 1,379.51	$1,106.28
Deduct - Federal Income Tax	6.45	39.78	33.33
Excess of Income for Year	$ 266.78	$ 1,339.73	$1,072.95

From the foregoing tabulation it will be observed that although the sales increased $553.85, the cost of goods sold increased $1,208.90 so that the gross profit for the year was less than the previous year. We discussed the causes of this decrease in gross profit with Miss Stevens and understand that many more text books were sold this year on which the gross profit to the store is only 10%. In addition, the gift sales decreased in which sales there is a better margin of profit.

The expenses of the store were more than in the previous year by $407.44. Some of this increase is due to the branch store.

BALANCE SHEET

A statement of the assets and liabilities of the store as at June 30, 1940, is set forth on Exhibit A.

The accounts receivable at June 30, 1940, totaled $370.13 and of that amount $263.64 had been collected up to the time of our examination. We did not confirm the accounts by corresponding with the debtors.

The inventory at June 30, 1940, totaled $3,150.42, which is greater than a year ago by $655.94. We examined the inventory sheets and verified the accuracy of the extensions and footings. A test check was made of the pricing of the inventory, but we did not examine it as to quantities.

The dividends paid to members during the year totaled $1,315.01, most of which had to be paid from the earned surplus of prior years because the earnings for the current year amounted to only $266.73. Unless a better operating profit can be attained in the current year, there will have to be a reduction in the dividend to members.

Yours faithfully,

Franke, Hannon & Withey

Exhibit A

BENNINGTON COLLEGE COOPERATIVE STORE

BALANCE SHEET

As At June 30, 1940

A S S E T S

CURRENT ASSETS:			
Cash in Bank		$2,774.99	
Cash on Hand		75.00	
			$2,849.99
Accounts Receivable			370.13
Inventory			3,150.42
Total Current Assets			$6,370.54
FIXED ASSETS:			
Equipment		$ 963.23	
Less - Reserve for Depreciation		351.13	
Total Fixed Assets			612.10
Total Assets			$6,982.64

LIABILITIES AND CAPITAL

CURRENT LIABILITIES:			
Accounts Payable		$1,345.16	
Accrued Capital Stock Tax		22.00	
Federal Income Tax Payable		6.45	
Total Current Liabilities			$1,373.61
CAPITAL:			
Non-transferable stock - Issued and Outstanding, 342 shares at $10.00 each		$3,420.00	
Earned Surplus -			
Balance July 1, 1939	$3,232.69		
Add - Excess of income over expense for the Year Ended June 30, 1940, per Exhibit B	266.78		
Outstanding checks of Prior Year Cancelled	4.57		
	$3,504.04		
Deduct - Dividends paid to Members	1,315.01		
Balance June 30, 1940		2,189.03	
Total Capital and Earned Surplus			5,609.03
Total Liabilities and Capital			$6,982.64

Exhibit B

BENNINGTON COLLEGE COOPERATIVE STORE

STATEMENT OF INCOME AND EXPENSE

For the Year Ended June 30, 1940

SALES		$29,046.71
COST OF GOODS SOLD:		
Inventory July 1, 1939	$ 2,494.48	
Purchases	26,241.10	
	$28,735.58	
Less - Inventory June 30, 1940	3,150.42	
Total Cost of Goods Sold		25,585.16
GROSS PROFIT FROM SALES		$ 3,463.55
INCOME FROM COMMISSIONS AND SERVICES:		
Commission from Beauty Parlor	$ 417.02	
Commission fom Exhibits	1,187.34	
Commission from New Music Quarterly Recording	25.85	
Services to Bennington College	267.00	
Total Income from Commissions and Services		1,897.21
TOTAL GROSS OPERATING PROFIT:		$ 5,360.76
EXPENSE:		
Manager's Salary	$ 1,800.00	
Salary of Manager's Assistant	517.00	
Students' Wages	869.63	
Rental of Store	300.00	
Office and General Expense	242.63	
Services Furnished by Bennington College	1,135.00	
Federal Capital Stock Tax	22.00	
Other Taxes	3.00	
Membership in Organizations	41.19	
Audit	125.00	
Entertainment Expense	13.11	
Depreciation on Equipment	82.16	
Total Expenses		5,150.72
EXCESS OF INCOME OVER EXPENSES FROM STORE OPERATIONS		$ 210.04
OTHER INCOME:		
Discounts Taken on Purchases		63.19
EXCESS OF INCOME OVER EXPENSE BEFORE FEDERAL INCOME TAXES		$ 273.23
FEDERAL INCOME TAX		6.45
EXCESS OF INCOME OVER EXPENSES FOR THE YEAR ENDED JUNE 30, 1940, Carried to Balance Sheet, Exhibit A		$ 266.78