

02500

WITS AIR FREIGHT

1978

02500

Freight Forwarders  
(Class A)

INTERSTATE  
COMMERCE COMMISSION  
RECEIVED

Annual Report Form  
F-1

1978

APR 6 1979

Due: March 31, 1979

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

ADMINISTRATIVE SERVICES

1. CORRECT NAME AND ADDRESS IF DIFFERENT FROM THAT SHOWN. (See instructions)

FF000427 WITS AIR A J A 2500  
WITA WITS AIR FREIGHT  
P. O. BOX 3305  
SEATTLE WA 98124

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

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

Name	Address	Proportion of Interest
	N/A	

4. If a corporation, association or other similar form of enterprise, give:

(a) Dates and States of incorporation or organization:

August 15, 1961 Washington

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

Name	Address	Term Expires
H. M. Sullivan	36 Pioneer Drive, Pt. Ludlow, WA 98365	N/A
William H. Moultrie	2733 60th S.E., Mercer Island, WA 98040	N/A
George D. Nible	391 101st S.E., Bellevue, WA 98004	N/A
Noel Schmidt-McLane	7820 S.E. 42nd, Mercer Island, WA 98004	N/A
Robert A. Anderson	1825 184th N.E., Bellevue, WA 98008	N/A

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

Name	Title
H. M. Sullivan	Chairman of the Board/Secretary/Treasurer
William H. Moultrie	President
Thomas J. Kollmann	Vice President
A. E. Daniel	Corporate Controller
Anthony J. Buckridge	Vice President - International
Richard F. Voorhees	Vice President - Systems
Gerald C. Peters	Assistant Vice President
James P. Cesped	Assistant Vice President

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

A. Total voting securities outstanding

(1) Common	357,920	shares	357,920	votes
(2) 1st Preferred		shares		votes
(3) 2nd Preferred		shares		votes
(4) Other securities		shares		votes

B. Does any class of securities carry any special privileges in any elections or in the control of corporate action?  
Preferred Stockholders

If so, describe each such class or issue, showing the character and extent of such privileges:  
They have the right to vote if preferred stock dividends fall in arrears in an amount equal to five years, to elect a simple majority of the authorized directors

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 -0- (2) 1st Preferred -0- (3) 2nd Preferred -0-  
(4) Other -0- (5) Date of closing stock book December 31, 1978

- 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.

[illegible]

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)

b) No annual report to stockholders is prepared. as of this date

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:

Respondent was not formed as a result of consolidations or mergers during the year.

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.

Respondent was not reorganized during the year.

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 \_\_\_\_\_ Respondent was not subject to receivership during the year \_\_\_\_\_

C. Date when possession under it was required

D. Name of receiver, receivers, or trustee



WITS, Inc.

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(a)	(b)	(c)	(d)
WITS, Inc. Employee Stock Ownership Trust Plan	P. O. Box 3805, Seattle WA	70,000	70,000
H. M. Sullivan	36 Pioneer Drive, Pt. Ludlow WA	63,762	63,762
William H. Moultrie	2733 60th S.E., Mercer Island WA	66,700	66,700
Joseph A. Tudor	2605 Western Avenue, Seattle WA	11,291	11,291
Cede & Co.	Box 20 Bowling Green Station, New York NY	5,207	5,207
Clark's Delivery	5140 West 104th St., Inglewood CA	3,900	3,900
Alfred J. Luberts	75 Narrows Drive, Anderson Island WA	3,500	3,500
Lyle D. Schnieder	1281 Terminal, #204, Reno NV	3,000	3,000
Burton A. Nelson	8436 N.E. 19th, Bellevue WA	2,900	2,900
Madison Bellm	615 West Lee Street, Seattle WA	2,800	2,800



A. Date of trusteeship

### B. Authority for trusteeship

C. Name of trustee

D. Name of beneficiary of beneficiaries

NOT APPLICABLE

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:

1. Air Cargo, Inc. - 100%

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:

NONE

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

15. States in which traffic is originated and/or terminated: (check appropriate boxes)									
			<input checked="" type="checkbox"/>	Maryland		<input checked="" type="checkbox"/>	New Jersey	<input checked="" type="checkbox"/>	South Carolina
Alabama	<input checked="" type="checkbox"/>	Georgia	<input checked="" type="checkbox"/>	Massachusetts	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	New Mexico	<input checked="" type="checkbox"/>	South Dakota
Alaska	<input checked="" type="checkbox"/>	Hawaii		Michigan	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	New York	<input checked="" type="checkbox"/>	Tennessee
Arizona		Idaho	<input checked="" type="checkbox"/>	Minnesota	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	North Carolina	<input checked="" type="checkbox"/>	Texas
Arkansas	<input checked="" type="checkbox"/>	Illinois		Mississippi		<input checked="" type="checkbox"/>	North Dakota	<input checked="" type="checkbox"/>	Utah
California	<input checked="" type="checkbox"/>	Indiana		Missouri	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Ohio	<input checked="" type="checkbox"/>	Vermont
Colorado		Iowa		Montana		<input checked="" type="checkbox"/>	Oklahoma	<input checked="" type="checkbox"/>	Virginia
Connecticut		Kansas	<input checked="" type="checkbox"/>	Nebraska		<input checked="" type="checkbox"/>	Oregon	<input checked="" type="checkbox"/>	Washington
Delaware	<input checked="" type="checkbox"/>	Kentucky	<input checked="" type="checkbox"/>	Nevada		<input checked="" type="checkbox"/>	Pennsylvania	<input checked="" type="checkbox"/>	West Virginia
District of Columbia	<input checked="" type="checkbox"/>	Louisiana		New Hampshire			Rhode Island		Wisconsin
Florida		Maine							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)
		<b>I. CURRENT ASSETS</b>	
1	211,311	(100) Cash	141,222
2		(101) Special cash deposits (Sec. 18)	
3		(102) Temporary cash investments	
4	XXXXXX	1. Pledged \$ 2. Unpledged \$	XXXXXX
5		(103) Working advances	
6	XXXXXX	(104) Notes receivable 102,272	XXXXXX
7	XXXXXX	(105) Accounts receivable 3,169,417	XXXXXX
8		(106) Less: Reserve for doubtful accounts (246,797)	
9	3,049,574	(107) Accrued accounts receivable	3,024,892
10		(108) Materials and supplies	
11	169,849	(109) Other current assets Accounts Receivable - Other	42,072
12		(110) Deferred income tax charges (Sec. 19)	
13	3,430,734	Total current assets	3,208,186
		<b>II. SPECIAL FUNDS AND DEPOSITS</b>	
14	XXXXXX	(120) Sinking and other funds \$	XXXXXX
15		Less: Nominally outstanding \$	
16	XXXXXX	(121) Special deposits \$	XXXXXX
17		Less: Nominally outstanding \$	
18		Total special funds	
		<b>III. INVESTMENT SECURITIES AND ADVANCES</b>	
19		(130) Investments in affiliated companies (Sec. 20)	
20	XXXXXX	1. Pledged \$ 2. Unpledged \$	XXXXXX
21		Undistributed earnings from certain investments in affiliated companies (Sec. 21)	
22		(131) Other investments (Sec. 20)	
23	XXXXXX	1. Pledged \$ 2. Unpledged \$	XXXXXX
24		(132) Less: Reserve for adjustment of investments in securities	
25		(133) Allowance for net unrealized loss on noncurrent marketable equity securities	
26		Total investment securities and advances	
		<b>IV. TANGIBLE PROPERTY</b>	
27	XXXXXX	(140) Transportation property (Sec. 22-A) 631,909	XXXXXX
28	167,651	(149) Less: Depreciation and amortization reserve Transportation property (Sec. 22-B) (377,689)	254,220
29	XXXXXX	(160) Nontransportation property (Sec. 23)	XXXXXX
30		(161) Less: Depreciation reserve Nontransportation property (Sec. 23)	
31		Total tangible property	254,220
		<b>V. INTANGIBLE PROPERTY</b>	
32		(165) Organization	
33	403,919	(166) Other intangible property	67,744
34	403,919	Total intangible property	467,744
		<b>VI. DEFERRED DEBITS AND PREPAID EXPENSES</b>	
35	186,496	(170) Prepayments	154,033
36		(172) Other deferred debits	
37		(173) Accumulated deferred income tax charges (Sec. 19)	
38	186,496	Total deferred debits and prepaid expenses	154,033
		<b>VII. REACQUIRED AND NOMINALLY ISSUED SECURITIES</b>	
39	XXXXXX	(190) Reacquired and nominally issued long-term debt \$	XXXXXX
40	XXXXXX	Reacquired: 1. Pledged \$	XXXXXX
41	XXXXXX	2. Unpledged \$	XXXXXX
42	XXXXXX	Nominally issued: 1. Pledged \$	XXXXXX
43	XXXXXX	2. Unpledged \$	XXXXXX
44	XXXXXX	(191) Nominally issued capital stock \$	XXXXXX
45	XXXXXX	1. Pledged \$ 2. Unpledged \$	
46	4,188,800	TOTAL ASSETS	4,084,183
47		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)
		<b>VIII. CURRENT LIABILITIES</b>	\$ 868,609
48	\$ 893,508	(200) Notes payable	3,248,523
49	3,499,568	(201) Accounts payable	
50		(202) Accrued interest	
51		(203) Dividends payable	
52		(204) Accrued taxes	272,190
53	248,800	(205) Accrued accounts payable	35,000
54	35,000	(208) Deferred income tax credits (Sec. 19)	
55		(209) Other current liabilities	4,424,322
56	4,676,876	Total current liabilities	
		<b>IX. LONG-TERM DEBT</b>	
		(b1) Less—Nominally outstanding (b2) Less—Nominally issued	
57		(210) Funded debt (Sec. 29)	\$ 82,316
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	82,316
64		Total long-term debt	
		<b>X. RESERVES</b>	
65		(220) Insurance reserves	
66		(221) Provident reserves	
67		(222) Other reserves	
68		Total reserves	
		<b>XI. DEFERRED CREDITS</b>	
69		(231) Other deferred credits	
70		(232) Accumulated deferred income tax credits (Sec. 19)	
71		Total deferred credits	
		<b>XII. CAPITAL AND SURPLUS</b>	35,762
72	35,762	(240) Capital stock (Sec. 31)	861,515
73	861,515	(241) Premiums and assessments on capital stock	897,277
74	897,277	Total (Lines 70 and 71)	
75		Less—Nominally issued capital stock	
76		(242) Discount, commission and expense on capital stock	
77		Total (Lines 73 and 74)	897,277
78		Total (Lines 72 and 75)	
79		(243) Proprietorial capital	
80	XXXXXXX	(250) Unearned surplus	XXXXXXX
81		1. Paid in \$ 2. Other \$	
82		(260) Earned surplus—Appropriated	(1,208,666)
83	(1,274,287)	(270) Earned surplus—Unappropriated (Deficit in paren.) (Sec. 32)	XXXXXXX
84	XXXXXXX	1. Distributed \$ 2. Undistributed \$	
85		(279) Net unrealized loss on noncurrent marketable equity securities	(111,066)
86	(111,066)	(280) Less: Treasury stock	XXXXXXX
87	XXXXXXX	1. Pledged \$ 2. Unpledged \$	(422,455)
88	(488,076)	Total capital and surplus	4,084,183
89	4,188,800	TOTAL LIABILITIES	
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 \$ -0-

Estimated accumulated savings in Federal income taxes resulting from computing book depreciation under Commission rules and computing tax depreciation using the items listed below. \$ -0-

—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.

(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 \$ -0-

Add investment tax credits applied to reduction of current year's tax liability but deferred for accounting purposes \$ -0-

Deduct deferred portion of prior year's investment tax credit used to reduce current year's tax accrual \$ -0-

Other adjustments (indicate nature such as recapture on early disposition) \$ -0-

Total deferred investment tax credit at close of year \$ -0-

Investment tax credit carryover at year end \$ -0-

Cost of pension plan:

Past service costs determined by actuaries at year end \$ -0-

Total pension costs for year:

Normal costs \$ -0-

Amortization of past service costs \$ -0-

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 \$ -0-

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 — ☒ —

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

1. Changes in Valuation Accounts NONE

		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.

In April 1976, the company established a financing agreement with a commercial lender for a line of credit for up to 75% of qualified accounts receivable at an interest rate of 6% over prime. As is common practice, the line of credit may be withdrawn at any time.

During 1978, the approximate average monthly aggregate short-term borrowings outstanding were \$872,000 and the maximum outstanding at any month end was \$904,000. The weighted average interest rate on such borrowing was 15%. The company has no compensating balance arrangements.

## 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	NONE	
2		
3		
4		
5		
6	Total	
	Dividend special deposits:	
7	NONE	
8		
9		
10		
11		
12	Total	
	Miscellaneous special deposits:	
13	NONE	
14		
15		
16		
17		
18	Total	
	Compensating balances legally restricted:	
	NONE	
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						
19	Noncarriers (Show totals only for each column)						
20	Total (lines 18 and 19)						



22. Give details as called for of investment in transportation property, and reserve for depreciation and amortization for balances as stated for accounts (140) and (149) in section 16.

#### A. INVESTMENT

Property accounts	Balance at beginning of year	Charges	Credits	Adjustments Dr. - Debit Cr. - Credit	Balance at close of year
141. Furniture and office equipment	\$ 269,582	\$ 32,052	\$ (51,660)	\$ (4,626)	\$ 245,348
142. Motor and other highway vehicles	18,658	4,925	(13,098)	-0-	10,485
143. Land and public improvements	154,886	112,662	-0-	(2,494)	265,054
144. Terminal and platform equipment	42,773	1,025	(2,426)	(38)	41,334
145. Other property account charges	69,106	582	-0-	-0-	69,688
Total	555,005	151,246	(67,184)	(7,158)	631,909

#### B. DEPRECIATION AND AMORTIZATION RESERVE

Property accounts	Balance at beginning of year	Charges	Credits	Adjustments Dr. - Debit Cr. - Credit	Balance at close of year
141. Furniture and office equipment	\$ 195,082	\$ 30,089	\$ (48,936)	\$ (1,424)	\$ 174,811
142. Motor and other highway vehicles	18,024	434	(11,499)	-0-	6,959
143. Land and public improvements (depreciable property)	99,911	9,286	-0-	62	109,259
144. Terminal and platform equipment	20,508	8,303	(2,555)	1,613	27,869
145. Other property account charges (depreciable property)	53,829	4,443	-0-	519	58,791
Total	387,354	52,555	(62,990)	770	377,689

23. Give details of investment in nontransportation property, and depreciation reserve for balances at close of the year, as stated for accounts (160) and (161) in section 16.

Description of property	Book cost of property	Depreciation reserve
	\$	\$
NONE		
Total		

## 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		
2	Contingent rentals	(	(
3	Sublease rentals	)	)
4	Total financing leases		
	Other leases:		
	Facilities & Equipment	527,095	544,475
5	Minimum rentals		
6	Contingent rentals	-0-	33,791
7	Sublease rentals		
8	Total other leases		
9	Total rental expense of lessee	572,095	510,684

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	\$	\$ 595,000	\$	\$	\$
2	In 2 years		490,000			
3	In 3 years		364,000			
4	In 4 years		199,000			
5	In 5 years		119,000			
6	In 6 to 10 years		279,000			
7	In 11 to 15 years					
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)

9

N/A

10

11

12

13

14

15

16

(c)

17

18

19

20

21

22

23

24

(d)

25

26

27

28

29

30

31

32

(e)

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### 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			N/A				
7							
8							
9							
10	Total						

## 28.—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 _____		





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)
		\$ (1,274,287)	xxx
1	(270) Earned surplus (or deficit) at beginning of year	xxx	
2	(300) Equity in undistributed earnings (losses) of affiliated companies at beginning of year	65,621	
3	(300) Income balance (Sec. 33)		
4	(301) Miscellaneous credits		
5	(302) Prior period adjustments to beginning earned surplus account		
6	(310) Miscellaneous debits		xxx
7	(311) Miscellaneous reservations of earned surplus		xxx
8	(312) Dividend appropriations of earned surplus	(1,208,666)	xxx
9	(270) Earned surplus (or deficit) at close of year	xxx	
10	Equity in undistributed earnings (losses) of affiliated companies at end of year		xxx
11	Balance from line 10(c)		
12	Total unappropriated earned surplus and equity in undistributed earnings (losses) of affiliated companies at end of year (lines 9 and 11)	(1,208,666)	xxx

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



## 33.—INCOME STATEMENT FOR THE YEAR

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

Line No.	Item (a)	Amount (b)
<b>ORDINARY ITEMS</b>		
<b>FORWARDER OPERATING INCOME</b>		\$ 7,730,679
1	(400) Operating revenues (Sec. 34) _____	7,665,058
2	(410) Operating expenses (Sec. 35) _____	65,621
3	*Net revenue from forwarder operations (line 1; line 2) _____	
4	(411) Transportation tax accruals (Sec. 36) _____	65,621
5	*Net revenue, less taxes, from forwarder operations (line 3; line 4) _____	
<b>OTHER INCOME</b>		
6	(401) Dividend (other than from affiliates) and interest income _____	
7	(402) Release of premium on long-term debt _____	
8	(403) Miscellaneous income _____	
Income from affiliated companies:		
9	Dividends _____	
10	Equity in undistributed earnings (losses) _____	
11	Total other income _____	65,621
12	*Total income (line 5; line 11) _____	
<b>MISCELLANEOUS DEDUCTIONS FROM INCOME</b>		
13	(412) Provision for uncollectible accounts _____	
14	(413) Miscellaneous tax accruals _____	
15	(414) Miscellaneous income charges _____	
16	Total income deductions _____	65,621
17	*Income from continuing operations before fixed charges (Lines 12, 16) _____	
<b>FIXED CHARGES</b>		
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 _____	65,621
23	*Income from continuing operations before income taxes (lines 17, 21, 22) _____	
<b>PROVISION FOR INCOME TAXES</b>		
24	(431) Income taxes on income from continuing operations (Sec. 36) _____	
25	(432) Provision for deferred taxes _____	65,621
26	Income (loss) from continuing operations (lines 23-25) _____	
<b>DISCONTINUED OPERATIONS</b>		
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) _____	65,621
30	*Income before extraordinary items (lines 26, 29) _____	
<b>EXTRAORDINARY ITEMS AND ACCOUNTING CHANGES</b>		
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) _____	65,621
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..... \$ -0-

(c) If deferral method was elected, indicate amount of investment tax credit utilized as reduction of tax liability for current year..... \$ -0-

Deduct amount of current year's investment tax credit applied to reduction of tax liability but deferred for accounting purposes..... (\$ -0-)

Balance of current year's investment tax credit used to reduce current year's tax accrual..... \$ -0-

Add amount of prior years' deferred investment tax credits being amortized and used to reduce current year's tax accrual..... \$ -0-

Total decrease in current year's tax accrual resulting from use of investment tax credits..... \$ -0-

2. An explanation of all items included in accounts 435, "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)
	<b>I. TRANSPORTATION REVENUE</b>	
1	501. Forwarder revenue.....	\$ 24,467,853
	<b>II. TRANSPORTATION PURCHASED—DR.</b>	
2	511. Railroad transportation.....	
3	512. Motor transportation.....	
4	513. Water transportation.....	4,807,385
5	514. Pick-up, delivery, and transfer service.....	11,929,789
6	515. Other transportation purchased*.....	16,737,174
7	Total transportation purchased.....	16,737,174
8	Revenue from transportation (line 1 minus line 7).....	7,730,679
	<b>III. INCIDENTAL REVENUE</b>	
9	521. Storage—Freight.....	
10	522. Rent revenue.....	
11	523. Miscellaneous.....	
12	Total incidental revenues.....	
13	Total operating revenues (line 8 plus line 12).....	7,730,679

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



## 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	\$ 1,127,067
2	602. Traffic department salaries	792,219
3	603. Law department salaries	
4	604. Station salaries and wages*	894,545
5	605. Loading and unloading by others	527,095
6	606. Operating rents	383,348
7	607. Traveling and other personal expense	504,541
8	608. Communications	
9	609. Postage	347,936
10	610. Stationery and office supplies	Includes Postage
11	611. Tariffs	67,385
12	612. Loss and damage—Freight	13,202
13	613. Advertising	65,407
14	614. Heat, light, and water	
15	615. Maintenance	52,563
16	616. Depreciation and amortization	21,700
17	617. Insurance	234,720
18	618. Payroll taxes (Sec. 36)	1,642,730
19	619. Commissions and brokerage	89,489
20	620. Vehicle operation (Sec. 36)	281,233
21	621. Law expenses and Professional Services	
22	622. Depreciation adjustment	619,878
23	630. Other expenses	7,665,058
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.	Kind 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	\$	\$	\$	\$	\$
2	Real estate and personal property taxes					
3	Gasoline, other fuel and oil taxes					
4	Vehicle licenses and registration fees					
5	Corporation taxes					
6	Capital stock taxes					
7	Federal excise taxes					
8	Federal excess profits taxes					
9	Federal income taxes					
10	State income taxes					
	Other taxes (describe):					
11	(a) Federal Unemployment					
12	(b) State Unemployment					
13	(c)					
14	(d)					
15	(e)					234,720
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	1969 Ford Van	1	\$ 2,828	\$ 2,828
2	1972 Ford Truck	1	3,675	204
3	1972 Ford Econovan	1	1,347	1,347
4	1969 Chevy Pick-Up	1	500	445
5	1968 Chevy Truck	1	2,135	2,135
6				
7				
8	Total	5	10,485	6,959

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	
	General office employees:					\$
1	Officers	6	6	6	6	505,405
2	Clerks and attendants	67	59	57	73	621,662
3	Total	73	65	73	79	1,127,067
	Traffic department employees:					
4	Officers					
5	Managers	26	29	27	27	407,257
6	Solicitors	18	19	20	20	384,962
7	Clerks and attendants					
8	Total	44	48	47	47	792,219
	Law department employees:					
9	Officers					
10	Solicitors					
11	Attorneys					
12	Clerks and attendants					
13	Total					
	Station and warehouse employees:					
14	Superintendents					
15	Foremen					
16	Clerks and attendants Stations	85	88	87	86	894,545
17	Laborers					
18	Total	85	88	87	86	894,545
	All other employees (specify):					
19						
20						
21						
22						
23	Total	202	201	207	212	2,813,831
24	Grand total					

Length of payroll period: (Check one) ☐ one week; ☐ two weeks; ☐ other (specify): Part-time, Bi-weekly, Salaried, Semi-monthly



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	16,369
2	Number of shipments received from shippers	246,785

#### 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	H. M. Sullivan	Chairman of Board	\$ 70,516	\$ 5,000
2	William H. Moultrie	President	69,235	8,000
3	S. Rolie	Vice President	52,258	4,000
4	T. J. Kollmann	Vice President	40,000	6,000
5	A. J. Buckridge	Vice President	41,417	6,000
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## 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 Part 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							
2							
3							
4							
5			N/A				
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# **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) _____	_____ %

## NOTES AND REMARKS



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

NAME A. E. Daniel TITLE Corporate Controller  
TELEPHONE NUMBER (206) 624-1511  
(Area code) (Telephone number)  
OFFICE ADDRESS 333 Vine Street Seattle, Washington 98121  
(Street and number) (City, State, and ZIP Code)

### OATH

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

STATE OF Washington )  
COUNTY OF King ) ss

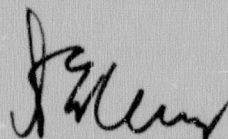
A. E. Daniel makes oath and says that he is

Corporate Controller

(Insert here the official title of the affiant)

of WITS, Inc. dba WITS Air Freight  
(Insert here the exact legal title or name of the respondent)

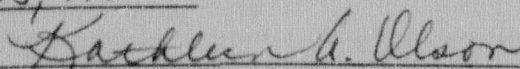
that it is his duty to have supervision over the books of account of the respondent and to control the manner in which such books are kept; that he has carefully examined the said report and to the best of his knowledge and belief the entries contained in the said report have, so far as they relate to 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 January 1, 1978, to and including December 31, 1978.



(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 November 25, 1981

[USE AN L. S.  
IMPRESSION  
SEAL]



(Signature of officer authorized to administer oaths)