

#2 Heating Fuel Oil, Invitation for Bids
Bid Form
Section 2: Franklin County Trailer Transport

Each Section shall apply only to the Awarding Authorities listed in the Section.

OPTION 1
Daily New Haven Low Spot Market Price

Vendors Margin and Overhead above the daily New Haven Low Spot Market price, as defined in Section A, paragraph 9 of these bid specifications, for delivered oil:

\$.0510 per Gallon
(to 4 decimal places)

OPTION 2
Fixed Price Futures Program

Vendor's Margin and Overhead above the January 2015 NYMEX closing price, as defined in Section A, Paragraph 9 of these bid specifications, for delivered oil:

\$ 0.1585 per Gallon
(to 4 decimal places)

I do hereby agree to supply and deliver #2 fuel oil as specified:

Signature:  _____ Date: 3/6/14

Name (Please Print): Mark Pszeniczny

Title: Director of Fuel Sales

Company: Dennis K Burke Inc.

Address: 284 Eastern Ave

City/State/Zip: Chelsea MA 02150

Phone: (617) 884-7800 Fax: (617) 830-0003 E-mail: Mark.Pszeniczny@burkeoil.com

Attachment 3

CERTIFICATE OF NON-COLLUSION

The undersigned certifies under penalties of perjury that this bid or proposal has been made and submitted in good faith and without collusion or fraud with any other person. As used in this certification, the word "person" shall mean any natural person, business, partnership, corporation, union, committee, club, or other organization, entity, or group of individuals.



(Signature of individual submitting bid or proposal)

Dennis K Burke Inc.

(Name of Business)

Attachment 4

TAX COMPLIANCE CERTIFICATION

Pursuant to M.G.L. Chapter 62C, § 49A, I certify under penalties of perjury that I have, to my best knowledge and belief, complied with the law of the Commonwealth relating to taxes, reporting of employees and contractors, and withholding and remitting child support.

04-2275626
Social Security Number or
Federal Identification Number

Dennis K. Burke Inc.
Business or Corporate Name

by: 
Signature of Individual Corporate Officer (if applicable)

Please See Attached

Attachment 5
BUSINESS REFERENCE FORM

Bidder: Dennis K. Burke Inc.
Bid: #2 Heating Fuel Oil

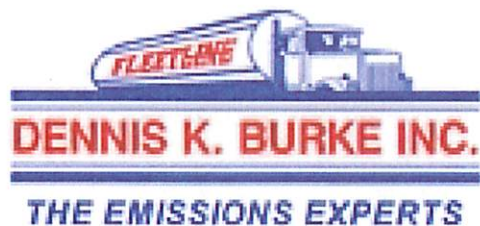
The Bidder must provide 3 business references from Massachusetts based companies, schools, institutions or governments indicating their names, addresses, telephone numbers, contact persons, dates of service and annual volume of oil service. The references will demonstrate that during at least the past **five** (5) years, the bidder has provided safe and efficient services for organizations which have needs that are similar to those of this cooperative. One reference will be from a former customer no longer buying oil from the bidder.

Reference Name: _____ Contact: _____
Address: _____ Phone #: () _____
Fax: _____ E-mail: _____
Dates of Service: _____ Product Provided: _____
Approximate Annual Volume: _____ gallons

Reference Name: _____ Contact: _____
Address: _____ Phone #: () _____
Fax: _____ E-mail: _____
Dates of Service: _____ Product Provided: _____
Approximate Annual Volume: _____ gallons

Former Customer:

Reference Name: _____ Contact: _____
Address: _____ Phone #: () _____
Fax: _____ E-mail: _____
Dates of Service: _____ Product Provided: _____
Approximate Annual Volume: _____ gallons



REFERENCES/EXAMPLES OF SERVICE ABILITIES

Lower Pioneer Valley Educational Collaborative

174 Brush Hill Ave.
West Springfield, MA 01089
Paul Schroeder
413-735-2200

City of Boston

Kevin P. Coyne
Assistant Purchasing Agent
Boston City Hall ~ Room 808
One City Hall Square
Boston, MA 02201
kevin.coyne@cityofboston.gov
Main: 617.635.4564

State of Maine

Terry DeMerchant
Division of Purchases
9 State House Station
Augusta, ME 04333
(207)624-7334

Premium Diesel Fuel, Motor Oil and Gasoline

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CALL TOLL FREE
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1-800-289-2875

284 Eastern Avenue • P.O. Box 6069 • Chelsea, Massachusetts 02150
Phone: (617) 884-7800 • Fax: (617) 884-7638 • Toll Free: 1-800-289-2875
Email: support@burkeoil.com • Website: www.burkeoil.com

FLEETLINE
LUBRICANTS

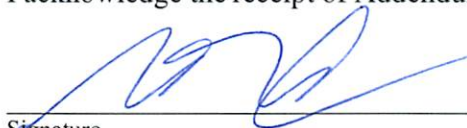


#2 Heating Fuel Oil
Invitation for Bids
Dated January 31, 2014
Addendum 1
February 13, 2014

1. Change all references of date of Bid Opening from Tuesday, February 18, 2014 to Friday, March 7, 2014.
Time of bid opening will not be changed.

**Please sign the acknowledgment form below.
Enclose it with your bid submission.**

I acknowledge the receipt of Addendum 1 to the LPVEC #2 Heating Fuel Oil bid:

 Date: 3/6/14 Mark Pszeniczny
Signature Name (Please Print)

Company Dennis K. Burke Inc.

LOWER PIONEER VALLEY EDUCATIONAL COLLABORATIVE
174 BRUSH HILL AVENUE, WEST SPRINGFIELD, MA 01089 PHONE 413-735-2200 FAX 413-735-2280

SERVING AGAWAM•EAST LONGMEADOW•HAMPDEN•WILBRAHAM•LONGMEADOW•LUDLOW•SOUTHWICK•TOLLAND•GRANVILLE•WEST SPRINGFIELD

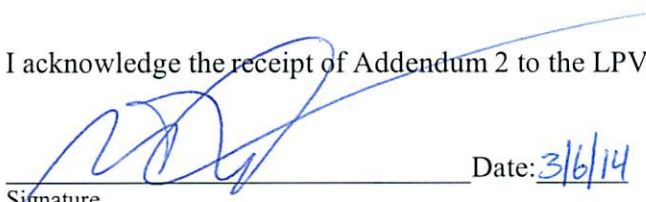


#2 Heating Fuel Oil
Invitation for Bids
Dated January 31, 2014
Addendum 2
February 20, 2014

1. Change all references of date of Bid Opening from Tuesday, February 18, 2014 to Friday, March 7, 2014.
2. Change of Oil Price Daily index from Boston to New Haven. All sections and bid forms.
3. Sec. A, Contract Document, item 3, pg. 5. Additional paragraph on sulfur content changes.
4. Sec. A, Contract Document, item 4, pg. 5 & 6. Change in unusual delivery extra fees.
5. Sec. A, Contract Document, item 15, pg. 9. Change in Insurance Certificate notifications.

**Please sign the acknowledgment form below.
Enclose it with your bid submission.**

I acknowledge the receipt of Addendum 2 to the LPVEC #2 Heating Fuel Oil bid:


Signature _____ Date: 3/6/14 Name (Please Print) Mark Pszeniczny

Company Dennis K. Burke Inc.

LOWER PIONEER VALLEY EDUCATIONAL COLLABORATIVE
174 BRUSH HILL AVENUE, WEST SPRINGFIELD, MA 01089 PHONE 413-735-2200 FAX 413-735-2280

SERVING AGAWAM•EAST LONGMEADOW•HAMPDEN-WILBRAHAM•LONGMEADOW•LUDLOW•SOUTHWICK-TOLLAND-GRANVILLE•WEST SPRINGFIELD



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
02/20/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER MARSH USA INC. ONE TOWNE SQUARE, SUITE 1100 SOUTHFIELD, MI 48076 00409 -00409-RAFF-13-14	CONTACT NAME: PHONE (A/C, No, Ext): FAX (A/C, No): E-MAIL ADDRESS:													
	<table border="1"> <tr> <th>INSURER(S) AFFORDING COVERAGE</th> <th>NAIC #</th> </tr> <tr> <td>INSURER A : Zurich American Insurance Company</td> <td>16535</td> </tr> <tr> <td>INSURER B :</td> <td></td> </tr> <tr> <td>INSURER C :</td> <td></td> </tr> <tr> <td>INSURER D :</td> <td></td> </tr> <tr> <td>INSURER E :</td> <td></td> </tr> <tr> <td>INSURER F :</td> <td></td> </tr> </table>	INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A : Zurich American Insurance Company	16535	INSURER B :		INSURER C :		INSURER D :		INSURER E :		INSURER F :
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INSURER A : Zurich American Insurance Company	16535													
INSURER B :														
INSURER C :														
INSURER D :														
INSURER E :														
INSURER F :														
INSURED Dennis K. Burke, Inc. 284 Eastern Avenue Chelsea, MA 02150														

COVERAGES **CERTIFICATE NUMBER:** CHI-004858412-01 **REVISION NUMBER: 1**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GENL AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PROJECT <input type="checkbox"/> LOC			GLO4637386	04/01/2013	04/01/2014	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000 \$
A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS			BAP4637387	04/01/2013	04/01/2014	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION\$						EACH OCCURRENCE \$ AGGREGATE \$ \$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N N	N/A	WC4637385	04/01/2013	04/01/2014	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ 500,000 E.L. DISEASE - EA EMPLOYEE \$ 500,000 E.L. DISEASE - POLICY LIMIT \$ 500,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
WORKERS' COMPENSATION DOES NOT APPLY TO MONOPOLISTIC STATES (ND, OH, WA AND WY), PUERTO RICO OR THE VIRGIN ISLANDS.

CERTIFICATE HOLDER Lower Pioneer Valley Educational Collaborative 174 Brush Hill Ave West Springfield, MA 01089	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE of Marsh USA Inc. John C Hurley
--	--

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Cashier's Check

No. 1457000968

Notice to Purchaser - In the event that this check is lost, misplaced or stolen, a sworn statement and 90-day waiting period will be required prior to replacement. This check should be negotiated within 90 days.

Void After 90 Days

30-1/1140

Date 03/10/14 02:06:04 PM

NTX

NORTHGATE PLAZA

0001 0086700 0081

Pay

BANK OF AMERICA ONE ZERO ZERO ZERO CTSCTS

***\$1,000.00

To The Order Of LOWER PIONEER VALLEY EDUCATIONAL COLLABORATIVE

Remitter (Purchased By): DENNIS K BURKE INC

Bank of America, N.A.
SAN ANTONIO, TX

AUTHORIZED SIGNATURE

00-53-3364B 31-2010

COPIES OF THIS CHECK ARE VOID

⑈ 1457000968 ⑆ ⑆ 140000 19 ⑆ 00 164 100 5388 ⑆

THE ORIGINAL DOCUMENT HAS A REFLECTIVE WATERMARK ON THE BACK. HOLD AT AN ANGLE TO VIEW WHEN CHECKING THE ENDORSEMENTS.

#2 Heating Fuel Oil, Invitation for Bids
Bid Form
Section 2: Franklin County Trailer Transport

Each Section shall apply only to the Awarding Authorities listed in the Section.

OPTION 1
Daily Boston Low Spot Market Price

Vendors Margin and Overhead above the daily Boston Low Spot Market price, as defined in Section A, Paragraph 9 of these bid specifications, for delivered oil:

\$ +0.0788 per Gallon
(to 4 decimal places)

OPTION 2
Fixed Price Futures Program

Vendor's Margin and Overhead above the January 2015 NYMEX closing price, as defined in Section A, Paragraph 9 of these bid specifications, for delivered oil:

\$ +0.2706 per Gallon
(to 4 decimal places)

I do hereby agree to supply and deliver #2 fuel oil as specified:

Signature: Gayle Newton Date: 2/14/2014

Name (Please Print): Gayle Newton

Title: Contract Sales Manager

Company: Petroleum Traders Corporation

Address: 7120 Pointe Inverness Way

City/State/Zip: Fort Wayne, IN 46804

Phone: 800-348-3705 x1002 Fax: 260-203-3820 E-mail: gnewton@petroleumtraders.com

#2 Heating Fuel Oil, Invitation for Bids
Bid Form
Section 2: Franklin County Trailer Transport

Each Section shall apply only to the Awarding Authorities listed in the Section.

OPTION 1
Daily New Haven Low Spot Market Price

Vendors Margin and Overhead above the daily New Haven Low Spot Market price, as defined in Section A, paragraph 9 of these bid specifications, for delivered oil:

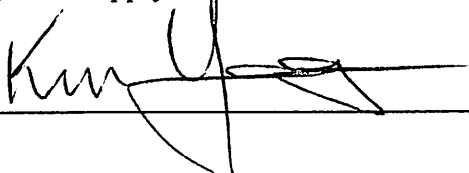
\$ 0.1120 per Gallon
(to 4 decimal places)

OPTION 2
Fixed Price Futures Program

Vendor's Margin and Overhead above the January 2015 NYMEX closing price, as defined in Section A, Paragraph 9 of these bid specifications, for delivered oil:

\$ 0.1921 per Gallon
(to 4 decimal places)

I do hereby agree to supply and deliver #2 fuel oil as specified:

Signature:  Date: 3-7-14

Name (Please Print): Kevin Young

Title: V.P. Municipal and Commercial Bids

Company: Global Montello Group Corp.

Address: 800 South Street

City/State/Zip: Waltham, MA 02454

Phone: 781-398-4259 Fax: 781-398-9213 E-mail: kyoung@globalp.com

**#2 Heating Fuel Oil, Invitation for Bids
Bid Form
Section 2: Franklin County Trailer Transport**

Each Section shall apply only to the Awarding Authorities listed in the Section.

**OPTION 1
Daily New Haven Low Spot Market Price**

Vendors Margin and Overhead above the daily New Haven Low Spot Market price, as defined in Section A, paragraph 9 of these bid specifications, for delivered oil:

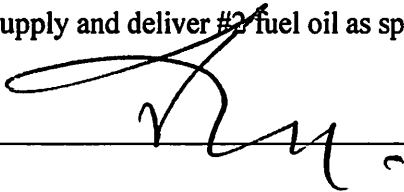
+ \$ 0.0667 per Gallon excluding applicable taxes.
(to 4 decimal places)

**OPTION 2
Fixed Price Futures Program**

Vendor's Margin and Overhead above the January 2015 NYMEX closing price, as defined in Section A, Paragraph 9 of these bid specifications, for delivered oil:

+ \$ 0.1771 per Gallon excluding applicable taxes.
(to 4 decimal places)

I do hereby agree to supply and deliver #2 fuel oil as specified:

Signature: _____  _____ Date: 3/7/2014

Name (Please Print): Donald M. Herzog

Title: President & CEO

Company: East River Energy, Inc.

Address: 401 Soundview Road, P.O. Box 388

City/State/Zip: Guilford, CT 06437

Phone: 800-336-3762 Fax: 203-453-3899

E-mail: mel@eastriverenergy.com
Maryanne E. Little, Bid & Proposal Manager

#2 Heating Fuel Oil, Invitation for Bids
Bid Form
Section 2: Franklin County Trailer Transport

Each Section shall apply only to the Awarding Authorities listed in the Section.

OPTION 1
Daily New Haven Low Spot Market Price

Vendors Margin and Overhead above the daily New Haven Low Spot Market price, as defined in Section A, Paragraph 9 of these bid specifications, for delivered oil:

\$ 0.0886 * per Gallon
(to 4 decimal places)

OPTION 2
Fixed Price Futures Program

Vendor's Margin and Overhead above the January 2015 NYMEX closing price, as defined in Section A, Paragraph 9 of these bid specifications, for delivered oil:

\$ 0.1816 * per Gallon
(to 4 decimal places)

I do hereby agree to supply and deliver #2 fuel oil as specified:

* See Attachment A

Signature:  Date: 5 March 2014

Name (Please Print): Lex Johnson

Title: Manager Government Sales

Company: Santa Buckley Energy, Inc.

Address: 154 Admiral Street

City/State/Zip: Bridgeport, CT 06605

Phone: (203) 336-3541 Fax: (203) 367-2412 E-mail: johnsonl@santaenergy.com

DENNIS K. BURKE INC.

**FINANCIAL STATEMENTS
YEARS ENDED APRIL 30, 2013 AND 2012**

DENNIS K. BURKE INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors and Stockholders
Dennis K. Burke Inc.
Chelsea, Massachusetts

We have audited the accompanying financial statements of Dennis K. Burke Inc., which comprise the balance sheets as of April 30, 2013 and 2012, and the related statements of income, comprehensive income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dennis K. Burke Inc. as of April 30, 2013 and 2012 and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Tonneson & Company, Inc.

Tonneson & Company, Inc.

Wakefield, Massachusetts
July 24, 2013

tonneson + co

Certified Public Accountants & Consultants

401 Edgewater Place, Suite 300, Wakefield, MA 01880 6208 t. 781 245 9999 f. 781 245 8731 www.tonneson.com

DENNIS K. BURKE INC.

BALANCE SHEETS

APRIL 30, 2013 AND 2012

ASSETS

	<u>2013</u>	<u>2012</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 434,070	\$ 1,841,968
Restricted cash	1,037,535	-
Marketable securities	1,512	19,038
Accounts receivable, trade, net of allowance for doubtful accounts of \$3,000,000 in 2013 and 2012	32,465,477	30,321,000
Inventories	12,932,227	13,514,533
Prepaid expenses and other current assets	3,071,507	3,859,640
Deferred state income taxes	196,100	188,800
	<u>50,138,428</u>	<u>49,744,979</u>
PROPERTY, PLANT AND EQUIPMENT, AT COST:		
Building and leasehold improvements	1,642,417	1,633,917
Machinery and equipment	639,143	619,554
Furniture and fixtures	58,285	58,285
Motor vehicles	11,767,002	11,578,739
Tanks and pumps	463,051	415,052
Land	8,900	8,900
	<u>14,578,798</u>	<u>14,314,447</u>
Less accumulated depreciation	<u>10,610,998</u>	<u>9,369,934</u>
	<u>3,967,800</u>	<u>4,944,513</u>
OTHER ASSETS:		
Cash surrender value of officers' life insurance	406,096	393,231
Federal tax deposit	21,419	1,287,440
Deposits	367,786	247,874
Computer software, net of accumulated amortization of \$293,156 in 2013 and \$242,988 in 2012	33,630	74,416
	<u>828,931</u>	<u>2,002,961</u>
TOTAL ASSETS	<u>\$ 54,935,159</u>	<u>\$ 56,692,453</u>

See Notes to Financial Statements.

LIABILITIES AND STOCKHOLDERS' EQUITY

	<u>2013</u>	<u>2012</u>
CURRENT LIABILITIES:		
Note payable, bank	\$ 19,329,699	\$ 15,246,717
Current portion of long-term debt	777,206	1,427,346
Accounts payable	15,874,189	22,739,889
Interest rate derivatives	306,874	503,530
Accrued expenses and other current liabilities	<u>914,526</u>	<u>1,299,476</u>
Total current liabilities	37,202,494	41,216,958
LONG-TERM DEBT, NET OF CURRENT PORTION	1,137,945	1,333,239
DEFERRED STATE INCOME TAXES	102,300	84,900
COMMITMENTS AND CONTINGENT LIABILITIES	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>38,442,739</u>	<u>42,635,097</u>
STOCKHOLDERS' EQUITY:		
Common stock, no par value, 10,000 shares authorized, 100 issued and outstanding	2,493	2,493
Retained earnings	16,778,199	14,515,756
Accumulated other comprehensive loss	<u>(288,272)</u>	<u>(460,893)</u>
TOTAL STOCKHOLDERS' EQUITY	<u>16,492,420</u>	<u>14,057,356</u>
 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	 \$ <u>54,935,159</u>	 \$ <u>56,692,453</u>

DENNIS K. BURKE INC.

STATEMENTS OF INCOME

YEARS ENDED APRIL 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
NET SALES	\$ 858,336,920	\$ 929,126,242
COST OF SALES	<u>830,065,286</u>	<u>904,478,234</u>
GROSS PROFIT	<u>28,271,634</u>	<u>24,648,008</u>
OTHER EXPENSES:		
Operating expenses	14,117,599	13,764,924
Selling expenses	2,286,855	2,093,806
General and administrative expenses	<u>3,748,575</u>	<u>4,585,769</u>
Total operating expenses	<u>20,153,029</u>	<u>20,444,499</u>
INCOME FROM OPERATIONS	8,118,605	4,203,509
OTHER EXPENSE, NET	<u>685,785</u>	<u>1,030,975</u>
INCOME BEFORE PROVISION FOR STATE INCOME TAXES	7,432,820	3,172,534
PROVISION FOR STATE INCOME TAXES	<u>229,567</u>	<u>171,452</u>
NET INCOME	<u>\$ 7,203,253</u>	<u>\$ 3,001,082</u>

See Notes to Financial Statements.

DENNIS K. BURKE INC.

STATEMENTS OF COMPREHENSIVE INCOME

YEARS ENDED APRIL 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
NET INCOME	\$ <u>7,203,253</u>	\$ <u>3,001,082</u>
OTHER COMPREHENSIVE INCOME, NET OF TAX :		
Unrealized gain on interest rate derivatives, net of tax of \$11,800 in 2013 and \$3,500 in 2012	184,856	54,350
Unrealized gain on marketable securities, net of tax of \$40 in 2013 and \$300 in 2012	624	5,095
Reclassification adjustment for realized gains on marketable securities included in net income	<u>(12,859)</u>	<u>-</u>
	<u>172,621</u>	<u>59,445</u>
COMPREHENSIVE INCOME	\$ <u><u>7,375,874</u></u>	\$ <u><u>3,060,527</u></u>

See Notes to Financial Statements.

DENNIS K. BURKE INC.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

YEARS ENDED APRIL 30, 2013 AND 2012

	Common Stock		Retained	Accumulated	Total
	Shares	Amount	Earnings	Other	Stockholders'
				Comprehensive	Equity
				Income (Loss)	
BALANCE AT MAY 1, 2011	100	\$ 2,493	\$ 11,521,396	\$ (520,338)	\$ 11,003,551
Unrealized gain on marketable securities				5,095	5,095
Unrealized gain on interest rate derivatives				54,350	54,350
Net income			3,001,082		3,001,082
Distributions			(6,722)		(6,722)
BALANCE AT APRIL 30, 2012	100	2,493	14,515,756	(460,893)	14,057,356
Unrealized gain on marketable securities				624	624
Reclassification adjustment for realized gains on marketable securities				(12,859)	(12,859)
Unrealized gain on interest rate derivatives				184,856	184,856
Net income			7,203,253		7,203,253
Distributions			(4,940,810)		(4,940,810)
BALANCE AT APRIL 30, 2013	100	\$ 2,493	\$ 16,778,199	\$ (288,272)	\$ 16,492,420

See Notes to Financial Statements.

DENNIS K. BURKE INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED APRIL 30, 2013 AND 2012

INCREASE IN CASH AND CASH EQUIVALENTS

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 7,203,253	\$ 3,001,082
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	1,638,701	1,939,336
Cash surrender value of life insurance	(12,865)	(21,083)
Deferred state income taxes	(1,000)	113,500
Gain on sale of marketable securities	(12,859)	-
Gain on sale/disposal of equipment	(19,789)	(27,266)
Changes in certain assets and liabilities:		
Accounts receivable, trade	(2,144,477)	11,228,163
Inventories	582,306	(969,738)
Prepaid expenses and other current assets	788,133	1,441,256
Deposits	(119,912)	(201,241)
Federal tax deposit	1,266,021	1,463,328
Accounts payable, trade	(6,865,700)	4,369,493
Accrued expenses and other current liabilities	(384,950)	(728,991)
Net cash provided by operating activities	<u>1,916,862</u>	<u>21,607,839</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(626,431)	(1,248,297)
Proceeds from sale/disposal of equipment	34,000	82,531
Proceeds from sale of marketable securities	17,850	-
Purchases of computer software	(9,382)	(8,023)
Restricted cash	<u>(1,037,535)</u>	<u>578,175</u>
Net cash used in investing activities	<u>(1,621,498)</u>	<u>(595,614)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from (repayments of) note payable bank, net	4,082,982	(18,053,511)
Repayments of long-term debt	(2,418,665)	(1,488,503)
Proceeds from long-term debt	1,573,231	-
Distributions paid	<u>(4,940,810)</u>	<u>(6,722)</u>
Net cash used in financing activities	<u>(1,703,262)</u>	<u>(19,548,736)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,407,898)	1,463,489
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,841,968</u>	<u>378,479</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ <u>434,070</u>	\$ <u>1,841,968</u>

See Notes to Financial Statements.

DENNIS K. BURKE INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2013 AND 2012

Note 1 - Summary of Significant Accounting Policies

Organization - The Company was incorporated in May 1961. Its principal business activity is the distribution and sale of petroleum products to a diverse customer base throughout New England, the Northeast and the Mid-Atlantic region.

Financial Statement Presentation - Certain reclassifications have been made to the 2012 financial statements in order to conform to the presentation for 2013.

Cash Equivalents - Cash equivalents consist of money market funds and repurchase agreements with original maturities of 90 days or less. Cash equivalents are carried at cost which approximates market.

Restricted Cash - Restricted cash includes settled commodity derivative contracts and the margin requirement on open commodity derivative contracts if applicable.

Trade Accounts Receivable - Trade accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable.

Marketable Securities - Marketable securities are accounted for in accordance with U.S. generally accepted accounting principles. Under these provisions, securities are classified as held-to-maturity, trading or available for sale. Held-to-maturity debt securities are reported at amortized cost. Trading securities are reported at fair value, with change in fair value included in earnings. Available for sale securities are reported at fair value, with net unrealized gains and losses reported as other comprehensive income and accumulated in a separate component of stockholders' equity.

Inventories - Bulk fuel and lube product inventories are stated at cost, determined by the last-in, first-out (LIFO) method. Non-bulk lube and warehouse product are stated at the lower of cost or market. Cost is determined on the average cost basis. Market is generally based on replacement costs.

Last-in, First-out (LIFO) - During the year ended April 30, 2006, the Company adopted the last-in, first-out (LIFO) method of costing bulk lube products. During the year ended April 30, 2005, the Company adopted the last-in, first-out (LIFO) method of costing bulk fuel products. Previously, the first-in, first-out (FIFO) method was used. Management believes that the LIFO method minimizes the effect of price level changes on inventory valuations and generally matches current costs against current revenues in the income statement.

Property, Plant and Equipment - Depreciation is computed using the accelerated and straight-line methods calculated to amortize the cost of the assets over their estimated useful lives. Leasehold improvements are depreciated over the lesser of the related lease or the estimated useful lives of the assets.

Computer Software - The costs to acquire certain computer software is being amortized on the straight-line method over a three-year period.

DENNIS K. BURKE INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2013 AND 2012

Note 1 - Summary of Significant Accounting Policies (Continued)

Income Taxes - The Company has elected under the Internal Revenue Code to be taxed as an S corporation. Under these provisions, the Company does not pay federal corporate income taxes on its taxable income. Instead, the stockholders are liable for individual federal income taxes on their proportionate share of the Company's taxable income. The Company is not recognized as an S corporation for all states in which it does business and, therefore, is liable for certain corporate state income taxes.

In determining the recognition of uncertain tax positions, the Company applies a more-likely-than-not recognition threshold and determines the measurement of uncertain tax positions considering the amounts and probabilities of the outcomes that could be realized upon ultimate settlement with taxing authorities. As of April 30, 2013, the Company has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Company is generally subject to potential examination by taxing jurisdictions for the previous three years.

The provision for deferred income tax expense or benefit represents the net change during the year in the Company's deferred income tax assets or liabilities. Deferred income tax assets or liabilities represent the amount of income taxes recoverable or payable in future years resulting from future net tax deductions or taxable income arising from temporary differences in the reporting of certain types of income and expense items for financial statement and for income tax purposes. Deferred income tax assets or liabilities are measured using current tax laws and computed pursuant to U.S. generally accepted accounting principles for uncertainty in income taxes.

Advertising Costs - The Company expenses the costs of advertising as incurred. For the years ending April 30, 2013 and 2012, advertising costs amounted to approximately \$77,000 and \$170,000 respectively, and are included in selling expenses in the accompanying financial statements.

Concentration of Credit Risk - Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash, trade receivables and over-the-counter and exchange-traded derivative contracts. The Company places its cash in high credit financial institutions. The Company maintains its operating cash accounts in non-interest bearing accounts. The Company had cash amounts in excess of FDIC insurance at April 30, 2013 of approximately \$528,000. The Company grants credit to its customers located throughout the Northeast and Mid-Atlantic states. The credit risk from the Company's over-the-counter derivative contracts, such as forwards and swaps, derives from the counterparty to the transaction, typically a major bank or financial institution. The Company closely monitors these credit exposures against predetermined credit limits, including the continual exposure adjustments that result from market movements. Individual counterparty exposure is managed within these limits, and includes the use of cash-call margins when appropriate, thereby reducing the risk of significant non-performance. The Company also uses futures contracts, but futures have a negligible credit risk because they are traded on the New York Mercantile Exchange.

Interest Rate Derivative Contracts - The Company holds derivative financial instruments for the purpose of hedging the variability of future cash flows caused by changes in interest rates. Derivative instruments consist of interest rate swap agreements and are measured at fair value and recorded in accordance with U.S. generally accepted accounting principles.

Shipping and Handling Costs - For the years ended April 30, 2013 and 2012, shipping and handling costs in the amounts of \$382,590 and \$644,374, respectively were included in operating expenses in the accompanying financial statements.

DENNIS K. BURKE INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2013 AND 2012

Note 1 - Summary of Significant Accounting Policies (Continued)

Commodity Derivative Contracts - The Company holds commodity derivative financial instruments for the purpose of hedging the risks of certain identifiable and anticipated transactions. In general, the types of risks hedged are those relating to the variability of future earnings caused by changes in commodity prices. In hedging the transactions, the Company, in the normal course of business, holds futures contracts to hedge the fair value of commodity inventory, as well as purchase and sale commitments. Futures contracts are held only for the purpose of hedging such risks, not for speculation. Generally, the Company enters into hedging relationships such that changes in the fair values of items and transactions being hedged are expected to be offset by corresponding changes in the values of the derivatives. Most of these designated hedges are entered into at the same time that the hedged items are transacted; they are fully effective and in combination with the offsetting hedged items, result in little or no net impact on income. U.S. generally accepted accounting principles requires purchase and sales contracts for commodities that are readily convertible to cash to be recorded on the balance sheet as derivatives unless the contracts are for quantities we expect to use or sell over a reasonable period in the normal course of business (the normal purchase and normal sales exception) and we have documented our intent to apply this exception. Except for option contracts, we generally apply this exception to eligible purchase and sales contracts. The Company also uses commodity derivative instruments for the purpose of hedging the variability of future cash flows caused by fluctuating oil prices. The Company manages its exposure through the use of option contracts. To the extent that these instruments are effective in hedging the Company's exposure to price changes, changes in fair values of the hedge contracts are deferred in accumulated other comprehensive income.

Estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Comprehensive Income - The Company reports comprehensive income in accordance with U.S. generally accepted accounting principles. These principles establish rules for the reporting of comprehensive income and its components. Comprehensive income consists of net income and unrealized gains and losses on derivatives and marketable securities.

Variable Interest Entities - U.S. generally accepted accounting principles require the primary beneficiary of a variable interest entity to consolidate the variable interest entity in its financial statements. VIEs include many entities that have been referred to as special-purpose entities as well as other entities that are structured in such a way that (a) the equity investment at risk is not sufficient to permit the entity to finance itself without subordinated financial support in other forms or (b) the equity investors as a group lack decision-making powers, do not absorb losses, or do not receive residual returns.

Management has considered the implications under U.S. generally accepted accounting principles in regard to its related entities. Management has determined that in each instance, the related entity has sufficient equity and that the entity's owners have all the characteristics of a controlling financial interest. Consequently, none of the Company's related entities are considered to be VIEs and therefore do not meet the consolidation criteria under U.S. generally accepted accounting principles.

Subsequent Events - The date to which events occurring after April 30, 2013 have been evaluated for possible adjustment to the financial statements or disclosures is the date of the Independent Auditor's Report which is the date the financial statements were available to be issued.

DENNIS K. BURKE INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2013 AND 2012

Note 2 - Fair Value Measurement

Fair value is defined under U.S. generally accepted accounting principles as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants. The Company is required to maximize the use of observable market inputs, minimize the use of unobservable market inputs, and disclose in the form of an outlined hierarchy the details of such fair value measurements. The hierarchy of valuation techniques is based on whether the inputs to a fair value measurement are considered to be observable or unobservable in a marketplace. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. This hierarchy requires the use of observable market data when available. These inputs have created the following fair value hierarchy:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than those included in Level 1. For example, quoted prices for similar assets in active markets or quoted prices for identical assets in inactive markets.

Level 3 - Unobservable inputs reflecting management's own assumptions about the inputs used in estimating the value of the asset.

Marketable securities - The Company calculates fair value for its marketable securities based on quoted market prices for identical assets and liabilities.

Derivatives - The Company records its derivative instruments, other than commodity derivative contracts that are designated as normal purchase and normal sale, on the balance sheet at fair value, with virtually all the offsetting amounts to other comprehensive income or loss.

The Company's derivative instruments principally include refined-product futures, options and forward contracts, as well as interest-rate swaps. Derivatives classified as Level 1 include futures and options contracts traded in active markets such as the New York Mercantile Exchange.

Derivatives classified as Level 2 include interest-rate swap contracts principally with financial institutions, the fair value for which are obtained from industry pricing services and are included in accrued expenses and other current liabilities in the accompanying financial statements.

DENNIS K. BURKE INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2013 AND 2012

Note 2 - Fair Value Measurement (Continued)

The following table summarizes the Company's financial assets and liabilities measured at fair value on a recurring basis in accordance with U.S. generally accepted accounting principles as of April 30, 2013:

	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Unobservable Inputs Level 3
Restricted cash	\$ 1,037,535	\$ -	\$ -
Marketable securities	1,512	-	-
Interest rate derivatives	-	(306,874)	-
	<u>\$ 1,039,047</u>	<u>\$ (306,874)</u>	<u>\$ -</u>

Quoted Prices in

The following table summarizes the Company's financial assets and liabilities measured at fair value on a recurring basis in accordance with U.S. generally accepted accounting principles as of April 30, 2012:

	Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Unobservable Inputs Level 3
Marketable securities	\$ 19,038	\$ -	\$ -
Interest rate derivatives	-	(503,530)	-
	<u>\$ 19,038</u>	<u>\$ (503,530)</u>	<u>\$ -</u>

Note 3 - Cash and Cash Equivalents

Cash and cash equivalents at April 30, 2013 and 2012 consist of the following:

	<u>2013</u>	<u>2012</u>
Non-interest bearing	\$ 414,233	\$ 1,839,911
Money market funds	<u>19,837</u>	<u>2,057</u>
	<u>\$ 434,070</u>	<u>\$ 1,841,968</u>

Note 4 - Marketable Securities

At April 30, 2013 and 2012, available for sale marketable securities are carried at market value in the amount of \$1,512 and \$19,038, respectively. At April 30, 2013 and 2012, available for sale marketable securities had an aggregate cost of \$810 and \$5,801, respectively. During the year ended April 30, 2013, marketable securities with a cost basis of \$4,991 were sold in the amount of \$17,850. There were no sales of marketable securities during the year ended April 30, 2012.

DENNIS K. BURKE INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2013 AND 2012

Note 5 - Inventories

Inventories at April 30, 2013 and 2012 consist of the following:

	<u>2013</u>	<u>2012</u>
Bulk fuel product, at FIFO cost	\$ 23,202,066	\$ 26,742,117
Bulk lube product, at FIFO cost	457,036	622,983
Less LIFO allowance	<u>(11,407,133)</u>	<u>(14,647,734)</u>
Inventory, at LIFO cost	12,251,969	12,717,366
Lubes and warehouse product, at FIFO cost	<u>680,258</u>	<u>797,167</u>
Total inventory	\$ <u><u>12,932,227</u></u>	\$ <u><u>13,514,533</u></u>

As disclosed in Note 1, bulk fuel and bulk lube products are valued using the last-in, first-out (LIFO) method. If the first-in, first-out (FIFO) method had been used, the effect would have been a decrease of net income of approximately \$(3,241,000) and \$(432,000) for the years ending April 30, 2013 and 2012, respectively.

Note 6 - Note Payable, Bank

The Company has a revolving line of credit agreement with Bank of America. The maximum borrowings available under the agreement were \$55,000,000 at April 30, 2013. The agreement is collateralized by all of the Company's assets. The agreement provides that any borrowings are due on demand and bear interest based on a factor of the bank's prime lending rate or LIBOR. The Company has entered into two swap agreements to hedge its cash flow risk related to interest expense on a portion of its line of credit agreement (reference is made to Note 8). The agreement expires on November 30, 2013, unless it is extended. The agreement is subject to certain financial covenants. As of April 30, 2013, management is not aware of any violations of the covenants. At April 30, 2013 and 2012, borrowings outstanding under the agreement amounted to \$19,329,699 and \$15,246,717, respectively.

Note 7 - Long-term Debt

A summary of long-term debt at April 30, 2013 and 2012 is as follows:

	<u>2013</u>	<u>2012</u>
Note payable, secured by equipment, bearing interest at a rate of 3.540%, payable in monthly payments, consisting of principal and interest of \$10,890 through December 2013.	\$ 85,976	\$ 211,200
Note payable, secured by equipment, bearing interest at a rate of 3.740%, payable in monthly payments, consisting of principal and interest of \$16,421 through February 2014.	161,426	348,623
Note payable, secured by equipment, bearing interest at a rate of 3.740%, payable in monthly payments, consisting of principal and interest of \$21,154 through March 2014.	228,401	468,808

DENNIS K. BURKE INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2013 AND 2012

Note 7 - Long-term Debt (Continued)

	<u>2013</u>	<u>2012</u>
Note payable, secured by equipment, bearing interest at a rate of 6.290%, payable in monthly payments, consisting of principal and interest of \$644, prepaid in full in December 2012.	\$ -	\$ 24,208
Note payable, secured by equipment, bearing interest at a rate of 2.73%, payable in monthly payments, consisting of principal and interest of \$20,184 through October 2017.	1,024,464	-
Note payable, secured by equipment, bearing interest at a rate of 2.77%, payable in monthly payments, consisting of principal and interest of \$3,538 through December 2017.	185,636	-
Note payable, secured by equipment, bearing interest at a rate of 2.77%, payable in monthly payments, consisting of principal and interest of \$4,369 through December 2017.	229,248	-
Note payable, secured by equipment, bearing interest at a rate of 6.085%, payable in monthly payments, consisting of principal and interest of \$19,915, prepaid in full in March 2013.	-	620,541
Note payable, secured by equipment, bearing interest at a rate of 6.985%, payable in monthly payments, consisting of principal and interest of \$3,494, prepaid in full in March 2013.	-	124,351
Note payable, secured by equipment, bearing interest at a rate of 5.495%, payable in monthly payments, consisting of principal and interest of \$6,004, prepaid in full in March 2013.	-	238,754
Note payable, secured by equipment, bearing interest at a rate of 5.493%, payable in monthly payments, consisting of principal and interest of \$13,123, paid in full February 2013.	-	127,987
Note payable, secured by equipment, bearing interest at a rate of 5.595%, payable in monthly payments, consisting of principal and interest of \$9,905, prepaid in full in March 2013.	-	170,629
Note payable, secured by equipment, bearing interest at a rate of 5.632%, payable in monthly payments, consisting of principal and interest of \$9,273, prepaid in full in March 2013.	-	201,719

DENNIS K. BURKE INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2013 AND 2012

Note 7 - Long-term Debt (Continued)

	<u>2013</u>	<u>2012</u>
Note payable, secured by equipment, bearing interest at a rate of 4.960%, payable in monthly payments, consisting of principal and interest of \$23,015, paid in full February 2013.	-	223,765
Total	1,915,151	2,760,585
Less current portion	777,206	1,427,346
Net long-term portion	\$ 1,137,945	\$ 1,333,239

Maturities of long-term debt for each of the years succeeding April 30, 2013 are as follows:

<u>Years ending April 30,</u>	
2014	\$ 777,206
2015	309,769
2016	318,368
2017	327,207
2018	182,601
	<u>\$ 1,915,151</u>

Note 8 - Interest Rate Derivatives

As of April 30, 2013, the Company has entered into two interest rate swap agreements with a bank in the aggregate amount of \$3,000,000 (reference is made to Note 6). These agreements effectively change the Company's interest rate exposure on its line of credit agreement to fixed rates varying from 4.28% to 5.57% in the aggregate notional amount of \$3,000,000 at April 30, 2013. The agreements mature in February 2015 and March 2016.

The mark to market fair value of these swap agreements amounted to obligations of \$306,874 and \$503,530 at April 30, 2013 and 2012, respectively, and are included in accrued expenses and other current liabilities in the accompanying financial statements.

In accordance with U.S. generally accepted accounting principles, gains and losses resulting from changes in the fair value of these swap agreements have been recorded as a component of other comprehensive income and are reclassified to interest expense as realized.

DENNIS K. BURKE INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2013 AND 2012

Note 9 - Profit-Sharing Retirement Plans

The Company has in effect a non-contributory, incentive profit-sharing retirement plan for all eligible employees. Company contributions to the plan are at the discretion of the Board of Directors, but may not exceed the maximum allowable deduction permitted under the Internal Revenue Code at the time of the contribution. The Company did not make a contribution to the plan for the years ended April 30, 2013 and 2012.

The Company also has a profit sharing retirement plan, which includes an employees' thrift savings plan established under the provisions of Internal Revenue Code section 401(k). Under the savings plan, a certain percentage of employees' wages, as defined in the plan, can be deferred as an employee contribution to the plan. In addition, the Company contributes a matching amount up to a certain defined percentage of the employee's contribution. The Company's contribution to the plan for the years ended April 30, 2013 and 2012 amounted to approximately \$195,000 and \$255,000, respectively.

While the Company expects to continue the plans indefinitely, it has reserved the right to modify, amend or terminate the plans. In the event of termination, the entire amount contributed under the plans must be applied to the payment of benefits to the participants or their beneficiaries.

Note 10 - State Income Taxes

The provision (benefit) for state income taxes for the years ending April 30, 2013 and 2012 is comprised of the following:

	<u>2013</u>	<u>2012</u>
Current provision	\$ 230,567	\$ 57,952
Deferred provision (benefit)	<u>(1,000)</u>	<u>113,500</u>
	<u>\$ 229,567</u>	<u>\$ 171,452</u>

Deferred state income taxes consist of expected future income tax assets or liabilities relating to temporary differences in the reporting of certain income and expense items for financial statement and for income tax purposes. Deferred state income taxes are classified as current or non-current, depending on the classification of the assets or liabilities to which they relate.

The Company's deferred tax asset at April 30, 2013, principally results from the following:

The allowance method of estimating uncollectability of accounts receivable is utilized for financial statement purposes, while the direct write-off method based on tax regulation is utilized for income tax purposes.

Certain selling and administrative expenses are capitalized as inventory cost for income tax purposes (as required under the Tax Reform Act of 1986) while they are expensed for financial statement purposes.

Certain accrued expenses are expensed using the cash basis method for income tax purposes while they are accrued for financial statement purposes.

Certain components of accumulated comprehensive income (loss).

DENNIS K. BURKE INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2013 AND 2012

Note 10 - State Income Taxes (Continued)

The Company's deferred tax liability at April 30, 2013 principally results from the Company using the straight line method of depreciation over the estimated useful lives of property and equipment for financial statement purposes, while using accelerated methods based on tax regulation for income tax purposes.

In connection with the Company's S Corporation status and election of a non-calendar year-end, the Company is required to maintain a federal S Corporation tax deposit with the Internal Revenue Service. As of April 30, 2013 and 2012, the outstanding federal tax deposit amounted to \$21,419 and \$1,287,440, respectively.

Note 11 - Related Party Transactions

Lease Agreements - The Company leases its office, warehouse and operating facilities under two operating lease agreements from two related parties, Burke Realty Trust and Cranland Realty Trust, in which one of the Company's stockholders and a former stockholder are beneficiaries.

The agreement with Cranland Realty Trust provides for fixed minimum rental payments, adjusted for consumer price indexes, through April 30, 2015. The agreement with Burke Realty Trust is renewed on a month by month basis, with monthly rent being incurred of approximately \$30,000. In addition, the agreements require the payment of utilities, real estate taxes, insurance and repairs.

Total rent expense under the related party lease agreements amounted to approximately \$450,000 for each of the years ended April 30, 2013 and 2012.

The following is a schedule by years of future minimum rental payments, excluding consumer price increases and certain operating expenses payable by the Company under the related party lease agreements as of April 30, 2013:

<u>Years ending April 30,</u>	<u>Amount</u>
2014	\$ 90,000
2015	90,000
Total minimum payments required	<u>\$ 180,000</u>

Note 12 - Commitments and Contingent Liabilities

Litigation - In accordance with U.S. generally accepted accounting principles, the Company discloses that certain claims, suits and complaints arising in the ordinary course of business have been filed or are pending against the Company. In the opinion of management, all such matters are adequately covered by insurance, or if not so covered, are without merit or are of such kind, or involve such amounts, as would not have a significant effect on the financial position or results of operations of the Company if disposed of unfavorably.

Purchase Commitments - At April 30, 2013, the Company had agreements to buy petroleum products over the next twelve months from several of its vendors at fixed prices. The Company has protected its profit margin on these purchase commitments with corresponding hedge transactions.

Sales Commitments - At April 30, 2013, the Company had agreements to sell petroleum products over the next twelve months to several of its customers at fixed prices. The Company has protected its profit margin on these sales commitments with corresponding hedge transactions.

DENNIS K. BURKE INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2013 AND 2012

Note 12 - Commitments and Contingent Liabilities (Continued)

Lease Agreement - During the year ended April 30, 2013, the Company entered into an operating lease agreement through September 2016, with a non-related party for warehouse facilities in Maine as well as allowed for the expiration of a non-related party lease agreement related to warehouse space in Massachusetts in December 2012.

Total rent expense under the lease agreements amounted to approximately \$72,000 and \$81,000 for each of the years ended April 30, 2013 and 2012, respectively.

The following is a schedule by years of future minimum rental payments, excluding consumer price increases and certain operating expenses payable by the Company under the non-related party lease agreements as of April 30, 2013:

<u>Years ending April 30,</u>	<u>Amount</u>
2014	\$ 54,000
2015	54,000
2016	<u>22,500</u>
Total minimum payments required	\$ <u>130,500</u>

Note 13 - Significant Vendors

Approximately 83% and 82% of the Company's purchases of fuel were made from three vendors for each of the years ended April 30, 2013 and 2012, respectively. Amounts due to these vendors included in accounts payable, trade and accrued expenses, at April 30, 2013 and 2012 amounted to approximately \$9,740,000 and \$17,900,000, respectively.

Note 14 - Other Expense, Net

Other expense, net is comprised of the following at April 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Other income:		
Interest and dividends	\$ (219)	\$ (617)
Gain on sale of assets	(19,789)	(27,266)
Gain on sale of marketable securities	(12,859)	-
Other	<u>(1,340)</u>	<u>(1,058)</u>
Total other income	<u>(34,207)</u>	<u>(28,941)</u>
Other expense:		
Interest	719,010	1,059,916
Other	<u>982</u>	<u>-</u>
Total other expense	<u>719,992</u>	<u>1,059,916</u>
Other expense, net	\$ <u>685,785</u>	\$ <u>1,030,975</u>

DENNIS K. BURKE INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2013 AND 2012

Note 15 - Statements of Cash Flows Supplemental Notes

Cash paid for interest and state income taxes during the years ended April 30, 2013 and 2012 consists of the following:

	<u>2013</u>		<u>2012</u>
Interest	\$ 726,169	\$	1,075,403
State income taxes	42,186		11,720