

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). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 2019 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2019 or fiscal plan year beginning <u>01/01/2019</u> and ending <u>12/31/2019</u>	
A This return/report is for:	☐ a multiemployer plan ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.) ☒ a single-employer plan ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report ☐ the final return/report ☐ an amended return/report ☐ a short plan year return/report (less than 12 months)
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558 ☐ automatic extension ☐ the DFVC program ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information				
1a Name of plan <u>CFD RESEARCH CORPORATION EMPLOYEE STOCK OWNERSHIP PLAN</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>002</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>01/01/2005</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>002</u>	1c Effective date of plan <u>01/01/2005</u>	
1b Three-digit plan number (PN) ▶	<u>002</u>				
1c Effective date of plan <u>01/01/2005</u>					
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) <u>CFD RESEARCH CORPORATION</u> <u>701 MCMILLIAN WAY NW</u> <u>HUNTSVILLE, AL 35805</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>63-0944385</u></td> </tr> <tr> <td>2c Plan Sponsor's telephone number <u>256-726-4841</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>541330</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>63-0944385</u>	2c Plan Sponsor's telephone number <u>256-726-4841</u>	2d Business code (see instructions) <u>541330</u>	
2b Employer Identification Number (EIN) <u>63-0944385</u>					
2c Plan Sponsor's telephone number <u>256-726-4841</u>					
2d Business code (see instructions) <u>541330</u>					

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

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

SIGN HERE	Filed with authorized/valid electronic signature.	10/15/2020	RICK WILBOURN
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/15/2020	RICK WILBOURN
	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

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Form 5500 (2019)
v. 190130

3a Plan administrator's name and address ☒ Same as Plan Sponsor	3b Administrator's EIN 3c Administrator's telephone number <div style="background-color: #cccccc; height: 40px; width: 100%;"></div>
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	5 149
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 a(2) Total number of active participants at the end of the plan year b Retired or separated participants receiving benefits..... c Other retired or separated participants entitled to future benefits d Subtotal. Add lines 6a(2) , 6b , and 6c e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. f Total. Add lines 6d and 6e g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested	6a(1) 120 6a(2) 117 6b 0 6c 12 6d 129 6e 0 6f 129 6g 128 6h 12
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2I 2K 2P 2Q 3I b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:	

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1)** ☒ **R** (Retirement Plan Information)
- (2)** ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- (3)** ☐ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1)** ☒ **H** (Financial Information)
- (2)** ☐ **I** (Financial Information – Small Plan)
- (3)** ☐ **A** (Insurance Information)
- (4)** ☒ **C** (Service Provider Information)
- (5)** ☐ **D** (DFE/Participating Plan Information)
- (6)** ☐ **G** (Financial Transaction Schedules)

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

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

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

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

11c Enter the Receipt Confirmation Code for the 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 C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider 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.	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 CFD RESEARCH CORPORATION EMPLOYEE STOCK OWNERSHIP PLAN	B Three-digit plan number (PN) ▶	002
C Plan sponsor's name as shown on line 2a of Form 5500 CFD RESEARCH CORPORATION	D Employer Identification Number (EIN) 63-0944385	

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

- a** Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☐ Yes ☒ No
- b** If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

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

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

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36-4072641

(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?
34 50	VALUATION SERVICES	19873	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

PFG

42-0127290

(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?
34 50	VALUATION SERVICES	9792	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

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

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

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

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

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

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

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

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

Part I Service Provider Information (continued)

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

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

Part II Service Providers Who Fail or Refuse to Provide Information

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

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

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	CRABTREE AND ROWE	b EIN:	72-1396621
c Position:	ACCOUNTANT		
d Address:	3626 MEMORIAL PARKWAY SW HUNTSVILLE, AL 35801	e Telephone:	256-704-2606

Explanation: STRUGGLED IN COMPLETING OUR 5500 AND FINANCIALS IN A TIMELY MANNER. WE DECIDED TO LOOK AT NEW FIRMS (ALSO HAVE A NEW CFO). FIRM ALSO MERGED.

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) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	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 CFD RESEARCH CORPORATION EMPLOYEE STOCK OWNERSHIP PLAN	B Three-digit plan number (PN) ►	002
C Plan sponsor's name as shown on line 2a of Form 5500 CFD RESEARCH CORPORATION	D Employer Identification Number (EIN) 63-0944385	

Part I	Asset and Liability Statement		
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash.....		1a	
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions.....		1b(1)	216818192958
(2) Participant contributions.....		1b(2)	00
(3) Other.....		1b(3)	00
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit).....		1c(1)	204227274077
(2) U.S. Government securities		1c(2)	
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred		1c(3)(A)	
(B) All other		1c(3)(B)	
(4) Corporate stocks (other than employer securities):			
(A) Preferred		1c(4)(A)	
(B) Common.....		1c(4)(B)	
(5) Partnership/joint venture interests		1c(5)	
(6) Real estate (other than employer real property).....		1c(6)	
(7) Loans (other than to participants)		1c(7)	
(8) Participant loans.....		1c(8)	
(9) Value of interest in common/collective trusts		1c(9)	
(10) Value of interest in pooled separate accounts		1c(10)	
(11) Value of interest in master trust investment accounts		1c(11)	
(12) Value of interest in 103-12 investment entities.....		1c(12)	
(13) Value of interest in registered investment companies (e.g., mutual funds).....		1c(13)	
(14) Value of funds held in insurance company general account (unallocated contracts).....		1c(14)	
(15) Other.....		1c(15)	

		(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:		
(1)	Employer securities	1d(1) 8777010	9840890
(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 9198055	10307925
Liabilities			
g	Benefit claims payable	1g 0	269826
h	Operating payables	1h 0	
i	Acquisition indebtedness	1i 0	
j	Other liabilities	1j 1557440	1485162
k	Total liabilities (add all amounts in lines 1g through 1j)	1k 1557440	1754988
Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l 7640615	8552937

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.

		(a) Amount	(b) Total
a	Contributions:		
(1)	Received or receivable in cash from: (A) Employers	2a(1)(A) 663678	
	(B) Participants	2a(1)(B) 0	
	(C) Others (including rollovers)	2a(1)(C) 0	
(2)	Noncash contributions	2a(2) 0	
(3)	Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)	663678
b	Earnings on investments:		
(1)	Interest:		
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A) 8874	
	(B) U.S. Government securities	2b(1)(B) 0	
	(C) Corporate debt instruments	2b(1)(C) 0	
	(D) Loans (other than to participants)	2b(1)(D) 0	
	(E) Participant loans	2b(1)(E)	
	(F) Other	2b(1)(F) 0	
	(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)	8874
(2)	Dividends: (A) Preferred stock	2b(2)(A) 0	
	(B) Common stock	2b(2)(B) 0	
	(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C) 0	
	(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)	0
(3)	Rents	2b(3)	0
(4)	Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A) 0	
	(B) Aggregate carrying amount (see instructions)	2b(4)(B) 0	
	(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)	0
(5)	Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A) 0	
	(B) Other	2b(5)(B) 1063880	
	(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)	1063880

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		0
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		0
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		0
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		0
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		0
c Other income	2c		265970
d Total income. Add all income amounts in column (b) and enter total	2d		2002402

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	1028827	
(2) To insurance carriers for the provision of benefits	2e(2)	0	
(3) Other	2e(3)	0	
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		1028827
f Corrective distributions (see instructions)	2f		0
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		27722
i Administrative expenses: (1) Professional fees	2i(1)	19873	
(2) Contract administrator fees	2i(2)	9792	
(3) Investment advisory and management fees	2i(3)	0	
(4) Other	2i(4)	10	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		29675
j Total expenses. Add all expense amounts in column (b) and enter total	2j		1086224

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		916178
l Transfers of assets:			
(1) To this plan	2l(1)		0
(2) From this plan	2l(2)		3856

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: **WARREN AVERRETT**

(2) EIN: **45-4084437**

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:

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.)

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.)

	Yes	No	Amount
4a		X	0
4b		X	0

	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.)		X	0
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	0
e Was this plan covered by a fidelity bond?	X		500000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		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?.....		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?.....		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.)	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.)		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?		X	
l Has the plan failed to provide any benefit when due under the plan?.....		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)		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.			

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)
CFD RESEARCH CORPORATION 401K PROFIT SHARING PLAN	63-0944385	001

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.)

<div>SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</div>	<div>Retirement Plan Information</div> <div>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).</div> <div>▶ File as an attachment to Form 5500.</div>	<div>OMB No. 1210-0110</div> <div>2019</div> <div>This Form is Open to Public Inspection.</div>
For calendar plan year 2019 or fiscal plan year beginning 01/01/2019 and ending 12/31/2019		
A Name of plan CFD RESEARCH CORPORATION EMPLOYEE STOCK OWNERSHIP PLAN		B Three-digit plan number (PN) ▶ 002
C Plan sponsor's name as shown on line 2a of Form 5500 CFD RESEARCH CORPORATION		D Employer Identification Number (EIN) 63-0944385
Part I	Distributions	
All references to distributions relate only to payments of benefits during the plan year.		
1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions		1 0
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): 42-0127290		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year		3
Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 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		
For Paperwork Reduction Act Notice, see the Instructions for Form 5500.		
Schedule R (Form 5500) 2019 v. 190130		

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

b The plan year immediately preceding the current plan year

c The second preceding plan year

14a**14b****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

b The corresponding number for the second preceding plan year

15a**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

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

16a**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 _____

**CFD RESEARCH CORPORATION
EMPLOYEE STOCK OWNERSHIP PLAN**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULE**

DECEMBER 31, 2019 AND 2018

CFD RESEARCH CORPORATION EMPLOYEE STOCK OWNERSHIP PLAN
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DECEMBER 31, 2019 AND 2018

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INDEPENDENT AUDITORS' REPORT

To the Trustee
CFD Research corporation Employee Stock Ownership Plan

Report on the Financial Statements

We have audited the accompanying financial statements of CFD Research Corporation Employee Stock Ownership Plan (the Plan), which comprise the statement of net assets available for benefits as of December 31, 2019, and the related statement of changes in net assets available for benefits for the year ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2019 and 2018, and the changes in its net assets available for benefits for the year ended December 31, 2019, in accordance with accounting principles generally accepted in the United States of America.

2018 Financial Statements

The financial statements of the Plan, as of December 31, 2018, were audited by predecessor auditors whose report dated October 14, 2019 expressed an unmodified opinion on those statements.

Report on Supplemental Schedule

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental Schedule H, Line 4i – Schedule of Assets (Held at End of Year) as of December 31, 2019, is presented for the purpose of additional analysis and is not a required part of the financial statements but is supplemental information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of the Plan's management was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.



Huntsville, Alabama
October 13, 2020

CFD RESEARCH CORPORATION EMPLOYEE STOCK OWNERSHIP PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2019 and 2018

	December 31, 2019			December 31, 2018		
	Allocated	Unallocated	Total	Allocated	Unallocated	Total
ASSETS						
Investments, at fair value:						
Common stock of CFD						
Research Corporation	\$ 7,102,555	\$ 2,738,335	\$ 9,840,890	\$ 6,181,208	\$ 2,595,802	\$ 8,777,010
Investments - interest bearing cash	274,077	-	274,077	204,227	-	204,227
Receivables:						
Employer contributions	192,958	-	192,958	216,818	-	216,818
TOTAL ASSETS	7,569,590	2,738,335	10,307,925	6,602,253	2,595,802	9,198,055
LIABILITIES						
Interest payable	-	6,609	6,609	-	7,805	7,805
Benefits payable	269,826	-	269,826	214,044	-	214,044
Loan payable to related party	-	1,485,162	1,485,162	-	1,557,440	1,557,440
TOTAL LIABILITIES	269,826	1,491,771	1,761,597	214,044	1,565,245	1,779,289
NET ASSETS AVAILABLE						
FOR BENEFITS	\$ 7,299,764	\$ 1,246,564	\$ 8,546,328	\$ 6,388,209	\$ 1,030,557	\$ 7,418,766

See notes to the financial statements.

**CFD RESEARCH CORPORATION EMPLOYEE STOCK OWNERSHIP PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Allocated</u>	<u>Unallocated</u>	<u>Total</u>
ADDITIONS			
Investment income:			
Net appreciation in fair value of investments	\$ 749,237	\$ 314,643	\$ 1,063,880
Dividends	187,310	78,661	265,971
Interest earned	8,874	-	8,874
Employer contributions	663,677	-	663,677
Allocation of 58,115 shares	150,771	-	150,771
Total additions to net assets	1,759,869	393,304	2,153,173
DEDUCTIONS			
Distributions paid to participants	814,783	-	814,783
Interest expense	-	26,526	26,526
Administrative expense	29,675	-	29,675
Allocation of 58,115 shares	-	150,771	150,771
Total deductions from net assets	844,458	177,297	1,021,755
NET INCREASE IN NET ASSETS	915,411	216,007	1,131,418
TRANSFER TO OTHER PLAN	3,856	-	3,856
NET ASSETS AVAILABLE FOR PLAN BENEFITS:			
BEGINNING OF YEAR	6,388,209	1,030,557	7,418,766
END OF YEAR	<u>\$ 7,299,764</u>	<u>\$ 1,246,564</u>	<u>\$ 8,546,328</u>

See notes to the financial statements.

CFD RESEARCH CORPORATION EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

1. DESCRIPTION OF THE PLAN

The following description of the CFD Research Corporation (the Company and Sponsor) Employee Stock Ownership Plan (the Plan) is provided for general information purposes only. Participants should refer to the Plan agreement for complete information.

General

The Company established the Plan effective as of January 1, 2005. As of January 1, 2010, the Plan was amended and operates, in relevant part, as a leveraged employee stock ownership plan (ESOP), and is designed to comply with Section 4975(e)(7) and the regulations thereunder of the Internal Revenue Code of 1986, as amended (IRC) and is subject to the applicable provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The Plan is administered by CFD Research Corporation. The Company has authority to control and manage the operation and administration of the Plan and has all powers necessary to enable it to carry its duties. The Company is responsible for oversight of the Plan. Ashok Singhal, the Company's Founder and Chairman, is the Plan's Trustee.

The Plan purchased Company common stock using the proceeds of a Company officer borrowing (Note 5) guaranteed by Company common stock, and holds the common stock in a Trust established under the Plan. The borrowing is to be repaid over a period of eight years by fully deductible Company contributions to the Trust fund. As the Plan makes each payment of principal, an appropriate percentage of stock will be allocated to eligible employees' accounts in accordance with applicable regulations under the IRC. Shares vest at a rate of 25% per year over four years upon allocation.

The borrowing is collateralized by the unallocated shares of common stock and is guaranteed by the Company. The lender has no rights against shares of common stock once they are allocated under the provisions of the ESOP. Accordingly, the financial statements of the Plan as of December 31, 2019 and 2018, and for the year ended December 31, 2019, present separately the assets and liabilities and changes therein pertaining to:

1. The accounts of employees with vested rights in allocated common stock (Allocated) and
2. Common stock not yet allocated to employees (Unallocated).

Eligibility

Employees of the Company are generally eligible to participate in the Plan after one year of service providing they worked at least 1,000 hours during such plan year. Participants who do not have at least 1,000 hours of service during such plan year are generally not eligible for an allocation of Company contributions for such year.

Eligibility for the 401(k) employer match to the Plan is based on participation in the Company's 401(k) plan. The amount of the match is based on employee deferrals and the provisions of the Company's 401(k) plan.

CFD RESEARCH CORPORATION EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

1. DESCRIPTION OF THE PLAN – CONTINUED

Contributions

The Company's Board of Directors determines the form (either in Company stock or cash) and amount of employer contributions. During any year during which the Company has elected to be treated as a "Subchapter S Corporation," the Trust may also receive its share of any distributed earnings (S Corporation Distributions) paid to the Company's stockholders. Participants in the Company's 401(k) plan may also elect to have their company match contributed to the Plan instead of to their account in the 401(k) plan. Employee contributions are not permitted.

Payments of Benefits

Distributions on account of death, disability, or retirement are made in a lump sum or annual installments in the Plan year following the event. The method of payment will either be either cash or stock distribution as required by the Plan Document.

Administrative Expenses

As provided in the Plan agreement, administrative expenses may be paid either by the Plan or by the Company. Normal brokerage charges that are included in the cost of securities purchased (or charged to proceeds in the case of sales) shall be paid by the Plan. The Company shall pay all expenses in connection with the design, establishment, or termination of the Plan. The Trust shall pay all costs of administering the Plan and Trust, unless such expenses are paid by the Company.

Voting Rights

All Company stock held by the Trust shall be voted by the Trustee on behalf of the collective best interest of plan participants and beneficiaries in accordance with the Employee Benefits Administration Committee. However, each participant is entitled to direct the voting of any voting shares of Company stock allocated to his or her account with respect to any vote required for the approval or disapproval of certain events as defined in the Plan Document. The Trustee will vote any unallocated shares held by the Trust as well as any allocated shares for which a Participant has failed to give timely voting direction.

Participant Accounts

The Plan is a defined contribution plan under which a separate individual account is established for each participant. Each participant's account can be credited with an allocation of (1) the Company's contributions, (2) Company matched funds as directed from the 401(k) plan, (3) Plan earnings or losses based on changes in the price of the Company stock, and (4) forfeitures of terminated participant's non-vested accounts. Only those participants who are eligible employees of the Company as of the last day of the plan year will receive an allocation. Allocations are based on a participant's eligible compensation or account balances, as defined in the Plan Document. Plan earnings are allocated to each participant's account based on the ratio of the participant's account balance.

CFD RESEARCH CORPORATION EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

1. DESCRIPTION OF THE PLAN – CONTINUED

Vesting

Employees entering the Plan prior to January 1, 2017, vest in the Company's contributions and related earnings at a rate of 25% per year over four years. Employees entering the Plan on or after January 1, 2017, vest in the Company's contributions and related earnings at a rate of 20% per year after one year of service and are fully vested after six years. Employees are also fully vested upon reaching the normal retirement date as defined by the Plan Document, death of a participant, or total and permanent disability as defined by the Plan Document.

Put Option

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

Diversification

Diversification is offered to participants close to retirement so that they may have the opportunity to move part of the value of their investment in Company common stock into investments which are more diversified. Participants who are at least age 55 with at least 10 years of participation in the Plan may elect to diversify a portion of their account. Diversification is offered to each eligible participant over a six-year period. In each of the first five years, a participant may diversify up to 25% of the number of post-1986 shares allocated to his or her account, less any shares previously diversified. In the sixth year, the percentage changes to 50%. Participants who elect to diversify receive a cash distribution. Participants eligible to diversify make their election after year-end based on the number of shares of the employer's stock held in their account at year-end.

Forfeitures

Plan forfeitures are allocated to each participant's account based upon the relation of the participant's compensation to total compensation for the Plan year. Forfeitures of terminated non vested account balances allocated to remaining participants at December 31, 2019, totaled \$8,117.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

**CFD RESEARCH CORPORATION EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Allocations

The financial statements of the Plan present separately the assets and liabilities and changes therein pertaining to (a) the accounts of employees with rights in allocated stock (“allocated”) and (b) stock not yet allocated to employees (“unallocated”), including shares that are committed to be released. Shares are released from collateral and become allocated generally in the period in which debt service is actually paid.

Investment Valuation and Income Recognition

The shares of Company common stock are reported at fair value. See Note 4 for a discussion of the fair value measurements. Dividend income is accrued on the ex-dividend date. Purchases and sales of securities are recorded on a trade-date basis. Realized gains and losses from security transactions are reported on the average cost method. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Payment of Benefits

Benefits are recorded when paid. Benefits payables are amounts allocated to accounts of persons who have terminated employment but have not yet been paid were \$269,826 for December 31, 2019.

Subsequent Events

The Plan has evaluated subsequent events through October 13, 2020, the date the financial statements were available to be issued.

3. INVESTMENTS

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

	December 31, 2019		December 31, 2018	
	Allocated	Unallocated	Allocated	Unallocated
Sponsor				
Common shares				
Number of shares	2,399,512	925,113	2,341,367	983,258
Cost	\$ 1,516,011	\$ 584,486	\$ 1,479,275	\$ 621,222
Fair market value	\$ 7,102,555	\$ 2,738,335	\$ 6,181,208	\$ 2,595,802

**CFD RESEARCH CORPORATION EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

4. FAIR VALUE MEASUREMENTS

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

- Level 1 Fair Value Measurements – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.
- Level 2 Fair Value Measurements – Inputs to the valuation methodology include: (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in inactive markets; (c) inputs other than quoted prices that are observable for the net asset or liability; (d) 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 Fair Value Market Measurements – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2019 and 2018:

Assets at Fair Value as of December 31, 2019				
	Level 1	Level 2	Level 3	Total
Common stock	\$ -	\$ -	\$ 9,840,890	\$ 9,840,890
Investment at fair value	\$ -	\$ -	\$ 9,840,890	\$ 9,840,890
Assets at Fair Value as of December 31, 2018				
	Level 1	Level 2	Level 3	Total
Common stock	\$ -	\$ -	\$ 8,777,010	\$ 8,777,010
Investment at fair value	\$ -	\$ -	\$ 8,777,010	\$ 8,777,010

**CFD RESEARCH CORPORATION EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

4. FAIR VALUE MEASUREMENTS – CONTINUED

The following table sets forth a summary of changes in the fair value of the Plan's level 3 assets for the year ended December 31, 2019:

Balance at December 31, 2018	\$ 8,777,010
Unrealized appreciation in estimated fair value	<u>1,063,880</u>
Balance at December 31, 2019	<u><u>\$ 9,840,890</u></u>

Gains and losses (realized and unrealized) included in changes in net assets available for the period above are reported in net appreciation in the fair value of investments in the statement of changes in net assets available for benefits.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019 and 2018.

The CFD Research Corporation common stock held by the Plan is reported at fair value based on an appraisal. This appraisal was based upon a combination of the market and income valuation techniques consistent with prior years as illustrated in the following table.

<u>Instrument</u>	<u>Fair Value</u>	<u>Principal Valuation Technique</u>	<u>Unobservable Inputs</u>
CFD Research Corporation Common Stock	\$ 9,840,890	Income	EBITDA, Net Income, Weighted average, Cost of Capital, Discount Rate, Discount for lack of Marketability
		Market	Public comparables, Revenue multiple, EBITDA Multiple discount for lack of Marketability

The valuation process involves the selection of an appraiser under contract for a term of three years with the right to cancel such contract at any time. Plan management accumulates the data for the appraiser from historical and projected financial information of the Company. The appraiser prepares a report of estimated per share value that a participant will receive upon distribution, which Plan management, along with the ESOP Trustee, reviews in detail, discusses, and approves.

**CFD RESEARCH CORPORATION EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

4. FAIR VALUE MEASUREMENTS – CONTINUED

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.

5. LOAN PAYABLE TO RELATED PARTY AND PARTY-IN-INTEREST

In 2017, the Plan sponsor entered into a \$1,800,000 seven-year promissory agreement with an officer of the Company who is a related party and party-in-interest. The proceeds of the loan were used to purchase the Company's common stock. Unallocated shares are collateral for the loan. Shares are released from collateral and allocated to participants when principal and interest payments are made. The number of shares released in any year is the number of shares held as collateral, multiplied by the ratio of the current year payments, divided by the total of this year's payments, plus all future years' principal and interest payments. This resulted in 58,145 shares being released and allocated for the plan year ended December 31, 2019. The agreement provides for the loan to be repaid over eight years. The fair value of the note payable as of December 31, 2019 and 2018, was \$1,485,162 and \$1,557,440, respectively, determined by using interest rates currently available for issuance of debt with similar terms, maturity dates, and nonperformance risk.

On August 30, 2019, the promissory agreement was extended to an eight-year promissory agreement. Future maturities of the loan payable are summarized as follows:

<u>For the Years Ending December 31,</u>	<u>Principal</u>
2020	\$ 73,564
2021	254,874
2022	259,410
2023	264,028
2024	268,727
Thereafter	364,559
	<u>\$ 1,485,162</u>

The loan bears interest at a fixed rate of 1.78%.

6. RELATED PARTY TRANSACTIONS AND PARTY-IN-INTEREST TRANSACTIONS

The Plan invests in Company common stock and has a loan payable to an officer of the Company guaranteed by the Company. These are related party and party-in-interest transactions. As described in Notes 1 and 3, the Company pays the expenses of the Plan. The Plan has a number of service providers. Such parties are parties-in-interest under ERISA.

CFD RESEARCH CORPORATION EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

6. RELATED PARTY TRANSACTIONS AND PARTY-IN-INTEREST TRANSACTIONS – CONTINUED

Principal Financial Group provides record keeping services for the Plan, and therefore qualifies as a party-in-interest. As described in Note 1, fees related to the Plan's operations were paid by the Sponsor directly to Principal Financial Group during 2019.

7. RISKS AND UNCERTAINTIES

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

8. PLAN TERMINATION

The Company reserves the right to terminate the Plan at any time, subject to Plan provisions. Upon termination of the Plan, the Employee Benefits Administration Committee directs the Trustee to pay all liabilities and expenses of the ESOP and to sell shares of financed common stock held as collateral to the extent it determines such sale to be necessary in order to repay the loan. Subsequently, the interest of each participant in the Trust fund will be distributed to such participant or his or her beneficiary at the time prescribed by the Plan terms and the IRC.

9. TAX STATUS

The Internal Revenue Service has determined and informed the Company by a letter dated December 10, 2014, that the Plan is qualified and the Trust established under the Plan is tax-exempt, under the appropriate sections of the IRC. The Plan has been amended since receiving the determination letter. However, the Plan administrator and the Plan's tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC. Therefore, they believe that the Plan was qualified and the related Trust was tax-exempt as of the financial statement date.

Accounting principles generally accepted in the United States of America require the plan administrator to evaluate tax positions taken by the Plan and recognize a tax liability for any uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by tax authorities; however, there are currently no audits for any tax periods in progress.

CFD RESEARCH CORPORATION EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

10. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

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

	<u>2019</u>	<u>2018</u>
Net assets available for benefits per the financial statements	\$ 8,546,328	\$ 7,418,766
Benefits payable	-	214,044
Accrued interest on loan payable	<u>6,609</u>	<u>7,805</u>
Net assets available for benefits per the Form 5500	<u>\$ 8,552,937</u>	<u>\$ 7,640,615</u>

The following is a reconciliation of net income per the financial statements at December 31, 2019, to net income per the Form 5500:

Change in net assets available for benefits per the financial statements	\$ 1,131,418
Benefits Payable at December 31, 2018	(214,044)
Accrued interest on loan payable at December 31, 2018	(7,805)
Accrued interest on loan payable at December 31, 2019	<u>6,609</u>
Change in net assets available for benefits per the Form 5500	<u>\$ 916,178</u>

11. SUBSEQUENT EVENTS

The Plan has evaluated subsequent events through October 13, 2020, the date the financial statements were available to be issued.

The 2019 novel coronavirus (or “COVID-19”) has adversely affected, and may continue to adversely affect economic activity globally, nationally and locally. Following the COVID-19 outbreak in January 2020, the values of investment securities have fluctuated significantly. These economic and market conditions and other effects of the COVID-19 outbreak on the Plan’s participants’ account balances and the amounts reported in the 2019 statement of net assets available for benefits cannot be predicted at this time.

SUPPLEMENTAL SCHEDULE

CFD RESEARCH CORPORATION EMPLOYEE STOCK OWNERSHIP PLAN
EMPLOYER ID # 63-0944385
PLAN # 002
SCHEDULE H, LINE 4i –
SCHEDULE OF ASSETS (HELD AT END OF YEAR)
DECEMBER 31, 2019

		(c)		
(b)		Description of Investment Including	(d)	(e)
Identity of Issuer, Borrower		Maturity Date, Rate of Interest,		Current
(a)	Lessor, or Similar Parties	Collateral, Par, or Maturity Value	Cost	Value
*	CFD Research Corporation	3,324,625 shares of CFD Research Corporation Common Stock	\$ 2,110,873	\$ 9,840,890

* Represents a party-in-interest

See independent auditors' report.

**CFD RESEARCH CORPORATION
EMPLOYEE STOCK OWNERSHIP PLAN**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULE**

DECEMBER 31, 2019 AND 2018

CFD RESEARCH CORPORATION EMPLOYEE STOCK OWNERSHIP PLAN
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DECEMBER 31, 2019 AND 2018

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INDEPENDENT AUDITORS' REPORT

To the Trustee
CFD Research corporation Employee Stock Ownership Plan

Report on the Financial Statements

We have audited the accompanying financial statements of CFD Research Corporation Employee Stock Ownership Plan (the Plan), which comprise the statement of net assets available for benefits as of December 31, 2019, and the related statement of changes in net assets available for benefits for the year ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2019 and 2018, and the changes in its net assets available for benefits for the year ended December 31, 2019, in accordance with accounting principles generally accepted in the United States of America.

2018 Financial Statements

The financial statements of the Plan, as of December 31, 2018, were audited by predecessor auditors whose report dated October 14, 2019 expressed an unmodified opinion on those statements.

Report on Supplemental Schedule

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental Schedule H, Line 4i – Schedule of Assets (Held at End of Year) as of December 31, 2019, is presented for the purpose of additional analysis and is not a required part of the financial statements but is supplemental information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of the Plan's management was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.



Huntsville, Alabama
October 13, 2020

CFD RESEARCH CORPORATION EMPLOYEE STOCK OWNERSHIP PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2019 and 2018

	December 31, 2019			December 31, 2018		
	Allocated	Unallocated	Total	Allocated	Unallocated	Total
ASSETS						
Investments, at fair value:						
Common stock of CFD						
Research Corporation	\$ 7,102,555	\$ 2,738,335	\$ 9,840,890	\$ 6,181,208	\$ 2,595,802	\$ 8,777,010
Investments - interest bearing cash	274,077	-	274,077	204,227	-	204,227
Receivables:						
Employer contributions	192,958	-	192,958	216,818	-	216,818
TOTAL ASSETS	7,569,590	2,738,335	10,307,925	6,602,253	2,595,802	9,198,055
LIABILITIES						
Interest payable	-	6,609	6,609	-	7,805	7,805
Benefits payable	269,826	-	269,826	214,044	-	214,044
Loan payable to related party	-	1,485,162	1,485,162	-	1,557,440	1,557,440
TOTAL LIABILITIES	269,826	1,491,771	1,761,597	214,044	1,565,245	1,779,289
NET ASSETS AVAILABLE FOR BENEFITS	\$ 7,299,764	\$ 1,246,564	\$ 8,546,328	\$ 6,388,209	\$ 1,030,557	\$ 7,418,766

See notes to the financial statements.

**CFD RESEARCH CORPORATION EMPLOYEE STOCK OWNERSHIP PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Allocated</u>	<u>Unallocated</u>	<u>Total</u>
ADDITIONS			
Investment income:			
Net appreciation in fair value of investments	\$ 749,237	\$ 314,643	\$ 1,063,880
Dividends	187,310	78,661	265,971
Interest earned	8,874	-	8,874
Employer contributions	663,677	-	663,677
Allocation of 58,115 shares	150,771	-	150,771
Total additions to net assets	1,759,869	393,304	2,153,173
DEDUCTIONS			
Distributions paid to participants	814,783	-	814,783
Interest expense	-	26,526	26,526
Administrative expense	29,675	-	29,675
Allocation of 58,115 shares	-	150,771	150,771
Total deductions from net assets	844,458	177,297	1,021,755
NET INCREASE IN NET ASSETS	915,411	216,007	1,131,418
TRANSFER TO OTHER PLAN	3,856	-	3,856
NET ASSETS AVAILABLE FOR PLAN BENEFITS:			
BEGINNING OF YEAR	6,388,209	1,030,557	7,418,766
END OF YEAR	<u>\$ 7,299,764</u>	<u>\$ 1,246,564</u>	<u>\$ 8,546,328</u>

See notes to the financial statements.

CFD RESEARCH CORPORATION EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

1. DESCRIPTION OF THE PLAN

The following description of the CFD Research Corporation (the Company and Sponsor) Employee Stock Ownership Plan (the Plan) is provided for general information purposes only. Participants should refer to the Plan agreement for complete information.

General

The Company established the Plan effective as of January 1, 2005. As of January 1, 2010, the Plan was amended and operates, in relevant part, as a leveraged employee stock ownership plan (ESOP), and is designed to comply with Section 4975(e)(7) and the regulations thereunder of the Internal Revenue Code of 1986, as amended (IRC) and is subject to the applicable provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The Plan is administered by CFD Research Corporation. The Company has authority to control and manage the operation and administration of the Plan and has all powers necessary to enable it to carry its duties. The Company is responsible for oversight of the Plan. Ashok Singhal, the Company's Founder and Chairman, is the Plan's Trustee.

The Plan purchased Company common stock using the proceeds of a Company officer borrowing (Note 5) guaranteed by Company common stock, and holds the common stock in a Trust established under the Plan. The borrowing is to be repaid over a period of eight years by fully deductible Company contributions to the Trust fund. As the Plan makes each payment of principal, an appropriate percentage of stock will be allocated to eligible employees' accounts in accordance with applicable regulations under the IRC. Shares vest at a rate of 25% per year over four years upon allocation.

The borrowing is collateralized by the unallocated shares of common stock and is guaranteed by the Company. The lender has no rights against shares of common stock once they are allocated under the provisions of the ESOP. Accordingly, the financial statements of the Plan as of December 31, 2019 and 2018, and for the year ended December 31, 2019, present separately the assets and liabilities and changes therein pertaining to:

1. The accounts of employees with vested rights in allocated common stock (Allocated) and
2. Common stock not yet allocated to employees (Unallocated).

Eligibility

Employees of the Company are generally eligible to participate in the Plan after one year of service providing they worked at least 1,000 hours during such plan year. Participants who do not have at least 1,000 hours of service during such plan year are generally not eligible for an allocation of Company contributions for such year.

Eligibility for the 401(k) employer match to the Plan is based on participation in the Company's 401(k) plan. The amount of the match is based on employee deferrals and the provisions of the Company's 401(k) plan.

CFD RESEARCH CORPORATION EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

1. DESCRIPTION OF THE PLAN – CONTINUED

Contributions

The Company's Board of Directors determines the form (either in Company stock or cash) and amount of employer contributions. During any year during which the Company has elected to be treated as a "Subchapter S Corporation," the Trust may also receive its share of any distributed earnings (S Corporation Distributions) paid to the Company's stockholders. Participants in the Company's 401(k) plan may also elect to have their company match contributed to the Plan instead of to their account in the 401(k) plan. Employee contributions are not permitted.

Payments of Benefits

Distributions on account of death, disability, or retirement are made in a lump sum or annual installments in the Plan year following the event. The method of payment will either be either cash or stock distribution as required by the Plan Document.

Administrative Expenses

As provided in the Plan agreement, administrative expenses may be paid either by the Plan or by the Company. Normal brokerage charges that are included in the cost of securities purchased (or charged to proceeds in the case of sales) shall be paid by the Plan. The Company shall pay all expenses in connection with the design, establishment, or termination of the Plan. The Trust shall pay all costs of administering the Plan and Trust, unless such expenses are paid by the Company.

Voting Rights

All Company stock held by the Trust shall be voted by the Trustee on behalf of the collective best interest of plan participants and beneficiaries in accordance with the Employee Benefits Administration Committee. However, each participant is entitled to direct the voting of any voting shares of Company stock allocated to his or her account with respect to any vote required for the approval or disapproval of certain events as defined in the Plan Document. The Trustee will vote any unallocated shares held by the Trust as well as any allocated shares for which a Participant has failed to give timely voting direction.

Participant Accounts

The Plan is a defined contribution plan under which a separate individual account is established for each participant. Each participant's account can be credited with an allocation of (1) the Company's contributions, (2) Company matched funds as directed from the 401(k) plan, (3) Plan earnings or losses based on changes in the price of the Company stock, and (4) forfeitures of terminated participant's non-vested accounts. Only those participants who are eligible employees of the Company as of the last day of the plan year will receive an allocation. Allocations are based on a participant's eligible compensation or account balances, as defined in the Plan Document. Plan earnings are allocated to each participant's account based on the ratio of the participant's account balance.

CFD RESEARCH CORPORATION EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

1. DESCRIPTION OF THE PLAN – CONTINUED

Vesting

Employees entering the Plan prior to January 1, 2017, vest in the Company's contributions and related earnings at a rate of 25% per year over four years. Employees entering the Plan on or after January 1, 2017, vest in the Company's contributions and related earnings at a rate of 20% per year after one year of service and are fully vested after six years. Employees are also fully vested upon reaching the normal retirement date as defined by the Plan Document, death of a participant, or total and permanent disability as defined by the Plan Document.

Put Option

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

Diversification

Diversification is offered to participants close to retirement so that they may have the opportunity to move part of the value of their investment in Company common stock into investments which are more diversified. Participants who are at least age 55 with at least 10 years of participation in the Plan may elect to diversify a portion of their account. Diversification is offered to each eligible participant over a six-year period. In each of the first five years, a participant may diversify up to 25% of the number of post-1986 shares allocated to his or her account, less any shares previously diversified. In the sixth year, the percentage changes to 50%. Participants who elect to diversify receive a cash distribution. Participants eligible to diversify make their election after year-end based on the number of shares of the employer's stock held in their account at year-end.

Forfeitures

Plan forfeitures are allocated to each participant's account based upon the relation of the participant's compensation to total compensation for the Plan year. Forfeitures of terminated non vested account balances allocated to remaining participants at December 31, 2019, totaled \$8,117.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

**CFD RESEARCH CORPORATION EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Allocations

The financial statements of the Plan present separately the assets and liabilities and changes therein pertaining to (a) the accounts of employees with rights in allocated stock (“allocated”) and (b) stock not yet allocated to employees (“unallocated”), including shares that are committed to be released. Shares are released from collateral and become allocated generally in the period in which debt service is actually paid.

Investment Valuation and Income Recognition

The shares of Company common stock are reported at fair value. See Note 4 for a discussion of the fair value measurements. Dividend income is accrued on the ex-dividend date. Purchases and sales of securities are recorded on a trade-date basis. Realized gains and losses from security transactions are reported on the average cost method. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Payment of Benefits

Benefits are recorded when paid. Benefits payables are amounts allocated to accounts of persons who have terminated employment but have not yet been paid were \$269,826 for December 31, 2019.

Subsequent Events

The Plan has evaluated subsequent events through October 13, 2020, the date the financial statements were available to be issued.

3. INVESTMENTS

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

	December 31, 2019		December 31, 2018	
	Allocated	Unallocated	Allocated	Unallocated
Sponsor				
Common shares				
Number of shares	2,399,512	925,113	2,341,367	983,258
Cost	\$ 1,516,011	\$ 584,486	\$ 1,479,275	\$ 621,222
Fair market value	\$ 7,102,555	\$ 2,738,335	\$ 6,181,208	\$ 2,595,802

**CFD RESEARCH CORPORATION EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

4. FAIR VALUE MEASUREMENTS

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

- Level 1 Fair Value Measurements – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.
- Level 2 Fair Value Measurements – Inputs to the valuation methodology include: (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in inactive markets; (c) inputs other than quoted prices that are observable for the net asset or liability; (d) 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 Fair Value Market Measurements – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2019 and 2018:

Assets at Fair Value as of December 31, 2019				
	Level 1	Level 2	Level 3	Total
Common stock	\$ -	\$ -	\$ 9,840,890	\$ 9,840,890
Investment at fair value	\$ -	\$ -	\$ 9,840,890	\$ 9,840,890
Assets at Fair Value as of December 31, 2018				
	Level 1	Level 2	Level 3	Total
Common stock	\$ -	\$ -	\$ 8,777,010	\$ 8,777,010
Investment at fair value	\$ -	\$ -	\$ 8,777,010	\$ 8,777,010

**CFD RESEARCH CORPORATION EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

4. FAIR VALUE MEASUREMENTS – CONTINUED

The following table sets forth a summary of changes in the fair value of the Plan's level 3 assets for the year ended December 31, 2019:

Balance at December 31, 2018	\$ 8,777,010
Unrealized appreciation in estimated fair value	<u>1,063,880</u>
Balance at December 31, 2019	<u><u>\$ 9,840,890</u></u>

Gains and losses (realized and unrealized) included in changes in net assets available for the period above are reported in net appreciation in the fair value of investments in the statement of changes in net assets available for benefits.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019 and 2018.

The CFD Research Corporation common stock held by the Plan is reported at fair value based on an appraisal. This appraisal was based upon a combination of the market and income valuation techniques consistent with prior years as illustrated in the following table.

<u>Instrument</u>	<u>Fair Value</u>	<u>Principal Valuation Technique</u>	<u>Unobservable Inputs</u>
CFD Research Corporation Common Stock	\$ 9,840,890	Income	EBITDA, Net Income, Weighted average, Cost of Capital, Discount Rate, Discount for lack of Marketability
		Market	Public comparables, Revenue multiple, EBITDA Multiple discount for lack of Marketability

The valuation process involves the selection of an appraiser under contract for a term of three years with the right to cancel such contract at any time. Plan management accumulates the data for the appraiser from historical and projected financial information of the Company. The appraiser prepares a report of estimated per share value that a participant will receive upon distribution, which Plan management, along with the ESOP Trustee, reviews in detail, discusses, and approves.

**CFD RESEARCH CORPORATION EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

4. FAIR VALUE MEASUREMENTS – CONTINUED

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.

5. LOAN PAYABLE TO RELATED PARTY AND PARTY-IN-INTEREST

In 2017, the Plan sponsor entered into a \$1,800,000 seven-year promissory agreement with an officer of the Company who is a related party and party-in-interest. The proceeds of the loan were used to purchase the Company's common stock. Unallocated shares are collateral for the loan. Shares are released from collateral and allocated to participants when principal and interest payments are made. The number of shares released in any year is the number of shares held as collateral, multiplied by the ratio of the current year payments, divided by the total of this year's payments, plus all future years' principal and interest payments. This resulted in 58,145 shares being released and allocated for the plan year ended December 31, 2019. The agreement provides for the loan to be repaid over eight years. The fair value of the note payable as of December 31, 2019 and 2018, was \$1,485,162 and \$1,557,440, respectively, determined by using interest rates currently available for issuance of debt with similar terms, maturity dates, and nonperformance risk.

On August 30, 2019, the promissory agreement was extended to an eight-year promissory agreement. Future maturities of the loan payable are summarized as follows:

<u>For the Years Ending December 31,</u>	<u>Principal</u>
2020	\$ 73,564
2021	254,874
2022	259,410
2023	264,028
2024	268,727
Thereafter	364,559
	<u>\$ 1,485,162</u>

The loan bears interest at a fixed rate of 1.78%.

6. RELATED PARTY TRANSACTIONS AND PARTY-IN-INTEREST TRANSACTIONS

The Plan invests in Company common stock and has a loan payable to an officer of the Company guaranteed by the Company. These are related party and party-in-interest transactions. As described in Notes 1 and 3, the Company pays the expenses of the Plan. The Plan has a number of service providers. Such parties are parties-in-interest under ERISA.

CFD RESEARCH CORPORATION EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

6. RELATED PARTY TRANSACTIONS AND PARTY-IN-INTEREST TRANSACTIONS – CONTINUED

Principal Financial Group provides record keeping services for the Plan, and therefore qualifies as a party-in-interest. As described in Note 1, fees related to the Plan's operations were paid by the Sponsor directly to Principal Financial Group during 2019.

7. RISKS AND UNCERTAINTIES

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

8. PLAN TERMINATION

The Company reserves the right to terminate the Plan at any time, subject to Plan provisions. Upon termination of the Plan, the Employee Benefits Administration Committee directs the Trustee to pay all liabilities and expenses of the ESOP and to sell shares of financed common stock held as collateral to the extent it determines such sale to be necessary in order to repay the loan. Subsequently, the interest of each participant in the Trust fund will be distributed to such participant or his or her beneficiary at the time prescribed by the Plan terms and the IRC.

9. TAX STATUS

The Internal Revenue Service has determined and informed the Company by a letter dated December 10, 2014, that the Plan is qualified and the Trust established under the Plan is tax-exempt, under the appropriate sections of the IRC. The Plan has been amended since receiving the determination letter. However, the Plan administrator and the Plan's tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC. Therefore, they believe that the Plan was qualified and the related Trust was tax-exempt as of the financial statement date.

Accounting principles generally accepted in the United States of America require the plan administrator to evaluate tax positions taken by the Plan and recognize a tax liability for any uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by tax authorities; however, there are currently no audits for any tax periods in progress.

CFD RESEARCH CORPORATION EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

10. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

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

	<u>2019</u>	<u>2018</u>
Net assets available for benefits per the financial statements	\$ 8,546,328	\$ 7,418,766
Benefits payable	-	214,044
Accrued interest on loan payable	<u>6,609</u>	<u>7,805</u>
Net assets available for benefits per the Form 5500	<u>\$ 8,552,937</u>	<u>\$ 7,640,615</u>

The following is a reconciliation of net income per the financial statements at December 31, 2019, to net income per the Form 5500:

Change in net assets available for benefits per the financial statements	\$ 1,131,418
Benefits Payable at December 31, 2018	(214,044)
Accrued interest on loan payable at December 31, 2018	(7,805)
Accrued interest on loan payable at December 31, 2019	<u>6,609</u>
Change in net assets available for benefits per the Form 5500	<u>\$ 916,178</u>

11. SUBSEQUENT EVENTS

The Plan has evaluated subsequent events through October 13, 2020, the date the financial statements were available to be issued.

The 2019 novel coronavirus (or “COVID-19”) has adversely affected, and may continue to adversely affect economic activity globally, nationally and locally. Following the COVID-19 outbreak in January 2020, the values of investment securities have fluctuated significantly. These economic and market conditions and other effects of the COVID-19 outbreak on the Plan’s participants’ account balances and the amounts reported in the 2019 statement of net assets available for benefits cannot be predicted at this time.

SUPPLEMENTAL SCHEDULE

CFD RESEARCH CORPORATION EMPLOYEE STOCK OWNERSHIP PLAN
EMPLOYER ID # 63-0944385
PLAN # 002
SCHEDULE H, LINE 4i –
SCHEDULE OF ASSETS (HELD AT END OF YEAR)
DECEMBER 31, 2019

		(c)		
(b)		Description of Investment Including	(d)	(e)
Identity of Issuer, Borrower		Maturity Date, Rate of Interest,		Current
(a)	Lessor, or Similar Parties	Collateral, Par, or Maturity Value	Cost	Value
*	CFD Research Corporation	3,324,625 shares of CFD Research Corporation Common Stock	\$ 2,110,873	\$ 9,840,890

* Represents a party-in-interest

See independent auditors' report.