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

2015

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2015 or fiscal plan year beginning 01/01/2015 and ending 12/31/2015

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
STRESS ENGINEERING SERVICES, INC. EMPLOYEE STOCK OWNERSHIP PLAN

1b Three-digit plan number (PN) ▶ 002

1c Effective date of plan 01/01/2005

2a Plan sponsor's name (employer, if for a single-employer plan)
Mailing address (include room, apt., suite no. and street, or P.O. Box)
City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions)
STRESS ENGINEERING SERVICES, INC.

13800 WESTFAIR EAST DRIVE
HOUSTON, TX 77041-1101

2b Employer Identification Number (EIN)
74-1737543

2c Plan Sponsor's telephone number
281-955-2900

2d Business code (see instructions)
541330

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

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

SIGN HERE	Filed with authorized/valid electronic signature.	10/11/2016	HELEN CHAN
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/11/2016	HELEN CHAN
	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)

Preparer's telephone number

3a Plan administrator's name and address [X] Same as Plan Sponsor	**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:	**4b** EIN	
a Sponsor's name	**4c** PN	
5 Total number of participants at the beginning of the plan year	**5**	477
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)**	428
a(2) Total number of active participants at the end of the plan year	**6a(2)**	443
b Retired or separated participants receiving benefits	**6b**	10
c Other retired or separated participants entitled to future benefits	**6c**	60
d Subtotal. Add lines **6a(2)**, **6b**, and **6c**.	**6d**	513
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	**6e**	1
f Total. Add lines **6d** and **6e**.	**6f**	514
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	485
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	12
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:
2I 2P 2Q 3H 3I

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)	[X]	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)	[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)	[ ]	**A** (Insurance Information)
(4)	[X]	**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 2015 Form M-1 annual report. If the plan was not required to file the 2015 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 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.**	**2015** **This Form is Open to Public Inspection.**

For calendar plan year 2015 or fiscal plan year beginning 01/01/2015 and ending 12/31/2015

A Name of plan
STRESS ENGINEERING SERVICES, INC. EMPLOYEE STOCK OWNERSHIP PLAN

B Three-digit plan number (PN) ▶ 002

C Plan sponsor's name as shown on line 2a of Form 5500
STRESS ENGINEERING SERVICES, INC.

D Employer Identification Number (EIN)
74-1737543

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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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)

(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 ☐

(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 ☐

(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 ☐

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)

(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 ☐

(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 ☐

(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
(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.	

(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

(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

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 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

2015

This Form is Open to Public Inspection

For calendar plan year 2015 or fiscal plan year beginning 01/01/2015 and ending 12/31/2015

A Name of plan
STRESS ENGINEERING SERVICES, INC. EMPLOYEE STOCK OWNERSHIP PLAN

B Three-digit plan number (PN) ▶ 002

C Plan sponsor's name as shown on line 2a of Form 5500
STRESS ENGINEERING SERVICES, INC.

D Employer Identification Number (EIN)
74-1737543

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	3481419	10273960
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	3756910	4437531
(2) Participant contributions	1b(2)	0	0
(3) Other	1b(3)	8416707	5642213
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	4	4
(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)	53537150	49432782
	(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	69192190	69786490
	Liabilities			
g	Benefit claims payable	1g	0	
h	Operating payables	1h	0	
i	Acquisition indebtedness	1i	0	
j	Other liabilities	1j	0	
k	Total liabilities (add all amounts in lines 1g through1j)	1k	0	0
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	69192190	69786490

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)	0	
	(B) Participants	2a(1)(B)	0	
	(C) Others (including rollovers)	2a(1)(C)	0	
	(2) Noncash contributions	2a(2)	4437531	
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		4437531
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	0	
	(B) U.S. Government securities	2b(1)(B)	0	
	(C) Corporate debt instruments	2b(1)(C)	0	
	(D) Loans (other than to participants)	2b(1)(D)	0	
	(E) Participant loans	2b(1)(E)		
	(F) Other	2b(1)(F)	0	
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		0
	(2) Dividends: **(A)** Preferred stock	2b(2)(A)	0	
	(B) Common stock	2b(2)(B)	0	
	(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	0	
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		0
	(3) Rents	2b(3)		0
	(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)	0	
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)	0	
	(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)	0	
	(B) Other	2b(5)(B)	-2207377	
	(C) Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)**	2b(5)(C)		-2207377

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		0
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		0
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		0
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		0
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		0
c Other income	2c		0
d Total income. Add all **income** amounts in column (b) and enter total	2d		2230154
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	1635854	
(2) To insurance carriers for the provision of benefits	2e(2)	0	
(3) Other	2e(3)	0	
(4) Total benefit payments. Add lines **2e(1)** through **(3)**	2e(4)		1635854
f Corrective distributions (see instructions)	2f		0
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		0
i Administrative expenses: (1) Professional fees	2i(1)	0	
(2) Contract administrator fees	2i(2)	0	
(3) Investment advisory and management fees	2i(3)	0	
(4) Other	2i(4)	0	
(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		1635854
Net Income and Reconciliation			
k Net income (loss). Subtract line **2j** from line **2d**	2k		594300
l Transfers of assets:			
(1) To this plan	2l(1)		0
(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: MELTON & MELTON **(2)** EIN: 74-1550819

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	N/A	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		0
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		0

			Yes	No	N/A	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		0
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		0
e	Was this plan covered by a fidelity bond?	4e	X			2000000
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				
o	Did the plan trust incur unrelated business taxable income?	4o		X		
p	Were in-service distributions made during the plan year?	4p		X		

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

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

6c Name of trustee or custodian	**6d** Trustee's or custodian's telephone number

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

2015

This Form is Open to Public Inspection.

For calendar plan year 2015 or fiscal plan year beginning 01/01/2015 and ending 12/31/2015

A Name of plan
STRESS ENGINEERING SERVICES, INC. EMPLOYEE STOCK OWNERSHIP PLAN

B Three-digit plan number (PN) ▶ 002

C Plan sponsor's name as shown on line 2a of Form 5500
STRESS ENGINEERING SERVICES, INC.

D Employer Identification Number (EIN)
74-1737543

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): 42-0127290

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):

Part VII IRS Compliance Questions

20a Is the plan a 401(k) plan?	☐ Yes	☐ No
20b If "Yes," how does the 401(k) plan satisfy the nondiscrimination requirements for employee deferrals and employer matching contributions (as applicable) under sections 401(k)(3) and 401(m)(2)?	☐ Design-based safe harbor method	☐ ADP/ACP test
20c If the ADP/ACP test is used, did the 401(k) plan perform ADP/ACP testing for the plan year using the "current year testing method" for nonhighly compensated employees (Treas. Reg sections 1.401(k)-2(a)(2)(ii) and 1.401(m)-2(a)(2)(ii))?	☐ Yes	☐ No
21a Check the box to indicate the method used by the plan to satisfy the coverage requirements under section 410(b):	☐ Ratio percentage test	☐ Average benefit test
21b Does the plan satisfy the coverage and nondiscrimination tests of sections 410(b) and 401(a)(4) by combining this plan with any other plans under the permissive aggregation rules?	☐ Yes	☐ No
22a Has the plan been timely amended for all required tax law changes?	☐ Yes	☐ No ☐ N/A

22b Date the last plan amendment/restatement for the required tax law changes was adopted ____/____/____. Enter the applicable code _____ (See instructions for tax law changes and codes).

22c If the plan sponsor is an adopter of a pre-approved master and prototype (M&P) or volume submitter plan that is subject to a favorable IRS opinion or advisory letter, enter the date of that favorable letter _____/_____/_____ and the letter's serial number _____.

22d If the plan is an individually-designed plan and received a favorable determination letter from the IRS, enter the date of the plan's last favorable determination letter _____/_____/_____.

23 Is the Plan maintained in a U.S. territory (i.e., Puerto Rico (if no election under ERISA section 1022(i)(2) has been made), American Samoa, Guam, the Commonwealth of the Northern Mariana Islands or the U.S. Virgin Islands)?	☐ Yes	☐ No

STRESS ENGINEERING SERVICES, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

FINANCIAL STATEMENTS

AND SUPPLEMENTAL SCHEDULES

AS OF

DECEMBER 31, 2015 AND 2014

AND INDEPENDENT AUDITOR'S REPORT



MELTON & MELTON, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

STRESS ENGINEERING SERVICES, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1
Financial Statements:	
Statements of Net Assets Available for Benefits	3
Statement of Changes in Net Assets Available for Benefits	4
Notes to Financial Statements	5
Supplemental Schedules:	
Schedule H, line 4i - Schedule of Assets (Held at End of Year)	13
Schedule H, line 4j - Schedule of Reportable Transactions	14

MELTON & MELTON, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Plan Committee of
Stress Engineering Services, Inc. Employee Stock Ownership Plan

Report on the Financial Statements

We have audited the accompanying financial statements of Stress Engineering Services, Inc. Employee Stock Ownership Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2015 and 2014 and the related statement of changes in net assets available for benefits for the year ended December 31, 2015, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on 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 from 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 Stress Engineering Services, Inc. Employee Stock Ownership Plan as of December 31, 2015 and 2014, and the changes in net assets available for benefits for the year ended December 31, 2015, in accordance with accounting principles generally accepted in the United States of America.

6002 Rogerdale, Ste. 200 Houston, Texas 77072 Tel 281-759-1120 Fax 281-759-5500

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, 2015, and schedule H, line 4j - schedule of reportable transactions for the year ended December 31, 2015 are presented for the purpose of additional analysis and are not a required part of the financial statements but are 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.

Houston, Texas
October 10, 2016

STRESS ENGINEERING SERVICES, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2015 and 2014

	2015	2014
Investments, at fair value	$ 59,706,746	$ 57,018,573
Receivables:		
Employer contributions	4,437,531	3,756,910
Accrued S corporation distributions	5,642,213	8,416,707
	10,079,744	12,173,617
Net assets available for benefits	**$ 69,786,490**	**$ 69,192,190**

(See accompanying notes to financial statements)

STRESS ENGINEERING SERVICES, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
For the Year Ended December 31, 2015

Additions to Net Assets Attributable to:	
Investment income (loss):	
S corporation distributions	$ 5,653,408
Net depreciation in fair value of investments	(7,861,278)
Other	493
	(2,207,377)
Employer contributions	4,437,531
Deductions from Net Assets Attributable to:	
Benefits paid to participants	1,635,854
Change in Net Assets Available for Benefits	594,300
Net Assets Available for Benefits at:	
Beginning of year	69,192,190
End of year	**$ 69,786,490**

(See accompanying notes to financial statements)

STRESS ENGINEERING SERVICES, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 1 - DESCRIPTION OF THE PLAN

The following description of Stress Engineering Services, Inc. Employee Stock Ownership Plan (the "Plan") provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

The Plan is an employee stock ownership plan covering all eligible employees, except commission-only employees not classified as Stress Exclusive Consulting Personnel, of Stress Engineering Services, Inc. and affiliated entity, Stress Engineering and Construction, Inc. (collectively, the "Company"). Full-time employees are eligible to participate in the Plan upon the attainment of age 21. Part-time employees must attain the age of 21 and also complete 1,000 hours of service in a plan year to be eligible to participate. Participation in the Plan is automatic upon satisfaction of eligibility requirements. The Plan was established as an employee stock ownership plan pursuant to Sections 501(a) and 4975(e)(7) of the Internal Revenue Code (IRC) and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan is administered by a Plan Committee (the "Committee"), which is appointed by the Board of Directors of the Company ("Board of Directors").

Contributions

The Company's discretionary contribution is nonparticipant directed and allocated to participants according to the ratio that each participant's eligible compensation for the plan year bears to the total eligible compensation of all participants. Employees are eligible to receive the contribution upon the completion of 1,000 hours of service in a plan year. Employees terminated as a result of retirement, disability, or death, are also eligible to receive the contribution. The Company's contribution is paid in cash or shares of Company stock valued at fair value, as determined by an independent appraiser. A discretionary contribution, in Company stock, of 11,961 shares valued at $4,437,531 was committed by the Company and allocated among the participants' accounts for the year ended December 31, 2015, all of which was received by the Plan in March 2016. There are no participant contributions in the Plan and no participant-directed investments.

Participant Accounts

Individual accounts are maintained for each Plan participant. Each participant's account is credited with allocations of (a) Company contributions, (b) participant forfeitures, and (c) Plan earnings. Allocations are based on the participant's eligible compensation or investment account balance, as defined by the Plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Voting Rights

The Committee directs the Plan trustee regarding votes on behalf of Plan participants, except with respect to certain major corporate events where participants/beneficiaries are entitled to direct the trustee.

NOTE 1 - DESCRIPTION OF THE PLAN (CONTINUED)

Vesting

Vesting in the Company's contributions plus earnings thereon is based on years of continuous service. A participant must complete 1,000 hours of service during a plan year to qualify for a year of service and count toward vesting. Participants hired on or before January 1, 2005 are 20% vested after one year of service and vest an additional 20% each year, becoming 100% vested after five years of service. Participants hired after January 1, 2005, with no credited hours of service after January 1, 2007, are 20% vested after three years of service and vest an additional 20% each year, becoming 100% vested after seven years of service. Participants hired after January 1, 2005, with at least one credited hour of service after January 1, 2007, are 20% vested after two years of service and vest an additional 20% each year, becoming 100% vested after six years of service.

Put Option

Under federal income tax regulations, the employer stock, which is held by the Plan and its participants and is not readily tradable on an established market, 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 fair value of the stock. The purpose of the put option is to ensure that the participants have the ability to ultimately obtain cash.

Forfeitures

When certain terminations of participation occur, the nonvested portion of the participant's account, as defined by the Plan, represents forfeitures. Forfeitures are applied in the year in which the forfeiture occurs and can be used to reinstate the nonvested account of a rehired employee and then are allocated to participant accounts in the same manner as Company contributions. There was no forfeitures balance at December 31, 2015 or 2014. During 2015, forfeitures of $63,733 were allocated to participant accounts. There were no forfeitures used to reinstate the nonvested account of a rehired employee during 2015.

Payment of Benefits

A participant shall become immediately vested upon death, retirement, or disability. Normal retirement age under the Plan is 65. Early retirement is the attainment of age 60 and the completion of five years of participation in the Plan and 20 years of service with the Company.

Terminated participants due to death, retirement, or disability, and terminated participants with vested account balances of less than $20,000 receive a lump-sum distribution. Terminated participants with vested account balances over $20,000 receive a distribution in three annual installments. The distribution of the participant's common stock account may be increased by one year, up to five additional years, for each $185,000 over $935,000. Distributions are paid in stock or cash.

NOTE 1 - DESCRIPTION OF THE PLAN (CONTINUED)

Upon the attainment of age 55 and completion of ten years of participation in the Plan, a participant may direct the investment of up to 25% of the participant's Company stock account, less shares previously diversified, for five years and up to 50% in the sixth year. During 2015, certain participants met the requirements and elected to diversify approximately 1,268 shares of common stock valued at $545,094.

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 their accounts.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Investments

Investments are reported at fair value, which 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. See Note 3 for discussion of fair value measurements. Purchases and sales of securities are recorded on the trade date. Interest income is recorded as earned on the accrual basis. S corporation distributions are recorded on the ex-distribution date.

The net depreciation in fair value of investments consists of the net change in unrealized depreciation, determined by using the fair value of the investments as of the beginning of the year or the purchase price, if acquired since that date, and the fair value of the investments as of the end of the year. The Committee received an opinion from an independent appraiser that the fair value of the Company common stock was $371 and $430 per share at December 31, 2015 and 2014, respectively.

Payment of Benefits

Benefit payments to participants are recorded upon distribution.

Administrative Expenses

Certain administrative expenses of maintaining the Plan are paid directly by the Company and are excluded from these financial statements.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and disclosures. Accordingly, actual results could differ from those estimates.

Federal Income Taxes

The Plan obtained its latest determination letter on December 30, 2014, in which the Internal Revenue Service (IRS) stated that the Plan, as then designed, was in compliance with the applicable requirements of the IRC. Therefore, contributions to the Plan and earnings from its assets are not currently taxable to the Plan or its participants.

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 administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2015 and 2014, there are no uncertain positions taken or expected to be taken. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Recent Accounting Pronouncements

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-07, *Disclosures for Investments in Certain Entities that Calculate Net Asset Value Per Share (or its Equivalent).* ASU 2015-07 removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The new guidance will be applied retrospectively and is effective for fiscal years beginning after December 15, 2016, with early adoption permitted. Plan management is currently evaluating the impact that the new guidance will have on the Plan's financial statements.

In July 2015, the FASB issued ASU 2015-12, *Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health and Welfare Benefit Plans (Topic 965): (Part I) Fully Benefit-Responsive Investment Contracts, (Part II) Plan Investment Disclosures, (Part III) Measurement Date Practical Expedient.* Parts I and III are not applicable to the Plan. Part II eliminates the requirements to disclose individual investments that represent five percent or more of net assets available for benefits and the net appreciation or depreciation in fair value of investments by general type. Part II also simplifies the level of disaggregation of investments that are measured using fair value. Plans will continue to disaggregate investments that are measured using fair value by general type; however, plans are no longer required to also disaggregate investments by nature,

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

characteristics, and risks. Further, the disclosure of information about fair value measurements shall be provided by general type of plan asset. ASU 2015-12 is effective for fiscal years beginning after December 15, 2015, with early adoption permitted. Part II is to be applied retrospectively. Plan management has elected to adopt Part II, and the adoption is reflected retrospectively in the financial statements.

NOTE 3 - FAIR VALUE MEASUREMENTS

FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable.

Various inputs are used in determining the fair value of the Plan's investments. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. In addition, ASC 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. 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. The three levels of the fair value hierarchy, including the types of Plan investments that fall under each category and the valuation methodologies used to measure fair value, are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Money Market Fund: A mutual fund comprised of Treasury bills, bonds, and other obligations issued or guaranteed by the U.S. Treasury and repurchase agreements collateralized by such obligations. The fund is valued at net asset value (NAV), which is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The fund seeks to maintain a stable NAV of $1.

Commercial Account: Comprised of a federally-insured demand deposit account valued at deposits received less distributions paid.

Level 2 - Inputs to the valuation methodology are other than quoted market prices in active markets that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices that are 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.

Level 3 - Inputs to the valuation methodology are unobservable inputs (i.e., projections, estimates, interpretations, etc.) that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

Common Stock: Valued by an independent appraiser, based on discussions with management, the Company's historical performance, industry trends, discounted cash flow analysis in 2014 which was changed to a capitalized cash flow analysis in 2015 due to the Company's limited visibility beyond one year, market - comparable companies' analysis, and other information.

Annually, the Committee selects the appraiser. After the valuation is completed, the Committee and the Plan's independent fiduciary review the valuation report and discuss the processes and procedures used by the appraiser. The Committee performs the final approval of the appraiser's valuation report on the fair value of the Company's stock, which is documented in the Committee's minutes. The Board of Directors sets the stock price for the Plan year's stock transactions. Additionally, the independent appraiser may be retained to revalue the common stock, at any time, based on perceived material events or at the request of the Board of Directors or by an independent fiduciary retained by the Board of Directors to conduct a major stock sale.

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. The inputs and methodologies used for valuing securities are not an indication of the risk associated with investing in those securities.

The following tables set forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2015 and 2014:

	2015			
Description	Level 1	Level 2	Level 3	Total
Common Stock			$49,432,782	$49,432,782
Money Market Fund	$ 4			4
Commercial Account	10,273,960			10,273,960
Total investments at fair value	$10,273,964		$49,432,782	$59,706,746

	2014			
Description	Level 1	Level 2	Level 3	Total
Common Stock			$53,537,150	$53,537,150
Money Market Fund	$ 4			4
Commercial Account	3,481,419			3,481,419
Total investments at fair value	$3,481,423		$53,537,150	$57,018,573

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2015:

	Common Stock
Balance, beginning of year	$53,537,150
Purchases	3,756,910
Unrealized loss included in net depreciation in fair value of investments in the statement of changes in net assets available for benefits	(7,861,278)
Balance, end of year	$49,432,782
Total losses included in change in net assets due to the change in unrealized loss relating to assets held at the reporting date and included in net depreciation in fair value of investments in the statement of changes in net assets available for benefits	$ (7,861,278)

NOTE 4 - PARTY-IN-INTEREST TRANSACTIONS

Plan investments include common stock of Stress Engineering Services, Inc. Stress Engineering Services, Inc. is the employer, administrator, and sponsor of the Plan. At December 31, 2015 and 2014, the Plan held 133,242 and 124,505 shares of common stock of Stress Engineering Services, Inc., respectively. During the year ended December 31, 2015, the Plan recorded $5,653,408 in S corporation distributions from common stock of Stress Engineering Services, Inc. These transactions are covered by an exemption from the prohibited transaction provisions.

NOTE 5 - RISKS AND UNCERTAINTIES

The Plan is subject to a concentration of credit risk from cash deposits in the commercial account being in excess of federally insured limits. The plan administrator places this cash with a financial institution that is considered a high quality financial institution by the plan administrator. At times, such cash deposits may be in excess of federally insured limits, from which the excess cash may be transferred to the money market fund.

The Plan has a concentration of risk in its investment in the Company's common stock. Thus, the Plan's performance is dependent upon the financial viability of the Company, as well as the volatility of the valuation of the Company's common stock. In general, such investments are exposed to various risks, such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investments will occur in the near term and that such change could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

NOTE 6 - SUBSEQUENT EVENTS

The Plan has evaluated subsequent events through October 10, 2016, the date the financial statements were available to be issued.

STRESS ENGINEERING SERVICES, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
EIN: 74-1737543 PLAN #002
SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
December 31, 2015

(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
	Common Stock:			
*	Stress Engineering Services, Inc.	133,242 shares of common stock	$34,305,028	$49,432,782
	Money Market Fund:			
	JPMorgan Funds	U.S. Treasury Plus Money Market Fund - Premier	4	4
	Commercial Account:			
	JPMorgan Chase Bank, N.A.	Commercial Account	10,273,960	10,273,960
			$44,578,992	**$59,706,746**

* A party in interest as defined by ERISA.

STRESS ENGINEERING SERVICES, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
EIN: 74-1737543 PLAN #002
SCHEDULE H, LINE 4j - SCHEDULE OF REPORTABLE TRANSACTIONS
For the Year Ended December 31, 2015

(a) Identity of Party Involved	(b) Description of Asset (including interest rate and maturity in case of a loan)	(c) Purchase Price	(d) Selling Price	(g) Cost of Asset	(h) Current Value of Asset on Transaction Date	(i) Net Gain or (Loss)
Single Transaction:						
Common Stock:						
Stress Engineering Services, Inc.	8,737 shares of common stock	$ 3,756,910		$ 3,756,910	$ 3,756,910	
Commercial Account:						
JPMorgan Chase Bank, N.A.	Commercial Account	4,208,354		4,208,354	4,208,354	
Series in Same Security:						
Commercial Account:						
JPMorgan Chase Bank, N.A.	Commercial Account Purchases (7)	8,428,399		8,428,399	8,428,399	
	Sale (1)		$1,635,854	1,635,854	1,635,854	

STRESS ENGINEERING SERVICES, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

FINANCIAL STATEMENTS

AND SUPPLEMENTAL SCHEDULES

AS OF

DECEMBER 31, 2015 AND 2014

AND INDEPENDENT AUDITOR'S REPORT



MELTON & MELTON, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

STRESS ENGINEERING SERVICES, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1
Financial Statements:	
Statements of Net Assets Available for Benefits	3
Statement of Changes in Net Assets Available for Benefits	4
Notes to Financial Statements	5
Supplemental Schedules:	
Schedule H, line 4i - Schedule of Assets (Held at End of Year)	13
Schedule H, line 4j - Schedule of Reportable Transactions	14

MELTON & MELTON, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Plan Committee of
Stress Engineering Services, Inc. Employee Stock Ownership Plan

Report on the Financial Statements

We have audited the accompanying financial statements of Stress Engineering Services, Inc. Employee Stock Ownership Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2015 and 2014 and the related statement of changes in net assets available for benefits for the year ended December 31, 2015, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on 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 from 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 Stress Engineering Services, Inc. Employee Stock Ownership Plan as of December 31, 2015 and 2014, and the changes in net assets available for benefits for the year ended December 31, 2015, in accordance with accounting principles generally accepted in the United States of America.

6002 Rogerdale, Ste. 200 Houston, Texas 77072 Tel 281-759-1120 Fax 281-759-5500

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, 2015, and schedule H, line 4j - schedule of reportable transactions for the year ended December 31, 2015 are presented for the purpose of additional analysis and are not a required part of the financial statements but are 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.

Houston, Texas
October 10, 2016

STRESS ENGINEERING SERVICES, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2015 and 2014

	2015	2014
Investments, at fair value	$ 59,706,746	$ 57,018,573
Receivables:		
Employer contributions	4,437,531	3,756,910
Accrued S corporation distributions	5,642,213	8,416,707
	10,079,744	12,173,617
Net assets available for benefits	**$ 69,786,490**	**$ 69,192,190**

(See accompanying notes to financial statements)

STRESS ENGINEERING SERVICES, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
For the Year Ended December 31, 2015

Additions to Net Assets Attributable to:	
Investment income (loss):	
S corporation distributions	$ 5,653,408
Net depreciation in fair value of investments	(7,861,278)
Other	493
	(2,207,377)
Employer contributions	4,437,531
Deductions from Net Assets Attributable to:	
Benefits paid to participants	1,635,854
Change in Net Assets Available for Benefits	594,300
Net Assets Available for Benefits at:	
Beginning of year	69,192,190
End of year	**$ 69,786,490**

(See accompanying notes to financial statements)

STRESS ENGINEERING SERVICES, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 1 - DESCRIPTION OF THE PLAN

The following description of Stress Engineering Services, Inc. Employee Stock Ownership Plan (the "Plan") provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

The Plan is an employee stock ownership plan covering all eligible employees, except commission-only employees not classified as Stress Exclusive Consulting Personnel, of Stress Engineering Services, Inc. and affiliated entity, Stress Engineering and Construction, Inc. (collectively, the "Company"). Full-time employees are eligible to participate in the Plan upon the attainment of age 21. Part-time employees must attain the age of 21 and also complete 1,000 hours of service in a plan year to be eligible to participate. Participation in the Plan is automatic upon satisfaction of eligibility requirements. The Plan was established as an employee stock ownership plan pursuant to Sections 501(a) and 4975(e)(7) of the Internal Revenue Code (IRC) and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan is administered by a Plan Committee (the "Committee"), which is appointed by the Board of Directors of the Company ("Board of Directors").

Contributions

The Company's discretionary contribution is nonparticipant directed and allocated to participants according to the ratio that each participant's eligible compensation for the plan year bears to the total eligible compensation of all participants. Employees are eligible to receive the contribution upon the completion of 1,000 hours of service in a plan year. Employees terminated as a result of retirement, disability, or death, are also eligible to receive the contribution. The Company's contribution is paid in cash or shares of Company stock valued at fair value, as determined by an independent appraiser. A discretionary contribution, in Company stock, of 11,961 shares valued at $4,437,531 was committed by the Company and allocated among the participants' accounts for the year ended December 31, 2015, all of which was received by the Plan in March 2016. There are no participant contributions in the Plan and no participant-directed investments.

Participant Accounts

Individual accounts are maintained for each Plan participant. Each participant's account is credited with allocations of (a) Company contributions, (b) participant forfeitures, and (c) Plan earnings. Allocations are based on the participant's eligible compensation or investment account balance, as defined by the Plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Voting Rights

The Committee directs the Plan trustee regarding votes on behalf of Plan participants, except with respect to certain major corporate events where participants/beneficiaries are entitled to direct the trustee.

NOTE 1 - DESCRIPTION OF THE PLAN (CONTINUED)

Vesting

Vesting in the Company's contributions plus earnings thereon is based on years of continuous service. A participant must complete 1,000 hours of service during a plan year to qualify for a year of service and count toward vesting. Participants hired on or before January 1, 2005 are 20% vested after one year of service and vest an additional 20% each year, becoming 100% vested after five years of service. Participants hired after January 1, 2005, with no credited hours of service after January 1, 2007, are 20% vested after three years of service and vest an additional 20% each year, becoming 100% vested after seven years of service. Participants hired after January 1, 2005, with at least one credited hour of service after January 1, 2007, are 20% vested after two years of service and vest an additional 20% each year, becoming 100% vested after six years of service.

Put Option

Under federal income tax regulations, the employer stock, which is held by the Plan and its participants and is not readily tradable on an established market, 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 fair value of the stock. The purpose of the put option is to ensure that the participants have the ability to ultimately obtain cash.

Forfeitures

When certain terminations of participation occur, the nonvested portion of the participant's account, as defined by the Plan, represents forfeitures. Forfeitures are applied in the year in which the forfeiture occurs and can be used to reinstate the nonvested account of a rehired employee and then are allocated to participant accounts in the same manner as Company contributions. There was no forfeitures balance at December 31, 2015 or 2014. During 2015, forfeitures of $63,733 were allocated to participant accounts. There were no forfeitures used to reinstate the nonvested account of a rehired employee during 2015.

Payment of Benefits

A participant shall become immediately vested upon death, retirement, or disability. Normal retirement age under the Plan is 65. Early retirement is the attainment of age 60 and the completion of five years of participation in the Plan and 20 years of service with the Company.

Terminated participants due to death, retirement, or disability, and terminated participants with vested account balances of less than $20,000 receive a lump-sum distribution. Terminated participants with vested account balances over $20,000 receive a distribution in three annual installments. The distribution of the participant's common stock account may be increased by one year, up to five additional years, for each $185,000 over $935,000. Distributions are paid in stock or cash.

NOTE 1 - DESCRIPTION OF THE PLAN (CONTINUED)

Upon the attainment of age 55 and completion of ten years of participation in the Plan, a participant may direct the investment of up to 25% of the participant's Company stock account, less shares previously diversified, for five years and up to 50% in the sixth year. During 2015, certain participants met the requirements and elected to diversify approximately 1,268 shares of common stock valued at $545,094.

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 their accounts.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Investments

Investments are reported at fair value, which 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. See Note 3 for discussion of fair value measurements. Purchases and sales of securities are recorded on the trade date. Interest income is recorded as earned on the accrual basis. S corporation distributions are recorded on the ex-distribution date.

The net depreciation in fair value of investments consists of the net change in unrealized depreciation, determined by using the fair value of the investments as of the beginning of the year or the purchase price, if acquired since that date, and the fair value of the investments as of the end of the year. The Committee received an opinion from an independent appraiser that the fair value of the Company common stock was $371 and $430 per share at December 31, 2015 and 2014, respectively.

Payment of Benefits

Benefit payments to participants are recorded upon distribution.

Administrative Expenses

Certain administrative expenses of maintaining the Plan are paid directly by the Company and are excluded from these financial statements.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and disclosures. Accordingly, actual results could differ from those estimates.

Federal Income Taxes

The Plan obtained its latest determination letter on December 30, 2014, in which the Internal Revenue Service (IRS) stated that the Plan, as then designed, was in compliance with the applicable requirements of the IRC. Therefore, contributions to the Plan and earnings from its assets are not currently taxable to the Plan or its participants.

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 administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2015 and 2014, there are no uncertain positions taken or expected to be taken. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Recent Accounting Pronouncements

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-07, *Disclosures for Investments in Certain Entities that Calculate Net Asset Value Per Share (or its Equivalent).* ASU 2015-07 removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The new guidance will be applied retrospectively and is effective for fiscal years beginning after December 15, 2016, with early adoption permitted. Plan management is currently evaluating the impact that the new guidance will have on the Plan's financial statements.

In July 2015, the FASB issued ASU 2015-12, *Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health and Welfare Benefit Plans (Topic 965): (Part I) Fully Benefit-Responsive Investment Contracts, (Part II) Plan Investment Disclosures, (Part III) Measurement Date Practical Expedient.* Parts I and III are not applicable to the Plan. Part II eliminates the requirements to disclose individual investments that represent five percent or more of net assets available for benefits and the net appreciation or depreciation in fair value of investments by general type. Part II also simplifies the level of disaggregation of investments that are measured using fair value. Plans will continue to disaggregate investments that are measured using fair value by general type; however, plans are no longer required to also disaggregate investments by nature,

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

characteristics, and risks. Further, the disclosure of information about fair value measurements shall be provided by general type of plan asset. ASU 2015-12 is effective for fiscal years beginning after December 15, 2015, with early adoption permitted. Part II is to be applied retrospectively. Plan management has elected to adopt Part II, and the adoption is reflected retrospectively in the financial statements.

NOTE 3 - FAIR VALUE MEASUREMENTS

FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable.

Various inputs are used in determining the fair value of the Plan's investments. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. In addition, ASC 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. 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. The three levels of the fair value hierarchy, including the types of Plan investments that fall under each category and the valuation methodologies used to measure fair value, are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Money Market Fund: A mutual fund comprised of Treasury bills, bonds, and other obligations issued or guaranteed by the U.S. Treasury and repurchase agreements collateralized by such obligations. The fund is valued at net asset value (NAV), which is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The fund seeks to maintain a stable NAV of $1.

Commercial Account: Comprised of a federally-insured demand deposit account valued at deposits received less distributions paid.

Level 2 - Inputs to the valuation methodology are other than quoted market prices in active markets that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices that are 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.

Level 3 - Inputs to the valuation methodology are unobservable inputs (i.e., projections, estimates, interpretations, etc.) that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

Common Stock: Valued by an independent appraiser, based on discussions with management, the Company's historical performance, industry trends, discounted cash flow analysis in 2014 which was changed to a capitalized cash flow analysis in 2015 due to the Company's limited visibility beyond one year, market - comparable companies' analysis, and other information.

Annually, the Committee selects the appraiser. After the valuation is completed, the Committee and the Plan's independent fiduciary review the valuation report and discuss the processes and procedures used by the appraiser. The Committee performs the final approval of the appraiser's valuation report on the fair value of the Company's stock, which is documented in the Committee's minutes. The Board of Directors sets the stock price for the Plan year's stock transactions. Additionally, the independent appraiser may be retained to revalue the common stock, at any time, based on perceived material events or at the request of the Board of Directors or by an independent fiduciary retained by the Board of Directors to conduct a major stock sale.

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. The inputs and methodologies used for valuing securities are not an indication of the risk associated with investing in those securities.

The following tables set forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2015 and 2014:

	2015			
Description	Level 1	Level 2	Level 3	Total
Common Stock			$49,432,782	$49,432,782
Money Market Fund	$ 4			4
Commercial Account	10,273,960			10,273,960
Total investments at fair value	$10,273,964		$49,432,782	$59,706,746

	2014			
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Common Stock			$53,537,150	$53,537,150
Money Market Fund	$ 4			4
Commercial Account	3,481,419			3,481,419
Total investments at fair value	$3,481,423		$53,537,150	$57,018,573

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2015:

	Common Stock
Balance, beginning of year	$53,537,150
Purchases	3,756,910
Unrealized loss included in net depreciation in fair value of investments in the statement of changes in net assets available for benefits	(7,861,278)
Balance, end of year	$49,432,782
Total losses included in change in net assets due to the change in unrealized loss relating to assets held at the reporting date and included in net depreciation in fair value of investments in the statement of changes in net assets available for benefits	$ (7,861,278)

NOTE 4 - PARTY-IN-INTEREST TRANSACTIONS

Plan investments include common stock of Stress Engineering Services, Inc. Stress Engineering Services, Inc. is the employer, administrator, and sponsor of the Plan. At December 31, 2015 and 2014, the Plan held 133,242 and 124,505 shares of common stock of Stress Engineering Services, Inc., respectively. During the year ended December 31, 2015, the Plan recorded $5,653,408 in S corporation distributions from common stock of Stress Engineering Services, Inc. These transactions are covered by an exemption from the prohibited transaction provisions.

NOTE 5 - RISKS AND UNCERTAINTIES

The Plan is subject to a concentration of credit risk from cash deposits in the commercial account being in excess of federally insured limits. The plan administrator places this cash with a financial institution that is considered a high quality financial institution by the plan administrator. At times, such cash deposits may be in excess of federally insured limits, from which the excess cash may be transferred to the money market fund.

The Plan has a concentration of risk in its investment in the Company's common stock. Thus, the Plan's performance is dependent upon the financial viability of the Company, as well as the volatility of the valuation of the Company's common stock. In general, such investments are exposed to various risks, such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investments will occur in the near term and that such change could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

NOTE 6 - SUBSEQUENT EVENTS

The Plan has evaluated subsequent events through October 10, 2016, the date the financial statements were available to be issued.

STRESS ENGINEERING SERVICES, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
EIN: 74-1737543 PLAN #002
SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
December 31, 2015

(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
	Common Stock:			
*	Stress Engineering Services, Inc.	133,242 shares of common stock	$34,305,028	$49,432,782
	Money Market Fund:			
	JPMorgan Funds	U.S. Treasury Plus Money Market Fund - Premier	4	4
	Commercial Account:			
	JPMorgan Chase Bank, N.A.	Commercial Account	10,273,960	10,273,960
			$44,578,992	**$59,706,746**

* A party in interest as defined by ERISA.

STRESS ENGINEERING SERVICES, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
EIN: 74-1737543 PLAN #002
SCHEDULE H, LINE 4j - SCHEDULE OF REPORTABLE TRANSACTIONS
For the Year Ended December 31, 2015

(a) Identity of Party Involved	(b) Description of Asset (including interest rate and maturity in case of a loan)	(c) Purchase Price	(d) Selling Price	(g) Cost of Asset	(h) Current Value of Asset on Transaction Date	(i) Net Gain or (Loss)
Single Transaction:						
Common Stock:						
Stress Engineering Services, Inc.	8,737 shares of common stock	$ 3,756,910		$ 3,756,910	$ 3,756,910	
Commercial Account:						
JPMorgan Chase Bank, N.A.	Commercial Account	4,208,354		4,208,354	4,208,354	
Series in Same Security:						
Commercial Account:						
JPMorgan Chase Bank, N.A.	Commercial Account Purchases (7)	8,428,399		8,428,399	8,428,399	
	Sale (1)		$1,635,854	1,635,854	1,635,854	

STRESS ENGINEERING SERVICES, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

FINANCIAL STATEMENTS

AND SUPPLEMENTAL SCHEDULES

AS OF

DECEMBER 31, 2015 AND 2014

AND INDEPENDENT AUDITOR'S REPORT



MELTON & MELTON, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

STRESS ENGINEERING SERVICES, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1
Financial Statements:	
Statements of Net Assets Available for Benefits	3
Statement of Changes in Net Assets Available for Benefits	4
Notes to Financial Statements	5
Supplemental Schedules:	
Schedule H, line 4i - Schedule of Assets (Held at End of Year)	13
Schedule H, line 4j - Schedule of Reportable Transactions	14

MELTON & MELTON, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Plan Committee of
Stress Engineering Services, Inc. Employee Stock Ownership Plan

Report on the Financial Statements

We have audited the accompanying financial statements of Stress Engineering Services, Inc. Employee Stock Ownership Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2015 and 2014 and the related statement of changes in net assets available for benefits for the year ended December 31, 2015, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on 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 from 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 Stress Engineering Services, Inc. Employee Stock Ownership Plan as of December 31, 2015 and 2014, and the changes in net assets available for benefits for the year ended December 31, 2015, in accordance with accounting principles generally accepted in the United States of America.

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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, 2015, and schedule H, line 4j - schedule of reportable transactions for the year ended December 31, 2015 are presented for the purpose of additional analysis and are not a required part of the financial statements but are 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.

Houston, Texas
October 10, 2016

STRESS ENGINEERING SERVICES, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2015 and 2014

	2015	2014
Investments, at fair value	$ 59,706,746	$ 57,018,573
Receivables:		
Employer contributions	4,437,531	3,756,910
Accrued S corporation distributions	5,642,213	8,416,707
	10,079,744	12,173,617
Net assets available for benefits	**$ 69,786,490**	**$ 69,192,190**

(See accompanying notes to financial statements)

STRESS ENGINEERING SERVICES, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
For the Year Ended December 31, 2015

Additions to Net Assets Attributable to:	
Investment income (loss):	
S corporation distributions	$ 5,653,408
Net depreciation in fair value of investments	(7,861,278)
Other	493
	(2,207,377)
Employer contributions	4,437,531
Deductions from Net Assets Attributable to:	
Benefits paid to participants	1,635,854
Change in Net Assets Available for Benefits	594,300
Net Assets Available for Benefits at:	
Beginning of year	69,192,190
End of year	**$ 69,786,490**

(See accompanying notes to financial statements)

STRESS ENGINEERING SERVICES, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 1 - DESCRIPTION OF THE PLAN

The following description of Stress Engineering Services, Inc. Employee Stock Ownership Plan (the "Plan") provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

The Plan is an employee stock ownership plan covering all eligible employees, except commission-only employees not classified as Stress Exclusive Consulting Personnel, of Stress Engineering Services, Inc. and affiliated entity, Stress Engineering and Construction, Inc. (collectively, the "Company"). Full-time employees are eligible to participate in the Plan upon the attainment of age 21. Part-time employees must attain the age of 21 and also complete 1,000 hours of service in a plan year to be eligible to participate. Participation in the Plan is automatic upon satisfaction of eligibility requirements. The Plan was established as an employee stock ownership plan pursuant to Sections 501(a) and 4975(e)(7) of the Internal Revenue Code (IRC) and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan is administered by a Plan Committee (the "Committee"), which is appointed by the Board of Directors of the Company ("Board of Directors").

Contributions

The Company's discretionary contribution is nonparticipant directed and allocated to participants according to the ratio that each participant's eligible compensation for the plan year bears to the total eligible compensation of all participants. Employees are eligible to receive the contribution upon the completion of 1,000 hours of service in a plan year. Employees terminated as a result of retirement, disability, or death, are also eligible to receive the contribution. The Company's contribution is paid in cash or shares of Company stock valued at fair value, as determined by an independent appraiser. A discretionary contribution, in Company stock, of 11,961 shares valued at $4,437,531 was committed by the Company and allocated among the participants' accounts for the year ended December 31, 2015, all of which was received by the Plan in March 2016. There are no participant contributions in the Plan and no participant-directed investments.

Participant Accounts

Individual accounts are maintained for each Plan participant. Each participant's account is credited with allocations of (a) Company contributions, (b) participant forfeitures, and (c) Plan earnings. Allocations are based on the participant's eligible compensation or investment account balance, as defined by the Plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Voting Rights

The Committee directs the Plan trustee regarding votes on behalf of Plan participants, except with respect to certain major corporate events where participants/beneficiaries are entitled to direct the trustee.

NOTE 1 - DESCRIPTION OF THE PLAN (CONTINUED)

Vesting

Vesting in the Company's contributions plus earnings thereon is based on years of continuous service. A participant must complete 1,000 hours of service during a plan year to qualify for a year of service and count toward vesting. Participants hired on or before January 1, 2005 are 20% vested after one year of service and vest an additional 20% each year, becoming 100% vested after five years of service. Participants hired after January 1, 2005, with no credited hours of service after January 1, 2007, are 20% vested after three years of service and vest an additional 20% each year, becoming 100% vested after seven years of service. Participants hired after January 1, 2005, with at least one credited hour of service after January 1, 2007, are 20% vested after two years of service and vest an additional 20% each year, becoming 100% vested after six years of service.

Put Option

Under federal income tax regulations, the employer stock, which is held by the Plan and its participants and is not readily tradable on an established market, 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 fair value of the stock. The purpose of the put option is to ensure that the participants have the ability to ultimately obtain cash.

Forfeitures

When certain terminations of participation occur, the nonvested portion of the participant's account, as defined by the Plan, represents forfeitures. Forfeitures are applied in the year in which the forfeiture occurs and can be used to reinstate the nonvested account of a rehired employee and then are allocated to participant accounts in the same manner as Company contributions. There was no forfeitures balance at December 31, 2015 or 2014. During 2015, forfeitures of $63,733 were allocated to participant accounts. There were no forfeitures used to reinstate the nonvested account of a rehired employee during 2015.

Payment of Benefits

A participant shall become immediately vested upon death, retirement, or disability. Normal retirement age under the Plan is 65. Early retirement is the attainment of age 60 and the completion of five years of participation in the Plan and 20 years of service with the Company.

Terminated participants due to death, retirement, or disability, and terminated participants with vested account balances of less than $20,000 receive a lump-sum distribution. Terminated participants with vested account balances over $20,000 receive a distribution in three annual installments. The distribution of the participant's common stock account may be increased by one year, up to five additional years, for each $185,000 over $935,000. Distributions are paid in stock or cash.

NOTE 1 - DESCRIPTION OF THE PLAN (CONTINUED)

Upon the attainment of age 55 and completion of ten years of participation in the Plan, a participant may direct the investment of up to 25% of the participant's Company stock account, less shares previously diversified, for five years and up to 50% in the sixth year. During 2015, certain participants met the requirements and elected to diversify approximately 1,268 shares of common stock valued at $545,094.

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 their accounts.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Investments

Investments are reported at fair value, which 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. See Note 3 for discussion of fair value measurements. Purchases and sales of securities are recorded on the trade date. Interest income is recorded as earned on the accrual basis. S corporation distributions are recorded on the ex-distribution date.

The net depreciation in fair value of investments consists of the net change in unrealized depreciation, determined by using the fair value of the investments as of the beginning of the year or the purchase price, if acquired since that date, and the fair value of the investments as of the end of the year. The Committee received an opinion from an independent appraiser that the fair value of the Company common stock was $371 and $430 per share at December 31, 2015 and 2014, respectively.

Payment of Benefits

Benefit payments to participants are recorded upon distribution.

Administrative Expenses

Certain administrative expenses of maintaining the Plan are paid directly by the Company and are excluded from these financial statements.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and disclosures. Accordingly, actual results could differ from those estimates.

Federal Income Taxes

The Plan obtained its latest determination letter on December 30, 2014, in which the Internal Revenue Service (IRS) stated that the Plan, as then designed, was in compliance with the applicable requirements of the IRC. Therefore, contributions to the Plan and earnings from its assets are not currently taxable to the Plan or its participants.

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 administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2015 and 2014, there are no uncertain positions taken or expected to be taken. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Recent Accounting Pronouncements

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-07, *Disclosures for Investments in Certain Entities that Calculate Net Asset Value Per Share (or its Equivalent).* ASU 2015-07 removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The new guidance will be applied retrospectively and is effective for fiscal years beginning after December 15, 2016, with early adoption permitted. Plan management is currently evaluating the impact that the new guidance will have on the Plan's financial statements.

In July 2015, the FASB issued ASU 2015-12, *Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health and Welfare Benefit Plans (Topic 965): (Part I) Fully Benefit-Responsive Investment Contracts, (Part II) Plan Investment Disclosures, (Part III) Measurement Date Practical Expedient.* Parts I and III are not applicable to the Plan. Part II eliminates the requirements to disclose individual investments that represent five percent or more of net assets available for benefits and the net appreciation or depreciation in fair value of investments by general type. Part II also simplifies the level of disaggregation of investments that are measured using fair value. Plans will continue to disaggregate investments that are measured using fair value by general type; however, plans are no longer required to also disaggregate investments by nature,

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

characteristics, and risks. Further, the disclosure of information about fair value measurements shall be provided by general type of plan asset. ASU 2015-12 is effective for fiscal years beginning after December 15, 2015, with early adoption permitted. Part II is to be applied retrospectively. Plan management has elected to adopt Part II, and the adoption is reflected retrospectively in the financial statements.

NOTE 3 - FAIR VALUE MEASUREMENTS

FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable.

Various inputs are used in determining the fair value of the Plan's investments. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. In addition, ASC 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. 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. The three levels of the fair value hierarchy, including the types of Plan investments that fall under each category and the valuation methodologies used to measure fair value, are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Money Market Fund: A mutual fund comprised of Treasury bills, bonds, and other obligations issued or guaranteed by the U.S. Treasury and repurchase agreements collateralized by such obligations. The fund is valued at net asset value (NAV), which is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The fund seeks to maintain a stable NAV of $1.

Commercial Account: Comprised of a federally-insured demand deposit account valued at deposits received less distributions paid.

Level 2 - Inputs to the valuation methodology are other than quoted market prices in active markets that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices that are 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.

Level 3 - Inputs to the valuation methodology are unobservable inputs (i.e., projections, estimates, interpretations, etc.) that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

Common Stock: Valued by an independent appraiser, based on discussions with management, the Company's historical performance, industry trends, discounted cash flow analysis in 2014 which was changed to a capitalized cash flow analysis in 2015 due to the Company's limited visibility beyond one year, market - comparable companies' analysis, and other information.

Annually, the Committee selects the appraiser. After the valuation is completed, the Committee and the Plan's independent fiduciary review the valuation report and discuss the processes and procedures used by the appraiser. The Committee performs the final approval of the appraiser's valuation report on the fair value of the Company's stock, which is documented in the Committee's minutes. The Board of Directors sets the stock price for the Plan year's stock transactions. Additionally, the independent appraiser may be retained to revalue the common stock, at any time, based on perceived material events or at the request of the Board of Directors or by an independent fiduciary retained by the Board of Directors to conduct a major stock sale.

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. The inputs and methodologies used for valuing securities are not an indication of the risk associated with investing in those securities.

The following tables set forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2015 and 2014:

	2015			
Description	Level 1	Level 2	Level 3	Total
Common Stock			$49,432,782	$49,432,782
Money Market Fund	$ 4			4
Commercial Account	10,273,960			10,273,960
Total investments at fair value	$10,273,964		$49,432,782	$59,706,746

	2014			
Description	Level 1	Level 2	Level 3	Total
Common Stock			$53,537,150	$53,537,150
Money Market Fund	$ 4			4
Commercial Account	3,481,419			3,481,419
Total investments at fair value	$3,481,423		$53,537,150	$57,018,573

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2015:

	Common Stock
Balance, beginning of year	$53,537,150
Purchases	3,756,910
Unrealized loss included in net depreciation in fair value of investments in the statement of changes in net assets available for benefits	(7,861,278)
Balance, end of year	$49,432,782
Total losses included in change in net assets due to the change in unrealized loss relating to assets held at the reporting date and included in net depreciation in fair value of investments in the statement of changes in net assets available for benefits	$ (7,861,278)

NOTE 4 - PARTY-IN-INTEREST TRANSACTIONS

Plan investments include common stock of Stress Engineering Services, Inc. Stress Engineering Services, Inc. is the employer, administrator, and sponsor of the Plan. At December 31, 2015 and 2014, the Plan held 133,242 and 124,505 shares of common stock of Stress Engineering Services, Inc., respectively. During the year ended December 31, 2015, the Plan recorded $5,653,408 in S corporation distributions from common stock of Stress Engineering Services, Inc. These transactions are covered by an exemption from the prohibited transaction provisions.

NOTE 5 - RISKS AND UNCERTAINTIES

The Plan is subject to a concentration of credit risk from cash deposits in the commercial account being in excess of federally insured limits. The plan administrator places this cash with a financial institution that is considered a high quality financial institution by the plan administrator. At times, such cash deposits may be in excess of federally insured limits, from which the excess cash may be transferred to the money market fund.

The Plan has a concentration of risk in its investment in the Company's common stock. Thus, the Plan's performance is dependent upon the financial viability of the Company, as well as the volatility of the valuation of the Company's common stock. In general, such investments are exposed to various risks, such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investments will occur in the near term and that such change could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

NOTE 6 - SUBSEQUENT EVENTS

The Plan has evaluated subsequent events through October 10, 2016, the date the financial statements were available to be issued.

STRESS ENGINEERING SERVICES, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
EIN: 74-1737543 PLAN #002
SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
December 31, 2015

(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
	Common Stock:			
*	Stress Engineering Services, Inc.	133,242 shares of common stock	$34,305,028	$49,432,782
	Money Market Fund:			
	JPMorgan Funds	U.S. Treasury Plus Money Market Fund - Premier	4	4
	Commercial Account:			
	JPMorgan Chase Bank, N.A.	Commercial Account	10,273,960	10,273,960
			$44,578,992	**$59,706,746**

* A party in interest as defined by ERISA.

STRESS ENGINEERING SERVICES, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
EIN: 74-1737543 PLAN #002
SCHEDULE H, LINE 4j - SCHEDULE OF REPORTABLE TRANSACTIONS
For the Year Ended December 31, 2015

(a) Identity of Party Involved	(b) Description of Asset (including interest rate and maturity in case of a loan)	(c) Purchase Price	(d) Selling Price	(g) Cost of Asset	(h) Current Value of Asset on Transaction Date	(i) Net Gain or (Loss)
Single Transaction:						
Common Stock:						
Stress Engineering Services, Inc.	8,737 shares of common stock	$ 3,756,910		$ 3,756,910	$ 3,756,910	
Commercial Account:						
JPMorgan Chase Bank, N.A.	Commercial Account	4,208,354		4,208,354	4,208,354	
Series in Same Security:						
Commercial Account:						
JPMorgan Chase Bank, N.A.	Commercial Account Purchases (7)	8,428,399		8,428,399	8,428,399	
	Sale (1)		$1,635,854	1,635,854	1,635,854	