

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), 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 2010 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2010 or fiscal plan year beginning <u>01/01/2010</u> and ending <u>06/30/2010</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ 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:	☐ Form 5558; ☐ automatic extension; ☒ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information
1a Name of plan <u>NORDIC AIR, INC. 401K PROFIT SHARING PLAN</u>	1b Three-digit plan number (PN) ► <u>001</u> 1c Effective date of plan <u>01/01/2007</u>
2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) <u>NORDIC AIR, INC.</u> <u>5455 RT 307 WEST</u> <u>GENEVA, OH 44041</u>	2b Employer Identification Number (EIN) <u>34-1575538</u> 2c Sponsor's telephone number <u>440-466-6640</u> 2d Business code (see instructions) <u>238220</u>

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	<u>Filed with authorized/valid electronic signature.</u>	<u>11/17/2014</u>	<u>VERONICA GILBERT</u>
	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

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Form 5500 (2010)
v.092307.1

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") NORDIC AIR, INC. 5455 RT 307 WEST GENEVA, OH 44041	3b Administrator's EIN 34-1575538 3c Administrator's telephone number 440-466-6640
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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
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5 Total number of participants at the beginning of the plan year	5	163
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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	0
b Retired or separated participants receiving benefits.....	6b	0
c Other retired or separated participants entitled to future benefits.....	6c	0
d Subtotal. Add lines 6a , 6b , and 6c	6d	0
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	0
f Total. Add lines 6d and 6e	6f	0
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	0
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	0

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
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8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
 2F 2G 2J 2K 2E 2A 2T 3D

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

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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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) ☐ **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) ☒ **H** (Financial Information)
 (2) ☐ **I** (Financial Information – Small Plan)
 (3) ☐ **A** (Insurance Information)
 (4) ☐ **C** (Service Provider Information)
 (5) ☐ **D** (DFE/Participating Plan Information)
 (6) ☐ **G** (Financial Transaction Schedules)

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
		2010
		This Form is Open to Public Inspection

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 06/30/2010		
A Name of plan NORDIC AIR, INC. 401K PROFIT SHARING PLAN	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 NORDIC AIR, INC.	D Employer Identification Number (EIN) 34-1575538	

Part I	Asset and Liability Statement
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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)	17182	0
(2) Participant contributions	1b(2)	29221	0
(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)		
(9) Value of interest in common/collective trusts.....	1c(9)		
(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)	1204142	0
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(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	1250545	0

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 through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	1250545	0
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Part II Income and Expense Statement

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

Income**a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	104320	
(B) Participants	2a(1)(B)	158455	
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		262775

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

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(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)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		0

(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)	11561	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		11561

(3) Rents	2b(3)		
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(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (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)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(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)		-111727
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		162609

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	14740	
(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)		14740
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		0
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		14740

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		147869
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		1398414

Part III Accountant's Opinion

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

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

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

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

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

(1) Name: BARNES WENDLING CPAS INC.

(2) EIN: 34-1463411

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 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 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.).....	☒		776457
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.).....		☒	
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.)		☒	
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.).....		☒	
e Was this plan covered by a fidelity bond?.....	☒		50000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		☒	
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?		☒	
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?		☒	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....		☒	
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.).....		☒	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....	☒		
l Has the plan failed to provide any benefit when due under the plan?		☒	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....	☒		
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.	☒		

- 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: 0

- 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)
HUNTER DEFENSE TECHNOLOGIES, INC. 401(K) RETIREMENT PLAN	13-4133473	001

**NORDIC AIR, INC. 401(K) PROFIT
SHARING PLAN**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULE**

**JULY 1, 2010 AND DECEMBER 31, 2009
AND PERIOD FROM JANUARY 1, 2010
TO JULY 1, 2010**

NORDIC AIR, INC. 401(K) PROFIT SHARING PLAN

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders
Nordic Air, Inc. 401(k) Profit Sharing Plan
Geneva, Ohio

We have audited the accompanying statement of net assets available for benefits of Nordic Air, Inc. 401(k) Profit Sharing Plan as of July 1, 2010 and December 31, 2009, and the related statement of changes in net assets available for benefits for the period from January 1, 2010 to July 1, 2010. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of Nordic Air, Inc. 401(k) Profit Sharing Plan as of July 1, 2010 and December 31, 2009, and the changes in its net assets available for benefits for the period from January 1, 2010 to July 1, 2010 in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule on page 10 is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Barnes Wendling CPAs

Cleveland, Ohio
October 7, 2014

NORDIC AIR, INC. 401(K) PROFIT SHARING PLAN

Statements of Net Assets Available for Benefits July 1, 2010 and December 31, 2009

	<u>July 1, 2010</u>	<u>December 31, 2009</u>
ASSETS		
Investments, at fair value:		
Money market fund	\$ -0-	\$ 43,016
Mutual funds	<u>-0-</u>	<u>1,161,126</u>
	-0-	1,204,142
Contributions receivable:		
Participant	-0-	29,221
Employer	<u>-0-</u>	<u>17,182</u>
Total receivables	<u>-0-</u>	<u>46,403</u>
Net assets available for benefits	<u><u>\$ -0-</u></u>	<u><u>\$ 1,250,545</u></u>

See Notes to Financial Statements

NORDIC AIR, INC. 401(K) PROFIT SHARING PLAN

Statement of Changes in Net Assets Available for Benefits Period From January 1, 2010 to July 1, 2010

Net additions (deductions) from net assets attributed to:		
Investment income (loss)		
Net realized loss on fair value of investments	(\$ 111,727)	
Dividends	<u>11,561</u>	
		(\$ 100,166)
Contributions:		
Participant	158,455	
Employer	<u>104,320</u>	
		<u>262,775</u>
Net additions		162,609
Deductions from net assets attributed to:		
Benefits paid to participants		<u>14,740</u>
Net increase prior to transfers		147,869
Transfers of assets to another plan		<u>(1,398,414)</u>
Net decrease		(1,250,545)
Net assets available for benefits:		
Beginning of year		<u>1,250,545</u>
End of year		<u><u>\$ -0-</u></u>

See Notes to Financial Statements

NORDIC AIR, INC. 401(K) PROFIT SHARING PLAN

Notes to Financial Statements

July 1, 2010 and December 31, 2009 and Period From January 1, 2010 to July 1, 2010

NOTE A - DESCRIPTION OF PLAN

The following description of Nordic Air, Inc. 401(k) Profit Sharing Plan (the 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 was a defined contribution plan covering all employees of HDT EP, Inc., formerly known as Nordic Air, Inc. (the Company and Plan Sponsor) who had attained the age of 21 and who had completed one year of service. The Plan was subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. The Plan was sponsored by the Company and was administered by a third-party administrator.

Effective July 1, 2010, the Plan was merged into the Hunter Defense Technologies 401(k) Retirement Plan (HDT Plan) as further discussed in Note F.

Contributions

Each year, participants were permitted to defer up to the lesser of 100% of their compensation as defined by the Plan on either a pre-tax or after-tax basis, subject to the maximum contribution allowable by law. The Plan provided for a safe harbor employer matching contribution for each participant equal to 100% of the first 3% of annual compensation plus 50% of the next 2% of annual compensation. The Plan also provided for discretionary employer matching contributions. The Company did not make discretionary employer matching contributions during 2010. The Plan provided for the acceptance of rollover contributions from other plans qualified under the Internal Revenue Code (the Code). The Plan also provided for catch up contributions for participants who reached the age of fifty by the end of the plan year.

Participant Accounts

Each participant's account was credited with the participant's contributions and an allocation of (a) the Company's contributions and (b) Plan earnings. Allocations of Plan earnings were based upon participant account earnings, account balances, or specific participant transactions, as defined. The benefit to which a participant was entitled to receive was the benefit that could be provided from the participant's vested account.

Vesting

Participants were immediately vested in their deferral contributions plus actual earnings thereon. Vesting in Company contributions and actual earnings thereon was based on years of continuous service. A participant was fully vested after six years of credited service.

NORDIC AIR, INC. 401(K) PROFIT SHARING PLAN

Notes to Financial Statements

July 1, 2010 and December 31, 2009 and Period From January 1, 2010 to July 1, 2010

NOTE A - DESCRIPTION OF PLAN (CONTINUED)

Payment of Benefits

Upon termination of service, a participant was permitted to receive a lump sum amount equal to the vested amount of his or her account. If the value of the vested benefits credited to a participant's account was \$1,000 or less at the time of the termination, the entire amount was automatically distributed to a participant without the participant's consent. In the event of a mandatory distribution of amounts greater than \$1,000 but not exceeding \$5,000, the entire amount was distributed in the form of a direct rollover to an individual retirement account as designated by the Plan administrator.

Active participants were permitted to request hardship withdrawals from their account balance, subject to Plan provisions. A participant who received a distribution on account of hardship was prohibited from making deferrals for six months after receipt of the distribution.

Forfeited Accounts

Forfeitures were used to reduce future Company contributions.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan were prepared using the accrual basis of accounting.

Investment Valuation

The Plan's investments were recorded at fair value, based upon the last traded or current bid prices in active markets. Where there were no readily available last traded or current bid prices, fair value was determined as discussed in Note D.

Investment Income Recognition

Purchases and sales of securities were recorded on a trade date basis. Gains and losses on securities transactions were determined using the average cost method. Interest income was recorded on the accrual basis. Dividends were recorded on the ex-dividend date.

NORDIC AIR, INC. 401(K) PROFIT SHARING PLAN

Notes to Financial Statements

July 1, 2010 and December 31, 2009 and Period From January 1, 2010 to July 1, 2010

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Participant contributions were recorded and credited to each participant's account when received by the custodian from the Company. Any contributions attributable to the plan year but not received by the custodian by the last day of the plan year were recorded as a receivable.

Payment of Benefits

Benefits were recorded when paid.

Expenses

Certain expenses of maintaining the Plan were paid directly by the Company and are excluded from these financial statements. Investment related expenses were included in net depreciation of fair value of investments.

Use of Estimates

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

Income Taxes

The Company adopted a Volume Submitter Profit Sharing Plan with a cash or deferral arrangement, which received a favorable opinion letter from the Internal Revenue Service (IRS) on March 31, 2008, which stated that the Plan and related trust were designed in accordance with applicable sections of the Code. The Plan has since been amended; however, the Plan Sponsor believes the Plan was designed and being operated in compliance with applicable requirements of the Code and therefore believes the Plan qualifies and the related trust is tax exempt.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan Sponsor has analyzed the tax positions taken by the Plan, and has concluded that as of July 1, 2010 and December 31, 2009, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan was subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan Sponsor believes the Plan is no longer subject to income tax examinations for years prior to 2007.

Subsequent Events

The Plan has evaluated subsequent events through October 7, 2014, the date which the financial statements were available to be issued.

NORDIC AIR, INC. 401(K) PROFIT SHARING PLAN

Notes to Financial Statements

July 1, 2010 and December 31, 2009 and Period From January 1, 2010 to July 1, 2010

NOTE C - INVESTMENTS

The Plan's investments were 100% participant-directed and were held by a custodian. The fair value of investments that represented five percent or more of the Plan's net assets are as follows:

	<u>July 1, 2010</u>	<u>December 31, 2009</u>
American Mutual Funds:		
Balanced Fund		\$ 140,220
Capital Income Builder		99,156
EuroPacific Growth Fund		109,924
Fundamental Investors		94,082
The Growth Fund of America		274,659
The Income Fund of America		67,850
Capital World Growth and Income Fund		182,737

During 2010, the Plan's investments in mutual funds (including gains and losses on investments bought, sold and held during the year) depreciated in value by \$111,727.

NOTE D - FAIR VALUE MEASUREMENTS

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 (exit price). The three levels of the fair value hierarchy, which are based upon the inputs used to measure fair value, are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities (for example, exchange quoted prices).

Level 2 - Inputs to the valuation methodology are observable inputs, other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets, quoted prices in markets that are not sufficiently active to qualify as Level 1, other observable inputs, or inputs that can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Inputs to the valuation methodology are significant to the fair value measurement and unobservable (for example, supported by little or no market activity).

NORDIC AIR, INC. 401(K) PROFIT SHARING PLAN

Notes to Financial Statements

July 1, 2010 and December 31, 2009 and Period From January 1, 2010 to July 1, 2010

NOTE D - FAIR VALUE MEASUREMENTS (CONTINUED)

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Plan's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

The Plan's investments accounted for at fair value as of December 31, 2009 are summarized below:

	<u>Level 1</u>
Money market fund	\$ 43,016
Mutual funds:	
Balanced/asset allocation	323,869
Blend	94,082
Growth	363,546
Growth and Income	182,737
Value	25,254
Foreign blend	109,924
Fixed income	<u>61,714</u>
Total mutual funds	<u>1,161,126</u>
	<u>\$1,204,142</u>

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of July 1, 2010 and December 31, 2009.

Money market fund and mutual funds are valued at the net asset value of shares held by the Plan at year end, as reported on the active markets in which the investments are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while 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 as of the reporting date.

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NOTE E - TRANSACTIONS WITH PARTIES-IN-INTEREST

Parties-in-interest transactions include the investment in the funds of the custodian, and related dividend income. Such transactions are exempt from being prohibited transactions.

NOTE F - PLAN MERGER

Effective July 1, 2010, the Plan was merged into the HDT Plan. As a result of the merger, the Plan liquidated the investments and transferred cash totaling \$1,398,414 to the HDT Plan.

NOTE G - DELINQUENT PARTICIPANT CONTRIBUTIONS

As required by ERISA Section 2510.3-102, the Plan Sponsor is required to segregate employee contributions to the Plan from its general assets as soon as practicable, but in no event more than 15 business days following the end of the month in which amounts are withheld from wages. The Company remitted employee contributions to the custodian late during 2007, 2008, and 2009 totaling \$215,130, \$277,912, and \$283,415, respectively. The Company corrected the late contributions through the Department of Labor's Voluntary Fiduciary Correction Program in 2010 and contributed lost earnings of \$2,762 to the Plan during 2010.

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Schedule H, Line 4a - Schedule of Delinquent Participant Contributions

Period from January 1, 2010 to July 1, 2010

EIN - 34-1575538

Plan Number - 001

<u>Total that Constitutes Nonexempt Prohibited Transactions</u>				
Participant Contributions Transferred Late to Plan	Contributions Not Corrected	Contributions Corrected Outside of VFCP	Contributions Pending Correction in VFCP	Total Fully Corrected Under VFCP and PTE 2002-51
Check here if Late Participant Loan Repayments are included: ☐				
\$215,130	-	-	-	\$215,130
277,912	-	-	-	277,912
283,415	-	-	-	283,415
\$776,457	-	-	-	\$776,457