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 11/01/2019 and ending 10/31/2020

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
DESCO INDUSTRIES, INC. EMPLOYEE STOCK OWNERSHIP PLAN

1b Three-digit plan number (PN) ▶ 002

1c Effective date of plan 11/01/1994

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)
DESCO INDUSTRIES, INC.

3651 WALNUT AVENUE
CHINO, CA 91710

2b Employer Identification Number (EIN) 95-3368148

2c Plan Sponsor's telephone number 909-627-8178

2d Business code (see instructions) 335900

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.	08/17/2021	SANDRA STAUP
	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**	381
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)**	315
a(2) Total number of active participants at the end of the plan year	**6a(2)**	330
b Retired or separated participants receiving benefits	**6b**	0
c Other retired or separated participants entitled to future benefits	**6c**	56
d Subtotal. Add lines **6a(2)**, **6b**, and **6c**	**6d**	386
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	**6e**	0
f Total. Add lines **6d** and **6e**.	**6f**	386
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	374
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	7
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

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

9a Plan funding arrangement (check all that apply)		**9b** Plan benefit arrangement (check all that apply)	
(1)	[ ] Insurance	**(1)**	[ ] Insurance
(2)	[ ] Code section 412(e)(3) insurance contracts	**(2)**	[ ] Code section 412(e)(3) insurance contracts
(3)	[X] Trust	**(3)**	[X] Trust
(4)	[ ] General assets of the sponsor	**(4)**	[ ] General assets of the sponsor

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

a Pension Schedules

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

b General Schedules

- **(1)** [X] **H** (Financial Information)
- **(2)** [ ] **I** (Financial Information – Small Plan)
- **(3)** [ ] 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_____

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 11/01/2019 and ending 10/31/2020

A Name of plan
DESCO INDUSTRIES, INC. EMPLOYEE STOCK OWNERSHIP PLAN

B Three-digit plan number (PN) ▶ 002

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

D Employer Identification Number (EIN)
95-3368148

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)	2101600	2160850
(2) Participant contributions	1b(2)		
(3) Other	1b(3)	40554	40554
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	476342	684750
(2) U.S. Government securities	1c(2)	579170	648072
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)	579992	217589
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)	6795607	4890919
(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)	35517	76606

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(1) Employer securities	1d(1)	35801136	31219776
	(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	46409918	39939116
	Liabilities			
g	Benefit claims payable	1g	196638	193265
h	Operating payables	1h		
i	Acquisition indebtedness	1i		
j	Other liabilities	1j	336844	497445
k	Total liabilities (add all amounts in lines 1g through1j)	1k	533482	690710
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	45876436	39248406

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)	2160850	
	(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)		2160850
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	2371	
	(B) U.S. Government securities	2b(1)(B)	17949	
	(C) Corporate debt instruments	2b(1)(C)	18067	
	(D) Loans (other than to participants)	2b(1)(D)		
	(E) Participant loans	2b(1)(E)		
	(F) Other	2b(1)(F)	2079	
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		40466
	(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
	(B) Common stock	2b(2)(B)	96456	
	(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)		96456
	(3) Rents	2b(3)		
	(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)	15692371	
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)	15700098	
	(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		-7727
	(5) Unrealized appreciation (depreciation) of assets: **(A)** Real estate	2b(5)(A)		
	(B) Other	2b(5)(B)	-3925758	
	(C) Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)**	2b(5)(C)		-3925758

		(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		679
d Total income. Add all **income** amounts in column (b) and enter total	2d		-1635034
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	4992966	
(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)		4992966
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)	30	
(5) Total administrative expenses. Add lines **2i(1)** through **(4)**	2i(5)		30
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		4992996
Net Income and Reconciliation			
k Net income (loss). Subtract line **2j** from line **2d**	2k		-6628030
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: KHO & PATEL, CPAS **(2)** EIN: 33-0381007

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

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

Part IV Compliance Questions

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

During the plan year:

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

			Yes	No	Amount
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e	Was this plan covered by a fidelity bond?	4e	X		1000000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j	X		
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n			

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

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

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

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

SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Retirement Plan Information

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

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

OMB No. 1210-0110

2019

This Form is Open to Public Inspection.

For calendar plan year 2019 or fiscal plan year beginning 11/01/2019 and ending 10/31/2020

A Name of plan
DESCO INDUSTRIES, INC. EMPLOYEE STOCK OWNERSHIP PLAN

B Three-digit plan number (PN) ▶ 002

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

D Employer Identification Number (EIN)
95-3368148

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): 91-1788791

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_____

DESCO INDUSTRIES, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
FINANCIAL STATEMENTS
October 31, 2020 and 2019

SUPPLEMENTAL INFORMATION
October 31, 2020

DESCO INDUSTRIES, INC. EMPLOYEE STOCK OWNERSHIP PLAN
October 31, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

To the Plan Administrator of
Desco Industries, Inc. Employee Stock Ownership Plan
3561 Walnut Avenue
Chino, California 91730-2940

Report on the Financial Statements

We have audited the accompanying financial statement of Desco Industries, Inc. Employee Stock Ownership Plan, which comprise the statements of net assets available for benefits as of October 31, 2020 and 2019, and the related statement of changes in net assets available for benefits for the year ended October 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 from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of Desco Industries, Inc. Employee Stock Ownership Plan as of October 31, 2020 and 2019, and the changes in its net assets available for benefits for the year ended October 31, 2020 in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental Schedule of Assets (Held at End of Year), October 31, 2020 and Schedule of Reportable Transactions for the year ended October 31, 2020, together referred to as "supplemental information" are presented for the purpose of additional analysis and are not a required part of the financial statements but are supplemental information required by the Department of Labor's Rules and Regulation for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of the Plan's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepared 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.

KHO & PATEL

Kho & Patel

San Dimas, California
August 6, 2021

DESCO INDUSTRIES, INC. EMPLOYEE STOCK OWNERSHIP PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
October 31, 2020 and 2019

	(All Allocated) 2020	2019
ASSETS		
Investments at fair value	$ 37,052,963	$ 43,791,422
Receivables		
Employer contribution receivable	2,160,850	2,101,600
Other receivable	1,706	1,706
Total receivables	2,162,556	2,103,306
Cash and cash equivalents (interest-bearing)	540,224	455,484
Total assets	39,755,743	46,350,212
LIABILITIES		
Withheld federal tax payable	465,500	429,558
Withheld state taxes payable	41,606	43,987
Other payable	231	231
Total liabilities	507,337	473,776
Net assets available for benefits	$ 39,248,406	$ 45,876,436

See accompanying notes.

DESCO INDUSTRIES, INC. EMPLOYEE STOCK OWNERSHIP PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
Year Ended October 31, 2020

	(All Allocated)	
ADDITIONS		
Investment income:		
Net depreciation in estimated fair value of investments	$ (3,933,486)	
Interest	38,096	
Dividends	96,456	
Other income	679	
Total investment loss		$ (3,798,255)
Interest income on cash and cash equivalents		2,371
Contributions:		
Employer contributions		2,160,850
Total additions (deductions) to net assets		$ (1,635,034)
DEDUCTIONS		
Bank fees	30	
Distribution to participants	4,992,966	
Total deductions from net assets		4,992,996
Net decrease		(6,628,030)
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of year		45,876,436
End of year		$ 39,248,406

See accompanying notes.

DESCO INDUSTRIES, INC. EMPLOYEE STOCK OWNERSHIP PLAN
Notes to Financial Statements

Note A – Plan Description

The following brief description of the Desco Industries, Inc. ("Company") Employee Stock Ownership Plan ("Plan") is provided for general information purposes only. Participants should refer to the Plan agreement for more complete information.

The Plan is an employee stock ownership plan (ESOP) within the meaning of Code Section 4975(e)(7) originally established on November 1, 1994, and is most recently amended and restated November 1, 2016. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan is administered by person(s) appointed by the Company's Board of Directors. Wayne D. Hunter and John J. Brake, Jr. are the Plan's co-trustees pursuant to a trust agreement dated January 2, 1998.

Eligibility

All employees of the Company, other than those covered by a collective bargaining agreement, are generally eligible to participate in the Plan, upon attaining age 20 ½ and completing at least 6 months of service.

Employer Contributions

Each year, the Company determines the amount to be contributed to the Plan. Contributions are discretionary and can be made out of current or accumulated net income of the Company, subject to certain limitations of Section 404 of the Internal Revenue Service Code of 1986, as amended. It is the intention of the Board of Directors that the Company's annual contribution be sufficient to fund the payment of distributions due to the terminated Plan participants. Participant contributions are not permitted under the Plan. Contributions to the Plan for the years ended October 31, 2020 and 2019 were $2,160,850 and $2,101,600, respectively.

Payment of Benefits

Distributions on account of death, disability, or retirements are made in a lump sum, or in substantially equal annual installments over a period generally not to exceed five years for participant account balances of $1,070,000 or less, in the Plan year following the event. The period of distribution shall be increased by one year, up to five additional years, for each $210,000 (or fraction thereof) by which a participant's account balance exceeds $1,070,000. Distributions for other separations from service are made in a lump sum, as soon as administratively feasible after the close of the Plan year in which the participant's employment terminates, or in substantially equal annual installments over a period of time not to exceed five years.

Voting Rights

Each participant is entitled to exercise voting rights attributable to the shares allocated to his or her account and is notified by the Trustee prior to the time that such rights are to be exercised. The Trustee is not permitted to vote any allocated share for which instructions have not been given by a participant. The Trustee is required, however, to vote any unallocated shares on behalf of the collective best interest of plan participants and beneficiaries.

Note A – Plan Description (continued)

Plan Termination

The Company reserves the right to terminate the Plan at any time, subject to Plan provisions. Upon such termination of the Plan, the interest of each participant in the trust fund will be distributed to such participant or his or her beneficiary at the time prescribed by the Plan terms and the IRC. Upon termination of the Plan, the Board of Directors should direct the Trustee to pay all liabilities and expenses of the trust fund. In the event of Plan termination, participants will become 100% vested in their accounts.

Participant Accounts

The Plan is a defined contribution plan under which a separate individual account is established for each participant. Each participant's account is credited with an allocation of (a) the Company's contributions, (b) Plan earnings (including Company common stock appreciation), and (c) forfeitures of terminated participants' non-vested accounts. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. All investments are non-participant directed.

Vesting

If a participant's employment with the Company ends for any reason other than retirement (age 65), permanent disability, or death, he or she will vest in the balances in his or her account based on total years of service with the Company. Participants vest 20% per year of service (beginning with Year 2) and are 100% vested after six years of service.

Put Option

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

Note A – Plan Description (concluded)

Diversification

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

Forfeitures

The unvested portion of a terminated participant's account will be forfeited and reallocated among participants eligible to share in the reallocation during the plan year. The reallocation of forfeitures occurs upon the earlier of the distribution of a participant's vested benefits or a five year break in service. If the participant is reemployed before a one year break in service, the participant's account shall be reinstated as of the date he or she performs an hour of service for the employer. Total forfeitures of $49,379 and $50,237 were reallocated during the years ended October 31, 2020 and 2019, respectively. Vested but undistributed account balances of terminated participants totaled $451,327 and $1,501,666 as of October 31, 2020 and 2019, respectively.

Note B – Summary of Significant Accounting Policies

Date of Management's Review of Subsequent Events

Subsequent events were evaluated through August 6, 2021, which is the date the financial statements were available to be issued.

Basis of Accounting

The financial statements of the Plan are prepared under the accrual method of accounting.

Use of Estimates

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

Note B – Summary of Significant Accounting Policies (concluded)

Investment Valuation and Income Recognition

The shares of equity and debt securities, as well as Company common stock are valued at fair value. See Note C for discussion of fair value measurements.

Dividend income is accrued on the ex-dividend date.

Purchases and sales of securities are recorded on a trade-date basis. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the period.

Operating Expenses

Plan fees and administrative expenses are paid by the Company and are therefore excluded from these financial statements.

Note C – Fair Value Measurements

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

Level 1	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 assets and 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 specific (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.

Note C – Fair Value Measurements (continued)

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 to maximize the use of observable inputs and minimize the use of unobservable inputs. The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs are used for investments for which Level 1 inputs were not available. Level 3 inputs would only be used if Level 1 or Level 2 inputs were not available. There are no plan assets requiring the use of Level 2 inputs for the period presented.

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 October 31, 2020 and 2019.

Investment in company common stock: The Plan's investment in company common stock is valued at fair value based upon an independent appraisal. The appraisal was based upon a combination of valuation techniques consistent with the prior year. The appraiser took into account historical and projected revenue, cash flow, net income and earnings before income taxes, depreciation and amortization (EBITDA).

Common stocks: These investments are public investment vehicles valued daily at the closing price reported on an active market using observable inputs. The closing price of these securities provided by the custodian is a quoted price in an active market and classified within level 1 of the valuation hierarchy.

Corporate obligations, other bonds, and government and agency obligations: These investments are public investment vehicles valued using pricing models maximizing the use of observable inputs for similar investments. Because quoted market values are not available, these investments are classified within level 2 of the valuation hierarchy.

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

The following fair value hierarchy table presents information about the Plan's Investments measured at fair value on a recurring basis as of October 31, 2020 and 2019:

Note C – Fair Value Measurements (continued)

10/31/20		*Fair Value Measurements at the End of the Reporting Period Using:*		
	Fair Value	*Level 1*	*Level 2*	*Level 3*
Government and agency obligations	$ 648,072	$ -	$ 648,072	$ -
Corporate obligations	217,590	-	217,590	-
Common stocks	4,890,919	4,890,919	-	-
Other bonds	76,606	-	76,606	-
Investment in Desco Industries, Inc. common stock	31,219,776	-	-	31,219,776
Total assets in the fair value hierarchy	37,052,963	$ 4,890,919	$ 942,268	$ 31,219,776
Investments measured at net asset value	-			
Total investments at fair value	$ 37,052,963			

10/31/19		*Fair Value Measurements at the End of the Reporting Period Using:*		
	Fair Value	*Level 1*	*Level 2*	*Level 3*
Government and agency obligations	$ 579,170	$ -	$ 579,170	$ -
Corporate obligations	579,992	-	579,992	-
Common stocks	6,795,607	6,795,607	-	-
Other bonds	35,517	-	35,517	-
Investment in Desco Industries, Inc. common stock	35,801,136	-	-	35,801,136
Total assets in the fair value hierarchy	43,791,422	$ 6,795,607	$ 1,194,679	$ 35,801,136
Investments measured at net asset value	-			
Total investments at fair value	$ 43,791,422			

Note C – Fair Value Measurements (continued)

Gains and losses included in changes in net assets available for benefits for the year ended October 31, 2020 are reported in net appreciation/depreciation in fair value of investments.

The Plan's policy is to recognize transfers between Levels 1 and 2 and into and out of Level 3 as of the date of the event or change in circumstances that caused the transfer. For the year ended October 31, 2020, there were no significant transfers between Levels 1 and 2 and no transfers into or out of Level 3.

Changes in Fair Value of Level 3 Assets and Related Gains and Losses

The following table provides sets forth a summary of changes in the fair value of the Plan's Level 3 assets for the year ended October 31, 2020.

	Level 3 Assets Year Ended October 31, 2020
	Investment in Desco Industries, Inc. Common Stock
Balance, beginning of year	$ 35,801,136
Realized gains/losses	-
Unrealized depreciation in estimated fair value	(4,581,360)
Balance, end of year	$ 31,219,776
The amount of total gains or losses for the period included in changes in net assets attributable to the changes in unrealized gains or losses relating to assets still held at the reporting date	$ (4,581,360)

Gains and losses (realized and unrealized) included in changes in net assets for the period above are reported in net appreciation in estimated fair value of investments in the Statement of Changes in Net Assets Available for Benefits.

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

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

Note C – Fair Value Measurements (concluded)

Instrument	*Fair Value*	*Principal Valuation Technique*	*Unobservable Inputs*
Desco Industries, Inc. common stock	$31,219,776	Income	EBITDA Net income Weighted average cost of capital Discount Rate Discount for lack of marketability
		Market	Public comparables Revenue multiple EBITDA multiple Discount for lack of marketability

The valuation process involves the selection of an appraiser under contract. Plan management accumulates the data for the appraiser from historical and projected financial information of the Company. The appraiser prepares a report of the estimated per share value that a participant will receive upon distribution. Management reviews the appraisal for accuracy and reasonableness.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other markets 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.

Note D – Investments in Company Stock

The Plan's investments in Company common stock at October 31, 2020 and 2019, are as follows:

	2020 Allocated	2019 Allocated
Number of shares	25,200	25,200
Cost	$ 4,725,000	$ 4,725,000
Fair value	$31,219,776	$35,801,136

Note E – Tax Status

The Internal Revenue Service has determined and informed the Company by a letter dated October 29, 2002, that the Plan is qualified and the trust established under the Plan is tax-exempt, under the appropriate sections of the IRC. The Plan has been amended since receiving the determination letter.

As of the end of the October 31, 2019 Plan year, the Plan was not in compliance with the five-year remedial amendment cycle. The Plan's legal counsel, on January 31, 2020, submitted an Application for Voluntary Correction Program (VCP) with the Internal Revenue Service (IRS) with regards to such non-compliance. The proposed Model VCP Compliance Statement cites as the purpose of the filing the failure to timely adopt interim amendments under the 2012 Cumulative List (Notice 2012-76). The proposed method of correction is to incorporate interim amendments into a restated Plan document retroactively to the effective dates of the specific provisions contained in the amendments. On February 24, 2020, the IRS issued a signed compliance statement citing their agreement with the corrective methods and revised administrative procedures described in the statement.

In light of the foregoing, the Plan administrator and the Plan's tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC. Therefore, they believe that the Plan was qualified and the related trust was tax-exempt as of the financial statements date.

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

Note F – Administration of Plan Assets

The Plan's assets, which consist principally of Company common stock, are held by the Trustee of the Plan. The remainder of the Plan's investments are held by City National Bank, the Custodian of the Plan.

Company contributions are held and managed by the Custodian, which invests cash received, interest, and dividend income and makes distributions to participants.

Certain administrative functions are performed by officers or employees of the Company. No such officer or employee receives compensation from the Plan. Administrative expenses for the Custodian's fees are paid directly by the Company.

Note G – Risks and Uncertainties

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

Note H – Related Party and Party-in-Interest Transactions

The Plan has a number of service providers. Such parties are parties-in-interest under ERISA, including City National Bank, which is the custodian of certain Plan assets and manages certain Plan investments. The Company paid certain administrative expenses of the Plan, including recordkeeping and audit fees.

All of these party-in-interest transactions are exempt from the prohibited transaction rules of ERISA.

Note I – Change in Accounting Presentation

Bond Investments

Based on the facts existing at the time the October 31, 2019 financial statements were prepared, debt instruments were presented as Level 1 within the fair value hierarchy under FASB ASC 820. Pursuant to newly available custodian disclosures, these assets are to be valued as Level 2 within the fair value hierarchy under FASB ASC 820. As such, these assets are presented as Level 2 in Note C.

Cash and cash equivalents

Based on the facts existing at the time the October 31, 2019 financial statements were prepared, cash and cash equivalents were presented as Level 1 within the fair value hierarchy under FASB ASC 820. Pursuant to newly available custodian disclosures, these assets are not subject to FASB ASC 820. As such, these assets are presented as separate from investments at fair value.

Note J – Risks and Uncertainties Related to the Coronavirus Pandemic (COVID-19)

The COVID-19 pandemic has resulted in the federal and provincial governments enacting emergency measures to combat the spread of the virus. These measures, which included the implementation of travel bans, self-imposed quarantine periods, restrictions on or closures of non-essential businesses and social distancing, have caused an economic slowdown and material disruption to businesses in the United States of America and globally. Given the continuously evolving circumstances surrounding COVID-19, it is difficult to predict with certainty the nature, extent and duration of COVID-19, and the duration and intensity of resulting business disruptions and related financial, social and public health impacts. Such effects could be adverse and material, including their potential effects on the Plan's investment performance both in the short-term and long-term.

DESCO INDUSTRIES, INC. EMPLOYEE STOCK OWNERSHIP PLAN
SCHEDULE 1 - SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT END OF YEAR
(Form 5500, Schedule H, Line 4i)
October 31, 2020
EIN #95-3368148 IRS Plan #002

(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
Cash and Cash Equivalents				
	Union Bank	Interest bearing checking accounts	$ 327,462	$ 327,462
	City National Rochdale Gov MM-SV	212,762.29 shares	212,762	212,762
	Total cash and cash equivalents		$ 540,224	$ 540,224
Government and Agency Obligations				
	FHLB	35,000, 1.875%, 07/07/21	$ 34,988	$ 35,417
	FNMA	20,000, 2.000%, 01/05/22	19,821	20,442
	FNMA	20,000, 2.125%, 04/24/26	19,584	21,722
	FNMA	25,000, 2.375%, 01/09/23	24,842	26,193
	FNMA	20,000, 2.625%, 09/06/24	19,968	21,777
	FNMA PL #AL5866	23,872, 2.601%, 08/01/22	24,375	24,446
	U S Treasury Notes	20,000, 0.500%, 05/31/27	20,044	19,887
	U S Treasury Notes	35,000, 1.375%, 09/30/23	34,258	36,203
	U S Treasury Notes	20,000, 1.500%, 01/15/23	20,554	20,588

See independent auditor's report.

DESCO INDUSTRIES, INC. EMPLOYEE STOCK OWNERSHIP PLAN
SCHEDULE 1 - SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT END OF YEAR
(Form 5500, Schedule H, Line 4i)
October 31, 2020
EIN #95-3368148 IRS Plan #002

(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
	U S Treasury Notes	40,000, 1.500%, 01/31/22	40,666	40,675
	U S Treasury Notes	20,000, 1.625%, 10/31/26	21,361	21,309
	U S Treasury Notes	40,000, 1.875%, 05/31/22	39,837	41,088
	U S Treasury Notes	40,000, 2.000%, 11/30/22	40,339	41,525
	U S Treasury Notes	30,000, 2.125%, 03/31/24	31,835	31,925
	U S Treasury Notes	20,000, 2.375%, 03/15/22	20,594	20,609
	U S Treasury Notes	35,000, 2.375%, 08/15/24	37,681	37,777
	U S Treasury Notes	20,000, 2.625%, 02/28/23	21,143	21,140
	U S Treasury Notes	40,000, 2.625%, 12/15/21	41,090	41,106
	U S Treasury Notes	35,000, 2.750%, 04/30/23	36,114	37,239
	U S Treasury Notes	20,000, 2.750%, 06/30/25	21,127	22,214
	U S Treasury Notes	25,000, 2.750%, 11/15/23	26,857	26,926
	U S Treasury Notes	35,000, 2.875%, 11/30/23	37,875	37,864
	Total government and agency obligations		$ 634,953	$ 648,072

Corporate Obligations

See independent auditor's report.

DESCO INDUSTRIES, INC. EMPLOYEE STOCK OWNERSHIP PLAN
SCHEDULE 1 - SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT END OF YEAR
(Form 5500, Schedule H, Line 4i)
October 31, 2020
EIN #95-3368148 IRS Plan #002

(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
	Abbvie Inc	25,000, 3.600%, 05/14/25	$ 26,344	$ 27,669
	AT&T Inc	25,000, 2.300%, 06/01/27	26,490	26,038
	Bank of Amer MTN V-Q	25,000, 3.458%, 03/15/25	26,181	27,045
	Comcast Corp	25,000, 3.950%, 10/15/25	27,165	28,646
	Dowdupont Inc	25,000, 4.205%, 11/15/23	26,337	27,493
	Goldman Sachs MTN	25,000, 3.625%, 01/22/23	25,764	26,673
	Morgan Stanley V-Q	25,000, 3.737%, 04/24/24	25,008	26,887
	Wells Fargo & Company MTN	25,000, 3.750%, 01/24/24	25,504	27,139
	Total corporate obligations		$ 208,793	$ 217,590
Common Stocks				
	Adobe Inc	364 shares	$ 76,342	$ 162,744
	Alphabet Inc CL A	120 shares	127,413	193,933
	Amazon.com Inc	36 shares	85,377	109,301
	American Water Works Co Inc	627 shares	50,276	94,370

See independent auditor's report.

DESCO INDUSTRIES, INC. EMPLOYEE STOCK OWNERSHIP PLAN
SCHEDULE 1 - SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT END OF YEAR
(Form 5500, Schedule H, Line 4i)
October 31, 2020
EIN #95-3368148 IRS Plan #002

(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
	Apple Inc	2,838 shares	123,483	308,945
	Berkshire Hathaway Inc - CL B	216 shares	46,201	43,610
	Blackstone Group Inc CL A	1,570 shares	83,355	79,159
	Charles Riv Laboratories Intl Inc	370 shares	54,016	84,249
	Cintas Corp	455 shares	71,770	143,120
	CME Group Inc	656 shares	93,655	98,872
	CMS Energy Corp	850 shares	46,916	53,831
	Colgate Palmolive Co	1,049 shares	72,017	82,756
	Comcast Corp-CL A	2,060 shares	71,585	87,014
	Costco Wholesale Corp	424 shares	89,752	151,631
	CVS Health Corp	850 shares	49,480	47,677
	Danaher Corp	634 shares	66,378	145,528
	Disney Walk Co New	766 shares	85,360	92,878
	Edwards Lifesciences Corp	1,295 shares	52,183	92,839
	Equinix Inc REIT	99 shares	40,608	72,393

See independent auditor's report.

DESCO INDUSTRIES, INC. EMPLOYEE STOCK OWNERSHIP PLAN
SCHEDULE 1 - SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT END OF YEAR
(Form 5500, Schedule H, Line 4i)
October 31, 2020
EIN #95-3368148 IRS Plan #002

(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
	Essex Property Trust Inc REIT	191 shares	48,349	39,077
	Facebook Inc A	463 shares	68,379	121,820
	HCA Healthcare Inc	660 shares	66,848	81,800
	Home Depot Inc	589 shares	86,854	157,092
	Johnson & Johnson	333 shares	40,753	45,658
	JP Morgan Chase & Co	1,278 shares	118,042	125,295
	L3 Harris Technologies Inc	370 shares	73,164	59,611
	Mastercard Inc CL A	625 shares	111,124	180,400
	McDonalds Corp	535 shares	82,830	113,955
	Microsoft Corp	1,537 shares	148,647	311,196
	Nextera Energy Inc	1,412 shares	66,402	103,373
	Northrop Grumman Corporation	192 shares	54,236	55,645
	Pepsico Inc	763 shares	86,816	101,700
	Roper Technologies Inc	119 shares	38,890	44,189
	S&P Global Inc	200 shares	47,774	64,546

See independent auditor's report.

DESCO INDUSTRIES, INC. EMPLOYEE STOCK OWNERSHIP PLAN
SCHEDULE 1 - SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT END OF YEAR
(Form 5500, Schedule H, Line 4i)
October 31, 2020
EIN #95-3368148 IRS Plan #002

(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
	Starbucks Corp	1,060 shares	81,791	92,178
	T-Mobile US Inc	1,240 shares	115,075	135,867
	Thermo Fisher Scientific Inc	474 shares	99,351	224,259
	Transunion	660 shares	57,824	52,576
	United Health Group Inc	586 shares	121,950	178,812
	Visa Inc CL A	1,020 shares	120,169	185,344
	Walmart Inc	1,085 shares	111,669	150,544
	Zoetis Inc	764 shares	63,015	121,132
	Total common stocks		$ 3,296,119	$ 4,890,919
Other Bonds				
	Florida ST Brd	25,000, 1.258%, 07/01/25	$ 25,000	$ 25,261
	New York City NY	15,000, 2.760%, 02/01/26	15,528	16,036
	New York ST Urban	35,000, 2.790%, 03/15/21	36,050	35,309
	Total other bonds		$ 76,578	$ 76,606

See independent auditor's report.

DESCO INDUSTRIES, INC. EMPLOYEE STOCK OWNERSHIP PLAN
SCHEDULE 1 - SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT END OF YEAR
(Form 5500, Schedule H, Line 4i)
October 31, 2020
EIN #95-3368148 IRS Plan #002

(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
Party-in-Interest Common Stock				
*	Desco Industries, Inc.	25,200 shares	$ 4,725,000	$ 31,219,776
	Total party-in-interest common stock		$ 4,725,000	$ 31,219,776
	Total investments		$ 9,481,667	$ 37,593,187

Note: Column (a) reflecting an asterisk (*) indicates a Party-in-Interest

See independent auditor's report.

DESCO INDUSTRIES, INC. EMPLOYEE STOCK OWNERSHIP PLAN
SCHEDULE 2 - SCHEDULE OF REPORTABLE TRANSACTIONS
(Form 5500, Schedule H, Line 4j)
For the year ended October 31, 2020
EIN #95-3368148 IRS Plan #002

(a) Identity of party involved	(b) Description of asset	(c) Purchase price	(d) Selling price	(e) Lease rental	(f) Expense incurred with transaction	(g) Cost of Asset	(h) Current value of asset on transaction date	(i) Net gain or (loss)
Category 1 - Single Transaction Exceeds 5% of Value								
City National Rochdale Gov MM-SV	Money Market Fund	$ 1,992,813	$ -	N/A	N/A	$ 1,992,813	$ 1,992,813	N/A
City National Rochdale Gov MM-SV	Money Market Fund	4,112,910	-	N/A	N/A	4,112,910	4,112,910	N/A
City National Rochdale Gov MM-SV	Money Market Fund		4,941,000	N/A	N/A	4,941,000	4,941,000	N/A
Total - Category 1		$ 6,105,723	$ 4,941,000.00			$ 11,046,723	$ 11,046,723	$ -
Category 2 - Series of Transactions with Same Broker Exceeds 5% of Value								
Sidco/ITG	Various	$ 2,012,351	$ 2,999,617	N/A	$ 988	$ 4,560,318	$ 5,011,968	$ 451,652
Instinet	Various	1,069,849	2,418,469	N/A	1,524	3,968,220	3,488,318	(479,902)
Total - Category 2		$ 3,082,200	$ 5,418,086		$ 2,512	$ 8,528,538	$ 8,500,286	$ (28,250)

See independent auditor's report.

DESCO INDUSTRIES, INC. EMPLOYEE STOCK OWNERSHIP PLAN
SCHEDULE 2 - SCHEDULE OF REPORTABLE TRANSACTIONS
(Form 5500, Schedule H, Line 4j)
For the year ended October 31, 2020
EIN #95-3368148 IRS Plan #002

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Identity of party involved	Description of asset	Purchase price	Selling price	Lease rental	Expense incurred with transaction	Cost of Asset	Current value of asset on transaction date	Net gain or (loss)
Category 3 - Series of Transactions in Same Security Exceeds 5% of Value								
City National Rochdale Gov MM-SV	Money Market Fund	$ 8,182,864	$ 8,182,865	N/A	$ -	$ 8,182,865	$ 8,182,865	$ -
Total - Category 3		$ 8,182,864	$ 8,182,865		$ -	$ 8,182,865	$ 8,182,865	$ -

Schedule H, Line 4j
Schedule of Reportable Transactions

Name of Plan:► Desco Industries, Inc. Employee Stock Ownership Plan
Employer Identification Number (EIN):► 95-3368148 Three-digit plan number: ► 002
For the plan year beginning/ending:► 11/1/2019-10/31/2020

(a) Identity of party involved	**(b)**Description of asset (include interest rate and maturity in case of a loan)	**(c)** Purchase Price	**(d)** Selling price	**(e)** Lease rental	**(f)** Expense incurred with transaction	**(g)** Cost of asset	**(h)** Current value of asset on transaction date	**(i)** Net gain or (loss)
City National Rochdale Gov MM-SV	Money Market Fund	1,992,813	0	0	0	1,992,813	1,992,813	0
City National Rochdale Gov MM-SV	Money Market Fund	4,112,910	0	0	0	4,112,910	4,112,910	0
City National Rochdale Gov MM-SV	Money Market Fund	0	4,941,000	0	0	4,941,000	4,941,000	0
Sidco/ITG	Various	2,012,351	2,999,617	0	988	4,560,318	5,011,968	451,652
Instinet	Various	1,069,849	2,418,469	0	1,524	3,968,220	3,488,318	-479,902
City National Rochdale Gov MM-SV	Money Market Fund	8,182,864	8,182,865	0	0	8,182,865	8,182,865	0

Schedule H, Line 4i
Schedule of Assets (Held At End of Year)

Name of Plan:

► Desco Industries, Inc. Employee Stock Ownership Plan

Employer Identification Number:► 95-3368148

For plan year (beginning/ending):► 11/1/2019-10/31/2020 Plan number:► 002

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current value
*	Desco Industries, Inc.	25,200 shares of common stock	4,725,000	31,219,776
	Union Bank	Interest bearing checking account	424,780	424,780
	CNB	Interest bearing cash	212,762	212,762
	Government & Agency Obligations	Government and agency obligations of varying maturities and interest rates	634,953	648,072
	Corporate Obligations	Corporate obligations of varying maturities and interest rates	208,793	217,590
	Common Stocks	Common stocks of various companies	3,296,119	4,890,919
	Florida St Brd	25,000 shares, 1.25%, 7/1/25	25,000	25,261
	New York City NY	15,000 shares, 2.76%, 2/1/26	15,528	16,036
	New York St Urban	35000 shares, 2.79%, 3/15/21	36,050	35,309