United States
Pipe and Foundry Company

Thirty-seventh Report
Fiscal Year 1935
United States
Pipe and Foundry Company

General Offices, Burlington, N. J.

Registrar
Central Hanover Bank and Trust Company
New York

Transfer Agent
Bankers Trust Company
New York
United States
Pipe and Foundry Company

DIRECTORS

J. C. Brady
W. T. C. Carpenter
George W. Cobb
Richard H. Deming
F. S. Gordon
Chas. C. Harrison, Jr.
D. P. Hopkins

Colgate Hoyt
H. Vinton Overholt
Chas. R. Rauth
N. F. S. Russell
Ralph M. Shaw
D. B. Stokes
Frank M. Tait

EXECUTIVE COMMITTEE

W. T. C. Carpenter
F. S. Gordon
Frank M. Tait
President Ex-Officio

OFFICERS

N. F. S. Russell, President
W. T. C. Carpenter, First Vice-President
D. P. Hopkins, Vice-President
D. B. Stokes, Vice-President
F. C. Langenberg, Vice-President
Chas. R. Rauth, Secretary and Treasurer
Report of

United States

Pipe and Foundry Company

For Year Ended December 31, 1935

TO THE STOCKHOLDERS:

The following is respectfully submitted as the thirty-seventh Annual Report of your Company covering the year ending December 31, 1935, including the Balance Sheet, Income and Surplus Accounts certified by the Company's Accountants.

It will be noted that the net profit for the year was $1,169,070.77, as compared with a net profit of $818,063.00 in 1934, showing an improvement in earnings of $351,002.77. The sum of $49,020.00 as dividends received by the Company on the Preferred Stock of the Company, purchased in the open market and held in the treasury, is not included in the foregoing net profit of the Company.

The volume of business offering was, for the first part of the year 1935, considerably below your management's anticipation. The volume, however, commencing with October of 1935 and through January of 1936, is more in line with our anticipations and shows an appreciable increase in monthly sales over the corresponding periods of 1934 and 1935. A continuation of this increase in sales trend will produce, it is hoped, a total tonnage volume of your Company more nearly approaching what your management considers would be a reasonably expected average yearly tonnage.

As indicated in former reports, the strong inventory position of your Company, particularly in respect to its chief raw material, pig iron, has been of considerable benefit during the year and has contributed a substantial proportion of your net profits.
United States Pipe and Foundry Company

The attached Balance Sheet, Income and Surplus Accounts show the financial condition of the Company as of December 31, 1935, and the results of the year then ended.

Working Capital as of December 31, 1935, shows the following:

**CURRENT ASSETS:**
- Cash on hand, in banks and time deposits, investments at cost, notes, Accounts Receivable and Inventories. . . . . . . . . $14,940,738.84

**CURRENT LIABILITIES:**
- Accounts Payable, Accrued Items and Dividends payable January 20, 1936. . 1,288,738.42

**Net Working Capital**
- $13,652,000.42

There have not been included in Working Capital the Company's investment in its own Preferred Stock and other items which have a market value greater than the cost value of $1,078,968.29 at which they are now carried on the books of the Company.

Inventories are somewhat less than they were in 1934, but the inventory of pig iron still remains the largest item of inventory, with that of finished salable product being next in aggregate value. Both of these items are carried at values substantially lower than the present market.

Reserves have been maintained in accordance with the usual practice of the Company. The Depreciation of Plant Facilities and Amortization of Patent Reserves for the year were credited with the sum of $527,729.38, while Depreciation Reserve was charged with the sum of $1,128,696.46. It will be noted that the net deductions during 1935 from land, buildings, equipment and intangibles amounted to $1,559,783.04.

Continuing the policy as outlined in former reports, the Company is gradually readjusting its operating facilities.
During the year some buildings at your Scottdale, Pennsylvania, and Anniston, Alabama, plants have been demolished, some land has been sold and at Chattanooga, Tennessee, the Company has demolished certain buildings and erected others, looking toward the two former plants at Chattanooga being consolidated into one plant. The work at Chattanooga is well under way and it is anticipated that by the mid-year it will be possible to finally abandon the operation of the Whiteside Street Plant and concentrate the Company’s operations in Chattanooga in one plant equipped with improved manufacturing facilities for the production of such varied fittings and other products of your Company which it is desired shall be centered at that plant.

It will be noted that there still remains the contingent liability of a judgment against your Company for $237,159.78, as it has been impossible to secure adjudication of this item by higher courts during the past year.

At a meeting of the Board of Directors held on January 23, 1936, and pursuant to the terms of the Certificate of Incorporation of the Company, the First Preferred Stock of the Company has been called for redemption in whole on February 29, 1936. This stock will be redeemed at the rate of $21.00 per share, plus all unpaid cumulative dividends accruing to the date fixed for such redemption; namely, 20c per share. The Company has financed the redemption of the First Preferred Stock in part by withdrawing $5,500,000.00 from its cash resources and for the balance has arranged to borrow temporarily from banks such additional funds as may be found to be required up to a maximum total of $6,000,000.00. The bank loans have been arranged on terms providing for maturities serially until 1940 on $4,000,000.00 or of anticipating the payment of maturities at the option of the Company for any portion of this sum which it is found requisite to borrow.

At the time of the regular annual meeting of the company to be held on April 20, 1936, there will be held a con-
current special meeting. At these meetings the stockholders will take action on a recommendation of the Board of Directors for financing the payment of the foregoing bank loans. The details of the action which the Stockholders will be requested to take at these meetings are more particularly set forth in the notices of the meetings.

The possible character of the capital readjustment involved in the liquidation of the bank indebtedness deterred the Board from following its usual practice of making a declaration of a full year's dividend at one time based upon previous earnings. However, the Board did declare a dividend due on April 20 on the present Common Stock of 37.5c per share payable to Stockholders of record March 31, 1936, and will consider at some later date, subsequent to the Annual Meeting, the question of dividends on the Common Stock of the Company for the balance of the year.

The results of the year 1935, with the limited volume of business offered, could not have been secured without the loyal cooperation of the officers, their staffs and their employees, and the efficient service rendered by them during the past year is hereby gratefully acknowledged.

By order of the Executive Committee.

N. F. S. RUSSELL,
President.

Burlington, N. J.
February 26, 1936
Balance Sheet

Income Account

Surplus
United States Pipe and
Balance Sheet,

ASSETS

Current Assets:
- Cash on hand, in bank and time deposits.................. $ 8,331,829.67
- County and Municipal Bonds, at cost (at market quotations, $536,090.) .............. 674,558.04
- Demand Notes with deposit of Warehouse Receipts as collateral ..................... 180,000.00
- Accounts and Notes Receivable... $2,124,057.93
  Less : Reserve for Doubtful Accounts and Notes. 106,329.35 2,017,728.58
- Inventories of raw materials, manufactured product, etc. at values not in excess of cost or market 3,726,489.45
- Interest receivable accrued.................. 10,133.10
  Total current assets ........................................ 14,940,738.84

Capital Stock of subsidiaries, at cost 47,983.43
Miscellaneous investments and advances, at cost or less 387,292.25
TJasury First Preferred Stock, 39,650 shares, at cost (at market quotations, $852,475.) 643,692.61

Land, buildings, equipment and intangibles :
- To December 31, 1934........... 27,841,924.20
- Net deductions during 1935... 1,559,783.04
  Total................................................ 26,282,141.16

Less: Reserve for Depreciation and Amortization after deducting $1,097,257.01 applicable to plant facilities demolished and written off... 8,090,720.18 18,191,420.98

Fire Insurance Fund:
- Cash on Deposit.................. 4,317.37
- Securities, at cost (at market quotations, $14,200.) 21,650.00
- Company’s First Preferred Stock, 26,400 shares, at cost (at market quotations., $567,600.) 464,475.00
- Accrued dividend on Company’s First Preferred Stock .................. 7,920.00 498,362.37
- Deferred Charges........................................ 16,103.80
  Total................................................ 34,725,594.28

INCOME ACCOUNT

Year Ended December 31, 1935

Earnings after deducting cost of operating and maintenance of plants, expenses of sales and general offices, and provision for current taxes and doubtful accounts .......................... $ 1,502,219.93
Other income, consisting of interest, discount, etc.................. 179,580.22
Dividend from wholly owned subsidiary paid from surplus .................. 15,000.00 1,696,800.15

Less: Allowance for Depreciation and Amortization 527,729.38

Net income from current operations for the year 1935.................. $ 1,169,070.77
## Foundry Company (New Jersey)
December 31, 1935

### LIABILITIES

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Accounts Payable</td>
<td>$312,511.42</td>
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<tr>
<td>Accrued Wages, Royalties, etc.</td>
<td>240,353.19</td>
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<td>Dividends Payable, January 20, 1936</td>
<td>243,048.00</td>
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<tr>
<td>Provision for Federal income taxes</td>
<td>492,825.01</td>
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<tr>
<td><strong>Total current liabilities</strong></td>
<td>$1,288,738.42</td>
</tr>
<tr>
<td>Reserve for Improvements, Additions and New Construction:</td>
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</tr>
<tr>
<td>Balance, December 31, 1934</td>
<td>2,894,454.07</td>
</tr>
<tr>
<td>Less: Charges during 1935</td>
<td>123,588.99</td>
</tr>
<tr>
<td><strong>Reserve for Fire Insurance</strong></td>
<td>2,770,865.08</td>
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<tr>
<td><strong>Contingent Liability:</strong> Judgment against Company for $237,159.78 arising out of action for damages; judgment appealed.</td>
<td></td>
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</tbody>
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### CAPITAL

**First Preferred Stock:**
- Authorized 600,000 shares, outstanding 599,810 shares without par value (annual dividend $1.20 cumulative, $21.00 per share payable in dissolution or redemption)
- **Amount:** $9,297,055.00

**Common Stock:**
- Authorized and issued 600,000 shares, par value $20 per share
- **Amount:** 21,297,055.00

**Surplus, earned:**
- 8,870,573.41
- **Total:** 30,167,628.41

### SURPLUS ACCOUNT

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Balance, December 31, 1934</td>
<td>$9,068,598.34</td>
</tr>
<tr>
<td>Deduct:</td>
<td></td>
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<tr>
<td>Dividends on Preferred Stock</td>
<td>$719,772.00</td>
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<tr>
<td>Less: Dividends on Preferred Stock in Treasury and Fire Insurance Fund</td>
<td>79,260.00</td>
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<tr>
<td><strong>Total Deduct:</strong></td>
<td>640,512.00</td>
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<tr>
<td>Dividends on Common Stock</td>
<td>300,000.00</td>
</tr>
<tr>
<td><strong>Total Deduct:</strong></td>
<td>940,512.00</td>
</tr>
<tr>
<td><strong>Net income from current operations, year ended December 31, 1935:</strong></td>
<td>8,128,086.34</td>
</tr>
<tr>
<td><strong>Deduct:</strong> Plant facilities demolished, less depreciation provided and salvage recovered.</td>
<td>395,773.70</td>
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<tr>
<td>Appropriated for Fire Insurance Fund</td>
<td>30,510.00</td>
</tr>
<tr>
<td><strong>Total Deduct:</strong></td>
<td>426,583.70</td>
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<tr>
<td><strong>Balance, December 31, 1935:</strong></td>
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</tr>
<tr>
<td>Working Capital Reserve</td>
<td>8,000,000.00</td>
</tr>
<tr>
<td>Balance of Profit and Loss Account</td>
<td>870,573.41</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td>$8,870,573.41</td>
</tr>
</tbody>
</table>
ACCOUNTANTS’ REPORT

TO THE BOARD OF DIRECTORS,

United States Pipe and Foundry Company:

We have made an examination of the balance sheet of the UNITED STATES PIPE and FOUNDRY COMPANY as at December 31, 1935, and of the statements of income and surplus for the year 1935. In connection therewith, we examined or tested accounting records of the company and other supporting evidence, and obtained information and explanations from officers and employees of the company; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions.

In our opinion, based upon such examination, the foregoing balance sheet and related statements of income and surplus fairly present, in accordance with accepted principles of accounting consistently maintained by the company during the year under review, its position at December 31, 1935, and the results of its operations for the year.

LYBRAND, ROSS BROS. & MONTGOMERY.

New York, January 21, 1936.