# 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

**2020**

**This Form is Open to Public Inspection**

## Part I Annual Report Identification Information

For calendar plan year 2020 or fiscal plan year beginning 01/01/2020 and ending 12/31/2020

**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
THE BRADFORD HAMMACHER GROUP, INC. EMPLOYEE STOCK OWNERSHIP PLAN

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

**1c** Effective date of plan 01/01/2013

**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)
THE BRADFORD HAMMACHER GROUP, INC.

9333 N MILWAUKEE AVENUE
NILES, IL 60714-1303

**2b** Employer Identification Number (EIN) 51-0370495

**2c** Plan Sponsor's telephone number 847-966-2770

**2d** Business code (see instructions) 454110

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

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

| | | | |
|---|---|---|---|
| **SIGN HERE** | Filed with authorized/valid electronic signature. | 10/07/2021 | MARGARET OSTOJIC |
| | **Signature of plan administrator** | Date | Enter name of individual signing as plan administrator |
| **SIGN HERE** | Filed with authorized/valid electronic signature. | 10/07/2021 | MARGARET OSTOJIC |
| | **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: | **4b** | EIN |
| **a** | Sponsor's name | **4d** | PN |
| **c** | Plan Name | | |

| | | | |
|---|---|---|---|
| **5** | Total number of participants at the beginning of the plan year | **5** | 830 |
| **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)** | 663 |
| **a(2)** | Total number of active participants at the end of the plan year | **6a(2)** | 628 |
| **b** | Retired or separated participants receiving benefits | **6b** | 0 |
| **c** | Other retired or separated participants entitled to future benefits | **6c** | 140 |
| **d** | Subtotal. Add lines **6a(2)**, **6b**, and **6c** | **6d** | 768 |
| **e** | Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. | **6e** | 3 |
| **f** | Total. Add lines **6d** and **6e** | **6f** | 771 |
| **g** | Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) | **6g** | 769 |
| **h** | Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested | **6h** | 43 |
| **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 2P 2Q 3H 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)** [X] **C** (Service Provider Information)
- **(5)** [ ] **D** (DFE/Participating Plan Information)
- **(6)** [ ] **G** (Financial Transaction Schedules)

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

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

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

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

**11c** Enter the Receipt Confirmation Code for the 2020 Form M-1 annual report. If the plan was not required to file the 2020 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code_____

| SCHEDULE C (Form 5500) | Service Provider Information | OMB No. 1210-0110 |
|---|---|---|
| Department of the Treasury<br>Internal Revenue Service<br>Department of Labor<br>Employee Benefits Security Administration<br>Pension Benefit Guaranty Corporation | This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).<br>▶ **File as an attachment to Form 5500.** | **2020**<br>**This Form is Open to Public Inspection.** |

For calendar plan year 2020 or fiscal plan year beginning 01/01/2020 and ending 12/31/2020

| **A** Name of plan | **B** Three-digit plan number (PN) ▶ | |
|---|---|---|
| THE BRADFORD HAMMACHER GROUP, INC. EMPLOYEE STOCK OWNERSHIP PLAN | | 001 |
| **C** Plan sponsor's name as shown on line 2a of Form 5500 | **D** Employer Identification Number (EIN) | |
| THE BRADFORD HAMMACHER GROUP, INC. | 51-0370495 | |

## Part I Service Provider Information (see instructions)

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

### 1 Information on Persons Receiving Only Eligible Indirect Compensation

**a** Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. . . . . ☐ Yes ☒ No

**b** If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Part I Service Provider Information (continued)

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

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

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

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

## Part II Service Providers Who Fail or Refuse to Provide Information

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

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

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

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

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

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

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

| **Part III** | **Termination Information on Accountants and Enrolled Actuaries (see instructions)**<br>(complete as many entries as needed) |
|---|---|

**a** Name:

**b** EIN:

**c** Position:

**d** Address:

**e** Telephone:

Explanation:

**a** Name:

**b** EIN:

**c** Position:

**d** Address:

**e** Telephone:

Explanation:

**a** Name:

**b** EIN:

**c** Position:

**d** Address:

**e** Telephone:

Explanation:

**a** Name:

**b** EIN:

**c** Position:

**d** Address:

**e** Telephone:

Explanation:

**a** Name:

**b** EIN:

**c** Position:

**d** Address:

**e** Telephone:

Explanation:

# SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

## Financial Information

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

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

OMB No. 1210-0110

**2020**

**This Form is Open to Public Inspection**

For calendar plan year 2020 or fiscal plan year beginning 01/01/2020 and ending 12/31/2020

**A** Name of plan
THE BRADFORD HAMMACHER GROUP, 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
THE BRADFORD HAMMACHER GROUP, INC.

**D** Employer Identification Number (EIN)
51-0370495

## 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) | 5854333 | 3373076 |
| **(2)** Participant contributions | 1b(2) | 0 | 0 |
| **(3)** Other | 1b(3) | 0 | 0 |
| **c** General investments: | | | |
| **(1)** Interest-bearing cash (include money market accounts & certificates of deposit) | 1c(1) | 0 | 34 |
| **(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)** | 33372000 | 34470000 |
| | **(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** | 39226333 | 37843110 |
| | **Liabilities** | | | |
| **g** | Benefit claims payable | **1g** | 0 | |
| **h** | Operating payables | **1h** | 0 | |
| **i** | Acquisition indebtedness | **1i** | 0 | |
| **j** | Other liabilities | **1j** | 88354333 | 83373076 |
| **k** | Total liabilities (add all amounts in lines 1g through1j) | **1k** | 88354333 | 83373076 |
| | **Net Assets** | | | |
| **l** | Net assets (subtract line 1k from line 1f) | **1l** | -49128000 | -45529966 |

## 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)** | 5519724 | |
| | **(B)** Participants | **2a(1)(B)** | 0 | |
| | **(C)** Others (including rollovers) | **2a(1)(C)** | 0 | |
| | **(2)** Noncash contributions | **2a(2)** | 0 | |
| | **(3)** Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)** | **2a(3)** | | 5519724 |
| **b** | **Earnings on investments:** | | | |
| | **(1)** Interest: | | | |
| | **(A)** Interest-bearing cash (including money market accounts and certificates of deposit) | **2b(1)(A)** | 34 | |
| | **(B)** U.S. Government securities | **2b(1)(B)** | 0 | |
| | **(C)** Corporate debt instruments | **2b(1)(C)** | 0 | |
| | **(D)** Loans (other than to participants) | **2b(1)(D)** | 0 | |
| | **(E)** Participant loans | **2b(1)(E)** | | |
| | **(F)** Other | **2b(1)(F)** | 0 | |
| | **(G)** Total interest. Add lines **2b(1)(A)** through **(F)** | **2b(1)(G)** | | 34 |
| | **(2)** Dividends: **(A)** Preferred stock | **2b(2)(A)** | 0 | |
| | **(B)** Common stock | **2b(2)(B)** | 0 | |
| | **(C)** Registered investment company shares (e.g. mutual funds) | **2b(2)(C)** | 0 | |
| | **(D)** Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)** | **2b(2)(D)** | | 0 |
| | **(3)** Rents | **2b(3)** | | 0 |
| | **(4)** Net gain (loss) on sale of assets: **(A)** Aggregate proceeds | **2b(4)(A)** | 0 | |
| | **(B)** Aggregate carrying amount (see instructions) | **2b(4)(B)** | 0 | |
| | **(C)** Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result | **2b(4)(C)** | | 0 |
| | **(5)** Unrealized appreciation (depreciation) of assets: **(A)** Real estate | **2b(5)(A)** | 0 | |
| | **(B)** Other | **2b(5)(B)** | 1098000 | |
| | **(C)** Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)** | **2b(5)(C)** | | 1098000 |

| | | (a) Amount | (b) Total |
|---|---|---|---|
| **(6)** Net investment gain (loss) from common/collective trusts | 2b(6) | | 0 |
| **(7)** Net investment gain (loss) from pooled separate accounts | 2b(7) | | 0 |
| **(8)** Net investment gain (loss) from master trust investment accounts | 2b(8) | | 0 |
| **(9)** Net investment gain (loss) from 103-12 investment entities | 2b(9) | | 0 |
| **(10)** Net investment gain (loss) from registered investment companies (e.g., mutual funds) | 2b(10) | | 0 |
| **c** Other income | 2c | | 9416789 |
| **d** Total income. Add all **income** amounts in column (b) and enter total | 2d | | 16034547 |
| **Expenses** | | | |
| **e** Benefit payment and payments to provide benefits: | | | |
| **(1)** Directly to participants or beneficiaries, including direct rollovers | 2e(1) | 220985 | |
| **(2)** To insurance carriers for the provision of benefits | 2e(2) | 0 | |
| **(3)** Other | 2e(3) | 0 | |
| **(4)** Total benefit payments. Add lines **2e(1)** through **(3)** | 2e(4) | | 220985 |
| **f** Corrective distributions (see instructions) | 2f | | 0 |
| **g** Certain deemed distributions of participant loans (see instructions) | 2g | | |
| **h** Interest expense | 2h | | 2798739 |
| **i** Administrative expenses: **(1)** Professional fees | 2i(1) | 0 | |
| **(2)** Contract administrator fees | 2i(2) | 0 | |
| **(3)** Investment advisory and management fees | 2i(3) | 0 | |
| **(4)** Other | 2i(4) | 0 | |
| **(5)** Total administrative expenses. Add lines **2i(1)** through **(4)** | 2i(5) | | 0 |
| **j** Total expenses. Add all **expense** amounts in column (b) and enter total | 2j | | 3019724 |
| **Net Income and Reconciliation** | | | |
| **k** Net income (loss). Subtract line **2j** from line **2d** | 2k | | 13014823 |
| **l** Transfers of assets: | | | |
| **(1)** To this plan | 2l(1) | | 0 |
| **(2)** From this plan | 2l(2) | | 9416789 |

## 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** Check the appropriate box(es) to indicate whether the IQPA performed an ERISA section 103(a)(3)(C) audit. Check both boxes (1) and (2) if the audit was performed pursuant to both 29 CFR 2520.103-8 and 29 CFR 2520.103-12(d). Check box (3) if pursuant to neither.

**(1)** [ ] DOL Regulation 2520.103-8 **(2)** [ ] DOL Regulation 2520.103-12(d) **(3)** [X] neither DOL Regulation 2520.103-8 nor DOL Regulation 2520.103-12(d).

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

**(1)** Name: CROWE, LLP **(2)** EIN: 35-0921680

**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 | 0 |

| | | Yes | No | Amount |
|---|---|---|---|---|
| **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 | 0 |
| **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 | 0 |
| **d** Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.) | **4d** | | X | 0 |
| **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) |
|---|---|---|
| BRADFORD GROUP PROFIT SHARING/401(K) PLAN | 36-3920489 | 001 |
| HAMMACHER SCHLEMMER 401(K)/PROFIT SHARING PLAN | 13-1874504 | 001 |
| | | |
| | | |

**5c** Was the plan a defined benefit plan covered under the PBGC insurance program at any time during this plan year? (See ERISA section 4021 and instructions.) ☐ Yes ☐ No ☐ Not determined

If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year _____.

# 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

**2020**

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

For calendar plan year 2020 or fiscal plan year beginning 01/01/2020 and ending 12/31/2020

**A** Name of plan
THE BRADFORD HAMMACHER GROUP, 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
THE BRADFORD HAMMACHER GROUP, INC.

**D** Employer Identification Number (EIN)
51-0370495

## Part I Distributions

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

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

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

EIN(s): 42-0127290

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

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

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

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

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

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

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

| | | | |
|---|---|---|---|
| 6 | a | Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived) ..... | 6a | |
| | b | Enter the amount contributed by the employer to the plan for this plan year ..... | 6b | |
| | c | Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) ..... | 6c | |

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

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

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

## Part III Amendments

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

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

| | | | |
|---|---|---|---|
| 10 | | Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... | ☐ Yes | ☒ No |
| 11 | a | Does the ESOP hold any preferred stock? ..... | ☐ Yes | ☒ No |
| | b | If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... | ☐ Yes | ☒ No |
| 12 | | Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... | ☒ Yes | ☐ No |

## 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 deferred vested and retired participants (inactive participants), as of the beginning of the plan year, whose contributing employer is no longer making contributions to the plan for:

| | | |
|---|---|---|
| **a** The current plan year. Check the box to indicate the counting method used to determine the number of inactive participants: ☐ last contributing employer ☐ alternative ☐ reasonable approximation (see instructions for required attachment) | **14a** | |
| **b** The plan year immediately preceding the current plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment) | **14b** | |
| **c** The second preceding plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment) | **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_____

# THE BRADFORD HAMMACHER GROUP, INC.
# EMPLOYEE STOCK OWNERSHIP PLAN

Niles, Illinois

## FINANCIAL STATEMENTS

December 31, 2020 and 2019

THE BRADFORD HAMMACHER GROUP, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
Niles, Illinois

FINANCIAL STATEMENTS
December 31, 2020 and 2019

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Crowe LLP
Independent Member Crowe Global

# INDEPENDENT AUDITOR'S REPORT

ESOP Committee
The Bradford Hammacher Group, Inc.
Employee Stock Ownership Plan
Niles, Illinois

## Report on the Financial Statements

We have audited the accompanying financial statements of The Bradford Hammacher Group, Inc. Employee Stock Ownership Plan ("the Plan"), which comprise the statements of net assets available for benefits as of December 31, 2020 and 2019, and the related statement of changes in net assets available for benefits for the year ended December 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.

(Continued)

***Opinion***

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

***Emphasis of Matter***

As discussed in Note 2, investments amounting to $34,470,000 and $33,372,000 as of December 31, 2020 and 2019, respectively, have been reported at estimated fair values as determined by independent appraisals that have been reviewed and approved by Plan management. These amounts represent 100% of the Plan's investments as of December 31, 2020 and 2019. Our opinion is not modified with respect to this matter.

***Other Matter***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information included in the 2020 supplemental Schedule H, Line 4i – Schedule of Assets (Held at End of Year) is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. 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 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.

Crowe LLP

Crowe LLP

Oak Brook, Illinois
October 7, 2021

THE BRADFORD HAMMACHER GROUP, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2020 and 2019

| | 2020 | | |
|---|---|---|---|
| | Allocated | Unallocated | Total |
| **ASSETS** | | | |
| Investment in The Bradford Hammacher Group, Inc. common stock, at estimated fair value (Notes 2 and 4) | $ 8,175,848 | $ 26,294,152 | $ 34,470,000 |
| Cash | 34 | - | 34 |
| Employer contribution receivable | 2,645,513 | 727,563 | 3,373,076 |
| Total assets | 10,821,395 | 27,021,715 | 37,843,110 |
| **LIABILITIES** | | | |
| Interest payable | - | 727,563 | 727,563 |
| Note payable (Note 5) | - | 82,500,000 | 82,500,000 |
| Total liabilities | - | 83,227,563 | 83,227,563 |
| **NET ASSETS AVAILABLE FOR BENEFITS** | $ 10,821,395 | $ (56,205,848) | $ (45,384,453) |

| | 2019 | | |
|---|---|---|---|
| | Allocated | Unallocated | Total |
| **ASSETS** | | | |
| Investment in The Bradford Hammacher Group, Inc. common stock, at estimated fair value (Notes 2 and 4) | $ 6,358,938 | $ 27,013,062 | $ 33,372,000 |
| Employer contribution receivable | 2,820,936 | 3,033,397 | 5,854,333 |
| Total assets | 9,179,874 | 30,046,459 | 39,226,333 |
| **LIABILITIES** | | | |
| Interest payable | - | 3,033,397 | 3,033,397 |
| Note payable (Note 5) | - | 85,000,000 | 85,000,000 |
| Total liabilities | - | 88,033,397 | 88,033,397 |
| **NET ASSETS AVAILABLE FOR BENEFITS** | $ 9,179,874 | $ (57,986,938) | $ (48,807,064) |

See accompanying notes to financial statements.

THE BRADFORD HAMMACHER GROUP, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
Year ended December 31, 2020

| | Allocated | Unallocated | Total |
|---|---|---|---|
| **Additions to net assets attributed to:** | | | |
| Cash interest | $ 34 | $ - | $ 34 |
| Net appreciation in fair value of investments | 209,221 | 888,779 | 1,098,000 |
| Employer contributions | 2,691,075 | 2,828,649 | 5,519,724 |
| Allocation of 27,984 shares of common stock of The Bradford Hammacher Group, Inc. | 1,607,689 | - | 1,607,689 |
| Other income - litigation proceeds | 9,416,789 | - | 9,416,789 |
| | 13,924,808 | 3,717,428 | 17,642,236 |
| **Deductions from net assets attributed to:** | | | |
| Benefit payments | 220,985 | - | 220,985 |
| Interest expense | - | 2,974,162 | 2,974,162 |
| Allocation of 27,984 shares of common stock of The Bradford Hammacher Group, Inc. | - | 1,607,689 | 1,607,689 |
| | 220,985 | 4,581,851 | 4,802,836 |
| **Net increase (decrease) prior to transfers** | 13,703,823 | (864,423) | 12,839,400 |
| Transfer for debt service | (2,645,513) | 2,645,513 | - |
| Transfer to other plans | (9,416,789) | - | (9,416,789) |
| **Net increase** | 1,641,521 | 1,781,090 | 3,422,611 |
| **Net assets available for benefits** | | | |
| Beginning of year | 9,179,874 | (57,986,938) | (48,807,064) |
| End of year | $ 10,821,395 | $ (56,205,848) | $ (45,384,453) |

See accompanying notes to financial statements.

## NOTE 1 - DESCRIPTION OF THE PLAN

The following description of The Bradford Hammacher Group, Inc. ("the Company") Employee Stock Ownership Plan ("the Plan" or "the ESOP") provides general information. Participants should refer to the plan document for more complete information.

General: The Plan was established as of January 1, 2013. The Plan is qualified as an employee stock ownership plan, as defined in the Internal Revenue Code. The Plan is subject to the provisions of the Employee Retirement Income Security Act on 1974 (ERISA).

Eligibility: Generally, an employee other than leased, union, or foreign who has attained age 18 may participate in the Plan as of the next available plan entry date of January 1 or July 1 immediately following the date when the employee first meets the following requirements:

1) Attainment of 1,000 hours of service in a calendar year
2) Attainment of 1,000 hours of service in a rolling twelve month period starting from original date of hire

Contributions: The Company makes contributions to the Plan at the discretion of the Board of Directors of the Company provided that the amount of the contribution at a minimum will satisfy the Plan's current year debt obligation (Note 5). Employees are not permitted to make contributions under this plan. Rollover contributions from other qualified plans are not permitted.

Investment Income Allocation: Allocation of investment gains or losses to participants will generally be based on share balance and/or beginning cash balances.

Participant Accounts: Separate employer stock accounts and other investment accounts have been established to record the participants' interests under the Plan. As of the last day of each plan year, the employee stock accounts maintained under the Plan are credited with:

(A) Allocable shares of Company stock (including fractional shares) purchased and paid for by the trust.

(B) An allocation of shares of Company stock (including fractional shares) released from the suspense account for that year.

(C) Forfeitures of employer stock caused by participants leaving the employer prior to the time when their accounts are fully vested.

(D) An allocation of any stock dividends declared and paid on Company stock during the year.

Employer stock purchased with the proceeds of a loan is held in a suspense account pending release and reallocation to participant stock accounts as the loan is paid.

As the ESOP's debt is repaid, shares are released from the suspense account based on the proportion of the principal and interest paid in the year to the original amount of the debt and expected interest over the term of the note payable. The released shares are then allocated to active participants according to each active participant's percentage of eligible salary, as defined in the plan agreement.

(Continued)

**NOTE 1 - DESCRIPTION OF THE PLAN** (Continued)

Vesting: Vesting in a participant account is based on years of continuous service as follows:

| Years of Service | Vested Percentage |
|---|---|
| Less than 2 years | 0% |
| 2 years | 20 |
| 3 years | 40 |
| 4 years | 60 |
| 5 years | 80 |
| 6 or more years | 100 |

Payment of Benefits: Upon attainment of normal retirement age (65), disability, death, or termination of service, a participant is eligible to receive distribution of the vested Participant Account balance over a period not to exceed five years commencing no later than one year after separation for separations associated with retirement, death or disability, and no later than five years after separation for all other participants. Account balances of less than $5,000 may be distributed as a lump sum distribution. As determined by the Company, this payment can be made in the form of either (a) cash, or (b) restricted shares of the Company's stock, subject to the requirement that the Company stock be immediately sold to the Company or back to the trust at a price equal to the fair market value of the stock as of the most recent valuation date.

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 shall vote the shares of Company stock which are not allocated to any participant’s account. The trustee has the right under the applicable law to vote the shares contrary to the direction of the participants if required by applicable fiduciary principles.

Diversification: Participants who are at least age 55 with at least 10 years of active 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, subject to certain percentage limitations. Participants who elect to diversify may direct that a portion of their account be distributed to another qualified plan maintained by the Company, to be invested at the direction of the participant.

Forfeited Accounts: Forfeited non-vested accounts are reallocated to participants, based upon their eligible compensation. During 2020, the Plan reallocated 1,528 shares amounting to $87,784 to the participants.

Administrative Expenses: Administrative expenses of the Plan were paid by the Company.

Litigation Proceeds and Transfer to Other Plans: On May 11, 2016, Reliance Trust Company (“Reliance”), the former Trustee of the Plan was served with a lawsuit filed by a participant in the Plan. The participant filed the suit on behalf of the Plan and participants who are similarly situated. On May 17, 2019 a settlement was reached between the parties and on June 17, 2020 the Court approved the settlement. Under the terms of the settlement, Reliance agreed to pay $12,000,000 into a Settlement Fund Account (“Account”) and the insurance carrier of certain directors of Bradford agreed to pay $1,363,636 into the Account. The Company is not responsible for paying any part of the settlement.

(Continued)

**NOTE 1 - DESCRIPTION OF THE PLAN** (Continued)

In December 2020, the $13,363,636 in the Account, less taxes, fees and costs, was distributed to current and former participants of the ESOP, as directed by the Settlement Administrator. With respect to former participants of the Plan, the Settlement Administrator issued funds directly to the individuals. For current participants, the funds were distributed to the Plan. Once the Settlement Administrator informed Plan Management the amount of allocation each participant was to receive, Plan Management initiated a transfer from the Plan to the accounts of either the Bradford Group Profit Sharing 401(k) Plan or the Hammacher Schlemmer 401(k) Profit Sharing Plan. For any participants that did not have 401(k) accounts, Plan Management worked with the third-party administrator of the applicable 401(k) Plan to have participant accounts established. The Account, less taxes, fees, costs, and payments to former participants, was $9,416,789 and is shown as other income - litigation proceeds and transfer to other plans on the Statement of Changes in Net Assets Available for Benefits.

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting: The financial statements of the Plan are prepared under the accrual basis of accounting.

Use of Estimates in the Preparation of Financial Statements: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures, and actual results may differ from these estimates. It is at least reasonably possible that a significant change may occur in the near term in the estimated fair value of the Plan's investment in employer securities. At December 31, 2020 and 2019, the Plan had a valuation performed of the employer stock (Note 4), which is deemed to be a significant estimate.

Recent Accounting Pronouncements: In August 2018, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2018-13 Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirement for Fair Value Measurement. This ASU improves the effectiveness of disclosures about fair value measurements required under ASC 820. The key changes include but are not limited to the removal of the changes in unrealized gains and losses for the period included in earnings for recurring Level 3 fair value measurements held at the end of the reporting period. This ASU is effective for fiscal years beginning after December 15, 2019. A reporting entity should apply amendments retrospectively to each period for which financial statements are presented. The Plan has adopted this ASU as of January 1, 2020. The adoption of this update did not have a material effect on the Plan's net assets available for benefits and the change in net assets available for benefits.

Risks and Uncertainties: The Plan is invested 100% in Company common stock. This investment security is exposed to various risks such as interest rate, market, liquidity, and credit risks, as well as risk associated with the ongoing Coronavirus pandemic. Due to the level of risk associated with this investment security and the sensitivity of certain fair value estimates to changes in valuation assumptions, it is at least reasonably possible that changes in the fair value of the security will occur in the near term and that such changes could materially affect the amount reported in the statement of net assets available for benefits and participants' individual account balances.

Investment Valuation and Income Recognition: Plan investments are stated at estimated fair value. Purchases and sales of securities are recorded on a trade-date basis. Realized gains and losses from security transactions are reported on the average cost method. Net appreciation (depreciation) includes the plan's gains and losses on investments bought and sold as well as held during the year.

(Continued)

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Fair value is the price that would be received by the Plan for an asset or paid by the Plan to transfer a liability (an exit price) in an orderly transaction between market participants on the measurement date in the Plan's principal or most advantageous market for the asset or liability. Fair value measurements are determined by maximizing the use of observable inputs and minimizing the use of unobservable inputs. The hierarchy places the highest priority on unadjusted quoted market prices in active markets for identical assets or liabilities (Level 1 measurements) and gives the lowest priority to unobservable inputs (Level 3 measurements). The three levels of inputs within the fair value hierarchy are defined as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Plan has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect the Plan's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In some cases, a valuation technique used to measure fair value may include inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The following descriptions of the valuation methods and assumptions used by the Plan to estimate the fair values of investments apply to investments held directly by the Plan.

*Company common stock*: The fair value of the Company's common stock is valued by independent appraisal as of the last day of the Plan's year. On an annual basis, the trustee of the Plan engages a valuation specialist to perform this independent appraisal of the Company's common stock. The appraised values are derived using a combination of historical financial information, projected earnings, and cash flow information for the Company, and comparisons to other comparable businesses, as well as other input factors (Level 3 inputs). A discount for a lack of marketability is applied, since the Company's stock is not readily tradable on an established market. The appraisals have been reviewed and approved by Plan management. Plan management performs procedures to verify that the historical data used by the valuation specialist is complete and accurate, and that financial projections are consistent with management's forecasts. Plan management also reviews the valuation methodologies and assumptions used by the valuation specialist for reasonableness, including comparison to prior years, expectations, and current economic and industry data.

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

(Continued)

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Investments measured at fair value on a recurring basis are summarized below:

| | Fair Value Measurements at December 31, 2020 Using | | |
|---|---|---|---|
| | Level 1 | Level 2 | Level 3 |
| Company common stock | $ - | $ - | $ 34,470,000 |

| | Fair Value Measurements at December 31, 2019 Using | | |
|---|---|---|---|
| | Level 1 | Level 2 | Level 3 |
| Company common stock | $ - | $ - | $ 33,372,000 |

During 2020, the Plan's investment in the company common stock does not have any purchases, issuances, or transfer between level activities.

**NOTE 3 - RIGHTS UPON PLAN TERMINATION**

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan, subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and its related regulations. In the event of the Plan's termination, 100% of each participant's account becomes nonforfeitable as of the date of termination.

**NOTE 4 - INVESTMENTS**

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

| | 2020 | | 2019 | |
|---|---|---|---|---|
| | Allocated | Unallocated | Allocated | Unallocated |
| The Bradford Hammacher Group, Inc. common stock | | | | |
| Number of shares | 142,312 | 457,688 | 114,328 | 485,672 |
| Cost per share | $ 166.67 | $ 166.67 | $ 166.67 | $ 166.67 |
| Fair value per share | $ 57.45 | $ 57.45 | $ 55.62 | $ 55.62 |

During the year ended December 31, 2020, the Plan's investments appreciated in value by $1,098,000.

(Continued)

## NOTE 5 - NOTE PAYABLE

On September 30, 2013, the Plan acquired 600,000 shares of the Company's common stock in exchange for a note payable to the Company in the amount of $100,000,000 ($166.67 per share). The shares acquired in this transaction represented 100% of the Company's outstanding stock. The Plan trustee received a fairness opinion from an independent financial advisor indicating that the $100,000,000 purchase price was not in excess of the fair market value of the stock as of that date.

The note is payable in 40 annual installments of $2.5 million, beginning on September 30, 2014 and continuing on the 30th day of September of each year thereafter, with a final payment of all outstanding principal and accrued interest due on September 30, 2053. Interest is due and payable on the principal payment dates. Interest accrues on the note at a rate equal to 3.61% per year and is payable annually on the 30th day of September. There are no penalties for early repayment of the note. Annually, subsequent to year-end but in no event later than April 15, and pursuant to a resolution of the Board of Directors of the Company, the Company makes a contribution to the Plan equivalent to the principal payment and interest due to be paid by the Plan to the Company on the ESOP Note. The Trustee then approves the release of funds from the Plan back to the Company as payment of the principal and interest accrued on the ESOP Note through the date of the payment. The IRS permits a plan sponsor to make a contribution attributable to a given plan year until the due date of the plan sponsor's, or its shareholder's, income tax return. Accordingly, the subsequent contribution and debt repayment are reflected in the Plan's financial statements as of December 31, 2020 and 2019, and for the year ended December 31, 2020.

Principal payments on the Plan's note payable are due as follows:

| | |
|---|---|
| 2021 - 2053 | $ 2,500,000 per year |

## NOTE 6 - TAX STATUS

The Internal Revenue Service has determined and informed the Employer by a letter dated April 28, 2017, that the Plan is qualified and the trust established under the Plan are tax-exempt under the appropriate sections of the Code. Although the Plan has been amended from the original document, plan management believes that the Plan is currently designed and being operated in accordance with the Internal Revenue Code.

U.S. GAAP requires plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain 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 December 31, 2020 and 2019, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2017.

(Continued)

## NOTE 7 - PARTY-IN-INTEREST TRANSACTIONS

Parties-in-interest are defined under Department of Labor Regulations as any fiduciary of the Plan, any party rendering service to the Plan, the employer, and certain others. Certain professional fees for the administration and audit of the Plan are paid by the Company.

Plan investments in The Bradford Hammacher Group, Inc. common stock qualify as party-in-interest investments. The fair value of these investments as of December 31, 2020 and 2019 was $34,470,000 and $33,372,000. There were no purchases or sales of common stock shares during the 2020 plan year.

Plan liabilities and expenses relating to the Note Payable are party-in-interest liabilities and transactions. The Plan's note payable was $82,500,000 and $85,000,000 at December 31, 2020 and 2019, respectively. The Plan's interest payable was $727,563 and $3,033,397 at December 31, 2020 and 2019, respectively. The Plan incurred interest expense of $2,974,162 during the 2020 plan year.

## NOTE 8 - RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of the net assets available for benefits per the financial statements at December 31, 2020 and 2019 to the Form 5500:

| | 2020 | 2019 |
|---|---|---|
| Net assets available for benefits per the financial statements | $ (45,384,453) | $ (48,807,064) |
| Accrued interest payable | (145,513) | (320,936) |
| Net assets per the Form 5500 | $ (45,529,966) | $ (49,128,000) |

The following is a reconciliation of the change in assets available for benefits for the year ended December 31, 2020 per the financial statements to the Form 5500:

| | |
|---|---|
| Net increase in assets available for benefits per the financial statements | $ 3,422,611 |
| Change in accrued interest payable | 175,423 |
| Net increase per the Form 5500 | $ 3,598,034 |

## NOTE 9 - SUBSEQUENT EVENTS

Plan management has evaluated subsequent events for recognition and disclosure through October 7, 2021, which is the date the financial statements were available to be issued.

**SUPPLEMENTAL SCHEDULE**

THE BRADFORD HAMMACHER GROUP, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
December 31, 2020

Name of Plan Sponsor: The Bradford Hammacher Group
Employer Identification Number: 51-0370495
Three-Digit Plan Number: 001

| (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 |
|---|---|---|---|---|
| * | The Bradford Hammacher Group, Inc. | 600,000 shares of common stock | $ 100,000,000 | $ 34,470,000 |

* Represents a party-in-interest with respect to the Plan.

See independent auditor's report.

Crowe LLP
Independent Member Crowe Global

# INDEPENDENT AUDITOR'S REPORT

ESOP Committee
The Bradford Hammacher Group, Inc.
Employee Stock Ownership Plan
Niles, Illinois

## Report on the Financial Statements

We have audited the accompanying financial statements of The Bradford Hammacher Group, Inc. Employee Stock Ownership Plan ("the Plan"), which comprise the statements of net assets available for benefits as of December 31, 2020 and 2019, and the related statement of changes in net assets available for benefits for the year ended December 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.

(Continued)

***Opinion***

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

***Emphasis of Matter***

As discussed in Note 2, investments amounting to $34,470,000 and $33,372,000 as of December 31, 2020 and 2019, respectively, have been reported at estimated fair values as determined by independent appraisals that have been reviewed and approved by Plan management. These amounts represent 100% of the Plan's investments as of December 31, 2020 and 2019. Our opinion is not modified with respect to this matter.

***Other Matter***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information included in the 2020 supplemental Schedule H, Line 4i – Schedule of Assets (Held at End of Year) is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. 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 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.

Crowe LLP

Crowe LLP

Oak Brook, Illinois
October 7, 2021

THE BRADFORD HAMMACHER GROUP, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2020 and 2019

| | 2020 | | |
|---|---|---|---|
| | Allocated | Unallocated | Total |
| **ASSETS** | | | |
| Investment in The Bradford Hammacher Group, Inc. common stock, at estimated fair value (Notes 2 and 4) | $ 8,175,848 | $ 26,294,152 | $ 34,470,000 |
| Cash | 34 | - | 34 |
| Employer contribution receivable | 2,645,513 | 727,563 | 3,373,076 |
| Total assets | 10,821,395 | 27,021,715 | 37,843,110 |
| **LIABILITIES** | | | |
| Interest payable | - | 727,563 | 727,563 |
| Note payable (Note 5) | - | 82,500,000 | 82,500,000 |
| Total liabilities | - | 83,227,563 | 83,227,563 |
| **NET ASSETS AVAILABLE FOR BENEFITS** | $ 10,821,395 | $ (56,205,848) | $ (45,384,453) |

| | 2019 | | |
|---|---|---|---|
| | Allocated | Unallocated | Total |
| **ASSETS** | | | |
| Investment in The Bradford Hammacher Group, Inc. common stock, at estimated fair value (Notes 2 and 4) | $ 6,358,938 | $ 27,013,062 | $ 33,372,000 |
| Employer contribution receivable | 2,820,936 | 3,033,397 | 5,854,333 |
| Total assets | 9,179,874 | 30,046,459 | 39,226,333 |
| **LIABILITIES** | | | |
| Interest payable | - | 3,033,397 | 3,033,397 |
| Note payable (Note 5) | - | 85,000,000 | 85,000,000 |
| Total liabilities | - | 88,033,397 | 88,033,397 |
| **NET ASSETS AVAILABLE FOR BENEFITS** | $ 9,179,874 | $ (57,986,938) | $ (48,807,064) |

See accompanying notes to financial statements.

THE BRADFORD HAMMACHER GROUP, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
Year ended December 31, 2020

| | Allocated | Unallocated | Total |
|---|---|---|---|
| **Additions to net assets attributed to:** | | | |
| Cash interest | $ 34 | $ - | $ 34 |
| Net appreciation in fair value of investments | 209,221 | 888,779 | 1,098,000 |
| Employer contributions | 2,691,075 | 2,828,649 | 5,519,724 |
| Allocation of 27,984 shares of common stock of The Bradford Hammacher Group, Inc. | 1,607,689 | - | 1,607,689 |
| Other income - litigation proceeds | 9,416,789 | - | 9,416,789 |
| | 13,924,808 | 3,717,428 | 17,642,236 |
| **Deductions from net assets attributed to:** | | | |
| Benefit payments | 220,985 | - | 220,985 |
| Interest expense | - | 2,974,162 | 2,974,162 |
| Allocation of 27,984 shares of common stock of The Bradford Hammacher Group, Inc. | - | 1,607,689 | 1,607,689 |
| | 220,985 | 4,581,851 | 4,802,836 |
| **Net increase (decrease) prior to transfers** | 13,703,823 | (864,423) | 12,839,400 |
| Transfer for debt service | (2,645,513) | 2,645,513 | - |
| Transfer to other plans | (9,416,789) | - | (9,416,789) |
| **Net increase** | 1,641,521 | 1,781,090 | 3,422,611 |
| **Net assets available for benefits** | | | |
| Beginning of year | 9,179,874 | (57,986,938) | (48,807,064) |
| End of year | $ 10,821,395 | $ (56,205,848) | $ (45,384,453) |

See accompanying notes to financial statements.

## NOTE 1 - DESCRIPTION OF THE PLAN

The following description of The Bradford Hammacher Group, Inc. ("the Company") Employee Stock Ownership Plan ("the Plan" or "the ESOP") provides general information. Participants should refer to the plan document for more complete information.

General: The Plan was established as of January 1, 2013. The Plan is qualified as an employee stock ownership plan, as defined in the Internal Revenue Code. The Plan is subject to the provisions of the Employee Retirement Income Security Act on 1974 (ERISA).

Eligibility: Generally, an employee other than leased, union, or foreign who has attained age 18 may participate in the Plan as of the next available plan entry date of January 1 or July 1 immediately following the date when the employee first meets the following requirements:

1) Attainment of 1,000 hours of service in a calendar year
2) Attainment of 1,000 hours of service in a rolling twelve month period starting from original date of hire

Contributions: The Company makes contributions to the Plan at the discretion of the Board of Directors of the Company provided that the amount of the contribution at a minimum will satisfy the Plan's current year debt obligation (Note 5). Employees are not permitted to make contributions under this plan. Rollover contributions from other qualified plans are not permitted.

Investment Income Allocation: Allocation of investment gains or losses to participants will generally be based on share balance and/or beginning cash balances.

Participant Accounts: Separate employer stock accounts and other investment accounts have been established to record the participants' interests under the Plan. As of the last day of each plan year, the employee stock accounts maintained under the Plan are credited with:

(A) Allocable shares of Company stock (including fractional shares) purchased and paid for by the trust.

(B) An allocation of shares of Company stock (including fractional shares) released from the suspense account for that year.

(C) Forfeitures of employer stock caused by participants leaving the employer prior to the time when their accounts are fully vested.

(D) An allocation of any stock dividends declared and paid on Company stock during the year.

Employer stock purchased with the proceeds of a loan is held in a suspense account pending release and reallocation to participant stock accounts as the loan is paid.

As the ESOP's debt is repaid, shares are released from the suspense account based on the proportion of the principal and interest paid in the year to the original amount of the debt and expected interest over the term of the note payable. The released shares are then allocated to active participants according to each active participant's percentage of eligible salary, as defined in the plan agreement.

(Continued)

**NOTE 1 - DESCRIPTION OF THE PLAN** (Continued)

Vesting: Vesting in a participant account is based on years of continuous service as follows:

| Years of Service | Vested Percentage |
|---|---|
| Less than 2 years | 0% |
| 2 years | 20 |
| 3 years | 40 |
| 4 years | 60 |
| 5 years | 80 |
| 6 or more years | 100 |

Payment of Benefits: Upon attainment of normal retirement age (65), disability, death, or termination of service, a participant is eligible to receive distribution of the vested Participant Account balance over a period not to exceed five years commencing no later than one year after separation for separations associated with retirement, death or disability, and no later than five years after separation for all other participants. Account balances of less than $5,000 may be distributed as a lump sum distribution. As determined by the Company, this payment can be made in the form of either (a) cash, or (b) restricted shares of the Company's stock, subject to the requirement that the Company stock be immediately sold to the Company or back to the trust at a price equal to the fair market value of the stock as of the most recent valuation date.

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 shall vote the shares of Company stock which are not allocated to any participant’s account. The trustee has the right under the applicable law to vote the shares contrary to the direction of the participants if required by applicable fiduciary principles.

Diversification: Participants who are at least age 55 with at least 10 years of active 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, subject to certain percentage limitations. Participants who elect to diversify may direct that a portion of their account be distributed to another qualified plan maintained by the Company, to be invested at the direction of the participant.

Forfeited Accounts: Forfeited non-vested accounts are reallocated to participants, based upon their eligible compensation. During 2020, the Plan reallocated 1,528 shares amounting to $87,784 to the participants.

Administrative Expenses: Administrative expenses of the Plan were paid by the Company.

Litigation Proceeds and Transfer to Other Plans: On May 11, 2016, Reliance Trust Company (“Reliance”), the former Trustee of the Plan was served with a lawsuit filed by a participant in the Plan. The participant filed the suit on behalf of the Plan and participants who are similarly situated. On May 17, 2019 a settlement was reached between the parties and on June 17, 2020 the Court approved the settlement. Under the terms of the settlement, Reliance agreed to pay $12,000,000 into a Settlement Fund Account (“Account”) and the insurance carrier of certain directors of Bradford agreed to pay $1,363,636 into the Account. The Company is not responsible for paying any part of the settlement.

(Continued)

**NOTE 1 - DESCRIPTION OF THE PLAN** (Continued)

In December 2020, the $13,363,636 in the Account, less taxes, fees and costs, was distributed to current and former participants of the ESOP, as directed by the Settlement Administrator. With respect to former participants of the Plan, the Settlement Administrator issued funds directly to the individuals. For current participants, the funds were distributed to the Plan. Once the Settlement Administrator informed Plan Management the amount of allocation each participant was to receive, Plan Management initiated a transfer from the Plan to the accounts of either the Bradford Group Profit Sharing 401(k) Plan or the Hammacher Schlemmer 401(k) Profit Sharing Plan. For any participants that did not have 401(k) accounts, Plan Management worked with the third-party administrator of the applicable 401(k) Plan to have participant accounts established. The Account, less taxes, fees, costs, and payments to former participants, was $9,416,789 and is shown as other income - litigation proceeds and transfer to other plans on the Statement of Changes in Net Assets Available for Benefits.

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting: The financial statements of the Plan are prepared under the accrual basis of accounting.

Use of Estimates in the Preparation of Financial Statements: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures, and actual results may differ from these estimates. It is at least reasonably possible that a significant change may occur in the near term in the estimated fair value of the Plan's investment in employer securities. At December 31, 2020 and 2019, the Plan had a valuation performed of the employer stock (Note 4), which is deemed to be a significant estimate.

Recent Accounting Pronouncements: In August 2018, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2018-13 Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirement for Fair Value Measurement. This ASU improves the effectiveness of disclosures about fair value measurements required under ASC 820. The key changes include but are not limited to the removal of the changes in unrealized gains and losses for the period included in earnings for recurring Level 3 fair value measurements held at the end of the reporting period. This ASU is effective for fiscal years beginning after December 15, 2019. A reporting entity should apply amendments retrospectively to each period for which financial statements are presented. The Plan has adopted this ASU as of January 1, 2020. The adoption of this update did not have a material effect on the Plan's net assets available for benefits and the change in net assets available for benefits.

Risks and Uncertainties: The Plan is invested 100% in Company common stock. This investment security is exposed to various risks such as interest rate, market, liquidity, and credit risks, as well as risk associated with the ongoing Coronavirus pandemic. Due to the level of risk associated with this investment security and the sensitivity of certain fair value estimates to changes in valuation assumptions, it is at least reasonably possible that changes in the fair value of the security will occur in the near term and that such changes could materially affect the amount reported in the statement of net assets available for benefits and participants' individual account balances.

Investment Valuation and Income Recognition: Plan investments are stated at estimated fair value. Purchases and sales of securities are recorded on a trade-date basis. Realized gains and losses from security transactions are reported on the average cost method. Net appreciation (depreciation) includes the plan's gains and losses on investments bought and sold as well as held during the year.

(Continued)

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Fair value is the price that would be received by the Plan for an asset or paid by the Plan to transfer a liability (an exit price) in an orderly transaction between market participants on the measurement date in the Plan's principal or most advantageous market for the asset or liability. Fair value measurements are determined by maximizing the use of observable inputs and minimizing the use of unobservable inputs. The hierarchy places the highest priority on unadjusted quoted market prices in active markets for identical assets or liabilities (Level 1 measurements) and gives the lowest priority to unobservable inputs (Level 3 measurements). The three levels of inputs within the fair value hierarchy are defined as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Plan has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect the Plan's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In some cases, a valuation technique used to measure fair value may include inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The following descriptions of the valuation methods and assumptions used by the Plan to estimate the fair values of investments apply to investments held directly by the Plan.

*Company common stock*: The fair value of the Company's common stock is valued by independent appraisal as of the last day of the Plan's year. On an annual basis, the trustee of the Plan engages a valuation specialist to perform this independent appraisal of the Company's common stock. The appraised values are derived using a combination of historical financial information, projected earnings, and cash flow information for the Company, and comparisons to other comparable businesses, as well as other input factors (Level 3 inputs). A discount for a lack of marketability is applied, since the Company's stock is not readily tradable on an established market. The appraisals have been reviewed and approved by Plan management. Plan management performs procedures to verify that the historical data used by the valuation specialist is complete and accurate, and that financial projections are consistent with management's forecasts. Plan management also reviews the valuation methodologies and assumptions used by the valuation specialist for reasonableness, including comparison to prior years, expectations, and current economic and industry data.

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

(Continued)

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Investments measured at fair value on a recurring basis are summarized below:

| | Fair Value Measurements at December 31, 2020 Using | | |
|---|---|---|---|
| | Level 1 | Level 2 | Level 3 |
| Company common stock | $ - | $ - | $ 34,470,000 |

| | Fair Value Measurements at December 31, 2019 Using | | |
|---|---|---|---|
| | Level 1 | Level 2 | Level 3 |
| Company common stock | $ - | $ - | $ 33,372,000 |

During 2020, the Plan's investment in the company common stock does not have any purchases, issuances, or transfer between level activities.

**NOTE 3 - RIGHTS UPON PLAN TERMINATION**

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan, subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and its related regulations. In the event of the Plan's termination, 100% of each participant's account becomes nonforfeitable as of the date of termination.

**NOTE 4 - INVESTMENTS**

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

| | 2020 | | 2019 | |
|---|---|---|---|---|
| | Allocated | Unallocated | Allocated | Unallocated |
| The Bradford Hammacher Group, Inc. common stock | | | | |
| Number of shares | 142,312 | 457,688 | 114,328 | 485,672 |
| Cost per share | $ 166.67 | $ 166.67 | $ 166.67 | $ 166.67 |
| Fair value per share | $ 57.45 | $ 57.45 | $ 55.62 | $ 55.62 |

During the year ended December 31, 2020, the Plan's investments appreciated in value by $1,098,000.

(Continued)

## NOTE 5 - NOTE PAYABLE

On September 30, 2013, the Plan acquired 600,000 shares of the Company's common stock in exchange for a note payable to the Company in the amount of $100,000,000 ($166.67 per share). The shares acquired in this transaction represented 100% of the Company's outstanding stock. The Plan trustee received a fairness opinion from an independent financial advisor indicating that the $100,000,000 purchase price was not in excess of the fair market value of the stock as of that date.

The note is payable in 40 annual installments of $2.5 million, beginning on September 30, 2014 and continuing on the 30th day of September of each year thereafter, with a final payment of all outstanding principal and accrued interest due on September 30, 2053. Interest is due and payable on the principal payment dates. Interest accrues on the note at a rate equal to 3.61% per year and is payable annually on the 30th day of September. There are no penalties for early repayment of the note. Annually, subsequent to year-end but in no event later than April 15, and pursuant to a resolution of the Board of Directors of the Company, the Company makes a contribution to the Plan equivalent to the principal payment and interest due to be paid by the Plan to the Company on the ESOP Note. The Trustee then approves the release of funds from the Plan back to the Company as payment of the principal and interest accrued on the ESOP Note through the date of the payment. The IRS permits a plan sponsor to make a contribution attributable to a given plan year until the due date of the plan sponsor's, or its shareholder's, income tax return. Accordingly, the subsequent contribution and debt repayment are reflected in the Plan's financial statements as of December 31, 2020 and 2019, and for the year ended December 31, 2020.

Principal payments on the Plan's note payable are due as follows:

| | |
|---|---|
| 2021 - 2053 | $ 2,500,000 per year |

## NOTE 6 - TAX STATUS

The Internal Revenue Service has determined and informed the Employer by a letter dated April 28, 2017, that the Plan is qualified and the trust established under the Plan are tax-exempt under the appropriate sections of the Code. Although the Plan has been amended from the original document, plan management believes that the Plan is currently designed and being operated in accordance with the Internal Revenue Code.

U.S. GAAP requires plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain 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 December 31, 2020 and 2019, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2017.

(Continued)

## NOTE 7 - PARTY-IN-INTEREST TRANSACTIONS

Parties-in-interest are defined under Department of Labor Regulations as any fiduciary of the Plan, any party rendering service to the Plan, the employer, and certain others. Certain professional fees for the administration and audit of the Plan are paid by the Company.

Plan investments in The Bradford Hammacher Group, Inc. common stock qualify as party-in-interest investments. The fair value of these investments as of December 31, 2020 and 2019 was $34,470,000 and $33,372,000. There were no purchases or sales of common stock shares during the 2020 plan year.

Plan liabilities and expenses relating to the Note Payable are party-in-interest liabilities and transactions. The Plan's note payable was $82,500,000 and $85,000,000 at December 31, 2020 and 2019, respectively. The Plan's interest payable was $727,563 and $3,033,397 at December 31, 2020 and 2019, respectively. The Plan incurred interest expense of $2,974,162 during the 2020 plan year.

## NOTE 8 - RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of the net assets available for benefits per the financial statements at December 31, 2020 and 2019 to the Form 5500:

| | 2020 | 2019 |
|---|---|---|
| Net assets available for benefits per the financial statements | $ (45,384,453) | $ (48,807,064) |
| Accrued interest payable | (145,513) | (320,936) |
| Net assets per the Form 5500 | $ (45,529,966) | $ (49,128,000) |

The following is a reconciliation of the change in assets available for benefits for the year ended December 31, 2020 per the financial statements to the Form 5500:

| | |
|---|---|
| Net increase in assets available for benefits per the financial statements | $ 3,422,611 |
| Change in accrued interest payable | 175,423 |
| Net increase per the Form 5500 | $ 3,598,034 |

## NOTE 9 - SUBSEQUENT EVENTS

Plan management has evaluated subsequent events for recognition and disclosure through October 7, 2021, which is the date the financial statements were available to be issued.

**SUPPLEMENTAL SCHEDULE**

THE BRADFORD HAMMACHER GROUP, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
December 31, 2020

Name of Plan Sponsor: The Bradford Hammacher Group
Employer Identification Number: 51-0370495
Three-Digit Plan Number: 001

| (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 |
|---|---|---|---|---|
| * | The Bradford Hammacher Group, Inc. | 600,000 shares of common stock | $ 100,000,000 | $ 34,470,000 |

* Represents a party-in-interest with respect to the Plan.

See independent auditor's report.