Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

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).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2013

This Form is Open to Public Inspection

Part I Annual Report Identification Information

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

A This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan; or
- [X] a single-employer plan;
- [ ] a DFE (specify) ____

B This return/report is:
- [ ] the first return/report;
- [ ] the final return/report;
- [ ] an amended return/report;
- [ ] a short plan year return/report (less than 12 months).

C If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

D Check box if filing under:
- [X] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
PRECISION GRINDING & MANUFACTURING CORP. PROFIT SHARING 401(K) RETIREMENT PLAN

1b Three-digit plan number (PN) ▶ 002

1c Effective date of plan 01/01/1986

2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan)

PRECISION GRINDING & MANUFACTURING CORP.

1305 EMERSON STREET
ROCHESTER, NY 14606

2b Employer Identification Number (EIN)
16-0924683

2c Sponsor's telephone number
585-458-4300

2d Business code (see instructions)
333200

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.

SIGN HERE	Filed with authorized/valid electronic signature.	10/09/2014	DOUGLAS CAUWELS
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	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)

3a Plan administrator's name and address [X] Same as Plan Sponsor Name [ ] Same as Plan Sponsor Address

3b Administrator's EIN

3c Administrator's telephone number

4 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:

a Sponsor's name

4b EIN

4c PN

5	Total number of participants at the beginning of the plan year	**5**	166
6	Number of participants as of the end of the plan year (welfare plans complete only lines **6a, 6b, 6c,** and **6d**).		
a	Active participants	**6a**	122
b	Retired or separated participants receiving benefits	**6b**	0
c	Other retired or separated participants entitled to future benefits	**6c**	33
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	155
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	**6e**	0
f	Total. Add lines **6d** and **6e**.	**6f**	155
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	120
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	5
7	Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:
2E 2F 2G 2J 2K 2T 3D 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:

9a Plan funding arrangement (check all that apply)

- **(1)** [X] Insurance
- **(2)** [ ] Code section 412(e)(3) insurance contracts
- **(3)** [X] Trust
- **(4)** [ ] General assets of the sponsor

9b Plan benefit arrangement (check all that apply)

- **(1)** [X] Insurance
- **(2)** [ ] Code section 412(e)(3) insurance contracts
- **(3)** [X] Trust
- **(4)** [ ] General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- **(1)** [X] **R** (Retirement Plan Information)
- **(2)** [ ] **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- **(3)** [ ] **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- **(1)** [X] **H** (Financial Information)
- **(2)** [ ] **I** (Financial Information – Small Plan)
- **(3)** [X] 1 **A** (Insurance Information)
- **(4)** [X] **C** (Service Provider Information)
- **(5)** [X] **D** (DFE/Participating Plan Information)
- **(6)** [ ] **G** (Financial Transaction Schedules)

SCHEDULE A (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Insurance Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

▶ **File as an attachment to Form 5500.**

▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).

OMB No. 1210-0110

2013

This Form is Open to Public Inspection

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

A Name of plan
PRECISION GRINDING & MANUFACTURING CORP. PROFIT SHARING 401(K) RETIREMENT PLAN

B Three-digit plan number (PN) ▶ 002

C Plan sponsor's name as shown on line 2a of Form 5500
PRECISION GRINDING & MANUFACTURING CORP.

D Employer Identification Number (EIN)
16-0924683

Part I **Information Concerning Insurance Contract Coverage, Fees, and Commissions** 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

GREAT-WEST LIFE AND ANNUITY OF NY

(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
93-1225432	60214	386452-01	8	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
270	

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

PATRICK KELLY
80 LINDEN OAKS
STE. 220
ROCHESTER, NY 14626

(b) Amount of sales and base commissions paid	Fees and other commissions paid		
	(c) Amount	(d) Purpose	(e) Organization code
270			3

(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		
	(c) Amount	(d) Purpose	(e) Organization code

(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) 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) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** 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.

4	Current value of plan's interest under this contract in the general account at year end	4	54178
5	Current value of plan's interest under this contract in separate accounts at year end	5	0

6 Contracts With Allocated Funds:

a State the basis of premium rates ▶

b	Premiums paid to carrier	6b	
c	Premiums due but unpaid at the end of the year	6c	
d	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.	6d	

Specify nature of costs ▶

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 ▶ GROUP ANNUITY CONTRACT

b	Balance at the end of the previous year			7b	0
c	Additions: (1) Contributions deposited during the year	7c(1)	3909		
	(2) Dividends and credits	7c(2)	0		
	(3) Interest credited during the year	7c(3)	5751		
	(4) Transferred from separate account	7c(4)	6488575		
	(5) Other (specify below)	7c(5)	2503		
	▶ LOAN PAYS, FORFS				
	(6)Total additions			7c(6)	6500738
d	Total of balance and additions (add lines **7b** and **7c(6)**).			7d	6500738
e	Deductions:				
	(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	50411		
	(2) Administration charge made by carrier	7e(2)	-7323		
	(3) Transferred to separate account	7e(3)	6403472		
	(4) Other (specify below)	7e(4)	0		
	▶				
	(5) Total deductions			7e(5)	6446560
f	Balance at the end of the current year (subtract line **7e(5)** from line **7d**)			7f	54178

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:				
a Premiums: (1) Amount received	**9a(1)**			
(2) Increase (decrease) in amount due but unpaid	**9a(2)**			
(3) Increase (decrease) in unearned premium reserve	**9a(3)**			
(4) Earned (**(1)** + **(2)** - **(3)**)			**9a(4)**	
b Benefit charges (1) Claims paid	**9b(1)**			
(2) Increase (decrease) in claim reserves	**9b(2)**			
(3) Incurred claims (add **(1)** and **(2)**)			**9b(3)**	
(4) Claims charged			**9b(4)**	
c Remainder of premium: (1) Retention charges (on an accrual basis) --				
(A) Commissions	**9c(1)(A)**			
(B) Administrative service or other fees	**9c(1)(B)**			
(C) Other specific acquisition costs	**9c(1)(C)**			
(D) Other expenses	**9c(1)(D)**			
(E) Taxes	**9c(1)(E)**			
(F) Charges for risks or other contingencies	**9c(1)(F)**			
(G) Other retention charges	**9c(1)(G)**			
(H) Total retention			**9c(1)(H)**	
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.)			**9c(2)**	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement			**9d(1)**	
(2) Claim reserves			**9d(2)**	
(3) Other reserves			**9d(3)**	
e Dividends or retroactive rate refunds due. (Do not include amount entered in line **9c(2)**.)			**9e**	
10 Nonexperience-rated contracts:				
a Total premiums or subscription charges paid to carrier			**10a**	
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			**10b**	

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. ▶

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

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

A Name of plan
PRECISION GRINDING & MANUFACTURING CORP. PROFIT SHARING 401(K) RETIREMENT PLAN

B Three-digit plan number (PN) ▶ 002

C Plan sponsor's name as shown on line 2a of Form 5500
PRECISION GRINDING & MANUFACTURING CORP.

D Employer Identification Number (EIN)
16-0924683

Part I Service Provider Information (see instructions)

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

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(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)

ADVISED ASSET GROUP

8515 EAST ORCHARD ROAD
GREENWOOD VILLAGE, CO 80111

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) 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) Did the service provider give you a formula instead of an amount or estimated amount?
28	INVESTMENT MGMT	420	Yes [ ] No [X]	Yes [ ] No [X]	0	Yes [ ] No [X]

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

EBS-RMSCO, INC.

16-1171765

30 PERINTON HILLS MALL
FAIRPORT, NY 14450

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) 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) Did the service provider give you a formula instead of an amount or estimated amount?
13	CONTRACT ADMIN	385	Yes [ ] No [X]	Yes [ ] No [X]	0	Yes [ ] No [X]

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

FIRST GREAT-WEST LIFE & ANNUITY

8515 EAST ORCHARD ROAD
GREENWOOD VILLAGE, CO 80111

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) 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) Did the service provider give you a formula instead of an amount or estimated amount?
64	RECORDKEEPER	925	Yes [X] No [ ]	Yes [X] No [ ]	0	Yes [X] No [ ]

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)

RBC CAPITAL MARKETS, LLC

41-1416330

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) 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) Did the service provider give you a formula instead of an amount or estimated amount?
55	BROKER/ADVISOR	0	Yes [X] No [ ]	Yes [ ] No [X]	34781	Yes [ ] No [X]

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

SALMIN, CELONA, WEHRLE & FLAHERTY

2300 BUFFALO RD BLDG 200
CORNERSTONE CENTRE
ROCHESTER, NY 14624

16-1451346

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) 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) Did the service provider give you a formula instead of an amount or estimated amount?
10	AUDITOR	6600	Yes [ ] No [X]	Yes [ ] No [X]	0	Yes [ ] No [X]

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

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) 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) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes [ ] No [ ]	Yes [ ] No [ ]		Yes [ ] No [ ]

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 (see instructions)	**(c)** Enter amount of indirect compensation
RBC CAPITAL MARKETS, LLC	55	34781

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
FIRST GREAT-WEST LIFE & ANNUITY 8515 EAST ORCHARD ROAD GREENWOOD VILLAGE, CO 80111	OTHER COMMISSIONS

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation

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

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility 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

(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

(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

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(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)

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

SCHEDULE D (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

DFE/Participating Plan Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2013

This Form is Open to Public Inspection.

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

A Name of plan
PRECISION GRINDING & MANUFACTURING CORP. PROFIT SHARING 401(K) RETIREMENT PLAN

B Three-digit plan number (PN) ▶ 002

C Plan or DFE sponsor's name as shown on line 2a of Form 5500
PRECISION GRINDING & MANUFACTURING CORP.

D Employer Identification Number (EIN)
16-0924683

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)

a Name of MTIA, CCT, PSA, or 103-12 IE: EQUITY INDEX FUND N

b Name of sponsor of entity listed in (a): WELLS FARGO BANK, N.A.

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
56-6633539-001	C	0

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** 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):

c EIN-PN	**d** Entity code	**e** 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):

c EIN-PN	**d** Entity code	**e** 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):

c EIN-PN	**d** Entity code	**e** 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):

c EIN-PN	**d** Entity code	**e** 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):

c EIN-PN	**d** Entity code	**e** 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):

c EIN-PN	**d** Entity code	**e** 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):

c EIN-PN	**d** Entity code	**e** 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):

c EIN-PN	**d** Entity code	**e** 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):

c EIN-PN	**d** Entity code	**e** 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):

c EIN-PN	**d** Entity code	**e** 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):

c EIN-PN	**d** Entity code	**e** 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):

c EIN-PN	**d** Entity code	**e** 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):

c EIN-PN	**d** Entity code	**e** 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):

c EIN-PN	**d** Entity code	**e** 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):

c EIN-PN	**d** Entity code	**e** 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

SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

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).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2013

This Form is Open to Public Inspection

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

A Name of plan
PRECISION GRINDING & MANUFACTURING CORP. PROFIT SHARING 401(K) RETIREMENT PLAN

B Three-digit plan number (PN) ▶ 002

C Plan sponsor's name as shown on line 2a of Form 5500
PRECISION GRINDING & MANUFACTURING CORP.

D Employer Identification Number (EIN)
16-0924683

Part I Asset and Liability Statement

1 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. **Round off amounts to the nearest dollar.** 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
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	267427	282053
(9) Value of interest in common/collective trusts	1c(9)	119384	19491
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	6077075	7003080
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(1) Employer securities	1d(1)		
	(2) Employer real property	1d(2)		
e	Buildings and other property used in plan operation	1e		
f	Total assets (add all amounts in lines 1a through 1e)	1f	6463886	7304624
	Liabilities			
g	Benefit claims payable	1g		
h	Operating payables	1h		
i	Acquisition indebtedness	1i		
j	Other liabilities	1j		
k	Total liabilities (add all amounts in lines 1g through1j)	1k		
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	6463886	7304624

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) Amount	(b) Total
a	**Contributions:**			
	(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)		
	(B) Participants	2a(1)(B)	301426	
	(C) Others (including rollovers)	2a(1)(C)	67513	
	(2) Noncash contributions	2a(2)		
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		368939
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	160	
	(B) U.S. Government securities	2b(1)(B)		
	(C) Corporate debt instruments	2b(1)(C)		
	(D) Loans (other than to participants)	2b(1)(D)		
	(E) Participant loans	2b(1)(E)	11811	
	(F) Other	2b(1)(F)		
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		11971
	(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
	(B) Common stock	2b(2)(B)		
	(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	319194	
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		319194
	(3) Rents	2b(3)		
	(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)	343763	
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)	343763	
	(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		0
	(5) Unrealized appreciation (depreciation) of assets: **(A)** Real estate	2b(5)(A)		
	(B) Other	2b(5)(B)		
	(C) Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)**	2b(5)(C)		

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		6118
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(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)		586579
c Other income	2c		14932
d Total income. Add all **income** amounts in column (b) and enter total	2d		1307733
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	451418	
(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)		451418
f Corrective distributions (see instructions)	2f		0
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)	3173	
(4) Other	2i(4)	12404	
(5) Total administrative expenses. Add lines **2i(1)** through **(4)**	2i(5)		15577
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		466995
Net Income and Reconciliation			
k Net income (loss). Subtract line **2j** from line **2d**	2k		840738
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) [X] Disclaimer (4) [ ] Adverse

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

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

(1) Name: FLAHERTY SALMIN LLP (2) EIN: 16-1451346

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:

		Yes	No	Amount
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.)	4a		X	
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.)	4b		X	

			Yes	No	Amount
c	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.)	4c		X	
d	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.)	4d		X	
e	Was this plan covered by a fidelity bond?	4e	X		500000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g	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?	4g		X	
h	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?	4h		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j	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.)	4j	X		
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n	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.	4n			

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)

6a Name of trust	**6b** Trust's EIN

SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Retirement Plan Information

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).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2013

This Form is Open to Public Inspection.

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

A Name of plan
PRECISION GRINDING & MANUFACTURING CORP. PROFIT SHARING 401(K) RETIREMENT PLAN

B Three-digit plan number (PN) ▶ 002

C Plan sponsor's name as shown on line 2a of Form 5500
PRECISION GRINDING & MANUFACTURING CORP.

D Employer Identification Number (EIN)
16-0924683

Part I Distributions

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

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions **1** 0

2 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):

EIN(s): 16-0924683 41-6257133

Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year **3**

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

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

If the plan is a defined benefit plan, go to line 8.

5 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. **Date:** Month _____ Day _____ Year _____

If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.

6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived) **6a**

b Enter the amount contributed by the employer to the plan for this plan year **6b**

c 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) **6c**

If you completed line 6c, skip lines 8 and 9.

7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

8 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? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

Part III Amendments

9 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. ..... ☐ **Increase** ☐ **Decrease** ☐ **Both** ☐ **No**

Part IV ESOPs (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.

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... ☐ **Yes** ☐ **No**

11 a Does the ESOP hold any preferred stock? ..... ☐ **Yes** ☐ **No**

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.) ..... ☐ **Yes** ☐ **No**

12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... ☐ **Yes** ☐ **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:

a The current year	**14a**	
b The plan year immediately preceding the current plan year	**14b**	
c The second preceding plan year	**14c**	

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:

a The corresponding number for the plan year immediately preceding the current plan year	**15a**	
b The corresponding number for the second preceding plan year	**15b**	

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

a Enter the number of employers who withdrew during the preceding plan year	**16a**	
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	**16b**	

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):

PRECISION GRINDING AND MANUFACTURING CORP. PROFIT SHARING 401(k) RETIREMENT PLAN

Financial Statements
December 31, 2013 and 2012

PRECISION GRINDING AND MANUFACTURING CORP.

PROFIT SHARING 401(k) RETIREMENT PLAN

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Flaherty Salmin CPAs
Straight Answers. Trusted Solutions.

Flaherty Salmin LLP Certified Public Accountants
2300 Buffalo Road, Building 200, Rochester, NY 14624-1365
office 585 279-0120 **fax** 585 279-0166 www.fs-cpa.com
PrimeGlobal An Association of Independent Accounting Firms

INDEPENDENT AUDITORS' REPORT

To the Plan Administrator and Participants
Precision Grinding and Manufacturing Corp.
Profit Sharing 401(k) Retirement Plan

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Precision Grinding and Manufacturing Corp. Profit Sharing 401(k) Retirement Plan, which comprise the statements of net assets available for benefits as of December 31, 2013 and 2012, and the related statements of changes in net assets available for benefits for the years then ended, 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 State 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 that was certified by Great-West Trustee Company, LLC, the trustee of the Plan for the period February 1, 2013 to December 31, 2013, and Wells Fargo Bank, N.A., the trustee of the Plan for the period January 1, 2012 to January 31, 2013, except for comparing the information with the related information included in the financial statements. We have been informed by the plan administrator that the trustees holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from Great-West Trustee Company, LLC for the period February 1, 2013 to December 31, 2013 and Wells Fargo Bank, N.A. for the period January 1, 2012 to January 31, 2013 that the information provided to the plan administrator by the trustees 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 Matters

As described in Note 2, these financial statements have been prepared using the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The supplemental Schedule of Assets Held for Investment Purposes for the year ended December 31, 2013 is required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is 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.

Flaherty Salmin, LLP

Flaherty Salmin LLP
Rochester, New York

October 8, 2014

PRECISION GRINDING AND MANUFACTURING CORP.
PROFIT SHARING 401(k) RETIREMENT PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
MODIFIED CASH BASIS
DECEMBER 31, 2013 AND 2012

	2013	2012
ASSETS		
Investments at fair value	$ 7,022,571	$ 6,196,459
Notes receivable from participants	282,053	267,427
Total assets	7,304,624	6,463,886
LIABILITIES		
Operating payables	0	0
Total liabilities	0	0
Net assets available for benefits	$ 7,304,624	$ 6,463,886

See Accompanying Notes to Financial Statements

PRECISION GRINDING AND MANUFACTURING CORP.
PROFIT SHARING 401(k) RETIREMENT PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
MODIFIED CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
PLAN INCOME		
Investment income:		
Net change in the fair value of investments	$ 600,281	$ 525,470
Dividend income	319,353	86,753
Total investment income	919,634	612,223
Interest income on notes receivable from participants	11,811	12,070
Contributions:		
Employee pre-tax contributions	297,195	322,797
Employee roth contributions	4,231	0
Rollover contributions	67,513	0
Total contributions	368,939	322,797
Total plan income	1,300,384	947,090
PLAN EXPENSES		
Benefits paid to participants	451,418	652,284
Administrative expenses	8,228	17,441
Total plan expenses	459,646	669,725
Net increase in net assets available for benefits	840,738	277,365
Net assets available for benefits - beginning of year	6,463,886	6,186,521
Net assets available for benefits - end of year	$ 7,304,624	$ 6,463,886

See Accompanying Notes to Financial Statements

PRECISION GRINDING AND MANUFACTURING CORP.
PROFIT SHARING 401(k) RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

1. DESCRIPTION OF PLAN

The following description of the Precision Grinding and Manufacturing Corp. Profit Sharing 401(k) Retirement 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 covering all employees of Precision Grinding and Manufacturing Corp. (Company) who meet certain age and length of service requirements. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Administration - The Plan is administered by the Company. All assets of the Plan are held and managed by Great-West Trustee Company, LLC for the year ended December 31, 2013. All assets of the Plan were held and managed by Wells Fargo Bank, N.A. for the year ended December 31, 2012.

Contributions - Each year, participants may contribute up to 20% of pretax annual compensation, 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 make after tax contributions up to 5%, as well as make rollover contributions from other qualified retirement plans. At its discretion, the Company may make matching contributions. Additional discretionary contributions may also be made by the Company. Contributions are subject to certain limitations. The Company made no contributions to the Plan during 2013 and 2012.

Participant Investment Options - Participants direct the investment of all contributions into various investment options offered by the Plan.

Participant Accounts - Each participant's account is allocated with the participant's contributions, Company contributions, plan earnings and administrative expenses. Company additional discretionary contributions are allocated to participants based on the participant's eligible compensation for the year in relation to the eligible compensation for the year of all participants. Plan earnings, forfeitures and administrative expenses are allocated 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 100% vested in their contributions plus actual earnings thereon. Company contributions plus earnings thereon become 20% vested upon completion of two years of service and continue to vest at the rate of 20% for each successive year of service until 100% vested after six years of service. Participants are considered to have completed one year of service for vesting purposes upon completion of 1,000 hours of service at any time during the plan year.

Forfeitures - Participants who terminate their employment prior to becoming 100% vested will forfeit the nonvested portion in their account. When a participant has a forfeiture event (death, distribution or five consecutive one-year breaks in service periods) their funds are moved to the forfeiture account. At December 31, 2013 and 2012, forfeited nonvested account balances totaled $19,491 and $5,843, respectively. These accounts will first be used to reduce the Plan's administrative expenses and then used to reduce the Company's matching contributions. The Company used $-0- and $6,494 of forfeitures to pay administrative expenses of the plan during 2013 and 2012, respectively. No forfeitures were used to pay the Company's matching contributions during 2013 and 2012.

1. DESCRIPTION OF PLAN, Continued

Notes Receivable from Participants - Participants may borrow from their vested account balance a minimum of $1,000 up to a maximum of $50,000 or 50% of their vested account balance, whichever is less. The loans are secured by a percentage of the vested account balance equal to the amount borrowed divided by the vested account balance and bear interest at prime plus 1%. Principal and interest are paid ratably through weekly payroll deductions.

Payment of Benefits - Upon retirement, death, disability, hardship or termination of employment, a participant may elect to receive benefits either in a single sum or in the form of an annuity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements of the Plan are prepared using the modified cash basis of accounting. Under this method of accounting, contributions to the Plan are recognized when received and distributions from the Plan are recognized when paid rather than when incurred.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Valuation of Investments - The Plan's investments are stated at fair value. See Note 5 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date.

Notes Receivable from Participants - Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2013 or 2012. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be in default, the participant loan balance is reduced and a benefit payment is recorded.

Expenses - The Company may pay directly certain expenses of maintaining the Plan, which would be excluded from these financial statements. For the years ended December 31, 2013 and 2012, the Company did not pay any expenses of the Plan. Fees related to the administration of notes receivable from participants are charged directly to the participant's account and are included in administrative expenses. Investment related expenses are included in net change in the fair value of investments.

3. INFORMATION CERTIFIED BY THE TRUSTEE

In accordance with 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 has obtained certification from Wells Fargo Bank, N.A. as of and for the year ended December 31, 2013, and Wells Fargo Bank, N.A. as of and for the year ended December 31, 2012 that the investments and the related investment activity, appearing in the statements of net assets available for benefits (modified cash basis), appearing in the statements of changes in net assets available for benefits (modified cash basis), and appearing in the schedule of assets held for investment purposes, are complete and accurate.

4. INVESTMENTS

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

	Number of Units	Fair Value
Great-West Lifetime 2015 Fund II T1	162,179	$ 2,223,471
Great-West Lifetime 2025 Fund II T1	156,877	$ 2,390,805
Great-West Lifetime 2035 Fund II T1	52,056	$ 878,697

During the year ended December 31, 2013, the Plan's investments, including gains and losses on investments bought and sold, as well as held during the year, appreciated in value by $600,281.

The following presents investments that represent 5% or more of the Plan's net assets as of December 31, 2012:

	Number of Units	Fair Value
American Funds AMCAP Fund	23,841	$ 517,109
American Funds Europacific Growth Fund	11,848	$ 488,354
Franklin Templeton Conservative Target Fund	61,683	$ 867,265
PIMCO Total Return CLA	50,885	$ 571,943
Franklin Templeton Mod Target Fund	100,795	$1,470,602
WFA MMKT FD - A	342,750	$ 342,723
Blackrock Equity Dividend - A	25,225	$ 501,725
Wells Fargo Adv Discovery - A	13,604	$ 345,401
Blackrock Inflation Protected BD	27,966	$ 333,349

During the year ended December 31, 2012, the Plan's investments, including gains and losses on investments bought and sold, as well as held during the year, appreciated in value by $525,470.

5. FAIR VALUE MEASUREMENT

The Plan accounts for its investments in accordance with Financial Accounting Standards Board Accounting Standards Codification "Fair Value Measurement and Disclosure" (Fair Value Standard), which defines fair value, establishes a framework for measuring fair value and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. 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. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by the Fair Value Standard, are used to measure fair value.

The Fair Value Standard prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has ability to access.

- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, 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.

The following is a description of the valuation methodologies used for assets measured at fair value:

Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Collective investment trust is valued at the net asset value (NAV) and is based on the market value of its underlying investments. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. Participant transactions (purchased and sales) may occur daily.

5. FAIR VALUE MEASUREMENT, Continued

The investments in the guaranteed interest account are valued at contract value as defined in the investment contract, which approximates fair value.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair 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 the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth, by level within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2013:

	Level 1	Level 2	Level 3	Total
Mutual funds:				
Growth funds	$ 719,300	$ 0	$ 0	$ 719,300
Blend funds	132,216	0	0	132,216
Value funds	200,598	0	0	200,598
Bond funds	156,830	0	0	156,830
Target date funds	5,759,449	0	0	5,759,449
Fixed annuities:				
Guaranteed portfolio fund	0	54,178	0	54,178
Total investments at fair value	$6,968,393	$ 54,178	$ 0	$7,022,571

The following table sets forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2012:

	Level 1	Level 2	Level 3	Total
Common collective trusts:				
Index funds	$ 0	$ 119,384	$ 0	$ 119,384
Mutual funds:				
Balanced funds	2,826,221	0	0	2,826,221
Growth funds	1,290,304	0	0	1,290,304
Fixed income funds	1,960,550	0	0	1,960,550
Total investments at fair value	$6,077,075	$ 119,384	$ 0	$6,196,459

6. RELATED PARTY TRANSACTIONS

Certain Plan investments are shares of mutual funds managed by Great-West Trust Company, LLC. Great-West Trust Company LLC is the trustee as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions which are exempt from the prohibited transaction rules. Fees incurred by the Plan for the investment management services are included in net change in the fair value of investments, as they are paid through revenue sharing, rather than a direct payment. The Plan made a direct payment to the third party administrator of $1,628 and $10,966 for the years ended December 31, 2013 and 2012, respectively, which was not covered by revenue sharing. In addition, the Plan paid audit fees of $6,600 and $6,475 for the years ended December 31, 2013 and 2012, respectively, to the independent certified public accountant.

7. 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% vested in the Company contribution portion of their account.

8. TAX STATUS

The Internal Revenue Service has determined and informed the Company, by a letter dated July 1, 2009, that the Plan and related trust are 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.

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 if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the applicable taxing authority. The plan administrator is not aware of any uncertain tax positions requiring measurement or disclosure in these financial statements. Taxing jurisdictions generally have the right to examine and audit the previous three years of tax returns filed. Any interest and penalties assessed to the Plan are recorded in administrative expenses ($-0- for the years ended December 31, 2013 and 2012).

9. RISKS AND UNCERTAINTIES

The Plan provides various investment options. Investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the account balances of participants and the amounts reported in the statement of net assets available for benefits.

10. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the independent auditors' report, which is the date the financial statements were available to be issued.

PRECISION GRINDING AND MANUFACTURING CORP.
PROFIT SHARING 401(k) RETIREMENT PLAN
SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES
DECEMBER 31, 2013

Form 5500, Schedule H, Part IV, Line 4i - Schedule of Assets Held at End of Year
EIN: 16-0924683
Plan Number: 002

(a)	(b)	(c)	(d)	(e)
	Identity of issue, borrower, lessor or similar party	Description of investment including maturity date, rate of interest, collateral, par or maturity value	Cost	Current value
	Blackrock Inflation Protected BD	Mutual Funds	N/A	$ 41,866
*	Great-West S&P 500 Index Fund I	Mutual Funds	N/A	53,209
	Blackrock Equity Dividend - A	Mutual Funds	N/A	200,598
	Columbia Funds Small Cap Value Fund	Mutual Funds	N/A	79,007
	JP Morgan Large Cap Growth A	Mutual Funds	N/A	207,789
	American Funds Europacific Growth Fund	Mutual Funds	N/A	236,050
	Metropolitan West Total RE BD Admin	Mutual Funds	N/A	114,964
*	Great-West Lifetime 2015 Fund II T1	Mutual Funds	N/A	2,223,471
*	Great-West Lifetime 2025 Fund II T1	Mutual Funds	N/A	2,390,805
*	Great-West Lifetime 2035 Fund II T1	Mutual Funds	N/A	878,697
*	Great-West Lifetime 2045 Fund II T1	Mutual Funds	N/A	241,086
*	Great-West Lifetime 2055 Fund II T1	Mutual Funds	N/A	25,390
	Oppenheimer Dev MKT FD CL A	Mutual Funds	N/A	151,480
*	Wells Fargo Adv Discovery-A	Mutual Funds	N/A	123,981
*	Key Guaranteed Portfolio Fund	Fixed Annuities – interest rate at 1.26%	N/A	54,178
	Notes Receivable from Participants	Interest Rates Between 4.25% and 11.34%, maturing through 2023	-0-	282,053
				$ 7,304,624

* Denotes party-in-interest

PRECISION GRINDING AND MANUFACTURING CORP. PROFIT SHARING 401(k) RETIREMENT PLAN

Financial Statements
December 31, 2013 and 2012

PRECISION GRINDING AND MANUFACTURING CORP.

PROFIT SHARING 401(k) RETIREMENT PLAN

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Flaherty Salmin LLP Certified Public Accountants
2300 Buffalo Road, Building 200, Rochester, NY 14624-1365
office 585 279-0120 **fax** 585 279-0166 www.fs-cpa.com
PrimeGlobal An Association of Independent Accounting Firms

INDEPENDENT AUDITORS' REPORT

To the Plan Administrator and Participants
Precision Grinding and Manufacturing Corp.
Profit Sharing 401(k) Retirement Plan

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Precision Grinding and Manufacturing Corp. Profit Sharing 401(k) Retirement Plan, which comprise the statements of net assets available for benefits as of December 31, 2013 and 2012, and the related statements of changes in net assets available for benefits for the years then ended, 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 State 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 that was certified by Great-West Trustee Company, LLC, the trustee of the Plan for the period February 1, 2013 to December 31, 2013, and Wells Fargo Bank, N.A., the trustee of the Plan for the period January 1, 2012 to January 31, 2013, except for comparing the information with the related information included in the financial statements. We have been informed by the plan administrator that the trustees holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from Great-West Trustee Company, LLC for the period February 1, 2013 to December 31, 2013 and Wells Fargo Bank, N.A. for the period January 1, 2012 to January 31, 2013 that the information provided to the plan administrator by the trustees 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 Matters

As described in Note 2, these financial statements have been prepared using the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The supplemental Schedule of Assets Held for Investment Purposes for the year ended December 31, 2013 is required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is 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.

Flaherty Salmin, LLP

Flaherty Salmin LLP
Rochester, New York

October 8, 2014

PRECISION GRINDING AND MANUFACTURING CORP.
PROFIT SHARING 401(k) RETIREMENT PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
MODIFIED CASH BASIS
DECEMBER 31, 2013 AND 2012

	2013	2012
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LIABILITIES		
Operating payables	0	0
Total liabilities	0	0
Net assets available for benefits	$ 7,304,624	$ 6,463,886

See Accompanying Notes to Financial Statements

PRECISION GRINDING AND MANUFACTURING CORP.
PROFIT SHARING 401(k) RETIREMENT PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
MODIFIED CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
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Investment income:		
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Employee roth contributions	4,231	0
Rollover contributions	67,513	0
Total contributions	368,939	322,797
Total plan income	1,300,384	947,090
PLAN EXPENSES		
Benefits paid to participants	451,418	652,284
Administrative expenses	8,228	17,441
Total plan expenses	459,646	669,725
Net increase in net assets available for benefits	840,738	277,365
Net assets available for benefits - beginning of year	6,463,886	6,186,521
Net assets available for benefits - end of year	$ 7,304,624	$ 6,463,886

See Accompanying Notes to Financial Statements

PRECISION GRINDING AND MANUFACTURING CORP.
PROFIT SHARING 401(k) RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

1. DESCRIPTION OF PLAN

The following description of the Precision Grinding and Manufacturing Corp. Profit Sharing 401(k) Retirement 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 covering all employees of Precision Grinding and Manufacturing Corp. (Company) who meet certain age and length of service requirements. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Administration - The Plan is administered by the Company. All assets of the Plan are held and managed by Great-West Trustee Company, LLC for the year ended December 31, 2013. All assets of the Plan were held and managed by Wells Fargo Bank, N.A. for the year ended December 31, 2012.

Contributions - Each year, participants may contribute up to 20% of pretax annual compensation, 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 make after tax contributions up to 5%, as well as make rollover contributions from other qualified retirement plans. At its discretion, the Company may make matching contributions. Additional discretionary contributions may also be made by the Company. Contributions are subject to certain limitations. The Company made no contributions to the Plan during 2013 and 2012.

Participant Investment Options - Participants direct the investment of all contributions into various investment options offered by the Plan.

Participant Accounts - Each participant's account is allocated with the participant's contributions, Company contributions, plan earnings and administrative expenses. Company additional discretionary contributions are allocated to participants based on the participant's eligible compensation for the year in relation to the eligible compensation for the year of all participants. Plan earnings, forfeitures and administrative expenses are allocated 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 100% vested in their contributions plus actual earnings thereon. Company contributions plus earnings thereon become 20% vested upon completion of two years of service and continue to vest at the rate of 20% for each successive year of service until 100% vested after six years of service. Participants are considered to have completed one year of service for vesting purposes upon completion of 1,000 hours of service at any time during the plan year.

Forfeitures - Participants who terminate their employment prior to becoming 100% vested will forfeit the nonvested portion in their account. When a participant has a forfeiture event (death, distribution or five consecutive one-year breaks in service periods) their funds are moved to the forfeiture account. At December 31, 2013 and 2012, forfeited nonvested account balances totaled $19,491 and $5,843, respectively. These accounts will first be used to reduce the Plan's administrative expenses and then used to reduce the Company's matching contributions. The Company used $-0- and $6,494 of forfeitures to pay administrative expenses of the plan during 2013 and 2012, respectively. No forfeitures were used to pay the Company's matching contributions during 2013 and 2012.

1. DESCRIPTION OF PLAN, Continued

Notes Receivable from Participants - Participants may borrow from their vested account balance a minimum of $1,000 up to a maximum of $50,000 or 50% of their vested account balance, whichever is less. The loans are secured by a percentage of the vested account balance equal to the amount borrowed divided by the vested account balance and bear interest at prime plus 1%. Principal and interest are paid ratably through weekly payroll deductions.

Payment of Benefits - Upon retirement, death, disability, hardship or termination of employment, a participant may elect to receive benefits either in a single sum or in the form of an annuity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements of the Plan are prepared using the modified cash basis of accounting. Under this method of accounting, contributions to the Plan are recognized when received and distributions from the Plan are recognized when paid rather than when incurred.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Valuation of Investments - The Plan's investments are stated at fair value. See Note 5 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date.

Notes Receivable from Participants - Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2013 or 2012. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be in default, the participant loan balance is reduced and a benefit payment is recorded.

Expenses - The Company may pay directly certain expenses of maintaining the Plan, which would be excluded from these financial statements. For the years ended December 31, 2013 and 2012, the Company did not pay any expenses of the Plan. Fees related to the administration of notes receivable from participants are charged directly to the participant's account and are included in administrative expenses. Investment related expenses are included in net change in the fair value of investments.

3. INFORMATION CERTIFIED BY THE TRUSTEE

In accordance with 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 has obtained certification from Wells Fargo Bank, N.A. as of and for the year ended December 31, 2013, and Wells Fargo Bank, N.A. as of and for the year ended December 31, 2012 that the investments and the related investment activity, appearing in the statements of net assets available for benefits (modified cash basis), appearing in the statements of changes in net assets available for benefits (modified cash basis), and appearing in the schedule of assets held for investment purposes, are complete and accurate.

4. INVESTMENTS

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

	Number of Units	Fair Value
Great-West Lifetime 2015 Fund II T1	162,179	$ 2,223,471
Great-West Lifetime 2025 Fund II T1	156,877	$ 2,390,805
Great-West Lifetime 2035 Fund II T1	52,056	$ 878,697

During the year ended December 31, 2013, the Plan's investments, including gains and losses on investments bought and sold, as well as held during the year, appreciated in value by $600,281.

The following presents investments that represent 5% or more of the Plan's net assets as of December 31, 2012:

	Number of Units	Fair Value
American Funds AMCAP Fund	23,841	$ 517,109
American Funds Europacific Growth Fund	11,848	$ 488,354
Franklin Templeton Conservative Target Fund	61,683	$ 867,265
PIMCO Total Return CLA	50,885	$ 571,943
Franklin Templeton Mod Target Fund	100,795	$1,470,602
WFA MMKT FD - A	342,750	$ 342,723
Blackrock Equity Dividend - A	25,225	$ 501,725
Wells Fargo Adv Discovery - A	13,604	$ 345,401
Blackrock Inflation Protected BD	27,966	$ 333,349

During the year ended December 31, 2012, the Plan's investments, including gains and losses on investments bought and sold, as well as held during the year, appreciated in value by $525,470.

5. FAIR VALUE MEASUREMENT

The Plan accounts for its investments in accordance with Financial Accounting Standards Board Accounting Standards Codification "Fair Value Measurement and Disclosure" (Fair Value Standard), which defines fair value, establishes a framework for measuring fair value and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. 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. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by the Fair Value Standard, are used to measure fair value.

The Fair Value Standard prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has ability to access.

- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, 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.

The following is a description of the valuation methodologies used for assets measured at fair value:

Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Collective investment trust is valued at the net asset value (NAV) and is based on the market value of its underlying investments. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. Participant transactions (purchased and sales) may occur daily.

5. FAIR VALUE MEASUREMENT, Continued

The investments in the guaranteed interest account are valued at contract value as defined in the investment contract, which approximates fair value.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair 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 the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth, by level within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2013:

	Level 1	Level 2	Level 3	Total
Mutual funds:				
Growth funds	$ 719,300	$ 0	$ 0	$ 719,300
Blend funds	132,216	0	0	132,216
Value funds	200,598	0	0	200,598
Bond funds	156,830	0	0	156,830
Target date funds	5,759,449	0	0	5,759,449
Fixed annuities:				
Guaranteed portfolio fund	0	54,178	0	54,178
Total investments at fair value	$6,968,393	$ 54,178	$ 0	$7,022,571

The following table sets forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2012:

	Level 1	Level 2	Level 3	Total
Common collective trusts:				
Index funds	$ 0	$ 119,384	$ 0	$ 119,384
Mutual funds:				
Balanced funds	2,826,221	0	0	2,826,221
Growth funds	1,290,304	0	0	1,290,304
Fixed income funds	1,960,550	0	0	1,960,550
Total investments at fair value	$6,077,075	$ 119,384	$ 0	$6,196,459

6. RELATED PARTY TRANSACTIONS

Certain Plan investments are shares of mutual funds managed by Great-West Trust Company, LLC. Great-West Trust Company LLC is the trustee as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions which are exempt from the prohibited transaction rules. Fees incurred by the Plan for the investment management services are included in net change in the fair value of investments, as they are paid through revenue sharing, rather than a direct payment. The Plan made a direct payment to the third party administrator of $1,628 and $10,966 for the years ended December 31, 2013 and 2012, respectively, which was not covered by revenue sharing. In addition, the Plan paid audit fees of $6,600 and $6,475 for the years ended December 31, 2013 and 2012, respectively, to the independent certified public accountant.

7. 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% vested in the Company contribution portion of their account.

8. TAX STATUS

The Internal Revenue Service has determined and informed the Company, by a letter dated July 1, 2009, that the Plan and related trust are 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.

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 if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the applicable taxing authority. The plan administrator is not aware of any uncertain tax positions requiring measurement or disclosure in these financial statements. Taxing jurisdictions generally have the right to examine and audit the previous three years of tax returns filed. Any interest and penalties assessed to the Plan are recorded in administrative expenses ($-0- for the years ended December 31, 2013 and 2012).

9. RISKS AND UNCERTAINTIES

The Plan provides various investment options. Investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the account balances of participants and the amounts reported in the statement of net assets available for benefits.

10. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the independent auditors' report, which is the date the financial statements were available to be issued.

PRECISION GRINDING AND MANUFACTURING CORP.
PROFIT SHARING 401(k) RETIREMENT PLAN
SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES
DECEMBER 31, 2013

Form 5500, Schedule H, Part IV, Line 4i - Schedule of Assets Held at End of Year
EIN: 16-0924683
Plan Number: 002

(a)	(b)	(c)	(d)	(e)
	Identity of issue, borrower, lessor or similar party	Description of investment including maturity date, rate of interest, collateral, par or maturity value	Cost	Current value
	Blackrock Inflation Protected BD	Mutual Funds	N/A	$ 41,866
*	Great-West S&P 500 Index Fund I	Mutual Funds	N/A	53,209
	Blackrock Equity Dividend - A	Mutual Funds	N/A	200,598
	Columbia Funds Small Cap Value Fund	Mutual Funds	N/A	79,007
	JP Morgan Large Cap Growth A	Mutual Funds	N/A	207,789
	American Funds Europacific Growth Fund	Mutual Funds	N/A	236,050
	Metropolitan West Total RE BD Admin	Mutual Funds	N/A	114,964
*	Great-West Lifetime 2015 Fund II T1	Mutual Funds	N/A	2,223,471
*	Great-West Lifetime 2025 Fund II T1	Mutual Funds	N/A	2,390,805
*	Great-West Lifetime 2035 Fund II T1	Mutual Funds	N/A	878,697
*	Great-West Lifetime 2045 Fund II T1	Mutual Funds	N/A	241,086
*	Great-West Lifetime 2055 Fund II T1	Mutual Funds	N/A	25,390
	Oppenheimer Dev MKT FD CL A	Mutual Funds	N/A	151,480
*	Wells Fargo Adv Discovery-A	Mutual Funds	N/A	123,981
*	Key Guaranteed Portfolio Fund	Fixed Annuities – interest rate at 1.26%	N/A	54,178
	Notes Receivable from Participants	Interest Rates Between 4.25% and 11.34%, maturing through 2023	-0-	282,053
				$ 7,304,624

* Denotes party-in-interest

PRECISION GRINDING AND MANUFACTURING CORP. PROFIT SHARING 401(k) RETIREMENT PLAN

Financial Statements
December 31, 2013 and 2012

PRECISION GRINDING AND MANUFACTURING CORP.

PROFIT SHARING 401(k) RETIREMENT PLAN

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Flaherty Salmin LLP Certified Public Accountants
2300 Buffalo Road, Building 200, Rochester, NY 14624-1365
office 585 279-0120 **fax** 585 279-0166 www.fs-cpa.com
PrimeGlobal An Association of Independent Accounting Firms

INDEPENDENT AUDITORS' REPORT

To the Plan Administrator and Participants
Precision Grinding and Manufacturing Corp.
Profit Sharing 401(k) Retirement Plan

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Precision Grinding and Manufacturing Corp. Profit Sharing 401(k) Retirement Plan, which comprise the statements of net assets available for benefits as of December 31, 2013 and 2012, and the related statements of changes in net assets available for benefits for the years then ended, 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 State 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 that was certified by Great-West Trustee Company, LLC, the trustee of the Plan for the period February 1, 2013 to December 31, 2013, and Wells Fargo Bank, N.A., the trustee of the Plan for the period January 1, 2012 to January 31, 2013, except for comparing the information with the related information included in the financial statements. We have been informed by the plan administrator that the trustees holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from Great-West Trustee Company, LLC for the period February 1, 2013 to December 31, 2013 and Wells Fargo Bank, N.A. for the period January 1, 2012 to January 31, 2013 that the information provided to the plan administrator by the trustees 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 Matters

As described in Note 2, these financial statements have been prepared using the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The supplemental Schedule of Assets Held for Investment Purposes for the year ended December 31, 2013 is required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is 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.

Flaherty Salmin, LLP

Flaherty Salmin LLP
Rochester, New York

October 8, 2014

PRECISION GRINDING AND MANUFACTURING CORP.
PROFIT SHARING 401(k) RETIREMENT PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
MODIFIED CASH BASIS
DECEMBER 31, 2013 AND 2012

	2013	2012
ASSETS		
Investments at fair value	$ 7,022,571	$ 6,196,459
Notes receivable from participants	282,053	267,427
Total assets	7,304,624	6,463,886
LIABILITIES		
Operating payables	0	0
Total liabilities	0	0
Net assets available for benefits	$ 7,304,624	$ 6,463,886

See Accompanying Notes to Financial Statements

PRECISION GRINDING AND MANUFACTURING CORP.
PROFIT SHARING 401(k) RETIREMENT PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
MODIFIED CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
PLAN INCOME		
Investment income:		
Net change in the fair value of investments	$ 600,281	$ 525,470
Dividend income	319,353	86,753
Total investment income	919,634	612,223
Interest income on notes receivable from participants	11,811	12,070
Contributions:		
Employee pre-tax contributions	297,195	322,797
Employee roth contributions	4,231	0
Rollover contributions	67,513	0
Total contributions	368,939	322,797
Total plan income	1,300,384	947,090
PLAN EXPENSES		
Benefits paid to participants	451,418	652,284
Administrative expenses	8,228	17,441
Total plan expenses	459,646	669,725
Net increase in net assets available for benefits	840,738	277,365
Net assets available for benefits - beginning of year	6,463,886	6,186,521
Net assets available for benefits - end of year	$ 7,304,624	$ 6,463,886

See Accompanying Notes to Financial Statements

PRECISION GRINDING AND MANUFACTURING CORP.
PROFIT SHARING 401(k) RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

1. DESCRIPTION OF PLAN

The following description of the Precision Grinding and Manufacturing Corp. Profit Sharing 401(k) Retirement 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 covering all employees of Precision Grinding and Manufacturing Corp. (Company) who meet certain age and length of service requirements. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Administration - The Plan is administered by the Company. All assets of the Plan are held and managed by Great-West Trustee Company, LLC for the year ended December 31, 2013. All assets of the Plan were held and managed by Wells Fargo Bank, N.A. for the year ended December 31, 2012.

Contributions - Each year, participants may contribute up to 20% of pretax annual compensation, 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 make after tax contributions up to 5%, as well as make rollover contributions from other qualified retirement plans. At its discretion, the Company may make matching contributions. Additional discretionary contributions may also be made by the Company. Contributions are subject to certain limitations. The Company made no contributions to the Plan during 2013 and 2012.

Participant Investment Options - Participants direct the investment of all contributions into various investment options offered by the Plan.

Participant Accounts - Each participant's account is allocated with the participant's contributions, Company contributions, plan earnings and administrative expenses. Company additional discretionary contributions are allocated to participants based on the participant's eligible compensation for the year in relation to the eligible compensation for the year of all participants. Plan earnings, forfeitures and administrative expenses are allocated 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 100% vested in their contributions plus actual earnings thereon. Company contributions plus earnings thereon become 20% vested upon completion of two years of service and continue to vest at the rate of 20% for each successive year of service until 100% vested after six years of service. Participants are considered to have completed one year of service for vesting purposes upon completion of 1,000 hours of service at any time during the plan year.

Forfeitures - Participants who terminate their employment prior to becoming 100% vested will forfeit the nonvested portion in their account. When a participant has a forfeiture event (death, distribution or five consecutive one-year breaks in service periods) their funds are moved to the forfeiture account. At December 31, 2013 and 2012, forfeited nonvested account balances totaled $19,491 and $5,843, respectively. These accounts will first be used to reduce the Plan's administrative expenses and then used to reduce the Company's matching contributions. The Company used $-0- and $6,494 of forfeitures to pay administrative expenses of the plan during 2013 and 2012, respectively. No forfeitures were used to pay the Company's matching contributions during 2013 and 2012.

1. DESCRIPTION OF PLAN, Continued

Notes Receivable from Participants - Participants may borrow from their vested account balance a minimum of $1,000 up to a maximum of $50,000 or 50% of their vested account balance, whichever is less. The loans are secured by a percentage of the vested account balance equal to the amount borrowed divided by the vested account balance and bear interest at prime plus 1%. Principal and interest are paid ratably through weekly payroll deductions.

Payment of Benefits - Upon retirement, death, disability, hardship or termination of employment, a participant may elect to receive benefits either in a single sum or in the form of an annuity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements of the Plan are prepared using the modified cash basis of accounting. Under this method of accounting, contributions to the Plan are recognized when received and distributions from the Plan are recognized when paid rather than when incurred.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Valuation of Investments - The Plan's investments are stated at fair value. See Note 5 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date.

Notes Receivable from Participants - Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2013 or 2012. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be in default, the participant loan balance is reduced and a benefit payment is recorded.

Expenses - The Company may pay directly certain expenses of maintaining the Plan, which would be excluded from these financial statements. For the years ended December 31, 2013 and 2012, the Company did not pay any expenses of the Plan. Fees related to the administration of notes receivable from participants are charged directly to the participant's account and are included in administrative expenses. Investment related expenses are included in net change in the fair value of investments.

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Target date funds	5,759,449	0	0	5,759,449
Fixed annuities:				
Guaranteed portfolio fund	0	54,178	0	54,178
Total investments at fair value	$6,968,393	$ 54,178	$ 0	$7,022,571

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Balanced funds	2,826,221	0	0	2,826,221
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Fixed income funds	1,960,550	0	0	1,960,550
Total investments at fair value	$6,077,075	$ 119,384	$ 0	$6,196,459

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7. 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% vested in the Company contribution portion of their account.

8. TAX STATUS

The Internal Revenue Service has determined and informed the Company, by a letter dated July 1, 2009, that the Plan and related trust are 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.

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 if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the applicable taxing authority. The plan administrator is not aware of any uncertain tax positions requiring measurement or disclosure in these financial statements. Taxing jurisdictions generally have the right to examine and audit the previous three years of tax returns filed. Any interest and penalties assessed to the Plan are recorded in administrative expenses ($-0- for the years ended December 31, 2013 and 2012).

9. RISKS AND UNCERTAINTIES

The Plan provides various investment options. Investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the account balances of participants and the amounts reported in the statement of net assets available for benefits.

10. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the independent auditors' report, which is the date the financial statements were available to be issued.

PRECISION GRINDING AND MANUFACTURING CORP.
PROFIT SHARING 401(k) RETIREMENT PLAN
SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES
DECEMBER 31, 2013

Form 5500, Schedule H, Part IV, Line 4i - Schedule of Assets Held at End of Year
EIN: 16-0924683
Plan Number: 002

(a)	(b)	(c)	(d)	(e)
	Identity of issue, borrower, lessor or similar party	Description of investment including maturity date, rate of interest, collateral, par or maturity value	Cost	Current value
	Blackrock Inflation Protected BD	Mutual Funds	N/A	$ 41,866
*	Great-West S&P 500 Index Fund I	Mutual Funds	N/A	53,209
	Blackrock Equity Dividend - A	Mutual Funds	N/A	200,598
	Columbia Funds Small Cap Value Fund	Mutual Funds	N/A	79,007
	JP Morgan Large Cap Growth A	Mutual Funds	N/A	207,789
	American Funds Europacific Growth Fund	Mutual Funds	N/A	236,050
	Metropolitan West Total RE BD Admin	Mutual Funds	N/A	114,964
*	Great-West Lifetime 2015 Fund II T1	Mutual Funds	N/A	2,223,471
*	Great-West Lifetime 2025 Fund II T1	Mutual Funds	N/A	2,390,805
*	Great-West Lifetime 2035 Fund II T1	Mutual Funds	N/A	878,697
*	Great-West Lifetime 2045 Fund II T1	Mutual Funds	N/A	241,086
*	Great-West Lifetime 2055 Fund II T1	Mutual Funds	N/A	25,390
	Oppenheimer Dev MKT FD CL A	Mutual Funds	N/A	151,480
*	Wells Fargo Adv Discovery-A	Mutual Funds	N/A	123,981
*	Key Guaranteed Portfolio Fund	Fixed Annuities – interest rate at 1.26%	N/A	54,178
	Notes Receivable from Participants	Interest Rates Between 4.25% and 11.34%, maturing through 2023	-0-	282,053
				$ 7,304,624

* Denotes party-in-interest