

|                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                         |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| <b>Form 5500</b><br><br>Department of the Treasury<br>Internal Revenue Service<br><br>Department of Labor<br>Employee Benefits Security<br>Administration<br><br>Pension Benefit Guaranty Corporation | <b>Annual Return/Report of Employee Benefit Plan</b><br>This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code).<br><br><p style="text-align: center;">▶ <b>Complete all entries in accordance with the instructions to the Form 5500.</b></p> | OMB Nos. 1210-0110<br>1210-0089<br><br><b>2013</b><br><br><b>This Form is Open to Public Inspection</b> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|

|                                                                                                          |                                                                                                                                                                                                                                           |
|----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Part I</b>                                                                                            | <b>Annual Report Identification Information</b>                                                                                                                                                                                           |
| For calendar plan year 2013 or fiscal plan year beginning <u>01/01/2013</u> and ending <u>12/31/2013</u> |                                                                                                                                                                                                                                           |
| A This return/report is for:                                                                             | <input type="checkbox"/> a multiemployer plan; <input type="checkbox"/> a multiple-employer plan; or<br><input checked="" type="checkbox"/> a single-employer plan; <input type="checkbox"/> a DFE (specify) ____                         |
| B This return/report is:                                                                                 | <input type="checkbox"/> the first return/report; <input type="checkbox"/> the final return/report;<br><input type="checkbox"/> an amended return/report; <input type="checkbox"/> a short plan year return/report (less than 12 months). |
| C If the plan is a collectively-bargained plan, check here. . . . .                                      | <input type="checkbox"/>                                                                                                                                                                                                                  |
| D Check box if filing under:                                                                             | <input checked="" type="checkbox"/> Form 5558; <input type="checkbox"/> automatic extension; <input type="checkbox"/> the DFVC program;<br><input type="checkbox"/> special extension (enter description)                                 |

|                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                   |                                                              |                                                      |                                                      |  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|------------------------------------------------------|------------------------------------------------------|--|
| <b>Part II</b>                                                                                                                                                                                                  | <b>Basic Plan Information</b> —enter all requested information                                                                                                                                                                                                                                                    |                                                              |                                                      |                                                      |  |
| <b>1a</b> Name of plan<br>ADAPTIVE METHODS 401(K) PLAN                                                                                                                                                          | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;"><b>1b</b> Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;">001</td> </tr> <tr> <td colspan="2"><b>1c</b> Effective date of plan<br/>01/01/2000</td> </tr> </table>                 | <b>1b</b> Three-digit plan number (PN) ▶                     | 001                                                  | <b>1c</b> Effective date of plan<br>01/01/2000       |  |
| <b>1b</b> Three-digit plan number (PN) ▶                                                                                                                                                                        | 001                                                                                                                                                                                                                                                                                                               |                                                              |                                                      |                                                      |  |
| <b>1c</b> Effective date of plan<br>01/01/2000                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                   |                                                              |                                                      |                                                      |  |
| <b>2a</b> Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan)<br><br>ADAPTIVE METHODS, INC.<br><br>5860 TRINITY PARKWAY, SUITE 200<br>CENTREVILLE, VA 20120 | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td><b>2b</b> Employer Identification Number (EIN)<br/>52-0970306</td> </tr> <tr> <td><b>2c</b> Sponsor's telephone number<br/>703-968-8040</td> </tr> <tr> <td><b>2d</b> Business code (see instructions)<br/>541330</td> </tr> </table> | <b>2b</b> Employer Identification Number (EIN)<br>52-0970306 | <b>2c</b> Sponsor's telephone number<br>703-968-8040 | <b>2d</b> Business code (see instructions)<br>541330 |  |
| <b>2b</b> Employer Identification Number (EIN)<br>52-0970306                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                   |                                                              |                                                      |                                                      |  |
| <b>2c</b> Sponsor's telephone number<br>703-968-8040                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                   |                                                              |                                                      |                                                      |  |
| <b>2d</b> Business code (see instructions)<br>541330                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                   |                                                              |                                                      |                                                      |  |

**Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.**

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

|                                                                                                            |                                                   |            |                                                              |
|------------------------------------------------------------------------------------------------------------|---------------------------------------------------|------------|--------------------------------------------------------------|
| <b>SIGN HERE</b>                                                                                           | Filed with authorized/valid electronic signature. | 10/08/2014 | TODD A. STAWARZ                                              |
|                                                                                                            | Signature of plan administrator                   | Date       | Enter name of individual signing as plan administrator       |
| <b>SIGN HERE</b>                                                                                           | Filed with authorized/valid electronic signature. | 10/08/2014 | BARCLAY E. ROMAN                                             |
|                                                                                                            | Signature of employer/plan sponsor                | Date       | Enter name of individual signing as employer or plan sponsor |
| <b>SIGN HERE</b>                                                                                           |                                                   |            |                                                              |
|                                                                                                            | Signature of DFE                                  | Date       | Enter name of individual signing as DFE                      |
| Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional) |                                                   |            | Preparer's telephone number (optional)                       |

|                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                            |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|
| <b>3a</b> Plan administrator's name and address <input type="checkbox"/> Same as Plan Sponsor Name <input type="checkbox"/> Same as Plan Sponsor Address<br><br>ADAPTIVE METHODS, INC.<br><br>5860 TRINITY PARKWAY, SUITE 200<br>CENTREVILLE, VA 20120                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>3b</b> Administrator's EIN<br>52-0970306                |
|                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>3c</b> Administrator's telephone number<br>703-968-8040 |
| <b>4</b> If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:<br><b>a</b> Sponsor's name                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>4b</b> EIN<br><br><b>4c</b> PN                          |
| <b>5</b> Total number of participants at the beginning of the plan year                                                                                                                                                                                                                                                                                                                                                    | <b>5</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 111                                                        |
| <b>6</b> Number of participants as of the end of the plan year (welfare plans complete only lines <b>6a</b> , <b>6b</b> , <b>6c</b> , and <b>6d</b> ).                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                            |
| <b>a</b> Active participants .....                                                                                                                                                                                                                                                                                                                                                                                         | <b>6a</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 90                                                         |
| <b>b</b> Retired or separated participants receiving benefits .....                                                                                                                                                                                                                                                                                                                                                        | <b>6b</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 0                                                          |
| <b>c</b> Other retired or separated participants entitled to future benefits.....                                                                                                                                                                                                                                                                                                                                          | <b>6c</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 23                                                         |
| <b>d</b> Subtotal. Add lines <b>6a</b> , <b>6b</b> , and <b>6c</b> .....                                                                                                                                                                                                                                                                                                                                                   | <b>6d</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 113                                                        |
| <b>e</b> Deceased participants whose beneficiaries are receiving or are entitled to receive benefits .....                                                                                                                                                                                                                                                                                                                 | <b>6e</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 0                                                          |
| <b>f</b> Total. Add lines <b>6d</b> and <b>6e</b> .....                                                                                                                                                                                                                                                                                                                                                                    | <b>6f</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 113                                                        |
| <b>g</b> Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) .....                                                                                                                                                                                                                                                                            | <b>6g</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 113                                                        |
| <b>h</b> Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested .....                                                                                                                                                                                                                                                                                | <b>6h</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 0                                                          |
| <b>7</b> Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....                                                                                                                                                                                                                                                                                        | <b>7</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                            |
| <b>8a</b> If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:<br>2J 2E 2F 2K 2G 2R 2S 2T 3D                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                            |
| <b>b</b> If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                            |
| <b>9a</b> Plan funding arrangement (check all that apply)<br>(1) <input checked="" type="checkbox"/> Insurance<br>(2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts<br>(3) <input checked="" type="checkbox"/> Trust<br>(4) <input type="checkbox"/> General assets of the sponsor                                                                                                                   | <b>9b</b> Plan benefit arrangement (check all that apply)<br>(1) <input checked="" type="checkbox"/> Insurance<br>(2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts<br>(3) <input checked="" type="checkbox"/> Trust<br>(4) <input type="checkbox"/> General assets of the sponsor                                                                                                                                                                                                                         |                                                            |
| <b>10</b> Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                            |
| <b>a Pension Schedules</b><br>(1) <input checked="" type="checkbox"/> <b>R</b> (Retirement Plan Information)<br><br>(2) <input type="checkbox"/> <b>MB</b> (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary<br><br>(3) <input type="checkbox"/> <b>SB</b> (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary | <b>b General Schedules</b><br>(1) <input checked="" type="checkbox"/> <b>H</b> (Financial Information)<br>(2) <input type="checkbox"/> <b>I</b> (Financial Information – Small Plan)<br>(3) <input checked="" type="checkbox"/> <u>1</u> <b>A</b> (Insurance Information)<br>(4) <input checked="" type="checkbox"/> <b>C</b> (Service Provider Information)<br>(5) <input checked="" type="checkbox"/> <b>D</b> (DFE/Participating Plan Information)<br>(6) <input type="checkbox"/> <b>G</b> (Financial Transaction Schedules) |                                                            |

|                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                           |                                                                                           |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|
| <b>SCHEDULE A</b><br><b>(Form 5500)</b><br>Department of the Treasury<br>Internal Revenue Service<br>Department of Labor<br>Employee Benefits Security Administration<br>Pension Benefit Guaranty Corporation | <b>Insurance Information</b><br><br>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).<br><br>▶ <b>File as an attachment to Form 5500.</b><br><br>▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2). | OMB No. 1210-0110<br><br><b>2013</b><br><br><b>This Form is Open to Public Inspection</b> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|

|                                                                                            |                                                             |
|--------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013 |                                                             |
| <b>A</b> Name of plan<br>ADAPTIVE METHODS 401(K) PLAN                                      | <b>B</b> Three-digit plan number (PN) ▶ 001                 |
| <b>C</b> Plan sponsor's name as shown on line 2a of Form 5500<br>ADAPTIVE METHODS, INC.    | <b>D</b> Employer Identification Number (EIN)<br>52-0970306 |

|               |                                                                                                                                                                                                                                                     |
|---------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Part I</b> | <b>Information Concerning Insurance Contract Coverage, Fees, and Commissions</b> Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A. |
|---------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

**1** Coverage Information:

(a) Name of insurance carrier  
PRUDENTIAL RETIREMENT INSURANCE & ANNUITY CO.

| (b) EIN    | (c) NAIC code | (d) Contract or identification number | (e) Approximate number of persons covered at end of policy or contract year | Policy or contract year |            |
|------------|---------------|---------------------------------------|-----------------------------------------------------------------------------|-------------------------|------------|
|            |               |                                       |                                                                             | (f) From                | (g) To     |
| 06-1050034 | 93629         | 39127-001                             | 113                                                                         | 01/01/2013              | 12/31/2013 |

**2** Insurance fee and commission information. Enter the total fees and total commissions paid. List in line 3 the agents, brokers, and other persons in descending order of the amount paid.

|                                      |                               |
|--------------------------------------|-------------------------------|
| (a) Total amount of commissions paid | (b) Total amount of fees paid |
| 0                                    | 0                             |

**3** Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

| (b) Amount of sales and base commissions paid | Fees and other commissions paid |             | (e) Organization code |
|-----------------------------------------------|---------------------------------|-------------|-----------------------|
|                                               | (c) Amount                      | (d) Purpose |                       |
|                                               |                                 |             |                       |

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

| (b) Amount of sales and base commissions paid | Fees and other commissions paid |             | (e) Organization code |
|-----------------------------------------------|---------------------------------|-------------|-----------------------|
|                                               | (c) Amount                      | (d) Purpose |                       |
|                                               |                                 |             |                       |

---

**(a)** Name and address of the agent, broker, or other person to whom commissions or fees were paid

---

| <b>(b)</b> Amount of sales and base commissions paid | Fees and other commissions paid |                    | <b>(e)</b> Organization code |
|------------------------------------------------------|---------------------------------|--------------------|------------------------------|
|                                                      | <b>(c)</b> Amount               | <b>(d)</b> Purpose |                              |
|                                                      |                                 |                    |                              |

---

**(a)** Name and address of the agent, broker, or other person to whom commissions or fees were paid

---

| <b>(b)</b> Amount of sales and base commissions paid | Fees and other commissions paid |                    | <b>(e)</b> Organization code |
|------------------------------------------------------|---------------------------------|--------------------|------------------------------|
|                                                      | <b>(c)</b> Amount               | <b>(d)</b> Purpose |                              |
|                                                      |                                 |                    |                              |

---

**(a)** Name and address of the agent, broker, or other person to whom commissions or fees were paid

---

| <b>(b)</b> Amount of sales and base commissions paid | Fees and other commissions paid |                    | <b>(e)</b> Organization code |
|------------------------------------------------------|---------------------------------|--------------------|------------------------------|
|                                                      | <b>(c)</b> Amount               | <b>(d)</b> Purpose |                              |
|                                                      |                                 |                    |                              |

---

**(a)** Name and address of the agent, broker, or other person to whom commissions or fees were paid

---

| <b>(b)</b> Amount of sales and base commissions paid | Fees and other commissions paid |                    | <b>(e)</b> Organization code |
|------------------------------------------------------|---------------------------------|--------------------|------------------------------|
|                                                      | <b>(c)</b> Amount               | <b>(d)</b> Purpose |                              |
|                                                      |                                 |                    |                              |

---

**(a)** Name and address of the agent, broker, or other person to whom commissions or fees were paid

---

| <b>(b)</b> Amount of sales and base commissions paid | Fees and other commissions paid |                    | <b>(e)</b> Organization code |
|------------------------------------------------------|---------------------------------|--------------------|------------------------------|
|                                                      | <b>(c)</b> Amount               | <b>(d)</b> Purpose |                              |
|                                                      |                                 |                    |                              |

**Part II Investment and Annuity Contract Information**

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

|                                                                                                        |          |          |
|--------------------------------------------------------------------------------------------------------|----------|----------|
| <b>4</b> Current value of plan's interest under this contract in the general account at year end ..... | <b>4</b> | 1814387  |
| <b>5</b> Current value of plan's interest under this contract in separate accounts at year end .....   | <b>5</b> | 14799055 |

**6 Contracts With Allocated Funds:****a** State the basis of premium rates ▶

|                                                                                                                                                                                                                |           |  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|--|
| <b>b</b> Premiums paid to carrier .....                                                                                                                                                                        | <b>6b</b> |  |
| <b>c</b> Premiums due but unpaid at the end of the year .....                                                                                                                                                  | <b>6c</b> |  |
| <b>d</b> If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount. ....<br>Specify nature of costs ▶ | <b>6d</b> |  |

**e** Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity  
(3) ☐ other (specify) ▶

**f** If contract purchased, in whole or in part, to distribute benefits from a terminating plan, check here ☐**7 Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)**

**a** Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee  
(3) ☐ guaranteed investment (4) ☒ other ▶ **GUARANTEED GENERAL ACCOUNT CONTRACT**

|                                                        |           |         |
|--------------------------------------------------------|-----------|---------|
| <b>b</b> Balance at the end of the previous year ..... | <b>7b</b> | 1319060 |
|--------------------------------------------------------|-----------|---------|

|                                                                       |              |        |  |
|-----------------------------------------------------------------------|--------------|--------|--|
| <b>c</b> Additions: (1) Contributions deposited during the year ..... | <b>7c(1)</b> | 71044  |  |
| (2) Dividends and credits .....                                       | <b>7c(2)</b> |        |  |
| (3) Interest credited during the year .....                           | <b>7c(3)</b> | 19558  |  |
| (4) Transferred from separate account .....                           | <b>7c(4)</b> | 777779 |  |
| (5) Other (specify below) .....                                       | <b>7c(5)</b> | 380156 |  |
| ▶ <b>LOAN REPAYMENTS TRANSFERS IN MISCELLANEOUS IN</b>                |              |        |  |

|                           |              |         |
|---------------------------|--------------|---------|
| (6) Total additions ..... | <b>7c(6)</b> | 1248537 |
|---------------------------|--------------|---------|

|                                                                                       |           |         |
|---------------------------------------------------------------------------------------|-----------|---------|
| <b>d</b> Total of balance and additions (add lines <b>7b</b> and <b>7c(6)</b> ) ..... | <b>7d</b> | 2567597 |
|---------------------------------------------------------------------------------------|-----------|---------|

|                                                                                 |              |        |  |
|---------------------------------------------------------------------------------|--------------|--------|--|
| <b>e</b> Deductions:                                                            |              |        |  |
| (1) Disbursed from fund to pay benefits or purchase annuities during year ..... | <b>7e(1)</b> | 6544   |  |
| (2) Administration charge made by carrier .....                                 | <b>7e(2)</b> | 12     |  |
| (3) Transferred to separate account .....                                       | <b>7e(3)</b> | 555216 |  |
| (4) Other (specify below) .....                                                 | <b>7e(4)</b> | 191438 |  |
| ▶ <b>LOAN INITIATIONS TRANSFERS AND MISC OUT FORFEITURE DEBITS</b>              |              |        |  |

|                            |              |        |
|----------------------------|--------------|--------|
| (5) Total deductions ..... | <b>7e(5)</b> | 753210 |
|----------------------------|--------------|--------|

|                                                                                                         |           |         |
|---------------------------------------------------------------------------------------------------------|-----------|---------|
| <b>f</b> Balance at the end of the current year (subtract line <b>7e(5)</b> from line <b>7d</b> ) ..... | <b>7f</b> | 1814387 |
|---------------------------------------------------------------------------------------------------------|-----------|---------|

**Part III Welfare Benefit Contract Information**

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

**8** Benefit and contract type (check all applicable boxes)

- a** ☐ Health (other than dental or vision)     
**b** ☐ Dental     
**c** ☐ Vision     
**d** ☐ Life insurance  
**e** ☐ Temporary disability (accident and sickness)     
**f** ☐ Long-term disability     
**g** ☐ Supplemental unemployment     
**h** ☐ Prescription drug  
**i** ☐ Stop loss (large deductible)     
**j** ☐ HMO contract     
**k** ☐ PPO contract     
**l** ☐ Indemnity contract  
**m** ☐ Other (specify) ▶

**9** Experience-rated contracts:

|                                                                                                                                                   |                 |                 |  |
|---------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|--|
| <b>a</b> Premiums: (1) Amount received.....                                                                                                       | <b>9a(1)</b>    |                 |  |
| (2) Increase (decrease) in amount due but unpaid.....                                                                                             | <b>9a(2)</b>    |                 |  |
| (3) Increase (decrease) in unearned premium reserve .....                                                                                         | <b>9a(3)</b>    |                 |  |
| (4) Earned ((1) + (2) - (3)).....                                                                                                                 |                 | <b>9a(4)</b>    |  |
| <b>b</b> Benefit charges (1) Claims paid.....                                                                                                     | <b>9b(1)</b>    |                 |  |
| (2) Increase (decrease) in claim reserves.....                                                                                                    | <b>9b(2)</b>    |                 |  |
| (3) Incurred claims (add (1) and (2)).....                                                                                                        |                 | <b>9b(3)</b>    |  |
| (4) Claims charged.....                                                                                                                           |                 | <b>9b(4)</b>    |  |
| <b>c</b> Remainder of premium: (1) Retention charges (on an accrual basis) --                                                                     |                 |                 |  |
| (A) Commissions .....                                                                                                                             | <b>9c(1)(A)</b> |                 |  |
| (B) Administrative service or other fees.....                                                                                                     | <b>9c(1)(B)</b> |                 |  |
| (C) Other specific acquisition costs .....                                                                                                        | <b>9c(1)(C)</b> |                 |  |
| (D) Other expenses.....                                                                                                                           | <b>9c(1)(D)</b> |                 |  |
| (E) Taxes .....                                                                                                                                   | <b>9c(1)(E)</b> |                 |  |
| (F) Charges for risks or other contingencies.....                                                                                                 | <b>9c(1)(F)</b> |                 |  |
| (G) Other retention charges .....                                                                                                                 | <b>9c(1)(G)</b> |                 |  |
| (H) Total retention.....                                                                                                                          |                 | <b>9c(1)(H)</b> |  |
| (2) Dividends or retroactive rate refunds. (These amounts were <input type="checkbox"/> paid in cash, or <input type="checkbox"/> credited.)..... |                 | <b>9c(2)</b>    |  |
| <b>d</b> Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement .....                               |                 | <b>9d(1)</b>    |  |
| (2) Claim reserves .....                                                                                                                          |                 | <b>9d(2)</b>    |  |
| (3) Other reserves.....                                                                                                                           |                 | <b>9d(3)</b>    |  |
| <b>e</b> Dividends or retroactive rate refunds due. (Do not include amount entered in line 9c(2).).....                                           |                 | <b>9e</b>       |  |

**10** Nonexperience-rated contracts:

|                                                                                                                                                                                                                                |            |  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|--|
| <b>a</b> Total premiums or subscription charges paid to carrier .....                                                                                                                                                          | <b>10a</b> |  |
| <b>b</b> If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, line 2 above, report amount..... | <b>10b</b> |  |

Specify nature of costs ▶

**Part IV Provision of Information**

**11** Did the insurance company fail to provide any information necessary to complete Schedule A? ..... ☐ Yes ☒ No

**12** If the answer to line 11 is "Yes," specify the information not provided. ▶

|                                                                                                                                                                                                                           |                                                                                                                                                                                                                        |                                                |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|
| <b>SCHEDULE C</b><br><b>(Form 5500)</b><br><br>Department of the Treasury<br>Internal Revenue Service<br><br>Department of Labor<br>Employee Benefits Security Administration<br><br>Pension Benefit Guaranty Corporation | <b>Service Provider Information</b><br><br>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).<br><br>▶ <b>File as an attachment to Form 5500.</b> | OMB No. 1210-0110                              |
|                                                                                                                                                                                                                           |                                                                                                                                                                                                                        | <b>2013</b>                                    |
|                                                                                                                                                                                                                           |                                                                                                                                                                                                                        | <b>This Form is Open to Public Inspection.</b> |

|                                                                                            |                                                             |
|--------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013 |                                                             |
| <b>A</b> Name of plan<br>ADAPTIVE METHODS 401(K) PLAN                                      | <b>B</b> Three-digit plan number (PN) ▶ 001                 |
| <b>C</b> Plan sponsor's name as shown on line 2a of Form 5500<br>ADAPTIVE METHODS, INC.    | <b>D</b> Employer Identification Number (EIN)<br>52-0970306 |

|               |                                                        |
|---------------|--------------------------------------------------------|
| <b>Part I</b> | <b>Service Provider Information (see instructions)</b> |
|---------------|--------------------------------------------------------|

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

**1 Information on Persons Receiving Only Eligible Indirect Compensation**

**a** Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No

**b** If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

|                                                                                                                   |
|-------------------------------------------------------------------------------------------------------------------|
| <b>(b)</b> Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation |
| PRUDENTIAL RETIREMENT INSURANCE AND                                                                               |

06-1050034

|                                                                                                                  |
|------------------------------------------------------------------------------------------------------------------|
| <b>(b)</b> Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation |
|------------------------------------------------------------------------------------------------------------------|

|                                                                                                                   |
|-------------------------------------------------------------------------------------------------------------------|
| <b>(b)</b> Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation |
|-------------------------------------------------------------------------------------------------------------------|

|                                                                                                                   |
|-------------------------------------------------------------------------------------------------------------------|
| <b>(b)</b> Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation |
|-------------------------------------------------------------------------------------------------------------------|

---

**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

---

---

**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

---

---

**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

---

---

**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

---

---

**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

---

---

**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

---

---

**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

---

---

**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

---

**2. Information on Other Service Providers Receiving Direct or Indirect Compensation.** Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

THE WASHINGTON INSURANCE GROUP

52-1719839

| (b)<br>Service Code(s) | (c)<br>Relationship to employer, employee organization, or person known to be a party-in-interest | (d)<br>Enter direct compensation paid by the plan. If none, enter -0-. | (e)<br>Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f)<br>Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g)<br>Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h)<br>Did the service provider give you a formula instead of an amount or estimated amount? |
|------------------------|---------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| 27                     | NONE                                                                                              | 36842                                                                  | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>                                  | Yes <input type="checkbox"/> No <input type="checkbox"/>                                                                       |                                                                                                                                                                                 | Yes <input type="checkbox"/> No <input type="checkbox"/>                                     |

(a) Enter name and EIN or address (see instructions)

PRUDENTIAL RETIREMENT INSURANCE AND

06-1050034

| (b)<br>Service Code(s) | (c)<br>Relationship to employer, employee organization, or person known to be a party-in-interest | (d)<br>Enter direct compensation paid by the plan. If none, enter -0-. | (e)<br>Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f)<br>Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g)<br>Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h)<br>Did the service provider give you a formula instead of an amount or estimated amount? |
|------------------------|---------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| 13 15 37 50 64         | NONE                                                                                              | 2695                                                                   | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>                                  | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>                                                            | 0                                                                                                                                                                               | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>                          |

(a) Enter name and EIN or address (see instructions)

PRUDENTIAL INVESTMENT MANAGEMENT SE

13-4122960

| (b)<br>Service Code(s) | (c)<br>Relationship to employer, employee organization, or person known to be a party-in-interest | (d)<br>Enter direct compensation paid by the plan. If none, enter -0-. | (e)<br>Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f)<br>Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g)<br>Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h)<br>Did the service provider give you a formula instead of an amount or estimated amount? |
|------------------------|---------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| 63 71                  | NONE                                                                                              | 2060                                                                   | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>                                  | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>                                                            | 8                                                                                                                                                                               | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>                          |

**2. Information on Other Service Providers Receiving Direct or Indirect Compensation.** Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

**(a)** Enter name and EIN or address (see instructions)

NATIONAL FINANCIAL SERVICES, LLC

04-3523567

| (b)<br>Service Code(s) | (c)<br>Relationship to employer, employee organization, or person known to be a party-in-interest | (d)<br>Enter direct compensation paid by the plan. If none, enter -0-. | (e)<br>Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f)<br>Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g)<br>Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h)<br>Did the service provider give you a formula instead of an amount or estimated amount? |
|------------------------|---------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| 15                     | NONE                                                                                              | 0                                                                      | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>                                  | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>                                                            | 0                                                                                                                                                                               | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>                          |

**(a)** Enter name and EIN or address (see instructions)

| (b)<br>Service Code(s) | (c)<br>Relationship to employer, employee organization, or person known to be a party-in-interest | (d)<br>Enter direct compensation paid by the plan. If none, enter -0-. | (e)<br>Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f)<br>Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g)<br>Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h)<br>Did the service provider give you a formula instead of an amount or estimated amount? |
|------------------------|---------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
|                        |                                                                                                   |                                                                        | Yes <input type="checkbox"/> No <input type="checkbox"/>                                             | Yes <input type="checkbox"/> No <input type="checkbox"/>                                                                       |                                                                                                                                                                                 | Yes <input type="checkbox"/> No <input type="checkbox"/>                                     |

**(a)** Enter name and EIN or address (see instructions)

| (b)<br>Service Code(s) | (c)<br>Relationship to employer, employee organization, or person known to be a party-in-interest | (d)<br>Enter direct compensation paid by the plan. If none, enter -0-. | (e)<br>Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f)<br>Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g)<br>Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h)<br>Did the service provider give you a formula instead of an amount or estimated amount? |
|------------------------|---------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
|                        |                                                                                                   |                                                                        | Yes <input type="checkbox"/> No <input type="checkbox"/>                                             | Yes <input type="checkbox"/> No <input type="checkbox"/>                                                                       |                                                                                                                                                                                 | Yes <input type="checkbox"/> No <input type="checkbox"/>                                     |

**Part I Service Provider Information (continued)**

**3** If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

| (a) Enter service provider name as it appears on line 2 | (b) Service Codes<br>(see instructions) | (c) Enter amount of indirect<br>compensation |
|---------------------------------------------------------|-----------------------------------------|----------------------------------------------|
| PRUDENTIAL RETIREMENT INSURANCE AND                     | 15 64                                   | 0                                            |

| (d) Enter name and EIN (address) of source of indirect compensation | (e) Describe the indirect compensation, including any<br>formula used to determine the service provider's eligibility<br>for or the amount of the indirect compensation. |
|---------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PRUDENTIAL RETIREMENT INSURANCE<br>AND<br><br>06-1050034            | 75.000 BPS AND \$0.00 PER PARTICIPANT INVESTED IN THE<br>FUND FROM 1/1/2013 TO 4/30/2013 GUARANTEED INCOME<br>FUND                                                       |

| (a) Enter service provider name as it appears on line 2 | (b) Service Codes<br>(see instructions) | (c) Enter amount of indirect<br>compensation |
|---------------------------------------------------------|-----------------------------------------|----------------------------------------------|
| PRUDENTIAL RETIREMENT INSURANCE AND                     | 15 64                                   | 0                                            |

| (d) Enter name and EIN (address) of source of indirect compensation | (e) Describe the indirect compensation, including any<br>formula used to determine the service provider's eligibility<br>for or the amount of the indirect compensation. |
|---------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PRUDENTIAL RETIREMENT INSURANCE<br>AND<br><br>06-1050034            | 65.000 BPS AND \$0.00 PER PARTICIPANT INVESTED IN<br>THE FUND FROM 5/1/2013 TO 12/31/2013 GUARANTEED<br>INCOME FUND                                                      |

| (a) Enter service provider name as it appears on line 2 | (b) Service Codes<br>(see instructions) | (c) Enter amount of indirect<br>compensation |
|---------------------------------------------------------|-----------------------------------------|----------------------------------------------|
|                                                         |                                         |                                              |

| (d) Enter name and EIN (address) of source of indirect compensation | (e) Describe the indirect compensation, including any<br>formula used to determine the service provider's eligibility<br>for or the amount of the indirect compensation. |
|---------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                     |                                                                                                                                                                          |

**Part II Service Providers Who Fail or Refuse to Provide Information**

**4** Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

| (a) Enter name and EIN or address of service provider (see instructions) | (b) Nature of Service Code(s) | (c) Describe the information that the service provider failed or refused to provide |
|--------------------------------------------------------------------------|-------------------------------|-------------------------------------------------------------------------------------|
|                                                                          |                               |                                                                                     |
|                                                                          |                               |                                                                                     |
|                                                                          |                               |                                                                                     |
|                                                                          |                               |                                                                                     |
|                                                                          |                               |                                                                                     |
|                                                                          |                               |                                                                                     |
|                                                                          |                               |                                                                                     |
|                                                                          |                               |                                                                                     |
|                                                                          |                               |                                                                                     |
|                                                                          |                               |                                                                                     |
|                                                                          |                               |                                                                                     |

**Part III** **Termination Information on Accountants and Enrolled Actuaries (see instructions)**  
(complete as many entries as needed)

|                    |                     |
|--------------------|---------------------|
| <b>a</b> Name:     | <b>b</b> EIN:       |
| <b>c</b> Position: |                     |
| <b>d</b> Address:  | <b>e</b> Telephone: |
|                    |                     |

Explanation:

|                    |                     |
|--------------------|---------------------|
| <b>a</b> Name:     | <b>b</b> EIN:       |
| <b>c</b> Position: |                     |
| <b>d</b> Address:  | <b>e</b> Telephone: |
|                    |                     |

Explanation:

|                    |                     |
|--------------------|---------------------|
| <b>a</b> Name:     | <b>b</b> EIN:       |
| <b>c</b> Position: |                     |
| <b>d</b> Address:  | <b>e</b> Telephone: |
|                    |                     |

Explanation:

|                    |                     |
|--------------------|---------------------|
| <b>a</b> Name:     | <b>b</b> EIN:       |
| <b>c</b> Position: |                     |
| <b>d</b> Address:  | <b>e</b> Telephone: |
|                    |                     |

Explanation:

|                    |                     |
|--------------------|---------------------|
| <b>a</b> Name:     | <b>b</b> EIN:       |
| <b>c</b> Position: |                     |
| <b>d</b> Address:  | <b>e</b> Telephone: |
|                    |                     |

Explanation:

|                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                              |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p style="text-align: center;"><b>SCHEDULE D</b><br/><b>(Form 5500)</b></p> <p style="text-align: center; font-size: small;">Department of the Treasury<br/>Internal Revenue Service</p> <hr/> <p style="text-align: center; font-size: small;">Department of Labor<br/>Employee Benefits Security Administration</p> | <p style="text-align: center;"><b>DFE/Participating Plan Information</b></p> <p style="text-align: center; font-size: small;">This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</p> <p style="text-align: center; font-weight: bold;">▶ File as an attachment to Form 5500.</p> | <p style="text-align: center; font-size: small;">OMB No. 1210-0110</p> <hr/> <p style="text-align: center; font-size: large; font-weight: bold;">2013</p> <hr/> <p style="text-align: center; font-size: small;">This Form is Open to Public Inspection.</p> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013

|                                                                                                               |                                                                            |  |
|---------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|--|
| <p><b>A</b> Name of plan<br/><u>ADAPTIVE METHODS 401(K) PLAN</u></p>                                          | <p><b>B</b> Three-digit plan number (PN) ▶ <u>001</u></p>                  |  |
| <p><b>C</b> Plan or DFE sponsor's name as shown on line 2a of Form 5500<br/><u>ADAPTIVE METHODS, INC.</u></p> | <p><b>D</b> Employer Identification Number (EIN)<br/><u>52-0970306</u></p> |  |

|                                                                      |                                                                                                   |
|----------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| Part I                                                               | Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) |
| (Complete as many entries as needed to report all interests in DFEs) |                                                                                                   |

|                                                                                            |                                      |                                                                                                                           |  |
|--------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------------------------------------------------------------------------------------------|--|
| <p><b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE: <u>LGE CP GRTH/MSF</u></p>               |                                      |                                                                                                                           |  |
| <p><b>b</b> Name of sponsor of entity listed in (a): <u>PRUDENTIAL RETIREMENT INS.</u></p> |                                      |                                                                                                                           |  |
| <p><b>c</b> EIN-PN <u>06-1050034-350</u></p>                                               | <p><b>d</b> Entity code <u>P</u></p> | <p><b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>0</u></p>       |  |
| <p><b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE: <u>LCV/BARROW HANLEY FUND</u></p>        |                                      |                                                                                                                           |  |
| <p><b>b</b> Name of sponsor of entity listed in (a): <u>PRUDENTIAL RETIREMENT INS.</u></p> |                                      |                                                                                                                           |  |
| <p><b>c</b> EIN-PN <u>06-1050034-312</u></p>                                               | <p><b>d</b> Entity code <u>P</u></p> | <p><b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>904224</u></p>  |  |
| <p><b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE: <u>MID CAP GROWTH/ARTISAN</u></p>        |                                      |                                                                                                                           |  |
| <p><b>b</b> Name of sponsor of entity listed in (a): <u>PRUDENTIAL RETIREMENT INS.</u></p> |                                      |                                                                                                                           |  |
| <p><b>c</b> EIN-PN <u>06-1050034-185</u></p>                                               | <p><b>d</b> Entity code <u>P</u></p> | <p><b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>1091331</u></p> |  |
| <p><b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE: <u>SMALL CAP GROWTH/TIMESSQ</u></p>      |                                      |                                                                                                                           |  |
| <p><b>b</b> Name of sponsor of entity listed in (a): <u>PRUDENTIAL RETIREMENT INS.</u></p> |                                      |                                                                                                                           |  |
| <p><b>c</b> EIN-PN <u>06-1050034-132</u></p>                                               | <p><b>d</b> Entity code <u>P</u></p> | <p><b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>1166885</u></p> |  |
| <p><b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE: <u>GOVERNMENT SEC/PIM FUND</u></p>       |                                      |                                                                                                                           |  |
| <p><b>b</b> Name of sponsor of entity listed in (a): <u>PRUDENTIAL RETIREMENT INS.</u></p> |                                      |                                                                                                                           |  |
| <p><b>c</b> EIN-PN <u>06-1050034-133</u></p>                                               | <p><b>d</b> Entity code <u>P</u></p> | <p><b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>490406</u></p>  |  |
| <p><b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE: <u>COLLECT RUSSELL 2000</u></p>          |                                      |                                                                                                                           |  |
| <p><b>b</b> Name of sponsor of entity listed in (a): <u>PRUDENTIAL RETIREMENT INS.</u></p> |                                      |                                                                                                                           |  |
| <p><b>c</b> EIN-PN <u>06-1050034-630</u></p>                                               | <p><b>d</b> Entity code <u>P</u></p> | <p><b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>467422</u></p>  |  |
| <p><b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE: <u>COLLECT RUSSELL 3000</u></p>          |                                      |                                                                                                                           |  |
| <p><b>b</b> Name of sponsor of entity listed in (a): <u>PRUDENTIAL RETIREMENT INS.</u></p> |                                      |                                                                                                                           |  |
| <p><b>c</b> EIN-PN <u>06-1050034-621</u></p>                                               | <p><b>d</b> Entity code <u>P</u></p> | <p><b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>204115</u></p>  |  |

|                                                                              |                        |                                                                                                             |
|------------------------------------------------------------------------------|------------------------|-------------------------------------------------------------------------------------------------------------|
| <b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE: DIAMOND HILL SM CAP FD A      |                        |                                                                                                             |
| <b>b</b> Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS. |                        |                                                                                                             |
| <b>c</b> EIN-PN 06-1050034-479                                               | <b>d</b> Entity code P | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0       |
| <b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE: SMALL CAP BLEND/GLENMEDE      |                        |                                                                                                             |
| <b>b</b> Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS. |                        |                                                                                                             |
| <b>c</b> EIN-PN 06-1050034-254                                               | <b>d</b> Entity code P | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0       |
| <b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE: MID CAP VALUE/INTEGRITY       |                        |                                                                                                             |
| <b>b</b> Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS. |                        |                                                                                                             |
| <b>c</b> EIN-PN 06-1050034-441                                               | <b>d</b> Entity code P | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 91555   |
| <b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE: RETIREMENT GOAL 2050 FD       |                        |                                                                                                             |
| <b>b</b> Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS. |                        |                                                                                                             |
| <b>c</b> EIN-PN 06-1050034-449                                               | <b>d</b> Entity code P | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 115261  |
| <b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE: SA/TROWE PR GR STK STR II     |                        |                                                                                                             |
| <b>b</b> Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS. |                        |                                                                                                             |
| <b>c</b> EIN-PN 06-1050034-434                                               | <b>d</b> Entity code P | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 934764  |
| <b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE: AM CENTURY EQ INC INV SHR     |                        |                                                                                                             |
| <b>b</b> Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS. |                        |                                                                                                             |
| <b>c</b> EIN-PN 06-1050034-304                                               | <b>d</b> Entity code P | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 849110  |
| <b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE: SA/OAK EQ & INC STRAT II      |                        |                                                                                                             |
| <b>b</b> Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS. |                        |                                                                                                             |
| <b>c</b> EIN-PN 06-1050034-354                                               | <b>d</b> Entity code P | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 739078  |
| <b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE: SA/OFII GLOBAL STRATEGY       |                        |                                                                                                             |
| <b>b</b> Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS. |                        |                                                                                                             |
| <b>c</b> EIN-PN 06-1050034-308                                               | <b>d</b> Entity code P | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 1033670 |
| <b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE: SA/TEMPLETON FOREIGN STGY     |                        |                                                                                                             |
| <b>b</b> Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS. |                        |                                                                                                             |
| <b>c</b> EIN-PN 06-1050034-080                                               | <b>d</b> Entity code P | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 193888  |
| <b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE: RET GOAL 2030 FUND            |                        |                                                                                                             |
| <b>b</b> Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS. |                        |                                                                                                             |
| <b>c</b> EIN-PN 06-1050034-367                                               | <b>d</b> Entity code P | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 1171506 |

**a** Name of MTIA, CCT, PSA, or 103-12 IE: SA/T ROWE PR EQ INC STR II**b** Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

|                                |                        |                                                                                                            |
|--------------------------------|------------------------|------------------------------------------------------------------------------------------------------------|
| <b>c</b> EIN-PN 06-1050034-434 | <b>d</b> Entity code P | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 300086 |
|--------------------------------|------------------------|------------------------------------------------------------------------------------------------------------|

**a** Name of MTIA, CCT, PSA, or 103-12 IE: RET GOAL 2020 FUND**b** Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

|                                |                        |                                                                                                            |
|--------------------------------|------------------------|------------------------------------------------------------------------------------------------------------|
| <b>c</b> EIN-PN 06-1050034-366 | <b>d</b> Entity code P | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 669369 |
|--------------------------------|------------------------|------------------------------------------------------------------------------------------------------------|

**a** Name of MTIA, CCT, PSA, or 103-12 IE: RET GOAL INCOME FUND**b** Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

|                                |                        |                                                                                                         |
|--------------------------------|------------------------|---------------------------------------------------------------------------------------------------------|
| <b>c</b> EIN-PN 06-1050034-364 | <b>d</b> Entity code P | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 334 |
|--------------------------------|------------------------|---------------------------------------------------------------------------------------------------------|

**a** Name of MTIA, CCT, PSA, or 103-12 IE: DRYDEN S & P 500 INDEX FUND**b** Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

|                                |                        |                                                                                                             |
|--------------------------------|------------------------|-------------------------------------------------------------------------------------------------------------|
| <b>c</b> EIN-PN 06-1050034-123 | <b>d</b> Entity code P | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 1936779 |
|--------------------------------|------------------------|-------------------------------------------------------------------------------------------------------------|

**a** Name of MTIA, CCT, PSA, or 103-12 IE: CORE BOND FUND**b** Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

|                                |                        |                                                                                                            |
|--------------------------------|------------------------|------------------------------------------------------------------------------------------------------------|
| <b>c</b> EIN-PN 06-1050034-250 | <b>d</b> Entity code P | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 820781 |
|--------------------------------|------------------------|------------------------------------------------------------------------------------------------------------|

**a** Name of MTIA, CCT, PSA, or 103-12 IE: RET GOAL 2040 FUND**b** Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

|                                |                        |                                                                                                             |
|--------------------------------|------------------------|-------------------------------------------------------------------------------------------------------------|
| <b>c</b> EIN-PN 06-1050034-368 | <b>d</b> Entity code P | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 1015877 |
|--------------------------------|------------------------|-------------------------------------------------------------------------------------------------------------|

**a** Name of MTIA, CCT, PSA, or 103-12 IE: SM CAP VAL/KENNEDY CAP FD**b** Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

|                                |                        |                                                                                                            |
|--------------------------------|------------------------|------------------------------------------------------------------------------------------------------------|
| <b>c</b> EIN-PN 06-1050034-257 | <b>d</b> Entity code P | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 602614 |
|--------------------------------|------------------------|------------------------------------------------------------------------------------------------------------|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):

|                 |                      |                                                                                                     |
|-----------------|----------------------|-----------------------------------------------------------------------------------------------------|
| <b>c</b> EIN-PN | <b>d</b> Entity code | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|-----------------|----------------------|-----------------------------------------------------------------------------------------------------|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):

|                 |                      |                                                                                                     |
|-----------------|----------------------|-----------------------------------------------------------------------------------------------------|
| <b>c</b> EIN-PN | <b>d</b> Entity code | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|-----------------|----------------------|-----------------------------------------------------------------------------------------------------|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):

|                 |                      |                                                                                                     |
|-----------------|----------------------|-----------------------------------------------------------------------------------------------------|
| <b>c</b> EIN-PN | <b>d</b> Entity code | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|-----------------|----------------------|-----------------------------------------------------------------------------------------------------|

**Part II Information on Participating Plans (to be completed by DFEs)**

(Complete as many entries as needed to report all participating plans)

**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN

|                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                              |                                                                                                          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| <b>SCHEDULE H</b><br><b>(Form 5500)</b><br><br><small>Department of the Treasury<br/>Internal Revenue Service</small><br><br><small>Department of Labor<br/>Employee Benefits Security Administration</small><br><br><small>Pension Benefit Guaranty Corporation</small> | <b>Financial Information</b><br><br>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).<br><br><b>► File as an attachment to Form 5500.</b> | <small>OMB No. 1210-0110</small><br><br><b>2013</b><br><br><b>This Form is Open to Public Inspection</b> |
| For calendar plan year 2013 or fiscal plan year beginning <u>01/01/2013</u> and ending <u>12/31/2013</u>                                                                                                                                                                 |                                                                                                                                                                                                                                                                              |                                                                                                          |
| <b>A</b> Name of plan<br><u>ADAPTIVE METHODS 401(K) PLAN</u>                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                              | <b>B</b> Three-digit plan number (PN) <span style="float: right;"><u>001</u></span>                      |
| <b>C</b> Plan sponsor's name as shown on line 2a of Form 5500<br><u>ADAPTIVE METHODS, INC.</u>                                                                                                                                                                           |                                                                                                                                                                                                                                                                              | <b>D</b> Employer Identification Number (EIN)<br><br><u>52-0970306</u>                                   |

| Part I Asset and Liability Statement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                 |                       |                 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------------|-----------------|
| <b>1</b> Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. <b>Round off amounts to the nearest dollar.</b> MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions. |                 |                       |                 |
| Assets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                 | (a) Beginning of Year | (b) End of Year |
| <b>a</b> Total noninterest-bearing cash .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>1a</b>       |                       |                 |
| <b>b</b> Receivables (less allowance for doubtful accounts):                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                 |                       |                 |
| <b>(1)</b> Employer contributions.....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>1b(1)</b>    |                       |                 |
| <b>(2)</b> Participant contributions.....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>1b(2)</b>    |                       |                 |
| <b>(3)</b> Other.....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>1b(3)</b>    |                       |                 |
| <b>c</b> General investments:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                 |                       |                 |
| <b>(1)</b> Interest-bearing cash (include money market accounts & certificates of deposit).....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>1c(1)</b>    |                       |                 |
| <b>(2)</b> U.S. Government securities .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>1c(2)</b>    |                       |                 |
| <b>(3)</b> Corporate debt instruments (other than employer securities):                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                 |                       |                 |
| <b>(A)</b> Preferred .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>1c(3)(A)</b> |                       |                 |
| <b>(B)</b> All other.....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>1c(3)(B)</b> |                       |                 |
| <b>(4)</b> Corporate stocks (other than employer securities):                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                 |                       |                 |
| <b>(A)</b> Preferred .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>1c(4)(A)</b> |                       |                 |
| <b>(B)</b> Common.....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>1c(4)(B)</b> |                       |                 |
| <b>(5)</b> Partnership/joint venture interests .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>1c(5)</b>    |                       |                 |
| <b>(6)</b> Real estate (other than employer real property).....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>1c(6)</b>    |                       |                 |
| <b>(7)</b> Loans (other than to participants) .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>1c(7)</b>    |                       |                 |
| <b>(8)</b> Participant loans.....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>1c(8)</b>    | 114991                | 153263          |
| <b>(9)</b> Value of interest in common/collective trusts .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>1c(9)</b>    |                       |                 |
| <b>(10)</b> Value of interest in pooled separate accounts .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>1c(10)</b>   | 11254913              | 14799055        |
| <b>(11)</b> Value of interest in master trust investment accounts .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>1c(11)</b>   |                       |                 |
| <b>(12)</b> Value of interest in 103-12 investment entities.....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>1c(12)</b>   |                       |                 |
| <b>(13)</b> Value of interest in registered investment companies (e.g., mutual funds).....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>1c(13)</b>   | 1084703               | 1472312         |
| <b>(14)</b> Value of funds held in insurance company general account (unallocated contracts).....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>1c(14)</b>   | 1319060               | 1814387         |
| <b>(15)</b> Other.....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>1c(15)</b>   | 1018586               | 1309478         |

**1d** Employer-related investments:

|                                                                      |              | (a) Beginning of Year | (b) End of Year |
|----------------------------------------------------------------------|--------------|-----------------------|-----------------|
| (1) Employer securities .....                                        | <b>1d(1)</b> |                       |                 |
| (2) Employer real property .....                                     | <b>1d(2)</b> |                       |                 |
| <b>e</b> Buildings and other property used in plan operation .....   | <b>1e</b>    |                       |                 |
| <b>f</b> Total assets (add all amounts in lines 1a through 1e) ..... | <b>1f</b>    | 14792253              | 19548495        |

**Liabilities**

|                                                                           |           |   |   |
|---------------------------------------------------------------------------|-----------|---|---|
| <b>g</b> Benefit claims payable .....                                     | <b>1g</b> |   |   |
| <b>h</b> Operating payables .....                                         | <b>1h</b> |   |   |
| <b>i</b> Acquisition indebtedness .....                                   | <b>1i</b> |   |   |
| <b>j</b> Other liabilities .....                                          | <b>1j</b> |   |   |
| <b>k</b> Total liabilities (add all amounts in lines 1g through 1j) ..... | <b>1k</b> | 0 | 0 |

**Net Assets**

|                                                           |           |          |          |
|-----------------------------------------------------------|-----------|----------|----------|
| <b>l</b> Net assets (subtract line 1k from line 1f) ..... | <b>1l</b> | 14792253 | 19548495 |
|-----------------------------------------------------------|-----------|----------|----------|

**Part II Income and Expense Statement**

**2** Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

**Income****a Contributions:**

|                                                                                                            |                 | (a) Amount | (b) Total |
|------------------------------------------------------------------------------------------------------------|-----------------|------------|-----------|
| (1) Received or receivable in cash from: <b>(A)</b> Employers .....                                        | <b>2a(1)(A)</b> | 557738     |           |
| <b>(B)</b> Participants .....                                                                              | <b>2a(1)(B)</b> | 829105     |           |
| <b>(C)</b> Others (including rollovers) .....                                                              | <b>2a(1)(C)</b> | 1142       |           |
| (2) Noncash contributions .....                                                                            | <b>2a(2)</b>    |            |           |
| (3) Total contributions. Add lines <b>2a(1)(A)</b> , <b>(B)</b> , <b>(C)</b> , and line <b>2a(2)</b> ..... | <b>2a(3)</b>    |            | 1387985   |

**b Earnings on investments:****(1) Interest:**

|                                                                                                      |                 |       |       |
|------------------------------------------------------------------------------------------------------|-----------------|-------|-------|
| <b>(A)</b> Interest-bearing cash (including money market accounts and certificates of deposit) ..... | <b>2b(1)(A)</b> |       |       |
| <b>(B)</b> U.S. Government securities .....                                                          | <b>2b(1)(B)</b> |       |       |
| <b>(C)</b> Corporate debt instruments .....                                                          | <b>2b(1)(C)</b> |       |       |
| <b>(D)</b> Loans (other than to participants) .....                                                  | <b>2b(1)(D)</b> |       |       |
| <b>(E)</b> Participant loans .....                                                                   | <b>2b(1)(E)</b> | 6198  |       |
| <b>(F)</b> Other .....                                                                               | <b>2b(1)(F)</b> | 19558 |       |
| <b>(G)</b> Total interest. Add lines <b>2b(1)(A)</b> through <b>(F)</b> .....                        | <b>2b(1)(G)</b> |       | 25756 |

|                                                                                           |                 |       |       |
|-------------------------------------------------------------------------------------------|-----------------|-------|-------|
| (2) Dividends: <b>(A)</b> Preferred stock .....                                           | <b>2b(2)(A)</b> |       |       |
| <b>(B)</b> Common stock .....                                                             | <b>2b(2)(B)</b> |       |       |
| <b>(C)</b> Registered investment company shares (e.g. mutual funds) .....                 | <b>2b(2)(C)</b> | 33920 |       |
| <b>(D)</b> Total dividends. Add lines <b>2b(2)(A)</b> , <b>(B)</b> , and <b>(C)</b> ..... | <b>2b(2)(D)</b> |       | 33920 |

|                 |              |  |  |
|-----------------|--------------|--|--|
| (3) Rents ..... | <b>2b(3)</b> |  |  |
|-----------------|--------------|--|--|

|                                                                                           |                 |  |   |
|-------------------------------------------------------------------------------------------|-----------------|--|---|
| (4) Net gain (loss) on sale of assets: <b>(A)</b> Aggregate proceeds .....                | <b>2b(4)(A)</b> |  |   |
| <b>(B)</b> Aggregate carrying amount (see instructions) .....                             | <b>2b(4)(B)</b> |  |   |
| <b>(C)</b> Subtract line <b>2b(4)(B)</b> from line <b>2b(4)(A)</b> and enter result ..... | <b>2b(4)(C)</b> |  | 0 |

|                                                                                                       |                 |  |   |
|-------------------------------------------------------------------------------------------------------|-----------------|--|---|
| (5) Unrealized appreciation (depreciation) of assets: <b>(A)</b> Real estate .....                    | <b>2b(5)(A)</b> |  |   |
| <b>(B)</b> Other .....                                                                                | <b>2b(5)(B)</b> |  |   |
| <b>(C)</b> Total unrealized appreciation of assets.<br>Add lines <b>2b(5)(A)</b> and <b>(B)</b> ..... | <b>2b(5)(C)</b> |  | 0 |

|                                                                                                |        | (a) Amount | (b) Total |
|------------------------------------------------------------------------------------------------|--------|------------|-----------|
| (6) Net investment gain (loss) from common/collective trusts.....                              | 2b(6)  |            | 202219    |
| (7) Net investment gain (loss) from pooled separate accounts.....                              | 2b(7)  |            | 3068330   |
| (8) Net investment gain (loss) from master trust investment accounts.....                      | 2b(8)  |            |           |
| (9) Net investment gain (loss) from 103-12 investment entities.....                            | 2b(9)  |            |           |
| (10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)..... | 2b(10) |            | 243843    |
| c Other income.....                                                                            | 2c     |            | 36842     |
| d Total income. Add all <b>income</b> amounts in column (b) and enter total.....               | 2d     |            | 4998895   |

**Expenses**

|                                                                                     |       |        |        |
|-------------------------------------------------------------------------------------|-------|--------|--------|
| e Benefit payment and payments to provide benefits:                                 |       |        |        |
| (1) Directly to participants or beneficiaries, including direct rollovers.....      | 2e(1) | 203016 |        |
| (2) To insurance carriers for the provision of benefits.....                        | 2e(2) |        |        |
| (3) Other.....                                                                      | 2e(3) |        |        |
| (4) Total benefit payments. Add lines 2e(1) through (3).....                        | 2e(4) |        | 203016 |
| f Corrective distributions (see instructions).....                                  | 2f    |        |        |
| g Certain deemed distributions of participant loans (see instructions).....         | 2g    |        |        |
| h Interest expense.....                                                             | 2h    |        |        |
| i Administrative expenses: (1) Professional fees.....                               | 2i(1) |        |        |
| (2) Contract administrator fees.....                                                | 2i(2) |        |        |
| (3) Investment advisory and management fees.....                                    | 2i(3) |        |        |
| (4) Other.....                                                                      | 2i(4) | 39637  |        |
| (5) Total administrative expenses. Add lines 2i(1) through (4).....                 | 2i(5) |        | 39637  |
| j Total expenses. Add all <b>expense</b> amounts in column (b) and enter total..... | 2j    |        | 242653 |

**Net Income and Reconciliation**

|                                                         |       |  |         |
|---------------------------------------------------------|-------|--|---------|
| k Net income (loss). Subtract line 2j from line 2d..... | 2k    |  | 4756242 |
| l Transfers of assets:                                  |       |  |         |
| (1) To this plan.....                                   | 2l(1) |  |         |
| (2) From this plan.....                                 | 2l(2) |  |         |

**Part III Accountant's Opinion**

**3** Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

**a** The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

**b** Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

**c** Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: LINTON SHAFER WARFIELD & GARRETT PA

(2) EIN: 52-1273734

**d** The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

**Part IV Compliance Questions**

**4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

**a** Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

**b** Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....

|    | Yes | No | Amount |
|----|-----|----|--------|
| 4a |     | X  |        |
| 4b |     | X  |        |

|                                                                                                                                                                                                                               | Yes | No | Amount |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|----|--------|
| <b>c</b> Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.) .....                                          |     | X  |        |
| <b>d</b> Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.) .....                               |     | X  |        |
| <b>e</b> Was this plan covered by a fidelity bond? .....                                                                                                                                                                      | X   |    | 500000 |
| <b>f</b> Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty? .....                                                                                       |     | X  |        |
| <b>g</b> Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser? .....                                                    |     | X  |        |
| <b>h</b> Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser? .....                                          |     | X  |        |
| <b>i</b> Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.) .....                                                                | X   |    |        |
| <b>j</b> Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.) ..... |     | X  |        |
| <b>k</b> Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC? .....                                                           |     | X  |        |
| <b>l</b> Has the plan failed to provide any benefit when due under the plan? .....                                                                                                                                            |     | X  |        |
| <b>m</b> If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.) .....                                                                                                  |     | X  |        |
| <b>n</b> If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3. ....                                      |     |    |        |

**5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?  
 If "Yes," enter the amount of any plan assets that reverted to the employer this year. .... ☐ Yes ☒ No Amount:

**5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

| 5b(1) Name of plan(s) | 5b(2) EIN(s) | 5b(3) PN(s) |
|-----------------------|--------------|-------------|
|                       |              |             |
|                       |              |             |
|                       |              |             |
|                       |              |             |
|                       |              |             |

**5c** If the plan is a defined benefit plan, is it covered under the PBGC insurance program (see ERISA section 4021)? ..... ☐ Yes ☐ No ☐ Not determined

## Part V Trust Information (optional)

|                         |                       |
|-------------------------|-----------------------|
| <b>6a</b> Name of trust | <b>6b</b> Trust's EIN |
|                         |                       |

|                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                            |                                                                                            |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| <b>SCHEDULE R</b><br><b>(Form 5500)</b><br><br>Department of the Treasury<br>Internal Revenue Service<br><br>Department of Labor<br>Employee Benefits Security Administration<br><br>Pension Benefit Guaranty Corporation | <b>Retirement Plan Information</b><br><br>This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).<br><br>▶ <b>File as an attachment to Form 5500.</b> | OMB No. 1210-0110<br><br><b>2013</b><br><br><b>This Form is Open to Public Inspection.</b> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|

For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013

|                                                                                                |                                                                    |
|------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|
| <b>A</b> Name of plan<br><u>ADAPTIVE METHODS 401(K) PLAN</u>                                   | <b>B</b> Three-digit plan number (PN) ▶<br><u>001</u>              |
| <b>C</b> Plan sponsor's name as shown on line 2a of Form 5500<br><u>ADAPTIVE METHODS, INC.</u> | <b>D</b> Employer Identification Number (EIN)<br><u>52-0970306</u> |

|               |                      |
|---------------|----------------------|
| <b>Part I</b> | <b>Distributions</b> |
|---------------|----------------------|

All references to distributions relate only to payments of benefits during the plan year.

|                                                                                                                                                                                                                                                                    |          |          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------|
| <b>1</b> Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....                                                                                                                              | <b>1</b> | <u>0</u> |
| <b>2</b> Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):<br><br>EIN(s): <u>22-1211670</u> |          |          |
| <b>Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.</b>                                                                                                                                                                                            |          |          |
| <b>3</b> Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....                                                                                                                                    | <b>3</b> |          |

|                |                                                                                                                                                                              |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Part II</b> | <b>Funding Information</b> (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part) |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|                                                                                                                                                                                                                                                                                                                                                                           |                              |                             |                              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-----------------------------|------------------------------|
| <b>4</b> Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? .....                                                                                                                                                                                                                                                      | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> N/A |
| <b>If the plan is a defined benefit plan, go to line 8.</b>                                                                                                                                                                                                                                                                                                               |                              |                             |                              |
| <b>5</b> If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. <b>Date:</b> Month _____ Day _____ Year _____<br><b>If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.</b> |                              |                             |                              |
| <b>6 a</b> Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived) .....                                                                                                                                                                                                                            | <b>6a</b>                    |                             |                              |
| <b>b</b> Enter the amount contributed by the employer to the plan for this plan year .....                                                                                                                                                                                                                                                                                | <b>6b</b>                    |                             |                              |
| <b>c</b> Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) .....                                                                                                                                                                                                                          | <b>6c</b>                    |                             |                              |
| <b>If you completed line 6c, skip lines 8 and 9.</b>                                                                                                                                                                                                                                                                                                                      |                              |                             |                              |
| <b>7</b> Will the minimum funding amount reported on line 6c be met by the funding deadline? .....                                                                                                                                                                                                                                                                        | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> N/A |
| <b>8</b> If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? .....                                                                                               | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> N/A |

|                 |                   |
|-----------------|-------------------|
| <b>Part III</b> | <b>Amendments</b> |
|-----------------|-------------------|

|                                                                                                                                                                                                                            |                                   |                                   |                               |                             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|-------------------------------|-----------------------------|
| <b>9</b> If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box..... | <input type="checkbox"/> Increase | <input type="checkbox"/> Decrease | <input type="checkbox"/> Both | <input type="checkbox"/> No |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|-------------------------------|-----------------------------|

|                |                                                                                                                                                   |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Part IV</b> | <b>ESOPs</b> (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part. |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------|

|                                                                                                                                                                                              |                              |                             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-----------------------------|
| <b>10</b> Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? .....                                                      | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| <b>11 a</b> Does the ESOP hold any preferred stock? .....                                                                                                                                    | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| <b>b</b> If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| <b>12</b> Does the ESOP hold any stock that is not readily tradable on an established securities market? .....                                                                               | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

**Part V Additional Information for Multiemployer Defined Benefit Pension Plans**

**13** Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

**a** Name of contributing employer

**b** EIN

**c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month \_\_\_\_\_ Day \_\_\_\_\_ Year \_\_\_\_\_

**e** Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) \_\_\_\_\_

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): \_\_\_\_\_

**a** Name of contributing employer

**b** EIN

**c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month \_\_\_\_\_ Day \_\_\_\_\_ Year \_\_\_\_\_

**e** Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) \_\_\_\_\_

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): \_\_\_\_\_

**a** Name of contributing employer

**b** EIN

**c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month \_\_\_\_\_ Day \_\_\_\_\_ Year \_\_\_\_\_

**e** Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) \_\_\_\_\_

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): \_\_\_\_\_

**a** Name of contributing employer

**b** EIN

**c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month \_\_\_\_\_ Day \_\_\_\_\_ Year \_\_\_\_\_

**e** Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) \_\_\_\_\_

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): \_\_\_\_\_

**a** Name of contributing employer

**b** EIN

**c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month \_\_\_\_\_ Day \_\_\_\_\_ Year \_\_\_\_\_

**e** Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) \_\_\_\_\_

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): \_\_\_\_\_

**a** Name of contributing employer

**b** EIN

**c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month \_\_\_\_\_ Day \_\_\_\_\_ Year \_\_\_\_\_

**e** Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) \_\_\_\_\_

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): \_\_\_\_\_

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

|                                                                          |            |  |
|--------------------------------------------------------------------------|------------|--|
| <b>a</b> The current year .....                                          | <b>14a</b> |  |
| <b>b</b> The plan year immediately preceding the current plan year ..... | <b>14b</b> |  |
| <b>c</b> The second preceding plan year .....                            | <b>14c</b> |  |

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

|                                                                                                       |            |  |
|-------------------------------------------------------------------------------------------------------|------------|--|
| <b>a</b> The corresponding number for the plan year immediately preceding the current plan year ..... | <b>15a</b> |  |
| <b>b</b> The corresponding number for the second preceding plan year .....                            | <b>15b</b> |  |

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

|                                                                                                                                                                        |            |  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|--|
| <b>a</b> Enter the number of employers who withdrew during the preceding plan year .....                                                                               | <b>16a</b> |  |
| <b>b</b> If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers ..... | <b>16b</b> |  |

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. .... ☐

**Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans**

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment .... ☐

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

**a** Enter the percentage of plan assets held as:  
 Stock: \_\_\_\_\_% Investment-Grade Debt: \_\_\_\_\_% High-Yield Debt: \_\_\_\_\_% Real Estate: \_\_\_\_\_% Other: \_\_\_\_\_%

**b** Provide the average duration of the combined investment-grade and high-yield debt:  
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

**c** What duration measure was used to calculate line 19(b)?  
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): \_\_\_\_\_

---

**ADAPTIVE METHODS  
401(K) PLAN**

**Financial Statements, Supplementary  
Information and Report of Independent  
Certified Public Accountants**

**For the Year Ended  
December 31, 2013**

---

**LSWG**  
Linton Shafer Warfield & Garrett, P.A.  
CERTIFIED PUBLIC ACCOUNTANTS



Linton Shafer Warfield & Garrett, P.A.  
CERTIFIED PUBLIC ACCOUNTANTS

JENNIFER P. CLINGAN, CPA  
EDWARD T. GARRETT, CPA  
MEREDITH C. HARSHMAN, CPA  
KEVIN R. HESSLER, CPA  
LISA D. LANDAVERDE, CPA  
DONALD C. LINTON, CPA, CFP, PFS  
JOSEPH M. MCCATHRAN, CPA  
BRIAN E. RIPPEON, CPA  
BARBARA CLINE-ROMAN, CPA  
RONALD W. SHAFER, CPA  
DOUGLAS C. WARFIELD, CPA, CVA

### **Report of Independent Certified Public Accountants**

To the Administrative Committee of the  
Adaptive Methods 401(K) Plan

#### ***Report on the Financial Statements***

We were engaged to audit the accompanying financial statements of Adaptive Methods 401(K) Plan, which comprise the statements of net assets available for benefits as of December 31, 2013 and 2012, and the related statement of changes in net assets available for benefits for the year ended December 31, 2013, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

#### ***Basis for Disclaimer of Opinion***

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Notes 3 and 8, which was certified by Prudential Bank and Trust, F.S.B., the trustee of the Plan, except for comparing the information with the related

information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the years ended December 31, 2013 and 2012, that the information provided to the plan administrator by the trustee is complete and accurate.

### ***Disclaimer of Opinion***

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

### ***Other Matter***

The supplemental schedule of Assets Held at Year End, is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedule referred to above.

### ***Report on Form and Content in Compliance with DOL Rules and Regulations***

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

July 14, 2014  
Rockville, Maryland

*Linton Shafer Warfield & Garrett*

**Adaptive Methods 401(K) Plan**  
**Statements of Net Assets Available for Benefits**  
**For the Years Ended December 31,**

|                                          | <u>2013</u>          | <u>2012</u>          |
|------------------------------------------|----------------------|----------------------|
| <b>Assets</b>                            |                      |                      |
| Accounts receivable:                     |                      |                      |
| Employer's contribution                  | \$ 247,227           | \$ 279,024           |
| Participant loans receivable             | 153,263              | 114,990              |
| Investments - at fair value              | <u>19,395,232</u>    | <u>14,677,263</u>    |
| <b>Total Assets</b>                      | <u>19,795,722</u>    | <u>15,071,277</u>    |
| <br>                                     |                      |                      |
| <b>Net Assets Available for Benefits</b> | <u>\$ 19,795,722</u> | <u>\$ 15,071,277</u> |

The accompanying notes are an integral part of these statements.

**Adaptive Methods 401(K) Plan**  
**Statement of Changes in Net Assets Available for Benefits**  
**For the Year Ending December 31, 2013**

**Additions to Net Assets Attributed to:**

|                                                      |                      |
|------------------------------------------------------|----------------------|
| Contributions                                        |                      |
| Participant contributions                            | \$ 830,247           |
| Employer contributions                               | 549,914              |
| Interest and dividends                               | 76,113               |
| Participant loan interest                            | 6,198                |
| Net appreciation in fair market value of investments | 2,558,159            |
| Realized gain on sale of investments                 | <u>933,599</u>       |
| <br>Total Additions to Net Assets                    | <br><u>4,954,230</u> |

**Deductions from Net Assets Attributed to:**

|                               |                    |
|-------------------------------|--------------------|
| Benefits paid to participants | 203,017            |
| Forfeitures - net             | 23,973             |
| Other expenses                | <u>2,795</u>       |
| <br>Total Deductions          | <br><u>229,785</u> |

**Net Increase in Net Assets** 4,724,445

**Net Assets Available**  
**for Benefits - Beginning of Year** 15,071,277

**Net Assets Available**  
**for Benefits - End of Year** \$ 19,795,722

The accompanying notes are an integral part of this statement.

**Adaptive Methods 401(K) Plan**  
Notes to Financial Statements  
For the Year Ended December 31, 2013

**1. Plan Description**

The following description of Adaptive Methods (Company) 401(K) Plan (Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

*General* – The Plan is a defined contribution plan under the provisions of Section 401(a) of the Internal Revenue Code (IRC), which includes a qualified cash or deferred arrangement as described in section 401(k) of the IRC, for the benefit of eligible employees of the Company. All employees of the Company (except interns) who are 21 years of age or older are eligible to participate. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

*Contributions* – Each year, participants may elect to defer a percentage of their compensation, subject to IRS limitations, as defined in the Plan. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan currently offers 24 mutual funds and an insurance investment contract as investment options for participants. The Company matches 100% of participant deferrals that do not exceed 3% of base compensation, plus 50% of salary deferrals between 3% and 5% of base compensation. Additional profit sharing amounts may be contributed at the option of the Company's Board of Directors. The profit sharing percentage was 2% for the 2013.

*Participant Accounts* – Each participant's account is credited with the participant's contribution and allocations of (a) the Company's contribution and, (b) Plan earnings (losses), and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

*Vesting* - Participants are immediately vested in their contributions and the Company's matching contribution plus actual earnings thereon. Vesting in the Company's discretionary contribution portion of their accounts plus actual earnings thereon is based on years of continuous service. A participant is 100% vested after one year of credited service, or are employed on or after normal retirement age, or terminate employment on account of death or permanent disability.

*Participants Loans* – Participants may borrow from their accounts a minimum of \$1,000 up to a maximum of \$50,000 or 50% of their account balance, whichever is less. The loans are secured by the balance in the participant's account and bear interest at a rate of 5.25%, which is commensurate with the bank prime rate reported by the U.S. Federal Reserve plus 2% at the time the loan is taken. Principal and interest is paid ratably through biweekly payroll deductions.

**Adaptive Methods 401(K) Plan**  
Notes to Financial Statements  
For the Year Ended December 31, 2013

**1. Plan Description (continued)**

*Payments of Benefits* – On termination of service due to death, disability or retirement, a participant may elect to receive a lump-sum amount equal to the value of the participant's vested interest in his or her account, or annual installments. For termination of service due to other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution.

*Forfeited Accounts* – Forfeitures of non-vested Company contributions will be allocated as additional discretionary contributions. For the year ended December 31, 2013 \$7,118 was forfeited by terminated employees. For the year ended December 31, 2013, forfeited amounts of \$23,973 were allocated to eligible participants. As of December 31, 2013, forfeited non-vested accounts totaled \$7,322 that have not been allocated as additional discretionary contributions.

*Administrative Expenses* - All expenses incurred in the administration of the Plan are paid directly by the Company.

**2. Summary of Significant Accounting Policies**

*Basis of Accounting*

The financial statements of the Plan are prepared using the accrual method of accounting.

*Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

*Investment Valuation and Income Recognition*

The investments in all funds, except the GIC Fund, are presented at fair value, based on the quoted market prices of the underlying securities within each fund at December 31, 2013. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The GIC Fund is fully benefit-responsive and is reported at fair value and adjusted to contract value. Contract value represents the accumulated contributions plus accrued net earnings, less distributions. Fair value of the investments in the GIC Fund is estimated using the discounted cash flows.

**Adaptive Methods 401(K) Plan**  
Notes to Financial Statements  
For the Year Ended December 31, 2013

**2. Summary of Significant Accounting Policies (continued)**

*Investment Valuation and Income Recognition (continued)*

Investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount the participants would receive if they were to initiate permitted transactions under the terms of the plan. The Statement of Net Assets Available for Benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

*Participant Loans Receivable*

Loans from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent loans from participants are reclassified as distributions based upon the terms of the Plan documents.

*Payments of Benefits*

Benefits are recorded when paid.

*Subsequent Events*

For the year ended December 31, 2013, the Plan has evaluated subsequent events for potential recognition and disclosure through July 14, 2014, the date the financial statements were available to be issued.

**3. Fair Value Measurements**

FASB Codification Standard, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements).

**Adaptive Methods 401(K) Plan**  
Notes to Financial Statements  
For the Year Ended December 31, 2013

**3. Fair Value Measurements (continued)**

The three levels of the fair value hierarchy under the FASB Codification Standard are described as follows:

- Level 1 - inputs to the valuation methodology are unadjusted quoted prices for identical asset or liabilities in active markets that the Plan has the ability to access.
- Level 2 - inputs to the valuation methodology include (1) quoted prices for similar assets or liabilities in active markets, (2) quoted prices for identical or similar assets or liabilities in inactive markets, and (3) inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2013.

*Common stocks, corporate bonds and U.S. government securities:* Valued at the closing price reported on the active market on which the individual securities are traded. *Mutual funds:* Valued at the net asset value (NAV) of shares held by the plan at year end. *Participant loans:* Valued at amortized cost, which approximates fair value. *Guaranteed investment contract:* Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the creditworthiness of the issuer.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**Adaptive Methods 401(K) Plan**  
Notes to Financial Statements  
For the Year Ended December 31, 2013

**3. Fair Value Measurements (continued)**

At December 31, 2013 and 2012, the Plan's investments were held by the trustee. The following is a summary of the Plan's financial information that is included in the financial statements based on information certified by the Trustee as complete and accurate in accordance with Section 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The fair value of investments at December 31, 2013 and 2012, as reported by the trustee is summarized as follows:

|                                            |                          | <b>UNAUDITED</b>          |                     |
|--------------------------------------------|--------------------------|---------------------------|---------------------|
|                                            |                          | <b>Fair Value</b>         |                     |
|                                            |                          | <b>Measurement Using:</b> |                     |
|                                            |                          | <b>Quoted Prices in</b>   |                     |
|                                            |                          | <b>Active Markets</b>     | <b>Significant</b>  |
|                                            |                          | <b>for Identical</b>      | <b>Unobservable</b> |
|                                            |                          | <b>Assets</b>             | <b>Inputs</b>       |
|                                            |                          | <b>(Level 1)</b>          | <b>(Level 3)</b>    |
|                                            | <u><b>Fair Value</b></u> |                           |                     |
| <b>December 31, 2013</b>                   |                          |                           |                     |
| Mutual Funds                               | \$ 17,580,845            | \$ 17,580,845             | \$ -                |
| Investment contract with insurance company | <u>1,814,387</u>         | <u>-</u>                  | <u>1,814,387</u>    |
| Total                                      | <u>\$ 19,395,232</u>     | <u>\$ 17,580,845</u>      | <u>\$ 1,814,387</u> |
| <b>December 31, 2012</b>                   |                          |                           |                     |
| Mutual Funds                               | \$ 13,358,203            | \$ 13,358,203             | \$ -                |
| Investment contract with insurance company | <u>1,319,060</u>         | <u>-</u>                  | <u>1,319,060</u>    |
| Total                                      | <u>\$ 14,677,263</u>     | <u>\$ 13,358,203</u>      | <u>\$ 1,319,060</u> |

The following table sets forth a summary of changes in the fair value measurements of the Plan's Level 3 assets for years ended December 31, 2013 and 2012:

|                                          | <b>December 31,</b> | <b>December 31,</b> |
|------------------------------------------|---------------------|---------------------|
|                                          | <b><u>2013</u></b>  | <b><u>2012</u></b>  |
| Beginning Balance                        | \$ 1,319,060        | \$ 1,487,317        |
| Contributions                            | 71,044              | 113,927             |
| Earnings, gains and losses and exchanges | 1,177,493           | 143,580             |
| Less: Transfers and disbursements        | <u>(753,210)</u>    | <u>(425,764)</u>    |
| Ending Balance                           | <u>\$ 1,814,387</u> | <u>\$ 1,319,060</u> |

**Adaptive Methods 401(K) Plan**  
Notes to Financial Statements  
For the Year Ended December 31, 2013

**4. Plan Termination**

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100% invested in their accounts.

**5. Investment Contract with Insurance Company**

The Plan has a fully benefit-responsive investment contract with Prudential Retirement and Annuity Company (Prudential). Prudential maintains the contributions in a general account, which is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The contract is included in the financial statements at fair value and then adjusted to contract value as reported to the Plan by Prudential. Contract value represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

Prudential is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan. The crediting interest rate is based on a formula agreed upon with the issuer, but may not be less than 1.5%. Such interest rates are reviewed on a semi-annual basis for resetting. The crediting rate of the contract will track current market yields on a trailing basis.

|                                                     |             |             |
|-----------------------------------------------------|-------------|-------------|
| Average Yields are as follows:                      | <u>2013</u> | <u>2012</u> |
| Average earnings yield (1)                          | 1.60%       | 1.85%       |
| Based on interest rate credited to participants (2) | 1.60%       | 1.85%       |

(1) Calculated by dividing the earnings credited to the plan on the last day of the plan year by the end of plan year fair value and then annualizing the results.

(2) Calculated by dividing the earnings credited to the participants on the last day of the plan year by the end of plan year fair value and then annualizing the results.

**Adaptive Methods 401(K) Plan**  
Notes to Financial Statements  
For the Year Ended December 31, 2013

**6. Tax Status**

The Internal Revenue Service has determined and informed the Company by letter that the Plan is designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter, the Plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC and therefore believe that the plan is qualified and the related trust is tax-exempt.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the plan and recognize a tax liability (or asset) if the plan has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The plan is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2010.

**7. Fidelity Bond**

The provisions of ERISA require every person who handles funds of an employee benefit plan to be bonded. Such bond is to be equal to the lesser of 10% of the funds handled at the beginning of the year, or \$500,000. The plan had a bond in affect during the year ended December 31, 2013 in the amount of \$500,000 that meets the requirement.

**8. Information Certified by the Plan's Trustee**

The Plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, Prudential Bank and Trust, F.S.B. has certified as to the completeness and accuracy of all investments and participant loans reflected in the accompanying statements of net assets available for benefits as of December 31, 2013 and 2012, the schedule of assets as of December 31, 2013, the related investment activity reflected in the statement of changes in net assets available for benefits for the year ended December 31, 2013 and the accompanying notes to the financial statements and supplemental schedule.

**Adaptive Methods 401(K) Plan**  
Notes to Financial Statements  
For the Year Ended December 31, 2013

**8. Information Certified by the Plan's Trustee (continued)**

The following information included in the accompanying financial statements and supplemental schedule was obtained from data that has been prepared and certified to as complete and accurate by the trustee:

|                                                      | December 31,<br>2013 | 2012                               |
|------------------------------------------------------|----------------------|------------------------------------|
| <b>Investments</b>                                   |                      |                                    |
| Mutual funds                                         | \$ 19,395,232        | \$ 14,677,263                      |
| Participant loans receivable                         | <u>153,263</u>       | <u>114,990</u>                     |
| Total                                                | <u>19,548,495</u>    | <u>14,792,253</u>                  |
|                                                      |                      | Year Ended<br>December 31,<br>2013 |
| <b>Investment income</b>                             |                      |                                    |
| Interest and dividends                               |                      | \$ 76,113                          |
| Net appreciation in fair market value of investments |                      | 2,558,159                          |
| Realized gain on sale of investments                 |                      | <u>933,599</u>                     |
| Total Investment Income                              |                      | <u>\$ 3,567,871</u>                |

**9. Reconciliation to Form 5500**

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2013 and 2012 to Schedule H of Form 5500:

|                                                                       | December 31,<br><u>2013</u> | <u>2012</u>          |
|-----------------------------------------------------------------------|-----------------------------|----------------------|
| Net assets available for benefits per the financial statements        | \$ 19,795,722               | \$ 15,071,277        |
| Employer match and discretionary contributions for 2012, paid in 2013 | -                           | (279,024)            |
| Employer match and discretionary contributions for 2013 paid, in 2014 | <u>(247,227)</u>            | <u>-</u>             |
| Net assets available for benefits per Schedule H to the Form 5500     | <u>\$ 19,548,495</u>        | <u>\$ 14,792,253</u> |

**Adaptive Methods 401(K) Plan**  
Notes to Financial Statements  
For the Year Ended December 31, 2013

**9. Reconciliation to Form 5500 (continued)**

The following is a reconciliation of contributions per the financial statements for the year ended December 31, 2013 to Schedule H of Form 5500:

|                                                          |                   |
|----------------------------------------------------------|-------------------|
| Participant contributions per financial statements       | \$ 830,247        |
| Participant contributions withheld in 2012, paid in 2013 | <u>-</u>          |
| Participant contributions per Schedule H of Form 5500    | <u>\$ 830,247</u> |
| Employer Contributions per financial statements          | \$ 549,914        |
| Forfeiture allocation - 2013                             | (23,973)          |
| Employer contributions withheld in 2013, paid in 2014    | (247,227)         |
| Employer contributions withheld in 2012, paid in 2013    | <u>279,024</u>    |
| Employer contributions per Schedule H of Form 5500       | <u>\$ 557,738</u> |

**10. Related Party Transaction**

Certain Plan investments are managed by Prudential Retirement Insurance and Annuity Company, the service provider of the Plan. Due to this relationship, these transactions qualify as party-in-interest transactions. Fees paid by the Plan for these investment management services amounted to \$4,755 for the year ended December 31, 2013.

**11. Risks and Uncertainties**

The Plan invests in various investment funds. Investments in general are exposed for various risks, such as interest rate, credit and overall volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits.

**Adaptive Methods 401(K) Plan**  
Notes to Financial Statements  
For the Year Ended December 31, 2013

**12. Investments**

The following investments represent 5% or more of the Plan's net assets at December 31, 2013:

|                                    |              |
|------------------------------------|--------------|
| Guaranteed Income Fund             | \$ 1,814,387 |
| Artisan Mid Cap Growth             | 1,091,331    |
| Dryden S&P 500 Index               | 1,936,779    |
| Dryden International               | 1,385,029    |
| Offeinheimer Global Strategy       | 1,033,670    |
| Reirement Goal 2030                | 1,171,506    |
| Retirement Goal 2040               | 1,015,877    |
| Times Square Small Cap Growth Fund | 1,166,885    |

During 2013, the Plan's investments appreciated in fair value by \$2,558,159. This appreciation represents a change in market value of investments either owned at the beginning of the year or purchased during the year and still held at year end.

## **SUPPLEMENTARY INFORMATION**

**Adaptive Methods 401(K) Plan**  
**IRS Form 5500, Financial Schedules**  
**Schedule of Assets (Held at End of Year)**  
**December 31, 2013**

EIN: 52-0970306

Plan Number 001

Attachment to Schedule H (Form 5500), line 4(i)

| (a)                                                | (b) Identity of Issue                               | (c) Description                          | (d) Cost     | (e) Current Value    |
|----------------------------------------------------|-----------------------------------------------------|------------------------------------------|--------------|----------------------|
| <b>Participant Directed</b>                        |                                                     |                                          |              |                      |
| *                                                  | Prudential Retirement Insurance and Annuity Company | Guaranteed income fund                   | \$ 1,814,387 | \$ 1,814,387         |
| *                                                  | Prudential Retirement Insurance and Annuity Company | American Century - equal income inv      | 643,146      | 849,110              |
| *                                                  | Prudential Retirement Insurance and Annuity Company | Artisan - mid cap growth                 | 572,205      | 1,091,331            |
| *                                                  | Prudential Retirement Insurance and Annuity Company | Collect Russell 2000                     | 362,757      | 467,422              |
| *                                                  | Prudential Retirement Insurance and Annuity Company | Collect Russell 3000                     | 128,587      | 204,115              |
| *                                                  | Prudential Retirement Insurance and Annuity Company | Core bond fund                           | 727,570      | 820,781              |
| *                                                  | Prudential Retirement Insurance and Annuity Company | Kennedy capital - small cap value        | 478,876      | 602,614              |
| *                                                  | Prudential Mutual Funds                             | Dryden - bond market index               | 7,150        | 6,805                |
| *                                                  | Prudential Retirement Insurance and Annuity Company | Dryden - S&P 500 index                   | 1,219,677    | 1,936,779            |
| *                                                  | Prudential Mutual Funds                             | Dryden - international                   | 1,237,238    | 1,385,029            |
| *                                                  | Prudential Mutual Funds                             | Dreyfus - mid cap index fund             | 68,825       | 80,478               |
| *                                                  | Prudential Retirement Insurance and Annuity Company | PIM Fund -government security            | 437,865      | 490,406              |
| *                                                  | Prudential Retirement Insurance and Annuity Company | Barrow Hanley Fund - large cap value     | 621,066      | 904,224              |
| *                                                  | Prudential Retirement Insurance and Annuity Company | Integrity - mid cap value fund           | 55,270       | 91,555               |
| *                                                  | Prudential Retirement Insurance and Annuity Company | Oakmark - equity and income strategic II | 479,098      | 739,078              |
| *                                                  | Prudential Retirement Insurance and Annuity Company | Offenheimer - global strategy            | 680,686      | 1,033,670            |
| *                                                  | Prudential Retirement Insurance and Annuity Company | Retirement Goal 2020 Fund                | 565,581      | 669,369              |
| *                                                  | Prudential Retirement Insurance and Annuity Company | Retirement Goal 2030 Fund                | 892,742      | 1,171,506            |
| *                                                  | Prudential Retirement Insurance and Annuity Company | Retirement Goal 2040 Fund                | 785,270      | 1,015,877            |
| *                                                  | Prudential Retirement Insurance and Annuity Company | Retirement Goal 2050 Fund                | 88,056       | 115,261              |
| *                                                  | Prudential Retirement Insurance and Annuity Company | Retirement goal income fund              | 287          | 334                  |
| *                                                  | Prudential Retirement Insurance and Annuity Company | T Rowe Price - equity income strategy II | 192,363      | 300,086              |
| *                                                  | Prudential Retirement Insurance and Annuity Company | T Rowe Price - growth stock strategy II  | 693,791      | 934,764              |
| *                                                  | Prudential Retirement Insurance and Annuity Company | Times Square - small cap growth fund     | 589,779      | 1,166,885            |
| *                                                  | Prudential Retirement Insurance and Annuity Company | Templeton - foreign strategy fund        | 164,550      | 193,888              |
|                                                    | Self directed brokerage                             | Self directed brokerage                  | 1,309,478    | 1,309,478            |
|                                                    | Participant Loans                                   | 5.25%                                    | -            | <u>153,263</u>       |
| Total Investments included on Schedule D Form 5500 |                                                     |                                          |              | <u>\$ 19,548,495</u> |

\* - Parties in interest

See accompanying report of independent certified public accountants.

---

ANNAPOLIS • FREDERICK • ROCKVILLE

---

*[www.lswgcpa.com](http://www.lswgcpa.com)*

---

---

**ADAPTIVE METHODS  
401(K) PLAN**

**Financial Statements, Supplementary  
Information and Report of Independent  
Certified Public Accountants**

**For the Year Ended  
December 31, 2013**

---

**LSWG**  
Linton Shafer Warfield & Garrett, P.A.  
CERTIFIED PUBLIC ACCOUNTANTS



Linton Shafer Warfield & Garrett, P.A.  
CERTIFIED PUBLIC ACCOUNTANTS

JENNIFER P. CLINGAN, CPA  
EDWARD T. GARRETT, CPA  
MEREDITH C. HARSHMAN, CPA  
KEVIN R. HESSLER, CPA  
LISA D. LANDAVERDE, CPA  
DONALD C. LINTON, CPA, CFP, PFS  
JOSEPH M. MCCATHRAN, CPA  
BRIAN E. RIPPEON, CPA  
BARBARA CLINE-ROMAN, CPA  
RONALD W. SHAFER, CPA  
DOUGLAS C. WARFIELD, CPA, CVA

### **Report of Independent Certified Public Accountants**

To the Administrative Committee of the  
Adaptive Methods 401(K) Plan

#### ***Report on the Financial Statements***

We were engaged to audit the accompanying financial statements of Adaptive Methods 401(K) Plan, which comprise the statements of net assets available for benefits as of December 31, 2013 and 2012, and the related statement of changes in net assets available for benefits for the year ended December 31, 2013, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

#### ***Basis for Disclaimer of Opinion***

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Notes 3 and 8, which was certified by Prudential Bank and Trust, F.S.B., the trustee of the Plan, except for comparing the information with the related

information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the years ended December 31, 2013 and 2012, that the information provided to the plan administrator by the trustee is complete and accurate.

### ***Disclaimer of Opinion***

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

### ***Other Matter***

The supplemental schedule of Assets Held at Year End, is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedule referred to above.

### ***Report on Form and Content in Compliance with DOL Rules and Regulations***

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

July 14, 2014  
Rockville, Maryland

*Linton Shafer Warfield & Garrett*

**Adaptive Methods 401(K) Plan**  
**Statements of Net Assets Available for Benefits**  
**For the Years Ended December 31,**

|                                          | <u>2013</u>          | <u>2012</u>          |
|------------------------------------------|----------------------|----------------------|
| <b>Assets</b>                            |                      |                      |
| Accounts receivable:                     |                      |                      |
| Employer's contribution                  | \$ 247,227           | \$ 279,024           |
| Participant loans receivable             | 153,263              | 114,990              |
| Investments - at fair value              | <u>19,395,232</u>    | <u>14,677,263</u>    |
| <b>Total Assets</b>                      | <u>19,795,722</u>    | <u>15,071,277</u>    |
| <br>                                     |                      |                      |
| <b>Net Assets Available for Benefits</b> | <u>\$ 19,795,722</u> | <u>\$ 15,071,277</u> |

The accompanying notes are an integral part of these statements.

**Adaptive Methods 401(K) Plan**  
**Statement of Changes in Net Assets Available for Benefits**  
**For the Year Ending December 31, 2013**

**Additions to Net Assets Attributed to:**

|                                                      |                      |
|------------------------------------------------------|----------------------|
| Contributions                                        |                      |
| Participant contributions                            | \$ 830,247           |
| Employer contributions                               | 549,914              |
| Interest and dividends                               | 76,113               |
| Participant loan interest                            | 6,198                |
| Net appreciation in fair market value of investments | 2,558,159            |
| Realized gain on sale of investments                 | <u>933,599</u>       |
| <br>Total Additions to Net Assets                    | <br><u>4,954,230</u> |

**Deductions from Net Assets Attributed to:**

|                               |                    |
|-------------------------------|--------------------|
| Benefits paid to participants | 203,017            |
| Forfeitures - net             | 23,973             |
| Other expenses                | <u>2,795</u>       |
| <br>Total Deductions          | <br><u>229,785</u> |

**Net Increase in Net Assets** 4,724,445

**Net Assets Available**  
**for Benefits - Beginning of Year** 15,071,277

**Net Assets Available**  
**for Benefits - End of Year** \$ 19,795,722

The accompanying notes are an integral part of this statement.

**Adaptive Methods 401(K) Plan**  
Notes to Financial Statements  
For the Year Ended December 31, 2013

**1. Plan Description**

The following description of Adaptive Methods (Company) 401(K) Plan (Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

*General* – The Plan is a defined contribution plan under the provisions of Section 401(a) of the Internal Revenue Code (IRC), which includes a qualified cash or deferred arrangement as described in section 401(k) of the IRC, for the benefit of eligible employees of the Company. All employees of the Company (except interns) who are 21 years of age or older are eligible to participate. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

*Contributions* – Each year, participants may elect to defer a percentage of their compensation, subject to IRS limitations, as defined in the Plan. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan currently offers 24 mutual funds and an insurance investment contract as investment options for participants. The Company matches 100% of participant deferrals that do not exceed 3% of base compensation, plus 50% of salary deferrals between 3% and 5% of base compensation. Additional profit sharing amounts may be contributed at the option of the Company's Board of Directors. The profit sharing percentage was 2% for the 2013.

*Participant Accounts* – Each participant's account is credited with the participant's contribution and allocations of (a) the Company's contribution and, (b) Plan earnings (losses), and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

*Vesting* - Participants are immediately vested in their contributions and the Company's matching contribution plus actual earnings thereon. Vesting in the Company's discretionary contribution portion of their accounts plus actual earnings thereon is based on years of continuous service. A participant is 100% vested after one year of credited service, or are employed on or after normal retirement age, or terminate employment on account of death or permanent disability.

*Participants Loans* – Participants may borrow from their accounts a minimum of \$1,000 up to a maximum of \$50,000 or 50% of their account balance, whichever is less. The loans are secured by the balance in the participant's account and bear interest at a rate of 5.25%, which is commensurate with the bank prime rate reported by the U.S. Federal Reserve plus 2% at the time the loan is taken. Principal and interest is paid ratably through biweekly payroll deductions.

**Adaptive Methods 401(K) Plan**  
Notes to Financial Statements  
For the Year Ended December 31, 2013

**1. Plan Description (continued)**

*Payments of Benefits* – On termination of service due to death, disability or retirement, a participant may elect to receive a lump-sum amount equal to the value of the participant's vested interest in his or her account, or annual installments. For termination of service due to other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution.

*Forfeited Accounts* – Forfeitures of non-vested Company contributions will be allocated as additional discretionary contributions. For the year ended December 31, 2013 \$7,118 was forfeited by terminated employees. For the year ended December 31, 2013, forfeited amounts of \$23,973 were allocated to eligible participants. As of December 31, 2013, forfeited non-vested accounts totaled \$7,322 that have not been allocated as additional discretionary contributions.

*Administrative Expenses* - All expenses incurred in the administration of the Plan are paid directly by the Company.

**2. Summary of Significant Accounting Policies**

*Basis of Accounting*

The financial statements of the Plan are prepared using the accrual method of accounting.

*Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

*Investment Valuation and Income Recognition*

The investments in all funds, except the GIC Fund, are presented at fair value, based on the quoted market prices of the underlying securities within each fund at December 31, 2013. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The GIC Fund is fully benefit-responsive and is reported at fair value and adjusted to contract value. Contract value represents the accumulated contributions plus accrued net earnings, less distributions. Fair value of the investments in the GIC Fund is estimated using the discounted cash flows.

**Adaptive Methods 401(K) Plan**  
Notes to Financial Statements  
For the Year Ended December 31, 2013

**2. Summary of Significant Accounting Policies (continued)**

*Investment Valuation and Income Recognition (continued)*

Investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount the participants would receive if they were to initiate permitted transactions under the terms of the plan. The Statement of Net Assets Available for Benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

*Participant Loans Receivable*

Loans from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent loans from participants are reclassified as distributions based upon the terms of the Plan documents.

*Payments of Benefits*

Benefits are recorded when paid.

*Subsequent Events*

For the year ended December 31, 2013, the Plan has evaluated subsequent events for potential recognition and disclosure through July 14, 2014, the date the financial statements were available to be issued.

**3. Fair Value Measurements**

FASB Codification Standard, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements).

**Adaptive Methods 401(K) Plan**  
Notes to Financial Statements  
For the Year Ended December 31, 2013

**3. Fair Value Measurements (continued)**

The three levels of the fair value hierarchy under the FASB Codification Standard are described as follows:

- Level 1 - inputs to the valuation methodology are unadjusted quoted prices for identical asset or liabilities in active markets that the Plan has the ability to access.
- Level 2 - inputs to the valuation methodology include (1) quoted prices for similar assets or liabilities in active markets, (2) quoted prices for identical or similar assets or liabilities in inactive markets, and (3) inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2013.

*Common stocks, corporate bonds and U.S. government securities:* Valued at the closing price reported on the active market on which the individual securities are traded. *Mutual funds:* Valued at the net asset value (NAV) of shares held by the plan at year end. *Participant loans:* Valued at amortized cost, which approximates fair value. *Guaranteed investment contract:* Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the creditworthiness of the issuer.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**Adaptive Methods 401(K) Plan**  
Notes to Financial Statements  
For the Year Ended December 31, 2013

**3. Fair Value Measurements (continued)**

At December 31, 2013 and 2012, the Plan's investments were held by the trustee. The following is a summary of the Plan's financial information that is included in the financial statements based on information certified by the Trustee as complete and accurate in accordance with Section 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The fair value of investments at December 31, 2013 and 2012, as reported by the trustee is summarized as follows:

|                                               |                          | <b>UNAUDITED</b>                                                                      |                                                              |
|-----------------------------------------------|--------------------------|---------------------------------------------------------------------------------------|--------------------------------------------------------------|
|                                               |                          | <b>Fair Value</b>                                                                     |                                                              |
|                                               |                          | <b>Measurement Using:</b>                                                             |                                                              |
|                                               | <b><u>Fair Value</u></b> | <b>Quoted Prices in<br/>Active Markets<br/>for Identical<br/>Assets<br/>(Level 1)</b> | <b>Significant<br/>Unobservable<br/>Inputs<br/>(Level 3)</b> |
| <b>December 31, 2013</b>                      |                          |                                                                                       |                                                              |
| Mutual Funds                                  | \$ 17,580,845            | \$ 17,580,845                                                                         | \$ -                                                         |
| Investment contract with<br>insurance company | <u>1,814,387</u>         | <u>-</u>                                                                              | <u>1,814,387</u>                                             |
| Total                                         | <u>\$ 19,395,232</u>     | <u>\$ 17,580,845</u>                                                                  | <u>\$ 1,814,387</u>                                          |
| <b>December 31, 2012</b>                      |                          |                                                                                       |                                                              |
| Mutual Funds                                  | \$ 13,358,203            | \$ 13,358,203                                                                         | \$ -                                                         |
| Investment contract with<br>insurance company | <u>1,319,060</u>         | <u>-</u>                                                                              | <u>1,319,060</u>                                             |
| Total                                         | <u>\$ 14,677,263</u>     | <u>\$ 13,358,203</u>                                                                  | <u>\$ 1,319,060</u>                                          |

The following table sets forth a summary of changes in the fair value measurements of the Plan's Level 3 assets for years ended December 31, 2013 and 2012:

|                                          | <b>December 31,<br/><u>2013</u></b> | <b>December 31,<br/><u>2012</u></b> |
|------------------------------------------|-------------------------------------|-------------------------------------|
| Beginning Balance                        | \$ 1,319,060                        | \$ 1,487,317                        |
| Contributions                            | 71,044                              | 113,927                             |
| Earnings, gains and losses and exchanges | 1,177,493                           | 143,580                             |
| Less: Transfers and disbursements        | <u>(753,210)</u>                    | <u>(425,764)</u>                    |
| Ending Balance                           | <u>\$ 1,814,387</u>                 | <u>\$ 1,319,060</u>                 |

**Adaptive Methods 401(K) Plan**  
Notes to Financial Statements  
For the Year Ended December 31, 2013

**4. Plan Termination**

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100% invested in their accounts.

**5. Investment Contract with Insurance Company**

The Plan has a fully benefit-responsive investment contract with Prudential Retirement and Annuity Company (Prudential). Prudential maintains the contributions in a general account, which is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The contract is included in the financial statements at fair value and then adjusted to contract value as reported to the Plan by Prudential. Contract value represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

Prudential is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan. The crediting interest rate is based on a formula agreed upon with the issuer, but may not be less than 1.5%. Such interest rates are reviewed on a semi-annual basis for resetting. The crediting rate of the contract will track current market yields on a trailing basis.

|                                                     |             |             |
|-----------------------------------------------------|-------------|-------------|
| Average Yields are as follows:                      | <u>2013</u> | <u>2012</u> |
| Average earnings yield (1)                          | 1.60%       | 1.85%       |
| Based on interest rate credited to participants (2) | 1.60%       | 1.85%       |

(1) Calculated by dividing the earnings credited to the plan on the last day of the plan year by the end of plan year fair value and then annualizing the results.

(2) Calculated by dividing the earnings credited to the participants on the last day of the plan year by the end of plan year fair value and then annualizing the results.

**Adaptive Methods 401(K) Plan**  
Notes to Financial Statements  
For the Year Ended December 31, 2013

**6. Tax Status**

The Internal Revenue Service has determined and informed the Company by letter that the Plan is designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter, the Plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC and therefore believe that the plan is qualified and the related trust is tax-exempt.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the plan and recognize a tax liability (or asset) if the plan has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The plan is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2010.

**7. Fidelity Bond**

The provisions of ERISA require every person who handles funds of an employee benefit plan to be bonded. Such bond is to be equal to the lesser of 10% of the funds handled at the beginning of the year, or \$500,000. The plan had a bond in affect during the year ended December 31, 2013 in the amount of \$500,000 that meets the requirement.

**8. Information Certified by the Plan's Trustee**

The Plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, Prudential Bank and Trust, F.S.B. has certified as to the completeness and accuracy of all investments and participant loans reflected in the accompanying statements of net assets available for benefits as of December 31, 2013 and 2012, the schedule of assets as of December 31, 2013, the related investment activity reflected in the statement of changes in net assets available for benefits for the year ended December 31, 2013 and the accompanying notes to the financial statements and supplemental schedule.

**Adaptive Methods 401(K) Plan**  
Notes to Financial Statements  
For the Year Ended December 31, 2013

**8. Information Certified by the Plan's Trustee (continued)**

The following information included in the accompanying financial statements and supplemental schedule was obtained from data that has been prepared and certified to as complete and accurate by the trustee:

|                                                      | December 31,<br>2013 | 2012                               |
|------------------------------------------------------|----------------------|------------------------------------|
| <b>Investments</b>                                   |                      |                                    |
| Mutual funds                                         | \$ 19,395,232        | \$ 14,677,263                      |
| Participant loans receivable                         | <u>153,263</u>       | <u>114,990</u>                     |
| Total                                                | <u>19,548,495</u>    | <u>14,792,253</u>                  |
|                                                      |                      | Year Ended<br>December 31,<br>2013 |
| <b>Investment income</b>                             |                      |                                    |
| Interest and dividends                               |                      | \$ 76,113                          |
| Net appreciation in fair market value of investments |                      | 2,558,159                          |
| Realized gain on sale of investments                 |                      | <u>933,599</u>                     |
| Total Investment Income                              |                      | <u>\$ 3,567,871</u>                |

**9. Reconciliation to Form 5500**

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2013 and 2012 to Schedule H of Form 5500:

|                                                                       | December 31,<br><u>2013</u> | <u>2012</u>          |
|-----------------------------------------------------------------------|-----------------------------|----------------------|
| Net assets available for benefits per the financial statements        | \$ 19,795,722               | \$ 15,071,277        |
| Employer match and discretionary contributions for 2012, paid in 2013 | -                           | (279,024)            |
| Employer match and discretionary contributions for 2013 paid, in 2014 | <u>(247,227)</u>            | <u>-</u>             |
| Net assets available for benefits per Schedule H to the Form 5500     | <u>\$ 19,548,495</u>        | <u>\$ 14,792,253</u> |

**Adaptive Methods 401(K) Plan**  
Notes to Financial Statements  
For the Year Ended December 31, 2013

**9. Reconciliation to Form 5500 (continued)**

The following is a reconciliation of contributions per the financial statements for the year ended December 31, 2013 to Schedule H of Form 5500:

|                                                          |                   |
|----------------------------------------------------------|-------------------|
| Participant contributions per financial statements       | \$ 830,247        |
| Participant contributions withheld in 2012, paid in 2013 | <u>-</u>          |
| Participant contributions per Schedule H of Form 5500    | <u>\$ 830,247</u> |
| Employer Contributions per financial statements          | \$ 549,914        |
| Forfeiture allocation - 2013                             | (23,973)          |
| Employer contributions withheld in 2013, paid in 2014    | (247,227)         |
| Employer contributions withheld in 2012, paid in 2013    | <u>279,024</u>    |
| Employer contributions per Schedule H of Form 5500       | <u>\$ 557,738</u> |

**10. Related Party Transaction**

Certain Plan investments are managed by Prudential Retirement Insurance and Annuity Company, the service provider of the Plan. Due to this relationship, these transactions qualify as party-in-interest transactions. Fees paid by the Plan for these investment management services amounted to \$4,755 for the year ended December 31, 2013.

**11. Risks and Uncertainties**

The Plan invests in various investment funds. Investments in general are exposed for various risks, such as interest rate, credit and overall volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits.

**Adaptive Methods 401(K) Plan**  
Notes to Financial Statements  
For the Year Ended December 31, 2013

**12. Investments**

The following investments represent 5% or more of the Plan's net assets at December 31, 2013:

|                                    |              |
|------------------------------------|--------------|
| Guaranteed Income Fund             | \$ 1,814,387 |
| Artisan Mid Cap Growth             | 1,091,331    |
| Dryden S&P 500 Index               | 1,936,779    |
| Dryden International               | 1,385,029    |
| Offeinheimer Global Strategy       | 1,033,670    |
| Reirement Goal 2030                | 1,171,506    |
| Retirement Goal 2040               | 1,015,877    |
| Times Square Small Cap Growth Fund | 1,166,885    |

During 2013, the Plan's investments appreciated in fair value by \$2,558,159. This appreciation represents a change in market value of investments either owned at the beginning of the year or purchased during the year and still held at year end.

## **SUPPLEMENTARY INFORMATION**

**Adaptive Methods 401(K) Plan**  
**IRS Form 5500, Financial Schedules**  
**Schedule of Assets (Held at End of Year)**  
**December 31, 2013**

EIN: 52-0970306

Plan Number 001

Attachment to Schedule H (Form 5500), line 4(i)

| (a)                                                | (b) Identity of Issue                               | (c) Description                          | (d) Cost     | (e) Current Value    |
|----------------------------------------------------|-----------------------------------------------------|------------------------------------------|--------------|----------------------|
| <b>Participant Directed</b>                        |                                                     |                                          |              |                      |
| *                                                  | Prudential Retirement Insurance and Annuity Company | Guaranteed income fund                   | \$ 1,814,387 | \$ 1,814,387         |
| *                                                  | Prudential Retirement Insurance and Annuity Company | American Century - equal income inv      | 643,146      | 849,110              |
| *                                                  | Prudential Retirement Insurance and Annuity Company | Artisan - mid cap growth                 | 572,205      | 1,091,331            |
| *                                                  | Prudential Retirement Insurance and Annuity Company | Collect Russell 2000                     | 362,757      | 467,422              |
| *                                                  | Prudential Retirement Insurance and Annuity Company | Collect Russell 3000                     | 128,587      | 204,115              |
| *                                                  | Prudential Retirement Insurance and Annuity Company | Core bond fund                           | 727,570      | 820,781              |
| *                                                  | Prudential Retirement Insurance and Annuity Company | Kennedy capital - small cap value        | 478,876      | 602,614              |
| *                                                  | Prudential Mutual Funds                             | Dryden - bond market index               | 7,150        | 6,805                |
| *                                                  | Prudential Retirement Insurance and Annuity Company | Dryden - S&P 500 index                   | 1,219,677    | 1,936,779            |
| *                                                  | Prudential Mutual Funds                             | Dryden - international                   | 1,237,238    | 1,385,029            |
| *                                                  | Prudential Mutual Funds                             | Dreyfus - mid cap index fund             | 68,825       | 80,478               |
| *                                                  | Prudential Retirement Insurance and Annuity Company | PIM Fund -government security            | 437,865      | 490,406              |
| *                                                  | Prudential Retirement Insurance and Annuity Company | Barrow Hanley Fund - large cap value     | 621,066      | 904,224              |
| *                                                  | Prudential Retirement Insurance and Annuity Company | Integrity - mid cap value fund           | 55,270       | 91,555               |
| *                                                  | Prudential Retirement Insurance and Annuity Company | Oakmark - equity and income strategic II | 479,098      | 739,078              |
| *                                                  | Prudential Retirement Insurance and Annuity Company | Offenheimer - global strategy            | 680,686      | 1,033,670            |
| *                                                  | Prudential Retirement Insurance and Annuity Company | Retirement Goal 2020 Fund                | 565,581      | 669,369              |
| *                                                  | Prudential Retirement Insurance and Annuity Company | Retirement Goal 2030 Fund                | 892,742      | 1,171,506            |
| *                                                  | Prudential Retirement Insurance and Annuity Company | Retirement Goal 2040 Fund                | 785,270      | 1,015,877            |
| *                                                  | Prudential Retirement Insurance and Annuity Company | Retirement Goal 2050 Fund                | 88,056       | 115,261              |
| *                                                  | Prudential Retirement Insurance and Annuity Company | Retirement goal income fund              | 287          | 334                  |
| *                                                  | Prudential Retirement Insurance and Annuity Company | T Rowe Price - equity income strategy II | 192,363      | 300,086              |
| *                                                  | Prudential Retirement Insurance and Annuity Company | T Rowe Price - growth stock strategy II  | 693,791      | 934,764              |
| *                                                  | Prudential Retirement Insurance and Annuity Company | Times Square - small cap growth fund     | 589,779      | 1,166,885            |
| *                                                  | Prudential Retirement Insurance and Annuity Company | Templeton - foreign strategy fund        | 164,550      | 193,888              |
|                                                    | Self directed brokerage                             | Self directed brokerage                  | 1,309,478    | 1,309,478            |
|                                                    | Participant Loans                                   | 5.25%                                    | -            | <u>153,263</u>       |
| Total Investments included on Schedule D Form 5500 |                                                     |                                          |              | <u>\$ 19,548,495</u> |

\* - Parties in interest

See accompanying report of independent certified public accountants.

---

ANNAPOLIS • FREDERICK • ROCKVILLE

---

*[www.lswgcpa.com](http://www.lswgcpa.com)*

---