

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 2022 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2022 or fiscal plan year beginning 01/01/2022 and ending 12/31/2022	
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)
E	If this is a retroactively adopted plan permitted by SECURE Act section 201, check here. ▶ ☐

Part II	Basic Plan Information—enter all requested information
1a	Name of plan DIGITAL AIR CONTROL, INC. 401(K) PLAN
1b	Three-digit plan number (PN) ▶ 002
1c	Effective date of plan 01/01/1999
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) DIGITAL AIR CONTROL, INC. 3330 BERING DR HOUSTON, TX 77057
2b	Employer Identification Number (EIN) 76-0403380
2c	Plan Sponsor's telephone number 713-975-8160
2d	Business code (see instructions) 541990

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

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

SIGN HERE	Filed with authorized/valid electronic signature.	08/18/2023	JEAN MOLONEY
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Form 5500 (2022)
v. 220413

3a Plan administrator's name and address ☐ Same as Plan Sponsor FIDELITY MANAGEMENT TRUST COMPANY JEAN MOLONEY 100 CROSBY PARKWAY COVINGTON, KY 41015		3b Administrator's EIN 04-3532603 3c Administrator's telephone number 859-386-4199
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		5 131
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d). a(1) Total number of active participants at the beginning of the plan year a(2) Total number of active participants at the end of the plan year b Retired or separated participants receiving benefits c Other retired or separated participants entitled to future benefits..... d Subtotal. Add lines 6a(2) , 6b , and 6c e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. f Total. Add lines 6d and 6e g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)..... h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested.....		 6a(1) 117 6a(2) 116 6b 0 6c 18 6d 134 6e 1 6f 135 6g 80 6h 6
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: 2F 2A 2G 2K 2E 2T 2J 3D 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) ☐ 0 A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☐ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)	

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

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

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

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

11c Enter the Receipt Confirmation Code for the 2022 Form M-1 annual report. If the plan was not required to file the 2022 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) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2022
		This Form is Open to Public Inspection.

For calendar plan year 2022 or fiscal plan year beginning 01/01/2022 and ending 12/31/2022		
A Name of plan DIGITAL AIR CONTROL, INC. 401(K) PLAN	B Three-digit plan number (PN) ▶	002
C Plan sponsor's name as shown on line 2a of Form 5500 DIGITAL AIR CONTROL, INC.	D Employer Identification Number (EIN) 76-0403380	

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

1 Information on Persons Receiving Only Eligible Indirect Compensation

- a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No
- b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
FIDELITY WORKPLACE SERVICES LLC
04-3532603

(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)

FIDELITY WORKPLACE SERVICES LLC

04-3532603

(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?
14 24 28 37 60 64	PLAN ADMINISTRATOR	675	Yes ☒ No ☐	Yes ☒ No ☐	0	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
FIDELITY WORKPLACE SERVICES LLC	60	0
(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.	
ABF LG CAP VAL INV - DST ASSET MAN 430 W 7TH STREET STE 219432 KANSAS CITY, MO 64105	0.40%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY WORKPLACE SERVICES LLC	60	0
(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.	
INVS DIVRS DIVD R5 - INVESCO INVES 11 GREENWAY PLAZA, SUITE 100 HOUSTON, TX 77046	0.35%	
(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
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(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

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

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

SCHEDULE H (Form 5500) 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 2022 This Form is Open to Public Inspection
For calendar plan year 2022 or fiscal plan year beginning <u>01/01/2022</u> and ending <u>12/31/2022</u>		
A Name of plan <u>DIGITAL AIR CONTROL, INC. 401(K) PLAN</u>	B Three-digit plan number (PN) ►	<u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>DIGITAL AIR CONTROL, INC.</u>	D Employer Identification Number (EIN) <u>76-0403380</u>	

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	0		0
b	Receivables (less allowance for doubtful accounts):				
	(1) Employer contributions.....	1b(1)	0		0
	(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)	392075		129398
	(2) U.S. Government securities	1c(2)	0		0
	(3) Corporate debt instruments (other than employer securities):				
	(A) Preferred	1c(3)(A)	0		0
	(B) All other	1c(3)(B)	0		0
	(4) Corporate stocks (other than employer securities):				
	(A) Preferred	1c(4)(A)	0		0
	(B) Common.....	1c(4)(B)	0		0
	(5) Partnership/joint venture interests	1c(5)	0		0
	(6) Real estate (other than employer real property)	1c(6)	0		0
	(7) Loans (other than to participants).....	1c(7)	0		0
	(8) Participant loans.....	1c(8)	86337		57511
	(9) Value of interest in common/collective trusts.....	1c(9)	0		0
	(10) Value of interest in pooled separate accounts	1c(10)	0		0
	(11) Value of interest in master trust investment accounts.....	1c(11)	0		0
	(12) Value of interest in 103-12 investment entities	1c(12)	0		0
	(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	6543496		5355858
	(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)	0		0
	(15) Other	1c(15)	0		0

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)	0	0
(2) Employer real property	1d(2)	0	0
e Buildings and other property used in plan operation	1e	0	0
f Total assets (add all amounts in lines 1a through 1e)	1f	7021908	5542767

Liabilities

g Benefit claims payable	1g	0	0
h Operating payables	1h	0	0
i Acquisition indebtedness	1i	0	0
j Other liabilities	1j	0	0
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	7021908	5542767
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Part II Income and Expense Statement

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

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	149342	
(B) Participants	2a(1)(B)	353130	
(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)		502472
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	1654	
(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)	5369	
(F) Other	2b(1)(F)	0	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		7023
(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)	341161	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		341161
(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)	0	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(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)		-1783195
c Other income	2c		0
d Total income. Add all income amounts in column (b) and enter total	2d		-932539
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	513202	
(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)		513202
f Corrective distributions (see instructions)	2f		0
g Certain deemed distributions of participant loans (see instructions)	2g		30445
h Interest expense	2h		0
i Administrative expenses: (1) Professional fees	2i(1)	0	
(2) Contract administrator fees	2i(2)	0	
(3) Investment advisory and management fees	2i(3)	2280	
(4) Other	2i(4)	675	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		2955
j Total expenses. Add all expense amounts in column (b) and enter total	2j		546602
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		-1479141
l Transfers of assets:			
(1) To this plan	2l(1)		0
(2) From this plan	2l(2)		0

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: **DESROCHES PARTNERS, LLP**

(2) EIN: **45-5494185**

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		500000
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		X	

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 2022 This Form is Open to Public Inspection.
For calendar plan year 2022 or fiscal plan year beginning 01/01/2022 and ending 12/31/2022		
A Name of plan DIGITAL AIR CONTROL, INC. 401(K) PLAN		B Three-digit plan number (PN) ► 002
C Plan sponsor's name as shown on line 2a of Form 5500 DIGITAL AIR CONTROL, INC.		D Employer Identification Number (EIN) 76-0403380
Part I	Distributions	
All references to distributions relate only to payments of benefits during the plan year.		
1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....		1
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): 04-6568107		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....		3
Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)	
4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ☐ Yes ☐ No ☐ N/A If the plan is a defined benefit plan, go to line 8.		
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.		
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived).....		6a
b Enter the amount contributed by the employer to the plan for this plan year.....		6b
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....		6c
If you completed line 6c, skip lines 8 and 9.		
7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ☐ Yes ☐ No ☐ N/A		
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ☐ Yes ☐ No ☐ N/A		
Part III	Amendments	
9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box..... ☐ Increase ☐ Decrease ☐ Both ☐ No		
Part IV	ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.	
10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?..... ☐ Yes ☐ No		
11 a Does the ESOP hold any preferred stock?..... ☐ Yes ☐ No		
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)..... ☐ Yes ☐ No		
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?..... ☐ Yes ☐ No		
For Paperwork Reduction Act Notice, see the Instructions for Form 5500.		
Schedule R (Form 5500) 2022 v. 220413		

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that (1) contributed more than 5% of total contributions to the plan during the plan year or (2) was one of the top-ten highest contributors (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:	14a		
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).....		14b	
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)			14c
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)			
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:	15a		
a The corresponding number for the plan year immediately preceding the current plan year.....		15b	
b The corresponding number for the second preceding plan year.....			
16 Information with respect to any employers who withdrew from the plan during the preceding plan year:	16a		
a Enter the number of employers who withdrew during the preceding plan year		16b	
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.....			
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 _____

DIGITAL AIR CONTROL, INC.
REVIEWED FINANCIAL STATEMENTS
Years Ended December 31, 2022 and 2021

JTJONES PLLC
Certified Public Accountants

DIGITAL AIR CONTROL, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Stockholder of
Digital Air Control, Inc.
Houston, Texas

We have reviewed the accompanying financial statements of Digital Air Control, Inc. (an S corporation), which comprise the balance sheets as of December 31, 2022, and 2021, and the related statements of income, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

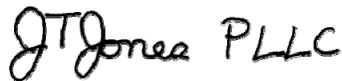
Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Digital Air Control, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



JT Jones PLLC
Certified Public Accountants
Houston, Texas

June 21, 2023

DIGITAL AIR CONTROL, INC.
BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash	\$ 1,092,605	\$ 2,652,693
Accounts receivable, net of allowance for doubtful accounts of \$279,902 and \$116,213, respectively	11,317,561	5,068,779
Inventory	258,841	307,700
ERC receivable	938,332	1,817,179
Prepaid expenses	164,132	95,465
Contract assets	1,097,748	387,652
Total Current Assets	<u>14,869,219</u>	<u>10,329,468</u>
PROPERTY AND EQUIPMENT		
Autos	1,488,151	1,423,525
Furniture and fixtures	98,444	76,510
Equipment	232,987	190,364
Software	49,286	5,612
Leasehold improvements	323,938	323,938
	<u>2,192,806</u>	<u>2,019,949</u>
Less: Accumulated Depreciation	1,638,989	1,561,751
Net Property and Equipment	<u>553,817</u>	<u>458,198</u>
OTHER ASSETS		
Deposits	153,635	109,832
Total Other Assets	<u>153,635</u>	<u>109,832</u>
TOTAL ASSETS	<u><u>\$ 15,576,671</u></u>	<u><u>\$ 10,897,498</u></u>

- continued

DIGITAL AIR CONTROL, INC.
BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

LIABILITIES AND STOCKHOLDER'S EQUITY

	<u>2022</u>	<u>2021</u>
CURRENT LIABILITIES		
Accounts payable	\$ 4,856,253	\$ 579,248
Accrued liabilities	1,438,461	1,175,915
Line of credit	200,000	-
Deferred revenue	123,940	75,716
Capital lease obligation - current	123,449	104,023
Warranty reserve	30,000	25,000
Contract liabilities	595,700	138,673
Total Current Liabilities	<u>7,367,803</u>	<u>2,098,575</u>
LONG TERM LIABILITIES		
Capital lease obligation - long term	<u>174,034</u>	<u>152,085</u>
Total Long Term Liabilities	<u>174,034</u>	<u>152,085</u>
STOCKHOLDER'S EQUITY		
Common stock, \$.10 par, 10,000,000 shares authorized, 3,100,000 shares issued and outstanding	310,000	310,000
Retained earnings	<u>7,724,834</u>	<u>8,336,838</u>
Total Stockholder's Equity	<u>8,034,834</u>	<u>8,646,838</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u><u>\$ 15,576,671</u></u>	<u><u>\$ 10,897,498</u></u>

See accompanying notes and independent accountants' review report.

DIGITAL AIR CONTROL, INC.
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
REVENUE	\$ 29,188,132	\$ 20,371,003
DIRECT EXPENSES		
Materials	11,336,810	6,153,517
Subcontracts	288,757	436,225
Direct labor	5,453,354	3,232,835
Equipment	76,350	66,918
Other direct expense	1,042,388	428,145
Overhead applied to jobs	5,103,740	4,919,225
Total direct expenses	<u>23,301,399</u>	<u>15,236,865</u>
GROSS PROFIT	<u>5,886,733</u>	<u>5,134,138</u>
OPERATING EXPENSES		
General & administrative	7,925,979	6,958,242
Rent expense	486,385	476,792
Depreciation & amortization	191,808	249,767
Less: Overhead applied to jobs	(5,103,286)	(4,919,225)
Total operating expenses	<u>3,500,886</u>	<u>2,765,576</u>
INCOME FROM OPERATIONS	<u>2,385,847</u>	<u>2,368,562</u>
OTHER INCOME (EXPENSE)		
Gain on sale of assets	22,800	39,358
Other income	94,382	1,752,714
Affiliate management fees	(138,600)	(151,200)
Total other income (expense)	<u>(21,418)</u>	<u>1,640,872</u>
NET INCOME	<u>\$ 2,364,429</u>	<u>\$ 4,009,434</u>

See accompanying notes and independent accountants' review report.

DIGITAL AIR CONTROL, INC.
STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	Common Stock	Additional Paid in Capital	Retained Earnings	Accumulated Comprehensive Income (Loss)	Total
Balance, December 31, 2020	\$ 310,000	\$ -	\$ 6,358,840	\$ -	\$ 6,668,840
Distributions	-	-	(2,031,436)	-	(2,031,436)
Net income	-	-	4,009,434	-	4,009,434
Balance, December 31, 2021	\$ 310,000	\$ -	\$ 8,336,838	\$ -	\$ 8,646,838
Distributions	-	-	(2,976,433)	-	(2,976,433)
Net income	-	-	2,364,429	-	2,364,429
Balance, December 31, 2022	\$ 310,000	\$ -	\$ 7,724,834	\$ -	\$ 8,034,834

See accompanying notes and independent accountants' review report.

DIGITAL AIR CONTROL, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
OPERATING ACTIVITIES		
Net Income	\$ 2,364,429	\$ 4,009,434
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization, net of disposals	191,808	249,767
Gain on sale of assets	(22,800)	(39,358)
(Increase) decrease in:		
Accounts receivable	(6,248,782)	2,455,949
Inventory	48,859	(116,994)
ERC receivable	878,847	(1,817,179)
Prepaid expenses	(68,667)	3,795
Contract assets	(710,096)	(19,303)
Deposits	(43,803)	(83,096)
Increase (decrease) in:		
Accounts payable	4,277,005	(112,831)
Accrued liabilities	262,546	(38,806)
Deferred revenue	48,224	12,670
Warranty reserve	5,000	(4,385)
Contract liabilities	457,027	(1,008,028)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,439,597</u>	<u>3,491,635</u>
INVESTING ACTIVITIES		
Cash payments for the purchase of property	(116,015)	(80,483)
Cash proceeds from the sale of property	22,800	39,357
NET CASH USED IN INVESTING ACTIVITIES	<u>(93,215)</u>	<u>(41,126)</u>
FINANCING ACTIVITIES		
Payments for reduction of capital lease obligations	(130,040)	(153,469)
Borrowings (Repayments) on line of credit	200,000	(310,000)
Distribution to shareholder	(2,976,430)	(2,031,436)
NET CASH USED IN FINANCING ACTIVITIES	<u>(2,906,470)</u>	<u>(2,494,905)</u>
NET INCREASE (DECREASE) IN CASH	(1,560,088)	955,604
CASH AND CASH EQUIVALENTS, Beginning of Period	2,652,693	1,697,089
CASH AND CASH EQUIVALENTS, End of Period	<u>\$ 1,092,605</u>	<u>\$ 2,652,693</u>
<u>SUPPLEMENTARY CASH FLOW INFORMATION:</u>		
Interest paid	<u>\$ 5,645</u>	<u>\$ 19,651</u>
Vehicles acquired by lease	<u>\$ 165,303</u>	<u>\$ 190,453</u>

See accompanying notes and independent accountants' review report.

DIGITAL AIR CONTROL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Digital Air Control, Inc., (the "Company") was incorporated on May 12, 1993. The Company specializes in building automation, security access control, and video systems for commercial building applications. The Company is Texas based and works under fixed priced contracts. The length of the Company's contracts vary but are typically less than one year. Therefore, contract related assets and liabilities are classified as current items in the accompanying balance sheets, anticipating realization within the forthcoming one-year period.

Revenue Recognition

Revenue from construction contracts is recognized on the percentage-of-completion method, measured by the proportion of construction costs incurred to date to estimated total construction costs for each contract. That method is used because management considers costs incurred to be the best available measure of progress on contracts in process.

Construction costs of projects under contract include all direct material and labor costs and those indirect costs related to contract performance. Selling, general, and administrative costs are charged to expense as incurred. Provisions for estimated losses on the uncompleted contracts are made in the period in which such losses are determined. Changes in estimated profitability are recognized in the period in which the revisions are determined. The costs of construction contracts are charged to earnings on the percentage-of-completion method used to recognize revenues.

The aggregate of costs incurred, and income recognized on uncompleted contracts in excess of related billings is shown as a current asset, and the aggregate of billings on uncompleted contracts in excess of related costs incurred and income recognized, and allowance for losses, is shown as a current liability.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all short-term debt securities purchased with maturity of three months or less to be cash equivalents.

DIGITAL AIR CONTROL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE A- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Accounts Receivable

Accounts receivable are based on contracted prices. The Company provides an allowance for doubtful collections that is based upon review of outstanding receivables, historical collection information, and existing economic conditions. Normal contracts receivable are due 30 days after the issuance of the invoice. Contract retentions are billed upon completion and acceptance of the project by the customer. Receivables past due more than 90 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer. The Company's receivables are collateralized by standard contractor lien rights. At December 31, 2022 and 2021, no contractor lien rights have been exercised by the Company.

Inventory

Inventories are recorded at the lower of cost or market, with cost determined using the weighted-average cost method.

Property and Equipment

Property and equipment are recorded at cost. Expenditures for maintenance and repairs are charged to expense as incurred. Additions and betterments that extend the life of the asset are capitalized. When property is sold or otherwise retired, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is included in operations. Depreciation is provided over the estimated useful lives of the assets. The Company computes depreciation for financial statement purposes by the straight-line method. Lives used to compute depreciation for book purposes are as follows:

Automotive equipment	4-5 years
Furniture and fixtures	7 years
Machinery and equipment	5 years
Computer software	3-5 years
Leasehold improvements	39.5 years

Income Taxes

The Company has elected S corporation status effective January 1, 2013. Earnings and losses after that date will be included in the personal income tax returns of the stockholders and taxed depending on their personal tax strategies. Accordingly, the Company will not incur additional income tax obligations, and future financial statements will not include a provision for income taxes.

See independent accountants' review report.

DIGITAL AIR CONTROL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE A- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Significant Concentrations of Credit Risk

The Company has concentrated its credit risk for cash by maintaining deposits in Frost Bank and Fidelity Investments which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). As part of the Dodd-Frank Wall Street Reform and Consumer Protection Act, all funds are insured up to \$250,000 by the FDIC effective January 1, 2013. As of December 31, 2022 the company had no deposits more than federally insured limits. As of December 31, 2021 the company had deposits greater than the federally insured limits of \$570,021.

Major Customers and Vendors

During the years ended December 31, 2022 and 2021, the Company did not recognize any significant concentrations in revenues with customers.

During the years ended December 31, 2022 and 2021, the Company did not recognize any significant concentrations in purchases with vendors.

Fair Value of Instruments

The Company's financial instruments are cash, accounts receivable, and accounts payable. The recorded values of cash, accounts receivable, and accounts payable approximate their fair values based on their short-term nature.

NOTE B - ACCOUNTS RECEIVABLE

At December 31, 2022 and 2021, "retainages" included in total contract receivables were \$850,106 and \$313,781, respectively.

DIGITAL AIR CONTROL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE C – CONTRACT ASSETS AND LIABILITIES

Contract assets result from work done on performance obligations satisfied over time that exceed the amounts billed in the ratio that costs incurred bears to estimated total costs. Contract liabilities result from billings issued on performance obligations satisfied over time that exceed the work done in the ratio that costs incurred bears to estimated total costs.

Costs and estimated earnings on contracts in progress and related contract billings as of December 31, 2022, and 2021 are as follows:

Contract assets and liabilities are included in current assets and current liabilities in the amounts shown below:

	<u>2022</u>	<u>2021</u>
Costs incurred on uncompleted contracts	\$ 20,733,351	\$ 13,137,908
Estimated earnings	<u>7,233,723</u>	<u>6,435,388</u>
	27,967,074	19,573,296
Less: Billings to date	<u>27,465,026</u>	<u>19,324,317</u>
Net under billings on contracts in progress	<u>\$ 502,048</u>	<u>\$ 248,979</u>

Contract assets and liabilities are included in current assets and current liabilities in the amounts shown below:

	<u>2022</u>	<u>2021</u>
Contract Assets	\$ 1,097,748	\$ 387,652
Contract Liabilities	<u>\$ (595,700)</u>	<u>\$ (138,673)</u>
Net under billings on contracts in progress	<u>\$ 502,048</u>	<u>\$ 248,979</u>

NOTE D - LINE OF CREDIT

The Company has a revolving line of credit with Frost bank. This line of credit was renewed on July 13, 2022 and has a maturity of July 13, 2024. The stated interest rate is equal to the prime rate plus 0.75%, but under no circumstances will the interest rate be less than 3.5% per annum. The line is secured by Accounts receivable, Inventory, other general assets, and is personally guaranteed by the shareholder. The borrowing limit on the line is \$2,000,000. The company had a balance of \$200,000 and \$0 as of December 31, 2022, and 2021, respectively.

NOTE E - RETIREMENT PLAN

The Company has a defined contribution 401-K plan. The plan provides that employees who have attained age 21 and completed one year of service with at least 1,000 hours worked within that year can voluntarily contribute a percentage of their earnings to the plan subject to the annual limit as defined by the IRS. During 2022 and 2021, the plan had participants of seventy-nine (79) and seventy-six (76), respectively. The Company matches 100% of the employee contribution up to a limit of 4% of gross wages. Expense related to the plan were \$160,416 and \$166,600 for the years ended December 31, 2022 and 2021, respectively.

See independent accountants' review report.

DIGITAL AIR CONTROL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE F - WARRANTY RESERVE

The Company records an estimate of warranty expense at the time a product is sold to match revenues with related expenses. Estimated warranty expense is based on assumptions related to historical product returns, projected rate of service calls, and estimated cost per service call for specific product lines. An analysis of the warranty reserve is performed on an annual basis to ensure the reserve's adequacy. Adjustments are made as deemed appropriate based on analysis results. Accrued warranty expense was \$30,000 and \$25,000 for the years ended December 31, 2022 and 2021, respectively.

NOTE G - OPERATING LEASES

As of January 1, 2022, the Company changed its accounting method for leases as a result of implementing the requirements in the Financial Accounting Standard Board's Accounting Standards Codification (ASC) 842, Leases, using the modified retrospective transition method. There was no cumulative effect adjustment to the Company's balance sheet as of January 1, 2022. Comparative information has not been restated and continues to be reported under the accounting standards in effect for the prior period.

The new lease guidance requires the recognition of right of use asset and a lease liability for operating leases. The company elected the package of practical expedients, which allowed, among other things, for not reassessing the lease classification or initial direct costs for existing leases. The company has not elected the hindsight practical expedient.

As of January 1, 2022 and December 31, 2022 the amount of operating lease right of use assets and corresponding lease liabilities were immaterial. As a result, no corresponding asset or liability was recognized. Adoption of new guidance had no impact to the statement of income and comprehensive income or cash flows for the year ended December 31, 2022.

The Company calculates operating leases with a risk-free discount rate, using a comparable period with the lease term. All lease and non-lease components are combined for all Leases. Lease payments for leases with a term of 12 months or less are expensed on a straight-line basis over the term of the lease with no lease asset or liability recognized.

Rent Expense totaled \$486,385 and \$476,792 for the years ended December 31, 2022 and 2021, respectively.

Minimum lease payments for the facility leases are scheduled as follows:

12 months ending:

12/31/23	\$ 65,288
12/31/24	\$ 44,299
12/31/25	\$ 22,669
12/31/26	\$ 21,370
12/31/27	\$ -

See independent accountants' review report.

DIGITAL AIR CONTROL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE H – CAPITAL LEASES

The Company leases certain automobiles under a capital lease arrangement. The gross amount of automobiles included in property and equipment on the balance sheet recorded under capital leases was \$937,448 and \$772,145 at December 31, 2022 and 2021, respectively. The assets are depreciated over a 4-year life on a straight-line basis and included in Depreciation & amortization on the income statement. The accumulated depreciation related to these automobiles recorded under capital leases was \$623,012 and \$507,263 as of December 31, 2022 and 2021, respectively. These lease obligations are recorded on the Balance Sheet as liabilities based on the future value of the lease payments.

Future minimum lease payments for each of the five succeeding years for the capital lease obligations are as follows:

12 months ending:

12/31/23	\$ 123,449
12/31/24	\$ 80,446
12/31/25	\$ 52,243
12/31/26	\$ 41,326
12/31/27	\$ -

NOTE I - STOCKHOLDER'S EQUITY

The Company has one class of common stock, which is wholly owned by a single stockholder.

NOTE J - RELATED PARTY TRANSACTIONS

Operating Leases

The Company leases its office space from the shareholder on a month-to-month basis at market rates. The Company leases its facilities from the shareholder under agreements that call for monthly lease payments based on market rates. Rent paid to the shareholder totaled \$404,345 and \$377,573 for the years ended December 31, 2022 and 2021, respectively.

Management Fees

The Company incurred management fees of \$68,750 and \$75,000 in 2022 and 2021, respectively, to Digital Endeavors & Associates, L.P. ("DEA-LP"), an entity wholly owned by the sole shareholder of the Company. These amounts are included in "Affiliate Management Fees" in the accompanying financial statements. No amounts were due to DEA-LP for management fees as of December 31, 2022, and 2021.

DIGITAL AIR CONTROL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE J - RELATED PARTY TRANSACTIONS, continued

Product Purchase

In 2013, the Company purchased software rights to market a product developed by Media Logic, Inc., an entity wholly owned by the sole shareholder of the Company. The purchase provides the Company with an unlimited license to re-sell the product as part of the Company's product line. The licenses expire annually on December 31st. For December 31, 2022 and 2021, the Company paid a purchase price of \$69,850 and \$76,200, respectively, which is included under the caption "Affiliate Management Fees" in the accompanying financial statements.

NOTE K – INSURANCE PROGRAM

The Company has purchased one unit of capital of Pathway Insurance Company ("Pathway"). Pathway is a Cayman Islands exempted company incorporated with limited liability. Pathway was formed to participate as a reinsurer in the commercial insurance program underwritten for one or more of its subscribers. By purchasing this unit, the company is eligible to participate as a subscriber of the insurance program offered by Pathway.

The Company paid \$43,803 and \$129,378 to Pathway in 2022 and 2021 to participate in the insurance program, respectively. \$43,803 and \$83,096 the expenditure was set aside to cover future expenditures and claims in 2022 and 2021, respectively. These amounts are reflected on the Balance Sheet under the "Other deposits" account. During 2021, the Company expensed \$46,282 for the cost of insurance premiums and other expenses. This amount is reflected as insurance expense in the "General & administrative" expenses in the accompanying financial statements.

NOTE L – EMPLOYEE RETENTION CREDIT

In 2021, the Company applied for the Employee Retention Credit ("ERC") under the CARES Act. Grants receivable for the ERC at June 17, 2021 are \$1,817,179 which represents refunds due on the 2021 Form 941-X Adjusted Employer Quarterly Federal Tax Return for the quarters ended March 31, 2021 and September 30, 2021. As December 31, 2022 and 2021 the balance of the receivable was \$938,332 and \$1,817,179, respectively. These amounts are reflected as "ERC receivable" in the accompanying financial statements.

NOTE M - SBA LOANS

In 2021, the Company applied for and received a "Paycheck Protection Plan" loan from the SBA through a bank. The principal amount of the loan was \$1,715,900. The full amount of this loan, including interest, was forgiven by the SBA in 2021 and is recorded as "Other income" on the Statement of Income. No interest expense has been recognized.

NOTE N - RECLASSIFICATIONS

Certain reclassifications have been made to the prior year's financial statement presentation to correspond to the current year's format. These reclassifications had no material impact.

DIGITAL AIR CONTROL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE O - SUBSEQUENT EVENTS

The Company evaluated subsequent events through June 21, 2023, the date the financial statements were available to be issued. There were no subsequent events requiring adjustment to the financial statements or disclosures as stated herein.

Digital Air Control, Inc. 401(k) Plan
SUMMARY OF NET TRUST ASSETS
Total Plan Assets as of 12/31/2022

<u>Fund Name</u>	<u>Share Balance 12/31/2022</u>	<u>Historical Cost</u>	<u>Price</u>	<u>Total Market Value</u>
ABF LG CAP VAL INV	1,279.310	\$31,903.13	\$20.99	\$26,852.72
INVS DIVRS DIVD R5	6,889.620	\$128,932.49	\$17.51	\$120,637.25
FID PURITAN	13,422.556	\$305,536.24	\$20.50	\$275,162.40
FID CONTRAFUND	7,490.365	\$101,393.44	\$12.09	\$90,558.51
FID GROWTH COMPANY	24,838.346	\$608,936.53	\$22.51	\$559,111.17
FID INVST GR BD	19,146.968	\$154,488.37	\$7.06	\$135,177.59
FID INTERMED BOND	17,538.181	\$182,880.88	\$9.86	\$172,926.46
FID VALUE	29,477.635	\$341,935.47	\$12.49	\$368,175.66
FID OTC PORTFOLIO	35,747.083	\$558,554.45	\$12.83	\$458,635.07
FID OVERSEAS	3,430.484	\$202,490.00	\$50.56	\$173,445.27
FID REAL ESTATE INVS	918.242	\$34,224.79	\$37.33	\$34,277.97
FID BLUE CHIP GR	3,905.442	\$335,432.97	\$112.46	\$439,206.01
FID GROWTH STRAT	1,465.315	\$76,991.81	\$46.69	\$68,415.56
FID DIVIDEND GR	18,405.493	\$584,487.88	\$29.05	\$534,679.57
FID FOCUSED STOCK	14,528.278	\$347,812.95	\$23.64	\$343,448.49
FID INTL CAP APPREC	5,244.799	\$111,989.93	\$20.87	\$109,458.96
FID MID CAP STOCK	11,646.090	\$422,038.58	\$37.46	\$436,262.53
FID LARGE CAP STOCK	3,356.459	\$125,310.15	\$37.57	\$126,102.16
FID FREEDOM INCOME	2,919.687	\$35,513.83	\$9.94	\$29,021.69
FID FREEDOM 2010	578.618	\$8,738.94	\$12.75	\$7,377.38
FID FREEDOM 2020	7,703.946	\$111,372.21	\$12.76	\$98,302.35
FID FREEDOM 2030	73.347	\$1,298.42	\$14.63	\$1,073.07
FID SM CAP DISCOVERY	6,504.896	\$187,185.95	\$22.95	\$149,287.36
FID SHORT TERM BOND	1,356.938	\$11,631.88	\$8.21	\$11,140.46
FID GOVT MMKT	129,398.290	\$129,398.29	\$1.00	\$129,398.29
FID FREEDOM 2040	4,232.846	\$44,270.88	\$8.89	\$37,630.00
FID FREEDOM 2005	714.467	\$8,721.74	\$10.46	\$7,473.32
FID FREEDOM 2025	0.884	\$10.76	\$11.72	\$10.36
FID FREEDOM 2035	3,254.105	\$47,690.05	\$12.58	\$40,936.64
FID SMALL CAP VALUE	9,431.801	\$196,245.01	\$17.75	\$167,414.47
FID FREEDOM 2045	8,815.705	\$107,034.02	\$10.21	\$90,008.35
FID FREEDOM 2050	6,418.891	\$74,097.71	\$10.33	\$66,307.14
FID FREEDOM 2055	2,458.688	\$35,258.75	\$11.97	\$29,430.50
FID TOTAL MKT IDX	1,015.833	\$112,351.67	\$105.98	\$107,657.98
FID EXTD MKT IDX	68.669	\$4,982.28	\$63.02	\$4,327.52
FID FREEDOM 2060	10.799	\$122.15	\$11.01	\$118.90
FID FREEDOM 2065	3,555.845	\$41,802.72	\$10.07	\$35,807.36
OUTSTANDING LOAN BALANCE				\$57,511.20
NET ASSETS 12/31/2022:				\$5,542,767.69

Assets are presented at fair value with the exception to fully benefit responsive investment contracts which are presented at contract value as in previous years. See Chapter 7 of the Fidelity Auditor's Guide for financial statement presentation and disclosure information.