Ohio | Public Utilities Commission

DIS Case Number: 18-0451-EL-AGG

Section A: Application Information

A-1. Provider type:

☒ Power Broker ☐ Aggregator ☐ Retail Generation Provider ☐ Power Marketer

A-2. Applicant's legal name and contact information.

Legal Name: Cost Control Associates, Inc.
Phone: 5187984437 **Extension (if applicable):** 314
Website (if any): www.costcontrolassociates.com

Country: United States
Street: 175 Broad Street, Ste 166
City: Glens Falls **Province/State:** NY
Postal Code: 12801

A-3. Names and contact information under which the applicant will do business in Ohio

Provide the names and contact information the business entity will use for business in Ohio. This does not have to be an Ohio address and may be the same contact information given in A-2.

Name	Type	Address	Active?	Proof
Cost Control Associates, Inc.	Official Name	175 Broad Street, Ste 166 Glens Falls, NY 12801	Yes	File

A-4. Names under which the applicant does business in North America

Provide all business names the applicant uses in North America, including the names provided in A-2 and A-3.

Name	Type	Address	Active?	Proof
Cost Control Associates, Inc.	Official Name	175 Broad Street, Ste 166 Glens Falls, NY 12801	Yes	File

A-5. Contact person for regulatory matters

Ohio | Public Utilities Commission

Darren Misar
796 Meeting Street
Charleston, SC 29403
US
dmisar@aboutsib.com
8436274259

A-6. Contact person for PUCO Staff use in investigating consumer complaints

Allison Levin
175 Broad Street, Ste 166
Glens Falls, NY 12801
US
allison.levin@costcontrolassociates.com
5188240314

A-7. Applicant's address and toll-free number for customer service and complaints

Phone: 8008363787	**Extension (if applicable):**	**Country:** United States	
Fax: 5187981735	**Extension (if applicable):**	**Street:** 175 Broad Street, Ste 166	
Email: allison.levin@costcontrolassociates.com		**City:** Glens Falls	**Province/State:** NY
		Postal Code: 12801	

A-8. Applicant's federal employer identification number

161597018

A-9. Applicant's form of ownership

Form of ownership: Corporation

A-10. Identify current or proposed service areas

Identify each service area in which the applicant is currently providing service or intends to provide service and identify each customer class that the applicant is currently serving or intends to serve.

Service area selection

Ohio | Public Utilities Commission

Duke Energy Ohio
FirstEnergy - Cleveland Electric Illuminating
FirstEnergy - Ohio Edison
FirstEnergy - Toledo Edison
AES Ohio
American Electric Power (AEP)

Class of customer selection

Commercial
Industrial
Mercantile

A-11. Start date

Indicate the approximate start date the applicant began/will begin offering services: 05-01-2023

A-12. Principal officers, directors, and partners

Please provide all contacts that should be listed as an officer, director or partner.

Name	**Email**	Title	Address
Kevin Flounders	kevinf@aboutsib.com	CEO	796 Meeting Street Charleston, SC 29403 US
Allison Levin	allison.levin@costcontrolassociates.com	VP	175 Broad Street, Ste 166 Glens Falls, NY 12801 US
Darren Misar	dmisar@aboutsib.com	General Counsel	796 Meeting Street Charleston, SC 29403 US

A-13. Company history

Cost Control Associates, Inc has been in the energy management space since 1991. We provide guidance, support and recommendations related to all aspects of energy including rates, tariffs, sustainability and energy purchasing. We help clients across the country, including OH, purchase electricity and natural gas from reputable suppliers through a bidding and contracting process.

A-14. Secretary of State

Secretary of State Link: https://businesssearch.ohiosos.gov?=businessDetails/4134883

Section B: Applicant Managerial Capability and Experience

B-1. Jurisdiction of operations

List all jurisdictions in which the applicant or any affiliated interest of the applicant is certified, licensed, registered or otherwise authorized to provide retail natural gas service or retail/wholesale electric service as of the date of filing the application..

Jurisdiction of Operation: CT, DC, DE, FL, GA, IL, MA, MD, MI, NC, NH, NV, NJ, NY, OH, PA, RI, SC, TX, VA

B-2. Experience and plans

Describe the applicant's experience in providing the service(s) for which it is applying (e.g., number and type of customers served, utility service areas, amount of load, etc.). Include the plan for contracting with customers, providing contracted services, providing billing statements and responding to customer inquiries and complaints in accordance with Commission rules adopted pursuant to Sections 4928.10 and/or 4929.22 of the Ohio Revised Code.

Application Experience and Plan Description: We offer a complete solution to energy buying for our customers. We evaluate their complete load for opportunity, discuss their tolerance for risk in order to develop a pricing strategy and then put their load out to bid to all fully vetted suppliers. Once bids are received, we evaluate contract terms, pricing, customer service and other supplier qualifications. Top three bids are presented back to the customer for their selection. Once a selection is made, we facilitate the contracting process.

Billing statements are provided directly to the customer by the supplier or local distribution company. We do not directly invoice the customer for any services related to energy supply pricing.

Total # of EP Clients- 51 unique clients currently under contract, 72 active projects being tracked

Electric Load under contract
Monthly: 11,095,000
Yearly: 133,274,736
Total: 290,385,445
Gas Load under contract
Monthly: 724,522

Yearly: 8,342,763
Total: 18,133,518

Utility Service Areas:

- AEP OH
- Duke Energy OH
- Dominion Energy OH
- Columbia Gas OH
- OH Edison
- AEP OH
- Dayton Power and Light
- Toledo Edison

B-3. Disclosure of liabilities and investigations

For the applicant, affiliate, predecessor of the applicant, or any principal officer of the applicant, describe all existing, pending or past rulings, judgments, findings, contingent liabilities, revocation of authority, regulatory investigations, judicial actions, or other formal or informal notices of violations, or any other matter related to competitive services in Ohio or equivalent services in another jurisdiction..

Liability and Investigations Disclosures: None.

B-4. Disclosure of consumer protection violations

Has the applicant, affiliate, predecessor of the applicant, or any principal officer of the applicant been convicted orheld liable for fraud or for violation of any consumer protection or antitrust laws within the past five years?

No

B-5. Disclosure of certification, denial, curtailment, suspension or revocation

Has the applicant, affiliate, or a predecessor of the applicant had any certification, license, or application to provide retail natural gas or retail/wholesale electric service denied, curtailed, suspended, revoked, or cancelled or been terminated or suspended from any of Ohio's Natural Gas or Electric Utility's Choice programs within the past two years?

Yes

Description: Our certificate was not renewed because I could not get access to your website. I have been working with your IT department for months to get this fixed. We are trying to get our certificate back in good standing with this application.

Section C: Applicant Financial Capability and Experience

C-1. Financial reporting

Provide a current link to the most recent Form 10-K filed with the Securities and Exchange Commission (SEC) or upload the form. If the applicant does not have a Form 10-K, submit the parent company's Form 10-K. If neither the applicant nor its parent is required to file Form 10-K, state that the applicant is not required to make such filings with the SEC and provide an explanation as to why it is not required.

Does not apply

C-2. Financial statements

Provide copies of the applicant's <u>two most recent years</u> of audited financial statements, including a balance sheet, income statement, and cash flow statement. If audited financial statements are not available, provide officer certified financial statements. If the applicant has not been in business long enough to satisfy this requirement, provide audited or officer certified financial statements covering the life of the business. If the applicant does not have a balance sheet, income statement, and cash flow statement, the applicant may provide a copy of its two most recent years of tax returns with **social security numbers and bank account numbers redacted.**

If the applicant is unable to meet the requirement for two years of financial statements, the Staff reviewer may request additional financial information.

File(s) attached

C-3. Forecasted financial statements

Provide two years of forecasted income statements **based <u>solely</u> on the applicant's anticipated business activities in the state of Ohio.**

Include the following information with the forecast: a list of assumptions used to generate the forecast; a statement indicating that the forecast is based solely on Ohio business activities only; and the name, address, email address, and telephone number of the preparer of the forecast.

The forecast may be in one of two acceptable formats: 1) an annual format that includes the current year and the two years succeeding the current year; or 2) a monthly format showing 24 consecutive months following the month of filing this application broken down into two 12-month periods with totals for revenues, expenses, and projected net incomes for both periods. Please show revenues, expenses, and net income (revenues minus total expenses) that is expected to be earned and incurred in **business activities only in the state of Ohio** for those periods.

If the applicant is filing for both an electric certificate and a natural gas certificate, please provide a separate and distinct forecast for revenues and expenses representing Ohio electric business activities in the application for the electric certificate and another forecast representing Ohio natural gas business activities in the application for the natural gas certificate.

File(s) attached

C-4. Credit rating

Provide a credit opinion disclosing the applicant’s credit rating as reported by at least one of the following ratings agencies: Moody’s Investors Service, Standard & Poor’s Financial Services, Fitch Ratings or the National Association of Insurance Commissioners. If the applicant does not have its own credit ratings, substitute the credit ratings of a parent or an affiliate organization and submit a statement signed by a principal officer of the applicant’s parent or affiliate organization that guarantees the obligations of the applicant. If an applicant or its parent does not have such a credit rating, enter 'Not Rated'.

This does not apply

C-5. Credit report

Provide a copy of the applicant’s credit report from Experian, Equifax, TransUnion, Dun and Bradstreet or a similar credit reporting organization. If the applicant is a newly formed entity with no credit report, then provide a personal credit report for the principal owner of the entity seeking certification. At a minimum, the credit report must show summary information and an overall credit score. **Bank/credit account numbers and highly sensitive identification information must be redacted.** If the applicant provides an acceptable credit rating(s) in response to C-4, then the applicant may select 'This does not apply' and provide a response in the box below stating that a credit rating(s) was provided in response to C-4.

File(s) attached

C-6. Bankruptcy information

Within the previous 24 months, have any of the following filed for reorganization, protection from creditors or any other form of bankruptcy?

- Applicant
- Parent company of the applicant
- Affiliate company that guarantees the financial obligations of the applicant
- Any owner or officer of the applicant

No

C-7. Merger information

Is the applicant currently involved in any dissolution, merger or acquisition activity, or otherwise participated in such activities within the previous 24 months?

No

C-8. Corporate structure

Provide a graphical depiction of the applicant's corporate structure. Do not provide an internal organizational chart. The graphical depiction should include all parent holding companies, subsidiaries and affiliates as well as a list of all affiliate and subsidiary companies that supply retail or wholesale electricity or natural gas to customers in North America. If the applicant is a stand-alone entity, then no graphical depiction is required, and the applicant may respond by stating that it is a stand-alone entity with no affiliate or subsidiary companies.

File(s) attached

Section D: Applicant Technical Capacity

D-1. Operations

Power brokers/aggregators: Include details of the applicant's business operations and plans for arranging and/or aggregating for the supply of electricity to retail customers.

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Operations Description: Cost Control Associates is an Energy Management company and energy procurement services is just one of the many services we provide to our client. We tailor our energy buying services to each of our clients based on their geographic footprint, consumption and risk tolerance. We do not aggregate supply across our client base. Each client is handled individually.

D-2. Operations Expertise & Key Technical Personnel

Given the operational nature of the applicant's business, provide evidence of the applicant's experience and technical expertise in performing such operations. Include the names, titles, e-mail addresses, and background of key personnel involved in the operations of the applicant's business.

Operations Expertise & Personnel Description: Our key personnel are: Joseph Scicutella, Director Energy Procurement North America, joe.scicutella@aboutsib.com, 518-246-5799. Joe has worked with Cost Control Associates since 2019 in the energy procurement field. He has extensive knowledge of both gas and electric markets across the United States. Andrew Ludovico, Energy Procurement Analyst, andrew.ludovico@aboutsib.com, 518-444-0445. Andrew worked in the energy procurement industry for 3 years, prior to joining CCA. Andrew focuses on renewals for current clients and handles all aspects of the bidding process. Janis Porter, Energy Procurement Analyst, janis.porter@costcontrolassociates.com, 518-824-0318. Janis has worked for Cost Control Associates for 22 years, with a focus on energy procurement during the last 2 years. Janis gathers data for clients, verifies billing accurancy and workes directly with suppliers throughout the bid process.

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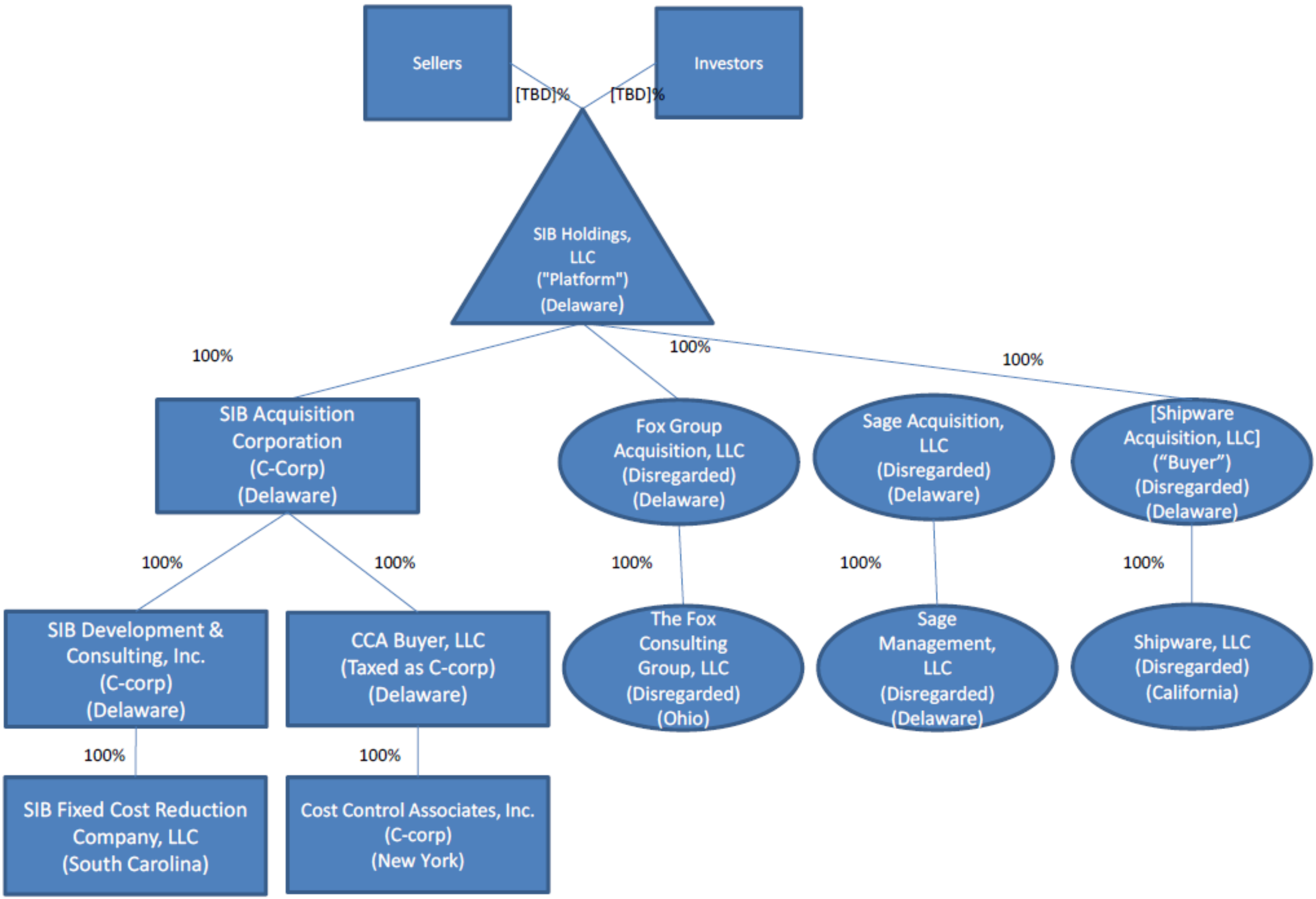
Application Attachments

Cost Control Associates, Inc

Forecasted Income Statement based solely upon Ohio Electric Brokering Activities

	Current Yr (Estimated)	Forecast Year 1	Forecast Year 2
Revenues			
OH Natural Gas Brokering Reven	$22,072	$24,280	$26,708
Expenses			
Total Expenses	$15,450	$16,996	$18,696
Taxes			
Provision for Income Taxes	$0	$0	$0
Net Income			
Total	**$6,622**	**$7,284**	**$8,012**



Sellers
Investors
[TBD]%
[TBD]%
SIB Holdings, LLC ("Platform") (Delaware)
100%
100%
100%
SIB Acquisition Corporation (C-Corp) (Delaware)
Fox Group Acquisition, LLC (Disregarded) (Delaware)
Sage Acquisition, LLC (Disregarded) (Delaware)
[Shipware Acquisition, LLC] ("Buyer") (Disregarded) (Delaware)
100%
100%
100%
100%
100%
SIB Development & Consulting, Inc. (C-corp) (Delaware)
CCA Buyer, LLC (Taxed as C-corp) (Delaware)
The Fox Consulting Group, LLC (Disregarded) (Ohio)
Sage Management, LLC (Disregarded) (Delaware)
Shipware, LLC (Disregarded) (California)
100%
100%
SIB Fixed Cost Reduction Company, LLC (South Carolina)
Cost Control Associates, Inc. (C-corp) (New York)

SIB Holdings, LLC and Subsidiaries

Consolidated Financial Statements

Year Ended December 31, 2021 and Period Ended December 31, 2020

Table of Contents

Independent Auditors' Report

Board of Managers
SIB Holdings, LLC and Subsidiaries
Charleston, SC

Opinion
We have audited the consolidated financial statements of SIB Holdings, LLC and Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of operations, members' equity, and cash flows for the year ended December 31, 2021 and the period from March 25, 2020 through December 31, 2020, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of SIB Holdings, LLC and Subsidiaries as of December 31, 2021 and 2020, and the results of their operations and their cash flows for the year ended December 31, 2021, and the period from March 25, 2020 through December 31, 2020, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of SIB Holdings, LLC and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SIB Holdings, LLC and Subsidiaries' ability to continue as a going concern for at least one year after the date these consolidated financial statements were available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SIB Holdings, LLC and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SIB Holdings, LLC and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Dixon Hughes Goodman LLP

Charleston, SC
May 13, 2022

SIB Holdings, LLC and Subsidiaries
Consolidated Balance Sheets
Years Ended December 31, 2021 and 2020

	2021	2020
ASSETS		
Current Assets:		
Cash	$ 2,971,391	$ 1,579,882
Accounts receivable, net	9,080,860	1,764,494
Income tax receivable	-	84,548
Prepaid expenses and other current assets	612,055	318,399
Total current assets	12,664,306	3,747,323
Property and equipment, net	210,944	68,837
Other assets:		
Goodwill, net	155,909,999	20,077,333
Intangibles, net	5,608,954	-
Deferred tax assets	894,545	662,394
Total other assets	162,413,498	20,739,727
Total assets	$ 175,288,748	$ 24,555,887
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities:		
Accounts payable	$ 909,842	$ 654,969
Commission payable	2,168,743	443,444
Accrued expenses	1,649,399	298,134
Customer liabilities	341,869	327,055
Other current liabilities	379,237	190,000
Contingent consideration payable	5,844,608	83,726
Current portion of debt	900,000	675,000
Current portion of paycheck protection program note payable	-	285,544
Total current liabilities	12,193,698	2,957,872
Long-term liabilities:		
Debt, net of current portion and unamortized issuance costs	94,624,418	8,914,731
Paycheck protection program note payable, net of current portion	-	344,492
Total long-term liabilities	94,624,418	9,259,223
Total liabilities	106,818,116	12,217,095
Members' equity	68,470,632	12,338,792
Total liabilities and members' equity	$ 175,288,748	$ 24,555,887

SIB Holdings, LLC and Subsidiaries
Consolidated Statements of Operations
Year Ended December 31, 2021 and
Period from March 25, 2020 through December 31, 2020

	2021	2020
Revenues	$ 20,287,007	$ 6,559,752
Cost of revenues	5,653,433	2,321,849
Gross profit	14,633,574	4,237,903
Operating expenses:		
Selling, general and administrative	9,113,551	2,973,295
Depreciation and amortization	5,938,423	1,594,591
Total operating expenses	15,051,974	4,567,886
Loss from operations	(418,400)	(329,983)
Other income (expense):		
Acquisition related expenses	(5,624,703)	(1,204,048)
Interest expense	(2,633,794)	(621,354)
Management fees	(610,851)	(202,487)
Loss on extinguishment of debt	(446,420)	-
Other (expense) income	(188,959)	56,139
Accretion of contingent consideration	(44,067)	-
Total other income (expense)	(9,548,794)	(1,971,750)
Loss before provision for income taxes	(9,967,194)	(2,301,733)
Provision for income taxes	122,921	45,286
Net loss	$ (9,844,273)	$ (2,256,447)

SIB Holdings, LLC and Subsidiaries
Consolidated Statements Members' Equity
Year Ended December 31, 2021 and
Period from March 25, 2020 through December 31, 2020

	Members' Capital		Accumulated	Members'
	Units	**Amount**	**Deficit**	**Equity**
Balance, March 25, 2020	-	$ -	$ -	$ -
Capital contributions	14,550,000	14,550,000	-	14,550,000
Equity-based compensation	-	45,239	-	45,239
Net loss	-	-	(2,256,447)	(2,256,447)
Balance, December 31, 2020	14,550,000	14,595,239	(2,256,447)	12,338,792
Capital contributions	36,068,680	65,787,796	-	65,787,796
Equity-based compensation	-	188,317	-	188,317
Net loss	-	-	(9,844,273)	(9,844,273)
Balance, December 31, 2021	50,618,680	$ 80,571,352	$ (12,100,720)	$ 68,470,632

SIB Holdings, LLC and Subsidiaries
Consolidated Statement of Cash Flows
Year Ended December 31, 2021 and
Period from March 25, 2020 through December 31, 2020

	2021	2020
Cash flows from operating activities:		
Net loss	$ (9,844,273)	$ (2,256,447)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	47,880	17,957
Amortization of goodwill and intangibles	5,890,543	1,576,634
Provision for bad debt expense	841,081	182,417
Accretion of contingent consideration	44,067	-
Amortization of debt issuance costs	232,892	89,495
Loss on extinguishment of debt	446,420	-
Deferred income taxes	(232,151)	30,587
Equity-based compensation	188,317	45,239
Paid-in-kind interest	52,848	14,994
Change in operating assets and liabilities:		
Accounts receivable	(2,159,355)	(355,085)
Income tax receivable	84,548	(84,548)
Prepaid expenses and other current assets	175,308	24,090
Accounts payable	(476,649)	(186,153)
Commission payable	379,536	17,287
Accrued expenses and other current liabilities	696,884	(324,528)
Customer liabilities	14,814	327,055
Net cash used in operating activities	(3,617,290)	(881,006)
Cash flows from investing activities:		
Fox acquisition, net of cash acquired	(1,726,571)	-
Sage acquisition, net of cash acquired	(20,008,000)	-
Shipware acquisition, net of cash acquired	(94,928,654)	-
SIB and CCA acquisitions, net of cash acquired	-	(20,154,343)
Purchases of property and equipment	(60,708)	(50,047)
Capitalized software development costs	(227,555)	-
Net cash used in investing activities	(116,951,488)	(20,204,390)
Cash flows from financing activities:		
Proceeds from issuance of debt	108,414,419	11,000,000
Payment of debt issuance costs	(2,977,929)	(542,721)
Principal payments on debt	(20,224,750)	(981,250)
Proceeds from paycheck protection program loan	-	639,249
Repayment of paycheck protection program loan	(639,249)	-
Proceeds from issuance of members' units	37,387,796	12,550,000
Net cash provided by financing activities	121,960,287	22,665,278
Net increase in cash	1,391,509	1,579,882
Cash, beginning of period	1,579,882	-
Cash, end of period	$ 2,971,391	$ 1,579,882

	2021	2020
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	**$ 2,283,236**	$ 452,047
Income taxes paid	**$ -**	$ 7,440
Non-cash equity contributions for members' units	**$ 28,400,000**	$ 2,000,000
Contingent consideration payable	**$ 5,716,815**	$ 83,726

Notes to Consolidated Financial Statements

1. Nature of Business and Summary of Significant Accounting Policies

Nature of operations

SIB Holdings, LLC ("Holdings") was formed on February 24, 2020 in the State of Delaware and is headquartered in Charleston, South Carolina. Holdings' has the following wholly-owned subsidiaries: SIB Acquisition Corporation, Fox Group Acquisition, LLC ("Fox"), Sage Acquisition, LLC ("Sage"), and Shipware Acquisition, LLC ("Shipware"). SIB Acquisition Corporation has two wholly owned subsidiaries; SIB Development & Consulting, Inc. ("SIB") and CCA Buyer, LLC ("CCA"). Holdings and Subsidiaries are collectively referred to as the Company herein.

The Company generates revenue by providing spend management and fixed cost reduction services to customers located throughout the United States of America in a variety of industries, including, national restaurant chains, hospitality groups, financial institutions, healthcare systems, and others.

Basis of presentation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and include the consolidated financial statements of SIB Holdings, LLC and Subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

The consolidated financial statements and related notes are presented for the year ended December 31, 2021 and the period from March 25, 2020 through December 31, 2020.

Use of estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that may affect certain reported amounts and disclosures. Actual results may differ from these estimates.

Cash and cash equivalents

For purposes of the consolidated statements of cash flows, the Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Accounts receivable and allowance for doubtful accounts

Accounts receivable represent unsecured amounts due from customers and are reported net of an allowance for doubtful accounts at their net realizable value. The allowance is estimated on a specific review of customer circumstances, aging and historical collection experience. The allowance for doubtful accounts totaled $841,081 and $182,417 as of December 31, 2021 and 2020, respectively. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

Property and equipment

Property and equipment are remeasured to the estimated fair value for assets acquired through acquisitions (see Note 2). Property and equipment acquired in the ordinary course of business is stated at cost, less accumulated depreciation and amortization. Depreciation is determined using the straight-line method over the estimated useful lives of the assets that range from 3 to 15 years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the lease term.

Goodwill and intangible assets

Goodwill represents the excess of the consideration paid over the fair value of the recognized net assets of the acquired businesses. The Company adopted an alternative to account for goodwill for private companies. The Company amortizes goodwill on a straight-line basis over 10 years and tests goodwill for impairment at the entity level. Goodwill is tested for impairment only when a triggering event occurs or circumstances change that indicate the fair value of the entity may be less than its carrying value. The Company does not recognize separately from goodwill customer-related intangible assets not capable of being sold or licensed independently from other assets of the business and noncompetition agreements.

Intangible assets consist of developed technology and tradename which were recorded at fair value as part of the business combinations. Developed technology and the tradename intangible assets are amortized on a straight-line basis over their estimated useful life of five and ten years, respectively. Intangible assets are evaluated for impairment only when a triggering event occurs that indicates the carrying value may be less than fair value. Management determined no triggering events related to goodwill or intangible assets occurred in the year ended December 31, 2021.

Capitalized software

The Company develops software applications for internal use that are related to the development of the Company's service offerings. Costs incurred during an application's development stage, which include costs to design the software configuration and interfaces, coding, installation, and testing are capitalized. Such capitalized costs include external direct costs and internal employee costs incurred for developing and obtaining the applications. Costs incurred during the preliminary stage, including research and development of new solutions, and post-implementation stages of internal use computer software are expensed as incurred. Costs incurred to maintain existing software are expensed as incurred. Internally developed capitalized software is recorded at cost. Amortization is provided using the straight-line method once the software is placed in service.

Debt issuance costs

Costs incurred to issue debt are deferred and amortized over the estimated term of the related loan facility. Debt issuance costs and related accumulated amortization are reported as a reduction to the associated debt liability in the accompanying consolidated balance sheets. As of December 31, 2021 and 2020, unamortized issuance costs were $2,751,843 and $453,226, respectively. Amortization expense was $232,892 for the year ended December 31, 2021 and $89,495 for the period ended December 31, 2020, and is included in interest expense in the accompanying consolidated statement of operations.

Revenue recognition

The Company derives its revenues primarily from contracts providing cost reduction services to its customers. The Company recognizes revenue in a way that depicts the transfer of services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Under this principle, the Company applies the following five steps: (a) identify contract(s) with a customer; (b) identify the performance obligations in a contract; (c) determine the transaction price; (d) allocate the transaction price to the performance obligations; and (e) recognize revenue when (or as) performance obligations are satisfied. The Company determines that performance obligations have been satisfied when its customers obtain control of the services as evidenced by the customer's ability to direct the use or to receive the economic benefit of the services provided.

The Company's revenue is primarily derived from its cost reduction and spend management service contracts, which represent approximately 99% and 96% of consolidated revenue for the year ended December 31, 2021 and period ended December 31, 2020, respectively. The Company's right to consideration from its customers corresponds directly to the value provided to customers from its performance to-date, as measured by the Company's contractual rate of savings realized for its customers. Contracts are typically one to five years and customers are generally invoiced monthly as the services are rendered and the customer receives the economic benefit from the service, generally through credits taken against existing accounts payable due to, or refund checks received from, the customer's vendors. Amounts billed and due from the customer are classified as receivables and require payment on a short-term basis, and therefore, the Company does not have any significant financing components. In connection with its spend management services, the Company does offer a subscription to its software as a service for a specified period of time. The Company recognizes revenue from its software subscriptions over time on a ratable basis during the contract term, beginning on the date that the solution or service is made available to the customer.

The Company also receives fees under class action settlement agreements. Under these contracts, a customer assigns all of its claims and rights associated with the settlement claim to the Company. The Company then works with settlement agents to properly file the necessary claim forms, perform various administrative functions, and coordinate the eventual payment under the settlement agreements. The Company is generally entitled to 50% of the settlement received. The nature of the class action settlement agreements creates significant variability in the amount the Company expects to be entitled to receive for its services provided. Due to high degree of uncertainty in the outcome, Management has determined the fee can not be reasonably estimated without the potential for a significant reversal of revenue to occur. As a result, the Company recognizes revenue when the constraint is lifted at the point in time when the value of the settlement fee is determined and verified by a third party, which is generally when a settlement is reached with the defendant and payer involved in the case.

The Company also receives fees under commission agreements. Under these arrangements, the Company serves in a referral or lead generation role for a referral partner, and receives a commission fee based contractual terms with the referral partner. Commission fees are recognized at the point in time when the amounts can be quantified, which is generally when the customer reports the revenue referred, or units deployed, and commission due to the Company.

The following table disaggregates the Company's revenue based on timing of the satisfaction of performance obligations for the year ended December 31, 2021 and period ended December 31, 2020:

	2021	2020
Performance obligations satisfied over time:		
Cost reduction and spend management services	**$ 19,990,100**	$ 6,278,518
Performance obligations satisfied at point in time		
Class action settlements and commissions	**$ 296,907**	$ 281,234

Customer liabilities represent cash received from customers for future performance obligations to be satisfied by the Company. Unbilled revenues represent revenue recognized in advance of billings and are stated at the amount expected to be invoiced to customers. As of December 31, 2021 and 2020, unbilled receivables were $2,648,879 and $0, respectively, and are included in accounts receivable, net in the accompanying consolidated balance sheets.

Cost of revenues

Cost of revenues consists of costs related to service delivery, including employee compensation, contract labor, commissions paid to referral partners, bill payment, and other costs directly related to the delivery of services.

Equity-based compensation

The Company recognizes compensation expense for awards of equity instruments to employees based on the grant-date fair value of those awards, over the requisite service period, with limited exceptions. The Company estimates the fair value of its member unit option awards as of the date of grant using the Black-Scholes option-pricing model. Determining the fair value of equity-based compensation awards under this model requires judgement, including estimating the value per unit of the Company's member units, estimated volatility, risk-free rate, expected term and estimated dividend yield. The assumptions used in calculating the fair value of equity-based compensation awards represents the Company's best estimates, based on management's judgement.

Advertising cost

The Company expenses advertising costs as incurred. Advertising costs were $371,420 and $119,157 for the year ended December 31, 2021 and the period ended December 31, 2020, respectively.

Income taxes

SIB Holdings, LLC, Fox, Sage and Shipware are treated as pass-through entities for income tax purposes with all income tax liabilities and/or benefits being passed through to the members. SIB and CCA are treated as C-corporations for income tax purposes and are subject to tax at the entity level. Income taxes are provided for the tax effects of transactions reported in the consolidated financial statements for the entities that are taxed as C-corporations. Deferred income taxes are provided for the estimated tax effects of differences between the consolidated financial statement carrying amounts and the tax bases of recognized assets and liabilities. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Tax positions must meet a recognition threshold of more-likely-than-not in order for the benefit of those tax positions to be recognized in the Company's consolidated financial statements. Interest and penalties related to income tax assessments, if any, are reflected in other expenses in the accompanying consolidated statements of operations.

New accounting standard to be adopted

In February 2016, the FASB issued ASU No. 2016-02, *Lease (Topic 842).* Under the new standard, lessees will need to recognize a right-of-use asset and a lease liability for virtually all their leases (other than leases that meet the definition of a short-term lease). The liability will be equal to the present value of lease payments. For income statement purposes, the FASB continued the dual model, requiring leases to be classified as either operating or finance. Operating leases will result in straight-line expense (similar to current operating leases) while finance leases will result in a front-loaded expense pattern (similar to current capital leases). Classification will be based on criteria that are largely similar to those applied to current lease accounting. This guidance requires enhanced disclosures, must be adopted using a modified retrospective transition model, and provides for certain practical expedients. The new standard is effective for the Company January 1, 2022. The Company is currently evaluating the impact on its consolidated financial statements upon the adoption of this new standard.

Subsequent events

Subsequent events have been evaluated through May 13, 2022, the date the consolidated financial statements were available to be issued.

2. Business Combinations

2021 Acquisitions

Fox Consulting Group, LLC

On June 3, 2021, the Company executed a membership interest purchase agreement with the members of Fox Consulting Group, LLC ("Fox") to acquire all of the issued and outstanding equity interest. The acquisition of Fox allowed the Company to expand its service offerings and customer base.

The consideration paid for the Fox acquisition totaled $3,163,762, which consisted of the following:

Cash paid	$	1,802,500
Issuance of units (rollover equity)		400,000
Contingent earn-out		961,262
Total consideration paid	$	3,163,762

Cash proceeds of $200,000 are held in escrow, pending the resolution of matters described in the escrow agreements. The non-cash consideration for equity issued consisted of 400,000 units of the Company valued at $400,000 issued to the seller, who remains a member of Management. The fair value of the rollover equity issued was estimated by applying an income approach and a market approach utilizing recent observable transactions and a discount for the lack of control and marketability applicable to the noncontrolling interest.

The purchase agreement also includes an "earn-out" provision that requires an additional payment of up to $1,560,000 paid in quarterly installments to the seller if certain prescribed earnings before interest, taxes, depreciation, and amortization ("EBITDA") measures are achieved in the initial year ending May 31, 2022, and the year ending May 31, 2023, as defined in the purchase agreement. As of the date of the Fox acquisition, Management determined the estimated fair value of the earn-out was $961,262 based on an option pricing model applied to forecasted results through May 31, 2023. Management determined no material revisions to the contingent consideration payable were necessary as of December 31, 2021.

The Company incurred acquisition costs of $186,886 related to the Fox acquisition, which are reported separately in the consolidated statement of operations.

Sage Management, LLC

On June 25, 2021, the Company executed a membership interest purchase agreement with the members of Sage Management LLC ("Sage") to acquire all of the issued and outstanding equity interest. The Sage acquisition allowed the Company to expand its customer base and also acquire proprietary technology to enhance its service offerings.

The consideration paid for the Sage acquisition totaled $27,763,553, which consisted of the following:

Cash paid	$	20,008,000
Issuance of units (rollover equity)		3,000,000
Contingent earn-out		4,755,553
Total consideration paid	$	27,763,553

Cash proceeds of $1,750,000 are held in escrow, pending the resolution of matters described in the escrow agreement. Non-cash consideration for equity consisted of 3,000,000 units of the Company valued at $3,000,000 issued to the sellers, some of which remain members of Management of the Company. The fair value of the rollover equity issued was estimated by applying an income approach and a market approach utilizing recent observable transactions and a discount for the lack of control and marketability applicable to the noncontrolling interest.

The purchase agreement also includes an “earn-out” provision that requires an additional payment of up to $8,800,000 to be paid over three years to the seller if certain prescribed EBITDA measures are achieved in the years ending December 31, 2021, 2022 and 2023, as defined in the purchase agreement. As of the Sage acquisition date, Management determined the estimated fair value of the earn-out was $4,765,773 based on an option pricing model applied to forecasted results through December 31, 2023. Management determined no material revisions to the contingent consideration payable were necessary as of December 31, 2021.

The Company incurred acquisition costs of approximately $859,069 related to the Sage acquisition, which are reported separately in the consolidated statement of operations.

Shipware, LLC

On October 29, 2021, the Company executed a membership interest purchase agreement with the shareholders of Shipware LLC (“Shipware”) to acquire all of the issued and outstanding equity interest. The acquisition allowed the Company to expand its service offerings and market presence.

The consideration paid for the Shipware acquisition totaled $120,271,224, which consisted of the following:

Cash paid, including contractual adjustments	$ $95,249,322
Net working capital adjustment	21,902
Issuance of units (rollover equity)	25,000,000
Total consideration paid	$ 120,271,224

Cash proceeds of $600,000 are held in escrow, which are for general unforeseen liabilities described in the escrow agreement. Non-cash consideration for equity consisted of 11,904,762 units of the Company valued at $25,000,000 issued to the sellers, who remain members of Management of the Company. The fair value of the rollover equity issued was estimated by applying an income approach and a market approach utilizing recent observable transactions and a discount for the lack of control and marketability applicable to the noncontrolling interest.

The Company incurred acquisition costs of $4,578,748 related to the Shipware acquisition, which are reported separately in the consolidated statement of operations. Debt financing costs of $2,554,168 incurred in connection with the funding of the Shipware acquisition have been deferred and classified net of long-term debt on the consolidated balance sheet as of December 31, 2021 and will be amortized over the life of the related debt.

Management has used its best estimates in the allocation of the purchase price to assets acquired and liabilities assumed at the date of acquisition based on the estimated fair value of such assets and liabilities as follows:

	Fox	Sage	Shipware	Total
Cash	$ 75,929	$ -	$ 320,668	$ $396,597
Accounts receivable	301,169	1,812,489	3,884,436	5,998,094
Prepaid expenses and other assets	-	297,698	171,266	468,964
Property and equipment	-	6,894	122,385	129,279
Developed technology	-	2,453,911	1,503,766	3,957,677
Trade name	-	-	1,759,220	1,759,220
Goodwill	3,052,467	23,423,862	114,911,380	141,387,709
Total assets acquired	3,429,565	27,994,854	122,673,121	154,097,540
Cash overdraft	-	190,671	-	190,671
Accounts payable and accrued expenses	81,952	40,630	1,133,989	1,256,571
Deferred revenue	105,996	-	-	105,996
Commissions payable	77,855	-	1,267,908	1,345,763
Total liabilities assumed	265,803	231,301	2,401,897	2,899,001
Net assets acquired	$ 3,163,762	$ 27,763,553	$120,271,224	$151,198,539

The excess of the purchase price over the amounts allocated to identifiable assets and liabilities was included in goodwill. Goodwill includes, but is not limited to, the value of the customer relationships, noncompetition agreements, workforce in place, expected ability to generate future profits and cash flows, an established going concern, and other unidentifiable intangible assets. Goodwill amortization is not deductible for tax purposes.

The estimated fair values of significant acquired intangible assets were based on commonly accepted valuation techniques management believes to be appropriate in the circumstances. The Company used the relief from royalty method for tradenames and for developed technology, the Company utilized a replacement cost approach. The relief from royalty approach evaluates the present value of the future economic benefits accruing from these assets over their estimated useful life, discounted to the present at a rate of return commensurate with the asset’s inherent risk. This approach requires significant judgments, including those related to the projected net cash flows and the weighted average cost of capital (“WACC”) used to discount the cash flows. The Company derived the assumptions related to cash flows primarily from its internal budgets and forecasted results of operations.

2020 Acquisitions

SIB Development & Consulting Inc.

The Company executed a purchase agreement with the shareholders of SIB Development & Consulting Inc. and its wholly owned subsidiary, SIB Fixed Cost Reduction, LLC to acquire all of the outstanding equity on March 25, 2020. The original purchase price was $23,000,000, adjusted for the net working capital target and contractually agreed upon adjustments, plus contingent consideration. The cash portion of the purchase price was funded by a combination of cash proceeds from member contributions, a short-term bridge loan from a member that was settled during the period ended December 31, 2020, and borrowings from the term loans. Non-cash consideration consisted of the issuance of 2,000,000 member units valued at $2,000,000, 1,000,000 units issued to each the seller and the seller’s advisor, who is also an executive of the Company. The purchase agreement also includes an “earn-out” provision that requires an additional payment of up to $8,000,000 paid in quarterly installments to the sellers if certain prescribed revenue and EBITDA measures are achieved in 2020, 2021 and 2022, as defined in the purchase agreement. As of the SIB acquisition date, Management determined the estimated fair value of the earn-out was $27,793 based on an option pricing model applied to forecasted results through December 31, 2022. As of December 31, 2021 and 2020, the balance remained at $27,793, respectively, as Management does not consider it probable the earn-out measures will be achieved.

Cost Control Associates, Inc.

On September 22, 2020, the Company executed a purchase agreement with the sole shareholder of Cost Control Associates, Inc. to acquire all of the outstanding equity. The CCA acquisition closed for aggregate consideration of $1,110,933, which included $1,055,000 paid in cash that was funded by a combination of cash on hand and proceeds from member contributions, and contingent consideration related to an earn-out provision that was valued at $55,933. The CCA acquisition "earn-out" provision requires an additional payment of up to $100,000 to the seller if certain revenue is achieved in 2021. As of the CCA acquisition date, Management determined the estimated fair value of the earn-out was $55,933 based on an option pricing model applied to forecasted results through December 31, 2021. As of December 31, 2021 and 2020, the earn-out payable was reported $100,000 and $55,933, respectively. Management determined it was probable the full earn-out would be achieved in 2022 and recognized accretion related to the CCA earn-out of $44,067 in the consolidated statements of operations for the year ended December 31, 2021.

Management has used its best estimates in the allocation of the purchase price to assets acquired and liabilities assumed based on the estimated fair value of such assets and liabilities as follows:

	SIB	CCA	Total
Cash	$ 169,073	$ 5,000	$ 174,073
Accounts receivable	1,309,616	282,210	1,591,826
Prepaid expenses and other assets	339,989	-	339,989
Property and equipment	36,747	-	36,747
Deferred tax assets	692,981	-	692,981
Goodwill	20,705,693	948,274	21,653,967
Total assets acquired	23,254,099	1,235,484	24,489,583
Accounts payable and accrued expenses	1,339,233	124,551	1,463,784
Commissions payable	426,157	-	426,157
Due to seller	190,000	-	190,000
Total liabilities assumed	1,955,390	124,551	2,079,941
Net assets acquired	$ 21,298,709	$ 1,110,933	$ 22,409,642

3. Goodwill and Intangibles

The following is a summary of goodwill and intangible assets as of December 31, 2021 and 2020:

	2021			
	Useful Life	Cost Basis	Accumulated Amortization	Net Book Value
Goodwill	**10**	**$163,041,676**	**$ 7,131,677**	**$155,909,999**
Trade names	**10**	**1,759,220**	**30,739**	**1,728,481**
Developed technology	**5**	**4,185,232**	**304,759**	**3,880,473**
		$168,986,128	**$ 7,467,175**	**$161,518,953**

	2020			
	Useful Life	Cost Basis	Accumulated Amortization	Net Book Value
Goodwill	10	$ 21,653,967	$ 1,576,634	$ 20,077,333

Amortization expense was $5,890,543 and $1,576,634 for the year ended December 31, 2021 and period ended December 31, 2020, respectively.

Estimated annual amortization expense for the next five years and thereafter is as follows:

Year ended December 31	**Goodwill**	**Trade Name**	**Developed Technology**	**Total**
2022	$ 16,304,168	$ 175,922	$ 837,047	$ 17,317,137
2023	16,304,168	175,922	837,047	17,317,137
2024	16,304,168	175,922	837,047	17,317,137
2025	16,304,168	175,922	837,047	17,317,137
2026	16,304,168	175,922	532,285	17,012,375
Thereafter	74,389,159	848,871	-	75,238,030
	$ 155,909,999	$ 1,728,481	$ 3,880,473	$ 161,518,953

4. Notes Payable

Tree Line Capital Partners, LLC

On October 29, 2021, the Company entered into a syndicated credit agreement with Tree Line Capital Partners, LLC ("Tree Line"), as administrative agent, which consists of a (i) $89,708,419 term loan, (ii) $20,000,000 delayed draw term loan, and (iii) $7,500,000 revolving credit facility. The loans are secured by substantially all assets of the Company.

Term loan

The term loan was used by the Company to finance the acquisition of Shipware (See Note 2). Interest is payable monthly and accrues at a variable rate equal to the rate as published in the Wall Street Journal ("Prime Rate") plus an applicable margin of 5.75 - 6.0% depending on the Company meeting certain leverage ratio criteria as defined in the credit agreement (approximately 7% at December 31, 2021). Principal payments are due quarterly beginning March 31, 2022 equal to 0.250% of the outstanding principal with the remaining principal due at maturity. The term loan facility matures on October 29, 2026. The outstanding balance of the term loan as of December 31, 2021 $89,708,419. The term loan is presented net of unamortized debt issuance costs of $2,464,910 as of December 31, 2021.

<u>Delayed draw term loan</u>

As of December 31, 2021, the delayed term loan was not utilized by the Company. The delayed term loan includes a 0.5% unfunded commitment fee and the terms are the same as the term loan provisions above.

<u>Revolving credit facility</u>

The revolving line of credit provides for advances up to $7,500,000, subject to the maximum number of borrowings of no more than four a month. Interest is payable monthly and accrues at a variable rate equal to the rate as published in the Wall Street Journal ("Prime Rate") plus an applicable margin of 4.75 - 5.0% depending on the Company meeting certain leverage ratio criteria as defined in the credit agreement (approximately 7% at December 31, 2021). The maturity date of the revolving credit facility is October 29, 2026. As of December 31, 2021, the outstanding balance of the revolving credit facility was $500,000.

TCF Capital

On March 25, 2020, the Company entered into a credit agreement with TCF Capital Funding ("TCF"), which consisted of a $9,000,000 term loan and a $3,000,000 revolving line of credit facility. The term loan and revolving line of credit were settled and paid in full with proceeds from the Tree Line credit agreement on October 29, 2021. The balance of the term loan and revolving line of credit as of December 31, 2021 and 2020 was $0 and $8,018,750, respectively.

LBC Small CAP SBIC, L.P.

On April 10, 2020, the Company entered into a subordinated term loan with LBC Small CAP SBIC, L.P., ("LBC") for $2,000,000. The agreement was amended on June 3, 2021 to provide an additional $500,000 of funding for the Fox acquisition. On June 25, 2021 the LBC loan agreement was amended to provide an additional $6,000,000 for the Sage acquisition.

Interest on the subordinated term loan accrues interest at an annual rate of 13%, and interest payments are due monthly in arrears on the first day of the month. Interest in excess of 12% per annum shall be paid in kind ("PIK"). All PIK shall be capitalized and added to the outstanding principal amount of the subordinated term loan monthly in arrears on the first day of each month and thereafter be treated as part of the principal amount of the subordinated term loan, and upon capitalization, accrue at a rate equal to 13% per annum and compounded monthly. The PIK interest on the subordinated term loan totals $52,848 and $14,994 for the year ended December 31, 2021 and period ended December 31, 2020, respectively. The subordinated term loan matures on June 26, 2025, at which point all outstanding principal and unpaid accrued interest is due. The outstanding balance of the term loan including PIK interest as of December 31, 2021 and 2020 was $8,067,842 and $2,014,994, respectively. The subordinated term loan is presented net of unamortized debt issuance costs of $286,933 and $157,119 as of December 31, 2021 and 2020, respectively. The subordinated term loan is secured by substantially all of the Company's assets.

Covenants

The credit agreements described contain certain financial and affirmative covenants that the Company is subject to. As of December 31, 2021 and 2020, Management has determined that the Company was in compliance with these covenants.

5. Paycheck Protection Program Note Payable

In response to the COVID-19 pandemic, the Coronavirus Aid, Relief and Economic Security ("CARES") Act was signed into law on March 27, 2020. The CARES Act provides for the establishment of the Payroll Protection Program ("PPP"), a new loan program under the Small Business Administration's 7(a) program providing loans to qualifying businesses. In April 2020, the Company received a PPP loan totaling $634,474 and has elected to account for the funds received as debt. In June 2021, the Company repaid the PPP loan in full.

6. Operating Leases

The Company leases office space under non-cancelable operating leases. Certain operating lease agreements contains provisions for future rent increases or free rent periods. For these leases, the total amount of rental payments due over the lease term is charged to rent expense on a straight-line basis over the term of the lease. SIB subleases a portion of the office space to several other unrelated third parties under month-to-month agreements.

The Company reports lease expense, net of sublease rental income, which totaled $91,737 and $67,944 for the year ended December 31, 2021 and period ended December 31, 2020, respectively.

Future minimum lease payments under non-cancellable lease arrangements are summarized as follows:

Year Ending December 31,	
2022	$ 380,198
2023	162,990
2024	16,650
Total minimum lease payments	$ 559,838

7. Income Taxes

The provision for income taxes for the year ended December 31, 2021 and period ended December 31, 2020 consists of the following:

	2021	**2020**
Current:		
Federal expense (benefit)	**$ 84,548**	$ (84,548)
State expense	**24,682**	8,675
Total current expense (benefit)	**109,230**	(75,873)
Deferred:		
Federal (benefit) expense	**(171,515)**	68,824
State benefit	**(60,636)**	(38,237)
Total deferred (benefit) expense	**(232,151)**	30,587
Provision for income taxes	**$ (122,921)**	$ (45,286)

As a result of the CARES Act that was enacted into law on March 27, 2020, the Company was able to carryback its net operating losses which resulted in the recognition of an income tax benefit of approximately $85,000 in the period ended December 31, 2020.

Deferred incomes taxes are provided for the temporary differences between the consolidated financial reporting bases and the tax bases of the Company's assets and liabilities.

The net deferred tax asset in the accompanying consolidated balance sheets consist of the following:

	2021	**2020**
Deferred tax asset – federal	**$ 657,158**	$ 485,643
Deferred tax liability – state	**237,387**	176,751
Deferred tax asset	**$ 894,545**	$ 662,394
Depreciation and amortization methods	**$ 5,486**	$ 19,061
Net operating loss carryforwards	**395,795**	265,520
Tax credit carryforwards	**286,888**	286,888
Other	**206,376**	90,925
Deferred tax asset	**$ 894,545**	$ 662,394

At December 31, 2021, the Company has available approximately $1,143,000 in federal net operating loss carryforwards and tax credit carryforwards and approximately $2,521,000 in state net operating loss carryforwards and tax credit carryforwards that may be applied against future taxable income.

In assessing the realizability of the deferred tax assets, management considers whether it is more likely than not that some, a portion, or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers projected future taxable income and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, Management believes it is more likely than not that the Company will realize the benefits of these deductible differences and therefore no valuation allowance was considered necessary as of December 31, 2021.

8. Retirement Plan

The Company sponsors multiple defined contribution retirement plans for each entity under which employees may defer a portion of their compensation to the plan, up to a maximum annual amount established by the Internal Revenue Service. Employees who have attained the age of 21 and have completed one year of service with a minimum of 1,000 hours worked may participate in the plan.

- SIB matches 25 percent of the participants' contributions up to one percent of their annual salary. Employer matching contributions become fully vested following three years of continuous employment with the Company.

- CCA contributes three percent of employee's salaries regardless of the employee contributions. Employees are fully vested in the plan immediately.

- Sage matches 100 percent of the participants' contributions up to four percent of their annual salary. Employees are fully vested in the plan immediately.
- Fox and Shipware match three percent of the participants' contributions. Employees are fully vested in the plan immediately.

The Company recognized expense related to the plan of $93,013 and $26,780 for the year ended December 31, 2021 and period ended December 31, 2020, respectively, which is included in general and administrative expenses in the accompanying consolidated statement of operations.

9. Incentive Unit Option Plan

The Company adopted the Unit Option Plan (the "Plan") that permits the granting of options to eligible employees, officers and consultants providing services to the Company. The grants are nontransferable. As of December 31, 2021 and 2020, the aggregate number of awards issuable under the Plan is 5,061,868 and 1,616,667, respectively. The Plan terminates on the tenth anniversary of the original effective date, which is April 1, 2030.

Under the Plan, the exercise price of each option granted approximates the estimated fair value of the Company's member units on the date of grant. All grants are subject to a continuing service requirement in order to vest. One award granted in 2021 to an employee is subject to a performance condition based upon CCA's performance and achievement of certain EBITDA targets for which Management determined was probable of being achieved. Options generally vest ratably over a four to five year requisite service period, with the first increment of options vesting either on the first anniversary of the effective date or on the date of grant.

A summary of the unit options under the Plan at December 31, 2021 and 2020, and changes during the year, is presented below:

	2021		2020	
	Options Issued and Outstanding	**Weighted-Average Exercise Price**	**Options Issued and Outstanding**	**Weighted-Average Exercise Price**
Outstanding, at beginning of year	**1,066,667**	**$ -**	-	$ -
Granted	**1,201,849**	**$ 1.57**	1,066,667	$ 1.00
Exercised	**-**	**$ -**	-	$ -
Cancelled	**-**	**$ -**	-	$ -
Outstanding, at end of year	**2,268,516**	**$ 1.30**	1,066,667	$ 1.00
Exercisable, at end of year	**404,870**	**$ 1.34**	-	$ -

The grant date fair value of the options is recognized over the term of the requisite service period. The fair value of options granted is estimated on the date of grant using the Black-Scholes option-pricing model based on the following assumptions:

	2021	2020
Expected life (years)	**7**	7
Expected volatility	**41.15%**	45.65%
Risk-free interest rate	**1.89%**	1.46%
Dividend yield	**0%**	0%
Weighted-average fair value of options granted	**$ 0.95**	$ 0.48

For the year ended December 31, 2021 and period ended December 31, 2020, the Company recognized $188,317 and $45,239 of equity-based compensation, respectively. The total estimated unrecognized compensation cost related to the unvested options was approximately $1,136,000 as of December 31, 2021 which the Company expects to recognize this cost over a weighted-average period of approximately 3.4 years.

10. Members Equity

The Company is governed by a Limited Liability Agreement (“LLC Agreement”) that established one class of member units and option units. Profits, losses, and distributions are allocated in accordance with the LLC Agreement, which may be updated from time to time by the Board of Managers. An affiliate of the majority member also received one member unit that provides for a performance fee (or catch up distribution) of up to 20% if a total return over 8% is achieved. All other member units share proportionally in profits, losses, and distributions.

11. Related Party Transactions

The Company has a management agreement with an affiliate of a member of the Company, that requires the Company to pay quarterly management fees to this affiliate. During the year ended December 31, 2021 and period ended December 31, 2020, the Company incurred $610,851 and $202,487 in management fees to the affiliated entity, of which $309,680 and $62,609 was payable as of December 31, 2021 and 2020, respectively.

DHG

Supplementary Information

Independent Auditors' Report on the Supplementary Information

Board of Managers
SIB Holdings, LLC and Subsidiaries
Charleston, South Carolina

We have audited the financial statements of SIB Holdings, LLC and Subsidiaries as of December 31, 2021, and for the period from March 25, 2020 through December 31, 2020, and our report thereon dated May 13, 2022, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information, comprised of the Consolidating Balance Sheet, Consolidating Statement of Operations, and Consolidated Schedule of EBITDA and Adjusted EBITDA, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Dixon Hughes Goodman LLP

Charleston, SC
May 13, 2022

SIB Holdings, LLC and Subsidiaries
Consolidating Balance Sheet
December 31, 2021

	SIB	CCA	SAGE	FOX	SHIPWARE	Consolidating Adjustments	Total
ASSETS							
Current assets:							
Cash	$ 261,125	$ 590,222	$ 112,156	$ 151,500	$ 1,856,388	$ -	$ 2,971,391
Accounts receivable	1,416,727	840,668	2,001,458	442,446	4,379,561	-	9,080,860
Income tax receivable	-	-	-	-	-	-	-
Prepaid expenses and other current assets	417,945	22,020	10,030	3,973	158,087	-	612,055
Due from intercompany	6,547,320	(390,992)	(4,758,003)	(261,972)	(1,136,353)	-	-
Total current assets	8,643,117	1,061,918	(2,634,359)	335,947	5,257,683	-	12,664,306
Property and equipment, net	57,946	19,536	7,880	2,673	122,909	-	210,944
Other assets:							
Goodwill, net	17,082,196	829,740	22,220,136	2,874,407	112,903,520	-	155,909,999
Intangibles, net	-	-	2,429,257	-	3,179,697	-	5,608,954
Deferred tax asset	863,502	31,043	-	-	-	-	894,545
Total other assets	17,945,698	860,783	24,649,393	2,874,407	116,083,217	-	162,413,498
Total assets	$ 26,646,761	$ 1,942,237	$ 22,022,914	$ 3,213,027	$ 121,463,809	$ -	$ 175,288,748
LIABILITIES AND MEMBERS' EQUITY							
Current liabilities:							
Accounts payable	$ 302,574	$ 104,857	$ 74,723	$ 17,506	$ 410,182	$ -	$ 909,842
Commission payable	503,803	43,811	225,485	127,736	1,267,908	-	2,168,743
Accrued expenses	292,708	119,152	-	81,889	1,155,650	-	1,649,399
Customer liabilities	-	341,869	-	-	-	-	341,869
Other current liabilities	191,169	-	-	-	188,068	-	379,237
Contingent consideration payable	27,793	100,000	4,755,553	961,262	-	-	5,844,608
Current portion of debt	-	-	-	-	900,000	-	900,000
Total current liabilities	1,318,047	709,689	5,055,761	1,188,393	3,921,808	-	12,193,698
Long-term liabilities:							
Debt, net of current portion	16,460,363	-	9,914,660	1,496,025	66,753,370	-	94,624,418
Total liabilities	17,778,410	709,689	14,970,421	2,684,418	70,675,178	-	106,818,116
Members' equity	8,868,351	1,232,548	7,052,493	528,609	50,788,631	-	68,470,632
Total liabilities and members' equity	$ 26,646,761	$ 1,942,237	$ 22,022,914	$ 3,213,027	$ 121,463,809	$ -	$ 175,288,748

SIB Holdings, LLC and Subsidiaries
Consolidating Statement of Operations
Year Ended December 31, 2021

	SIB	CCA	SAGE	FOX	SHIPWARE	Consolidating Adjustments	Total
Revenues	$ 8,165,243	$ 3,162,434	$ 3,142,001	$ 1,366,611	$ 4,533,308	$ (82,590)	$ 20,287,007
Cost of revenues	1,892,040	820,083	1,589,325	453,053	981,522	(82,590)	5,653,433
Gross profit	6,273,203	2,342,351	1,552,676	913,558	3,551,786	-	14,633,574
Operating expenses:							
Selling, general and administrative	5,417,147	1,626,972	109,489	300,738	1,659,205	-	9,113,551
Depreciation and amortization	2,096,284	102,792	1,457,381	178,707	2,103,259	-	5,938,423
Total operating expenses	7,513,431	1,729,764	1,566,870	479,445	3,762,464	-	15,051,974
(Loss) income from operations	(1,240,228)	612,587	(14,194)	434,113	(210,678)	-	(418,400)
Other income (expense):							
Acquisition related expenses	-	-	(859,069)	(186,886)	(4,578,748)	-	(5,624,703)
Interest expense	(843,939)	-	(719,539)	(85,558)	(984,758)	-	(2,633,794)
Management fees	(250,000)	(40,000)	(137,671)	(29,847)	(153,333)	-	(610,851)
Loss on extinguishment of debt	(446,420)	-	-	-	-	-	(446,420)
Other (expense) income	(284,300)	47	131,664	(620)	(35,750)	-	(188,959)
Accretion of contingent consideration	-	(44,067)	-	-	-	-	(44,067)
Total other income (expense), net	(1,824,659)	(84,020)	(1,584,615)	(302,911)	(5,752,589)	-	(9,548,794)
Loss before income taxes	(3,064,887)	528,567	(1,598,809)	131,202	(5,963,267)	-	(9,967,194)
Provision for income taxes	125,514	-	-	(2,593)	-	-	122,921
Net loss	$ (2,939,373)	$ 528,567	$ (1,598,809)	$ 128,609	$ (5,963,267)	$ -	$ (9,844,273)

SIB Holdings, LLC and Subsidiaries
Consolidated Schedule of EBITDA and Adjusted EBITDA - Unaudited
For the Year Ended December 31, 2021

	SIB	CCA	Fox			Sage			Shipware			Consolidated
	SIB Total	CCA Total	Pre-Acquisition Period from Jan 1, 2021 to June 2, 2021	Period from June 3, 2021 to December 31, 2021	Fox Total	Pre-Acquisition Period from Jan 1, 2021 to June 24, 2021	Period from June 25, 2021 to December 31, 2021	Sage Total	Pre-Acquisition Period from Jan 1, 2021 to October 27, 2021	Period from October 28, 2021 to December 31, 2021	Shipware Total	Total
Net income (loss)	$ (2,939,373)	$ 528,567	$ 115,997	$ 128,609	$ 244,606	$ 834,100	$ (1,598,809)	$ (764,709)	$ 3,907,623	$ (5,963,267)	$ (2,055,644)	$ (4,986,553)
Interest	843,939	-	-	85,558	85,558	-	719,539	719,539	12,232	984,758	996,990	2,646,026
Taxes	(125,514)	-	2,043	2,593	4,636	-	-	-	-	-	-	(120,878)
Depreciation	25,715	7,965	-	647	647	496	1,447	1,943	151,072	12,106	163,178	199,448
Amortization	2,070,569	94,827	-	178,060	178,060	-	1,455,934	1,455,934	-	2,091,153	2,091,153	5,890,543
EBITDA	$ (124,664)	$ 631,359	$ 118,040	$ 395,467	$ 513,507	$ 834,596	$ 578,111	$ 1,412,707	$ 4,070,927	$ (2,875,250)	$ 1,195,677	$ 3,628,586
Business acquisition transaction expenses - buyer	$ -	$ -	$ -	$ 186,886	$ 186,886	$ -	$ 859,069	$ 859,069	$ -	$ 4,578,748	$ 4,578,748	$ 5,624,703
Business acquisition transaction expenses - seller	-	-	-	-	-	691,249	-	691,249	4,433,929	-	4,433,929	5,125,178
Management fees	250,000	40,000	-	29,847	29,847	-	137,671	137,671	-	153,333	153,333	610,851
Other non-operating expense (income)	1,433,409	89,067	100,000	19,041	119,041	(264,799)	(124,461)	(389,260)	-	57,029	57,029	1,309,286
Adjusted EBITDA	$ 1,558,745	$ 760,426	$ 218,040	$ 631,241	$ 849,281	$ 1,261,046	$ 1,450,390	$ 2,711,436	$ 8,504,856	$ 1,913,860	$ 10,418,716	$ 16,298,604
Management adjustments	1,380,564	48,392	60,226	(1,644)	58,582	482,278	137,213	619,491	253,453	49,261	302,714	2,409,743
Management adjusted EBITDA	$ 2,939,309	$ 808,818	$ 278,266	$ 629,597	$ 907,863	$ 1,743,324	$ 1,587,603	$ 3,330,927	$ 8,758,309	$ 1,963,121	$ 10,721,430	$ 18,708,347

Management has presented EBITDA and Adjusted EBITDA as supplemental information. EBITDA is defined as earnings before interest expense, income taxes, depreciation and amortization expense. Adjusted EBITDA is defined at Management's discretion as EBITDA before non-recurring business acquisition transaction expenses, management fees, and other non-recurring type expenses. These measures are not in accordance with generally accepted accounting principles in the United States of America and have not been audited.

experian.

Report Originally Retrieved 03/20/2023

Note: This report was requested and billed to your account within the past 7 days.

Search inquiry: (My company)

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Cost Control Associates, Inc

Address:	310 Bay Rd Queensbury, NY 12804-1400 United States
Phone:	518-798-4437
Website:	costcontrolassociates.com
Experian BIN:	430748837
Agent:	Incorp Services, Inc.
Agent Address:	2847 S Ingram Mill RD Springfield, MO
Family Linkage:	
Ultimate Parent	Cost Control Associates, Inc 310 Bay Rd Queensbury, NY
Branches / Alternative Locations	Cost Control Associates, Inc 301 Bay Rd Queensbury, NY United States

Key Personnel:	Chief Executive Officer: Kevin Flounders President: Keith D Laake Chairman: Patrick Corden
SIC Code:	8748-Business Consulting Services, Nec 7389-Business Services, Nec 8742-Management Consulting Services
NAICS Code:	541618-Other Management Consulting Services 541990-All Other Professional, Scientific, And Technical Services 541612-Human Resources Consulting Services
Business Type:	Corporation
Experian File Established:	October 1993
Experian Years on File:	30 Years
Years in Business:	32 Years
Total Employees:	16
Filing Data Provided by:	New York
Date of Incorporation:	09/13/2017
Economic Diversity:	This is a small business administration (SBA) enterprise.

Experian Business Credit Score

88
Business Credit Score

Low Risk

The objective of the Experian Business Credit Score is to predict payment behavior. High Risk means that there is a significant probability of delinquent payment. Low Risk means that there is a good probability of on-time payment.

Key Score Factors:

- Number of good commercial accounts.
- Nbr of leasing accts as pct of total nbr of accts.
- Pct of aged commercial accts to total nbr of accts.
- Pct of new commercial accts to total nbr of accts.

Business Credit Scores range from a low of 1 to high of 100 with this company receiving a score of 88. Higher scores indicate lower risk. This score predicts the likelihood of serious credit delinquencies within the next 12 months. This score uses tradeline and collections information, public filings as well as other variables to predict future risk.

Experian Financial Stability Risk Rating

1
Financial Stability Risk Rating

Low Risk

A Financial Stability Risk Rating of 1 indicates a 0.55% potential risk of severe financial distress within the next 12 months.

Key Rating Factors:

- Number of active commercial accounts.
- Risk associated with the company's industry sector.
- Risk associated with the business type.
- Employee size of business.

Financial Stability Risk Ratings range from a low of 1 to high of 5 with this company receiving a rating of 1. Lower ratings indicate lower risk. Experian categorizes all businesses to fit within one of the five risk segments. This rating predicts the likelihood of payment default and/or bankruptcy within the next 12 months. This rating uses tradeline and collections information, public filings as well as other variables to predict future risk.

Credit Summary

This location does not yet have an estimated Days Beyond Terms (DBT), or a Payment Trend Indicator. This is often the result of too few Payment Tradelines.

Please refer to Experian's **'www.BusinessCreditFacts.com'** website for more information on establishing Payment Tradelines.

Lowest 6 Month Balance:	$0
Highest 6 Month Balance:	$0
Current Total Account Balance:	$0
Highest Credit Amount Extended:	$0

Payment Tradelines (see charts, detail):	5
Business Inquiries (see summary):	1
UCC Filings (see detail) (see summary):	4
Businesses Scoring Worse:	87%
Bankruptcies:	0
Liens:	0
Judgments Filed:	0
Collections:	0

Payment Trend Summary

Insufficient information to produce
Monthly Payment Trends
chart.

Insufficient information to produce
Quarterly Payment Trends
chart.

Insufficient information to produce
Continuous Payment Trends
chart.

Insufficient information to produce
Newly Reported Payment Trends
chart.

Insufficient information to produce
Combined Payment Trends
chart.

Trade Payment Information

Payment Experiences (Financial Trades)

Supplier Category	Reported Date	Activity Date	Payment Terms	Recent High Credit	Balance	Current	Up to 30 DBT	31-60 DBT	61-90 DBT	>90 DBT	Comments
Factor	1/04/23				$0						
Factor	9/03/20				$0						
Factor	11/03/20			$153,623	$153,623						
Leasing	3/01/23		Mo		$0						

Additional Tradeline Experiences (Aged Trades)

Supplier Category	Reported Date	Activity Date	Payment Terms	Recent High Credit	Balance	Current	Up to 30 DBT	31-60 DBT	61-90 DBT	>90 DBT	Comments
Packaging	12/06/21		Net 30		$0						Cust 02 Yr

Inquiries

Summary of Inquiries

Supplier Category	03/23	02/23	01/23	12/22	11/22	10/22	09/22	08/22	07/22
Insurance	0	0	0	0	1	0	0	0	0
Totals	**0**	**0**	**0**	**0**	**1**	**0**	**0**	**0**	**0**

UCC Filings

Date:	10/13/2021
Filing Number:	202110130379839
Jurisdiction:	Sec Of State NY
Secured Party:	NBT Bank, National Association
Activity:	Continued

Date:	09/15/2020
Filing Number:	202009158393850
Jurisdiction:	Sec Of State NY
Secured Party:	NBT Bank, National Association
Activity:	Terminated

Date:	01/11/2017
Filing Number:	201701115042853
Jurisdiction:	Sec Of State NY
Secured Party:	NBT Bank, National Association
Activity:	Continued

Date:	04/04/2012
Filing Number:	201204045386799
Jurisdiction:	Sec Of State NY
Secured Party:	NBT Bank, National Association Ny Norwich 13815 52 South Bro
Collateral:	Hereafter Acquired Property, Other Assets (undefined)
Activity:	Filed

UCC Filings Summary

Filing Period	Cautionary Filings	Total Filed	Total Released	Total Continued	Amended / Assigned
JAN-Present 2023	0	0	0	0	0
JUL-DEC 2022	0	0	0	0	0
JAN-JUN 2022	0	0	0	0	0
JUL-DEC 2021	0	0	0	0	0
JAN-JUN 2021	0	0	0	0	0
Prior to JAN 2021	1	1	1	2	0

Cautionary UCC Filings include one or more of the following collateral: Accounts, Accounts Receivable, Contracts, Hereafter acquired property, Leases, Notes Receivable, or Proceeds.

Government Activity

THE FOLLOWING INFORMATION IS PROVIDED BY THE FEDERAL GOVERNMENT AND OTHER SOURCES

Congressional District: 21

Central Contractor Registration: YES
Excluded from Federal Program(s): N/A

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1.5 CRES Affidavit Legal approved 6/20/2020 Download

Competitive Retail Electric Service Affidavit

County of Charleston **:**

State of SC **:**

Darren Misar Affiant, being duly sworn/affirmed, hereby states that:

1. The information provided within the certification or certification renewal application and supporting information is complete, true, and accurate to the best knowledge of affiant, and that it will amend its application while it is pending if any substantial changes occur regarding the information provided.

2. The applicant will timely file an annual report of its intrastate gross receipts, gross earnings, and sales of kilowatt-hours of electricity pursuant to Sections 4905.10(A), 4911.18(A), and 4928.06(F), Ohio Revised Code.

3. The applicant will timely pay any assessment made pursuant to Sections 4905.10, 4911.18, and 4928.06(F), Ohio Revised Code.

4. The applicant will comply with all applicable rules and orders adopted by the Public Utilities Commission of Ohio pursuant to Title 49, Ohio Revised Code.

5. The applicant will cooperate fully with the Public Utilities Commission of Ohio, and its Staff on any utility matter including the investigation of any consumer complaint regarding any service offered or provided by the applicant.

6. The applicant will fully comply with Section 4928.09, Ohio Revised Code regarding consent to the jurisdiction of Ohio Courts and the service of process.

7. The applicant will comply with all state and/or federal rules and regulations concerning consumer protection, the environment, and advertising/promotions.

8. The applicant will use its best efforts to verify that any entity with whom it has a contractual relationship to purchase power is in compliance with all applicable licensing requirements of the Federal Energy Regulatory Commission and the Public Utilities Commission of Ohio.

9. The applicant will cooperate fully with the Public Utilities Commission of Ohio, the electric distribution companies, the regional transmission entities, and other electric suppliers in the event of an emergency condition that may jeopardize the safety and reliability of the electric service in accordance with the emergency plans and other procedures as may be determined appropriate by the Commission.

10. If applicable to the service(s) the applicant will provide, it will adhere to the reliability standards of (1) the North American Electric Reliability Council (NERC), (2) the appropriate regional reliability council(s), and (3) the Public Utilities Commission of Ohio.

11. The Applicant will inform the Public Utilities Commission of Ohio of any material change to the information supplied in the application within 30 days of such material change, including any change in contact person for regulatory purposes or contact person for Staff use in investigating consumer complaints.

12. The facts set forth above are true and accurate to the best of his/her knowledge, information, and belief and that he/she expects said applicant to be able to prove the same at any hearing hereof.

13. Affiant further sayeth naught.

Darren Misan General Counsel
Signature of Affiant & Title

Sworn and subscribed before me this 3rd day of April, 2023
Month Year

William Whaley
Signature of official administering oath

William Whaley
Print Name and Title

My commission expires on 12/30/29

William Whaley
NOTARY PUBLIC
SOUTH CAROLINA