

DOWN

ALUMINUM & BRASS CORPORATION

Annual Report • year ended, December 31, 1950



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(short)

THE MANAGEMENT

DIRECTORS

- CLYDE M. ADAMS - - - - - Detroit
- CHARLES B. BOHN - - - - - Detroit
- LEO M. BUTZEL - - - - - Detroit
- MARTIN C. CALLAHAN - - - - - Detroit
- MERVIN F. COTES - - - - - Lansing, Mich.
- SIMON D. DEN UYL - - - - - Detroit
- HARRY W. HOLT - - - - - New Baltimore, Mich.
- TERRY W. KUHN - - - - - Detroit
- HENRY LEVITT - - - - - Detroit
- RANDOLPH J. ROSSHIRT - - - - - Detroit
- HOWARD J. STODDARD - - - - - Lansing, Mich.
- H. RANDALL WICKES - - - - - Saginaw, Mich.

OFFICERS

- CHARLES B. BOHN - - - - - *Chairman of the Board*
- SIMON D. DEN UYL - - - - - *President*
- RANDOLPH J. ROSSHIRT - - - - - *Executive Vice President*
- HENRY LEVITT - - - - - *Vice President*
- TERRY W. KUHN - - - - - *Vice President*
- CLYDE M. ADAMS - - - - - *Secretary*
- F. MILFORD TAYLOR - - - - - *Treasurer*
- VICTOR C. MROWCA - - - - - *Assistant Secretary*
- ROBERT J. WARNER - - - - - *Assistant Treasurer*

REGISTRAR

BANKERS TRUST COMPANY
16 Wall St., New York 15, N. Y.

GENERAL COUNSEL

BUTZEL, EAMAN, LONG, GUST & KENNEDY
1881 National Bank Bldg., Detroit 26, Michigan

INDEPENDENT AUDITORS

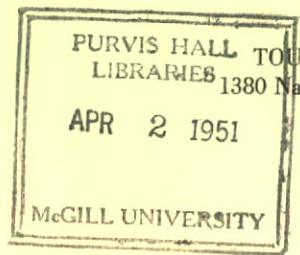
TOUCHE, NIVEN, BAILEY & SMART
1380 National Bank Bldg., Detroit 26, Michigan

TRANSFER AGENT & DIVIDEND DISBURSING AGENT

CITY BANK FARMERS TRUST COMPANY
22 Williams St., New York 15, N. Y.

ADMINISTRATIVE OFFICES

1400 Lafayette Building, Detroit 26, Michigan



MANAGEMENT'S REPORT

1950 WAS A YEAR OF PROGRESS

Sales: Net sales of \$39,839,677.04 for the year represents an increase of 36% or \$10,606,320.89 over 1949 and was the highest sales volume in the post war years.

Operations: Although the program of rehabilitation referred to in last year's report was not fully completed during the year, excellent progress was made in the reduction of costs, with the result that all major production facilities were operating at a profit before the year's end.

Earnings: Earnings before taxes on income for the year amounted to \$3,295,585.21 as compared with a loss of \$998,428.76 in 1949. Net earnings for 1950 after provision for federal taxes amounted to \$1,778,398.48, equivalent to \$5.05 per share.

During the years 1947 through 1949 the federal income tax rate was 38%, but with the addition of the excess profits tax in 1950, total federal taxes for the year approximated 50%. The excess profits tax credit for 1950 was based on invested capital.

Financial: Approximately \$2,200,000.00 was expended for buildings, machinery and equipment to complete the program

started in 1949. Working capital, however, remains at slightly in excess of \$10,000,000.00 and earnings retained for use in the business at the end of 1950 were \$13,208,839.43 as compared with \$11,870,963.45 at the close of 1949.

Products: Although our bearing facilities were greatly expanded, the demand for bearings for aircraft, tanks, trucks and other defense products has already reached capacity and additional facilities are being contemplated.

Because of the enviable record of quality production established during World War II, defense orders (particularly for jet engine castings) will require the use of all of our aluminum sand casting facilities.

The Nelson Bohnalite Autothermic Piston continues to grow in popularity, and because of its outstanding efficiency and rugged strength, it has become almost a "must" in the modern type high compression engine. To the list of cars which use it as original equipment—Ford, Lincoln, Mercury, Nash, Oldsmobile and Packard—has been added Chrysler, who have adopted

TO STOCKHOLDERS

it for their recently announced V-8, 180-Horsepower Engine.

We anticipate an accelerated demand for aluminum pistons for tanks and trucks and other permanent mold aluminum castings for defense orders.

A large demand is anticipated for aluminum and brass extrusions and forgings in the defense program.

It is expected that our facilities for the production of ingot will continue to have an important part in the present and future mobilization program.

Public Relations: A program of institutional advertising directed primarily for the present emergency has been formulated. Your management feels that the Corporation should lend its efforts in awakening the people to the insidious inroads of Communist propaganda. We believe that it will be a definite

contribution in helping the defense program and an aid towards ultimate peace.

Conclusion: It would be futile to make predictions for the year 1951 because of the effect on earnings of pending federal tax legislation, and it is impossible at this time to state what the period of transition may be from peace-time production to partial mobilization production.

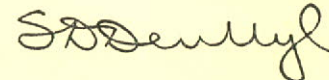
Our efforts will be directed toward full cooperation with government agencies in their efforts to speed the mobilization program and to the continuance of Corporation policy of producing quality products at fair profit margins so that good customer relations can be maintained.

We appreciate the fine cooperation that has been given the management by the employees and the stockholders.

Approved by the Board of Directors:



Charles B. Bohn, *Chairman*



S. D. Den Uyl, *President*

March 5, 1951

BOHN ALUMINUM & BRASS COR

	December 31, 1950	December 31, 1949
CURRENT ASSETS:		
Cash - - - - -	\$ 2,243,085	\$ 2,370,016
United States Treasury Certificates of Indebtedness—at cost and accrued interest (approximately market) - - - - -	—0—	1,003,156
Trade accounts receivable, less provision of \$82,500 for doubtful accounts - - - - -	4,171,378	2,124,095
Refundable federal taxes on income of prior years - - - - -	—0—	480,000
Inventories—at lower of cost (first-in, first-out method) or market:		
In-process and finished products - - - - -	\$ 3,566,273	\$ 2,939,884
Metals - - - - -	4,548,162	3,098,194
Manufacturing supplies - - - - -	366,650	242,533
	\$ 8,481,085	\$ 6,280,611
Prepaid insurance, taxes, and other expenses - - - - -	351,964	298,581
TOTAL CURRENT ASSETS - - - - -	\$15,247,512	\$12,556,459
OTHER ASSETS:		
Cash surrender value of life insurance - - - - -	\$ 153,350	\$ 148,750
Renegotiation rebates arising from additional amortization of emergency facilities - - - - -	160,649	160,649
Miscellaneous investments and accounts - - - - -	—0—	7,828
TOTAL OTHER ASSETS - - - - -	\$ 313,999	\$ 317,227
PROPERTY, PLANT, AND EQUIPMENT, including \$3,515,680 at December 31, 1950, and \$3,999,856 at December 31, 1949, for emergency facilities which are fully amortized:		
Land—at cost - - - - -	\$ 929,653	\$ 955,420
Buildings and building equipment—at cost - - - - -	4,479,867	4,455,565
Machinery and other equipment—at cost - - - - -	7,207,005	6,507,332
	\$12,616,525	\$11,918,317
Less accumulated depreciation and amortization - - - - -	6,154,706	6,875,820
TOTAL PROPERTY, PLANT, AND EQUIPMENT - - - - -	\$ 6,461,819	\$ 5,042,497
PATENTS, PATENT RIGHTS, AND LICENSES—at cost, less amortization - - - - -	6,181	7,560
	\$22,029,511	\$17,923,743

Board of Directors,
Bohn Aluminum & Brass Corporation,
Detroit, Michigan.

ACCOUNTANT

We have examined the balance sheet of Bohn Aluminum & Brass Corporation as of December 31, 1950, and the examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of net earnings and earnings retained for use in liquidation and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

CORPORATION • BALANCE SHEETS

	December 31, 1950	December 31, 1949
CURRENT LIABILITIES:		
Trade accounts payable	\$ 1,868,436	\$ 1,363,288
Pay rolls and other compensation	1,181,374	458,088
Pay roll taxes and taxes withheld from employees	352,735	203,222
Accrued expenses	117,223	271,024
Federal taxes on income	1,670,000	126,254
TOTAL CURRENT LIABILITIES	\$ 5,189,768	\$ 2,421,876
 STOCKHOLDERS' INVESTMENT:		
Common Capital Stock—par value \$5.00 a share:		
Authorized 375,000 shares		
Issued and outstanding 352,418 shares	\$ 1,762,090	\$ 1,762,090
Additional paid-in capital	1,868,814	1,868,814
Earnings retained for use in the business	13,208,839	11,870,963
TOTAL STOCKHOLDERS' INVESTMENT	\$16,839,743	\$15,501,867

The Corporation has established pension plans for all employees except hourly rated personnel at the Adrian Plant. Under the plans, employees may retire at age 65 with a maximum monthly pension of \$125.00, including primary benefits under the present Social Security Act. For five years after October 1, 1950, the Corporation has agreed to make contributions to trust funds to cover (1) current service costs, and (2) past service costs funded over not more than 30 years. The annual cost of these plans will approximate \$300,000. Unfunded past service costs at December 31, 1950, amounted to approximately \$2,500,000.

	\$22,029,511	\$17,923,743
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REPORT

February 22, 1951

The related statements of net earnings and earnings retained for use in the business for the year then ended. Our audits of the accounting records and such other auditing procedures as we considered necessary in the circumstances. The financial statements of the business present fairly the financial position of Bohn Aluminum & Brass Corporation at December 31, 1950, and the results of operations, in accordance with the principles applied on a basis consistent with that of the preceding year.

TOUCHE, NIVEN, BAILEY & SMART
Certified Public Accountants

EARNINGS

BOHN ALUMINUM &

STATEMENT OF NET EARNINGS

	1950	1949
Net sales - - - - -	\$39,839,677	\$29,233,356
Miscellaneous income - - - - -	178,723	186,846
	<u>\$40,018,400</u>	<u>\$29,420,202</u>
Costs and expenses:		
Cost of products sold - - - - -	\$33,248,722	\$27,449,113
Depreciation of plant and equipment - - - - -	500,363	428,381
Cost of pensions for employees - - - - -	75,363	—0—
Selling, advertising, and administrative expenses - - - - -	2,898,367	2,183,171
Loss on sale of property - - - - -	—0—	357,966
	<u>\$36,722,815</u>	<u>\$30,418,631</u>
EARNINGS (LOSS*) BEFORE TAXES ON INCOME - - - - -	\$ 3,295,585	\$ 998,429*
Federal taxes on income:		
Normal tax and surtax (credit**) - - - - -	\$ 1,400,000	\$ 433,000**
Excess profits tax - - - - -	260,000	—0—
Overprovision for prior years (credit**) - - - - -	142,813**	—0—
	<u>\$ 1,517,187</u>	<u>\$ 433,000**</u>
NET EARNINGS (LOSS*) - - - - -	<u>\$ 1,778,398</u>	<u>\$ 565,429*</u>

STATEMENT OF EARNINGS RETAINED FOR USE IN THE BUSINESS

	1950	1949
Balance at beginning of year - - - - -	\$11,870,963	\$12,612,601
Net earnings (loss*) for the year - - - - -	1,778,398	565,429*
	<u>\$13,649,361</u>	<u>\$12,047,172</u>
Deduct cash dividends declared (\$1.25 a share in 1950 and \$0.50 a share in 1949) - - - - -	440,522	176,209
Balance at end of year - - - - -	<u>\$13,208,839</u>	<u>\$11,870,963</u>

BRASS CORPORATION

FINANCIAL INFORMATION

	<u>1950</u>	<u>1949</u>	<u>1948</u>	<u>1947</u>
OPERATING:				
Net sales - - - - -	\$39,839,677	\$29,233,356	\$35,534,708	\$36,980,019
Earnings (Loss*)				
Earnings before taxes on income - - - - -	\$ 3,295,585	\$ 998,429*	\$ 1,581,105	\$ 320,741
% to sales - - - - -	8.3%	3.4%*	4.4%	0.9%
Per share - - - - -	\$9.35	\$2.83*	\$4.49	\$.91
Net earnings - - - - -	\$ 1,778,398	\$ 565,429*	\$ 971,105	\$ 190,741
% to sales - - - - -	4.5%	1.9%*	2.7%	0.5%
Per share - - - - -	\$5.05	\$1.60*	\$2.76	\$.54
Taxes:				
Federal taxes (credit*) on income - - - - -	\$ 1,517,187	\$ 433,000*	\$ 610,000	\$ 130,000
All other - - - - -	954,195	952,646	1,075,106	1,039,974
Total - - - - -	\$ 2,471,382	\$ 519,646	\$ 1,685,106	\$ 1,169,974
Per share - - - - -	\$7.01	\$1.47	\$4.78	\$3.32
FINANCIAL:				
Net working capital - - - - -	\$10,057,744	\$10,134,583	\$10,940,479	\$11,580,869
Property, plant, and equipment (net) - - - - -	\$ 6,461,819	\$ 5,042,497	\$ 4,965,511	\$ 4,520,401
Stockholders' investment - - - - -	\$16,839,743	\$15,501,867	\$16,243,505	\$16,634,813
Book value per share - - - - -	\$47.78	\$43.99	\$46.09	\$47.20
APPROXIMATE NUMBER OF STOCKHOLDERS - - -	4,600	4,700	6,000	5,800
AVERAGE NUMBER OF EMPLOYEES - - - - -	3,700	3,000	3,900	4,600



BEARINGS Aircraft—Automobile—Bus—Diesel—Marine—Tank—Tractor—Truck

CASTINGS Aluminum Sand Castings—Aluminum Permanent Mold Castings

EXTRUSIONS Aluminum and Brass—Standard and Special Shapes—Screw Machine Rod

FORGINGS Aluminum—Brass

MACHINED PARTS Brass Forgings—Brass Screw Machine Parts

PISTONS Automobile—Bus—Diesel—Marine—Tank—Tractor—Truck—Hydraulic Brake

REFRIGERATION Aluminum Evaporators for refrigerators and deep freeze units

NON-FERROUS INGOT METALS Aluminum—Brass—Bronze—Solders—Babbitts—Special Alloys

AUTOMOTIVE REPLACEMENT PARTS Bearings—Connecting Rods—Pistons

BOHN

ALUMINUM & BRASS CORPORATION