

## APPLICATION CHECKLIST

### **Motor Common Carrier or Motor Contract Carrier Of Household Goods in Use**

Use this checklist to make sure you have enclosed all required items or your application will not be processed. You cannot operate in Pennsylvania until you receive a Certificate of Public Convenience from the Commission.

- The original Application with original signatures (unless e-Filed with the Commission's online e-Filing system at [www.puc.pa.gov](http://www.puc.pa.gov) )
- Applicant's Verified Statement.
- A certified check, money order, or check from your attorney for \$350 made payable to "Commonwealth of Pennsylvania;"
- Application is being made as an individual or sole proprietor.
- IF application is being filed by a Partnership, provide a list of the names and addresses of ALL partners.
- IF application is being filed by a Limited Partnership, provide a list of names and addresses of ALL partners, and your PA Corporation Bureau Entity ID Number.
- IF application is being filed by a Limited Liability Partnership, provide a list of names and addresses of ALL partners, and your PA Corporation Bureau Entity ID Number.
- IF application is being filed by a Limited Liability Company, provide a list of the names and addresses of ALL members and the Title of each member, and your PA Corporation Bureau Entity ID Number.
- IF application is being filed by a Corporation for Profit, provide a list of ALL corporate officers and titles, the name of each shareholder, distribution of shares, and your PA Corporation Bureau Entity ID Number.
- IF application is being filed by a Corporation Non-Profit, provide a list of ALL corporate officers and titles and those serving on the Board of Directors, and your PA Corporation Bureau Entity ID Number.

**ALL Parties to proceedings pending before the Commission must open and use an e-filing account through the Commission's website, OR you may submit your filing by overnight delivery. If a filing contains confidential or proprietary material, the filing is required to be submitted by overnight delivery.**

**If not e-Filed, mail your application and attachments to: SECRETARY PA PUBLIC UTILITY COMMISSION, 400 NORTH STREET, 2<sup>ND</sup> FLOOR, HARRISBURG, PA 17120**

Corporate entities (corporations, LPs, LLPs, and LLCs) and fictitious trade names must be registered with the PA Department of State. Companies incorporated in other states must register as a foreign business corporation. Individuals acting as sole proprietors and partnerships do not have to register.

If you are not registered with the PA Department of State, you can apply at its website at [www.dos.state.pa.us/corps](http://www.dos.state.pa.us/corps) on how to do business in Pennsylvania as:

PA Corporations (Profit and Non-Profit) – apply for Articles of Incorporation

Foreign Corporations – apply for a Certificate of Authority

PA Limited Partnerships (LPs), Limited Liability Partnerships (LLPs), and Limited Liability Companies (LLCs) – apply for an Application of Registration

Fictitious Name Registration – File ONLY IF Trade Name will be different than the business name you register with the PA Department of State.

## **General Information for Preparing and Filing the Application for Motor Common/ Contract Carrier of Household Goods in Use.**

1. This application is required to request a Certificate of Public Convenience (for Common Carriers) or Permit (for Contract Carriers) to operate as a commercial carrier of household goods in use.
2. Upon approval of the application, you will be notified that prior to providing service in Pennsylvania you must submit evidence of insurance to the Public Utility Commission. Your permanent evidence of insurance will be a Form E for bodily injury and property damage insurance. This form is mailed to the Commission directly from the home office of your insurance carrier. The name and address on your Form E must exactly match the name and address you have provided on your application. Your insurance company must subscribe to the NIC Insurance Filing website at [www.nicinsurancefilings.com](http://www.nicinsurancefilings.com). You will request the insurance company (not the agent) to file the required insurance forms electronically through NIC. Mailed insurance forms are no longer acceptable. The minimum limits of insurance are as follows:

Bodily Injury - The liability of the insurance company on each motor vehicle operated in common or contract carrier service shall be in amounts not less than \$300,000 per accident for a vehicle with a manufacturer's gross vehicle weight rating of 10,000 pounds or less, in the case of a single vehicle, or a manufacturer's gross combination weight rating of 10,000 pounds or less, in the case of an articulated vehicle. The liability of the insurance company on each motor vehicle operated in common or contract carrier service shall be in amounts not less than \$750,000 per accident for a vehicle with a manufacturer's gross vehicle weight rating over 10,000 pounds, in the case of a single vehicle, or a manufacturer's gross combination weight rating over 10,000 pounds, in the case of an articulated vehicle. Insurance coverage of motor carriers of household goods shall meet the requirements of 75 PA C.S. §1711 (relating to required benefits).

Cargo - \$5,000 for loss or damage to cargo being transported.

## Application for Motor Common Carrier or Motor Contract Carrier of Household Goods in Use.

THIS APPLICATION IS REQUIRED TO REQUEST A CERTIFICATE OF PUBLIC CONVENIENCE (FOR COMMON CARRIERS) OR PERMIT (FOR CONTRACT CARRIERS) TO OPERATE AS A COMMERCIAL CARRIER OF HOUSEHOLD GOODS IN USE.

1. **Legal Name of Applicant** (Individual, Partnership or Corporation)

Stanley G Alexander Inc

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- If you are an individual who has not formed any type of corporate entity, you should enter your name **as it will appear on your insurance documents**.
- If you are filing for a partnership, but **not a limited liability partnership**, the names of all partners must be entered on this line. Those names should be entered **as they will appear on your insurance documents**. This includes husbands and wives filing jointly.
- If you are filing for a corporate entity (corporation, limited liability company, or limited liability partnership), **even if you are the sole shareholder member**, you must enter the name **exactly as it appears on the registration papers from the Corporation Bureau of the Pennsylvania Department of State**.

2. **Trade Name** (Attach a copy of fictitious name registration if applicable)

Alexander's Mobility Services

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This is any name which you will be operating under which differs from the **LEGAL NAME OF APPLICANT**. A **TRADE NAME** is considered a **FICTITIOUS NAME** if the identity of the applicant cannot be readily determined. *EXAMPLE: John Doe is the applicant and wants to use the name "Johnboy Trucking" as his trade name. People cannot readily determine that John Doe is the actual operator; therefore, the name is fictitious and must be registered as such. Trade names such as "John Doe Trucking" or "J. Doe Trucking" are not considered fictitious and would not have to be registered.*

3. **Do you currently hold PUC Authority?**  **NO** **Previous Authority?**  **NO**

**If YES, at PUC No. A-** \_\_\_\_\_

4. **Are you a business entity registered with the PA Dept. of State?** \_\_\_ **NO**

If NO, you must register (see checklist on how to register)

**If YES, provide your PA Corporation Bureau Entity ID Number** 0013735301

(See checklist and indicate type of business entity registered)

5. **If either a Corporation or Limited Liability Company, please list members (LLC) or shareholders and officers (Corporation).**

Donald C. Hill  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

6. **Mailing Address**

1200 Bengies Road  
Street Address  
\_\_\_\_\_  
Baltimore, MD 21220  
City, State and Zip Code  
Baltimore  
County  
4104069200  
Telephone Number  
dshanahan@alexanders.net  
E-Mail Address

*This is the e-mail address to which the Commission will send all official documents issued by the Commission until further notice.*

7. **Physical Address** (if different from Mailing Address. Do no use a PO Box.)

same as above  
Street Address  
\_\_\_\_\_  
City, State and Zip Code  
County  
\_\_\_\_\_  
Telephone Number  
E-Mail Address

The address entered here should reflect the actual location of the business. This is the address the Commission needs in order to dispatch Enforcement Officers to inspect equipment. If left blank, it will be assumed that the **PHYSICAL ADDRESS** is the same as the **MAILING ADDRESS**

8. **Attorney** (if applicable)

\_\_\_\_\_  
Attorney's Name & Telephone Number for this Filing  
\_\_\_\_\_  
Attorney's Address  
E-mail Address

An attorney's name should only be entered if an attorney is filing the application for a client and the application is being sent under the attorney's cover letter.

9. **Does applicant have a USDOT Number?**

\_\_\_\_\_ No                       Yes, at No. 125550

**10. Describe the service area proposed by this application.**

(Use the space below or attach additional sheet if space provided is not sufficient).

transportation of household goods between origin and destinations in Pennsylvania

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*Examples:*

- *To transport household goods in use between points in Pennsylvania.*
- *To transport household goods in use from points in Centre County to points in Pennsylvania, and vice versa.*

**11. Certification:**

Applicant certifies that it is not now engaged in unauthorized intrastate transportation for compensation between points in Pennsylvania and will not engage in said transportation unless and until authorization is received from the Pennsylvania Public Utility Commission.

Applicant further certifies that it understands the requirements of the Pennsylvania Public Utility Commission, especially as they relate to safety and insurance and that it may be subject to civil penalties, suspension or cancellation of the Certificate for failure to comply with Commission requirements.

Applicant further certifies that it understands that it is subject to an annual assessment based upon its reported gross Pennsylvania intrastate revenues; said assessment to help defray expenses incurred in regulating Motor Common Carriers of Household Goods in Use; and acknowledges that failure to report revenue and pay its annual assessment may result in civil penalties, suspension or cancellation of the certificate.

## Verification of Application

I/We hereby state that the statement(s) made in this application is/are true and correct to the best of my/our knowledge and belief.

The undersigned understands that false statements herein are made subject to the penalties of 18 Pa. C.S. Section 4904 relating to unsworn falsification to authorities.

Dan Shanahan

(Print Name)

Dan Shanahan

(Signature)

3-21-2024

(Date)

The verification of the application must be completed by the applicant appearing on Line 1 of the application by the named individual, all partners if a partnership, a member (if a limited liability company), or by the President or Secretary (if a corporation).

# VERIFIED STATEMENT OF APPLICANT

THE FOLLOWING INFORMATION IS REQUIRED BY THE COMMISSION TO DETERMINE THE APPLICANT'S FITNESS TO OPERATE. STATEMENTS SHOULD BE TYPED OR PRINTED. ILLEGIBLE STATEMENTS WILL DELAY YOUR APPLICATION.

Stanley G Alexander Inc.

Legal Name of Applicant

Alexander's Mobility Services

Trade Name, if any

1200 Bengies Road

Baltimore

MD

21220

Street Address (principal place of business)

City or Municipality

State

Zip Code

The Verified Statement of the Applicant factual details about your proposed transportation service. Your Verified Statement must answer all of the items listed below and on the following pages. Provide as much information as possible to prevent delay in processing your application. If you need more space to provide your answer, please attach additional pages identifying the appropriate item number.

1. Identify the person making the Verified Statement on behalf of the applicant. If an employee/officer of applicant is making the statement, give name, title, business address and telephone number.

Dan Shanahan, Vice President and General Manager.  
1200 Bengies Road, Baltimore MD 21220  
(410) 406-9200

2. List the applicant's affiliation (owner, manager, controls) with any other carrier, with the description of affiliation.

Shareholder agent for Atlas Van Lines

3. Please provide evidence of minimum of two-years' experience with a licensed household goods carrier or the equivalent as required by 52 Pa. Code §3.381(c)(1)(iii)(A)(II)(-I-).

Alexander's Mobility Services has been in business since 1953, and incorporated since 1978 as a household goods carrier. We have been an agent for Atlas Van Lines since 1982.

4. Describe your facilities, record maintenance plan and your communication network. Please include a description of your physical location, to including office machines that will be utilized, and the facility to house vehicles. As a carrier of household goods in use, applicant should include a description of storage facilities, if applicable. Please include an explanation of your plan to maintain records required by the PUC, as well as normal business records. In regard to your communication network, please explain how you will receive customer requests for transportation, how you will dispatch the vehicles to fulfill the request, and how you will maintain continuous communication with your drivers.

- Alexander's has nine advanced warehouse complexes totaling more than 879,000 sqft
- Facilities feature dock/ramp bay doors, forklifts, and electronic key pass-card access.
- 24/7 fire, police alarms, and video monitoring ensure top-notch security.
- Temperature monitoring and pest control systems maintain optimal storage conditions.
- A mix of vault and rack & rail storage optimizes space and safeguards assets.
- ISO 9001:2015 registered, with internal processes to minimize quality issues.
- Decades of experience in diverse storage needs for commercial, government, and private sectors.

5. Please state the number of drivers you intend to use or hire in your business and explain why that number of drivers is appropriate for the size of the territory you will be serving. In addition, please explain:
- Your hiring standards for drivers;
  - Your system for conducting criminal background checks;
  - Your driver training program;
  - Your system for conducting driver license checks;
  - Your policies regarding alcohol and drug use by your drivers.

Professional van operators (PVOs) are screened extensively in the pre-hiring phase for background, driving experience, and customer/practical experience. Background checks and drug screenings are part of the pre-hiring process for all full-time and part time employees as well as all Professional Van Operators. The background investigation is required for all customer facing personnel and consists of a national identity verification search, education, employment verification, and a criminal background check. Criminal background checks investigate national, regional, and local criminal databases and sex offender registries. Additionally, we run a DMV report to verify appropriate licensing and investigate commercial driving records.

Our drivers and crew members are given safety training as soon as they begin work with Alexander's and updated quarterly. All drivers are subject to random drug testing in addition to the various pre-employment measures. Our on-site supervisors are there to ensure that all safety and security guidelines are followed and that work progresses in accordance with our client's timeline and budget. Our equipment is routinely inspected and maintained to ensure further safety.

6. Please state the number of vehicles you plan to use in your business and why that number is appropriate to provide reasonable and efficient service to the territory you will be serving. If you have already obtained vehicles for your business, please list them in the chart below.

<u>YEAR</u>	<u>MAKE</u>	<u>MODEL</u>	<u>SEATING CAPACITY*</u>	<u>VEHICLE ID #</u>	<u>MILEAGE</u>

Alexander's owns an existing fleet of 175 tractors, 204 trailers, 64 straight trucks, and 6 flat-bed trailers.

7. Describe your vehicle safety program. Please include the following in your explanation:
- Your periodic vehicle maintenance plan
  - Your system for ensuring your vehicles will continuously comply with applicable Pennsylvania vehicle equipment standards (67 Pa. Code, Chapter 175).

We comply with all state and local regulations. In addition, we also comply with Atlas' requirements of twice yearly inspections and most of our locations are required to have local equipment inspected every 90 days.

Due to the considerable size of our work force, Alexander's has its own in-house safety department. Through this department we continually monitor and measure to ensure we are operating safely. Safety compliance includes the following:

- First Advantage background check and drug screening for drivers, crews and employees
- Strict adherence to all DOT and State requirement
- PrePass safety record verification with state and federal agencies
- Quarterly safety meetings, Atlas meetings and Driver Advisory Board ensures our people have a role in developing best practices in safety and accident prevention.
- Captive insurance program for cargo, BI/PD and Worker's

8. Please explain what steps you have taken to determine if you can obtain insurance and pay the required insurance premiums.

Alexander's Mobility Services is fully insured, licensed, and bonded in all states in which our company does business and performs services. In the event that our company does not meet or exceed necessary insurance and/or bonding requirements our company is capable of easily obtaining additional insurance and bonding in order to meet client requirements.

9. State whether the applicant has been convicted of a misdemeanor or felony. If applicant is partnership, limited liability partnership, corporation, or limited liability company this question applies to all members, officers, and/or shareholders. If "YES", explain.

\_\_\_\_\_ YES     \_\_\_\_\_ NO

10. Financial Data. Complete the "Statement of Financial Position", which follows this page. Please feel free to also provide additional information explaining why you believe you have sufficient funds to ensure your transportation business can provide reliable service to the public in a safe manner.

please see attachment for our latest financial statement

## Verification of Statement

The undersigned deposes and says that he/she is authorized to and does make this verification and that the facts set forth therein are true and correct to the best of his/her knowledge, information, and belief. The undersigned understands that false statements herein are made subject to penalties of 18 Pa. C. S. Section 4904 relating to unsworn falsification to authorities.

Dan Shanahan  
\_\_\_\_\_  
(Signature)  
Dan Shanahan, Vice President and General Manager  
\_\_\_\_\_  
(Name and Title, printed or typed)

3-21-2024  
\_\_\_\_\_  
(Date)

*Financial Statements*

**Stanley G. Alexander, Inc.**

June 30, 2023 and 2022

**STANLEY G. ALEXANDER, INC.**

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# Haynie & Company

(a professional corporation)

Certified Public Accountants and Management Consultants

4910 Campus Drive Newport Beach, California 92660-2119 (949) 724-1880 FAX (949) 724-1889

## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors  
**Stanley G. Alexander, Inc.**  
Tustin, California

We have reviewed the accompanying financial statements of Stanley G. Alexander, Inc., which comprise the balance sheets as of June 30, 2023 and 2022, and the related statements of income, stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

### Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### Accountants' Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

*HAYNIE & COMPANY*

January 19, 2024  
Newport Beach, California

**STANLEY G. ALEXANDER, INC.**

Balance Sheets  
June 30, 2023 and 2022

<b><u>ASSETS</u></b>	<u>2023</u>	<u>2022</u>
Current assets:		
Cash	\$ 9,309,707	\$ 8,398,868
Accounts receivable, net of allowance for doubtful accounts	14,150,137	16,087,569
Current portion of notes receivable	134,107	58,714
Prepaid expenses and other current assets	<u>1,249,489</u>	<u>1,391,769</u>
<b>Total current assets</b>	24,843,440	25,936,920
Notes receivable, net of current portion	63,891	7,286
Property and equipment, net of accumulated depreciation	6,002,660	4,711,232
Right-of-use assets:		
Finance, net	52,323	-
Operating	22,707,286	-
Investments	1,146,019	773,731
Other assets	<u>1,905,554</u>	<u>2,078,015</u>
<b>Total assets</b>	<u>\$ 56,721,173</u>	<u>\$ 33,507,184</u>

See independent accountants' review report and notes to financial statements.

**STANLEY G. ALEXANDER, INC.**

Balance Sheets

June 30, 2023 and 2022

**LIABILITIES AND STOCKHOLDERS' EQUITY**

	<u>2023</u>	<u>2022</u>
Current liabilities:		
Accounts payable	\$ 5,342,532	\$ 5,446,826
Accrued expenses	2,814,398	3,420,753
Income taxes payable	34,999	29,556
Current portion of operating leases	4,063,108	-
Current portion of finance leases	17,115	17,522
Current portion of notes payable	725,641	736,826
Other current liabilities	<u>270,800</u>	<u>418,405</u>
<b>Total current liabilities</b>	<b>13,268,593</b>	<b>10,069,888</b>
Long-term liabilities:		
Driver deposits	267,700	269,200
Deferred rent, net of current portion	-	972,117
Operating leases, net of current portion	19,288,336	-
Finance leases, net of current portion	20,952	40,742
Notes payable, net of current portion	1,518,682	1,848,094
Dividends payable	20,031	20,031
Deferred taxes	1,077,000	859,000
Other liabilities	<u>10,513</u>	<u>10,513</u>
<b>Total liabilities</b>	<b><u>35,471,807</u></b>	<b><u>14,089,585</u></b>
Stockholders' equity:		
Common stock, no par value 25,000 shares authorized; 1,344 shares issued and outstanding	28,750	28,750
Retained earnings	<u>21,220,616</u>	<u>19,388,849</u>
<b>Total stockholders' equity</b>	<b><u>21,249,366</u></b>	<b><u>19,417,599</u></b>
<b>Total liabilities and stockholders' equity</b>	<b><u>\$ 56,721,173</u></b>	<b><u>\$ 33,507,184</u></b>

See independent accountants' review report and notes to financial statements.

**STANLEY G. ALEXANDER, INC.**  
**Statements of Income**  
**For the Years Ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Sales	\$ 100,676,566	\$ 96,726,254
Cost of sales	<u>56,201,596</u>	<u>55,012,680</u>
Gross profit	44,474,970	41,713,574
General and administrative expenses	<u>42,027,838</u>	<u>37,956,571</u>
Income from operations	<u>2,447,132</u>	<u>3,757,003</u>
Other income (expense):		
Interest income	15,835	2,715
Interest expense	(174,477)	(89,616)
Recovery of bad debt	99	-
Gain on sale of assets	<u>149,104</u>	<u>17,198</u>
Total other income (expense)	<u>(9,439)</u>	<u>(69,703)</u>
Income before income taxes	2,437,693	3,687,300
Provision for income taxes	<u>(605,926)</u>	<u>(987,784)</u>
Net income	<u>\$ 1,831,767</u>	<u>\$ 2,699,516</u>

See independent accountants' review report and notes to financial statements.

**STANLEY G. ALEXANDER, INC.**  
**Statements of Stockholders' Equity**  
**For the Years Ended June 30, 2023 and 2022**

	<u>Common Stock</u>		<u>Retained earnings</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>		
Balances, June 30, 2021	1,344	\$ 28,750	\$ 16,689,333	\$ 16,718,083
Net Income	<u>-</u>	<u>-</u>	<u>2,699,516</u>	<u>2,699,516</u>
Balances, June 30, 2022	1,344	28,750	19,388,849	19,417,599
Net Income	<u>-</u>	<u>-</u>	<u>1,831,767</u>	<u>1,831,767</u>
Balances, June 30, 2023	<u>1,344</u>	<u>\$ 28,750</u>	<u>\$ 21,220,616</u>	<u>\$ 21,249,366</u>

See independent accountants' review report and notes to financial statements.

**STANLEY G. ALEXANDER, INC.**  
**Statements of Cash Flows**  
For the Years Ended June 30, 2023 and 2022

	2023	2022
<b>Cash flows from operating activities:</b>		
Net income	\$ 1,831,767	\$ 2,699,516
Items not requiring cash:		
Depreciation	1,335,220	1,020,443
Bad debts	185,444	160,879
Deferred taxes	218,000	252,000
Non-cash lease expense	644,158	-
(Gain) on sale of assets	(149,104)	(17,198)
(Increase) decrease in:		
Accounts receivable, net	1,751,988	(3,118,234)
Prepaid expenses and other current assets	142,280	(69,696)
Other assets	172,461	(260,290)
Increase (decrease) in:		
Accounts payable	(104,294)	(128,986)
Accrued expenses	(606,355)	(235,712)
Income taxes payable	5,443	(105,211)
Other current liabilities	(147,605)	263,635
Driver deposits	(1,500)	(16,598)
Deferred rents	(972,117)	206,654
<b>Total from operating activities</b>	<b>4,305,786</b>	<b>651,202</b>
<b>Cash flows from investing activities:</b>		
Purchases of investments	(372,287)	(19,975)
Additions to notes receivable	(287,114)	(124,775)
Payments on notes receivable	155,116	123,061
Purchases of property and equipment	(2,311,613)	(893,934)
Proceeds from sale of property and equipment	149,104	16,198
<b>Total from investing activities</b>	<b>(2,666,794)</b>	<b>(899,425)</b>
<b>Cash flows from financing activities:</b>		
Principal payments on notes payable	(707,956)	(729,386)
Payments on finance leases	(20,197)	(20,032)
<b>Total from financing activities</b>	<b>(728,153)</b>	<b>(749,418)</b>
<b>Increase (decrease) in cash</b>	910,839	(997,641)
Cash, beginning of year	8,398,868	9,396,509
<b>Cash, end of year</b>	<b>\$ 9,309,707</b>	<b>\$ 8,398,868</b>

See independent accountants' review report and notes to financial statements.

**STANLEY G. ALEXANDER, INC.**  
**Statements of Cash Flows**  
For the Years Ended June 30, 2023 and 2022

	2023	2022
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid during the year for:		
Interest	\$ 174,538	\$ 89,680
Income taxes	\$ 646,307	\$ 809,190
 <b>Supplemental disclosure of non-cash investing and financing activities:</b>		
Acquisition of property and equipment through the issuance of long-term debt		
	\$ 367,359	\$ 1,330,676
Increase in assets and liabilities related to the adoption of ASC 842, leases:		
Increase in right-of-use assets	\$ 22,707,286	\$ -
Increase in operating lease liabilities	\$ 23,351,444	\$ -

See independent accountants' review report and notes to financial statements.

## STANLEY G. ALEXANDER, INC.

### Notes to Financial Statements

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Organization and nature of business

Stanley G. Alexander, Inc. ("SGA" or the "Company" dba Alexander's Mobility Services) provides a full-range of relocation, transportation, logistics, and related mobility services including household goods, international and corporate relocation, office moving and facilities management, storage and warehousing, specialized transportation and logistics and government related services. The Company has facilities located in Tustin, California; Hayward, California; San Diego, California; Baltimore, Maryland; Minneapolis, Minnesota; Dallas, Texas; and Portland, Oregon.

##### Use of estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

##### Fair value of instruments

The carrying value of cash and cash equivalents, accounts receivable, accounts payable and certain other items approximate fair value due to the short-term nature of these instruments.

##### Cash and cash equivalents

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Company, from time to time, maintains cash balances that exceed FDIC insurance limits. As of June 30, 2023 and 2022, amounts that exceeded these limits approximated \$9,080,000 and \$8,417,000, respectively. The Company performs periodic reviews of the relative credit ratings of its banks to lower its risk.

##### Trade accounts receivable

Trade accounts receivable are reported at the amount management expects to collect from outstanding balances. Differences between the amount due and the amount management expects to collect are reported in the results of operations of the year in which those differences are determined, with an offsetting entry to an allowance for uncollectible accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to trade accounts receivable.

## STANLEY G. ALEXANDER, INC.

### Notes to Financial Statements

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Notes receivable

Notes receivable are stated at unpaid principal balances, less an allowance for loan losses, if any. Interest on notes is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding. The Company's determination of allowance for loan losses includes a number of factors, including past experience with the debtor and changes in collection patterns.

##### Inventories

Inventories are stated at the lower of cost (first-in, first-out method) or market.

##### Property and equipment

Additions, together with major renewals and betterments, are capitalized. Maintenance, repairs, and minor renewals and betterments are charged to expense. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation or amortization are removed from the accounts and any resulting gain or loss is recognized. The Company evaluates long-lived assets for impairment using a discounted cash flows method whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Depreciation expense during the years ended June 30, 2023 and 2022, is provided for using straight-line methods over the estimated useful lives of the respective assets, currently ranging from 3 to 39 years.

##### Leases

Effective July 1, 2022, the Company adopted Financial Accounting Standards Board ASC 842, Leases. The Company also implemented the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification.

The new standard establishes a right of use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. Leases with a term of less than 12 months will not record a right of use asset and lease liability and the payments will be recognized into profit or loss on a straight-line basis over the lease term. When a lease includes renewal options which can extend the lease term, only those options that are reasonably expected to be exercised and that the Company can exercise at its sole discretion are included in the measurement of lease assets and liabilities.

## STANLEY G. ALEXANDER, INC.

### Notes to Financial Statements

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Leases (continued)

The adoption of the new lease standard resulted in the recognition of right-of-use-assets and lease incentives, of \$25,594,247 and operating lease liabilities of \$25,594,247 as of July 1, 2022. Results for periods beginning prior to July 1, 2022 continue to be reported in accordance with our historical accounting treatment.

##### Investments

Investments that are not accounted for under the equity method of accounting are carried at cost.

##### Revenue recognition

The Company recognizes revenues from transportation services when the earnings process is complete and deliveries have been made. Revenues in connection with interstate moving (and certain other revenues) are conducted through an agency relationship with another relocation and transportation entity. Revenues from storage fees are recognized when rents become due. Certain revenues in connection with fixed price contracts are recognized on the percentage of completion method, measured by the percentage of costs incurred to date to the estimated total cost for the contract. Revenues from certain long-term contracts are recognized under the percentage of completion method (cost-to-cost basis).

##### Income taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between accelerated and straight-line methods of depreciation for tax reporting and financial reporting, respectively, as well as net operating loss carryforwards. The deferred taxes represent the future tax return consequences of those differences, which will either be deductible or taxable when the assets and liabilities are recovered or settled. Deferred taxes are provided for in the financial statements to compensate for any timing differences under the authoritative guidance issued by the Financial Accounting Standards Board ("FASB") in connection with accounting for income taxes.

##### Advertising costs

The Company expenses advertising costs as they are incurred. Advertising expenses for the years ended June 30, 2023 and 2022, approximated \$6,900 and \$6,000, respectively.

# STANLEY G. ALEXANDER, INC.

## Notes to Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Recent accounting pronouncements

Management has reviewed and adopted applicable recent Accounting Standards Updates and revisions issued by the FASB (including its Emerging Issues Task Force), and the American Institute of Certified Public Accountants during the fiscal years ended June 30, 2023 and 2022. Management believes the adoptions of such pronouncements and revisions do not have a material impact on the Company's financial statements other than certain footnote disclosures.

#### Subsequent events

Subsequent events have been evaluated through January 19, 2024, which is the date the financial statements were available to be issued.

### 2. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	<u>2023</u>	<u>2022</u>
Trade receivables	\$ 14,282,137	\$ 16,297,571
Allowance for doubtful accounts	<u>(132,000)</u>	<u>(210,002)</u>
	<u>\$ 14,150,137</u>	<u>\$ 16,087,569</u>

### 3. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of the following:

	<u>2023</u>	<u>2022</u>
Prepaid insurance	\$ 549,362	\$ 457,797
Permits	38,048	38,048
Prepaid income taxes	92,219	140,285
Other prepaid expenses	281,282	468,650
Other current assets	<u>288,578</u>	<u>286,989</u>
	<u>\$ 1,249,489</u>	<u>\$ 1,391,769</u>

**STANLEY G. ALEXANDER, INC.**

## Notes to Financial Statements

**4. NOTES RECEIVABLE**

Notes receivable consist of the following:

	<u>2023</u>	<u>2022</u>
Drivers	\$ 197,998	\$ 66,000

The aggregate annual maturity for notes receivable as of June 30, 2023, are as follows:

<u>Fiscal year ending June 30:</u>	
2024	\$ 134,107
2025	32,614
2026	15,112
2027	<u>16,165</u>
	<u>\$ 197,998</u>

All notes receivable are current, and as such, no loss reserve has been recorded as of June 30, 2023. The notes receivable bear interest at rates ranging from 5.50% to 7.50% for the year ended June 30, 2023.

**5. PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

	<u>2023</u>	<u>2022</u>
Automobiles	\$ 77,173	\$ 158,483
IT equipment	1,515,693	1,515,693
Leasehold improvements	2,713,813	1,765,628
Office equipment	917,318	876,363
Vehicles	13,999,227	13,034,748
Warehouse equipment	2,105,423	1,789,508
Misc capitalized assets	5,000	5,000
Assets under capitalized leases	<u>252,301</u>	<u>252,301</u>
Subtotal	21,585,948	19,397,724
Less accumulated depreciation	(15,720,376)	(15,173,756)
Assets not placed in service	<u>137,088</u>	<u>487,264</u>
	<u>\$ 6,002,660</u>	<u>\$ 4,711,232</u>

Total depreciation expense charged to operations during the years ended June 30, 2023 and 2022, approximated \$1,335,000 and \$1,204,000, respectively.

**STANLEY G. ALEXANDER, INC.**

## Notes to Financial Statements

**6. RIGHT-OF-USE LEASES**Finance

As of June 30, 2023, property and equipment under finance leases consisted of the following:

	<u>2023</u>	<u>2022</u>
Forklifts	\$ 90,904	\$ -
Less accumulated depreciation	<u>(38,581)</u>	<u>-</u>
	<u>\$ 52,323</u>	<u>\$ -</u>

For the year ended June 30, 2022, leases are reported under historical lease classification and are included in note 5 above.

As of June 30, 2023 and 2022, the Company had assets under the terms of finance leases. The leases call for monthly payments ranging from \$813 to \$836, including interest ranging from 3.45% to 5.70% and mature in 2026. The leases are secured by the related equipment which had costs of approximately \$91,000 and \$70,000 and related accumulated depreciation of approximately \$39,000 and \$29,000, as of June 30, 2023 and 2022, respectively.

The following is a schedule by years of future minimum lease payments under finance leases, together with the present value of the net minimum lease payments:

<u>Year ending June 30:</u>	
2024	\$ 19,784
2025	13,799
2026	<u>9,415</u>
Total minimum lease payments	42,998
Less amount representing interest	<u>(4,931)</u>
Present value of minimum lease payments	38,067
Less current portion	<u>(17,115)</u>
Long-term lease obligations under finance leases	<u>\$ 20,952</u>

**STANLEY G. ALEXANDER, INC.**

Notes to Financial Statements

**6. RIGHT-OF-USE LEASES (CONTINUED)**

Operating

The following summarizes the line items in the Company's balance sheet relative to its operating leases as of June 30, 2023:

Operating lease right-of-use asset	<u>\$ 22,707,286</u>
Operating lease liabilities, short-term	\$ 4,063,108
Operating lease liabilities, long-term	<u>19,288,336</u>
Total operating lease liabilities	<u>\$ 23,351,444</u>

The weighted-average remaining lease term related to the Company's operating lease liabilities as of June 30, 2023 was approximately 5.37 years. The discount rate related to the Company's operating lease liabilities as of June 30, 2023 was 5.50%. The discount rate has been adopted under the practical expedient as the discount rates implicit in the Company's operating leases cannot be readily determined. The maturities of operating lease liability as of June 30, 2023, is as follows:

2024	\$ 5,246,612
2025	5,230,485
2026	4,936,816
2027	3,583,655
2028	2,402,378
Thereafter	<u>6,290,622</u>
Subtotal	27,690,568
Less: imputed interest	<u>(4,339,125)</u>
	<u>\$ 23,351,443</u>

The Company subleases various facilities to third parties. Total sublease income received for the years ended June 30, 2023 and 2022, approximated \$174,000 and \$197,000, respectively. Future minimum rentals to be received under these sublease agreements approximate the following:

Year ending June 30:

2024	\$ 154,772
2025	<u>52,880</u>
	<u>\$ 207,652</u>

**STANLEY G. ALEXANDER, INC.**

Notes to Financial Statements

**6. RIGHT-OF-USE LEASES (CONTINUED)**

Operating (continued)

Total deferred rental liabilities associated with existing facility leases as of June 30, 2022, approximated \$972,000. Total net rent expense charged to operations for the years ended June 30, 2022, approximated \$5,658,000. Future minimum lease commitments remaining as of June 30, 2022 consisted of the following:

Year ending June 30:

2023	\$	4,979,546
2024		4,429,542
2025		3,981,007
2026		1,732,105
2027		1,430,817
Thereafter		<u>15,833,141</u>
	\$	<u>32,386,158</u>

**7. INVESTMENTS**

Investments consist of the following:

	<u>2023</u>	<u>2022</u>
Atlas World Group, Inc.	\$ 145,154	\$ 145,154
Affinity Vaults, LLC	228,800	167,938
Other	<u>772,065</u>	<u>460,639</u>
	<u>\$ 1,146,019</u>	<u>\$ 773,731</u>

The investment in Atlas World Group, Inc. ("Atlas") is restricted to Atlas agents and is not publicly traded. Investments are carried at cost and were not evaluated for impairment because (a) the Company did not estimate the fair value of investments in accordance with FASB ASC paragraphs 825-10-50-16 through 50-19, and (b) the Company did not identify any events or changes in circumstances that may have had a significant adverse effect on the investments.

As of June 30, 2023, the Company has invested \$228,800 for a 20% ownership interest in Affinity Vaults, LLC which provides specially engineered moving containers used to easily transport and store small shipments for customers. Since the Company has the ability to exercise significant influence over the investee, the investment is accounted for under the equity method of accounting. As such, the Company reported its respective share of gain of \$260,0862 and loss of (\$18,047) for the years ended June 30, 2023 and 2022, respectively.

**STANLEY G. ALEXANDER, INC.**  
Notes to Financial Statements

**8. OTHER ASSETS**

Other assets consist of the following:

	2023	2022
Surrender value of life insurance	\$ 1,739,480	\$ 1,906,941
Lease deposits	166,074	171,074
	\$ 1,905,554	\$ 2,078,015

**9. ACCRUED EXPENSES**

Accrued expenses consist of the following:

	2023	2022
Accrued compensation and commissions	\$ 2,343,694	\$ 2,880,542
Accrued interest payable	217,908	217,969
Accrued payroll taxes	93,626	136,375
Accrued sales tax payable	26,908	11,329
Other accrued expenses	132,262	174,538
	\$ 2,814,398	\$ 3,420,753

**10. LONG TERM DEBT**

Line-of-credit

In September 2020, the Company entered into a \$1,500,000 revolving line-of-credit with a bank. Based upon the terms of the agreement, the outstanding principal balance and unpaid accrued interest is due in June of 2027. In addition, monthly interest payments on the outstanding balance are due at a rate equal to the prime rate published in the Wall Street Journal (7.75% at June 30, 2023) plus .75%. The borrowing rate has a floor of 4.00% and may not exceed the maximum rate allowed by law. The outstanding balance is secured by substantially all of the assets of the Company. As of June 30, 2023 and 2022, the outstanding balance was \$0 for both years, and the Company was in compliance with the financial covenants.

**STANLEY G. ALEXANDER, INC.**

Notes to Financial Statements

**11. NOTES PAYABLE**

Notes payable consist of the following:	<u>2023</u>	<u>2022</u>
Notes payable, Atlas Terminal Company, Inc., aggregate monthly payments of \$68,000, including interest ranging from 5.75% to 8.00% due through 2025, secured by equipment	\$ 379,528	\$ 738,863
Notes payable, Wells Fargo Equipment Finance, Inc., aggregate monthly payment of \$1,729, including interest at 6.45% due through 2023, secured by equipment	1,720	21,653
Equipment term loan, Banc of California, interest at prime rate (7.75% as of 6/30/23) plus .75% with a minimum rate of 4.00% payments expected through 2026, secured by equipment	468,038	600,319
Equipment term loan, Banc of California, interest at prime rate (7.75% as of 6/30/23) plus .75% with a minimum rate of 4.00% payments expected through 2027, the Company was in compliance with the financial covenants, secured by equipment	<u>1,395,037</u>	<u>1,224,085</u>
	2,244,323	2,584,920
Less current portion	<u>(725,641)</u>	<u>(736,826)</u>
Long-term portion	<u>\$ 1,518,682</u>	<u>\$ 1,848,094</u>

Future minimum principal payments consist of the following:

Year ending June 30:

2024	\$ 725,641
2025	646,782
2026	480,640
2027	<u>391,260</u>
	<u>\$ 2,244,323</u>

**STANLEY G. ALEXANDER, INC.**  
Notes to Financial Statements

**12. INCOME TAXES**

The Company files income tax returns in the U.S. federal and various states' jurisdictions. Generally, the Company's tax returns remain open for federal income tax examination for three years from the date of filing and up to four years for states.

The provision for income taxes consists of the following:

	2023	2022
Current:		
Federal	\$ 203,340	\$ 439,225
States	184,586	296,559
Deferred	218,000	252,000
	\$ 605,926	\$ 987,784

Deferred income taxes relate primarily to differences in depreciation methods differences in connection with financial and income tax reporting, and consist of the following:

	2023	2022
Deferred tax liability, depreciation	\$ 1,077,000	\$ 859,000

The Company follows the provisions of uncertain tax positions as addressed in FASB Accounting Standards Codification 740-10-65-1. The Company recognized no increase in the liability for unrecognized tax benefits. The Company has no tax position as of June 30, 2023 and 2022, for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility. The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. No such interest or penalties were recognized during the periods presented. The Company had no accruals for interest and penalties as of June 30, 2023 and 2022.

## STANLEY G. ALEXANDER, INC.

### Notes to Financial Statements

#### 13. **COMMITMENTS AND CONTINGENCIES**

##### Concentration

During the years ended June 30, 2023 and 2022, Atlas accounted for approximately 55% and 58%, respectively, of the Company's sales. The account receivable from Atlas approximated 32% and 41% of the Company's total accounts receivable as of June 30, 2023 and 2022, respectively.

##### Contingencies

The Company, from time to time, is involved in certain incidents arising in the normal course of business. In the opinion of management, any unfavorable outcome would not materially impact the financial condition of the Company.

#### 14. **RELATED PARTY TRANSACTIONS**

During the year ended June 30, 2023, the Company had sales and purchases to certain related parties aggregating approximately \$54,861,000 and \$3,375,000, respectively. As of June 30, 2023, the receivables and payables to these related parties aggregated approximately \$4,785,000 and \$339,000, respectively.

During the year ended June 30, 2022, the Company had sales and purchases to certain related parties aggregating approximately \$58,454,000 and \$2,749,000, respectively. As of June 30, 2022, the receivables and payables to these related parties aggregated approximately \$6,584,000 and \$329,000, respectively.

Included in other current assets as of June 30, 2023 and 2022, is approximately \$310,000 and \$267,000 due from related parties, respectively.

As discussed in note 11, included in notes payable as of June 30, 2023 and 2022, is approximately \$380,000 and \$739,000 due to related parties, respectively.

#### 15. **EMPLOYEE BENEFIT PLAN**

In February of 1991, the Company adopted a 401(k) plan covering substantially all eligible employees who are at least 21 years of age and have completed at least six months of service (as defined in the plan). Based upon the terms of the plan, an employee may elect to contribute a portion of their salary up to the maximum allowable by law. The plan also allows for employer discretionary matching contributions based upon a certain percentage of the employee elective deferrals. The discretionary employer matching contribution percentage is determined each year by the Company as well as the maximum dollar amount that is matched. Forfeitures may be used to pay administrative expenses or allocated to employer discretionary matching contributions.

**STANLEY G. ALEXANDER, INC.**

Notes to Financial Statements

**15. EMPLOYEE BENEFIT PLAN (CONTINUED)**

An employee is always 100% vested in their elective deferrals and vest at the rate of 20% per year (starting in the second year of service) in employer contributions. Generally an employee may receive a distribution prior to their termination of employment provided they have attained the age of 59 ½. Distributions are generally in a lump-sum form for accounts with balances less than \$5,000. An employee with an account balance greater than \$5,000 may elect to receive either a lump-sum distribution or installment distributions. Even though the Company has not disclosed an intent to do so, it has the right to terminate the plan at any time. During the years ended June 30, 2023 and 2022, employer matching contributions were approximately \$230,000 and \$214,000, respectively.

**16. SUBSEQUENT EVENT**

The Company applied for employee retention credits of approximately \$5.1 million in connection with certain IRS regulations relative to the CARES Act. At the time the applications were submitted, management believed the Company qualified for the credits under the terms of the Act. However, because the IRS announced a moratorium on processing applications, the Company elected to not recognize the credits as of June 30, 2023 due to some uncertainty of the acceptance of the applications and the ultimate collection of the credits from the IRS. The Company will recognize the credits and any resulting income tax liabilities when the credits are received. Subsequent to June 30, 2023, the Company received approximately \$5.2 million relative to these credits.