

REQUEST FOR PROPOSAL #R10-1134 FOR: AUCTION SERVICES

May 20, 2022

Section Two:
Proposal Submission, Questionnaire and
Required Forms

Proposal Form Checklist.....	3
PROPOSAL FORM 1: ATTACHMENT B – PRICING.....	4
PROPOSAL FORM 2: QUESTIONNAIRE & EVALUATION CRITERIA.....	5
PROPOSAL FORM 3: CERTIFICATIONS AND LICENSES.....	11
PROPOSAL FORM 4: CLEAN AIR WATER ACT	12
PROPOSAL FORM 5: DEBARMENT NOTICE	13
PROPOSAL FORM 6: LOBBYING CERTIFICATION	14
PROPOSAL FORM 7: CONTRACTOR CERTIFICATION REQUIREMENTS	15
PROPOSAL FORM 8: ANTITRUST CERTIFICATION STATEMENTS.....	16
PROPOSAL FORM 9: IMPLEMENTATION OF HOUSE BILL 1295	17
PROPOSAL FORM 10: BOYCOTT CERTIFICATION AND TERRORIST STATE CERTIFICATION	18
PROPOSAL FORM 11: RESIDENT CERTIFICATION	19
PROPOSAL FORM 12: FEDERAL FUNDS CERIFICATION FORM	20
PROPOSAL FORM 13: ADDITIONAL ARIZONA CONTRACTOR REQUIREMENTS	26
PROPOSAL FORM 14: OWNERSHIP DISCLOSURE FORM (N.J.S. 52:25-24.2)	28
PROPOSAL FORM 15: NON-COLLUSION AFFIDAVIT	29
PROPOSAL FORM 16: AFFIRMATIVE ACTION AFFIDAVIT (P.L. 1975, C.127)	30
PROPOSAL FORM 17: C. 271 POLITICAL CONTRIBUTION DISCLOSURE FORM	33
PROPOSAL FORM 18: STOCKHOLDER DISCLOSURE CERTIFICATION	38
PROPOSAL FORM 19: GENERAL TERMS AND CONDITIONS ACCEPTANCE FORM	39
PROPOSAL FORM 20: EQUALIS GROUP ADMINISTRATION AGREEMENT.....	40
PROPOSAL FORM 21: OPEN RECORDS POLICY ACKNOWLEDGEMENT AND ACCEPTANCE	41
PROPOSAL FORM 22: VENDOR CONTRACT AND SIGNATURE FORM	42

Proposal Form Checklist

The following documents must be submitted with the Proposal

The below documents can be found in Section 2; Proposal Submission and Required Bid Forms and must be submitted with the proposal. Please note Proposal Form 1 is a separate attachment (attachment B).

PROPOSAL PRICING: Attachment B is provided separately in a Microsoft Excel file and is required to complete your price proposal.

PROPOSAL FORM 1: ATTACHMENT B - PRICING

QUESTIONNAIRE & EVALUATION CRITERIA:

PROPOSAL FORM 2: QUESTIONNAIRE & EVALUATION CRITERIA

OTHER REQUIRED PROPOSAL FORMS:

- PROPOSAL FORM 3: CERTIFICATIONS AND LICENSES**
- PROPOSAL FORM 4: CLEAN AIR AND WATER ACT**
- PROPOSAL FORM 5: DEBARMENT NOTICE**
- PROPOSAL FORM 6: LOBBYING CERTIFICATION**
- PROPOSAL FORM 7: CONTRACTOR CERTIFICATION REQUIREMENTS**
- PROPOSAL FORM 8: ANTITRUST CERTIFICATION STATEMENTS**
- PROPOSAL FROM 9: IMPLEMENTATION OF HOUSE BILL 1295**
- PROPOSAL FROM 10: BOYCOTT CERTIFICATION AND TERRORIST STATE CERTIFICATION**
- PROPOSAL FORM 11: RESIDENT CERTIFICATION**
- PROPOSAL FORM 12: FEDERAL FUNDS CERIFICATION FORM**
- PROPOSAL FORM 13: ADDITIONAL ARIZONA CONTRACTOR REQUIREMENTS**
- PROPOSAL FORM 14: OWNERSHIP DISCLOSURE FORM (N.J.S. 52:25-24.2)**
- PROPOSAL FORM 15: NON-COLLUSION AFFIDAVIT**
- PROPOSAL FORM 16: AFFIRMATIVE ACTION AFFIDAVIT (P.L. 1975, C.127)**
- PROPOSAL FORM 17: C. 271 POLITICAL CONTRIBUTION DISCLOSURE FORM**
- PROPOSAL FORM 18: STOCKHOLDER DISCLOSURE CERTIFICATION**
- PROPOSAL FORM 19: GENERAL TERMS AND CONDITIONS ACCEPTANCE FORM**
- PROPOSAL FORM 20: EQUALIS GROUP ADMINISTRATION AGREEMENT**
- PROPOSAL FORM 21: OPEN RECORDS POLICY ACKNOWLEDGEMENT AND ACCEPTANCE**
- PROPOSAL FORM 22: VENDOR CONTRACT AND SIGNATURE FORM**

(The rest of this page is intentionally left blank)

PROPOSAL FORM 1: ATTACHMENT B – PRICING

Pricing should be entered in the attachment B Excel form provided in this RFP packet. Please reference Section 1, Part B, Instructions to Proposers, for more information on how to complete pricing.

(The rest of this page is intentionally left blank)

7PROPOSAL FORM 2: QUESTIONNAIRE & EVALUATION CRITERIA

Instructions:

Respondents should incorporate their questionnaire responses directly into the green cells below. Failure to provide responses in this format may result in the proposal being deemed as non-responsive at the sole discretion of Region 10.



Respondents may incorporate additional documents as part of their response which may be utilized by Region 10 as part of the evaluation. Additional documents must be consolidated as part of this Section 2 at the end of your response.

Region 10 has associated the evaluation criteria with the question that most closely aligns with that respective evaluation criteria. Region 10 reserves the right at its sole discretion to base its evaluation and specific evaluation criteria on any part of the respondent’s proposal.

Evaluation Criteria	Question	Answer
Basic Information		
Required information for notification of RFP results	<i>What is your company's official registered name?</i>	Liquidity Services Operations LLC
	<i>What is the mailing address of your company's headquarters?</i>	100 Capitol Commerce Blvd., Suite 110, Montgomery, AL 36117
	<i>Who is the main contact for any questions and notifications concerning this RFP response, including notification of award? Provide name, title, email address, and phone number.</i>	John Littler, Sr. Manager, Business Development - West & Canada jlittler@govdeals.com 503-278-6254
Products/Pricing (30 Points)		
Coverage of products and services	No answer is required. Region 10 will utilize your overall response and the products/services provided in Attachment B to make this determination	
Ability of offered products and services to meet the needs requested in the scope	No answer is required. Region 10 will utilize your overall response and the products/services provided in Attachment B to make this determination	
Pricing for all available products and services, including warranties if applicable	<i>Does the respondent agree to offer all future product and services at prices that are proportionate to contract pricing offered herein?</i>	Agreed. GovDeals will offer all future product and services at prices that are proportionate to contract pricing offered herein.
	<i>Does pricing submitted include the required administrative fee?</i>	Yes, GovDeals' pricing is inclusive of the administrative fee.

	<i>Do you offer any other promotions or incentives for customers? If yes, please describe.</i>	All Members will be eligible for GovDeals' Volume Discount Program (VDP). This program pays each U.S. Member a rebate of 1.25% for completed sales. The volume discount payments are applied to each transaction, or if requested, may be remitted annually. If reduced pricing is offered, such as for higher-priced assets or real estate sales, a volume discount will not be paid on these sales.
Ability of Customers to verify that they received contract pricing	<i>Were all products/lines/services and pricing being made available under this contract provided in the attachment B and/or Appendix B, pricing sections?</i>	Yes, all products/lines/services and pricing being made available under this contract are provided in the attachment B and/or Appendix B, pricing sections.
	<i>Outline your pricing strategy provided in Attachment B. If utilizing a list price, please indicate where agencies can find the list and your methodology for determining that list price.</i>	GovDeals offers a success-based fee structure, charged only on completed auctions. There will be no additional fees or charges for our standard services. There will be no fee if an auction does not result in a completed sale, and there will be no charges to Region 10 ESC Public Agencies for any marketing efforts, training, software upgrades, or consultation and support provided on-site or remotely. The pricing model detailed in Attachment B is consistent with our well-established US and Canadian market pricing. The Equalis Member may choose to utilize GovDeals' system and service with our payment collection and remittance services (FSS) included or may elect to collect its own payments and be invoiced by GovDeals (Non-FSS). Region 10 ESC Public Agencies already using GovDeals may continue at their current fee structure or adopt the updated pricing and program benefits outlined in Attachment B.
Payment methods	<i>Define your invoicing process and methods of payments you will accept. Please include the overall process for agencies to make payments</i>	If the Member elects GovDeals to collect payments, Members will receive net auction proceeds and will have no bill to pay, but monthly invoicing/summary statement will be available within each Member's account. If the Member elects to collect its own payments, or if the Member chooses to receive its gross proceeds, GovDeals will invoice the Member on a monthly basis under terms of net 30 days. Payments from Members are accepted via ACH, credit card (including P-Cards) or check payment. For auction sales when GovDeals collects payments on behalf of our clients, Buyers can submit payment by credit/debit card (Visa, MasterCard, Discover, and American Express are accepted), PayPal, or wire transfer.
Other factors relevant to this section as submitted by the Respondent	No answer is required. Region 10 will utilize your overall response and the products/services provided in Attachment B to make this determination	
Performance Capability (25 Points)		
Ability to provide products and services	<i>Please provide a high-level overview of your auction services being offered and how they address the scope being requested herein.</i>	GovDeals is thoroughly prepared to immediately provide our online auction system and hands-on customer service to the Member. Dedicated GovDeals staff members will

		<p>serve the Member on a regular and ongoing basis through on-site and remote service, consultations, marketing planning, and payment collection.</p> <p>GovDeals will provide the Member with a turnkey approach to selling government surplus assets via our web-based auction system, www.GovDeals.com, to include self-service ability to post auctions, respond to inquiries, and creating/accessing detailed reports of auction activities and revenue. The Member may have unlimited user accounts, and access to the GovDeals system can be tailored to the job duties of Member employees through the use of five security levels, including the ability to require approval from a supervisor before auctions may go live, as well as a “view only” setting that is useful for accounting staff to access sales and reconciliation reports.</p> <p>Our specialized auction website allows prospective buyers to view unlimited photographs, videos, and thorough descriptions, ask questions, and enter bids for the Member’s surplus property. The items will be auctioned under your Terms and Conditions, including Member-dictated time frames for payment and pickup.</p> <p>GovDeals’ online auction platform and service includes, at no additional cost:</p> <ul style="list-style-type: none"> • Turnkey auction functionality with unlimited user accounts • Real-time reporting tools within secure account • 4 million active GovDeals bidders – verified through GovDeals’ multi-layer registration process that includes vetting against the anti-terrorism watch list by E2Open’s global trade management software • Extensive marketing outreach to targeted bidders at GovDeals’ expense – drives competitive bidding, increasing the final selling price of auctioned assets! • Hands-on training for as many employees as desired; initial and ongoing training and updates • Personal service by the Member’s locally based Account Manager with 24/7 on-call availability; on-site and remote support will be provided on demand
	<p><i>States Covered - Respondent must indicate any and all states or geographies where products and services are being offered. If your services are limited to a certain area, please be specific on the area your services are provided.</i></p>	<p>GovDeals provides our online auction services to over 16,000 clients nationwide in U.S. and in Canada.</p> <p>GovDeals will serve all geographic areas of the United States through the proposed contract.</p>

		<p>The only caveat that may apply to non-contiguous state and U.S. Territories is that training could be limited to remote services such as Microsoft Teams.</p>
	<p><i>List the number and location of offices, or service centers for all states being proposed in solicitation</i></p>	<p>Rather than traditional offices, GovDeals has approximately 50 Account Managers and Business Development Representatives based strategically throughout the U.S. to provide direct service to participating entities nationwide. Through this robust network of full-time GovDeals employees, GovDeals will provide easily accessible, highly responsive technical support and customer service to all Region 10 ESC participating entities.</p> <p>Typical response time is under an hour, and we commit to always respond within 24 hours. Account Managers may be reached by cell phone or email 24 hours a day, 7 days a week. If for any reason a Member’s Account Manager is not immediately available, they may contact GovDeals’ Client Help Desk. Staffed by fully trained Client Services Representatives, the Help Desk provides technical support and problem-solving by toll-free phone, live chat, and email. The Help Desk is available Monday through Friday, 8 a.m. ET to 7 p.m. ET.</p> <p>Setting GovDeals apart from the competition, we continue to properly and proactively scale our business so that we may deliver on our promises by hiring and retaining solid, hardworking, and dedicated employees in all regions of the U.S. and Canada that believe in what we do. Our extremely low turnover has allowed GovDeals to create a strong culture of shared success and ownership in the best practices that make us a committed partner in success.</p>
<p>Web-based online auction system ease of use and process for creating and conducting auctions</p>	<p><i>Please outline the process for setting up, administering, and closing out an auction. Please be specific and include the entire process from start to finish.</i></p>	<p>The general timeline of the online auction process is as follows:</p> <ul style="list-style-type: none">  After an asset is declared surplus, the Member should take photographs and enter descriptive details on an asset inspection form provided by GovDeals.  The Member will upload photos and transcribe information from the asset inspection forms into the simple, one-page auction creation template within the Member’s GovDeals account. GovDeals’ auction calculator can recommend starting bid, bid increment, and auction dates for the auctions; these values can also be input manually.



For high-value and particularly specialized assets, a marketing plan will be developed by GovDeals' Marketing Department and, upon request, will be presented to the Member for advance review and approval prior to auction. Marketing campaigns will run while the auction is open for online bidding.



The auction(s) will be open for bidding for 7-10 days, in most cases. While the auction is live, the Member can monitor progress of its auctions at www.GovDeals.com. The Member should answer any bidder questions that may be posted via the GovDeals Q&A system. The Member's Account Manager will also monitor auctions for quality assurance.



After the auction has ended, the Member will automatically be emailed a Seller's Certificate with details of the sale and contact information for the winning bidder; and the winning bidder will automatically be emailed award notification(s) with a link(s) to the Buyer's Certificate(s) with sale and payment details.





The winning bidder is responsible for making payment on GovDeals.com within 5 business days after auction close (this time period may be shortened or lengthened by the Member if desired). Upon the buyer's successful payment by credit/debit card (Visa, MasterCard, Discover, and American Express are accepted), PayPal, or wire transfer, the Member will receive notification that payment has been made, along with the Bill of Sale.



The buyer is required to pick up assets within 10 business days after auction close (this time period may also be adjusted by the Member if desired). The winning bidder is responsible for scheduling an asset removal appointment with the Member. At pickup/removal, the winning bidder must present photo ID and the Member should verify the bidder's documentation. After both the buyer and the Member representative sign the GovDeals Bill of Sale, the asset may be released to the winning bidder. The signed Bill of Sale, and any other documentation as desired, may be uploaded to the closed auction for recordkeeping purposes.



When the Member marks the asset "Picked Up" in the GovDeals system,

		<p>GovDeals will remit payment for the asset. Assets marked “Picked Up” by Friday will be included in the next week’s payment cycle. GovDeals will withhold the agreed-upon fee and will electronically remit the balance to the Member. If applicable, GovDeals will also remit taxes to the appropriate taxing authorities.</p> <p> The Member’s remittance payment may be sent to multiple accounts as desired, such as individual selling departments. Even if sent to a general fund, data can easily be separated out for auditing purposes using a department code, and all reports are exportable to Excel.</p> <p> GovDeals accepts responsibility for chargebacks and fraud that may occur, so the Member will not be liable for any payment disputes. GovDeals may request a copy of the signed Bill of Sale from the Member in the case of a payment dispute after an asset has been removed by the buyer.</p>
	<p><i>Indicate the process for bidders to participate in an auction. Please include any registration process, if applicable.</i></p>	<p>Bidders can register on GovDeals.com with just a click of a button. During the registration process, our Bidder Verification Team ensures that the registrant’s information such as address and phone number match a real person, and that previously banned bidders (for such reasons as default) do not successfully re-register on our platform.</p> <p>Our specialized auction website allows prospective buyers to view unlimited photographs, videos, and thorough descriptions, ask questions, and enter bids for the Member’s surplus property. The items will be auctioned under your Terms and Conditions, including Member-dictated time frames for payment and pickup.</p> <p>If the Member elects for GovDeals to collect payment, bidders can easily do so online. Once payment is made, bidders are responsible for scheduling an asset removal appointment with the Member and retrieve their items.</p>
	<p><i>Describe any reporting capabilities.</i></p>	<p>Through GovDeals’ robust online platform, each Member’s procurement department and end users will have full transparency through secure auditable reporting of surplus sale items, the number of bids received, date and time of each bid, and the names of winning bidders, as well as cumulative data in any date range chosen. These real-time reports will provide purchasing officials with peace of mind that their processes are indeed compliant with their surplus disposition policies. Additionally, the most recent 12 months of GovDeals’ online auction results may be viewed by anyone searching at GovDeals.com,</p>

		<p>providing transparency to the general public.</p> <p>GovDeals will record all bids and provide real-time reporting and summary reports within your account. Users will have 24/7 access to an array of real-time reports, as well as the ability to view a detailed bid history and audit trail of all the Member's auctions at any time during the auction or after its close, without expiration or archiving.</p> <p>GovDeals' interactive reports are accurate and detailed, enabling the Member to track all assets from the time they are loaded into the GovDeals system until they are sold and proceeds are collected. GovDeals' reports can be viewed online, sorted, printed, and/or exported to Microsoft Excel. Many reports can be customized to unique needs the Member may have. Whether under contract with GovDeals or not, you will continue to have perpetual access to its GovDeals reports without limitation or expiration – ever.</p> <p>Samples and descriptions of our most popular reports can be provided upon request.</p>
	<p><i>Outline any other capabilities not already addressed.</i></p>	<p style="text-align: center;">Marketing Outreach to Bring the Highest ROI</p> <p>A major part of GovDeals' service and ultimate success is the promotion of assets through advertising and marketing. We expend significant effort and funding to maximize competitive bidding for our clients' assets, since competition for surplus assets is directly tied to the revenue the selling governments obtain for these assets. The Member will not be charged a fee for any marketing efforts provided by GovDeals. Our marketing team averages nearly 3,000 advertisements, social media, and email promotions each month to support our government sellers' auctions – at no additional cost to them.</p> <p>Our time-tested and proven approach to marketing government surplus goods for online auction is unparalleled. We know from research and experience how to develop and implement customized marketing plans for our government clients, and our 12-person Marketing Department has the expertise to create effective ads, press releases, mailings, etc., and utilize the right combination of these in order to consistently bring a steady stream of targeted website traffic to our government clients' surplus assets.</p> <p>As marketing plans are developed for the Member's assets, your GovDeals Account Manager and our Marketing Department will communicate regularly with your team to ensure the Member is always involved in decision-making, such as approving ads or press releases.</p> <p>Overview of Marketing Strategies</p>

- ❖ **Niche Marketing:** Running/valuable vehicles, heavy equipment, unique, and high-value assets that the Member wishes to sell on the GovDeals auction website will be advertised or listed on niche websites that will expose your assets to targeted buyers. For example:
- Heavy trucks and highway equipment are advertised in Commercial Truck Trader, Equipment Trader, and www.MyLittleSalesman.com, as well as other trade publications.
 - Cars, trucks, and vans are advertised at www.CarDaddy.com.
 - Medical and laboratory items are promoted at www.DotMed.com, www.LabX.com and www.EquipMatching.com.
 - Transit and school buses are advertised at www.BusesOnline.com and www.BusNut.com.
 - Garbage trucks are advertised at www.TrashTrucksOnline.com, and fire trucks, ambulances, and other rescue equipment are advertised on www.1stResponder.com.
- ❖ **Email Marketing to Targeted Bidders:** GovDeals has bidders in all 50 U.S. states and in 160 foreign countries for a total of over 1 million registered and verified bidders. We have over 60,200 active bidders in Texas, and over 40,500 within 250 miles of Richardson. With our parent company's sister marketplaces and shared bidder base included, your auctions will have access to a bidder audience of approximately 4 million potential buyers.
- To harness the strength of this extensive bidder base for asset marketing, email blasts (e-Flyers) are sent to previous bidders and buyers of relevant categories. This has repeatedly proven one of our most successful marketing strategies.
- ❖ **Local Marketing:** As mentioned above, GovDeals already has a large and active bidder base in the Richardson area. In order to further make local residents aware of the Member's auctions. GovDeals' Marketing Department will implement strategies to inform the public of the Member's GovDeals auctions, including preparing press releases and placing ads as needed. Strategic marketing efforts, such as outdoor signage and public access TV ads, may be utilized as needed. GovDeals can also provide outdoor banners for high-traffic areas, as well as flyers for bulletin boards and to pass out to local businesses and residents.

❖ **Notifying Your Previous Bidders:** If desired by the Member, GovDeals will notify the Member's previous auction and/or sealed bid participants that the Member is now selling surplus on GovDeals.com. This can be accomplished by postcard or email blast, depending on the Member's wishes and the contact methods available to reach past participants.

❖ **Real Estate Marketing:** Real property assets that the Member wishes to sell on the GovDeals auction website will be advertised or listed on niche websites that will expose your assets to targeted buyers. For example: AdLandPro.com, ClassifiedAds.com, Landwatch.com, Landsofamerica.com, Landandfarm.com, Classifieds.com, Domesticale.com, and Mylittlesalesman.com.

MLS listings will be utilized for particularly valuable properties. GovDeals will provide yard signs to place on the Member-owned parcels to point prospective bidders to the GovDeals website for bidding.

❖ **Custom Marketing Plans:** When the Member has specialty assets to auction, GovDeals' Marketing Department will develop custom promotion and advertising strategies designed to bring the highest dollar amount possible for each asset. Various types of assets considered unique, high-value, or specialty may be considered for this custom marketing, which involves identification of target audiences and niche media. Such assets may include, but are not limited to, helicopters and aircraft; classic/custom automobiles; specialty equipment; firearms and accessories; jewelry and collectibles; real estate properties; machinery and industrial equipment; and cost avoidance/demolition projects.

❖ **News Coverage:** GovDeals periodically receives local, regional, and national broadcast, online, and print media coverage. This not only results in promotion for specific assets, but also drives bidder sign-up. For example, a news report by MSN Money resulted in a 250% increase in daily registrations.

Custom Site/URL Options

Depending on the Member's needs, GovDeals has several landing page/ URL options to best showcase your auctions, all at no additional cost:

- **Custom URL:** GovDeals can create an easy-to-use URL (website link) for the Member's auctions, such as www.govdeals.com/Member. This URL will display all of your current auctions. Your logo and custom information can be added to the site, and a link to this URL can be added to the Member's website to drive bidder participation

		<p>for your surplus sales. This option is available to all of our clients.</p> <ul style="list-style-type: none"> • Microsite: Utilization of GovDeals’ microsite functionality will enable bidders to browse and search only the Member’s auctions. The microsite can be hosted on a custom URL as described above, complete with your logo and custom information displayed. The microsite option is most useful if the Member consistently has items available at auction. • Storefront: The option to utilize GovDeals’ storefront feature is designed to supplement or replace a Member’s brick-and-mortar Surplus Store. Items can be sold for a flat rate price (Buy Now). For example, the Member may have various furniture items, to be sold individually. The storefront can be hosted on a custom URL as described above, complete with your logo and custom information displayed. The storefront option is most useful if the Member consistently has items available for sale. <p>Regardless of whether a microsite, storefront, or custom URL is utilized, the Member’s item listings will also be available on GovDeals.com without need to navigate to the Member’s landing page. GovDeals’ bidders may find your assets for sale in a variety of ways:</p> <ul style="list-style-type: none"> • On any search results or category page, a user may click the shortcut “View by same > Seller” to view all current auctions by that seller. • On any listing, a user may click “View seller’s other assets” to view all current auctions by that seller. • In Classic Search or Advanced Search, a user may use the “Seller Name” dropdown menu to find the seller and view all of the seller’s current auctions. • If the above methods are not utilized, such as when a user visits the home page and clicks a category, the Member’s auctions will be integrated with all other current GovDeals auctions. Throughout our 21 years in this industry, GovDeals has found that integrating all assets to the main website facilitates an increase in an individual Member’s bidder audience, which will foster an increase in ROI.
Security protocols and privacy protection	<i>Please describe protocols taken to ensure the protection of privacy and data.</i>	<p>GovDeals provides security, antivirus, and firewalls capable of preventing the hacking of any auction information from the servers, and capable of preventing any bidder from learning the identity of another bidder.</p> <p>Multiple security procedures are in place to provide data security and website reliability for GovDeals’ clients. All traffic is encrypted via verified certificate authority (CA) certificate providing HTTP/S tunnels and guarding all customer data in transmission. In</p>

		<p>addition, all passwords and sensitive data are stored in a well-guarded facility that is staffed 24 hours a day, 7 days a week, providing access to the datacenter only with prior approval, biometric PIN and government-issued identification.</p> <p>GovDeals employs many systems to ensure that its operations are secure from hacking or other disruption. These security systems include:</p> <ul style="list-style-type: none"> • LANDesk integrated with Kaspersky Anti-Virus, providing system patching and antivirus protection • AlertLogic Log Manager and Threat Manager, providing daily analysis of infrastructure data and intrusion-detection systems backed up by a 24/7 Security Operations Center for constant monitoring • Nessus and Qualys, providing internal weekly and monthly scans
Customer service/problem resolution	<i>Describe your company's Customer Service Department (hours of operation, how you resolve issues, number of service centers, etc.).</i>	<p>GovDeals has approximately 50 Account Managers and Business Development Representatives based strategically throughout the U.S. to provide direct service to participating entities nationwide. This includes 5 staff members based in Texas.</p> <p>Through this robust network of full-time GovDeals employees, GovDeals will provide easily accessible, highly responsive technical support and customer service to all Region 10 ESC participating entities. Typical response time is under an hour, and we commit to always respond within 24 hours. Account Managers may be reached by cell phone or email 24 hours a day, 7 days a week.</p> <p>If for any reason a participating Member's Account Manager is not immediately available, they may contact GovDeals' Client Help Desk. Staffed by fully trained Client Services Representatives, the Help Desk provides technical support and problem-solving by toll-free phone, live chat, and email. The Help Desk is available Monday through Friday, 8 a.m. ET to 7 p.m. ET.</p> <p>Setting GovDeals apart from the competition, we continue to properly and proactively scale our business so that we may deliver on our promises by hiring and retaining solid, hardworking, and dedicated employees in all regions of the U.S. and Canada that believe in what we do. Our extremely low turnover has allowed GovDeals to create a strong culture of shared success and ownership in the best practices that make us a committed partner in success.</p>

<p>Financial condition of vendor</p>	<p><i>Demonstrate your financial strength and stability with meaningful data. This could include, but is not limited to, such items as financial statements, SEC filings, credit & bond ratings, letters of credit, and detailed reference letters</i></p> <p><i>What was your annual sales volume over last three (3) years?</i></p>	<p>Our parent company's most recent Audited Financial Statement has been provided as an attachment within Section 2.</p> <p>Auction Sales: 2021- \$517 million 2020- \$340 million 2019- \$310 million</p>
<p>Contract implementation / Customer training</p>	<p><i>Describe training or support you provide to help agencies understand how to utilize the spaces and technology equipment being installed.</i></p>	<ul style="list-style-type: none"> • At time of account creation, GovDeals' Account Manager and Business Development Manager will immediately meet with the Member to discuss particulars for account establishment. • After the Member's account is set up, training will be held at a time and place agreed upon by the Member. The Member's personnel will be thoroughly trained through the full auction cycle, including an overview of the bidder-facing website and the seller-facing auction creation platform. • New user training can be completed in about an hour and includes an overview of the GovDeals system from the seller's and the buyer's perspective. The Member's users will be shown how to access real-time, interactive, exportable reporting tools, how to load and manage auctions, and how to harness GovDeals' industry knowledge and marketing strategies to obtain the highest possible return on each of the Member's surplus assets. Training will be held within the Member's live account to provide your team with hands-on experience interacting with the system. • During training, the Member's first auctions may be posted. During the 7-10 days these auctions are live, GovDeals' Account Manager will communicate with the Member's team regularly to keep track of how the auctions are performing, answering questions the Member may have, and guiding the team through the auction cycle, including auction close and property removal. • The Member's Account Manager will be available for on-site and remote support and training at no additional cost. Your Account Manager will visit periodically to promote best practices and provide training for new employees or existing users. GovDeals' representatives will meet with the Member's management upon request to review

		GovDeals' performance.
Other factors relevant to this section as submitted by the Respondent	<i>Describe the capacity of your company to provide management reports, i.e. consolidated billing by location, time and attendance reports, etc. for each eligible agency</i>	Management reports, and all other reports, are available in real-time through the Member's GovDeals account. Each Member can customize their desired reports to fit their needs and access to these reports is available in perpetuity.
	<i>Provide your safety record, safety rating, EMR and worker's compensation rate where available.</i>	Not applicable. The vast majority of GovDeals' work is performed remotely. We have not experienced any safety incidents while on our clients' premises for service appointments such as taking photographs of surplus assets.
Qualification and Experience (25 Points)		
Respondent reputation in the marketplace	<i>Provide a link to your company's website</i>	www.govdeals.com
	<i>Please provide a brief history of your company, including the year it was established.</i>	<p>GovDeals was founded in 1999 and was acquired by Liquidity Services, Inc., in 2008. In 2020, they completed an internal merger, bringing GovDeals, Inc. under the subsidiary umbrella of Liquidity Services Operations, LLC (LSI). Headquartered in Bethesda, MD, LSI is a publicly held corporation (NASDAQ: LQDT). LSI is a debt-free and financially strong corporation that operates several other reverse supply chain online marketplaces in addition to GovDeals. Upon the acquisition, GovDeals quickly became one of Liquidity Services' flagship marketplaces – and one of its most successful.</p> <p>GovDeals currently has 100 direct full-time employees, with more than half working remotely from the field in order to best serve clients in their local areas throughout the United States and Canada. In addition to this direct staffing, additional support and substantial resources come from LSI. Today, more than 16,000 state and local governments have transitioned some or all their surplus auctions to GovDeals.com, and our company has facilitated the sale of over 2.5 million government-owned assets/lots for total auction sales surpassing \$3.3 billion.</p> <p>What our clients like most about GovDeals:</p> <ul style="list-style-type: none"> • GovDeals auctions are conducted in a totally transparent environment with terms and conditions, bid history, and results easily accessible by the public during the auction and for one full year after auction completion. • Robust reporting and a perpetual audit trail are readily accessible within each GovDeals client's account in perpetuity. • Our clients have access to consultative service and proven online auction best practices, as well as auction strategies that have been developed and fine-tuned during GovDeals' 21 years in the online auction business. • GovDeals is a financially strong vendor that remits payments to clients weekly, and

		<p>GovDeals shoulders liability for chargebacks or fraud that may occur.</p> <ul style="list-style-type: none"> • Extensive marketing outreach will be provided to reach targeted bidders at GovDeals' expense. This drives competitive bidding, increasing the final selling price of auctioned assets. Marketing efforts provided by GovDeals include niche print and online publications, email marketing, local advertising, press releases, and more.
<p>Past relationship with Region 10 ESC and/or Region 10 ESC members</p>	<p><i>Have you worked with Region 10 in the past? If so, what was the timeframe for that work?</i></p>	<p>GovDeals briefly worked with Region 10 about 15 years ago, but our services have not been utilized by Region 10 since that time. The following Members of Region 10 ESC are active sellers on GovDeals.com: Scurry-Rosser Independent School District; Ferris Independent School District; Ennis Independent School District; and Rio Vista Independent School District.</p>
<p>Experience and qualification of key employees</p>	<p><i>Please provide contact information and resumes for the person(s) who will be responsible for the following areas. Region 10 requests contacts to cover the following:</i></p> <ul style="list-style-type: none"> * Executive Support * Account Manager * Contract Manager * Marketing * Billing, reporting & Accounts Payable 	<p><u>Executive Support & Contract Manager</u> John Littler, Senior Manager of Business Development, West and Canada Cell: 503-278-6254 Email: jlittler@govdeals.com</p> <p>Committed to the overall success of the Region 10 ESC and Equalis Group agencies' liquidation goals, John will be responsible for maintaining the cooperative nature of this contract and for ensuring that all GovDeals sales representatives (Business Development Managers) are fully versed on how best to encourage new and existing agencies to adopt this contract as applicable. John has served GovDeals clients since 2011, first serving clients in the Pacific Northwest before being promoted to the management team to work closely with all Business Development Managers in the Western U.S. region and Canada. John strives to see all of GovDeals' clients succeed, continuously going to extra mile to ensure contract terms are met. After nearly 11 years with GovDeals, John has in-depth knowledge of various state and region's surplus market.</p> <p><u>Account Manager</u> Kaleb Schumann, Account Manager Cell: 512-663-3752 Email: kschumann@govdeals.com</p> <p>As the Region 10 ESC's Texas-based Account Manager, Kaleb will train your staff members and will be your primary contact for day-to-day auction operation needs. He will provide support to the Texas-region Agencies, as well as monitoring each Texas-region Member's auctions for quality assurance. He will also work closely with GovDeals' marketing representatives to curate promotion strategies to ensure competitive bidding for the Member's surplus assets. Additionally, Kaleb is available to provide custom reporting and facilitating communication between buyers, our Accounting team, and sellers as needed. Kaleb, based in Fort Worth, may be reached by cell phone or email 24 hours a day, 7 days a week. Kaleb is armed with in-depth knowledge of the GovDeals online auction system and</p>

		<p>how to maximize return of value for all asset types, particularly heavy equipment, vehicles, and miscellaneous furniture, technology, and specialty equipment and tools. He will be readily available to the Member for support by phone, email, and on-site/remote meetings for coordination of auction strategies.</p> <p>For Public Agencies under the Region 10 ESC/Equalis cooperative contract that are not based in Texas, GovDeals has over 25 Account Managers dedicated to serving Agencies in their respective territories nationwide. Participating Public Agencies can rest assured that they will receive the same level of personalized service and dedication as the Texas-based agencies.</p> <p><u>Marketing</u> Angela Jones, Senior Manager, Digital Marketing Toll-Free: 1-800-613-0156 Ext. 4515 Email: ajones@govdeals.com Responsible for all advertising and promotion of properties being auctioned on GovDeals, Angela Jones supervises a team of 12 full-time marketing specialists and graphic designers. This team places ads, writes press releases, and designs custom marketing plans for our clients' surplus sales. Your Account Manager will work closely with Angela and the Marketing Department to develop and execute marketing campaigns designed to drive targeted bidders to your surplus auctions and increase the selling price of your assets. Angela graduated with a BS in Business from Troy University, with a concentration in Marketing, and has been a valuable member of the GovDeals team since 2008.</p> <p><u>Accounting</u> Jennifer Bartgis, Senior Manager, Accounting Toll-Free: 1-800-613-0156 Ext. 4 Email: accounting@govdeals.com Responsible for reconciling all payments between buyer and seller and ensuring system reports accurately reflect all monetary transactions, Jennifer Bartgis supervises a team of nine full-time staff accountants, accounting specialists and accounts payable personnel. When a Member is in need of custom reports or encounters a problem regarding payments and reconciliation, your Account Manager will work closely with Jennifer and the Accounting Department to ensure quick and accurate resolution, including facilitating communication between buyers, GovDeals, and sellers as needed.</p>
Past experience working with the public sector	<i>What are your overall public sector sales, excluding Federal Government, for last three (3) years?</i>	Auction Sales: 2021- \$517 million 2020- \$340 million

		2019- \$310 million
	<i>What is your strategy to increase market share in the public sector?</i>	GovDeals strongly believes in leveraging cooperative contracts to help drive faster new client adoption throughout the U.S. and Canada. We also continuously look for ways to expand our service models in order to enable government agencies with a variety of surplus program needs to utilize one or more of our several options. These expanded service models include on-site photography to create our clients' auction listings, as well as providing off-site transportation/storage in select markets.
Past litigation, bankruptcy, reorganization, state investigations of entity or current officers and directors	<i>Provide information regarding whether your firm, either presently or in the past, has been involved in any litigation, bankruptcy, or reorganization.</i>	Liquidity Services Operations LLC (GovDeals) has not been involved in any litigation, bankruptcy, or reorganization, presently or in the past.
Minimum of 5 public sector customer references relating to the products and services within this RFP	<i>Provide a minimum of five (5) customer references for product and/or services of similar scope dating within the past 3 years. Please try to provide references for K12, Higher Education, City/County and State entities. Provide the entity; contact name & title; city & state; phone number; years serviced; description of services; and annual volume</i>	<p>Massachusetts Port Authority Elias DeJesus, Supervisor Boston, MA 617-568-5059 edejesus@massport.com Years Serviced: 12 years Description of Services: Online government surplus auction services – <i>Top categories include snow removal equipment, buses, heavy-duty trucks, kitchen equipment, heavy equipment, scrap metal, office equipment, generators, fire trucks, storage/shipping containers, electrical supplies, boats, automobiles, industrial equipment, etc.</i> Annual Volume: \$154,000 (Total Sales: \$1.46 million)</p> <p>New York City Transit Vivian Ng, Materials Management Supervisor New York, NY 646-252-4530 vivian.ng@nyct.com Years Serviced: 2 Description of Services: Online government surplus auction services – <i>Top categories include automobiles, forklifts, buses, vehicle parts/equipment, recovered items, computers & parts, industrial equipment, elevators & parts, security equipment, photographic equipment, vans, welding equipment, generators, etc.</i> Annual Volume: \$1.5 million (Total Sales: \$2.1 million)</p> <p>Columbus Fleet Management James Niggemeyer, Fleet Administrative Specialist Columbus, OH</p>

614-645-6213 | jdnggemeyer@columbus.gov

Years Serviced: 2

Description of Services: Online government surplus auction services – *Top categories include heavy duty trucks, light duty trucks, automobiles, SUVs, vans, garbage trucks, mowing equipment, vehicle equipment/parts, street sweepers, industrial equipment, garbage trucks, heavy equipment, trailers, etc.*

Annual Volume: \$2 million (Total Sales: \$3.6 million)

Waukesha County

Tom Zembruski, Fleet Manager

Waukesha, WI 53188

262-896-8000 | tzembruski@waukeshacounty.gov

Years Serviced: 6

Description of Services: Online government surplus auction services – *Top categories include SUVs, heavy-duty trucks, light-duty trucks, vans, automobiles, farm tractors, mowing equipment, heavy equipment, all-terrain vehicles, industrial equipment, highway equipment, etc.*

Annual Volume: \$689,000 (Total Sales: \$3.6 million)

Miami-Dade County

Terrence D. Thompson, Manager

Hialeah, FL

305-592-3752 | terrt@miamidade.gov

Years Serviced: 8 years

Description of Services: Online government surplus auction services – *Top categories include automobiles, light-duty trucks, heavy-duty trucks, vans, heavy equipment, buses, trailers, industrial equipment, computers & parts, aviation, SUVs, scrap metal, tools, etc.*

Annual Volume: \$5.6 million (Total Sales: \$23 million)

State of Missouri – Agency for Surplus Property

Michelle Collier, Administrative Support Assistant

Jefferson City, MO

573-522-4865 | michelle.collier@oa.mo.gov

Years Serviced: 17 years

Description of Services: Online government surplus auction services – *Top categories include automobiles, furniture, computers & parts, tools, light-duty trucks, heavy-duty trucks, vans, boats, kitchen equipment, aviation, office equipment, communication*

equipment, mowing equipment, SUVs, laboratory equipment, medical equip., aircraft, etc.
Annual Volume: \$1.6 million (Total Sales: \$23 million)

City and County of Denver
Kris Deutmeyer, Surplus Administrator
Denver, CO
720-913-8247 | Kristopher.deutmeyer@denvergov.org

Years Serviced: 8 years

Description of Services: Online government surplus auction services – *Top categories include heavy-duty trucks, garbage trucks, SUVs, light-duty trucks, lost/abandoned property, automobiles, asphalt equipment, mowing equipment, snow removal equipment, motorcycles, bicycles, personal electronics, tools, furniture, vehicle equipment & parts, computers & parts, clothing, exercise equipment, office equip., etc.*

Annual Volume: \$1.5 million (Total Sales: \$14.5 million)

District of Columbia Government
Marvin Manassa, Director of Surplus Property
Washington, DC

202-576-7352 | marvin.manassa@dc.gov

Years Serviced: 11 years

Description of Services: Online government surplus auction services – *Top categories include computers & parts, heavy-duty trucks, light-duty trucks, vans, automobiles, buses, heavy equipment, street sweepers, garbage trucks, generators, office equipment, kitchen equipment, medical equipment, furniture, A/V equipment, communication equipment, etc.*

Annual Volume: \$5.2 million (Total Sales: \$24 million)

Marysville Joint Unified School District
Amber Watson, Director of Nutrition Services
Marysville, CA

530-749-6178 | awatson@mjUSD.com

Years Serviced: 4 years

Description of Services: Online government surplus auction services – *Top categories include buses, heavy-duty trucks, vans, kitchen equipment, and SUVs*

Annual Volume: \$75,000 (Total Sales: \$225,000)

North East Independent School District
Art Suarez, CRMS Manager

		San Antonio, TX 210-805-5218 asuare6@neisd.net Years Served: 12 years Description of Services: Online government surplus auction services – <i>Top categories include buses, HVAC equipment, computers & parts, kitchen equipment, tools, light-duty trucks, vans, heavy-duty trucks, mowing equipment, woodworking equipment, A/V equipment, clothing, janitorial equipment, musical equipment, furniture, etc.</i>
	<i>Provide a copy of all current licenses, registrations and certifications issued by federal, state and local agencies, and any other licenses, registrations or certifications from any other governmental entity with jurisdiction, allowing Respondent to perform the covered services including, but not limited to licenses, registrations or certifications. M/WBE, HUB, DVBE, small and disadvantaged business certifications and other diverse business certifications, as well as manufacturer certifications for sales and service must be included if applicable</i>	GovDeals maintains applicable business licensing throughout the U.S. and Canada in compliance with our clients' local ordinances. These include auction business licenses in Florida, Georgia, Louisiana, Minnesota, and Pennsylvania, and used vehicle dealer licenses in Ontario and British Columbia. Copies of these licenses are provided in Form 3 as requested.
Company profile and capabilities	<i>What best describes your position in the distribution channel? (Manufacturer, Authorized Distributor, Value-Add Reseller, Other</i>	Software Developer and Service Provider
Other factors relevant to this section as submitted by the Respondent	<i>If your company is a privately held organization, please indicate if the company is owned or operated by anyone who has been convicted of a felony. If yes, a detailed explanation of the names and conviction is required.</i>	N/A
		Provide a copy of all current licenses, registrations and certifications issued by federal, state and local agencies, and any other licenses, registrations or certifications from any other governmental entity with jurisdiction, allowing Respondent to perform the covered services. These will be provided in the space provided in Form 6. No answer is required here.
MWBE Status and/or Program Capabilities (10 Points)		
MWBE status, subcontractor plan, and/or joint venture program	<i>Please indicate whether you hold any diversity certifications, including, but not limited to MWBE, SBE, DBE, DVBE, HUB, or HUBZone</i>	Liquidity Services Operations LLC does not carry any such certifications.
	<i>Do you currently have a diversity program in place, such as a Mentor Protégé Program or subcontractor program? If you have a diversity program, please describe it and indicate whether you plan to offer your program or</i>	Liquidity Services Operations LLC does not provide any such programs.

	<i>partnership through Equalis Group?</i>	
	Please attach any certifications you have as part of your response to Form 6.	
Good faith efforts to involve MWBE subcontractors in response	<i>Did your company contact MWBEs or minority chambers of commerce by telephone, written correspondence, or trade associations at least one week before the due date of this RFP to provide information relevant to this opportunity and to determine whether any MWBEs were interested in subcontracting and/or joint ventures?</i>	GovDeals' innovative online auction platform operates as a self-performing service provider. As such, no subcontractors are expected to be utilized in connection with this contract. However, should the need arise to solicit new subcontracting opportunities, GovDeals will make outreach to MWBEs or minority chambers of commerce as applicable.
Demonstrated ongoing MWBE program	<i>Outline your subcontractor strategy and efforts your organization takes to include MWBE subcontractors in future work, including but not limited to efforts to reach out to individual MWBE businesses, minority chambers of commerce, and other minority business and trade associations.</i>	GovDeals' innovative online auction platform operates as a self-performing service provider. As such, no subcontractors are expected to be utilized in connection with this contract. However, should the need arise to solicit new subcontracting opportunities, GovDeals will make outreach to MWBEs or minority chambers of commerce as applicable.
Commitment to Service Equalis Group Members (10 Points)		
Marketing plan, capability, and commitment	<i>Detail how your organization plans to market and promote this contract upon award, including how this contract will fit into your organization's current go-to-market strategy in the public sector.</i>	GovDeals will continue to market this contract as follows: <ul style="list-style-type: none"> • Promotion by the 50+ field-based sales managers and account managers • Promotion at the 140+ national, regional and local trade shows and seminars we attend annually • Encouraging cooperative contract utilization when pitching our service to prospective clients and when responding to solicitations
	<i>Detail how your organization will train your sales force and customer service representatives on this contract to ensure that they can competently and consistently present the contract to public agency customers and answer any questions they might have concerning it.</i>	If awarded the Region 10 ESC contract, all GovDeals Business Development Managers and Account Managers will be briefed on the particulars of the contract and how best to promote the contract to applicable public agencies. John Littler, Senior Manager of Business Development, will be the main contact for this contract and will be available to help answer any questions potential public agency customers might have concerning it.
	<i>Acknowledge that your organization agrees to provide its company logo(s) to Region 10 ESC and Equalis Group and agrees to provide permission for reproduction of such logo in marketing communications and promotions</i>	GovDeals agrees to provide our company logo to Region 10 ESC and Equalis Group to use in marketing communications and promotions.
Ability to manage a cooperative contract	<i>Describe the capacity of your company to report monthly sales through this agreement to</i>	GovDeals has a built-in Partner Report which provides sales reports for all cooperative

	<i>Equalis Group.</i>	participants and can be run in any date range, e.g., monthly or quarterly. Additionally, Christy Logan, Senior Manager, Business Development Operations, is responsible for ensuring detailed cooperative reports are accurate and reliably delivered to our cooperative contract holders when required. GovDeals is experienced in reporting quarterly sales to cooperative entities and will efficiently and consistently do so throughout this contract.
	<i>Identify any contracts with other cooperative or government group purchasing organizations of which your company is currently a part of:</i>	<p>Cooperatives:</p> <ul style="list-style-type: none"> • Sourcewell • NASPO ValuePoint • Omnia Partners (Region 4 ESC) • BuyBoard • Goodbuy Cooperative (Region 2 ESC)
Commitment to supporting agencies to utilize the contract	<i>If awarded a contract, how would you approach agencies in regards to this contract? Please indicate how this would work for both new customers to your organization, as well as existing.</i>	<p>The management team at GovDeals, led by its Vice President and General Manager, Steve Kranzusch, will enthusiastically endorse and sponsor the Region 10 ESC and Equalis Group contract if awarded. With extensive cooperative award experience and knowledgeable teams already in place throughout the U.S. and Canada, GovDeals is well positioned to leverage this award.</p> <p>Clients that are qualified to utilize the Region 10 ESC cooperative contract will be identified and informed of the opportunity by their regional Business Development Manager or Account Manager.</p> <p>For new customers, the GovDeals website enables Agencies to sign- up online and designate Region 10 ESC as their contracting vehicle. GovDeals will receive this one-time “order” and the Member’s account will be established according to the options chosen at sign-up. Existing customers’ accounts can be easily modified by their Account Managers to adopt the cooperative contract, if desired.</p>
Other factors relevant to this section as submitted by the Respondent	<i>Provide the number of sales representatives which will work on this contract and where the sales representatives are located.</i>	GovDeals has 25 sales representatives nationwide that will work on this contract in terms of promoting and executing cooperative participation.

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Liquidity Services, Inc. and Subsidiaries

Opinion on Internal Control over Financial Reporting

We have audited Liquidity Services, Inc. and Subsidiaries' internal control over financial reporting as of September 30, 2021, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Liquidity Services, Inc. and Subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of September 30, 2021, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of Liquidity Services, Inc. as of September 30, 2021 and 2020, the related consolidated statements of operations, comprehensive income (loss), stockholders' equity and cash flows for each of the three years in the period ended September 30, 2021, and the related notes and financial statement schedule listed in the Index at Item 15(a) and our report dated December 9, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Tysons, Virginia
December 9, 2021

Item 9B. Other Information.

On December 6, 2021, the Company's Board of Directors authorized the repurchase of up to \$20.0 million of the Company's outstanding shares of common stock through December 31, 2023. The timing and actual number of shares repurchased will depend on a variety of factors, including price, general business and market conditions, and the existence of alternative investment opportunities. The repurchase program will be executed consistent with the Company's capital allocation strategy of prioritizing investment to grow the business over the long term.

Under the repurchase program, repurchases can be made from time to time using a variety of methods, including open market purchases, all in compliance with the rules of the United States Securities and Exchange Commission (the "SEC") and other applicable legal and regulatory requirements.

The repurchase program does not obligate the Company to acquire any particular amount of common shares, and the repurchase program may be suspended or discontinued at any time at the Company's discretion.

PART III**Item 10. Directors, Executive Officers and Corporate Governance.**

Incorporated by reference from the Company's Proxy Statement relating to its 2022 Annual Meeting of Stockholders to be filed with the SEC within 120 days after September 30, 2021.

Code of Ethics, Governance Guidelines and Committee Charters

We have adopted a Code of Conduct that applies to all of our directors, officers and employees, including our principal executive, principal financial and principal accounting officers, or persons performing similar functions. The Code of Conduct is available on our website at <http://investors.liquidityservices.com>. We intend to disclose future amendments to certain provisions of the Code of Conduct, and waivers of the Code of Conduct granted to executive officers and directors, on the website within four business days following the date of the amendment or waiver.

Item 11. Executive Compensation.

Incorporated by reference from the Company's Proxy Statement relating to its 2022 Annual Meeting of Stockholders to be filed with the SEC within 120 days after September 30, 2021.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholders Matters.

Incorporated by reference from the Company's Proxy Statement relating to its 2022 Annual Meeting of Stockholders to be filed with the SEC within 120 days after September 30, 2021.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Incorporated by reference from the Company's Proxy Statement relating to its 2022 Annual Meeting of Stockholders to be filed with the SEC within 120 days after September 30, 2021.

Item 14. Principal Accountant Fees and Services.

Incorporated by reference from the Company's Proxy Statement relating to its 2022 Annual Meeting of Stockholders to be filed with the SEC within 120 days after September 30, 2021.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

	<u>Page</u>
(a)	
(1)	The following documents related to the financial statements are filed as part of this report:
	Report of Independent Registered Public Accounting Firm 53
	Consolidated Balance Sheets as of September 30, 2021 and 2020 55
	Consolidated Statements of Operations for the years ended September 30, 2021, 2020 and 2019 56
	Consolidated Statements of Comprehensive Income (Loss) for the years ended September 30, 2021, 2020 and 2019 57
	Consolidated Statements of Stockholders' Equity for the years ended September 30, 2021, 2020 and 2019 58
	Consolidated Statements of Cash Flows for the years ended September 30, 2021, 2020 and 2019 59
	Notes to the Consolidated Financial Statements 60
(2)	The following financial statement schedule is filed as part of this report: Schedules for the three years ended September 30, 2021, 2020 and 2019: II—Valuation and Qualifying Accounts 87
	All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required or are inapplicable and therefore have been omitted.
(3)	The documents required to be filed as exhibits to this report under Item 601 of Regulation S-K are listed in the Exhibit Index included elsewhere in this report, which list is incorporated herein by reference.

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Liquidity Services, Inc. and Subsidiaries

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Liquidity Services, Inc. and Subsidiaries (the Company) as of September 30, 2021 and 2020, the related consolidated statements of operations, comprehensive income (loss), stockholders' equity and cash flows for each of the three years in the period ended September 30, 2021, and the related notes and financial statement schedule listed in the Index at Item 15(a) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at September 30, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended September 30, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of September 30, 2021, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated December 9, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosure to which it relates.

Valuation Allowance

Description of the Matter

As described in Note 10 to the consolidated financial statements, at September 30, 2021, the Company had deferred tax assets related to deductible temporary differences and carryforwards of \$54.3 million, net of a \$13.8 million valuation allowance. Deferred tax assets are reduced by a valuation allowance if, based on the weight of all available evidence, in management's judgment it is more likely than not that some portion, or all, of the deferred tax assets will not be realized. During the year ended September 30, 2021, the Company reduced its valuation allowance by \$27.9 million as a result of a change in its estimate of forecasted future taxable income.

Auditing management's assessment of the realizability of its deferred tax assets involved complex auditor judgment because management's estimate of future taxable income is highly judgmental as it requires the evaluation of positive and negative evidence of realization, including the consideration of historical operating losses, and is based on assumptions that may be affected by future performance, market or economic conditions.

*How We Addressed
the Matter in Our
Audit*

We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls that address the risks of material misstatement relating to the realizability of deferred tax assets. This included controls over management's scheduling of the future reversal of existing taxable temporary differences, identification and use of available tax planning strategies and projections of future taxable income.

To test the Company's assessment of the realizability of its deferred tax assets, our substantive audit procedures included, among others, testing the Company's scheduling of the reversal of existing temporary taxable differences. We evaluated the assumptions used by the Company to develop projections of future taxable income by jurisdiction and tested the completeness and accuracy of the underlying data used in its projections. For example, we compared the projections of future taxable income with the actual results of prior periods, as well as management's consideration of current industry and economic trends. We also assessed the historical accuracy of management's projections and compared the projections of future taxable income with other forecasted financial information prepared by the Company. We further evaluated management's sensitivity analyses of the significant assumptions to consider the changes in realizability of deferred tax assets that would result from changes in the assumptions. In addition, we evaluated the adequacy of the Company's financial statement disclosures.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2001.

Tysons, Virginia
December 9, 2021

Liquidity Services, Inc. and Subsidiaries
Consolidated Balance Sheets
(Dollars in Thousands, Except Par Value)

	September 30,	
	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 106,335	\$ 76,036
Accounts receivable, net of allowance for doubtful accounts of \$490 and \$389	5,866	5,322
Inventory, net	12,468	5,607
Prepaid taxes and tax refund receivable	1,713	1,652
Prepaid expenses and other current assets	5,460	5,962
Total current assets	131,842	94,579
Property and equipment, net	17,634	17,843
Operating lease assets	13,478	10,561
Intangible assets, net	3,453	4,758
Goodwill	59,872	59,839
Deferred tax assets	23,822	806
Other assets	5,475	8,248
Total assets	\$ 255,576	\$ 196,634
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 40,611	\$ 21,957
Accrued expenses and other current liabilities	25,975	19,124
Current portion of operating lease liabilities	4,250	3,818
Deferred revenue	4,624	3,255
Payables to sellers	33,713	26,170
Total current liabilities	109,173	74,324
Operating lease liabilities	10,098	7,499
Deferred taxes and other long-term liabilities	1,290	2,996
Total liabilities	120,561	84,819
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Common stock, \$0.001 par value; 120,000,000 shares authorized; 35,457,095 shares issued and outstanding at September 30, 2021; 34,082,406 shares issued and outstanding at September 30, 2020	35	34
Additional paid-in capital	252,017	247,892
Treasury stock, at cost; 2,222,083 shares at September 30, 2021 and 547,508 shares at September 30, 2020	(36,628)	(3,983)
Accumulated other comprehensive loss	(9,011)	(9,782)
Accumulated deficit	(71,398)	(122,346)
Total stockholders' equity	135,015	111,815
Total liabilities and stockholders' equity	\$ 255,576	\$ 196,634

See accompanying notes to the consolidated financial statements.

Liquidity Services, Inc. and Subsidiaries
Consolidated Statements of Operations
(Dollars in Thousands, Except Per Share Data)

	Year Ended September 30,		
	2021	2020	2019
Revenue	\$ 146,151	\$ 127,580	\$ 147,889
Fee revenue	111,380	78,360	78,636
Total revenue	257,531	205,940	226,525
Costs and expenses from operations:			
Cost of goods sold (excludes depreciation and amortization)	107,678	96,016	102,414
Seller distributions	—	—	10,831
Technology and operations	47,673	42,158	51,594
Sales and marketing	37,635	35,629	36,703
General and administrative	28,938	29,166	34,249
Depreciation and amortization	6,969	6,290	5,091
Acquisition costs and impairment of goodwill and long-lived assets	1,464	5	102
Other operating expenses	6	573	5,049
Total costs and expenses	230,363	209,837	246,033
Income (loss) from operations	27,168	(3,897)	(19,508)
Interest and other income, net	(411)	(924)	(1,448)
Income (loss) before income taxes	27,579	(2,973)	(18,060)
(Benefit) provision for income taxes	(23,370)	801	1,200
Net income (loss)	\$ 50,949	\$ (3,774)	\$ (19,260)
Basic income (loss) per common share	\$ 1.53	\$ (0.11)	\$ (0.58)
Diluted income (loss) per common share	\$ 1.45	\$ (0.11)	\$ (0.58)
Basic weighted average shares outstanding	33,333,557	33,612,263	33,062,976
Diluted weighted average shares outstanding	35,024,108	33,612,263	33,062,976

See accompanying notes to the consolidated financial statements.

Liquidity Services, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income (Loss)
(Dollars In Thousands)

	Year Ended September 30,		
	2021	2020	2019
Net income (loss)	\$ 50,949	\$ (3,774)	\$ (19,260)
Other comprehensive (loss) income:			
Defined benefit pension plan—unrecognized amounts, net of taxes	170	(2,293)	(540)
Foreign currency translation, net of taxes	601	484	(984)
Other comprehensive income (loss), net of taxes	771	(1,809)	(1,524)
Comprehensive income (loss)	\$ 51,720	\$ (5,583)	\$ (20,784)

See accompanying notes to the consolidated financial statements.

Liquidity Services, Inc. and Subsidiaries
Consolidated Statements of Stockholders' Equity
(Dollars In Thousands)

	Common Stock			Treasury Stock		Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
	Shares	Amount	Additional Paid-in Capital	Shares	Amount			
Balance at September 30, 2018	32,774,118	\$ 33	\$ 236,115	—	—	\$ (6,449)	\$ (100,045)	\$ 129,654
Net Loss	—	—	—	—	—	—	(19,260)	(19,260)
Exercise of common stock options and vesting of restricted stock	953,066	1	589	—	—	—	—	590
Tax settlements associated with stock compensation expense	(6,906)	—	(44)	—	—	—	—	(44)
Forfeiture of restricted stock awards	(33,163)	—	—	—	—	—	—	—
Stock compensation expense	—	—	6,026	—	—	—	—	6,026
Cumulative adjustment related to adoption of ASC 606	—	—	—	—	—	—	730	730
Defined benefit pension plan—unrecognized amounts, net of taxes	—	—	—	—	—	(540)	—	(540)
Foreign currency translation and other	—	—	—	—	—	(984)	3	(981)
Balance at September 30, 2019	33,687,115	\$ 34	\$ 242,686	—	—	\$ (7,973)	\$ (118,572)	\$ 116,175
Net Loss	—	—	—	—	—	—	(3,774)	(3,774)
Exercise of common stock options and vesting of restricted stock	494,683	—	111	—	—	—	—	111
Tax settlements associated with stock compensation expense	(84,392)	—	(594)	—	—	—	—	(594)
Forfeiture of restricted stock awards	(15,000)	—	—	—	—	—	—	—
Common stock repurchases	—	—	—	(547,508)	(3,983)	—	—	(3,983)
Stock compensation expense	—	—	5,689	—	—	—	—	5,689
Defined benefit pension plan—unrecognized amounts, net of taxes	—	—	—	—	—	(2,293)	—	(2,293)
Foreign currency translation and other	—	—	—	—	—	484	—	484
Balance at September 30, 2020	34,082,406	\$ 34	\$ 247,892	(547,508)	\$ (3,983)	\$ (9,782)	\$ (122,346)	\$ 111,815
Net income	—	—	—	—	—	—	50,949	50,949
Exercise of common stock options, grants of restricted stock awards, and vesting of restricted stock units	1,605,618	1	444	—	—	—	—	445
Taxes paid associated with net settlement of stock compensation awards	(217,196)	—	(3,915)	—	—	—	—	(3,915)
Common stock repurchases	—	—	—	(1,591,963)	(31,143)	—	—	(31,143)
Common stock surrendered in the exercise of stock options	—	—	1,502	(82,612)	(1,502)	—	—	—
Forfeiture of restricted stock awards	(13,733)	—	—	—	—	—	—	—
Stock compensation expense	—	—	6,094	—	—	—	—	6,094
Defined benefit pension plan—unrecognized amounts, net of taxes	—	—	—	—	—	170	—	170
Foreign currency translation	—	—	—	—	—	601	(1)	600
Balance at September 30, 2021	35,457,095	\$ 35	\$ 252,017	(2,222,083)	\$ (36,628)	\$ (9,011)	\$ (71,398)	\$ 135,015

See accompanying notes to the consolidated financial statements.

Liquidity Services, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(Dollars In Thousands)

	Year Ended September 30,		
	2021	2020	2019
Operating activities			
Net income (loss)	\$ 50,949	\$ (3,774)	\$ (19,260)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	6,969	6,290	5,091
Change in fair value of earn-out liability	—	200	3,500
Stock compensation expense	6,947	5,660	6,508
Inventory adjustment to net realizable value	174	300	331
Provision for doubtful accounts	297	200	178
Deferred tax (benefit) expense	(24,510)	106	136
Impairment of long-lived and other non-current assets	1,338	—	—
Loss (gain) on disposal of property and equipment	80	(29)	(15)
Gain on disposal of lease assets	(23)	—	—
Changes in operating assets and liabilities:			
Accounts receivable	(843)	1,182	(2,012)
Inventory	(7,035)	(64)	3,948
Prepaid taxes and tax refund receivable	(61)	878	(811)
Prepaid expenses and other assets	(2,022)	1,375	1,554
Operating lease assets and liabilities	(79)	(187)	—
Accounts payable	18,554	6,907	1,191
Accrued expenses and other current liabilities	6,060	(8,198)	1,999
Distributions payable	—	(1,675)	(453)
Deferred revenue	1,369	207	906
Payables to sellers	7,543	5,917	(8,716)
Other liabilities	(290)	1,183	(317)
Net cash provided by (used in) operating activities	65,417	16,478	(6,242)
Investing activities			
Increase in intangibles	(33)	(62)	(23)
Purchases of property and equipment, including capitalized software	(5,419)	(4,186)	(5,938)
Proceeds from note receivable	4,343	2,824	—
Proceeds from sale of property and equipment	105	71	247
Purchase of short-term investments	—	(25,000)	(70,000)
Maturities of short-term investments	—	55,000	60,000
Net cash (used in) provided by investing activities	(1,004)	28,647	(15,714)
Financing activities			
Payments of the principal portion of finance lease liabilities	(42)	(34)	—
Proceeds from exercise of common stock options (net of tax)	445	111	590
Taxes paid associated with net settlement of stock compensation awards	(3,915)	(594)	(44)
Payment of earn-out liability related to business acquisition	—	(1,200)	—
Common stock repurchases	(31,143)	(3,983)	—
Net cash (used in) provided by financing activities	(34,655)	(5,700)	546
Effect of exchange rate differences on cash and cash equivalents	541	114	(541)
Net increase (decrease) in cash and cash equivalents	30,299	39,539	(21,951)
Cash and cash equivalents at beginning of year	76,036	36,497	58,448
Cash and cash equivalents at end of year	\$ 106,335	\$ 76,036	\$ 36,497
Supplemental disclosure of cash flow information			
Cash paid (received for) for income taxes, net of refunds	1,442	(1,519)	1,008
Non-cash: Common stock surrendered in the exercise of stock options	1,502	—	—

See accompanying notes to the consolidated financial statements.

Liquidity Services, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

1. Organization

Liquidity Services, Inc. (the Company) is a leading global commerce company providing trusted marketplace platforms that power the circular economy. We create a better future for organizations, individuals, and the planet by capturing and unleashing the intrinsic value of surplus. We connect millions of buyers and thousands of sellers through our leading auction marketplaces, search engines, asset management software, and related services. Our comprehensive solutions enable the transparent, efficient, sustainable recovery of value from excess items owned by business and government sellers.

We believe our ability to create liquid marketplaces for surplus and idle assets generates a continuous flow of goods from our sellers. This valuable and reliable flow of goods, in turn, attracts an increasing number of buyers to our marketplaces. Increasing numbers of buyers to our marketplaces, in turn, attracts more sellers to our marketplaces which, in turn, reinforces a valuable and reliable flow of surplus assets.

Results from our operations are organized into four reportable segments: Retail Supply Chain Group (RSCG), Capital Assets Group (CAG), GovDeals, and Machinio. See Note 16 to the Consolidated Financial Statements for Segment Information.

We were incorporated in Delaware in November 1999 as Liquidation.com, Inc. and commenced operations in early 2000.

On November 1, 2021, we acquired Bid4Assets, Inc. (Bid4Assets), a Maryland corporation based in Silver Spring, MD. Bid4Assets auctions distressed real estate for the federal government, sheriffs, county-tax collectors, financial institutions, and real estate funds. See Note 17 - *Subsequent Events* for more information regarding this transaction.

The Company's operations are subject to certain risks and uncertainties, many of which are associated with technology-oriented companies, including, but not limited to, the Company's dependence on use of the Internet; the effect of general business and economic trends, including the extent and duration of the COVID-19 pandemic; the Company's susceptibility to rapid technological change; actual and potential competition by entities with greater financial and other resources; and the potential for the commercial sellers from which the Company derives a significant portion of its inventory to change the way they conduct their disposition of surplus assets or to otherwise terminate or not renew their contracts with the Company.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect amounts in the consolidated financial statements and accompanying notes. For the year ended September 30, 2021, these estimates required the Company to make assumptions about the extent and duration of restrictions on cross-border transactions and the impact of the COVID-19 pandemic on macroeconomic conditions and, in turn, the Company's results of operations. As there remains uncertainty associated with the Pandemic, the Company will continue to update its assumptions as conditions change. Actual results could differ significantly from those estimates.

Principles of Consolidation and Basis of Presentation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). In addition, in the opinion of management, all adjustments (consisting of normal, recurring accruals) considered necessary for a fair presentation of the results for the periods presented have been included.

Business Combinations

The Company recognizes all of the assets acquired, liabilities assumed, contractual contingencies, and contingent consideration at their fair value on the acquisition date. Acquisition-related costs are recognized separately from the acquisition and expensed as incurred. Restructuring costs incurred in periods subsequent to the acquisition date are expensed when incurred. Subsequent changes to the purchase price (*i.e.*, working capital adjustments) or other fair value adjustments determined during the measurement period are recorded as an adjustment to goodwill, with the exception of contingent consideration, which is recognized in the statement of operations in the period it is modified. All subsequent changes to a valuation allowance or uncertain tax position that relate to the acquired company and existed at the acquisition date that occur both within the measurement period and as a result of facts and circumstances that existed at the acquisition date are recognized as an adjustment to goodwill. All other changes in valuation allowances are recognized as a reduction or increase to income tax expense or as a direct adjustment to additional paid-in capital as required.

Cash and Cash Equivalents

The Company considers all highly liquid securities purchased with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are recorded at the invoiced amount and are non-interest bearing. The Company maintains an allowance for doubtful accounts to reserve for potentially uncollectible receivables. Allowances are based on management's judgment, which considers historical bad debt experience, a specific review of all significant outstanding invoices, and an assessment of general economic conditions.

Inventory

Inventory consists of property obtained for resale, generally through the online auction process, and is stated at the lower of cost or net realizable value. Cost is generally determined using the specific identification method. Costs associated with our warehouse operations are expensed as incurred and included within Technology and operations expenses in the Statements of Operations. Charges for unsellable inventory, as well as for inventory written down to net realizable value, are included in Cost of goods sold in the period in which they have been determined to occur. As of September 30, 2021 and September 30, 2020, the Company's inventory reflects write-downs of \$0.2 million and \$0.3 million, respectively.

Prepaid expenses and other current assets

Prepaid expenses and other current assets include the short-term portion of a promissory note (described in "Other Assets"), as well as other miscellaneous prepaid expenses.

Other Assets

On September 30, 2015, the Company sold certain assets related to its Jacobs Trading business to Tanager Acquisitions, LLC ("Tanager"). In connection with the disposition, Tanager assumed certain liabilities related to the Jacobs Trading business. Tanager issued a \$12.3 million five-year interest-bearing promissory note to the Company.

On October 10, 2019, the Company entered into a Forbearance Agreement and Amendment to Note, Security Agreement and Guaranty Agreement (the "Forbearance Agreement") with Tanager (now known as Jacobs Trading, LLC) and certain of its affiliates (collectively, "JTC"). In exchange for additional collateral, security, and a higher interest rate, the Company granted JTC a new repayment schedule that requires quarterly payments to be made from August 2020 to August 2023. Upon execution of the Forbearance Agreement, JTC repaid \$2.5 million in principal, plus \$0.4 million of accrued interest. As of March 31, 2021, JTC had repaid \$7.7 million of the \$12.3 million owed to the Company and had an outstanding principal balance of \$4.6 million.

On May 12, 2021, the Company entered into the First Amendment to the Forbearance Agreement with JTC, providing JTC with full satisfaction and discharge from its indebtedness upon receipt of a \$3.5 million payment made on May 17, 2021. As a result, the Company recorded a \$1.1 million loss as component of Other operating expenses in its Consolidated Statement of Operations during the year ended September 30, 2021, representing the difference between the \$4.6 million outstanding balance of principal and accrued interest and the \$3.5 million payment received.

Property and Equipment

Property and equipment are recorded at cost, and depreciated or amortized on a straight-line basis over the following estimated useful lives:

Computers and purchased software	One to five years
Office/operational equipment	Three to five years
Furniture and fixtures	Five to seven years
Internally developed software for internal-use	Five years
Leasehold improvements	Shorter of lease term or useful life
Buildings	Thirty-nine years
Vehicles	Five years
Land	Not depreciated

Leases

The Company determines if an arrangement is a lease upon inception. A contract is or contains a lease if the contract provides the right to control the use of an identified asset for a period of time.

Lease assets and liabilities are recognized at the lease commencement date at an amount equal to the present value of the lease payments to be made over the lease term. The lease payments represent the combination of lease and nonlease components. The discount rate used to determine the present value is the Company's incremental borrowing rate for a duration that is consistent with the lease term, as the rates implicit in the Company's leases are generally not determinable. The Company's incremental borrowing rate is estimated using publicly available information for companies with comparable financial profiles, adjusted for the impact of collateralization. The lease term includes the impacts of options to extend or terminate the lease only if it is reasonably certain that the option will be exercised.

Lease expense related to operating lease assets and liabilities is recognized on a straight-line basis over the lease term. Lease expense related to finance lease assets is recognized on a straight-line basis over the shorter of the useful life of the asset or the lease term, while lease expense related to finance lease liabilities is recognized using the interest method. Lease-related payments not included in the determination of the lease assets and liabilities, such as variable lease payments, are expensed as incurred.

Lease assets and liabilities are not recognized when the lease term is 12 months or less, however, short-term lease expense is still recognized on a straight-line basis over the lease term.

Balances related to the Company's finance leases are included with Other assets (finance lease assets), Accrued expenses and other liabilities (current portion of finance lease liabilities), and Deferred taxes and other long-term liabilities (non-current portion of finance lease liabilities).

Lease assets are assessed for impairment in accordance with the Company's accounting policy for the impairment of long-lived assets.

Intangible Assets

Intangible assets consist of contract intangibles, brand and technology, and patent and trademarks. Intangible assets are amortized using the straight-line method over their estimated useful lives.

Impairment of Long-Lived Assets

Long-lived assets, including definite-lived intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. If an impairment indicator is present, the Company evaluates recoverability by comparing the carrying amount of the assets to future undiscounted net cash flows expected to be generated by the assets. If the assets are impaired, the impairment recognized is measured by the amount by which the carrying amount exceeds the estimated fair value of the assets. The Company did not record impairment charges on material long-lived assets during the years ended September 30, 2021, 2020, and 2019.

Goodwill

Goodwill represents the costs in excess of the fair value of net assets acquired through acquisitions by the Company. The Company reviews goodwill for impairment annually on July 1, or more frequently if events or circumstances indicate impairment may exist. Examples of such events or circumstances could include a significant change in business climate or the loss of a significant contract.

In evaluating goodwill for impairment, the Company may first assess qualitative factors to determine whether it is more likely than not (that is, a likelihood of more than 50 percent) that the fair value of a reporting unit is less than its carrying amount. If the Company concludes that it is not more likely than not that the fair value of the reporting unit is less than its carrying value, no further testing of goodwill assigned to the reporting unit is required. If the Company concludes that it is more likely than not that the fair value of a reporting unit is less than its carrying value, the Company applies a fair value-based test.

The Company generally tests its goodwill for impairment using a fair-value based test, where the Company determines the fair value of each of its reporting units and compares that amount to the carrying amount of the respective reporting units, including goodwill. If the fair value of the reporting unit exceeds its carrying amount, no impairment loss is recognized. If, instead, the carrying value of the reporting unit exceeds its fair value, an impairment loss is recognized in the amount of the excess carrying value.

Deferred Revenue

Deferred revenue is primarily derived from Machinio Advertising and System subscriptions that range from one to forty months. Subscription fees are recognized ratably over the term of the agreements.

Revenue Recognition

In the Consolidated Statements of Operations, revenue from the resale of inventory that the Company purchases from sellers is recognized within Revenue. Revenue from the sale of inventory that the Company sells on a consignment basis, and other non-consignment fee revenue, which includes Machinio's sales listing subscription service as well as other services including returns management and refurbishment of assets, is recognized within Fee Revenue.

The Company adopted the Financial Accounting Standard Board's (FASB) Accounting Standards Codification (ASC) Topic 606, Revenue from Contracts with Customers (ASC 606) effective October 1, 2018.

The Company recognizes revenue when or as performance obligations are satisfied and control is transferred to the customer. Revenue is recognized in the amount that reflects the consideration to which the Company expects to be entitled.

Revenue is also evaluated to determine whether the Company should report the gross proceeds as revenue, when the Company acts as the principal in the arrangement, or the Company should report its revenue on a net basis, when the Company acts as an agent. Specifically, when other parties are involved in providing goods or services to a customer, the Company must determine whether the nature of its promise is a performance obligation to provide the specified goods or services itself, or to arrange for another party to provide them. The Company evaluates the following factors to determine if it is acting as a principal: (1) whether the Company is primarily responsible for fulfilling the promise to provide the asset or assets; (2) whether the Company has inventory risk of the asset or assets before they are transferred to the buyer; and (3) whether the Company has discretion in establishing the price for the asset or assets.

The Company enters into contracts with buyers and sellers. The Company has master agreements with some sellers pertaining to the sale of a flow of surplus assets over the term of the master agreement; however, a revenue contract for accounting purposes exists when the Company agrees to sell a specific asset or assets. When acting as a principal (a "purchase" arrangement), the Company purchases an asset or assets from a seller and then the Company seeks to sell the asset or assets to a buyer. The Company recognizes as Revenue the gross proceeds from the sale, including buyer's premiums. In purchase arrangements, the contract with the seller is not a revenue contract in the scope of the revenue recognition guidance; rather, it is a purchase of inventory. When the Company is acting as an agent (a "consignment" arrangement), its performance obligation is to arrange for the seller to sell an asset or assets to the buyer directly. The Company recognizes Fee Revenue based on the sales commissions that are paid to the Company by the sellers for utilizing the Company's services; in this situation, sales commissions represent a percentage of the gross proceeds from the sale that the seller pays to the Company upon completion of the transaction.

In both purchase and consignment contracts, the Company sometimes provides distinct services to the seller, such as returns management, refurbishment of assets, or valuation services. These services are distinct because the seller could benefit from the services separately from the asset sale, and as such they are treated as separate performance obligations. Some services provided to sellers are not distinct, like providing access to the Company's e-commerce marketplaces or promoting the asset or assets for sale, because they could not benefit the seller separately from the sale of the asset or assets.

The consideration received from buyers and sellers includes (1) buyer's premiums, (2) seller's commissions, and (3) fees for services, including reimbursed expenses. Consideration is variable based on units, final auction prices, or other factors, until the buyer's purchase of the asset or assets is complete, or the service has been provided. Recognition of variable consideration that is based on the results of auctions or purchases by buyers is constrained until those transactions have been finalized. The Company estimates and recognizes amounts related to sales returns, discounts or rebates promised to customers, and reimbursed expenses, however, those estimates are not significant relative to the Company's consolidated revenues. The total transaction price is allocated to each distinct performance obligation and revenue is recognized when or as the performance obligation is satisfied. Variable consideration is allocated to individual performance obligations when the variable consideration is related to satisfying that performance obligation and consistent with the allocation objective. The Company's revenue is generally recorded subsequent to receipt of payment authorization, utilizing credit cards, wire transfers and PayPal, an Internet-based payment system, as methods of payments. Goods are generally not shipped before payment is received. For certain transactions, payment is due upon invoice and the payment terms vary depending on the business segment.

The Company collects and remits sales taxes on merchandise that it purchases and sells and has elected the practical expedient to report such amounts under the net method in its Consolidated Statements of Operations. The Company also provides shipping and handling services in some arrangements and has elected the practical expedient to treat those activities as a fulfillment cost. If the Company is acting as a principal for the combined obligation, amounts received from customers for shipping are recognized as Revenue, and amounts paid for shipping are recognized as costs of goods sold. If the Company is acting as an agent for the combined obligation, shipping revenue and costs will be netted and recognized within costs of goods sold.

The Company's performance obligations are satisfied when control of the asset is transferred to the buyer or when the service is completed. The Company determines when control has transferred by evaluating the following five indicators: (1) whether the Company has a present right to payment for the asset or assets; (2) whether the buyer has legal title to the asset; (3) whether the buyer has physical possession of the asset or assets; (4) whether the buyer has the significant risks and rewards of ownership; and (5) whether the buyer has accepted the asset or assets.

For the Company's Machinio business segment, the performance obligation is satisfied over time as the Company provides the services over the term of the subscription. At September 30, 2021, the Machinio business segment had a remaining performance obligation of \$4.6 million; the Company expects to recognize the substantial majority of that amount as Fee Revenue over the next 12 months.

Cost of Goods Sold

Cost of goods sold includes the costs of purchasing inventory, transporting property for auction, shipping and handling costs, and credit card transaction fees. For transactions where the Company resells inventory that was purchased from sellers, the cost of goods sold includes the cost of that inventory, generally using specific identification. There are no inventory costs associated with consignment sales.

Contract Assets and Liabilities

Contract assets reflect an estimate of expenses that will be reimbursed upon settlement with a seller. The contract asset balance was \$0.4 million as of September 30, 2020 and \$0.6 million as of September 30, 2021 and is included in the line item Prepaid expenses and other current assets on the consolidated balance sheets.

Contract liabilities reflect obligations to provide services for which the Company has already received consideration, and generally arise from up-front payments received in connection with Machinio's subscription services. The contract liability balance was \$3.3 million as of September 30, 2020, and \$4.6 million as of September 30, 2021 and is included in the line item Deferred revenue on the consolidated balance sheets. Of the September 30, 2020 contract liability balance, \$3.2 million was earned as Fee Revenue during the year ended September 30, 2021.

Contract Costs

Contract costs relate to sales commissions paid on subscription contracts that are capitalized within our Machinio segment. Contract costs are amortized over the expected life of the customer contract. The contract cost balance was \$1.6 million as of September 30, 2021 and \$0.7 million as of September 30, 2020 and is included in the line item Prepaid expenses and other current assets and Other assets on the consolidated balance sheet. Amortization expense was \$0.7 million during the year ended September 30, 2021 and was \$0.4 million during the year ended September 30, 2020.

Risk Associated with Certain Concentrations

For the majority of buyers that receive goods before payment to the Company is made, credit evaluations are performed. However, for the remaining buyers, goods are not shipped before payment is made, and as a result the Company is not subject to significant collection risk from those buyers.

For consignment sales transactions, funds are typically collected from buyers and are held by the Company on the sellers' behalf. The funds are included in Cash and cash equivalents in the consolidated financial statements. The Company releases the funds to the seller, less the Company's commission and other fees due, after the buyer has accepted the goods or within 30 days, depending on the state where the buyer and seller conduct business. The amount of cash held on behalf of the sellers is recorded as Payables to sellers in the accompanying Consolidated Balance Sheets.

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash in banks and cash equivalent money market funds in accounts which may at times exceed federally insured limits (FDIC and/or SIPC), and Accounts receivable. The Company deposits its cash and acquires cash equivalent money market funds with financial institutions that the Company considers to be of high credit quality.

Additionally, the Company has multiple vendor contracts with Amazon.com, Inc. under which it acquires and sells commercial merchandise. The property purchased under this contract represented 60.7%, 55.1%, and 43.6% of cost of goods sold for the years ended September 30, 2021, 2020, and 2019, respectively. This contract is included within the RSCG segment.

Income Taxes

The Company accounts for income taxes using an asset and liability approach for measuring deferred taxes based on temporary differences between the financial statement and income tax bases of assets and liabilities existing at each balance sheet date using enacted tax rates for the years in which the taxes are expected to be paid or recovered. The Company recognizes deferred tax assets to the extent that it believes that these assets are more likely than not to be realized. In making such determination, the Company considers all available positive and negative evidence to estimate whether future taxable income will be generated to permit use of the existing deferred tax asset. The resulting net tax asset reflects management's estimate of the amount that will be realized.

The Company applies the authoritative guidance related to uncertainty in income taxes. Accounting Standards Codification (ASC) 740 states that a benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, on the basis of technical merits. The Company's policy is to recognize interest and penalties in the period in which they occur in the income tax provision. The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction, various state and local jurisdictions and in foreign jurisdictions including, among others, Canada and the U.K.

Stock-Based Compensation

The Company has incentive plans under which stock options, restricted stock units, restricted stock awards, and stock appreciation rights are issued. The awards issued can contain service conditions, performance conditions based upon Company financial results, and/or market conditions based upon changes in the Company's stock price.

Service- and performance-based stock awards are measured at fair value on their grant date. Stock options and stock appreciation rights are measured at fair value using the Black-Scholes option-pricing model. However, because the stock appreciation rights are cash settled, they are also measured at fair value in each reporting period. The Black-Scholes option-pricing model includes assumptions for the expected term, volatility, and dividend yield, each of which are determined in reference to the Company's historical results. Where applicable, the expected term assumption is derived separately for homogenous groups within overall award population. Restricted stock units and restricted stock awards are measured at fair value using the closing price of the Company's stock on the grant date. For service-based stock awards, the Company recognizes expense on a straight-line basis over the service period, which is generally a period one to four years. For performance-based stock awards, the Company recognizes expense on a straight-line basis over the derived service period expected to be required to achieve the performance condition. The Company records a cumulative adjustment to compensation

expense for performance-based awards if there is a change in determination of whether it is probable that the performance condition will be achieved.

Market-based stock awards are measured at fair value on their grant date using a Monte Carlo simulation. The Monte Carlo simulation includes assumptions for the expected term, volatility, and dividend yield, each of which are determined in reference to the Company's historical results. For market-based stock option and restricted stock awards, the Company recognizes expense on a straight-line basis over the derived service period determined by the Monte Carlo simulation, for each stock price target within the award. The Company accelerates expense when a stock price target is achieved prior to the derived service period. The Company, however, does not reverse expense recognized if the stock price target(s) are not ultimately achieved, as required by equity accounting for market-based awards. For market-based stock appreciation rights, because they are cash settled, they are measured at fair value in each reporting period. The Company recognized expense on a straight-line basis over the derived service period determined by the Monte Carlo simulation in each reporting period, for each stock price target within the award. The Company accelerates expense when a stock price target is achieved prior to the derived service period, and reverses expense recognized if the stock price target(s) are not ultimately achieved, as required by liability accounting for market-based awards.

The Company recognizes the impact of forfeitures in the period they occur.

Compensation expense from the stock awards is included in the same lines on the consolidated statements of operations as the cash compensation to the employees receiving the stock awards.

Excess tax benefits realized from stock awards are reported as cash flows from operating activities on the consolidated statement of cash flows.

Advertising Costs

Advertising expenditures are expensed as incurred. Advertising costs charged to expense were \$3.2 million, \$2.6 million and \$2.7 million for the years ended September 30, 2021, 2020, and 2019, respectively.

Treasury Stock

Treasury stock is presented at cost, including any applicable commissions and fees, as a reduction of stockholders' equity in the consolidated balance sheets and statements of equity. Treasury stock held by us may be retired or reissued in the future.

Foreign Currency Translation

The functional currency of the Company's foreign subsidiaries is primarily the local currency. The translation of the subsidiary's financial statements into U.S. dollars is performed for balance sheet accounts using exchange rates in effect at the balance sheet date and for revenue and expense accounts using an average exchange rate during the period. The resulting translation adjustments are recognized in Accumulated other comprehensive loss, a separate component of stockholders' equity. Realized and unrealized foreign currency transaction gains and losses are included in Interest and other income, net in the Consolidated Statements of Operations.

Accumulated Other Comprehensive Loss

The following table shows the changes in accumulated other comprehensive income (loss), net of taxes (in thousands):

	Foreign Currency Translation Adjustments	Net Change Pension and Other Postretirement Benefit Plans	Accumulated Other Comprehensive Loss
Balance at September 30, 2018	\$ (7,585)	\$ 1,136	\$ (6,449)
Current-period other comprehensive (loss) income	(984)	(540)	(1,524)
Balance at September 30, 2019	(8,569)	596	(7,973)
Current-period other comprehensive (loss) income	484	(2,293)	(1,809)
Balance at September 30, 2020	(8,085)	(1,697)	(9,782)
Current-period other comprehensive (loss) income	601	170	771
Balance at September 30, 2021	<u>\$ (7,484)</u>	<u>\$ (1,527)</u>	<u>\$ (9,011)</u>

Net Income (Loss) Per Share (EPS)

See discussion of our Net income (loss) per share (EPS) determination and related calculations below at Note 3 *Earnings Per Share*.

Recent Accounting Pronouncements

Accounting Standards Adopted

On October 1, 2020, the Company adopted ASU 2018-15, *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract*. This accounting standard has not had a material impact on the Company's consolidated financial statements as no significant implementations of cloud computing arrangements have occurred since adoption.

Accounting Standards Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments (Topic 326)*, or ASC 326. ASC 326, including all amendments and related guidance, was designed to provide financial statement users with more useful information about the expected credit losses on financial instruments and other commitments to extend credit. ASC 326 will require estimation of expected credit losses using a methodology that takes into consideration a broad range of reasonable and supportable information. The guidance will be effective for the Company beginning on October 1, 2023 and will be applied on a modified-retrospective basis, with any cumulative-effect adjustment recorded to retained earnings on the adoption date. The Company is in the process of evaluating the impact ASC 326 will have on its consolidated financial statements and expects to estimate credit losses on its financial assets such as its Accounts receivable and money market funds. While the Company has not experienced significant credit losses historically, the materiality of the impact of adoption will depend on events and conditions as of the date of adoption, which cannot be determined conclusively at this time.

In December 2019, the FASB issued ASU 2019-12, *Simplifying the Accounting for Income Taxes*. ASU 2019-12 seeks to improve the consistent application of, and simplify the guidance for, the accounting for income taxes. The ASU removes certain exceptions to the general principals in ASC 740, *Income Taxes*, and clarifies and amends other existing guidance. The ASU will become effective for the Company beginning October 1, 2021. The Company does not expect the adoption of this ASU will have a material impact on its consolidated financial statements.

3. Earnings Per Share

The Company calculates basic EPS by dividing net income (loss) by the weighted-average number of common shares outstanding during the reporting period, excluding unvested restricted stock awards.

The Company calculates diluted net income (loss) per share by dividing net income (loss) by the weighted-average number of common shares and potentially dilutive common shares outstanding during the reporting period using the treasury stock method.

The Company's potentially dilutive common shares include stock options, restricted stock units, and restricted stock awards. For such awards that have performance- or market-conditions, they are considered dilutive only when those performance- or market-conditions have been satisfied as of the reporting date. However, in periods of a net loss, the Company's diluted EPS will equal its basic EPS, as all its potential common shares are anti-dilutive in that case. In periods of net income, the calculation of diluted net income per share will exclude all anti-dilutive common shares.

The computation of basic and diluted net income per share is as follows:

	Year Ended September 30,		
	2021	2020	2019
Numerator:			
Net income (loss)	\$ 50,949	\$ (3,774)	\$ (19,260)
Denominator:			
Basic weighted average shares outstanding	33,333,557	33,612,263	33,062,976
Dilutive impact of stock options, RSUs and RSAs	1,690,551	—	—
Diluted weighted average shares outstanding	35,024,108	33,612,263	33,062,976
Basic income (loss) per common share	\$ 1.53	\$ (0.11)	\$ (0.58)
Diluted income (loss) per common share	\$ 1.45	\$ (0.11)	\$ (0.58)
Stock options, RSUs and RSAs excluded from income (loss) per diluted share because their effect would have been anti-dilutive	420,454	3,526,055	4,621,199

4. DoD Contract with DLA Disposition Services

During the year ended September 30, 2019, the Company had a material vendor contract with the Department of Defense (DoD), the Scrap Contract, which concluded on September 30, 2019. Under the Scrap Contract, the Company was the remarketer of all DoD non-electronic scrap turned into the Defense Logistics Agency (DLA) available for sale within the United States, Puerto Rico, and Guam. The Company paid a revenue-sharing payment to the DLA under this contract equal to 64.5% of the gross resale proceeds of the scrap property, and the Company bore all of the costs for the sorting, merchandising and sale of the property. Revenue from the Scrap Contract accounted for 7.4% of the Company's consolidated revenue for the year ended September 30, 2019.

5. Property and Equipment

Property and equipment, including equipment under capital lease obligations, consists of the following:

	September 30,	
	2021	2020
	(in thousands)	
Computers and purchased software	\$ 1,981	\$ 2,060
Internally developed software for internal-use	18,942	13,860
Office/Operational equipment	6,373	5,781
Leasehold improvements	3,244	3,451
Building	2,158	2,151
Furniture and fixtures	655	945
Vehicles	1,129	1,043
Land	754	754
Construction in progress	956	2,353
Total property and equipment	36,192	32,398
Less: Accumulated depreciation and amortization	(18,558)	(14,555)
Total property and equipment, net	\$ 17,634	\$ 17,843

Depreciation and amortization expense related to property and equipment for the years ended September 30, 2021, 2020 and 2019, was \$5.6 million, \$4.9 million and \$3.7 million, respectively. Included in those amounts is amortization of internally developed software for internal-use of \$3.9 million, \$2.9 million and \$1.2 million, respectively.

The Company did not record impairment charges on material property and equipment during the years ended September 30, 2021, 2020 and 2019.

6. Leases

The Company has operating leases for its corporate offices, warehouses, vehicles and equipment. The operating leases have remaining terms of up to 5.3 years. Some of the leases have options to extend or terminate the leases. The exercise of such options is generally at the Company's discretion. The lease agreements do not contain any significant residual value guarantees or restrictive covenants. The Company also subleases excess corporate office space. The Company's finance leases and related balances are not significant.

The components of lease expense are:

	September 30,	
	2021	2020
	(in thousands)	
Finance lease – lease asset amortization	\$ 54	\$ 69
Finance lease – interest on lease liabilities	22	23
Operating lease cost	5,139	5,264
Operating lease impairment expense	172	—
Short-term lease cost	242	125
Variable lease cost ⁽¹⁾	1,532	1,463
Sublease income	(184)	(258)
Total net lease cost	\$ 6,977	\$ 6,686

⁽¹⁾ Variable lease costs primarily relate to the Company's election to combine non-lease components such as common area maintenance, insurance and taxes related to its real estate leases. To a lesser extent, the Company's equipment leases have variable costs associated with usage and subsequent changes to costs based upon an index.

Maturities of lease liabilities are:

Liquidity Services, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

(in thousands)	September 30, 2021	
	Operating Leases	Finance Leases
2022	\$ 4,882	\$ 78
2023	4,145	79
2024	3,076	59
2024	2,445	30
2025	1,441	30
Thereafter	212	12
Total lease payments ⁽¹⁾	\$ 16,201	\$ 288
Less: imputed interest ⁽²⁾	(1,855)	(38)
Total lease liabilities	\$ 14,346	\$ 250

⁽¹⁾ The weighted average remaining lease term is 3.7 years for operating leases and 4.1 years for finance leases.

⁽²⁾ The weighted average discount rate is 6.5% for operating leases and 6.7% for finance leases.

Additionally, the Company has approximately \$1.9 million of future payment obligations related to an executed warehouse lease agreement that has not yet commenced as of September 30, 2021.

Supplemental disclosures of cash flow information related to leases are:

(in thousands)	Year Ended September 30,	
	2021	2020
Cash paid for amounts included in operating lease liabilities	\$ 4,319	\$ 4,771
Cash paid for amounts included in finance lease liabilities	42	34
Non-cash: lease liabilities arising from new operating lease assets obtained ⁽¹⁾	3,349	12,190
Non-cash: lease liabilities arising from new finance lease assets obtained	137	10
Non-cash: adjustments to lease assets and liabilities	3,756	3,942

⁽¹⁾ Year ended September 30, 2020 amount includes \$12.2 million of lease liabilities recognized upon the adoption of ASC 842 on October 1, 2019 (see Note 2).

Liquidity Services, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

7. Goodwill

The carrying value and changes in the carrying value of goodwill attributable to each reportable segment were as follows:

Goodwill (in thousands)	CAG	GovDeals	Machinio	Total
Balance at September 30, 2018	\$ 21,530	\$ 23,731	\$ 14,558	\$ 59,819
Translation adjustments	(352)	—	—	(352)
Balance at September 30, 2019	\$ 21,178	\$ 23,731	\$ 14,558	\$ 59,467
Translation adjustments	372	—	—	372
Balance at September 30, 2020	\$ 21,550	\$ 23,731	\$ 14,558	\$ 59,839
Translation adjustments	33	—	—	33
Balance at September 30, 2021	\$ 21,583	\$ 23,731	\$ 14,558	\$ 59,872

Accumulated goodwill impairment losses as of September 30, 2021 and 2020 were \$168.6 million.

Impairment Analysis

Goodwill is tested for impairment at the beginning of the fourth quarter and during interim periods whenever events or circumstances indicate that the carrying value may not be recoverable. Pursuant to ASC 350, *Goodwill and Other*, the Company may utilize the optional qualitative assessment for its reporting units. The qualitative assessment considers trends in macroeconomic conditions, industry and market conditions, cost factors, and overall performance of the reporting unit. After assessing the totality of these factors and trends, if it is determined that it is more likely than not that the fair value of the reporting unit exceeds its carrying value, then no further steps are required. If not however, then the Company will perform the quantitative impairment test.

As of July 1, 2021, the Company performed its annual impairment test using the optional qualitative assessment for each of our reporting units. For each of our reporting units, based upon the significance of positive indicators identified through our assessment of qualitative evidence, we concluded that it was more likely than not that the fair value of each reporting unit exceeded their carrying amounts. The Company did not record impairment charges on goodwill during the years ended September 30, 2021, 2020 and 2019.

8. Intangible Assets

Intangible assets consist of the following:

	Useful Life (in years)	Weighted average useful Life (in years)	Balance as of September 30, 2021			Balance as of September 30, 2020		
			Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
			(in thousands)			(in thousands)		
Contract intangibles	6	6.0	\$ 3,100	\$ (1,679)	\$ 1,421	\$ 3,100	\$ (1,162)	\$ 1,938
Brand and technology	5	5.0	2,700	(1,755)	945	2,700	(1,215)	1,485
Patent and trademarks	7 - 10	8.6	2,360	(1,273)	1,087	2,329	(994)	1,335
Total intangible assets, net			\$ 8,160	\$ (4,707)	\$ 3,453	\$ 8,129	\$ (3,371)	\$ 4,758

Future expected amortization of intangible assets at September 30, 2021, is as follows:

Year Ending September 30,	Amortization (in thousands)
2022	\$ 1,330
2023	1,187
2024	649
2025	287
2026	—
Thereafter	—
Total	\$ 3,453

Amortization expense related to intangible assets for the years ended September 30, 2021, 2020 and 2019 was \$1.3 million, \$1.3 million and \$1.3 million, respectively. The Company did not record impairment charges on any intangible assets during the years ended September 30, 2021, 2020 and 2019.

9. 401(k) Benefit Plan

The Company has a retirement plan (the Plan), which is intended to be a qualified plan under Section 401(k) of the Internal Revenue Code. The Plan is a defined contribution plan available to all eligible employees and allows participants to contribute up to the legal maximum of their eligible compensation, not to exceed the maximum tax-deferred amount allowed by the Internal Revenue Service. The Plan also allows the Company to make discretionary matching contributions. During the year ended September 30, 2020, the Company changed its employer contributions from a safe harbor matching program to be fully discretionary where employer contributions may be provided to participants based upon the Company's financial performance and metrics at the end of its fiscal and calendar years. For the years ended September 30, 2021, 2020, and 2019, the Company recorded expenses of \$1.1 million, \$0.9 million and \$1.6 million, respectively, related to its contributions to the Plan.

Liquidity Services, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

10. Income Taxes

The components of the provision for income taxes of continuing operations are as follows:

	Year Ended September 30,		
	2021	2020	2019
(in thousands)			
Current tax provision (benefit):			
U.S. Federal	\$ —	\$ —	\$ —
State	293	382	453
Foreign	847	313	611
	<u>1,140</u>	<u>695</u>	<u>1,064</u>
Deferred tax provision (benefit):			
U.S. Federal	(23,315)	74	103
State	(1,252)	(27)	(31)
Foreign	57	59	64
	<u>(24,510)</u>	<u>106</u>	<u>136</u>
Total (benefit) provision	<u>\$ (23,370)</u>	<u>\$ 801</u>	<u>\$ 1,200</u>

Deferred taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows:

	September 30,	
	2021	2020
(in thousands)		
Deferred tax assets:		
Net operating losses—Foreign	\$ 13,593	\$ 12,709
Net operating losses—U.S.	31,456	35,126
Accrued vacation and bonus	678	571
Inventory capitalization	219	54
Allowance for doubtful accounts	96	65
Stock compensation expense	1,415	1,804
Operating lease assets	3,605	2,236
Depreciation	2,339	1,266
Other	897	893
Total deferred tax assets before valuation allowance	<u>54,298</u>	<u>54,724</u>
Less: valuation allowance	<u>(13,813)</u>	<u>(41,788)</u>
Net deferred tax assets	40,485	12,936
Deferred tax liabilities:		
Amortization of intangibles	107	291
Amortization of goodwill	7,322	6,666
Capitalized costs	5,602	4,470
Operating lease liabilities	3,394	2,059
Pension liability	238	138
Total deferred tax liabilities	<u>\$ 16,663</u>	<u>\$ 13,624</u>
Net deferred taxes	<u>\$ 23,822</u>	<u>\$ (688)</u>

Liquidity Services, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

The reconciliation of the U.S. federal statutory rate to the effective rate for continuing operations is as follows:

	Year Ended September 30,		
	2021	2020	2019
U.S. statutory rate	21.0 %	21.0 %	21.0 %
Stock-based stock compensation expense	(14.1)%	(14.9)%	(2.0)%
Nondeductible compensation expense	5.5 %	(6.0)%	(0.6)%
Other permanent items	0.1 %	(1.1)%	(4.2)%
State taxes	3.0 %	(13.2)%	(0.4)%
Net foreign rate differential	0.5 %	(0.8)%	(0.6)%
Unrecognized tax benefits	0.1 %	5.1 %	(1.5)%
Change in valuation allowance	(98.9)%	9.9 %	(22.5)%
Write-down of deferred tax assets on share-based stock compensation	0.7 %	(12.3)%	(7.9)%
Write-down of deferred tax assets on net operating loss	(2.8)%	(15.9)%	10.6 %
Other	0.2 %	1.3 %	1.5 %
Effective rate	<u>(84.7)%</u>	<u>(26.9)%</u>	<u>(6.6)%</u>

As of September 30, 2021 and 2020, the Company had federal and state deferred tax assets of \$23.5 million and \$27.7 million, respectively, related to available federal and state net operating loss (NOL) carryforwards, foreign tax credit carryforwards, and other U.S. deductible temporary differences. The federal and state NOL carryforwards expire beginning in 2035 and 2022, respectively. The Company's ability to use these various carryforwards to offset any taxable income generated in future taxable periods may be limited under Section 382 and other federal tax provisions. The foreign tax credit carryforwards expire beginning in 2023. At September 30, 2021 and 2020, the Company had deferred tax assets related to available foreign NOL carryforwards of \$13.6 million and \$12.7 million, respectively. All but \$0.4 million of our foreign NOLs maintain an indefinite carry forward life. The NOLs with limited carryforward periods will expire beginning in 2022.

The Company evaluates the recoverability of its deferred tax assets on a jurisdictional basis by considering whether deferred tax assets will be realized on a more likely than not basis. To the extent a portion or all of the applicable deferred tax assets do not meet the more likely than not threshold, a valuation allowance is recorded. Consideration was given to the tax planning strategies and, when applicable, future taxable income as to how much of the relevant deferred tax asset could be realized on a more likely than not basis. The Company has recorded a valuation allowance of \$13.8 million and \$41.8 million against its gross deferred tax asset balance at September 30, 2021 and September 30, 2020, respectively. At each reporting date, the Company considers new evidence, both positive and negative, that could affect its view of the future realization of deferred tax assets. As of September 30, 2021, in part because in the current year we achieved three years of cumulative pre-tax income in the U.S. federal jurisdiction, the Company determined that there is sufficient positive evidence to conclude that it is more likely than not that additional deferred tax assets of \$27.9 million are realizable. It therefore recorded a net valuation allowance release of \$27.9 million for the year ended September 30, 2021.

On March 27, 2020, The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted in response to the Pandemic. The CARES Act, among other things, accelerates the recovery of alternative minimum tax (AMT) credits into fiscal year 2020. During fiscal year 2020, the Company recovered its full AMT refund of \$1.7 million. Prior to the CARES Act, the Company's AMT credits were recoverable in fiscal years 2021 through 2023. The CARES Act also permits net operating loss (NOL) carryovers and carrybacks to offset 100% of taxable income for taxable years beginning before 2021. In addition, NOLs incurred in fiscal years 2019, 2020, and 2021 may be carried back to each of the five preceding taxable years to generate a refund of previously paid income taxes. The Company does not expect the NOL provisions of the CARES Act to result in a material cash benefit.

The Tax Act and Jobs Act of 2017 ("The Tax Act") subjects a U.S. shareholder to a minimum tax on "global intangible low-taxed income" ("GILTI") earned by certain foreign subsidiaries. The FASB Staff Q&A Topic 740 No. 5. Accounting for Global Intangible Low-Taxed Income states that an entity can make an accounting policy election to either recognize deferred taxes for temporary differences expected to reverse as GILTI in future years or provide for the tax expense related to GILTI resulting from those items in the year the tax is incurred. The Company has elected to recognize the resulting tax on GILTI as an expense in the period the tax is incurred.

On July 10, 2018, the Company acquired 100% of the stock of Machinio for \$19.9 million. Under the acquisition method of accounting, the Company recorded a net deferred tax liability of \$0.7 million comprised primarily of acquired intangibles netted

Liquidity Services, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

against NOLs and other deferred assets and recognized a \$0.7 million tax benefit from a reduction to its valuation allowance. The total amount of acquired NOLs, which are subject to limitations under Section 382, were \$1.4 million.

The Company has not recorded a provision for deferred U.S. tax expense on the undistributed earnings of foreign subsidiaries since the Company intends to indefinitely reinvest the earnings of these foreign subsidiaries outside the U.S. The amount of such undistributed foreign earnings was \$6.9 million as of September 30, 2021. As of September 30, 2021, and 2020, \$22.4 million and \$19.5 million, respectively, of cash and cash equivalents was held overseas and not available to fund domestic operations without incurring taxes upon repatriation.

The following is a tabular reconciliation of the total amounts of unrecognized tax benefits (in thousands):

	Year Ended September 30,		
	2021	2020	2019
Beginning balance at October 1	\$ 123	\$ 273	\$ —
Additions based on positions related to the current year	20	—	—
Additions for tax positions of prior years	—	—	273
Reductions for tax positions of prior years	—	(150)	—
Settlements	—	—	—
Balance at September 30	<u>\$ 143</u>	<u>\$ 123</u>	<u>\$ 273</u>

The Company applies the authoritative guidance related to uncertainty in income taxes. ASC 740 states that a benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, on the basis of the technical merits. During 2021, the Company recorded a charge of \$0.1 million due to unrecognized tax benefits related to foreign operations.

The Company recognizes interest and penalties in the period in which they occur in the income tax provision. The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction, various state and local jurisdictions and in foreign jurisdictions, primarily Canada and the U.K. The Company has no open income tax examinations in the U.S. and the statute of limitations for years prior to 2018 is now closed. However, certain tax attribute carryforwards that were generated prior to fiscal year 2018 may be adjusted upon examination by tax authorities if they are utilized.

11. Equity Transactions

Stock Compensation Incentive Plans

The Company has several incentive plans under which stock options, restricted stock units (RSUs), restricted stock awards (RSAs), and cash-settled stock appreciation rights (SARs) have been issued, including the Third Amended and Restated 2006 Omnibus Long-Term Incentive Plan, as amended, and a plan and private placement issuances related to the Company's acquisition of Machinio. As of September 30, 2021, the Company has reserved at total of 19,100,000 shares of its common stock for exercises of stock options, vesting of RSUs, and grants of RSAs under these plans. Vesting of RSUs and grants of RSAs count as 1.5x shares against the plan reserves. As of September 30, 2021, 1,993,244 shares of common stock remained available for use.

Stock Compensation Expense

The table below presents the components of share-based compensation expense (in thousands):

	Year Ended September 30,		
	2021	2020	2019
Equity-classified awards:			
Stock options	\$ 3,117	\$ 2,054	\$ 1,530
RSUs & RSAs	2,977	3,635	4,496
Liability-classified awards:			
SARs	\$ 853	\$ (29)	\$ 482
Total stock compensation expense:	<u>\$ 6,947</u>	<u>\$ 5,660</u>	<u>\$ 6,508</u>

The Company's total liabilities for liability-classified stock compensation awards was \$0.5 million and \$0.1 million as of September 30, 2021 and 2020, the current portion of which was \$0.3 million and \$0.1 million, respectively.

Share-Based Award Activity

Stock Options

The table below presents stock option activity (aggregate intrinsic value in thousands):

	Stock Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Outstanding as of September 30, 2020	3,075,914	\$ 8.54	6.16	\$ 2,841
Granted	1,108,273	\$ 10.60		\$ —
Exercised	(1,033,529)	\$ 6.59		\$ 15,036
Forfeited	(272,720)	\$ 7.82		\$ 2,547
Expired	(33,653)	\$ 15.35		\$ 108
Outstanding as of September 30, 2021	<u>2,844,285</u>	\$ 10.04	6.14	\$ 34,877
Vested and expected to vest as of September 30, 2021	<u>2,810,202</u>	\$ 9.94	6.10	\$ 34,775
Exercisable as of September 30, 2021	<u>1,477,408</u>	\$ 10.37	4.24	\$ 18,589

Of the 1,366,877 stock options not yet exercisable as of September 30, 2021, 853,553 can become exercisable by satisfying service conditions only, and 513,324 can become exercisable by satisfying service and performance or market conditions.

Stock options containing only service conditions generally vest over periods of one to four years and expire five to ten years from the date of grant. Stock compensation cost is expensed ratably over the entire service period. As of September 30, 2021, there was \$2.7 million of unrecognized compensation cost related to stock options containing only service conditions, which is expected to be recognized over a weighted-average period of 2.8 years.

The range of assumptions used to determine the fair value of stock options using the Black-Scholes option-pricing model during the years ended September 30, 2021, 2020 and 2019 were as follows:

	Year ended September 30		
	2021	2020	2019
Dividend yield	—	—	—
Expected volatility	51.0% - 55.9%	46.5% - 51.0%	47.8% - 53.7%
Risk-free interest rate	0.4% - 0.8%	0.5% - 1.5%	1.9% - 2.8%
Expected term	4.6 - 7.6 years	4.6 - 7.4 years	4.2 - 7.1 years

The weighted-average grant date fair value of options granted during the year-ended September 30, 2021, 2020 and 2019 was \$4.81, \$2.66 and \$2.70, respectively. The total intrinsic value of options exercised during 2021, 2020 and 2019 was \$15.0 million, \$0.1 million and \$0.3 million, respectively. Stock options containing performance conditions are discussed separately in the section below.

Liquidity Services, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

RSUs & RSAs

The table below presents RSU & RSA activity (aggregate fair value in thousands):

	RSU & RSA	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Term (years)	Aggregate Fair Value
Outstanding as of September 30, 2020	1,545,285	\$ 6.84	1.85	\$ 11,528
Granted	330,545	\$ 14.08		\$ 4,653
Vested	(811,773)	\$ 6.78		\$ 13,780
Forfeited	(146,676)	\$ 8.98		\$ 2,688
Outstanding as of September 30, 2021	<u>917,381</u>	\$ 9.15	1.98	\$ 19,825
Expected to vest as of September 30, 2021	<u>666,092</u>	\$ 10.17	2.35	\$ 14,394

Of the outstanding RSUs & RSAs as of September 30, 2021, 463,300 can vest by satisfying service conditions only, and 454,081 can vest by satisfying service and performance or market conditions.

RSUs containing only service conditions vest ratably each year over periods of one to four years. Stock compensation cost is expensed ratably over the entire service period. As of September 30, 2021, there was \$3.6 million of unrecognized compensation cost related to RSUs containing only service conditions, which is expected to be recognized over a weighted-average period of 2.9 years. RSUs and RSAs containing performance conditions and market conditions are discussed separately in the section below.

SARs

The table below presents SAR award activity (aggregate intrinsic value in thousands):

	SARs	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Outstanding as of September 30, 2020	160,810	\$ 8.45	1.00	\$ 96
Exercised	(45,084)	\$ 8.45		\$ 443
Forfeited	(73,681)	\$ 9.80		\$ 213
Outstanding as of September 30, 2021	<u>42,045</u>	\$ 6.11	1.26	\$ 652
Vested and expected to vest as of September 30, 2021	<u>42,045</u>	\$ 6.11	1.26	\$ 652
Exercisable as of September 30, 2021	<u>12,045</u>	\$ 6.11	1.26	\$ 187

The 30,000 SARs not yet exercisable as of September 30, 2021 can become exercisable by satisfying service conditions only.

As of September 30, 2021, there was \$0.3 million of unrecognized compensation cost related to SARs containing service conditions, which is expected to be recognized over a weighted-average period of 1.3 years. The Company made cash payments of \$0.4 million, \$0.6 million and \$0.5 million to settle SARs exercised during the years ended September 30, 2021, 2020 and 2019, respectively.

Liquidity Services, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

The fair value of outstanding SARs containing only service conditions is estimated using the Black-Scholes option-pricing model. The range of assumptions used to determine the fair value of outstanding SARs as of September 30, 2021, 2020 and 2019 were as follows:

	Year ended September 30		
	2021	2020	2019
Dividend yield	—	—	—
Expected volatility	78.3% - 78.3%	55.0% - 68.8%	38.2% - 48.8%
Risk-free interest rate	0.1% - 0.1%	0.1% - 0.1%	1.3% - 1.7%
Expected term	1.3-1.3 years	0.0-2.3 years	0.1-3.3 years

As of September 30, 2021 and 2020, the weighted-average fair value of SARs outstanding was \$18.86 and \$0.63 per award, respectively. SARs containing performance conditions and market conditions are discussed separately in the section below.

Stock Awards Containing Performance and Market Conditions

Stock awards containing performance conditions vest upon the achievement of specified financial targets of the Company or its business units. Vesting is generally measured on the first day of each fiscal quarter over the four-year terms of the awards, starting with the first fiscal quarter after the first anniversary of the grant date, based upon the trailing twelve months performance of the Company or its business units. When it is probable that the performance targets will be achieved, stock compensation expense is recognized ratably over the derived service period. If the Company determines that achievement of the performance targets is no longer probable, the Company no longer records expense and reverses all previously recognized expense. As of September 30, 2021, there was \$0.4 million of unrecognized compensation costs related to stock options and RSUs & RSAs, containing performance conditions that are considered probable of being met, which is expected to be recognized over a weighted-average period of 3.0 years.

Stock awards containing market conditions vest upon the achievement of specified increases in the Company's share price. Vesting is measured the first day of each fiscal quarter over the four-year terms of the award, starting with the first fiscal quarter after the first anniversary of the grant date, based upon the trailing 20-days average of the Company's share price. Stock compensation cost is expensed on a straight-line basis over the derived service period for each stock price target within the award. The Company accelerates expense when a stock price target is achieved prior to the derived service period. For equity-classified awards, the Company does not reverse expense recognized if the stock price target(s) are not ultimately achieved, but expense is reversed when such situations occur for liability classified awards. As of September 30, 2021, there was \$0.9 million of unrecognized compensation costs related to stock options, RSUs and SARs, containing market conditions, which is expected to be recognized over a weighted-average period of 0.5 years.

The fair value of stock options, RSUs and SARs containing market conditions is estimated using Monte Carlo simulations. The range of assumptions used to determine the fair value of these awards during the years ended September 30, 2021, 2020 and 2019 were as follows:

	Year ended September 30		
	2021	2020	2019
Dividend yield	—	—	—
Expected volatility	51.6% - 54.6%	45.2% - 54.9%	45.5% - 55.0%
Risk-free interest rate	0.3% - 0.9%	0.1% - 1.7%	1.5% - 2.9%
Expected holding period (% of remaining term)	31.7% - 100.0%	30.7% - 100.0%	25.9% - 100.0%

Share Repurchase Program

We are authorized to repurchase issued and outstanding shares of our common stock under a share repurchase program approved by our Board of Directors. Share repurchases may be made through open market purchases, privately negotiated transactions or otherwise, at times and in such amounts as management deems appropriate. The timing and actual number of shares repurchased will depend on a variety of factors including price, corporate and regulatory requirements and other market conditions. The repurchase program may be discontinued or suspended at any time and will be funded using our available cash.

As of the fiscal year ended September 30, 2020, we had \$6.1 million of remaining share repurchase authorization. On March 8, 2021, our Board of Directors authorized an additional \$10 million of share repurchases of the Company's outstanding shares of common stock through March 31, 2023. We repurchased 957,079 shares for \$16.1 million under this program during the six months ended March 31, 2021.

On May 3, 2021, the Company's Board of Directors authorized a new stock repurchase plan (the "May 3, 2021 Stock Repurchase Plan") of up to \$15 million of our outstanding shares of common stock through June 30, 2023. We repurchased 634,884 shares for \$15.0 million under this program during the year ended September 30, 2021. On December 6, 2021, the Company's Board of Directors authorized the repurchase of up to \$20 million of the Company's outstanding shares of common stock through December 31, 2023.

Other Share Repurchases

Separate from the share repurchase program, our stock incentive plans allow for participants to exercise stock options by surrendering shares of common stock equivalent in value to the exercise price due. During the three months ended June 30, 2021, no shares of common stock were surrendered by participants in the exercise of stock options. During the year ended September 30, 2021, participants surrendered 82,612 shares of common stock in the exercise of stock options. Any shares surrendered to the Company in this manner are not available for future grant.

12. Fair Value Measurement

The Company measures and records in the accompanying consolidated financial statements certain assets and liabilities at fair value on a recurring basis. Authoritative guidance issued by the FASB establishes a fair value hierarchy for those instruments measured at fair value that distinguishes between assumptions based on market data (observable inputs) and the Company's assumptions (unobservable inputs). The hierarchy consists of three levels:

Level 1	Quoted market prices in active markets for identical assets or liabilities;
Level 2	Inputs other than Level 1 inputs that are either directly or indirectly observable; and
Level 3	Unobservable inputs developed using estimates and assumptions developed by the Company, which reflect those that a market participant would use.

The Company had \$40.0 million and \$30.0 million of money market funds considered cash equivalents at September 30, 2021 and 2020, respectively. These assets were measured at fair value at September 30, 2021 and 2020 and were classified as Level 1 assets within the fair value hierarchy. There were no transfers between levels during the periods presented.

The Company's financial assets and liabilities not measured at fair value are cash, accounts receivable, and accounts payable. The Company believes the carrying values of these instruments approximate fair value.

As of September 30, 2021 and 2020, the Company did not have any material assets or liabilities measured at fair value on a non-recurring basis.

13. Defined Benefit Pension Plan

Certain employees of Liquidity Services UK Limited ("GoIndustry"), which the Company acquired in July 2012, are covered by the Henry Butcher Pension Fund and Life Assurance Scheme (the "Scheme"), a qualified defined benefit pension plan. The Company guarantees GoIndustry's performance on all present and future obligations to make payments to the Scheme for up to a maximum of £10 million British pounds. The Scheme was closed to new members on January 1, 2002.

The Company recognizes the funded status of its postretirement benefit plans, with a corresponding noncash adjustment to accumulated other comprehensive loss, net of tax, in stockholders' equity. The funded status is measured as the difference between the fair value of the Scheme's assets and the benefit obligation of the Scheme.

Liquidity Services, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

The net periodic benefit cost is recognized within Interest and other income, net in the Consolidated Statements of Operations, and for the years ended September 30, 2021, 2020 and 2019, included the following components:

	Year Ended September 30,		
	2021	2020	2019
	(in thousands)		
Interest cost	\$ 438	\$ 431	\$ 618
Expected return on plan assets	(793)	(797)	(965)
Amortization of prior service cost	21	19	—
Total net periodic benefit	<u>\$ (334)</u>	<u>\$ (347)</u>	<u>\$ (347)</u>

The following table provides a reconciliation of benefit obligations, plan assets, and funded status related to the Company's qualified defined benefit pension plan for the years ended September 30, 2021 and 2020:

	Year Ended September 30,	
	2021	2020
	(in thousands)	
Change in benefit obligation		
Beginning balance	\$ 26,047	\$ 23,240
Interest cost	438	431
Benefits paid	(781)	(597)
Actuarial loss/(gain)	152	1,803
Foreign currency exchange rate changes	1,099	1,170
Ending balance	<u>\$ 26,955</u>	<u>\$ 26,047</u>

	Year Ended September 30,	
	2021	2020
	(in thousands)	
Change in plan assets		
Beginning balance at fair value	\$ 26,771	\$ 25,779
Actual return on plan assets	1,077	297
Benefits paid	(781)	(597)
Foreign currency exchange rate changes	1,141	1,292
Ending balance at fair value	<u>\$ 28,208</u>	<u>\$ 26,771</u>
Overfunded status of the Scheme	<u>\$ 1,253</u>	<u>\$ 724</u>

The pension asset of \$1.3 million is recorded in Other long-term assets in the Consolidated Balance Sheet. Because the Scheme is closed to new participants, the accumulated benefit obligation is equal to the projected benefit obligation, which was \$27.0 million and \$26.0 million at September 30, 2021 and 2020, respectively.

During the year ended September 30, 2021, the Company extended early settlement offers to all members of the Scheme. There was no material impact to the consolidated financial statements as a result of the early settlement offers.

The amounts recognized in other comprehensive (income) loss related to the Company's qualified defined benefit pension plan, net of taxes, and the related foreign currency translation adjustments, for the years ended September 30, 2021 and 2020, is shown in the following table:

Liquidity Services, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

	Year Ended September 30,	
	2021	2020
	(in thousands)	
Accumulated other comprehensive (loss) income at beginning of year	\$ (1,971)	\$ 303
Net actuarial gain (loss)	170	(2,293)
Foreign currency translation adjustments	(84)	19
Accumulated other comprehensive loss at end of year	<u>\$ (1,885)</u>	<u>\$ (1,971)</u>

The plan complies with the funding provisions of the UK Pensions Act 2004 and the Occupational Pension Schemes Regulations Act 2005. The Company does not plan to make contributions to the plan in the near future.

Actuarial Assumptions

The actuarial assumptions used to determine the benefit obligations at September 30, 2021 and 2020, and to determine the net periodic (benefit) cost for the year were as follows:

	September 30, 2021	September 30, 2020
Discount rate to determine net periodic (benefit) cost	1.60 %	1.80 %
Expected return on plan assets	2.82 %	3.00 %
Discount rate to determine benefit obligations	2.00 %	1.60 %
Rate of increases to deferred CPI linked benefits	3.10 %	2.50 %
Rate of increases to deferred RPI linked benefits	3.60 %	3.00 %

Mortality—105% for males and females of S2PxA mortality tables, projected in line with the 2020 Continuous Mortality Investigation projection model and a 1.3% per annum long-term rate of improvement.

Estimated Future Benefit Payments

The Company's pension plan expects to make the following benefit payments to participants over the next 10 years:

	Pension Benefits (in thousands)
Year ending September 30,	
2022	\$ 904
2023	789
2024	1,213
2025	1,052
2027	1,010
2027 through 2030	4,390
Total	<u>\$ 9,358</u>

Fair Value Measurements

The investment policy and strategy of the plan assets, as established by the Trustees (the "Trustees") of the plan, strive to maximize the likelihood of achieving primary objectives of the investment policy established for the plan, which are:

- Funding—to ensure that the Plan is fully funded using assumptions that contain a modest margin for prudence. Where an actuarial valuation reveals a deficit, a recovery plan will be put in place which will take into account the financial covenant of the employer;
- Stability—to have due regard to the likely level and volatility of required contributions when setting the Plan's investment strategy; and
- Security—to ensure that the solvency position of the Scheme is expected to improve. The Trustees will take into account the strength of employer's covenant when determining the expected improvement in the solvency position of the Plan.

Liquidity Services, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

The assets are allocated among equity securities, corporate bonds, and diversified funds. The assets are not rebalanced, but the allocation is reviewed on a periodic basis to ensure that the investments are appropriate to the Scheme's circumstances. The Trustees review the investment policy on an ongoing basis, to determine whether a change in the policy or asset allocation targets is necessary. The Company has elected to use a bid value of Scheme assets to calculate the expected return on assets in the net periodic benefit cost. The assets consisted of the following as of September 30, 2021 and 2020:

	2021	2020
Equity securities	21.0 %	20.6 %
Corporate bonds	53.0 %	53.0 %
Diversified fund	26.0 %	26.0 %
Cash	— %	0.4 %
Total	100.0 %	100.0 %

The expected long-term rate of return for the plan's total assets is based on the expected returns of each of the above categories, weighted based on the current target allocation for each class. The Trustees evaluate whether adjustments are needed based on historical returns to more accurately reflect expectations of future returns.

The Company is required to present certain fair value disclosures related to its postretirement benefit plan assets, even though those assets are not included in the Company's Consolidated Balance Sheets. The following table presents the fair value of the assets of the Company's qualified defined benefit pension plan by asset category and their level within the fair value hierarchy.

Balance as of September 30, 2021	Level 1	Level 2	Level 3	Total
	(in thousands)			
Equity securities	\$ —	\$ 5,860	\$ —	\$ 5,860
Corporate bonds	—	14,878	—	14,878
Diversified fund	—	7,279	—	7,279
Cash	191	—	—	191
Total	\$ 191	\$ 28,017	\$ —	\$ 28,208

Balance as of September 30, 2020	Level 1	Level 2	Level 3	Total
	(in thousands)			
Equity securities	\$ —	\$ 5,526	\$ —	\$ 5,526
Corporate bonds	—	14,194	—	14,194
Diversified fund	—	6,957	—	6,957
Cash	94	—	—	94
Total	\$ 94	\$ 26,677	\$ —	\$ 26,771

Valuation Techniques

The Company relies on pricing inputs from investment fund managers to value investments. The fund manager prices the underlying securities using independent external pricing sources.

14. Business Realignment Expenses

Business realignment expenses are associated with management changes, exiting certain businesses, or other cost saving actions, and include employee severance and benefit costs associated with terminations, occupancy costs associated the ceased use of facilities, and other related costs, such as impairments. Business realignment expenses are recorded as a component of Other operating expenses on the Consolidated Statements of Operations.

For the year ended September 30, 2020, business realignment expenses were incurred related to the elimination of certain positions in response to the COVID-19 pandemic.

For the year ended September 30, 2019, business realignment expenses were incurred related to: management changes associated with a strategic reorganization of the Company's go-to-market strategy for self-directed and fully-managed market place services, the conclusion of the Scrap contract, and other cost saving actions.

Liquidity Services, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

The table below sets forth the significant components and activity in the liability for business realignment initiatives during the year ended September 30, 2021, on a segment and consolidated basis:

(in thousands)	Liability Balance at September 30, 2019	Adoption of ASC 842	Business Realignment Expenses	Cash Payments	Liability Balance at September 30, 2020	Business Realignment Expenses	Cash Payments	Liability Balance at September 30, 2021
Employee severance and benefit costs:								
GovDeals	\$ —	\$ —	\$ 29	\$ (25)	\$ 4	\$ —	\$ (4)	\$ —
RSCG	—	—	84	(64)	20	—	(20)	—
CAG	414	—	120	(481)	53	5	(58)	—
Corporate & Other	238	—	172	(410)	—	—	—	—
Total employee severance and benefit costs	652	—	405	(980)	77	5	(82)	—
Occupancy and other costs:								
CAG	169	(169)	—	—	—	—	—	—
Corporate & Other	—	—	—	—	—	—	—	—
Total occupancy and other costs	169	(169)	—	—	—	—	—	—
Total business realignment	\$ 821	\$ (169)	\$ 405	\$ (980)	\$ 77	\$ 5	\$ (82)	\$ —

15. Legal Proceedings

The Company reserves for contingent liabilities based on ASC 450, *Contingencies*, when it determines that a liability is probable and reasonably estimable. From time to time, the Company may become involved in litigation relating to claims arising in the ordinary course of the business.

Former Employee Matters

On December 22, 2020, the Company's former Vice President, Human Resources (the "HR Plaintiff") filed a claim with the Equal Employment Opportunity Commission ("EEOC") for wrongful termination on the basis of gender, race, and age. The EEOC subsequently assigned HR Plaintiff's claim to the Montgomery County Office of Human Rights for investigation, which, in turn, dismissed HR Plaintiff's claim after HR Plaintiff filed a complaint in the United States District Court for the District of Maryland Southern Division on May 19, 2021. The Company believes this claim is without merit and cannot estimate a range of potential liability, if any, at this time. The Company's employment practices liability insurance carrier, CNA, has accepted tender of this claim.

Separately, HR Plaintiff also alleged outside of the above process wage and hour violations under Maryland law for failure to pay his fiscal year 2020 performance bonus. The Company and HR Plaintiff settled the wage and hour claims for an immaterial amount in May 2021.

On October 22, 2021, the Company's former Chief Marketing Officer ("Marketing Plaintiff") filed a claim with the EEOC alleging that the Company discriminated against him on the basis of his race and age and that the Company retaliated against him. The Company believes these claims are without merit and cannot estimate a range of potential liability, if any, at this time. CNA has accepted tender of the claims.

Separately, Marketing Plaintiff also alleged wage and hour violations under Maryland law for failure to pay his fiscal year 2021 performance bonus.

Unless otherwise noted, there are no claims or actions pending or threatened against the Company that, if adversely determined, would in the Company's management's judgment have a material adverse effect on the Company.

16. Segment Information

The Company provides operating results in four reportable segments: GovDeals, Capital Assets Group (CAG), Retail Supply Chain Group (RSCG), Machinio. Descriptions of our reportable segments are as follows:

- The GovDeals reportable segment provides self-directed service solutions that enable local and state government entities including city, county and state agencies, located in the United States and Canada to sell surplus and

Liquidity Services, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

salvage assets through our GovDeals marketplace. Through the end of fiscal 2019, GovDeals provided self-directed service solutions to commercial businesses as part of the Auction Deals marketplace.

- The RSCG reportable segment consists of marketplaces that enable corporations located in the United States and Canada to sell surplus and salvage consumer goods. RSCG also offers a suite of services that includes returns management, asset recovery, and e-commerce services. This segment includes the Company's Liquidation.com and Secondipity marketplaces. Through the end of third quarter fiscal 2021, RSCG operated the Liquidation.com DIRECT marketplace for truckload quantities of retail surplus. Those assets are now sold on the Liquidation.com marketplace.
- The CAG reportable segment provides managed and self-directed service solutions to sellers and consists of marketplaces that enable commercial businesses to sell surplus and idle assets. CAG also offers a suite of services that includes surplus management, asset valuation, asset sales and marketing. Commercial seller assets are located across North America, Europe, Australia, Asia, and Africa. This segment includes the Company's Network International and GoIndustry DoveBid marketplaces and, beginning in fiscal 2020, self-directed service solutions for commercial businesses on the AllSurplus marketplace. Prior to the conclusion of the Scrap Contract, CAG sold scrap assets from the DoD on its Government Liquidation marketplace.
- The Machinio reportable segment operates a global search engine platform for listing used equipment for sale in the construction, machine tool, transportation, printing and agriculture sectors.

We also report results of Corporate & Other, including elimination adjustments. For the year ended September 30, 2019, Corporate & Other included a previously existing operating segment that did not meet the quantitative thresholds to be a reportable segment, IronDirect. The Company exited the IronDirect business in January 2019.

Decisions concerning the allocation of the Company's resources are made by the Company's Chief Operating Decision Maker ("CODM"), which is the Company's Chief Executive Officer, with oversight by the Board of Directors. The Company reports segment information based on the internal performance measures used by the CODM to assess the performance of each operating segment in a given period. In connection with that assessment, the CODM uses segment gross profit to evaluate the performance of each segment. Segment gross profit is calculated as total revenue less cost of goods sold and seller distributions (excludes depreciation and amortization).

Liquidity Services, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

The following table sets forth certain financial information for the Company's reportable segments:

(in thousands)	Year Ended September 30,		
	2021	2020	2019
GovDeals:			
Revenue	\$ —	\$ —	\$ —
Fee revenue	49,579	32,806	32,936
Total revenue	49,579	32,806	32,936
Gross profit	47,030	30,721	30,386
RSCG:			
Revenue	130,790	118,398	110,736
Fee revenue	28,016	18,093	16,585
Total revenue	158,806	136,491	127,321
Gross profit	64,564	49,727	44,967
CAG:			
Revenue	15,361	9,182	36,684
Fee revenue	24,284	20,299	23,558
Total revenue	39,645	29,481	60,242
Gross profit	29,324	22,714	32,679
Machinio:			
Revenue	—	—	—
Fee revenue	9,559	7,213	5,598
Total revenue	9,559	7,213	5,598
Gross profit	8,992	6,813	5,196
Corporate & Other, including elimination adjustments:			
Revenue	—	—	469
Fee revenue	(57)	(51)	(41)
Total revenue	(57)	(51)	428
Gross profit	(57)	(51)	52
Consolidated:			
Revenue	146,151	127,580	147,889
Fee revenue	111,380	78,360	78,636
Total revenue	257,531	205,940	226,525
Gross profit	149,853	109,924	113,280

The following table presents a reconciliation between gross profit used in the reportable segments and the Company's consolidated results:

(in thousands)	Year Ended September 30,		
	2021	2020	2019
Reconciliation:			
Gross profit	149,853	109,924	113,280
Operating expenses	122,679	113,248	127,739
Other operating expenses	6	573	5,049
Interest and other income, net	(411)	(924)	(1,448)
Income (loss) before income taxes	27,579	(2,973)	(18,060)

Liquidity Services, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

Total segment assets reconciled to consolidated amounts are as follows:

(in thousands)	September 30,	
	2021	2020
GovDeals	\$ 148,111	\$ 102,083
RSCG	84,971	51,230
CAG	94,884	107,529
Machinio	29,806	26,568
Corporate & Other, including elimination adjustments	(102,196)	(90,776)
Total Assets:	<u>\$ 255,576</u>	<u>\$ 196,634</u>

Revenue attributed to countries that represent a significant portion of consolidated revenues are as follows:

(in thousands)	Year Ended September 30,		
	2021	2020	2019
United States	\$ 214,162	\$ 180,887	\$ 191,816
Rest of the world	43,369	25,053	34,709
Total Revenue	<u>\$ 257,531</u>	<u>\$ 205,940</u>	<u>\$ 226,525</u>

Total long-lived assets by geographic areas are as follows:

(in thousands)	September 30,	
	2021	2020
United States	\$ 17,261	\$ 17,358
Rest of the world	373	485
Total Long-lived Assets	<u>\$ 17,634</u>	<u>\$ 17,843</u>

17. Subsequent Event

On November 1, 2021, the Company entered into a definitive agreement to purchase all of the issued and outstanding shares of stock of Bid4Assets, Inc. (Bid4Assets), a pioneer in internet-based public auctions of real property. This acquisition will support our growth objectives for the GovDeals reportable segment. Upon closing, the Company paid \$15 million in cash, including the assumption of a minimum working capital amount of \$0.3 million. Shareholders of Bid4Assets are eligible to receive earn-out consideration of up to \$37.5 million in cash, payable based on Bid4Assets' achievement of certain EBITDA targets measured as of each trailing twelve-month period and determined at the end of each calendar quarter, for the period from October 1, 2021 until the quarter ended December 31, 2022.

The Company is currently evaluating the purchase price accounting for this transaction and as such, the final accounting treatment could result in material changes to our balance sheet and earnings during fiscal 2022.

Liquidity Services, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

18. Quarterly Results (Unaudited)

The following table sets forth for the eight most recent quarters the selected unaudited quarterly consolidated statement of operations data. The unaudited quarterly consolidated statement of operations data has been prepared on the same basis as the Company's audited consolidated financial statements and, in the opinion of management, includes all adjustments, consisting only of normal recurring adjustments, necessary for the fair presentation of this data.

	Three months ended							
	Dec. 31, 2019	Mar. 31, 2020	June 30, 2020	Sept. 30, 2020	Dec. 31, 2020	Mar. 31, 2021	June 30, 2021	Sept. 30, 2021
	(in thousands, except share and per share data)							
Revenue	\$ 49,504	\$ 52,824	\$ 47,722	\$ 55,890	\$ 55,751	\$ 61,786	\$ 69,666	\$ 70,328
Gross profit (excludes depreciation and amortization)	\$ 25,328	\$ 26,205	\$ 25,228	\$ 33,163	\$ 33,178	\$ 35,401	\$ 41,213	\$ 40,061
Income (loss) before income taxes	\$ (4,738)	\$ (4,195)	\$ 422	\$ 5,538	\$ 4,811	\$ 5,667	\$ 8,848	\$ 8,253
Net income (loss)	\$ (5,196)	\$ (4,238)	\$ 213	\$ 5,447	\$ 4,514	\$ 5,260	\$ 8,419	\$ 32,756
Basic income (loss) per common share	\$ (0.15)	\$ (0.13)	\$ 0.01	\$ 0.16	\$ 0.14	\$ 0.16	\$ 0.25	\$ 0.98
Diluted income (loss) per common share	\$ (0.15)	\$ (0.13)	\$ 0.01	\$ 0.16	\$ 0.13	\$ 0.15	\$ 0.24	\$ 0.93
Basic weighted average shares outstanding	33,545,235	33,624,889	33,695,936	33,584,040	33,176,895	33,491,395	33,371,906	33,297,879
Diluted weighted average shares outstanding	33,545,235	33,624,889	33,815,332	33,986,862	34,911,119	35,559,747	35,437,761	35,294,326

LIQUIDITY SERVICES, INC.
SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS
(Dollars in Thousands)

	Balance at beginning of period	Charged (credited) to expense	Reductions	Balance at end of period
Deferred tax valuation allowance (deducted from net deferred tax assets)				
Year ended September 30, 2019	\$ 39,337	2,572	—	\$ 41,909
Year ended September 30, 2020	41,909	(121)	—	41,788
Year ended September 30, 2021	\$ 41,788	(27,975)	—	\$ 13,813
Allowance for doubtful accounts (deducted from accounts receivable)				
Year ended September 30, 2019	\$ 337	178	(224)	\$ 291
Year ended September 30, 2020	291	200	(102)	389
Year ended September 30, 2021	\$ 389	297	(196)	\$ 490
Provision for inventory allowance (deducted from inventory)				
Year ended September 30, 2019	\$ 503	331	(503)	\$ 331
Year ended September 30, 2020	331	328	(359)	300
Year ended September 30, 2021	\$ 300	174	(300)	\$ 174

PROPOSAL FORM 3: CERTIFICATIONS AND LICENSES

Provide a copy of all current licenses, registrations and certifications issued by federal, state and local agencies, and any other licenses, registrations or certifications from any other governmental entity with jurisdiction, allowing Respondent to perform the covered services including, but not limited to licenses, registrations or certifications. M/WBE, HUB, DVBE, small and disadvantaged business certifications and other diverse business certifications, as well as manufacturer certifications for sales and service must be included if applicable.



PROFESSIONAL LICENSING

GEORGIA SECRETARY OF STATE BRAD RAFFENSPERGER

CORPORATIONS • ELECTIONS • LICENSING • CHARITIES

Licensee Details

Licensee Information

Name: Liquidity Services Operations,LLC /Govdeals	Owner: Steven Craig Kranzusch
Address: 100 Capital Commerce Blvd Ste 110 Montgomery AL 36117	

Primary Source License Information

Lic #: AU-C003174	Profession: Auctioneer Commission	Type: Auctioneer Company
Secondary:	Method: Application	Status: Active
Issued: 3/2/2021	Expires: 2/28/2024	Last Renewal Date: 2/21/2022

Associated Licenses

No Prerequisite Information

Public Board Orders

Please see Documents section below for any Public Board Orders
--

Other Documents

No Other Documents

Data current as of: February 21, 2022 13:4:6

This website is to be used as a primary source verification for licenses issued by the Professional Licensing Boards. Paper verifications are available for a fee. Please contact the Professional Licensing Boards at 844-753-7825.

AUCTIONEER'S LICENSE

No. 71-22-001

State of Minnesota,

County of Sherburne

} ss.

David Kovach

residing at 19382 Auburn St NW

of the City of Elk River in the County of Sherburne

State of Minnesota, having paid into the County Treasury of said County the sum of \$20⁰⁰

is hereby authorized and licensed, upon filing in the office of the County Treasurer of said County his bond, with sureties approved by said County Treasurer, in the sum of \$1,000-00

One thousand and ^{no} / 100 DOLLARS ASUREN

to conduct the business of an auctioneer in the State of Minnesota for the period of one year from the date hereof.

Given and Issued under my hand and seal of office this

3rd

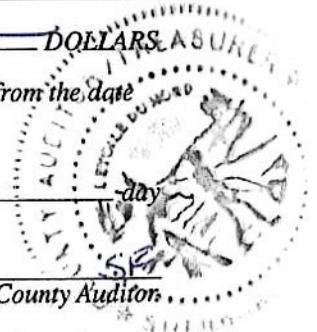
day

of February year 2022

Diane Arnold

expires 1 year

County Auditor





Louisiana

Office of the Governor
Auctioneers Licensing Board

11736 Newcastle Avenue, Bldg. 2, Suite C
Baton Rouge, LA 70816

Telephone 225.295.8420 Fax 225.372.8584
Website: www.lalb.org Email: admin@lalb.org

An Equal Opportunity Employer

12/20/2021

Your Louisiana Auction Business licensing request has been approved. Please use this letter as proof of licensing.

IMPORTANT INFORMATION:

- It is your responsibility to be aware of and follow the Laws and Rules and Regulations of the Board, which can be found on our website.
- A separate escrow account is required by law. You must deposit **all** money collected at auction into your escrow account.
- You must have a written contract for any item or combined sale over \$500.
- All consignors must be paid within 30 days of receipt of the money.
- If holding a live auction, simulcast auction, or any other format in which bid calling occurs, you must have a properly licensed LA Auctioneer conduct the bid calling.
- In order to hold an auction or bid call in East Baton Rouge Parish, you must apply for an auction license directly from them in addition to this license. For all information, visit the 'licensing' page on our website.
- Your licensing number must be listed in every advertisement.

You are now required to include 'LA' in front of your license number in all advertisements, etc.






**STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION**

2601 BLAIR STONE ROAD
TALLAHASSEE FL 32399-0783

Congratulations! With this license you become one of the nearly one million Floridians licensed by the Department of Business and Professional Regulation. Our professionals and businesses range from architects to yacht brokers, from boxers to barbeque restaurants, and they keep Florida's economy strong.

Every day we work to improve the way we do business in order to serve you better. For information about our services, please log onto www.myfloridalicense.com. There you can find more information about our divisions and the regulations that impact you, subscribe to department newsletters and learn more about the Department's initiatives.

Our mission at the Department is: License Efficiently, Regulate Fairly. We constantly strive to serve you better so that you can serve your customers. Thank you for doing business in Florida, and congratulations on your new license!

 STATE OF FLORIDA DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION

AB2355 ISSUED: 11/18/2021
AUCTION BUSINESS
LIQUIDITY SERVICES OPERATIONS LLC

Signature
LICENSED UNDER CHAPTER 468, FLORIDA STATUTES
EXPIRATION DATE: NOVEMBER 30, 2023

Ron DeSantis, Governor

Julie I. Brown, Secretary

**STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION
FLORIDA BOARD OF AUCTIONEERS**

LICENSE NUMBER: AB2355

EXPIRATION DATE: NOVEMBER 30, 2023

THE AUCTION BUSINESS HEREIN IS LICENSED UNDER THE PROVISIONS OF CHAPTER 468, FLORIDA STATUTES

LIQUIDITY SERVICES OPERATIONS LLC
100 CAPITOL COMMERCE BLVD STE 110
MONTGOMERY AL 36117



ISSUED: 11/18/2021

Always verify licenses online at MyFloridaLicense.com
Do not alter this document in any form.

This is your license. It is unlawful for anyone other than the licensee to use this document.

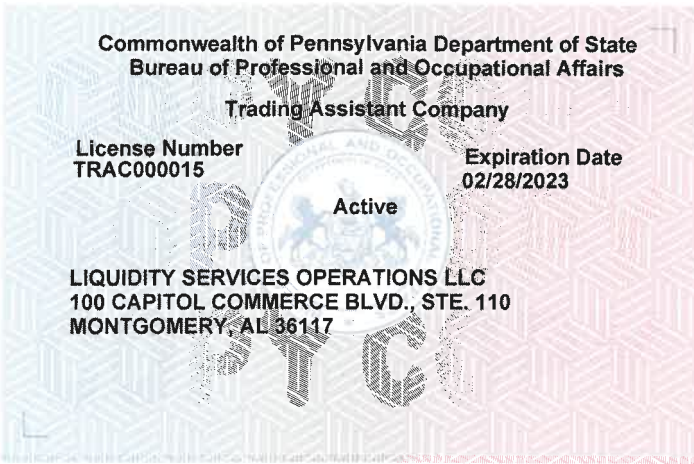
OFFICIAL DOCUMENT

READ THE FOLLOWING INFORMATION CAREFULLY CONCERNING YOUR LICENSE:

- 1. SIGN THE WALLET CARD AND CERTIFICATE WHERE INDICATED.
- 2. DETACH THE WALLET CARD AND CERTIFICATE AT PERFORATION.

Pennsylvania Licensing System (PALS)

Visit our website at: www.pals.pa.gov to renew your license, change your personal or license address, or order duplicate licenses.



LIQUIDITY SERVICES OPERATIONS LLC
100 CAPITOL COMMERCE BLVD., STE. 110
MONTGOMERY, AL 36117

DISPLAY THIS CERTIFICATE PROMINENTLY • NOTIFY AGENCY WITHIN 10 DAYS OF ANY CHANGE

Commonwealth of Pennsylvania
Department of State
Bureau of Professional and Occupational Affairs
PO BOX 2649 Harrisburg PA 17105-2649

21 0102995

License Type
Trading Assistant Company

LIQUIDITY SERVICES OPERATIONS LLC
100 CAPITOL COMMERCE BLVD., STE. 110
MONTGOMERY, AL 36117



License Status
Active

Initial License Date
07/06/2021

License Number
TRAC000015

Expiration Date
02/28/2023

Commissioner of Professional and Occupational Affairs

Signature

[Back to OMVIC website](#)

THE MOST TRUSTED CAR BUYING INFORMATION FOR 25 YEARS

[Consumer Search - Find a Dealer / Salesperson](#)

[Search another dealer / Salesperson](#)

Business Profile

Legal Name	LSI LIQUIDITY SERVICES CANADA LTD.
Business Name	GOVDEALS CANADA
Status	REGISTERED
Class of Registration	GENERAL DEALER
Subclass	USED MOTOR VEHICLES
Operating Status	ACTIVE
Certificate Expiry Date	November 15, 2022
Phone #	(416) 689-8070
FAX	(334) 387-0519
Business Address	835 INTERMODAL DR UNIT 4 BRAMPTON, ON. L6T0B9
Community	BRAMPTON
Country	CANADA
Additional Info	
Email	MPRICE@GOVDEALS.CA
URL	WWW.GOVDEALS.CA
Salesperson(s)	

LINK	POSITION	NAME	SALESPERSON'S CERTIFICATE EXPIRY DATE
DETAILS...	SALESPERSON	IOSU MURUETA	MARCH 10, 2024
DETAILS...	SALESPERSON	MICHAEL PRICE	NOVEMBER 11, 2022
DETAILS...	SALESPERSON	PETER JOHNS	NOVEMBER 11, 2022

Content Disclaimer

This information is provided as a public service. Although OMVIC endeavours to ensure the information is current and accurate, readers should verify the information before acting on it. No legal liability or other responsibility is accepted by or on behalf of OMVIC for any errors, omissions, or statements on this site, or any site to which these pages connect.

For more information, contact registration@omvic.on.ca.

Publication of this information is made pursuant to Section 27 of the General Regulations of the Motor Vehicle Dealers Act and is intended to inform and/or protect the public.

Contact Us:

By Email

online@omvic.on.ca

By Phone or Fax

Phone: 416-226-4500

Toll-Free:
1-800-943-6002

Fax: 416-512-3701

By Mail

OMVIC
65 Overlea Boulevard
Suite 300
Toronto, ON M4H 1P1

Connect



VSA Search Business Details

BUSINESS DETAILS FOR Govdeals Canada

Legal Name: LSI Liquidity Services Canada Ltd	Category: Motor Dealer
Trade Name: Govdeals Canada	Phone Number: 416-689-8070
Licence Number: 40357	Fax: 289-804-3400
Licence Expiry Date: 2022-08-02	Email: mprice@govdeals.ca
Licence Status: Issued	Website: http://www.GovDeals.ca (http://http://www.GovDeals.ca)
Licence Status Reason: No Restrictions	
Licence Type: Dealer	Address #2300-Bentall 5 550 Burrard Street Vancouver BC V6C 2B5 Canada (https://maps.google.com/?q=#2300-Bentall 5 550 Burrard Street Vancouver BC V6C 2B5 Canada)

CONDITIONS OF LICENCE

Consignment Sales Permitted

One or less Demonstration plates

ASSOCIATIONS

[New Search](#)

[Back to Results](#)


PROPOSAL FORM 4: CLEAN AIR WATER ACT

I, the Vendor, am in compliance with all applicable standards, orders or regulations issued pursuant to the Clean Air Act of 1970, as Amended (42 U.S. C. 1857 (h), Section 508 of the Clean Water Act, as amended (33 U.S.C. 1368), Executive Order 117389 and Environmental Protection Agency Regulation, 40 CFR Part 15 as required under OMB Circular A-102, Attachment O, Paragraph 14 (1) regarding reporting violations to the grantor agency and to the United States Environment Protection Agency Assistant Administrator for the Enforcement.

Potential Vendor: Liquidity Services Operations LLC

Title of Authorized Representative: Vice President and General Manager

Mailing Address: 100 Capitol Commerce Blvd., Ste. 110, Montgomery, AL 36117

Signature: 

PROPOSAL FORM 5: DEBARMENT NOTICE

I, the Vendor, certify that my company has not been debarred, suspended or otherwise ineligible for participation in Federal Assistance programs under Executive Order 12549, "Debarment and Suspension", as described in the Federal Register and Rules and Regulations.

Potential Vendor: Liquidity Services Operations LLC

Title of Authorized Representative: Vice President and General Manager

Mailing Address: 100 Capitol Commerce Blvd., Ste. 110, Montgomery, AL 36117

Signature: 

PROPOSAL FORM 6: LOBBYING CERTIFICATION

Submission of this certification is a prerequisite for making or entering into this transaction and is imposed by Section 1352, Title 31, U.S. Code. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Any person who fails to file the required certification shall be subject to civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

The undersigned certifies, to the best of his/her knowledge and belief, that:

1. No Federal appropriated funds have been paid or will be paid on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of a Federal contract, the making of a Federal grant, the making of a Federal loan, the entering into a cooperative agreement, and the extension, continuation, renewal, amendment, or modification of a Federal contract, grant, loan, or cooperative agreement.
2. If any funds other than Federal appropriated funds have been or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract or cooperative agreement, the undersigned shall complete and submit Standard Form LLL, "Disclosure of Lobbying Activities," in accordance with its instructions.
3. The undersigned shall require that the language of this certification be included in the award documents for all covered sub-awards exceeding \$100,000 in Federal funds at all appropriate tiers and that all sub-recipients shall certify and disclose accordingly.



Signature of Respondent

6/1/2022

Date

PROPOSAL FORM 7: CONTRACTOR CERTIFICATION REQUIREMENTS

Contractor’s Employment Eligibility

By entering the contract, Contractor warrants compliance with the Federal Immigration and Nationality Act (FINA), and all other federal and state immigration laws and regulations. The Contractor further warrants that it is in compliance with the various state statutes of the states it will operate this contract in.

Participating Government Entities including School Districts may request verification of compliance from any Contractor or subcontractor performing work under this Contract. These Entities reserve the right to confirm compliance in accordance with applicable laws.

Should the Participating Entities suspect or find that the Contractor or any of its subcontractors are not in compliance, they may pursue any and all remedies allowed by law, including, but not limited to: suspension of work, termination of the Contract for default, and suspension and/or debarment of the Contractor. All costs necessary to verify compliance are the responsibility of the Contractor.

The Respondent complies and maintains compliance with the appropriate statutes which requires compliance with federal immigration laws by State employers, State contractors and State subcontractors in accordance with the E-Verify Employee Eligibility Verification Program.

Contractor shall comply with governing board policy of the Region 10 ESC Participating entities in which work is being performed.

Fingerprint & Criminal Background Checks

If required to provide services on school district property at least five (5) times during a month, contractor shall submit a full set of fingerprints to the school district if requested of each person or employee who may provide such service. Alternately, the school district may fingerprint those persons or employees. An exception to this requirement may be made as authorized in Governing Board policy. The district shall conduct a fingerprint check in accordance with the appropriate state and federal laws of all contractors, subcontractors or vendors and their employees for which fingerprints are submitted to the district. Contractor, subcontractors, vendors and their employees shall not provide services on school district properties until authorized by the District.

The Respondent shall comply with fingerprinting requirements in accordance with appropriate statutes in the state in which the work is being performed unless otherwise exempted.

Contractor shall comply with governing board policy in the school district or Participating Entity in which work is being performed.



Signature of Respondent

6/1/2022

Date

PROPOSAL FORM 8: ANTITRUST CERTIFICATION STATEMENTS
(Tex. Government Code § 2155.005)

I affirm under penalty of perjury of the laws of the State of Texas that:

- (1) I am duly authorized to execute this contract on my own behalf or on behalf of the company, corporation, firm, partnership or individual (Company) listed below;
- (2) In connection with this proposal, neither I nor any representative of the Company has violated any provision of the Texas Free Enterprise and Antitrust Act, Tex. Bus. & Comm. Code Chapter 15;
- (3) In connection with this proposal, neither I nor any representative of the Company has violated any federal antitrust law; and
- (4) Neither I nor any representative of the Company has directly or indirectly communicated any of the contents of this proposal to a competitor of the Company or any other company, corporation, firm, partnership or individual engaged in the same line of business as the Company.

VENDOR Liquidity Services Operations LLC

ADDRESS 100 Capitol Commerce Blvd.

Suite 110

Montgomery, AL 36117

PHONE 503-278-6254

FAX 334-387-0519

RESPONDANT


Signature

John Littler
Printed Name

Senior Manager, Business Development
Position with Company

AUTHORIZING OFFICIAL


Signature

Steve Kranzusch
Printed Name

Vice President and General Manager
Position with Company

PROPOSAL FORM 9: IMPLEMENTATION OF HOUSE BILL 1295

Certificate of Interested Parties (Form 1295):

In 2015, the Texas Legislature adopted House Bill 1295, which added section 2252.908 of the Government Code. The law states that a governmental entity or state agency may not enter into certain contracts with a business entity unless the business entity submits a disclosure of interested parties to the governmental entity or state agency at the time the business entity submits the signed contract to the governmental entity or state agency. The law applies only to a contract of a governmental entity or state agency that either (1) requires an action or vote by the governing body of the entity or agency before the contract may be signed or (2) has a value of at least \$1 million. The disclosure requirement applies to a contract entered into on or after January 1, 2016.

The Texas Ethics Commission was required to adopt rules necessary to implement that law, prescribe the disclosure of interested parties form, and post a copy of the form on the commission's website. The commission adopted the Certificate of Interested Parties form (Form 1295) on October 5, 2015. The commission also adopted new rules (Chapter 46) on November 30, 2015, to implement the law. The commission does not have any additional authority to enforce or interpret House Bill 1295.

Filing Process:

Starting on January 1, 2016, the commission will make available on its website a new filing application that must be used to file Form 1295. A business entity must use the application to enter the required information on Form 1295 and print a copy of the completed form, which will include a certification of filing that will contain a unique certification number. An authorized agent of the business entity must sign the printed copy of the form and have the form notarized. The completed Form 1295 with the certification of filing must be filed with the governmental body or state agency with which the business entity is entering into the contract.

The governmental entity or state agency must notify the commission, using the commission's filing application, of the receipt of the filed Form 1295 with the certification of filing not later than the 30th day after the date the contract binds all parties to the contract. The commission will post the completed Form 1295 to its website within seven business days after receiving notice from the governmental entity or state agency.

Information regarding how to use the filing application will be available on this site starting on January 1, 2016. https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm

CERTIFICATE OF INTERESTED PARTIES

FORM 1295

1 of 1

Complete Nos. 1 - 4 and 6 if there are interested parties.
Complete Nos. 1, 2, 3, 5, and 6 if there are no interested parties.

**OFFICE USE ONLY
CERTIFICATION OF FILING**

Certificate Number:
2022-893212

Date Filed:
06/01/2022

Date Acknowledged:

1 Name of business entity filing form, and the city, state and country of the business entity's place of business.

Liquidity Services Operations LLC
Montgomery, AL United States

2 Name of governmental entity or state agency that is a party to the contract for which the form is being filed.

Region 10 Education Service Center (Equalis Group)

3 Provide the identification number used by the governmental entity or state agency to track or identify the contract, and provide a description of the services, goods, or other property to be provided under the contract.

RFP #R10-1134
Auction Services

4	Name of Interested Party	City, State, Country (place of business)	Nature of interest (check applicable)	
			Controlling	Intermediary
	Liquidity Services, Inc.	Bethesda, MD United States	X	

5 Check only if there is NO Interested Party.

6 UNSWORN DECLARATION

My name is Steve Kranzusch, and my date of birth is April 8, 1956.

My address is 1639 Gilmer Ave., Montgomery, AL, 36104, USA.
(street) (city) (state) (zip code) (country)

I declare under penalty of perjury that the foregoing is true and correct.

Executed in Montgomery County, State of Alabama, on the 1st day of June, 20 22.
(month) (year)



Signature of authorized agent of contracting business entity
(Declarant)

PROPOSAL FORM 10: BOYCOTT CERTIFICATION AND TERRORIST STATE CERTIFICATION

BOYCOTT CERTIFICATION

Respondents must certify that during the term of any Agreement, it does not boycott Israel and will not boycott Israel. "Boycott" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.

Does vendor agree? SK
(Initials of Authorized Representative)

TERRORIST STATE CERTIFICATION

In accordance with Texas Government Code, Chapter 2252, Subchapter F, REGION 10 ESC is prohibited from entering into a contract with a company that is identified on a list prepared and maintained by the Texas Comptroller or the State Pension Review Board under Texas Government Code Sections 806.051, 807.051, or 2252.153. By execution of any agreement, the respondent certifies to REGION 10 ESC that it is not a listed company under any of those Texas Government Code provisions. Responders must voluntarily and knowingly acknowledge and agree that any agreement shall be null and void should facts arise leading the REGION 10 ESC to believe that the respondent was a listed company at the time of this procurement.

Does vendor agree? SK
(Initials of Authorized Representative)

PROPOSAL FORM 11: RESIDENT CERTIFICATION

This Certification Section must be completed and submitted before a proposal can be awarded to your company. This information may be placed in an envelope labeled "Proprietary" and is not subject to public view. In order for a proposal to be considered, the following information must be provided. Failure to complete may result in rejection of the proposal:

As defined by Texas House Bill 602, a "nonresident Bidder" means a Bidder whose principal place of business is not in Texas, but excludes a contractor whose ultimate parent company or majority owner has its principal place of business in Texas.

Texas or Non-Texas Resident

- I certify that my company is a "resident Bidder"
- I certify that my company qualifies as a "nonresident Bidder"

If you qualify as a "nonresident Bidder," you must furnish the following information:

What is your resident state? (The state your principal place of business is located.)

Liquidity Services Operations LLC	100 Capitol Commerce Blvd., Ste. 110
Company Name	Address

Montgomery	AL	36117
City	State	Zip

PROPOSAL FORM 12: FEDERAL FUNDS CERIFICATION FORM

When a participating agency seeks to procure goods and services using funds under a federal grant or contract, specific federal laws, regulations, and requirements may apply in addition to those under state law. This includes, but is not limited to, the procurement standards of the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, 2 CFR 200 (sometimes referred to as the "Uniform Guidance" or "EDGAR" requirements). All Vendors submitting proposals must complete this Federal Funds Certification Form regarding Vendor's willingness and ability to comply with certain requirements which may be applicable to specific participating agency purchases using federal grant funds. This completed form will be made available to participating agencies for their use while considering their purchasing options when using federal grant funds. Participating agencies may also require Vendors to enter into ancillary agreements, in addition to the contract's general terms and conditions, to address the member's specific contractual needs, including contract requirements for a procurement using federal grants or contracts.

For each of the items below, Vendor should certify Vendor's agreement and ability to comply, where applicable, by having Vendor's authorized representative complete and initial the applicable lines after each section and sign the acknowledgment at the end of this form. If a vendor fails to complete any item in this form, Region 10 ESC will consider the Vendor's response to be that they are unable or unwilling to comply. A negative response to any of the items may, if applicable, impact the ability of a participating agency to purchase from the Vendor using federal funds.

1. Vendor Violation or Breach of Contract Terms:

Contracts for more than the simplified acquisition threshold currently set at \$150,000, which is the inflation adjusted amount determined by the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) as authorized by 41 USC 1908, must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.

Any Contract award will be subject to Region 10 ESC General Terms and Conditions, as well as any additional terms and conditions in any Purchase Order, participating agency ancillary contract, or Member Construction Contract agreed upon by Vendor and the participating agency which must be consistent with and protect the participating agency at least to the same extent as the Region 10 ESC Terms and Conditions.

The remedies under the Contract are in addition to any other remedies that may be available under law or in equity. By submitting a Proposal, you agree to these Vendor violation and breach of contract terms.

Does vendor agree? *SM*
(Initials of Authorized Representative)

2. Termination for Cause or Convenience:

When a participating agency expends federal funds, the participating agency reserves the right to immediately terminate any agreement in excess of \$10,000 resulting from this procurement process in the event of a breach or default of the agreement by Offeror in the event Offeror fails to: (1) meet schedules, deadlines, and/or delivery dates within the time specified in the procurement solicitation, contract, and/or a purchase order; (2) make any payments owed; or (3) otherwise perform in accordance with the contract and/or the procurement solicitation. participating agency also reserves the right to terminate the contract immediately, with written notice to offeror, for convenience, if participating agency believes, in its sole discretion that it is in the best

interest of participating agency to do so. Offeror will be compensated for work performed and accepted and goods accepted by participating agency as of the termination date if the contract is terminated for convenience of participating agency. Any award under this procurement process is not exclusive and participating agency reserves the right to purchase goods and services from other offerors when it is in participating agency's best interest.

Does vendor agree? SM

(Initials of Authorized Representative)

3. Equal Employment Opportunity:

Except as otherwise provided under 41 CFR Part 60, all participating agency purchases or contracts that meet the definition of "federally assisted construction contract" in 41 CFR Part 60-1.3 shall be deemed to include the equal opportunity clause provided under 41 CFR 60-1.4(b), in accordance with Executive Order 11246, "Equal Employment Opportunity" (30 FR 12319, 12935, 3 CFR Part, 1964-1965 Comp., p. 339), as amended by Executive Order 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and implementing regulations at 41 CFR Part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor."

The equal opportunity clause provided under 41 CFR 60-1.4(b) is hereby incorporated by reference. Vendor agrees that such provision applies to any participating agency purchase or contract that meets the definition of "federally assisted construction contract" in 41 CFR Part 60-1.3 and Vendor agrees that it shall comply with such provision.

Does vendor agree? SM

(Initials of Authorized Representative)

4. Davis-Bacon Act:

When required by Federal program legislation, Vendor agrees that, for all participating agency prime construction contracts/purchases in excess of \$2,000, Vendor shall comply with the Davis-Bacon Act (40 USC 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, "Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction"). In accordance with the statute, Vendor is required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, Vendor shall pay wages not less than once a week.

Current prevailing wage determinations issued by the Department of Labor are available at www.wdol.gov. Vendor agrees that, for any purchase to which this requirement applies, the award of the purchase to the Vendor is conditioned upon Vendor's acceptance of the wage determination.

Vendor further agrees that it shall also comply with the Copeland "Anti-Kickback" Act (40 USC 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, "Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States"). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled.

Does vendor agree? *SM*

(Initials of Authorized Representative)

5. Contract Work Hours and Safety Standards Act:

Where applicable, for all participating agency contracts or purchases in excess of \$100,000 that involve the employment of mechanics or laborers, Vendor agrees to comply with 40 USC 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR Part 5). Under 40 USC 3702 of the Act, Vendor is required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week. The requirements of 40 USC 3704 are applicable to construction work and provide that no laborer or mechanic must be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.

Does vendor agree? *SM*

(Initials of Authorized Representative)

6. Right to Inventions Made Under a Contract or Agreement:

If the participating agency's Federal award meets the definition of "funding agreement" under 37 CFR 401.2(a) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance or experimental, developmental, or research work under that "funding agreement," the recipient or subrecipient must comply with the requirements of 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulations issued by the awarding agency.

Vendor agrees to comply with the above requirements when applicable.

Does vendor agree? *SM*

(Initials of Authorized Representative)

7. Clean Air Act and Federal Water Pollution Control Act:

Clean Air Act (42 USC 7401-7671q.) and the Federal Water Pollution Control Act (33 USC 1251-1387), as amended –Contracts and subgrants of amounts in excess of \$150,000 must contain a provision that requires the non-Federal award to agree to comply with all applicable standards, orders, or regulations issued pursuant to the Clean Air Act (42 USC 7401-7671q.) and the Federal Water Pollution Control Act, as amended (33 USC 1251-1387). Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).

When required, Vendor agrees to comply with all applicable standards, orders, or regulations issued pursuant to the Clean Air Act and the Federal Water Pollution Control Act.

Does vendor agree? *SM*

(Initials of Authorized Representative)

8. Debarment and Suspension:

Debarment and Suspension (Executive Orders 12549 and 12689) – A contract award (see 2 CFR 180.220) must not be made to parties listed on the government-wide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR Part 1966 Comp. p. 189) and 12689 (3CFR Part 1989 Comp. p. 235), "Debarment and Suspension." SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.

Vendor certifies that Vendor is not currently listed on the government-wide exclusions in SAM, is not debarred, suspended, or otherwise excluded by agencies or declared ineligible under statutory or regulatory authority other than Executive Order 12549. Vendor further agrees to immediately notify the Cooperative and all participating agencies with pending purchases or seeking to purchase from Vendor if Vendor is later listed on the government-wide exclusions in SAM, or is debarred, suspended, or otherwise excluded by agencies or declared ineligible under statutory or regulatory authority other than Executive Order 12549.

Does vendor agree? *SW*

(Initials of Authorized Representative)

9. Byrd Anti-Lobbying Amendment:

Byrd Anti-Lobbying Amendment (31 USC 1352) -- Vendors that apply or bid for an award exceeding \$100,000 must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 USC 1352. Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award. As applicable, Vendor agrees to file all certifications and disclosures required by, and otherwise comply with, the Byrd Anti-Lobbying Amendment (31 USC 1352).

Does vendor agree? *SW*

(Initials of Authorized Representative)

10. Procurement of Recovered Materials:

For participating agency purchases utilizing Federal funds, Vendor agrees to comply with Section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act where applicable and provide such information and certifications as a participating agency may require to confirm estimates and otherwise comply. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR Part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery,

and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

Does vendor agree? *SUL*

(Initials of Authorized Representative)

11. Profit as a Separate Element of Price:

For purchases using federal funds in excess of \$150,000, a participating agency may be required to negotiate profit as a separate element of the price. See, 2 CFR 200.323(b). When required by a participating agency, Vendor agrees to provide information and negotiate with the participating agency regarding profit as a separate element of the price for a particular purchase. However, Vendor agrees that the total price, including profit, charged by Vendor to the participating agency shall not exceed the awarded pricing, including any applicable discount, under Vendor's Cooperative Contract.

Does vendor agree? *SUL*

(Initials of Authorized Representative)

12. Prohibition on Certain Telecommunications and Video Surveillance Services or Equipment

Vendor agrees that recipients and subrecipients are prohibited from obligating or expending loan or grant funds to procure or obtain, extend or renew a contract to procure or obtain, or enter into a contract (or extend or renew a contract) to procure or obtain equipment, services, or systems that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system from companies described in Public Law 115-232, section 889. Telecommunications or video surveillance equipment or services produced or provided by an entity that the Secretary of Defense, in consultation with the Director of the National Intelligence or the Director of the Federal Bureau of Investigation, reasonably believes to be an entity owned or controlled by, or otherwise connected to, the government of a covered foreign country are also prohibited.

Does vendor agree? *SUL*

(Initials of Authorized Representative)

13. General Compliance and Cooperation with Participating Agencies:

In addition to the foregoing specific requirements, Vendor agrees, in accepting any Purchase Order from a participating agency, it shall make a good faith effort to work with participating agencies to provide such information and to satisfy such requirements as may apply to a particular participating agency purchase or purchases including, but not limited to, applicable recordkeeping and record retention requirements.

Does vendor agree? *SUL*

(Initials of Authorized Representative)

14. Applicability to Subcontractors

Offeror agrees that all contracts it awards pursuant to the Contract shall be bound by the foregoing terms and conditions.


Does vendor agree? *SUL*

(Initials of Authorized Representative)

By signature below, I certify that the information in this form is true, complete, and accurate and that I am authorized by my company to make this certification and all consents and agreements contained herein.

Liquidity Services Operations LLC

Company Name



Signature of Authorized Company Official

Steve Kranzusch

Printed Name

Vice President and General Manager

Title

June 1, 2022

Date

PROPOSAL FORM 13: ADDITIONAL ARIZONA CONTRACTOR REQUIREMENTS

AZ Compliance with Federal and state requirements: Contractor agrees when working on any federally assisted projects with more than \$2,000.00 in labor costs, to comply with all federal and state requirements, as well as Equal Opportunity Employment requirements and all other federal and state laws, statutes, etc. Contractor agrees to post wage rates at the work site and submit a copy of their payroll to the member for their files. Contractor must retain records for three years to allow the federal grantor agency access to these records, upon demand. Contractor also agrees to comply with the Arizona Executive Order 75-5, as amended by Executive Order 99-4.

When working on contracts funded with Federal Grant monies, contractor additionally agrees to comply with the administrative requirements for grants, and cooperative agreements to state, local and federally recognized Indian Tribal Governments.

AZ Compliance with workforce requirements: Pursuant to ARS 41-4401, Contractor and subcontractor(s) warrant their compliance with all federal and state immigration laws and regulations that relate to their employees, and compliance with ARS 23-214 subsection A, which states, ..."every employer, after hiring an employee, shall verify the employment eligibility of the employee through the E-Verify program" Region 10 ESC reserves the right to cancel or suspend the use of any contract for violations of immigration laws and regulations. Region 10 ESC and its members reserve the right to inspect the papers of any contractor or subcontract employee who works under this contract to ensure compliance with the warranty above.

AZ Contractor Employee Work Eligibility: By entering into this contract, contractor agrees and warrants compliance with A.R.S. 41-4401, A.R.S. 23-214, the Federal Immigration and Nationality Act (FINA), and all other Federal immigration laws and regulations. Region 10 ESC and/or Region 10 ESC members may request verification of compliance from any contractor or sub contractor performing work under this contract. Region 10 ESC and Region 10 ESC members reserve the right to confirm compliance. In the event that Region 10 ESC or Region 10 ESC members suspect or find that any contractor or subcontractor is not in compliance, Region 10 ESC may pursue any and all remedies allowed by law, including but not limited to suspension of work, termination of contract, suspension and/or debarment of the contractor. All cost associated with any legal action will be the responsibility of the contractor.

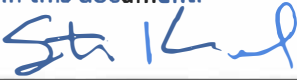
AZ Non-Compliance: All federally assisted contracts to members that exceed \$10,000.00 may be terminated by the federal grantee for noncompliance by contractor. In projects that are not federally funded, Respondent must agree to meet any federal, state or local requirements as necessary. In addition, if compliance with the federal regulations increases the contract costs beyond the agreed on costs in this solicitation, the additional costs may only apply to the portion of the work paid by the federal grantee.

Registered Sex Offender Restrictions (Arizona): For work to be performed at an Arizona school, contractor agrees that no employee or employee of a subcontractor who has been adjudicated to be a registered sex offender will perform work at any time when students are present, or reasonably expected to be present. Contractor agrees that a violation of this condition shall be considered a material breach and may result in the cancellation of the purchase order at the Region 10 ESC member's discretion. Contractor must identify any additional costs associated with compliance to this term. If no costs are specified, compliance with this term will be provided at no additional charge.

Offshore Performance of Work Prohibited: Due to security and identity protection concerns, direct services under this contract shall be performed within the borders of the United States.

Terrorism Country Divestments: In accordance with A.R.S. 35-392, Region 10 ESC and Region 10 ESC members are prohibited from purchasing from a company that is in violation of the Export Administration Act. By entering into the contract, contractor warrants compliance with the Export Administration Act.

The undersigned hereby accepts and agrees to comply with all statutory compliance and notice requirements listed [in this document](#).



6/1/2022

Signature of Respondent

Date

PROPOSAL FORM 14: OWNERSHIP DISCLOSURE FORM (N.J.S. 52:25-24.2)

Pursuant to the requirements of P.L. 1999, Chapter 440 effective April 17, 2000 (Local Public Contracts Law), the Respondent shall complete the form attached to these specifications listing the persons owning 10 percent (10%) or more of the firm presenting the proposal.

Company Name: Liquidity Services Operations LLC

Street: 100 Capitol Commerce Blvd., Ste. 110

City, State, Zip Code: Montgomery, AL 36117

Complete as appropriate:

I _____, certify that I am the sole owner of _____, that there are no partners and the business is not incorporated, and the provisions of N.J.S. 52:25-24.2 do not apply.

OR:

I _____, a partner in _____, do hereby certify that the following is a list of all individual partners who own a 10% or greater interest therein. I further certify that if one (1) or more of the partners is itself a corporation or partnership, there is also set forth the names and addresses of the stockholders holding 10% or more of that corporation's stock or the individual partners owning 10% or greater interest in that partnership.

OR:

I Stev e Kranzsch, an authorized representative of Liquidity Services Operations LLC, ^{limited liability} ~~a corporation,~~ do hereby certify that the following is a list of the names and addresses of all stockholders in the corporation who own 10% or more of its stock of any class. I further certify that if one (1) or more of such stockholders is itself a corporation or partnership, that there is also set forth the names and addresses of the stockholders holding 10% or more of the corporation's stock or the individual partners owning a 10% or greater interest in that partnership.

(Note: If there are no partners or stockholders owning 10% or more interest, indicate none.)

Name	Address	Interest
Liquidity Services, Inc.	6931 Arlington Rd., Ste. 200, Bethesda, MD 20814	100%
BlackRock, Inc.	55 East 52nd St., New York, NY 10055	11.96% of LSI
William P. Angrick III	6931 Arlington Rd., Ste. 200, Bethesda, MD 20814	23.53% of LSI

I further certify that the statements and information contained herein, are complete and correct to the best of my knowledge and belief.


VP & Gen. Manager
Authorized Signature and Title

6/1/2022
Date

PROPOSAL FORM 15: NON-COLLUSION AFFIDAVIT

Company Name: Liquidity Services Operations LLC

Street: 100 Capitol Commerce Blvd., Ste. 110

City, State, Zip Code: Montgomery, AL 36117

State of Alabama

County of Montgomery

I, Steve Kanzasch of the City of Montgomery
Name City

in the County of Montgomery, State of Alabama of full age, being duly sworn according to law on my oath depose and say that:

I am the Vice President & General Manager of the firm of Liquidity Services Operations LLC
Title Company Name

the Respondent making the Proposal for the goods, services or public work specified under the Harrison Township Board of Education attached proposal, and that I executed the said proposal with full authority to do so; that said Respondent has not directly or indirectly entered into any agreement, participated in any collusion, or otherwise taken any action in restraint of free, competitive bidding in connection with the above proposal, and that all statements contained in said bid proposal and in this affidavit are true and correct, and made with full knowledge that the Harrison Township Board of Education relies upon the truth of the statements contained in said bid proposal and in the statements contained in this affidavit in awarding the contract for the said goods, services or public work.

I further warrant that no person or selling agency has been employed or retained to solicit or secure such contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, except bona fide employees or bona fide established commercial or selling agencies maintained by

Liquidity Services Operations LLC
Company Name

 VP & Gen. Manager
Authorized Signature & Title

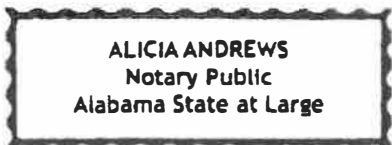
Subscribed and sworn before me

this 1st day of June, 20 22


Notary Public of Alabama

My commission expires April 4, 20 26

SEAL



PROPOSAL FORM 16: AFFIRMATIVE ACTION AFFIDAVIT (P.L. 1975, C.127)

Company Name: Liquidity Services Operations LLC
Street: 100 Capitol Commerce Blvd., Ste. 110
City, State, Zip Code: Montgomery, AL 36117

Bid Proposal Certification:

Indicate below your compliance with New Jersey Affirmative Action regulations. Your proposal will be accepted even if you are not in compliance at this time. No contract and/or purchase order may be issued, however, until all Affirmative Action requirements are met.

Required Affirmative Action Evidence:

Procurement, Professional & Service Contracts (Exhibit A)


Vendors must submit with proposal:

- 1. A photo copy of their Federal Letter of Affirmative Action Plan Approval _____
OR
- 2. A photo copy of their Certificate of Employee Information Report X
OR
- 3. A complete Affirmative Action Employee Information Report (AA302) _____

Public Work – Over \$50,000 Total Project Cost:

- A. No approved Federal or New Jersey Affirmative Action Plan. We will complete Report Form AA201-A upon receipt from the Harrison Township Board of Education X
If applicable
- B. Approved Federal or New Jersey Plan – certificate enclosed _____

I further certify that the statements and information contained herein, are complete and correct to the best of my knowledge and belief.

 _____ VP & Gen. Manager 6/1/2022
Authorized Signature and Title **Date**

P.L. 1995, c. 127 (N.J.A.C. 17:27)
MANDATORY AFFIRMATIVE ACTION LANGUAGE

PROCUREMENT, PROFESSIONAL AND SERVICE CONTRACTS

During the performance of this contract, the contractor agrees as follows:

The contractor or subcontractor, where applicable, will not discriminate against any employee or applicant for employment because of age, race, creed, color, national origin, ancestry, marital status, sex, affectional or sexual orientation. The contractor will take affirmative action to ensure that such applicants are recruited and employed, and that employees are treated during employment, without regard to their age, race, creed, color,

national origin, ancestry, marital status, sex, affectional or sexual orientation. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Public Agency Compliance Officer setting forth provisions of this non-discrimination clause.

The contractor or subcontractor, where applicable will, in all solicitations or advertisement for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to age, race, creed, color, national origin, ancestry, marital status, sex, affectional or sexual orientation.

The contractor or subcontractor, where applicable, will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer advising the labor union or workers' representative of the contractor's commitments under this act and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

The contractor or subcontractor, where applicable, agrees to comply with any regulations promulgated by the Treasurer pursuant to P.L. 1975, c. 127, as amended and supplemented from time to time and the Americans with Disabilities Act.

The contractor or subcontractor agrees to attempt in good faith to employ minority and female workers trade consistent with the applicable county employment goal prescribed by N.J.A.C. 17:27-5.2 promulgated by the Treasurer pursuant to P.L. 1975, C.127, as amended and supplemented from time to time or in accordance with a binding determination of the applicable county employment goals determined by the Affirmative Action Office pursuant to N.J.A.C. 17:27-5.2 promulgated by the Treasurer pursuant to P.L. 1975, C.127, as amended and supplemented from time to time.

The contractor or subcontractor agrees to inform in writing appropriate recruitment agencies in the area, including employment agencies, placement bureaus, colleges, universities, labor unions, that it does not discriminate on the basis of age, creed, color, national origin, ancestry, marital status, sex, affectional or sexual orientation, and that it will discontinue the use of any recruitment agency which engages in direct or indirect discriminatory practices.

The contractor or subcontractor agrees to revise any of its testing procedures, if necessary, to assure that all personnel testing conforms with the principles of job-related testing, as established by the statutes and court decisions of the state of New Jersey and as established by applicable Federal law and applicable Federal court decisions.

The contractor or subcontractor agrees to review all procedures relating to transfer, upgrading, downgrading and lay-off to ensure that all such actions are taken without regard to age, creed, color, national origin, ancestry, marital status, sex, affectional or sexual orientation, and conform with the applicable employment goals, consistent with the statutes and court decisions of the State of New Jersey, and applicable Federal law and applicable Federal court decisions.

The contractor and its subcontractors shall furnish such reports or other documents to the Affirmative Action Office as may be requested by the office from time to time in order to carry out the purposes of these regulations, and public agencies shall furnish such information as may be requested by the Affirmative Action Office for conducting a compliance investigation pursuant to Subchapter 10 of the Administrative Code (NJAC 17:27).

A handwritten signature in blue ink, appearing to read "Stu Kauf", is written above a horizontal line.

Signature of Authorized Representative

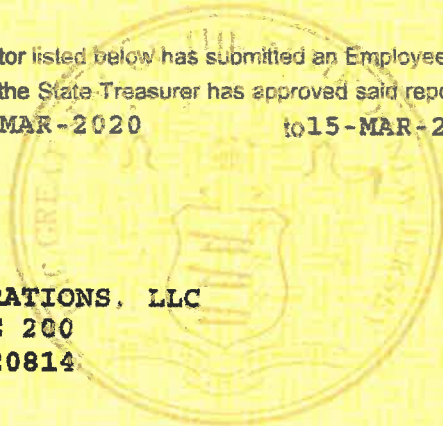
Certification 62759

CERTIFICATE OF EMPLOYEE INFORMATION REPORT

INITIAL

This is to certify that the contractor listed below has submitted an Employee Information Report pursuant to N.J.A.C. 17:27-1.1 et. seq. and the State Treasurer has approved said report. This approval will remain in effect for the period of 15-MAR-2020 to 15-MAR-2023

LIQUIDITY SERVICES OPERATIONS, LLC
6931 ARLINGTON ROAD STE 200
BETHESDA MD 20814



A handwritten signature in black ink, appearing to read "Elizabeth Maher Muoio".

ELIZABETH MAHER MUOIO
State Treasurer

PROPOSAL FORM 17: C. 271 POLITICAL CONTRIBUTION DISCLOSURE FORM

Public Agency Instructions

This page provides guidance to public agencies entering into contracts with business entities that are required to file Political Contribution Disclosure forms with the agency. **It is not intended to be provided to contractors.**

What follows are instructions on the use of form local units can provide to contractors that are required to disclose political contributions pursuant to N.J.S.A. 19:44A-20.26 (P.L. 2005, c. 271, s.2). Additional information is available in Local Finance Notice 2006-1 (https://www.nj.gov/dca/divisions/dlgs/resources/lfns_2006.html).

1. The disclosure is required for all contracts in excess of \$17,500 that are **not awarded** pursuant to a “fair and open” process (N.J.S.A. 19:44A-20.7).
2. Due to the potential length of some contractor submissions, the public agency should consider allowing data to be submitted in electronic form (i.e., spreadsheet, pdf file, etc.). Submissions must be kept with the contract documents or in an appropriate computer file and be available for public access. **The form is worded to accept this alternate submission.** The text should be amended if electronic submission will not be allowed.
3. The submission must be **received from the contractor and** on file at least 10 days prior to award of the contract. Resolutions of award should reflect that the disclosure has been received and is on file.
4. The contractor must disclose contributions made to candidate and party committees covering a wide range of public agencies, including all public agencies that have elected officials in the county of the public agency, state legislative positions, and various state entities. The Division of Local Government Services recommends that contractors be provided a list of the affected agencies. This will assist contractors in determining the campaign and political committees of the officials and candidates affected by the disclosure.
 - a) The Division has prepared model disclosure forms for each county. They can be downloaded from the “County PCD Forms” link on the Pay-to-Play web site at https://www.state.nj.us/dca/divisions/dlgs/programs/pay_2_play.html They will be updated from time-to-time as necessary.
 - b) A public agency using these forms **should edit them to properly reflect the correct legislative district(s)**. As the forms are county-based, **they list all legislative districts** in each county. **Districts that do not represent the public agency should be removed from the lists.**
 - c) Some contractors may find it easier to provide a single list that covers all contributions, regardless of the county. These submissions are appropriate and should be accepted.
 - d) The form may be used “as-is”, subject to edits as described herein.
 - e) The “Contractor Instructions” sheet is intended to be provided with the form. It is recommended that the Instructions and the form be printed on the same piece of paper. The form notes that the Instructions are printed on the back of the form; where that is not the case, the text should be edited accordingly.
 - f) The form is a Word document and can be edited to meet local needs, and posted for download on web sites, used as an e-mail attachment, or provided as a printed document.
5. It is recommended that the contractor also complete a “Stockholder Disclosure Certification.” This will assist the local unit in its obligation to ensure that contractor did not make any prohibited contributions to the committees listed on the Business Entity Disclosure Certification in the 12 months prior to the contract. (See Local Finance Notice 2006-7 for additional information on this obligation) A sample Certification form is part of this package and the instruction to complete it is included in the Contractor Instructions. **NOTE: This section is not applicable to Boards of Education.**

C. 271 POLITICAL CONTRIBUTION DISCLOSURE FORM

Contractor Instructions

Business entities (contractors) receiving contracts from a public agency that are NOT awarded pursuant to a "fair and open" process (defined at N.J.S.A. 19:44A-20.7) are subject to the provisions of P.L. 2005, c. 271, s.2 (N.J.S.A. 19:44A-20.26). This law provides that 10 days prior to the award of such a contract, the contractor shall disclose contributions to:

1. any State, county, or municipal committee of a political party
2. any legislative leadership committee*
3. any continuing political committee (a.k.a., political action committee)
4. any candidate committee of a candidate for, or holder of, an elective office:
 1. of the public entity awarding the contract
 2. of that county in which that public entity is located
 3. of another public entity within that county
 4. or of a legislative district in which that public entity is located or, when the public entity is a county, of any legislative district which includes all or part of the county. The disclosure must list reportable contributions to any of the committees that exceed \$300 per election cycle that were made during the 12 months prior to award of the contract. See N.J.S.A. 19:44A-8 and 19:44A-16 for more details on reportable contributions.

N.J.S.A. 19:44A-20.26 itemizes the parties from whom contributions must be disclosed when a business entity is not a natural person. This includes the following:

5. individuals with an "interest" ownership or control of more than 10% of the profits or assets of a business entity or 10% of the stock in the case of a business entity that is a corporation for profit
6. all principals, partners, officers, or directors of the business entity or their spouses
7. any subsidiaries directly or indirectly controlled by the business entity
8. IRS Code Section 527 New Jersey based organizations, directly or indirectly controlled by the business entity and filing as continuing political committees, (PACs). When the business entity is a natural person, "a contribution by that person's spouse or child, residing therewith, shall be deemed to be a contribution by the business entity." [N.J.S.A. 19:44A-20.26(b)] The contributor must be listed on the disclosure. Any business entity that fails to comply with the disclosure provisions shall be subject to a fine imposed by ELEC in an amount to be determined by the Commission which may be based upon the amount that the business entity failed to report. The enclosed list of agencies is provided to assist the contractor in identifying those public agencies whose elected official and/or candidate campaign committees are affected by the disclosure requirement. It is the contractor's responsibility to identify the specific committees to which contributions may have been made and need to be disclosed. The disclosed information may exceed the minimum requirement. The enclosed form, a content-consistent facsimile, or an electronic data file containing the required details (along with a signed cover sheet) may be used as the contractor's submission and is disclosable to the public under the Open Public Records Act. The contractor must also complete the attached Stockholder Disclosure Certification. This will assist the agency in meeting its obligations under the law.

NOTE: This section does not apply to Board of Education contracts.

* N.J.S.A. 19:44A-3(s): "The term "legislative leadership committee" means a committee established, authorized to be established, or designated by the President of the Senate, the Minority Leader of the Senate, the Speaker

of the General Assembly or the Minority Leader of the General Assembly pursuant to section 16 of P.L.1993, c.65 (C.19:44A-10.1) for the purpose of receiving contributions and making expenditures.”

C. 271 POLITICAL CONTRIBUTION DISCLOSURE FORM

Required Pursuant To N.J.S.A. 19:44A-20.26

This form or its permitted facsimile must be submitted to the local unit no later than 10 days prior to the award of the contract.

Part I – Vendor Information

Vendor Name:	Liquidity Services Operations LLC		
Address:	100 Capitol Commerce Blvd., Ste. 110		
City:	Montgomery	State: AL	Zip: 36117

The undersigned being authorized to certify, hereby certifies that the submission provided herein represents compliance with the provisions of N.J.S.A. 19:44A-20.26 and as represented by the Instructions accompanying this form.



Steve Kranzusch

VP & General Manager

Signature

Printed Name

Title

Part II – Contribution Disclosure

Disclosure requirement: Pursuant to N.J.S.A. 19:44A-20.26 this disclosure must include all reportable political contributions (more than \$300 per election cycle) over the 12 months prior to submission to the committees of the government entities listed on the form provided by the local unit.

Check here if disclosure is provided in electronic form.

Contributor Name	Recipient Name	Date	Dollar Amount
None			\$

Check here if the information is continued on subsequent page(s)

List of Agencies with Elected Officials Required for Political Contribution Disclosure

N.J.S.A. 19:44A-20.26

County Name:

State: Governor, and Legislative Leadership Committees

Legislative District #s:

State Senator and two members of the General Assembly per district.

County:

Freeholders

{County Executive}

County Clerk

Surrogate

Sheriff

Municipalities (Mayor and members of governing body, regardless of title):

USERS SHOULD CREATE THEIR OWN FORM, OR DOWNLOAD FROM WWW.NJ.GOV/DCA/LGS/P2P A COUNTY-BASED, CUSTOMIZABLE FORM.

PROPOSAL FORM 18: STOCKHOLDER DISCLOSURE CERTIFICATION

Name of Business: Liquidity Services Operations LLC

I certify that the list below contains the names and home addresses of all stockholders holding 10% or more of the issued and outstanding stock of the undersigned.

OR

I certify that no one stockholder owns 10% or more of the issued and outstanding stock of the undersigned.

Check the box that represents the type of business organization:

Partnership

Sole Proprietorship

Limited Liability

Limited Partnership

Partnership

Corporation

Limited Liability Corporation

Subchapter S Corporation

Sign and notarize the form below, and, if necessary, complete the stockholder list below.

Stockholders:

Name: Liquidity Services, Inc.	Name:
Home Address: 6931 Arlington Rd., Ste. 200 Bethesda, MD 20814	Home Address:
<small>Liquidity Services Operations LLC is a wholly owned subsidiary of Liquidity Services, Inc.</small>	
Name:	Name:
Home Address:	Home Address:
Name:	Name:
Home Address:	Home Address:
Subscribed and sworn before me this <u>1st</u> day of <u>June</u> , 20 <u>22</u>	<u>Steve Kranzusch</u> (Affiant)
(Notary Public) <u>[Signature]</u>	Steve Kranzusch, Vice President and General Manager (Print name & title of affiant)
My Commission expires: April 4, 2026	(Corporate Seal)

ALICIA ANDREWS
Notary Public
Alabama State at Large



PROPOSAL FORM 19: GENERAL TERMS AND CONDITIONS ACCEPTANCE FORM

Signature on the Vendor Contract Signature form certifies complete acceptance of the General Terms and Conditions in this solicitation, except as noted below (additional pages may be attached, if necessary).

Check one of the following responses to the General Terms and Conditions:

We take no exceptions/deviations to the general terms and conditions

(Note: If none are listed below, it is understood that no exceptions/deviations are taken.)

We take the following exceptions/deviations to the general terms and conditions. All exceptions/deviations must be clearly explained. Reference the corresponding general terms and conditions that you are taking exceptions/deviations to. Clearly state if you are adding additions terms and conditions to the general terms and conditions. Provide details on your exceptions/deviations below:

(Note: Unacceptable exceptions shall remove your proposal from consideration for award. Region 10 ESC shall be the sole judge on the acceptance of exceptions/deviations and the decision shall be final.)

Reference: Appendix C: Financial Terms. 1. Administrative Fee.

On or before the fifteenth (15th) of each month, Winning Supplier shall remit to Equalis an administrative fee payment (the "Administrative Fee") of two and two quarters percent (2.25%) of the total Winning Supplier revenue (the "Equalis Group Spend" or "Spend") invoiced to Program Participants during the prior calendar month.

Exception 1:

LSO GovDeals proposes to pay the Administrative Fee and file related reporting on a quarterly basis, rather than monthly. Our company holds multiple large cooperative contracts, and our experience in this area has shown that monthly reporting would put undue strain on accounting staff, but we would readily support a quarterly reporting/payment plan.

Proposed revised terms for Exception 1:

"On or before the fifteenth (15th) of each month following the end of a quarter, Winning Supplier shall remit to Equalis..." / "...invoiced to Program Participants during the prior calendar quarter."

Exception 2:

LSO GovDeals proposes to pay an Administrative Fee of two percent (2.0%). An Administrative Fee of two percent (2.0%) would be in alignment with the multiple large cooperative contracts currently held by our company.

Proposed revised terms for Exception 2:

"...Winning Supplier shall remit to Equalis an administrative fee payment (the "Administrative Fee") of two percent (2.0%) of the total Winning Supplier revenue (the "Equalis Group Spend" or "Spend") invoiced to Program Participants..."

Proposed revised terms for Exception 1 and Exception 2, combined:

On or before the fifteenth (15th) of each month following the end of a quarter, Winning Supplier shall remit to Equalis an administrative fee payment (the "Administrative Fee") of two percent (2.0%) of the total Winning Supplier revenue (the "Equalis Group Spend" or "Spend") invoiced to Program Participants during the prior calendar quarter.

PROPOSAL FORM 20: EQUALIS GROUP ADMINISTRATION AGREEMENT

Requirements for Master Agreement To be administered by Equalis Group

Attachment A, Equalis Group Administrative Agreement is used in administering Master Agreements with Region 10 and is preferred by Equalis Group. Redlined copies of this agreement should not be submitted with the response. Should a respondent be recommended for award, this agreement will be negotiated and executed between Equalis Group and the respondent. **Respondents must select one of the following options for submitting their response.**

- Respondent agrees to all terms and conditions outlined in each of the Administration Agreement.
- Respondent wishes to negotiate directly with Equalis Group on terms and conditions outlined in the Administration Agreement. Negotiations will commence after sealed Proposals are opened and Region 10 has determined the respondent met all requirements in their response and may be eligible for award.

PROPOSAL FORM 21: OPEN RECORDS POLICY ACKNOWLEDGEMENT AND ACCEPTANCE
OPEN RECORDS POLICY ACKNOWLEDGMENT AND ACCEPTANCE

Be advised that all information and documents submitted will be subject to the Public Information Act requirements governed by Chapter 552 of the Texas Government Code.

Because contracts are awarded by a Texas governmental entity, all responses submitted are subject to release as public information after contracts are executed. If a Respondent believes that its response, or parts of its response, may be exempted from disclosure to the public, the Respondent must specify page-by-page and line-by-line the parts of the response, which it believes, are exempted from disclosure. In addition, the Respondent must specify which exception(s) are applicable and provide detailed reasons to substantiate the exception(s). Respondent must provide this information on the "Acknowledgement and Acceptance to Region 10 ESC's Public Information Act Policy" form found on the next page of this solicitation. Any information that is unmarked will be considered public information and released, if requested under the Public Information Act.

The determination of whether information is confidential and not subject to disclosure is the duty of the Office of Attorney General (OAG). Region 10 ESC must provide the OAG with the information requested in order for the OAG to render an opinion. In such circumstances, Respondent will be notified in writing that the material has been requested and delivered to the OAG. Respondent will have an opportunity to make arguments to the OAG in writing regarding the exception(s) to the TPIA that permit the information to be withheld from public disclosure. Respondents are advised that such arguments to the OAG must be specific and well-reasoned--vague and general claims to confidentiality by the Respondent are generally not acceptable to the OAG. Once the OAG opinion is received by Region 10 ESC, Region 10 ESC must comply with the opinions of the OAG. Region 10 ESC assumes no responsibility for asserting legal arguments on behalf of any Respondent. Respondents are advised to consult with their legal counsel concerning disclosure issues resulting from this procurement process and to take precautions to safeguard trade secrets and other proprietary information.

After completion of award, these documents will be available for public inspection.

Signature below certifies complete acceptance of Region 10 ESC's Open Records Policy, except as noted below (additional pages may be attached, if necessary). Check one of the following responses to the Acknowledgment and Acceptance of Region 10 ESC's Open Records Policy below:

We acknowledge Region 10 ESC's Public Information Act policy and declare that no information submitted with this proposal, or any part of our proposal, is exempt from disclosure under the Public Information Act.

(Note: All information believed to be a trade secret or proprietary must be listed below. It is further understood that failure to identify such information, in strict accordance with the instructions below, will result in that information being considered public information and released, if requested under the Public Information Act.)

We declare the following information to be a trade secret or proprietary and exempt from disclosure under the Public Information Act.

(Note: Respondent must specify page-by-page and line-by-line the parts of the response, which it believes, are exempt. In addition, Respondent must specify which exception(s) are applicable and provide detailed reasons to substantiate the exception(s).

6/1/2022

Date



VP & Gen. Manager

Authorized Signature & Title

PROPOSAL FORM 22: VENDOR CONTRACT AND SIGNATURE FORM

The undersigned hereby proposes and agrees to furnish goods and/or services in strict compliance with the terms, specifications and conditions at the prices proposed within response unless noted in writing. The undersigned further certifies that he/she is an officer of the company and has authority to negotiate and bind the company named below and has not prepared this proposal in collusion with any other Respondent and that the contents of this proposal as to prices, terms or conditions of said proposal have not been communicated by the undersigned nor by any employee or agent to any person engaged in this type of business prior to the official opening of this proposal.

VENDORS MUST SUBMIT THIS FORM COMPLETED AND SIGNED WITH THEIR RESPONSE TO BE CONSIDERED

Company name Liquidity Services Operations LLC
Address 100 Capitol Commerce Blvd., Ste. 110
City/State/Zip Montgomery, AL 36117
Telephone No. 503-278-6254
Fax No. 334-387-0519
Email address jlittler@govdeals.com John Littler, Senior Manager, Business Development
Printed name Steve Kranzusch
Position with company Vice President and General Manager
Authorized signature 

Term of contract September 1, 2022 to Aug at 31, 2025

Unless otherwise stated, all contracts are for a period of three (3) years with an option to renew annually for an additional two (2) years if agreed to by Region 10 ESC. Vendor shall honor all administrative fees for any sales made based on the contract whether renewed or not.


Dr. Jana Melsheimer (Aug 15, 2022 11:28:03)
Region 10 ESC Authorized Agent

8/17/22
Date

Dr. Jana Melsheimer
Print Name

Equalis Group Contract Number R10 - 1134A