Financial Statements of

MOUNTAIN EQUIPMENT CO-OPERATIVE

Year ended December 29, 2013

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INDEPENDENT AUDITORS' REPORT

To the Members of Mountain Equipment Co-operative

We have audited the accompanying consolidated financial statements of Mountain Equipment Co-operative, which comprise the consolidated balance sheet as at December 29, 2013, the consolidated statements of earnings and surplus and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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 Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from 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 our 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, we consider 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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 present fairly, in all material respects, the consolidated financial position of Mountain Equipment Co-operative as at December 29, 2013, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

KPMG LLP

Chartered Accountants

April 15, 2014
Vancouver, Canada

MOUNTAIN EQUIPMENT CO-OPERATIVE

Consolidated Balance Sheet
(Expressed in thousands of dollars)

December 29, 2013, with comparative information for 2012

	December 29, 2013	December 30, 2012
Assets		
Current assets:		
Cash and cash equivalents (note 3)	$ 21,127	$ 5,495
Restricted cash (note 3)	1,550	-
Accounts receivable	1,324	789
Inventory (note 4)	61,131	69,343
Prepaids and deposits	3,270	2,760
	88,402	78,387
Property and equipment (note 6)	152,523	144,036
	$ 240,925	$ 222,423
Liabilities and Members' Equity		
Current liabilities:		
Operating loan (note 8(a))	$ -	$ 3,000
Amounts owing to suppliers, governments and employees (note 7)	36,287	26,085
Gift cards and provision for sales returns	8,934	8,570
Current portion of long-term debt (note 8(b))	13,986	985
Capital lease obligation (note 9)	349	-
Current portion of deferred lease inducements	92	132
	59,648	38,772
Long-term debt (note 8(b))	-	13,990
Deferred lease inducements	556	328
Future income taxes (note 10)	912	828
	61,116	53,918
Members’ shares (note 11)	177,770	166,879
Contributed surplus (note 12)	705	653
Surplus	1,334	973
	179,809	168,505
Commitments and contingencies (note 13)		
Subsequent events (note 15)		
	$ 240,925	$ 222,423

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

(signed) Bill Gibson Director (signed) Jonathan Gallo Director

MOUNTAIN EQUIPMENT CO-OPERATIVE

Consolidated Statement of Earnings and Surplus
(Expressed in thousands of dollars)

Year ended December 29, 2013, with comparative information for 2012

	December 29, 2013	December 30, 2012
Sales	$ 320,871	$ 302,040
Cost of sales	215,614	205,368
Gross margin	105,257	96,672
Selling and administration expenses (schedule)	98,365	91,898
	6,892	4,774
Other income (schedule)	3,394	2,583
Earnings before patronage return and income taxes	10,286	7,357
Patronage return	9,750	8,116
Earnings (loss) before income taxes	536	(759)
Provision for (recovery of) income taxes (note 10):		
Current	91	96
Future	84	(88)
	175	8
Net earnings (loss)	361	(767)
Surplus, beginning of year	973	1,740
Surplus, end of year	$ 1,334	$ 973

See accompanying notes to consolidated financial statements.

MOUNTAIN EQUIPMENT CO-OPERATIVE

Consolidated Statement of Cash Flows
(Expressed in thousands of dollars)

Year ended December 29, 2013, with comparative information for 2012

	December 29, 2013	December 30, 2012
Cash provided by (used in):		
Operations:		
Net earnings (loss)	$ 361	$ (767)
Items not involving cash:		
Amortization	8,968	8,435
(Gain) loss on disposal of property and equipment	(133)	23
Amortization of deferred lease inducements	(142)	(127)
Future income taxes	84	(88)
Shares issued by application of patronage return	9,750	8,116
	18,888	15,592
Change in non-cash operating working capital items related to operations	16,214	(3,700)
	35,102	11,892
Financing:		
Repayment of operating loan	(3,000)	3,000
Repayment of long-term debt	(989)	14,975
Shares issued to new members	1,184	1,229
Shares redeemed	(41)	(6)
Shares withdrawn	(2)	(1)
Contributed surplus from unclaimed share redemptions, net	52	(20)
	(2,796)	19,177
Investing:		
Restricted cash	(1,550)	-
Purchase of property and equipment	(25,629)	(34,479)
Proceeds on disposal of property and equipment	10,505	-
	(16,674)	(34,479)
Increase (decrease) in cash and cash equivalents	15,632	(3,410)
Cash and cash equivalents, beginning of year	5,495	8,905
Cash and cash equivalents, end of year	$ 21,127	$ 5,495
The following non-cash transactions occurred in the year:		
Property and equipment purchased included in amounts owing to suppliers	$ 2,915	$ 717

See accompanying notes to consolidated financial statements.

1. Operations:

Mountain Equipment Co-operative ("MEC") is a member owned and directed retail consumer co-operative. It is incorporated under the Co-operative Association Act of British Columbia and serves its members through stores across Canada as well as through a call centre and website.

The current fiscal year consists of 364 days (December 31, 2012 to December 29, 2013) and the comparative fiscal year consists of 371 days (December 26, 2011 to December 30, 2012).

2. Significant accounting policies:

(a) Basis of presentation:

These consolidated financial statements have been prepared in accordance with accounting standards for private enterprises ("ASPE") and include the accounts of MEC's wholly owned subsidiary, 1314625 Ontario Limited, a substantially inactive company.

(b) Revenue recognition:

MEC recognizes revenue when the title of goods passes to the member. Revenue from store sales is recognized at the point of sale and revenue from online and call centre sales is recognized when the product is shipped. MEC reports its revenue net of sales discounts and returns.

MEC gift cards entitle the holder to use the value for purchasing products and services. Gift card amounts are non-refundable and cannot be redeemed for cash. Gift cards have no associated fees or expiration dates.

The balance of the gift card liability at year end represents MEC's outstanding obligation for these gift cards. Revenue from gift cards is recognized as cards are redeemed.

MEC recognizes income on unredeemed gift cards when it can determine that the likelihood of the gift card being redeemed is remote and that there is no legal obligation to remit the unredeemed gift card value to relevant jurisdictions.

(c) Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand, balances with banks, and short-term investments with maturities of 30 days or less.

2. Significant accounting policies (continued):

(d) Inventory:

Inventory is valued at the lower of weighted average cost and net realizable value. The cost of inventory includes all costs of purchase net of vendor allowances, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated necessary costs to make the sale.

(e) Property and equipment:

Property and equipment are recorded at cost less accumulated amortization. Amortization is recorded annually using the following rates and methods:

Asset	Basis	Rate
Buildings	Declining balance	4 - 6%
Furniture, fixtures and equipment	Declining balance	6 - 55%
Computer software	Straight-line	5 years
Asset under capital lease	Straight-line	Term of lease

Assets under construction commence amortization when assets are put in use.

Leasehold improvements are amortized on a straight-line basis over the lesser of the estimated useful life of the asset or the term of the lease plus one renewal period. The amortization terms range from 1 to 22 years.

(f) Lease inducements:

MEC records rent expense on a straight-line basis over the term of the lease. Accordingly, reasonably assured rent escalations are amortized over the lease term.

Free rent periods and lease inducements are deferred and amortized over the lease term as a reduction of annual rent expense.

(g) Patronage return:

The patronage return is deducted from earnings for the year in which the return is declared by the Board of Directors and represents a refund of the current year’s sales proceeds to the members based on their purchases during the year.

2. Significant accounting policies (continued):

(h) Derivative financial instruments and hedge accounting:

MEC uses foreign exchange contracts in its hedging strategy to manage its exposure to currency risks on highly probable United States (“US”) dollar inventory purchases.

Where the requirements for hedge accounting are met, MEC designates and documents the foreign exchange contracts as hedges of anticipated US dollar inventory purchases. The documentation identifies the anticipated transaction being hedged, the risk that is being hedged, the type of hedging instrument used and how effectiveness will be assessed. The hedging instrument must be highly effective in offsetting changes in the anticipated cash flows both at inception and throughout the life of the instrument. Hedge accounting is discontinued prospectively if it is determined that the hedging instrument is no longer effective as a hedge, the hedging instrument is terminated, or upon the sale or early termination of the hedge.

The foreign exchange contracts held by MEC at year-end that qualify for hedge accounting are not presented on the year-end balance sheet at their fair value. The gains and losses relating to these contracts are recognized as an adjustment to any gain or loss arising on the settlement of the hedged inventory purchases.

(i) Foreign currency translation:

MEC translates assets and liabilities denominated in foreign currencies at exchange rates in effect at the end of the year. Exchange gains and losses from unhedged transactions denominated in foreign currencies relating to inventory purchases are included in cost of sales. Included in the 2013 cost of sales was a foreign exchange gain of $30 (December 30, 2012 - gain of $805).

(j) Employee benefits:

MEC contributes on a defined contribution basis to assist employees with retirement savings. The cost is included in salaries, wages and employee benefits expense. Contributions of $1,260 (December 30, 2012 - $1,237) were made during the fiscal year ended December 29, 2013.

(k) Income taxes:

MEC follows the liability method of accounting for income taxes. Under this method, income tax liabilities and assets are recognized for the estimated tax consequences attributable to differences between the financial statement carrying amount of existing assets and liabilities.

2. **Significant accounting policies (continued):**

(k) Income taxes (continued):

Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the year that includes the date of enactment or substantive enactment. A valuation allowance is recorded against any future income tax asset if it is more likely than not that the asset will not be realized. Income tax expense or benefit is the sum of MEC's provision for the current income taxes and the difference between the opening and ending balances of the future income tax assets and liabilities.

(l) Use of estimates and measurement uncertainty:

In preparing MEC's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates. Areas of measurement uncertainty include inventory valuation, allowance for sales returns, allowance for future warranty expenses, valuation of future income taxes, and the amount of gift certificates likely to be redeemed.

(m) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. MEC has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs. These costs are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, MEC determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount MEC expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

3. Cash and cash equivalents and restricted cash:

Cash and cash equivalents consist of the following:

	December 29, 2013	December 30, 2012
Cash and cash equivalents less outstanding cheques	$ 2,142	$ 5,495
Bankers' acceptances and term deposits at interest rates varying from 1.01% to 1.08%	18,985	-
	$ 21,127	$ 5,495

Restricted cash relates to amounts held in trust for construction holdbacks.

4. Inventory:

	December 29, 2013	December 30, 2012
Raw materials	$ 532	$ 925
Work-in-progress	307	585
Finished goods	61,715	69,171
Inventory provision	(1,423)	(1,338)
	$ 61,131	$ 69,343

The amount of inventories recognized as a component of cost of sales during the year was $190,560 (December 30, 2012 - $185,408).

Also included within cost of sales for the year ended December 29, 2013 are charges to inventory within the normal course of business, made throughout the year, of $3,773 (December 30, 2012 - $3,743). These charges include the disposal of obsolete and damaged product, shrinkage, and permanent markdowns to net realizable values.

5. Foreign exchange contracts:

MEC holds a number of option-dated forward contracts that are intended to settle future US dollar inventory purchases. At the balance sheet date, MEC had contracts to purchase US currency outstanding totalling USD$29,790 (December 30, 2012 - USD$50,000) at an average rate of CAD$1.05 (December 30, 2012 - CAD$0.99) that mature at various dates to August 1, 2014 (December 30, 2012 - to August 2, 2013).

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

6. Property and equipment:

			December 29, 2013	December 30, 2012
	Cost	Accumulated amortization	Net book value	Net book value
Land	$ 43,777	$ -	$ 43,777	$ 51,971
Buildings	69,688	19,773	49,915	54,295
Furniture, fixtures and equipment	43,327	32,437	10,890	11,206
Leasehold improvements	34,101	15,903	18,198	19,538
Computer software	18,500	15,045	3,455	2,484
	209,393	83,158	126,235	139,494
Capital projects in progress	1,769	-	1,769	4,542
Capital projects in progress – capital lease	24,519	-	24,519	-
	$ 235,681	$ 83,158	$ 152,523	$ 144,036

Amortization for the year amounted to $8,968 (2012 - $8,435).

The capital projects in progress – capital lease has been accounted for as a sale-leaseback transaction. The proceeds from the sale net of selling costs were less than the net book value of the property and therefore a loss of $88 has been deferred and included in this balance. It will be amortized along with the final building under capital lease on a straight-line basis over the term of the lease.

7. Amounts owing to suppliers, governments and employees:

Government remittances payable at December 29, 2013 in the amount of $7,066 (December 30, 2012 - $2,129) relating to federal and provincial sales taxes, payroll taxes, and workers' safety insurance are included in amounts owing to suppliers, governments and employees.

8. Operating loan and long-term debt:

(a) Operating loan:

MEC has available a revolving demand credit facility of $45,000 that has been arranged to fund general operations. The facility can be drawn through bankers' acceptances, Canadian and US dollar operating loans, LIBOR loans and letters of credit (note 13(b)). The loan is secured by a general security agreement and a first charge on certain property. As at December 29, 2013, $42,116 (December 30, 2012 - $36,019) of the facility was available.

8. Operating loan and long-term debt (continued):

(a) Operating loan (continued):

LIBOR based loans accrue interest at Libor plus 1.0% - 1.5%. Operating loans accrue interest at the bank's prime rate plus 0% - 0.5%. US operating loans accrue interest at the US base rate plus 0% - 0.5%. Bankers acceptances accrue interest at the banker's acceptance rate plus 1.0% - 1.5%. The amount of the spread, in excess of the base interest rate, varies with reference to certain financial ratios of MEC.

The draws on the facility as at December 29, 2013 were all outstanding letters of credit (note 13(b)) (December 30, 2012 - banker's acceptances and letters of credit).

(b) Long-term debt:

MEC has a long-term debt facility of $15,000 that has been arranged to fund capital expenditures. The facility can be drawn through bankers' acceptances and Canadian operating loans and is secured by a general security agreement and a first charge on certain property. Repayment of the long-term debt is in quarterly installments of $250, plus interest, amortized over a 15 year period. The loan matures on September 30, 2014. As at December 29, 2013, the loan balance is $14,000 (December 30, 2012 - $15,000).

Operating loans accrue interest at the bank's prime rate plus 0% - 0.5%. bankers acceptances accrue interest at the banker's acceptance rate plus 1.0% - 1.5%. The amount of the spread, in excess of the base interest rate, varies with reference to certain financial ratios of MEC.

The outstanding loan as at December 29, 2013 has been drawn through bankers' acceptances and Canadian operating loans (December 30, 2012 - banker's acceptances).

Under the terms of the above mentioned credit facilities, MEC is required to meet certain financial covenants. As at December 29, 2013, MEC was in compliance with the covenants.

9. Capital lease obligation:

MEC has entered into a capital lease to finance a building under construction at December 29, 2013. It is anticipated that construction will be completed in 2014. The total development costs of the building, estimated to be between $41,360 and $44,900, will determine the amount of future rent payments which will begin once construction is complete and continue for the initial term of 20 years. The interest rate for the lease is 3%.

At December 29, 2013 the construction costs incurred to date have been capitalized and included in capital projects in process (note 6). Financing draws as at December 29, 2013 have been set up as a capital lease obligation. Remaining financing draws will be made prior to the commencement of the lease.

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

10. Income taxes:

(a) The reconciliation of income tax computed at the statutory tax rates to the income tax provision is set out below.

The statutory income tax rate applicable to MEC is 26.17% (December 30, 2012 - 25.73%).

	December 29, 2013	December 30, 2012
Provision for income taxes (recovery) based on statutory rates	$ 140	$ (195)
Adjustment for permanent differences	92	157
Change in future income tax liabilities due to change in income tax rates	(4)	4
Other adjustment/recoveries of over accruals	(53)	42
	$ 175	$ 8

(b) The tax effect of temporary differences that give rise to significant components of the future income tax assets and future income tax liabilities is presented below.

	December 29, 2013	December 30, 2012
Future income tax assets:		
Deferred lease inducements	$ 170	$ 119
General reserves	746	659
Other assets	179	118
	1,095	896
Future income tax liabilities:		
Property and equipment	2,007	1,724
	$ 912	$ 828

11. Members' shares:

The authorized capital of MEC is an unlimited number of shares with a par value of $5.00 per share. Each member is required to purchase one share for cash. MEC distinguishes separately the number of outstanding shares issued for cash and the number issued by application of patronage return.

As set out in the rules of MEC, membership entitles each member to one vote in the governance of MEC and the right to purchase goods. Also, as set out in the rules, member-initiated withdrawals are limited to 1% of the total share capital, subject to the discretion of the Board of Directors.

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

11. Members' shares (continued):

The cumulative shares issued by source are as follows:

	December 29, 2013		December 30, 2012	
	Number of shares	Amount	Number of shares	Amount
Membership shares issued	4,116	$ 20,579	3,879	$ 19,395
Shares issued by application of patronage return	31,438	157,191	29,497	147,484
	35,554	$ 177,770	33,376	$ 166,879

A summary of shares issued and redeemed during the year is as follows:

	December 29, 2013		December 30, 2012	
	Number of shares	Amount	Number of shares	Amount
Balance, beginning of year	33,376	$ 166,879	31,508	$ 157,541
Shares issued to new members	237	1,184	246	1,229
Shares issued by application of patronage return	1,950	9,750	1,623	8,116
Shares redeemed	(9)	(41)	(1)	(6)
Shares withdrawn	-	(2)	-	(1)
	35,554	$ 177,770	33,376	$ 166,879

12. Contributed surplus:

The changes in contributed surplus are as follows:

	December 29, 2013	December 30, 2012
Balance, beginning of year	$ 653	$ 673
Unclaimed share redemption amounts	75	22
Claims of share redemption amounts previously allocated to contributed surplus	(23)	(42)
	$ 705	$ 653

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

13. Commitments and contingencies:

(a) Lease commitments:

MEC has operating lease commitments for premises and certain equipment. The minimum annual lease payments scheduled for the next five years and thereafter are as follows:

2014	$ 5,867
2015	4,775
2016	4,116
2017	3,964
2018	3,033
Thereafter	21,601

(b) Letters of credit:

At December 29, 2013, MEC had outstanding letters of credit in various currencies through its financial institutions to provide guarantees to certain suppliers. The letters of credit outstanding at December 29, 2013 amounted to USD$1,820 and Euro $100 (December 30, 2012 - CAD$855, USD$4,541 and Euro $461). Of this amount, USD$1,223 (December 30, 2012 - USD$2,228) has been included in amounts owing to suppliers, governments and employees in the consolidated balance sheet of MEC.

(c) Capital project commitments:

MEC is committed to future construction costs of $20,324 (2012 - $262). At December 29, 2013, MEC had standby letters of credit relating to delivery of certain municipal requirements on construction projects of $776 (December 30, 2012 - $113). No accrual has been made for these standby letters of credit as all required deliverables are expected to be met through the projects.

14. Financial instruments and risk management:

MEC is exposed to the following risks related to its financial assets and liabilities:

(a) Currency risk:

MEC is exposed to currency risk on some of its amounts owing to suppliers and expected inventory purchases, which are denominated in currencies other than Canadian dollars. MEC uses foreign exchange forward contracts to manage the majority of this exposure.

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

14. Financial instruments and risk management (continued):

(a) Currency risk (continued):

The consolidated balance sheet includes US dollar cash and cash equivalents, as well as US dollar amounts owing to suppliers. The balances in Canadian dollars and in US dollars are as follows:

	December 29, 2013		December 30, 2012	
	CAD	USD	CAD	USD
Outstanding cheques in excess of cash and cash equivalents	$ 728	$ 681	$ 1,124	$ 1,129
Amounts owing to suppliers	5,802	5,424	5,410	5,436

(b) Interest rate risk:

MEC's exposure to interest rate risk depends upon the balance of its cash and cash equivalents, operating loan and long-term debt. The demand-operating loan and long-term debt are subject to interest rate risk as the required cash flow to service the debt will fluctuate as a result of changing market interest rates.

(c) Credit risk:

Financial instruments that potentially subject MEC to credit risk consist of cash and cash equivalents, bankers' acceptances and term deposits, and accounts receivable. MEC uses reputable financial institutions for cash, bankers' acceptances and term deposits and believes the risk of loss to be remote. MEC has accounts receivable from corporate members and government agencies, none of which MEC believes represent a significant credit risk.

(d) Liquidity risk:

Liquidity risk is the risk that MEC will not be able to meet its obligations as they become due. MEC's approach to managing liquidity risk is to ensure that it always has sufficient cash flows and cash on hand and credit facilities to meet its operating obligations. The magnitude and timing of share redemptions are considered in managing liquidity risk.

There has been no change to the risk exposures from 2012.

15. Subsequent events:

(a) Joint venture agreement:

Subsequent to year end, MEC entered into a limited partnership, development management, and shareholders agreement to create a limited partnership. The partnership will develop, construct and sell residential units on a parcel of land in Toronto, Ontario. The parcel of land was part of a larger parcel acquired for the purpose of constructing a new store. The agreements provide joint control over the limited partnership to MEC and the other limited partner. As such, this investment will be accounted for as a joint venture using the equity method.

As part of the arrangement MEC has also entered into an agreement to sell the parcel of land on which the residential units will be developed as MEC's contribution into the joint venture. The sale of the property is not expected to result in any net financial gain or loss.

(b) Share redemption:

Subsequent to year end, MEC completed a redemption of shares with a value of $4,577, which had originally been issued by the application of patronage returns to members in financial years 2012 and earlier.

MOUNTAIN EQUIPMENT CO-OPERATIVE

Consolidated Schedules of Selling and Administration Expenses and Other Income
(Expressed in thousands of dollars)

Year ended December 29, 2013, with comparative information for 2012

	December 29, 2013	December 30, 2012
Selling and administration expenses:		
Salaries, wages and employee benefits	$ 57,827	$ 54,142
Supplies and services	18,304	16,628
Rent and occupancy	12,828	11,752
Amortization	8,968	8,435
Interest	571	918
(Gain) loss on disposal of property and equipment	(133)	23
	$ 98,365	$ 91,898
Other income (expenses):		
Rent and parking	$ 1,045	$ 1,580
Gear swap and MEC events proceeds	563	299
Gift certificates unlikely to be redeemed	1,056	760
Miscellaneous income	134	329
Interest	15	19
GST, HST and QST to be recovered in respect of patronage dividend, net of costs incurred	581	(404)
	$ 3,394	$ 2,583