

01817 PROFIT BY AIR, INC. 1978

Freight Forwarders
(Class A)

1978

Due: March 31, 1979

INTERSTATE
COMMERCE COMMISSION
RECEIVED

APR 4 - 1979

Annual Report Form
F-1

Approved by GAO
B-180230 (R0254)
Expires 10-31-79

CORRECT NAME AND ADDRESS IF DIFFERENT THAN
SHOWN. (See instructions)

ADMINISTRATIVE SERVICES
MAIL UNIT

FF000407 PROFIT BY A A
PBAF PROFIT BY AIR, INC.
P. O. BOX 388
VALLEY STREAM

0 A 1817

NY 11582

2. State whether respondent is an individual owner, partnership, corporation, association, etc.: Corporation

3. If a partnership, state the names and addresses of each partner including silent or limited, and their interests

Proportion
of Interest

Name

Address

4. If a corporation, association or other similar form of enterprise, give:
(a) Dates and States of incorporation or organization: February 21, 1968 New York

(b) Directors' names, addresses, and expiration dates of terms of office:

Name

Address

Term Expires
(Next An-
nual Meet-
ing Scheduled
For December
1979)

Harvey E. Pittluck
Silas Spengler
Stuart Brown
Morris Kritz

P.O. Box 90897, Los Angeles, Ca.
280 Park Ave., New York, NY
Elm Hollow Rd., Beaverville, NY
127 Martin Dr., Harrington Park, NJ

(c) The names and titles of principal general officers:

Name

Title

Harvey E. Pittluck
William F. Ermer
Silas Spengler
Morris Kritz

President
Exec. Vice President
Secretary
Sr. Vice Pres-Finance & Treasurer

5. Give the voting power, elections, and stockholders, as follows:

A. Total voting securities outstanding

(1) Common 100

(2) 1st Preferred

(3) 2nd Preferred

(4) Other securities

shares 100 votes
shares votes
shares votes
shares votes

B. Does any class of securities carry any special privileges in any elections or in the control of corporate action?
No If so, describe each such class or issue, showing the character and extent of such privileges:

C. State for each class of stock the total number of stockholders of record at the latest date of closing of stock book or compilation of list of stockholders prior to date of submitting this report:

(1) Common One (2) 1st Preferred _____ (3) 2nd Preferred _____
 (4) Other _____ (5) Date of closing stock book _____

6. Give names of the ten security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent (if within 1 year prior to the actual filing of this report), had the highest voting powers in the respondent, showing for each his address, the number of votes which he would have had a right to cast on that date had a meeting then been in order, and the classification of the number of votes to which he was entitled, with respect to securities held by him. If any such holder held securities in trust, give (in a footnote) the particulars of the trust. If the stock book was not closed or the list of stockholders compiled within such year, show such ten security holders as of the close of the year.

Name of security holder (a)	Address (b)	Number of votes, to which entitled (c)	Number of votes, classified			
			Common (d)	1st Preferred (e)	2nd Preferred (f)	Other securities (g)
PBA, Inc.	c/o Profit By Air, Inc. P.O. Box 388 Valley Stream, NY 11582	100	100			

7. The respondent is required to send to the Bureau of Accounts, immediately upon preparation two copies of its latest annual report to stockholders.

Check appropriate box:

☐ Two copies are attached to this report.

☐ Two copies will be submitted _____ (date)

☒ No annual report to stockholders is prepared.

8. If the respondent was formed as a result of consolidations or mergers during the year, name all constituent companies, and give specific references to charters or general laws governing each organization, date and authority for each consolidation and each merger received from a regulatory body, and date of consummation.

Not Applicable

9. If the respondent was reorganized during the year, give name of original corporation and the laws under which it was organized, or the name of owner or partners, the reason for the reorganization, and date of reorganization.

Not Applicable

10. If the respondent was subject to a receivership during the year, state--

A. Date of receivership _____

B. Court of jurisdiction under which operations were conducted _____

C. Date when possession under it was required _____

D. Name of receiver, receivers, or trustee _____

11. If any individual, individuals, association, or corporation held control, as trustee, other than receivership, over the respondent at the close of the year, state--

A. Date of trusteeship _____

B. Authority for trusteeship _____

C. Name of trustee _____

D. Name of beneficiary or beneficiaries _____

E. Purpose of trust _____

12. Give a list of companies under common control with respondent:

None

13. Furnish a complete list of all companies controlled by the respondent, either directly or indirectly, at the close of the year. List under each directly controlled company the companies controlled by it and under each company any others of more remote control. Each step of control should be appropriately indented from the left margin. After each company state the percentage, if any, of the voting power represented by securities owned by the immediately controlling company:

Profit By Air, Inc. (Puerto Rico) (Included in consolidated figures herein)
100% of voting power - controls no other company

Airfreight del Peru S.A. - 100% of voting power - controls no other company

14. Give a complete list showing companies controlling the respondent, as of the close of the year. Commence with the company which is the most remote and list under each such company the company immediately controlled by it. Each step of control should be appropriately indented from the left margin. After each company state the percentage, if any, of the voting power represented by securities owned by the immediately controlling company. When any company listed is immediately controlled by or through two or more companies jointly, list all such companies and list the controlled company under each of them, indicating its status by appropriate cross references:

PBA, Inc. - controls 100% of voting power of Profit By Air, Inc.

15. States in which traffic is originated and/or terminated: (check appropriate boxes)

<input checked="" type="checkbox"/> Alabama	<input checked="" type="checkbox"/> Georgia	<input checked="" type="checkbox"/> Maryland	<input checked="" type="checkbox"/> New Jersey	<input checked="" type="checkbox"/> South Carolina
<input checked="" type="checkbox"/> Alaska	<input checked="" type="checkbox"/> Hawaii	<input checked="" type="checkbox"/> Massachusetts	<input checked="" type="checkbox"/> New Mexico	<input checked="" type="checkbox"/> South Dakota
<input checked="" type="checkbox"/> Arizona	<input checked="" type="checkbox"/> Idaho	<input checked="" type="checkbox"/> Michigan	<input checked="" type="checkbox"/> New York	<input checked="" type="checkbox"/> Tennessee
<input checked="" type="checkbox"/> Arkansas	<input checked="" type="checkbox"/> Illinois	<input checked="" type="checkbox"/> Minnesota	<input checked="" type="checkbox"/> North Carolina	<input checked="" type="checkbox"/> Texas
<input checked="" type="checkbox"/> California	<input checked="" type="checkbox"/> Indiana	<input checked="" type="checkbox"/> Mississippi	<input checked="" type="checkbox"/> North Dakota	<input checked="" type="checkbox"/> Utah
<input checked="" type="checkbox"/> Colorado	<input checked="" type="checkbox"/> Iowa	<input checked="" type="checkbox"/> Missouri	<input checked="" type="checkbox"/> Ohio	<input checked="" type="checkbox"/> Vermont
<input checked="" type="checkbox"/> Connecticut	<input checked="" type="checkbox"/> Kansas	<input checked="" type="checkbox"/> Montana	<input checked="" type="checkbox"/> Oklahoma	<input checked="" type="checkbox"/> Virginia
<input checked="" type="checkbox"/> Delaware	<input checked="" type="checkbox"/> Kentucky	<input checked="" type="checkbox"/> Nebraska	<input checked="" type="checkbox"/> Oregon	<input checked="" type="checkbox"/> Washington
<input checked="" type="checkbox"/> District of Columbia	<input checked="" type="checkbox"/> Louisiana	<input checked="" type="checkbox"/> Nevada	<input checked="" type="checkbox"/> Pennsylvania	<input checked="" type="checkbox"/> West Virginia
<input checked="" type="checkbox"/> Florida	<input checked="" type="checkbox"/> Maine	<input checked="" type="checkbox"/> New Hampshire	<input checked="" type="checkbox"/> Rhode Island	<input checked="" type="checkbox"/> Wisconsin
				<input checked="" type="checkbox"/> Wyoming

16. COMPARATIVE BALANCE SHEET STATEMENT - ASSET SIDE

Give the following financial data at the beginning of the year and at the close of the year (omit cents):

Line No.	Balance at beginning of year (a)	Item (b)	Balance at close of year (c)
		I. CURRENT ASSETS	
	\$ 485,513	(100) Cash	\$ 631,493
1		(101) Special cash deposits (Sec. 18)	1,670,387
2	1,860,000	(102) Temporary cash investments	XXXXXX
3	XXXXXX	1. Pledged \$	550
4	5,010	2. Unpledged \$	
5		(103) Working advances	\$ 24,244
6	XXXXXX	(104) Notes receivable	\$ 8,778,539
7	XXXXXX	(105) Accounts receivable	\$ 483,973
8	5,513,531	(106) Less: Reserve for doubtful accounts	8,318,810
9	5,912	(107) Accrued accounts receivable	12,016
10		(108) Materials and supplies	
11		(109) Other current assets	
12		(110) Deferred income tax charges (Sec. 19)	10,633,256
13	7,869,966	Total current assets	
		II. SPECIAL FUNDS AND DEPOSITS	
14	XXXXXX	(120) Sinking and other funds	\$ XXXXXX
15		Less: Nominally outstanding	\$ 132,790
16	XXXXXX	(121) Special deposits	\$ XXXXXX
17		Less: Nominally outstanding	\$ 132,790
18	125,972	Total special funds	
		III. INVESTMENT SECURITIES AND ADVANCES	
19	26,664	(130) Investments in affiliated companies (Sec. 20)	21,504
20	XXXXXX	1. Pledged \$	XXXXXX
21		2. Unpledged \$	133,753
22	139,757	Undistributed earnings from certain investments in affiliated companies (Sec. 21)	
23	XXXXXX	(131) Other investments (Sec. 20)	133,753
24		1. Pledged \$	XXXXXX
25		2. Unpledged \$	
26	166,421	(132) Less: Reserve for adjustment of investments in securities	
27		(133) Allowance for net unrealized loss on noncurrent marketable equity securities	155,257
28		Total investment securities and advances	
		IV. TANGIBLE PROPERTY	
29	XXXXXX	(140) Transportation property (Sec. 22-A)	\$ 3,378,090
30	1,405,361	(149) Less: Depreciation and amortization reserve	1,149,326
31		Transportation property (Sec. 22-B)	
32	XXXXXX	(160) Nontransportation property (Sec. 23)	\$ XXXXXX
33		(161) Less: Depreciation reserve	
34	1,405,361	Nontransportation property (Sec. 23)	2,228,764
35		Total tangible property	
		V. INTANGIBLE PROPERTY	
36		(165) Organization	4,645
37	4,508	(166) Other intangible property	4,645
38	4,508	Total intangible property	
		VI. DEFERRED DEBITS AND PREPAID EXPENSES	
39	227,953	(170) Prepayments	229,840
40	40,434	(172) Other deferred debits	46,417
41		(173) Accumulated deferred income tax charges (Sec. 19)	276,257
42	268,387	Total deferred debits and prepaid expenses	
		VII. REACQUIRED AND NOMINALLY ISSUED SECURITIES	
43	XXXXXX	(190) Reacquired and nominally issued long-term debt	\$ XXXXXX
44	XXXXXX	Reacquired: 1. Pledged	\$ XXXXXX
45	XXXXXX	2. Unpledged	\$ XXXXXX
46	XXXXXX	Nominally issued: 1. Pledged	\$ XXXXXX
47	XXXXXX	2. Unpledged	\$ XXXXXX
48		(191) Nominally issued capital stock	
49		1. Pledged \$	
50		2. Unpledged \$	
51		TOTAL ASSETS	13,430,969
52	9,840,615	Contingent assets (not included above)	

*For compensating balances not legally restricted, see Sec. 17.

COMPARATIVE BALANCE SHEET STATEMENT—LIABILITY SIDE

Line No.	Balance at beginning of year (a)	Item (b)	Balance at close of year (c)
	\$	VIII. CURRENT LIABILITIES	\$
48	6,972	(200) Notes payable	3,679
49	5,046,694	(201) Accounts payable	6,714,597
50		(202) Accrued interest	
51		(203) Dividends payable	286,020
52	704,347	(204) Accrued taxes	598,521
53	460,896	(205) Accrued accounts payable	
54		(208) Deferred income tax credits (Sec. 19)	724,363
55	465,554	(209) Other current liabilities	8,327,180
56	6,684,463	Total current liabilities	
		IX. LONG-TERM DEBT	
		(b1) Less—Nominally outstanding (b2) Less—Nominally issued	
57		(210) Funded debt (Sec. 29) \$	\$
58		(210.5) Capitalized leased obligations	
59		(211) Receivers' and trustees' securities (Sec. 29)	
60		(212) Amounts payable to affiliated companies (Sec. 30)	
61		(213) Long-term debt in default (Sec. 29)	
62		(218) Discount on long-term debt	
63		(219) Premium on long-term debt	
64		Total long-term debt	
		X. RESERVES	
65	190,777	(220) Insurance reserves	236,894
66		(221) Provident reserves	
67		(222) Other reserves	236,894
68	190,777	Total reserves	
		XI. DEFERRED CREDITS	
69	3,875	(231) Other deferred credits	5,600
70		(232) Accumulated deferred income tax credits (Sec. 19)	5,600
71	3,875	Total deferred credits	
		XII. CAPITAL AND SURPLUS	
72	1	(240) Capital stock (Sec. 31)	1
73	1,487,132	(241) Premiums and assessments on capital stock	1,487,132
74	1,487,133	Total (Lines 70 and 71)	1,487,133
75		Less—Nominally issued capital stock	
76		(242) Discount, commission and expense on capital stock	
77		Total (Lines 73 and 74)	
78		Total (Lines 72 and 75)	1,487,133
79		(243) Proprietorial capital	
80		(250) Unearned surplus	
81	XXXXXXX	1. Paid in \$ 2. Other \$	XXXXXXX
82	1,474,367	(260) Earned surplus—Appropriated	3,374,162
83		(270) Earned surplus—Unappropriated (Deficit in paren.) (Sec. 32)	
84	XXXXXXX	1. Distributed \$ 2. Undistributed \$	XXXXXXX
85		(275) Net unrealized loss on noncurrent marketable equity securities	
86		(280) Less: Treasury stock	
87	XXXXXXX	1. Pledged \$ 2. Unpledged \$	XXXXXXX
88	2,961,500	Total capital and surplus	4,861,295
89	9,840,615	TOTAL LIABILITIES	13,430,969
90		Contingent liabilities (not included above)	

COMPARATIVE BALANCE SHEET STATEMENT—EXPLANATORY NOTES

Estimated accumulated net Federal income tax reduction realized since December 31, 1949, under section 168 (formerly section 124-A) of the Internal Revenue Code because of accelerated amortization of emergency facilities in excess of recorded depreciation \$ None

Estimated accumulated savings in Federal income taxes resulting from computing book depreciation under Commission rules and computing tax depreciation using the items listed below \$ None

—Accelerated depreciation since December 31, 1953, under section 167 of the Internal Revenue Code.

—Guideline lives since December 31, 1961, pursuant to Revenue Procedure 62-21.

—Guideline lives under Class Life System (Asset Depreciation Range) since December 31, 1970, as provided in the Revenue Act of 1971.

(1) Estimated accumulated net income tax reduction utilized since December 31, 1961, because of the investment tax credit authorized in the Revenue Act of 1962, as amended 172,196

(2) If carrier elected, as provided in the Revenue Act of 1971, to account for the investment tax credit under the deferral method, indicate the total deferred investment tax credit at beginning of year \$

Add investment tax credits applied to reduction of current year's tax liability but deferred for accounting purposes \$

Deduct deferred portion of prior year's investment tax credit used to reduce current year's tax accrual \$

Other adjustments (indicate nature such as recapture on early disposition) \$

Total deferred investment tax credit at close of year \$

Investment tax credit carryover at year end \$

Cost of pension plan:

Past service costs determined by actuaries at year end \$ None

Total pension costs for year:

Normal costs \$ 570,176

Amortization of past service costs \$ None

Estimated amount of future earnings which can be realized before paying Federal income taxes because of unused and available net operating loss carryover on January 1 of the year following that for which the report is made \$ None

State whether a segregated political fund has been established as provided by the Federal Election Campaign Act of 1971 (18 U.S.C. 610).
YES NO X

Marketable Equity Securities—to be completed by companies with \$10.0 million or more in gross operating revenues:

1. Changes in Valuation Accounts

		Cost	Market	Dr. (Cr) to Income	Dr. (Cr) to Stockholders Equity
Current year	Current Portfolio	\$	\$	\$	x x x x
as of / /	Noncurrent Portfolio			x x x x	\$
Previous year	Current Portfolio			x x x x	x x x x
as of / /	Noncurrent Portfolio			x x x x	x x x x

2. At / / , gross unrealized gains and losses pertaining to marketable equity securities were as follows:

	Gains	Losses
Current	\$	\$
Noncurrent		

3. A net unrealized gain (loss) of \$ on the sale of marketable equity securities was included in net income for (year). The cost of securities sold was based on the (method) cost of all the shares of each security held at time of sale.

Significant net realized and net unrealized gains and losses arising after date of the financial statements but prior to their filing, applicable to marketable equity securities owned at balance sheet date shall be disclosed below:

NOTE: / / - date - Balance sheet date date of the current year unless specified as previous year.

17.—COMPENSATING BALANCES AND SHORT-TERM BORROWING ARRANGEMENTS

Using the following notes as a guideline, show the requirements of compensating balances and short-term borrowing arrangements if operating revenues are \$10 million or more. Footnote disclosure is required even though the arrangement is not reduced to writing.

1. Disclose compensating balances not legally restricted, lines of credit used and unused, average interest rate of short-term borrowings outstanding at balance sheet date, maximum amount of outstanding borrowings during the period and the weighted average rate of those borrowings.
2. Time deposits and certificates of deposit constituting compensating balances not legally restricted should be disclosed.
3. Compensating balance arrangements need only be disclosed for the latest fiscal year.
4. Compensating balances under an agreement which legally restricts the use of such funds, and which constitute support for short-term borrowing arrangements, should be included in section 18, account 101, Special cash deposits.
5. Compensating balances under an agreement which legally restricts the use of such funds and which constitute support for long-term borrowing arrangements and are reported in account 121, Special deposits, should also be separately disclosed below.
6. Compensating balance arrangements are sufficiently material to require disclosure in footnotes when the aggregate of written and oral agreement balances amount to 15 percent or more of liquid assets (current cash balances, restricted and unrestricted plus marketable securities).
7. When a carrier is not in compliance with a compensating balance requirement, that fact should be disclosed along with stated and possible sanctions whenever such possible sanctions may be immediate (not vague or unpredictable) and material.

NONE

18.—SPECIAL CASH DEPOSITS

For other than compensating balances, state separately each item of \$10,000 or more reflected in account 101, Special cash deposits, at the close of the year. Items of less than \$10,000 may be combined in a single entry and described as "Minor items less than \$10,000". For compensating balances, state separately the total amounts held on behalf of respondent and held on behalf of others.

Line No.	Purpose of deposit (a)	Balance at close of year (b)
		\$
	Interest special deposits:	
1		
2		
3		
4		
5		
6	Total	
	Dividend special deposits:	
7		
8		
9		
10		
11		
12	Total	
	Miscellaneous special deposits:	
13		
14		
15		
16		
17		
18	Total	
	Compensating balances legally restricted:	
19	Held on behalf of respondent	
20	Held on behalf of others	
21	Total	

21. Report below the details of all investments in common stocks included in account 130, investments in affiliated companies, which qualify for the equity method under instruction 28 in the Uniform System of Accounts for Freight Forwarders.

Enter in column (c) the amount necessary to retroactively adjust those investments qualifying for the equity method of accounting in accordance with instruction 28(b)(11) of the Uniform System of Accounts.

Enter in column (d) the share of undistributed earnings (i.e., less dividends) or losses.

Enter in column (e) the amortization for the year of the excess of cost over equity in net assets (equity over cost at date of acquisition. See instruction 28(b)(4).

The total of column (g) must agree with column (b), line 21, Section 16.

UNDISTRIBUTED EARNINGS FROM CERTAIN INVESTMENTS IN AFFILIATED COMPANIES

Line No.	Name of issuing company and description of security held (a)	Balance at beginning of year (b)	Adjustment for investments qualifying for equity method (c)	Equity in undistributed earnings (losses) during year (d)	Amortization during year (e)	Adjustment for investments disposed of or written down during year (f)	Balance at close of year (g)
1	Carriers (List specifics for each company)	\$	\$	\$	\$	\$	\$
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18	Total	21,504					21,504
19	Noncarriers (Show totals only for each column)	21,504					21,504
20	Total (lines 18 and 19)						

24. RENTAL EXPENSE OF LESSEE

Complete this schedule only if (a) carrier operating revenues are \$10 million or more and (b) if gross rental expense in the most recent fiscal year exceeds one percent of operating revenue.

Otherwise, show total rental expense (reduced by rentals from subleases) entering into the determination of results of operations for each period for which an income statement is presented. Rental payments under short-term leases for a month or less which are not expected to be renewed need not be included. Contingent rentals, such as those based on usage or sales, shall be reported separately from the basic or minimum rentals.

Line No.	Type of lease (a)	Current year (b)	Prior year (c)
	Financing leases:		
1	Minimum rentals	256,336	199,021
2	Contingent rentals	19,294	12,703
3	Sublease rentals		
4	Total financing leases	275,630	211,724
	Other leases:		
5	Minimum rentals	1,051,849	890,464
6	Contingent rentals	148,820	163,272
7	Sublease rentals	903,029	727,192
8	Total other leases	1,178,659	938,916
9	Total rental expense of lessee		

NOTE: As used in sections 24 through 28, a "financing lease" is defined as a lease which, during the noncancellable lease period, either (a) covers 75% or more of the economic life of the property or (b) has terms which assure the lessor a full recovery of the fair market value (which would normally be represented by his investment) of the property at the inception of the lease plus a reasonable return on the use of the assets invested subject only to limited risk in the realization of the residual interest in the property and the credit risks generally associated with secured loans.

25.—MINIMUM RENTAL COMMITMENTS

Complete this schedule only if (a) carrier operating revenues are \$10 million or more and (b) gross rental expense in the most recent fiscal year exceeds one percent of operating revenue.

Show the minimum rental commitments under all noncancellable leases, as of the date of the latest balance sheet presented, in the aggregate (with disclosure of the amounts applicable to noncapitalized financing leases) for (a) each of the five succeeding fiscal years; (b) each of the next three five-year periods; and, (c) the remainder as a single amount. The amounts so determined should be reduced by rentals to be received from existing noncancellable subleases (with disclosure of the amounts of such rentals). For purposes of this rule, a noncancellable lease is defined as one that has an initial or remaining term of more than one year and is noncancellable, or is cancellable only upon the occurrence of some remote contingency or upon the payment of a substantial penalty.

Line No.	Year ended (a)	A			B	
		Financing leases (b)	Other Leases (c)	Total (d)	Sublease rentals*	
					Financing leases (e)	Other leases (f)
1	Next year	\$ 260,000	\$ 887,100	\$ 1,147,100		\$ 128,100
2	In 2 years	286,000	857,500	1,143,500		62,100
3	In 3 years	314,600	818,300	1,132,900		20,200
4	In 4 years	346,100	754,100	1,100,200		33,300
5	In 5 years		684,500	684,500		33,600
6	In 6 to 10 years		1,715,600	1,715,600		2,800
7	In 11 to 15 years		143,200	143,200		-
8	In 16 to 20 years					
9	Subsequent					

* The rental commitments reported in Part A of this schedule have been reduced by these amounts.

26.—LESSEE DISCLOSURE

Complete this schedule only if carrier operating revenues are \$10 million or more.

Relate in general terms: (a) the basis for calculating rental payments if dependent upon factors other than the lapse of time; (b) existence and terms of renewal or purchase options, escalation clauses, etc.; (c) the nature and amount of related guarantees made or obligations assumed; (d) restrictions on paying dividends, incurring additional debt, further leasing, etc.; and, (e) any other information necessary to assess the effect of lease commitments upon the financial position, results of operations, and changes in financial position of the lessee.

Line
No.

(a)

1

2

3

4

5

6

7

8

(b) Various leases have renewal option and escalation clauses (some of which take effect at the time of renewal only). If the amount of the escalation is clearly indicated in the lease, such increase has been taken into account in computing the minimum annual rental commitment. If the escalation occurs only in the case of certain events, the minimum annual rental shown in the various schedules reflects the current actual rental payments.

15

16

(c)

17

18

19

20

21

22

23

24

(d)

25

26

27

28

29

30

31

32

(e)

33

34

35

36

37

38

39

40

27.—LEASE COMMITMENTS—PRESENT VALUE

Complete this schedule only if (a) carrier operating revenues are \$10 million or more and (b) if the present value of the minimum lease commitments are more than five percent of the sum of the long-term debt, stockholders' equity and the present value of the minimum lease commitments, or if the impact on net income (as computed in section 28, Income Impact—Lessee) is three percent or more of the average net income for the most recent three years.

Show all noncapitalized financing leases, the present value of the minimum lease commitments in the aggregate and by major categories of properties. Present values shall be computed by discounting net lease payments (after subtracting, if practicable, estimated, or actual amounts, if any, applicable to taxes, insurance, maintenance and other operating expenses) at the interest rate implicit in the terms of each lease at the time of entering into the lease.

Show either the weighted average interest rate (based on present value) and range of rates or specific interest rates for all lease commitments.

Line No.	Asset category (a)	Present value		Range		Weighted average	
		Current year (b)	Prior year (c)	Current year (d)	Prior year (e)	Current year (f)	Prior year (g)
		\$	\$			%	%
1	Structures						
2	Revenue equipment						
3	Shop and garage equipment						
4	Service cars and equipment						
5	Noncarrier operating property						
	Other (Specify):						
6							
7							
8							
9							
10	Total						

The present value of a non capitalized finance lease for automotive equipment is less than 5% of the sum of the long-term debt, stockholders' equity and the present value of the minimum lease commitments.

2R—INCOME IMPACT—LESSEE

Complete this schedule only if carrier operating revenues are \$10 million or more.

If the impact on net income is less than three percent of the average net income for the most recent three years, a statement to that effect will suffice to complete this schedule. Otherwise, show the impact on net income for each period for which an income statement is presented if all noncapitalized financing leases were capitalized, related assets were amortized on a straight-line basis and interest cost was accrued on the basis of the outstanding lease liability. The amounts of amortization and interest cost shall be separately identified.

In calculating average net income, loss-years should be excluded. If losses were incurred in each of the most recent three years, the average loss shall be used for purposes of this test.

Line No.	Item (a)	Current year (b)	Prior year (c)
1	Amortization of lease rights	\$	\$
2	Interest		
3	Rent expense		
4	Income tax expense		
5	Impact (reduction) on net income		

A lease for automotive equipment is considered to be a non-capitalized finance lease. Had such lease been capitalized, it would have had an effect on net earnings of less than 3%.

32. Show items of Earned surplus—Unappropriated for the year, classified in accordance with the Uniform System of Accounts for Freight Forwarders. All contra entries hereunder should be indicated in parentheses. Include in column (b) only amounts applicable to earned surplus exclusive of any amounts included in column (c). Segregate in column (c) all amounts applicable to the equity in undistributed earnings (losses) of affiliated companies based on the equity method of accounting. See account (270) in section 16.

Line No.	Item (a)	Retained earnings accounts (b)	Equity in undistributed earnings of affiliated companies (c)
1	(270) Earned surplus (or deficit) at beginning of year	\$1,474,367	xxx
2	(300) Equity in undistributed earnings (losses) of affiliated companies at beginning of year	xxx	
3	(300) Income balance (Sec. 33)	2,165,218	
4	(301) Miscellaneous credits		
5	(302) Prior period adjustments to beginning earned surplus account		
6	(310) Miscellaneous debits		
7	(311) Miscellaneous reservations of earned surplus		xxx
8	(312) Dividend appropriations of earned surplus	265,423	xxx
9	(270) Earned surplus (or deficit) at close of year	3,374,162	xxx
10	Equity in undistributed earnings (losses) of affiliated companies at end of year	xxx	
11	Balance from line 10(c)		xxx
12	Total unappropriated earned surplus and equity in undistributed earnings (losses) of affiliated companies at end of year (lines 9 and 11)	3,374,162	xxx

Net of assigned income taxes: account 301 \$ _____ (explain)
 account 310 _____ (explain)

29. Give details of long-term outstanding at the close of the year as stated for accounts (210), (211), and (213) in section 16.

Description of obligation	Date of issue	Date of maturity	Interest rate (percent)	Balance at close of year
				\$
Total	xxx	xxx	xxx	

30. Give details of advances payable for each item of \$1,000 or more included in account (212), section 16. Items of less than \$1,000 may be combined in a single entry and described as "Minor items each less than \$1,000."

Name of creditors and nature of advance	Rate of interest (percent)	Balance at close of year
	\$ _____	\$ _____
Total	xxxxxxx	

31. Give details of balance of capital stock outstanding at the close of the year stated for account (240) in section 16.

Line No.	Title and Description (a)	Number of Shares (b)	Amount (c)
1	Par value: Common Stock \$0.01 par value	100	\$ 1.00
2			
3			
4			
5	Total par value	100	1.00
6	Nonpar		
7	Grand total - Par value and nonpar stock	100	1.00

33.—INCOME STATEMENT FOR THE YEAR

Give the following income account for the year (omit cents):

Line No.	Item (a)	Amount (b)
ORDINARY ITEMS		
FORWARDER OPERATING INCOME		
1	(400) Operating revenues (Sec. 34) _____	\$ 26,515,798
2	(410) Operating expenses (Sec. 35) _____	22,354,785
3	*Net revenue from forwarder operations (line 1; line 2) _____	4,161,013
4	(411) Transportation tax accruals (Sec. 36) _____	122,646
5	*Net revenue, less taxes, from forwarder operations (line 3; line 4) _____	4,038,367
OTHER INCOME		
6	(401) Dividend (other than from affiliates) and interest income _____	189,860
7	(402) Refund of premium on long-term debt _____	3,320
8	(403) Miscellaneous income _____	
Income from affiliated companies:		
9	Dividends _____	
10	Equity in undistributed earnings (losses) _____	193,180
11	Total other income _____	4,231,547
12	*Total income (line 5; line 11) _____	
MISCELLANEOUS DEDUCTIONS FROM INCOME		
13	(412) Provision for uncollectible accounts _____	279,192
14	(413) Miscellaneous tax accruals _____	24,963
15	(414) Miscellaneous income charges _____	304,155
16	Total income deductions _____	3,927,392
17	*Income from continuing operations before fixed charges (Lines 12, 16) _____	
FIXED CHARGES		
18	(420) Interest on long-term debt _____	
19	(421) Other interest deductions _____	
20	(422) Amortization of discount on long-term debt _____	
21	Total fixed charges _____	
22	(423) Unusual or infrequent items _____	3,927,392
23	*Income from continuing operations before income taxes (lines 17, 21, 22) _____	
PROVISION FOR INCOME TAXES		
24	(431) Income taxes on income from continuing operations (Sec. 36) _____	1,762,174
25	(432) Provision for deferred taxes _____	2,165,218
26	Income (loss) from continuing operations (lines 23-25) _____	
DISCONTINUED OPERATIONS		
27	(433) Income (loss) from operations of discontinued segments** _____	
28	(434) Gain (loss) on disposal of discontinued segments** _____	
29	Total income (loss) from discontinued operations (lines 27, 28) _____	2,165,218
30	*Income before extraordinary items (lines 26, 29) _____	
EXTRAORDINARY ITEMS AND ACCOUNTING CHANGES		
31	(435) Extraordinary items-Net Credit (Debit) (p. 20) _____	
32	(450) Income taxes on extraordinary and prior period items-Debit (Credit) (p. 20) _____	
33	(451) Provision for deferred taxes-Extraordinary and prior period items _____	
34	Total extraordinary items _____	
35	(452) Cumulative effect of changes in accounting principles** _____	
36	Total extraordinary items and accounting changes (lines 34, 35) _____	2,165,218
37	*Net income transferred to earned surplus (lines 30, 36) _____	
*If a loss or debit, show the amount in parentheses.		
**Less applicable income taxes of:		
(433) Income (loss) from operations of discontinued segments _____		\$ _____
(434) Gain (loss) on disposal of discontinued segments _____		_____
(452) Cumulative effect of changes in accounting principles _____		_____

33.—INCOME STATEMENT - EXPLANATORY NOTES

1. (a) Indicate method elected by carrier, as provided in the Revenue Act of 1971, to account for the investment tax credit:
 Flow-through ☒ Deferral ☐
- (b) If flow-through method was elected, indicate net decrease (or increase) in tax accrual because of investment tax credit: \$ 85,535
- (c) If deferral method was elected, indicate amount of investment tax credit utilized as reduction of tax liability for current year: \$ _____
- Deduct amount of current year's investment tax credit applied to reduction of tax liability but deferred for accounting purposes: (\$ _____)
- Balance of current year's investment tax credit used to reduce current year's tax accrual: \$ _____
- Add amount of prior years' deferred investment tax credits being amortized and used to reduce current year's tax accrual: \$ _____
- Total decrease in current year's tax accrual resulting from use of investment tax credits: \$ _____
2. An explanation of all items included in accounts 475, "Extraordinary items," and 450, "Income taxes on extraordinary items" should be made in the space below. (See instruction 540.0-4, Uniform System of Accounts for Freight Forwarders.)

34.—OPERATING REVENUES

Show the forwarder operating revenues of the respondent for the year, classified by accounts as follows (omit cents):

Line No.	Account (a)	Amount (b)
	I. TRANSPORTATION REVENUE	
1	501. Forwarder revenue	\$ 64,396,400
	II. TRANSPORTATION PURCHASED—DR.	
2	511. Railroad transportation	
3	512. Motor transportation	1,221,935
4	513. Water transportation	
5	514. Pick-up, delivery, and transfer service	6,317,591
6	515. Other transportation purchased*	30,341,076
7	Total transportation purchased	37,880,602
8	Revenue from transportation (line 1 minus line 7)	26,515,798
	III. INCIDENTAL REVENUE	
9	521. Storage—Freight	
10	522. Rent revenue	
11	523. Miscellaneous	
12	Total incidental revenues	
13	Total operating revenues (line 8 plus line 12)	26,515,798

*Report separately hereunder, by type of transport (air, express, forwarder, or any other type), the amounts included in Account 515, "Other transportation purchased".

All Air Transport

35.—OPERATING EXPENSES

Show the forwarder operating expenses of the respondent for the year, classified by accounts as follows (omit cents)

Line No.	Account (a)	Amount (b)
1	601. General office salaries	\$ 2,194,315
2	602. Traffic department salaries	2,088,929
3	603. Law department salaries	
4	604. Station salaries and wages*	5,718,329
5	605. Loading and unloading by others	1,312,058
6	606. Operating rents	923,500
7	607. Traveling and other personal expense	1,177,033
8	608. Communications	87,133
9	609. Postage	872,521
10	610. Stationery and office supplies	80,535
11	611. Tariffs	650,458
12	612. Loss and damage—Freight	243,227
13	613. Advertising	180,687
14	614. Heat, light, and water	330,138
15	615. Maintenance	406,553
16	616. Depreciation and amortization	245,487
17	617. Insurance	755,457
18	618. Payroll taxes (Sec. 36)	2,043,552
19	619. Commissions and brokerage	133,516
20	620. Vehicle operation (Sec. 36)	56,228
21	621. Law expenses	
22	622. Depreciation adjustment	2,855,129
23	630. Other expenses	22,354,785
24	Total operating expenses	

*Includes debits totaling \$— for the pay of employees engaged in handling freight over platforms

36.—TAXES

Give particulars called for with respect to taxes and licenses accrued to accounts (411) and (431) in Section 33, and accounts (618) and (620) in Section 35.

Line No.	Name of tax (a)	(411) Transportation tax accruals (b)	(431) Income taxes on income from continuing operations (c)	(618) Payroll taxes (d)	(620) Vehicle operation (e)	Total (f)
1	Social security taxes	\$	\$	\$ 18,269	\$	\$ 518,269
2	Real estate and personal property taxes	122,646				122,646
3	Gasoline, other fuel and oil taxes				9,530	9,530
4	Vehicle licenses and registration fees					
5	Corporation taxes					
6	Capital stock taxes					
7	Federal excise taxes					
8	Federal excess profits taxes		1,594,940			1,594,940
9	Federal income taxes		167,234			167,234
10	State income taxes					
	Other taxes (describe)			212,213		212,213
11	(a) Unemployment Taxes			24,975		24,975
12	(b) Disability					
13	(c)					
14	(d)					
15	(e)	122,646	1,762,174	755,457	9,530	2,649,807
16	Total					

37. Give particulars as called for with respect to motor vehicles owned outright and held under purchase obligations at the close of the year:

Line No.	Vehicle		Book value included in account (140) of sec. 16	Accrued depreciation included in account (149) of sec. 16
	Make, kind and capacity (a)	Number of (b)		
1			\$	\$
2				
3	See Schedule Attached			
4				
5				
6				
7				
8	Total			

38. Give the particulars as called for concerning the respondent's employees and their compensation for the year. The data on number of employees shall be based on the number of employees on the payroll at close of pay period containing the 12th day of the months specified. If operations were interrupted during such period due to strikes, fires, floods, etc., the data should be reported for the nearest representative payroll period. Enter the total number of employees in each class on the payrolls covered by this report who worked full or part time or received pay for any part of the period reported.

Line No.	Class	Number of employees on payroll at close of the pay period containing the 12th day of				Total compensation during year
		February	May	August	November	
1	General office employees:					
2	Officers	11	11	11	11	\$ 679,373
3	Clerks and attendants	104	123	134	147	1,514,942
4	Total	115	134	145	158	2,194,315
5	Traffic department employees:					
6	Officers	5	5	5	5	489,980
7	Managers	8	8	8	8	284,778
8	Solicitors	46	44	46	54	1,138,861
9	Clerks and attendants	16	16	16	17	175,310
10	Total	75	73	75	84	2,088,929
11	Law department employees:					
12	Officers					
13	Solicitors					
14	Attorneys					
15	Clerks and attendants					
16	Total	-0-	-0-	-0-	-0-	-0-
17	Station and warehouse employees:					
18	Superintendents	16	16	16	16	393,869
19	Foremen	148	163	183	194	3,062,792
20	Clerks and attendants	110	120	135	143	2,261,668
21	Laborers	274	299	334	353	5,718,329
22	Total					
23	All other employees (specify):					
24						
25						
26						
27	Total	-0-	-0-	-0-	-0-	-0-
28	Grand total	464	506	554	595	10,001,573

Length of payroll period: (Check one) ☒ one week; ☐ two weeks; ☐ other (specify):

39. Give the various statistical items called for concerning the forwarders' operations of the respondent during the year. State tons of 2,000 pounds.

Line No.	Item (a)	Number (b)
1	Tons of freight received from shippers	49,157
2	Number of shipments received from shippers	540,454

40.—COMPENSATION OF OFFICERS, DIRECTORS, ETC.

Give the name, position, salary, and other compensation, such as bonus, commission, gift, reward, or fee, of each of the five persons named in Section 5, item (b) and (c) of this report to whom the respondent paid the largest amount during the year covered by this report as compensation for current or past service over and above necessary expenses incurred in discharge of duties and in addition, all other officers, directors, pensioners or employees, if any, to whom the respondent similarly paid \$40,000 or more. If more convenient, this schedule may be filled out for a group of companies considered as one system and shown only in the report of the principal company in the system, with references thereto in the reports of the other companies. Any large "Other compensation" should be explained in a footnote. If an officer, director, etc., receives compensation from another transportation company (whether a subsidiary or not), reference to this fact should be made if his aggregate compensation amounts to \$40,000 or more, and the details as to division of the salary should be stated. By salary column (c) is meant the annual rate at which an employee is paid, rather than the amount actually paid. If salary of an individual was changed during the year, show salary before each change as well as at close of year.

Line No.	Name of person (a)	Title (b)	Salary per annum as of close of year (see instructions) (c)	Other compensation during the year (d)
1	Harvey E. Pittluck	President	\$ 110,000	\$ 32,116 (1)
2	William F. Ermer	Exec. Vice Pres.	85,000	27,135 (1)
3	Morris Kritz	Sr. VP-Fin. & Treas.	55,000	1,058
4	Alvin B. Beck	Sr. Vice Pres-Intl.	70,000	10,000 (2)
5	Hector A. Serrano	Vice President	60,000	197,453 (3)
6	Stanley E. Klein	Vice President	55,000	11,420 (1)
7	Dennis A. Bakal	Regional Manager	55,000	21,959 (1)
8	Roger Ryan	Vice President	45,000	4,043
9	Jimmy Henry	Regional Vice Pres.	47,000	9,151
10	Peter C. Roth	VP-Accounting	40,000	4,385
11	Juan Remus	VP-Data Processing	42,000	4,610
12	Barry Fisher	Vice President	43,200	831
13	Rachel Curbelo	Regional Vice Pres.	41,000	2,602
14	John Ayala	Regional Manager	40,000	51,238 (3)
15	Brian Healy	VP-Intl.	32,500 up to 8/5/78 40,000 thereafter	8,984
16				
17				
18				
19	(1) Bonus			
20				
21	(2) Annual salary 70,000 -	Paid 36,347 from 1/3/78 thru 7/7/78 - Deceased		
22				
23	(3) Commissions			
24				
25				
26				
27				
28				
29				
30				

41.—COMPETITIVE BIDDING — CLAYTON ANTITRUST ACT

Section 10 of the Clayton Antitrust Act (15 U.S.C. 20) states that "no common carrier engaged in commerce shall have any dealings in securities, supplies or other articles of commerce, or shall make or have any contracts for construction or maintenance of any kind, to the amount of more than \$50,000, in the aggregate, in any one year, with another corporation, firm, partnership or association when the said common carrier shall have upon its board of directors or as its president, manager or as its purchasing or selling officer, or agent in the particular transaction, any person who is at the same time a director, manager, or purchasing or selling officer of, or who has any substantial interest in, such other corporation, firm, partnership or association, unless and except such purchases shall be made from, or such

dealings shall be made with, the bidder whose bid is the most favorable to such common carrier, to be ascertained by competitive bidding under regulations to be prescribed by rule or otherwise by the Interstate Commerce Commission." The specification for competitive bids is found in the Code of Federal Regulations, Part 1010-Competitive Bids through 1010.7.

Carriers Subject to the Interstate Commerce Act.

In column (g), identify the company awarded the bid by including company name and address, name and title of respondent officers, directors, selling officer, purchasing officer and/or general manager that has an affiliation with the seller.

Line No.	Nature of bid (a)	Date Published (b)	Contract number (c)	No. of bidders (d)	Method of awarding bid (e)	Date filed with the Commission (f)	Company awarded bid (g)
1					NONE		
2							
3							
4							
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ICC Report 12/31/78

Vehicles

<u>Make</u>	<u>Number of</u>	<u>Book Value</u>	<u>Accrued Depreciation</u>
1966 Fontaine Flatbed	1	11,126	171
1968 Kentucky Semi-Trailer	3	11,702	2,911
1969 Ford Vans	2	7,728	7,728
1969 Intl. Truck	1	6,677	6,677
1970 CTL Semi-Trailer	1	14,247	2,137
1970 Ford Van	1	973	973
1970 Gindy Semi-Trailer	2	8,060	6,717
1970 Intl. Truck	1	5,402	5,402
1971 Ford Truck	1	4,713	3,656
1971 Ford Van	1	2,130	2,130
1971 Gindy Semi-Trailer	1	4,500	4,240
1971 GMC Van	1	2,987	2,987
1972 Ford Truck	2	7,608	7,608
1972 Fruhauf Trailer	1	7,797	1,749
1973 Ford Van	1	2,089	2,089
1973 Intl. Truck	1	13,702	12,805
1974 GMC Truck	1	7,369	2,572
1974 Ford Van	1	7,000	3,850
1975 Dodge Truck	1	7,000	1,157
1975 Ford Truck	5	63,333	29,576
1975 GMC Truck	1	12,243	5,608
1976 BMW Car	1	8,524	4,876
1976 Ford Trucks	13	203,690	79,954
* 1976 Ford Van	1	6,884	3,288
1976 Oldsmobile Car	1	6,000	3,208
1977 BMW Car	1	23,730	5,339
1977 Cougar Car	1	10,706	2,676
1977 Datsun Wagon	1	3,727	880
1977 Ford Wagon	1	7,738	2,579
1977 GMC Truck	1	12,316	2,058
1977 Intl. Truck	3	47,022	7,425
1978 Cadillac Cars	2	29,548	4,222
1978 Ford Vans	2	13,925	1,029
1978 GMC Van	1	5,680	873
1978 Intl. Trucks	13	193,155	17,035
1978 Strick Semi-Trailer	1	17,130	2,632
1979 Dodge Van	1	6,805	648
1979 Intl. Truck	1	9,976	247
1979 Lincoln Car	1	13,575	261
		828,617	251,973

Schedule 42.—SUMMARY OF FREIGHT LOSS AND DAMAGE CLAIMS

This schedule was adopted by the Commission in No. 35345 (Sub-No. 2) July 1, 1977

Approved by GAO Effective 12-23-77

Exclude from this schedule the revenues and claims incurred in connection with freight forwarder services and shipments which have a prior or subsequent movement by air. Line 1 should show all freight forwarder revenue in Account 501. Line 2 should show the number of claims paid during the year for robbery, theft and pilferage, and other shortage as defined below:

Robbery - Failure to deliver all or part of a shipment as the result of stealing, including hijacking, with the use of force or threat of force against a person or persons. Claims for physical damage to freight in the same or other shipments resulting from robbery should be reported under Robbery.

Theft and Pilferage - Failure to deliver all or part of a shipment as the result of known stealing, or under circumstances indicating the probable cause was stealing, without use of force or threat of force against a person or persons, when it is known the freight was in the carrier's custody.

Claims for physical damage to freight in the same or other shipments resulting directly from theft or pilferage should be reported under Theft and Pilferage.

Other Shortage - Failure to deliver all or part of a shipment for unknown reasons. This includes the unexplained disappearance of all or part of a shipment for reasons other than robbery or theft and pilferage as defined above.

Line 3 should show the number of all other claims paid in full or in part during the year not reported on line 2.

Line 4 should include the *net* dollar amount of claims paid during the year. This includes claims paid in full or paid in part, less amounts recovered from underlying carriers, salvage, insurance, and claim refund cancellations.

Line 5 should show the ratio in percentage form (two decimal places).

Line	Item		
1	Freight revenue (Account 501) _____	\$	_____
2	Number of theft related claims paid _____		_____
3	Number of other claims paid _____		_____
4	Net dollars paid (See instructions) _____	\$	_____
5	Claims expense/revenue ratio (line 4 ÷ 1) _____		_____ %

For this schedule the revenues and claims incurred in connection with freight forwarder services and, shipments which have a prior or subsequent movement by air, are excluded.

NOTES AND REMARKS

Name, title, telephone number and address of the person to be contacted concerning this report:

NAME Peter C. Roth TITLE Vice President - Accounting

TELEPHONE NUMBER (516) 791-1551

(Area code)

(Telephone number)

OFFICE ADDRESS 80 W. Sunrise Highway

(Street and number)

Valley Stream, New York 11581

(City, State, and ZIP Code)

OATH

(To be made by the officer having control of the accounting of the respondent)

STATE OF New York

COUNTY OF Queens

ss:

Peter C. Roth

makes oath and says that he is

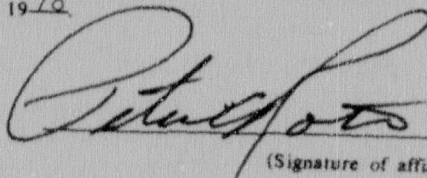
Vice President - Accounting

(Insert here the official title of the affiant)

of Profit By Air, Inc.

(Insert here the exact legal title or name of the respondent)

that it is his duty to have supervision over the books of account of the respondent and to control the manner in which such books are kept; that he has carefully examined the said report and to the best of his knowledge and belief the entries contained in the said report have, so far as they relate to matters of account, been accurately taken from the said books of account and are in exact accordance therewith; that he believes that all other statements of fact contained in the said report are true, and that the said reports is a correct and complete statement of the business and affairs of the above-named respondent during the period of the time from and including December 31, 1978, to and including January 1, 1979, to



(Signature of affiant)

Subscribed and sworn to before me, a Notary Public

, in and for the State and County above named,

this 30th day of March

1979

My commission expires

[USE AN L. S.
IMPRESSION
SEAL]

(Signature of officer authorized to administer oaths)

Notary Public, State of New York

No. 31-3251950

Qualified in Queens County

Commission Expires March 30, 1979