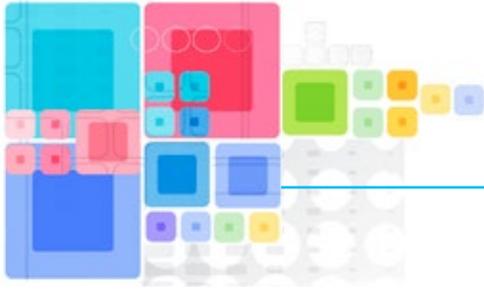




# ANNUAL REPORT



# FY 2015



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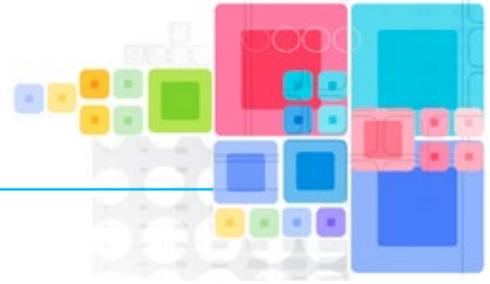
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# YEAR IN REVIEW



## EXECUTIVE DIRECTOR'S MESSAGE

The Scanning Certification Program (SCP) enjoyed a very successful twelve months of operation from July 2014 to June 2015. I'm pleased to report a strong demand for our services, positive financial results and extensive inspection data-mining capabilities that help us help our retail clients uncover and respond to price accuracy issues.

Membership was steady in fiscal 2015, with over 1,000 store locations from nine retail chains and numerous independent grocers involved in the SCP. We're especially proud of our nearly 100 percent retention rate — only a few shuttered chain stores exited the program last year.

And our ranks will grow again soon as Acme enrolls 70+ new stores into the program. These former A & P stores were acquired by Acme during A & P's recent bankruptcy. We'll also benefit from Giant Eagle's expansion into Indiana.

All key financial goals were met or exceeded last year, enabling us to maintain inspection fees at their current level for 2016. The fees paid by SCP members fund our entire operation, and we're very careful to spend our clients' money wisely. The SCP's last fee increase was in 2008, and affordability is crucial as retailers have free inspection options from state and local weights and measures agencies.

Our seven inspectors performed 1,150 unannounced price accuracy tests in seven states during fiscal 2015, a 21 percent increase in activity from the previous year. Overall price accuracy was up in both supermarkets and convenience stores, which is a significant accomplishment given the hundreds to thousands of price changes store personnel are dealing with at any one time.

Price accuracy performance remains very store and, to a lesser extent, company specific. Success is highly dependent on two things: a high level of communication and support from corporate offices to their stores regarding price changes and store-level employees who understand and are committed to follow price integrity

policies and procedures.

Our members understand how important price accuracy is to customers and regulators, and how high the stakes are if expectations aren't met. Whole Foods provides the most recent cautionary tale, having been recently fined \$800,000 by California for price overcharges and now seeing its sales growth hit as a result of New York City's current investigation for mispricing.

We continue to track fast changing food retailing and pricing technology trends, which show that the very notion of what a price is, or what constitutes a store, is changing in unprecedented speed and fashion.

I offer a special thanks our volunteer Board of Advisors. This group of price accuracy stakeholders, led by Penn State University's Dr. Drew Hyman and consumer advocate Mary Bach, created the SCP and provide ongoing guidance.

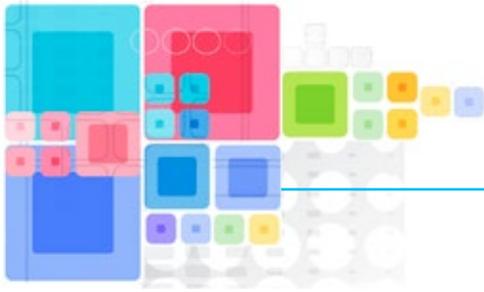
We welcome Michelle Dorin, Director of Pricing for Weis Markets, who recently joined the board. Weis has been a valued member of the SCP since 1997, and we look forward to availing ourselves of Michelle's pricing expertise.

On behalf of the entire SCP team, I'm pleased to provide you with this annual report and invite you to contact me if you have any questions about it or our program.

Sincerely,

Autumn V. Thomas  
Executive Director





# BACKGROUND

## OVERVIEW

Developed in 1991, the Scanning Certification Program (SCP) is a voluntary price accuracy program for retailers that seeks to provide price accuracy and appropriate pricing information for shoppers in Pennsylvania and surrounding states. The core objectives of the program are to clearly identify for customers the prices of all items in the store and to ensure that customers are charged the lowest advertised price at checkout.

Program guidelines require stores to ensure that shelf tags are accurate and legible, that scanners are programmed to charge the lowest advertised price, that any errors are documented and promptly corrected, that appropriate employees receive price accuracy training and that consumers receive a free item when they are charged more than the lowest advertised price.

To receive program certification, member stores must also achieve a price accuracy rating of at least 98 percent during an annual price verification inspection. The SCP counts all errors — overcharges, undercharges and items with no price posted — in its audit process.

Retailers want to assure consumers and government officials that scanning is the most accurate method of checkout. The SCP provides public recognition to stores which achieve and maintain high standards of accuracy in the administration of their pricing and scanning systems.

The SCP is recognized by the Pennsylvania Department of Agriculture as an approved private price verification certification program under Act 155 of 1996.

Over 1,000 food retailers currently participate in the program. Supermarkets made up the entire membership base until 1999, at which time the first convenience store chain enrolled. Any store which sells food and uses an optical scanning checkout system is eligible to join the SCP.

Despite recent leveling off, annual average price accuracy for participating supermarkets has increased over time,

from 96.90 percent in 1991 to 98.80 percent at the end of fiscal 2015. Convenience store price accuracy has seasawed upward since 2000, rising from an initial average of 95.64 percent to 97.05 percent in fiscal 2015.

Error types and average cash values have varied by retail channel. For grocery stores in fiscal 2015, 36 percent of the errors were undercharges, 37 percent were overcharges and 27 percent were unpriced items. For convenience stores during the same period, those figures were 28 percent, 39 percent and 33 percent respectively. The average cash value of undercharges was larger than overcharges in both supermarkets and convenience stores, with supermarkets having larger overall average error values.

The ongoing mission of the SCP is to help member stores work toward 100 percent price accuracy; ensure customer satisfaction in the realm of price accuracy and expand participation, particularly to retail segments not currently represented.

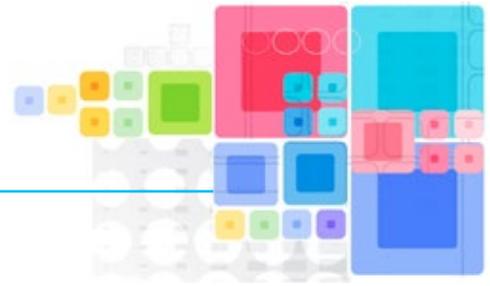
The following sections provide background information on the SCP, fiscal 2015 and cumulative inspection statistics and financial data relating to the operation of program. Figures contained herein are as of June 30, 2015 unless otherwise indicated.

## DEVELOPMENT

Despite several decades of checkout scanner experience in supermarkets nationwide, as well as the more recent mainstream application of the technology in most other retail channels, consumer skepticism remains about the accuracy of point-of-sale scanning systems. Some worry that such systems enable retailers to benefit from overcharge errors on a scale not possible with manually-entered prices.

Government data show that the scanning equipment itself is quite accurate. A 1996 Federal Trade Commission study, *Price Check: A Report on the Accuracy of Checkout*

# BACKGROUND



*Scanners*, found that “checkout scanners usually result in fewer errors than manual entry of prices at checkout.” Their 1998 study, *Price Check II: A Follow-up Report on the Accuracy of Checkout Scanner Prices*, noted that “scanners can help retailers reduce pricing errors at checkout.”

Checkout scanning systems make the modern retail shopping experience possible. In addition to better price accuracy and faster checkout, consumers benefit from a substantially wider product assortment, more detailed receipt information and access to conveniences such as self-checkout and electronic coupon discounts. According to *Progressive Grocer*, it’s been a boon for shoppers, retailers and manufacturers alike with estimated annual cost savings of \$17 billion in the grocery sector alone.

When store-level price accuracy problems occur, human error is generally the cause. Store personnel may have entered figures or dates into the pricing file incorrectly; data sent from the wholesale or corporate host file may have been incorrect or incomplete or, as in almost 90 percent of the cases, a shelf tag was misplaced, misprinted or simply missing altogether.

Pennsylvania Food Merchants Association (PFMA), which represents food retailers and wholesalers in and around Pennsylvania, recognized the consumer concerns and brought together stakeholders of various interested parties to address checkout scanner accuracy issues.

By 1991, this group of retailers and wholesalers, consumer advocates, government officials and labor representatives had developed the SCP, a not-for-profit voluntary program whereby participating retailers agree to adhere to a strict set of pricing standards, and in so doing are eligible to earn a certified compliance status.

Program operations and retailer enrollment began in earnest in 1992, after a ten-store pilot of inspection procedures the previous year. In-store audits commenced in 1993, with 133 supermarkets tested that year.

The SCP has received international attention for its

proactive approach to retail price accuracy and is recognized by the Commonwealth of Pennsylvania as an approved certifier for Act 155 price verification inspections.

## BOARD OF ADVISORS

The development team of price accuracy stakeholders evolved into the SCP Board of Advisors, which sets policy and provides ongoing direction. PFMA provides administrative support. The current members of the board are:

**Edward D. Arnoldi** – Member, PA Association of Weights & Measures, Kulpmont, PA;

**Mary Bach** - Consumer Advocate and AARP Representative, Murrysville, PA;

**Murray Battleman** – Owner, Richboro Shop 'n Bag, Richboro, PA;

**Michelle Dorin** – Director of Pricing, Weis Markets, Sunbury, PA;

**Dean Ely** – Executive Director, PA Association of Weights and Measures, Jersey Shore, PA;

**Drew Hyman** – Professor Emeritus, Penn State University, University Park, PA;

**Ric LeBlanc** – Agent, Pennsylvania Office of Attorney General, Harrisburg, PA;

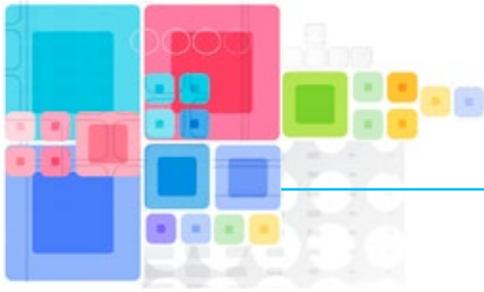
**David McCorkle** – President, Pennsylvania Food Merchants Association, Camp Hill, PA;

**Kevin Mullen** – Director Retail Technology, SuperValu-East Region, New Stanton, PA;

**Peg Rhodes** – Representative, United Food & Commercial Workers Local 1776, Biglerville, PA;

**Pattie Shekiri** – Retail Integrity Manager, Acme Markets, Malvern, PA;

**Steve Swan** – General Manager, Retailix Pittsburgh, Warrendale, PA.



# BACKGROUND

## PROGRAM PRINCIPLES

The SCP requires all enrollees to adhere to the following three basic pricing principles:

- The store will tell the customer in the aisle — with a shelf tag, sign, manufacturer pre-price or item price — the exact price of each item;
- The point-of-sale checkout scanning system will charge that price at the register;
- The store will adopt a price accuracy policy that gives one of an item free, up to a limit of \$10, to any customer who is charged more than the lowest advertised price, and will charge the correct price for any additional units of that item. Retailers may implement a more generous policy such as not having a \$10 limit on the value of a free item or expanding the refund policy to include errors where the customer is charged less than the advertised price.

## PROGRAM REQUIREMENTS

Stores participating in the SCP must also:

- Adhere to specific requirements regarding the size, information and placement of shelf tags and sale signs;
- Announce the price accuracy policy by posting signs at the store entrance, customer service area and at each cash register;
- Educate employees about price integrity procedures, the price accuracy policy and how to implement it if an error occurs;
- Achieve a price accuracy rating of at least 98 percent on a single-stage random sample of 200 items tested throughout the store.

Program signage and inspection requirements vary by store size. Those with smaller footprints, such as convenience stores, are only required to post price

accuracy policy signs at cash registers and must achieve a price accuracy rating of at least 98 percent on a single-stage random sample of 50 items.

All program requirements and inspection procedures, which are detailed in the *Scanning Certification Program Operations Manual*, meet or exceed state and federal standards. Each store receives a copy of the operations manual upon enrollment.

## PROGRAM FORMAT

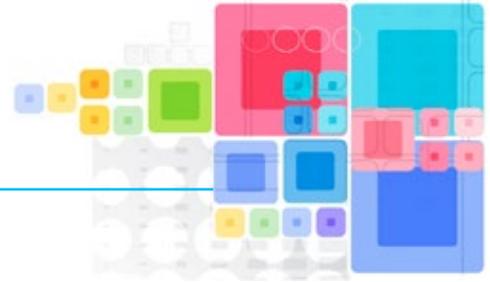
When a retailer enrolls in the SCP, program staff will conduct an orientation seminar to familiarize appropriate store personnel with all aspects of the program. Store employees will then perform a baseline self-study of their pricing systems to gauge the store's performance against the program standards. If performance needs improvement, store personnel will take corrective action.

When all program requirements have been fully implemented, the store will notify the program director. SCP staff will conduct an unannounced in-store inspection soon thereafter to measure compliance with program standards.

Stores that fully meet all of the program requirements receive a one-year certification. Stores that do not meet the 98 percent accuracy standard, or have not implemented other program requirements, will be subject to another unannounced inspection within 60 days of the initial visit. In Pennsylvania, state law requires stores that score less than 98 percent accuracy and exceed one overcharge error when 50 items are sampled or four overcharges with a 200 item sample, must pass two consecutive follow-up inspections spaced approximately 30 days apart.

Inspectors visit participating stores within thirty days of the store's one-year certification anniversary date to determine continued compliance with program

# BACKGROUND



requirements and, if applicable, issue a new certification award.

Criteria for awarding certification are periodically reviewed by the Board of Advisors. No changes were made to the requirements in fiscal 2015.

In 2012, the SCP Board of Advisors approved the launch of an inspection-only program. Some retailers expressed a desire to have the SCP as their price accuracy inspection vendor, but without mandated best practices standards. Stores that opt for this program do not have to implement the SCP price accuracy policy, price integrity training or shelf tag guidelines; but the price accuracy inspection techniques, scoring criteria and inspection intervals are the same as those of the traditional SCP program.

## STORE COMPLIANCE

The SCP is able to monitor store compliance, in part, through the calls shoppers place to the SCP's toll-free hotline. The hotline number, 888-SCAN-SCP, is included on the price accuracy policy signs that retailers post in their stores. Some program participants have also opted to include the SCP hotline number on their websites.

Consumer feedback — both positive and negative — helps to ensure that program requirements are carried out properly at store-level. Most of the calls fielded by SCP representatives involve the incorrect implementation of the price accuracy policy, which underscores the importance of ongoing price accuracy and customer service training for all store employees who interact with shoppers.

Unannounced interim inspections may be conducted periodically to verify that certified stores in the traditional SCP program adhere to all price accuracy best practices

throughout the period of their certification. During an interim inspection, the auditor will look for compliance with price accuracy policy signage, employee training and shelf tag requirements, but will not check the store's price accuracy rate. Any areas of noncompliance are reviewed with store management and must be corrected or the store's certification may be revoked.

All member stores also receive a semiannual newsletter, *Program Notes*, shown below, which features news on the work of the Board of Advisors, legislative activity, helpful hints for maintaining price accuracy and profiles of program participants and staff. The newsletter provides an important link among retailers, the Board of Advisors, regulatory agencies and outside news sources. *Program Notes* and the SCP's annual report are also available online at [www.pfma.net](http://www.pfma.net).

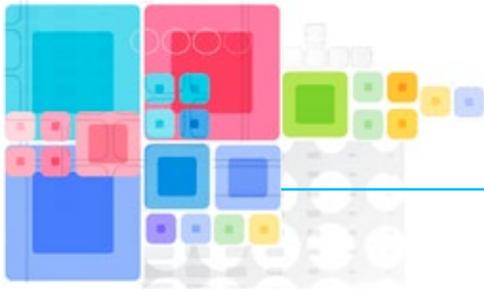


## CURRENT ENROLLMENT

As of June 2015, 1,023 stores in Pennsylvania, New Jersey, Maryland, Delaware, Ohio, West Virginia and Virginia were enrolled in one of the the SCP's two programs. Members include Acme Markets, Country Fair, Giant Eagle/GetGo, Giant Food Stores, Price Chopper, Sunoco, SuperValu-Pittsburgh supplied supermarkets, Tops Markets and Weis Markets. Equally as important are the numerous C & S supplied and other independent grocers who are also long time participants in the SCP.

Supermarkets make up 67 percent of the membership and convenience stores account for 33 percent. Membership was steady between fiscal 2014 and 2015, but will increase soon with Acme's recent purchase of 70+ former A & Ps and Giant Eagle's new Indiana stores.

The SCP's member retention rate was excellent over the last year, hovering just below 100 percent. Usually when a store exits the program, it's an



# BACKGROUND

obsolete chain store location that has been closed.

Member stores receive increased customer trust and public recognition for making price accuracy a top priority. Adherence to program requirements helps prevent undercharges that cost retailers money and overcharges that erode consumer confidence. Auditor feedback and customized inspection reporting enables participants to pinpoint and address any price accuracy problems promptly. Certified stores in Pennsylvania also fulfill the state requirements of Act 155 for the annual inspection of checkout scanners.

## PENNSYLVANIA SCANNER INSPECTION LAWS

Enacted by the Pennsylvania legislature in 1996, Act 155 mandates that the Pennsylvania Department of Agriculture conduct unannounced annual price verification tests of all retail stores in the state that use optical checkout scanning systems. A price accuracy rate of at least 98 percent is required.

Under Pennsylvania's Certified Universal Product Code (UPC) and Price Look-Up (PLU) Inspector Program, stores with point-of-sale scanning systems are exempt from routine annual Act 155 price verification testing by the Department of Agriculture if they are inspected at least annually, on an unannounced basis, by an approved private certification program that conforms to price verification standards adopted by the National Conference on Weights and Measures.

The SCP is an approved Act 155 private certification program. Our seven inspectors are registered by the Pennsylvania Department of Agriculture as certified UPC/PLU inspectors for the purpose of performing price verification tests.

The state-issued inspector certifications are valid for three years, after which time inspectors must partake in additional price verification training and reapply for certification. Training requires participants to demonstrate hands-on proficiency and pass a test on

proper inspection techniques, reporting requirements and relevant statutes.

In November of 2013 and March of 2014, SCP inspectors underwent continuing education mandated by Act 155, extending their state certifications for another three years. SCP management is approval by the Pennsylvania Department of Agriculture to perform the required Act 155 training for its inspectors.

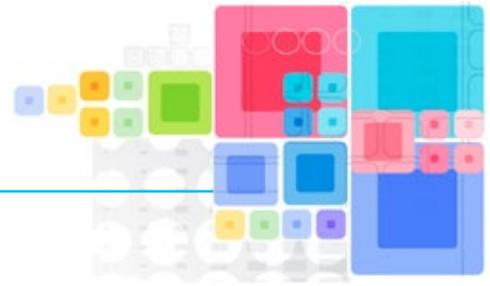
As mandated by Pennsylvania's Title 70, § 5.12, the SCP provides a copy of any inspection report for individual Pennsylvania stores to the state Weights and Measures office by the 10<sup>th</sup> day of the month following when the inspection occurred. The SCP also retains all inspection reports for three years from the date of any inspection.

Historically, the Department has not inspected certified SCP stores unless it received a customer complaint. However, Title 70 states that "the Department may evaluate the performance of a certified UPC/PLU Inspector who conducts inspections for a private certification program by conducting a follow-up inspection of any UPC scanning system or PLU device that has been inspected and tested by the certified UPC/PLU Inspector." The Department has an audit program in place to ensure that certified private certification programs and UPC/PLU inspectors are performing their duties properly and protecting the consumers and businesses they represent.

In 2012, Pennsylvania Governor Tom Corbett signed HB 2366 into law as Act 169 of 2012. Casually referred to as the parking meter bill, it transfers the responsibility to inspect parking meters from the Department of Agriculture to local government units or certified parking meter inspectors.

Perhaps more importantly, in order to improve the state's ability to perform timely inspections of the various weights and measures devices under its jurisdiction, Act 169 changes the frequency that the department must inspect all commercially used vehicle scales and other

# BACKGROUND



fuel dispensers from a 12-month period to intervals not greater than 18 months. Checkout scanning system inspections go from being required annually to at least once every three years.

Act 169 did not change the annual price verification inspection interval requirement for inspections done by approved private certification programs. For Act 155 and Act 169 compliance, SCP members will continue to undergo annual unannounced price accuracy tests. Similarly, to date, the Pennsylvania Department of Agriculture hasn't issued any new direction to its inspectors with respect to testing price verification systems less frequently than once a year.

The City of Philadelphia also has legislation, Chapter 9-1800 of the Philadelphia Code, governing the use of checkout scanners. Certain retail food establishments in the city are required to obtain a license and pay an annual license fee to use checkout scanners. Regulated stores must also adhere to specific standards for how prices are displayed, adopt and advertise a policy to give customers a free item when a scanner overcharge occurs on a food item and document and maintain records of price errors.

On June 8, 2006, the Philadelphia City Council passed Bill No. 050790, which amended the city's scanner law to extend the requirements for licensing to nonfood or mercantile retailers and to increase penalties for violations.

Until it was eliminated as a cost-saving measure in 2009, the Philadelphia Department of Weights and Measures performed unannounced quarterly inspections to measure city stores' price accuracy. A random sample of items was used to calculate the "scanner overcharge ratio." If either the number or dollar value ratio of overcharges to undercharges was 3:1 or greater, the store was in violation of the code. Three consecutive violations resulted in a store having to item-price merchandise until it passed four consecutive quarterly inspections. Philadelphia weights and measures duties have been handed over to the state, but it is unclear at present if or how the Philadelphia

quarterly price accuracy audits will be continued.

While certification from the SCP exempts Pennsylvania participants from routine Act 155 inspections, it does not exempt member stores from any Philadelphia scanning system tests.

## NATIONAL STANDARD

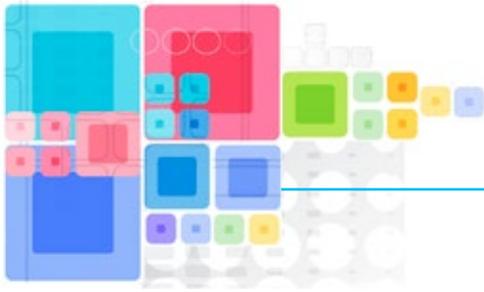
Though the SCP was initially geared toward Pennsylvania supermarkets, it has since gained a much wider audience.

Other states interested in developing similar programs have used the SCP as a model and the federal government looked to the program when developing its own price verification techniques and accuracy standards. Canadian and Australian officials have also studied the SCP approach to price integrity.

The National Institute of Standards and Technology (NIST) modeled its randomized sampling methodology, detailed in *Handbook 130, Examination Procedures for Price Verification*, on inspections techniques pioneered by the SCP in 1991. This sampling design ensures that all items in a store have a roughly equal chance of being included in the test sample, thereby maximizing uniformity and minimizing inspector bias. Like the SCP, NIST set 98 percent as the accuracy rate which all retail stores must achieve.

Weights and Measures officials in each state determine if their offices will follow the NIST price verification standards when inspecting retail stores within their jurisdictions. Pennsylvania's Division of Weights and Measures uses *Handbook 130* procedures whenever it is called upon to check a store's price accuracy.

NIST and SCP representatives have also collaborated on price accuracy inspection training. In 2008 at NIST's Gaithersburg, MD campus, SCP executive director Autumn Thomas conducted a seminar for New Jersey and Michigan weights and measures inspectors about the SCP's development, policies, procedures and results.



# BACKGROUND

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## WORK WITH OTHER GROUPS

In addition to working with NIST, the SCP's staff and Board of Advisors have collaborated with various industry groups and other government agencies on the issues of price accuracy.

The Federal Trade Commission, which produced reports on checkout scanner accuracy in 1996 and 1998, worked with the SCP to learn how the program was created, why stores decided to enroll and how stores work to ensure price accuracy.

Program staff also participated in a work group assembled by the Food Marketing Institute that developed a document for grocers entitled *Price Verification: Ensuring Accuracy at Store-Level*.

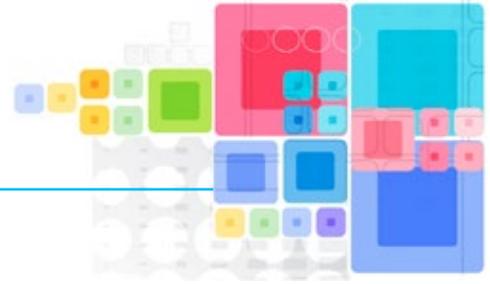
SCP and Pennsylvania Division of Weights and Measures managers cooperate frequently on price accuracy and Act 155 compliance issues. In 2006, the Secretary of Agriculture named the SCP's Mary Bach, Dean Ely and Autumn Thomas to the Department's then newly created Weights and Measurement Standards Advisory Committee.

More recently, SCP managers were asked to provide input on the state's audit program for certified UPC/PLU inspectors as well as revisions that were made to the Department's price verification training program.

SCP personnel also collaborate regularly with representatives of the Pennsylvania Association of Weights and Measures (PAWM), the organization for the commonwealth's local weights and measures professionals. SCP staff participate in the association's events and the two organizations have been involved in numerous price accuracy projects such as the regulation-writing process for Act 155.

Both SCP vice-chair Mary Bach and executive director Autumn Thomas are regular speakers at PAWM's annual technical training conferences. At their 2014 event, Autumn gave a presentation about emerging trends in retail pricing and promotion, POS system technology and store formats and offered a sneak peak as to how very different the food shopping experience of tomorrow may be.

# PROGRAM DATA



## SUPERMARKET INSPECTIONS OVERVIEW

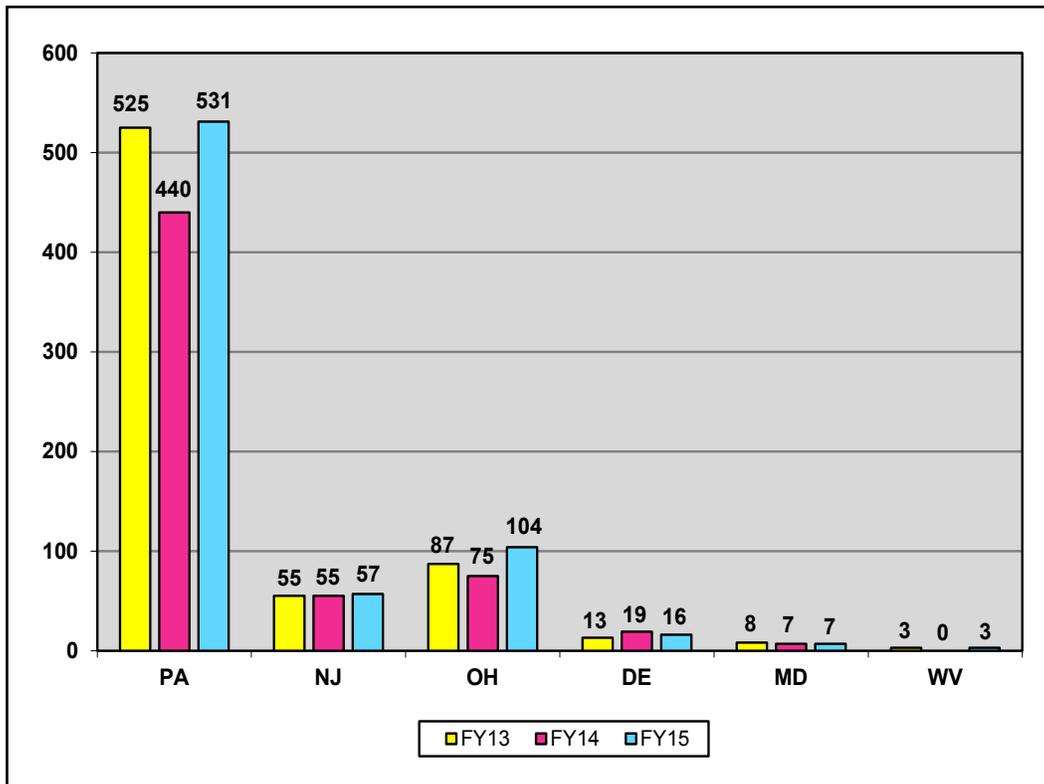
SCP inspectors did 718 supermarket audits in six states last year. *Chart A* shows that most of the inspections, 74 percent, were done in Pennsylvania. Ohio and New Jersey accounted for 15 percent and 8 percent of the tests each, and a small number of audits were performed in Delaware, Maryland and West Virginia. Inspection activity rebounded nicely from 2014, when only 596 inspections were performed due to a temporary reduction in inspector resources and timing of end-of-year inspections.

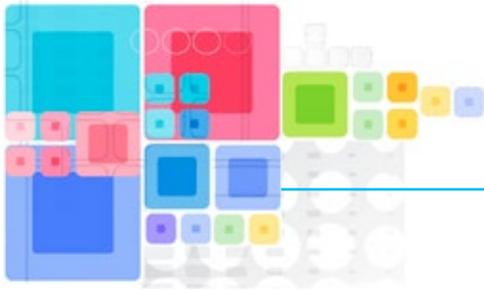
Inspections were conducted in 60 of Pennsylvania’s 67 counties last year. The top counties based on inspection

volume were: Allegheny (13 percent); Montgomery (7 percent); Bucks (6 percent); Chester and Lancaster (5 percent each); and Delaware and Westmoreland (4 percent each). See page 13 for the complete county listing.

Inspections may be performed any time a store is open. In fiscal 2015, the breakdown of supermarket activity by day-of-week was: 17 percent on Monday; 29 percent on Tuesday; 24 percent on Wednesday; 15 percent on Thursday; 14 percent on Friday; 1 percent on Saturday and none on Sunday.

**CHART A - SUPERMARKET INSPECTIONS BY STATE: FY13 - FY15**





# PROGRAM DATA

## CONVENIENCE STORE INSPECTIONS OVERVIEW

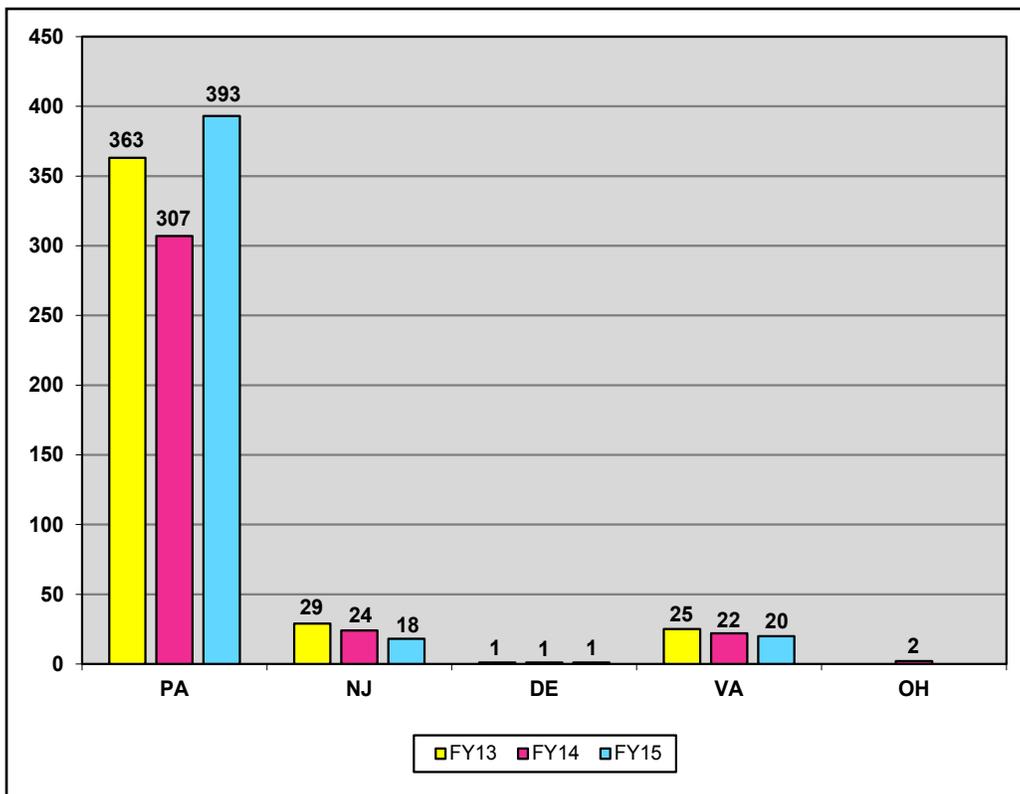
There were 432 convenience store inspections performed in four states last year, up from 356 tests the previous year and 418 in fiscal 2013. As with supermarkets, inspection volume dipped in 2014 due to a temporary staffing issue and timing with respect to year-end inspections.

*Chart B*, below, shows that the vast majority of the fiscal 2015 inspections were done in Pennsylvania (91 percent). Virginia accounted for 5 percent of the tests, followed by New Jersey with 4 percent and a single inspection in Delaware.

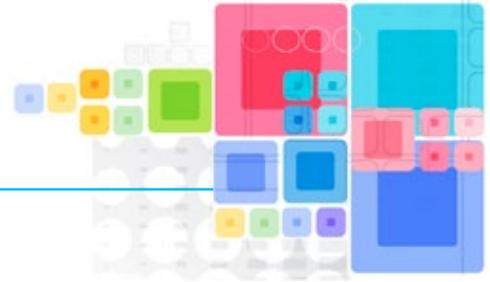
Last year SCP inspectors visited convenience stores in 50 Pennsylvania counties. The most inspected counties were: Allegheny (17 percent); Erie (16 percent); Westmoreland (8 percent); Philadelphia (6 percent) and Chester (5 percent). See page 13 for the complete county breakdown.

Convenience store inspections took place every day of the week, usually during daylight business hours. The fiscal 2015 breakdown by day-of-week was: 18 percent on Monday; 27 percent on Tuesday; 29 percent on Wednesday; 13 percent on Thursday; 10 percent on Friday; 1 percent on Saturday and 2 percent on Sunday.

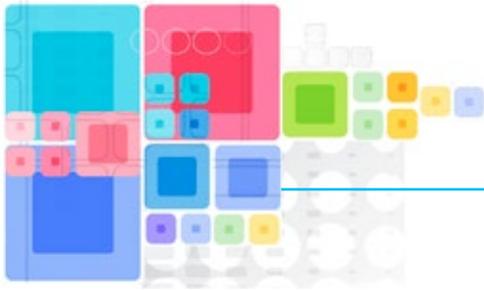
**CHART B - CONVENIENCE STORE INSPECTIONS BY STATE: FY13 - FY15**



# PROGRAM DATA



PENNSYLVANIA INSPECTIONS BY COUNTY: FY15						
COUNTY	S/M COUNT	S/M PERCENT	C-STORE COUNT	C-STORE PERCENT	COMBINED COUNT	COMBINED PERCENT
Allegheny	69	12.99%	68	17.30%	137	14.83%
Erie	10	1.88%	64	16.28%	74	8.01%
Westmoreland	22	4.14%	33	8.40%	55	5.95%
Montgomery	37	6.97%	14	3.56%	51	5.52%
Chester	26	4.90%	19	4.83%	45	4.87%
Lancaster	28	5.27%	11	2.80%	39	4.22%
Philadelphia	15	2.82%	22	5.60%	37	4.00%
Bucks	32	6.03%	3	0.76%	35	3.79%
Delaware	20	3.77%	8	2.04%	28	3.03%
York	17	3.20%	9	2.29%	26	2.81%
Lehigh	17	3.20%	7	1.78%	24	2.60%
Berks	15	2.82%	4	1.02%	19	2.06%
Dauphin	13	2.45%	6	1.53%	19	2.06%
Monroe	12	2.26%	7	1.78%	19	2.06%
Cumberland	12	2.26%	6	1.53%	18	1.95%
Luzerne	18	3.39%	0	0.00%	18	1.95%
Butler	6	1.13%	9	2.29%	15	1.62%
Lackawanna	15	2.82%	0	0.00%	15	1.62%
Lycominig	8	1.51%	7	1.78%	15	1.62%
Northampton	10	1.88%	3	0.76%	13	1.41%
Northumberland	5	0.94%	8	2.04%	13	1.41%
Adams	7	1.32%	5	1.27%	12	1.30%
Blair	9	1.69%	3	0.76%	12	1.30%
Washington	8	1.51%	4	1.02%	12	1.30%
Beaver	4	0.75%	7	1.78%	11	1.19%
Crawford	4	0.75%	7	1.78%	11	1.19%
Mercer	3	0.56%	7	1.78%	10	1.08%
Columbia	5	0.94%	4	1.02%	9	0.97%
Lebanon	6	1.13%	3	0.76%	9	0.97%
Lawrence	3	0.56%	5	1.27%	8	0.87%
Centre	7	1.32%	0	0.00%	7	0.76%
Fayette	4	0.75%	3	0.76%	7	0.76%
Franklin	4	0.75%	3	0.76%	7	0.76%
Schuylkill	3	0.56%	3	0.76%	6	0.65%
Snyder	3	0.56%	3	0.76%	6	0.65%
Union	2	0.38%	4	1.02%	6	0.65%
Bradford	5	0.94%	0	0.00%	5	0.54%
Somerset	2	0.38%	3	0.76%	5	0.54%
Venango	2	0.38%	3	0.76%	5	0.54%
Wayne	5	0.94%	0	0.00%	5	0.54%
Bedford	2	0.38%	2	0.51%	4	0.43%
Cambria	2	0.38%	2	0.51%	4	0.43%
Mifflin	3	0.56%	1	0.25%	4	0.43%
Perry	3	0.56%	1	0.25%	4	0.43%
Warren	2	0.38%	2	0.51%	4	0.43%
Clinton	2	0.38%	1	0.25%	3	0.32%
Huntington	3	0.56%	0	0.00%	3	0.32%
Indiana	3	0.56%	0	0.00%	3	0.32%
McKean	2	0.38%	1	0.25%	3	0.32%
Montour	2	0.38%	1	0.25%	3	0.32%
Wyoming	3	0.56%	0	0.00%	3	0.32%
Armstrong	1	0.19%	1	0.25%	2	0.22%
Carbon	1	0.19%	1	0.25%	2	0.22%
Clearfield	2	0.38%	0	0.00%	2	0.22%
Fulton	1	0.19%	1	0.25%	2	0.22%
Jefferson	1	0.19%	1	0.25%	2	0.22%
Tioga	2	0.38%	0	0.00%	2	0.22%
Clarion	0	0.00%	1	0.25%	1	0.11%
Elk	0	0.00%	1	0.25%	1	0.11%
Greene	0	0.00%	1	0.25%	1	0.11%
Juniata	1	0.19%	0	0.00%	1	0.11%
Pike	1	0.19%	0	0.00%	1	0.11%
Susquehanna	1	0.19%	0	0.00%	1	0.11%
<b>Totals:</b>	<b>531</b>	<b>100.00%</b>	<b>393</b>	<b>100.00%</b>	<b>924</b>	<b>100.00%</b>



# PROGRAM DATA

## SUPERMARKET INSPECTION RESULTS

To pass an inspection and earn certification, supermarkets must achieve a price accuracy score of at least 98 percent (four or fewer total undercharge, overcharge or no price errors) on an unannounced test of 200 randomly selected items from throughout the store and demonstrate compliance with other program requirements if applicable (see page 6 and 7).

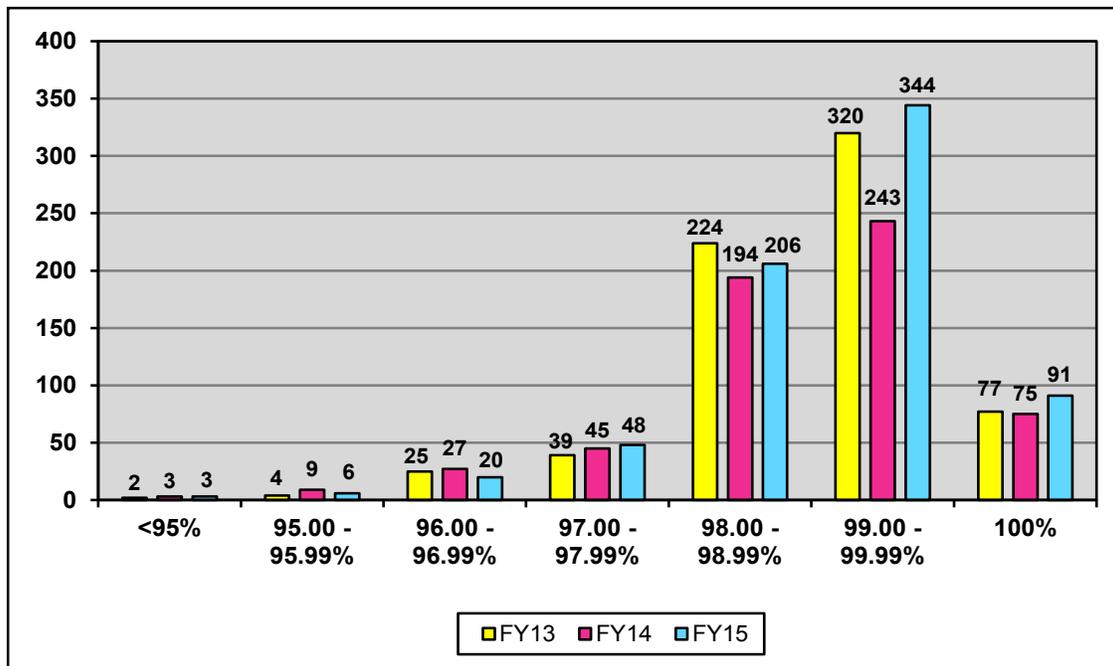
Of the 718 supermarket inspections performed in fiscal 2015, 641 (89 percent) resulted in the issuance of one-year certification awards, while 77 (11 percent) failed to qualify because the 98 percent price accuracy

requirement was not met or additional inspection(s) were required. That's an improvement on the 86 percent/14 percent pass/fail rate for fiscal 2014.

The price accuracy rates of individual grocery stores ranged from 93.50 percent to 100 percent last year, with 91 stores (13 percent) achieving a perfect score, the standard that all program participants strive for.

The complete range of price accuracy scores for individual supermarkets over the last three years is displayed below in *Chart C*.

**CHART C - DISTRIBUTION OF SUPERMARKET PRICE ACCURACY RATES: FY13 - FY15**



# PROGRAM DATA

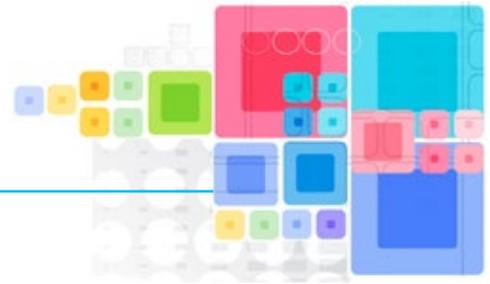


Chart D, below, shows the trend in annual average price accuracy for supermarkets since a baseline study of ten stores in 1991. The average accuracy rate of all audits performed in fiscal 2015 was 98.80 percent, up slightly from 98.64 percent the previous year.

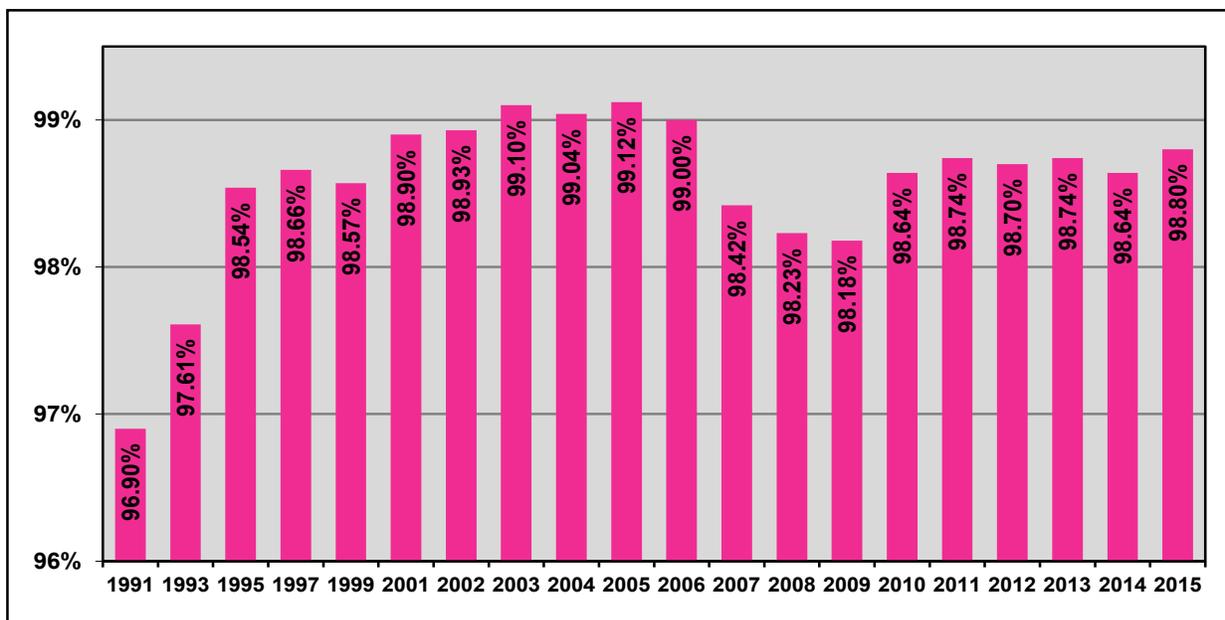
The cumulative average price accuracy rate for all supermarket tests conducted between the program's inception and the end of fiscal 2015 was 98.70 percent. This accuracy rate is based on the sampling of 2,220,575 items since 1991, of which 2,191,733 were priced correctly and 28,842 were not.

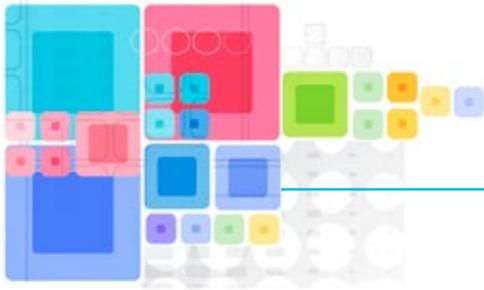
Supermarket operators realize how important accurate pricing is to their customers, especially in today's challenging economic climate. At the same time, maintaining store-level price integrity is more challenging than ever — retailers face a much larger, and faster rotating, selection of items on the shelves; a significantly

higher number and frequency of price changes and more tiers of pricing to manage. Any given item may have at least three different prices at one time — the regular retail price, a single unit sale price for all customers or loyalty card users and a must buy loyalty card-user sale price that requires a specific multiple unit purchase.

Stores are utilizing various strategies to address these challenges and maintain a best practices level of price accuracy. Periodic price checking of all in-store merchandise is critical — audits are usually done several times a year, checking each aisle or section on a rotating basis. Close monitoring of direct-store-delivery vendors is also important to ensure that the items they stock on shelves are priced and accurate. Price integrity also has to be a team effort — not just the responsibility of the pricing coordinator. Department managers, such as in deli and produce, must also be verifying the prices of merchandise in their areas.

**CHART D - SUPERMARKET ANNUAL AVERAGE PRICE ACCURACY: INCEPTION - FY15**





# PROGRAM DATA

The SCP defines any of the following as price errors: undercharges (the price at checkout is less than the lowest posted price); overcharges (the price at checkout is more than the lowest posted price) and unpriced items for which there is no shelf tag, sign or item price.

These rigorous standards are designed to ensure that customers find a price announced in the aisle and pay that same price at the checkout. Savvy retailers recognize that having clearly marked prices that match the prices charged at checkout is what gives shoppers confidence in a store's pricing system.

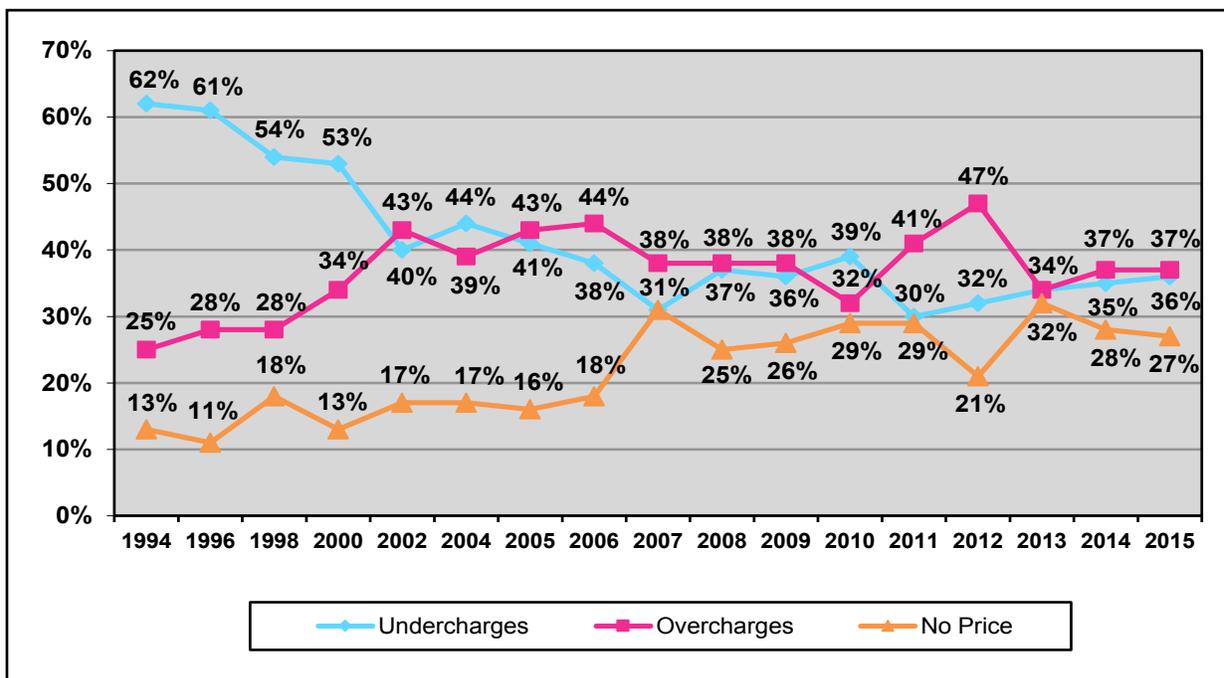
Pennsylvania Department of Agriculture rules are different — only overcharges are tallied as errors. Unpriced items are not scored as errors because state law does not require retailers to post a price. The state does not count undercharges as errors either because of the

impracticality of citing retailers for charging less than the advertised price.

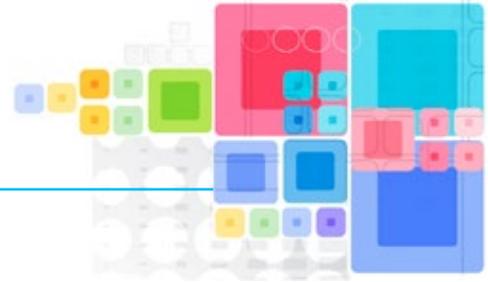
SCP auditors checked the price accuracy of 141,900 supermarket items last year, of which 1,688 (1.20 percent) rang up incorrectly or had no price posted. Of the 1,688 errors found, 611 (36 percent) were undercharges, 622 (37 percent) were overcharges and 455 (27 percent) had no price.

*Chart E* depicts the trend in error types over time. Undercharges have declined from 62 percent to 36 percent of the total errors while overcharges have increased from 25 percent to 37 percent of the total errors. The percentage of unpriced items has fluctuated and doubled since 1994. Shipper displays, new items, direct-store-delivery merchandise, frozen foods, deli case products and produce are common sources of no price posted errors in supermarkets.

**CHART E - SUPERMARKET ERROR TYPE COMPOSITION: FY94 - FY15**



# PROGRAM DATA



The SCP tracks not only the number and type of price errors, but the value and product category of discrepancies too. *Chart F*, below, depicts the dollar value trend of supermarket undercharges and overcharges. The product category detail of errors follows on page 18.

The value of the average undercharge has consistently exceeded that of the average overcharge. For fiscal 2015, the cost of the average undercharge and overcharge was \$0.83 and \$0.57 respectively.

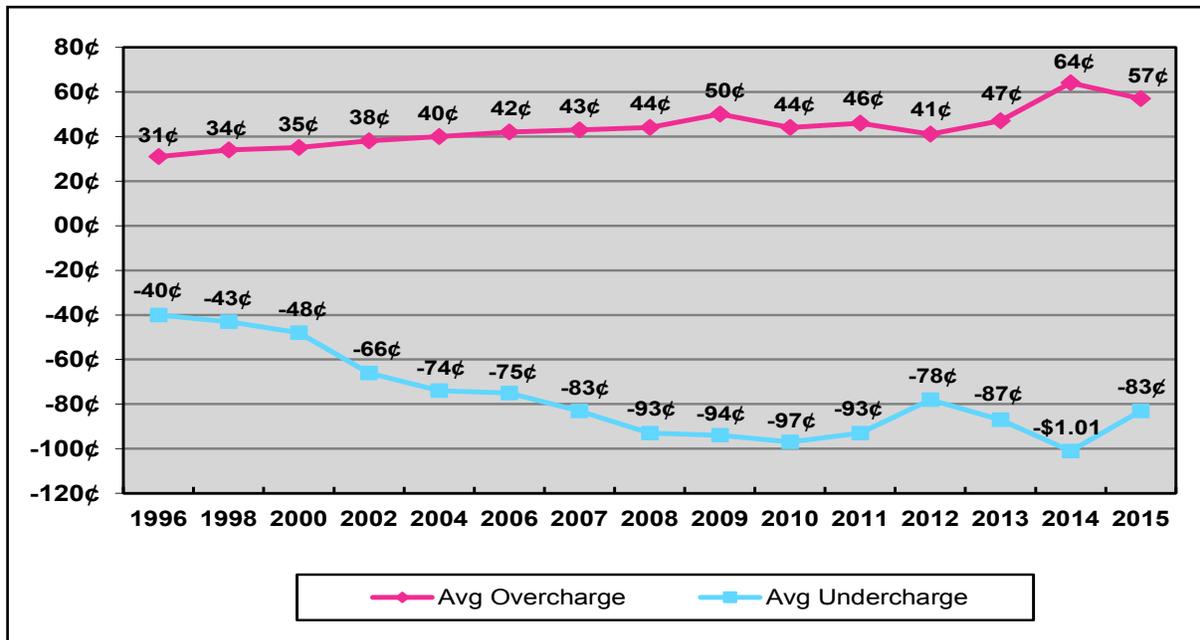
From 1996 through fiscal 2015, the average undercharge increased 43 cents and the average overcharge increased 26 cents. These increases reflect both the general rise in prices over time and the increase in the number of relatively expensive items (i.e. appliances, patio furniture) carried in many supermarkets today.

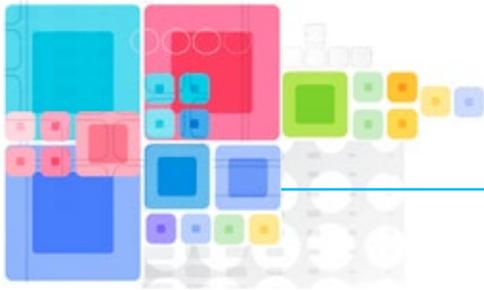
Regardless of their cash value, almost all of the

undercharge and overcharge errors that SCP auditors found were caused by shelf tag miscues. Items that change price frequently, or are priced by an outside vendor, are most vulnerable. These include ad week sale items, seasonal merchandise, discontinued products and direct-store-delivery goods such as soda, sweet and salty snacks and bread.

There are, however, intended price discrepancies — such as when items go on or off sale. Store personnel cannot change prices in the system simultaneous to updating the shelf tags. To prevent from overcharging the customer, a temporary intentional undercharge is created to give staff time to hang the new shelf tags. For a price increase (decrease), that means employees will change the price on the shelf before (after) changing the price in the store's point-of-sale system. Properly documented intentional undercharges are not counted as errors by SCP or weights and measures officials.

**CHART F - DOLLAR VALUE ANALYSIS OF SUPERMARKET ERRORS: FY96 - FY15**



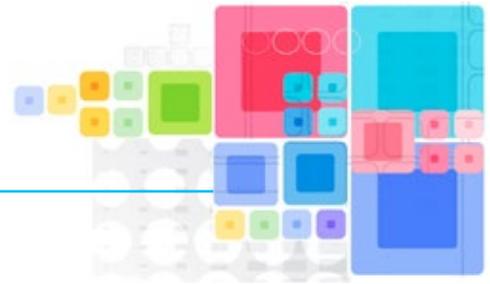


# PROGRAM DATA

## SUPERMARKET ERRORS BY PRODUCT CATEGORY: FY15

PRODUCT CATEGORY	UNDER ERROR COUNT	UNDER ERROR %	OVER ERROR COUNT	OVER ERROR %	NO PRICE ERROR COUNT	NO PRICE ERROR %	TOTAL ERROR COUNT
Auto	0	0.00%	4	66.67%	2	33.33%	6
Baby Products	15	36.59%	17	41.46%	9	21.95%	41
Bakery	4	23.53%	8	47.06%	5	29.41%	17
Baking	17	44.74%	9	23.68%	12	31.58%	38
Batteries	3	37.50%	2	25.00%	3	37.50%	8
Books/Magazines	0	0.00%	1	33.33%	2	66.67%	3
Candy	19	35.85%	25	47.17%	9	16.98%	53
Canned Goods	10	30.30%	16	48.48%	7	21.21%	33
Cereal	11	45.83%	5	20.83%	8	33.33%	24
Cleaners	6	21.43%	12	42.86%	10	35.71%	28
Clothing	2	15.38%	10	76.92%	1	7.69%	13
Condiments/Spices	43	38.74%	37	33.33%	31	27.93%	111
Dairy	20	39.22%	19	37.25%	12	23.53%	51
Deli	8	32.00%	13	52.00%	4	16.00%	25
Drinks	42	40.38%	42	40.38%	20	19.23%	104
DSD	58	33.72%	66	38.37%	48	27.91%	172
Frozen	55	31.98%	54	31.40%	63	36.63%	172
Grocery - General	42	45.16%	30	32.26%	21	22.58%	93
Hardware	2	66.67%	1	33.33%	0	0.00%	3
HBA	58	33.53%	79	45.66%	36	20.81%	173
Housewares	22	25.00%	42	47.73%	24	27.27%	88
Paper Products	20	37.74%	5	9.43%	28	52.83%	53
Pet	36	41.38%	28	32.18%	23	26.44%	87
Produce	60	51.28%	38	32.48%	19	16.24%	117
Seasonal	11	33.33%	10	30.30%	12	36.36%	33
Snacks	29	28.71%	36	35.64%	36	35.64%	101
Soap/Detergent	11	57.89%	5	26.32%	3	15.79%	19
Stationary	3	25.00%	5	41.67%	4	33.33%	12
Tobacco	-	-	-	-	-	-	-
Toys	4	40.00%	3	30.00%	3	30.00%	10
<b>TOTALS</b>	<b>611</b>	<b>36.20%</b>	<b>622</b>	<b>36.85%</b>	<b>455</b>	<b>26.95%</b>	<b>1,688</b>

# PROGRAM DATA



## CONVENIENCE STORE INSPECTION RESULTS

Convenience stores scored a passing grade of at least 98 percent accuracy in 293 of the 432 convenience stores tests done last year. That equates to a pass rate of 68 percent, up from the 66 percent pass rate in fiscal 2014.

Ten percent of the stores that earned a passing accuracy score did not receive certification at the time of their inspection because Pennsylvania requires two consecutive pass results in certain circumstances (see page 6 for detailed information on reinspections and certification).

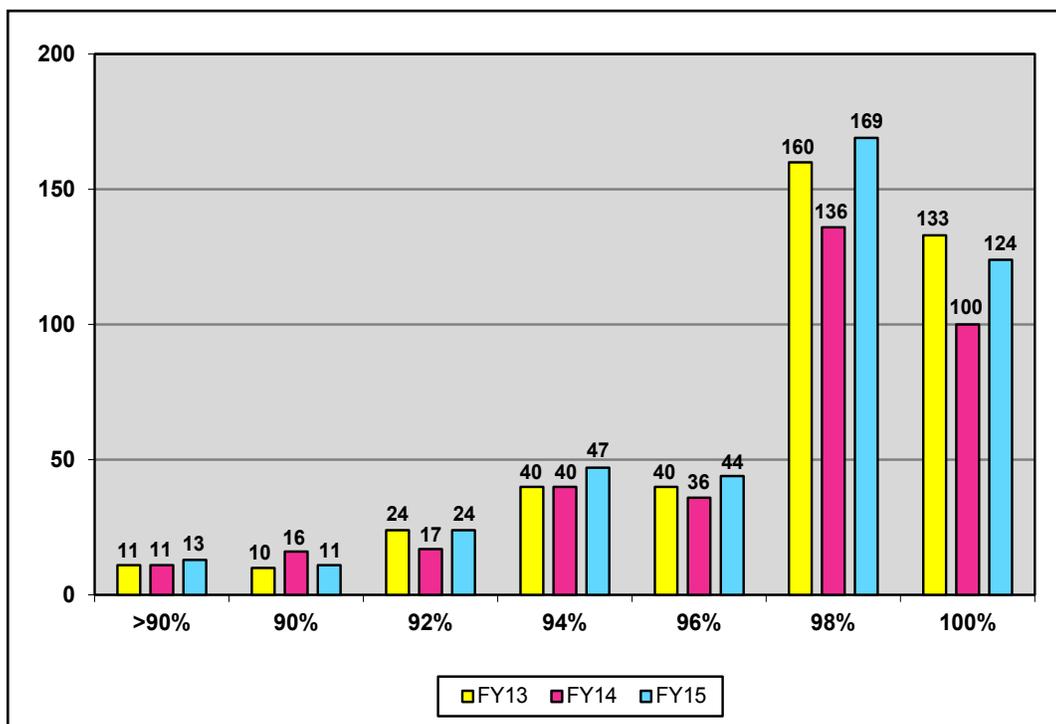
Key to pricing success in the convenience store setting is devoting adequate staff resources to price

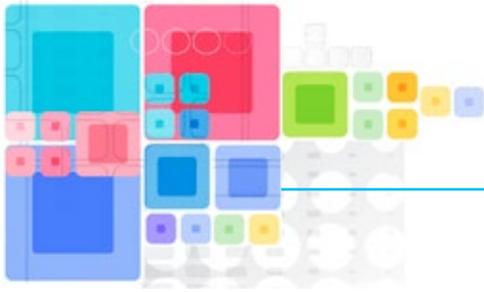
integrity duties, because unlike the dedicated full-time pricing coordinator position in most supermarkets, pricing responsibilities are a part-time focus of several different employees in convenience stores.

The price accuracy rates of individual convenience stores ranged from 80 percent to 100 percent in fiscal 2015. One hundred and twenty four stores (29 percent) had an accuracy score of 100 percent, up from 100 stores the previous year.

The complete distribution of price accuracy scores for the last three years is shown below in *Chart G*.

**CHART G - DISTRIBUTION OF CONVENIENCE STORE PRICE ACCURACY RATES: FY13 - FY15**





# PROGRAM DATA

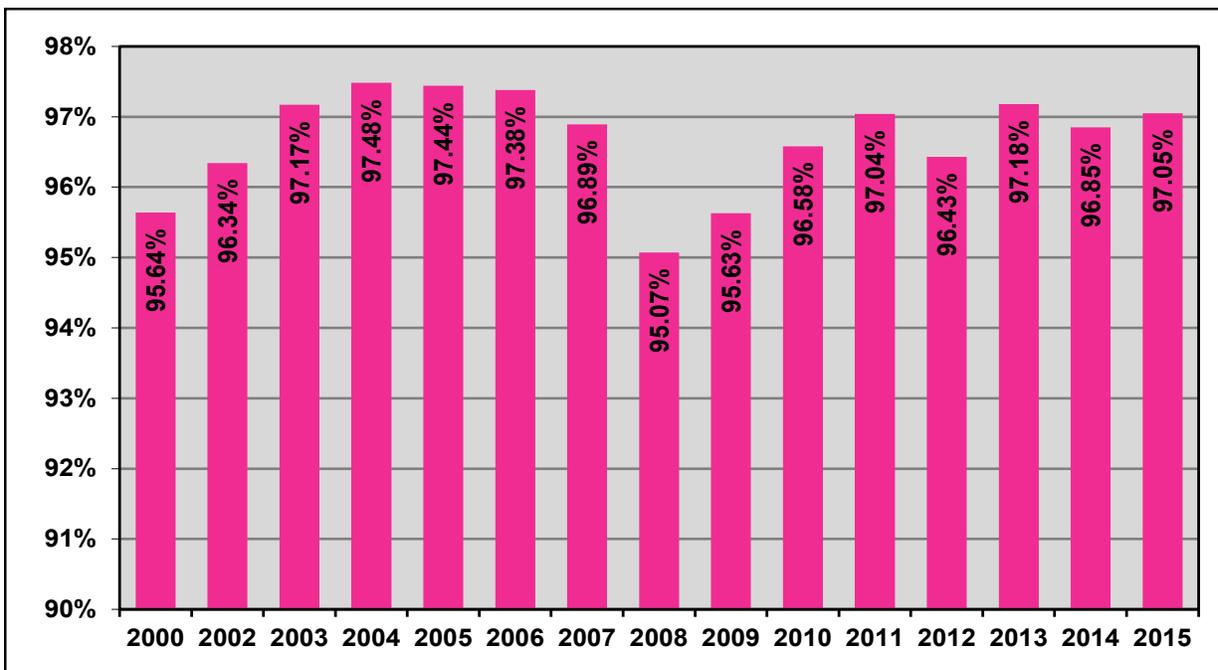
Chart H shows the pattern in annual average price accuracy for convenience stores since the initial study of 84 locations in fiscal 2000. The average price accuracy rate of all audits performed last year was 97.05 percent, up from 96.85 percent in fiscal 2014.

The cumulative average price accuracy rate for all convenience store audits performed since fiscal 2000 is 96.58 percent. There were 530,051 items tested during the sixteen year period, of which 511,926 had correct prices posted and 18,125 did not.

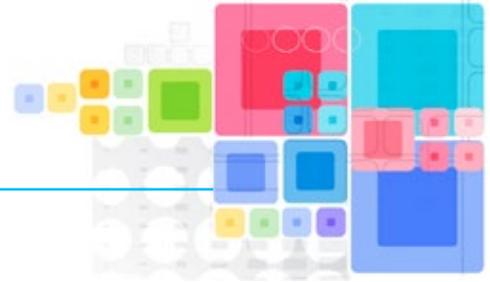
While many individual convenience stores excel in performance, average price accuracy for the channel has lagged behind that of supermarkets.

Several factors contribute to the gap: (1) convenience stores have a much higher percentage of direct-store-delivery items, which are not consistently pre-priced or item-priced by vendors, making them more prone to price errors; (2) shoppers generally place a greater importance on price in supermarkets than in convenience stores, where getting in and out fast is the priority; (3) convenience stores don't have the full-time pricing coordinators found in almost all supermarkets; (4) turnover is often higher in convenience stores, resulting in employees with less price accuracy knowledge and experience than their grocery store counterparts and (5) supermarkets have several decades more experience with checkout scanning than convenience stores.

**CHART H - CONVENIENCE STORE ANNUAL AVERAGE PRICE ACCURACY: INCEPTION - FY15**



# PROGRAM DATA



Except in a few very small stores where only 25 items are tested, SCP auditors sample 50 randomly selected items during each unannounced convenience store inspection — a total of 21,475 products were checked during fiscal 2015.

Of those 21,475 items, 633 (2.95 percent) rang up incorrectly or had no price posted. One hundred and seventy-six (28 percent) of the errors were undercharges, 250 (39 percent) were overcharges and 207 (33 percent) were items without a price. The long term trend in convenience store error types is shown below in *Chart I*.

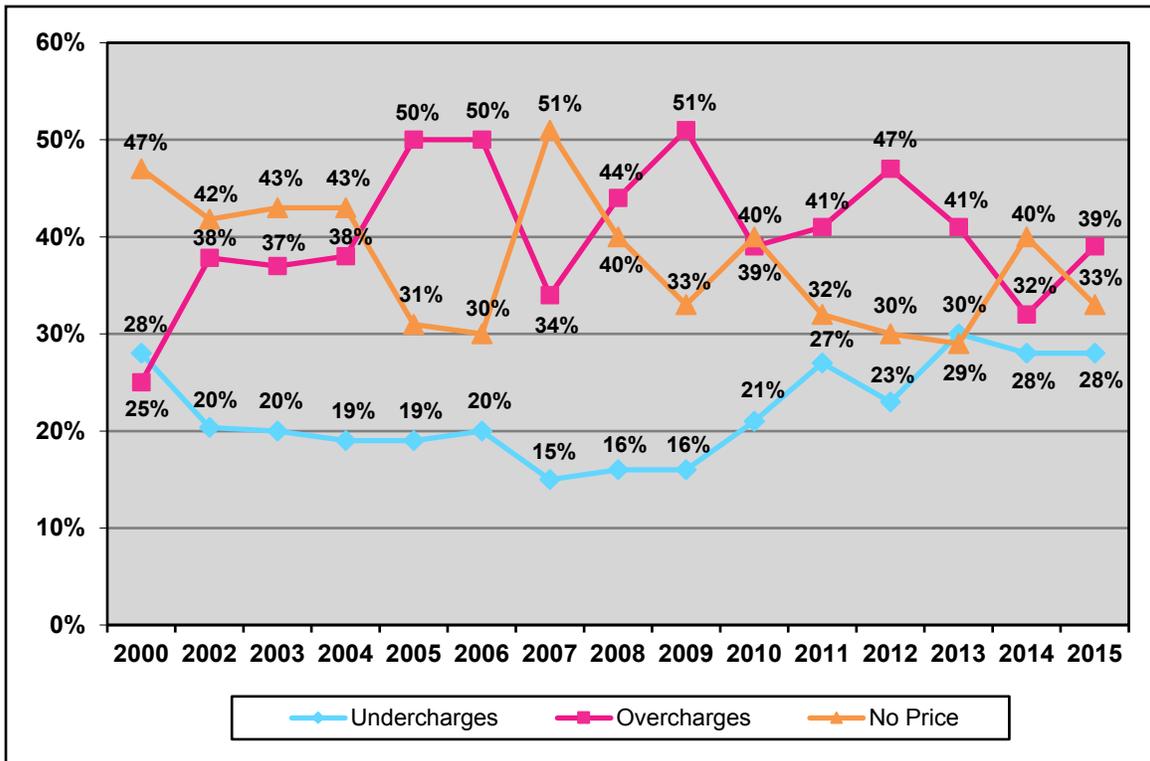
The percentage of unpriced errors fell last year, but continues to be a significant challenge for convenience stores. A large portion of the unpriced product comes from direct-store-delivery vendors who stock some goods

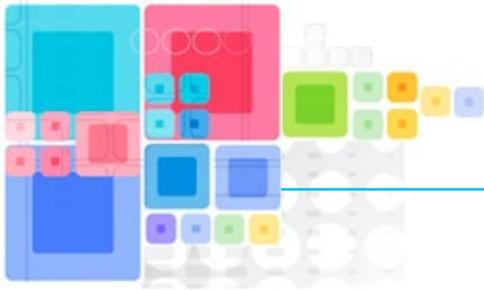
that are pre-priced (i.e. potato chips) and others that are not (i.e. salsa, crackers). Clerks tend to mistakenly assume that everything is pre-priced, increasing the likelihood that some items go unpriced.

Another challenge is the prevalence of small displays throughout the store — candy bars and single-serve sodas in cooler doors, beef jerky in wire racks, pastries by the coffee and seasonal candy and prepared foods in baskets at the checkout — which are difficult to keep track of and to affix shelf tags to.

In fiscal 2015 the volume of overcharges again outpaced the number of undercharges — due largely to the fact that more of the convenience store price changes over the last year were price increases vs. decreases.

**CHART I - CONVENIENCE STORE ERROR TYPE COMPOSITION: FY00 - FY15**





# PROGRAM DATA

Chart J, below, depicts the cash value trend of convenience store errors over time. In fiscal 2015, the cost of the average undercharge and average overcharge was \$0.39 cents and \$0.28. Since 2000, the average undercharge increased one cent and the average overcharge increased six cents.

While the number of overcharges continues to exceed the volume of undercharges, when it comes to cash value, undercharges have always had a greater value than overcharges.

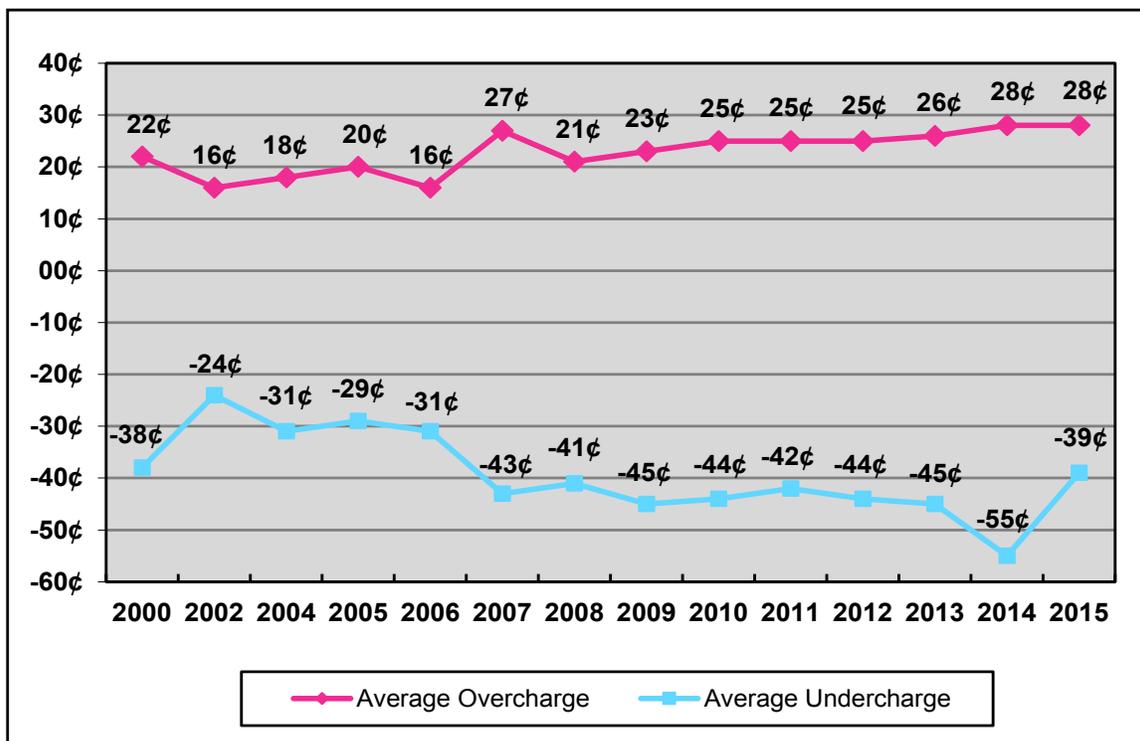
The cash value of convenience store errors tends to be smaller than the dollar value of supermarket errors, largely because the overall product mix in convenience

stores is less expensive than in traditional grocery stores.

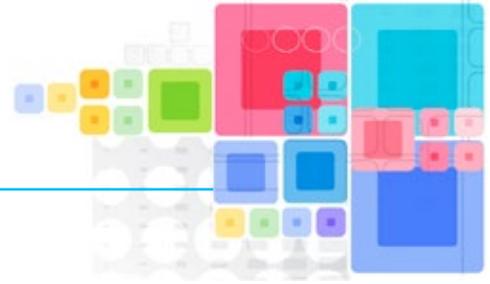
Many convenience store undercharges result when items go on sale, but corresponding sale signs are not posted in a timely fashion. The vast majority of overcharges are caused when shelf tags for price increases are not hung in the aisle promptly or by expired sale signs being left on the shelf.

DSD items accounted for 37 percent of total convenience store errors last year. Snacks and candy were the second and third largest areas prone to price errors. The detail of fiscal 2015 convenience store errors by product category and error type follows on the next page.

**CHART J - DOLLAR VALUE ANALYSIS OF CONVENIENCE STORE ERRORS: FY00 - FY15**

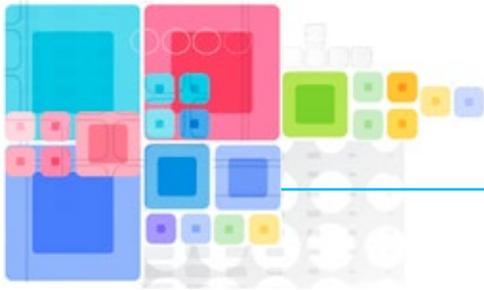


# PROGRAM DATA



## CONVENIENCE STORE ERRORS BY PRODUCT CATEGORY: FY15

PRODUCT CATEGORY	UNDER ERROR COUNT	UNDER ERROR %	OVER ERROR COUNT	OVER ERROR %	NO PRICE ERROR COUNT	NO PRICE ERROR %	TOTAL ERROR COUNT
Auto	4	17.39%	8	34.78%	11	47.83%	23
Baby Products	-	-	-	-	-	-	-
Bakery	0	0.00%	0	0.00%	1	100.00%	1
Baking	-	-	-	-	-	-	-
Batteries	1	100.00%	0	0.00%	0	0.00%	1
Books/Magazines	-	-	-	-	-	-	-
<b>Candy</b>	<b>31</b>	<b>46.27%</b>	<b>24</b>	<b>35.82%</b>	<b>12</b>	<b>17.91%</b>	<b>67</b>
Canned Goods	0	0.00%	8	80.00%	2	20.00%	10
Cereal	2	50.00%	1	25.00%	1	25.00%	4
Cleaners	0	0.00%	1	100.00%	0	0.00%	1
Clothing	-	-	-	-	-	-	-
Condiments/Spices	1	9.09%	8	72.73%	2	18.18%	11
Dairy	4	23.53%	4	23.53%	9	52.94%	17
Deli	4	13.79%	15	51.72%	10	34.48%	29
<b>Drinks</b>	<b>6</b>	<b>16.67%</b>	<b>13</b>	<b>36.11%</b>	<b>17</b>	<b>47.22%</b>	<b>36</b>
<b>DSD</b>	<b>71</b>	<b>30.34%</b>	<b>79</b>	<b>33.76%</b>	<b>84</b>	<b>35.90%</b>	<b>234</b>
<b>Frozen</b>	<b>3</b>	<b>7.14%</b>	<b>31</b>	<b>73.81%</b>	<b>8</b>	<b>19.05%</b>	<b>42</b>
Grocery - General	5	55.56%	2	22.22%	2	22.22%	9
Hardware	-	-	-	-	-	-	-
HBA	4	28.57%	6	42.86%	4	28.57%	14
Housewares	0	0.00%	6	75.00%	2	25.00%	8
Paper Products	0	0.00%	0	0.00%	3	100.00%	3
Pet	1	16.67%	2	33.33%	3	50.00%	6
Produce	0	0.00%	0	0.00%	3	100.00%	3
Seasonal	1	100.00%	0	0.00%	0	0.00%	1
<b>Snacks</b>	<b>35</b>	<b>32.41%</b>	<b>42</b>	<b>38.89%</b>	<b>31</b>	<b>28.70%</b>	<b>108</b>
Soap/Detergent	-	-	-	-	-	-	-
Stationary	-	-	-	-	-	-	-
Tobacco	3	60.00%	0	0.00%	2	40.00%	5
Toys	-	-	-	-	-	-	-
<b>TOTALS</b>	<b>176</b>	<b>27.80%</b>	<b>250</b>	<b>39.49%</b>	<b>207</b>	<b>32.70%</b>	<b>633</b>



# PROGRAM DATA

## INSPECTION RESULTS BY STATE/TEST TYPE

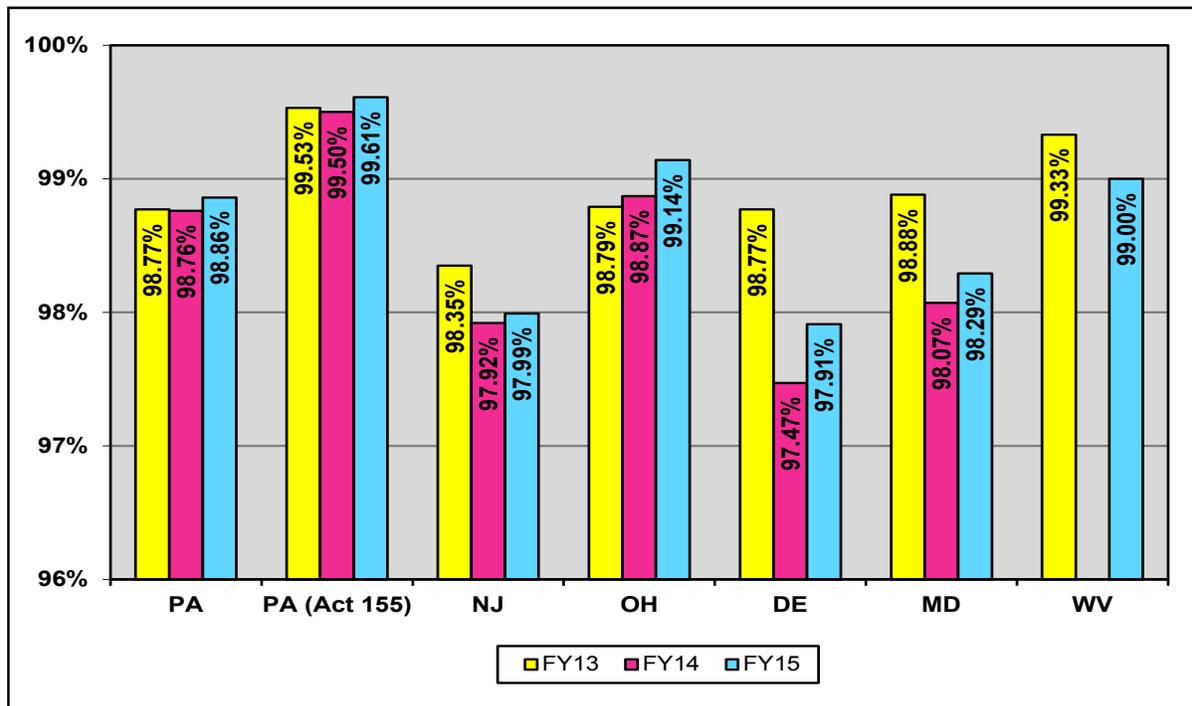
The difference in how the SCP and the Pennsylvania Division of Weights and Measures define price accuracy errors when performing inspections was described earlier on page 16 of this report.

*Chart K* demonstrates how average supermarket price accuracy is impacted by these differing methodologies. The SCP did 531 supermarket inspections in Pennsylvania last year — 104,500 items were sampled and 1,184 errors were found, of which 408 (34 percent) were overcharges.

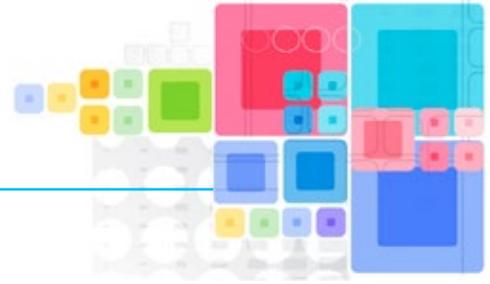
If the results are recalculated with only the 408 overcharges counting as errors, average price accuracy rises from 98.86 percent to 99.61 percent.

Other states' average supermarket price accuracy rates for the last three fiscal years are also displayed. A relatively few number of grocery store inspections were performed in Delaware, Maryland and West Virginia, which should be kept in mind when comparing the price accuracy rates of individual states.

**CHART K - SUPERMARKET ANNUAL PRICE ACCURACY BY STATE/TEST TYPE: FY13 - FY15**



# PROGRAM DATA



Similarly, *Chart L* reflects how Pennsylvania convenience store average price accuracy jumps from 96.96 percent to 98.79 percent if only overcharges are considered.

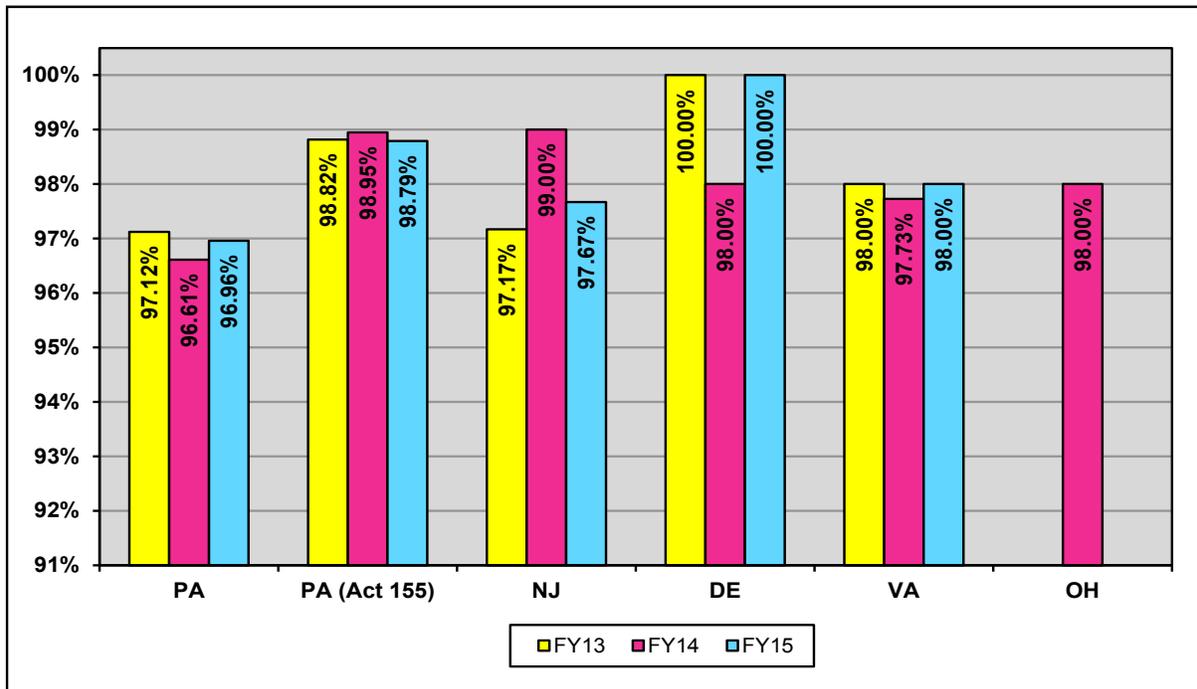
There were 393 Pennsylvania convenience store audits done in fiscal 2015 — 19,550 items were sampled and 594 errors were recorded, of which 236 (40 percent) were overcharges. Performance is significantly improved when the 60 percent of the total errors that were undercharges and no price errors are taken out of the equation.

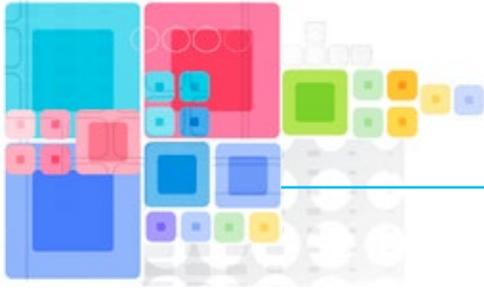
*Chart L* also shows the average price accuracy scores in other states' over the last three years. Only a

single audit was performed in Delaware, which should be considered when evaluating the price accuracy performance of individual states.

The SCP logs two price accuracy scores for each Pennsylvania inspection — one guided by the SCP's definition of a price error and another using the state's definition. Certification decisions are based on the SCP error calculation method (any undercharge, overcharge or no price item is an error), but when Act 155 price verification inspection results are submitted to the Pennsylvania's Division of Weights and Measures, the state's methodology of only scoring overcharges as errors is used.

**CHART L - CONVENIENCE STORE ANNUAL PRICE ACCURACY BY STATE/TEST TYPE: FY13 - FY15**



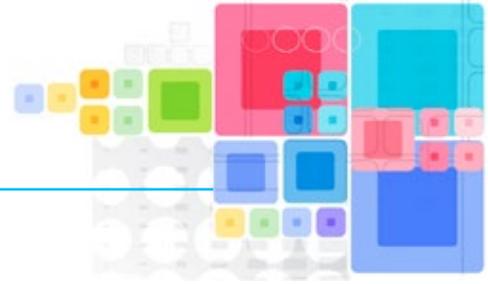


# FINANCIAL DATA

## BALANCE SHEET June 30, 2015 and 2014

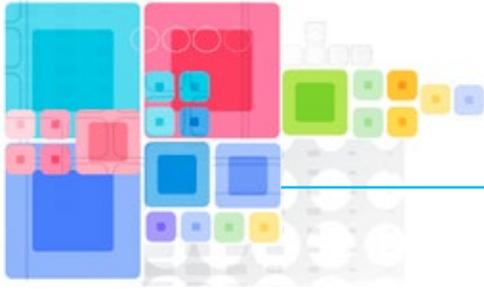
<b>Assets</b>	<b>2015</b>	<b>2014</b>
Cash	\$ 31,425	\$ 33,019
Accounts Receivable	20,365	14,280
Prepaid Expenses	1,295	1,295
Property and Equipment (Net of accumulated depreciation of \$24,221 and \$40,970 in 2015 and 2014, respectively)	<u>22,379</u>	<u>0</u>
<b>Total Assets</b>	<b><u>\$75,464</u></b>	<b><u>\$48,594</u></b>
 <b>Liabilities and Equity</b>		
Liabilities		
Related Party Payable	\$42,293	\$29,406
Income Taxes Payable	0	0
Accrued Expenses	<u>0</u>	<u>330</u>
<b>Total Liabilities</b>	<b>\$42,293</b>	<b>\$29,736</b>
Retained Earnings	<u>33,171</u>	<u>18,858</u>
<b>Total Liabilities and Retained Earnings</b>	<b><u>\$75,464</u></b>	<b><u>\$48,594</u></b>

# FINANCIAL DATA



## STATEMENT OF OPERATIONS AND RETAINED EARNINGS Year ending June 30, 2015 and 2014

	2015	2014
<b>Program Revenue</b>	<b>\$125,513</b>	<b>\$101,085</b>
<b>Operating Expenses</b>		
Salary Expense	\$70,784	\$54,956
Payroll Taxes	8,334	6,137
Telephone	2,440	1,284
Supplies	3,817	2,280
Travel	17,891	17,947
Other Expenses	5,447	4,758
Depreciation	2,487	0
Management Fee	0	10,000
<b>Total Operating Expenses</b>	<b>\$111,200</b>	<b>\$97,362</b>
Taxes	<u>\$0</u>	<u>\$302</u>
Net Income	14,313	3,421
Beginning Retained Earnings	18,858	15,437
Ending Retained Earnings	<u>\$33,171</u>	<u>\$18,858</u>



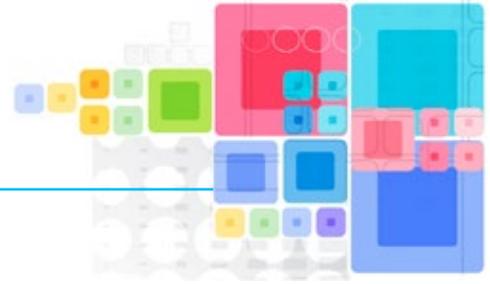
## FINANCIAL DATA

### STATEMENT OF CASH FLOWS (DIRECT METHOD) INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS Year Ending June 30, 2015 and 2014

<b>Cash Flows from Operating Activities</b>	<b>2015</b>	<b>2014</b>
Cash Received from Program Revenue	\$119,425	\$114,915
Related Party Payable	12,887	(12,875)
Income Taxes Payable	0	0
Cash Paid to Suppliers and Employees	(109,041)	(93,795)
<b>Net Cash Provided by Operating Activities</b>	<u>\$23,271</u>	<u>\$8,245</u>
<b>Cash Flows Used For Investing Activities</b>		
Purchase of Auto	<u>\$(24,865)</u>	<u>\$0</u>
<b>Net Cash Used For Investing Activities</b>	<u>\$0</u>	<u>\$0</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$(1,594)	\$8,245
Cash and Cash Equivalents at Beginning of Period	<u>33,019</u>	<u>24,774</u>
Cash and Cash Equivalents at End of Period	<u>\$31,425</u>	<u>\$33,019</u>

# FINANCIAL DATA

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## NOTES TO FINANCIAL STATEMENTS Year Ending June 30, 2015 and 2014

### Description of Activity and Significant Accounting Policies

- *Description of Activity*  
The Scanning Certification Program Board of Advisors creates standards and guidelines for business to follow in the administration of their scanning and related pricing programs, and offers certification for those stores which meet the standards and guidelines.
- *Affiliates*  
The Program is affiliated with the Pennsylvania Food Merchants Association (PFMA).
- *Revenue Recognition* – Revenue is recognized upon completion of the store certification examination.
- *Deferred Income* – Scanning Certification Program fees paid by stores in advance of certification are recorded as deferred income.
- *Organization Costs* – Organization costs are amortized by the straight-line method over 60 months.
- *Property and Equipment* – Equipment purchased is recorded at cost. Depreciation is provided by the straight-line method over five years for financial reporting and accelerated methods over five years as prescribed by income tax regulations.

### Related Party Payable

When necessary, PFMA advances working capital funds as a subsidy to the Scanning Certification Program. Any cash generated by the Scanning Certification Program in excess of its expenditures is used to offset these advances.

### Accounts Receivable

Accounts receivable consist of fees due to the Scanning Certification Program for completed certification examinations.

### Income Taxes

The Scanning Certification Program files a federal income tax return but is exempt for state income and franchise tax reporting purposes.

For year ended June 30, 2015, and period ended June 30, 2014, no significant differences existed between the Scanning Certification Program's income reported for financial statement purposes and that reported for tax return purposes.



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BOARD OF ADVISORS**

Drew Hyman, Chairman  
Mary Bach, Vice-Chairwoman  
Murray Battleman, Treasurer  
Autumn Thomas, Secretary

