



Annual Report For Fiscal Year Ending December 31, 1953
Sebewaing Brewing Company, Sebewaing, Michigan

DIRECTORS

Jos. A. Cassesse

Arthur E. Mast

John T. Ott

Goff C. Jenkins

Henry Nau, Jr.

Millard J. Ringle

Otto H. Thede

Registrar and Transfer Agent

Detroit Trust Company

201-27 Fort Street, West

Detroit 31, Michigan

Telephone: WOODWARD 2-5670

Donald R. Clark

Bad Axe, Michigan

Legal Counsel

Philip E. Hartman

Saginaw, Michigan

Auditor



M. J. RINGLE
Vice-President—Brewmaster



A. E. MAST
President and General Manager



OTTO H. THEDE
Secretary and Treasurer
Bottle House Superintendent

Russell Kunding — Assistant to Brewmaster

Herman Killinger — Chief Engineer

Gustav Kausch — Cellar Superintendent

President's Report To The Stockholders

TO OUR STOCKHOLDERS

May 1 - 1954

The annual meeting of the stockholders of the Sebewaing Brewing Company was held April 20, 1954, at Sebewaing, Michigan, and we regret that more of our stockholders were not present. In order that you may be better acquainted with your Company, it has been decided to furnish you this year a more detailed report of the Company.

Net profit for the calendar year of 1953, before provision for Federal Income Taxes amounted to \$30,455.00. The management feels that in view of the extremely competitive business in which we are engaged, that this is a very satisfactory profit. Our Federal Income Tax for last year was \$12,186.46, based upon the computation of our Auditor.

During the year of 1953, our stockholders received a fifty per cent stock dividend, and in December were paid a dividend of .05 per share for each share standing in their name as of November 15, 1953.

Your attention is invited to the schedule included in this report showing the production report for the years of 1950 to 1953 inclusive. While our production during those years has not particularly increased, it has held constant, which indicates a continued acceptance for our product.

1953 has been a difficult year for small breweries. There were 357 breweries in operation in the United States at the close of 1952. As of today there are 251 brewing companies and 288 breweries in the Continental United States. To remain among those continuing to operate, and to operate successfully and at a profit, in itself bespeaks the quality and acceptance of our product.

Our equipment is now in an excellent state of maintenance and repair. In November of 1952 we purchased a bottle soaker and washer costing \$13,191.99, and only \$4,038.00 remained payable thereon at the end of the year. Our new bottling house, completed near the end of 1952, which cost in excess of \$15,000.00 and is fully paid for, has solved the problem of storage, both of supplies and our finished products.

We have currently met our trade accounts, and earned \$1,277.04 in purchase discounts during the year of 1953. Our long term mortgage indebtedness is currently being paid, and only \$22,200.00 remained thereon as the year ended.

The latest report of our stockholders shows that 480 shareholders own stock in your Company. It is with pride that we number you among our family.

We remain proud of the fact that we can furnish Sebewaing Beer at a reasonable price, and we urge you and your friends to enjoy and ask for Sebewaing Beer. Once you or they have tried it, its flavor and taste will continue to number you and your friends among the finest people in the world, our customers.

In conclusion, I would like to express my appreciation to our stockholders, our employees, officers and directors whose cooperation has made possible our continued success. We pledge ourselves to continue to furnish you with as fine a beer as we can produce, with quality at a reasonable price being our goal.

Respectfully submitted,

A. E. Mast, President

Board of Directors
Sebewaing Brewing Company
Sebewaing, Michigan

April 15 - 1954

Gentlemen:

Pursuant to engagement, I have prepared the Balance Sheet, without audit, from the books and records of account of Sebewaing Brewing Company, a Michigan Corporation, with offices and plant at Sebewaing Michigan, as at December 31 - 1953 and the Statements of Operations and Surplus for the year then ended.

I have reviewed the accounting procedures of the Company, and without audit, I have examined or tested the accounting records of the Company and other supporting evidence.

I have received signed letters from Mr. A. E. Mast, your President and General Manager, to the effect that to the best of his knowledge and belief, amounts as shown on the Balance Sheet covering petty cash on hand, liability to cutomers for bottle and container deposits, cooerage deposits, inventories of cartons, bottles, office supplies and federal and state revenue stamps are believed to be true and correct Assets and Liabilities as are reflected by the books of the Sebewaing Brewing Company as at December 31 - 1953. Inventories of the foregoing accounts were taken under the personal supervision of Mr. A. E. Mast as at December 31 - 1953.

I have received signed letters from the Secretary-Treasurer and Director, Mr. Otto H. Thede, to the effect that bottle house beer, crowns, labels and bottle house supplies were taken under his personal supervision as at December 31 - 1953.

I have received signed letters from the Vice-President, Brewmaster and Director Mr. Millard J. Ringle, to the effect that bulk beer, brewing materials, coal and miscellaneous supplies were taken under his personal supervision as at December 31 - 1953.

Verification letters were not circularized to Accounts Receivable and Accounts Payable due to the small amount involved. Payments made since December 31 - 1953, are shown on my detailed report and indicate that these accounts are substantially correct. Mortgage Payable was verified with the payee.

Fixed Assets are shown as recorded on the books of the company with additions and retirements at cost as near as could be ascertained.

Other assets are shown as recorded on the books of the company and follow procedures used in former years and conform with generally accepted accounting practices.

Accrued Liabilities are shown as recorded on the books of the company and are qualified as to how arrived at and dates of payments in my detailed report as at December 31 - 1953.

Estimated Liability for Federal Corporation Income and Excess Profits Taxes on Net Income for the calendar year, ended December 31 - 1953 has been set up in the amount of \$12,186.46.

No provision has been made in this report to care for any possible additional Federal Corporation Income Tax Liability which may be assessed against net incomes on prior years' operations where prior years' Federal Corporation Income Tax Returns have not as yet been inspected by a Federal Revenue Agent.

A detailed listing of stockholders was taken from the capital stock certificate ledger. No verification by communication was made with the stockholders.

The accompanying Balance Sheet as at December 31 - 1953, Statement of Operations for the Calendar Year ended December 31 - 1953 and Analyses of Surplus Accounts are subject to all the detailed qualifications and comments embodied in my letter dated April 15 - 1954. accompanying and made a part of my detailed report of the affairs of the Sebewaing Brewing Company as at December 31 - 1953.

Yours very truly,

Philip E. Hartman
Certified Public Accountant

Sebewaing Brewing Company, Sebewaing, Michigan
Statement Of Operations For The Calendar Year 1953

SALES	629,494.72	
LESS: RETURNS AND ALLOWANCES	164.80	
NET SALES		629,329.92
COST OF SALES		
Inventory at January 1 - 1953	57,449.73	
Purchases	421,463.49	
	TOTAL	
LESS: INVENTORY AT DECEMBER 31 - 1953	478,913.22	
COST OF GOODS SOLD	62,693.70	416,219.52
GROSS PROFIT ON SALES		213,110.40
LESS: EXPENSES		
Salaries and Wages - Office	4,348.03	
Salaries and Wages - Other	92,236.49	
Rent and Storage	1,440.00	
Repairs and Maintenance - Building and Machinery	4,505.33	
Taxes - Township, Village and School	1,488.20	
Taxes - Federal & State Mfg. Licenses and Bonds	1,683.15	
Taxes - Automobile and Truck Licenses	448.61	
Taxes - Federal & State Unemployment Insurance	961.46	
Taxes - Federal Old Age Annuity Tax	1,435.41	
Taxes - State Franchise	805.58	
Taxes - Michigan Intangible	.02	
Taxes - State Sales Tax	44.81	
Taxes - State Use Tax	109.45	
Taxes - State Activities Tax	177.48	
Depreciation - Cooperage	1,790.59	
Depreciation - Automobiles and Trucks	1,236.18	
Depreciation - Office Furniture and Fixtures	123.56	
Depreciation - Buildings	2,222.54	
Depreciation - Plant Equipment	12,033.06	
Depreciation - Wells	2.74	
Depreciation - Fencing	5.92	
Depreciation - Driveways and Parking Lot	15.47	
Insurance - Compensation	710.49	
Insurance - Group	1,624.64	
Insurance - Fire and General	3,504.69	
Accounting Services	1,200.00	
Advertising - Drivers	1,606.50	
(FORWARD)		

GROSS PROFIT ON SALES (FORWARDED)

213,110.40

LESS: EXPENSES (CONTINUED)

Advertising - General	2,813.68
Bank Service Charges	155.59
Bottle Breakage	1,335.17
Cartons Used and Destroyed	3,626.86
Collection Expense	4.48
Directors Fees	985.00
Dues to Brewer's Association of America	240.76
Dues to Michigan Brewer's Association	60.00
Employees Welfare	1,147.20
Hauling Charges	21,282.28
Light and Power	6,121.24
Legal Services	402.00
Miscellaneous Other and General Expense	155.64
Miscellaneous Supplies and Plant Expense	2,023.83
Office Supplies and Expense	1,708.64
Postage	69.77
Siebel Analysis Service	150.00
Stockholders Meeting Expense	125.07
Subscriptions and Dues	68.00
Surety Bond to A&P Company	30.00
Telephone and Telegraph	365.18
Traveling Expense	607.92
Truck Expense - Gas, Oil and Grease	1,319.23
Truck Expense - Tires and Tubes	585.07
Truck and Automobile Repairs	680.96
Water Conditioning Expense	335.23

TOTAL EXPENSES

182,159.20

PROFIT ON OPERATIONS

30,951.20

DEDUCTIONS FROM INCOME:

Interest Paid or Accrued	1,079.08
Donations	222.00
Trustees Fees as Stock Transfer Agent	528.98

TOTAL DEDUCTIONS FROM INCOME

1,830.06

ADDITIONS TO INCOME:

Purchase Discounts	1,277.04
Cash Overage	.10
Profit on Disposal of Capital Assets	37.92
Miscellaneous Income	8.80

TOTAL ADDITIONS TO INCOME

1,323.86

NET DEDUCTIONS FROM INCOME

506.20

NET PROFIT FOR THE CALENDAR YEAR 1953

30,445.00

Sebewaing Brewing Company, Sebewaing, Mich.—Balance Sheet At December 31, 1953

ASSETS			
CURRENT:			
Petty Cash		42.62	
Farmers and Merchants State Bank - Commercial		13,796.17	
Farmers and Merchants State Bank - Payroll		32.88	
Revenue Stamps		8,250.06	
Deposit on Compensation Insurance		356.13	
Note Receivable		49.00	
Accounts Receivable - Trade		302.10	
Accounts Payable - Debit Balances		84.83	
Inventories:			
Bulk Beer	24,547.02		
Tax Paid Beer in Government Cellar	6,165.18		
Bottled Beer	1,684.80		
Canned Beer	97.52		
Brewing Materials	11,056.63		
Cartons	28,374.03		
Bottles	34,594.37		
Cans and Lids	1,364.55		
Can Cartons	1,229.55		
Other Inventories	10,892.49		
TOTAL CURRENT ASSETS		120,006.14	
FIXED ASSETS:			142,919.93
Land		4,719.80	
Buildings		82,065.88	
Plant Equipment		202,632.10	
Wells		4,651.37	
Furniture and Fixtures		2,542.71	
Automobiles and Trucks		15,035.84	
Fencing		59.16	
Cooperage		20,531.37	
Driveway and Parking Lot		154.71	
	TOTAL	332,392.94	
LESS: ALLOWANCE FOR DEPRECIATION		187,331.97	
NET DEPRECIATED BOOK VALUE FIXED ASSETS			145,060.97
OTHER ASSETS			
Unexpired Insurance		1,570.68	
Unexpired Licenses		510.69	
Unexpired Federal and State Bonds		50.35	
Prepaid Taxes		847.21	
Prepaid Repair Parts		259.72	
Prepaid Rent		453.33	
TOTAL OTHER ASSETS			3,691.98
TOTAL			291,672.88

LIABILITIES

CURRENT:

Accounts Payable - Trade	227.70	
Accounts Receivable - Credit Balances	16.50	
Withholding Tax from Employees	2,152.42	
Accruals:		
Compensation Insurance	371.41	
State Unemployment Insurance	116.77	
Federal Unemployment Insurance	220.50	
Federal Old Age Annuity	374.32	
Interest Payable	391.28	1,474.28
Customers' Deposits:		
For Bottles and Containers	27,841.62	
For Cooperage, Gas Gauges and Pumps	51.00	27,892.62
Estimated Liability for Federal Corporation Income and Excess Profits Taxes on Net Income for the Calendar Year Ended December 31 - 1953		12,186.46

TOTAL CURRENT LIABILITIES

43,949.98

LONG-TERM OBLIGATIONS:

Mortgage Payable - Farmers and Merchants State Bank	22,200.00	
Machinery Conditional Sales Contract	4,038.00	

TOTAL LONG-TERM OBLIGATIONS

26,238.00

NOMINAL:

Capital Stock:		
Common Stock Authorized - Par Value \$1.00 Per Share	300,000.00	
Less:		
Unissued Stock	116,001.00	183,999.00
Earned Surplus		37,485.90

TOTAL NOMINAL

221,484.90

NOTE:

- (a) Subject to comments contained in my letter dated April 15 - 1954, accompanying and made a part of this report.
- (b) No provision has been made in this report to care for any possible additional Federal Corporation Income Tax Liability which may be assessed against net incomes on prior years' operations where prior years' Federal Corporation Income Tax Returns have not as yet been inspected by a Federal Revenue Agent.

TOTAL

291,672.88

SEBEWAING BREWING COMPANY, SEBEWAING, MICH.

Analysis of Earned Surplus Account

Per Books, At December 31, 1953

EARNED SURPLUS ACCOUNT, PER BOOKS, AT JANUARY 1, 1953		63,660.89
CHARGES:		
50% Stock Dividend declared on April 21, 1953, payable on August 15, 1953 with the stipulation in the minutes of the annual meeting on April 21, 1953 that the 50% Stock Dividend first be charged to Capital Surplus and second that the balance was to be charged against the Earned Surplus of the company	34,854.21	
5% Cash Dividend declared on September 29, 1953 paid on December 2, 1953	9,199.98	
Federal Tax on Issue of 61,330 shares of stock	97.24	
Stock Certificates and Plates	283.20	
Estimated Liability for Federal Corporation Income and Excess Profits Taxes on Net Income for the Calendar Year Ended December 31, 1953	12,186.46	
TOTAL CHARGES		56,621.09
CREDITS:		
Net Profit for the Calendar Year Ended December 31, 1953	30,445.00	
Excess of money deposited to dividend account for dividends on fractional parts of shares for year 1946 redeposited	1.10	
TOTAL CREDITS		30,446.10
NET CHARGES		26,174.99
EARNED SURPLUS ACCOUNT, PER BOOKS, AT DECEMBER 31, 1953		37,485.90

SEBEWAING BREWING COMPANY, SEBEWAING, MICH.

Analysis of Capital Surplus Account

Per Books, At December 31, 1953

CAPITAL SURPLUS ACCOUNT, PER BOOKS, AT JANUARY 1, 1953		26,478.79
CHARGES:		
50% Stock Dividend Declared on April 21, 1953, payable on August 15, 1953 with the stipulation in the minutes of the annual meeting on April 21, 1953 that the 50% stock dividend first be charged to Capital Surplus and second that the balance was to be charged against the Earned Surplus of the company		26,478.79
CAPITAL SURPLUS ACCOUNT, PER BOOKS, AT DECEMBER 31, 1953		None

Four Years In Comparison

	1953	1952	1951	1950
	(In Kegs) 24,899	(In Kegs) 26,015	(In Kegs) 23,752	(In Kegs) 16,531
	(In Bottles & Cans) 21,540	(In Bottles & Cans) 22,350	(In Bottles & Cans) 20,140	(In Bottles & Cans) 13,105
Total Barrels Sold				
Sales Less Allowances	629,329.92	662,097.87	545,613.98	366,624.23
Cost of Goods Sold	416,219.52	439,446.35	387,406.12	247,770.96
Gross Profit on Sales	213,110.40	222,651.52	158,207.86	118,853.27
Other Income	1,323.86	2,235.98	1,103.18	883.88
Total Income	214,434.26	224,887.50	159,311.04	119,737.15
Total Expenses	183,989.26	175,308.98	140,267.37	114,706.17
Net Income Before Provision For Federal Income and Excess Profits Taxes	30,445.00	49,578.52	19,043.67	5,030.98
Provision For Federal Income and Excess Profits Taxes	12,186.46	26,761.45	5,475.06	1,157.13
Net Income After Provision For Federal Income and Excess Profits Taxes	18,258.54	22,817.07	13,568.61	3,873.85
Profit Per Share of Common Stock	.099	.186	.11	.0315
Stock Dividend Paid 50%	61,333 Shares			
Cash Dividend Paid Common	9,199.98 -5%	4,906.84 -4%		
Net Depreciated Book Value of Fixed Assets	145,060.97	157,606.90	142,790.06	156,185.35
Payroll	96,584.52	90,852.31	74,132.88	55,289.54



Leased and Owned Delivery Equipment



