

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: <div style="display: flex; justify-content: space-between;"> <div> ☐ a multiemployer plan </div> <div> ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.) </div> </div>
	☒ a single-employer plan <div style="margin-left: 150px;">☐ a DFE (specify) _____</div>
B	This return/report is: <div style="display: flex; justify-content: space-between;"> <div> ☐ the first return/report ☐ an amended return/report </div> <div> ☐ the final return/report ☐ a short plan year return/report (less than 12 months) </div> </div>
C	If the plan is a collectively-bargained plan, check here. ▶ ☐
D	Check box if filing under: <div style="display: flex; justify-content: space-between;"> <div> ☒ Form 5558 ☐ special extension (enter description) </div> <div> ☐ automatic extension </div> <div> ☐ the DFVC program </div> </div>

Part II	Basic Plan Information —enter all requested information						
1a	Name of plan <u>THE CHARLES MACHINE WORKS, INC. EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST</u>						
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;">1b</td> <td>Three-digit plan number (PN) ▶ <u>001</u></td> </tr> <tr> <td>1c</td> <td>Effective date of plan <u>06/25/1985</u></td> </tr> </table>	1b	Three-digit plan number (PN) ▶ <u>001</u>	1c	Effective date of plan <u>06/25/1985</u>		
1b	Three-digit plan number (PN) ▶ <u>001</u>						
1c	Effective date of plan <u>06/25/1985</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>CHARLES MACHINE WORKS, INC.</u> <u>P.O. BOX 66</u> <u>PERRY, OK 73077-0066</u>						
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;">2b</td> <td>Employer Identification Number (EIN) <u>73-0660844</u></td> </tr> <tr> <td>2c</td> <td>Plan Sponsor's telephone number <u>580-336-4402</u></td> </tr> <tr> <td>2d</td> <td>Business code (see instructions) <u>333100</u></td> </tr> </table>	2b	Employer Identification Number (EIN) <u>73-0660844</u>	2c	Plan Sponsor's telephone number <u>580-336-4402</u>	2d	Business code (see instructions) <u>333100</u>
2b	Employer Identification Number (EIN) <u>73-0660844</u>						
2c	Plan Sponsor's telephone number <u>580-336-4402</u>						
2d	Business code (see instructions) <u>333100</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	KRISTEN MCCAUL
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.		
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE	Filed with authorized/valid electronic signature.		
	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 2276
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) 1990 6a(2) 1728 6b 206 6c 410 6d 2344 6e 9 6f 2353 6g 2324 6h 0
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....	7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2A 2E 2O 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)** ☐ 0 **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 _____

<div>SCHEDULE C</div> <div>(Form 5500)</div> <div>Department of the Treasury Internal Revenue Service</div> <div>Department of Labor Employee Benefits Security Administration</div> <div>Pension Benefit Guaranty Corporation</div>	<div>Service Provider Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</div> <div>▶ File as an attachment to Form 5500.</div>	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 THE CHARLES MACHINE WORKS, INC. EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 CHARLES MACHINE WORKS, INC.	D Employer Identification Number (EIN) 73-0660844	

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)

ENTERPRISE SERVICES, INC.

39-1763393

(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	NONE	15000	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

US BANK

31-0841358

(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?
21 50	NONE	12868	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

MCCREADY & KEENE, INC

35-0500670

(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?
24 50	NONE	12000	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
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(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

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

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

SCHEDULE H (Form 5500) <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.	<small>OMB No. 1210-0110</small> 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 THE CHARLES MACHINE WORKS, INC. EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST		B Three-digit plan number (PN) ► 001
C Plan sponsor's name as shown on line 2a of Form 5500 CHARLES MACHINE WORKS, INC.		D Employer Identification Number (EIN) 73-0660844

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)	3962727	0
(2) Participant contributions.....	1b(2)		
(3) Other.....	1b(3)	0	35958
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit).....	1c(1)	620972	169955480
(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)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)	117288100	0
(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	121871799	169991438

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j	751774	26200
k Total liabilities (add all amounts in lines 1g through 1j)	1k	751774	26200

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	121120025	169965238
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)		
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		0
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	1771826	
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		1771826
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	174109390	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	117288100	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		56821290
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)	920698	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		920698

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		
c Other income	2c		
d Total income. Add all income amounts in column (b) and enter total	2d		59513814

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	10628733	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		10628733
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	39868	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		39868
j Total expenses. Add all expense amounts in column (b) and enter total	2j		10668601

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		48845213
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

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

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

(1) ☐ Unmodified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

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

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

(1) Name: GRANT THORNTON LLP

(2) EIN: 36-6055558

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	
4b		X	

	Yes	No	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
4c		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)		X	
4d		X	
e Was this plan covered by a fidelity bond?	X		1500000
4e	X		1500000
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	
4f		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
4g		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
4h		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	X		
4i	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	X		
4j	X		
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?		X	
4k		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)		X	
4m		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? ☒ Yes ☐ No
 If "Yes," enter the amount of any plan assets that reverted to the employer this year 0.

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

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

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (See ERISA section 4021.)? ☐ Yes ☐ No ☐ Not determined
 If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year (See instructions.)

<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 THE CHARLES MACHINE WORKS, INC. EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST		B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 CHARLES MACHINE WORKS, INC.		D Employer Identification Number (EIN) 73-0660844
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): 73-0398257		
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 _____

Financial Statements and Report of
Independent Certified Public
Accountants

**The Charles Machine Works, Inc.
Employee Stock Ownership Plan and Trust**

December 31, 2019 and 2018

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Trustees

The Charles Machine Works, Inc. Employee Stock Ownership Plan and Trust

Report on the financial statements

We were engaged to audit the accompanying financial statements of The Charles Machine Works, Inc. Employee Stock Ownership Plan and Trust (the "Plan"), which comprise the statement of net assets available for benefits in liquidation as of December 31, 2019, and the related statement of changes in net assets available for benefits in liquidation for the year then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion on the 2019 Financial Statements paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the 2019 financial statements.

Basis for disclaimer of opinion on the 2019 financial statements

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the certified information described in Note D, except for comparing such information with the related information included in the 2019 financial statements. We have been informed by the Plan administrator that the certifying entity meets the requirements of 29 CFR 2520.103-8. The Plan administrator obtained a certification from this entity as of December 31, 2019, and for the year then ended, stating that the certified information provided to the Plan administrator is complete and accurate.

Disclaimer of opinion on the 2019 financial statements

Because of the significance of the matter described in the Basis for Disclaimer of Opinion on the 2019 Financial Statements paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the 2019 financial statements. Accordingly, we do not express an opinion on the 2019 financial statements.

Emphasis of matter

As described in Note A to the financial statements, the Board of Directors of The Charles Machine Works, the Plan's Sponsor, approved a plan of liquidation effective April 1, 2019, and management determined liquidation is imminent. Accordingly, the Plan has changed its basis of accounting from the going concern basis used in presenting the Plan's 2018 financial statements to the liquidation basis used in presenting the Plan's 2019 financial statements. Our opinion is not modified with respect to this matter.

Other matter – report on 2018 financial statements

We have previously audited the accompanying 2018 financial statements of the Plan, which comprise the statements of net assets available for benefits as of December 31, 2018, and the related statement of changes in net assets available for benefits for the year then ended (not presented herein), and the related notes to the financial statements. In our report dated October 15, 2019, we expressed our opinion that such financial statements presents fairly, in all material respects, net assets available for benefits of the Plan as of December 31, 2018, and the changes in net assets available for benefits for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Supplementary information

The supplemental schedule of assets (held at end of year) and schedule of reportable transactions as of December 31, 2019, is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedules.

Report on 2019 form and content in compliance with DOL rules and regulations

The form and content of the information included in the 2019 financial statements, other than that derived from the certified information described in Note D, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Grant Thornton LLP

Tulsa, Oklahoma
October 15, 2020

The Charles Machine Works, Inc. Employee Stock Ownership Plan and Trust

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

As of December 31,

	(in Liquidation) 2019	(Ongoing) 2018
ASSETS		
Cash and cash equivalents	\$ 169,955,480	\$ 620,972
Investment in Company common stock, at fair value	-	117,288,100
Employer contributions receivable	-	3,962,727
Accrued income	35,958	-
	<hr/>	<hr/>
Total assets	169,991,438	121,871,799
LIABILITIES		
Accounts payable	26,200	751,774
	<hr/>	<hr/>
NET ASSETS AVAILABLE FOR PLAN BENEFITS	<u><u>\$ 169,965,238</u></u>	<u><u>\$ 121,120,025</u></u>

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

The Charles Machine Works, Inc. Employee Stock Ownership Plan and Trust

STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31,

	Year ended December 31, 2019 (Liquidation Basis)
Additions:	
Additions to net assets attributable to:	
Investment income	
Net appreciation in fair value of investments	\$ 920,698
Interest	<u>1,771,826</u>
Total investment income	2,692,524
Adjusted income from sale of Company stock	<u>56,821,290</u>
Total additions	<u>59,513,814</u>
Deductions:	
Deductions to net assets attributed to:	
Benefits paid to participants	10,628,733
Administrative expenses	<u>39,868</u>
Total deductions	<u>10,668,601</u>
NET INCREASE	48,845,213
NET ASSETS AVAILABLE FOR BENEFITS	
Beginning of year (ongoing)	<u>121,120,025</u>
End of year	<u><u>\$ 169,965,238</u></u>

The accompanying notes are an integral part of this financial statement.

The Charles Machine Works, Inc. Employee Stock Ownership Plan and Trust

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE A - DESCRIPTION OF PLAN

The following description of The Charles Machine Works, Inc. Employee Stock Ownership Plan and Trust (the "Plan") provides only general information. Participants should refer to the Plan agreement for a more complete description of Plan provisions.

General

The Plan is an employee stock ownership and profit sharing plan covering employees of The Charles Machine Works (the "Company" or the "Employer"), and the subsidiaries, Radius HDD Direct, LLC ("Radius"), American Augers, Inc. ("AA"), Earth Tool Company, LLC ("ETC"), MTI Equipment ("MTI"), and Subsite, LLC ("Subsite") who have attained the age of 18 and have three months of continuous employment or have completed one year of service, which is equivalent to 1,000 hours in a Plan year. Employees of the Company's other affiliates or subsidiaries, and leased employees are not eligible to participate in the Plan. Employees may begin participating in the Plan on the first day of the month after the employee meets the eligibility requirements. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended.

Plan Termination

On April 1, 2019, pursuant to an agreement and plan of merger, the Company was acquired by The Toro Company ("Toro"). On the date of acquisition, Toro acquired all outstanding shares of the Company's stock in the Plan in exchange for cash, participants and beneficiaries became 100 percent vested in the Plan, and the Plan was terminated and liquidation became imminent. The proceeds from the sale of the Company's stock are included in Adjusted Income from Sale of Company Stock on the Statement of Changes in Net Assets. As of December 31, 2019, the formal transfer of assets out of the Plan had not yet been consummated and as a result, \$169,955,480 remained in cash and cash equivalents.

Contributions

The Company may make discretionary profit sharing and discretionary stock contributions to the Plan. The Company's stock contributions are made in cash and then used to acquire stock of the Company, which is credited to the participant's individual stock account. Only participants who complete a year of service and are employed on the last day of the Plan year receive an allocation of Employer contributions. Employees are not allowed to make contributions to the Plan. The Company announced a cash contribution of \$3,962,727 during 2018 which was paid to the Plan during 2019. The Company did not have contributions during 2019 as a result of the termination.

Participant Account

Each participant's account may be credited with an allocation of (a) the Company's stock contributions, (b) dividends received on Company stock (which are passed through the Plan and paid out to participants in a cash distribution) and (c) Plan earnings and losses thereon. The Company's contributions are allocated based on the ratio that each participant's compensation bears to the total compensation of all participants. Plan earnings and losses and dividends received on Company stock are allocated to participants based on the ratio of the average daily balance of each participant's stock account to the total average daily balance of all participants' stock accounts.

Vesting

Participants are fully vested in their individual account balances in the Plan at all times.

The Charles Machine Works, Inc. Employee Stock Ownership Plan and Trust

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

Payment of Benefits

Under the provisions of the Plan, the Company has the right of first refusal to purchase any and all shares of Company stock that have been distributed under the terms of the Plan as long as the shares are not publicly traded. The Company may assign this right to the trustees of the Plan.

Put Option

Under federal income tax regulations, the Company stock that is held by the Plan and its participants is not readily tradable on an established market and includes a put option. The put option is a right to demand that the Company buy any shares of its stock distributed to participants for which there is no market. The put price is representative of the fair market value of the stock. The purpose of the put option is to ensure that the participant has the ability to ultimately obtain cash. Therefore, if a participant receives all or a portion of a distribution in the form of Company stock, the participant may, within the 60 days following the distribution or the 60 days following the participant's notification of the fair market value of the stock as of the end of the Plan year, require the Company or the Plan trustees to purchase such shares at the fair market value of the shares as of the most recent valuation date, as defined in the Plan agreement. If the stock distribution was a distribution of the participant's entire account balance, the Company can pay for the purchase, with interest, in five equal annual installments. Otherwise, the Company must pay for the purchase within 30 days after the participant exercises the put option.

Voting Rights

In certain triggering events, employees will be granted the right to vote according to Plan regulations. Each participant is entitled to exercise voting rights attributable to the shares allocated to his or her account. Participants generally assign voting rights associated with shares of Company stock held by the Plan to the majority shareholder of the Company.

Diversification

Diversification is offered to participants close to retirement so they may have the opportunity to move part of the value of their investment in Company stock into investments that are more diversified. Participants that have attained the age of 55 and have completed ten years of service 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 his or her stock account balance attributed to Company stock acquired on or after January 1, 1987, less any shares previously diversified. In the sixth year, the percentage increases to 50%. Participants may elect to diversify by taking a distribution of this amount or by rolling the amounts over to another qualified plan.

The Charles Machine Works, Inc. Employee Stock Ownership Plan and Trust

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying Financial Statements of the Plan as of and for the Reporting Period ended December 31, 2019 are prepared under the liquidation basis of accounting in conformity with United States generally accepted accounting principles ("U.S. GAAP"). The liquidation basis of accounting is considered appropriate and applied prospectively when, among other things, liquidation of the Plan is deemed to be imminent and the net realizable value of the assets of the Plan is reasonably determinable. Liquidation is deemed to be imminent when a plan for liquidation has been approved by parties with the authority to make such plan for liquidation effective and the likelihood is remote that execution of the plan for liquidation will be blocked by other parties or the Plan will return from liquidation. Termination of the Plan was effective April 1, 2019, subject to the provisions of the ERISA. Given the status of termination of the Plan, the Plan Administrator has determined that liquidation of the Plan is imminent as of and for the reporting period ended December 31, 2019.

Under the liquidation basis of accounting, assets are measured to reflect the amount of expected consideration from liquidation and liabilities are measured in accordance with U.S. GAAP that otherwise applies to such liabilities. There were no material changes to the Financial Statements of the Plan as of and for the reporting period ended December 31, 2019 as a result of the change under the liquidation basis of accounting.

The accompanying Financial Statements of the Plan as of and for the fiscal year ended December 31, 2018 were prepared in accordance with U.S. GAAP and are presented on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires the Company to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Cash

Cash consists of cash in an interest-bearing checking account.

Investment Valuation and Income Recognition

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

Concentration of Credit Risk

The Plan maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. The Plan had cash of approximately \$169,705,480 in a financial institution over the federally insured limit as of December 31, 2019. The Plan had cash of approximately \$370,972 in a financial institution over the federally insured limit as of December 31, 2018. The Plan believes it is not exposed to any significant credit risk. The increase in the cash balance as of December 31, 2019 as compared to December 31, 2018 was due to the Plan termination as further discussed in Note A of these notes to financial statements.

Payment of Benefits

Benefits paid to participants are recorded when paid.

The Charles Machine Works, Inc. Employee Stock Ownership Plan and Trust

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

Administrative Expenses

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

NOTE C - INVESTMENTS

All Plan investments, including cash, are non-participant directed. Refer to Note A for discussion of the Plan's termination and sale of Company stock.

The Plan's investment in common shares of the Company's common stock, all of which has been allocated to Plan participants at December 31, 2018, is as follows:

	<u>2018</u>
Number of shares	\$ 275,972
Fair value per share	<u>425</u>
Total	<u>\$ 117,288,100</u>

NOTE D - INFORMATION CERTIFIED BY THE TRUSTEE

The Plan administrator has elected the method of annual reporting compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, First Bank and Trust, the Plan's trustee from January 1, 2019 to March 31, 2019 and US Bank, the Plan's trustee from April 1, 2019 to December 31, 2019 have certified that the following data included in the accompanying financial statements and supplemental schedules is complete and accurate.

- Cash and cash equivalents, as shown in the Statement of Net Assets Available for Benefits as of December 31, 2019.
- Investment income, as shown in the Statement of Changes in Net Assets for the year ended December 31, 2019.
- Schedule H; line 4i - Schedule of Assets (Held at End of Year) as of December 31, 2019.
- Schedule H; line 4j - Schedule of Reportable Transactions as of December 31, 2019.

The Plan's independent certified public accountants did not perform auditing procedures with respect to this information, except for comparing such information to the related information included in the financial statements.

NOTE E - FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board Accounting Standards Codification ("ASC") 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The Charles Machine Works, Inc. Employee Stock Ownership Plan and Trust

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

The three broad levels of fair value hierarchy are described as follows:

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

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; and
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

The asset's 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 methods and assumptions were used in estimating fair value disclosure for financial instruments:

Cash: Valued at carrying value as the balance is considered to approximate fair value due to its short-term nature.

Company stock: The fair value of The Charles Machine Works, Inc. Company stock held by the Plan is valued at estimated fair value based upon an independent appraisal. This appraisal was based upon a combination of the market and income valuation techniques. The appraiser took into account historical and projected cash flow and net income, return on assets, return on equity, market comparables and estimated fair value of Company assets and liabilities.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by the three levels as established by ASC 820, within the fair value hierarchy, the Plan's assets at fair value as of December 31:

	2019			
	Level 1	Level 2	Level 3	Total
Cash	<u>\$169,955,480</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 169,955,480</u>
Total assets at fair value	<u>\$169,955,480</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 169,955,480</u>

The Charles Machine Works, Inc. Employee Stock Ownership Plan and Trust

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

	2018			
	Level 1	Level 2	Level 3	Total
Cash	\$ 620,972	\$ -	\$ -	\$ 620,972
Company stock	-	-	117,288,100	117,288,100
Total assets at fair value	<u>\$ 620,972</u>	<u>\$ -</u>	<u>\$117,288,100</u>	<u>\$ 117,909,072</u>

NOTE F - RELATED PARTY AND PARTY-IN-INTEREST TRANSACTIONS

Certain plan investments, including cash and cash equivalents, are managed by US Bank, the Plan's trustee. These transactions qualify as party-in-interest transactions, which are exempt from prohibited transaction rules.

NOTE G - TAX STATUS

The Internal Revenue Service determined and informed the Company by its latest determination letter dated November 19, 2015, that the Plan is qualified. The Plan is qualified under Internal Revenue Code ("IRC") and, therefore, the related trust is exempt from taxation. The Plan is required to operate in conformity with the IRC to maintain qualification. The Plan administration believes the Plan is currently designed and operated, in compliance with applicable requirements of the IRC.

U.S. GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain positions that more likely than not would not be sustained upon examination. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE H - SUBSEQUENT EVENTS

Plan management has evaluated subsequent events through October 15, 2020, the date the financial statements were available to be issued. No subsequent events were identified requiring additional recognition or disclosure in the accompanying financial statements.

SUPPLEMENTARY INFORMATION

The Charles Machine Works, Inc. Employee Stock Ownership Plan and Trust
FORM 5500 - SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

December 31, 2019

Employer ID No: 73-0660844; Plan #: 001

Identity of Issuer, Borrower, Lessor, or Similar Party	Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	Cost	Current Value
Cash	Interest-bearing cash	\$ 169,955,480	\$ 169,955,480
		<u>\$ 169,955,480</u>	<u>\$ 169,955,480</u>

The Charles Machine Works, Inc. Employee Stock Ownership Plan and Trust

SCHEDULE H, LINE 4j - SCHEDULE OF REPORTABLE TRANSACTIONS

December 31, 2019

Employer ID NO: 73-0660844; Plan #:001

<u>Identity of party involved</u>	<u>Description of asset (include interest rate and maturity in case of a loan)</u>	<u>Purchase price</u>	<u>Selling price</u>	<u>Current value of asset on transaction date</u>	<u>Purchase Price Deposit</u>	<u>Net gains or (loss)</u>
The Toro Company	Common Stock	\$ 168,220,388	\$ -	\$ -	\$ -	\$ -
The Charles Machine Works	Common Stock	\$ -	\$ 168,220,388	\$ 117,288,105	\$ 5,889,007	\$ 56,821,290

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2019 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2019 or fiscal plan year beginning 01/01/2019 and ending 12/31/2019	
A This return/report is for:	☐ a multiemployer plan ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.) ☒ 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	THE CHARLES MACHINE WORKS, INC. EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST										
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) CHARLES MACHINE WORKS, INC. P.O. BOX 66 PERRY OK 73077-0066	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;">1b Three-digit plan number (PN) ▶</td> <td>001</td> </tr> <tr> <td>1c Effective date of plan</td> <td>06/25/1985</td> </tr> <tr> <td>2b Employer Identification Number (EIN)</td> <td>73-0660844</td> </tr> <tr> <td>2c Plan Sponsor's telephone number</td> <td>580-336-4402</td> </tr> <tr> <td>2d Business code (see instructions)</td> <td>333100</td> </tr> </table>	1b Three-digit plan number (PN) ▶	001	1c Effective date of plan	06/25/1985	2b Employer Identification Number (EIN)	73-0660844	2c Plan Sponsor's telephone number	580-336-4402	2d Business code (see instructions)	333100
1b Three-digit plan number (PN) ▶	001										
1c Effective date of plan	06/25/1985										
2b Employer Identification Number (EIN)	73-0660844										
2c Plan Sponsor's telephone number	580-336-4402										
2d Business code (see instructions)	333100										

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		10-15-20	KRISTEN MCCAUL
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

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 2, 276
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) 1, 990 6a(2) 1, 728 6b 206 6c 410 6d 2, 344 6e 9 6f 2, 353 6g 2, 324 6h 0
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....	7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2A 2E 20 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 _____

The Charles Machine Works, Inc. Employee Stock Ownership Plan and Trust

SCHEDULE H, LINE 4j - SCHEDULE OF REPORTABLE TRANSACTIONS

December 31, 2019

Employer ID NO: 73-0660844; Plan #:001

<u>Identity of party involved</u>	<u>Description of asset (include interest rate and maturity in case of a loan)</u>	<u>Purchase price</u>	<u>Selling price</u>	<u>Current value of asset on transaction date</u>	<u>Purchase Price Deposit</u>	<u>Net gains or (loss)</u>
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The Charles Machine Works	Common Stock	\$ -	\$ 168,220,388	\$ 117,288,105	\$ 5,889,007	\$ 56,821,290

The Charles Machine Works, Inc. Employee Stock Ownership Plan and Trust
FORM 5500 - SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

December 31, 2019

Employer ID No: 73-0660844; Plan #: 001

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		<u>\$ 169,955,480</u>	<u>\$ 169,955,480</u>