

**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**

**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

<b>1a</b> Name of plan <u>VALENCE MEDIA 401(K) PLAN</u>	<b>1b</b> Three-digit plan number (PN) ▶ <u>002</u>
	<b>1c</b> Effective date of plan <u>09/01/2012</u>
<b>2a</b> 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>VALENCE MEDIA, LLC.</u>  <u>100 N. CRESCENT DR.</u> <u>BEVERLY HILLS, CA 90210</u>	<b>2b</b> Employer Identification Number (EIN) <u>20-5729893</u>
	<b>2c</b> Plan Sponsor's telephone number <u>310-713-9359</u>
	<b>2d</b> Business code (see instructions) <u>454110</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.

<b>SIGN HERE</b>	<u>Filed with authorized/valid electronic signature.</u>	<u>09/06/2023</u>	<u>JENNIFER MATHESON</u>
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
<b>SIGN HERE</b>			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
<b>SIGN HERE</b>			
	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

<b>3a</b> Plan administrator's name and address <input checked="" type="checkbox"/> Same as Plan Sponsor	<b>3b</b> Administrator's EIN  <b>3c</b> Administrator's telephone number
<b>4</b> 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: <b>a</b> Sponsor's name <b>VALENCE MEDIA, LLC.</b> <b>c</b> Plan Name <b>MRC 401(K) PLAN</b>	<b>4b</b> EIN <b>20-5729893</b> <b>4d</b> PN <b>002</b>
<b>5</b> Total number of participants at the beginning of the plan year	<b>5</b> <b>756</b>
<b>6</b> Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines <b>6a(1)</b> , <b>6a(2)</b> , <b>6b</b> , <b>6c</b> , and <b>6d</b> ).  <b>a(1)</b> Total number of active participants at the beginning of the plan year ..... <b>a(2)</b> Total number of active participants at the end of the plan year .....  <b>b</b> Retired or separated participants receiving benefits ..... <b>c</b> Other retired or separated participants entitled to future benefits..... <b>d</b> Subtotal. Add lines <b>6a(2)</b> , <b>6b</b> , and <b>6c</b> ..... <b>e</b> Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. .... <b>f</b> Total. Add lines <b>6d</b> and <b>6e</b> .....  <b>g</b> Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)..... <b>h</b> Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested.....	<b>6a(1)</b> <b>343</b> <b>6a(2)</b> <b>86</b> <b>6b</b> <b>3</b> <b>6c</b> <b>438</b> <b>6d</b> <b>527</b> <b>6e</b> <b>1</b> <b>6f</b> <b>528</b> <b>6g</b> <b>520</b> <b>6h</b> <b>15</b>
<b>7</b> Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item) .....	<b>7</b>
<b>8a</b> If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: <b>2S 2K 2T 2G 2E 2F 2J 3D</b>  <b>b</b> If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:	
<b>9a</b> Plan funding arrangement (check all that apply) (1) <input type="checkbox"/> Insurance (2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts (3) <input checked="" type="checkbox"/> Trust (4) <input type="checkbox"/> General assets of the sponsor	<b>9b</b> Plan benefit arrangement (check all that apply) (1) <input type="checkbox"/> Insurance (2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts (3) <input checked="" type="checkbox"/> Trust (4) <input type="checkbox"/> General assets of the sponsor
<b>10</b> Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)	
<b>a Pension Schedules</b> (1) <input checked="" type="checkbox"/> <b>R</b> (Retirement Plan Information)  (2) <input type="checkbox"/> <b>MB</b> (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary  (3) <input type="checkbox"/> <b>SB</b> (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	<b>b General Schedules</b> (1) <input checked="" type="checkbox"/> <b>H</b> (Financial Information) (2) <input type="checkbox"/> <b>I</b> (Financial Information – Small Plan) (3) <input type="checkbox"/> <b>0 A</b> (Insurance Information) (4) <input checked="" type="checkbox"/> <b>C</b> (Service Provider Information) (5) <input type="checkbox"/> <b>D</b> (DFE/Participating Plan Information) (6) <input type="checkbox"/> <b>G</b> (Financial Transaction Schedules)

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

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**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.

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

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**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 \_\_\_\_\_

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<b>SCHEDULE C</b> <b>(Form 5500)</b>  <small>Department of the Treasury Internal Revenue Service</small>  <small>Department of Labor Employee Benefits Security Administration</small>  <small>Pension Benefit Guaranty Corporation</small>	<b>Service Provider Information</b>  This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).  <b>▶ File as an attachment to Form 5500.</b>	<small>OMB No. 1210-0110</small>  <b>2022</b>  <b>This Form is Open to Public Inspection.</b>
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For calendar plan year 2022 or fiscal plan year beginning 01/01/2022 and ending 12/31/2022

<b>A</b> Name of plan <u>VALENCE MEDIA 401(K) PLAN</u>	<b>B</b> Three-digit plan number (PN) ▶	<u>002</u>
<b>C</b> Plan sponsor's name as shown on line 2a of Form 5500 <u>VALENCE MEDIA, LLC.</u>	<b>D</b> Employer Identification Number (EIN) <u>20-5729893</u>	

**Part I Service Provider Information (see instructions)**

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

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

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

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

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

04-2647786

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

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**(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)

FOREST CAPITAL MANAGEMENT LLC

46-5576228

(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?
27	ADVISOR	76036	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

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

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04-2647786

(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?
37 64 65	RECORDKEEPER	66193	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

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

FGMK

36-2929601

(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?
10	ACCOUNTANT/A UDITOR	35589	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

**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.

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

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

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

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<b>(a)</b> Enter name and EIN or address of service provider (see instructions)	<b>(b)</b> Nature of Service Code(s)	<b>(c)</b> 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)

<b>a</b> Name:	<b>b</b> EIN:
<b>c</b> Position:	
<b>d</b> Address:	<b>e</b> Telephone:

Explanation:

<b>a</b> Name:	<b>b</b> EIN:
<b>c</b> Position:	
<b>d</b> Address:	<b>e</b> Telephone:

Explanation:

<b>a</b> Name:	<b>b</b> EIN:
<b>c</b> Position:	
<b>d</b> Address:	<b>e</b> Telephone:

Explanation:

<b>a</b> Name:	<b>b</b> EIN:
<b>c</b> Position:	
<b>d</b> Address:	<b>e</b> Telephone:

Explanation:

<b>a</b> Name:	<b>b</b> EIN:
<b>c</b> Position:	
<b>d</b> Address:	<b>e</b> Telephone:

Explanation:

<b>SCHEDULE H</b> <b>(Form 5500)</b>  <small>Department of the Treasury Internal Revenue Service</small>  <small>Department of Labor Employee Benefits Security Administration</small>  <small>Pension Benefit Guaranty Corporation</small>	<b>Financial Information</b>  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).  <b>► File as an attachment to Form 5500.</b>	<small>OMB No. 1210-0110</small>  <b>2022</b>  <b>This Form is Open to Public Inspection</b>
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For calendar plan year 2022 or fiscal plan year beginning <b>01/01/2022</b> and ending <b>12/31/2022</b>	
<b>A</b> Name of plan <b>VALENCE MEDIA 401(K) PLAN</b>	<b>B</b> Three-digit plan number (PN) <b>►</b> <b>002</b>
<b>C</b> Plan sponsor's name as shown on line 2a of Form 5500 <b>VALENCE MEDIA, LLC.</b>	<b>D</b> Employer Identification Number (EIN) <b>20-5729893</b>

<b>Part I</b>	<b>Asset and Liability Statement</b>
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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
<b>a</b> Total noninterest-bearing cash.....	<b>1a</b> 0	0
<b>b</b> Receivables (less allowance for doubtful accounts):		
<b>(1)</b> Employer contributions.....	<b>1b(1)</b> 18049	36403
<b>(2)</b> Participant contributions.....	<b>1b(2)</b> 50998	99601
<b>(3)</b> Other.....	<b>1b(3)</b> 0	0
<b>c</b> General investments:		
<b>(1)</b> Interest-bearing cash (include money market accounts & certificates of deposit).....	<b>1c(1)</b> 1779687	1870260
<b>(2)</b> U.S. Government securities.....	<b>1c(2)</b> 0	0
<b>(3)</b> Corporate debt instruments (other than employer securities):		
<b>(A)</b> Preferred.....	<b>1c(3)(A)</b> 0	0
<b>(B)</b> All other.....	<b>1c(3)(B)</b> 0	0
<b>(4)</b> Corporate stocks (other than employer securities):		
<b>(A)</b> Preferred.....	<b>1c(4)(A)</b> 0	0
<b>(B)</b> Common.....	<b>1c(4)(B)</b> 0	0
<b>(5)</b> Partnership/joint venture interests.....	<b>1c(5)</b> 0	0
<b>(6)</b> Real estate (other than employer real property).....	<b>1c(6)</b> 0	0
<b>(7)</b> Loans (other than to participants).....	<b>1c(7)</b> 0	0
<b>(8)</b> Participant loans.....	<b>1c(8)</b> 230765	183678
<b>(9)</b> Value of interest in common/collective trusts.....	<b>1c(9)</b> 0	0
<b>(10)</b> Value of interest in pooled separate accounts.....	<b>1c(10)</b> 0	0
<b>(11)</b> Value of interest in master trust investment accounts.....	<b>1c(11)</b> 0	0
<b>(12)</b> Value of interest in 103-12 investment entities.....	<b>1c(12)</b> 0	0
<b>(13)</b> Value of interest in registered investment companies (e.g., mutual funds).....	<b>1c(13)</b> 54908646	42205691
<b>(14)</b> Value of funds held in insurance company general account (unallocated contracts).....	<b>1c(14)</b> 0	0
<b>(15)</b> Other.....	<b>1c(15)</b> 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	56988145	44395633
<b>Liabilities</b>			
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
<b>Net Assets</b>			
l Net assets (subtract line 1k from line 1f).....	1l	56988145	44395633

**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.

<b>Income</b>		(a) Amount	(b) Total
<b>a Contributions:</b>			
(1) Received or receivable in cash from: (A) Employers.....	2a(1)(A)	1078974	
(B) Participants.....	2a(1)(B)	3286612	
(C) Others (including rollovers).....	2a(1)(C)	449880	
(2) Noncash contributions.....	2a(2)	0	4815466
(3) Total contributions. Add lines 2a(1)(A), (B), (C), and line 2a(2).....	2a(3)		
<b>b Earnings on investments:</b>			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit).....	2b(1)(A)	26277	
(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)	9684	
(F) Other.....	2b(1)(F)	0	
(G) Total interest. Add lines 2b(1)(A) through (F).....	2b(1)(G)		35961
(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)	1052974	
(D) Total dividends. Add lines 2b(2)(A), (B), and (C).....	2b(2)(D)		1052974
(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)		
(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)		

		(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)		-11053779
<b>c</b> Other income .....	2c		0
<b>d</b> Total income. Add all <b>income</b> amounts in column (b) and enter total .....	2d		-5149378
<b>Expenses</b>			
<b>e</b> Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers .....	2e(1)	7248920	
(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)		7248920
<b>f</b> Corrective distributions (see instructions) .....	2f		16395
<b>g</b> Certain deemed distributions of participant loans (see instructions) .....	2g		0
<b>h</b> Interest expense .....	2h		0
<b>i</b> Administrative expenses: (1) Professional fees .....	2i(1)	0	
(2) Contract administrator fees.....	2i(2)	0	
(3) Investment advisory and management fees .....	2i(3)	0	
(4) Other .....	2i(4)	177819	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		177819
<b>j</b> Total expenses. Add all <b>expense</b> amounts in column (b) and enter total .....	2j		7443134
<b>Net Income and Reconciliation</b>			
<b>k</b> Net income (loss). Subtract line 2j from line 2d.....	2k		-12592512
<b>l</b> 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: **FGMK, LLC**

(2) EIN: **36-2929601**

**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
<b>4a</b>	X		410111

		Yes	No	Amount
<b>b</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.).....	<b>4b</b>		X	
<b>c</b> 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.) .....	<b>4c</b>		X	
<b>d</b> 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.).....	<b>4d</b>		X	
<b>e</b> Was this plan covered by a fidelity bond?.....	<b>4e</b>	X		1000000
<b>f</b> Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty? .....	<b>4f</b>		X	
<b>g</b> 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?.....	<b>4g</b>		X	
<b>h</b> 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?.....	<b>4h</b>		X	
<b>i</b> Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	<b>4i</b>	X		
<b>j</b> 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.).....	<b>4j</b>		X	
<b>k</b> Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....	<b>4k</b>		X	
<b>l</b> Has the plan failed to provide any benefit when due under the plan?.....	<b>4l</b>		X	
<b>m</b> If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....	<b>4m</b>		X	
<b>n</b> 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.....	<b>4n</b>		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 \_\_\_\_\_.

<b>SCHEDULE R</b> <b>(Form 5500)</b>  <small>Department of the Treasury Internal Revenue Service</small>  <small>Department of Labor Employee Benefits Security Administration</small>  <small>Pension Benefit Guaranty Corporation</small>	<b>Retirement Plan Information</b>  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).  <b>▶ File as an attachment to Form 5500.</b>	<small>OMB No. 1210-0110</small>  <b>2022</b>  <b>This Form is Open to Public Inspection.</b>
--	---	---

For calendar plan year 2022 or fiscal plan year beginning 01/01/2022 and ending 12/31/2022

<b>A</b> Name of plan <u>VALENCE MEDIA 401(K) PLAN</u>	<b>B</b> Three-digit plan number (PN) ▶	<u>002</u>
<b>C</b> Plan sponsor's name as shown on line 2a of Form 5500 <u>VALENCE MEDIA, LLC.</u>	<b>D</b> Employer Identification Number (EIN) <u>20-5729893</u>	

<b>Part I</b>	<b>Distributions</b>
---------------	----------------------

**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	
---	--

<b>Part II</b>	<b>Funding Information</b> (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.**

<b>6 a</b> Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived).....	<b>6a</b>	
<b>b</b> Enter the amount contributed by the employer to the plan for this plan year.....	<b>6b</b>	
<b>c</b> 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).....	<b>6c</b>	

**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

<b>Part III</b>	<b>Amendments</b>
-----------------	-------------------

**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

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

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

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

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

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

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

**13** Enter the following information for each employer that (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:

<b>a</b> The current plan year. Check the box to indicate the counting method used to determine the number of inactive participants: <input type="checkbox"/> last contributing employer <input type="checkbox"/> alternative <input type="checkbox"/> reasonable approximation (see instructions for required attachment).....	<b>14a</b>	
<b>b</b> The plan year immediately preceding the current plan year. <input type="checkbox"/> Check the box if the number reported is a change from what was previously reported (see instructions for required attachment) .....	<b>14b</b>	
<b>c</b> The second preceding plan year. <input type="checkbox"/> Check the box if the number reported is a change from what was previously reported (see instructions for required attachment).....	<b>14c</b>	

**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:

<b>a</b> The corresponding number for the plan year immediately preceding the current plan year.....	<b>15a</b>	
<b>b</b> The corresponding number for the second preceding plan year.....	<b>15b</b>	

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

<b>a</b> Enter the number of employers who withdrew during the preceding plan year .....	<b>16a</b>	
<b>b</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.....	<b>16b</b>	

**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 \_\_\_\_\_

# Valence Media 401(k) Plan

Financial Statements and  
Independent Auditor's Reports

December 31, 2022

**VALENCE MEDIA 401(k) PLAN**

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## INDEPENDENT AUDITOR'S REPORT

To the Plan Administrator of  
Valence Media 401(k) Plan

### **Scope and Nature of the ERISA Section 103(a)(3)(C) Audit**

We have performed audits of the accompanying financial statements of Valence Media 401(k) Plan (the "Plan"), an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 ("ERISA"), as permitted by ERISA Section 103(a)(3)(C) ("ERISA Section 103(a)(3)(C) audit"). The financial statements comprise the statements of net assets available for benefits as of December 31, 2022 and 2021, and the related statement of changes in net assets available for benefits for the year ended December 31, 2022, and the related notes to the financial statements.

Management, having determined it is permissible in the circumstances, has elected to have the audits of the Plan's financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), our audits need not extend to any statements or information related to assets held for investment of the plan ("investment information") by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency, provided that the statements or information regarding assets so held are prepared and certified to by the bank or similar institution or insurance carrier in accordance with 29 CFR 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA ("qualified institution").

Management has obtained a certification from a qualified institution as of December 31, 2022 and 2021 and for the year ended December 31, 2022, stating that the certified investment information, as described in Note 3 to the financial statements, is complete and accurate.

### **Opinion**

In our opinion, based on our audits and on the procedures performed as described in the Auditor's Responsibilities for the Audits of the Financial Statements section—

- the amounts and disclosures in the financial statements referred to above, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.
- the information in the financial statements referred to above related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our ERISA Section 103(a)(3)(C) audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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. Management's election of the ERISA Section 103(a)(3)(C) audit does not affect management's responsibility for the financial statements.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Management is also responsible for maintaining a current plan instrument, including all plan amendments; administering the plan; and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Except as described in the Scope and Nature of the ERISA Section 103(a)(3)(C) Audit section of our report, our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

Our audits did not extend to the certified investment information, except for obtaining and reading the certification, comparing the certified investment information with the related information presented and disclosed in the financial statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of accounting principles generally accepted in the United States of America.

Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the financial statements as a whole are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

**Supplemental Schedules Required by ERISA**

The supplemental schedules, Schedule of Assets Held at End of Year and the Schedule of Delinquent Participant Contributions as of and for the year ended December 31, 2022, respectively, are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information included in the supplemental schedules, other than that agreed to or derived from the certified investment information, has been subjected to auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with generally accepted auditing standards. For information included in the supplemental schedules that agreed to or is derived from the certified investment information, we compared such information to the related certified investment information.

In forming our opinion on the supplemental schedules, we evaluated whether the supplemental schedules, other than the information agreed to or derived from the certified investment information, including their form and content, are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion—

- the form and content of the supplemental schedules, other than the information in the supplemental schedules that agreed to or is derived from the certified investment information, are presented, in all material respects, in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.
- the information in the supplemental schedules related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

*FGMK, LLC*

Bannockburn, Illinois  
August 31, 2023

## VALENCE MEDIA 401(k) PLAN

## STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Investments, at fair value	\$ 44,075,951	\$ 56,688,333
Receivables:		
Participant contributions	99,601	50,998
Employer contributions	36,403	18,049
Notes receivable from participants	<u>183,678</u>	<u>230,765</u>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>	<u>\$ 44,395,633</u>	<u>\$ 56,988,145</u>

See Independent Auditor's Report.

The accompanying notes are an integral part of these statements.

## VALENCE MEDIA 401(k) PLAN

## STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

YEAR ENDED DECEMBER 31, 2022

**ADDITIONS**

Investment income (loss):	
Net depreciation in fair value of investments	\$( 11,053,779)
Interest and dividends	1,079,251
Interest on notes receivable from participants	9,684
Contributions:	
Participant	3,286,612
Employer	1,078,974
Rollover	449,880
	<u>( 5,149,378)</u>

**DEDUCTIONS**

Benefits paid to participants	7,265,315
Administrative fees	177,819
	<u>7,443,134</u>

**CHANGE IN NET ASSETS AVAILABLE FOR BENEFITS**

( 12,592,512)

**NET ASSETS AVAILABLE FOR BENEFITS**

Beginning of year	<u>56,988,145</u>
End of year	<u>\$ 44,395,633</u>

See Independent Auditor's Report.

The accompanying notes are an integral part of this statement.

## VALENCE MEDIA 401(k) PLAN

## NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1 – DESCRIPTION OF PLAN

The following description of the Valence Media 401(k) Plan (the “Plan”) provides only general information. The Plan was formerly known as MRC 401(k) Plan but changed its name effective in 2022. Participants should refer to the Plan agreement for a more complete description of the Plan’s provisions.

**General.** The Plan is a defined contribution plan with a 401(k) provision covering all employees of Valence Media, LLC (the “Company” and “Employer”). Employees become eligible to participate upon hire, as defined in the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”), as amended.

**Contributions.** Participants may elect to defer up to 100% of eligible annual pre-tax compensation subject to maximum amounts established by the Internal Revenue Code (the “Code”). Additionally, participants may also contribute after-tax (“Roth”) contributions. Participant contribution elections may be changed upon notice to the Plan’s administrator (“Plan Administrator”). Employees are automatically enrolled as a participant with a deferral of 3% of pretax annual compensation upon becoming eligible, unless the employee affirmatively elects otherwise.

The Company may make discretionary Employer matching contributions based on a percentage declared for the period by the Board of Directors. Discretionary Employer matching contributions were 50% of each 1% of employee deferrals for a maximum Employer match of 3% of employee deferrals that totaled \$1,078,974 for the year ended December 31, 2022. Additional amounts may be contributed at the option of the Company’s board of directors as profit sharing contributions. Discretionary Employer profit sharing contributions, if applicable, are allocated as of the last day of the Plan year. There was no discretionary Employer profit sharing contributions elected for the year ended December 31, 2022.

**Participants’ Accounts.** Each participant’s account is credited with the participant’s contribution and allocation of the Employer contributions, Plan earnings, and expenses. Allocations are based on participant earnings or account balances, as defined in the Plan.

**Investment Options.** Employees may direct their contributions among one or more funds subject to the allocation limitations set forth in the Plan. Changes in allocation of future contributions and transfers among funds of presently invested contributions are permitted pursuant to Plan provisions.

**Vesting.** Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Employer contribution portion of their accounts plus actual earnings thereon is based on years of credited service. A participant becomes 33% vested after one year of service, increasing by 33% for each additional year of service until year 3 when the participant is 100% vested. Effective February 15, 2022, the vesting policy was amended. All active participants hired on or after February 15, 2021 fully vest after one year of service. All active participants hired on or before February 15, 2021 vest immediately upon amendment. For all terminated participants without an hour of service on or after February 15, 2022, the vesting schedule does not change. However, if an active participant dies or becomes disabled prior to attaining the normal retirement age, the participant’s account becomes 100% vested.

**Notes Receivable from Participants.** Participants may borrow from their accounts a minimum of \$1,000 and up to 50% of their vested account balance, provided that such loan does not exceed \$50,000. The loans are secured by the balance in the participant’s account and bear interest at the local prevailing rates as determined periodically by the Plan Administrator. Principal and interest is paid ratably through payroll deductions.

**Forfeited Accounts.** Forfeited balances of terminated participants’ non-vested accounts are used to reduce Plan administrative expenses or future Employer contributions. The benefit to which a participant is entitled is the benefit that can be provided from the participant’s vested account. Forfeited nonvested accounts totaled \$421,270 and \$339,489 as of December 31, 2022 and 2021, respectively. In 2022 and 2021, Forfeitures totaling \$35,589 and \$600 for the years ended December 31, 2022 and 2021, respectively, were used to offset Plan’s administrative expenses and Employer contributions.

(Continued)

## VALENCE MEDIA 401(k) PLAN

## NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1 – DESCRIPTION OF PLAN (Concluded)

**Party-In-Interest Transactions.** Substantially all expenses pertaining to the operation of the Plan are paid by the Company. Additionally, various administrative, legal, and accounting services are performed by Company personnel on behalf of the Plan for which no charges are made to the Plan, and for which the Company does not intend to obtain reimbursement. Investment expenses are charged against the Plan's investment income. Certain Plan investments are shares of mutual funds managed by a related party to Fidelity Management Trust Company, the "Trustee" of the Plan, and therefore these transactions qualify as party-in-interest transactions.

**Payment of Benefits.** Benefit payments are generally made in a lump-sum upon termination or as defined in the Plan agreement. Early voluntary withdrawals are paid based on financial hardship with approval of the Plan Administrator.

**Recent Legislation.** The SECURE Act 2.0 was signed into law on December 23, 2022. The SECURE Act 2.0 allows more part-time workers to participate, increases the age for required minimum distributions and reduces the penalty for missed minimum distributions, permits plan participants to elect to receive vested employer contributions on an after-tax basis, and allows penalty free withdrawal for terminal illness, effective January 1, 2023. Additionally, it will allow for higher catch-up contributions, allow for matching contributions on student loan payments, permit plan sponsors to add an emergency savings account to their retirement plans, increase the availability of penalty-free withdrawals, and add automatic enrollment error relief provisions, effective January 1, 2024.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**Estimates and Assumptions.** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires the Plan Administrator to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Future events and their effects cannot be predicted with certainty; accordingly, accounting estimates require the exercise of judgment. Accounting estimates used in the preparation of these financial statements change as new events occur, as more experience is acquired, as additional information is obtained, and as the operating environment changes.

**Investment Valuation and Income Recognition.** Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for discussion of fair value measurements.

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

**Notes Receivable from Participants.** Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based upon the terms of the plan document.

**Payment of Benefits.** Benefits are recorded when paid.

**Concentration of Credit Risk.** Substantially all the Plan's assets are held by the Trustee which is qualified institution pursuant to ERISA.

(Continued)

**VALENCE MEDIA 401(k) PLAN**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)**

**Recent Accounting Pronouncements.** In June 2016, Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, to revise the criteria for the measurement, recognition, and reporting of credit losses on financial instruments to be recognized when expected. This update is effective for fiscal years beginning after December 15, 2022, with early adoption permitted. Management is currently evaluating this standard.

**NOTE 3 – INFORMATION CERTIFIED BY THE TRUSTEE**

The following is a summary of the unaudited information regarding the Plan, included in the Plan’s financial statements and supplemental schedules that were prepared by the Trustee, and furnished to the Plan Administrator. The Plan Administrator has obtained a certification from the Trustee that such information is complete and accurate:

- Investments and notes receivable from participants, as shown in the statements of net assets available for benefits as of December 31, 2022 and 2021.
- Investment income and interest on notes receivable from participants, as shown in the statement of changes in net assets available for benefits for the year ended December 31, 2022.
- Note 4: All investment balances.
- Investments as shown in the schedules of assets held at end of year as of December 31, 2022, as shown on Form 5500, Schedule H, Part IV, Line 4i.

**NOTE 4 – FAIR VALUE MEASUREMENTS**

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

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

**Level 2.** Inputs to the valuation methodology include the following:

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

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

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

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

(Continued)

## VALENCE MEDIA 401(k) PLAN

## NOTES TO THE FINANCIAL STATEMENTS

**NOTE 4 – FAIR VALUE MEASUREMENTS** (Concluded)

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodologies used as of December 31, 2022 and 2021.

**Mutual Funds and Money Market Accounts.** 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 U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

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

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as December 31, 2022, and 2021:

	Assets at Fair Value as of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 42,205,691	\$ -	\$ -	\$ 42,205,691
Money market account	1,870,260	-	-	1,870,260
Total Investment Assets at Fair Value	<u>\$ 44,075,951</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,075,951</u>
	Assets at Fair Value as of December 31, 2021			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 54,908,646	\$ -	\$ -	\$ 54,908,646
Money market account	1,779,687	-	-	1,779,687
Total Investment Assets at Fair Value	<u>\$ 56,688,333</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,688,333</u>

**NOTE 5 – PLAN TERMINATION**

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100% vested in their accounts.

During 2020, the Plan terminated a significant number of participants, partially due to financial strains the industry incurred due to COVID-19. The Company was unable to meet CARES Act Section 209 Relief conditions. The Company corrected its forfeiture balances during 2023 to properly account for the partial termination. Total effect on the forfeiture balances was a reduction of forfeitures in the amount of \$67,573.

**VALENCE MEDIA 401(k) PLAN****NOTES TO THE FINANCIAL STATEMENTS****NOTE 6 – TAX STATUS**

The Plan uses a prototype plan document sponsored by the Trustee. The Trustee received an opinion letter from the Internal Revenue Service (“IRS”) dated June 30, 2020, which states that the prototype document satisfies the applicable provisions of the Code. The Plan itself has not received a determination letter from the IRS. Although the Plan has been amended since receiving the opinion letter, the Plan Administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the Code.

**NOTE 7 – RISKS AND UNCERTAINTIES**

The Plan provides for various investment options. Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect participants’ account balances and the amounts reported in the statements of net assets available for benefits and the statements of changes in net assets available for benefits.

**NOTE 8 – DELINQUENT PARTICIPANT CONTRIBUTIONS**

The Company remitted participant deferrals and loan repayments totaling \$410,111 to the Trustee later than required by the Department of Labor (“DOL”) Regulation 2510.3-102 during the year ended December 31, 2020 (“Late Remittances”). The DOL considers Late Remittances to be prohibited transactions. The Company intends to correct the 2020 late remittances in 2023. Participant accounts will be credited with the amount of investment income which would have been earned had the participant deferrals and loan repayments been remitted on a timely basis. The Company also intends to remit the related excise taxes.

**NOTE 9 – SUBSEQUENT EVENTS**

Management has evaluated all known subsequent events from December 31, 2022 through August 31, 2023, the date the accompanying financial statements were available to be issued, and is not aware of any material subsequent events occurring during this period.

**SUPPLEMENTARY INFORMATION**

VALENCE MEDIA 401(k) PLAN

SCHEDULE OF ASSETS HELD AT END OF YEAR  
FORM 5500, SCHEDULE H, PART IV, LINE 4i

DECEMBER 31, 2022

EMPLOYER IDENTIFICATION NUMBER: 20-5729893

PLAN NUMBER: 002

(a)	(b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current value
*	Fidelity Freedom 2035 Fund Ipr	Mutual Fund	\$	5,826,037
*	Fidelity 500 Fund	Mutual Fund		5,868,386
*	Fidelity Freedom 2040 Fund Ipr	Mutual Fund		3,614,299
*	Fidelity Freedom 2055 Fund Ipr	Mutual Fund		3,406,982
*	Fidelity Freedom 2045 Fund Ipr	Mutual Fund		3,324,897
*	Fidelity Freedom 2030 Fund Ipr	Mutual Fund		3,148,392
*	Fidelity Freedom 2050 Fund Ipr	Mutual Fund		3,030,048
*	Fidelity Freedom 2025 Fund Ipr	Mutual Fund		2,732,873
*	Fidelity Government Money Market Fund	Money Market Fund		1,870,260
*	Fidelity Freedom Index Income Fund Ipr	Mutual Fund		1,754,932
	T. Rowe Price Blue Chip Growth Fund	Mutual Fund		1,641,061
*	Fidelity Mid Cap Index Fund	Mutual Fund		1,271,241
	JPMorgan Core Plus Bond Fund	Mutual Fund		972,927
*	Fidelity Small Cap Index Fund	Mutual Fund		893,212
*	Fidelity Freedom 2060 Fund Ipr	Mutual Fund		832,822
	Vanguard International Growth Fund Adm	Mutual Fund		702,022
*	Fidelity Freedom 2020 Fund Ipr	Mutual Fund		451,585
	Vanguard ST Investment-Grade Fund Adm	Mutual Fund		394,872
*	Fidelity Multi Asset Index Fund	Mutual Fund		388,770
	American Funds American Mutual Fund	Mutual Fund		341,283
	MFS Mid Cap Value Fund	Mutual Fund		326,053
*	Fidelity Freedom 2015 Fund Ipr	Mutual Fund		288,887
	T. Rowe Price Overseas Stock Fund	Mutual Fund		264,607
	BlackRock High Yield Bond	Mutual Fund		222,010
	Neuberger Berman Real Estate Fund	Mutual Fund		133,108
	BlackRock Mid-Cap Growth Equity	Mutual Fund		119,369
	American Funds New World Fund Class R-6	Mutual Fund		65,082
*	Fidelity Freedom 2010 Fund Ipr	Mutual Fund		61,297
	JPMorgan Small Cap Growth Fund	Mutual Fund		56,572
*	Fidelity Freedom 2065 Fund Ipr	Mutual Fund		48,345
*	Fidelity Freedom 2005 Fund Ipr	Mutual Fund		16,945
	Allspring Special Small Cap Value Fund	Mutual Fund		6,775
				44,075,951
*	Participant Loans	Interest rates of 4.25% - 7.25%, maturing from 2023 to 2031		183,678
				\$ 44,259,629

\* Represents a permitted party-in-interest to the Plan

See Independent Auditor's Report.

**VALENCE MEDIA 401(k) PLAN**

**SCHEDULE OF DELINQUENT PARTICIPANT CONTRIBUTIONS  
FORM 5500, SCHEDULE H, PART IV, LINE 4a**

**YEAR ENDED DECEMBER 31, 2022**

**EMPLOYER IDENTIFICATION NUMBER: 20-5729893**

**PLAN NUMBER: 002**

Participant Contributions Transferred Late to Plan in 2020	Total that Constitute Nonexempt Prohibited Transactions			Total Fully Corrected Under VFCP and PTE 2002-51
\$ 410,111	\$ -			
Check here if Late Participant Loan Repayments are Included: X	Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	
	\$ 410,111	\$ -		\$ -

# Valence Media 401(k) Plan

Financial Statements and  
Independent Auditor's Reports

December 31, 2022

**VALENCE MEDIA 401(k) PLAN**

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## INDEPENDENT AUDITOR'S REPORT

To the Plan Administrator of  
Valence Media 401(k) Plan

### **Scope and Nature of the ERISA Section 103(a)(3)(C) Audit**

We have performed audits of the accompanying financial statements of Valence Media 401(k) Plan (the "Plan"), an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 ("ERISA"), as permitted by ERISA Section 103(a)(3)(C) ("ERISA Section 103(a)(3)(C) audit"). The financial statements comprise the statements of net assets available for benefits as of December 31, 2022 and 2021, and the related statement of changes in net assets available for benefits for the year ended December 31, 2022, and the related notes to the financial statements.

Management, having determined it is permissible in the circumstances, has elected to have the audits of the Plan's financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), our audits need not extend to any statements or information related to assets held for investment of the plan ("investment information") by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency, provided that the statements or information regarding assets so held are prepared and certified to by the bank or similar institution or insurance carrier in accordance with 29 CFR 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA ("qualified institution").

Management has obtained a certification from a qualified institution as of December 31, 2022 and 2021 and for the year ended December 31, 2022, stating that the certified investment information, as described in Note 3 to the financial statements, is complete and accurate.

### **Opinion**

In our opinion, based on our audits and on the procedures performed as described in the Auditor's Responsibilities for the Audits of the Financial Statements section—

- the amounts and disclosures in the financial statements referred to above, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.
- the information in the financial statements referred to above related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our ERISA Section 103(a)(3)(C) audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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. Management's election of the ERISA Section 103(a)(3)(C) audit does not affect management's responsibility for the financial statements.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Management is also responsible for maintaining a current plan instrument, including all plan amendments; administering the plan; and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Except as described in the Scope and Nature of the ERISA Section 103(a)(3)(C) Audit section of our report, our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

Our audits did not extend to the certified investment information, except for obtaining and reading the certification, comparing the certified investment information with the related information presented and disclosed in the financial statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of accounting principles generally accepted in the United States of America.

Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the financial statements as a whole are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

**Supplemental Schedules Required by ERISA**

The supplemental schedules, Schedule of Assets Held at End of Year and the Schedule of Delinquent Participant Contributions as of and for the year ended December 31, 2022, respectively, are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information included in the supplemental schedules, other than that agreed to or derived from the certified investment information, has been subjected to auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with generally accepted auditing standards. For information included in the supplemental schedules that agreed to or is derived from the certified investment information, we compared such information to the related certified investment information.

In forming our opinion on the supplemental schedules, we evaluated whether the supplemental schedules, other than the information agreed to or derived from the certified investment information, including their form and content, are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion—

- the form and content of the supplemental schedules, other than the information in the supplemental schedules that agreed to or is derived from the certified investment information, are presented, in all material respects, in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.
- the information in the supplemental schedules related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

*FGMK, LLC*

Bannockburn, Illinois  
August 31, 2023

## VALENCE MEDIA 401(k) PLAN

## STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Investments, at fair value	\$ 44,075,951	\$ 56,688,333
Receivables:		
Participant contributions	99,601	50,998
Employer contributions	36,403	18,049
Notes receivable from participants	<u>183,678</u>	<u>230,765</u>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>	<u>\$ 44,395,633</u>	<u>\$ 56,988,145</u>

See Independent Auditor's Report.

The accompanying notes are an integral part of these statements.

## VALENCE MEDIA 401(k) PLAN

## STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

YEAR ENDED DECEMBER 31, 2022

**ADDITIONS**

Investment income (loss):	
Net depreciation in fair value of investments	\$( 11,053,779)
Interest and dividends	1,079,251
Interest on notes receivable from participants	9,684
Contributions:	
Participant	3,286,612
Employer	1,078,974
Rollover	449,880
	<u>( 5,149,378)</u>

**DEDUCTIONS**

Benefits paid to participants	7,265,315
Administrative fees	177,819
	<u>7,443,134</u>

**CHANGE IN NET ASSETS AVAILABLE FOR BENEFITS**

( 12,592,512)

**NET ASSETS AVAILABLE FOR BENEFITS**

Beginning of year	<u>56,988,145</u>
End of year	<u>\$ 44,395,633</u>

See Independent Auditor's Report.

The accompanying notes are an integral part of this statement.

## VALENCE MEDIA 401(k) PLAN

## NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1 – DESCRIPTION OF PLAN

The following description of the Valence Media 401(k) Plan (the “Plan”) provides only general information. The Plan was formerly known as MRC 401(k) Plan but changed its name effective in 2022. Participants should refer to the Plan agreement for a more complete description of the Plan’s provisions.

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**Contributions.** Participants may elect to defer up to 100% of eligible annual pre-tax compensation subject to maximum amounts established by the Internal Revenue Code (the “Code”). Additionally, participants may also contribute after-tax (“Roth”) contributions. Participant contribution elections may be changed upon notice to the Plan’s administrator (“Plan Administrator”). Employees are automatically enrolled as a participant with a deferral of 3% of pretax annual compensation upon becoming eligible, unless the employee affirmatively elects otherwise.

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**Participants’ Accounts.** Each participant’s account is credited with the participant’s contribution and allocation of the Employer contributions, Plan earnings, and expenses. Allocations are based on participant earnings or account balances, as defined in the Plan.

**Investment Options.** Employees may direct their contributions among one or more funds subject to the allocation limitations set forth in the Plan. Changes in allocation of future contributions and transfers among funds of presently invested contributions are permitted pursuant to Plan provisions.

**Vesting.** Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Employer contribution portion of their accounts plus actual earnings thereon is based on years of credited service. A participant becomes 33% vested after one year of service, increasing by 33% for each additional year of service until year 3 when the participant is 100% vested. Effective February 15, 2022, the vesting policy was amended. All active participants hired on or after February 15, 2021 fully vest after one year of service. All active participants hired on or before February 15, 2021 vest immediately upon amendment. For all terminated participants without an hour of service on or after February 15, 2022, the vesting schedule does not change. However, if an active participant dies or becomes disabled prior to attaining the normal retirement age, the participant’s account becomes 100% vested.

**Notes Receivable from Participants.** Participants may borrow from their accounts a minimum of \$1,000 and up to 50% of their vested account balance, provided that such loan does not exceed \$50,000. The loans are secured by the balance in the participant’s account and bear interest at the local prevailing rates as determined periodically by the Plan Administrator. Principal and interest is paid ratably through payroll deductions.

**Forfeited Accounts.** Forfeited balances of terminated participants’ non-vested accounts are used to reduce Plan administrative expenses or future Employer contributions. The benefit to which a participant is entitled is the benefit that can be provided from the participant’s vested account. Forfeited nonvested accounts totaled \$421,270 and \$339,489 as of December 31, 2022 and 2021, respectively. In 2022 and 2021, Forfeitures totaling \$35,589 and \$600 for the years ended December 31, 2022 and 2021, respectively, were used to offset Plan’s administrative expenses and Employer contributions.

(Continued)

## VALENCE MEDIA 401(k) PLAN

## NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1 – DESCRIPTION OF PLAN (Concluded)

**Party-In-Interest Transactions.** Substantially all expenses pertaining to the operation of the Plan are paid by the Company. Additionally, various administrative, legal, and accounting services are performed by Company personnel on behalf of the Plan for which no charges are made to the Plan, and for which the Company does not intend to obtain reimbursement. Investment expenses are charged against the Plan's investment income. Certain Plan investments are shares of mutual funds managed by a related party to Fidelity Management Trust Company, the "Trustee" of the Plan, and therefore these transactions qualify as party-in-interest transactions.

**Payment of Benefits.** Benefit payments are generally made in a lump-sum upon termination or as defined in the Plan agreement. Early voluntary withdrawals are paid based on financial hardship with approval of the Plan Administrator.

**Recent Legislation.** The SECURE Act 2.0 was signed into law on December 23, 2022. The SECURE Act 2.0 allows more part-time workers to participate, increases the age for required minimum distributions and reduces the penalty for missed minimum distributions, permits plan participants to elect to receive vested employer contributions on an after-tax basis, and allows penalty free withdrawal for terminal illness, effective January 1, 2023. Additionally, it will allow for higher catch-up contributions, allow for matching contributions on student loan payments, permit plan sponsors to add an emergency savings account to their retirement plans, increase the availability of penalty-free withdrawals, and add automatic enrollment error relief provisions, effective January 1, 2024.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**Estimates and Assumptions.** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires the Plan Administrator to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Future events and their effects cannot be predicted with certainty; accordingly, accounting estimates require the exercise of judgment. Accounting estimates used in the preparation of these financial statements change as new events occur, as more experience is acquired, as additional information is obtained, and as the operating environment changes.

**Investment Valuation and Income Recognition.** Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for discussion of fair value measurements.

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

**Notes Receivable from Participants.** Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based upon the terms of the plan document.

**Payment of Benefits.** Benefits are recorded when paid.

**Concentration of Credit Risk.** Substantially all the Plan's assets are held by the Trustee which is qualified institution pursuant to ERISA.

(Continued)

**VALENCE MEDIA 401(k) PLAN**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)**

**Recent Accounting Pronouncements.** In June 2016, Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, to revise the criteria for the measurement, recognition, and reporting of credit losses on financial instruments to be recognized when expected. This update is effective for fiscal years beginning after December 15, 2022, with early adoption permitted. Management is currently evaluating this standard.

**NOTE 3 – INFORMATION CERTIFIED BY THE TRUSTEE**

The following is a summary of the unaudited information regarding the Plan, included in the Plan’s financial statements and supplemental schedules that were prepared by the Trustee, and furnished to the Plan Administrator. The Plan Administrator has obtained a certification from the Trustee that such information is complete and accurate:

- Investments and notes receivable from participants, as shown in the statements of net assets available for benefits as of December 31, 2022 and 2021.
- Investment income and interest on notes receivable from participants, as shown in the statement of changes in net assets available for benefits for the year ended December 31, 2022.
- Note 4: All investment balances.
- Investments as shown in the schedules of assets held at end of year as of December 31, 2022, as shown on Form 5500, Schedule H, Part IV, Line 4i.

**NOTE 4 – FAIR VALUE MEASUREMENTS**

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

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

**Level 2.** Inputs to the valuation methodology include the following:

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

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

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

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

(Continued)

## VALENCE MEDIA 401(k) PLAN

## NOTES TO THE FINANCIAL STATEMENTS

**NOTE 4 – FAIR VALUE MEASUREMENTS** (Concluded)

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodologies used as of December 31, 2022 and 2021.

**Mutual Funds and Money Market Accounts.** 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 U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

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

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as December 31, 2022, and 2021:

	Assets at Fair Value as of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 42,205,691	\$ -	\$ -	\$ 42,205,691
Money market account	1,870,260	-	-	1,870,260
Total Investment Assets at Fair Value	<u>\$ 44,075,951</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,075,951</u>
	Assets at Fair Value as of December 31, 2021			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 54,908,646	\$ -	\$ -	\$ 54,908,646
Money market account	1,779,687	-	-	1,779,687
Total Investment Assets at Fair Value	<u>\$ 56,688,333</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,688,333</u>

**NOTE 5 – PLAN TERMINATION**

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100% vested in their accounts.

During 2020, the Plan terminated a significant number of participants, partially due to financial strains the industry incurred due to COVID-19. The Company was unable to meet CARES Act Section 209 Relief conditions. The Company corrected its forfeiture balances during 2023 to properly account for the partial termination. Total effect on the forfeiture balances was a reduction of forfeitures in the amount of \$67,573.

**VALENCE MEDIA 401(k) PLAN****NOTES TO THE FINANCIAL STATEMENTS****NOTE 6 – TAX STATUS**

The Plan uses a prototype plan document sponsored by the Trustee. The Trustee received an opinion letter from the Internal Revenue Service (“IRS”) dated June 30, 2020, which states that the prototype document satisfies the applicable provisions of the Code. The Plan itself has not received a determination letter from the IRS. Although the Plan has been amended since receiving the opinion letter, the Plan Administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the Code.

**NOTE 7 – RISKS AND UNCERTAINTIES**

The Plan provides for various investment options. Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect participants’ account balances and the amounts reported in the statements of net assets available for benefits and the statements of changes in net assets available for benefits.

**NOTE 8 – DELINQUENT PARTICIPANT CONTRIBUTIONS**

The Company remitted participant deferrals and loan repayments totaling \$410,111 to the Trustee later than required by the Department of Labor (“DOL”) Regulation 2510.3-102 during the year ended December 31, 2020 (“Late Remittances”). The DOL considers Late Remittances to be prohibited transactions. The Company intends to correct the 2020 late remittances in 2023. Participant accounts will be credited with the amount of investment income which would have been earned had the participant deferrals and loan repayments been remitted on a timely basis. The Company also intends to remit the related excise taxes.

**NOTE 9 – SUBSEQUENT EVENTS**

Management has evaluated all known subsequent events from December 31, 2022 through August 31, 2023, the date the accompanying financial statements were available to be issued, and is not aware of any material subsequent events occurring during this period.

**SUPPLEMENTARY INFORMATION**

VALENCE MEDIA 401(k) PLAN

SCHEDULE OF ASSETS HELD AT END OF YEAR  
FORM 5500, SCHEDULE H, PART IV, LINE 4i

DECEMBER 31, 2022

EMPLOYER IDENTIFICATION NUMBER: 20-5729893

PLAN NUMBER: 002

(a)	(b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current value
*	Fidelity Freedom 2035 Fund Ipr	Mutual Fund	\$	5,826,037
*	Fidelity 500 Fund	Mutual Fund		5,868,386
*	Fidelity Freedom 2040 Fund Ipr	Mutual Fund		3,614,299
*	Fidelity Freedom 2055 Fund Ipr	Mutual Fund		3,406,982
*	Fidelity Freedom 2045 Fund Ipr	Mutual Fund		3,324,897
*	Fidelity Freedom 2030 Fund Ipr	Mutual Fund		3,148,392
*	Fidelity Freedom 2050 Fund Ipr	Mutual Fund		3,030,048
*	Fidelity Freedom 2025 Fund Ipr	Mutual Fund		2,732,873
*	Fidelity Government Money Market Fund	Money Market Fund		1,870,260
*	Fidelity Freedom Index Income Fund Ipr	Mutual Fund		1,754,932
	T. Rowe Price Blue Chip Growth Fund	Mutual Fund		1,641,061
*	Fidelity Mid Cap Index Fund	Mutual Fund		1,271,241
	JPMorgan Core Plus Bond Fund	Mutual Fund		972,927
*	Fidelity Small Cap Index Fund	Mutual Fund		893,212
*	Fidelity Freedom 2060 Fund Ipr	Mutual Fund		832,822
	Vanguard International Growth Fund Adm	Mutual Fund		702,022
*	Fidelity Freedom 2020 Fund Ipr	Mutual Fund		451,585
	Vanguard ST Investment-Grade Fund Adm	Mutual Fund		394,872
*	Fidelity Multi Asset Index Fund	Mutual Fund		388,770
	American Funds American Mutual Fund	Mutual Fund		341,283
	MFS Mid Cap Value Fund	Mutual Fund		326,053
*	Fidelity Freedom 2015 Fund Ipr	Mutual Fund		288,887
	T. Rowe Price Overseas Stock Fund	Mutual Fund		264,607
	BlackRock High Yield Bond	Mutual Fund		222,010
	Neuberger Berman Real Estate Fund	Mutual Fund		133,108
	BlackRock Mid-Cap Growth Equity	Mutual Fund		119,369
	American Funds New World Fund Class R-6	Mutual Fund		65,082
*	Fidelity Freedom 2010 Fund Ipr	Mutual Fund		61,297
	JPMorgan Small Cap Growth Fund	Mutual Fund		56,572
*	Fidelity Freedom 2065 Fund Ipr	Mutual Fund		48,345
*	Fidelity Freedom 2005 Fund Ipr	Mutual Fund		16,945
	Allspring Special Small Cap Value Fund	Mutual Fund		6,775
				44,075,951
*	Participant Loans	Interest rates of 4.25% - 7.25%, maturing from 2023 to 2031		183,678
				\$ 44,259,629

\* Represents a permitted party-in-interest to the Plan

See Independent Auditor's Report.

**VALENCE MEDIA 401(k) PLAN**

**SCHEDULE OF DELINQUENT PARTICIPANT CONTRIBUTIONS  
FORM 5500, SCHEDULE H, PART IV, LINE 4a**

**YEAR ENDED DECEMBER 31, 2022**

**EMPLOYER IDENTIFICATION NUMBER: 20-5729893**

**PLAN NUMBER: 002**

Participant Contributions Transferred Late to Plan in 2020	Total that Constitute Nonexempt Prohibited Transactions			Total Fully Corrected Under VFCP and PTE 2002-51
\$ 410,111	\$ -			
Check here if Late Participant Loan Repayments are Included: X	Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	
	\$ 410,111	\$ -		\$ -

# Valence Media 401(k) Plan

Financial Statements and  
Independent Auditor's Reports

December 31, 2022

**VALENCE MEDIA 401(k) PLAN**

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## INDEPENDENT AUDITOR'S REPORT

To the Plan Administrator of  
Valence Media 401(k) Plan

### **Scope and Nature of the ERISA Section 103(a)(3)(C) Audit**

We have performed audits of the accompanying financial statements of Valence Media 401(k) Plan (the "Plan"), an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 ("ERISA"), as permitted by ERISA Section 103(a)(3)(C) ("ERISA Section 103(a)(3)(C) audit"). The financial statements comprise the statements of net assets available for benefits as of December 31, 2022 and 2021, and the related statement of changes in net assets available for benefits for the year ended December 31, 2022, and the related notes to the financial statements.

Management, having determined it is permissible in the circumstances, has elected to have the audits of the Plan's financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), our audits need not extend to any statements or information related to assets held for investment of the plan ("investment information") by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency, provided that the statements or information regarding assets so held are prepared and certified to by the bank or similar institution or insurance carrier in accordance with 29 CFR 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA ("qualified institution").

Management has obtained a certification from a qualified institution as of December 31, 2022 and 2021 and for the year ended December 31, 2022, stating that the certified investment information, as described in Note 3 to the financial statements, is complete and accurate.

### **Opinion**

In our opinion, based on our audits and on the procedures performed as described in the Auditor's Responsibilities for the Audits of the Financial Statements section—

- the amounts and disclosures in the financial statements referred to above, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.
- the information in the financial statements referred to above related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our ERISA Section 103(a)(3)(C) audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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. Management's election of the ERISA Section 103(a)(3)(C) audit does not affect management's responsibility for the financial statements.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Management is also responsible for maintaining a current plan instrument, including all plan amendments; administering the plan; and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Except as described in the Scope and Nature of the ERISA Section 103(a)(3)(C) Audit section of our report, our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

Our audits did not extend to the certified investment information, except for obtaining and reading the certification, comparing the certified investment information with the related information presented and disclosed in the financial statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of accounting principles generally accepted in the United States of America.

Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the financial statements as a whole are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

**Supplemental Schedules Required by ERISA**

The supplemental schedules, Schedule of Assets Held at End of Year and the Schedule of Delinquent Participant Contributions as of and for the year ended December 31, 2022, respectively, are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information included in the supplemental schedules, other than that agreed to or derived from the certified investment information, has been subjected to auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with generally accepted auditing standards. For information included in the supplemental schedules that agreed to or is derived from the certified investment information, we compared such information to the related certified investment information.

In forming our opinion on the supplemental schedules, we evaluated whether the supplemental schedules, other than the information agreed to or derived from the certified investment information, including their form and content, are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion—

- the form and content of the supplemental schedules, other than the information in the supplemental schedules that agreed to or is derived from the certified investment information, are presented, in all material respects, in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.
- the information in the supplemental schedules related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

*FGMK, LLC*

Bannockburn, Illinois  
August 31, 2023

## VALENCE MEDIA 401(k) PLAN

## STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Investments, at fair value	\$ 44,075,951	\$ 56,688,333
Receivables:		
Participant contributions	99,601	50,998
Employer contributions	36,403	18,049
Notes receivable from participants	<u>183,678</u>	<u>230,765</u>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>	<u>\$ 44,395,633</u>	<u>\$ 56,988,145</u>

See Independent Auditor's Report.

The accompanying notes are an integral part of these statements.

## VALENCE MEDIA 401(k) PLAN

## STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

YEAR ENDED DECEMBER 31, 2022

**ADDITIONS**

Investment income (loss):		
Net depreciation in fair value of investments	\$(	11,053,779)
Interest and dividends		1,079,251
Interest on notes receivable from participants		9,684
Contributions:		
Participant		3,286,612
Employer		1,078,974
Rollover		449,880
		<u>449,880</u>
	(	<u>5,149,378)</u>

**DEDUCTIONS**

Benefits paid to participants		7,265,315
Administrative fees		177,819
		<u>177,819</u>
		<u>7,443,134</u>

**CHANGE IN NET ASSETS AVAILABLE FOR BENEFITS**

( 12,592,512)

**NET ASSETS AVAILABLE FOR BENEFITS**

Beginning of year		<u>56,988,145</u>
End of year	\$	<u><u>44,395,633</u></u>

See Independent Auditor's Report.

The accompanying notes are an integral part of this statement.

**VALENCE MEDIA 401(k) PLAN****NOTES TO THE FINANCIAL STATEMENTS****NOTE 1 – DESCRIPTION OF PLAN**

The following description of the Valence Media 401(k) Plan (the “Plan”) provides only general information. The Plan was formerly known as MRC 401(k) Plan but changed its name effective in 2022. Participants should refer to the Plan agreement for a more complete description of the Plan’s provisions.

**General.** The Plan is a defined contribution plan with a 401(k) provision covering all employees of Valence Media, LLC (the “Company” and “Employer”). Employees become eligible to participate upon hire, as defined in the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”), as amended.

**Contributions.** Participants may elect to defer up to 100% of eligible annual pre-tax compensation subject to maximum amounts established by the Internal Revenue Code (the “Code”). Additionally, participants may also contribute after-tax (“Roth”) contributions. Participant contribution elections may be changed upon notice to the Plan’s administrator (“Plan Administrator”). Employees are automatically enrolled as a participant with a deferral of 3% of pretax annual compensation upon becoming eligible, unless the employee affirmatively elects otherwise.

The Company may make discretionary Employer matching contributions based on a percentage declared for the period by the Board of Directors. Discretionary Employer matching contributions were 50% of each 1% of employee deferrals for a maximum Employer match of 3% of employee deferrals that totaled \$1,078,974 for the year ended December 31, 2022. Additional amounts may be contributed at the option of the Company’s board of directors as profit sharing contributions. Discretionary Employer profit sharing contributions, if applicable, are allocated as of the last day of the Plan year. There was no discretionary Employer profit sharing contributions elected for the year ended December 31, 2022.

**Participants’ Accounts.** Each participant’s account is credited with the participant’s contribution and allocation of the Employer contributions, Plan earnings, and expenses. Allocations are based on participant earnings or account balances, as defined in the Plan.

**Investment Options.** Employees may direct their contributions among one or more funds subject to the allocation limitations set forth in the Plan. Changes in allocation of future contributions and transfers among funds of presently invested contributions are permitted pursuant to Plan provisions.

**Vesting.** Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Employer contribution portion of their accounts plus actual earnings thereon is based on years of credited service. A participant becomes 33% vested after one year of service, increasing by 33% for each additional year of service until year 3 when the participant is 100% vested. Effective February 15, 2022, the vesting policy was amended. All active participants hired on or after February 15, 2021 fully vest after one year of service. All active participants hired on or before February 15, 2021 vest immediately upon amendment. For all terminated participants without an hour of service on or after February 15, 2022, the vesting schedule does not change. However, if an active participant dies or becomes disabled prior to attaining the normal retirement age, the participant’s account becomes 100% vested.

**Notes Receivable from Participants.** Participants may borrow from their accounts a minimum of \$1,000 and up to 50% of their vested account balance, provided that such loan does not exceed \$50,000. The loans are secured by the balance in the participant’s account and bear interest at the local prevailing rates as determined periodically by the Plan Administrator. Principal and interest is paid ratably through payroll deductions.

**Forfeited Accounts.** Forfeited balances of terminated participants’ non-vested accounts are used to reduce Plan administrative expenses or future Employer contributions. The benefit to which a participant is entitled is the benefit that can be provided from the participant’s vested account. Forfeited nonvested accounts totaled \$421,270 and \$339,489 as of December 31, 2022 and 2021, respectively. In 2022 and 2021, Forfeitures totaling \$35,589 and \$600 for the years ended December 31, 2022 and 2021, respectively, were used to offset Plan’s administrative expenses and Employer contributions.

(Continued)

## VALENCE MEDIA 401(k) PLAN

## NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1 – DESCRIPTION OF PLAN (Concluded)

**Party-In-Interest Transactions.** Substantially all expenses pertaining to the operation of the Plan are paid by the Company. Additionally, various administrative, legal, and accounting services are performed by Company personnel on behalf of the Plan for which no charges are made to the Plan, and for which the Company does not intend to obtain reimbursement. Investment expenses are charged against the Plan's investment income. Certain Plan investments are shares of mutual funds managed by a related party to Fidelity Management Trust Company, the "Trustee" of the Plan, and therefore these transactions qualify as party-in-interest transactions.

**Payment of Benefits.** Benefit payments are generally made in a lump-sum upon termination or as defined in the Plan agreement. Early voluntary withdrawals are paid based on financial hardship with approval of the Plan Administrator.

**Recent Legislation.** The SECURE Act 2.0 was signed into law on December 23, 2022. The SECURE Act 2.0 allows more part-time workers to participate, increases the age for required minimum distributions and reduces the penalty for missed minimum distributions, permits plan participants to elect to receive vested employer contributions on an after-tax basis, and allows penalty free withdrawal for terminal illness, effective January 1, 2023. Additionally, it will allow for higher catch-up contributions, allow for matching contributions on student loan payments, permit plan sponsors to add an emergency savings account to their retirement plans, increase the availability of penalty-free withdrawals, and add automatic enrollment error relief provisions, effective January 1, 2024.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**Estimates and Assumptions.** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires the Plan Administrator to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Future events and their effects cannot be predicted with certainty; accordingly, accounting estimates require the exercise of judgment. Accounting estimates used in the preparation of these financial statements change as new events occur, as more experience is acquired, as additional information is obtained, and as the operating environment changes.

**Investment Valuation and Income Recognition.** Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for discussion of fair value measurements.

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

**Notes Receivable from Participants.** Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based upon the terms of the plan document.

**Payment of Benefits.** Benefits are recorded when paid.

**Concentration of Credit Risk.** Substantially all the Plan's assets are held by the Trustee which is qualified institution pursuant to ERISA.

(Continued)

**VALENCE MEDIA 401(k) PLAN**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)**

**Recent Accounting Pronouncements.** In June 2016, Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, to revise the criteria for the measurement, recognition, and reporting of credit losses on financial instruments to be recognized when expected. This update is effective for fiscal years beginning after December 15, 2022, with early adoption permitted. Management is currently evaluating this standard.

**NOTE 3 – INFORMATION CERTIFIED BY THE TRUSTEE**

The following is a summary of the unaudited information regarding the Plan, included in the Plan’s financial statements and supplemental schedules that were prepared by the Trustee, and furnished to the Plan Administrator. The Plan Administrator has obtained a certification from the Trustee that such information is complete and accurate:

- Investments and notes receivable from participants, as shown in the statements of net assets available for benefits as of December 31, 2022 and 2021.
- Investment income and interest on notes receivable from participants, as shown in the statement of changes in net assets available for benefits for the year ended December 31, 2022.
- Note 4: All investment balances.
- Investments as shown in the schedules of assets held at end of year as of December 31, 2022, as shown on Form 5500, Schedule H, Part IV, Line 4i.

**NOTE 4 – FAIR VALUE MEASUREMENTS**

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

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

**Level 2.** Inputs to the valuation methodology include the following:

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

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

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

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

(Continued)

## VALENCE MEDIA 401(k) PLAN

## NOTES TO THE FINANCIAL STATEMENTS

**NOTE 4 – FAIR VALUE MEASUREMENTS** (Concluded)

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodologies used as of December 31, 2022 and 2021.

**Mutual Funds and Money Market Accounts.** 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 U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

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

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as December 31, 2022, and 2021:

	Assets at Fair Value as of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 42,205,691	\$ -	\$ -	\$ 42,205,691
Money market account	1,870,260	-	-	1,870,260
Total Investment Assets at Fair Value	<u>\$ 44,075,951</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,075,951</u>
	Assets at Fair Value as of December 31, 2021			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 54,908,646	\$ -	\$ -	\$ 54,908,646
Money market account	1,779,687	-	-	1,779,687
Total Investment Assets at Fair Value	<u>\$ 56,688,333</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,688,333</u>

**NOTE 5 – PLAN TERMINATION**

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100% vested in their accounts.

During 2020, the Plan terminated a significant number of participants, partially due to financial strains the industry incurred due to COVID-19. The Company was unable to meet CARES Act Section 209 Relief conditions. The Company corrected its forfeiture balances during 2023 to properly account for the partial termination. Total effect on the forfeiture balances was a reduction of forfeitures in the amount of \$67,573.

**VALENCE MEDIA 401(k) PLAN****NOTES TO THE FINANCIAL STATEMENTS****NOTE 6 – TAX STATUS**

The Plan uses a prototype plan document sponsored by the Trustee. The Trustee received an opinion letter from the Internal Revenue Service (“IRS”) dated June 30, 2020, which states that the prototype document satisfies the applicable provisions of the Code. The Plan itself has not received a determination letter from the IRS. Although the Plan has been amended since receiving the opinion letter, the Plan Administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the Code.

**NOTE 7 – RISKS AND UNCERTAINTIES**

The Plan provides for various investment options. Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect participants’ account balances and the amounts reported in the statements of net assets available for benefits and the statements of changes in net assets available for benefits.

**NOTE 8 – DELINQUENT PARTICIPANT CONTRIBUTIONS**

The Company remitted participant deferrals and loan repayments totaling \$410,111 to the Trustee later than required by the Department of Labor (“DOL”) Regulation 2510.3-102 during the year ended December 31, 2020 (“Late Remittances”). The DOL considers Late Remittances to be prohibited transactions. The Company intends to correct the 2020 late remittances in 2023. Participant accounts will be credited with the amount of investment income which would have been earned had the participant deferrals and loan repayments been remitted on a timely basis. The Company also intends to remit the related excise taxes.

**NOTE 9 – SUBSEQUENT EVENTS**

Management has evaluated all known subsequent events from December 31, 2022 through August 31, 2023, the date the accompanying financial statements were available to be issued, and is not aware of any material subsequent events occurring during this period.

**SUPPLEMENTARY INFORMATION**

## VALENCE MEDIA 401(k) PLAN

SCHEDULE OF ASSETS HELD AT END OF YEAR  
FORM 5500, SCHEDULE H, PART IV, LINE 4i

DECEMBER 31, 2022

EMPLOYER IDENTIFICATION NUMBER: 20-5729893

PLAN NUMBER: 002

(a)	(b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current value
*	Fidelity Freedom 2035 Fund Ipr	Mutual Fund	\$	5,826,037
*	Fidelity 500 Fund	Mutual Fund		5,868,386
*	Fidelity Freedom 2040 Fund Ipr	Mutual Fund		3,614,299
*	Fidelity Freedom 2055 Fund Ipr	Mutual Fund		3,406,982
*	Fidelity Freedom 2045 Fund Ipr	Mutual Fund		3,324,897
*	Fidelity Freedom 2030 Fund Ipr	Mutual Fund		3,148,392
*	Fidelity Freedom 2050 Fund Ipr	Mutual Fund		3,030,048
*	Fidelity Freedom 2025 Fund Ipr	Mutual Fund		2,732,873
*	Fidelity Government Money Market Fund	Money Market Fund		1,870,260
*	Fidelity Freedom Index Income Fund Ipr	Mutual Fund		1,754,932
*	T. Rowe Price Blue Chip Growth Fund	Mutual Fund		1,641,061
*	Fidelity Mid Cap Index Fund	Mutual Fund		1,271,241
*	JPMorgan Core Plus Bond Fund	Mutual Fund		972,927
*	Fidelity Small Cap Index Fund	Mutual Fund		893,212
*	Fidelity Freedom 2060 Fund Ipr	Mutual Fund		832,822
*	Vanguard International Growth Fund Adm	Mutual Fund		702,022
*	Fidelity Freedom 2020 Fund Ipr	Mutual Fund		451,585
*	Vanguard ST Investment-Grade Fund Adm	Mutual Fund		394,872
*	Fidelity Multi Asset Index Fund	Mutual Fund		388,770
*	American Funds American Mutual Fund	Mutual Fund		341,283
*	MFS Mid Cap Value Fund	Mutual Fund		326,053
*	Fidelity Freedom 2015 Fund Ipr	Mutual Fund		288,887
*	T. Rowe Price Overseas Stock Fund	Mutual Fund		264,607
*	BlackRock High Yield Bond	Mutual Fund		222,010
*	Neuberger Berman Real Estate Fund	Mutual Fund		133,108
*	BlackRock Mid-Cap Growth Equity	Mutual Fund		119,369
*	American Funds New World Fund Class R-6	Mutual Fund		65,082
*	Fidelity Freedom 2010 Fund Ipr	Mutual Fund		61,297
*	JPMorgan Small Cap Growth Fund	Mutual Fund		56,572
*	Fidelity Freedom 2065 Fund Ipr	Mutual Fund		48,345
*	Fidelity Freedom 2005 Fund Ipr	Mutual Fund		16,945
*	Allspring Special Small Cap Value Fund	Mutual Fund		6,775
				44,075,951
*	Participant Loans	Interest rates of 4.25% - 7.25%, maturing from 2023 to 2031		183,678
				\$ 44,259,629

\* Represents a permitted party-in-interest to the Plan

See Independent Auditor's Report.

**VALENCE MEDIA 401(k) PLAN**

**SCHEDULE OF DELINQUENT PARTICIPANT CONTRIBUTIONS  
FORM 5500, SCHEDULE H, PART IV, LINE 4a**

**YEAR ENDED DECEMBER 31, 2022**

**EMPLOYER IDENTIFICATION NUMBER: 20-5729893**

**PLAN NUMBER: 002**

Participant Contributions Transferred Late to Plan in 2020	Total that Constitute Nonexempt Prohibited Transactions			Total Fully Corrected Under VFCP and PTE 2002-51
\$ 410,111	\$ -			
Check here if Late Participant Loan Repayments are Included: X	Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	
	\$ 410,111	\$ -		\$ -