Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code).

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

OMB Nos. 1210-0110
1210-0089

2015

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2015 or fiscal plan year beginning 06/01/2015 and ending 05/31/2016

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); or
- [X] a single-employer plan;
- [ ] a DFE (specify) ____

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

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

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

Part II Basic Plan Information—enter all requested information

1a Name of plan
EXCELSIOR DEFENSE, INC. SERVICE CONTRACT ACT PLAN

1b Three-digit plan number (PN) ▶ 505

1c Effective date of plan 06/01/2013

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)

EXCELSIOR DEFENSE, INC.

2232 CENTRAL AVENUE
ST PETERSBURG, FL 33712-1257

2b Employer Identification Number (EIN)
59-3541210

2c Plan Sponsor's telephone number
727-527-9600

2d Business code (see instructions)
561600

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

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

SIGN HERE	Filed with authorized/valid electronic signature.	11/06/2017	KRIS HALVERSON, PRESIDENT
	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)

C.J. KING

KING, SHORES & PRESTON CPAS

2707 BRAMBLETON AVE SW
ROANOKE, VA 24015

Preparer's telephone number
540-776-0771

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**	150
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)**	259
a(2)	Total number of active participants at the end of the plan year	**6a(2)**	179
b	Retired or separated participants receiving benefits	**6b**	
c	Other retired or separated participants entitled to future benefits	**6c**	
d	Subtotal. Add lines **6a(2)**, **6b**, and **6c**.	**6d**	179
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	**6e**	
f	Total. Add lines **6d** and **6e**.	**6f**	0
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	
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:

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

4A 4B 4D 4E 4F 4L 4R

9a Plan funding arrangement (check all that apply)		**9b** Plan benefit arrangement (check all that apply)	
(1)	[ ] Insurance	**(1)**	[X] Insurance
(2)	[ ] Code section 412(e)(3) insurance contracts	**(2)**	[ ] Code section 412(e)(3) insurance contracts
(3)	[X] Trust	**(3)**	[X] Trust
(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)** [ ] **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)** [ ] **C** (Service Provider Information)
- **(5)** [ ] **D** (DFE/Participating Plan Information)
- **(6)** [ ] **G** (Financial Transaction Schedules)

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

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

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

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

11c Enter the Receipt Confirmation Code for the 2015 Form M-1 annual report. If the plan was not required to file the 2015 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code_____

SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

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

OMB No. 1210-0110

2015

This Form is Open to Public Inspection

For calendar plan year 2015 or fiscal plan year beginning 06/01/2015 and ending 05/31/2016

A Name of plan
EXCELSIOR DEFENSE, INC. SERVICE CONTRACT ACT PLAN

B Three-digit plan number (PN) ▶ 505

C Plan sponsor's name as shown on line 2a of Form 5500
EXCELSIOR DEFENSE, INC.

D Employer Identification Number (EIN)
59-3541210

Part I Asset and Liability Statement

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	2534	
(2) Participant contributions	1b(2)		
(3) Other	1b(3)	21063	40837
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	303403	118659
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts	1c(9)		0
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

		(a) Beginning of Year	(b) End of Year
1d Employer-related investments:			
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	327000	159496
Liabilities			
g Benefit claims payable	1g		
h Operating payables	1h	2181	3686
i Acquisition indebtedness	1i		
j Other liabilities	1j	267829	85529
k Total liabilities (add all amounts in lines 1g through1j)	1k	270010	89215
Net Assets			
l Net assets (subtract line 1k from line 1f)	1l	56990	70281

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)	686965	
(B) Participants	2a(1)(B)	1456	
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		688421
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	44	
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		44
(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		
(5) Unrealized appreciation (depreciation) of assets: **(A)** Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)**	2b(5)(C)		

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		688465
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	21210	
(2) To insurance carriers for the provision of benefits	2e(2)	581881	
(3) Other	2e(3)		
(4) Total benefit payments. Add lines **2e(1)** through **(3)**	2e(4)		603091
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)	69826	
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	2257	
(5) Total administrative expenses. Add lines **2i(1)** through **(4)**	2i(5)		72083
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		675174
Net Income and Reconciliation			
k Net income (loss). Subtract line **2j** from line **2d**	2k		13291
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

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

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

(1) [X] Unqualified **(2)** [ ] Qualified **(3)** [ ] Disclaimer **(4)** [ ] Adverse

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

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

(1) Name: KING, SHORES & PRESTON CPAS **(2)** EIN: 54-1643141

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

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

Part IV Compliance Questions

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

During the plan year:

		Yes	No	N/A	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	4a		X		
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	N/A	Amount
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X		
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			100000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X		
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X		
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X		
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X			
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j	X			
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X		
l	Has the plan failed to provide any benefit when due under the plan?	4l		X		
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X		
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n				
o	Did the plan trust incur unrelated business taxable income?	4o				
p	Were in-service distributions made during the plan year?	4p		X		

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? If "Yes," enter the amount of any plan assets that reverted to the employer this year ☐ **Yes** ☒ **No** **Amount:**

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	**5b(2)** EIN(s)	**5b(3)** PN(s)

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (see ERISA section 4021)? ..... ☐ Yes ☐ No ☐ Not determined

Part V Trust Information

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

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

EXCELSIOR DEFENSE, INC.
HEALTH AND WELFARE PLAN
Financial Statements
May 31, 2016 and 2015

EXCELSIOR DEFENSE, INC. HEALTH AND WELFARE PLAN
May 31, 2016 and 2015

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Independent Auditor's Report

To the Plan Administrator of
Excelsior Defense, Inc. Health and Welfare Plan
Saint Petersburg, FL 33712

Report on the Financial Statements
We have audited the accompanying financial statements of Excelsior Defense, Inc. Health and Welfare Plan (the Plan), which comprise the statements of net assets available for benefits (modified cash basis) as of May 31, 2016 and 2015, and the related statements of changes in net assets available for benefits (modified cash basis) for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Excelsior Defense, Inc. Health and Welfare Plan (modified cash basis) as of May 31, 2016, and 2015, and the changes in net assets available for benefits (modified cash basis) for the periods ended May 31, 2016 and 2015, in accordance with the modified cash basis of accounting described in Note 2.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental Schedule of Assets Held at Year-End and Schedule of Reportable Transactions (modified cash basis) are presented for the purpose of additional analysis (modified cash basis) and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of the Plan's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

King, Shores & Preston CPAs

Certified Public Accountants
Roanoke, Virginia
October 30, 2017

EXCELSIOR DEFENSE, INC.
HEALTH AND WELFARE PLAN
Statements of Net Assets Available for Benefits
(Modified Cash Basis)
May 31, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	$ 118,659	$ 303,403
Deposits	21,063	21,063
Employer contributions receivable	-	2,534
Accounts receivable	19,774	-
Total assets	159,496	327,000
LIABILITIES		
Insurance premiums payable	41,315	267,829
Employer contributions payable	44,214	-
Trust fees payable	3,686	2,181
Total liabilities	89,215	270,010
NET ASSETS AVAILABLE FOR BENEFITS	$ 70,281	$ 56,990

See accompanying notes to financial statements.

EXCELSIOR DEFENSE, INC.
HEALTH AND WELFARE PLAN
Statements of Changes in Net Assets Available for Benefits
(Modified Cash Basis)
For the Year Ended May 31, 2016 and 2015

	2016	2015
NET INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS		
ADDITIONS		
Employer contributions	$ 686,965	$ 674,183
Employee contributions	1,456	-
Interest income	44	679
TOTAL ADDITIONS	688,465	674,862
DEDUCTIONS		
Health reimbursement claims	21,210	2,195
Trust fees	69,826	58,000
Health insurance premiums	572,410	563,783
Life insurance premiums	9,471	13,783
Administrative expenses	2,257	1,174
TOTAL DEDUCTIONS	675,174	638,935
NET INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS	13,291	35,927
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of period	56,990	21,063
End of period	$ 70,281	$ 56,990

See accompanying notes to financial statements.

NOTE 1: DESCRIPTION OF PLAN

The following description of the Excelsior Defense, Inc. Health and Welfare Plan (the Plan) provides only general information. Participants should refer to the plan agreement for a complete description of the Plan's provisions.

General: The Plan was established June 1, 2013 to provide health and other benefits to eligible participants. Full-time employees, working an average of 120 hours or more per month on federal government service contracts, who are also receiving health and welfare benefits under Aetna MedPremier Plan, are eligible to participate in the Plan. The contributions were held by a regulated insurance company in a pooled separate account prior to the trust being established on July 1, 2014. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Benefits: The plan provides medical, hospital, dental, vision, and prescription drug benefits, life insurance coverage, short term disability, and supplemental accident benefits for eligible participants and their dependents. The third-party administrator pays insurance premiums to various insurance companies who are responsible for paying benefits under these agreements. The plan also provides a self-funded HRA component. The HRA contributions are to pay for qualified health expenses (See Note 2 for HRA accounting policy). There is a 30-day waiting period after employment for coverage of benefits.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Health Reimbursement Arrangement Reserve (HRA): The HRA component of the plan will reimburse covered persons for qualified health expenses incurred after the effective date of this HRA component, provided the covered employee was enrolled at the time the expense was incurred. Qualified health expenses are amounts paid for the diagnosis, cure, mitigation, treatment or prevention of disease, or for the purpose of affecting any structure or function of the body.

Plan funding for the HRA benefits are funded by the Plan Sponsor remitting fringe contributions to the Trust based on either hours paid or hours worked as specified in the wage determination as posted at the jobsite. Benefits for the eligible participant's dependents are funded by contributions made by the eligible participant through authorized payroll deductions. See Note 4 for benefit obligations.

Individual Premium Reserve ("Hour Bank Reserve"): The Plan Sponsor contributes a required amount for employees based on a predetermined hourly fringe rate. Amounts contributed in excess of the required premiums, less expenses, are retained in the Plan for the benefit of these participants. This excess is known as the "hour bank reserve." The hour bank reserve balances are used to fund employee premium shortfalls during months when the employee does not work sufficient hours to maintain full-time coverage. These funds may also be used after employee termination to fund continuation of coverage until exhausted. See Note 4 for benefit obligations.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Deposits: The deposits at May 31, 2016 and 2015 consist of HRA and Hour Bank Reserve funds deposited with a third-party custodian.

Method of Accounting: The financial statements have been prepared on the modified cash basis of accounting, which differs from generally accepted accounting principles. Under this basis, certain revenues are recognized when received rather than when earned and certain expenses are recognized when paid rather than when incurred.

Use of Estimates: The preparation of financial statements in conformity with the modified cash basis of accounting requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents: The Plan considers all financial instruments purchased with an original maturity of three months or less to be cash equivalents.

Investment Valuation and Income Recognition: The Plan maintains funds in the AIM Treasurer's Series Trust (Invesco Treasurer's Series Trust), which seeks preservation of capital and liquidity. This fund invests primarily in short-term, high-credit-quality money market instruments. These instruments are US-dollar-denominated obligations and primarily include commercial paper, certificates of deposits, master and promissory notes, municipal securities, and repurchase agreements.

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 6 for discussion of fair value measurements.

Benefit Obligations: Benefit obligations include those claims for which services have been performed but which have not been paid as of May 31. Based on the inherent uncertainties involved, it is reasonably possible that the estimate will change in the near term.

Administrative Expenses: The Plan's administrative fees are paid by the Plan.

Trust Fees: The Plan's trust fees, for processing and payment of insurance premiums and other administrative services, are paid by the Plan.

Accounts Payable: This amount represents certain administrative and other miscellaneous fees pertaining to the current year, but not paid at year-end.

Reclassifications: Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to current year presentation. These reclassifications have no effect on the previously reported changes in net assets available for benefits.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES *(continued)*

New Accounting Standard: In July 2015, the FASB issued ASU 2015-12, *Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Plans (Topic 962), Health and Welfare Benefit Plans (Topic 965): Part 1 - Fully Benefit Responsive Investment Contracts, Part II - Plan Investment Disclosures,* and *Part III - Measurement Date Practical Expedient.* Part I does not apply to the Plan. Part II eliminates the requirements to disclose individual investments that represent 5% or more of net assets available for benefits. Part III does not apply to the Plan. This ASU is effective for fiscal years beginning after December 15, 2015. Management has adopted this guidance for the year ended May 31, 2016 and retrospectively applied to the prior year presented.

Subsequent Events: Plan management has evaluated subsequent events through October 30, 2017, which is the date the financial statements were available to be issued.

NOTE 3: CONTRIBUTIONS

The Plan is funded primarily by contributions from the Plan Sponsor. Benefit or insurance premium payments are made from these contributions. Contributions are allocated to Plan benefits and expenses in accordance with an administrative services agreement between the Plan Sponsor and the third-party administrator. The Plan Sponsor is ultimately responsible for the allocation and administration of funds. The third-party administrator is responsible for paying benefits to various insurance companies. The third-party administrator is also paying the benefits in the form of reimbursements for claims submitted for eligible participants through the HRA benefit.

NOTE 4: BENEFIT OBLIGATIONS

The Plan's benefit obligations and related changes in benefit obligations are as follows:

Benefit Obligations:	2016	2015
Health reimbursement account reserve (HRA)	$ 64,268	$ 10,322
Accumulated eligibility credits (Hour bank reserve)	5,735	12,398
Total benefit obligations	$ 70,003	$ 22,720

Changes in Benefit Obligations:	2016	2015
Benefit obligations, beginning of year	$ 22,720	$ 21,063
Prior period adjustment of benefits paid:		
Benefits earned	84,193	19,656
Benefits paid	(36,910)	(17,999)
Benefit obligations, end of year	$ $70,003	$ $22,720

NOTE 5: FAIR VALUE MEASUREMENTS

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

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

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in similar markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Plan's assessment of the significance of a particular input to the fair value measurement requires judgement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Money market funds: Valued at the net asset value of shares held by the Plan at year end. Because the price of the funds are based used by the funds as a practical expedient for fair value, as defined by FASB ASC 820, *Fair Value Measurements and Disclosures*, it is not included in any level of the fair value hierarchy. The funds transact daily and there is no redemption period at the plan level.

NOTE 6: CONCENTRATION

The Plan maintains funds in a money market mutual fund account that is not insured by the FDIC. Uninsured money market mutual fund balances totaled $118,659 and $303,403 at May 31, 2016 and 2015, respectively. The Plan has incurred no losses related to uninsured money market fund balances.

NOTE 7: INCOME TAX STATUS

Plan management believes that the Plan qualifies for exemption from income tax under the Internal Revenue Code and, therefore, no provision for income taxes is reflected in the accompanying financial statements. The Plan is subject to audits by the IRS; however, there are currently no audits for any tax periods in progress.

NOTE 8: PLAN TERMINATION

The Sponsor has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

NOTE 9: TRANSACTIONS WITH PARTIES-IN-INTEREST

Trust fees paid to the Plan's third-party administrator were $69,826 and $58,000 at May 31, 2016 and 2015, respectively.

NOTE 10: RISKS AND UNCERTAINTIES

The Plan invests in an investment security. 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 the amounts reported in the statements of benefit obligations and net assets available for benefits.

NOTE 11: SUBSEQUENT EVENTS

The Plan Sponsor elected to terminate the Plan effective June 30, 2016. On April 24, 2017, all assets were transferred to a new Plan that will offer similar benefits to the Sponsor's employees.

EXCELSIOR DEFENSE, INC.
HEALTH AND WELFARE PLAN
Plan Number 505 59-3541210
Schedule H, Line 4(i) - Schedule of Assets (Held at Year-End)
(Modified Cash Basis)
May 31, 2016

(a)	(b)	(c)	(d)	(e)
	Identity of issue	**Description of investment**	**Cost**	**Current value**
	MONEY MARKET ACCOUNT			
	AIM Treasurer's Series Trust	118,659 shares	$ 118,659	$ 118,659

See accompanying notes to financial statements.

EXCELSIOR DEFENSE, INC.
HEALTH AND WELFARE PLAN
Plan Number 505 59-3541210
Schedule H, Line 4(j) - Schedule of Reportable Transactions
(Modified Cash Basis)
May 31, 2016

(a)	(b)	(c)	(d)	(g)	(h)	(i)
Identity of party involved	**Description of asset**	**Purchase price**	**Selling price**	**Cost of asset**	**Current value on transaction date**	**Net gain or (loss)**
AIM	Premier Portfolio 44 Purchases	$ 740,014	$ -	$ 740,014	$ 740,014	$ -
AIM	Premier Portfolio 74 Sales	$ -	$ 924,763	$ 924,763	$ 924,763	$ -

See accompanying notes to financial statements.

EXCELSIOR DEFENSE, INC.
HEALTH AND WELFARE PLAN
Plan Number 505 59-3541210
Schedule H, Line 4(i) - Schedule of Assets (Held at Year-End)
(Modified Cash Basis)
May 31, 2016

(a)	(b)	(c)	(d)	(e)
	Identity of issue	**Description of investment**	**Cost**	**Current value**
	MONEY MARKET ACCOUNT			
	AIM Treasurer's Series Trust	118,659 shares	$ 118,659	$ 118,659

See accompanying notes to financial statements.

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Identity of party involved	**Description of asset**	**Purchase price**	**Selling price**	**Cost of asset**	**Current value on transaction date**	**Net gain or (loss)**
AIM	Premier Portfolio 44 Purchases	$ 740,014	$ -	$ 740,014	$ 740,014	$ -
AIM	Premier Portfolio 74 Sales	$ -	$ 924,763	$ 924,763	$ 924,763	$ -

See accompanying notes to financial statements.