EXHIBIT JN-03

Unrecorded Liabilities

The below is an exerpt from the 2018 Audited Financial Statements. Note 10 – page 18-20.

NOTE 10.-UNRECORDED LIABILITIES

As noted in Note 1, these special-purpose financial statements are prepared on the modified accrual basis of accounting. This method of accounting and reporting permits PSP to present these special-purpose consolidated financial statements without recording the related liability for goods and services received but not paid, employee services earned but not paid, and the various pilot services earned but not paid. Thus, PSP is on a "pay-as-you-go" basis for most liabilities.

Had PSP recorded the present value of these future obligations at the time the goods were received, services performed or liability incurred, at the respective balance sheet dates, PSP would report in these financial statements a deficiency of assets, i.e., liabilities would exceed assets and thus pilots' equity would be negative (line 26, page 6).

The following are unrecorded liabilities at December 31, 2018 and 2017:

Individual pilots earn respite time in paid days for working engagements during the two-week off part of their two-week on (duty)/two-week off (respite) watch periods. In addition, members receive a two-week vacation each year. Whenever the volume of shipping requires, members on respite or vacation may be called back to perform assignments during their off duty (respite) period and be credited with a comp day.

Comp day value at December 31, 2018, was approximately $6,927,172 and approximately $5,583,894 at December 31, 2017.

NOTE 10.-UNRECORDED LIABILITIES (Continued)

Annual unpaid vacation value at December 31, 2018, was approximately $982,764 and approximately $935,990 at December 31, 2017.

Historical experience indicates that some members receive comp day pay in the periods immediately after the end of their pilotage service. Historically, when setting the tariff, the Commission has considered pilots using comp days under these circumstances to be active pilots for purposes of determining how many pilots the tariff needs to fund.

Currently, PSP treats these payments to pilots without a license as an operating expense. Historically, funds to pay the cost to PSP of these comp days have been provided by the tariff. Management has no reason to believe that this will change in the future. In addition, the value of a comp day is directly related to the earnings of an active pilot (balance of pilotage revenue pooled per pilot). If those earnings adjust up or down, the value of the comp day - and the amount of the unrecorded liability associated with it – adjusts up or down by the same amount.

PSP's major medical plan provides for a continuation of full-share distributions for up to six watches to pilots who, due to illness or injury, are physically unable to pilot. During 2018 and 2017, 15.4 and .9 monthly payments, respectively, were made to different pilots under this operating rule. An estimate of the liability for major medical as of December 31, 2018 and 2017, has not been determined.

As pilots retire, PSP buys them out over a period of time. As of December 31, 2018, and 2017, the amount due to retired pilots under the buyout is approximately $3,736,439 and $3,083,739, respectively.

Redemption of pilot ownership interest for pilots being paid out as of December 31, 2018, due for each of the next five years and in the aggregate, are as follows:

Years ended December 31,	
2019	$1,135,887
2020	986,154
2021	680,660
2022	448,286
2023	408,218
Thereafter	77,234
	$3,736,439

All Union employees earn vacation and sick leave in accordance with the Union contract. Employees are entitled to 6 days of sick leave per year and may only carry forward a maximum of 90 days.

NOTE 10.-UNRECORDED LIABILITIES (Continued)

The Executive Director earns vacation and sick leave in accordance with their contract. Unused sick leave may carryover from one year to another and may accrue up to a maximum of 90 days. An estimate of the liability for employee and Executive Director compensated absences as of December 31, 2018 and 2017, has not been determined.