# Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

## Annual Return/Report of Employee Benefit Plan

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

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

OMB Nos. 1210-0110
1210-0089

**2019**

**This Form is Open to Public Inspection**

## Part I Annual Report Identification Information

For calendar plan year 2019 or fiscal plan year beginning 02/01/2019 and ending 01/31/2020

**A** This return/report is for:
- [ ] a multiemployer plan
- [ ] a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.)
- [X] a single-employer plan
- [ ] a DFE (specify) ____

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

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

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

## Part II Basic Plan Information—enter all requested information

**1a** Name of plan
PETERSON BROTHERS CONSTRUCTION, INC. EMPLOYEE STOCK OWNERSHIP PLAN

**1b** Three-digit plan number (PN) ▶ 001

**1c** Effective date of plan 02/01/2005

**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)
PETERSON BROTHERS CONSTRUCTION INC

1560 W LAMBERT RD
BREA, CA 92821-2826

**2b** Employer Identification Number (EIN)
33-0081771

**2c** Plan Sponsor's telephone number
714-989-2934

**2d** Business code (see instructions)
238100

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

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

| | | | |
|---|---|---|---|
| **SIGN HERE** | Filed with authorized/valid electronic signature. | 11/11/2020 | JON BORENSTEIN |
| | **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 |

**3a** Plan administrator's name and address [X] Same as Plan Sponsor

**3b** Administrator's EIN

**3c** Administrator's telephone number

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

**4b** EIN

**4d** PN

| | | | |
|---|---|---|---|
| **5** | Total number of participants at the beginning of the plan year | **5** | 672 |
| **6** | Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines **6a(1), 6a(2), 6b, 6c,** and **6d**). | | |
| **a(1)** | Total number of active participants at the beginning of the plan year | **6a(1)** | 472 |
| **a(2)** | Total number of active participants at the end of the plan year | **6a(2)** | 353 |
| **b** | Retired or separated participants receiving benefits | **6b** | 76 |
| **c** | Other retired or separated participants entitled to future benefits | **6c** | 197 |
| **d** | Subtotal. Add lines **6a(2)**, **6b**, and **6c** | **6d** | 626 |
| **e** | Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. | **6e** | 4 |
| **f** | Total. Add lines **6d** and **6e**. | **6f** | 630 |
| **g** | Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) | **6g** | 622 |
| **h** | Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested | **6h** | 17 |
| **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 2O 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)** [X] 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)** [X] Trust
- **(4)** [ ] General assets of the sponsor

**10** Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

**a Pension Schedules**

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

**b General Schedules**

- **(1)** [X] **H** (Financial Information)
- **(2)** [ ] **I** (Financial Information – Small Plan)
- **(3)** [ ] **A** (Insurance Information)
- **(4)** [ ] **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 H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

## Financial Information

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

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

OMB No. 1210-0110

**2019**

**This Form is Open to Public Inspection**

For calendar plan year 2019 or fiscal plan year beginning 02/01/2019 and ending 01/31/2020

**A** Name of plan
PETERSON BROTHERS CONSTRUCTION, INC. EMPLOYEE STOCK OWNERSHIP PLAN

**B** Three-digit plan number (PN) ▶ 001

**C** Plan sponsor's name as shown on line 2a of Form 5500
PETERSON BROTHERS CONSTRUCTION INC

**D** Employer Identification Number (EIN)
33-0081771

## 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 | 3860 | 3860 |
| **b** Receivables (less allowance for doubtful accounts): | | | |
| **(1)** Employer contributions | 1b(1) | | |
| **(2)** Participant contributions | 1b(2) | | |
| **(3)** Other | 1b(3) | | |
| **c** General investments: | | | |
| **(1)** Interest-bearing cash (include money market accounts & certificates of deposit) | 1c(1) | | |
| **(2)** U.S. Government securities | 1c(2) | | |
| **(3)** Corporate debt instruments (other than employer securities): | | | |
| **(A)** Preferred | 1c(3)(A) | | |
| **(B)** All other | 1c(3)(B) | | |
| **(4)** Corporate stocks (other than employer securities): | | | |
| **(A)** Preferred | 1c(4)(A) | | |
| **(B)** Common | 1c(4)(B) | | |
| **(5)** Partnership/joint venture interests | 1c(5) | | |
| **(6)** Real estate (other than employer real property) | 1c(6) | | |
| **(7)** Loans (other than to participants) | 1c(7) | | |
| **(8)** Participant loans | 1c(8) | | |
| **(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) | 4903458 | 11752000 |
| | **(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 | 4907318 | 11755860 |
| | **Liabilities** | | | |
| **g** | Benefit claims payable | 1g | | |
| **h** | Operating payables | 1h | | |
| **i** | Acquisition indebtedness | 1i | | |
| **j** | Other liabilities | 1j | | |
| **k** | Total liabilities (add all amounts in lines 1g through1j) | 1k | | |
| | **Net Assets** | | | |
| **l** | Net assets (subtract line 1k from line 1f) | 1l | 4907318 | 11755860 |

## 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) | 278184 | |
| | **(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) | | 278184 |
| **b** | **Earnings on investments:** | | | |
| | **(1)** Interest: | | | |
| | **(A)** Interest-bearing cash (including money market accounts and certificates of deposit) | 2b(1)(A) | | |
| | **(B)** U.S. Government securities | 2b(1)(B) | | |
| | **(C)** Corporate debt instruments | 2b(1)(C) | | |
| | **(D)** Loans (other than to participants) | 2b(1)(D) | | |
| | **(E)** Participant loans | 2b(1)(E) | | |
| | **(F)** Other | 2b(1)(F) | | |
| | **(G)** Total interest. Add lines **2b(1)(A)** through **(F)** | 2b(1)(G) | | |
| | **(2)** Dividends: **(A)** Preferred stock | 2b(2)(A) | | |
| | **(B)** Common stock | 2b(2)(B) | | |
| | **(C)** Registered investment company shares (e.g. mutual funds) | 2b(2)(C) | | |
| | **(D)** Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)** | 2b(2)(D) | | |
| | **(3)** Rents | 2b(3) | | |
| | **(4)** Net gain (loss) on sale of assets: **(A)** Aggregate proceeds | 2b(4)(A) | | |
| | **(B)** Aggregate carrying amount (see instructions) | 2b(4)(B) | | |
| | **(C)** Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result | 2b(4)(C) | | |
| | **(5)** Unrealized appreciation (depreciation) of assets: **(A)** Real estate | 2b(5)(A) | | |
| | **(B)** Other | 2b(5)(B) | 6848542 | |
| | **(C)** Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)** | 2b(5)(C) | | 6848542 |

| | | (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 | | 7126726 |
| **Expenses** | | | |
| e Benefit payment and payments to provide benefits: | | | |
| (1) Directly to participants or beneficiaries, including direct rollovers | 2e(1) | 274894 | |
| (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) | | 274894 |
| 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) | 3290 | |
| (5) Total administrative expenses. Add lines **2i(1)** through **(4)** | 2i(5) | | 3290 |
| j Total expenses. Add all **expense** amounts in column (b) and enter total | 2j | | 278184 |
| **Net Income and Reconciliation** | | | |
| k Net income (loss). Subtract line **2j** from line **2d** | 2k | | 6848542 |
| l Transfers of assets: | | | |
| (1) To this plan | 2l(1) | | |
| (2) From this plan | 2l(2) | | |

## Part III Accountant's Opinion

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

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

**(1)** [X] 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 [X] No

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

**(1)** Name: WRIGHT FORD YOUNG & CO. **(2)** EIN: 95-3288054

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

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

## Part IV Compliance Questions

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

During the plan year:

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

| | | | Yes | No | Amount |
|---|---|---|---|---|---|
| c | Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.) | 4c | | X | |
| d | Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.) | 4d | | X | |
| e | Was this plan covered by a fidelity bond? | 4e | X | | 700000 |
| f | Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty? | 4f | | X | |
| g | Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser? | 4g | | X | |
| h | Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser? | 4h | | X | |
| i | Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.) | 4i | X | | |
| j | Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.) | 4j | | X | |
| k | Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC? | 4k | | X | |
| l | Has the plan failed to provide any benefit when due under the plan? | 4l | | X | |
| m | If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.) | 4m | | X | |
| n | If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3. | 4n | | | |

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

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

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

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

# SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

## Retirement Plan Information

This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

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

OMB No. 1210-0110

**2019**

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

For calendar plan year 2019 or fiscal plan year beginning 02/01/2019 and ending 01/31/2020

**A** Name of plan
PETERSON BROTHERS CONSTRUCTION, INC. EMPLOYEE STOCK OWNERSHIP PLAN

**B** Three-digit plan number (PN) ▶ 001

**C** Plan sponsor's name as shown on line 2a of Form 5500
PETERSON BROTHERS CONSTRUCTION INC

**D** Employer Identification Number (EIN)
33-0081771

## Part I Distributions

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

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

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

EIN(s): 33-6134835

**Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.**

**3** Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year ..... | **3** |

## Part II Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)

**4** Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

**If the plan is a defined benefit plan, go to line 8.**

**5** If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____

**If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.**

**6** **a** Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived) ..... | **6a** |

**b** Enter the amount contributed by the employer to the plan for this plan year ..... | **6b** |

**c** Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) ..... | **6c** |

**If you completed line 6c, skip lines 8 and 9.**

**7** Will the minimum funding amount reported on line 6c be met by the funding deadline? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

**8** If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

## Part III Amendments

**9** If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box. ..... ☐ **Increase** ☐ **Decrease** ☐ **Both** ☐ **No**

## Part IV ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

**10** Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... ☐ **Yes** ☒ **No**

**11** **a** Does the ESOP hold any preferred stock? ..... ☐ **Yes** ☒ **No**

**b** If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... ☐ **Yes** ☒ **No**

**12** Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... ☒ **Yes** ☐ **No**

## Part V Additional Information for Multiemployer Defined Benefit Pension Plans

**13** Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

**14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

| | | |
|---|---|---|
| **a** The current year | **14a** | |
| **b** The plan year immediately preceding the current plan year | **14b** | |
| **c** The second preceding plan year | **14c** | |

**15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

| | | |
|---|---|---|
| **a** The corresponding number for the plan year immediately preceding the current plan year | **15a** | |
| **b** The corresponding number for the second preceding plan year | **15b** | |

**16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

| | | |
|---|---|---|
| **a** Enter the number of employers who withdrew during the preceding plan year | **16a** | |
| **b** If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers | **16b** | |

**17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

## Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

**18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

**19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

**a** Enter the percentage of plan assets held as:
Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

**b** Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

**c** What duration measure was used to calculate line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

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

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

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

☐ Yes.

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

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

☐ No. Other. Provide explanation_____

# PETERSON BROTHERS CONSTRUCTION, INC.
# EMPLOYEE STOCK OWNERSHIP PLAN

## FINANCIAL STATEMENTS

## JANUARY 31, 2020 AND 2019

PETERSON BROTHERS CONSTRUCTION, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULE

JANUARY 31, 2020 AND 2019


| | Page |
|---|---|
| Independent Auditor's Report | 1 - 2 |
| Financial Statements: | |
| Statements of Net Assets Available for Benefits as of January 31, 2020 and 2019 | 3 |
| Statement of Changes in Net Assets Available for Benefits for the Year Ended January 31, 2020 | 4 |
| Notes to the Financial Statements | 5 - 12 |
| Supplemental Schedule: | |
| Schedule H, Line 4i - Schedule of Assets (Held at End of Year) | 13 |

Wright Ford Young & Co.
Certified Public Accountants and Consultants, Inc.

# INDEPENDENT AUDITOR'S REPORT

To the Trustee, Participants and Administrator of the
Peterson Brothers Construction, Inc. Employee Stock Ownership Plan:

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Peterson Brothers Construction, Inc. Employee Stock Ownership Plan (the Plan), which comprise the statements of net assets available for benefits as of January 31, 2020 and 2019, the related statement of changes in net assets available for benefits for the year ended January 31, 2020 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 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 of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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.



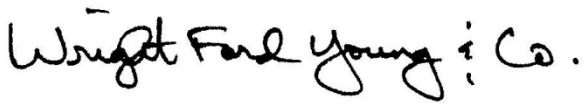
16140 Sand Canyon Avenue • Irvine, California 92618 • (949) 910-CPAS (2727) • Fax (949) 910-2728

**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 January 31, 2020 and 2019, and the changes in net assets available for benefits for the year ended January 31, 2020, in accordance with accounting principles generally accepted in the United States of America.

**Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule, Schedule H, Line 4i - Schedule of Assets (Held at End of Year) as of January 31, 2020, is presented for the purpose 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. Such information is the responsibility of the Plan's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



WRIGHT FORD YOUNG & CO.
Irvine, California
November 5, 2020

PETERSON BROTHERS CONSTRUCTION, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

JANUARY 31, 2020 AND 2019

| | 2020 | 2019 |
|---|---|---|
| ASSETS: | | |
| Investment, at fair value: | | |
| Company common stock | $ 11,752,000 | $ 4,903,458 |
| Noninterest bearing cash | 3,860 | 3,860 |
| Total assets | 11,755,860 | 4,907,318 |
| LIABILITIES | - | - |
| NET ASSETS AVAILABLE FOR BENEFITS | $ 11,755,860 | $ 4,907,318 |

See accompanying independent auditor's report and notes to the financial statements.

PETERSON BROTHERS CONSTRUCTION, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED JANUARY 31, 2020

| | |
|---|---|
| *Additions to net assets attributed to:* | |
| Sponsor contributions | $ 278,184 |
| Net unrealized appreciation in fair value of Company common stock | 6,848,542 |
| Total additions | 7,126,726 |
| *Deductions from net assets attributed to:* | |
| Benefit payments | 274,894 |
| Plan fees and administrative expenses | 3,290 |
| Total deductions | 278,184 |
| NET INCREASE | 6,848,542 |
| NET ASSETS AVAILABLE FOR BENEFITS, beginning of year | 4,907,318 |
| NET ASSETS AVAILABLE FOR BENEFITS, end of year | $ 11,755,860 |

See accompanying independent auditor's report and notes to the financial statements.

PETERSON BROTHERS CONSTRUCTION, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO THE FINANCIAL STATEMENTS

JANUARY 31, 2020 AND 2019

## 1. PLAN DESCRIPTION AND BASIS OF PRESENTATION

The following description of the Peterson Brothers Construction, Inc. Employee Stock Ownership Plan (the Plan) provides only general information. Participants should refer to the plan agreement for a more complete description of the Plan's provision.

### General

Peterson Brothers Construction, Inc. (the Company) established the Peterson Brothers Construction, Inc. Employee Stock Ownership Plan (the Plan), effective February 1, 2005. The Plan is intended to operate 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 (ERISA), as amended.

The Plan had purchased shares of Company common stock using borrowed proceeds secured by the purchased shares, and holds the common stock in a trust established under the Plan. The Plan paid off the debt during the year ended January 31, 2017 and all Company common stock is fully allocated to participants as of January 31, 2020 and 2019.

### Eligibility

Employees of the Company who are not covered under a collective bargaining agreement and who have attained at least 18 years of age are eligible to participate in the Plan on the first day of the plan year following the completion of 1 year of service, defined as a minimum of 1,000 hours.

### Company Contributions

The Company may make discretionary cash contributions to the Plan in an amount determined by the Company's Board of Directors. For the year ended January 31, 2020, the Company made discretionary contributions to the Plan totaling $278,184. Employee contributions to the Plan are not permitted.

### Plan Administration

The Plan is administered by an Administrative Committee comprised of one or more persons appointed by the Board of Directors of the Company. Currently, the Administrative Committee consists of three employees of the Company.

1. PLAN DESCRIPTION AND BASIS OF PRESENTATION – (Continued)

Vesting

Participants become 100% vested in their accounts upon the completion of three years of service.

Participant Accounts

Each participant's individual account is credited with the allocations of (a) the Company's contributions, (b) forfeitures, and (c) investment earnings, net of plan expenses.

Participants who are eligible employees of the Company as of the last day of the Plan year will receive an allocation of Company contributions. Allocations are based on the percentage that their eligible compensation is representative to total eligible compensation.

Forfeitures of terminated participant's nonvested account balances are allocated to active participants based on the percentage that their eligible compensation is representative to total eligible compensation.

Investment earnings or losses on Company common stock consists of the change in value from year to year on the Company's common stock as determined by an independent appraisal and is allocated based on the number of shares held by the participants at year-end multiplied by the change in the per share value.

Other Plan investment earnings and plan expenses are allocated to each participant's account based on the ratio of the participant's beginning of the year other investment account balance less any distributions from such accounts since the preceding allocation date to all participants' beginning of the year other investment account balances less any distributions from such accounts since the preceding allocation date.

Voting Rights

Participants may direct the voting of shares of the Company common stock allocated to their accounts on any matter on which shareholders are allowed to vote. Such matters are limited to the approval or disapproval of any corporate merger or consolidation, recapitalization, reclassification, liquidation, dissolution, sale of substantially all assets of a trade or business, or other similar transactions. Each participant will be provided with notification of the shareholders meeting and the proxy voting instruction form, which will need to be returned to the trustee prior to said meeting. The trustee will vote all shares according to those instructions. The trustee will vote all shares for which no instruction was received as the trustee determines is appropriate and in the best interest of Plan participants.

1. PLAN DESCRIPTION AND BASIS OF PRESENTATION – (Continued)

Payment of Benefits

Distribution of Plan benefits due to termination, retirement, disability or death will be made in lump sum payments of cash or equal annual installments over a period not exceeding five years after a waiting period that ranges from 1 to 6 years. Participants may also elect to rollover their account to another tax deferred account or remain in the Plan until they are legally required to begin taking distributions. Effective November 1, 2015, the Plan was amended to permit participants who had terminated employment on or before January 31, 2015 and whose vested account balance did not exceed $1,600 to take a lump sum distribution of their vested account balance. As of January 31, 2020, 270 participants who terminated employment have 34,421 vested shares valued at $3,832,483. These amounts are scheduled to be paid commencing January 31, 2021 through January 31, 2030.

Put Option

Under federal income tax regulations, the Company common stock held by the Plan and its participants, and that are not readily tradable on an established market, or that are subject to trading limitations, include a put option (liquidity put). The liquidity put is a right to demand that the Company or the Plan buy shares of its common stock held by the participant for which there is no market. The put price is representative of the fair market value of the common stock as of the most recent preceding valuation date. The Company or the Plan may pay for the purchase with interest not exceeding a period of five years. The purpose of the liquidity put is to ensure that the participant has the ability to ultimately obtain cash. In addition, if the Company or the Plan elects to pay the purchase price of the common stock option under the installment method then the Company or the Plan shall give the participant who is exercising the put option the Company's or the Plan's promissory note for the full unpaid balance of the purchase price.

Right of First Refusal

The right of first refusal shall provide that prior to any subsequent transfer, the shares must first be offered for purchase in writing to the Company, then to the trustee, on behalf of the Plan, at the fair market value. The fair market value for these shares of Company common stock shall be the greater of the price offered to the participant by the prospective purchaser or the most recent preceding valuation date of the Plan. The Company and the trustee have 14 days to exercise this right of first refusal.

1. PLAN DESCRIPTION AND BASIS OF PRESENTATION – (Continued)

Diversification

Diversification will be offered to participants close to retirement so that they may have the opportunity to move part of the value of their investment in Company stock into investments which are more diversified. Participants who are at least 55 years of age 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 his or her account balance, less any amounts previously diversified. In the sixth year, the percentage changes to 50%. Participants who elect to diversify receive a cash distribution. As of January 31, 2020, 5,950 shares of Company common stock were eligible for diversification.

Plan Termination

The Company has the right to terminate or amend the Plan at any time, subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for discussion of fair value measurements.

Net appreciation includes the change in value of the Company's common stock.

Payment of Benefits

Benefits are recorded when paid.

Plan Fees and Administrative Expenses

Plan fees and administrative expenses are generally paid by the Company, unless paid by the Plan. Plan expenses paid by the Company are not included in these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets available for benefits during the reporting period. Actual results could differ from those estimates. The valuation of Company common stock is a significant estimate.

Risks and Uncertainties

The Plan invests in Company common stock that is generally exposed to various risks, such as interest rate risk, credit risk and market risks, as well as valuation assumptions based on earnings, cash flows or other techniques. Due to the level of risk associated with the common stock, it is reasonably possible that changes in the value of the common stock will occur in the near future and that such changes could materially affect the amounts reported in the statements of net assets available for benefits.

Subsequent Events

The Company has evaluated subsequent events through the date of the independent auditor's report, which is the date the accompanying financial statements were available to be issued. See Note 7.

3. FAIR VALUE MEASUREMENTS

The Financial Accounting Standards Board (FASB) provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under this framework 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.

3. FAIR VALUE MEASUREMENTS – (Continued)

Level 2 Inputs to the valuation methodology include:

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

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

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

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at January 31, 2020 and 2019.

*Peterson Brothers Construction, Inc. common stock:* The fair value of the Company's common stock was determined by an independent appraisal. This appraisal was based upon a combination of the income and market valuation techniques. The asset-based approach was not used as it provides no consideration of earnings. The appraiser took into account historical and projected cash flow and market comparables. Plan management has concluded that a market participant would also recognize a discount for lack of marketability. This investment is classified within level 3 of the valuation hierarchy because the asset value is not based on an active market with quoted prices and was determined using observable and unobservable inputs.

The preceding method 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 method is 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.

3. FAIR VALUE MEASUREMENTS – (Continued)

The following table sets forth by level, within the fair value hierarchy, the Plan's asset at fair value as of:

| Description | Total | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| January 31, 2020 | | | | |
| Company common stock | $ 11,752,000 | $ - | $ - | $ 11,752,000 |
| January 31, 2019 | | | | |
| Company common stock | $ 4,903,458 | $ - | $ - | $ 4,903,458 |

In regards to the classification of common stock, there were no reclassifications between levels 1, 2 and 3 during the year ended January 31, 2020.

The following table discloses the summary of changes in the fair value of the Plan's Level 3 investment asset:

| | |
|---|---|
| Balance, beginning of year | $ 4,903,458 |
| Net appreciation | 6,848,542 |
| Balance, end of year | $11,752,000 |

4. INVESTMENT IN PETERSON BROTHERS CONSTRUCTION, INC.

The following summarizes investments of the Plan at January 31, 2020 and 2019:

| | 2020 | 2019 |
|---|---|---|
| Company common stock: | | |
| Number of shares | 95,000 | 95,000 |
| Cost | $ 7,614,000 | $ 7,614,000 |
| Fair Value | $ 11,752,000 | $ 4,903,458 |

5. PARTY-IN-INTEREST TRANSACTIONS

The Plan allows for transactions with certain parties who may perform services or have fiduciary responsibilities to the Plan. Such parties are parties-in-interest under ERISA. The Plan invests in Company common stock. The Plan paid $3,290 in administrative expenses during the year ended January 31, 2020. The Company paid certain administrative expenses of the Plan. These transactions qualify as party in interest transactions for which a statutory exemption exists.

## 6. TAX STATUS

The Company received a favorable determination letter from the Internal Revenue Service (IRS), on August 27, 2014, which stated that the Plan, as then designed, was in compliance with the applicable requirements of the IRC. The Plan has since been amended. The plan administrator believes the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan's financial statements.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain tax position that more likely than not would not be sustained upon examination by the IRS. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of January 31, 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability 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.

## 7. SUBSEQUENT EVENT

In March 2020, the World Health Organization categorized Coronavirus Disease 2019 (COVID-19) as a pandemic, and the President of the United States declared the COVID-19 outbreak a national emergency. The COVID-19 pandemic has led to volatility in financial markets and has affected, and may continue to affect, the valuation of the Company stock. The potential economic impact brought by, and the duration of, COVID-19 is difficult to assess or predict and will depend on future developments that are highly uncertain and cannot be predicted.

PETERSON BROTHERS CONSTRUCTION, INC.

EMPLOYEE STOCK OWNERSHIP PLAN

PLAN FEIN#: 33-0081771

PLAN # 001

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

JANUARY 31, 2020

| (a) | (b) | (c) | (d) | (e) |
|---|---|---|---|---|
| | Identity of issue, borrower, lessor or similar party | Description of investment including maturity date, rate of interest, collateral, par, or maturity value | Cost | Current Value |
| * | Peterson Brothers Construction, Inc. | Common stock, 95,000 shares | $ 7,614,000 | $ 11,752,000 |

* A party-in-interest as defined by ERISA

See independent auditor's report and notes to the financial statements.

# Federal Statements

## Peterson Brothers Construction, Inc. Employee Plan: 001

**Assets Held for Investment**

| Party in Interest | Identity | Description | Cost | Current Value |
|---|---|---|---|---|
| X | Peterson Brothers Co | 95,000 shs common st | $ 7,614,000 | $ 11,752,000 |
| | Cash | | 3,860 | 3,860 |