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 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

2016

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

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.)
- ☒ a single-employer plan
- ☐ a DFE (specify) ____

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

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

D Check box if filing under:
- ☒ Form 5558
- ☐ automatic extension
- ☐ the DFVC program
- ☐ special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
KEL-TEC CNC INDUSTRIES, INC. 401(K) PLAN

1b Three-digit plan number (PN) ▶ 001

1c Effective date of plan 01/01/1996

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)

KEL-TEC CNC INDUSTRIES, INC.

PO BOX 236009
COCOA, FL 32923

1475 COX ROAD
COCOA, FL 32923

2b Employer Identification Number (EIN)
59-3114270

2c Plan Sponsor's telephone number
321-631-0068

2d Business code (see instructions)
332700

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.	08/09/2017	MICHELLE WAKEFIELD
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

Preparer's name (including firm name, if applicable) and address (include room or suite number)

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**	190
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)**	187
a(2) Total number of active participants at the end of the plan year	**6a(2)**	203
b Retired or separated participants receiving benefits	**6b**	0
c Other retired or separated participants entitled to future benefits	**6c**	3
d Subtotal. Add lines **6a(2)**, **6b**, and **6c**.	**6d**	206
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	**6e**	0
f Total. Add lines **6d** and **6e**.	**6f**	206
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	71
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	0
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

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

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)		**9b** Plan benefit arrangement (check all that apply)	
(1) Insurance	[ ]	**(1)** Insurance	[ ]
(2) Code section 412(e)(3) insurance contracts	[ ]	**(2)** Code section 412(e)(3) insurance contracts	[ ]
(3) Trust	[X]	**(3)** Trust	[X]
(4) General assets of the sponsor	[ ]	**(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 2016 Form M-1 annual report. If the plan was not required to file the 2016 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.**	**2016** **This Form is Open to Public Inspection.**

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A Name of plan
KEL-TEC CNC INDUSTRIES, INC. 401(K) PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
KEL-TEC CNC INDUSTRIES, INC.

D Employer Identification Number (EIN)
59-3114270

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).. . . . . [X] 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

FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

(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)

FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

(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?
37 60 64 65	RECORDKEEPER	725	Yes [X] No [ ]	Yes [X] No [ ]	0	Yes [X] No [ ]

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

WELLS FARGO CLEARING SERVICES LLC

23-2384840

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
55	ADVISOR	0	Yes [X] No [ ]	Yes [ ] No [X]	8057	Yes [ ] No [X]

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

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

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
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(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.
BLKRK EQUITY DIV R - BNY MELLON IN 52-2269240	0.25%

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(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.
FKLN HIGH INCOME R - FRANKLIN TEMP 94-3167260	0.25%

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(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.
FKLN MTL GLB DISC R - FRANKLIN TEM 94-3167260	0.25%

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
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(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.
FRANKLIN INCOME R - FRANKLIN TEMPL 94-3167260	0.25%

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(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.
FRANKLIN UTILITIES R - FRANKLIN TE 94-3167260	0.25%

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(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.
INVS EQ-WGT S&P500 R - INVESCO INV 11 GREENWAY PLAZA, SUITE 100 HOUSTON, TX 77046	0.25%

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
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(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.
INVS EQUITY & INC R - INVESCO INVE 11 GREENWAY PLAZA, SUITE 100 HOUSTON, TX 77046	0.35%

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(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.
INVS GRTH & INC R - INVESCO INVEST 11 GREENWAY PLAZA, SUITE 100 HOUSTON, TX 77046	0.35%

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(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.
LD ABT SH DTN INC R3 - DST SYSTEMS 43-1581814	0.25%

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
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(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.
MFS INTL DIVRSN R2 - MFS SERVICE C 04-2865649	0.15%

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(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.
MFS MA INV GR STK R2 - MFS SERVICE 04-2865649	0.15%

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(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.
MFS MA INV TRUST R2 - MFS SERVICE 04-2865649	0.15%

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
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(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.
NB REAL ESTATE R3 - STATE STREET B 04-0025081	0.25%

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(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.
NUVEEN MDCP INDEX R3 - BOSTON FINA P.O. BOX 8480 BOSTON, MA 02266	0.15%

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(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.
OPPHMR DEV MKTS R - OFI GLOBAL ASS 225 LIBERTY STREET NEW YORK, NY 10281	0.25%

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
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(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.
PRU TOTAL RETURN R - PRUDENTIAL MU 22-3703799	0.25%

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(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.
PRU/J MID CAP GRTH R - PRUDENTIAL 22-3703799	0.25%

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(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.
PRU/J NAT RESRCS R - PRUDENTIAL MU 22-3703799	0.25%

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
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(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.
VICTORY S ESTB VAL R - SUNGARD INV 1300 E NINTH STREET CLEVELAND, OH 44114	0.25%

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
WELLS FARGO CLEARING SERVICES LLC	55	8057

(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.
NATIONAL FINANCIAL SERVICES LLC 04-3523567	

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

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

Part II Service Providers Who Fail or Refuse to Provide Information

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

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

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

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

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

(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)

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

2016

This Form is Open to Public Inspection

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A Name of plan
KEL-TEC CNC INDUSTRIES, INC. 401(K) PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
KEL-TEC CNC INDUSTRIES, INC.

D Employer Identification Number (EIN)
59-3114270

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	0	0
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	0	0
(2) Participant contributions	1b(2)	0	0
(3) Other	1b(3)	0	0
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	21576	25351
(2) U.S. Government securities	1c(2)	0	0
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)	0	0
(B) All other	1c(3)(B)	0	0
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)	0	0
(B) Common	1c(4)(B)	0	0
(5) Partnership/joint venture interests	1c(5)	0	0
(6) Real estate (other than employer real property)	1c(6)	0	0
(7) Loans (other than to participants)	1c(7)	0	0
(8) Participant loans	1c(8)	97162	98126
(9) Value of interest in common/collective trusts	1c(9)	0	0
(10) Value of interest in pooled separate accounts	1c(10)	0	0
(11) Value of interest in master trust investment accounts	1c(11)	0	0
(12) Value of interest in 103-12 investment entities	1c(12)	0	0
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	1892362	2276525
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)	0	0

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(1) Employer securities	**1d(1)**	0	0
	(2) Employer real property	**1d(2)**	0	0
e	Buildings and other property used in plan operation	**1e**	0	0
f	Total assets (add all amounts in lines 1a through 1e)	**1f**	2011100	2400002
	Liabilities			
g	Benefit claims payable	**1g**	0	0
h	Operating payables	**1h**	0	0
i	Acquisition indebtedness	**1i**	0	0
j	Other liabilities	**1j**	0	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**	2011100	2400002

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)**	96577	
	(B) Participants	**2a(1)(B)**	152148	
	(C) Others (including rollovers)	**2a(1)(C)**	952	
	(2) Noncash contributions	**2a(2)**	0	
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	**2a(3)**		249677
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	**2b(1)(A)**	2	
	(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)**	3410	
	(F) Other	**2b(1)(F)**	0	
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	**2b(1)(G)**		3412
	(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)**	90192	
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	**2b(2)(D)**		90192
	(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)**	0	
	(C) Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)**	**2b(5)(C)**		0

		(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)		71595
c Other income	2c		0
d Total income. Add all **income** amounts in column (b) and enter total	2d		414876
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	25249	
(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)		25249
f Corrective distributions (see instructions)	2f		0
g Certain deemed distributions of participant loans (see instructions)	2g		0
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)	725	
(5) Total administrative expenses. Add lines **2i(1)** through **(4)**	2i(5)		725
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		25974
Net Income and Reconciliation			
k Net income (loss). Subtract line **2j** from line **2d**	2k		388902
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) [ ] Unqualified **(2)** [ ] Qualified **(3)** [X] Disclaimer **(4)** [ ] Adverse

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

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

(1) Name: BRUNT, SWEENEY, MATZ P.A. **(2)** EIN: 65-0674666

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

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

Part IV Compliance Questions

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

During the plan year:

		Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	4a		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	4b		X	

			Yes	No	Amount
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e	Was this plan covered by a fidelity bond?	4e	X		200000
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		X	
o	Defined Benefit Plan or Money Purchase Pension Plan Only: Were any distributions made during the plan year to an employee who attained age 62 and had not separated from service?	4o			

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
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year_____. (See instructions.)

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 sections 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

2016

This Form is Open to Public Inspection.

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A Name of plan
KEL-TEC CNC INDUSTRIES, INC. 401(K) PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
KEL-TEC CNC INDUSTRIES, INC.

D Employer Identification Number (EIN)
59-3114270

Part I Distributions

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

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

2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): 04-6568107

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? If "No," skip b	☐ Yes ☐ No
20b How did the plan satisfy the nondiscrimination requirements for employee deferrals under section 401(k)(3) for the plan year? Check all that apply:	☐ Design-based safe harbor ☐ "Prior year" ADP test ☐ "Current year" ADP test ☐ N/A
21a What testing method was used to satisfy the coverage requirements under section 410(b) for the plan year? Check all that apply:	☐ Ratio percentage test ☐ Average benefit test ☐ N/A
21b Did the plan satisfy the coverage and nondiscrimination requirements of sections 410(b) and 401(a)(4) for the plan year by combining this plan with any other plan under the permissive aggregation rules?	☐ Yes ☐ No

22a If the plan is a master and prototype plan (M&P) or volume submitter plan that received a favorable IRS opinion letter or advisory letter, enter the date of the letter _____/_____/_____ and the serial number _____.

22b If the plan is an individually-designed plan that received a favorable determination letter from the IRS, enter the date of the most recent determination letter _____/_____/_____.

KEL-TEC CNC INDUSTRIES, INC. 401(k) PLAN
FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

KEL-TEC CNC INDUSTRIES INC. 401(K) PLAN
FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-2
Statements of Net Assets Available For Benefits	3
Statement of Changes In Net Assets Available For Benefits	4
Notes to the Financial Statements	5-12
Supplemental Schedules:	
Schedule of Assets Held at Year End	13

Brunt, Sweeney, Matz, P.A.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Administrative Committee of
the Kel-Tec CNC Industries Inc. 401(k) Plan

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Kel-Tec CNC Industries Inc. 401(k) Plan, which comprise the statements of net assets available for benefits as of December 31, 2016 and 2015, and the related statements of changes in net assets available for benefits for the year ended December 31, 2016, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 9, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing the information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the years ended December 31, 2016 and 2015, that the information provided to the plan administrator by the trustee is complete and accurate.

Disclaimer of Opinion

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

7369 Sheridan Street, Suite 201
Hollywood, Florida 33024
954-981-7940 Fax: 954-981-7912

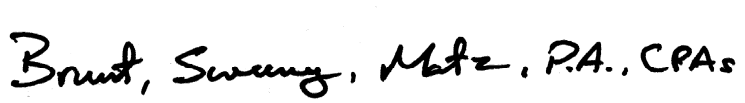
901 SW Martin Downs Blvd., Suite 213
Palm City, Florida 34990
772-781-4993 Fax: 954-981-7912

Other Matter

The supplemental schedule of assets held at year end as of or for the year ended December 31, 2016, are required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedules referred to above.

Report on Form and Content in Compliance With DOL Rules and Regulations

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



Brunt, Sweeney, Matz, P.A., CPAs
Hollywood, Florida
July 28, 2017

KEL-TEC CNC INDUSTRIES INC. 401(K) PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
AS OF DECEMBER 31, 2016 AND 2015

	2016	2015
ASSETS		
Investments:		
Mutual Funds held by trustee	$ 2,301,877	$ 1,913,937
Receivables:		
Employer's contribution	6,373	6,239
Participant's contribution	10,102	9,170
Notes receivable from participants	98,126	97,162
Total receivables	114,601	112,571
Net assets available for benefits	$ 2,416,478	$ 2,026,508

The accompanying notes are an integral part of these financial statements.

KEL-TEC CNC INDUSTRIES INC. 401(K) PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2016

Increases(decreases) in net assets attributed to:		
Net appreciation in market value of investments		
Unrealized	$	69,897
Realized		1,698
Investment income:		
Interest and dividends		93,604
Total investment income		165,199
Contributions:		
Employee		153,080
Employer		96,713
Rollover		952
Total contributions		250,745
Total increases		415,944
Decreases in net assets attributed to:		
Benefits paid to participants		25,249
Administrative expenses		725
Total decreases		25,974
Net increase		389,970
Net assets available for benefits - beginning of year		2,026,508
Net assets available for benefits - end of year	$	2,416,478

The accompanying notes are an integral part of these financial statements.

1. DESCRIPTION OF PLAN

The following description of the Kel-Tec CNC Industries Inc. 401(k) Plan ("Plan") provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions. The Plan was amended and restated through 2016 to reflect the amendments of Fidelity prototype plan with Fidelity Management Trust Company as trustee. All provisions of the Plan remained the same.

General - The Plan is a defined contribution plan covering all employees of the Company who are age 21 or older and meet the minimum service for participation of 12 months. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions - Each year, the participants may contribute pretax annual compensation, as defined in the Plan within the limits of IRC Section 401K. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan currently offers various mutual funds as investment options for participants. The Company contributes 100% of the first 4% of base compensation that a participant contributes to the Plan. Additional profit sharing amounts may be contributed at the option of the Company's board of directors. Contributions are subject to certain limitations.

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

Vesting - Participants are immediately vested in their contributions and the company's matching contributions plus actual earnings thereon. Vesting in the Company's discretionary contribution portion of their accounts is based on years of continuous service. A participant is 100% vested after six years of credited service.

Forfeited Accounts - At December 31, 2016 and 2015 forfeited non-vested accounts totaled $2,067 and $2,067, respectively. These accounts may be used to reduce future employer contributions, reduce administrative costs, and any excess may be allocated to participants. In 2016, employer contributions were reduced by $0 from forfeited non-vested accounts, administrative costs were reduced by $0 and $0 was allocated to participants.

Participant Loans - Participants may borrow from their fund accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their account balance. The loans are secured by the balance in the participant's account and bear interest at rates ranging from 4.25% to 5.25% which are commensurate with local prevailing rates as determined by the Plan administrator. Principal and interest is paid ratably through weekly payroll deductions.

1. DESCRIPTION OF PLAN (continued)

Payment of Benefits - On termination of service due to death, disability or retirement, a participant may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account, or through partial payments with a minimum amount of $5,000. For termination of service to due other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Notes Receivable from Participants - Loans to participants are reported at their unpaid principal balances plus any accrued but unpaid interest.

Investment Valuation and Income Recognition - Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note C for discussion of Fair Value Measurements.

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

Payment of Benefits - Benefits are recorded when paid.

Operating Expenses - Expenses of maintaining the Plan are paid by the Company, if forfeitures are not available. See Note 1 - *Vesting and Forfeited Accounts*.

3. FAIR VALUE MEASUREMENT

The Plan's investments are reported at fair value in the accompanying statements of net assets available for benefits. The methods used to measure fair value may produce an amount 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 fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs are unobservable and have the lowest priority. The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Plan assets had Level 1 fair market measurements available and, therefore, were used.

Level 1-Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets. This level includes common stocks, corporate bonds or mutual funds based on the closing price reported in the active market where the securities are traded.

Level 2-Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted for identical or similar assets or liabilities in *inactive* markets, inputs other than quoted prices that are observable for the asset or liability, 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 and significant to the fair value measurement.

The fair values of all of the trading securities listed below as of December 31, 2016 and 2015 are based on unadjusted, quoted prices in active markets as of the measurement date (often referred to as Level 1 inputs).

Gains and losses (realized and unrealized) included in changes in net assets available for benefits for the year ended December 3 1 , 2016, are reported in net depreciation in fair value of investments.

No changes in valuation techniques or related inputs have occurred as a result of adopting the new reporting requirements on fair value measurement in ASU 2011-04, as per FASB ASC 820.

3. FAIR VALUE MEASUREMENT (continued)

	Fair Value	Fair Value Measurements at the End of the Reporting Period Using: Quoted Prices in Active Markets for Identical Assets (Level1)
December 31, 2016		
Mutual funds:		
Mid/Large Cap	$ 2,238,292	$ 2,238,292
International	13,055	13,055
Fixed Income	25,179	25,179
Total mutual funds	2,276,526	2,276,526
Money Market	25,351	25,351
Total investments at fair value	$ 2,301,877	$ 2,301,877
December 31, 2015		
Mutual funds:		
Mid/Large Cap	$ 1,843,127	$ 1,843,127
International	11,049	11,049
Fixed Income	38,186	38,186
Total mutual funds	1,913,937	1,913,937
Money Market	21,576	21,576
Total investments at fair value	$ 1,913,937	$ 1,913,937

3. FAIR VALUE MEASUREMENT (continued)

The following tables reconcile the beginning and ending balances of fair value measurements using significant unobservable inputs (Level 3) for the years ended December 31, 2016 and 2014.

	December 31, 2016	December 31, 2015
Beginning balance	$ -	$ -
Total gains/losses including changes in net assets available for benefits	-	-
Purchases, issues, sales and settlements:		
Purchases	-	-
Issues	-	-
Sales	-	-
Settlements	-	-
Ending balance	$ -	$ -
The amount of total gains or losses for the year included in changes in net assets available for benefits attributable to the changes in unrealized gains or losses relating to assets held at the end of the reporting period.	$ -	$ -

Gains and losses included in changes in net assets available for benefits for the year ended December 31, 2016, are reported in net appreciation(depreciation) in fair value of investments.

The Plan's policy is to recognize transfers into and out of Level 3 as of the date of the event or change in circumstances that caused the transfer. For the year ended December 31, 2016, there were no significant transfers into or out of Level 3.

4. INVESTMENTS

The following investments represented five percent (5%) or more of total net assets of the Plan at December 31:

	2016	2015
Mutual funds:		
Fidelity Advisor Freedom 2010 Fund - Class T	$411,640	$ 378,177
Fidelity Advisor Freedom 2030 Fund - Class T	422,439	364,571
Fidelity Advisor Freedom 2025 Fund - Class T	338,600	296,257
Fidelity Advisor Freedom 2045 Fund - Class T	198,828	164,332
Fidelity Advisor Freedom 2040 Fund - Class T	143,743	111,328
Fidelity Advisor Freedom 2050 Fund - Class T	128,514	92,999
Other Mutual Funds	658,113	506,273
Total mutual funds	$ 2,301,877	$ 1,913,937

5. 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 contributions made by the employer.

6. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to Schedule H of Form 5500:

	2016	2014
Net assets available for benefits per the financial statements	$2,416,478	$2,026,508
Amounts allocated to:		
Employer's contribution receivable	(6,373)	(6,239)
Participant's contribution receivable	(10,102)	(9,170)
Net assets available for benefits per Schedule H of Form 5500	$2,400,003	$2,011,099

The following is a reconciliation of the statement of changes in net assets available for benefits for the year ended December 31, 2016, to Form 5500:

	Per Financial Statements	Adjustments	Per Form 5500
Investment income:			
Net depreciation in fair value of investments	$ 71,595	$ -	$ 71,595
Dividends	93,604	-	93,604
	165,199	-	165,199
Contributions:			
Participants	153,080	(932)	152,148
Employer	96,713	(136)	96,577
Rollover	952	-	952
	250,745	(1,068)	249,678
Deductions from net assets			
Benefits paid to participants	25,249	-	25,249
Administrative expenses	725	-	725
	25,974	-	25,974
Net change in assets available for benefits	389,970	(1,068)	388,903
Beginning net assets	2,026,508	(15,408)	2,011,100
Ending net assets	$2,416,478	$ (16,475)	$2,400,003

6. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500 (continued)

Amounts allocated to contributions received are recorded on the Form 5500 for funds that have been processed and received by the Plan as of December 31, 2016. Contributions receivable include payrolls paid through December 31, 2016 and corresponding Plan funds in transit.

7. TAX STATUS

The IRS has determined and informed the Plan sponsor by a letter dated March 31, 2014 , that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter, the Plan administrator and the Plan's tax counsel believe that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the IRC and, therefore, believe that the Plan is qualified, and the related trust is tax-exempt.

The Plan's tax returns are generally subject to examination by the Internal Revenue Service and the Department of Labor for three years after filing. Therefore, years 2016, 2015, 2014 and 2013 are still subject to such regulation.

8. RISKS AND UNCERTAINTIES

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

9. INFORMATION PREPARED AND CERTIFIED BY TRUSTEE

The following information included in the accompanying financial statements and supplemental schedules was obtained from data that has been prepared and certified to as complete and accurate by the trustee for the year ended December 31, 2016

Investments in marketable securities	$ $2,301,877
Loans to participants	$ 98,126
Investment income	$ 93,604
Net increase in investment market value	$ 71,595

10. PARTY-IN-INTEREST TRANSACTIONS

Parties in interest are defined under Department of Labor regulations as any fiduciary of the Plan, any party rendering service to the Plan, the employer, and certain others. Certain plan investments are shares of mutual funds managed by Fidelity Investments. Fidelity Management Trust Company is the trustee as defined by the plan and, therefore, these transactions qualify as party-in-interest transactions. Participant loans held by the Plan also reflect party-in-interest transactions (related-party transactions).

Certain administrative functions are performed by officers or employees of the Company. No such officer or employee receives compensation from the Plan. Some administrative expenses of the Plan are paid directly by the Company.

11. BONDING INSURANCE

During 2016, the Plan carried bonding insurance as required by ERISA. However the amount of the bonding insurance was below the minimum amount required by ERISA. Plan management was notified of this and is correcting the deficiency.

12. DATE OF MANAGEMENT'S REVIEW

Subsequent events were evaluated through July 31, 2017 which is the date of financial statements were available to be issued.

KEL-TEC CNC INDUSTRIES INC. 401(K) PLAN
EIN - 59-3114270
PN: 001
FORM 5500 - SCHEDULE H - PART IV - ITEM 4i
SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES
AS OF DECEMBER 31, 2016

(a)	(b) Identity of Issuer/Borrower/ Lessor/Similar Party	(c) Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Shares or Units	(d) Historical Cost	(e) Current Value
*	FA FREEDOM 2030 T	Mutual Funds	31,786.121	419,026	422,439
*	FA FREEDOM 2010 T	Mutual Funds	34,708.224	425,293	411,640
*	FA FREEDOM 2025 T	Mutual Funds	26,980.067	338,907	338,600
*	FA FREEDOM 2045 T	Mutual Funds	18,918.062	196,616	198,828
*	FA FREEDOM 2040 T	Mutual Funds	10,538.372	142,818	143,743
*	FA FREEDOM 2050 T	Mutual Funds	12,262.758	128,726	128,514
*	FA FREEDOM 2020 T	Mutual Funds	8,913.132	114,653	113,286
*	FA FREEDOM 2015 T	Mutual Funds	7,440.919	90,987	88,547
	FRANKLIN UTILITIES R	Mutual Funds	3,598.620	60,601	63,265
	INVS EQ-WGT S&P500 R	Mutual Funds	1,167.788	50,943	60,608
*	FA FREEDOM 2035 T	Mutual Funds	3,934.302	49,334	49,926
	BLKRK EQUITY DIV R	Mutual Funds	2,172.799	51,718	49,214
	FRANKLIN INCOME R	Mutual Funds	17,702.439	41,298	40,185
	OPPHMR DEV MKTS R	Mutual Funds	1,033.163	35,874	32,214
	VICTORY S ESTB VAL R	Mutual Funds	822.113	27,620	29,382
*	FID GOVT MMKT DM	Money Market	25,351.390	25,391	25,351
*	FA FREEDOM 2055 T	Mutual Funds	1,754.128	19,678	20,015
	PRU/J MID CAP GRTH R	Mutual Funds	502.995	17,636	16,151
	MFS INTL DIVRSN R2	Mutual Funds	753.640	12,103	11,403
	FKLN HIGH INCOME R	Mutual Funds	5,727.960	11,431	10,826
	LD ABT SH DTN INC R3	Mutual Funds	2,391.397	10,770	10,307
	INVS GRTH & INC R	Mutual Funds	265.129	6,612	6,991
	MFS MA INV TRUST R2	Mutual Funds	252.785	6,584	6,767
	MFS MA INV GR STK R2	Mutual Funds	260.985	5,815	5,872
*	FA STRAT INCOME T	Mutual Funds	340.536	4,115	4,046
	NUVEEN MDCP INDEX R3	Mutual Funds	223.735	3,770	4,000
	PRU TOTAL RETURN R	Mutual Funds	231.263	4,115	3,272
	NB REAL ESTATE R3	Mutual Funds	259.451	3,611	3,251
	FKLN MTL GLB DISC R	Mutual Funds	54.765	1,694	1,652
	INVS EQUITY & INC R	Mutual Funds	101.935	1,088	1,083
*	FA FREEDOM 2005 T	Mutual Funds	19.567	297	224
*	FA FREEDOM INC T	Mutual Funds	20.638	229	220
	PRU/J NAT RESRCS R	Mutual Funds	1.501	68	55
	Participant Loans	Interest rates ranging from 4.25% to 5.25%		-	98,126
				$ 2,309,421	$ 2,400,003

*Party-in-interest

FOR AUDITOR USE ONLY-

Plan Name: Kel-Tec CNC Industries, Inc. 401(k) Plan

Plan#: 001

Plan Year-end: 12/31/2016

Attachment A - Accountant's Opinion

1. The opinion of an independent qualified public accountant for this plan is (see IRS Instructions):

1a. Attached to this Form 5500 and the opinion is -
(1)[ ] Unqualified 2) [ ] Qualified (3) [X] Disclaimer (4) [ ] Adverse

1b. Not attached because: (1) [ ] the Form 5500 is filed for a CCT, PSA or MTIA.
(2) [ ] the opinion will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

1c. Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 2520.103-12(d)?
[X] Yes [ ] No

1d. If an accountant's opinion is attached, enter the name and EIN of the accountant (or accounting firm):

Accounting Firm Brunt, Sweeney, Matz, P.A., CPA's

EIN 65-0674666

Auditor's signature: Brunt, Sweeney, Matz, P.A., CPAs

KEL-TEC CNC INDUSTRIES, INC. 401(k) PLAN
FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

KEL-TEC CNC INDUSTRIES INC. 401(K) PLAN
FINANCIAL STATEMENTS
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TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-2
Statements of Net Assets Available For Benefits	3
Statement of Changes In Net Assets Available For Benefits	4
Notes to the Financial Statements	5-12
Supplemental Schedules:	
Schedule of Assets Held at Year End	13

Brunt, Sweeney, Matz, P.A.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Administrative Committee of
the Kel-Tec CNC Industries Inc. 401(k) Plan

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Kel-Tec CNC Industries Inc. 401(k) Plan, which comprise the statements of net assets available for benefits as of December 31, 2016 and 2015, and the related statements of changes in net assets available for benefits for the year ended December 31, 2016, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 9, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing the information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the years ended December 31, 2016 and 2015, that the information provided to the plan administrator by the trustee is complete and accurate.

Disclaimer of Opinion

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

7369 Sheridan Street, Suite 201
Hollywood, Florida 33024
954-981-7940 Fax: 954-981-7912

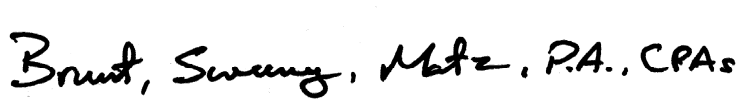
901 SW Martin Downs Blvd., Suite 213
Palm City, Florida 34990
772-781-4993 Fax: 954-981-7912

Other Matter

The supplemental schedule of assets held at year end as of or for the year ended December 31, 2016, are required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedules referred to above.

Report on Form and Content in Compliance With DOL Rules and Regulations

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



Brunt, Sweeney, Matz, P.A., CPAs
Hollywood, Florida
July 28, 2017

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Vesting - Participants are immediately vested in their contributions and the company's matching contributions plus actual earnings thereon. Vesting in the Company's discretionary contribution portion of their accounts is based on years of continuous service. A participant is 100% vested after six years of credited service.

Forfeited Accounts - At December 31, 2016 and 2015 forfeited non-vested accounts totaled $2,067 and $2,067, respectively. These accounts may be used to reduce future employer contributions, reduce administrative costs, and any excess may be allocated to participants. In 2016, employer contributions were reduced by $0 from forfeited non-vested accounts, administrative costs were reduced by $0 and $0 was allocated to participants.

Participant Loans - Participants may borrow from their fund accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their account balance. The loans are secured by the balance in the participant's account and bear interest at rates ranging from 4.25% to 5.25% which are commensurate with local prevailing rates as determined by the Plan administrator. Principal and interest is paid ratably through weekly payroll deductions.

1. DESCRIPTION OF PLAN (continued)

Payment of Benefits - On termination of service due to death, disability or retirement, a participant may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account, or through partial payments with a minimum amount of $5,000. For termination of service to due other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution.

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Payment of Benefits - Benefits are recorded when paid.

Operating Expenses - Expenses of maintaining the Plan are paid by the Company, if forfeitures are not available. See Note 1 - *Vesting and Forfeited Accounts*.

3. FAIR VALUE MEASUREMENT

The Plan's investments are reported at fair value in the accompanying statements of net assets available for benefits. The methods used to measure fair value may produce an amount 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 fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs are unobservable and have the lowest priority. The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Plan assets had Level 1 fair market measurements available and, therefore, were used.

Level 1-Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets. This level includes common stocks, corporate bonds or mutual funds based on the closing price reported in the active market where the securities are traded.

Level 2-Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted for identical or similar assets or liabilities in *inactive* markets, inputs other than quoted prices that are observable for the asset or liability, 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 and significant to the fair value measurement.

The fair values of all of the trading securities listed below as of December 31, 2016 and 2015 are based on unadjusted, quoted prices in active markets as of the measurement date (often referred to as Level 1 inputs).

Gains and losses (realized and unrealized) included in changes in net assets available for benefits for the year ended December 3 1 , 2016, are reported in net depreciation in fair value of investments.

No changes in valuation techniques or related inputs have occurred as a result of adopting the new reporting requirements on fair value measurement in ASU 2011-04, as per FASB ASC 820.

3. FAIR VALUE MEASUREMENT (continued)

	Fair Value	Fair Value Measurements at the End of the Reporting Period Using: Quoted Prices in Active Markets for Identical Assets (Level1)
December 31, 2016		
Mutual funds:		
Mid/Large Cap	$ 2,238,292	$ 2,238,292
International	13,055	13,055
Fixed Income	25,179	25,179
Total mutual funds	2,276,526	2,276,526
Money Market	25,351	25,351
Total investments at fair value	$ 2,301,877	$ 2,301,877
December 31, 2015		
Mutual funds:		
Mid/Large Cap	$ 1,843,127	$ 1,843,127
International	11,049	11,049
Fixed Income	38,186	38,186
Total mutual funds	1,913,937	1,913,937
Money Market	21,576	21,576
Total investments at fair value	$ 1,913,937	$ 1,913,937

3. FAIR VALUE MEASUREMENT (continued)

The following tables reconcile the beginning and ending balances of fair value measurements using significant unobservable inputs (Level 3) for the years ended December 31, 2016 and 2014.

	December 31, 2016	December 31, 2015
Beginning balance	$ -	$ -
Total gains/losses including changes in net assets available for benefits	-	-
Purchases, issues, sales and settlements:		
Purchases	-	-
Issues	-	-
Sales	-	-
Settlements	-	-
Ending balance	$ -	$ -
The amount of total gains or losses for the year included in changes in net assets available for benefits attributable to the changes in unrealized gains or losses relating to assets held at the end of the reporting period.	$ -	$ -

Gains and losses included in changes in net assets available for benefits for the year ended December 31, 2016, are reported in net appreciation(depreciation) in fair value of investments.

The Plan's policy is to recognize transfers into and out of Level 3 as of the date of the event or change in circumstances that caused the transfer. For the year ended December 31, 2016, there were no significant transfers into or out of Level 3.

4. INVESTMENTS

The following investments represented five percent (5%) or more of total net assets of the Plan at December 31:

	2016	2015
Mutual funds:		
Fidelity Advisor Freedom 2010 Fund - Class T	$411,640	$ 378,177
Fidelity Advisor Freedom 2030 Fund - Class T	422,439	364,571
Fidelity Advisor Freedom 2025 Fund - Class T	338,600	296,257
Fidelity Advisor Freedom 2045 Fund - Class T	198,828	164,332
Fidelity Advisor Freedom 2040 Fund - Class T	143,743	111,328
Fidelity Advisor Freedom 2050 Fund - Class T	128,514	92,999
Other Mutual Funds	658,113	506,273
Total mutual funds	$ 2,301,877	$ 1,913,937

5. 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 contributions made by the employer.

6. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to Schedule H of Form 5500:

	2016	2014
Net assets available for benefits per the financial statements	$2,416,478	$2,026,508
Amounts allocated to:		
Employer's contribution receivable	(6,373)	(6,239)
Participant's contribution receivable	(10,102)	(9,170)
Net assets available for benefits per Schedule H of Form 5500	$2,400,003	$2,011,099

The following is a reconciliation of the statement of changes in net assets available for benefits for the year ended December 31, 2016, to Form 5500:

	Per Financial Statements	Adjustments	Per Form 5500
Investment income:			
Net depreciation in fair value of investments	$ 71,595	$ -	$ 71,595
Dividends	93,604	-	93,604
	165,199	-	165,199
Contributions:			
Participants	153,080	(932)	152,148
Employer	96,713	(136)	96,577
Rollover	952	-	952
	250,745	(1,068)	249,678
Deductions from net assets			
Benefits paid to participants	25,249	-	25,249
Administrative expenses	725	-	725
	25,974	-	25,974
Net change in assets available for benefits	389,970	(1,068)	388,903
Beginning net assets	2,026,508	(15,408)	2,011,100
Ending net assets	$2,416,478	$ (16,475)	$2,400,003

6. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500 (continued)

Amounts allocated to contributions received are recorded on the Form 5500 for funds that have been processed and received by the Plan as of December 31, 2016. Contributions receivable include payrolls paid through December 31, 2016 and corresponding Plan funds in transit.

7. TAX STATUS

The IRS has determined and informed the Plan sponsor by a letter dated March 31, 2014 , that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter, the Plan administrator and the Plan's tax counsel believe that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the IRC and, therefore, believe that the Plan is qualified, and the related trust is tax-exempt.

The Plan's tax returns are generally subject to examination by the Internal Revenue Service and the Department of Labor for three years after filing. Therefore, years 2016, 2015, 2014 and 2013 are still subject to such regulation.

8. RISKS AND UNCERTAINTIES

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

9. INFORMATION PREPARED AND CERTIFIED BY TRUSTEE

The following information included in the accompanying financial statements and supplemental schedules was obtained from data that has been prepared and certified to as complete and accurate by the trustee for the year ended December 31, 2016

Investments in marketable securities	$ $2,301,877
Loans to participants	$ 98,126
Investment income	$ 93,604
Net increase in investment market value	$ 71,595

10. PARTY-IN-INTEREST TRANSACTIONS

Parties in interest are defined under Department of Labor regulations as any fiduciary of the Plan, any party rendering service to the Plan, the employer, and certain others. Certain plan investments are shares of mutual funds managed by Fidelity Investments. Fidelity Management Trust Company is the trustee as defined by the plan and, therefore, these transactions qualify as party-in-interest transactions. Participant loans held by the Plan also reflect party-in-interest transactions (related-party transactions).

Certain administrative functions are performed by officers or employees of the Company. No such officer or employee receives compensation from the Plan. Some administrative expenses of the Plan are paid directly by the Company.

11. BONDING INSURANCE

During 2016, the Plan carried bonding insurance as required by ERISA. However the amount of the bonding insurance was below the minimum amount required by ERISA. Plan management was notified of this and is correcting the deficiency.

12. DATE OF MANAGEMENT'S REVIEW

Subsequent events were evaluated through July 31, 2017 which is the date of financial statements were available to be issued.

KEL-TEC CNC INDUSTRIES INC. 401(K) PLAN
EIN - 59-3114270
PN: 001
FORM 5500 - SCHEDULE H - PART IV - ITEM 4i
SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES
AS OF DECEMBER 31, 2016

(a)	(b) Identity of Issuer/Borrower/ Lessor/Similar Party	(c) Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Shares or Units	(d) Historical Cost	(e) Current Value
*	FA FREEDOM 2030 T	Mutual Funds	31,786.121	419,026	422,439
*	FA FREEDOM 2010 T	Mutual Funds	34,708.224	425,293	411,640
*	FA FREEDOM 2025 T	Mutual Funds	26,980.067	338,907	338,600
*	FA FREEDOM 2045 T	Mutual Funds	18,918.062	196,616	198,828
*	FA FREEDOM 2040 T	Mutual Funds	10,538.372	142,818	143,743
*	FA FREEDOM 2050 T	Mutual Funds	12,262.758	128,726	128,514
*	FA FREEDOM 2020 T	Mutual Funds	8,913.132	114,653	113,286
*	FA FREEDOM 2015 T	Mutual Funds	7,440.919	90,987	88,547
	FRANKLIN UTILITIES R	Mutual Funds	3,598.620	60,601	63,265
	INVS EQ-WGT S&P500 R	Mutual Funds	1,167.788	50,943	60,608
*	FA FREEDOM 2035 T	Mutual Funds	3,934.302	49,334	49,926
	BLKRK EQUITY DIV R	Mutual Funds	2,172.799	51,718	49,214
	FRANKLIN INCOME R	Mutual Funds	17,702.439	41,298	40,185
	OPPHMR DEV MKTS R	Mutual Funds	1,033.163	35,874	32,214
	VICTORY S ESTB VAL R	Mutual Funds	822.113	27,620	29,382
*	FID GOVT MMKT DM	Money Market	25,351.390	25,391	25,351
*	FA FREEDOM 2055 T	Mutual Funds	1,754.128	19,678	20,015
	PRU/J MID CAP GRTH R	Mutual Funds	502.995	17,636	16,151
	MFS INTL DIVRSN R2	Mutual Funds	753.640	12,103	11,403
	FKLN HIGH INCOME R	Mutual Funds	5,727.960	11,431	10,826
	LD ABT SH DTN INC R3	Mutual Funds	2,391.397	10,770	10,307
	INVS GRTH & INC R	Mutual Funds	265.129	6,612	6,991
	MFS MA INV TRUST R2	Mutual Funds	252.785	6,584	6,767
	MFS MA INV GR STK R2	Mutual Funds	260.985	5,815	5,872
*	FA STRAT INCOME T	Mutual Funds	340.536	4,115	4,046
	NUVEEN MDCP INDEX R3	Mutual Funds	223.735	3,770	4,000
	PRU TOTAL RETURN R	Mutual Funds	231.263	4,115	3,272
	NB REAL ESTATE R3	Mutual Funds	259.451	3,611	3,251
	FKLN MTL GLB DISC R	Mutual Funds	54.765	1,694	1,652
	INVS EQUITY & INC R	Mutual Funds	101.935	1,088	1,083
*	FA FREEDOM 2005 T	Mutual Funds	19.567	297	224
*	FA FREEDOM INC T	Mutual Funds	20.638	229	220
	PRU/J NAT RESRCS R	Mutual Funds	1.501	68	55
	Participant Loans	Interest rates ranging from 4.25% to 5.25%		-	98,126
				$ 2,309,421	$ 2,400,003

*Party-in-interest

FOR AUDITOR USE ONLY-

Plan Name: Kel-Tec CNC Industries, Inc. 401(k) Plan

Plan#: 001

Plan Year-end: 12/31/2016

Attachment A - Accountant's Opinion

1. The opinion of an independent qualified public accountant for this plan is (see IRS Instructions):

1a. Attached to this Form 5500 and the opinion is -
(1)[ ] Unqualified 2) [ ] Qualified (3) [X] Disclaimer (4) [ ] Adverse

1b. Not attached because: (1) [ ] the Form 5500 is filed for a CCT, PSA or MTIA.
(2) [ ] the opinion will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

1c. Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 2520.103-12(d)?
[X] Yes [ ] No

1d. If an accountant's opinion is attached, enter the name and EIN of the accountant (or accounting firm):

Accounting Firm Brunt, Sweeney, Matz, P.A., CPA's

EIN 65-0674666

Auditor's signature: Brunt, Sweeney, Matz, P.A., CPAs