

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
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Part I	Annual Report Identification Information
For calendar plan year 2020 or fiscal plan year beginning <u>01/01/2020</u> and ending <u>12/31/2020</u>	
A This return/report is for:	☐ a multiemployer plan ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.) ☒ a single-employer plan ☐ a DFE (specify) _____
B This return/report is:	☐ the first return/report ☐ the final return/report ☐ an amended return/report ☐ a short plan year return/report (less than 12 months)
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558 ☐ automatic extension ☐ the DFVC program ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information				
1a Name of plan <u>PRODUCERS SERVICE EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>001</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>09/01/1994</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>001</u>	1c Effective date of plan <u>09/01/1994</u>	
1b Three-digit plan number (PN) ▶	<u>001</u>				
1c Effective date of plan <u>09/01/1994</u>					
2a Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) <u>PSC HOLDINGS, INC.</u> <u>P.O. BOX 2277</u> <u>109 S. GRAHAM ST.</u> <u>ZANESVILLE, OH 43702-2277</u> <u>ZANESVILLE, OH 43701-3103</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>26-4059391</u></td> </tr> <tr> <td>2c Plan Sponsor's telephone number <u>740-454-6253</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>213110</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>26-4059391</u>	2c Plan Sponsor's telephone number <u>740-454-6253</u>	2d Business code (see instructions) <u>213110</u>	
2b Employer Identification Number (EIN) <u>26-4059391</u>					
2c Plan Sponsor's telephone number <u>740-454-6253</u>					
2d Business code (see instructions) <u>213110</u>					

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

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

SIGN HERE	Filed with authorized/valid electronic signature.	10/13/2021	TOM PARKS
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

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Form 5500 (2020)
v. 200204

3a Plan administrator's name and address ☒ Same as Plan Sponsor		3b Administrator's EIN	
		3c Administrator's telephone number	
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name		4b EIN 4d PN	
5 Total number of participants at the beginning of the plan year		5	215
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)	129
a(2) Total number of active participants at the end of the plan year		6a(2)	81
b Retired or separated participants receiving benefits.....		6b	8
c Other retired or separated participants entitled to future benefits		6c	106
d Subtotal. Add lines 6a(2) , 6b , and 6c		6d	195
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.		6e	0
f Total. Add lines 6d and 6e		6f	195
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)		6g	96
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested		6h	0
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....		7	
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2P 2I 2J 2K 2E 2Q 2H 3H			
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:			
9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor		9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)			
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary		b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ <u>0</u> A (Insurance Information) (4) ☐ C (Service Provider Information) (5) ☐ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)	

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

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

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

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

11c Enter the Receipt Confirmation Code for the 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 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 PRODUCERS SERVICE EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 PSC HOLDINGS, INC.	D Employer Identification Number (EIN) 26-4059391	

Part I	Asset and Liability Statement
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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)	21896	13426
(2) Participant contributions.....	1b(2)	18017	13347
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	23891	24020
(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)	4915328	4336388
(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) 21022790	10970517
(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 26001922	15357698
Liabilities			
g	Benefit claims payable	1g	
h	Operating payables	1h	
i	Acquisition indebtedness.....	1i 19269163	17311621
j	Other liabilities.....	1j	
k	Total liabilities (add all amounts in lines 1g through 1j)	1k 19269163	17311621
Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l 6732759	-1953923

Part II Income and Expense Statement

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

		(a) Amount	(b) Total
a	Contributions:		
(1)	Received or receivable in cash from: (A) Employers	2a(1)(A) 1837145	
	(B) Participants	2a(1)(B) 326182	
	(C) Others (including rollovers).....	2a(1)(C) 37721	
(2)	Noncash contributions	2a(2)	
(3)	Total contributions. Add lines 2a(1)(A), (B), (C), and line 2a(2)	2a(3)	2201048
b	Earnings on investments:		
(1)	Interest:		
	(A) Interest-bearing cash (including money market accounts and certificates of deposit).....	2b(1)(A)	
	(B) U.S. Government securities	2b(1)(B)	
	(C) Corporate debt instruments	2b(1)(C)	
	(D) Loans (other than to participants)	2b(1)(D)	
	(E) Participant loans.....	2b(1)(E)	
	(F) Other	2b(1)(F)	
	(G) Total interest. Add lines 2b(1)(A) through (F).....	2b(1)(G)	0
(2)	Dividends: (A) Preferred stock.....	2b(2)(A)	
	(B) Common stock	2b(2)(B)	
	(C) Registered investment company shares (e.g. mutual funds).....	2b(2)(C) 98214	
	(D) Total dividends. Add lines 2b(2)(A), (B), and (C)	2b(2)(D)	98214
(3)	Rents	2b(3)	
(4)	Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	
	(B) Aggregate carrying amount (see instructions).....	2b(4)(B)	
	(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)	0
(5)	Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)	
	(B) Other	2b(5)(B) -10052273	
	(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)	-10052273

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts.....	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts.....	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		570534
c Other income	2c		970580
d Total income. Add all income amounts in column (b) and enter total.....	2d		-6211897

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	1944344	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other.....	2e(3)	32	
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		1944376
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		530409
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other.....	2i(4)		
(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		2474785

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		-8686682
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

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

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

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

b 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) ☐ 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: REA & ASSOCIATES

(2) EIN: 34-1310124

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

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

Part IV Compliance Questions

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

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)

	Yes	No	Amount
4a		X	

	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	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)			
4c		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)			
4d		X	
e Was this plan covered by a fidelity bond?	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?		X	
4f		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?			
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.)	X		
4i	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked and see instructions for format requirements.)			
4j		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?			
4k		X	
l Has the plan failed to provide any benefit when due under the plan?			
4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)			
4m		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n			

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

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

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

5c 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 PRODUCERS SERVICE EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST		B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 PSC HOLDINGS, INC.		D Employer Identification Number (EIN) 26-4059391
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): 47-4169196		
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
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Schedule R (Form 5500) 2020 v. 200204		

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 _____

Producers Service Employee Stock Ownership Plan and Trust

Financial Statements

December 31, 2020 and 2019



Rea & associates

www.reacpa.com

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INDEPENDENT AUDITOR'S REPORT

To the Plan Committee and Participants of
Producers Service Employee Stock Ownership Plan and Trust
Zanesville, Ohio

Report on the Financial Statements

We were engaged to audit the accompanying statements of the Producers Service Employee Stock Ownership Plan and Trust (the "Plan") which comprise the statements of net assets (deficit) available for benefits as of December 31, 2020 and 2019, the related statements of changes in net assets (deficit) available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the United States Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified or provided by Peoples Bank, the custodian of the Plan, except for comparing this information with the related information included in the financial statements and supplemental schedule. We have been informed by the Plan Administrator that the custodian holds certain Plan assets and executes transactions. The Plan Administrator has obtained certifications from the custodian as of and for the years ended December 31, 2020 and 2019, that the information provided to the Plan Administrator by the custodian is complete and accurate.

Disclaimer of Opinion

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

Other Matter

The supplemental schedule, Schedule of Assets Held at End of Year as of December 31, 2020, is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purposes of additional analysis and is not a required part of the financial statements. The supplemental schedule is the responsibility of the Plan's management. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedule.

Report on Form and Content in Compliance with Department of Labor's Rules and Regulations

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

Rea & Associates, Inc.

Rea & Associates, Inc.
Dublin, Ohio
October 11, 2021

PRODUCERS SERVICE
EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

STATEMENT OF NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS
AS OF DECEMBER 31, 2020

	Non-ESOP	ESOP			Plan Total
		Allocated	Unallocated	Total	
ASSETS:					
INVESTMENTS, at fair value:					
PSC Holdings, Inc. common stock	\$ -	\$ 7,720,738	\$ 3,249,779	\$ 10,970,517	\$ 10,970,517
Money market	-	24,020	-	24,020	24,020
Mutual funds	4,336,388	-	-	-	4,336,388
Total investments at fair value	4,336,388	7,744,758	3,249,779	10,994,537	15,330,925
RECEIVABLES:					
Employer contributions	13,426	-	-	-	13,426
Employee contributions	13,347	-	-	-	13,347
Total receivables	26,773	-	-	-	26,773
Total assets	4,363,161	7,744,758	3,249,779	10,994,537	15,357,698
LIABILITIES:					
LOANS PAYABLE	-	-	17,311,621	17,311,621	17,311,621
Total liabilities	-	-	17,311,621	17,311,621	17,311,621
NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS	\$ 4,363,161	\$ 7,744,758	\$ (14,061,842)	\$ (6,317,084)	\$ (1,953,923)

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

PRODUCERS SERVICE
EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

STATEMENT OF NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS
AS OF DECEMBER 31, 2019

	Non-ESOP	ESOP			Plan Total
		Allocated	Unallocated	Total	
ASSETS:					
INVESTMENTS, at fair value:					
PSC Holdings, Inc. common stock	\$ -	\$ 14,109,445	\$ 6,913,345	\$ 21,022,790	\$21,022,790
Money market	-	23,891	-	23,891	23,891
Mutual funds	4,915,328	-	-	-	4,915,328
Total investments at fair value	4,915,328	14,133,336	6,913,345	21,046,681	25,962,009
RECEIVABLES:					
Employer contributions	21,896	-	-	-	21,896
Employee contributions	18,017	-	-	-	18,017
Total receivables	39,913	-	-	-	39,913
Total assets	4,955,241	14,133,336	6,913,345	21,046,681	26,001,922
LIABILITIES:					
LOANS PAYABLE					
Total liabilities	-	-	19,269,163	19,269,163	19,269,163
NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS	\$ 4,955,241	\$ 14,133,336	\$ (12,355,818)	\$ 1,777,518	\$ 6,732,759

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

PRODUCERS SERVICE
EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

STATEMENT OF CHANGES IN NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Non-ESOP	Allocated	Unallocated	Total	Plan Total
ADDITIONS TO NET ASSETS (DEFICIT) ATTRIBUTED TO:					
Investment income (loss):					
Net appreciation (depreciation) in fair value of investments	\$ 570,534	\$ (6,859,134)	\$ (3,193,139)	\$ (10,052,273)	\$ (9,481,739)
Interest and dividends	98,083	131	-	131	98,214
Total investment income (loss)	668,617	(6,859,003)	(3,193,139)	(10,052,142)	(9,383,525)
Contributions:					
Employer contributions	232,801	1,604,344	-	1,604,344	1,837,145
Employee contributions	326,182	-	-	-	326,182
Rollovers	37,721	-	-	-	37,721
Total contributions	596,704	1,604,344	-	1,604,344	2,201,048
Allocation of 155,307,669 shares of common stock of PSC Holdings, Inc. - at fair value	-	470,427	-	470,427	470,427
TOTAL ADDITIONS	1,265,321	(4,784,232)	(3,193,139)	(7,977,371)	(6,712,050)
DEDUCTIONS FROM NET ASSETS (DEFICIT) ATTRIBUTED TO:					
Benefit payments to participants	1,857,401	86,975	-	86,975	1,944,376
Interest expense	-	-	530,409	530,409	530,409
Allocation of 155,307,669 shares of common stock of PSC Holdings, Inc. - at fair value	-	-	470,427	470,427	470,427
TOTAL DEDUCTIONS	1,857,401	86,975	1,000,836	1,087,811	2,945,212
NET DECREASE IN NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS	(592,080)	(4,871,207)	(4,193,975)	(9,065,182)	(9,657,262)
TRANSFER FOR DEBT SERVICE	-	(1,517,371)	1,517,371	-	-
LOAN DEFAULT					
			970,580	970,580	970,580
NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS - Beginning of Year	4,955,241	14,133,336	(12,355,818)	1,777,518	6,732,759
NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS - End of Year	\$ 4,363,161	\$ 7,744,758	\$ (14,061,842)	\$ (6,317,084)	\$ (1,953,923)

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

PRODUCERS SERVICE
EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

STATEMENT OF CHANGES IN NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Non-ESOP	Allocated	Unallocated	Total	Plan Total
ADDITIONS TO NET ASSETS ATTRIBUTED TO:					
Investment income (loss):					
Net appreciation (depreciation) in fair value of investments	\$ 842,132	\$ (19,049,936)	\$ (8,503,869)	\$ (27,553,805)	\$ (26,711,673)
Interest and dividends	119,739	534	-	534	120,273
Total investment income (loss)	961,871	(19,049,402)	(8,503,869)	(27,553,271)	(26,591,400)
Contributions:					
Employer contributions	345,556	2,560,714	-	2,560,714	2,906,270
Employee contributions	480,403	-	-	-	480,403
Rollovers	66,378	-	-	-	66,378
Total contributions	892,337	2,560,714	-	2,560,714	3,453,051
Allocation of 221,284,627 shares of common stock of PSC Holdings, Inc. - at fair value	-	1,736,605	-	1,736,605	1,736,605
TOTAL ADDITIONS	1,854,208	(14,752,083)	(8,503,869)	(23,255,952)	(21,401,744)
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:					
Benefit payments to participants	1,016,329	579,117	-	579,117	1,595,446
Interest expense	-	-	698,429	698,429	698,429
Allocation of 221,284,627 shares of common stock of PSC Holdings, Inc. - at fair value	-	-	1,736,605	1,736,605	1,736,605
TOTAL DEDUCTIONS	1,016,329	579,117	2,435,034	3,014,151	4,030,480
NET INCREASE (DECREASE) IN NET ASSETS AVAILABLE FOR BENEFITS	837,879	(15,331,200)	(10,938,903)	(26,270,103)	(25,432,224)
TRANSFER FOR DEBT SERVICE					
	-	(2,560,714)	2,560,714	-	-
NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS - Beginning of Year	4,117,362	32,025,250	(3,977,629)	28,047,621	32,164,983
NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS - End of Year	\$ 4,955,241	\$ 14,133,336	\$ (12,355,818)	\$ 1,777,518	\$ 6,732,759

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

PRODUCERS SERVICE EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: DESCRIPTION OF THE PLAN

The following description of the Producers Service Employee Stock Ownership Plan and Trust (the “Plan”) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan’s provisions.

General

The Plan is a defined contribution plan covering eligible employees of PSC Holdings, Inc. and its subsidiaries (the “Company”). The Plan includes a tax-exempt employee stock ownership plan (ESOP component) and a tax exempt 401(k) plan (non-ESOP component) under the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA) and sections 401(a) and 401(k) of the Internal Revenue Code of 1986, as amended (IRC).

The amount contributed to the ESOP component is determined by the Board of Directors and those contributions will be invested in Company stock. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”).

Effective January 1, 2020, the Plan was amended to allow qualifying individuals to seek tax-advantaged financial relief through distributions from vested portions of their elective deferral and matching contribution accounts as a result of COVID-19. Participants may withdraw up to \$100,000 in aggregate prior to December 31, 2020, not subject to the 10% penalty fee.

Eligibility

The Plan is a defined contribution benefit plan covering all full-time employees of the Company who have one year of service (1,000 hours) and are age 18 or older.

ESOP Contributions

The Plan provides for contributions by the Company. The Company’s discretionary contributions are made to the trust fund annually to cover any stock obligations and any other liabilities of the Plan as due. At the discretion of the Company’s Board of Directors, additional annual contributions may be made in the form of cash or the Company’s common stock. The Company made cash contributions of \$1,604,344 and \$2,560,714 in 2020 and 2019, respectively.

Participant Deferrals

A participant may commence elective deferrals as of the entry date up to the maximum limit for any plan year. Participants will enter the Plan on the first day of the month coincident with or next following attainment of entry eligibility.

Participants are not permitted to make elective deferrals into the ESOP portion of the Plan. Annual catch up contributions are permitted for any Plan year up to the Internal Revenue Code (“IRC”) limitations. The IRC annual limitation applies to all of a participant’s salary reduction contributions and similar contributions under this and other plans.

Matching Contributions

The Company, at its sole discretion, may make matching contributions for a plan year as a match, in whole or in part, to the elective deferrals made by participants for such plan year. Matching contributions may be made by the Company, in its discretion, in cash or in Company stock, equal to a certain percentage (or a certain amount) of the participant’s elective deferral.

PRODUCERS SERVICE EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: DESCRIPTION OF THE PLAN (CONTINUED)

Safe Harbor Contributions

The Company may make a contribution for each participant in the Plan, who is not a highly compensated employee, equal to 100% of deferral up to four (4%) percent of the compensation of the participant. The Company made safe harbor contributions of \$232,801 and \$345,556 in 2020 and 2019, respectively.

Participant Accounts

Each participant's 401(k) account is credited with: participant contributions; Company contributions; the participant's share of Plan earnings (losses) and appreciation (depreciation) from investing contributions; less administrative expenses. As of each valuation date, the ESOP portion of the Plan allocates earnings (losses) into the ESOP component of each participant's account so that the total of all participant account balances equals the fair market value of the ESOP trust fund as of each valuation date. The Company's contributions are allocated to eligible participants' accounts based on the ratio of each eligible participant's compensation for the year to the total compensation for all participants.

Shares allocated to participant accounts in the ESOP totaled approximately 4,813 and 4,658 as of December 31, 2020 and 2019, respectively. Allocated and unallocated shares totaled approximately 6,839 and 6,941 as of December 31, 2020 and 2019, respectively.

Dividends on the non-leveraged shares are allocated based on each participant's stock account balance to the total of all participant stock account balances. Dividends on the leveraged shares are used to service the Plan's debt. No dividends were received in 2020 or 2019.

Participant-Directed Investment Options

Upon enrollment in the Plan, a participant may direct the investment of their 401(k) account contributions into any of several investment options with varying degrees of risk and volatility, allowing participants to allocate their investments in accordance with their own risk tolerances and time horizons. Participants may change their investment options at any time.

Voting Rights

Each participant is entitled to exercise voting rights attributable to the shares allocated to his or her account and is notified by the Trustee prior to the time that such rights are to be exercised. The Trustee is not permitted to vote any allocated share for which instructions have not been given by a participant. Any allocated Company stock with respect to which voting instructions are not given shall be voted in the manner determined by the Plan Administrator. The Plan Administrator shall have the right to direct the Trustee as to the voting of any unallocated shares of stock held in the Plan.

Put Option

Under Federal income tax regulations, the Company stock that is held by the Plan and its participants is not readily tradable on an established market, or is subject to trading limitations, includes a put option. The put option is a right to demand that the Company buy any shares of its stock distributed to participants for which there is no market. The put price is the fair market value of the stock. The purpose of the put option is to ensure that the participant has the ability to ultimately obtain cash.

PRODUCERS SERVICE EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: DESCRIPTION OF THE PLAN (CONTINUED)

Payment of Benefits

Upon termination of service due to death, disability, attainment of age 59 ½, retirement, or mandatory distribution, a participant will receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account, or annual installments over a future period.

Vesting

Each eligible participant has immediate, fully vested rights in all employee contributions, rollover contributions, and Company safe harbor contributions.

Vesting of non-safe harbor employer contributions for any participant terminated for any cause other than death, disability or retirement generally occurs as follows:

<u>Year</u>	<u>Percent</u>
1	25%
2	50%
3	75%
4	100%

The years of vesting are calculated based on the number of hours of service. A minimum of 1,000 hours of services must be provided to complete a year of vesting service.

Forfeitures

Forfeitures resulting from the termination of participants who are less than fully vested are allocated to those participants who have completed 1,000 hours of service during the Plan year in which the forfeitures occurred in the same manner as the Company contributions are allocated. There were no unallocated forfeitures as of December 31, 2020 and 2019.

Diversification

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Plan have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The investment in the common stock of the Company is recorded at its estimated fair value at year-end as determined by an annual independent appraisal as of the Company's year-end. See Note 5 for discussion of fair value measurements.

PRODUCERS SERVICE EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment Valuation and Income Recognition (Continued)

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

Use of Estimates

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. Accordingly, actual results may differ from those estimates. The Plan relies significantly on the use of estimates in determining the value of PSC Holdings, Inc. Common Stock, which is the primary investment.

Allocations

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

Payment of Benefits

Benefits are recorded when paid as set forth in the Plan document.

Administrative Expenses

Trustee and administrative expenses are paid by the Plan Sponsor, which also provides other accounting and administrative support services to the Plan without compensation.

Subsequent Events

Subsequent events have been evaluated through October 11, 2021 which is the date the financial statements were available to be issued.

NOTE 3: INFORMATION PREPARED AND CERTIFIED BY CUSTODIAN

In accordance with 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA, the plan administrator has elected to restrict the scope of the auditor's examination with regard to statements or information prepared and certified by Peoples Bank, the custodian of the Plan. The following information included in the accompanying financial statements and supplemental schedule of assets held at end of year was obtained or derived from information supplied to the plan administrator and certified as complete and accurate by Peoples Bank as of and for the years ended December 31, 2020 and 2019:

	2020	2019
Mutual funds	\$ 4,336,388	\$ 4,915,328
Net appreciation in fair value of investments	570,534	842,132
Interest and dividends	98,083	119,739

PRODUCERS SERVICE EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4: INVESTMENTS

The investment in common stock of the Company is recorded at its estimated fair value at year end, as determined by an annual independent appraisal as of the Company's year-end. The independent appraised fair value of the Company stock at December 31, 2020 and 2019, was \$1,604 and \$3,029 per share, respectively. Since PSC Holdings, Inc. is a closely held entity, there is no established market price for the shares. The valuations of the common shares at December 31, 2020 and 2019, was determined by an independent appraiser using a blending of a guideline transaction method of valuation as well as the discounted cash flow method.

NOTE 5: FAIR VALUE MEASUREMENTS

Accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

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

Level 2 Inputs to the valuation methodology include:

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

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

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

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

PRODUCERS SERVICE EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5: FAIR VALUE MEASUREMENTS (CONTINUED)

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

Money market: Valued at fair value based on quoted market prices.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Company stock: The fair value of Company common stock held by the Plan is valued at fair value based upon an independent appraisal. This appraisal was based upon a combination of the market and income valuation techniques consistent with prior years. The appraiser took into account historical and projected cash flow and net income, return on assets, return on equity, market comparables, and fair value of Company assets and liabilities. Plan management has concluded that a market participant would also recognize a discount for lack of marketability.

The valuation process involves Plan management's selection of an independent appraiser under contract. Plan management accumulates the data for the appraiser from the reviewed financial statements of the Company. The appraiser prepares a preliminary report which Plan management, along with the ESOP trustee, reviews in detail, discusses and approves. The results of this process are documented in minutes of the Plan fiduciary.

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

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2020 and 2019.

Assets at Fair Value as of December 31, 2020

	Level 1	Level 2	Level 3	Total
Company stock	\$ -	\$ -	\$ 10,970,517	\$10,970,517
Money market	24,020	-	-	24,020
Mutual funds	4,336,388	-	-	4,336,388
Total assets at fair value	<u>\$ 4,360,408</u>	<u>\$ -</u>	<u>\$ 10,970,517</u>	<u>\$15,330,925</u>

Assets at Fair Value as of December 31, 2019

	Level 1	Level 2	Level 3	Total
Company stock	\$ -	\$ -	\$ 21,022,790	\$21,022,790
Money market	23,891	-	-	23,891
Money Market and Mutual Funds	4,915,328	-	-	4,915,328
Total assets at fair value	<u>\$ 4,939,219</u>	<u>\$ -</u>	<u>\$ 21,022,790</u>	<u>\$25,962,009</u>

PRODUCERS SERVICE EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5: FAIR VALUE MEASUREMENTS (CONTINUED)

The table below is a reconciliation of activity for the Plan's Level 3 assets for the years ended December 31:

	Level 3 Assets Year Ended December 31, 2020 Common Stock Plan Sponsor
Balance, beginning of year	\$ 21,022,790
Change in unrealized losses due to loan default and shares returned to treasury (NOTE 6)	(306,022)
Unrealized losses relating to instruments still held at the reporting date	<u>(9,746,251)</u>
Balance, end of the year	<u>\$ 10,970,517</u>
The amount of total losses for the period attributable to the change in unrealized gains or losses relating to assets still held at the reporting date	<u>\$ (9,746,251)</u>

NOTE 6: LOANS PAYABLE

On October 21, 2011, the trustee of the Plan entered into a promissory loan agreement with the Plan Sponsor totaling \$1,000,000. The proceeds of the loan were used to purchase common stock from the Company's shareholders. Unallocated shares are collateral for the loan. The agreement provides for the loan to be repaid over 10 years. The loan requires annual payments of \$120,852, with interest of 3.5% included.

On December 17, 2012, the trustee of the Plan entered into a promissory loan agreement with the Plan Sponsor totaling \$1,388,691. The proceeds of the loan were used to purchase common stock from the Company's shareholders. Unallocated shares are collateral for the loan. The agreement provides for the loan to be repaid over 10 years. The loan requires annual payments of \$166,978, with interest of 3.5% included.

On December 20, 2013, the trustee of the Plan entered into a promissory loan agreement with the Plan Sponsor totaling \$9,262,727. The proceeds of the loan were used to purchase common stock from the Company's shareholders. Unallocated shares are collateral for the loan. The agreement provides for the loan to be repaid over 10 years. The loan requires annual payments of \$1,113,763, with interest of 3.5% included. During the year ended December 31, 2020, the Plan defaulted on this loan payment in the principal amount of \$970,580 and returned collateral of approximately 101 shares to the Company.

PRODUCERS SERVICE EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6: LOANS PAYABLE (Continued)

On December 31, 2014, the trustee of the Plan entered into a promissory loan agreement with the Plan Sponsor totaling \$1,424,607. The proceeds of the loan were used to purchase common stock from the Company's shareholders. Unallocated shares are collateral for the loan. The agreement provides for the loan to be repaid over 10 years. The loan requires annual payments of \$171,297, with interest of 3.5% included.

On October 31, 2016, the trustee of the Plan entered into a promissory loan agreement with the Plan Sponsor totaling \$2,057,810. The proceeds of the loan were used to purchase common stock from the Company's shareholders. Unallocated shares are collateral for the loan. The agreement provides for the loan to be repaid over 10 years. The loan requires annual payments of \$248,881, with interest of 3.5% included.

On November 22, 2017, the trustee of the Plan entered into a promissory loan agreement with the Plan Sponsor totaling \$4,695,619. The proceeds of the loan were used to purchase common stock from the Company's shareholders. Unallocated shares are collateral for the loan. The agreement provides for the loan to be repaid over 30 years. The loan requires annual payments of \$254,787, with interest of 3.5% included.

On November 30, 2018, the trustee of the Plan entered into a promissory loan agreement with the Plan Sponsor totaling \$7,266,194. The proceeds of the loan were used to purchase common stock from the Company's shareholders. Unallocated shares are collateral for the loan. The agreement provides for the loan to be repaid over 30 years. The loan requires annual payments of \$393,975, with interest of 3.5% included.

On October 31, 2019, the trustee of the Plan entered into a promissory loan agreement with the Plan Sponsor totaling \$579,117. The proceeds of the loan were used to purchase common stock from the Company's shareholders. Unallocated shares are collateral for the loan. The agreement provides for the loan to be repaid over 30 years. The loan requires annual payments of \$29,546 with interest of 3% included.

Maturities of long-term debt for each of the next five years are as follows at December 31, 2020:

Year ended	Amount
2021	\$ 1,895,681
2022	1,823,102
2023	1,739,191
2024	665,105
2025	538,146
Thereafter	10,650,396
	<u>\$ 17,311,621</u>

NOTE 7: RELATED PARTY OR PARTY IN INTEREST TRANSACTIONS

Certain Plan investments include shares of the Plan Sponsor. PSC Holdings, Inc. is the Plan Sponsor; therefore, these transactions qualify as party-in-interest.

PRODUCERS SERVICE EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8: PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right to terminate the Plan subject to the provisions of ERISA. In the event of termination, each participant's account automatically becomes 100% vested. The net assets of the trust would be distributed in a form of payment as determined by the Board of Directors. During the year ended December 31, 2020, the Plan sustained a partial plan termination due to the significant amount of terminations arising from a downturn in the industry along with the effects of the COVID-19 pandemic. All affected participants became 100% vested in their account balance.

NOTE 9: TAX STATUS

The Plan has obtained a determination letter on March 16, 2018, in which the IRS stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code (IRC). The Plan has been amended since receiving the determination letter, the plan administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC and, therefore, believes that the Plan is qualified and the related trust is tax exempt.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain tax position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Plan management has analyzed the tax positions taken by the Plan and has concluded that as of December 31, 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress.

NOTE 10: RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities or Company stock will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the 2020 statement of net assets available for benefits.

As of December 31, 2020, the Plan held \$10,970,517 in Company stock, which was 71% of total investments. Therefore, net assets available for benefits are particularly sensitive to changes related to these investments.

PRODUCERS SERVICE EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11: GOING CONCERN

The Plan Sponsor currently operates in a volatile industry which has resulted in significant swings in income and losses over the past few years. It is reasonably possible that continued volatility could have a material adverse effect to the Plan Sponsor's financial statements and impact its ability to meet its funding requirements to the Plan in order for the Plan to meet its debt payment and repurchase requirements.

The Plan Sponsor's management is currently evaluating new revenue lines and contract opportunities and will continue to focus on increasing cash flow from operations by increasing job profitability while attempting to control direct costs and general and administrative overhead. However, no assurance can be given that the Plan Sponsor will be successful in their efforts.

PRODUCERS SERVICE
EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

FORM 5500, SCHEDULE H, PART IV, LINE 4(i) – SCHEDULE OF ASSETS (HELD AT END OF YEAR)
AS OF DECEMBER 31, 2020

EIN: 26-4059391
Plan Number: 001

(a)	(b)	(c)	(d)	(e)
	Identity of issue, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral, par, or maturity value	Cost	Current Value
*	PSC Holdings Inc.	Common stock, 6,839 shares	\$ 61,915,429	\$ 10,970,517
	Raymond James	Money Market	24,020	24,020
	Federated Capital Preservation Fund	Mutual Fund	**	11,266
	Dodge & Cox Income Fund	Mutual Fund	**	88,032
	Fidelity Small Cap Index	Mutual Fund	**	144,912
	Fidelity Government Money Market Fund	Mutual Fund	**	99,760
	Ivy Emerging Markets	Mutual Fund	**	47,525
	JP Morgan Equity Income Fund	Mutual Fund	**	159,909
	Mfs Intl Value Fund	Mutual Fund	**	19,626
	Mfs Growth Fund R6	Mutual Fund	**	182,510
	Metropolitan West Tot Return	Mutual Fund	**	165,342
	Principal Small Cap Growth	Mutual Fund	**	48,593
	Principal Short Term Income Fd #4588 CI Inst	Mutual Fund	**	101,063
	T Rowe Price Blue Chip Growth	Mutual Fund	**	113,811
	Schwab International Index Fund	Mutual Fund	**	162,321
	Vanguard Equity Income Adm Fund #565	Mutual Fund	**	266,158
	Vanguard Wellington	Mutual Fund	**	116
	Vanguard Ttal Bond Market Index Fund	Mutual Fund	**	596
	Vanguard Target Retirement 2035 Fund	Mutual Fund	**	78,298
	Vanguard Target Retirement 2060 Fund	Mutual Fund	**	8,526
	Vanguard Retirement 2055	Mutual Fund	**	16,451
	Vanguard Target Retirement 2040 Fund	Mutual Fund	**	94,445
	Vanguard Target Retirement 2030 Fund	Mutual Fund	**	75,504
	Vanguard Short Term Bond Index	Mutual Fund	**	121,409
	Vanguard Admiral Short Term Invmt Grade CI Fund #539	Mutual Fund	**	101,201
	Vanguard Mid Cap Index Admiral	Mutual Fund	**	300,710
	Vanguard Growth Index	Mutual Fund	**	277,636
	Vanguard Index 500 Admiral	Mutual Fund	**	1,042,564
	JP Morgan Core Bond	Mutual Fund	**	94,708
	Mfs International Growth Fund	Mutual Fund	**	139,411
	Vanguard Inter Term Treasury Index Fund	Mutual Fund	**	67,478
	Vanguard Small Cap Value Index Adm	Mutual Fund	**	46,951
	Vanguard Developed Markets Index Admiral	Mutual Fund	**	259,556
		Total	\$ 61,939,449	\$ 15,330,925

* Party-in-interest as defined by ERISA

** Cost information has been excluded in accordance with Form 5500

Note: This schedule is based on information which has been certified as complete and accurate by
Peoples Bank, the custodian of the Plan, with the exception of Company stock and the Money Market fund.

See accompanying independent auditor's report.