Risk Factors Comparison 2024-06-13 to 2023-06-13 Form: 10-K

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The following factors as well as factors described elsewhere in this Form 10- K or in other filings by the Company with the SEC, could adversely affect the Company' s consolidated financial position, results of operations or cash flows. Other factors not presently known to us or that we presently believe are not material could also affect our business operations or financial results. The Company refers to itself as " we ", " our " or " us " in this section. Fruit and Vegetable Industry Risks Excess capacity in the fruit and vegetable industry has a downward impact on selling price. If canned vegetable, frozen vegetable, or jarred fruit categories decline, less shelf space will be devoted to these categories in the supermarkets. Fresh and perishable businesses are improving their delivery systems around the world and the availability of fresh produce is impacting the consumers purchasing patterns relating to packaged fruit and vegetables. Our financial performance and growth are related to conditions in the United States' fruit and vegetable packaging industry which is a mature industry. Our net sales are a function of product availability and market pricing. In the fruit and vegetable packaging industry, product availability and market prices tend to have an inverse relationship: market prices tend to decrease as more product is available and to increase if less product is available. Product availability is a direct result of plantings, growing conditions, crop yields and inventory levels, all of which vary from year to year ~~. Moreover, fruit and vegetable production outside the United States, particularly in Europe, Asia and South America, is increasing at a time when worldwide demand for certain products is being impacted by the global economic slowdown~~. These factors may have a significant effect on supply and competition and create downward pressure on prices. In addition, market prices can be affected by the planting and inventory levels and individual pricing decisions of our competitors. Generally, market prices in the fruit and vegetable packaging industry adjust more quickly to variations in product availability than an individual packager can adjust its cost structure; thus, in an oversupply situation, a packager' s margins likely will weaken. We typically have experienced lower margins during times of industry oversupply. In the past, the fruit and vegetable packaging industry has been characterized by excess capacity, with resulting pressure on our prices and profit margins. We have closed packaging plants in past years in response to the downward pressure on prices. There can be no assurance that our margins will improve in response to favorable market conditions or that we will be able to operate profitably during depressed market conditions. Growing cycles and adverse weather conditions may decrease our results from operations. Our operations are affected by the growing cycles of the vegetables we package. When the vegetables are ready to be picked, we must harvest and package them quickly or ~~forego~~ **lose** the opportunity to package ~~fresh picked~~ **the impacted** vegetables for an entire year. Most of our vegetables are grown by farmers under contract with us. Consequently, we must pay the contract grower for the vegetables even if we cannot or do not harvest or package them. Most of our production occurs during the second quarter (July through September) of our fiscal year, which corresponds with the quarter that the growing season ends for most of the produce packaged by us. A majority of our sales occur during the second and third quarters of each fiscal year due to seasonal consumption patterns for our products. Accordingly, inventory levels ~~are highest during the second and third quarters,~~ and accounts receivable levels are highest during the second and third quarters. Net sales generated during our second and third fiscal quarters have a significant impact on our results of operations. Because of these seasonal fluctuations, the results of any particular quarter, particularly in the first half of our fiscal year, will not necessarily be indicative of results for the full year or for future years. We set our planting schedules without knowing the effect of the weather on the crops or on the entire industry' s production. Weather conditions during the course of each vegetable crop' s growing season will affect the volume and growing time of that crop. As most of our vegetables are produced in more than one part of the **United States** ~~U. S.~~, this somewhat reduces the risk that our entire crop will be subject to disastrous weather. The upper Midwest is the primary growing region for the principal vegetables which we pack, namely peas, green beans and corn, and it is also a substantial source of our competitors' vegetable production. A sizeable portion of our vegetable production areas are serviced with irrigation systems to help minimize (i) wet conditions for planting and (ii) dry conditions during the growing season. Any adverse effects of weather-related reduced production may be partially mitigated by higher selling prices for the vegetables which are produced. The commodity materials that we package or otherwise require are subject to price increases that could adversely affect our profitability. The materials that we use, such as raw fruit and vegetables, steel, ingredients, pouches and other packaging materials as well as the electricity, diesel fuel, and natural gas used in our business, are commodities that may experience price volatility caused by external factors, including **but not limited to** market fluctuations, availability, currency fluctuations and changes in governmental regulations and agricultural programs. General inventory positions of major commodities, such as field corn, soybeans and wheat, all commodities with which we must compete for acreage, can have dramatic effects on prices for those commodities, which can translate into similar swings in prices needed to be paid for our contracted commodities. These programs and other events can result in reduced supplies of these commodities, higher supply costs or interruptions in our production schedules. If prices of these commodities increase beyond what we can pass along to our customers, our operating income will decrease. Risks Associated ~~With~~ **with** Our Operations Changes in economic conditions that impact consumer spending could harm our business. The food products industry and our financial performance are sensitive to changes in overall economic conditions that impact consumer spending, including **but** not limited to ~~,~~ inflation, economic volatility resulting from a pandemic and **global conflicts** ~~the war in Ukraine~~. Future economic conditions affecting consumer income such as employment levels, business conditions, interest rates, inflation and tax rates could reduce consumer spending or cause consumers to shift their spending to other products. Historic increases in inflation following the COVID- 19 pandemic may cause consumers to be more sensitive to price changes. A general reduction in the level of consumer spending or shifts in consumer spending to other products could have a material adverse effect on our growth, sales, and profitability. Pandemics or disease outbreaks may disrupt our business, including among other things, our supply chain, our manufacturing operations and customer and consumer demand for our products, and could have a material adverse impact on our business. The spread of pandemics or disease outbreaks may negatively affect our operations. If a significant percentage of our workforce or the workforce of our third- party business partners is unable to work, including because of illness or travel or government restrictions in connection with a pandemic or disease outbreak, our operations may be negatively impacted. Some of our workforce dwell in company provided housing and therefore any outbreaks would need to be managed, to the extent possible, to meet health care protocols. Pandemics or disease outbreaks could result in a widespread health crisis that could adversely affect economies and financial markets, consumer spending and confidence levels resulting in an economic downturn that could affect customer and consumer demand for our products. Our efforts to manage and mitigate these factors may be unsuccessful, and the effectiveness of these efforts depends on factors beyond our control, including the duration and severity of any pandemic or disease outbreak, as well as third party actions taken to contain its spread and mitigate public health effects. The ultimate impact of a pandemic on our business will depend on many factors, including, among others, the duration of social distancing and stay-at- home mandates, our ability to continue to operate our manufacturing facilities and maintain the supply chain without material disruption, and the extent to which macroeconomic conditions resulting from the pandemic and the pace of the subsequent recovery may impact consumer eating habits. We depend upon key customers. Our products are sold in a highly competitive marketplace, which includes increased concentration and a growing presence of large- format retailers and discounters. Dependence upon key customers could lead to increased pricing pressure by these customers. A relatively limited number of customers account for a large percentage of the Company' s total net sales. The top ten customers represented approximately **52 % and** 55 ~~%, and 53~~ % of net sales for fiscal years **2024 and** 2023 ~~and 2022~~ , respectively. If we lose a significant customer or if sales to a significant customer materially decrease, our business, financial condition and results of operations may be materially and adversely affected. If we do not maintain the market shares of our products, our business and revenues may be adversely affected. All of our products compete with those of other national and regional food packaging companies under highly competitive conditions. The fruit and vegetable products which we sell under our own brand names not only compete with fruit and vegetable products produced by food packaging competitors, but also compete with products we produce and sell under contract packing agreements with other companies who market those products under their own brand names and the vegetables we sell to various retail grocery chains which carry our customer' s own brand names. The customers who buy our products to sell under their own brand names control the marketing programs for those products. In recent years, many major retail food chains have been increasing their promotions, offerings and shelf space allocations for their own fruit and vegetable brands, to the detriment of fruit and vegetable brands owned by the packagers, including our own brands. We cannot predict the pricing or promotional activities of our customers / competitors or whether they will have a negative effect on us. There are competitive pressures and other factors, which could cause our products to lose market share or result in significant price erosion that could materially and adversely affect our business, financial condition and results of operations. **The domestic packaged food industry continues to face import competition which has increased in recent years. The ramifications include, but are not limited to, market oversaturation, inferior quality of imported products competing in the same market as products sourced from the United States, and potential increased pricing pressure on domestic producers for finished goods. These factors could negatively affect our existing market share and adversely impact the Company' s financial condition and results of operations.** Increases in logistics and other transportation- related costs could materially adversely impact our results of operations. Our ability to competitively serve our customers depends on the availability of reliable and low- cost transportation. We use multiple forms of transportation to bring our products to market. They include trucks, intermodal, rail cars, and ships. Disruption to the timely supply of these services or increases in the cost of these services for any reason, including availability or cost of fuel, regulations affecting the industry, or labor shortages in the transportation industry, could have an adverse effect on our ability to serve our customers, and could materially and adversely affect our business, financial condition and results of operations. A recall of our products could have a material adverse effect on our business. In addition, we may be subject to significant liability should the consumption of any of our products cause injury, illness or death. The sale of food products for human consumption involves the risk of **illness or** injury to consumers. Such injuries may result from mislabeling, tampering by unauthorized third parties or product contamination or spoilage, including the presence of foreign objects, undeclared allergens, substances, chemicals, other agents or residues introduced during the growing, manufacturing, storage, handling or transportation phases of production. Under certain circumstances, we may be required to recall products, leading to a material adverse effect on our business, ~~consolidated~~ financial condition, results of operations or liquidity. Even if a situation does not necessitate a recall, product liability claims might be asserted against us. We have from time to time been involved in product liability lawsuits, none of which have been material to our business. While we are subject to governmental inspection and regulations and believe our facilities comply in all material respects with all applicable laws and regulations, if the consumption of any of our products causes, or is alleged to have caused, a health- related illness in the future we may become subject to claims or lawsuits relating to such matters. Even if a product liability claim is unsuccessful or is not fully pursued, the negative publicity surrounding any assertion that our products caused injury, illness or death could adversely affect our reputation with existing and potential customers and our corporate and brand image. Moreover, claims or liabilities of this sort might not be covered by our insurance or by any rights of indemnity or contribution that we may have against others. We maintain product liability insurance in an amount we believe to be adequate. However, we cannot assure you that we will not incur claims or liabilities for which we are not insured or that exceed the amount of our insurance coverage. A product liability judgment against us or a product recall or the damage to our reputation resulting therefrom could have a material adverse effect on our business, consolidated financial condition, results of operations or liquidity. Pending and future litigation may lead us to incur significant costs. We are, or may become, party to various lawsuits and claims arising in the normal course of business, which may include lawsuits or claims relating to contracts, intellectual property, product recalls, product liability, the marketing and labeling of products, employment matters, environmental matters or other aspects of our business. Even when not merited, the defense of these lawsuits may divert our management' s attention, and we may incur significant expenses in defending these lawsuits. In addition, we may be required to pay damage awards or settlements or become subject to injunctions or other equitable remedies, which could have a material adverse effect on our business, consolidated financial condition, results of operations or liquidity. The outcome of litigation is often difficult to predict, and the outcome of pending or future litigation may have a material adverse effect on our business, consolidated financial condition, results of operations or liquidity. We face risks associated with our defined benefit pension plan. We maintain a company-sponsored defined benefit pension plan. A deterioration in the value of plan assets resulting from poor market performance, a general financial downturn or otherwise could cause an increase in the amount of contributions we are required to make to these plans. For example, our defined benefit pension plan may from time to time move from an overfunded to underfunded status driven by decreases in plan asset values that may result from changes in long- term interest rates and disruptions in U. S. or global financial markets. For a more detailed description of the pension plan, refer to the information set forth under the heading " Retirement Plans " in Note 10 of the Notes to Consolidated Financial Statements in Part II, Item 8, " Financial Statements and Supplementary Data. " An obligation to make additional, unanticipated contributions to our defined benefit plans could reduce the cash available for working capital and other corporate uses ~~,~~ and may have a material adverse effect on our business, consolidated financial position, results of operations and liquidity. Our business is dependent on our information technology systems and software, and failure to protect against or effectively respond to cyber- attacks, security breaches, or other incidents involving those systems, could adversely affect day- to- day operations and decision making processes and have an adverse effect on our performance and reputation. The efficient operation of our business depends on our information technology systems, which we rely on to effectively manage our business data, communications, logistics, accounting, regulatory and other business processes. If we do not allocate and effectively manage the resources necessary to build and sustain an appropriate technology environment, our business, reputation, or financial results could be negatively impacted. In addition, our information technology systems may be vulnerable to damage or interruption from circumstances beyond our control, including systems failures, natural disasters, terrorist attacks, viruses, ransomware, security breaches or cyber incidents. Cyber- attacks are becoming more sophisticated and are increasing in the number of attempts and frequency by groups and individuals with a wide range of motives. A security breach of sensitive information could result in damage to our reputation and our relations with our customers or employees. Any such damage or interruption could have a material adverse effect on our business **. Also see " Cybersecurity " included as part of Item 1C. of this Annual Report on Form 10- K** . We generate agricultural food packaging wastes and are subject to substantial environmental regulation. As a food packager, we regularly dispose of produce wastes (silage) and processing water as well as materials used in plant operation and maintenance and our plant boilers, which generate heat used in packaging and can manufacturing operations, producing generally small emissions into the air. These activities and operations are regulated by federal and state laws and the respective federal and state environmental agencies. Occasionally, we may be required to remediate conditions found by the regulators to be in violation of environmental law or to contribute to the cost of remediating waste disposal sites, which we neither owned nor operated, but in which, we and other companies deposited waste materials, usually through independent waste disposal companies. Future possible costs of environmental remediation, contributions and penalties could materially and adversely affect our business, financial condition and results of operations. Our production capacity for certain products and commodities is concentrated in a limited number of facilities, exposing us to a material disruption in production in the event that a disaster strikes. We only have one plant that produces fruit products and one plant that produces pumpkin products. We have two plants that manufacture empty cans, one with substantially more capacity than the other, which are not interchangeable since each plant cannot necessarily produce all the can sizes needed. Although we maintain property and business interruption insurance coverage, there can be no assurance that this level of coverage is adequate in the event of a catastrophe or significant disruption at these or other Company facilities. If such an event occurs, it could materially and adversely affect our business, financial condition and results of operations. We may undertake acquisitions or product innovations and may have difficulties integrating them or may not realize the anticipated benefits. In the future, we may undertake acquisitions of other businesses or introduce new products, although there can be no assurances that these will occur. Such undertakings involve numerous risks and significant investments. There can be no assurance that we will be able to identify and acquire acquisition candidates on favorable terms, to profitably manage or to successfully integrate future businesses that we may acquire or new products we may introduce without substantial costs, delays or problems. Any of these outcomes could materially and adversely affect our business, financial condition and results of operations. We are dependent upon a seasonal workforce and our inability to hire sufficient employees may adversely affect our business. At the end of ~~December~~ **March** ~~2022~~ **2024** , we had roughly ~~3~~ **2** , ~~000~~ **900** employees of which approximately 2, 800 were full time ~~,~~ **and approximately** 100 seasonal employees worked in food packaging ~~, and 100 employees worked in other activities~~ . During the peak summer harvest period, we ~~averaged~~ **employed an additional** approximately 3, **900** ~~600 additional~~ seasonal employees to help package fruit and vegetables. If there is a shortage of seasonal labor, or if there is an increase to minimum wage rates, this could have a negative impact on our cost of operations. Many of our packaging operations are located in rural communities that may not have sufficient labor pools, requiring us to hire employees from other regions. An inability to hire and train sufficient employees during the critical harvest period could materially and adversely affect our business, financial condition and results of operations. Increases in ~~Labor~~ **labor** ~~Costs~~ **costs** or ~~Work~~ **work** ~~Stoppages~~ **stoppages** or ~~Strikes~~ **strikes** ~~Could~~ **could** ~~Materially~~ **materially** and ~~Adversely~~ **adversely** ~~Affect~~ **affect** ~~Our~~ **our** ~~Financial~~ **financial** ~~Condition~~ **condition** and ~~Results~~ **results** of ~~Operations~~ **operations .** Personnel costs, including the costs of medical and other employee health and welfare benefits, have increased. These costs can vary substantially as a result of an increase in the number, mix and experience of our employees and changes in health care and other employment- related laws. There are no assurances that we will succeed in reducing future increases in such costs. Increases in personnel costs can also be amplified by low unemployment rates, preferences among workers in the labor market and general tight labor market conditions in any of the areas where we operate. Our inability to control such costs could materially and adversely affect our financial condition and results of operations. Although we consider our labor relations to be good, if a significant number of our employees engaged in a work slowdown, or other type of labor unrest, it could in some cases impair our ability to supply our products to customers, which could result in reduced sales, and may distract our management from focusing on our business and strategic priorities. Any of these activities could materially and adversely affect our financial condition and results of operations. Environmental and other regulation of our business, including ~~potential~~ climate change regulation, could adversely impact us by increasing our production cost or restricting our ability to import certain products into the United States. Climate change serves as a risk multiplier increasing both the frequency and severity of natural disasters that may affect our business operations. Moreover, there has been a broad range of proposed and promulgated state, national and international regulation aimed at reducing the effects of climate change. ~~In the United States, there is a significant possibility that some form of regulation will be enacted at the federal level to address the effects of climate change.~~ Such regulation ~~could take several forms that~~ could result in additional costs in the form of taxes, consultant costs, the restriction of output, investments of capital to maintain compliance with laws and regulations, or required acquisition or trading of emission allowances **. Disclosure requirements imposed by different regulators may not always be uniform, which may result in increased complexity, increased compliance costs, and other compliance- related risks** . Climate change regulation continues to evolve, and it is not possible to accurately estimate either a timetable for implementation or our future compliance costs relating to implementation. There may be increased governmental legislative and regulatory activity in reaction to consumer perception related to enamels. There has been continued state legislative activity to ban certain enamels used to line cans; such as Bisphenol- A (" BPA"). These legislative decisions are predominantly driven by consumer perception that BPA may be harmful. These actions have been taken despite the scientific evidence and general consensus of United States and international government agencies that BPA is safe and does not pose a risk to human health. The legislative actions combined with growing public perception about food safety may require us to change some of the materials used as linings in our packaging materials. Failure to do so could result in a loss of sales as well as loss in value of the inventory utilizing certain materials. In collaboration with other can makers as well as enamel suppliers, we have aggressively worked to find alternative materials for can linings not manufactured using BPA. We have **fully** transitioned to ~~BPANI (~~ BPA Non- ~~intent~~ **Intent (" BPANI "**) **for** ~~and less than 1 % of~~ our canned product volume ~~still includes BPA~~ . Even though BPANI has been fully approved by the Food and Drug Administration (" FDA "), there could be future legislative or regulatory actions that claim BPANI also poses a risk to human health. Future changes or additional health and safety laws and regulations in connection with our products, packaging or processes may also impose upon us new requirements, costs, and changes to production. Such requirements, changes, liabilities, and costs could materially and adversely affect our business, financial condition and results of operations. The implementation of the Food Safety Modernization Act of 2011 may affect operations. The Food Safety Modernization Act (" FSMA") was enacted with the goal of enabling the FDA to better protect public health by strengthening the food safety system. FSMA was designed to focus the efforts of **the** FDA on preventing food safety problems rather than relying primarily on reacting to problems after they occur. The law also provides the FDA with new enforcement authorities designed to achieve higher rates of compliance with prevention and risk- based food safety standards and to better respond to and contain problems when they do occur. The increased inspections, mandatory recall authority of the FDA, increased scrutiny of foreign sourced or supplied food products, and increased records access may have an impact on our business. As we are already in a highly regulated business, operating under the increased scrutiny of more FDA authority does not appear likely to negatively impact our business. The law also gives **the** FDA important new tools to hold imported foods to the same standards as domestic foods. Our results are dependent on successful marketplace initiatives and acceptance by consumers of our products. Our product introductions and product improvements, along with other marketplace initiatives, are designed to capitalize on new customer or consumer trends. The FDA has issued a statement on sodium which referred to an Institute of Medicine statement that too much sodium is a major contributor to high blood pressure. Some of our products contain a moderate amount of sodium per recommended serving, which is based on consumer ~~' s~~ preferences for taste. In order to remain successful, we must anticipate and react to these new trends and develop new products or packages to address them. While we devote significant resources to meeting this goal, we may not be successful in developing new products or packages, or our new products or packages may not be accepted by customers or consumers. Financing Risks Global economic conditions may materially and adversely affect our business, financial condition and results of operations. Unfavorable economic conditions, including the impact of recessions in the United States and throughout the world, may negatively affect our business and financial results. These economic conditions could negatively impact (i) consumer demand for our products, (ii) the mix of our products' sales, (iii) our ability to collect accounts receivable on a timely basis, (iv) the ability of suppliers to provide the materials required in our operations and (v) our ability to obtain financing or to otherwise access the capital markets. The strength of the U. S. dollar versus other world currencies could result in increased competition from imported products and decreased sales to our international customers. A prolonged recession could result in decreased revenue, margins and earnings. Additionally, the economic situation could have an impact on our lenders or customers, causing them to fail to meet their obligations to us. **Certain of our raw materials, namely steel, are subject to import tariffs and other restrictions, and the United States government may periodically impose new or revise existing duties, quotas, tariffs or other restrictions to which we are subject.** The occurrence of any of these risks could materially and adversely affect our business, financial condition and results of operations. Our ability to manage our working capital and our ~~Revolver~~ **Revolving Credit Facility** is critical to our success. As of March 31, ~~2023~~ **2024** , we had a $ ~~180~~ **237** . ~~6~~ **2** million outstanding balance on our revolving credit facility (" Revolver "). During our second and third fiscal quarters, our operations generally require more cash than is available from operations. In these circumstances, it is necessary to borrow under our Revolver. Our ability to obtain financing in the future through credit facilities will be affected by several factors, including our creditworthiness, our ability to operate in a profitable manner and general market and credit conditions. Significant changes in our business or cash outflows from operations could create a need for additional working capital. An inability to obtain additional working capital on terms reasonably acceptable to us or access the Revolver would materially and adversely affect our operations. Additionally, if we need to use a portion of our cash flows to pay principal and interest on our debt, it will reduce the amount of money we have for operations, working capital, capital expenditures, expansions, acquisitions or general corporate or other business activities. Failure to comply with the requirements of our debt agreements could have a material adverse effect on our business. Our debt agreements contain financial and other restrictive covenants which, among other things, limit our ability to borrow money, including with respect to the refinancing of existing indebtedness. These provisions may limit our ability to conduct our business, take advantage of business opportunities and respond to changing business, market and economic conditions. In addition, they may place us at a competitive disadvantage relative to other companies that may be subject to fewer, if any, restrictions. Failure to comply with the requirements of our debt agreements could materially and adversely affect our business, financial condition and results of operations. We have pledged our accounts receivable, inventory, equipment, certain facilities, capital stock, or other ownership interests that we own in our subsidiaries to secure certain debt. If a default occurred and was not cured, secured lenders could foreclose on this collateral. Risks Relating to Our Stock Our existing shareholders, if acting together, may be able to exert control over matters requiring shareholder approval. Holders of our Class B common stock are entitled to one vote per share, while holders of our Class A common stock are entitled to one- twentieth of a vote per share. In addition, holders of our 10 % Cumulative Convertible Voting Preferred Stock, Series A, our 10 % Cumulative Convertible Voting Preferred Stock, Series B and, solely with respect to the election of directors, our 6 % Cumulative Voting Preferred Stock, which we refer to as our voting preferred stock, are entitled to one vote per share. As of March 31, ~~2023~~ **2024** , holders of Class B common stock and voting preferred stock held 90. ~~2~~ **8** % of the combined voting power of all shares of capital stock then outstanding and entitled to vote. These shareholders, if acting together, would be in a position to control the election of our directors and to effect or prevent certain corporate transactions that require majority or supermajority approval of the combined classes, including mergers and other business combinations. This may result in us taking corporate actions that ~~you~~ **shareholders** may not consider to be in ~~your~~ **their** best interest and may affect the price of our common stock. As of March 31, ~~2023~~ **2024** , our current executive officers and directors beneficially owned ~~11~~ **12** . ~~4~~ **74** % of our outstanding shares of Class A common stock, ~~50~~ **54** . ~~07~~ **47** % of our outstanding shares of Class B common stock and ~~23~~ **27** . ~~1~~ **12** % of our voting preferred stock, or ~~37~~ **41** . ~~2~~ **25** % of the combined voting power of our outstanding shares of capital stock. This concentration of voting power may inhibit changes in control of the Company and may adversely affect the market price of our common stock. Our certificate of incorporation and bylaws contain provisions that discourage corporate takeovers. Certain provisions of our certificate of incorporation and bylaws and provisions of the New York Business Corporation Law may have the effect of delaying or preventing a change in control. Various provisions of our certificate of incorporation and bylaws may inhibit changes in control not approved by our directors and may have the effect of depriving shareholders of any opportunity to receive a premium over the prevailing market price of our common stock in the event of an attempted unsolicited takeover. In addition, the existence of these provisions may adversely affect the market price of our common stock. These provisions include: ● a classified board of directors; ● a requirement that special meetings of shareholders be called only by our directors or holders of 25 % of the voting power of all shares outstanding and entitled to vote at the meeting; ● our board of directors has the power to classify and reclassify any of our unissued shares of capital stock into shares of capital stock with such preferences, rights, powers and restrictions as the board of directors may determine; ● the affirmative vote of two- thirds of the shares present and entitled to vote is required to amend our bylaws or remove a director; and ● under the New York Business Corporation Law, in addition to certain restrictions which may apply to " business combinations " involving us and an " interested shareholder ", a plan for our merger or consolidation must be approved by two- thirds of the votes of all outstanding shares entitled to vote thereon. See " Our existing shareholders, if acting together, may be able to exert control over matters requiring shareholder approval. " We have not paid dividends on our common stock in the past. We have not declared or paid any cash dividends on our common stock in the past. In addition, payment of cash dividends on our common stock is not permitted by the terms of our revolving credit facility. This policy may be revisited under the correct circumstances in the future. Other Risks Tax legislation could impact future cash flows. We use the ~~Last~~ **last** - ~~In~~ **in** , ~~First~~ **first** - ~~Out~~ **out** (**"** LIFO **"**) method of inventory accounting. As of March 31, ~~2023~~ **2024** , we had a LIFO reserve of $ ~~264~~ **324** . ~~5~~ **8** million which, at the **statutory** ~~U. S. corporate~~ tax rate **of 24. 6 %** , represents approximately $ ~~66~~ **79** . ~~1~~ **9** million of income taxes, payment of which is delayed to future dates based upon changes in inventory costs. From time- to- time, discussions regarding changes in U. S. **corporate and state** tax laws have included the potential of LIFO being repealed. Should LIFO be repealed, the $ ~~66~~ **79** . ~~1~~ **9** million of postponed taxes, plus any future benefit realized prior to the date of repeal, would likely have to be repaid over some period of time. Repayment of these postponed taxes will reduce the amount of cash that we would have available to fund our operations, working capital, capital expenditures, expansions, acquisitions or general corporate or other business activities. This could materially and adversely affect our business, financial condition and results of operations. The tax status of our insurance subsidiary could be challenged resulting in an acceleration of income tax payments. In conjunction with our workers' compensation program, we operate a wholly owned insurance subsidiary, Dundee Insurance Company, Inc. We recognize this subsidiary as an insurance company for federal income tax purposes with respect to our consolidated federal income tax return. In the event the Internal Revenue Service (" IRS ") were to determine that this subsidiary does not qualify as an insurance company, we could be required to make accelerated income tax payments to the IRS that we otherwise would have deferred until future periods.