# 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

**2014**

**This Form is Open to Public Inspection**

## Part I Annual Report Identification Information

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

**A** This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions); 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
KIMBERLITE CORPORATION EMPLOYEE STOCK OWNERSHIP PLAN

**1b** Three-digit plan number (PN) ▶ 002

**1c** Effective date of plan 01/01/2003

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

3621 W. BEECHWOOD AVENUE
FRESNO, CA 93711-0648

**2b** Employer Identification Number (EIN)
77-0444505

**2c** Plan Sponsor's telephone number
559-264-9730

**2d** Business code (see instructions)
561600

**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. | 10/09/2015 | MARSELLE NIKKEL |
| | **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 ☐ Same as Plan Sponsor

KIMBERLITE CORPORATION

3621 W. BEECHWOOD AVENUE
FRESNO, CA 93711-0648

**3b** Administrator's EIN: 77-0444505

**3c** Administrator's telephone number: 559-264-9730

**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** | 182 |
| **6** | Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines **6a(1), 6a(2), 6b, 6c,** and **6d**). | | |
| **a(1)** | Total number of active participants at the beginning of the plan year | **6a(1)** | 120 |
| **a(2)** | Total number of active participants at the end of the plan year | **6a(2)** | 140 |
| **b** | Retired or separated participants receiving benefits | **6b** | 5 |
| **c** | Other retired or separated participants entitled to future benefits | **6c** | 38 |
| **d** | Subtotal. Add lines **6a(2)**, **6b**, and **6c**. | **6d** | 183 |
| **e** | Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. | **6e** | 1 |
| **f** | Total. Add lines **6d** and **6e**. | **6f** | 184 |
| **g** | Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) | **6g** | 184 |
| **h** | Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested | **6h** | 27 |
| **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:
2P

**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)** ☐ 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

**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)

## Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

**11a** If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) .....…… ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

**11b** Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ……..... ☐ Yes ☐ No

**11c** Enter the Receipt Confirmation Code for the 2014 Form M-1 annual report. If the plan was not required to file the 2014 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code_____

# 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

**2014**

**This Form is Open to Public Inspection**

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

**A** Name of plan
KIMBERLITE CORPORATION EMPLOYEE STOCK OWNERSHIP PLAN

**B** Three-digit plan number (PN) ▶ 002

**C** Plan sponsor's name as shown on line 2a of Form 5500
KIMBERLITE CORPORATION

**D** Employer Identification Number (EIN)
77-0444505

## 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) | 1080718 | 1080238 |
| **(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) | | |
| **(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) | 32461239 | 34226071 |
| **(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 | 33541957 | 35306309 |
| **Liabilities** | | | |
| **g** Benefit claims payable | 1g | 27864 | 8465 |
| **h** Operating payables | 1h | | |
| **i** Acquisition indebtedness | 1i | 1749059 | 552065 |
| **j** Other liabilities | 1j | | |
| **k** Total liabilities (add all amounts in lines 1g through1j) | 1k | 1776923 | 560530 |
| **Net Assets** | | | |
| **l** Net assets (subtract line 1k from line 1f) | 1l | 31765034 | 34745779 |

## 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) | 1259176 | |
| **(B)** Participants | 2a(1)(B) | | |
| **(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) | | 1259176 |
| **b Earnings on investments:** | | | |
| **(1)** Interest: | | | |
| **(A)** Interest-bearing cash (including money market accounts and certificates of deposit) | 2b(1)(A) | 2472 | |
| **(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) | | 2472 |
| **(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) | | |
| **(D)** Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)** | 2b(2)(D) | | 0 |
| **(3)** Rents | 2b(3) | | |
| **(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 |
| **(5)** Unrealized appreciation (depreciation) of assets: **(A)** Real estate | 2b(5)(A) | | |
| **(B)** Other | 2b(5)(B) | 1764832 | |
| **(C)** Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)** | 2b(5)(C) | | 1764832 |

| | | (a) Amount | (b) Total |
|---|---|---|---|
| **(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) | | |
| **c** Other income | 2c | | 850000 |
| **d** Total income. Add all **income** amounts in column (b) and enter total | 2d | | 3876480 |
| **Expenses** | | | |
| **e** Benefit payment and payments to provide benefits: | | | |
| **(1)** Directly to participants or beneficiaries, including direct rollovers | 2e(1) | 833554 | |
| **(2)** To insurance carriers for the provision of benefits | 2e(2) | | |
| **(3)** Other | 2e(3) | 62181 | |
| **(4)** Total benefit payments. Add lines **2e(1)** through **(3)** | 2e(4) | | 895735 |
| **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 | | 895735 |
| **Net Income and Reconciliation** | | | |
| **k** Net income (loss). Subtract line **2j** from line **2d** | 2k | | 2980745 |
| **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)** [X] 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 [X] No

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

**(1)** Name: FINCH, OCHELTREE,ROWLAND&SHOOPMA LL **(2)** EIN: 77-0183229

**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 | | 5000000 |
| 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

**2014**

**This Form is Open to Public Inspection.**

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

**A** Name of plan
KIMBERLITE CORPORATION EMPLOYEE STOCK OWNERSHIP PLAN

**B** Three-digit plan number (PN) ▶ 002

**C** Plan sponsor's name as shown on line 2a of Form 5500
KIMBERLITE CORPORATION

**D** Employer Identification Number (EIN)
77-0444505

## 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**

**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): _____ _____

**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):

# Kimberlite Corporation
# Employee Stock Ownership Plan

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**Independent Auditor's Report**
**and Financial Statements**

**December 31, 2014 and 2013**

**Kimberlite Corporation Employee Stock Ownership Plan**

**December 31, 2014 and 2013**

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# INDEPENDENT AUDITOR'S REPORT

To the Administrative Committee of
Kimberlite Corporation Employee Stock Ownership Plan
Fresno, California

## *Report on the Financial Statements*

We have audited the accompanying financial statements of Kimberlite Corporation Employee Stock Ownership Plan, which comprise the statements of net assets available for benefits as of December 31, 2014 and 2013, and the related statement of changes in net assets available for benefits for the year ended December 31, 2014, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. Management is also responsible for 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 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of Kimberlite Corporation Employee Stock Ownership Plan as of December 31, 2014 and 2013, and the changes in its net assets available for benefits for the year ended December 31, 2014 in accordance with accounting principles generally accepted in the United States of America.

***Report on Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental Schedule H, Line 4i – Schedule of Assets (Held at End of Year) as of December 31, 2014 is presented for the purpose of additional analysis and is not a required part of the 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. Such information is the responsibility of the Plan's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Finch, Ocheltree, Rowland & Shoopman, LLP
Certified Public Accountants
Fresno, California

October 5, 2015

## Kimberlite Corporation Employee Stock Ownership Plan
### Statements of Net Assets Available for Benefits

| | December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2014 | | | 2013 | | |
| | Allocated | Unallocated | Total | Allocated | Unallocated | Total |
| Assets: | | | | | | |
| Investment in Kimberlite Corporation common stock, at fair value | $ 33,402,722 | $ 823,349 | $ 34,226,071 | $ 29,923,967 | $ 2,537,273 | $ 32,461,240 |
| Cash | 1,080,238 | - | 1,080,238 | 1,080,719 | - | 1,080,719 |
| Total assets | $ 34,482,960 | $ 823,349 | $ 35,306,309 | $ 31,004,686 | $ 2,537,273 | $ 33,541,959 |
| Liabilities: | | | | | | |
| Loan payable | - | 552,065 | 552,065 | - | 1,749,059 | 1,749,059 |
| Miscellaneous | 8,465 | - | 8,465 | 27,864 | - | 27,864 |
| Total liabilities | 8,465 | 552,065 | 560,530 | 27,864 | 1,749,059 | 1,776,923 |
| Net assets available for Plan benefits | $ 34,474,495 | $ 271,284 | $ 34,745,779 | $ 30,976,822 | $ 788,214 | $ 31,765,036 |

# Kimberlite Corporation Employee Stock Ownership Plan
## Statement of Changes in Net Assets Available for Benefits

| | December 31, 2014 | | |
|---|---|---|---|
| | Allocated | Unallocated | Total |
| Investment Income: | | | |
| Net appreciation in the fair value of investments | $ 1,626,888 | $ 137,943 | $ 1,764,831 |
| Interest income | 2,471 | - | 2,471 |
| S-Corporation distributions | 850,000 | - | 850,000 |
| Employer contributions | - | 1,259,176 | 1,259,176 |
| Allocation of 28,675 shares of common stock of Kimberlite Corporation, at fair value | 1,851,868 | - | 1,851,868 |
| Total additions | 4,331,227 | 1,397,119 | 5,728,346 |
| Interest expense | - | 62,181 | 62,181 |
| Distributions to participants | 833,554 | - | 833,554 |
| Allocation of 28,675 shares of common stock of Kimberlite Corporation, at fair value | - | 1,851,868 | 1,851,868 |
| Total deductions | 833,554 | 1,914,049 | 2,747,603 |
| Net increase (decrease) | 3,497,673 | (516,930) | 2,980,743 |
| Net assets available for benefits: | | | |
| Beginning of year | 30,976,822 | 788,214 | 31,765,036 |
| End of year | $ 34,474,495 | $ 271,284 | $ 34,745,779 |

## A. Plan Description and Basis of Presentation

The following brief description of the Kimberlite Corporation Employee Stock Ownership Plan (Plan) is provided for general information purposes only. Participants should refer to the plan agreement for complete information.

Kimberlite Corporation (Company) established the Plan effective January 1, 2003. The Plan operates as a leveraged employee stock ownership plan (ESOP), and is designed to comply with Section 4975(e)(7) and the regulations thereunder of the Internal Revenue Code of 1986, as amended (IRC) and is subject to the applicable provisions of ERISA.

The Plan purchased Company common stock using the proceeds of a loan from the Company, and holds the common stock in a trust established under the Plan. As the Plan makes debt payments, an appropriate percentage of stock will be allocated to eligible employees' accounts in accordance with applicable regulations under the IRC.

The borrowing is collateralized by the unallocated shares of common stock and is guaranteed by the Company. The Company has no rights against shares of common stock once they are allocated to participants in accordance with the terms of the ESOP. Accordingly, the financial statements of the Plan as of December 31, 2014 and 2013, and for the year ended December 31, 2014 present separately the assets and liabilities and changes therein pertaining to:

a. the accounts of employees with vested rights in allocated common stock (allocated), and
b. common stock not yet allocated to employees (unallocated).

1. *Eligibility*

   Employees of the Company are generally eligible to participate in the Plan after completing one hour of service with the Company, provided they are not a member of a group of employees covered by a collective bargaining agreement, a leased employee or a nonresident alien.

2. *Employer contributions*

   The Company is obligated to make contributions in cash to the Plan, which equal the amount necessary to enable the Plan to make its regularly scheduled payments of principal and interest due on its term loan.

## A. Plan Description and Basis of Presentation (continued)

3. *Payment of benefits*

   Distributions of accounts will be made in substantially equal annual installments over a period of five years. However, each installment will be in an amount at least equal to the lesser of $5,000 or the remaining balance in the participant's account, even if this results in distributions in a period of less than five years. Distributions will be made either in the form of cash or in the form of Company stock that is subject to a requirement that it be immediately repurchased by the Company, for its fair market value as determined by an independent appraiser.

   Terminated employees who have not yet reached retirement age may not receive distributions while an acquisition loan is outstanding.

4. *Administrative expenses*

   As provided in the Plan agreement, administrative expenses may be paid either by the Plan or by the Company. The Company has historically paid the operating expenses for the Plan.

5. *Voting rights*

   Each participant is entitled to exercise voting rights attributable to the shares allocated to his or her account on major issues, including merger, consolidation, recapitalization, reclassification, liquidation, dissolution or sale of substantially all the assets and is notified by the Trustee prior to the time that such rights are to be exercised. Participants do not have voting rights on all other issues. The Trustee is not permitted to vote any allocated share for which instructions have not been given by a participant. The Trustee is required, however, to vote any unallocated shares on behalf of the collective best interest of Plan participants and beneficiaries.

6. *Plan termination*

   The Company reserves the right to terminate the Plan at any time, subject to Plan provisions. Upon such termination of the Plan, the interest of each participant in the trust fund will be distributed to such participant or his or her beneficiary at the time prescribed by the Plan terms and the IRC. Upon termination of the Plan, the Trustee will be directed to pay all liabilities and expenses of the trust fund and to sell shares of financed common stock held in the loan suspense account to the extent it determines such sale be necessary in order to repay the loan.

## A. Plan Description and Basis of Presentation (continued)

7. *Participant accounts*

The Plan is a defined contribution plan under which a separate individual account is established for each participant. Each participant's account is credited as of the last day of each plan year with an allocation of shares of the Company's common stock released by the Trustee from the unallocated account and forfeitures of terminated participants' non-vested accounts. Only those participants who are eligible employees of the Company as of the last day of the plan year will receive an allocation. Allocations are based on a participant's eligible compensation, relative to total eligible compensation. Plan earnings are allocated to each participant's account based on the ratio of the participant's beginning of the year account balance to all participants' beginning of the year account balances.

8. *Vesting*

Since its inception in 2003, the Plan has had a five year "cliff" vesting schedule, whereby participants are not vested until they have participated in the Plan for five plan years, at which point they are fully (100%) vested. If a participant's employment with the Company ends for any reason, he or she will forfeit unvested contributions previously made to his/her account. Such forfeitures are subsequently allocated among the accounts of the remaining participants in exactly the same manner as the plan contributions for that year. The Plan had forfeitures of 12,857 and 13,267 shares as of December 31, 2014 and 2013, respectively. Total Plan had total forfeitures consisting of Company stock and cash in the amount of $852,382 and $841,786 as of December 31, 2014 and 2013, respectively.

In 2010 the Plan was amended to provide for a new vesting schedule, which will become effective on the first day of the plan year which begins after the acquisition loan (see Note G) is fully repaid. On that date, participants with three years of vesting will become 100% vested in their account balances.

9. *Put option*

Under Federal income tax regulations, the employer stock that is held by the Plan and its participants and is not readily tradable on an established market, or is subject to trading limitations includes a put option. The put option is a right to demand that the Company buy any shares of its stock distributed to participants for which there is no market. The put price is representative of the current value of the stock. The purpose of the put option is to ensure that the participant has the ability to ultimately obtain cash.

## A. Plan Description and Basis of Presentation (continued)

10. *Diversification*

Diversification is offered to participants close to retirement so that they may have the opportunity to move part of the value of their investment in Company common stock into investments that are more diversified. Participants who are at least age 55 with at least 10 years of participation in the Plan may elect to diversify not more than twenty-five percent of the shares of Company common stock allocated to the participant's common stock account, less the number of shares previously diversified. Six years following the first eligible diversification period, the participant may elect to diversify not more than fifty percent, less the number of shares previously diversified.

11. *Forfeitures*

Plan forfeitures are allocated to each participant's account based upon the relation of the participant's compensation to total compensation for the Plan year. Forfeitures of terminated non-vested shares allocated to remaining participants at December 31, 2014 and 2013, totaled 34,952 and 42,453, respectively.

## B. Summary of Significant Accounting Policies

1. *Basis of accounting*

The financial statements of the Plan are prepared on the accrual basis of accounting.

2. *Use of estimates*

The preparation of financial statements in accordance with generally accepted accounting principles requires management 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.

## B. Summary of Significant Accounting Policies (continued)

*3. Risks and uncertainties*

The Plan investments consist primarily of the Company's common stock, which is exposed to various risks such as interest rate, market, and credit risks, as well as valuation assumptions based on earnings, cash flows and/or other such techniques. Due to the level of risk associated with the investments in the common stock and to uncertainties inherent in the estimation and assumptions process, it is at least reasonably possible that changes in the value of the common stock will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for benefits.

4. *Investment valuation and income recognition*

The shares of Company common stock are valued at fair value. See note F for discussion of fair value measurements.

*5. Subsequent events*

The Plan has evaluated subsequent events through October 5, 2015, the date the financial statements were available to be issued.

## C. Tax Status

The IRS has determined and informed the Company by a letter dated August 5, 2005, that the Plan is qualified and the trust established under the Plan is tax-exempt, under the appropriate sections of the IRC. The Plan has been amended since receiving the determination letter. However, the Plan Administrator and the Plan's tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC. Therefore, they believe that the Plan was qualified and the related trust was tax-exempt as of the financial statement date.

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 IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan Administrator believes it is no longer subject to income tax examinations for years prior to 2011.

## D. Administration of Plan Assets

The Plan's assets, which consist principally of Kimberlite Corporation common stock, are held by the Trustee of the Plan.

Company contributions are held and managed by the Trustee, which invests cash received, interest, and dividend income and makes distributions to participants. The Trustee also administers the payment of interest and principal on the loan.

Certain administrative functions are performed by officers or employees of the Company. No such officer or employee receives compensation from the Plan. Administrative expenses for the Trustee's fees are paid directly by the Company.

## E. Investments

The Plan's investments, at December 31, are presented in the following table:

| | 2014 | | | 2013 | | |
|---|---|---|---|---|---|---|
| | Allocated | Unallocated | Total | Allocated | Unallocated | Total |
| Kimberlite Corporation common stock: | | | | | | |
| Shares | 517,230 | 12,749 | 529,979 | 488,555 | 41,424 | 529,979 |
| Cost | $ 18,584,074 | $ 458,071 | $ 19,042,145 | $ 17,553,781 | $ 1,488,364 | $ 19,042,145 |
| Fair value | $ 33,402,722 | $ 823,349 | $ 34,226,071 | $ 29,923,967 | $ 2,537,273 | $ 32,461,240 |

## F. Fair Value Measurement

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

**F. Fair Value Measurement (continued)**

| | |
|---|---|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access. |
| Level 2 | Inputs to the valuation methodology include<br>• Quoted prices for similar assets or liabilities in active markets;<br>• Quoted prices for identical or similar assets or liabilities in inactive markets;<br>• Inputs other than quoted prices that are observable for the asset or liability;<br>• Inputs that are derived principally from or corroborated by observable market data by correlation or other means.<br>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 table sets for by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2014 and 2013:

| | Assets at Fair Value as of December 31, | | | |
|---|---|---|---|---|
| | 2014 | | 2013 | |
| | Level 3 | Total | Level 3 | Total |
| Investment in Kimberlite Corporation common stock | $ 34,226,071 | $ 34,226,071 | $ 32,461,240 | $ 32,461,240 |
| Total assets at fair value | $ 34,226,071 | $ 34,226,071 | $ 32,461,240 | $ 32,461,240 |

## F. Fair Value Measurement (continued)

### Changes in Fair Value of Level 3 Assets and Related Gains and Losses

The following table sets forth a summary of changes in the fair value of the Plan's level 3 assets for the year ended December 31, 2014:

| | Level 3 Assets Year Ended December 31, 2014 |
|---|---|
| | Investment in Kimberlite Corporation Common Stock |
| Balance, beginning of year | $ 32,461,240 |
| Unrealized gains relating to assets still held at the reporting date | 1,764,831 |
| Balance, end of year | $ 34,226,071 |
| The amount of total gains or losses for the period included in changes in net assets attributable to the change in unrealized gains or losses relating to assets still held at the reporting date | $ 1,764,831 |

Gains and losses (realized and unrealized) included in changes in net assets for the period above are reported in net appreciation in fair value of investments in the Statement of Changes in Net Assets Available for Benefits.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2014 and 2013.

The fair value of the Kimberlite Corporation common stock held by the Plan is valued at fair value based upon an independent appraisal. This appraisal was based upon a combination of the income and market valuation techniques consistent with prior years. The appraiser took into account capitalization of earnings, discounted cash flow, recurring monthly revenue, market comparables, and recent acquisitions of comparable companies. Plan management has concluded that a market participant would also recognize a discount for lack of marketability.

## F. Fair Value Measurement (continued)

The valuation process involves plan management's selection of an independent appraiser. Plan management accumulates the data for the appraiser from the audited financial statements of the Company. The appraiser prepares a preliminary report which plan management, along with the ESOP trustee, reviews in detail, discusses and approves. The results of this process are documented in minutes of the plan fiduciary.

The preceding methods described 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.

### Quantitative Information about Significant Unobservable Inputs Used in Level 3 Fair Value Measurements

The following table sets forth the basic assumptions used in arriving at fair value and the range of values for unobservable inputs:

| Description | Fair Value | Valuation Techniques | Unobservable Input | Rate Applied |
|---|---|---|---|---|
| Kimberlite Corporation Common Stock | $ 34,226,071 | Capitalization of Earnings | Net earnings capitalization rate | 8.53% |
| | | | Long-term growth rate | 3.00% |
| | | | Limited marketability discount | 5.00% |
| | | Discounted Cash Flow | Weighted average cost of capital | 9.69% |
| | | | Long-term growth rate | 3.00% |
| | | | Terminal Value Capitalization Rate | 6.69% |
| | | | Limited marketability discount | 5.00% |
| | | Market Comparables | EBITDA multiple | 7.60 |
| | | | RMR multiple | 40.00 |
| | | | Revenue multiple | 2.70 |
| | | | Limited marketability discount | 5.00% |

## G. Loan Payable

In 2004, the Plan entered into a term loan agreement with the Company in the amount of $19,138,940. The proceeds of the loan were used to purchase the Company's common stock. Unallocated shares are collateral for the loan. Shares are released from collateral and allocated to participants as payments of principal and interest are made.

The agreement provides for the loan to be repaid over twelve years. The fair value of the note payable as of December 31, 2014 and 2013, was approximately $552,065 and $1,749,059, respectively, determined by using interest rates currently available for issuance of debt with similar terms, maturity dates and nonperformance risk. The scheduled amortization of the loan for the next five years and thereafter is as follows: 2015 – $552,065. The loan bears interest at a rate of 5.12% annually.

## H. Related Party and Party-In-Interest Transactions

The Plan invests in Company common stock and has indebtedness to the Company. These are related party and party-in-interest transactions. As described in notes A4 and D, the Plan has a number of service providers. Such parties are parties-in-interest under ERISA.

**Kimberlite Corporation Employee Stock Ownership Plan**
**Plan Sponsor EIN – 77-0444505**
**Plan Number - 002**
**Form 5500 Schedule H, Line 4i – Schedule of Assets (Held at End of Year)**

| (a) | (b) Identity of issue, borrower, lessor, or similar party | (c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value | (d) Cost | (e) Current Value |
|---|---|---|---|---|
| | Cash | Cash | $ 1,080,238 | $ 1,080,238 |
| * | Kimberlite Corporation Common Stock | 529,979.4276 Shares of Kimberlite Corporation Common Stock | 19,042,145 | 34,226,071 |
| | | | $ 20,122,383 | $ 35,306,309 |

* Represents a party-in-interest

**Attachment to 2014 Form 5500**
**Schedule H, line 4i - Schedule of Assets (Held at End of Year)**

**Plan Name** _____ **EIN:** _____
**Plan Sponsor's Name** _____ **PN:** _____

| (a) | (b) Identity of issue, borrower, lessor, or similar party | (c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value. | (d) Cost | (e) Current value |
|---|---|---|---|---|
| | KIMBERLITE CORPORATION | 529,979 SHARES OF COMPANY STOCK<br>KIMBERLITE CORP. COMMON STOCK | 19,042,137 | 34,226,071 |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |