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

2019

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2019 or fiscal plan year beginning 01/01/2019 and ending 12/31/2019

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

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

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

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

Part II Basic Plan Information—enter all requested information

1a Name of plan
K&N ENGINEERING, INC. 401(K) PLAN

1b Three-digit plan number (PN) ▶ 001

1c Effective date of plan 11/01/1971

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)
K&N ENGINEERING, INC.

1455 CITRUS AVENUE
RIVERSIDE, CA 92502

2b Employer Identification Number (EIN)
95-2408507

2c Plan Sponsor's telephone number
909-826-4000

2d Business code (see instructions)
541330

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

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

SIGN HERE	Filed with authorized/valid electronic signature.	07/20/2020	KEVIN NAHIN
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	07/20/2020	KEVIN NAHIN
	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

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 or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: **a** Sponsor's name **c** Plan Name	**4b** EIN **4d** PN	

5 Total number of participants at the beginning of the plan year	**5**	771
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)**	669
a(2) Total number of active participants at the end of the plan year	**6a(2)**	748
b Retired or separated participants receiving benefits	**6b**	2
c Other retired or separated participants entitled to future benefits	**6c**	104
d Subtotal. Add lines **6a(2)**, **6b**, and **6c**	**6d**	854
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	**6e**	0
f Total. Add lines **6d** and **6e**.	**6f**	854
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	806
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	36
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:

2E 2F 2G 2J 2K 2T 2S 3D

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) [X]	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)** [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)** [X] 1 **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 2019 Form M-1 annual report. If the plan was not required to file the 2019 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 A (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Insurance Information

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.**

▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).

OMB No. 1210-0110

2019

This Form is Open to Public Inspection

For calendar plan year 2019 or fiscal plan year beginning 01/01/2019 and ending 12/31/2019

A Name of plan
K&N ENGINEERING, INC. 401(K) PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
K&N ENGINEERING, INC.

D Employer Identification Number (EIN)
95-2408507

Part I **Information Concerning Insurance Contract Coverage, Fees, and Commissions** Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.

1 Coverage Information:

(a) Name of insurance carrier
PRUDENTIAL RETIREMENT INSURANCE AND ANNUITY COMPANY

(b) EIN	**(c)** NAIC code	**(d)** Contract or identification number	**(e)** Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	**(g)** To
06-1050034	93629	075277	854	01/01/2019	12/31/2019

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in line 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid	**(b)** Total amount of fees paid
0	0

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

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(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
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(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4	Current value of plan's interest under this contract in the general account at year end	4	468385
5	Current value of plan's interest under this contract in separate accounts at year end	5	0

6 Contracts With Allocated Funds:

a State the basis of premium rates ▶

b	Premiums paid to carrier	6b	
c	Premiums due but unpaid at the end of the year	6c	
d	If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount.	6d	

Specify nature of costs ▶

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity

(3) ☐ other (specify) ▶

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan, check here ▶ ☐

7 Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)

a Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee

(3) ☐ guaranteed investment (4) ☒ other ▶ GUARANTEED INTEREST FUND

b	Balance at the end of the previous year			7b	463774
c	Additions: (1) Contributions deposited during the year	7c(1)	91554		
	(2) Dividends and credits	7c(2)			
	(3) Interest credited during the year	7c(3)	9826		
	(4) Transferred from separate account	7c(4)			
	(5) Other (specify below)	7c(5)	256623		
	▶ FORFEITURE CREDITS,TRANSFERS IN LOAN REPAYMENTS MISC. IN				
	(6)Total additions			7c(6)	358003
d	Total of balance and additions (add lines **7b** and **7c(6)**).			7d	821777
e	Deductions:				
	(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	312164		
	(2) Administration charge made by carrier	7e(2)	99		
	(3) Transferred to separate account	7e(3)			
	(4) Other (specify below)	7e(4)	41129		
	▶ FORFEITURES DEBITS LOAN INITIATIONS MISCELLANEOUS OUT				
	(5) Total deductions			7e(5)	353392
f	Balance at the end of the current year (subtract line **7e(5)** from line **7d**)			7f	468385

Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

a ☐ Health (other than dental or vision) **b** ☐ Dental **c** ☐ Vision **d** ☐ Life insurance

e ☐ Temporary disability (accident and sickness) **f** ☐ Long-term disability **g** ☐ Supplemental unemployment **h** ☐ Prescription drug

i ☐ Stop loss (large deductible) **j** ☐ HMO contract **k** ☐ PPO contract **l** ☐ Indemnity contract

m ☐ Other (specify) ▶

9 Experience-rated contracts:				
a Premiums: (1) Amount received	**9a(1)**			
(2) Increase (decrease) in amount due but unpaid	**9a(2)**			
(3) Increase (decrease) in unearned premium reserve	**9a(3)**			
(4) Earned (**(1)** + **(2)** - **(3)**)			**9a(4)**	
b Benefit charges (1) Claims paid	**9b(1)**			
(2) Increase (decrease) in claim reserves	**9b(2)**			
(3) Incurred claims (add **(1)** and **(2)**)			**9b(3)**	
(4) Claims charged			**9b(4)**	
c Remainder of premium: (1) Retention charges (on an accrual basis) --				
(A) Commissions	**9c(1)(A)**			
(B) Administrative service or other fees	**9c(1)(B)**			
(C) Other specific acquisition costs	**9c(1)(C)**			
(D) Other expenses	**9c(1)(D)**			
(E) Taxes	**9c(1)(E)**			
(F) Charges for risks or other contingencies	**9c(1)(F)**			
(G) Other retention charges	**9c(1)(G)**			
(H) Total retention			**9c(1)(H)**	
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.)			**9c(2)**	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement			**9d(1)**	
(2) Claim reserves			**9d(2)**	
(3) Other reserves			**9d(3)**	
e Dividends or retroactive rate refunds due. (Do not include amount entered in line **9c(2)**.)			**9e**	
10 Nonexperience-rated contracts:				
a Total premiums or subscription charges paid to carrier			**10a**	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, line 2 above, report amount			**10b**	

Specify nature of costs.

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☒ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

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.**	**2019** **This Form is Open to Public Inspection.**

For calendar plan year 2019 or fiscal plan year beginning 01/01/2019 and ending 12/31/2019

A Name of plan
K&N ENGINEERING, INC. 401(K) PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
K&N ENGINEERING, INC.

D Employer Identification Number (EIN)
95-2408507

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

PRUDENTIAL RETIREMENT INSURANCE AND

06-1050034

(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)

PRUDENTIAL RETIREMENT INSURANCE AND

06-1050034

(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?
13 15 37 50 64	NONE	68420	Yes [X] No [ ]	Yes [X] No [ ]	0	Yes [X] No [ ]

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

LOCKTON INVESTMENT ADVISORS, LLC

20-8874282

(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?
27	NONE	34145	Yes [ ] No [X]	Yes [ ] No [ ]		Yes [ ] No [ ]

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

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

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

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

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

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

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

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

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

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

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

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

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

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

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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

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)

(complete as many entries as needed)

a Name:	**b** EIN:
c Position:	
d Address:	**e** Telephone:

Explanation:

a Name:	**b** EIN:
c Position:	
d Address:	**e** Telephone:

Explanation:

a Name:	**b** EIN:
c Position:	
d Address:	**e** Telephone:

Explanation:

a Name:	**b** EIN:
c Position:	
d Address:	**e** Telephone:

Explanation:

a Name:	**b** EIN:
c Position:	
d Address:	**e** Telephone:

Explanation:

SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

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

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

OMB No. 1210-0110

2019

This Form is Open to Public Inspection

For calendar plan year 2019 or fiscal plan year beginning 01/01/2019 and ending 12/31/2019

A Name of plan
K&N ENGINEERING, INC. 401(K) PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
K&N ENGINEERING, INC.

D Employer Identification Number (EIN)
95-2408507

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	35	0
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	23245	
(2) Participant contributions	1b(2)		
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(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)	809268	851681
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	15139640	19014656
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)	463774	468385
(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	16435962	20334722
	Liabilities			
g	Benefit claims payable	1g	60051	0
h	Operating payables	1h		
i	Acquisition indebtedness	1i		
j	Other liabilities	1j		
k	Total liabilities (add all amounts in lines 1g through1j)	1k	60051	0
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	16375911	20334722

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)	1051466	
	(B) Participants	2a(1)(B)	1623456	
	(C) Others (including rollovers)	2a(1)(C)	146975	
	(2) Noncash contributions	2a(2)		
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		2821897
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
	(B) U.S. Government securities	2b(1)(B)		
	(C) Corporate debt instruments	2b(1)(C)		
	(D) Loans (other than to participants)	2b(1)(D)		
	(E) Participant loans	2b(1)(E)	46628	
	(F) Other	2b(1)(F)	9826	
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		56454
	(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)	423572	
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		423572
	(3) Rents	2b(3)		
	(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)		
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
	(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		0
	(5) Unrealized appreciation (depreciation) of assets: **(A)** Real estate	2b(5)(A)		
	(B) Other	2b(5)(B)		
	(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)		
(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)		2837881
c Other income	2c		-2741
d Total income. Add all **income** amounts in column (b) and enter total	2d		6137063
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	2030646	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines **2e(1)** through **(3)**	2e(4)		2030646
f Corrective distributions (see instructions)	2f		43986
g Certain deemed distributions of participant loans (see instructions)	2g		-68
h Interest expense	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	103688	
(5) Total administrative expenses. Add lines **2i(1)** through **(4)**	2i(5)		103688
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		2178252
Net Income and Reconciliation			
k Net income (loss). Subtract line **2j** from line **2d**	2k		3958811
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) ☐ Unmodified **(2)** ☐ Qualified **(3)** ☒ Disclaimer **(4)** ☐ Adverse

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

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

(1) Name: HMWC CPAS & BUSINESS ADVISORS **(2)** EIN: 95-2790665

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		1000000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n			

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

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.)

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

2019

This Form is Open to Public Inspection.

For calendar plan year 2019 or fiscal plan year beginning 01/01/2019 and ending 12/31/2019

A Name of plan
K&N ENGINEERING, INC. 401(K) PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
K&N ENGINEERING, INC.

D Employer Identification Number (EIN)
95-2408507

Part I Distributions

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

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions **1** 0

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

EIN(s): 22-1211670

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 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):

20 **PBGC missed contribution reporting requirements.** If this is a multiemployer plan or a single-employer plan that is not covered by PBGC, skip line 20.

a Is the amount of unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40 greater than zero? ☐ Yes ☐ No

b If line 20a is "Yes," has PBGC been notified as required by ERISA sections 4043(c)(5) and/or 303(k)(4)? Check the applicable box:

☐ Yes.

☐ No. Reporting was waived under 29 CFR 4043.25(c)(2) because contributions equal to or exceeding the unpaid minimum required contribution were made by the 30th day after the due date.

☐ No. The 30-day period referenced in 29 CFR 4043.25(c)(2) has not yet ended, and the sponsor intends to make a contribution equal to or exceeding the unpaid minimum required contribution by the 30th day after the due date.

☐ No. Other. Provide explanation_____

K & N Engineering, Inc.
401(k) Plan

Financial Statements
and Supplemental Information

For the Years Ended December 31, 2019 and 2018

K & N Engineering, Inc. 401(k) Plan
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CPAs & Business Advisors

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INDEPENDENT AUDITOR'S REPORT

To the Plan Administrator
K & N Engineering, Inc. 401(k) Plan
Riverside, California

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of K & N Engineering, Inc. 401(k) Plan, which comprise the statements of net assets available for benefits as of December 31, 2019 and 2018, and the related statement of changes in net assets available for benefits for the year ended December 31, 2019, 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 3, which was certified by Prudential Insurance Company of America (Prudential) and LT Trust Company the custodians of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedules. We have been informed by the Plan administrator that Prudential holds the Plan's investment assets and executed investment transactions from September 11, 2018 through December 31, 2019 and that LT Trust Company held the Plan's investment assets and executed the investment transactions from January 1, 2018 through September 10, 2018. The Plan administrator has obtained certifications from the custodians as of and for the years ended December 31, 2019 and 2018, that the information provided to the Plan administrator by the custodians 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.

Other Matter - Supplemental Schedules

The supplemental schedule of Schedule H, line 4i - Schedule of Assets (Held at End of Year) as of December 31, 2019, is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is 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 schedule 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 schedule, other than that derived from the information certified by the custodian, 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.



HMWC CPAs & Business Advisors
Tustin, California

July 10, 2020

K & N Engineering, Inc. 401(k) Plan
Statements of Net Assets Available for Benefits
December 31, 2019 and 2018

ASSETS

	2019	2018
INVESTMENTS:		
Investments at fair value	$ 19,014,656	$ 15,139,640
Investment at contract value	468,385	463,774
TOTAL INVESTMENTS	19,483,041	15,603,414
RECEIVABLES:		
Notes receivable from participants	851,681	809,268
Employer contribution	-	23,245
TOTAL RECEIVABLES	851,681	832,513
CASH (noninterest-bearing)	-	35
TOTAL ASSETS	20,334,722	16,435,962

LIABILITIES

LIABILITIES:		
Excess contributions payable	58,762	60,051
TOTAL LIABILITIES	58,762	60,051
NET ASSETS AVAILABLE FOR BENEFITS	$ 20,275,960	$ 16,375,911

See accompanying Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

K & N Engineering, Inc. 401(k) Plan
Statement of Changes in Net Assets Available for Benefits
For the Year Ended December 31, 2019

ADDITIONS TO NET ASSETS ATTRIBUTED TO:	
Investment income:	
Net appreciation in fair value of investments	$ 2,837,881
Interest and dividends	433,398
TOTAL INVESTMENT INCOME	3,271,279
Other income:	
Interest income on notes receivable from participants	46,628
TOTAL OTHER INCOME	46,628
Contributions:	
Participants	1,623,456
Employer	1,051,466
Participant's rollovers	146,975
TOTAL CONTRIBUTIONS	2,821,897
TOTAL ADDITIONS	6,139,804
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:	
Distributions to participants	2,046,177
Corrective distributions	58,762
Deemed distributions	28,387
Administrative expenses	103,688
Other expense	2,741
TOTAL DEDUCTIONS	2,239,755
NET INCREASE	3,900,049
NET ASSETS AVAILABLE FOR BENEFITS - Beginning of year	16,375,911
NET ASSETS AVAILABLE FOR BENEFITS - End of year	$20,275,960

See accompanying Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

NOTE 1: DESCRIPTION OF PLAN

The following description of the K & N Engineering, Inc. 401(k) Plan (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

GENERAL

The Plan is a defined contribution retirement plan for the eligible employees of K&N Engineering, Inc. (the Company). The Plan has an effective date of November 1, 1971 and was restated on September 1, 2018. The Plan Administrator oversees governance of the Plan. The Plan Administrator determines the appropriateness of the Plan's investment offerings and monitors investment performances. Effective September 11, 2018, employees are eligible to participate having completed at least 30 days of service and are age 18 or older. Prior to September 11, 2018, employees were eligible to participate having completed 60 months of service and attained age 20. Eligible participants may enter the Plan on the first day they become eligible. Effective September 11, 2018, the Plan adopted an automatic enrollment feature with a 4 percent pretax deferral. Each year the deferral percentage increases by 1% up to 99% unless the participant files a contrary election form. If no investment fund election is made by the participant, the automatic contributions will be invested into the appropriate Vanguard Target Retirement date fund. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

CONTRIBUTIONS AND FUNDING POLICY

Participants may contribute up to 100 percent of their pretax annual compensation, or after-tax Roth contributions, subject to IRS limitations, as defined in the Plan. Participants who have attained age 50 before year end 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 Company may contribute a discretionary matching contribution of 100% of a participant's deferrals up to 4% of the employee's compensation. The matching contribution is funded each pay period. Total employer matching contributions for the year ended December 31, 2019 were $1,051,466.

The Company may also make a discretionary nonelective contribution. The nonelective contribution is allocated based on the percentage of the participant's compensation to the total compensation of all eligible participants. The nonelective contribution is funded annually. There were no qualified-nonelective contributions for the year ended December 31, 2019.

PARTICIPANT ACCOUNTS

Each participant's account is credited with the participant's contributions and employer's contributions and an allocation of the Plan's earnings and losses including administrative fees paid by the plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

NOTE 1: DESCRIPTION OF PLAN, Continued

VESTING

Participants are immediately vested in their contributions and any employer qualified-nonelective contributions. Vesting in the Company's discretionary contribution portion of their accounts plus actual earnings thereon is based on years of continuous service. Participants are 100% vested after 6 years of credited service, or if they were an employee upon retirement, disability, death, or termination of the Plan.

NOTES RECEIVABLE FROM PARTICIPANTS

Participants may borrow a minimum of $1,000, and up to a maximum equal to the lesser of $50,000 or 50% of the participant's vested account balance. The loans are secured by the balance in the participant's account and bear interest at prime plus 1%. Principal and interest are paid through after-tax payroll deductions.

INVESTMENT OPTIONS

Each participant directs contributions to his or her account among different investment options offered by the Plan. As of September 11, 2018, these investment options are comprised of mutual funds and a guaranteed investment account. Prior to September 11, 2018, investment options were comprised of mutual funds and a money market account. An investment balance reallocation may be made at any time.

PAYMENT OF BENEFITS

Upon attainment of age 59 1/2, or termination of service, due to death, disability, or retirement, a participant may elect to receive a distribution equal to the value of the participant's vested interest in his or her account, or in installments. Under certain circumstances, participants may make a financial hardship withdrawal.

If the participant's vested account balance does not exceed $5,000, the distribution will automatically be paid in a single lump-sum payment.

FORFEITED ACCOUNTS

A participant's unvested portion of Company contributions is forfeited upon termination of employment for reasons other than death or permanent disability. Forfeitures may be used to pay administrative expenses or to reduce employer contributions. During the year ended December 31, 2019, forfeitures in the amount of $51,204 were used to reduce the employer matching contribution. As of December 31, 2019 and 2018, the forfeited, nonvested account total was $167,003 and $132,875, respectively.

ADMINISTRATIVE EXPENSES

Administrative expenses consist of a record keeping fee of 0.3% of plan assets charged to participants invested in the plan and processing fees relating to distributions and loan origination and maintenance. The trustees have elected to have the Company pay for the audit fees of the Plan. For the year ended December 31, 2019, expenses paid by the Company were approximately $11,500.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 will become 100% vested in their accounts.

BASIS OF ACCOUNTING

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

INVESTMENT VALUATION AND INCOME RECOGNITION

Investments are reported at fair value, except for the fully benefit-responsive investment contract which is reported at contract 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.

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 includes the Plan's gains and losses on investments bought and sold, as well as held during the year.

In July 2015, the FASB issued ASU 2015-12, *Plan Accounting: Defined Contribution Pension Plans (Topic 962): (Part I) Fully Benefit-Responsive Investment Contracts, (Part II) Plan Investment Disclosures, and (Part III) Measurement Date Practical Expedient*. Part I eliminates the requirements to measure the fair value of fully benefit-responsive investment contracts and provide certain disclosures. Contract value is the only required measure for fully benefit-responsive investment contracts. Part II eliminates the requirements to disclose individual investments that represent 5 percent or more of net assets available for benefits and the net appreciation or depreciation in fair value of investments by general type. Part II also simplifies the level of disaggregation of investments that are measured using fair value. Plans will continue to disaggregate investments that are measured using fair value by general type; however, plans are no longer required to also disaggregate investments by nature, characteristics and risks. Further, the disclosure of information about fair value measurements shall be provided by general type of plan asset. Part III is not applicable to the Plan. ASU 2015-12 is effective for fiscal years beginning after December 15, 2015. Parts I and II are to be applied retrospectively. The Trustees have adopted ASU 2015-12 Parts I and II for the year ended December 31, 2018.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

GUARANTEED INCOME FUND

The Plan's fully benefit-responsive guaranteed income fund (The Guaranteed income Fund (GIF) Account) is a Stable Value fund. issued by Prudential Retirement Insurance and Annuity Company (PRIAC). Amounts contributed to the contract are deposited into PRIAC's general account. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan. The contract can be subject to a market value adjustment upon contract termination. Contract value is the relevant measure for fully benefit-responsive investment contracts because this is the amount received by participants if they were to initiate permitted transactions under the terms of the Plan. Contract value is equal to the principal balance plus accrued interest. At December 31, 2019 and 2018, the investment in the Prudential Stable Value Account is $468,385 and $463,774, respectively and is included in the statements of net assets available for benefits under "Investment at contract value."

Interest rates are established and declared for new contributions that will be received in a calendar year. The rate is based on the return Prudential expects on new investments made and held within the Prudential general account, and will always equal or exceed the contractually guaranteed rate.

There are no reserves against the contract value for credit risk of the contract issuer or otherwise. Certain events limit the Plan's ability to transact at contract value with Prudential. Such events include the following: (a) amendments to the plan documents (including complete or partial Plan termination or merger with another plan), (b) changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions, (c) bankruptcy of the plan's sponsor or other plan sponsor events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the Plan, or (d) the failure of the trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under the Employee Retirement Income Security Act of 1974. The Plan administrator does not believe that the occurrence of any such event, which would limit the Plan's ability to transact at contract value with Plan participants, are probable.

USE OF ESTIMATES

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

NOTES RECEIVABLE FROM PARTICIPANTS

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income on notes receivable from participants is recorded when it is earned. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2019 and 2018. Delinquent notes receivable from participants are reclassified as distributions based on the terms of the Plan document

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

EXCESS CONTRIBUTIONS PAYABLE

Amounts payable for contributions to participants in excess of amounts allowed by the IRS are recorded as a liability with a corresponding increase in benefit payments.

PAYMENT OF BENEFITS

Benefits are recorded when paid.

NOTE 3: INFORMATION PREPARED AND CERTIFIED BY CUSTODIAN

Effective September 11, 2018, the Plan assets were transferred from LT Trust to Prudential Insurance Company of American (Prudential). As of December 31, 2019 and 2018, the Plan's investments were held by Prudential. For the period of January 1, 2018 through September 10, 2018, the Plan's investments were held by LT Trust Company. The following is a summary of the Plan's financial information that is included in the financial statements based on information certified by the custodians as complete and accurate in accordance with Section 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

Investments:	2019	2018
Mutual funds at fair value	$ 19,014,656	$ 15,139,640
Guaranteed income fund at contract value	468,385	463,774
Total investments	$ 19,483,041	$ 15,603,414
Notes receivable from participants	$ 851,681	$ 809,268
Cash (noninterest-bearing)	$ -	$ 35

Investment income:	
Net appreciation in fair value of investments	$ 2,837,881
Interest and dividend income	433,398
Net investment income	$ 3,271,279
Other income:	
Interest on notes receivable from participants	$ 46,628

During 2019, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by $2,837,881.

NOTE 4: FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework 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). The three levels of the fair value hierarchy are described below:

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

Level 2 Inputs to the valuation methodology include:
- quoted prices for similar assets or liabilities in active 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;
- 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. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value at December 31, 2019 and 2018.:

Mutual Funds
Mutual funds are valued based on quoted net asset values of the shares held by the Plan at year end. The funds must publish their daily net asset value and transact at that price. The mutual funds provide for daily redemption by the Plan and participants. The mutual funds held by the Plan are deemed to be actively traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There are no restrictions on redemption by participants.

NOTE 4: FAIR VALUE MEASUREMENTS, Continued

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of.

December 31, 2019:

Description	Level 1	Level 2	Level 3	Total December 31, 2019
Mutual funds	$ 19,014,656	$ -	$ -	$ 19,014,656

December 31, 2018:

Description	Level 1	Level 2	Level 3	Total December 31, 2018
Mutual funds	$ 15,139,640	$ -	$ -	$ 15,139,640

NOTE 5: EXCESS CONTRIBUTIONS PAYABLE

For the year ended December 31, 2019, distribution payments of $58,762 were due to certain participants for refund of excess deferral contributions as required to satisfy the relevant nondiscrimination provisions of the Plan.

NOTE 6: INCOME TAX STATUS

Effective September 11, 2018, the Plan adopted a Prototype Non-standardized Profit Sharing Plan, in which the Internal Revenue Service has determined by a letter dated April 29, 2014, that the Plan is designed in accordance with applicable requirements of the Internal Revenue Code. Therefore, the income of the Plan is exempt from federal income taxes under Section 501(a) of the Code.

Prior to September 11, 2018, the Plan had adopted a Volume Submitter Profit Sharing Plan with CODA, in which the Internal Revenue Service determined by a letter dated March 31, 2014, that the Plan was designed in accordance with applicable requirements of the Internal Revenue Code. Therefore, the income of the Plan was exempt from federal income taxes under Section 501(a) of the Code.

The plan was amended for the Bipartisan Budget Act and the Pension Protection Act (PPA). The Plan adopted IRS-pre-approved documents on those dates, which did not require a formal letter of determination. The Plan administrator and the Plan's tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Tax years open for examination include calendar years ended 2016 through 2019. There have been no notifications of audit received by Plan Administration or Trustees. Therefore, no provision for income taxes has been included in the financial statements.

NOTE 7: RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2019 and 2018 to the Form 5500:

	2019	2018
Net assets available for benefits per the financial statements	$ 20,275,960	$ 16,375,911
Add: excess contributions payable	58,762	-
Net assets available for benefits per the Form 5500	$ 20,334,722	$ 16,375,911

The following is a reconciliation of the net decrease in net assets per the financial statements for the year ended December 31, 2019 to Schedule H of Form 5500:

	2019
Net increase in net assets per the financial statements	$ 3,900,049
Add: corrective distributions	58,762
Net increase in net assets per Schedule H of Form 5500	$ 3,958,811

NOTE 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.

NOTE 9: PARTY-IN-INTEREST

Certain Plan investments are shares in mutual funds and the guaranteed income fund which are managed by Prudential Insurance Company of America (Prudential). Prudential is the Plan's third-party administrator and custodian, as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions.

NOTE 10: SUBSEQUENT EVENTS

The Company has evaluated subsequent events through July 10, 2020, the date that the financial statements were available to be issued. Subsequent to year-end, the United States and global markets experienced significant declines in value resulting from uncertainty caused by the world-wide coronavirus pandemic. The plan sponsor is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The plan’s financial statements do not include adjustments to fair value that have resulted from these declines.

K & N Engineering, Inc. 401(k) Plan

EIN# 95-2408507
Plan Number: 001
Schedule H, line 4i - Schedule of Assets (Held at End of Year)
As of December 31, 2019

(a)	(b) IDENTITY OF ISSUE, BORROWER, LESSOR OR SIMILAR PARTY	(c) DESCRIPTION OF INVESTMENT, INCLUDING MATURITY DATE, RATE OF INTEREST, COLLATERAL, PAR OR MATURITY VALUE	(d) COST	(e) CURRENT VALUE
	Vanguard Target Retirement 2025	Mutual Fund	**	$ 3,414,976
	Vanguard Target Retirement 2030	Mutual Fund	**	3,371,545
	Vanguard Target Retirement 2020	Mutual Fund	**	2,955,682
	Vanguard Target Retirement 2035	Mutual Fund	**	2,253,987
	Vanguard Target Retirement 2040	Mutual Fund	**	1,641,008
	Vanguard Target Retirement 2050	Mutual Fund	**	1,135,586
	Vanguard Target Retirement 2045	Mutual Fund	**	966,608
	Vanguard Target Retirement 2015	Mutual Fund	**	648,587
	Vanguard Target Retirement 2055	Mutual Fund	**	508,617
*	Guaranteed Income Fund	Guaranteed Investment	**	468,385
	Vanguard 500 Indx Admiral	Mutual Fund	**	411,253
	Vanguard Target Retirement 2060	Mutual Fund	**	349,114
	MFS Growth Fund Class R6	Mutual Fund	**	184,634
	Vanguard Mid Cap Index Fund	Mutual Fund	**	168,925
	Vanguard Small Cap Index Admiral	Mutual Fund	**	151,727
	Vanguard Total Bond Index	Mutual Fund	**	143,645
*	PGIM Total Return BD R6	Mutual Fund	**	137,454
	Vanguard Target Retirement Income	Mutual Fund	**	116,382
	PIMCO Income Fund Inst	Mutual Fund	**	107,599
	DFA US Large Cap Value Port	Mutual Fund	**	107,575
	AM Fnd EuroPacific Growth R6	Mutual Fund	**	54,414
	Vanguard Total Stock Admiral	Mutual Fund	**	53,479
	Delaware Small Cap Value R6	Mutual Fund	**	45,122
	Janus Henderson Venture	Mutual Fund	**	39,646
	Columbia Emerging Markets Instl 3	Mutual Fund	**	21,024

See accompanying Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

(a)	(b) IDENTITY OF ISSUE, BORROWER, LESSOR OR SIMILAR PARTY	(c) DESCRIPTION OF INVESTMENT, INCLUDING MATURITY DATE, RATE OF INTEREST, COLLATERAL, PAR OR MATURITY VALUE	(d) COST	(e) CURRENT VALUE
	Carillon Eagle MCG R6	Mutual Fund	**	$ 17,882
	GLDMN International SC Insights R6	Mutual Fund	**	4,456
	Wells Fargo SP MD Cap Value R6	Mutual Fund	**	3,729
	Participant loans	Interest rate - 4.25% - 6.50%, maturing through December 2024	-0-	851,681
	Total			$20,334,722

* Indicates party-in-interest.
** In accordance with ERISA section 404(c), cost information is not required when reporting investments of an individual account plan that is participant or beneficiary directed.

K & N Engineering, Inc.
401(k) Plan

Financial Statements
and Supplemental Information

For the Years Ended December 31, 2019 and 2018

K & N Engineering, Inc. 401(k) Plan
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CPAs & Business Advisors

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INDEPENDENT AUDITOR'S REPORT

To the Plan Administrator
K & N Engineering, Inc. 401(k) Plan
Riverside, California

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of K & N Engineering, Inc. 401(k) Plan, which comprise the statements of net assets available for benefits as of December 31, 2019 and 2018, and the related statement of changes in net assets available for benefits for the year ended December 31, 2019, 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 3, which was certified by Prudential Insurance Company of America (Prudential) and LT Trust Company the custodians of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedules. We have been informed by the Plan administrator that Prudential holds the Plan's investment assets and executed investment transactions from September 11, 2018 through December 31, 2019 and that LT Trust Company held the Plan's investment assets and executed the investment transactions from January 1, 2018 through September 10, 2018. The Plan administrator has obtained certifications from the custodians as of and for the years ended December 31, 2019 and 2018, that the information provided to the Plan administrator by the custodians 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.

Other Matter - Supplemental Schedules

The supplemental schedule of Schedule H, line 4i - Schedule of Assets (Held at End of Year) as of December 31, 2019, is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is 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 schedule 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 schedule, other than that derived from the information certified by the custodian, 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.



HMWC CPAs & Business Advisors
Tustin, California

July 10, 2020

K & N Engineering, Inc. 401(k) Plan
Statements of Net Assets Available for Benefits
December 31, 2019 and 2018

ASSETS

	2019	2018
INVESTMENTS:		
Investments at fair value	$ 19,014,656	$ 15,139,640
Investment at contract value	468,385	463,774
TOTAL INVESTMENTS	19,483,041	15,603,414
RECEIVABLES:		
Notes receivable from participants	851,681	809,268
Employer contribution	-	23,245
TOTAL RECEIVABLES	851,681	832,513
CASH (noninterest-bearing)	-	35
TOTAL ASSETS	20,334,722	16,435,962

LIABILITIES

LIABILITIES:		
Excess contributions payable	58,762	60,051
TOTAL LIABILITIES	58,762	60,051
NET ASSETS AVAILABLE FOR BENEFITS	$ 20,275,960	$ 16,375,911

See accompanying Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

K & N Engineering, Inc. 401(k) Plan
Statement of Changes in Net Assets Available for Benefits
For the Year Ended December 31, 2019

ADDITIONS TO NET ASSETS ATTRIBUTED TO:	
Investment income:	
Net appreciation in fair value of investments	$ 2,837,881
Interest and dividends	433,398
TOTAL INVESTMENT INCOME	3,271,279
Other income:	
Interest income on notes receivable from participants	46,628
TOTAL OTHER INCOME	46,628
Contributions:	
Participants	1,623,456
Employer	1,051,466
Participant's rollovers	146,975
TOTAL CONTRIBUTIONS	2,821,897
TOTAL ADDITIONS	6,139,804
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:	
Distributions to participants	2,046,177
Corrective distributions	58,762
Deemed distributions	28,387
Administrative expenses	103,688
Other expense	2,741
TOTAL DEDUCTIONS	2,239,755
NET INCREASE	3,900,049
NET ASSETS AVAILABLE FOR BENEFITS - Beginning of year	16,375,911
NET ASSETS AVAILABLE FOR BENEFITS - End of year	$20,275,960

See accompanying Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

NOTE 1: DESCRIPTION OF PLAN

The following description of the K & N Engineering, Inc. 401(k) Plan (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

GENERAL

The Plan is a defined contribution retirement plan for the eligible employees of K&N Engineering, Inc. (the Company). The Plan has an effective date of November 1, 1971 and was restated on September 1, 2018. The Plan Administrator oversees governance of the Plan. The Plan Administrator determines the appropriateness of the Plan's investment offerings and monitors investment performances. Effective September 11, 2018, employees are eligible to participate having completed at least 30 days of service and are age 18 or older. Prior to September 11, 2018, employees were eligible to participate having completed 60 months of service and attained age 20. Eligible participants may enter the Plan on the first day they become eligible. Effective September 11, 2018, the Plan adopted an automatic enrollment feature with a 4 percent pretax deferral. Each year the deferral percentage increases by 1% up to 99% unless the participant files a contrary election form. If no investment fund election is made by the participant, the automatic contributions will be invested into the appropriate Vanguard Target Retirement date fund. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

CONTRIBUTIONS AND FUNDING POLICY

Participants may contribute up to 100 percent of their pretax annual compensation, or after-tax Roth contributions, subject to IRS limitations, as defined in the Plan. Participants who have attained age 50 before year end 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 Company may contribute a discretionary matching contribution of 100% of a participant's deferrals up to 4% of the employee's compensation. The matching contribution is funded each pay period. Total employer matching contributions for the year ended December 31, 2019 were $1,051,466.

The Company may also make a discretionary nonelective contribution. The nonelective contribution is allocated based on the percentage of the participant's compensation to the total compensation of all eligible participants. The nonelective contribution is funded annually. There were no qualified-nonelective contributions for the year ended December 31, 2019.

PARTICIPANT ACCOUNTS

Each participant's account is credited with the participant's contributions and employer's contributions and an allocation of the Plan's earnings and losses including administrative fees paid by the plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

NOTE 1: DESCRIPTION OF PLAN, Continued

VESTING

Participants are immediately vested in their contributions and any employer qualified-nonelective contributions. Vesting in the Company's discretionary contribution portion of their accounts plus actual earnings thereon is based on years of continuous service. Participants are 100% vested after 6 years of credited service, or if they were an employee upon retirement, disability, death, or termination of the Plan.

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Participants may borrow a minimum of $1,000, and up to a maximum equal to the lesser of $50,000 or 50% of the participant's vested account balance. The loans are secured by the balance in the participant's account and bear interest at prime plus 1%. Principal and interest are paid through after-tax payroll deductions.

INVESTMENT OPTIONS

Each participant directs contributions to his or her account among different investment options offered by the Plan. As of September 11, 2018, these investment options are comprised of mutual funds and a guaranteed investment account. Prior to September 11, 2018, investment options were comprised of mutual funds and a money market account. An investment balance reallocation may be made at any time.

PAYMENT OF BENEFITS

Upon attainment of age 59 1/2, or termination of service, due to death, disability, or retirement, a participant may elect to receive a distribution equal to the value of the participant's vested interest in his or her account, or in installments. Under certain circumstances, participants may make a financial hardship withdrawal.

If the participant's vested account balance does not exceed $5,000, the distribution will automatically be paid in a single lump-sum payment.

FORFEITED ACCOUNTS

A participant's unvested portion of Company contributions is forfeited upon termination of employment for reasons other than death or permanent disability. Forfeitures may be used to pay administrative expenses or to reduce employer contributions. During the year ended December 31, 2019, forfeitures in the amount of $51,204 were used to reduce the employer matching contribution. As of December 31, 2019 and 2018, the forfeited, nonvested account total was $167,003 and $132,875, respectively.

ADMINISTRATIVE EXPENSES

Administrative expenses consist of a record keeping fee of 0.3% of plan assets charged to participants invested in the plan and processing fees relating to distributions and loan origination and maintenance. The trustees have elected to have the Company pay for the audit fees of the Plan. For the year ended December 31, 2019, expenses paid by the Company were approximately $11,500.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 will become 100% vested in their accounts.

BASIS OF ACCOUNTING

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

INVESTMENT VALUATION AND INCOME RECOGNITION

Investments are reported at fair value, except for the fully benefit-responsive investment contract which is reported at contract 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.

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 includes the Plan's gains and losses on investments bought and sold, as well as held during the year.

In July 2015, the FASB issued ASU 2015-12, *Plan Accounting: Defined Contribution Pension Plans (Topic 962): (Part I) Fully Benefit-Responsive Investment Contracts, (Part II) Plan Investment Disclosures, and (Part III) Measurement Date Practical Expedient*. Part I eliminates the requirements to measure the fair value of fully benefit-responsive investment contracts and provide certain disclosures. Contract value is the only required measure for fully benefit-responsive investment contracts. Part II eliminates the requirements to disclose individual investments that represent 5 percent or more of net assets available for benefits and the net appreciation or depreciation in fair value of investments by general type. Part II also simplifies the level of disaggregation of investments that are measured using fair value. Plans will continue to disaggregate investments that are measured using fair value by general type; however, plans are no longer required to also disaggregate investments by nature, characteristics and risks. Further, the disclosure of information about fair value measurements shall be provided by general type of plan asset. Part III is not applicable to the Plan. ASU 2015-12 is effective for fiscal years beginning after December 15, 2015. Parts I and II are to be applied retrospectively. The Trustees have adopted ASU 2015-12 Parts I and II for the year ended December 31, 2018.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

GUARANTEED INCOME FUND

The Plan's fully benefit-responsive guaranteed income fund (The Guaranteed income Fund (GIF) Account) is a Stable Value fund. issued by Prudential Retirement Insurance and Annuity Company (PRIAC). Amounts contributed to the contract are deposited into PRIAC's general account. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan. The contract can be subject to a market value adjustment upon contract termination. Contract value is the relevant measure for fully benefit-responsive investment contracts because this is the amount received by participants if they were to initiate permitted transactions under the terms of the Plan. Contract value is equal to the principal balance plus accrued interest. At December 31, 2019 and 2018, the investment in the Prudential Stable Value Account is $468,385 and $463,774, respectively and is included in the statements of net assets available for benefits under "Investment at contract value."

Interest rates are established and declared for new contributions that will be received in a calendar year. The rate is based on the return Prudential expects on new investments made and held within the Prudential general account, and will always equal or exceed the contractually guaranteed rate.

There are no reserves against the contract value for credit risk of the contract issuer or otherwise. Certain events limit the Plan's ability to transact at contract value with Prudential. Such events include the following: (a) amendments to the plan documents (including complete or partial Plan termination or merger with another plan), (b) changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions, (c) bankruptcy of the plan's sponsor or other plan sponsor events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the Plan, or (d) the failure of the trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under the Employee Retirement Income Security Act of 1974. The Plan administrator does not believe that the occurrence of any such event, which would limit the Plan's ability to transact at contract value with Plan participants, are probable.

USE OF ESTIMATES

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

NOTES RECEIVABLE FROM PARTICIPANTS

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income on notes receivable from participants is recorded when it is earned. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2019 and 2018. Delinquent notes receivable from participants are reclassified as distributions based on the terms of the Plan document

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

EXCESS CONTRIBUTIONS PAYABLE

Amounts payable for contributions to participants in excess of amounts allowed by the IRS are recorded as a liability with a corresponding increase in benefit payments.

PAYMENT OF BENEFITS

Benefits are recorded when paid.

NOTE 3: INFORMATION PREPARED AND CERTIFIED BY CUSTODIAN

Effective September 11, 2018, the Plan assets were transferred from LT Trust to Prudential Insurance Company of American (Prudential). As of December 31, 2019 and 2018, the Plan's investments were held by Prudential. For the period of January 1, 2018 through September 10, 2018, the Plan's investments were held by LT Trust Company. The following is a summary of the Plan's financial information that is included in the financial statements based on information certified by the custodians as complete and accurate in accordance with Section 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

Investments:	2019	2018
Mutual funds at fair value	$ 19,014,656	$ 15,139,640
Guaranteed income fund at contract value	468,385	463,774
Total investments	$ 19,483,041	$ 15,603,414
Notes receivable from participants	$ 851,681	$ 809,268
Cash (noninterest-bearing)	$ -	$ 35

Investment income:	
Net appreciation in fair value of investments	$ 2,837,881
Interest and dividend income	433,398
Net investment income	$ 3,271,279
Other income:	
Interest on notes receivable from participants	$ 46,628

During 2019, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by $2,837,881.

NOTE 4: FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework 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). The three levels of the fair value hierarchy are described below:

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

Level 2 Inputs to the valuation methodology include:
- quoted prices for similar assets or liabilities in active 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;
- 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. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value at December 31, 2019 and 2018.:

Mutual Funds
Mutual funds are valued based on quoted net asset values of the shares held by the Plan at year end. The funds must publish their daily net asset value and transact at that price. The mutual funds provide for daily redemption by the Plan and participants. The mutual funds held by the Plan are deemed to be actively traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There are no restrictions on redemption by participants.

NOTE 4: FAIR VALUE MEASUREMENTS, Continued

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of.

December 31, 2019:

Description	Level 1	Level 2	Level 3	Total December 31, 2019
Mutual funds	$ 19,014,656	$ -	$ -	$ 19,014,656

December 31, 2018:

Description	Level 1	Level 2	Level 3	Total December 31, 2018
Mutual funds	$ 15,139,640	$ -	$ -	$ 15,139,640

NOTE 5: EXCESS CONTRIBUTIONS PAYABLE

For the year ended December 31, 2019, distribution payments of $58,762 were due to certain participants for refund of excess deferral contributions as required to satisfy the relevant nondiscrimination provisions of the Plan.

NOTE 6: INCOME TAX STATUS

Effective September 11, 2018, the Plan adopted a Prototype Non-standardized Profit Sharing Plan, in which the Internal Revenue Service has determined by a letter dated April 29, 2014, that the Plan is designed in accordance with applicable requirements of the Internal Revenue Code. Therefore, the income of the Plan is exempt from federal income taxes under Section 501(a) of the Code.

Prior to September 11, 2018, the Plan had adopted a Volume Submitter Profit Sharing Plan with CODA, in which the Internal Revenue Service determined by a letter dated March 31, 2014, that the Plan was designed in accordance with applicable requirements of the Internal Revenue Code. Therefore, the income of the Plan was exempt from federal income taxes under Section 501(a) of the Code.

The plan was amended for the Bipartisan Budget Act and the Pension Protection Act (PPA). The Plan adopted IRS-pre-approved documents on those dates, which did not require a formal letter of determination. The Plan administrator and the Plan's tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Tax years open for examination include calendar years ended 2016 through 2019. There have been no notifications of audit received by Plan Administration or Trustees. Therefore, no provision for income taxes has been included in the financial statements.

NOTE 7: RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2019 and 2018 to the Form 5500:

	2019	2018
Net assets available for benefits per the financial statements	$ 20,275,960	$ 16,375,911
Add: excess contributions payable	58,762	-
Net assets available for benefits per the Form 5500	$ 20,334,722	$ 16,375,911

The following is a reconciliation of the net decrease in net assets per the financial statements for the year ended December 31, 2019 to Schedule H of Form 5500:

	2019
Net increase in net assets per the financial statements	$ 3,900,049
Add: corrective distributions	58,762
Net increase in net assets per Schedule H of Form 5500	$ 3,958,811

NOTE 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.

NOTE 9: PARTY-IN-INTEREST

Certain Plan investments are shares in mutual funds and the guaranteed income fund which are managed by Prudential Insurance Company of America (Prudential). Prudential is the Plan's third-party administrator and custodian, as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions.

NOTE 10: SUBSEQUENT EVENTS

The Company has evaluated subsequent events through July 10, 2020, the date that the financial statements were available to be issued. Subsequent to year-end, the United States and global markets experienced significant declines in value resulting from uncertainty caused by the world-wide coronavirus pandemic. The plan sponsor is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The plan’s financial statements do not include adjustments to fair value that have resulted from these declines.

K & N Engineering, Inc. 401(k) Plan

EIN# 95-2408507
Plan Number: 001
Schedule H, line 4i - Schedule of Assets (Held at End of Year)
As of December 31, 2019

(a)	(b) IDENTITY OF ISSUE, BORROWER, LESSOR OR SIMILAR PARTY	(c) DESCRIPTION OF INVESTMENT, INCLUDING MATURITY DATE, RATE OF INTEREST, COLLATERAL, PAR OR MATURITY VALUE	(d) COST	(e) CURRENT VALUE
	Vanguard Target Retirement 2025	Mutual Fund	**	$ 3,414,976
	Vanguard Target Retirement 2030	Mutual Fund	**	3,371,545
	Vanguard Target Retirement 2020	Mutual Fund	**	2,955,682
	Vanguard Target Retirement 2035	Mutual Fund	**	2,253,987
	Vanguard Target Retirement 2040	Mutual Fund	**	1,641,008
	Vanguard Target Retirement 2050	Mutual Fund	**	1,135,586
	Vanguard Target Retirement 2045	Mutual Fund	**	966,608
	Vanguard Target Retirement 2015	Mutual Fund	**	648,587
	Vanguard Target Retirement 2055	Mutual Fund	**	508,617
*	Guaranteed Income Fund	Guaranteed Investment	**	468,385
	Vanguard 500 Indx Admiral	Mutual Fund	**	411,253
	Vanguard Target Retirement 2060	Mutual Fund	**	349,114
	MFS Growth Fund Class R6	Mutual Fund	**	184,634
	Vanguard Mid Cap Index Fund	Mutual Fund	**	168,925
	Vanguard Small Cap Index Admiral	Mutual Fund	**	151,727
	Vanguard Total Bond Index	Mutual Fund	**	143,645
*	PGIM Total Return BD R6	Mutual Fund	**	137,454
	Vanguard Target Retirement Income	Mutual Fund	**	116,382
	PIMCO Income Fund Inst	Mutual Fund	**	107,599
	DFA US Large Cap Value Port	Mutual Fund	**	107,575
	AM Fnd EuroPacific Growth R6	Mutual Fund	**	54,414
	Vanguard Total Stock Admiral	Mutual Fund	**	53,479
	Delaware Small Cap Value R6	Mutual Fund	**	45,122
	Janus Henderson Venture	Mutual Fund	**	39,646
	Columbia Emerging Markets Instl 3	Mutual Fund	**	21,024

See accompanying Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

(a)	(b) IDENTITY OF ISSUE, BORROWER, LESSOR OR SIMILAR PARTY	(c) DESCRIPTION OF INVESTMENT, INCLUDING MATURITY DATE, RATE OF INTEREST, COLLATERAL, PAR OR MATURITY VALUE	(d) COST	(e) CURRENT VALUE
	Carillon Eagle MCG R6	Mutual Fund	**	$ 17,882
	GLDMN International SC Insights R6	Mutual Fund	**	4,456
	Wells Fargo SP MD Cap Value R6	Mutual Fund	**	3,729
	Participant loans	Interest rate - 4.25% - 6.50%, maturing through December 2024	-0-	851,681
	Total			$20,334,722

* Indicates party-in-interest.
** In accordance with ERISA section 404(c), cost information is not required when reporting investments of an individual account plan that is participant or beneficiary directed.

K & N Engineering, Inc.
401(k) Plan

Financial Statements
and Supplemental Information

For the Years Ended December 31, 2019 and 2018

K & N Engineering, Inc. 401(k) Plan
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INDEPENDENT AUDITOR'S REPORT

To the Plan Administrator
K & N Engineering, Inc. 401(k) Plan
Riverside, California

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of K & N Engineering, Inc. 401(k) Plan, which comprise the statements of net assets available for benefits as of December 31, 2019 and 2018, and the related statement of changes in net assets available for benefits for the year ended December 31, 2019, 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 3, which was certified by Prudential Insurance Company of America (Prudential) and LT Trust Company the custodians of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedules. We have been informed by the Plan administrator that Prudential holds the Plan's investment assets and executed investment transactions from September 11, 2018 through December 31, 2019 and that LT Trust Company held the Plan's investment assets and executed the investment transactions from January 1, 2018 through September 10, 2018. The Plan administrator has obtained certifications from the custodians as of and for the years ended December 31, 2019 and 2018, that the information provided to the Plan administrator by the custodians 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.

Other Matter - Supplemental Schedules

The supplemental schedule of Schedule H, line 4i - Schedule of Assets (Held at End of Year) as of December 31, 2019, is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is 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 schedule 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 schedule, other than that derived from the information certified by the custodian, 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.



HMWC CPAs & Business Advisors
Tustin, California

July 10, 2020

K & N Engineering, Inc. 401(k) Plan
Statements of Net Assets Available for Benefits
December 31, 2019 and 2018

ASSETS

	2019	2018
INVESTMENTS:		
Investments at fair value	$ 19,014,656	$ 15,139,640
Investment at contract value	468,385	463,774
TOTAL INVESTMENTS	19,483,041	15,603,414
RECEIVABLES:		
Notes receivable from participants	851,681	809,268
Employer contribution	-	23,245
TOTAL RECEIVABLES	851,681	832,513
CASH (noninterest-bearing)	-	35
TOTAL ASSETS	20,334,722	16,435,962

LIABILITIES

LIABILITIES:		
Excess contributions payable	58,762	60,051
TOTAL LIABILITIES	58,762	60,051
NET ASSETS AVAILABLE FOR BENEFITS	$ 20,275,960	$ 16,375,911

See accompanying Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

K & N Engineering, Inc. 401(k) Plan
Statement of Changes in Net Assets Available for Benefits
For the Year Ended December 31, 2019

ADDITIONS TO NET ASSETS ATTRIBUTED TO:	
Investment income:	
Net appreciation in fair value of investments	$ 2,837,881
Interest and dividends	433,398
TOTAL INVESTMENT INCOME	3,271,279
Other income:	
Interest income on notes receivable from participants	46,628
TOTAL OTHER INCOME	46,628
Contributions:	
Participants	1,623,456
Employer	1,051,466
Participant's rollovers	146,975
TOTAL CONTRIBUTIONS	2,821,897
TOTAL ADDITIONS	6,139,804
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:	
Distributions to participants	2,046,177
Corrective distributions	58,762
Deemed distributions	28,387
Administrative expenses	103,688
Other expense	2,741
TOTAL DEDUCTIONS	2,239,755
NET INCREASE	3,900,049
NET ASSETS AVAILABLE FOR BENEFITS - Beginning of year	16,375,911
NET ASSETS AVAILABLE FOR BENEFITS - End of year	$20,275,960

See accompanying Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

NOTE 1: DESCRIPTION OF PLAN

The following description of the K & N Engineering, Inc. 401(k) Plan (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

GENERAL

The Plan is a defined contribution retirement plan for the eligible employees of K&N Engineering, Inc. (the Company). The Plan has an effective date of November 1, 1971 and was restated on September 1, 2018. The Plan Administrator oversees governance of the Plan. The Plan Administrator determines the appropriateness of the Plan's investment offerings and monitors investment performances. Effective September 11, 2018, employees are eligible to participate having completed at least 30 days of service and are age 18 or older. Prior to September 11, 2018, employees were eligible to participate having completed 60 months of service and attained age 20. Eligible participants may enter the Plan on the first day they become eligible. Effective September 11, 2018, the Plan adopted an automatic enrollment feature with a 4 percent pretax deferral. Each year the deferral percentage increases by 1% up to 99% unless the participant files a contrary election form. If no investment fund election is made by the participant, the automatic contributions will be invested into the appropriate Vanguard Target Retirement date fund. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

CONTRIBUTIONS AND FUNDING POLICY

Participants may contribute up to 100 percent of their pretax annual compensation, or after-tax Roth contributions, subject to IRS limitations, as defined in the Plan. Participants who have attained age 50 before year end 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 Company may contribute a discretionary matching contribution of 100% of a participant's deferrals up to 4% of the employee's compensation. The matching contribution is funded each pay period. Total employer matching contributions for the year ended December 31, 2019 were $1,051,466.

The Company may also make a discretionary nonelective contribution. The nonelective contribution is allocated based on the percentage of the participant's compensation to the total compensation of all eligible participants. The nonelective contribution is funded annually. There were no qualified-nonelective contributions for the year ended December 31, 2019.

PARTICIPANT ACCOUNTS

Each participant's account is credited with the participant's contributions and employer's contributions and an allocation of the Plan's earnings and losses including administrative fees paid by the plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

NOTE 1: DESCRIPTION OF PLAN, Continued

VESTING

Participants are immediately vested in their contributions and any employer qualified-nonelective contributions. Vesting in the Company's discretionary contribution portion of their accounts plus actual earnings thereon is based on years of continuous service. Participants are 100% vested after 6 years of credited service, or if they were an employee upon retirement, disability, death, or termination of the Plan.

NOTES RECEIVABLE FROM PARTICIPANTS

Participants may borrow a minimum of $1,000, and up to a maximum equal to the lesser of $50,000 or 50% of the participant's vested account balance. The loans are secured by the balance in the participant's account and bear interest at prime plus 1%. Principal and interest are paid through after-tax payroll deductions.

INVESTMENT OPTIONS

Each participant directs contributions to his or her account among different investment options offered by the Plan. As of September 11, 2018, these investment options are comprised of mutual funds and a guaranteed investment account. Prior to September 11, 2018, investment options were comprised of mutual funds and a money market account. An investment balance reallocation may be made at any time.

PAYMENT OF BENEFITS

Upon attainment of age 59 1/2, or termination of service, due to death, disability, or retirement, a participant may elect to receive a distribution equal to the value of the participant's vested interest in his or her account, or in installments. Under certain circumstances, participants may make a financial hardship withdrawal.

If the participant's vested account balance does not exceed $5,000, the distribution will automatically be paid in a single lump-sum payment.

FORFEITED ACCOUNTS

A participant's unvested portion of Company contributions is forfeited upon termination of employment for reasons other than death or permanent disability. Forfeitures may be used to pay administrative expenses or to reduce employer contributions. During the year ended December 31, 2019, forfeitures in the amount of $51,204 were used to reduce the employer matching contribution. As of December 31, 2019 and 2018, the forfeited, nonvested account total was $167,003 and $132,875, respectively.

ADMINISTRATIVE EXPENSES

Administrative expenses consist of a record keeping fee of 0.3% of plan assets charged to participants invested in the plan and processing fees relating to distributions and loan origination and maintenance. The trustees have elected to have the Company pay for the audit fees of the Plan. For the year ended December 31, 2019, expenses paid by the Company were approximately $11,500.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 will become 100% vested in their accounts.

BASIS OF ACCOUNTING

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

INVESTMENT VALUATION AND INCOME RECOGNITION

Investments are reported at fair value, except for the fully benefit-responsive investment contract which is reported at contract 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.

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 includes the Plan's gains and losses on investments bought and sold, as well as held during the year.

In July 2015, the FASB issued ASU 2015-12, *Plan Accounting: Defined Contribution Pension Plans (Topic 962): (Part I) Fully Benefit-Responsive Investment Contracts, (Part II) Plan Investment Disclosures, and (Part III) Measurement Date Practical Expedient*. Part I eliminates the requirements to measure the fair value of fully benefit-responsive investment contracts and provide certain disclosures. Contract value is the only required measure for fully benefit-responsive investment contracts. Part II eliminates the requirements to disclose individual investments that represent 5 percent or more of net assets available for benefits and the net appreciation or depreciation in fair value of investments by general type. Part II also simplifies the level of disaggregation of investments that are measured using fair value. Plans will continue to disaggregate investments that are measured using fair value by general type; however, plans are no longer required to also disaggregate investments by nature, characteristics and risks. Further, the disclosure of information about fair value measurements shall be provided by general type of plan asset. Part III is not applicable to the Plan. ASU 2015-12 is effective for fiscal years beginning after December 15, 2015. Parts I and II are to be applied retrospectively. The Trustees have adopted ASU 2015-12 Parts I and II for the year ended December 31, 2018.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

GUARANTEED INCOME FUND

The Plan's fully benefit-responsive guaranteed income fund (The Guaranteed income Fund (GIF) Account) is a Stable Value fund. issued by Prudential Retirement Insurance and Annuity Company (PRIAC). Amounts contributed to the contract are deposited into PRIAC's general account. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan. The contract can be subject to a market value adjustment upon contract termination. Contract value is the relevant measure for fully benefit-responsive investment contracts because this is the amount received by participants if they were to initiate permitted transactions under the terms of the Plan. Contract value is equal to the principal balance plus accrued interest. At December 31, 2019 and 2018, the investment in the Prudential Stable Value Account is $468,385 and $463,774, respectively and is included in the statements of net assets available for benefits under "Investment at contract value."

Interest rates are established and declared for new contributions that will be received in a calendar year. The rate is based on the return Prudential expects on new investments made and held within the Prudential general account, and will always equal or exceed the contractually guaranteed rate.

There are no reserves against the contract value for credit risk of the contract issuer or otherwise. Certain events limit the Plan's ability to transact at contract value with Prudential. Such events include the following: (a) amendments to the plan documents (including complete or partial Plan termination or merger with another plan), (b) changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions, (c) bankruptcy of the plan's sponsor or other plan sponsor events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the Plan, or (d) the failure of the trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under the Employee Retirement Income Security Act of 1974. The Plan administrator does not believe that the occurrence of any such event, which would limit the Plan's ability to transact at contract value with Plan participants, are probable.

USE OF ESTIMATES

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

NOTES RECEIVABLE FROM PARTICIPANTS

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income on notes receivable from participants is recorded when it is earned. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2019 and 2018. Delinquent notes receivable from participants are reclassified as distributions based on the terms of the Plan document

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

EXCESS CONTRIBUTIONS PAYABLE

Amounts payable for contributions to participants in excess of amounts allowed by the IRS are recorded as a liability with a corresponding increase in benefit payments.

PAYMENT OF BENEFITS

Benefits are recorded when paid.

NOTE 3: INFORMATION PREPARED AND CERTIFIED BY CUSTODIAN

Effective September 11, 2018, the Plan assets were transferred from LT Trust to Prudential Insurance Company of American (Prudential). As of December 31, 2019 and 2018, the Plan's investments were held by Prudential. For the period of January 1, 2018 through September 10, 2018, the Plan's investments were held by LT Trust Company. The following is a summary of the Plan's financial information that is included in the financial statements based on information certified by the custodians as complete and accurate in accordance with Section 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

Investments:	2019	2018
Mutual funds at fair value	$ 19,014,656	$ 15,139,640
Guaranteed income fund at contract value	468,385	463,774
Total investments	$ 19,483,041	$ 15,603,414
Notes receivable from participants	$ 851,681	$ 809,268
Cash (noninterest-bearing)	$ -	$ 35

Investment income:	
Net appreciation in fair value of investments	$ 2,837,881
Interest and dividend income	433,398
Net investment income	$ 3,271,279
Other income:	
Interest on notes receivable from participants	$ 46,628

During 2019, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by $2,837,881.

NOTE 4: FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework 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). The three levels of the fair value hierarchy are described below:

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

Level 2 Inputs to the valuation methodology include:
- quoted prices for similar assets or liabilities in active 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;
- 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. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value at December 31, 2019 and 2018.:

Mutual Funds
Mutual funds are valued based on quoted net asset values of the shares held by the Plan at year end. The funds must publish their daily net asset value and transact at that price. The mutual funds provide for daily redemption by the Plan and participants. The mutual funds held by the Plan are deemed to be actively traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There are no restrictions on redemption by participants.

NOTE 4: FAIR VALUE MEASUREMENTS, Continued

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of.

December 31, 2019:

Description	Level 1	Level 2	Level 3	Total December 31, 2019
Mutual funds	$ 19,014,656	$ -	$ -	$ 19,014,656

December 31, 2018:

Description	Level 1	Level 2	Level 3	Total December 31, 2018
Mutual funds	$ 15,139,640	$ -	$ -	$ 15,139,640

NOTE 5: EXCESS CONTRIBUTIONS PAYABLE

For the year ended December 31, 2019, distribution payments of $58,762 were due to certain participants for refund of excess deferral contributions as required to satisfy the relevant nondiscrimination provisions of the Plan.

NOTE 6: INCOME TAX STATUS

Effective September 11, 2018, the Plan adopted a Prototype Non-standardized Profit Sharing Plan, in which the Internal Revenue Service has determined by a letter dated April 29, 2014, that the Plan is designed in accordance with applicable requirements of the Internal Revenue Code. Therefore, the income of the Plan is exempt from federal income taxes under Section 501(a) of the Code.

Prior to September 11, 2018, the Plan had adopted a Volume Submitter Profit Sharing Plan with CODA, in which the Internal Revenue Service determined by a letter dated March 31, 2014, that the Plan was designed in accordance with applicable requirements of the Internal Revenue Code. Therefore, the income of the Plan was exempt from federal income taxes under Section 501(a) of the Code.

The plan was amended for the Bipartisan Budget Act and the Pension Protection Act (PPA). The Plan adopted IRS-pre-approved documents on those dates, which did not require a formal letter of determination. The Plan administrator and the Plan's tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Tax years open for examination include calendar years ended 2016 through 2019. There have been no notifications of audit received by Plan Administration or Trustees. Therefore, no provision for income taxes has been included in the financial statements.

NOTE 7: RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2019 and 2018 to the Form 5500:

	2019	2018
Net assets available for benefits per the financial statements	$ 20,275,960	$ 16,375,911
Add: excess contributions payable	58,762	-
Net assets available for benefits per the Form 5500	$ 20,334,722	$ 16,375,911

The following is a reconciliation of the net decrease in net assets per the financial statements for the year ended December 31, 2019 to Schedule H of Form 5500:

	2019
Net increase in net assets per the financial statements	$ 3,900,049
Add: corrective distributions	58,762
Net increase in net assets per Schedule H of Form 5500	$ 3,958,811

NOTE 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.

NOTE 9: PARTY-IN-INTEREST

Certain Plan investments are shares in mutual funds and the guaranteed income fund which are managed by Prudential Insurance Company of America (Prudential). Prudential is the Plan's third-party administrator and custodian, as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions.

NOTE 10: SUBSEQUENT EVENTS

The Company has evaluated subsequent events through July 10, 2020, the date that the financial statements were available to be issued. Subsequent to year-end, the United States and global markets experienced significant declines in value resulting from uncertainty caused by the world-wide coronavirus pandemic. The plan sponsor is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The plan’s financial statements do not include adjustments to fair value that have resulted from these declines.

K & N Engineering, Inc. 401(k) Plan

EIN# 95-2408507
Plan Number: 001
Schedule H, line 4i - Schedule of Assets (Held at End of Year)
As of December 31, 2019

(a)	(b) IDENTITY OF ISSUE, BORROWER, LESSOR OR SIMILAR PARTY	(c) DESCRIPTION OF INVESTMENT, INCLUDING MATURITY DATE, RATE OF INTEREST, COLLATERAL, PAR OR MATURITY VALUE	(d) COST	(e) CURRENT VALUE
	Vanguard Target Retirement 2025	Mutual Fund	**	$ 3,414,976
	Vanguard Target Retirement 2030	Mutual Fund	**	3,371,545
	Vanguard Target Retirement 2020	Mutual Fund	**	2,955,682
	Vanguard Target Retirement 2035	Mutual Fund	**	2,253,987
	Vanguard Target Retirement 2040	Mutual Fund	**	1,641,008
	Vanguard Target Retirement 2050	Mutual Fund	**	1,135,586
	Vanguard Target Retirement 2045	Mutual Fund	**	966,608
	Vanguard Target Retirement 2015	Mutual Fund	**	648,587
	Vanguard Target Retirement 2055	Mutual Fund	**	508,617
*	Guaranteed Income Fund	Guaranteed Investment	**	468,385
	Vanguard 500 Indx Admiral	Mutual Fund	**	411,253
	Vanguard Target Retirement 2060	Mutual Fund	**	349,114
	MFS Growth Fund Class R6	Mutual Fund	**	184,634
	Vanguard Mid Cap Index Fund	Mutual Fund	**	168,925
	Vanguard Small Cap Index Admiral	Mutual Fund	**	151,727
	Vanguard Total Bond Index	Mutual Fund	**	143,645
*	PGIM Total Return BD R6	Mutual Fund	**	137,454
	Vanguard Target Retirement Income	Mutual Fund	**	116,382
	PIMCO Income Fund Inst	Mutual Fund	**	107,599
	DFA US Large Cap Value Port	Mutual Fund	**	107,575
	AM Fnd EuroPacific Growth R6	Mutual Fund	**	54,414
	Vanguard Total Stock Admiral	Mutual Fund	**	53,479
	Delaware Small Cap Value R6	Mutual Fund	**	45,122
	Janus Henderson Venture	Mutual Fund	**	39,646
	Columbia Emerging Markets Instl 3	Mutual Fund	**	21,024

See accompanying Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

(a)	(b) IDENTITY OF ISSUE, BORROWER, LESSOR OR SIMILAR PARTY	(c) DESCRIPTION OF INVESTMENT, INCLUDING MATURITY DATE, RATE OF INTEREST, COLLATERAL, PAR OR MATURITY VALUE	(d) COST	(e) CURRENT VALUE
	Carillon Eagle MCG R6	Mutual Fund	**	$ 17,882
	GLDMN International SC Insights R6	Mutual Fund	**	4,456
	Wells Fargo SP MD Cap Value R6	Mutual Fund	**	3,729
	Participant loans	Interest rate - 4.25% - 6.50%, maturing through December 2024	-0-	851,681
	Total			$20,334,722

* Indicates party-in-interest.
** In accordance with ERISA section 404(c), cost information is not required when reporting investments of an individual account plan that is participant or beneficiary directed.