



ARROW SECURITY

TECHNICAL AND PRICING PROPOSAL

Response to RFP # 25-013
Private Security Services

City of Key West, Florida
1300 White Street, Key West, FL 33040

Due Date: May 15, 2025, 03:00 pm ET



Submitted by:

Aron Security, Inc. dba Arrow Security
1200 N. Federal Hwy., Suite 200, Boca Raton, FL 33432
UEI: LRU4Z42LJ2T1 CAGE: 09US7

Primary Contact:

Scott Sturgess, Chief Revenue Officer
Arrow Security, 631-263-8561
ssurgess@arrowsecurity.com

Scott, Sturgess, Authorized Legal Representative

March 13, 2025

Date

Secondary Contact:

John Reed, Executive Vice President
Arrow Security, 860-937-8498
jreed@arrowsecurity.com

Corporate Headquarters:

300 W. Main St, Smithtown, New York 11787
Incorporated in: New York



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1. TAB 1: Cover Letter and Executive Summary

1.1.Cover Letter

May 13, 2025

Lucas Torres-Bull, Procurement Manager
City of Key West
1300 White Street
Key West, FL 33040

RE: RFP 25-013 Private Security Services

Arrow Security is pleased to respond to **RFP 25-013 - Private Security Services** to provide unarmed security services for selected City of Key West owned and leased properties including but not limited to Key West Bight, Key West Bight Ferry Terminal, and City Marina in Key West, Florida. We understand the importance of providing protection that ensures the protection of personnel, property and visitors and present our Technical and Pricing Proposal.

In business for over 40 years, Arrow Security is one of the nation's largest privately held security Guard companies (~\$325 million/year in revenue). At Arrow, we are large enough to provide the City of Key West with the resources, technology, and supervision to deliver a superior security program while being nimble enough to react quickly and deliver an exceptional customer experience. It is our Service that sets us apart!

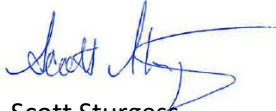
Per 3.3 Proposal Submittal Instructions, we are including the requested information:

Company Name	Aron Security, Inc. dba Arrow Security	
Incorporated Headquarters Address	300 W. Main Street, Smithtown, NY 11787, 1-800-945-0661	
Florida Address	1200 N. Federal Hwy., Suite 200, Boca Raton, FL 33432, (561) 417-0026	
Names of Principals	Alexander Caro, CEO/Owner Brendon McDonald, CFO Peter Curcio, President, Administrative Services	
Number of Employees	6,150	
Point of Contact(s)	Primary Contact: Scott Sturgess Chief Revenue Officer Arrow Security, 631-263-8561 ssturgess@arrowsecurity.com	Secondary Contact: John Reed Executive Vice President Arrow Security, 860-937-8498 jreed@arrowsecurity.com

We are confident that Arrow Security represents the best overall value to the City of Key West. I, Scott Sturgess, will serve as the primary contact for this RFP Response. Please feel free to contact me directly with any questions or requests for additional information at: [ssturgess@arrowsecurity.com](mailto:ssurgess@arrowsecurity.com) or 631-263-8561. We look forward to the opportunity to serve you.

Aron Security, Inc. dba Arrow Security hereby submits this proposal in response to RFP 25-013. All statements, representations and information provided in this proposal are accurate, complete and in accordance with the requirements of the Scope of services. With my signature, I certify that I am submitting this proposal as a legally authorized representative of Arrow Security.

Sincerely,



Scott Sturgess
Chief Revenue Officer

The City of Key West is soliciting proposals for Private Security Services to provide unarmed security service for selected City of Key West owned and leased properties including but not limited to Key West Bight, Key West Bight Ferry Terminal, and City Marina in Key West, Florida.

Response Content

*The City requires Proposers to submit a concise narrative clearly addressing all the requirements outlined in this RFP. **Responses must include, at a minimum, the following sections in the order indicated.***

Arrow Security includes the following as continuation of Tab 1, Tabs 2-10 as required, Appendices A-E to include City Forms, Proposal Form (Pricing). Appendices to not be included in page count per Section 3.3 of Proposal Submittal Instructions.

1.2.Executive Summary

Established in 1985, Arrow Security delivers comprehensive, high-quality security solutions with a focus on reliability, professionalism, and operational readiness. With deep expertise across multiple market verticals—including city and local government operations—Arrow is well-positioned to support the unarmed security guard service needs of the City of Key West.

Arrow Security has deep experience in some of the most challenging environments across numerous vertical markets, including government, municipality, social services, education, property management, residential communities, shelters, transitional living, healthcare, critical infrastructure, and transportation. We recognize the significance and scale of ensuring the safety of employees, visitors, property, and the communities you serve.

1.2.1. Capabilities

- **Specialized Unarmed Security Services** tailored to meet all requirements as outlined in the RFP
- **Rigorous vetting and hiring** processes to ensure deployment of highly skilled, professional security Officers and supervisory Officers
- **24/7/365 Operational Support** via our local operations teams and centralized **Command Center**
- **Comprehensive Continuity of Operations (COOP) & Contingency Planning**
- **Quality Assurance and Safety Planning** to enhance service performance and risk mitigation
- **Industry-Leading Training through Arrow Academy**, offering **200+ specialized courses**
- **Advanced Security Management Technology**, featuring:
 - **Incident Reporting & Guard Touring Systems-Lighthouse**
 - **KPI Measurement with GPS** for accountability/efficiency (GPS where allowed)
 - **Officer Check-In/Check-Out Software** with geofencing for accurate invoicing and workforce management - **eHub**
- **Professional Officer Appearance Standards**
- **Recognition / Incentive Programs** promote Officer morale and performance, supporting workforce satisfaction and ensuring consistent, reliable service for the City of Key West

- **Seamless, Hassle-Free Transitions** to minimize operational disruptions

1.2.2. Proven Performance & Mission Readiness

- **Over 9 million hours of guard services annually**, securing billions of dollars in assets
- **Leadership Team with Hundreds of Years of Combined Experience in Law Enforcement, Military and Homeland Security**
- **Florida Operations Office located in Boca Raton, Florida** and supervisory security staff within 35 miles of Key West (SOW § 2.2)

Arrow Security is fully prepared to deliver the highest caliber of security services, ensuring the safety and integrity of the City of Key West's operations, detailed in **TAB 5 – Approach to Scope of Work** of this response. Arrow Security has a proven track record of successfully meeting the diverse needs of our clients, as noted in the references provided in **TAB 6 – References** of this response.

1.2.3. Understanding of the Requirements and the Scope of Services

Arrow Security has thoroughly read and understands the requirements for RFP 25-013 Scope of Services and Amendment 1: Answers to Questions for Private Security Services for the City of Key West, Florida. We recognize the critical importance of protecting property, personnel, and facilities while ensuring the safety of City of Key West employees and the public.

1.2.4. Technical Approach & Solution Summary

Arrow Security's comprehensive transition management plan is designed to ensure a smooth, disruption-free onboarding process, allowing City of Key West operations to continue seamlessly. Our structured approach prioritizes **clear communication, timely execution, and operational readiness** from Day One. Designed specifically for the City of Key West, this plan establishes clear phases, assigns responsibilities, and identifies milestones and deliverables in alignment with the Scope of Services. We conduct regular transition calls to track progress and provide status updates to stakeholders. Key components include employee recruitment and onboarding—with preference given to incumbent personnel if desired—background checks and clearances, uniforms, equipment, communications tools, vehicles, training and licensing, phased management oversight, and risk mitigation. Additional details are provided in **TAB 5 – Approach to Scope of Work**.

2. TAB 2: Content of the Proposal

Arrow Security has included in this response the documentation and information requested in the solicitation. Included is a Technical Proposal with the required 10 tabs as well as Pricing Proposal as Appendix E which includes the Proposal Form (Pricing) provided by the City of Key West with Assumptions. City Forms can be found as Appendix A, Florida License as Appendix B and Financial Statements as **Appendix C**.

3. TAB 3: Table of Contents

Arrow Security has provided a Table of Contents following the cover page of this response that provides an outline in sequential order.

4. TAB 4: Experience and Qualifications

In business for over 40 years, Arrow Security is one of the nation's largest privately held security Guard companies (~\$325 million/year in revenue). Incorporated in the state of New York, May 1995, Arrow Security's corporate headquarters are located in Smithtown, New York with our Florida office located in Boca Raton, Florida (supervisory staff located in satellite locations throughout Florida). Arrow Security is registered and licensed to do business in the State of Florida – documentation located in **Appendix B**.

Arrow Security has deep experience in some of the most challenging environments across numerous vertical markets, including government, municipality, social services, education, property management, residential communities, shelters, transitional living, healthcare, critical infrastructure, and transportation.

4.1. Current and Recent Projects

Arrow Security has deep experience in some of the most challenging environments across numerous vertical markets, including government, municipality, social services, education, property management, residential communities, shelters, transitional living, healthcare, critical infrastructure, and transportation. We employ approximately 6,000 guards from the Northeast to Florida, with regional Operations Directors and Recruiting professionals to ensure that not only are we able to provide full coverage while maintaining our 98% customer retention rate, to also ensure that we have a workforce bench of ready-to-deploy Officers.

Select Partners Include:

- NYC Health & Hospitals 76,000 HPW
- NYCEM 28,600 HPW
- Acacia Housing Network 28,000 HPW
- Westchester Comm. College 1,985 HPW
- Walmart (Northeast to Florida) 1,883 HPW
- New York Power Authority 1,600 HPW
- SJP Properties - 11 Times Square 1,000 HPW
- LeFrak Commercial Properties 1,600 HPW
- Nassau BOCES 1,500 HPW
- New York Power Authority 1,200 HPW
- Bradley International Airport 1,400 HPW
- CBRE – Verizon Building 653 HPW
- Mercer County Board Social Services 300 HP
- Middlesex Community College 600 HPW
- Middle Country SD 1,600 HPW
- NYU Langone 336 HPW
- CBRE 33 Maiden Ln 536 HPW
- Northwell Health 591 HPW
- Renaissance Technologies 770 HPW
- Westchester Dept. of Public Works 664 HPW
- Lincoln Square BID – 500 HPW
- American Musical & Dramatic Academy 384 HPW

4.2.Executive Leadership

With Arrow Security's 98% customer retention rate, our commitment to exceptional service, reliability, and proactive management speaks for itself. From the front lines to the executive offices, our leadership team, to include our CEO, remains actively engaged in daily operations, ensuring seamless execution and unwavering support for your security needs. Experience the Arrow difference—where excellence is not just promised but proven.

Arrow Security's highly experienced and engaged executive leadership team is dedicated to ensuring the success of the City of Key West Private Security Services contract. Our executive personnel located at our headquarters in New York as well as our regional Florida office bring extensive expertise in security operations, law enforcement support, and protective services management, ensuring that all contract requirements are met with the highest level of precision, professionalism, and compliance. Our executive leadership is not merely advisory but directly involved in strategic oversight, operational execution, and continuous improvement of contract performance. Our team maintains a hands-on approach, proactively engaging with the City of Key West stakeholders, overseeing risk mitigation strategies, and ensuring adherence to all Florida and City of Key West mandates and requirements.

Each member of our executive team brings decades of experience in military, local and federal law enforcement support, complex security program management, and even high-threat security operations. Their direct involvement will guarantee:

- **Operational Excellence:** Immediate executive oversight to maintain the highest security standards, ensure full regulatory compliance, and swiftly resolve any challenges.
- **Risk Mitigation & Compliance:** Direct engagement in security risk assessments, threat mitigation planning, and adherence to the City of Key West directives.
- **24/7 Executive Support & Decision-Making:** Unparalleled accessibility and responsiveness to the City of Key West leadership for rapid decision-making and issue resolution.
- **Performance Optimization:** Hands-on leadership in training, personnel development, and continuous process improvement to enhance mission effectiveness.

Arrow Security has a strong commitment to leadership — **we do not just delegate responsibility; we lead from the front.** We are dedicated to delivering a security solution that is mission-ready, operationally superior, and aligned with the highest standards of the City of Key West.

Corporate Bios are located as **Appendix D.**

5. TAB 5: Approach to Scope of Work

5.1. City of Key West Requirements

The City of Key West is soliciting proposals for Private Security Services to provide unarmed security service for selected City of Key West owned and leased properties including but not limited to Key West Bight, Key West Bight Ferry Terminal, and City Marina in Key West, Florida.

5.2. Management Approach

With Arrow Security's 98% customer retention rate, our commitment to exceptional service, reliability, and proactive management speaks for itself. From the front lines to the executive offices, our leadership team—including our CEO—remains actively engaged in daily operations, ensuring seamless execution and unwavering consistency and support for your security needs. Experience the Arrow difference—where excellence is not just promised but proven.

Arrow Security's Management Approach for the City of Key West includes the following highly experienced professionals to ensure goals and objectives for the City are not only met, but exceeded:

- **Craig Schwab, Chief Operating Officer**, oversees companywide operations and the regional Florida office. Craig will ensure all contractual requirements are met.
- **Al Medeiros, Vice President of Operations**, is an experienced Operations professional who will lead the City of Key West security program and will ensure superior customer service. **Al is based in our regional office in Boca Raton and will be available for 24/7/365 support.**
- **City of Key West Supervisor** is your dedicated security professional who will oversee the day-to-day security operations and serve as the local point of contact for support with oversight from Al Medeiros. The Supervisor will be based out of Key West, or within 35 miles.
- **Matthew Regan, Command Center Director, and his team of Supervisors** oversees our Command Center staff, manages schedules, and ensures comprehensive coverage at your locations.

5.2.1. Meetings

Constant communication is the most vital component of our quality assurance program. The City of Key West Supervisory Officer will meet and communicate regularly with the onsite security team to ensure duties are clear, post orders are followed, and any needs or issues are addressed. Regular Quarterly meetings (Scope of Services § 2.2) will be held between Arrow Security Management Team and City of Key West representatives.

5.3. Staffing

Arrow Security is committed to delivering a highly skilled, mission-ready security force for the City of Key West. Our proposed solution includes the staffing of multiple security officers to cover the multiple year-round and seasonal scheduling requirements of the Scope of Services, with shifts varying from two

(2) hours to twelve (12) hours (Scope of Services § 3.2). Arrow Security also maintains a regional bench of pre-vetted, highly trained security professionals who are ready for rapid deployment.

Our rigorous recruitment and selection processes ensure a seamless transition and immediate operational capability upon contract award. Our localized hiring approach includes Community-Based Recruiting Initiatives and Online Hiring with Competitive Wage and Benefits packages to ensure continuity and retention of our security officers.

The Supervisory officer will have direct oversight and supervision for all officers as well as administrative duties and it is recommended that the Supervisor allocate 16 hours per week to administrative and supervisory duties, with the remaining 24 hours dedicated to providing post coverage. Officers will share one (1) marked golf cart for patrol duties.

5.4. Workforce Training

At Arrow we are committed to training. An educated Officer is an effective Officer. Our training programs produce Officers with the skill sets to react appropriately in any situation. We track training requirements and licenses/certifications for all Security Officers and understand the security requirements for the City of Key West.

We are proud to offer our **Arrow Academy with nearly 200 courses** designed specifically for the professional Security Officer. All Officers will receive three (3) hours per year of Professional Security Officer Training – covering client-tailored topics such as Customer Service as a Security Function, Access Control, Emergency Response, Verbal Judo and Defusing Conflict and Crisis. Courses include (but are not limited to):

Customer Service as a Security Function	Civil Law and Civil Liability
Defusing Conflict and Crisis	Criminal Law and Criminal Liability
Emergency Situations and Workplace Violence	Professional Communications, Parts I and II
Command Presence	Asset Protection and Security
Ethics, Deportment, and Professional Conduct	Fire Protection and Life Safety
Patrols and Fixed Posts	Physical Security and Crime Prevention
Report Writing	Threat Awareness
Active Shooter Response	First Aid/CPR/AED

5.5. Advanced Technology

Arrow Security utilizes integrated technology systems to deliver reliable, transparent, and accountable security operations tailored to the City of Key West's needs. Our platform supports real-time visibility and streamlined communication while ensuring compliance and service quality. Capabilities include:

- Licensing and training compliance monitoring to ensure all officers meet required certifications

- Scheduling Reports and Officer Rosters
- Turnover Tracking and Workforce Stability Reports
- Ad-hoc reporting to meet the needs of the City of Key West
- Digital Timekeeping with geofencing for accurate shift validation
- Mobile alerts for shift assignments and schedule changes
- Real-time Daily Activity Reports (DARs) and Incident Reports
- GPS guard tour tracking to ensure post coverage and location of each Officer

Arrow Security utilizes advanced contract management technology to ensure real-time oversight, workforce tracking, and compliance verification.

- **WinTeam Workforce Management System**
 - Ensures post coverage compliance & automated scheduling.
 - Tracks licensing & training certifications to prevent unqualified Officer deployment.
 - Generates real-time staffing reports for the City of Key West.
- **eHub Mobile Workforce App**
 - Geofenced Officer check-in/check-out to ensure Officers only sign in when physically on-site.
 - Automated shift notifications to reduce absenteeism.
 - Provides Officers mobile access to training resources.
- **Lighthouse Security Management Software**
 - Provides User Agencies with real-time access to Daily Activity Reports (DARs) & Incident Reports.
 - Tracks Officer patrols via GPS for compliance verification.
 - Includes photo/video and time stamped-verified incident documentation.
 - Provides Officers mobile access to post orders.

5.6.Command Centers

- Centralized Command Center that operates 24 / 7 / 365
- Command Center capabilities allow Arrow to monitor posts and ensure full coverage
- We can proactively see the Security Officers checking in and out in real-time

5.7.Contract Transition Management Plan

Arrow Security anticipates a transitional period for the contract. The transition period would ensure that the City of Key West services **continue to function seamlessly** throughout the process to include onboarding of any incumbent security personnel to Arrow Security; that transition activities are coordinated and aligned; and that the critical activities necessary for Arrow Security to assume full accountability for managing the guard services program are performed, while ensuring that work

continues uninterrupted and deliverables are achieved, in a safe, and conscientious manner. The following is an outline that best ensures a seamless contract transition:

Step 1 – Align Expectations

After Award, Arrow Security Management kicks off the contract period of performance with the City of Key West and stakeholders to get acquainted, walk through and review with the City of Key West:

- Policies, procedures, and guidelines
- Review staffing requirements and document criteria for posts
- Post Order development, ordering of equipment and vehicles
- Establish communication plan with the City of Key West

Step 2 – Select Officers

Arrow Security gives preference in hiring incumbent personnel where desired and is also prepared with our own personnel and/or hiring practices to ensure compliant and full post staffing.

- Onboard incumbents or Select Officers and orient to finalized security plan
- Officer training begins
- Establish liaison with local police department
- Develop work schedules and post orders for the locations per the Scope of Services

Step 3 – Prepare to Go Live

The Arrow Security Team will be comprised of experienced and skilled Security Personnel supported by a professional management team. In this stage, we provide comprehensive training.

- Assign posts
- Train personnel on City of Key West requirements
- Inventory and stage security equipment
- Issue and inspect Officer uniforms

Step 4 – Finalize Operational Details

Final preparations for transition date. Your dedicated Transition Team finalizes remaining action items to guarantee a seamless start up.

- Ensure all Officer training is complete
- Confirm Officers have completed training and understand post orders/expectations
- Management onsite to facilitate final walk through
- Final Transition Team meeting with the City of Key West with City Approval



5.7.1. Quality Assurance

Arrow Security reinforces comprehensive oversight and support for all security operations to ensure compliance with federal, state, local regulations, contractual requirements and maintain operational excellence and client satisfaction. Our quality assurance plan encompasses a comprehensive process that includes hiring, retention, training, compliance, safety, and performance monitoring. It ensures continuity of operations/staffing while maintaining compliance with state/local regulations and contractual requirements. This plan is reviewed and updated periodically or at COR request.

Site Inspections

Local Field Inspectors / Supervisors and Account Managers will conduct random and unannounced site inspections to help ensure peak performance. Inspections are documented and available on the client portal. The 12-point check includes:

- Attendance
- Report Writing
- Alertness
- Training
- Licensing
- Logbook review
- Uniform and grooming
- Post orders
- Job Knowledge
- Equipment
- Performance
- Fleet (if applicable)

6. TAB 6: References

Arrow Security delivers over 9 million hours of security services annually across a wide range of sectors, including utilities, critical infrastructure, healthcare, education, and transportation. We have extensive

experience operating in high-profile, regulated environments—such as the New York Power Authority, and major transportation hubs—where security, compliance, and continuity of service are paramount. This experience is supported by long-standing local operations. Arrow Security’s Florida office in Boca Raton has been providing security guard services in the state since 2008, including for residential communities and, most recently, coverage at **Florida Walmart locations in Zephyrhills, St. Petersburg, Ormond Beach, and Miami Gardens**. Arrow Security is pleased to provide the following references.

6.1. First Service Residential – Ponte Vecchio HOA

Lyquiesha Weeks | Community Association Manager
7050 Catania Drive, Boynton Beach, FL 33472
561-736-7704 ext. 101 | lyquiesha.weeks@fsresidential.com

Period of Performance: 2008-present

Madison Security Group has had this contract since 2008 and performance continues under Arrow Security at a high level of customer satisfaction. This 24/7/365 Access Control / Unarmed Guard Services contract includes:

- Access control and Perimeter security
- Vehicle access control and Pedestrian access control
- Collaboration with local law enforcement
- Customer service and protection for the residents

6.2. Mercer County Board of Social Services (MCBOSS)

Richard Wang | Chief of Administrative Services
609-989-4320 x1541 | rwang@mcboss.org

Period of Performance: 2022-present

Total Contract Value: \$550,000

Arrow provides approximately 300 hours per week of armed security Guard services to MCBOSS in Trenton NJ. Arrow Security Officers ensure a safe environment by providing:

- Armed Security Services
- Access Control and Perimeter Security Control
- ID checks and Visitor Screening
- CCTV monitoring
- Parking Control
- Emergency Assistance

6.3. New York City Health & Hospitals

Chris Keeley | Chief Operating Officer, HERRC Program
929-359-0665 | chris.keeley@nychhc.org

Juan Checco | Sr. Director of System Security & Hospital Police Department

646-815-3179 | juan.checo@nychhc.org

Period of Performance: 2022-present

Total Contract Value: \$143M

At the height of the HERRC Asylum Relief Center program, Arrow Security partnered with New York City Health & Hospitals and New York City Emergency Management to deliver security and life safety services across four boroughs. Our operations span 30 locations.

Under a \$143 million contract, we provide a comprehensive suite of security services, deploying unarmed security and fire safety personnel who collectively deliver over 104,220 hours per week (HPW) of service. These efforts ensure the safety and operational integrity of HERRC facilities, OEM sites, and hospital locations, reinforcing our commitment to excellence in public safety and emergency management.

- Access control and Perimeter security
- Vehicle access control and Pedestrian access control
- Intelligence gathering
- Supervisory and shift commander leadership
- Roving and mobile patrols
- Weapons detection

7. TAB 7: Litigation

Please provide the following information:

- *A list of the person's or entity's shareholders with five (5) percent or more of the stock or, if a general partnership, a list of the general partners; or, if a limited liability company, a list of its members; or, if a solely owned proprietorship, names(s) of owner(s);*

Alexander Caro, CEO and 100% Owner

- *A list of the Officers and directors of the entity;*

Alexander Caro, CEO and Owner

Peter Curcio, President Administrative Services

Brendon McDonald, Chief Financial Officer

- *The number of years the person or entity has been operating and, if different, the number of years it has been providing the services, goods, or construction services called for in the bid specifications (include a list of similar projects);*

40 years. Since 1985. See similar projects at **TAB 4. Experience and Qualifications.**

- *The number of years the person or entity has operated under its present name and any prior names;*

40 years.

- *Answers to the following questions regarding claims and suits:*

a) *Has the person, principals, entity, or any entity previously owned, operated or directed by any of its Officers, major shareholders or directors, ever failed to complete work or provide the goods for which it has contracted? If yes, provide details;*

No.

b) *Are there any judgments, claims, arbitration proceeding or suits pending or outstanding against the person, principal of the entity, or entity, or any entity previously owned, operated or directed by any of its Officers, directors, or general partners? If yes, provide details;*

No.

c) *Has the person, principal of the entity, entity, or any entity previously owned, operated or directed by any of its Officers, major shareholders or directors, within the last five (5) years, been a party to any lawsuit, arbitration, or mediation with regard to a contract for services, goods or construction services similar to those requested in the specifications with private or public entities? If yes, provide details;*

No.

d) *Has the person, principal of the entity, or any entity previously owned, operated or directed by any of its Officers, owners, partners, major shareholders or directors, ever initiated litigation against the City or been sued by the City in connection with a contract to provide services, goods or construction services? If yes, provide details;*

No.

e) *Whether, within the last five (5) years, the owner, an Officer, general partner, principal, controlling shareholder or major creditor of the person or entity was an Officer, director, general partner, principal, controlling shareholder or major creditor of any other entity that failed to perform services or furnish goods similar to those sought in the request for competitive solicitation;*

No.

f) *Customer references (minimum of three), including name, current address and current telephone number;*

1. **Lyquiesha Weeks**, Community Association Manager, Ponte Vecchio HOA, 7050 Catania Drive, Boynton Beach, FL 33472, 561-736-7704 ext. 101, lyquiesha.weeks@fsresidential.com

2. **Chris Keeley**, Chief Operating Officer, New York City Health and Hospitals, HERRC Program, 929-359-0665, chris.keeley@nychhc.org
3. **Richard Wang**, Chief of Administrative Services, Mercer County Board of Social Services (MCBOSS), 609-989-4320 x1541, rwang@mcboss.org

g) Credit References (minimum of three), including name, current address and current telephone number; and

1. **Mark Zawatsky**, Relationship Manager, Commercial Services Group, Wells Fargo, (571) 341-3023, marc.c.zawatsky@wellsfargo.com
2. **John LaMon**, Client Strategy Manager, Enterprise Fleet Management, (631) 210-4064, John.Lamon@efleets.com
3. **Toni Clemens**, Regional Sales Manager, WEX Fleet Sales, (203) 233-0349, toni.clemens@wexinc.com

h) Financial statements for the prior three years for the responding entity or for any entity that is a subsidiary to the responding entity.

Arrow Security has provided financial statements as **Appendix C**

j) A description of any previous or existing legal action against the Proposer within the past three (3) years. If none, Proposer shall state this fact in writing.

None to report.

8. TAB 8: City Forms

Arrow Security includes City Forms as **Appendix A** of this response to not be counted in the page count of this response (*Section 3.3: Response Content*).

9. TAB 9: Reserved

Arrow Security notes there is not a Tab 9 in the solicitation, but stating as reserved for brevity.

10. TAB 10: Project Location and Local Preference

Arrow Security's corporate headquarters is in New York, with a regional operations office in Boca Raton, Florida. Key West operations will be managed from Boca Raton, including Quality Assurance oversight. Daily supervision, administration, and local QA will be handled in Key West by a Supervisory Officer residing within 35 miles of the city. Arrow Security does not claim local preference as defined in the city of Key West Code Sec 2-798 so has not included the local preference form as not applicable.

11. Proposal Form – PRICING

Arrow Security presents our pricing in the provided Proposal Form format with Assumptions as **Appendix E** to the City of Key West.

11.1. Arrow Security Pricing / Proposal Form

Please see **Appendix E** for Pricing and Assumptions.

12. Conclusion

Arrow Security is recognized as a leader among U.S. security companies, and our ability to offer effective, service-focused security solutions is unmatched.

The Arrow Advantage Includes:

- Tailored security program to meet the City of Key West specific requirements
- 24/7/365 customer service and communication with our regional Florida and Key West teams
- Rigorous vetting and hiring process that delivers skilled, professional Security Guards
- Quality Assurance Planning
- Industry leading Guard and Supervisor training through Arrow Academy
- Centralized Command Center that ensures full post coverage
- Security Management technology for incident reporting, Officer touring, KPI measurement and compliance
- Officer check-in / check-out software for accurate invoicing
- GPS and Geofencing
- Professional Officer appearance
- Security Officer rewards and recognition
- Hassle-free transitions

We are confident that Arrow Security represents the best overall value to the **City of Key West**. Our proven track record of delivering highly trained, mission-ready personnel, combined with our unwavering commitment to Florida statutes and federal standards, operational readiness, and interagency coordination, positions us as a trusted security partner. We look forward to the opportunity to support your protective mission with precision, discretion, and professionalism. Thank you for considering **Arrow Security**.

Appendices

Appendix A – Affidavits and Certifications

Appendix B – Florida State License

Appendix C – Financial Statements

Appendix D – Corporate Biographies

Appendix E – Pricing / Proposal Form

Appendix A – Affidavits and Certifications

SECTION 4
AFFIDAVITS AND CERTIFICATIONS

THE FOLLOWING MATERIALS ARE CONSIDERED ESSENTIAL AND NON-WAIVABLE FOR ANY RESPONSE TO AN INVITATION TO BID.

BIDDERS SHALL SUBMIT THE SUBSEQUENT FORMS.

LIST OF ATTACHED FORMS:

1. Anti-Kickback Affidavit
2. Public Entity Crimes Form
3. City of Key West Indemnification Form
4. Equal Benefits for Domestic Partners Affidavit
5. Cone of Silence Affidavit
6. Non-Collusion Affidavit
7. Local Vendor Certification (not applicable to Arrow Security, office is located in Boca Raton)
8. City of Key West E-Verify Affidavit
9. Noncoercive Conduct Affidavit
10. Scrutinized Companies Certification


ANTI-KICKBACK AFFIDAVIT


STATE OF Florida)

: SS

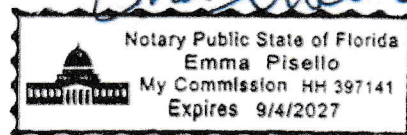
COUNTY OF Palm Beach

I, the undersigned hereby duly sworn, depose and say that no portion of the sum herein bid will be paid to any employees of the City of Key West as a commission, kickback, reward or gift, directly or indirectly by me or any member of my firm or by an officer of the corporation.

By: 
Alfred Medeiros

Sworn and subscribed before me this 8th day of May, 2025


NOTARY PUBLIC, State of Florida at Large



My Commission Expires:

**SWORN STATEMENT UNDER SECTION 287.133(3)(A)
FLORIDA STATUTES, ON PUBLIC ENTITY CRIMES**

THIS FORM MUST BE SIGNED IN THE PRESENCE OF A NOTARY PUBLIC OR OTHER OFFICER
AUTHORIZED TO ADMINISTER OATHS.

1. ^{Type text here}
This sworn statement is submitted with Bid or Proposal for _____
RFP #25-013 Private Security Services for the City of Key West
2. This sworn statement is submitted by Aron Security, Inc. dba Arrow Security
(name of entity submitting sworn statement)
whose business address is _____
300 W. Main Street, Smithtown, New York 11787
and (if applicable) its Federal Employer Identification Number (FEIN) is _____
11-3267664
(If the entity has no FEIN, include the Social Security Number of the individual
signing this sworn statement _____)
3. My name is Scott Sturgess
(please print name of individual signing)
and my relationship to the entity named above is Chief Revenue Officer
4. I understand that a "public entity crime" as defined in Paragraph 287.133(1)(g), Florida Statutes, means a violation of any state or federal law by a person with respect to and directly related to the transaction of business with any public entity or with an agency or political subdivision of any other state or with the United States, including but not limited to, any bid or contract for goods or services to be provided to any public or an agency or political subdivision of any other state or of the United States and involving antitrust, fraud, theft, bribery, collusion, racketeering, conspiracy, material misrepresentation.
5. I understand that "convicted" or "conviction" as defined in Paragraph 287.133(1)(b), Florida Statutes, means a finding of guilt or a conviction of a public entity crime, with or without an adjudication guilt, in any federal or state trial court of record relating to charges brought by indictment information after July 1, 1989, as a result of a jury verdict, nonjury trial, or entry of a plea of guilty or nolo contendere.
6. I understand that an "affiliate" as defined in Paragraph 287.133(1)(a), Florida Statutes, means
 1. A predecessor or successor of a person convicted of a public entity crime; or

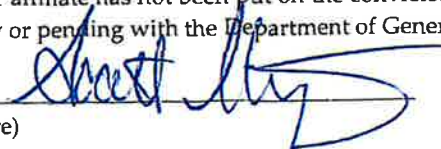
2. An entity under the control of any natural person who is active in the management of the entity and who has been convicted of a public entity crime. The term "affiliate" includes those officers, directors, executives, partners, shareholders, employees, members, and agents who are active in the management of an affiliate. The ownership by one person of shares constituting controlling interest in another person, or a pooling of equipment or income among persons when not for fair market value under an arm's length agreement, shall be a prima facie case that one person controls another person. A person who knowingly enters into a joint venture with a person who has been convicted of a public entity crime in Florida during the preceding 36 months shall be considered an affiliate.
7. I understand that a "person" as defined in Paragraph 287.133(1)(8), Florida Statutes, means any natural person or entity organized under the laws of any state or of the United States with the legal power to enter into a binding contract and which bids or applies to bid on contracts for the provision of goods or services let by a public entity, or which otherwise transacts or applies to transact business with public entity. The term "person" includes those officers, directors, executives, partners, shareholders, employees, members, and agents who are active in management of an entity.
8. Based on information and belief, the statement which I have marked below is true in relation to the entity submitting this sworn statement. (Please indicate which statement applies).

X Neither the entity submitting this sworn statement, nor any officers, directors, executives, partners, shareholders, employees, members, or agents who are active in management of the entity, nor any affiliate of the entity have been charged with and convicted of a public entity crime subsequent to July 1, 1989, AND (Please indicate which additional statement applies.)

____ There has been a proceeding concerning the conviction before a hearing of the State of Florida, Division of Administrative Hearings. The final order entered by the hearing officer did not place the person or affiliate on the convicted vendor list. (Please attach a copy of the final order.)

____ The person or affiliate was placed on the convicted vendor list. There has been a subsequent proceeding before a hearing officer of the State of Florida, Division of Administrative Hearings. The final order entered by the hearing officer determined that it was in the public interest to remove the person or affiliate from the convicted vendor list. (Please attach a copy of the final order.)

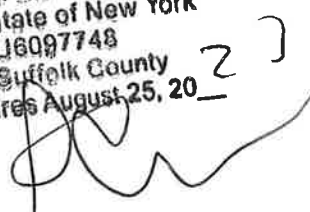
____ The person or affiliate has not been put on the convicted vendor list. (Please describe any action taken by or pending with the Department of General Services.)


(signature)

5-8-25
(date)

STATE OF New York

PETER G. GURGIO
Notary Public, State of New York
No. 01006097748
Qualified in Suffolk County
Commission Expires August 25, 2027



COUNTY OF Suffolk

PERSONALLY APPEARED BEFORE ME, the undersigned authority,

Scott Sturgess who, after first being sworn by me, affixed his/her
(name of individual signing)

signature in the space provided above on this

11 day of March, 2025

My commission expires:

NOTARY PUBLIC

PETER G. CURCIO
Notary Public, State of New York
No. 01CU6097748
Qualified in Suffolk County 25
Commission Expires August 25, 2025

CITY OF KEY WEST INDEMNIFICATION FORM

To the fullest extent permitted by law, the **Proposer** expressly agrees to indemnify and hold harmless the City of Key West, their officers, directors, agents and employees *(herein called the "indemnitees") from liabilities, damages, losses and costs, including but not limited to, reasonable attorney's fees and court costs, such legal expenses to include costs incurred in establishing the indemnification and other rights agreed to in this Paragraph, to persons or property, to the extent caused by the negligence, recklessness, or intentional wrongful misconduct of the **Proposer**, its Subcontractors or persons employed or utilized by them in the performance of the Contract. Claims by indemnitees for indemnification shall be limited to the amount of **Proposer's** insurance or \$1 million per occurrence, whichever is greater. The parties acknowledge that the amount of the indemnity required hereunder bears a reasonable commercial relationship to the Contract and it is part of the project specifications or the bid documents, if any.

The indemnification obligations under the Contract shall not be restricted in any way by any limitation on the amount or type of damages, compensation, or benefits payable by or for the **Proposer** under Workers' Compensation acts, disability benefits acts, or other employee benefits acts, and shall extend to and include any actions brought by or in the name of any employee of the **Proposer** or of any third party to whom **Proposer** may subcontract a part or all of the Work. This indemnification shall continue beyond the date of completion of the work.

Proposer: 300 W. Main St. Smithtown, N.Y. SEAL:

Address

Signature

Print Name

Title

DATE:

5-6-25



EQUAL BENEFITS FOR DOMESTIC PARTNERS AFFIDAVIT

STATE OF Florida)

: SS

COUNTY OF Palm Beach

I, the undersigned hereby duly sworn, depose and say that the firm of _____

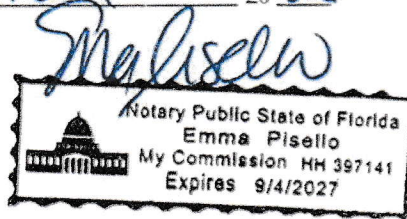
Aron Security Inc. DBA Arrow Security
provides benefits to domestic partners of its employees on the same basis as it provides benefits to employees' spouses, per City of Key West Code of Ordinances Sec. 2-799.

By: _____

Alfred Medeiros
Alfred Medeiros

Sworn and subscribed before me this 8th day of May 20 25

NOTARY PUBLIC, State of Florida at Large



My Commission Expires:

CONE OF SILENCE AFFIDAVIT

STATE OF New York)

: SS

COUNTY OF Suffolk)

I, the undersigned hereby duly sworn, depose and say that all owner(s), partners, officers, directors, employees and agents representing the firm of Aron Security, Inc. dba Arrow Security have read and understand the limitations and procedures regarding communications concerning City of Key West Code of Ordinances Sec. 2-773 Cone of Silence.

By: Scott Sturges

Sworn and subscribed before me this

28 day of May 2025

[Signature]

NOTARY PUBLIC, State of NY at Large

My Commission Expires: _____

PETER G. CURGIO
Notary Public, State of New York
No. 01CU6097748
Qualified in Suffolk County
Commission Expires August 25, 2027
[Signature]

NON-COLLUSION AFFIDAVIT

STATE OF FLORIDA)

of Palm Beach :

SS COUNTY OF ~~MONROE~~)

I, the undersigned hereby declares that the only persons or parties interested in this Proposal are those named herein, that this proposal is, in all respects, fair and without fraud, that it is made without collusion with any official of the Owner, and that the Proposal is made without any connection or collusion with any person submitting another Proposal on this Contract.

By: *Alfred Medeiros*
Alfred Medeiros

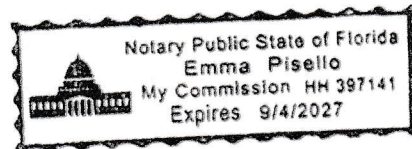
Sworn and subscribed before me this

8th day of *May*, 20*25*

Emma Pisello

NOTARY PUBLIC, State of Florida at Large

My Commission Expires: _____



THE CITY OF KEY WEST E-VERIFY AFFIDAVIT

Beginning January 1, 2021, Florida law requires all contractors doing business with The City of Key West to register with and use the E-Verify System in order to verify the work authorization status of all newly hired employees. The City of Key West requires all vendors who are awarded contracts with the City to verify employee eligibility using the E-Verify System. As before, vendors are also required to maintain all I-9 Forms of their employees for the duration of the contract term. To enroll in the E-Verify System, vendors should visit the E-Verify Website located at www.e-verify.gov.

In accordance with Florida Statute § 448.095, **it is the responsibility of the Awarded Vendor to ensure compliance with all applicable E-Verify requirements.**

By executing this affidavit, the undersigned contractor verifies it compliance with Florida Statute § 448.095, stating affirmatively that the individual, firm, or corporation which is engaged in the performance of services on behalf of the City of Key West, has registered with, is authorized to use, and uses the U.S. Department of Homeland Security's E-Verify system.

Furthermore, the undersigned contractor agrees that it will continue to use E-Verify throughout the contract period, and should it employ or contract with any subcontractor(s) in connection with the performance of services pursuant to this Agreement with The City of Key West, contractor will secure from such subcontractor(s) similar verification of compliance with Florida Statute § 448.095, by requiring the subcontractor(s) to provide an affidavit attesting that the subcontractor does not employ, or subcontract with, an unauthorized alien. Contractor further agrees to maintain records of such compliance during the duration of the Agreement and provide a copy of each such verification to The City of Key West within five (5) business days of receipt.

Failure to comply with this provision is a material breach of the Agreement and shall result in immediate termination of the Agreement without penalty to the City of Key West. Contractor shall be liable for all costs incurred by the City of Key West to secure replacement Agreement, including but not limited to, any increased costs for the same services, and costs due to delay, and rebidding costs, if applicable.

May 8, 2025

Scott Sturgess

Date

(Signature of Authorized Representative)

State of New York

County of Suffolk

Personally Appeared Before Me, the undersigned authority, Scott Sturgess who, being personally know or having produced his/her signature in the space provided above on this 25 day of May

2025

Signature, Notary Public

PETER G. CURCIO expires
Notary Public, State of New York
No. 01CU6097748
Qualified in Suffolk County
Commission Expires August 25, 2027

Stamp/Seal:

AFFIDAVIT ATTESTING TO NONCOERCIVE CONDUCT

FOR LABOR OR SERVICES

Entity/Vendor Name: Aron Security, Inc. dba Arrow Security

Vendor FEIN: 11-3267664

Vendor's Authorized Representative: Scott Sturgess
(Name and Title)

Address: 300 W. Main Street

City: Smithtown State: New York Zip: 11787

Phone Number: 631-263-8561

Email Address: ssturgess@arrowsecurity.com

As a nongovernmental entity executing, renewing, or extending a contract with a government entity, Vendor is required to provide an affidavit under penalty of perjury attesting that Vendor does not use coercion for labor or services in accordance with Section 787.06, Florida Statutes.

As defined in Section 787.06(2)(a), coercion means:

1. Using or threatening to use physical force against any person;
2. Restraining, isolating, or confining or threatening to restrain, isolate, or confine any person without lawful authority and against her or his will;
3. Using lending or other credit methods to establish a debt by any person when labor or services are pledged as a security for the debt, if the value of the labor or services as reasonably assessed is not applied toward the liquidation of the debt, the length and nature of the labor or service are not respectively limited and defined;
4. Destroying, concealing, removing, confiscating, withholding, or possessing any actual or purported passport, visa, or other immigration document, or any other actual or purported government identification document, of any person;
5. Causing or threatening to cause financial harm to any person;
6. Enticing or luring any person by fraud or deceit; or
7. Providing a controlled substance as outlined in Schedule I or Schedule II of Section 893.03 to any person for the purpose of exploitation of that person.

As a person authorized to sign on behalf of Vendor, I certify under penalties of perjury that Vendor does not use coercion for labor or services in accordance with Section 787.06. Additionally, Vendor has reviewed Section 787.06, Florida Statutes, and agrees to abide by same.

Certified By: SCOTT STURGESS, who is authorized to sign on behalf of the above referenced company

Authorized Signature: 

Print Name: SCOTT STURGESS

Title: CRU

**VENDOR CERTIFICATION REGARDING
SCRUTINIZED COMPANIES LISTS**

Respondent Vendor Name: Aron Security, Inc. dba Arrow Security

Vendor FEIN: 11-3267664

Vendor's Authorized Representative Name and Title: Scott Sturgess, Chief Revenue Officer

Address: 300 W. Main Street

City: Smithtown State: New York Zip: 11787

Phone Number: 631-263-8561

Email Address: ssturgess@arrowsecurity.com

Section 287.135(2)(a), Florida Statutes, prohibits a company from bidding on, submitting a proposal for, or entering into or renewing a contract for goods or services of any amount if, at the time of contracting or renewal, the company is on the Scrutinized Companies that Boycott Israel List, created pursuant to section 215.4725, Florida Statutes, or is engaged in a boycott of Israel. Section 287.135(2)(b), Florida Statutes, further prohibits a company from bidding on, submitting a proposal for, or entering into or renewing a contract for goods or services over one million dollars (\$1,000,000) if, at the time of contracting or renewal, the company is on either the Scrutinized Companies with Activities in Sudan List or the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List, both created pursuant to section 215.473, Florida Statutes, or the company is engaged in business operations in Cuba or Syria.

As the person authorized to sign on behalf of Respondent, I hereby certify that the company identified above in the section entitled "Respondent Vendor Name" is not listed on either the Scrutinized Companies that Boycott Israel List, Scrutinized Companies with Activities in Sudan List or the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List. I understand that pursuant to section 287.135, Florida Statutes, the submission of a false certification may subject such company to civil penalties, attorney's fees, and/or costs and termination of the contract at the option of the awarding governmental entity.

Certified By: SCOTT STURGESS CRO
Print Name Print Title



who is authorized to sign on behalf of the above referenced company.

Authorized Signature: 

END OF SECTION 4

Appendix B – Florida State License

Arrow Security's Florida State License

FLORIDA DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES		
WILTON SIMPSON COMMISSIONER		
DIVISION OF LICENSING		
03/05/25 DATE ISSUED	03/05/28 DATE OF EXPIRATION	B 3400401 LICENSE NUMBER
ARON SECURITY, INC. 1990 NW BOCA RATON BLVD #107 BOCA RATON, FL 33432		
CARO, ALEXANDER J, PRESIDENT		
THE SECURITY AGENCY NAMED ABOVE IS LICENSED AND REGULATED UNDER THE PROVISIONS OF CHAPTER 493, FLORIDA STATUTES.		
	 WILTON SIMPSON COMMISSIONER	

Appendix C - Financials



ARON SECURITY INC. d/b/a ARROW SECURITY
REPORT ON AUDITED FINANCIAL STATEMENTS

Years Ended December 31, 2023 and 2022
Together With Report of Independent Auditors



Financial Statements

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Independent Auditors' Report

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Statements of Income and Retained Earnings

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Statements of Cash Flows

6

Notes to Financial Statements

7 - 23

CONFIDENTIAL – PROPRIETARY FINANCIALS



INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Aron Security Inc. d/b/a Arrow Security

Opinion

We have audited the financial statements of Aron Security Inc. d/b/a Arrow Security, which comprise the balance sheet as of December 31, 2023, and the related statements of income and retained earnings, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Aron Security Inc. d/b/a Arrow Security as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Aron Security Inc. d/b/a Arrow Security and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on the 2022 Financial Statements

The financial statements of Aron Security Inc. d/b/a Arrow Security as of and for the year ended December 31, 2022, were reviewed by other accountants whose report dated March 13, 2023 stated that based on their procedures they were not aware of any material modifications that should be made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America, however, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements as a whole.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Aron Security Inc. d/b/a Arrow Security's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Aron Security Inc. d/b/a Arrow Security's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Aron Security Inc. d/b/a Arrow Security's ability to continue as a going concern for a reasonable period of time.

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

Marcum LLP

Melville, New York
April 10, 2024

CONFIDENTIAL – PROPRIETARY FINANCIALS

Balance Sheets
As of December 31,

ASSETS	2023 (Audited)	2022 (Reviewed)
CURRENT ASSETS		
Cash and Cash Equivalents	\$ -	\$ 158,508
Accounts Receivable, net of allowance for credit losses of \$2,519,274 and \$516,841, respectively	75,212,426	33,695,888
Contract Assets - Accrued Revenue	-	2,087,856
Due From Related Parties	44,710	70,839
Prepaid Expenses and Other Current Assets	200,277	41,628
Total Current Assets	\$ 75,457,413	\$ 36,054,719
FIXED ASSETS		
Property and Equipment, net	\$ 73,088	\$ 51,119
OTHER ASSETS		
Other Non-Current Assets	\$ 39,570	\$ 44,270
Intangible Assets, net	994,083	1,256,476
Operating Lease ROU Asset, net	1,669,437	1,989,565
Total Other Assets	\$ 2,703,090	\$ 3,290,311
Total Assets	\$ 78,233,591	\$ 39,396,149
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT LIABILITIES		
Revolving Line of Credit	\$ 32,152,172	\$ -
Due to Factor	-	16,701,415
Accounts Payable and Accrued Expenses	16,293,107	15,970,905
Due to Related Parties	106,333	86,493
Operating Lease - Current Liability	345,644	504,484
Total Current Liabilities	\$ 48,897,256	\$ 33,263,297
Deferred income tax liability, net	\$ 921,336	\$ 822,164
Operating Lease - Long-Term Liability	1,368,319	1,516,950
Total Long-Term Liabilities	\$ 2,289,655	\$ 2,339,114
Total Liabilities	\$ 51,186,911	\$ 35,602,411
STOCKHOLDER'S EQUITY		
Common Stock, no par value, 200 shares authorized, issued and outstanding	\$ 5,000	\$ 5,000
Retained Earnings	27,041,680	3,788,738
Total Stockholder's Equity	\$ 27,046,680	\$ 3,793,738
Total Liabilities and Stockholder's Equity	\$ 78,233,591	\$ 39,396,149

The accompanying notes are an integral part of these financial statements

**Statements of Income and Retained Earnings
For the Years Ending December 31,**

	2023 (Audited)	2022 (Reviewed)
Revenues, net	<u>\$ 241,420,842</u>	<u>\$ 107,225,215</u>
Cost of Revenue		
Security Officer Compensation	\$ 163,718,975	\$ 72,615,247
Payroll Taxes	17,201,140	6,667,618
Insurance Expense	4,416,205	2,600,557
Union Expenses	14,571,275	6,571,184
Automobile Expenses	852,640	1,058,381
Uniform Expenses	956,116	489,138
Subcontractor Expenses	574,107	245,638
Cost of Revenue - Other	1,410,015	999,637
Total Cost of Revenue	<u>\$ 203,700,473</u>	<u>\$ 91,247,400</u>
Gross Profit	<u>\$ 37,720,369</u>	<u>\$ 15,977,815</u>
General and Administrative Expenses	<u>\$ 24,177,068</u>	<u>\$ 13,562,484</u>
Income Before Other Income and (Expenses)	<u>\$ 13,543,301</u>	<u>\$ 2,415,331</u>
Other Income and (Expenses):		
Interest Expense	\$ (2,206,834)	\$ (831,191)
Interest & Other Income	-	3,309
Employee Retention Credit - Principal Income	15,046,779	-
Employee Retention Credit - Interest Income	664,380	-
Employee Retention Credit - Consultant Fee Expense	(2,257,017)	-
Total Other Income and (Expenses)	<u>\$ 11,247,308</u>	<u>\$ (827,882)</u>
Net Income Before Provision for Income Taxes	<u>\$ 24,790,609</u>	<u>\$ 1,587,449</u>
Provision for Income Taxes	<u>(99,172)</u>	<u>(215,098)</u>
Net Income	<u><u>\$ 24,691,437</u></u>	<u><u>\$ 1,372,351</u></u>
Retained Earnings - Beginning	<u>\$ 3,788,738</u>	<u>\$ 3,190,916</u>
Net Income	<u>24,691,437</u>	<u>1,372,351</u>
Stockholder Distributions	<u>(1,438,495)</u>	<u>(774,529)</u>
Retained Earnings - Ending	<u><u>\$ 27,041,680</u></u>	<u><u>\$ 3,788,738</u></u>

The accompanying notes are an integral part of these financial statements

Statements of Cash Flows

For the Years Ending December 31,

	<u>2023 (Audited)</u>	<u>2022 (Reviewed)</u>
Cash Flows from Operating Activities:		
Net income	\$ 24,691,437	\$ 1,372,351
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	\$ 304,608	\$ 339,594
Provision for bad debts	2,289,777	227,475
Provision for deferred income taxes	99,172	204,492
Amortization of Right of Use Asset	320,127	31,869
Changes in operating assets and liabilities:		
Decrease (increase) in operating assets:		
Accounts receivable	\$ (43,806,315)	\$ (16,757,774)
Contract assets - accrued revenue	2,087,856	(1,201,991)
Prepaid expenses and other current assets	(158,649)	9,730
Due from related parties	26,129	150,635
Other non-current assets	4,700	(29,371)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	322,202	10,485,208
Due to related parties	19,840	82,237
Operating lease liability	(307,471)	-
Total adjustments	\$ (38,798,024)	\$ (6,457,896)
Net Cash Used in Operating Activities	<u>\$ (14,106,587)</u>	<u>\$ (5,085,545)</u>
Cash Flows from Investing Activities:		
Acquisition of property and equipment	\$ (64,183)	\$ -
Net Cash Used in Investing Activities	<u>\$ (64,183)</u>	<u>\$ -</u>
Cash Flows from Financing Activities:		
Stockholder distributions	\$ (1,438,495)	\$ (774,529)
Due to factor	(16,701,415)	6,017,210
Revolving line of credit	32,152,172	-
Net Cash Provided by Financing Activities	<u>\$ 14,012,262</u>	<u>\$ 5,242,681</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (158,508)	\$ 157,136
Cash and Cash Equivalents, beginning of year	158,508	1,372
Cash and Cash Equivalents, end of year	<u><u>\$ -</u></u>	<u><u>\$ 158,508</u></u>
Supplemental Disclosures:		
Cash paid for interest	\$ 2,206,834	\$ 831,191
Lease assets obtained in exchange for lease obligations	<u><u>\$ -</u></u>	<u><u>\$ 2,306,395</u></u>

The accompanying notes are an integral part of these financial statements

ARON SECURITY INC. d/b/a ARROW SECURITY

Notes to Financial Statements

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1. Business Description

Aron Security Inc. d/b/a Arrow Security (the 'Company'), was incorporated under the laws of the State of New York on May 8, 1995. The Company is primarily a regional provider of uniformed security officer and patrol services with offices in New York (New York City, Smithtown, and White Plains), New Jersey (Union), Connecticut (New Haven) and Massachusetts (Springfield).

2. Summary of Significant Accounting Policies

Accounting Principles and Use of Estimates - Our financial statements include the accounts of the Company and are prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). In connection with the preparation of our financial statements, we are required to make assumptions and estimates about future events and apply judgments that affect the reported amounts of assets, liabilities, revenues, expenses, and their related disclosures. Actual results could differ from those estimates and could cause our reported net income to vary significantly.

Revenue Recognition - The Company derives its revenue primarily from uniformed on-site and mobile guarding security services, which are services with the same revenue recognition pattern. Revenue is recognized over time, as the services are rendered by the Company and simultaneously consumed by the clients in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services. Such services cannot be reperformed.

Security solutions and electronic security comprise two broad categories. Security solutions are a combination of services such as on-site and/or mobile guarding and/or remote guarding. These services are combined with a technological component in terms of equipment owned and managed by the Company and used in the provision of services. The revenue recognition pattern is over time, as the services are rendered by the Company and simultaneously consumed by the clients. A security solution normally constitutes one performance obligation.

The nature of the Company's business does not give rise to variable consideration. Sales and other taxes the Company collects concurrent with revenue-producing activities are excluded from revenue.

The Company's contracts are billed at an hourly rate and the revenue is recognized for the amount that the Company is entitled to collect. Billing is performed on a weekly or monthly basis, and the collection right is unconditional.

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Costs to obtain a contract are expensed as incurred when the amortization period is less than one year. Incidental items that are immaterial in the context of a contract are recognized as an expense.

The Company's revenues, results of operations, and cash flows are affected by a wide variety of factors, including general economic conditions, the geographical region of its customers, and the type of customer. The Company's customer base includes businesses, institutions, and rental properties located throughout the northeastern United States.

Contract Assets - include unbilled amounts typically resulting from services performed under contracts and revenue recognized exceeds the amount billed to the customer and amounted to \$0 and \$2,087,856 as of December 31, 2023 and 2022, respectively.

Cash and Cash Equivalents - Cash and cash equivalents consist of cash on hand and marketable securities with original maturities of three months or less.

Accounts Receivable - Accounts receivable are recorded at the amounts billed; the Company maintains an allowance for credit losses which management believes to be sufficient to cover potential credit losses and estimated billing adjustments. Management reviews the components of the Company's accounts receivable balance monthly, which includes analysis of specific reserves based upon known credit and collection issues and potential reserve adjustments. Such amounts are charged against the allowance for credit losses where deemed appropriate.

Intangible Assets - The Company's finite-lived intangible assets include customer lists and not-to-compete agreements which are amortized over the shorter of either the respective lives of the contracts or over the period the assets are expected to contribute directly or indirectly to the Company's future cash flows. The Company periodically reviews the appropriateness of amortization periods related to its finite-lived intangible assets. The Company tests for possible impairment of finite-lived intangible assets whenever events and circumstances indicate that they might be impaired and the undiscounted cash flows estimated to be generated but those assets are less than the carrying amounts of those assets. When specific assets are determined to be unrecoverable, the cost basis of the asset is reduced to reflect the current fair value.

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Intangible Assets - Goodwill - Goodwill represents the excess of cost over the fair value of the net intangible assets of asset acquisitions. In October 2021, the Company adopted the accounting alternative for goodwill available to private companies under FASB ASC 350-20 and elected to prospectively amortize the goodwill on a straight-line basis over a maximum of 10 years. The Company has elected to evaluate triggering events that may indicate goodwill impairment, at each reporting date, whether interim or annual reporting periods. When a triggering event occurs, the Company will first assess the qualitative factors to determine whether the quantitative impairment test is necessary. If that qualitative assessment indicates that it is more likely than not that goodwill is impaired, then the Company performs the quantitative test to compare the fair value of the Company's reporting unit with the carrying amount, including goodwill. The goodwill impairment loss, if any, represents the excess of the reporting unit carrying amount over its fair value.

Uniform Purchases - The Company expenses all uniform purchases at the time of receipt to cost of revenues.

Property and Equipment, net - Property and equipment are recorded at cost. Depreciation is calculated using the straight-line method over the assets' estimated useful lives (or, in the case of leasehold improvements, the remaining life of the lease, whichever is shorter). The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of such assets may not be recoverable. If the carrying amount of an asset or group of assets exceeds its net realizable value, the asset or group of assets will be written down to its fair value.

Leases - The Company is the lessee under non-cancelable real estate and equipment operating leases and measures its leases in accordance with FASB ASC 842, Leases. These right of use assets (ROU) and liabilities are measured and recorded upon lease commencement at the present value of the future minimum lease payments. The Company combines lease and non-lease components in its determination of minimum lease payments, except certain asset classes with significant non-lease components. As the interest rate implicit in its leases is not readily determinable, the Company uses its incremental borrowing rate to date. Variable lease costs are expensed as incurred and are not included in the determination of lease assets or liabilities. Lease costs for lease payments are recognized on a straight-line basis over the lease term. The Company elected the short-term lease recognition exemption for all leases that qualify. Consequently, for those leases that qualify, the Company will not recognize right-of-use assets or lease liabilities on the balance sheet. The Company has also elected not to reassess

ARON SECURITY INC. d/b/a ARROW SECURITY

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whether an expired or existing contract contains a lease, not to reassess existing leases that were classified as operating leases in accordance with FASB ASC 840, and not to reassess whether initial direct costs meet the new definition upon the adoption of FASB ASC 842. See Note 3 herein for greater details relative to the adoption of ASC 842.

Advertising Expense - Advertising costs are expensed as incurred. Advertising expense amounted to \$216,357 and \$65,209 for the years ended December 31, 2023 and 2022, respectively, and is included in general and administrative expenses in the statements of income and retained earnings.

Income Taxes - Since the Company has elected to be treated as a "Small Business Corporation", there is no provision for federal income taxes; New York State, New Jersey, Connecticut, Massachusetts, and Rhode Island income taxes are based on minimum tax filing requirements. For New York City purposes, the Company files as a regular corporation subject to income tax.

The Company accounts for deferred income taxes using the asset and liability method; deferred income taxes are determined based on differences between financial reporting and income tax bases of assets and liabilities and are measured using the enacted income tax rates and laws in effect when the differences are expected to reverse. For income tax purposes, the Company reports on a cash basis which gives rise to the net deferred income tax liability.

The Company recognizes and measures its unrecognized tax benefits in accordance with FASB ASC 740, *Income Taxes*. Under the guidance, the Company assesses the likelihood, based on technical merit, that the tax positions will be sustained upon examination based on the facts, circumstances, and information available at the end of the reporting period.

The measurement of unrecognized tax benefits is adjusted when new information is available, or when an event occurs that requires a change. The Company recognizes the accrual of any interest and penalties to unrecognized tax benefits in income tax expense.

Reclassifications - Certain prior-year amounts have been reclassified to conform with the current year's presentation. There was no change in profits and losses.

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3. Recently Issued Accounting Pronouncements

LEASES

The Company adopted FASB ASC 842, Leases, using the modified retrospective approach with January 1, 2022 as the date of initial adoption. As a result of adopting the new standards effective January 1, 2022, the Company recorded additional net lease assets and lease liabilities of \$505,903 and \$513,332, respectively. Adoption of the new standard did not materially impact the Company's net income, had no impact on cash flows and retained earnings.

ACCOUNTS RECEIVABLE AND OTHER FINANCIAL ASSETS

Accounts receivable are customers' obligations due under normal trade terms. The Company routinely reviews its accounts receivable by customer account aging to determine the collectability of the amounts due based on information received from the customer, past history and economic conditions and determines a reserve for credit losses. In doing so, the Company adjusts the allowance accordingly to reflect the net realizable value of an accounts receivable. Accounts receivable is written off once management determines that they are uncollectible and collections have been unsuccessful. The net accounts receivable balance at January 1, 2022 was \$17,165,589.

As of January 1, 2023, the Company adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended (ASU 2016-13), which modifies the measurement of expected credit losses on certain financial instruments. The Company adopted this new guidance utilizing the modified retrospective transition method and accordingly, the new guidance was applied to financial assets measured at amortized cost (primarily accounts receivables) that existed as of January 1, 2023 (the date of initial application). The adoption of ASU 2016-13 did not have a material impact on the Company's financial statements but did change how the allowance for credit losses is determined.

4. Off Balance Sheet Risk and Concentration of Risk

Cash Concentrations

At times, the Company's cash deposit with any highly credible financial institutions may exceed federally insured limits. The Company has not experienced any losses with this account.

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Sales and Accounts Receivable Concentrations

For the year ended December 31, 2023, two (2) customers (combined) accounted for approximately 56% of the Company's revenues and three (3) customers (combined) accounted for approximately 73% of the Company's accounts receivable as of December 31, 2023.

For the year ended December 31, 2022, four (4) customers (combined) accounted for approximately 36% of the Company's revenues and six (6) customers (combined) accounted for approximately 60% of the Company's accounts receivable as of December 31, 2022.

Labor Union Concentrations

During the year ended December 31, 2021, the Company entered into collective bargaining agreements with Service Employees International Union Local 32BJ ('32BJ'). As of December 31, 2023, and 2022, approximately 67% and 41%, collectively, of the Company's security workforce is represented by this union, whose collective bargaining agreements will expire in April 2024 (New York City) and September 2025 (New Jersey).

During the year ended December 31, 2022, the Company entered into a collective bargaining agreement with United Federation of Security Guards, Local 1019. As of December 31, 2023 and 2022, approximately 0% and 6% of the Company's security workforce is represented by this union, whose collective bargaining agreement will expire in August 2024.

5. Accounts Receivable, net

Accounts receivable, net consists of the following as of:

<u>December 31,</u>	<u>2023</u>	<u>2022</u>
Accounts receivable	\$ 77,731,701	\$ 34,212,729
Less: Allowance for credit losses	(2,519,274)	(516,841)
Accounts receivable, net	<u>\$ 75,212,427</u>	<u>\$ 33,695,888</u>

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6. Property and Equipment, net

Property and equipment is recorded at cost and consists of the following as of December 31:

Description	Useful Life (yrs.)	2023	2022
Computer Software and Equipment	3-5	\$ 10,862	\$ 10,862
Machinery and Equipment	3	56,331	56,331
Leasehold Improvements	Remaining Lease	32,425	-
Furniture and Fixtures	7	31,758	-
Automobiles	3-5	372,102	372,102
		<u>503,478</u>	<u>439,295</u>
Less: Accumulated depreciation and amortization		(430,390)	(388,176)
Property and Equipment, net		<u>\$ 73,088</u>	<u>\$ 51,119</u>

Depreciation expense for the years ended December 31, 2023 and 2022 was \$42,214 and \$77,201, respectively, and is included in general and administrative expenses in the statements of income and retained earnings.

7. Intangible Assets

The following table represents the Company's intangible assets as of December 31,

Description	Lives (in years)	2023		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Goodwill acquired related to acquisitions	10	\$ 583,925	\$ (134,175)	\$ 449,750
Customer lists	5	810,000	(377,833)	432,167
Not-to-compete agreements	5	210,000	(97,833)	112,167
		<u>\$ 1,603,925</u>	<u>\$ (609,841)</u>	<u>\$ 994,084</u>

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Description	Lives (in years)	2022		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Goodwill acquired related to acquisitions	10	\$ 583,925	\$ (75,783)	\$ 508,142
Customer lists	5	810,000	(215,833)	594,167
Not-to-compete agreements	5	210,000	(55,833)	154,167
		<u>\$ 1,603,925</u>	<u>\$ (347,449)</u>	<u>\$ 1,256,476</u>

Amortization expense for each of the years ended December 31, 2023 and 2022 amounted to \$262,393 and is included in general and administrative expenses in the statements of income and retained earnings. Amortization expense over the next five years and thereafter is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 262,393
2025	262,393
2026	194,726
2027	58,393
2028	58,393
Thereafter	157,786
	<u>\$ 994,084</u>

8. Operating Licenses

The Company is subject to regulation and licensing by various state government agencies. The President of the Company currently holds virtually all the required State operating licenses. In the event the Company was to lose the services of the President who currently holds the licenses, the Chief Operating Officer or another officer would have to obtain the necessary licenses, and/or the Company would have to hire someone who holds the required licenses for the Company to continue its business.

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9. Factoring Credit Agreement

The Company maintained an agreement (the "Agreement") with a factoring company ("the Factoring Company"), whereby it sold all commercial accounts receivable for up to 90% of the net amount of the undisputed account; the receivables are sold with recourse and the Factoring Company retains a portion of the proceeds from the receivables sold as reserves, which are released to the Company as customers make payments. The Factoring Company may require the Company to repurchase any account on demand, as set forth in the terms of the agreement. The receivables are secured by the Company's assets and are guaranteed by the stockholder of the Company. The outstanding balance as of December 31, 2022 was \$16,701,415.

From time to time, the Company may request advances more than the contractual advance rate; such advances shall bear interest at a rate equal to two (2) percent above the contracted rate of interest set forth in this agreement. There were no advances outstanding as of December 31, 2022.

The Company pays a base management commission equal to twenty-five bps (0.25%) of the gross invoice amount of each accounts receivable, chargeable at the day of assignment; the minimum commission payable shall be \$20,000 for the contracted year. This financing agreement shall bear interest daily with a rate equal to the Prime rate (7.50% as of December 31, 2022) plus fifty bps (0.50%). Factoring fees and commissions amounted to \$379,676 for the year ended December 31, 2022, and is included in general and administrative expenses on the statements of income and retained earnings. Factor interest expense of \$815,819 for the year ended December 31, 2022 is also included in other income and expense on the statements of income and retained earnings.

10. Credit Agreement

On September 29, 2023, the Company entered into a Credit Agreement ("Credit Agreement") with a new bank for Revolving Loans, as defined, for borrowings up to the lesser of the borrowing base (generally being 90% of Eligible Accounts, as defined and reduced by certain reserves) or \$40,000,000 to which the Revolving Loans and other bank borrowings are subject; all borrowings shall bear interest at Daily Simple SOFR Rate, as defined, in effect from time to time, plus 2.25% (the Applicable Margin). Subject to certain events of default for early termination, the term of the Credit Agreement is for three years with a maturity date of September 29, 2026.

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The initial advance of \$27,681,540 was used to fully satisfy the balance under the Factoring Credit Agreement and the related Factoring Credit Agreement was terminated commensurate with the payoff; at December 31, 2023, the balance of borrowings under the Revolving Loan was \$32,152,172.

The Credit Agreement contains certain financial and collateral reporting requirements as well as financial covenants which the Company was in compliance or received a waiver as of December 31, 2023.

In February 2024, the Company modified the Credit Agreement, increasing the Maximum Credit, as defined in the Credit Agreement, from \$40,000,000 to \$50,000,000.

11. Other Contingent Liabilities

Certain conditions may exist which may result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. In the normal course of operations, various legal claims are filed against the Company. In the opinion of management and counsel, it is not anticipated that the settlement or resolution of any such matters, other than the settlement discussed in Note 17 herein, will have a material adverse impact on the Company's financial condition, liquidity, or results of operations.

12. Income Taxes

The provision for income taxes consists of:

<i>Year Ended December 31,</i>	<i>2023</i>	<i>2022</i>
Current:		
State	\$ --	\$ 20,469
City	<u>3,500</u>	<u>10,093</u>
	<u>\$ 3,500</u>	<u>\$ 30,562</u>
Deferred:		
City	<u>\$ 95,672</u>	<u>\$ 204,492</u>
	<u>\$ 95,672</u>	<u>\$ 204,492</u>
Total provision for income taxes	<u>\$ 99,172</u>	<u>\$ 235,054</u>

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As of December 31, 2023, the Company has \$45,738,709 in available city net operating loss carry forwards that can be utilized indefinitely. The Company is subject to taxation in the United States as well as various state and local jurisdictions. As of December 31, 2023, the Company's tax years for 2020, 2021, 2022 and 2023 are subject to examination by the tax authorities.

Temporary differences giving rise to deferred tax assets are net operating loss carryforwards, accounts payable and accrued expenses, basis differences in intangible assets, and IRC 481(A) adjustments. Temporary differences that give rise to deferred tax liabilities consist primarily of the basis differences for accounts receivable and property and equipment.

The deferred income tax assets and liabilities are reflected on the balance sheets as follows:

<u>Description</u>	<u>2023</u>	<u>2022</u>
Deferred income tax assets	\$ 4,461,916	\$ 1,439,479
Less: Deferred tax valuation allowance	--	--
subtotal	\$ 4,461,916	\$ 1,439,479
Deferred income tax liabilities	(5,383,252)	(2,261,643)
Net deferred income tax liability	<u>(\$ 921,336)</u>	<u>(\$ 822,164)</u>

13. Leases

The Company has obligations as a lessee for office space, patrol vehicles, and other office equipment with initial noncancelable terms of more than one year. The Company's leases have remaining lives of one (1) to eight (8) years. The Company classified these leases as operating leases. These leases generally contain renewal options for periods ranging from two to five years. Because the Company is not reasonably certain to exercise these renewal options, the optional periods are not included in determining the lease term, and associated payments under these renewal options are excluded from lease payments. The Company's leases do not include termination options for either party to the lease or restrictive financial or other covenants. Payments due under the lease contracts include fixed plus, for many of the Company's leases, variable payments. The Company's office space leases require it to make variable payments for the Company's proportionate share of the building's property taxes, insurance, and common area maintenance. These variable lease payments are not included in lease payments used to determine lease liability and are recognized as variable costs when incurred.

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The following table summarizes the weighted average remaining lease term and discount rate:

<u>Other Information</u>	<u>December 31, 2023</u>
<u>Weighted Average Remaining Lease Term</u>	
Operating leases	6 years
<u>Weighted Average Discount Rate</u>	
Operating leases	3.88%

The following table presents an analysis of lease liability maturities:

<u>Years Ending December 31,</u>	<u>Operating Leases</u>
2024	\$ 401,180
2025	283,593
2026	250,984
2027	194,898
2028	200,744
Thereafter	620,301
Total lease payments	\$ 1,951,700
Less: imputed interest	(237,737)
Equals: Present value of lease payments	\$ 1,713,963
Less: Short-term lease liabilities	(345,644)
Equals: Long-term lease liabilities	<u>\$ 1,368,319</u>

Operating lease expense was \$639,755 and \$682,722 for the years ended December 31, 2023 and 2022, respectively, and is included in the accompanying statements of income and retained earnings. Total cash paid for operating leases was \$562,788 and \$560,134 for the years ending December 31, 2023 and 2022, respectively.

14. Related Party Transactions

The Company leases office space from a related party, which is 100% owned by the sole stockholder; the rent expense for the years ended December 31, 2023 and 2022 was \$192,248 and is included in general and administrative expenses in the accompanying statements of income and retained earnings. The related ROU asset and operating lease liability was \$1,358,659 and \$1,477,838 as of December 31, 2023 and 2022, respectively, and is included in Operating Lease ROU Asset and Operating Lease Liability in the accompanying balance sheets.

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The Company utilizes an insurance broker, which is 50% owned by the sole stockholder of the Company, for its property & casualty insurance policies. Total accounts payable to the insurance broker was \$104,386 and \$62,262 as of December 31, 2023 and 2022, respectively, and is included in accounts payable and accrued expenses in the accompanying balance sheets.

The Company previously paid a management fee to a related party owned by the sole stockholder of the Company. The management fee was utilized to pay annual base salaries, certain fringe benefits and performance bonuses for management personnel. Management fees during the years ended December 31, 2023 and 2022 was \$0 and \$464,169, respectively, and is included in general and administrative expenses in the accompanying statements of income and retained earnings.

15. Employee Retention Tax Credit ("ERTC")

In analogizing to International Accounting Standard ("IAS") 20, Accounting for Government Grants and Disclosure of Government Assistance, the Company considers the ERC as a government grant. The Company recognizes grant income when there is reasonable assurance that (a) the entity will comply with any conditions attached to the grant and (b) the grant will be received; in addition, the Company recognizes grant income over the period in which the entity recognizes the expenses for the related costs for which the grants are intended to compensate.

During 2023, the Company contracted the services of a consultant and applied for the Employee Retention Tax Credit ("ERTC") by amending Form 941 filings for the quarters in which it qualifies for the credit; during 2023, the Company received and recorded \$15,046,779 of principal payments, \$664,380 of interest income and \$2,257,017 of consultant expense included within Other Income and Expenses in the accompanying Statement of Income and Retained Earnings for the year ending December 31, 2023.

16. Acquisitions

Classic Protection Security & Investigations, Inc.

In August 2021, the Company acquired certain unencumbered assets of Classic Protection Security & Investigations, Inc. (herein 'Classic') for \$1,350,000 in cash. Classic provides contract security officer services to various customers in New York City and New Jersey; the purpose of the acquisition was to increase market share in these jurisdictions. The Classic acquisition has been accounted for under the acquisition method of accounting with identifiable assets acquired recorded at their estimated fair values on the acquisition date.

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The purchase price was more than the fair value of the assets acquired of \$1,015,000 which consisted of customer lists of \$800,000, not to-compete agreements of \$200,000, and equipment of \$15,000, and the remaining unidentifiable assets, were recorded as goodwill in the amount of \$335,000. See Intangible Assets – Note 7.

Arrow Security Co., Inc.

In September 2021, the Company acquired certain assets of Arrow Security Co., Inc. (herein, 'Arrow') for \$308,925 in cash. Arrow provides contract security officer and patrol services to customers in Massachusetts and Connecticut; the purpose of the acquisition was to increase market share in these jurisdictions. The Arrow acquisition has been accounted for under the acquisition method of accounting with identifiable assets acquired recorded at their estimated fair values on the acquisition date.

The purchase price was more than the fair value of the assets acquired of \$60,000 which consisted of customer lists of \$10,000, not to-compete agreements of \$10,000, and equipment of \$40,000, and the remaining unidentifiable assets, were recorded as goodwill in the amount of \$248,925. See Intangible Assets – Note 7.

17. Legal Settlement

In early 2022, the Company reached a settlement with all hourly dispatchers, tour commanders, security guards, patrol drivers and site supervisors employed by the Company from April 20, 2015 through February 11, 2022 ("Class Members") for alleged violations of the Fair Labor Standards Act and New York State Labor Law. The class action settlement was approved by the Supreme Court of the State of New York, County of Nassau; the settlement covers claims of Class Members from April 20, 2015 through February 11, 2022.

The approved settlement equaled \$3,071,444, which includes an administrator fee, service award, payment of attorney's fees and payment to Class Members who do not opt-out and who complete and mail the requisite forms to be entitled to a payment however the final/actual cost will not be known until after all Class Members have been notified of the settlement, and successfully complete the required processes to file a valid claim for relief, including submitting an Anti-Fraud Identity Affirmation form with a social security number.

During 2021, the Company accrued an expense for this anticipated settlement in the amount of \$3,115,000, which conservatively represented the amounts to be paid to the defendants, their attorneys, the class-action transfer agent, and a reasonable

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estimate of payments to Class Members who complete the requisite qualification processes. Such amount was included in accounts payable and accrued expenses in the balance sheets and legal settlements in the statements of income and retained earnings. Payments hereunder commenced in March 2022, with the full/final amount paid upon completion of the Class Member qualification process in 2023. As such, there is no remaining liability for this settlement as of December 31, 2023.

18. Multi-Employer Pension Plans

The Company is potentially subject to a multiemployer pension plan under the terms of collective bargaining agreements (CBA); these plans are different from a single employer plan in the following aspects: 1) amounts contributed to a multiemployer plans by one employer may be used to provide benefits to employees of other participating employers; 2) if a participating employer stops contributing to the plan the unfunded obligations of the plan may be borne by the remaining participating employers, and 3) if the Company chooses to stop participating in the plan, it may be required to pay a withdrawal liability based on the unfunded status of plan.

The Company's participation in these plans for the years ended December 31, 2023 and 2022 is outlined below. Since the plan's year-end does not coincide with the Company's year-end, the most recent plan year-end information for its year-end has been provided. The "EIN/PM" column provides the Employee Identification Number and the three-digit plan number as reflected on Form 5500. The most recent Pension Protection Act (PPA) zone status is based on information the Company received from the plan and is certified by the plan's actuary. Plans in the red zone are less than 65% funded, plans in the yellow zone are between 65% and 80% funded, and plans in the green zone are at least 80% funded.

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Pension Fund	EIN Pension Plan #	Pension Protection Act Zone Status		Company Contributions	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Building Service 32BJ Pension Fund	13-1879376-001	Green	Yellow	\$ --	\$ --
FIP/RP Statue <u>Pending Implemented</u> Yes		Surcharge <u>Imposed (Y/N)?</u> N		<u>CBA Expiration Date</u> 2024-2025	

The FIP/RP Status/Pending Implemented column indicates plans for which a Financial Improvement Plan (FIP) or a Rehabilitation Plan (RP) is either pending or has been implemented.

The surcharge imposed column indicates if a surcharge has been imposed on contributions to the plans. The Company did not provide more than 5% of total contributions to any of the plans.

19. Defined Contribution Plans

The Company has a single employer 401(k) tax deferred savings plan covering its non-union employees. Under this plan, non-union employees meeting the eligibility requirements may contribute specific percentages of qualified compensation through payroll deductions. During the years ended December 31, 2023 and 2022, the Company did not perform a match on employee contributions.

Union employees are eligible to contribute to 401(k) tax deferred savings plans in accordance with their respective collective bargaining agreements. Under these plans, union employees meeting the eligibility requirements may contribute specific percentages of qualified compensation through payroll deductions.

ARON SECURITY INC. d/b/a ARROW SECURITY

Notes to Financial Statements

Years Ended December 31, 2023 (Audited) and 2022 (Reviewed)

20. Subsequent Events

The Company has evaluated subsequent events through April 10th, 2024, the date these financial statements were available to be issued; no additional events occurred requiring further disclosure.

CONFIDENTIAL – PROPRIETARY FINANCIALS



ARON SECURITY INC. d/b/a ARROW SECURITY
REPORT ON AUDITED FINANCIAL STATEMENTS

Years Ended December 31, 2024 and 2023
Together With Report of Independent Auditors

CONFIDENTIAL – PROPRIETARY FINANCIALS



Financial Statements

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CONFIDENTIAL – PROPRIETARY FINANCIALS



CBIZ CPAs P.C.

68 South Service Road
Suite 300
Melville, NY 11747

P: 631.414.4000

Independent Auditors' Report

To the Shareholders of
Aron Security Inc. d/b/a Arrow Security

Opinion

We have audited the financial statements of Aron Security Inc. d/b/a Arrow Security (the "Company"), which comprise the balance sheet as of December 31, 2024, and the related statements of income and retained earnings, and cash flows for the year then ended, and the related notes to the financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Aron Security Inc. d/b/a Arrow Security and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Year Financial Statements

The financial statements of the Company as of and for the year ended December 31, 2023, were audited by Marcum LLP, whose report dated April 10, 2024, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

CBIZ CPAs P.C.

Melville, NY
March 14, 2025

CONFIDENTIAL – PROPRIETARY FINANCIALS

Balance Sheets
As of December 31,

ASSETS	2024	2023
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 4,930,745	\$ -
Accounts Receivable, net of allowance for credit losses of \$1,909,326 and \$2,519,274, respectively	107,044,588	75,212,426
Contract Assets - Accrued Revenue	1,612,340	-
Due From Related Parties	-	44,710
Prepaid Expenses and Other Current Assets	1,065,352	200,277
Total Current Assets	\$ 114,653,025	\$ 75,457,413
FIXED ASSETS		
Property and Equipment, net	\$ 145,135	\$ 73,088
OTHER ASSETS		
Other Non-Current Assets	\$ 74,524	\$ 39,570
Intangible Assets, net	3,513,379	994,083
Operating Lease ROU Asset, net	3,204,881	1,669,437
Total Other Assets	\$ 6,792,784	\$ 2,703,090
Total Assets	\$ 121,590,944	\$ 78,233,591
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT LIABILITIES		
Revolving Line of Credit	\$ 43,810,199	\$ 32,152,172
Accounts Payable and Accrued Expenses	30,908,547	16,293,107
Due to Related Parties	7,318	106,333
Promissory Note Payable - Current Liability	920,205	-
Operating Lease - Current Liability	708,823	345,644
Total Current Liabilities	\$ 76,355,092	\$ 48,897,256
Deferred income tax liability, net	\$ 2,190,699	\$ 921,336
Promissory Note Payable - Long-Term Liability	334,391	-
Operating Lease - Long-Term Liability	2,571,385	1,368,319
Total Long-Term Liabilities	\$ 5,096,475	\$ 2,289,655
Total Liabilities	\$ 81,451,567	\$ 51,186,911
STOCKHOLDER'S EQUITY		
Common Stock, no par value, 200 shares authorized, issued and outstanding	\$ 5,000	\$ 5,000
Retained Earnings	40,134,377	27,041,680
Total Stockholder's Equity	\$ 40,139,377	\$ 27,046,680
Total Liabilities and Stockholder's Equity	\$ 121,590,944	\$ 78,233,591

The accompanying notes are an integral part of these financial statements.

Statements of Income and Retained Earnings
For the Years Ending December 31,

	<u>2024</u>	<u>2023</u>
Revenues, net	<u>\$ 305,743,230</u>	<u>\$ 241,420,842</u>
Cost of Revenue		
Security Officer Compensation	\$ 197,789,964	\$ 163,718,975
Payroll Taxes	20,674,062	17,201,140
Insurance Expense	6,213,356	4,416,205
Union Expenses	16,551,018	14,571,275
Automobile Expenses	1,086,865	852,640
Uniform Expenses	1,229,593	956,116
Subcontractor Expenses	14,287,063	574,107
Cost of Revenue - Other	1,384,368	1,410,015
Total Cost of Revenue	<u>\$ 259,216,289</u>	<u>\$ 203,700,473</u>
Gross Profit	<u>\$ 46,526,941</u>	<u>\$ 37,720,369</u>
General and Administrative Expenses	<u>\$ 26,102,669</u>	<u>\$ 24,177,068</u>
Income Before Other Income and (Expenses)	<u>\$ 20,424,272</u>	<u>\$ 13,543,301</u>
Other Income and (Expenses):		
Interest Expense	\$ (2,601,631)	\$ (2,206,834)
Interest & Other Income	-	13,454,142
Total Other Income and (Expenses)	<u>\$ (2,601,631)</u>	<u>\$ 11,247,308</u>
Net Income Before Provision for Income Taxes	<u>\$ 17,822,641</u>	<u>\$ 24,790,609</u>
Provision for Income Taxes	<u>(1,272,863)</u>	<u>(99,172)</u>
Net Income	<u>\$ 16,549,778</u>	<u>\$ 24,691,437</u>
Retained Earnings - Beginning	<u>\$ 27,041,680</u>	<u>\$ 3,788,738</u>
Net Income	<u>16,549,778</u>	<u>24,691,437</u>
Stockholder Distributions	<u>(3,457,081)</u>	<u>(1,438,495)</u>
Retained Earnings - Ending	<u>\$ 40,134,377</u>	<u>\$ 27,041,680</u>

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows

For the Years Ending December 31,

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities:		
Net income	\$ 16,549,778	\$ 24,691,437
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	\$ 518,802	\$ 304,608
Provision for bad debts	167,632	2,289,777
Provision for deferred income taxes	1,269,363	99,172
Amortization of Right of Use Asset	533,141	320,127
Changes in operating assets and liabilities:		
Decrease (increase) in operating assets:		
Accounts receivable	\$ (31,999,794)	\$ (43,806,315)
Contract assets - accrued revenue	(1,612,340)	2,087,856
Prepaid expenses and other current assets	(865,075)	(158,649)
Due from related parties	44,710	26,129
Other non-current assets	(34,954)	4,700
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	14,615,440	322,202
Due to related parties	(99,015)	19,840
Operating lease liability	(502,337)	(307,471)
Total adjustments	\$ (17,964,427)	\$ (38,798,024)
Net Cash Used in Operating Activities	<u>\$ (1,414,649)</u>	<u>\$ (14,106,587)</u>
Cash Flows from Investing Activities:		
Acquisition of property and equipment	\$ (127,890)	\$ (64,183)
Acquisitions of Black Tie Garrison Pro-Tect Kinder Fisher	(1,519,033)	-
Net Cash Used in Investing Activities	<u>\$ (1,646,923)</u>	<u>\$ (64,183)</u>
Cash Flows from Financing Activities:		
Stockholder distributions	\$ (3,457,081)	\$ (1,438,495)
Due to factor	-	(16,701,415)
Payments under promissory note agreements	(208,628)	-
Revolving line of credit, net	11,658,027	32,152,172
Net Cash Provided by Financing Activities	<u>\$ 7,992,318</u>	<u>\$ 14,012,262</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 4,930,745	\$ (158,508)
Cash and Cash Equivalents, beginning of period	-	158,508
Cash and Cash Equivalents, end of period	<u><u>\$ 4,930,745</u></u>	<u><u>\$ -</u></u>
Supplemental Disclosures:		
Cash paid for interest	<u><u>\$ 2,601,631</u></u>	<u><u>\$ 2,206,834</u></u>

The accompanying notes are an integral part of these financial statements.

ARON SECURITY INC. d/b/a ARROW SECURITY

Notes to Financial Statements

Years Ended December 31, 2024 and 2023

1. Business Description

Aron Security Inc. d/b/a Arrow Security (the 'Company'), was incorporated under the laws of the State of New York on May 8, 1995. The Company is primarily a regional provider of uniformed security officer and patrol services with offices in New York (New York City, Smithtown, and White Plains), New Jersey (Union), Connecticut (Hartford), Massachusetts (Springfield and Boston) and Pennsylvania (Erie).

2. Summary of Significant Accounting Policies

Accounting Principles and Use of Estimates - The Company's financial statements include the accounts of the Company and are prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). In connection with the preparation of our financial statements, the Company is required to make assumptions and estimates about future events and apply judgments that affect the reported amounts of assets, liabilities, revenues, expenses, and their related disclosures. Actual results could differ from those estimates and could cause the reported net income to vary significantly.

Revenue Recognition - The Company derives its revenue primarily from uniformed on-site and mobile guarding security services, which are services with the same revenue recognition pattern. Revenue is recognized over time, as the services are rendered by the Company and simultaneously consumed by the clients in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services. Such services cannot be reperformed.

Security solutions and electronic security comprise two broad categories. Security solutions are a combination of services such as on-site and/or mobile guarding and/or remote guarding. These services are combined with a technological component in terms of equipment owned and managed by the Company and used in the provision of services. The revenue recognition pattern is over time, as the services are rendered by the Company and simultaneously consumed by the clients. A security solution normally constitutes one performance obligation.

The nature of the Company's business does not give rise to variable consideration. Sales and other taxes the Company collects concurrent with revenue-producing activities are excluded from revenue.

The Company's contracts are billed at an hourly rate and the revenue is recognized for the amount that the Company is entitled to collect. Billing is

ARON SECURITY INC. d/b/a ARROW SECURITY

Notes to Financial Statements

Years Ended December 31, 2024 and 2023

performed on a weekly or monthly basis, and the collection right is unconditional. Costs to obtain a contract are expensed as incurred when the amortization period is less than one year. Incidental items that are immaterial in the context of a contract are recognized as an expense.

The Company's revenues, results of operations, and cash flows are affected by a wide variety of factors, including general economic conditions, the geographical region of its customers, and the type of customer. The Company's customer base includes businesses, institutions, and rental properties located throughout the northeastern United States.

Contract Assets - include unbilled amounts typically resulting from services performed under contracts and revenue recognized exceeds the amount billed to the customer and amounted to \$1,612,340 and \$0 as of December 31, 2024 and 2023, respectively.

Cash and Cash Equivalents - Cash and cash equivalents consist of cash on hand and marketable securities with original maturities of three months or less.

Accounts Receivable - Accounts receivable are recorded at the amounts billed; the Company maintains an allowance for credit losses which management believes to be sufficient to cover potential credit losses and estimated billing adjustments. Management reviews the components of the Company's accounts receivable balance monthly, which includes analysis of specific reserves based upon known credit and collection issues and potential reserve adjustments. Such amounts are charged against the allowance for credit losses where deemed appropriate.

Intangible Assets - The Company's finite-lived intangible assets include customer lists and not-to-compete agreements which are amortized over the shorter of either the respective lives of the contracts or over the period the assets are expected to contribute directly or indirectly to the Company's future cash flows. The Company periodically reviews the appropriateness of amortization periods related to its finite-lived intangible assets. The Company tests for possible impairment of finite-lived intangible assets whenever events and circumstances indicate that they might be impaired and the undiscounted cash flows estimated to be generated but those assets are less than the carrying amounts of those assets. When specific assets are determined to be unrecoverable, the cost basis of the asset is reduced to reflect the current fair value.

ARON SECURITY INC. d/b/a ARROW SECURITY

Notes to Financial Statements

Years Ended December 31, 2024 and 2023

Uniform Purchases - The Company expenses all uniform purchases at the time of receipt to cost of revenues.

Property and Equipment, net - Property and equipment are recorded at cost. Depreciation is calculated using the straight-line method over the assets' estimated useful lives (or, in the case of leasehold improvements, the remaining life of the lease, whichever is shorter). The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of such assets may not be recoverable. If the carrying amount of an asset or group of assets exceeds its net realizable value, the asset or group of assets will be written down to its fair value.

Leases - The Company is the lessee under non-cancelable real estate and equipment operating leases and measures its leases in accordance with FASB ASC 842, Leases. These right of use assets (ROU) and liabilities are measured and recorded upon lease commencement at the present value of the future minimum lease payments. The Company combines lease and non-lease components in its determination of minimum lease payments, except certain asset classes with significant non-lease components. As the interest rate implicit in its leases is not readily determinable, the Company uses its incremental borrowing rate to date. Variable lease costs are expensed as incurred and are not included in the determination of lease assets or liabilities. Lease costs for lease payments are recognized on a straight-line basis over the lease term. The Company elected the short-term lease recognition exemption for all leases that qualify. Consequently, for those leases that qualify, the Company will not recognize right-of-use assets or lease liabilities on the balance sheet.

Advertising Expense - Advertising costs are expensed as incurred. Advertising expense amounted to \$207,725 and \$216,537 for the years ended December 31, 2024 and 2023, respectively, and is included in general and administrative expenses in the statements of income and retained earnings.

Income Taxes - Since the Company has elected to be treated as a "Small Business Corporation", there is no provision for federal income taxes; New York State, New Jersey, Connecticut, Massachusetts, and Rhode Island income taxes are based on minimum tax filing requirements. For New York City purposes, the Company files as a regular corporation subject to income tax.

Notes to Financial Statements

Years Ended December 31, 2024 and 2023

The Company accounts for deferred income taxes using the asset and liability method; deferred income taxes are determined based on differences between financial reporting and income tax bases of assets and liabilities and are measured using the enacted income tax rates and laws in effect when the differences are expected to reverse. For income tax purposes, the Company reports on a cash basis which gives rise to the net deferred income tax liability.

The Company recognizes and measures its unrecognized tax benefits in accordance with FASB ASC 740, *Income Taxes*. Under the guidance, the Company assesses the likelihood, based on technical merit, that the tax positions will be sustained upon examination based on the facts, circumstances, and information available at the end of the reporting period.

The measurement of unrecognized tax benefits is adjusted when new information is available, or when an event occurs that requires a change. The Company recognizes the accrual of any interest and penalties to unrecognized tax benefits in income tax expense.

Reclassifications - Certain prior-year amounts have been reclassified to conform with the current year's presentation. There was no change in profits and losses.

3. Recently Issued Accounting Pronouncements

ACCOUNTS RECEIVABLE AND OTHER FINANCIAL ASSETS

Accounts receivable are customers' obligations due under normal trade terms. The Company routinely reviews its accounts receivable by customer account aging to determine the collectability of the amounts due based on information received from the customer, past history and economic conditions and determines a reserve for credit losses. In doing so, the Company adjusts the allowance accordingly to reflect the net realizable value of an accounts receivable. Accounts receivable is written off once management determines that they are uncollectible and collections have been unsuccessful. The net accounts receivable balance at January 1, 2023 was \$33,695,888.

As of January 1, 2023, the Company adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended (ASU 2016-13), which modifies the measurement of expected credit losses on certain financial instruments.

ARON SECURITY INC. d/b/a ARROW SECURITY

Notes to Financial Statements

Years Ended December 31, 2024 and 2023

The Company adopted this new guidance utilizing the modified retrospective transition method and accordingly, the new guidance was applied to financial assets measured at amortized cost (primarily accounts receivables) that existed as of January 1, 2023 (the date of initial application). The adoption of ASU 2016-13 did not have a material impact on the Company's financial statements but did change how the allowance for credit losses is determined.

4. Off Balance Sheet Risk and Concentration of Risk

Cash Concentrations

At times, the Company's cash deposit with any highly credible financial institutions may exceed federally insured limits. The Company has not experienced any losses with this account.

Sales and Accounts Receivable Concentrations

For the year ended December 31, 2024, two (2) customers (combined) accounted for approximately 63% of the Company's revenues and three (3) customers (combined) accounted for approximately 75% of the Company's accounts receivable as of December 31, 2024.

For the year ended December 31, 2023, two (2) customers (combined) accounted for approximately 56% of the Company's revenues and three (3) customers (combined) accounted for approximately 73% of the Company's accounts receivable as of December 31, 2023.

Labor Union Concentration

During 2021, the Company entered into collective bargaining agreements with Service Employees International Union Local 32BJ ('32BJ'). As of December 31, 2024, and 2023, approximately 59% and 67%, collectively, of the Company's security workforce is represented by this union, whose collective bargaining agreements will expire in April 2028 (New York City) and September 2025 (New Jersey).

5. Accounts Receivable, net

Accounts receivable, net consists of the following as of:

<u>December 31,</u>	<u>2024</u>	<u>2023</u>
Accounts receivable	\$ 108,953,914	\$ 77,731,701
Less: Allowance for credit losses	<u>(1,909,326)</u>	<u>(2,529,274)</u>
Accounts receivable, net	<u>\$ 107,044,588</u>	<u>\$ 75,212,427</u>

ARON SECURITY INC. d/b/a ARROW SECURITY

Notes to Financial Statements

Years Ended December 31, 2024 and 2023

6. Property and Equipment, net

Property and equipment is recorded at cost and consists of the following as of December 31:

<u>Description</u>	<u>Useful Life (yrs.)</u>	<u>2024</u>	<u>2023</u>
Computer Software and Equipment	3-5	\$ 10,862	\$ 10,862
Machinery and Equipment	3	56,331	56,331
Leasehold Improvements	Remaining Lease	32,425	32,425
Furniture and Fixtures	7	63,868	31,758
Automobiles	3-5	469,740	372,102
		633,226	503,478
Less: Accumulated depreciation and amortization		(488,091)	(430,390)
Property and Equipment, net		<u>\$ 145,135</u>	<u>\$ 73,088</u>

Depreciation expense for the years ended December 31, 2024 and 2023 was \$57,701 and \$42,214, respectively, and is included in general and administrative expenses in the statements of income and retained earnings.

Depreciation expense over the next five years and thereafter is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ 42,770
2026	41,557
2027	22,359
2028	12,760
2029	12,760
Thereafter	12,929
	<u>\$ 145,135</u>

ARON SECURITY INC. d/b/a ARROW SECURITY

Notes to Financial Statements

Years Ended December 31, 2024 and 2023

7. Intangible Assets

The following table represents the Company's intangible assets as of December 31,

Description	Lives (in years)	2024		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer lists and other intangible assets	5 - 10	\$ 3,786,974	\$ (883,445)	\$ 2,903,529
Not-to-compete agreements	5	<u>797,348</u>	<u>(187,498)</u>	<u>609,850</u>
		<u>\$ 4,584,322</u>	<u>\$ (1,070,943)</u>	<u>\$ 3,513,379</u>
Description	Lives (in years)	2023		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer lists and other intangible assets	5 - 10	\$ 1,393,925	\$ (512,008)	\$ 881,917
Not-to-compete agreements	5	<u>210,000</u>	<u>(97,833)</u>	<u>112,167</u>
		<u>\$ 1,603,925</u>	<u>\$ (609,841)</u>	<u>\$ 994,084</u>

Amortization expense for each of the years ended December 31, 2024 and 2023 amounted to \$461,101 and \$262,393, respectively and is included in general and administrative expenses in the statements of income and retained earnings.

Amortization expense over the next five years and thereafter is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ 752,444
2026	707,927
2027	571,594
2028	571,594
2029	398,729
Thereafter	<u>511,091</u>
	<u>\$ 3,513,379</u>

Notes to Financial Statements

Years Ended December 31, 2024 and 2023

8. Operating Licenses

The Company is subject to regulation and licensing by various state government agencies. The President of the Company currently holds virtually all the required State operating licenses. In the event the Company was to lose the services of the President who currently holds the licenses, the Chief Operating Officer or another officer would have to obtain the necessary licenses, and/or the Company would have to hire someone who holds the required licenses for the Company to continue its business.

9. Factoring Credit Agreement

Prior to September 29, 2023, the Company maintained an agreement (the "Agreement") with a factoring company ("the Factoring Company"), whereby it sold all commercial accounts receivable for up to 90% of the net amount of the undisputed account; the receivables are sold with recourse and the Factoring Company retains a portion of the proceeds from the receivables sold as reserves, which are released to the Company as customers make payments. The Factoring Company may require the Company to repurchase any account on demand, as set forth in the terms of the agreement. The receivables are secured by the Company's assets and are guaranteed by the stockholder of the Company. From time to time, the Company may request advances more than the contractual advance rate; such advances shall bear interest at a rate equal to two (2) percent above the contracted rate of interest set forth in this agreement. The Company pays a base management commission equal to twenty-five bps (0.25%) of the gross invoice amount of each accounts receivable, chargeable at the day of assignment; the minimum commission payable shall be \$20,000 for the contracted year. This financing agreement shall bear interest daily with a rate equal to the Prime rate plus fifty bps (0.50%).

10. Credit Agreement

On September 29, 2023, the Company entered into a Credit Agreement ("Credit Agreement") with a new bank for Revolving Loans, as defined, for borrowings up to the lesser of the borrowing base (generally being 90% of Eligible Accounts, as defined and reduced by certain reserves) or \$40,000,000 to which the Revolving Loans and other bank borrowings are subject; all borrowings shall bear interest at Daily Simple SOFR Rate, as defined, in effect from time to time, plus 2.25% (the Applicable Margin). Subject to certain events of default for early termination, the term of the Credit Agreement is for three years with a maturity date of September 29, 2026. The initial advance of \$27,681,540 was used to fully satisfy the balance

ARON SECURITY INC. d/b/a ARROW SECURITY

Notes to Financial Statements

Years Ended December 31, 2024 and 2023

under the Factoring Credit Agreement and the related Factoring Credit Agreement was terminated commensurate with the payoff; at December 31, 2024 and 2023, the balance of borrowings under the Revolving Loan was \$43,810,199 and \$32,152,172, respectively and is included in the accompanying balance sheet.

The Credit Agreement contains certain financial and collateral reporting requirements as well as financial covenants which the Company was in compliance or received a waiver as of December 31, 2024 and 2023, respectively.

In February 2024, the Company modified the Credit Agreement, increasing the Maximum Credit, as defined in the Credit Agreement, from \$40,000,000 to \$50,000,000. In November 2024, the Company modified the Credit Agreement, temporarily increasing the Maximum Credit, as defined in the Credit Agreement, from \$50,000,000 to \$65,000,000, with an expiration date of this increase as January 31, 2025. In January 2025, the Company modified the Credit Agreement by extending the expiration date of the temporary increase to May 31, 2025.

11. Other Contingent Liabilities

Certain conditions may exist which may result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. In the normal course of operations, various legal claims are filed against the Company. In the opinion of management and counsel, it is not anticipated that the settlement or resolution of any such matters, other than the settlement discussed in Note 17 herein, will have a material adverse impact on the Company's financial condition, liquidity, or results of operations.

12. Income Taxes

The provision for income taxes consists of:

Year Ended December 31,	2024	2023
Current:		
State	\$ --	\$ --
City	<u>3,500</u>	<u>3,500</u>
	<u>\$ 3,500</u>	<u>\$ 3,500</u>
Deferred:		
City	<u>\$ 1,269,363</u>	<u>\$ 95,672</u>
	<u>\$ 1,269,363</u>	<u>\$ 95,672</u>
Total provision for income taxes	<u>\$ 1,272,863</u>	<u>\$ 99,172</u>

ARON SECURITY INC. d/b/a ARROW SECURITY

Notes to Financial Statements

Years Ended December 31, 2024 and 2023

As of December 31, 2024, the Company has \$41,370,400 in available city net operating loss carry forwards that can be utilized indefinitely. The Company is subject to taxation in the United States as well as various state and local jurisdictions. As of December 31, 2024, the Company's tax years for 2021, 2022, 2023 and 2024 are subject to examination by the tax authorities.

Temporary differences giving rise to deferred tax assets are net operating loss carryforwards, accounts payable and accrued expenses, basis differences in intangible assets, and IRC 481(A) adjustments. Temporary differences that give rise to deferred tax liabilities consist primarily of the basis differences for accounts receivable and property and equipment.

The deferred income tax assets and liabilities are reflected on the balance sheets as follows:

<u>Description</u>	<u>2024</u>	<u>2023</u>
Deferred income tax assets	\$ 5,292,152	\$ 4,461,916
Less: Deferred tax valuation allowance	--	--
subtotal	\$ 5,292,152	\$ 4,461,916
Deferred income tax liabilities	(7,482,851)	(5,383,252)
Net deferred income tax liability	<u>(\$2,190,699)</u>	<u>(\$ 921,336)</u>

13. Leases

The Company has obligations as a lessee for office space, patrol vehicles, and other office equipment with initial noncancelable terms of more than one year. The Company's leases have remaining lives of one (1) to seven (7) years. The Company classified these leases as operating leases. These leases generally contain renewal options for periods ranging from two to five years. Because the Company is not reasonably certain to exercise these renewal options, the optional periods are not included in determining the lease term, and associated payments under these renewal options are excluded from lease payments. The Company's leases do not include termination options for either party to the lease or restrictive financial or other covenants. Payments due under the lease contracts include fixed plus, for many of the Company's leases, variable payments. The Company's office space leases require it to make variable payments for the Company's proportionate share of the building's property taxes, insurance, and common area maintenance. These variable lease payments are not included in lease payments used to determine lease liability and are recognized as variable costs when incurred.

ARON SECURITY INC. d/b/a ARROW SECURITY

Notes to Financial Statements

Years Ended December 31, 2024 and 2023

The Company entered into five (5) new operating leases in 2024; upon commencement of the leases, the Company recognized right-of-use assets and corresponding lease liabilities of \$1,611,313.

The following table summarizes the weighted average remaining lease term and discount rate:

<u>Other Information</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Weighted Average Remaining Lease Term</u>		
Operating leases	5 years	6 years
<u>Weighted Average Discount Rate</u>		
Operating leases	6.01%	3.88%

The following table presents an analysis of lease liability maturities:

<u>Years Ending December 31,</u>	<u>Operating Leases</u>
2025	\$ 861,682
2026	834,407
2027	693,403
2028	537,033
2029	379,246
Thereafter	<u>413,540</u>
Total lease payments	\$ 3,719,311
Less: imputed interest	<u>(439,103)</u>
Equals: Present value of lease payments	\$ 3,280,208
Less: Short-term lease liabilities	<u>(708,823)</u>
Equals: Long-term lease liabilities	<u>\$ 2,571,385</u>

Operating lease expense was \$778,936 and \$639,755 for the years ended December 31, 2024 and 2023, respectively, and is included in the accompanying statements of income and retained earnings. Total cash paid for operating leases was \$695,817 and \$562,788 for the years ending December 31, 2024 and 2023, respectively.

ARON SECURITY INC. d/b/a ARROW SECURITY

Notes to Financial Statements

Years Ended December 31, 2024 and 2023

14. Related Party Transactions

The Company leases office space from a related party, which is 100% owned by the sole stockholder; the rent expense for the years ended December 31, 2024 and 2023 was \$192,248 and is included in general and administrative expenses in the accompanying statements of income and retained earnings. The related ROU asset was \$1,171,175 and \$1,314,590 as of December 31, 2024 and 2023, respectively and the corresponding operating lease liability was \$1,229,580 and \$1,358,659 as of December 31, 2024 and 2023, respectively, and is included in Operating Lease ROU Asset and Operating Lease Liability in the accompanying balance sheets.

The Company utilizes an insurance broker, which is 50% owned by the sole stockholder of the Company, for its property & casualty insurance policies. Total accounts payable to the insurance broker was \$64,339 and \$104,386 as of December 31, 2024 and 2023, respectively, and is included in accounts payable and accrued expenses in the accompanying balance sheets.

15. Employee Retention Tax Credit ("ERTC")

In analogizing to International Accounting Standard ("IAS") 20, Accounting for Government Grants and Disclosure of Government Assistance, the Company considers the ERC as a government grant. The Company recognizes grant income when there is reasonable assurance that (a) the entity will comply with any conditions attached to the grant and (b) the grant will be received; in addition, the Company recognizes grant income over the period in which the entity recognizes the expenses for the related costs for which the grants are intended to compensate.

During 2023, the Company contracted the services of a consultant and applied for the Employee Retention Tax Credit ("ERTC") by amending Form 941 filings for the quarters in which it qualifies for the credit; during 2023, the Company received and recorded \$15,046,779 of principal payments, \$664,380 of interest income and \$2,257,017 of consultant expense included within Other Income and Expenses in the accompanying Statement of Income and Retained Earnings for the year ending December 31, 2023. In May 2024, the Company reached a settlement with the consultant, which resulted in a refund of \$1,500,000 previously paid to the consultant, as well as the elimination of a \$757,017 liability owed to the consultant at the time of the settlement agreement. The favorable \$2,257,017 settlement is included within General and Administrative Expenses in the accompanying Statement of Income and Retained Earnings for the year ending December 31, 2024.

ARON SECURITY INC. d/b/a ARROW SECURITY

Notes to Financial Statements

Years Ended December 31, 2024 and 2023

16. Acquisitions

Classic Protection Security & Investigations, Inc.

In August 2021, the Company acquired certain unencumbered assets of Classic Protection Security & Investigations, Inc. (herein 'Classic') for \$1,350,000 in cash. Classic provides contract security officer services to various customers in New York City and New Jersey; the purpose of the acquisition was to increase market share in these jurisdictions. The Classic acquisition has been accounted for under the acquisition method of accounting with identifiable assets acquired recorded at their estimated fair values on the acquisition date. The purchase price consisted of customer lists of \$1,135,000, not to-compete agreements of \$200,000, and equipment of \$15,000; see Intangible Assets – Note 7.

Arrow Security Co., Inc.

In September 2021, the Company acquired certain assets of Arrow Security Co., Inc. (herein, 'Arrow') for \$308,925 in cash. Arrow provides contract security officer and patrol services to customers in Massachusetts and Connecticut; the purpose of the acquisition was to increase market share in these jurisdictions. The Arrow acquisition has been accounted for under the acquisition method of accounting with identifiable assets acquired recorded at their estimated fair values on the acquisition date. The purchase price consisted of customer lists of \$258,925, not to-compete agreements of \$10,000, and equipment of \$40,000; see Intangible Assets – Note 7.

Black Tie Security & Investigations, Inc.

In April 2024, the Company acquired certain assets of Black Tie Security & Investigations, Inc. (herein, 'Black Tie') for a 2.5x multiple of EBITDA (as defined in the Asset Purchase Agreement); the estimated purchase price was \$480,000, payable to the sellers as \$240,000 cash at closing and a \$240,000 2-year promissory note, carrying interest at 6.5%. Black Tie provides contract security officer and patrol services to customers in New York; the purpose of the acquisition was to increase market share in this jurisdiction. The Black Tie acquisition has been accounted for under the acquisition method of accounting with identifiable assets acquired recorded at their estimated fair values on the acquisition date. The purchase price consisted of customer lists of \$360,000 and not to-compete agreements of \$120,000; see Intangible Assets – Note 7. The actual purchase price will be calculated within forty-five (45) days of the one-year anniversary of the Closing, and the difference will be added to or subtracted from the remaining principal of the promissory note. The Company performed an earn-out projection as of December 31, 2024, and determined there will be an anticipated additional purchase price of \$347,254, which has been recorded as an addition to customer lists and promissory note payable as of December 31, 2024 in the accompanying balance sheet.

ARON SECURITY INC. d/b/a ARROW SECURITY

Notes to Financial Statements

Years Ended December 31, 2024 and 2023

Garrison Protective Services, Inc.

In May 2024, the Company acquired certain assets of Garrison Protective Services, Inc. (herein, 'Garrison') for \$750,000 payable to the sellers as \$500,000 cash at closing and a \$250,000 2-year promissory note, carrying interest at 6.5%. The purchase price is subject to Earn-Out provisions (as defined in the Asset Purchase Agreement) which will be calculated within forty-five (45) days of the one-year anniversary of the Closing, and the difference will be added to or subtracted from the remaining principal of the promissory note. Garrison provides contract security officer and patrol services to customers in New York; the purpose of the acquisition was to increase market share in this jurisdiction. The Garrison acquisition has been accounted for under the acquisition method of accounting with identifiable assets acquired recorded at their estimated fair values on the acquisition date. The purchase price consisted of customer lists of \$625,000 and not to-compete agreements of \$125,000; see Intangible Assets - Note 7.

Pro-Tect Security, Inc.

In July 2024, the Company acquired certain assets of Pro-Tect Security, Inc. (herein, 'Pro-Tect') for \$350,000 payable to the sellers as \$175,000 cash at closing and a \$175,000 2-year promissory note, carrying interest at 6.5%. Pro-Tect provides contract security officer and patrol services to customers in New York; the purpose of the acquisition was to increase market share in this jurisdiction. The Pro-Tect acquisition has been accounted for under the acquisition method of accounting with identifiable assets acquired recorded at their estimated fair values on the acquisition date. The purchase price consisted of customer lists of \$262,500 and not to-compete agreements of \$87,500; see Intangible Assets - Note 7.

The Kinder Group LLC

In December 2024, the Company acquired certain assets of The Kinder Group LLC (herein, 'Kinder') for \$143,673, payable to the sellers as \$114,938 cash at closing and the remaining \$28,735 to be held in escrow and released to the sellers upon certain triggering events, as defined in the Asset Purchase Agreement. The purchase price is subject to Earn-Out provisions (as defined in the Asset Purchase Agreement) which will be calculated after the one-year anniversary of the Closing. Kinder provides contract security officer and patrol services to customers in Massachusetts; the purpose of the acquisition was to increase market share in this jurisdiction. The Kinder acquisition has been accounted for under the acquisition method of accounting with identifiable assets acquired recorded at their estimated fair values on the acquisition date. The purchase price consisted of customer lists of \$107,755 and not to-compete agreements of \$35,918; see Intangible Assets - Note 7.

ARON SECURITY INC. d/b/a ARROW SECURITY

Notes to Financial Statements

Years Ended December 31, 2024 and 2023

Jerry Clark Enterprises, LLC d/b/a Fisher Security

In December 2024, the Company acquired certain assets of Jerry Clark Enterprises, LLC d/b/a Fisher Security (herein, 'Fisher') for \$920,720, payable to the sellers as \$460,360 cash at closing and a \$460,360 2-year promissory note, carrying interest at 6.5%. The purchase price is subject to Additional Purchase Price provisions (as defined in the Asset Purchase Agreement) which will be calculated after the one-year anniversary of the Closing. Fisher provides contract security officer and patrol services to customers in Pennsylvania; the purpose of the acquisition was to increase market share in this jurisdiction. The Fisher acquisition has been accounted for under the acquisition method of accounting with identifiable assets acquired recorded at their estimated fair values on the acquisition date. The purchase price consisted of customer lists of \$690,540, not to-compete agreements of \$218,930, and equipment of \$11,250; see Intangible Assets – Note 7.

17. Legal Settlement

In early 2022, the Company reached a settlement with all hourly dispatchers, tour commanders, security guards, patrol drivers and site supervisors employed by the Company from April 20, 2015 through February 11, 2022 ("Class Members") for alleged violations of the Fair Labor Standards Act and New York State Labor Law. The class action settlement was approved by the Supreme Court of the State of New York, County of Nassau; the settlement covers claims of Class Members from April 20, 2015 through February 11, 2022.

The approved settlement equaled \$3,071,444, which includes an administrator fee, service award, payment of attorney's fees and payment to Class Members who do not opt-out and who complete and mail the requisite forms to be entitled to a payment however the final/actual cost will not be known until after all Class Members have been notified of the settlement, and successfully complete the required processes to file a valid claim for relief, including submitting an Anti-Fraud Identity Affirmation form with a social security number.

During 2021, the Company accrued an expense for this anticipated settlement in the amount of \$3,115,000, which conservatively represented the amounts to be paid to the defendants, their attorneys, the class-action transfer agent, and a reasonable estimate of payments to Class Members who complete the requisite qualification processes. Such amount was included in accounts payable and accrued expenses in the balance sheets and legal settlements in the statements of income and retained earnings. Payments hereunder commenced in March 2022, with the full/final amount paid upon completion of the Class Member qualification process in 2023. As such, there is no remaining liability for this settlement as of December 31, 2024 or 2023.

ARON SECURITY INC. d/b/a ARROW SECURITY

Notes to Financial Statements

Years Ended December 31, 2024 and 2023

18. Multi-Employer Pension Plans

The Company is potentially subject to a multiemployer pension plan under the terms of collective bargaining agreements (CBA); these plans are different from a single employer plan in the following aspects: 1) amounts contributed to a multiemployer plans by one employer may be used to provide benefits to employees of other participating employers; 2) if a participating employer stops contributing to the plan the unfunded obligations of the plan may be borne by the remaining participating employers, and 3) if the Company chooses to stop participating in the plan, it may be required to pay a withdrawal liability based on the unfunded status of plan.

The Company's participation in these plans for the years ended December 31, 2024 and 2023 is outlined below. Since the plan's year-end does not coincide with the Company's year-end, the most recent plan year-end information for its year-end has been provided. The "EIN/PM" column provides the Employee Identification Number and the three-digit plan number as reflected on Form 5500. The most recent Pension Protection Act (PPA) zone status is based on information the Company received from the plan and is certified by the plan's actuary. Plans in the red zone are less than 65% funded, plans in the yellow zone are between 65% and 80% funded, and plans in the green zone are at least 80% funded.

Pension Fund	EIN Pension Plan #	Pension Protection Act Zone Status		Company Contributions	
		June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Building Service 32BJ Pension Fund	13-1879376-001	Green	Yellow	\$ --	\$ --
FIP/RP Statute		Surcharge		CBA Expiration Date	
Pending Implemented		Imposed (Y/N)?		2025-2028	
Yes		N			

The FIP/RP Status/Pending Implemented column indicates plans for which a Financial Improvement Plan (FIP) or a Rehabilitation Plan (RP) is either pending or has been implemented.

ARON SECURITY INC. d/b/a ARROW SECURITY

Notes to Financial Statements

Years Ended December 31, 2024 and 2023

The surcharge imposed column indicates if a surcharge has been imposed on contributions to the plans. The Company did not provide more than 5% of total contributions to any of the plans.

19. Defined Contribution Plans

The Company has a single employer 401(k) tax deferred savings plan covering its non-union employees. Under this plan, non-union employees meeting the eligibility requirements may contribute specific percentages of qualified compensation through payroll deductions. During the years ended December 31, 2024 and 2023, the Company did not perform a match on employee contributions.

Union employees are eligible to contribute to 401(k) tax deferred savings plans in accordance with their respective collective bargaining agreements. Under these plans, union employees meeting the eligibility requirements may contribute specific percentages of qualified compensation through payroll deductions.

20. Subsequent Events

ACQUISITIONS

Clinch Security Services and Investigations, LLC

In January 2025, the Company acquired certain assets of Clinch Security Services and Investigations, LLC (herein, 'Clinch') for \$625,000 payable to the sellers as \$312,500 cash at closing and a \$312,500 2-year promissory note, carrying interest at 6.5%. Clinch provides contract security officer and patrol services to customers in Connecticut; the purpose of the acquisition was to increase market share in this jurisdiction. The Clinch acquisition has been accounted for under the acquisition method of accounting with identifiable assets acquired recorded at their estimated fair values on the acquisition date. The purchase price consisted of customer lists of \$556,500, not to-compete agreements of \$62,500, and vehicles of \$6,000.

Madison Security Group, Inc. and Swift Security Inc.

In January 2025, the Company acquired certain assets of Madison Security Group, Inc. and Swift Security Inc. (herein, 'Madison/Swift') for \$500,000, payable to the sellers as \$250,000 cash at closing and the remaining \$250,000 to be held in escrow and released to the sellers upon certain triggering events, as defined in the Asset Purchase Agreement. Madison/Swift provides contract security officer and patrol services to customers in Rhode Island (Madison) and Florida (Swift); the purpose of the acquisition was to increase market share in Rhode Island and to establish a market in Florida.

ARON SECURITY INC. d/b/a ARROW SECURITY

Notes to Financial Statements

Years Ended December 31, 2024 and 2023

The Madison/Swift acquisition has been accounted for under the acquisition method of accounting with identifiable assets acquired recorded at their estimated fair values on the acquisition date. The purchase price consisted of customer lists of \$440,920, not to-compete agreements of \$25,000, and equipment of \$34,080.

Subsequent Events

The Company has evaluated subsequent events through March 14, 2025, the date these financial statements were available to be issued; no additional events occurred requiring further disclosure.

CONFIDENTIAL – PROPRIETARY FINANCIALS

Appendix D – Corporate Biographies



A.J. Caro

Chief Executive Officer

Arrow Security is fortunate to have A.J. at the helm. His security background spans 25 years and his commitment to customer service sets the tone for the entire organization, regularly making himself available to clients.

- 20 years as a Licensed Private Investigator
- Department of Defense SECRET clearance
- Named Top 40 Under 40 Businessperson
- Smart CEO award
- Awarded Fastest Growing Company by *Inc Magazine*



Peter Curcio

**President of Administrative Services/Program Manager
MS, PEFP**

In his prior career, Peter managed the entire NYC prison system. Today, he oversees our day-to-day administrative functions, manages internal affairs, and collaborates closely with the Chief Financial Officer and Chief Operating Officer to ensure that every partner receives the service they have come to expect of Arrow Security.

- Nearly four decades of law enforcement experience
- Graduate, Harvard's John F. Kennedy School of Government Executive Education Program
- Consultant to USDOJ / NIC
- 9/11 Responder



Al Medeiros

Vice President of Operations, Southeast Region (FLORIDA)

With a focus on operational excellence and client satisfaction, Al is the ballast of Arrow's Southeast expansion. With over 20 years of industry experience and on-the-ground operations expertise in Florida, Al goes above and beyond to ensure the Officers under his oversight have the resources and mentorship they need to always meet client expectations. Al is available for 24/7/365 support for Key West personnel.

- Bachelor of Science, Behavioral Science, Franklin Pierce College
- Former VP of Operations, Madison Security Group, Florida, 2008-2024



Brendon McDonald

**Chief Financial Officer
CPA, CGMA**

At Arrow Security, Brendon supports our business foundations while ensuring that we remain compliant, not just with state and federal regulations, but with partner expectations.

- New York State Society of Certified Public Accountants (NYSSCPA)
- Institute of Management Accountants (IMA)
- American Institute of Certified Public Accountants (AICPA)

- Financial Executive Networking Group (FENG)



Craig Schwab

Chief Operating Officer
MBA, CPP

Craig is a seasoned security leader with over 25 years of experience in corporate security and risk management. At Arrow Security, he oversees all corporate security operations. His strategic and methodical approach ensures that security operations align with business objectives and rigorously meet and anticipate client needs.

- Former Global Head of Corporate Security at BlackRock
- Former VP of Corporate Security at Deutsche Bank
- 10+ years of Executive Leadership – Allied Universal
- Assistant Regional Vice President of ASIS Region 5
- Former ASIS NYC Chapter Chairman & Vice Chairman



Robert Hopes

Executive Vice President – Quality Assurance
ASIS CPP®

Robert is a retired NYPD Detective and former security business owner. He develops all company policies and procedures, standardizes operations, and ensures we comply with all Federal, State, and Local requirements. In so doing, he collaborates closely with our team of Regional Vice Presidents and builds relationships with our partners.

- More than three decades of law enforcement and security industry experience
- Combat Cross recipient, NYPD – Mayor Ed Koch
- Former LI Chapter Board Member, ASIS



Scott Sturgess

Chief Revenue Officer
BS, SSBB

Scott came to Arrow Security with over 25 years of experience in the security industry. His leadership experience and background in sales management, product marketing, and business development ensure that we will continue to rank among the most successful security companies in the nation.

- 23-year career with Honeywell in electronic security and safety
- Former Vice President of Business Development with Summit Security



Kristen Hildebrant
Chief Human Resources Officer
MBA, MJLEL

Kristen is an experienced HR Leader specializing in talent acquisition, culture enhancement, compensation design, compliance, statutory matters, and organizational learning and development. At Arrow Security, Kristen drives organizational transformation to support our “We Care” culture and growth objectives while fueling engagement and retention.

- Over 20 years of HR leadership and expertise
- Former VP of HR at a global background screening firm
- MBA from Dowling College
- Master of Jurisprudence in Labor and Employment Law from Tulane Law School



Michael De Paolis
Senior Vice President, National Accounts
Licensed Private Investigator

With a law enforcement background, including 20 years as a Detective with the NYPD and 15+ years of private security industry experience, Mike has the background and expertise our clients rely on and is experienced in managing, mentoring, and driving teams to achieve results.

- Grew a small regional company w/\$10M in revenue to a nationwide industry leader at \$250M in annual revenue
- Built and operated the Emergency Response Function for large-scale natural disasters and civil unrest, ensuring business continuity with the core discipline of command and control
- Managed extensive Executive Protection division, protecting heads of state and business leaders worldwide
- Executive Director & Co-Founder Tour de Force



Matthew Regan
Director, Arrow Command Center

Matthew Regan, a seasoned security-industry professional, brings over a decade of experience to his role as Director of the Arrow Command Center (ACC). Fluent in WinTeam workforce management software, Matt leverages his expertise to provide critical analytics and technology upgrades to enhance Arrow’s services.

- Was integral in the creation of the Security Operations Center at Summit Security Services and managed a team of operators
- Successfully integrated scheduling and electronic timekeeping systems companywide and led compliance and overtime reduction initiatives
- As an Operations Manager at Allied-Universal, Matt managed over 250 Security Officers and 9,000+ billable hours



Vibha Mistry

Learning and Organizational Development Manager

Vibha Mistry is a skilled Learning and Organizational Development Manager with over 10 years of experience in creating and leading employee training programs. She specializes in developing tailored learning initiatives to address skill gaps and enhance performance, focusing on leadership development, situational awareness, and client-specific requirements. Vibha has a proven track record of improving employee retention and job performance through customized, results-driven training programs

- Master of Science in Organizational Management/Learning Development
- Specializes in needs assessment, gap analysis, and tailored training programs
- Developed leadership and career advancement initiatives that foster employee growth and retention

Appendix E – Pricing / Proposal Form

Appendix E – Proposal Form – PRICING

Arrow Security presents our pricing in the Proposal Form format as indicated at **Section 11** of our response as well as our standard pricing format. Arrow Security has provided, per the provided Proposal Form below, rates for both the Security Officer and Supervisory positions and by year – with estimations for price escalation, which avoids unplanned cost increases for transparency with the City of Key West.

Assumptions

1. Golf Cart (vehicle) Pricing

Arrow Security has priced for one (1) golf cart to be shared by the locations at City Marina as well as Key West Bight. Should an additional cart be desired or a different vehicle type, we will gladly adjust the price as such.

Arrow Security Pricing

Arrow Security provides the following breakout of our pricing structure for brevity. The City of Key West has also provided a Proposal Form, which has been utilized to break pricing out by year, with estimations for escalation, provided on the following pages.

City of Key West Pay-to-Bill Breakdowns	Security Officer Year 1	Supervisor Year 1
<i>Per Hour Wage Rate</i>	\$ 19.00	\$ 23.00
<i>Per Hour Billing Rate - Regular</i>	\$ 26.29	\$ 31.48
<i>Per Hour Billing Rate - OT, Holiday (1.5x)</i>	\$ 39.44	\$ 47.22
City of Key West Pay-to-Bill Breakdowns	Security Officer Year 2	Supervisor Year 2
<i>Per Hour Wage Rate</i>	\$ 19.50	\$ 23.50
<i>Per Hour Billing Rate - Regular</i>	\$ 26.98	\$ 32.17
<i>Per Hour Billing Rate - OT, Holiday (1.5x)</i>	\$ 40.47	\$ 48.26
City of Key West Pay-to-Bill Breakdowns	Security Officer Year 3	Supervisor Year 3
<i>Per Hour Wage Rate</i>	\$ 20.00	\$ 24.00
<i>Per Hour Billing Rate - Regular</i>	\$ 27.68	\$ 32.85
<i>Per Hour Billing Rate - OT, Holiday (1.5x)</i>	\$ 41.52	\$ 49.28
City of Key West Pay-to-Bill Breakdowns	Security Officer Year 4	Supervisor Year 4
<i>Per Hour Wage Rate</i>	\$ 20.50	\$ 24.50
<i>Per Hour Billing Rate - Regular</i>	\$ 28.37	\$ 33.54
<i>Per Hour Billing Rate - OT, Holiday (1.5x)</i>	\$ 42.56	\$ 50.31
City of Key West Pay-to-Bill Breakdowns	Security Officer Year 5	Supervisor Year 5
<i>Per Hour Wage Rate</i>	\$ 21.00	\$ 25.00
<i>Per Hour Billing Rate - Regular</i>	\$ 29.06	\$ 34.22
<i>Per Hour Billing Rate - OT, Holiday (1.5x)</i>	\$ 43.59	\$ 51.33

Note: One (1) Golf cart to be billed at \$200/week (all inclusive to include any maintenance)

Proposal Form (Provided)

Arrow Security provides pricing for five (5) years. To avoid unseen or unaccounted for increases due to inflation and wage increases, we have provided a form for each year for transparency.

PROPOSAL FORM - PRIVATE SECURITY SERVICES

Base Year: YEAR 1 *(rates are the same for each location)*

Location	Unburdened Hourly Rate (\$)¹	Rate In Words	Burdened Hourly Rate (\$)²	Rate In Words
Key West Bight	Officer: \$19.00 (straight time)	Officer: Nineteen dollars (straight time)	Officer: \$26.29 (straight time)	Officer: Twenty-six dollars and twenty-nine cents (straight time)
City Marina	\$28.50 (overtime/holiday)	Twenty-eight dollars and fifty cents (overtime/holiday)	\$39.44 (overtime/holiday)	Thirty-nine dollars and forty-four cents (overtime/holiday)
Key West Ferry Terminal	Supervisor: \$23.00 (straight time) \$34.50 (overtime/holiday)	Supervisor: Twenty-three dollars (straight time) Thirty-four dollars and fifty cents (overtime/holiday)	Supervisor: \$31.48 (straight time) \$47.22 (overtime/holiday)	Supervisor: Thirty-one dollars and forty-eight cents (straight time) Forty-seven dollars and twenty-two cents (overtime/holiday)
OTHER: Golf Cart	One (1) golf cart will be billed at \$200/week.			

¹ Direct Labor Cost

² Direct Labor Cost, O/H, G&A, Profit

Base Year: YEAR 2 *(rates are the same for each location)*

Location	Unburdened Hourly Rate (\$)¹	Rate In Words	Burdened Hourly Rate (\$)²	Rate In Words
Key West Bight	Officer: \$19.50 (straight time)	Officer: Nineteen Dollars and fifty cents (straight time)	Officer: \$26.98 (straight time)	Officer: Twenty-six Dollars and ninety-eight cents - (straight time)
City Marina	\$29.25 (overtime/holiday)	Twenty-nine Dollars and twenty-five cents - (overtime/holiday)	\$40.47 (overtime/holiday)	Forty Dollars and forty-seven cents - (overtime/holiday)
Key West Ferry Terminal	Supervisor: \$23.50 (straight time) \$35.25 (overtime/holiday)	Supervisor: Twenty-three Dollars and Fifty cents - (straight time) Thirty-five Dollars and twenty-five cents - (overtime/holiday)	Supervisor: \$32.17 (straight time) \$48.26 (overtime/holiday)	Supervisor: Thirty-two Dollars and seventeen cents - (straight time) Forty-eight Dollars and twenty-six cents - (overtime/holiday)
OTHER: Golf Cart	One (1) golf cart will be billed at \$200/week.			

¹ Direct Labor Cost

² Direct Labor Cost, O/H, G&A, Profit

Base Year: YEAR 3 (rates are the same for each location)

Location	Unburdened Hourly Rate (\$)¹	Rate In Words	Burdened Hourly Rate (\$)²	Rate In Words
Key West Bight	Officer: \$20.00 (straight time)	Officer: Twenty Dollars - (straight time)	Officer: \$27.68 (straight time)	Officer: Twenty-seven Dollars and sixty-eight cents - (straight time)
City Marina	\$30.00 (overtime/holiday)	Thirty Dollars - (overtime/holiday)	\$41.52 (overtime/holiday)	Forty-one Dollars and fifty-two cents - (overtime/holiday)
Key West Ferry Terminal	Supervisor: \$24.00 (straight time) \$36.00 (overtime/holiday)	Supervisor: Twenty-four Dollars - (straight time) Thirty-six Dollars - (overtime/holiday)	Supervisor: \$32.85 (straight time) \$49.28 (overtime/holiday)	Supervisor: Thirty-two Dollars and eighty-five cents - (straight time) Forty-nine Dollars and twenty-eight cents - (overtime/holiday)
OTHER: Golf Cart	One (1) golf cart will be billed at \$200/week.			

¹ Direct Labor Cost

² Direct Labor Cost, O/H, G&A, Profit

Base Year: YEAR 4 (rates are the same for each location)

Location	Unburdened Hourly Rate (\$)¹	Rate In Words	Burdened Hourly Rate (\$)²	Rate In Words
Key West Bight	Officer: \$20.50 (straight time)	Officer: Twenty Dollars and fifty cents - (straight time)	Officer: \$28.37 (straight time)	Officer: Twenty-eight Dollars and thirty-seven cents - (straight time)
City Marina	\$30.75 (overtime/holiday)	Thirty Dollars and seventy-five cents - (overtime/holiday)	\$42.56 (overtime/holiday)	Forty-two Dollars and fifty-six cents - (overtime/holiday)
Key West Ferry Terminal	Supervisor: \$24.50 (straight time) \$36.75 (overtime/holiday)	Supervisor: Twenty-four Dollars and Fifty cents - (straight time) Thirty-six Dollars and seventy-five cents - (overtime/holiday)	Supervisor: \$33.54 (straight time) \$50.31 (overtime/holiday)	Supervisor: Thirty-three Dollars and fifty-four cents - (straight time) Fifty Dollars and thirty-one cents - (overtime/holiday)
OTHER: Golf Cart	One (1) golf cart will be billed at \$200/week.			

¹ Direct Labor Cost

² Direct Labor Cost, O/H, G&A, Profit

Base Year: YEAR 5 (rates are the same for each location)

Location	Unburdened Hourly Rate (\$)¹	Rate In Words	Burdened Hourly Rate (\$)²	Rate In Words
Key West Bight	Officer: \$21.00 (straight time)	Officer: Twenty-one Dollars - (straight time)	Officer: \$29.06 (straight time)	Officer: Twenty-nine Dollars and six cents - (straight time)
City Marina	\$31.50 (overtime/holiday)	Thirty-one Dollars and fifty cents - (overtime/holiday)	\$43.59 (overtime/holiday)	Forty-three Dollars and fifty-nine cents - (overtime/holiday)
Key West Ferry Terminal	Supervisor: \$25.00 (straight time) \$37.50 (overtime/holiday)	Supervisor: Twenty-five Dollars - (straight time) Thirty-seven Dollars and fifty cents - (overtime/holiday)	Supervisor: \$34.22 (straight time) \$51.33 (overtime/holiday)	Supervisor: Thirty-four Dollars and twenty-two cents - (straight time) Fifty-one Dollars and thirty-three cents - (overtime/holiday)
OTHER: Golf Cart	One (1) golf cart will be billed at \$200/week.			

¹ Direct Labor Cost

² Direct Labor Cost, O/H, G&A, Profit

PRICING NOTES:

- Arrow will charge overtime at the rate of time and one half for all hours worked more than 40 hours per week (per Officer) when overtime is at the EXPRESS REQUEST of Client
- Arrow will charge 1.5x Holiday rate for work performed on 8 holidays as follows: New Year's Day, President's Day, Martin Luther King Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day
- Arrow Security charges a special coverage rate of 1.5x when a client requests additional coverage with less than forty-eight (48) hours' notice (if appropriate notice is given, Arrow will charge the straight-time hourly rate)
- The above Officer wage rates are non-union and non-prevailing wage
- The above rates do not include applicable sales tax, if any