

**RFP 24-75270
BUSINESS PROPOSAL
ATTACHMENT E**

Instructions: Please provide answers in the shaded areas to all questions. Reference all attachments in the shaded area.

Business Proposal

- 2.3.1 General (optional)** - Please introduce or summarize any information the Respondent deems relevant or important to the State's successful acquisition of the products and/or services requested in this RFP.

August Mack Environmental, Inc. (August Mack) has deemed the following information relevant. August Mack aims to provide superior client service, and as such has worked to ensure the company is continuously growing, but still holding true to the values created over 35 years ago.

Mission Statement

August Mack is based on two fundamental principles, which ensure the company maintains its focus throughout an ever-changing technological and business environment. These principles guide August Mack through its mission to provide sound, economical and permanent solutions to environmental problems. They are superior client service and a strong commitment to employees. Regardless of the nature of the work or the business climate, these principles enable August Mack to be successful for both its clients and its employees.

For all applicable projects, August Mack provides our client with alternatives for addressing environmental concerns. Long term, permanent solutions are always provided as options. These options address regulatory compliance strategies, pollution prevention and control and investigation/remediation technologies. This approach results in sufficient information to allow the client to evaluate both the risks and costs associated with each option and encourages partnership in the selection of a solution that best serves their needs.

The August Mack Difference

August Mack's company philosophy is built around two simple ideals: quality and responsiveness. August Mack is committed to giving clients cost-effective solutions to environmental problems and excellent service. Our service commitment has resulted in repeat business, referrals, and long-term relationships with hundreds of clients across the nation.

At the outset of every project, August Mack spends time with clients, asking questions, listening, and learning about their business and what issues are most important to them in order to meet their objectives. Once we understand their key issues, we work with

the client to identify solutions and options that they can pursue in order to meet their overall objectives. After we have agreed on the most desirable approach with our client, we develop and present a plan to deliver the objectives within the desired time frame and budget.

Once we are engaged, our project teams work hand in hand with the client to keep them apprised of our progress while checking in to make sure that their needs are being met along the way.

Upon completion, we will sit down with our clients and ask for feedback as to their level of satisfaction, how we performed, and what things we can do to improve. It is this continuous loop of communication and follow-up that sets August Mack apart from our competitors and helps us to provide our client base with exceptional project experience.

Acquisitions

In the past two years, August Mack acquired two separate entities. In December 2021, August Mack acquired Compliance Technologies, Inc. (CTI), an environmental, health, and safety (EH&S) consulting firm in Cleveland, Ohio. CTI has served the Cleveland area for over 30 years, providing compliance, waste management, remediation, and site assessment services to both private and municipal clients in a variety of industries. The acquisition of CTI helped August Mack to further develop the Cleveland market and expand August Mack's capabilities to support new clients while providing CTI's current clients with the expertise, innovation, and commitment that August Mack clients have come to know.

Most recently, in April 2022, August Mack acquired the assets of Comstock Environmental, an EH&S consulting firm in the greater Philadelphia, Pennsylvania area. The acquired resources and employees of Comstock Environmental, served the Philadelphia area for over 11 years, providing due diligence, waste management, remediation, and storage tank services to both private and municipal clients. For over 20 years, August Mack has had an office in Lancaster, Pennsylvania that has been serving the northeastern region of the United States. This acquisition allowed August Mack to further support the EH&S needs of the mid-Atlantic region.

Office Locations

Corporate Headquarters

1302 North Meridian Street, Suite 300
Indianapolis, IN 46202

Fountain Square Office

1149 Deloss Street
Indianapolis, IN 46203

Lewis Center Office

7830 North Central Drive, Suite B
Lewis Center, OH 43035

Cleveland Office

4510 East 71st Street, Suite 1
Cleveland, OH 44105

Lancaster Office 941 Wheatland Avenue, Suite 401 Lancaster, PA 17603 York Office 230 Industrial Road York, PA 17406	Philadelphia Office 806 Fayette Street Conshohocken, PA 19428
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2.3.2 Respondent's Company Structure - Please include in this section the legal form of the Respondent's business organization, the state in which formed (accompanied by a certificate of authority), the types of business ventures in which the organization is involved, and a chart of the organization. If the organization includes more than one (1) product division, the division responsible for the development and marketing of the requested products and/or services in the United States must be described in more detail than other components of the organization. Please enter your response below and indicate if any attachments are included.

August Mack, an environmental services firm, and its subsidiary Environmental Field Services, Inc. (EFS), are S-Corporations owned by Geoffrey Glanders and Bryan Petriko. Glanders and Petriko own 100% of the company stock for August Mack and August Mack owns 100% of EFS. Both Glanders and Petriko remain active Principals within the company on technical, operational, and general business items. Both owners reside within Indiana.

August Mack was incorporated in the state of Indiana on March 9, 1988 under the company's previous name, Hoosier Environmental Services, Inc. Our subsidiary, EFS, was incorporated in the state of Indiana on November 9, 1994.

Along with offices in Indiana, August Mack has offices located in Ohio and Pennsylvania. All technical functions are maintained within these offices by over 200 employees. Our technical personnel are primarily grouped into five areas: Transaction, Building Sciences, Closure, Compliance, and Construction. A general breakdown of what each area does for August Mack can be found in the table below.

Group	Functions
Transaction/ Development Services	<ul style="list-style-type: none"> ▪ Operation & maintenance ▪ Environmental Site Assessments ▪ Transaction screens ▪ Geotechnical Investigations ▪ Wetlands surveys ▪ Waste management ▪ Environmental Assessments ▪ Site investigations (soil & groundwater) ▪ Vapor intrusion evaluations ▪ Brownfields Redevelopment

	<ul style="list-style-type: none"> Environmental impact statements 	
Building Sciences	<ul style="list-style-type: none"> Asbestos sampling Pre-demolition surveys Lead-based paint surveys 	<ul style="list-style-type: none"> Mold sampling Air Quality Industrial hygiene
Closure	<ul style="list-style-type: none"> UST Removal Geophysical investigations Remedial design Regulatory negotiation Risk Assessments 	<ul style="list-style-type: none"> Remediation Remediation work plans Vapor intrusion mitigation
Compliance	<ul style="list-style-type: none"> Health & safety monitoring and planning Storm-water permitting eCAP (guaranteed compliance with onsite support) 	<ul style="list-style-type: none"> Wastewater permitting & monitoring Air permitting
Construction	<ul style="list-style-type: none"> Decontamination Demolition Excavation and disposal 	<ul style="list-style-type: none"> Landfill capping Mass grading In-situ remediation

August Mack's Indianapolis offices currently maintains a staff of over 110 professionals who are trained, educated and certified as environmental, chemical, and civil engineers; environmental scientists; chemists; geologists and hydrogeologists. August Mack's diversified staff includes leading authorities on: property due diligence; site investigation; building assessments; community outreach, Brownfield redevelopment, contaminant fate and transport modeling; site characterization design, implementation and reporting; regulatory interpretation and application; waste management; remedial design and remedial construction.

As requested in Section 2.3.2 of the RFP, a copy of our certificate of authority is included in Attachment A and an organizational chart of the firm is included in Attachment B.

2.3.3 Respondent's Diversity, Equity and Inclusion Information - With the Cabinet appointment of a Chief Equity, Inclusion and Opportunity Officer, on February 1, 2021, the State of Indiana sought to highlight the importance of this issue to the state. Please share leadership plans or efforts to measure and prioritize diversity, equity, and inclusion. Also, what is the demographic compositions of Respondents' Executive Staff and Board Members, if applicable.

August Mack is committed to creating a workplace that fosters the values of diversity, equity, and inclusion (DEI) through recruitment, education, and community involvement. We believe in a culture that embraces people's differences and continually works to achieve excellence.

Although creating a safe working environment and community involvement has always been a part of the company's values, we realized that a focused effort on DEI would strengthen the culture we have worked so hard to create. In August 2021, August Mack's owners established a DEI Committee to champion current and future DEI initiatives at August Mack and to help foster a workplace that supports and celebrates employees' differences.

The Committee's work in late 2021 and 2022 focused on research, self-education, and retaining a DEI Consultant. To gain a better understanding of what intentional DEI looks like in practice, the Committee met with select clients to discuss their DEI programs and attended meetings with the Environmental Financial Consulting Group (EFCG) to understand other consulting firms' DEI efforts. Additionally, the Committee interviewed several DEI consultants and engaged The Peer Group to take the first steps towards creating a more purposeful DEI program at August Mack/EFS in 2023.

- 2.3.4 Company Financial Information** - This section must include documents to demonstrate the Respondent's financial stability. Examples of acceptable documents include most recent Dunn & Bradstreet Business Report (preferred) or audited financial statements for the two (2) most recently completed fiscal years. If neither of these can be provided, explain why, and include an income statement and balance sheet, for each of the two most recently completed fiscal years.

If the documents being provided by the Respondent are those of a parent or holding company, additional information should be provided for the entity/organization directly responding to this RFP. That additional information **should explain the business relationship between the entities and demonstrate the financial stability of the entity/organization which is directly responding to this RFP.**

August Mack's financial stability is evidenced by the financial statements from fiscal years 2021 and 2022 found in Attachment C.

- 2.3.5 Integrity of Company Structure and Financial Reporting** - This section must include a statement indicating that the CEO and/or CFO, of the responding entity/organization, has taken personal responsibility for the thoroughness and correctness of any/all financial information supplied with this proposal. The areas of interest to the State in considering corporate responsibility include the following items: separation of audit functions from corporate boards and board members, if any, the manner in which the organization assures board integrity, and the separation of audit functions and consulting services. The State will consider the information offered in this section to determine the responsibility of the Respondent under IC 5-22-16-1(d).

The Chief Financial Officer (CFO) of August Mack is Laura Childers. Ms. Childers has

been with August Mack since 1992 and was formerly licensed as a CPA. It is her responsibility to thoroughly review and approve all financial documents regarding August Mack. Ms. Childers takes full responsibility for the thoroughness and correctness of all the financial information provided in regards to this RFP.

2.3.6 Contract Terms/Clauses - Please provide the requested information in RFP Section 2.3.6.

August Mack has reviewed the sample contract in full and finds no issues with the wording as is. As requested in the Section 2.3.6 of the RFP, August Mack's acceptance of the mandatory contract clauses can be found in Attachment J, the Attestation Form.

2.3.7 References - Reference information is captured on **Attachment H** Respondent should complete the reference information portion of the **Attachment H** which includes the name, address, and telephone number of the client facility and the name, title, and phone/fax numbers of a person who may be contacted for further information if the State elects to do so. The rest of **Attachment H** should be completed by the reference and **emailed DIRECTLY** to the State. The State should receive **three (3) Attachment Hs** from clients for whom the Respondent has provided products and/or services that are the same or similar to those products and/or services requested in this RFP. **Attachment H** should be submitted to idoareferences@idoa.in.gov. **Attachment H** should be submitted no more than ten (10) business days after the proposal submission due date listed in Section 1.24 of the RFP. Please provide the customer information for each reference.

Customer 1	
Legal Name of Company or Governmental Entity	Jacobs
Company Mailing Address	135 South 84th Street, Suite 400
Company City, State, Zip	Milwaukee, Wisconsin 53214
Company Website Address	www.jacobs.com
Contact Person	Sara Maihofer
Contact Title	Environmental Engineer
Company Telephone Number	269.808.5511
Company Fax Number	N/A
Contact E-mail	sara.maihofer@ch2m.com
Industry of Company	Consulting/Engineering
Customer 2	
Legal Name of Company or Governmental Entity	Citizens Energy Group
Company Mailing Address	2020 North Meridian Street
Company City, State, Zip	Indianapolis, Indiana 46202
Company Website Address	info.citizensenergygroup.com

Contact Person	Shannon Stahley
Contact Title	Manager of Corporate Development
Company Telephone Number	317.441.7170
Company Fax Number	N/A
Contact E-mail	sstahley@citizensenergygroup.com
Industry of Company	Energy/Utilities
Customer 3	
Legal Name of Company or Governmental Entity	Schneider Electric
Company Mailing Address	70 Mechanic Street C41-32
Company City, State, Zip	Foxboro, Massachusetts 02035
Company Website Address	www.se.com
Contact Person	Paul Ahearn
Contact Title	Director of Special Projects – Environmental
Company Telephone Number	617.335.2601
Company Fax Number	508.549.6295
Contact E-mail	paul.ahearn@schneider-electric.com
Industry of Company	Energy/Utilities

2.3.8 Registration to do Business – Per RFP 2.3.8, Respondents providing the products and/or services required by this RFP must be registered to do business by the Indiana Secretary of State. The Secretary of State contact information may be found in Section 1.18 of the RFP. This process must be concluded prior to contract negotiations with the State. It is the successful Respondent’s responsibility to complete the required registration with the Secretary of State. Please indicate the status of registration, if applicable. Please clearly state if you are registered and if not provide an explanation.

August Mack is currently registered and in good standing with the Indiana Secretary of State.

2.3.9 Authorizing Document - Respondent personnel signing the Executive Summary of the proposal must be legally authorized by the organization to commit the organization contractually. This section shall contain proof of such authority. A copy of corporate bylaws or a corporate resolution adopted by the board of directors indicating this authority will fulfill this requirement. Please enter your response below and indicate if any attachments are included.

The Vice President of August Mack, Bryan Petriko, is the authorized representative of the company who has signed the Executive Summary. Proof of his authority can be found in Attachment D. All other information requested from Section 2.3.9 of the RFP can be found in the Executive Summary.

2.3.10 Diversity Subcontractor Agreements

- a. Per RFP Section 1.21, Minority & Women's Business Enterprises (MBE/WBE), and 1.22 Indiana Veteran Owned Small Business Subcontractor (IVOSB), explain process followed to engage with potential MBE, WBE and IVOSB owned, Indiana certified businesses listed on Division of Supplier Diversity site. List the businesses invited to discuss the opportunity for potential partnership.
- b. If not proposing each MBE, WBE or IVOSB subcontractor partnership, explain the rationale for declining to do so. Complete this for each category not proposed.

August Mack maintains relationships with qualified vendors that meet WBE, IVOSB, and MBE requirements, who are experts in their line of work. As such, the following businesses have been invited to discuss the opportunity for potential partnership:

WBE

CRANE Environmental Services, LLC

IVOSB

SAGE

MBE

Ark Engineering Services, Inc.

2.3.11 Evidence of Financial Responsibility – Removed at the request of the agency.

2.3.12 General Information - Each Respondent must enter your company's general information including contact information.

Business Information	
Legal Name of Company	August Mack Environmental, Inc.
Contact Name	Zach Ramey
Contact Title	Practice Leader
Contact E-mail Address	zramey@augustmack.com
Company Mailing Address	1302 North Meridian Street, Suite 300
Company City, State, Zip	Indianapolis, IN 46202
Company Telephone Number	317.916.8000
Company Fax Number	317.916.8001
Company Website Address	Augustmack.com
Federal Tax Identification Number (FTIN)	35-1741271
Number of Employees (company)	200
Years of Experience	35
Number of U.S. Offices	7
Year Indiana Office Established (if applicable)	1988
Parent Company (if applicable)	N/A

Revenues (\$MM, previous year)	\$34,848,449
Revenues (\$MM, 2 years prior)	\$27,529,170
% Of Revenue from Indiana customers	64% (2022) 69% (2021)

- a. Does your Company have a formal disaster recovery plan? Please provide a yes/no response. If no, please provide an explanation of any alternative solution your company has to offer. If yes, please note and include as an attachment.

Yes, August Mack's data server is backed up daily at rotating remote office locations in addition to weekly backup being stored at an offsite location in Indianapolis. August Mack's Disaster Recovery Plan can be found in the Attachment E.

- b. What is your company's technology and process for securing any State information that is maintained within your company?

August Mack will secure any State information that is maintained within our company in a secure, password-protected file. Access will be given to employees on an as needed basis, and written permission from the State will be required to release any information.

2.3.13 Experience Serving State Governments - Please provide a brief description of your company's experience in serving state governments and/or quasi-governmental accounts.

Throughout our 35 years of operation, August Mack has provided services directly to many state governments and quasi-governmental accounts, including the federal government. Some of the clients served in the state of Indiana include Indiana Department of Corrections (IDOC), Indiana Department of Natural Resources (IDNR), Indiana Department of Environmental Management (IDEM), Indiana Department of Transportation (IDOT), Indiana Department of Administrations (IDOA), Indiana Department of Homeland Security, and Indiana Economic Development Council (IEDC).

We have included detailed project descriptions below that showcase some of our work with state governments and quasi-governmental accounts.

Indiana Economic Development Council General Motors Stamping Plant – Indianapolis, Indiana

From 1898 to 1930, a 98-acre tract of land in Indianapolis was used for various industrial purposes. In October of 1930, General Motors purchased an existing truck and auto body facility that remained on the site from Martin-Perry Manufacturing, transforming the facility into the Chevrolet truck and bus stamping plant for the next 80 years. As of 2010, the Site was entered into Resource Conservation and Recovery Act (RCRA) Corrective Action. In June of 2011, the GM stamping plant closed its doors and all

operations ceased. Eventually, in 2014, all Site structures were razed except for the former crane bay and the lot remained vacant until December of 2020, when the Indiana Economic Development Corporation (IEDC) purchased the property for mixed use redevelopment.

As part of an overall site redevelopment of the property, August Mack was retained to conduct Site-specific evaluations prior to and during demolition and grading activities. These activities included developing a monitoring well sampling and abandonment plan, evaluation of over 10 years of historical data and technical information, delineation sampling, waste management and disposal, and coordination of evaluation and oversight activities, with IEDC, IDEM, and the IDEM RCRA Program.

Numerous environmental investigations have occurred over the years within the identified Solid Waste Management Units (SWMUs), Areas of Interest (AOIs), and Areas of Concern (AOCs) located across the facility. The investigation results revealed environmental impacts to concrete, soil, and groundwater at the Site. Following review of past data and laboratory analysis results, August Mack initiated further data collection efforts to ensure all environmental impacts on the Site were managed appropriately.

August Mack collected an additional 49 concrete samples and 390 soil samples for delineation and characterization purposes, which aided in the submittal and acceptance of Concrete and Soil Legitimate Reuse applications through the IDEM Legitimate Reuse Program. August Mack then developed a Concrete and Soil Management Plan (CSMP) to allow for the beneficial reuse of hundreds of tons of concrete and soil. The CSMP provided procedures for management of different levels of contaminated materials (potentially contaminated through hazardous materials) during the planned demolition, excavation, and construction activities. Additionally, the August Mack team developed a PCB Work Plan for EPA approval to properly dispose of soil containing PCBs above 1 ppm but less than 50 ppm.

In order to ensure the procedures of the CSMP were followed and maintained on-Site, August Mack personnel provide demolition and excavation oversight, aided in additional soil characterization samples as needed throughout the excavation and grading process, and provided continued project management and environmental consulting expertise throughout the project.

Michigan City Redevelopment Commission Due Diligence – Michigan City, Indiana

August Mack was engaged by the Michigan City Redevelopment Commission to complete the environmental due diligence work for the acquisition of residential and commercial parcels located within one city block. The city planned to redevelop the block as a new train station, which would also include parking and retail commercial space.

Phase I ESAs completed for the six parcels identified various areas of concern to be further evaluated, as well as potential for the presence of orphan USTs at various locations within the block.

Once the areas of impact were evaluated and the locations of the USTs were confirmed via the completion of Phase II Subsurface Investigations, August Mack prepared a plan to assist with the management of environmental concerns during the block redevelopment. The planned assistance included the preparation of Soil Management Plans (SMPs) with instructions for the safe and correct handling of impacted soils during construction, the demolition and proper disposal of a potentially impacted concrete slab, the closure and removal of the identified orphan USTs (and associated sampling), and the abandonment of on-Site groundwater monitoring wells.

During this phase of the work, August Mack also served as a liaison between the City and IDEM regarding the redevelopment work. During the planning phase of the project, August Mack interacted with various project stakeholders, including the Northern Indiana Commuter Transportation District (NICTD) and the selected design and construction companies. August Mack continuously provided assistance regarding timing and costs to implement the environmental mitigation plans. Having these plans in place prior to the beginning of the construction of the Station reduced the probability of unexpected environmental issues arising during construction causing costly project delays. Our team is currently assisting NICTD evaluate the most cost-effective means of addressing impacted soils on properties being redeveloped for the proposed commuter rail expansion.

Brownfields Site Sampling and Evaluation – City of Columbus Redevelopment Commission – Columbus, Indiana

August Mack was retained by the City of Columbus, Indiana to perform work on a Site owned by the City of Columbus Redevelopment Commission. The Site, approximately 1.2 acres in size, was historically used for coal and coke processing during the late 1800s while wood treatment operations, including the use of creosote, began at the site in the 1920s. This Site is currently enrolled in the Indiana Brownfields Program.

The scope of services performed by August Mack at the Site include quarterly groundwater sampling events, evaluation of results, potential on- and off-Site qualitative exposure evaluations, quarterly reporting, and communications with representatives from the Indiana Brownfields Program. The groundwater monitoring network consists of 30 on- and off-Site monitoring wells. Previous work conducted at the Site included removal and disposal of impacted soils, stabilization of highly contaminated source area soil, and removal and disposal of an underground storage tank (UST). The groundwater sampling events, and the subsequent data evaluation have allowed for continued demonstration of contaminant plume delineation and the identification of and continued monitoring of dense non-aqueous phase liquid in various monitoring wells. To date, August Mack has conducted five groundwater

sampling events and is in the process of evaluating multiple Lines of Evidence in order to request closure for the Site from the Indiana Brownfields Program.

August Mack is also evaluating the connectivity of the Site's aquifer to a nearby river located downgradient from the Site. In order to evaluate if the river is a potential receptor of contamination originating from the Site, August Mack installed four piezometers along the riverbank to monitor and evaluate seasonal groundwater levels with respect to the river depth.

Once eight quarters of groundwater data have been collected and evaluated, August Mack will summarize its findings in a Request for Closure report to be submitted to the Indiana Brownfields Program. This report will evaluate the multiple Lines of Evidence that support a Request for Closure for the Site.

Gary/Chicago International Airport Solar Evaluation – Gary, Indiana

August Mack conducted a Solar Feasibility Summary for a Superfund site adjacent to the Gary/Chicago International Airport in Gary, Indiana. The purpose of the summary was to provide cost estimates and next steps for the proposed solar farm installation on the property adjacent to the airport. The properties that were being evaluated for solar development included a U.S. Environmental Protection Agency (U.S. EPA) National Priority List (NPL, also known as a Superfund) site referred to as MIDCO II, and adjacent properties to the west and east of the property. Based on the results of this evaluation, August Mack found that solar could be applied to any of the three properties that were initially evaluated and concluded that solar energy could provide the majority of the electrical power needs to the four largest meters at the airport. At this time, August Mack is starting a new phase of work that will help support the airport in preparing a grant to obtain funding; working with a solar provider on design; and developing a plan that can be submitted to the U.S. EPA regarding the proposed solar field on the MIDCO II Superfund site.

Indiana State Police Site Investigation – Indianapolis, Indiana

In March 2023, August Mack performed Further Site Investigation (FSI) activities requested by the Indiana State Police (ISP) and IDEM for the ISP Post #52 in Indianapolis, Indiana in order to determine the presence of harmful contaminants. During the site investigation, August Mack advanced five soil borings and converted them into five temporary groundwater monitoring wells. The laboratory analytical results collected during the FSI were compared to the human health published levels outlined in IDEM's risk-based closure guide which revealed no potential contaminants were present. The groundwater analytical results were also compared to the IDEM risk-based closure guide's long term residential groundwater guidelines. The results revealed an excess of hazardous substances including 1-Methylnaphthalene, 2-Methylnaphthalene, Naphthalene, and Benzene. The Naphthalene and Benzene that were found in the groundwater sample were reported above their respective acceptable published levels. Following IDEM's review of the FSI activities completed by

August Mack in March 2023, IDEM requested an additional FSI be conducted at the site in an FSI request letter.

Ohio Environmental Protection Agency (OEPA) Operation & Maintenance – Sycamore, Ohio

On August 21, 1999, arsonists set fire to an estimated 7 million tires at the Kirby Scrap Tire Facility located in Sycamore, Ohio. What would later be classified as one of the largest tire fires in the state's history would take approximately 250 firefighters approximately three weeks to extinguish.

The former tire collection facility is situated on 140 acres located in Sycamore, Ohio. This facility started collecting tires in the 1950s and at the time of the fire contained an estimated twenty-five million tires, some of which were stacked in piles extending over 50-feet in height. The burning of tires results in thick odiferous material commonly known as pyrolitic oil. This oil contains a variety of volatile organic compounds (VOCs) and heavy metals.

In July 2001, the OEPA contracted August Mack to develop a corrective action program to address the on-site treatment of petroleum-impacted water. August Mack's remedy was the design, installation, and operation of a mobile groundwater recovery treatment system. Petroleum-impacted water was recovered from the entombed, burned tire piles utilizing a combination of high-volume water depression pumps and transferred into multiple 20,000-gallon frac-tanks located onsite. Recovered water was then processed through an oil/water separator, particulate bag filters, and carbon filtration beds to remove contaminants from the water. Discharge from the treatment system was regulated by a National Pollution Discharge Elimination System Permit (NPDES) and was sampled on a weekly basis to ensure compliance with the permit.

August Mack recovered, treated, and discharged 6,000,000 gallons of petroleum-impacted water. In addition to the water treatment contract, August Mack was assigned additional responsibilities directly related to the facility cleanup operations which included 24-hour site security operations, the design and installation of a temporary 200-GPM high volume water treatment system, closure of the "oily hole" fire retention pond, and storm water sampling and compliance reporting. For the majority of the project August Mack staffed the facility with full time employees dedicated to the site both for recordkeeping and for continued groundwater recovery treatment system maintenance.

2.3.14 Experience Serving Similar Clients - Please describe your company's experience in serving customers of a similar size to the State with similar scope. Please provide specific clients and detailed examples.

August Mack has extensive experience serving clients of similar size to the State, including government and nongovernment entities throughout the United States. We

have included detailed project descriptions below that showcase some of our work with similar clients to the State of Indiana.

Continental Steel Superfund Site – Groundwater Extraction System O&M – Kokomo, Indiana

August Mack was contracted by Jacobs (formerly CH2M Hill) to perform various O&M activities for the Continental Steel Superfund Site (CSSS) located in Kokomo, Indiana.

On-going activities included:

- Removal of extraction well pump, perform cleaning/maintenance, and the installation of replacement pumps.
- Performed well rehabilitation/redevelopment using acids and biodegradable dispersants at OU2 and OU3.
- Rebuilt pumphouse piping manifold(s) at OU2, OU3, and OU4.
- Performed on-going O&M to ensure proper operation of pumping equipment, water chemistry sensors, and flow sensors.
- Monitored daily system measurements using remote access software.
- Performed biweekly inspections and performed appropriate maintenance to ensure operation.
- Provided 24-hour/7-day a week on-call support and response to alarm conditions.
- Constructed an exterior concrete pad, installed a sulfuric acid storage locker at OU4, recommissioned the system to ensure pH adjustments are made in accordance with Industrial Wastewater Discharge (IWD) permit, and monitor system operations.
- Rebuilt Pete's Run Sump equipment (i.e., pump, flow meter, etc.) and restored system operations, which included a permit confined space entry process.
- Provided a State of Indiana licensed Wastewater Operator to ensure extraction systems are meeting the conditions of the IWD permit.
- Collected monthly and quarterly sampling of system influent and effluent.
- Developed draft monthly performance monitoring reports for review by Jacobs.
- Coordinated with the City of Kokomo POTW regarding system operations.
- Performed site maintenance around pumphouse(s) to control vegetation and maintain appearances.
- Provided Maintenance Technicians licensed to meet OSHA NFPA 70E requirements for electrical safety.
- Performed reinstallation of bedrock monitoring wells and replacement of well pads and covers.
- Rebuilt entire structure of pumphouse at OU3 after damage was sustained during a vehicular accident.
- Performed repairs to landfill cover at OU4, including backfilling, regrading, and site restoration.

Citizens Energy Group – Prospect Street MGP and Coking Facility – Indianapolis,

Indiana

Citizens Energy Group (Citizens) operated a manufactured gas plant (MGP) and coking facility at 2950 E. Prospect Street (the Site) in Indianapolis, Indiana, from 1908 until July 2007. The Site is located near downtown Indianapolis, Indiana and consists of a core of approximately 90 acres with surrounding properties encompassing an additional 60 acres for a total of approximately 150 acres. Pleasant Run Creek (PRC) is an urban stream that bisects the core portion of the Site. Beginning with plant shut down in 2007, August Mack was selected to complete a Highest and Best Use Study (HBUS) for the Site, evaluating potential redevelopment options, environmental liabilities, and potential funding options for redevelopment (Brownfield grants, tax increment financing, developer investment, etc.). As part of the HBUS, the property was subdivided into smaller parcels and evaluated for potential market value based on market conditions, property demands, zoning, and potential environmental liability. Upon completion of the HBUS, August Mack prepared a redevelopment plan for Citizens, outlining specific tasks, cost estimates, and a schedule associated with addressing environmental conditions at the Site, demolition of Site structures, marketing of the property, and beneficial reuse/redevelopment options.

The Site was subject to Resource Conservation and Recovery Act (RCRA) regulations and was enrolled into the IDEM Voluntary Remediation Program (VRP) in 2005. As part of the Voluntary Remediation Agreement, Citizens and IDEM agreed to address RCRA obligations under the framework of IDEM's VRP. Since 2008, August Mack has worked with the IDEM VRP to conduct investigations of soils, sediment and groundwater at the Site to further assess environmental conditions. A holistic Site-wide approach for investigation and remediation efforts consistent with U.S EPA and IDEM guidance was utilized to identify and delineate impacts associated with the Site. Investigation activities conducted within PRC from December 2012 through March 2016 included a qualitative habit assessment of approximately 4,300 linear feet of PRC, quantitative sediment and pore water sampling at 43 transects, performance of a Human Health Risk Assessment based on sediment and surface water data, and qualitative and quantitative sediment and underlying soil investigations in areas of potential ecological risk.

As Site investigations were completed and exposure pathways were evaluated, multiple interim measures (IMs) were conducted in order to expediate the remediation process.

Between 2013 and 2017, August Mack performed three excavation IMs associated with PRC. Army Corps of Engineers (ACOE) and Indiana Department of Natural Resources (IDNR) permitting was required for each phase of work including significant surface water modeling and restoration planning for the 3rd and final IM within PRC. Approximately 2,200 linear feet of PRC was excavated to depths ranging from 2-4 feet, a low permeability liner was installed, and the area was restored. Surface water features consisting of alternating pools and riffles were installed to assist with high flow

conditions and minimize erosion and a low head dam and retaining walls, installed during plant operation, were removed. Overall, approximately 45,000 tons of impacted material was removed from PRC during the IMs. A groundwater recovery and oil collection system was also installed along the east bank of PRC to help mitigate the potential for contaminant migration in shallow groundwater.

Between February 2017 and July 2017, August Mack, Citizens, and the IDEM met on a bi-weekly basis to discuss the Site and address concerns regarding nature and extent of impacts and remedial objectives. This intense regulatory interaction culminated in the submittal of a Site wide Remediation Work Plan (RWP) in July 2017. The RWP presented a Site-specific, non-default risk-based remedial strategy consistent with non-residential land use at the Site. Plume stability monitoring, groundwater system operations, excavation activities, surface covers, and environmental restrictive covenants were proposed to limit potential future exposures. Additional meetings with the IDEM in September and October led to Citizens and August Mack satisfactorily addressing IDEM comments on the RWP and IDEM approved the RWP in December 2017.

Throughout the time August Mack has been involved with the Site, minority-, women-, and veteran-owned business enterprises (MBE, WBE, and VBE) have regularly been contracted to assist with project implementation. Investigation and remedial activities completed by MBE/WBE/VBE firms included skilled field labor and reporting, drilling services, surveying and drafting services, waste characterization, profiling and disposal services, engineering services for demolition specifications, trucking services, electricians, aerial imagery, and equipment purchases. August Mack has strived to utilize MBEs, WBEs, and/or VBEs on all projects completed for the Site, spending almost \$2 million on services from 2009 to 2017.

During the project lifetime, August Mack and Citizens regularly engaged, updated, and consulted community, non-profit, regulatory, and government stakeholders. In addition to the HBUS process, August Mack worked with Citizens to complete an Economic Development Administration Grant evaluation to develop a comprehensive strategy to redevelop the Site. In 2017, the Site was chosen by the City of Indianapolis as the location for their Community Justice Campus, a \$571 million project which will result in the City's courts buildings, a sheriff's office, a medical assessment center, and adult detention center being built on the Site. Construction for the Community Justice Campus commenced in May 2018 and August Mack is currently engaged as Citizens owner's representative during construction. Activities include design review and construction supervision at the Site.

Edward Rose Site VRP Site Remediation Sub Slab Depressurization System Installation – Carmel, Indiana

Since 1998, August Mack has been retained by The Estridge Companies to address environmental impacts associated with a former laundromat that historically operated

in one of the tenant spaces of a commercial shopping center in Carmel, Indiana, owned by Estridge. The site is currently enrolled in the IDEM VRP.

August Mack conducted investigation activities including: determining if floor drains within the former laundromat tenant space were a release mechanism of identified contamination; verifying that no potable drinking water wells were present on adjacent properties; reconfiguring existing monitoring wells and measuring final static water levels; determining groundwater flow characteristics; disposing of several drums of investigation derived waste as well as dry cleaning materials and machines identified in the tenant unit; and, determining appropriate locations for possible on-site and off-site monitoring wells to delineate and monitor groundwater conditions.

Subsurface investigation activities were conducted to delineate the nature and extent of contamination related to former dry-cleaning activities. August Mack installed Geoprobe soil borings to vertically profile potential impacts in the sand and gravel aquifer. Four groundwater samples were collected from each boring at 15, 20, 25 and 30 feet below grade, respectively. Following groundwater sample collection, each boring was converted to a 1-inch diameter piezometer. Static water levels were measured in order to determine seasonal changes in groundwater depth and flow characteristics. The results of this investigation indicated that groundwater had been impacted by former dry-cleaning activities and groundwater was flowing to the southeast.

August Mack then designed and installed a groundwater collection, treatment and discharge system to effectively prevent contaminant migration. August Mack is conducting monthly O&M and monitoring of the system to ensure proper and efficient operation and to monitor progress.

August Mack received approval of its proposed Remediation Work Plan (RWP). However, as the RWP was being negotiated with the IDEM and Estridge was awaiting IDEM approval of the RWP, it was determined that the potential for vapor intrusion (VI) into the tenant spaces at the facility was a potentially complete exposure pathway. Because the proposed RWP included removal/treatment of impacts beneath the building, which is anticipated to remove the VI pathway, August Mack recommended the use of sub-slab depressurization systems as an interim measure, pending completion of remedial activities.

August Mack installed four sub-slab depressurization systems in multiple tenant spaces at the facility. Each system was comprised of a sump, a centrifugal inline fan, and a vent stack. The sumps were installed through the slab to a depth of approximately 12 inches. Piping from the sumps was run through an exterior wall and attached to an inline fan, which was vented to a minimum height of twelve inches above the roof line outside of the commercial space. Visible and accessible cracks or joints in the floors were sealed to contain the negative pressure beneath the concrete slab.

August Mack coordinated installation of the systems with Estridge, a property management group, and individual tenants to minimize disturbance of the tenant spaces and operations. System construction and installation was documented in the re-submitted RWP.

Most recently, in 2021, August Mack implemented a subsurface investigation beneath and immediately downgradient of the former dry-cleaning facility to confirm and update known impacts at the Site. The results of the investigation included soil impacts above applicable IDEM RCG Migration to Groundwater SLs (but below Direct Contact SLs) and grab groundwater results above Commercial Vapor Intrusion Groundwater SLs.

The current owner is interested in potential redevelopment activities at the Site. The potential construction activities introduce the possibility to expedite the remediation of known subsurface impacts. August Mack proposes within the RWP to conduct soil and groundwater remediation activities (including soil excavation, remedial injections, and installation of a passive reactive barrier) to eliminate/reduce the known cVOC impacts. Further, to eliminate future exposure, Environmental Restrictive Covenants (ERCs) prohibiting groundwater use will most likely be needed for the Site and downgradient property. A total of eight (8) quarterly groundwater monitoring events commenced following a one (1)-year equilibration timeframe after active remediation. The groundwater monitoring events will demonstrate that cVOC concentrations either remain below remediation objectives or show statistically significant evidence of stable or decreasing trends in the groundwater.

THAN Groundwater Extraction & Free Product Recovery System O&M – Indianapolis, Indiana

Since 2003, August Mack has been retained to perform operation and maintenance of the Groundwater Extraction and Free Product Recovery System associated with the VRP for the former T. H. Agriculture & Nutrition (THAN) site located in downtown Indianapolis.

The project was performed under the VRP program, and a Voluntary Remediation Agreement (VRA) executed between the Owner and IDEM. August Mack has been retained to operate and maintain the groundwater remediation systems; collect process and discharge compliance samples; collect LNAPL and water level data; perform preventative maintenance cleaning on treatment system components; and conduct custodial and site security activities. In addition, August Mack has been retained on multiple occasions to install additional monitoring wells and complete civil, mechanical, and electrical upgrades to expand the treatment well network.

The scope of services provided by August Mack included operation and maintenance of groundwater extraction and free product recovery systems. Responding to alarms

and/or outages 24 hours per day, 7 days per week. Performing troubleshooting and providing corrective action and preventative maintenance of system equipment. Conduct cleaning of oil/water separator and air stripper as needed. Collecting semi-annual compliance samples. Collecting monthly LNAPL levels water levels from monitoring and extraction wells. Submitting monthly logs reports/logs. Coordinating off-site disposal of all process-derived wastes. Perform various site maintenance activities, including bi-weekly mowing events and clearing/grubbing of excess vegetation. Also maintain security fencing, gates, and signage. Assist with various repairs to site utilities, such as confined space entry of a water main vault and perform repair of broken water supply utility. Perform quarterly water level gauging and low-flow groundwater monitoring activities associated with a monitoring well network of 55 wells. All work activities to date have been performed in strict accordance with the Occupational Safety and Health Administration (OSHA) and IDEM regulations.

MacGillis & Gibbs – Groundwater Remediation System O&M – New Brighton, Minnesota

August Mack was initially contracted by Jacobs (formerly CH2M Hill) in 2001 to perform O&M of the MacGillis & Gibbs Superfund Site groundwater extraction and treatment systems associated with the Long-Term Remedial Action (LTRA) for the site. August Mack was initially retained to perform operation and maintenance of the OU-3 pilot system and OU-2 full scale treatment systems to address groundwater impacted with pentachlorophenol and associated wood treating compounds; process and discharge sampling extraction; monitoring well sampling and maintenance; free product removal; waste characterization, management and disposal, and custodial and site security activities. August Mack also provided 24-hour, 7 day a week on-call support for the treatment system. August Mack successfully executed the original O&M work scope and was awarded a follow up contract in 2006 and option years in 2011 and 2012.

August Mack was awarded performance incentives on multiple occasions for maintaining system operations, adherence to health and safety protocols and timeliness and accuracy of submittals. In an April 2012 letter, Jacobs acknowledged August Mack for continued O&M of the OU-3 treatment system at the MacGillis & Gibbs Superfund Site. August Mack was commended for exceeding the expectations of the Jacobs team and received an overall performance incentive rating of 9.9% (this is the third consecutive period that 9.9% rating was achieved). According to Jacobs, "This performance rating was earned through the excellent service your team provided during this option period. Attention to safety, communications, teamwork, technical submittals, administrative submittals, and efforts to find solutions remained excellent."

In 2012, operational responsibility of the groundwater treatment system was transferred from U.S. EPA control to the State of Minnesota. As part of this transition, August Mack conducted a thorough cleaning of system components and infrastructure including tanks, bio filters, sludge press, pumps, and filter media. Solids and debris generated from the cleaning activities were characterized and managed as hazardous

waste. Liquids from the cleaning efforts were incorporated into the treatment system influent for subsequent discharge to the POTW. August Mack site operators also assisted with the operational transition by working with the State of Minnesota Contractors to review system components, operation and maintenance protocols, and alarm condition protocols to ensure a smooth transition.

Schneider Electric Environmental Consulting Services – Multiple Sites

August Mack has provided environmental consulting services to Schneider Electric (formerly Invensys, Inc.) since 2002 through a Master Services Agreement. Project sites have included two locations in Indiana, two locations in Ohio, and one location in Illinois. August Mack is actively engaged in work in one of the Indiana sites and both Ohio sites.

In the past ten years, Schneider Electric has executed over 80 task orders ranging in size from \$5K to over \$1M for the projects. The site in Indianapolis is currently in the Corrective Measures Implementation (CMI) phase after successfully getting through the RCRA Corrective Action (RCRA CA) process with USEPA Region 5. August Mack worked closely with the client and the client's legal counsel to negotiate an Administrative Order, which streamlined the RCRA CA process by including an aggressive schedule, use of presumptive remedies and Interim Measures as the RCRA Facility Investigation (RFI) proceeded. Contaminants associated with the Site included solvents and heavy metals. Activities conducted included numerous regulatory and public meetings, vapor intrusion (VI) investigation and mitigation, remedial design, chemical oxidation pilot tests, soil vapor extraction and air sparging (SVE/AS), air permitting, Modflow groundwater modeling, and use of various engineering controls to ensure exposure pathways remain incomplete. August Mack's Principal Geologist/President was engaged by the client's legal counsel as expert witness in litigation support (expert witness) for the project.

Both Ohio sites are in RCRA TSD Post-Closure care (closed hazardous waste landfills) through the OEPA. August Mack conducts O&M on the landfills and groundwater monitoring. August Mack worked closely with client and legal counsel to negotiate Amended Post-Closure Plans for both facilities, which included an Integrated Groundwater Monitoring Plan for the Plain City facility due to its RCRA Corrective Action status (and commingling of plumes). For the Plain City facility, August Mack assisted with facility decommissioning, installed a groundwater treatment system, initiated RCRA Facility Investigation activities at SWMUs and AOCs, and has implemented Interim Measures, including the re-routing, cleaning, and abandonment/removal of over 2,000 feet of sewer pipe in 2016. These activities were conducted to fulfill the facility's RCRA Corrective Action obligation and to ensure compliance with the facility's NPDES permit. August Mack will continue implementing the tasks identified in the Amended Post-Closure Plan.

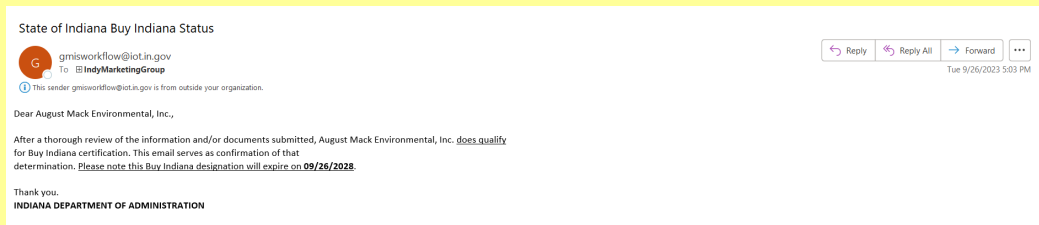
2.3.15 Indiana Preferences - Pursuant to IC 5-22-15-7, Respondent may claim only one (1) preference. For the purposes of this RFP, this limitation to claiming one (1) preference applies to Respondent's ability to claim eligibility for Buy Indiana points. **Respondent must clearly indicate which preference(s) they intend to claim. Additionally, the Respondent's Buy Indiana status must be finalized when the RFP response is submitted to the State.**

Approval will be system generated and sent to the point of contact email address provided within the Bidder Registration profile. This is to be attached as a screenshot (copied/pasted) for response evaluation.

Buy Indiana

Refer to Section 2.7 for additional information.

August Mack intends to claim the Buy Indiana preference and has a Buy Indiana status through September 26, 2028 which can be seen in the screenshot below.



2.3.16 Payment – Removed at request of the agency.

2.3.17 Extending Pricing to Other Governmental Bodies – Removed at request of the agency.

Attachment A
Certificate of Authority

STATE OF INDIANA
OFFICE OF THE SECRETARY OF STATE

CERTIFICATE OF INCORPORATION

OF

HOOSTER ENVIRONMENTAL SERVICES, INC.

I, EVAN BAYH, Secretary of State of Indiana, hereby certify that Articles of Incorporation of the above corporation, have been presented to me at my office accompanied by the fees prescribed by law; that I have found such Articles conform to law; all as prescribed by the provisions of the

Indiana Business Corporation Law,

as amended.

NOW, THEREFORE, I hereby issue to such Corporation this Certificate of Incorporation, and further certify that its corporate existence will begin March 09, 1988.

In Witness Whereof, I have hereunto set my hand and affixed the seal of the State of Indiana, at the City of Indianapolis, this Ninth day of March, 1988

EVAN BAYH, Secretary of State

By _____
Deputy

1988030375

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CORPORATIONS DIV.

ARTICLES OF INCORPORATION

OF 28 MAR 9 2:09

HOOSIER ENVIRONMENTAL SERVICES, INC.

INDIANA
SECRETARY OF STATE

I, James E. Farmer, desiring to form a corporation (hereinafter referred to as the "Corporation") pursuant to the provisions of the Indiana Business Corporation Law, as amended (I.C. 23-1-17-1, et seq.), executes the following Articles of Incorporation.

ARTICLE I

Name

The name of the Corporation is Hoosier Environmental Services, Inc.

ARTICLE II

Registered Office and Agent

The street address of the Corporation's initial registered office in Indiana and the name of its initial registered agent at that office is James E. Farmer, 7015 South Kennedy Avenue, Camby, Indiana 46113.

FILED
IND. SECRETARY OF STATE
CERTIFICATE NO
LONGER REQUIRED

ARTICLE III

Authorized Shares

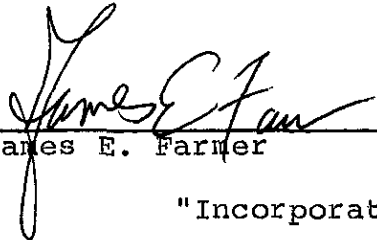
Number of Shares.

The total number of shares which the Corporation is authorized to issue is One Thousand (1,000). At least one class of shares is hereby authorized unlimited voting rights and is entitled to receive net assets of the Corporation upon dissolution.

ARTICLE IV

Incorporators

The name and post office address of the incorporator of the Corporation is James E. Farmer, 7015 South Kentucky Avenue, Camby, Indiana 46113.


James E. Farmer
"Incorporator"

This Instrument Prepared By:

David M. Brooks, Esq.
STEWART & IRWIN
Two Market Square Center
Suite #1100
251 East Ohio Street
Indianapolis, Indiana 46204
Phone: (317) 639-5454



ARTICLES OF AMENDMENT OF THE ARTICLES OF INCORPORATION

State Form 38333 (R 3 / 1-88)

"Approved by State Board of Accounts, (Revised) 1988"

INSTRUCTIONS: Use 8 1/2 x 11 inch white paper for inserts.
Filing requirements - Present original and
one copy to address in upper right corner
of this form.

Provided by EVAN BAYH

Secretary of State
Room 155 State House
Indianapolis, Indiana 46204
(317) 232-6576
Indiana Code 23-1-38-1 et seq.
FILING FEE \$30.00

ARTICLES OF AMENDMENT OF THE ARTICLES OF INCORPORATION OF:

APPROVED
AND
FILED
IND. SECRETARY OF STATE

The undersigned officers of

Hoosier Environmental Services, Inc.

(hereinafter referred to as the "Corporation") existing pursuant to the provisions of:

(Indicate appropriate act)

☒ Indiana Business Corporation Law

☐ Indiana Professional Corporation Act of 1983

as amended (hereinafter referred to as the "Act"), desiring to give notice of corporate action effectuating amendment of certain provisions of its
Articles of Incorporation, certify the following facts:

ARTICLE I Amendment(s)

SECTION 1 The date of Incorporation of the corporation is:

March 9, 1988

SECTION 2 The name of the corporation following this amendment to the Articles of Incorporation is:

August Mack Environmental, Inc.

SECTION 3

The exact text to Article(s) I of the Articles of Incorporation is
now as follows:

ARTICLE I

Name

The name of the Corporation is August Mack Environmental, Inc.

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ARTICLE II Manner of Adoption and Vote

SECTION 1 Action by Directors:

The Board of Directors of the Corporation duly adopted a resolution proposing to amend the terms and provisions of

Article(s) I of the Articles of Incorporation and directing a meeting of the Shareholders, to be held on December 17, 1991, allowing such Shareholders to vote on the proposed amendment.

The resolution was adopted by: (Select appropriate paragraph)

(a) Vote of the Board of Directors at a meeting held on _____, 19____ at which a quorum of such Board was present.

(b) Written consent executed on December 17, 19 91, and signed by all members of the Board of Directors.

SECTION 2 Action by Shareholders:

The Shareholders of the Corporation entitled to vote in respect of the Articles of Amendment adopted the proposed amendment. The amendment was adopted by: (Select appropriate paragraph)

(a) Vote of such Shareholders during the meeting called by the Board of Directors. The result of such vote is as follows:

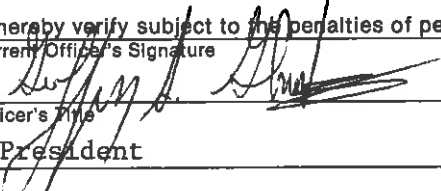
	TOTAL
SHAREHOLDERS ENTITLED TO VOTE:	
SHAREHOLDERS VOTED IN FAVOR:	
SHAREHOLDERS VOTED AGAINST:	

(b) Written consent executed on December 17, 19 91, and signed by all such Shareholders.

SECTION 3 Compliance with Legal Requirements.

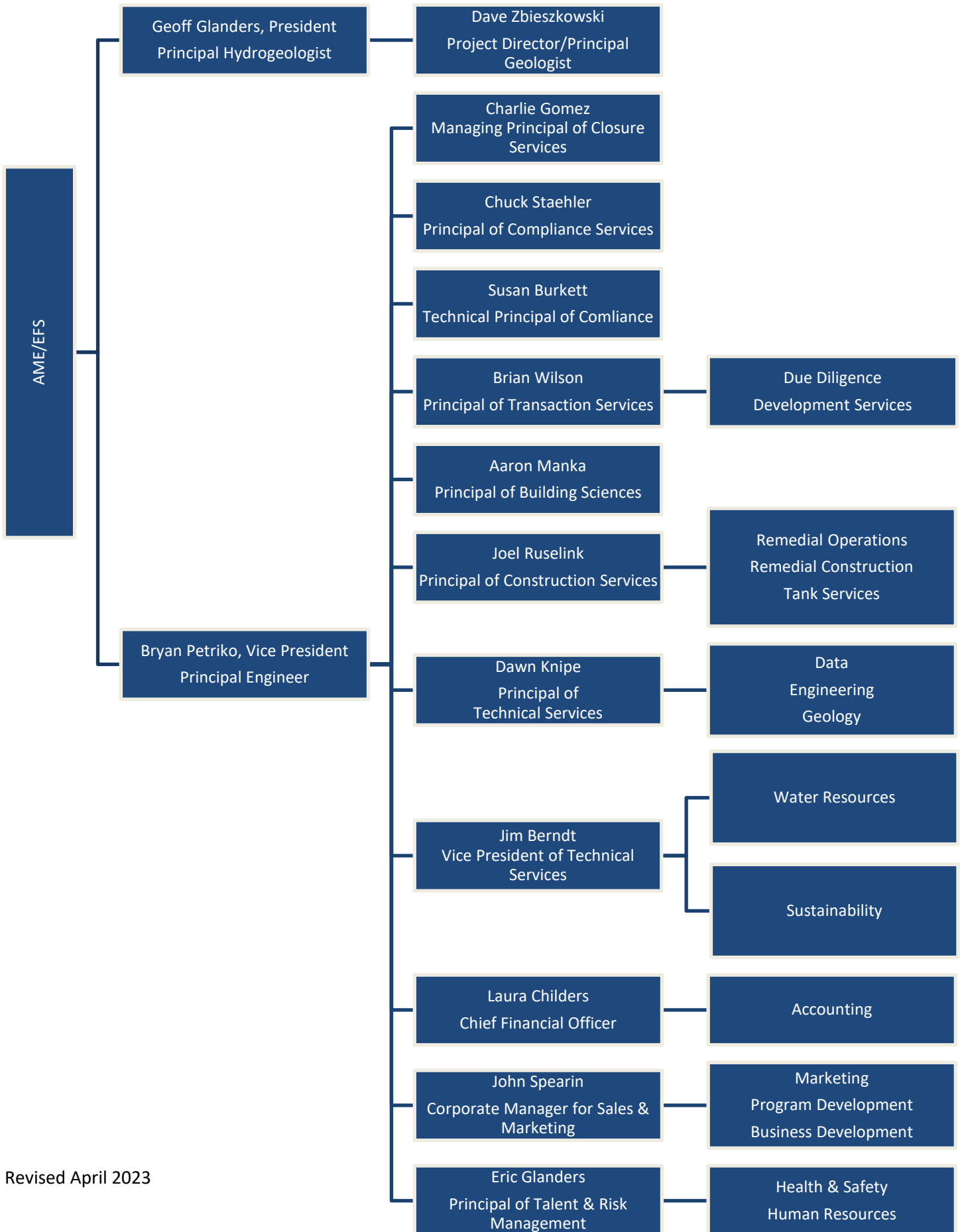
The manner of the adoption of the Articles of Amendment and the vote by which they were adopted constitute full legal compliance with the provisions of the Act, the Articles of Incorporation, and the By-Laws of the Corporation.

I hereby verify subject to the penalties of perjury that the statements contained are true this 30th day of Dec., 19 91.

Current Officer's Signature 	Officer's Name Printed Geoffrey A. Glanders
Officer's Title President	

Attachment B
Organizational Chart

AUGUST MACK ENVIRONMENTAL
ORGANIZATIONAL CHART



Attachment C
2021 and 2022 Financial Statements



CONSOLIDATED FINANCIAL STATEMENTS
AND
INDEPENDENT ACCOUNTANTS' REVIEW REPORT

December 31, 2021 and 2020

AUGUST MACK ENVIRONMENTAL, INC. AND SUBSIDIARY

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Independent Accountants' Review Report

Board of Directors and Stockholders
August Mack Environmental, Inc.

We have reviewed the accompanying consolidated financial statements of August Mack Environmental, Inc. and Subsidiary (the Company), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of income, stockholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Consolidated Financial Statements

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

Accountants' Responsibility

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

We are required to be independent of August Mack Environmental, Inc. and Subsidiary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountants' Conclusion

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

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
June 23, 2022

AUGUST MACK ENVIRONMENTAL, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS December 31, 2021 and 2020

ASSETS

	2021	2020
CURRENT ASSETS		
Cash	\$ 618,480	\$ 3,971,132
Accounts receivable - trade, net	7,137,610	6,417,424
Unbilled revenues	1,896,905	1,292,997
Prepays and other	172,060	149,570
Total Current Assets	<u>9,825,055</u>	<u>11,831,123</u>
PROPERTY AND EQUIPMENT, net	<u>900,493</u>	<u>957,843</u>
OTHER ASSETS		
Notes and accrued interest receivable from stockholders and related party	90,362	642,041
Intangible assets	266,600	
Deposits and other	29,373	35,641
Total Other Assets	<u>386,335</u>	<u>677,682</u>
TOTAL ASSETS	<u><u>\$ 11,111,883</u></u>	<u><u>\$ 13,466,648</u></u>

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES		
Accounts payable - trade	\$ 2,486,839	\$ 1,644,018
Advance billings and accrued contract costs	829,077	620,486
Accrued payroll, related taxes and benefits	1,240,758	1,161,045
Other accrued expenses	192,909	218,262
Current maturities of long-term debt	145,070	166,174
Total Current Liabilities	<u>4,894,653</u>	<u>3,809,985</u>
LONG-TERM LIABILITIES		
Accrued payroll tax, net of current portion		196,048
Long-term debt, less current maturities	293,753	2,844,324
Total Long-term Liabilities	<u>293,753</u>	<u>3,040,372</u>
Total Liabilities	<u>5,188,406</u>	<u>6,850,357</u>
STOCKHOLDERS' EQUITY		
Common stock	47,479	47,479
Retained earnings	7,675,998	6,568,812
	<u>7,723,477</u>	<u>6,616,291</u>
Less: Treasury stock - 11 shares, at cost	(1,800,000)	
Total Stockholders' Equity	<u>5,923,477</u>	<u>6,616,291</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u><u>\$ 11,111,883</u></u>	<u><u>\$ 13,466,648</u></u>

See accompanying notes and accountants' review report.

AUGUST MACK ENVIRONMENTAL, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME
Years Ended December 31, 2021 and 2020

	2021	%	2020	%
REVENUE EARNED	\$ 27,597,948	100.00	\$ 25,484,907	100.00
COST OF REVENUE EARNED	<u>14,324,009</u>	<u>51.90</u>	<u>13,389,341</u>	<u>52.54</u>
Gross Profit	13,273,939	48.10	12,095,566	47.46
GENERAL AND ADMINISTRATIVE EXPENSES	<u>10,700,092</u>	<u>38.77</u>	<u>9,674,581</u>	<u>37.96</u>
Net Operating Income	<u>2,573,847</u>	<u>9.33</u>	<u>2,420,985</u>	<u>9.50</u>
OTHER INCOME (EXPENSE)				
Interest expense	(24,604)	(0.09)	(32,359)	(0.13)
PPP loan forgiveness	2,408,300	8.73		
Other, net	<u>38,291</u>	<u>0.14</u>	<u>40,390</u>	<u>0.16</u>
Total Other Income (Expense)	<u>2,421,987</u>	<u>8.78</u>	<u>8,031</u>	<u>0.03</u>
NET INCOME	<u><u>\$ 4,995,834</u></u>	<u><u>18.10</u></u>	<u><u>\$ 2,429,016</u></u>	<u><u>9.53</u></u>

See accompanying notes and accountants' review report.

AUGUST MACK ENVIRONMENTAL, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Years Ended December 31, 2021 and 2020

	Common Stock	Retained Earnings	Treasury Stock	Total Stockholders' Equity
BALANCE AT DECEMBER 31, 2019	\$ 47,479	\$ 5,211,297		\$ 5,258,776
Net income		2,429,016		2,429,016
Distributions		<u>(1,071,501)</u>		<u>(1,071,501)</u>
BALANCE AT DECEMBER 31, 2020	47,479	6,568,812		6,616,291
Net income		4,995,834		4,995,834
Distributions		(3,888,648)		(3,888,648)
Repurchase of 11 shares of common stock			<u>\$ (1,800,000)</u>	<u>(1,800,000)</u>
BALANCE AT DECEMBER 31, 2021	<u>\$ 47,479</u>	<u>\$ 7,675,998</u>	<u>\$ (1,800,000)</u>	<u>\$ 5,923,477</u>

See accompanying notes and accountants' review report.

AUGUST MACK ENVIRONMENTAL, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS Years Ended December 31, 2021 and 2020

	2021	2020
OPERATING ACTIVITIES		
Net income	\$ 4,995,834	\$ 2,429,016
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of property and equipment	374,071	393,538
Gain on sales of property and equipment	(6,438)	(77,863)
PPP loan forgiveness	(2,408,300)	
(Increase) decrease in interest accrued on notes receivable from stockholders	(2,125)	97
(Increase) decrease in certain current assets:		
Accounts receivable - trade	(552,878)	(1,308,018)
Unbilled revenues	(603,908)	186,772
Prepays and other	(6,916)	53,568
Increase (decrease) in certain current liabilities:		
Accounts payable - trade	712,215	(5,861)
Advance billings and accrued contract costs	208,591	308,007
Accrued payroll, related taxes and benefits	(116,335)	343,675
Other accrued expenses	(25,353)	120,111
Net Cash Provided by Operating Activities	<u>2,568,458</u>	<u>2,443,042</u>
INVESTING ACTIVITIES		
Cash purchases of property and equipment	(313,321)	(296,428)
Cash paid for acquisition of Compliance Technologies, Inc.	(322,276)	
Proceeds from sales of property and equipment	6,438	78,609
Decrease in deposits and other	6,268	2,250
Net Cash Used by Investing Activities	<u>(622,891)</u>	<u>(215,569)</u>
FINANCING ACTIVITIES		
Proceeds from long-term debt		2,408,300
Principal payments on long-term debt	(163,375)	(162,292)
(Increase) decrease in notes receivable from stockholders and related party	553,804	(287,597)
Distributions to stockholders	(3,888,648)	(1,071,501)
Repurchase of common stock	(1,800,000)	
Net Cash Provided (Used) by Financing Activities	<u>(5,298,219)</u>	<u>886,910</u>
NET INCREASE (DECREASE) IN CASH	(3,352,652)	3,114,383
CASH		
Beginning of Year	<u>3,971,132</u>	<u>856,749</u>
End of Year	<u>\$ 618,480</u>	<u>\$ 3,971,132</u>
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	\$ 24,604	\$ 32,359
Noncash financing activities:		
PPP loan forgiveness	2,408,300	

See accompanying notes and accountants' review report.

AUGUST MACK ENVIRONMENTAL, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements include the accounts of August Mack Environmental, Inc. and its wholly-owned subsidiary, Environmental Field Services, Inc. (collectively, the Company). All material intra-entity balances and transactions have been eliminated from the consolidated financial statements.

August Mack Environmental, Inc. (AME) provides specialized consulting and environmental engineering services to regulated industries and governmental entities. AME, which has offices in Indiana, Alabama, Pennsylvania, Ohio, Michigan, Illinois and Missouri, services customers located throughout the United States.

Environmental Field Services, Inc. (EFS) provides construction and technical field support to environmental consulting and engineering firms, governmental contractors, and companies in the manufacturing and petrochemical industries. EFS provides services to customers located throughout the East and Midwest regions of the United States.

Estimates: Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could vary from those estimates.

Revenue and Cost Recognition: Contracts are generally fixed-price or time and material contracts which contain a single performance obligation. Revenue from fixed-price contracts are recognized over time, using an input method based on the ratio of actual hours incurred to date to the total budgeted hours estimated for the contract. This method is used because management considers hours to be the best available measure of progress on these contracts. Revenues from time and material contracts are recognized on the basis of costs incurred during the period plus the fee specified in the contract.

Because of the inherent uncertainties in estimating costs and hours necessary to complete a contract, it is at least reasonably possible that estimates used will change within the near term. Changes in job performance, job conditions, and estimated profitability may result in revisions to costs and revenue. The cumulative effect of revisions in these estimates during the course of the work is reflected in the accounting period in which the facts that caused the revision first become known. A provision for estimated losses on uncompleted contracts is made in the period in which such losses are determined. An amount equal to the costs attributable to unapproved change orders is included in the total revenue when realization is probable.

Cost of revenue earned includes all direct material and labor costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools, repairs and depreciation costs. Other costs are charged to general and administrative expenses as incurred.

Cash is maintained in bank deposit accounts which, at times, may exceed federally insured limits. There have been no losses in such accounts.

Receivables and Credit Policies: Accounts receivable are uncollateralized customer obligations due under contract terms which generally are due in 30 days. Accounts receivable are stated at the amount billed to the customer. Customer invoices not paid by the due date per the contract terms are considered past due. The Company does not accrue interest on past due accounts. Payments received are allocated to the specific invoices identified on the customer's remittance advice.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The carrying amount of accounts receivable is reduced by an allowance that reflects management's best estimate of the amounts that will not be collected based on historical credit losses and an assessment of the customers' current creditworthiness.

At December 31, 2021, 2020 and 2019, the Company's trade accounts receivable totaled \$7,137,610, \$6,417,424, and \$5,109,406, respectively, net of allowance for doubtful accounts for trade accounts receivable of \$60,000 at December 31, 2021, 2020, and 2019.

Accounts receivable from one customer represented approximately 22% and 12% of the Company's total accounts receivable at December 31, 2021 and 2020, respectively. There were no revenue concentrations in 2021 or 2020.

Unbilled Revenues consist of costs and estimated earnings in excess of billings on contracts in process. Contract assets are generally classified as current. At December 31, 2021, 2020 and 2019, the Company's unbilled revenues totaled \$1,896,905, \$1,292,997, and \$1,479,769, respectively.

Property and Equipment acquired in connection with business acquisitions are recorded at fair value and all other purchases of property and equipment are recorded at cost. Depreciation is provided by the straight-line method over the lesser of the estimated useful lives of the respective assets, which range from three to ten years, or the lease term.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by comparison of the carrying amount to future net undiscounted cash flows expected to be generated by the related asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount exceeds the fair market value of the assets. No adjustments to the carrying amount of property and equipment were required in 2021 and 2020.

Intangible Assets consists primarily of goodwill. Goodwill represents the excess of the acquisition cost over the fair value of identifiable net assets acquired in a business combination. The Company uses an accounting alternative available to private companies which allows an entity to amortize goodwill. The Company amortizes goodwill on a straight-line basis over 10 years. The Company evaluates goodwill for impairment at the Company level when a triggering event occurs that indicates that the fair value of the Company may be below its carrying amount. The Company reduces the carrying amount of goodwill if management determines that the carrying amount of the Company exceeds the Company's fair value. No impairment losses were recorded in 2021.

Intangible assets also include a non-compete agreement. The non-compete agreement is being amortized on a straight-line basis over the term of the noncompete agreement, which is 2 years.

Advanced Billings and Accrued Contract Costs include billings in excess of costs and estimated earnings on contracts in process. Contract liabilities are generally classified as current. At December 31, 2021, 2020 and 2019, the Company's advanced billings and accrued contract costs totaled \$829,077, \$620,486, and \$312,479, respectively.

Common Stock: AME has 1,000 shares of no par value common stock authorized and 110 shares issued at December 31, 2021 and 2020, and 99 and 110 shares outstanding at December 31, 2021 and 2020, respectively. Effective August 3, 2021, AME repurchased 11 shares of Class A voting common stock of the Company. The redemption amount of \$1,800,000 was paid with cash at closing.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes: AME, with the consent of its stockholders, has elected under the Internal Revenue Code to be taxed as an S corporation. EFS is a Qualified Subchapter S Subsidiary (QSub) of AME. The stockholders of an S corporation are taxed directly on their proportionate share of the Company's income or loss. The income, losses, credits and deductions of a QSub are reported on the tax return of the parent company. These elections are also valid for the various states in which the Company files state income tax returns. Accordingly, there is no provision or liability for income taxes reflected in the consolidated financial statements. Certain specific deductions and credits flow through the Company to its stockholders.

The Company files U.S. federal and various state income tax returns. In general, the Company is no longer subject to income tax examinations by tax authorities for years prior to 2018.

Upcoming Accounting Pronouncement: The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02 *Leases (Topic 842)* (ASU No. 2016-02), which is the result of a joint project of the FASB and the International Accounting Standards Board to increase transparency and comparability among entities in relation to leasing arrangements. ASU No. 2016-02 adds Topic 842 to the Accounting Standards Codification and requires a lessee to recognize a liability to make lease payments (lease liability) and a right-of-use asset representing its right to use the underlying asset (lease asset) for the lease term, initially measured at the present value of the lease payments. When measuring the lease asset and liability, lessees should include payments to be made during an optional lease extension if reasonably certain that the option will be exercised. Entities are permitted to make an accounting policy election to not recognize lease assets and liabilities for leases with a term of 12 months or less. ASU No. 2016-02, as amended, was effective for the Company as of January 1, 2022. The Company is assessing the impact ASU No. 2016-02 will have on its consolidated financial statements, including the related disclosures.

Subsequent Events: Management has evaluated the consolidated financial statements for subsequent events occurring through June 23, 2022, the date the consolidated financial statements were available to be issued. See Note 10.

NOTE 2 - PROPERTY AND EQUIPMENT

At December 31, 2021 and 2020, property and equipment were comprised of the following:

	2021	2020
Vehicles	\$1,525,286	\$1,451,520
Leasehold improvements	592,381	592,381
Field equipment	1,168,815	1,183,167
Office equipment	<u>1,071,990</u>	<u>1,022,005</u>
	4,358,472	4,249,073
Less: Accumulated depreciation	<u>3,457,979</u>	<u>3,291,230</u>
Total Property and Equipment, net	<u>\$ 900,493</u>	<u>\$ 957,843</u>

NOTE 3 - INTANGIBLE ASSETS

Intangible assets subject to amortization consisted of the following at December 31, 2021:

	Gross Amount	Net Accumulated Amortization	Carrying Amount
Goodwill	\$261,600		\$261,600
Non-compete agreement	<u>5,000</u>	<u> </u>	<u>5,000</u>
Total	<u>\$266,600</u>	<u>\$ -</u>	<u>\$266,600</u>

Amortization expense was \$0 in 2021. The estimated annual amortization expense in each of the next five years is \$28,660 in 2022 and 2023 and \$26,160 in 2024, 2025, and 2026.

NOTE 4 - DEBT AND CREDIT ARRANGEMENTS

On April 10, 2020, the Company received loan proceeds of \$2,408,300 under the Paycheck Protection Program (PPP) established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). PPP loans, including accrued interest, are forgivable as long as the entity uses the proceeds for eligible purposes, including payroll, benefits, rent and utilities. Under the PPP, the amount of forgiveness is reduced if the entity terminates employees or reduces salaries during the covered period. The Company believes it used the proceeds for purposes consistent with the PPP and has received forgiveness from the bank. The Company recognized a gain on loan forgiveness as other income upon legal release of the obligation by the bank in June 2021.

The Company has a revolving line of credit agreement that provides for maximum aggregate borrowings limited to the lesser of \$3,500,000 or the Borrowing Base, as defined. There were no borrowings outstanding on the line of credit at December 31, 2021 and 2020. Interest on line of credit borrowings is payable monthly at the Bank's Prime Rate, as defined. The interest rate in effect at December 31, 2021 was 3.25%. The line of credit is subject to renewal in November 2022. The line of credit is secured by substantially all the Company's assets and by stockholder guarantees and requires the Company to maintain certain financial and nonfinancial covenants.

At December 31, 2021 and 2020, long-term debt was comprised of the following:

	2021	2020
Note payable pursuant to CARES Act. See above.		\$2,408,300
Note payable to bank in monthly installments of \$11,950, plus interest computed at the Bank's prime rate plus .25% (3.50% at December 31, 2021), through maturity in October 2022. Secured by substantially all assets of the Company and by stockholder guarantees.	\$119,500	262,899
Note payable to bank in monthly installments of \$3,129, plus interest computed at 5.25%, through maturity in April 2023. Secured by substantially all assets of the Company and by stockholder guarantees.	<u>319,323</u>	<u>339,299</u>
	438,823	3,010,498
Less: Current maturities	<u>145,070</u>	<u>166,174</u>
Total Long-term Debt, net	<u>\$293,753</u>	<u>\$2,844,324</u>

NOTE 4 - DEBT AND CREDIT ARRANGEMENTS (CONTINUED)

At December 31, 2021, the aggregate maturities of long-term debt, were as follows:

Payable In	Principal Payments
2022	\$145,070
2023	293,753

NOTE 5 - RETIREMENT SAVINGS PLAN

The Company sponsors a 401(k) retirement savings plan for the benefit of substantially all of the Company's employees. Pursuant to the Plan, participants may elect to contribute a portion of their compensation to the Plan subject to certain annual limitations prescribed by the Internal Revenue Code. The Plan provides for discretionary matching contributions. The Company made matching contributions to the Plan of \$270,802 in 2021 and \$195,765 in 2020.

NOTE 6 - RELATED PARTY TRANSACTIONS

The Company has notes receivable from stockholders aggregating \$87,967 and \$16,408 at December 31, 2021 and 2020, respectively. The notes, which accrue interest at 4%, are unsecured and due on January 1, 2022. Interest receivable was \$2,395 and \$270 at December 31, 2021 and 2020, respectively.

The Company leases certain office space from a related party (see Note 7). The Company will advance the related party funds from time to time. At December 31, 2020, notes receivable due from the related party totaled \$625,363. In January 2021, the notes receivable were repaid to the Company.

NOTE 7 - COMMITMENTS AND CONTINGENCIES

Lease Commitments: The Company leases office space and equipment pursuant to long-term noncancellable operating leases, which expire at various dates through April 2029. Total rent expense was \$1,655,935 in 2021 and \$1,530,288 in 2020, of which \$148,668 in 2021 and 2020 was paid to an entity which is affiliated through common ownership.

At December 31, 2021, the future minimum rental payments required by all long-term noncancellable operating leases were as follows:

Payable In	Related Party	Other	Total Rental Payments
2022	\$148,668	\$ 581,388	\$ 730,056
2023	80,864	573,129	653,993
2024	74,700	476,911	551,611
2025	74,700	447,925	522,625
2026	74,700	409,378	484,078
Thereafter	174,300		174,300
	<u>\$627,932</u>	<u>\$2,488,731</u>	<u>\$3,116,663</u>

NOTE 7 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

Self-funded Medical Plan: The Company participates in a partially self-funded employee medical insurance plan. The Company is responsible for employee health claims incurred under the Plan, subject to an annual individual stop-loss amount of \$45,000 and an aggregate stop-loss amount of \$1,087,096. Employee health claims paid are charged directly to the Company. The Company's costs and insurance expense under the Plan were \$746,280 in 2021 and \$526,787 in 2020. At December 31, 2021 and 2020, the Company's liability for health claims incurred but not reported was \$125,951 and \$100,932, respectively, and is included in accrued payroll, related taxes and benefits on the consolidated balance sheets.

General Claims and Assessments: In the course of normal operations, the Company may be subject to various claims and assessments and potential litigation. The range of loss, if any, from these potential claims cannot always be reasonably estimated.

NOTE 8 - EMPLOYMENT TAX DEFERRAL

During 2020, the Company deferred \$392,096 of the employer's portion of Social Security payroll taxes, as provided under Section 2302 of the CARES Act. Of the amount deferred, \$196,048 was deposited by December 31, 2021, with the remaining \$196,048 due to be deposited by December 31, 2022.

NOTE 9 - ACQUISITION OF COMPLIANCE TECHNOLOGIES, INC.

In accordance with an asset purchase agreement dated December 10, 2021, the Company purchased certain assets and assumed certain liabilities of Compliance Technologies, Inc., (CTI), an Ohio-based company engaged in the business of providing environmental, health and safety consulting services. The acquisition was funded by cash of \$322,276. The transaction was accounted for by the acquisition method of accounting. Post-closing, the working capital true-up resulted in an amount due from seller of \$15,149, which is included in prepaids and other in the table below.

The following table summarizes the acquisition date fair values of CTI assets acquired and liabilities assumed, as determined by management:

Accounts receivable - trade	\$ 167,308
Prepaids and other	15,574
Property and equipment	3,400
Non-compete agreement	5,000
Goodwill	261,600
Accounts payable - trade	<u>(130,606)</u>
Net Assets Acquired	<u>\$ 322,276</u>

NOTE 10 - SUBSEQUENT EVENT

Acquisition of Comstock Environmental Services, LLC: On March 31, 2022, the Company purchased certain assets and assumed certain liabilities of Comstock Environmental Services, LLC (Comstock), a Virginia-based Company engaged in the business of providing environmental engineering, environmental consulting services and tank construction services. The purchase price for Comstock was \$1,417,317, subject to working capital adjustments, and was funded by cash and line of credit borrowings. Management is in the process of allocating the purchase price to the fair value of net assets acquired.



CONSOLIDATED FINANCIAL STATEMENTS
AND
INDEPENDENT ACCOUNTANT'S REVIEW REPORT

December 31, 2022 and 2021

AUGUST MACK ENVIRONMENTAL, INC. AND SUBSIDIARY

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Independent Accountant's Review Report

Board of Directors and Stockholders
August Mack Environmental, Inc.

We have reviewed the accompanying consolidated financial statements of August Mack Environmental, Inc. and Subsidiary (the Company), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of income, stockholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Consolidated Financial Statements

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

Accountant's Responsibility

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

We are required to be independent of August Mack Environmental, Inc. and Subsidiary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountant's Conclusion

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

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, August Mack Environmental, Inc. and Subsidiary changed its method of accounting for leases in 2022 due to the adoption of Accounting Standards Update No. 2016-02, *Leases (Topic 842)* and related amendments. Our conclusion is not modified with respect to this matter.

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
July 6, 2023

AUGUST MACK ENVIRONMENTAL, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS December 31, 2022 and 2021

ASSETS

	2022	2021
CURRENT ASSETS		
Cash	\$ 457,896	\$ 618,480
Accounts receivable - trade, net	10,279,523	7,137,610
Unbilled revenues	1,898,058	1,896,905
Prepays and other	287,080	172,060
Total Current Assets	<u>12,922,557</u>	<u>9,825,055</u>
PROPERTY AND EQUIPMENT, net	<u>806,440</u>	<u>900,493</u>
OTHER ASSETS		
Notes and accrued interest receivable from stockholders and related party	147,721	90,362
Operating lease right-of-use assets	2,539,128	
Intangible assets, net	406,605	266,600
Deposits and other	30,973	29,373
Total Other Assets	<u>3,124,427</u>	<u>386,335</u>
TOTAL ASSETS	<u><u>\$ 16,853,424</u></u>	<u><u>\$ 11,111,883</u></u>

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES		
Accounts payable - trade	\$ 3,056,539	\$ 2,486,839
Advance billings and accrued contract costs	375,651	829,077
Accrued payroll, related taxes and benefits	1,351,555	1,240,758
Other accrued expenses	725,740	192,909
Current maturities of operating lease liabilities	687,558	
Current maturities of long-term debt	298,257	145,070
Total Current Liabilities	<u>6,495,300</u>	<u>4,894,653</u>
LONG-TERM LIABILITIES		
Operating lease liabilities, less current maturities	1,906,708	
Long-term debt, less current maturities		293,753
Total Long-term Liabilities	<u>1,906,708</u>	<u>293,753</u>
Total Liabilities	<u>8,402,008</u>	<u>5,188,406</u>
STOCKHOLDERS' EQUITY		
Common stock	47,479	47,479
Retained earnings	10,203,937	7,675,998
	<u>10,251,416</u>	<u>7,723,477</u>
Less: Treasury stock - 11 shares, at cost	<u>(1,800,000)</u>	<u>(1,800,000)</u>
Total Stockholders' Equity	<u>8,451,416</u>	<u>5,923,477</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u><u>\$ 16,853,424</u></u>	<u><u>\$ 11,111,883</u></u>

See accompanying notes and accountant's review report.

AUGUST MACK ENVIRONMENTAL, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME
Years Ended December 31, 2022 and 2021

	2022	%	2021	%
REVENUE EARNED	\$ 34,897,892	100.00	\$ 27,597,948	100.00
COST OF REVENUE EARNED	<u>18,557,083</u>	<u>53.18</u>	<u>14,324,009</u>	<u>51.90</u>
Gross Profit	16,340,809	46.82	13,273,939	48.10
GENERAL AND ADMINISTRATIVE EXPENSES	<u>12,891,290</u>	<u>36.94</u>	<u>10,700,092</u>	<u>38.77</u>
Net Operating Income	<u>3,449,519</u>	<u>9.88</u>	<u>2,573,847</u>	<u>9.33</u>
OTHER INCOME (EXPENSE)				
Interest expense	(22,521)	(0.06)	(24,604)	(0.09)
PPP loan forgiveness			2,408,300	8.73
Other, net	<u>567,941</u>	<u>1.63</u>	<u>38,291</u>	<u>0.14</u>
Total Other Income (Expense)	<u>545,420</u>	<u>1.56</u>	<u>2,421,987</u>	<u>8.78</u>
NET INCOME	<u><u>\$ 3,994,939</u></u>	<u><u>11.45</u></u>	<u><u>\$ 4,995,834</u></u>	<u><u>18.10</u></u>

See accompanying notes and accountant's review report.

AUGUST MACK ENVIRONMENTAL, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Years Ended December 31, 2022 and 2021

	Common Stock	Retained Earnings	Treasury Stock	Total Stockholders' Equity
BALANCE AT DECEMBER 31, 2020	\$ 47,479	\$ 6,568,812		\$ 6,616,291
Net income		4,995,834		4,995,834
Distributions		(3,888,648)		(3,888,648)
Repurchase of 11 shares of common stock	<u> </u>	<u> </u>	<u>\$ (1,800,000)</u>	<u>(1,800,000)</u>
BALANCE AT DECEMBER 31, 2021	47,479	7,675,998	(1,800,000)	5,923,477
Net income		3,994,939		3,994,939
Distributions	<u> </u>	<u>(1,467,000)</u>	<u> </u>	<u>(1,467,000)</u>
BALANCE AT DECEMBER 31, 2022	<u><u>\$ 47,479</u></u>	<u><u>\$ 10,203,937</u></u>	<u><u>\$ (1,800,000)</u></u>	<u><u>\$ 8,451,416</u></u>

See accompanying notes and accountant's review report.

AUGUST MACK ENVIRONMENTAL, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS Years Ended December 31, 2022 and 2021

	2022	2021
OPERATING ACTIVITIES		
Net income	\$ 3,994,939	\$ 4,995,834
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of property and equipment	321,974	374,071
Amortization of intangible assets	42,336	
Gain on sales of property and equipment	(386,138)	(6,438)
PPP loan forgiveness		(2,408,300)
Increase in interest accrued on notes receivable from stockholders	(4,721)	(2,125)
Change in operating assets and liabilities:		
Accounts receivable - trade	(1,464,079)	(552,878)
Unbilled revenues	34,753	(603,908)
Prepays and other	(115,020)	(6,916)
Operating lease right-of-use assets and liabilities, net	54,833	
Accounts payable - trade	114,729	712,215
Advance billings and accrued contract costs	(453,426)	208,591
Accrued payroll, related taxes and benefits	82,994	(116,335)
Other accrued expenses	517,589	(25,353)
Net Cash Provided by Operating Activities	<u>2,740,763</u>	<u>2,568,458</u>
INVESTING ACTIVITIES		
Cash purchases of property and equipment	(366,420)	(313,321)
Cash paid for acquisition of Compliance Technologies, Inc.		(322,276)
Cash paid for acquisition of Comstock Environmental Services, LLC	(1,504,065)	
Proceeds from sales of property and equipment	630,942	6,438
(Increase) decrease in deposits and other	(1,600)	6,268
Net Cash Used by Investing Activities	<u>(1,241,143)</u>	<u>(622,891)</u>
FINANCING ACTIVITIES		
Proceeds from long-term debt	400,000	
Principal payments on long-term debt	(540,566)	(163,375)
(Increase) decrease in notes receivable from stockholders and related party	(52,638)	553,804
Distributions to stockholders	(1,467,000)	(3,888,648)
Repurchase of common stock		(1,800,000)
Net Cash Used by Financing Activities	<u>(1,660,204)</u>	<u>(5,298,219)</u>
NET DECREASE IN CASH	(160,584)	(3,352,652)
CASH		
Beginning of Year	<u>618,480</u>	<u>3,971,132</u>
End of Year	<u>\$ 457,896</u>	<u>\$ 618,480</u>
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	\$ 22,521	\$ 24,604
Noncash financing activities:		
PPP loan forgiveness		2,408,300

See accompanying notes and accountant's review report.

AUGUST MACK ENVIRONMENTAL, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements include the accounts of August Mack Environmental, Inc. and its wholly-owned subsidiary, Environmental Field Services, Inc. (collectively, the Company). All material intra-entity balances and transactions have been eliminated from the consolidated financial statements.

August Mack Environmental, Inc. (AME) provides specialized consulting and environmental engineering services to regulated industries and governmental entities. AME, which has offices in Indiana, Alabama, Pennsylvania, Ohio, Michigan, Illinois and Missouri, services customers located throughout the United States.

Environmental Field Services, Inc. (EFS) provides construction and technical field support to environmental consulting and engineering firms, governmental contractors, and companies in the manufacturing and petrochemical industries. EFS provides services to customers located throughout the East and Midwest regions of the United States.

New Accounting Pronouncement: Effective January 1, 2022, the Company adopted new lease accounting guidance in Accounting Standards Codification (ASC) Topic 842, *Leases (ASC 842)* as required by the Financial Accounting Standards Board. The Company elected the package of practical expedients to not reassess lease definition, classification, or direct costs related to existing or expired leases.

The Company adopted the new lease accounting guidance retrospectively at the beginning of the period of adoption with the cumulative effect of initial application recognized at the beginning of the period of adoption. As a result, the Company recognized the following on January 1, 2022:

- Operating lease liabilities of \$3,182,749, which represent the present value of the remaining lease payments discounted using risk-free rates of periods comparable with that of the lease terms; and
- Operating lease right-of-use assets of \$3,114,089, which represent lease liabilities of \$3,182,749 adjusted for accrued rent of \$68,660.

No cumulative effect adjustment to retained earnings was required upon adoption of ASC 842 on January 1, 2022.

Estimates: Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could vary from those estimates.

Revenue and Cost Recognition: Contracts are generally fixed-price or time and material contracts which contain a single performance obligation. Revenue from fixed-price contracts are recognized over time, using an input method based on the ratio of actual hours incurred to date to the total budgeted hours estimated for the contract. This method is used because management considers hours to be the best available measure of progress on these contracts. Revenues from time and material contracts are recognized on the basis of costs incurred during the period plus the fee specified in the contract.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Because of the inherent uncertainties in estimating costs and hours necessary to complete a contract, it is at least reasonably possible that estimates used will change within the near term. Changes in job performance, job conditions, and estimated profitability may result in revisions to costs and revenue. The cumulative effect of revisions in these estimates during the course of the work is reflected in the accounting period in which the facts that caused the revision first become known. A provision for estimated losses on uncompleted contracts is made in the period in which such losses are determined. An amount equal to the costs attributable to unapproved change orders is included in the total revenue when realization is probable.

Cost of revenue earned includes all direct material and labor costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools, repairs and depreciation costs. Other costs are charged to general and administrative expenses as incurred.

Cash is maintained in bank deposit accounts which, at times, may exceed federally insured limits. There have been no losses in such accounts.

Receivables and Credit Policies: Accounts receivable are uncollateralized customer obligations due under contract terms which generally are due in 30 days. Accounts receivable are stated at the amount billed to the customer. Customer invoices not paid by the due date per the contract terms are considered past due. The Company does not accrue interest on past due accounts. Payments received are allocated to the specific invoices identified on the customer's remittance advice.

The carrying amount of accounts receivable is reduced by an allowance that reflects management's best estimate of the amounts that will not be collected based on historical credit losses and an assessment of the customers' current creditworthiness.

At December 31, 2022, 2021 and 2020, the Company's trade accounts receivable totaled \$10,279,523, \$7,137,610, and \$6,417,424, respectively, net of allowance for doubtful accounts for trade accounts receivable of \$60,000 at December 31, 2022, 2021, and 2020.

Accounts receivable from one customer represented approximately 11% and 22% of the Company's total accounts receivable at December 31, 2022 and 2021, respectively. There were no revenue concentrations in 2022 or 2021.

Unbilled Revenues: The Company's timing of revenue recognition may not be consistent with its rights to bill and collect cash from customers. Those rights are generally dependent upon advance billing terms, milestone billings based on completion of certain phases of work or when services are performed. Unbilled revenues consist of costs and estimated earnings in excess of billings on contracts in process and represent revenues recognized in excess of amounts billed.

Property and Equipment acquired in connection with business acquisitions are recorded at fair value and all other purchases of property and equipment are recorded at cost. Depreciation is provided by the straight-line method over the lesser of the estimated useful lives of the respective assets, which range from three to ten years, or the lease term.

Leases: The Company determines if an arrangement is a lease at inception. The Company recognizes a lease asset for its right to use the underlying leased asset and a lease liability for the corresponding obligation to make lease payments. Right-of-use assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The present value is calculated using the rate implicit in the lease. If the rate is not readily determinable from the lease, the Company uses a risk-free rate of a period comparable with that of the lease term. Lease terms include options to extend or terminate the lease when it is reasonably certain that the Company will exercise the option. Operating lease expense is recognized on a straight-line basis over the lease term. Variable lease expenses are recorded when incurred. The Company does not recognize an asset and liability for leases with a term of 12 months or less. The Company does not separate lease and non-lease components.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prior to January 1, 2022, the Company recognized operating lease expense on a straight-line basis over the lease term. However, no asset was recognized for its right to use the underlying asset and no liability was recognized for the obligation to make lease payments.

Long-lived Assets: The Company's property and equipment and operating lease right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by comparison of the carrying amount to future net undiscounted cash flows expected to be generated by the related asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount exceeds the fair market value of the assets. No adjustments to the carrying amount of long-lived assets were required in 2022 and 2021.

Intangible Assets consists primarily of goodwill. Goodwill represents the excess of the acquisition cost over the fair value of identifiable net assets acquired in a business combination. The Company uses an accounting alternative available to private companies which allows an entity to amortize goodwill. The Company amortizes goodwill on a straight-line basis over 10 years. The Company evaluates goodwill for impairment at the Company level when a triggering event occurs that indicates that the fair value of the Company may be below its carrying amount. The Company reduces the carrying amount of goodwill if management determines that the carrying amount of the Company exceeds the Company's fair value. No impairment losses were required in 2022 and 2021.

Intangible assets also include a non-compete agreement. The non-compete agreement is being amortized on a straight-line basis over the term of the noncompete agreement, which is 2 years.

Advanced Billings and Accrued Contract Costs include billings in excess of costs and estimated earnings on contracts in process. Contract liabilities are generally classified as current. At December 31, 2022, 2021 and 2020, the Company's advanced billings and accrued contract costs totaled \$375,651, \$829,077, and \$620,486, respectively.

Common Stock: AME has 1,000 shares of no par value common stock authorized, 110 shares issued, and 99 shares outstanding at December 31, 2022 and 2021. In August 2021, AME repurchased 11 shares of Class A voting common stock of the Company. The redemption amount of \$1,800,000 was paid with cash at closing.

Income Taxes: AME, with the consent of its stockholders, has elected under the Internal Revenue Code to be taxed as an S corporation. EFS is a Qualified Subchapter S Subsidiary (QSub) of AME. The stockholders of an S corporation are taxed directly on their proportionate share of the Company's income or loss. The income, losses, credits and deductions of a QSub are reported on the tax return of the parent company. These elections are also valid for the various states in which the Company files state income tax returns. Accordingly, there is no provision or liability for income taxes reflected in the consolidated financial statements. Certain specific deductions and credits flow through the Company to its stockholders.

The Company files U.S. federal and various state income tax returns. In general, the Company is no longer subject to income tax examinations by tax authorities for years prior to 2019.

Subsequent Events: Management has evaluated the consolidated financial statements for subsequent events occurring through July 6, 2023, the date the consolidated financial statements were available to be issued.

NOTE 2 - BUSINESS ACQUISITIONS

Acquisition of Compliance Technologies, Inc.: In accordance with an asset purchase agreement dated December 10, 2021, the Company purchased certain assets and assumed certain liabilities of Compliance Technologies, Inc., (CTI), an Ohio-based company engaged in the business of providing environmental, health and safety consulting services. The acquisition was funded by cash of \$322,276. The transaction was accounted for by the acquisition method of accounting. Under the acquisition method, goodwill is recognized for the excess of the acquisition cost over the fair value of the net identifiable assets acquired and the liabilities assumed at the acquisition date. Post-closing, the working capital true-up resulted in an amount due from seller of \$15,149, which is included in prepaids and other in the table below. The goodwill of \$261,600 arising from the acquisition consists largely of synergies and economies of scale expected as the Company expands its geographical presence.

The following table summarizes the acquisition date fair values of CTI assets acquired and liabilities assumed, as determined by management:

Accounts receivable - trade	\$ 167,308
Prepaids and other	15,574
Property and equipment	3,400
Non-compete agreement	5,000
Goodwill	261,600
Accounts payable - trade	<u>(130,606)</u>
Net Assets Acquired	<u>\$ 322,276</u>

Acquisition of Comstock Environmental Services, LLC: On March 31, 2022, the Company purchased certain assets and assumed certain liabilities of Comstock Environmental Services, LLC (Comstock), a Virginia-based Company engaged in the business of providing environmental engineering, environmental consulting services and tank construction services. The acquisition was funded by cash of \$1,504,065. The transaction was accounted for by the acquisition method of accounting. The goodwill of \$182,341 arising from the acquisition consists largely of synergies and economies of scale expected as the Company expands its geographical presence.

The following table summarizes the acquisition date fair values of Comstock assets acquired and liabilities assumed, as determined by management:

Accounts receivable - trade	\$1,677,834
Unbilled revenues	35,906
Property and equipment	106,000
Goodwill	182,341
Accounts payable - trade	(454,971)
Accrued payroll, related taxes and benefits	(27,803)
Other accrued expenses	<u>(15,242)</u>
Net Assets Acquired	<u>\$1,504,065</u>

NOTE 3 - PROPERTY AND EQUIPMENT

At December 31, 2022 and 2021, property and equipment were comprised of the following:

	2022	2021
Vehicles	\$1,548,727	\$1,525,286
Leasehold improvements	592,381	592,381
Field equipment	73,179	1,168,815
Office equipment	<u>1,260,303</u>	<u>1,071,990</u>
	3,474,590	4,358,472
Less: Accumulated depreciation	<u>2,668,150</u>	<u>3,457,979</u>
Total Property and Equipment, net	<u>\$ 806,440</u>	<u>\$ 900,493</u>

NOTE 4 - INTANGIBLE ASSETS

Intangible assets subject to amortization consisted of the following at December 31, 2022 and 2021:

	2022			2021		
	Gross Amount	Accumulated Amortization	Net	Gross Amount	Accumulated Amortization	Net
Goodwill	\$443,941	\$(39,836)	\$404,105	\$261,600	\$	\$261,600
Non-compete agreement	<u>5,000</u>	<u>(2,500)</u>	<u>2,500</u>	<u>5,000</u>	<u> </u>	<u>5,000</u>
Total	<u>\$448,941</u>	<u>\$(42,336)</u>	<u>\$406,605</u>	<u>\$266,600</u>	<u>\$ -</u>	<u>\$266,600</u>

Amortization expense was \$42,336 in 2022. No amortization expense was recorded in 2021. The estimated annual amortization expense in each of the next five years is \$46,894 in 2023 and \$44,394 in each of 2024 through 2027.

NOTE 5 - DEBT AND CREDIT ARRANGEMENTS

In April, 2020, the Company received loan proceeds of \$2,408,300 under the Paycheck Protection Program (PPP) established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). PPP loans, including accrued interest, are forgivable as long as the entity uses the proceeds for eligible purposes, including payroll, benefits, rent and utilities. Under the PPP, the amount of forgiveness is reduced if the entity terminates employees or reduces salaries during the covered period. The Company believes it used the proceeds for purposes consistent with the PPP and has received forgiveness from the bank. The Company recognized a gain on loan forgiveness as other income upon legal release of the obligation by the bank in June 2021.

The Company has a revolving line of credit agreement that provides for maximum aggregate borrowings limited to the lesser of \$2,000,000 or the Borrowing Base, as defined. There were no borrowings outstanding on the line of credit at December 31, 2022 and 2021. Interest on line of credit borrowings is payable monthly at the Bank's Prime Rate, as defined. The interest rate in effect at December 31, 2022 was 7.50%. The line of credit is subject to renewal in November 2023. The line of credit is secured by substantially all the Company's assets and by stockholder guarantees and requires the Company to maintain certain financial and nonfinancial covenants.

NOTE 5 - DEBT AND CREDIT ARRANGEMENTS (CONTINUED)

At December 31, 2022 and 2021, long-term debt was comprised of the following:

	2022	2021
Note payable to bank in monthly installments of \$11,950, plus interest computed at the Bank's prime rate plus .25%. Repaid in October 2022.		\$119,500
Note payable to bank in monthly installments of \$3,129, plus interest computed at 5.25%, through maturity in April 2023. Secured by substantially all assets of the Company and by stockholder guarantees.	<u>\$298,257</u>	<u>319,323</u>
	298,257	438,823
Less: Current maturities	<u>298,257</u>	<u>145,070</u>
Total Long-term Debt, net	<u>\$ -</u>	<u>\$293,753</u>

NOTE 6 - RETIREMENT SAVINGS PLAN

The Company sponsors a 401(k) retirement savings plan for the benefit of substantially all of the Company's employees. Pursuant to the Plan, participants may elect to contribute a portion of their compensation to the Plan subject to certain annual limitations prescribed by the Internal Revenue Code. The Plan provides for discretionary matching contributions. The Company made matching contributions to the Plan of \$272,471 in 2022 and \$270,802 in 2021.

NOTE 7 - RELATED PARTY TRANSACTIONS

The Company has notes receivable from stockholders aggregating \$140,605 and \$87,967 at December 31, 2022 and 2021, respectively. The notes, which accrue interest at 4%, are unsecured and due on January 1, 2023. Interest receivable was \$7,116 and \$2,395 at December 31, 2022 and 2021, respectively.

The Company leases certain office space from a related party (see Note 8).

NOTE 8 - LEASES

The Company leases office space and equipment under noncancelable operating leases that expire at various dates through April 2029 and generally contain renewal options. The leases also require the Company to pay all executory costs (property taxes, maintenance, and insurance). Lease payments have an escalating fee schedule, which range from a 1% to 3% increase each year.

The Company leases its office space in Indianapolis, Indiana from a related party. See Note 7. The noncancellable operating lease requires monthly rental payments of \$6,225 and expires in April 2029. The Company had rent expense related to these related party leases of \$148,668 in 2022 and \$148,668 in 2021.

Total operating lease cost for 2022 was \$791,184.

NOTE 8 - LEASES (CONTINUED)

The following summarizes supplemental cash flow information related to leases for 2022:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows - operating leases	\$804,707
Right-of-use assets obtained in exchange for new lease liabilities:	
Operating leases	179,845

The following summarizes the weighted-average remaining lease term and weighted-average discount rate at December 31, 2022:

Weighted-average remaining lease term:	
Operating leases	4.2 years
Weighted-average discount rate:	
Operating leases	1.40%

The future minimum lease payments under noncancelable operating and finance leases with terms greater than one year were as follows at December 31, 2022:

Payable In	Operating Leases
2023	\$ 718,841
2024	643,549
2025	563,630
2026	529,382
2027	115,713
Thereafter	99,600
Total future undiscounted lease payments	2,670,715
Less: Interest	(76,449)
Total Lease Liabilities	<u>\$2,594,266</u>

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Self-funded Medical Plan: The Company participates in a partially self-funded employee medical insurance plan. The Company is responsible for employee health claims incurred under the Plan, subject to an annual individual stop-loss amount of \$45,000 and an aggregate stop-loss amount of \$1,091,380. Employee health claims paid are charged directly to the Company. The Company's costs and insurance expense under the Plan were \$807,926 in 2022 and \$746,280 in 2021. At December 31, 2022 and 2021, the Company's liability for health claims incurred but not reported was \$119,686 and \$125,951, respectively, and is included in accrued payroll, related taxes and benefits on the consolidated balance sheets.

General Claims and Assessments: In the course of normal operations, the Company may be subject to various claims and assessments and potential litigation. The range of loss, if any, from these potential claims cannot always be reasonably estimated.

NOTE 10 - EMPLOYMENT TAX DEFERRAL

During 2020, the Company deferred \$392,096 of the employer's portion of Social Security payroll taxes, as provided under Section 2302 of the CARES Act. Of the amount deferred, \$196,048 was deposited by December 31, 2021, and the remaining \$196,048 was deposited by December 31, 2022.

Attachment D
Proof of Authority

BUSINESS INFORMATION
DIEGO MORALES
INDIANA SECRETARY OF STATE
04/12/2023 01:10 PM

Business Details

Business Name: **AUGUST MACK ENVIRONMENTAL, INC.** Business ID: **1988030375**
Entity Type: **Domestic For-Profit Corporation** Business Status: **Active**
Creation Date: **03/09/1988** Inactive Date:
Principal Office Address: **1302 North Meridian Street, Suite 300, Indianapolis, IN, 46202, USA** Expiration Date: **Perpetual**
Jurisdiction of Formation: **Indiana** Business Entity Report Due Date: **03/31/2024**
Years Due:

Governing Person Information

Title	Name	Address
President	Geoffrey A. Glanders	1302 N. Meridian St., Suite 300, Indianapolis, IN, 46202, USA
Vice President	Bryan K. Petriko	1302 N. Meridian St., Suite 300, Indianapolis, IN, 46202, USA

Registered Agent Information

Type: **Individual**
Name: **GEOFFREY A GLANDERS**
Address: **1302 N MERIDIAN ST, STE 300, INDIANAPOLIS, IN, 46202 - 0000, USA**

Attachment E
Disaster Recovery Plan



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1302 North Meridian Street, Suite 300 ▪ Indianapolis, Indiana 46202

Section 1: Disaster Recovery Policy

Our Disaster Recovery Plan (DRP) is a proactive approach to minimizing the impact of any unexpected event that can disrupt our business operations. The goal of our DRP is to ensure business continuity and minimize the impact of a disaster on our employees, customers, and stakeholders.

Here are some specific goals of our DRP:

1. Minimize downtime
2. Ensure business continuity
3. Protect data and systems
4. Provide a clear plan of action
5. Ensure compliance

Section 2: Potential Disasters

Before we can create an effective disaster recovery plan, we must first identify potential disasters that can impact our organization. These disasters include:

- Natural disasters such as earthquakes, hurricanes, tornadoes, floods, fires and other natural disasters
- Man-made disasters such as cyber-attacks, power outages, equipment failures and industrial accidents

Section 3: Our Team

The success of our disaster recovery plan depends on our team's ability to execute it effectively. As such, we must identify key personnel who will be responsible for executing the plan, and each team member must understand their roles and responsibilities. Our team includes:

- | | | |
|---|--------------|--------------------------|
| 1. Geoff Glanders, President | 317.916.3119 | GGlanders@augustmack.com |
| 2. Bryan Petriko, Vice President | 317.916.3117 | BPetriko@augustmack.com |
| 3. Josh Petriko, ERP Systems Manager | 317.916.3121 | JPetriko@augustmack.com |
| 4. Nick Petriko, IT Systems Administrator | 317.268.2168 | NPetriko@augustmack.com |
| 5. Amethyst Baker, IT Systems Technician | 317.474.1778 | ABaker@augustmack.com |
| 6. Sally McNeally, Office Leader | 317.916.3116 | SMcNealy@augustmack.com |
| 7. Tamara Bond, IT Consultant | 317.440.0298 | TBond@innovativeii.com |

Additionally, we must conduct regular training and drills to ensure our team list above as well as other members of the organization are prepared to execute the plan in the event of a disaster.





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Section 4: Prevention

Regular data backup: August Mack implements a regular data backup process that ensures all critical data is backed up on a regular basis. The backup process is automated and includes both on-site and off-site backups to ensure data is safe in the event of a disaster using Veeam Backup and Recovery running partial backups daily and full backups weekly as well as AWS Storage Gateway for secure monthly/yearly backups. Backup disks for weekly and daily backups are also secured at off-site location.

Disaster Recovery Testing: We conduct regular disaster recovery testing to ensure that their disaster recovery plan is effective and up to date. This includes both tabletop exercises and full-scale testing of the disaster recovery plan to identify any gaps or weaknesses in the plan.

Cybersecurity measures: We implement robust cybersecurity measures, including Fortigate firewalls, Sophos anti-virus and Server Protection with Intercept X and EDR on all servers, Barracuda Email Protection software, and device encryption enabled for all machines (MFA). We also ensure that all software and hardware are kept up to date with the latest security patches.

Redundancy and Resiliency: We have redundancy and resiliency measures in place to ensure that critical systems can continue to operate in the event of a disaster. This includes having multiple WAN internet connections to our offices and multiple levels of data backups.

Employee Education and Awareness: We provide regular employee education and awareness training to ensure that all employees understand their roles and responsibilities in the event of a disaster. This includes training on how to respond to a disaster, how to access backups, and how to communicate with other team members. We also provide Phishing training for all employees.

Disaster Recovery Plan Review and Update: We review and update their disaster recovery plan regularly to ensure that it remains effective and up to date. This includes reviewing the plan after any significant changes in the business or IT environment, such as the addition of new software or hardware.

Section 5: Our Plan: Discovery, Response, and Recovery

Discovery

Business Impact Analysis (BIA): We will conduct a Business Impact Analysis to identify critical business processes and systems that must be restored immediately after a disaster. This analysis will help us prioritize our recovery efforts and determine the degree of disaster. We will use the Sophos endpoint detection and response for Root Cause Analysis, if applicable.

Risk Assessment: We will conduct a risk assessment to identify potential threats and vulnerabilities to our organization. This assessment will help us identify areas where we need to strengthen our security measures.





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Define the Strategic Plan: Based on the BIA and Risk Assessment, we will define the necessary procedures based on the degree of disaster, systems effected, and document the base disruption. This plan will be monitored and updated as progress on the recovery is implemented.

Response

Communication Plan: We will establish a communication plan that outlines how we will communicate with our employees, customers, and stakeholders in the event of a disaster. This plan will include contact information for key personnel and stakeholders, degree of disaster, step-by-step procedures to recovery, and estimated time to completion. We will also need to contact vendors for hardware and software-related to the disaster's affected equipment.

Alternate Site: We will contact our alternate site where we can relocate our operations in the event of a disaster. This site will be equipped with all the necessary infrastructure and resources to enable us to continue our operations.

Recovery

Data Backup and Recovery: We will ensure that all critical data is backed up and stored securely in both our on-site and off-site locations. We will also establish procedures for restoring data in the event of a disaster.

Implement the Strategic Plan: We will work through step-by-step procedures based on the critical path to completion. This includes making sure all personnel involved know their tasks, recover affected equipment using backups, verify recovered equipment is functioning properly, begin normal operations and notify staff, clients, and other stakeholders of completion of recovery, and review disaster process and document effective/ineffective section of the procedures.

Testing and Maintenance: We will conduct regular testing and maintenance of our disaster recovery plan to ensure that it remains up-to-date and effective after the data is recovered. This includes reviewing our plan after the conclusion of a disaster.

