

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2022 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2022 or fiscal plan year beginning 01/01/2022 and ending 12/31/2022	
A This return/report is for:	☐ a multiemployer plan ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.) ☒ a single-employer plan ☐ a DFE (specify) _____
B This return/report is:	☐ the first return/report ☐ the final return/report ☐ an amended return/report ☐ a short plan year return/report (less than 12 months)
C If the plan is a collectively-bargained plan, check here.	▶ ☐
D Check box if filing under:	☒ Form 5558 ☐ automatic extension ☐ the DFVC program ☐ special extension (enter description)
E If this is a retroactively adopted plan permitted by SECURE Act section 201, check here.	▶ ☐

Part II	Basic Plan Information —enter all requested information
1a Name of plan VEREGY 401(K) PLAN	1b Three-digit plan number (PN) ▶ 001
	1c Effective date of plan 01/01/2002
2a Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) VEREGY, LLC 3312 E BROADWAY RD PHOENIX, AZ 85040	2b Employer Identification Number (EIN) 83-4013155 2c Plan Sponsor's telephone number 636-230-0843 2d Business code (see instructions) 238900

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

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

SIGN HERE	Filed with authorized/valid electronic signature.	09/21/2023	ELISE CROWDER
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

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

Form 5500 (2022)
v. 220413

3a Plan administrator's name and address ☒ Same as Plan Sponsor		3b Administrator's EIN
		3c Administrator's telephone number
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name		4b EIN 4d PN
5 Total number of participants at the beginning of the plan year		5 568
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d).		
a(1) Total number of active participants at the beginning of the plan year		6a(1) 487
a(2) Total number of active participants at the end of the plan year		6a(2) 430
b Retired or separated participants receiving benefits		6b 0
c Other retired or separated participants entitled to future benefits.....		6c 102
d Subtotal. Add lines 6a(2) , 6b , and 6c		6d 532
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.		6e 0
f Total. Add lines 6d and 6e		6f 532
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....		6g 438
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested.....		6h 6
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)		7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2A 2E 2F 2G 2J 2K 2T 3B 3D 3H		
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:		
9a Plan funding arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor		9b Plan benefit arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)		
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary		b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☒ 1 A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☐ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

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

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

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

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

11c Enter the Receipt Confirmation Code for the 2022 Form M-1 annual report. If the plan was not required to file the 2022 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

SCHEDULE A (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Insurance Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500. ► Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).	OMB No. 1210-0110 2022 This Form is Open to Public Inspection
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For calendar plan year 2022 or fiscal plan year beginning 01/01/2022 and ending 12/31/2022	
A Name of plan VEREGY 401(K) PLAN	B Three-digit plan number (PN) ► 001
C Plan sponsor's name as shown on line 2a of Form 5500 VEREGY, LLC	D Employer Identification Number (EIN) 83-4013155

Part I	Information Concerning Insurance Contract Coverage, Fees, and Commissions	Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.
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1 Coverage Information:

(a) Name of insurance carrier STANDARD INSURANCE COMPANY

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
93-0242990	69019	TBD	36	01/01/2022	12/31/2022

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in line 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid	(b) Total amount of fees paid

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid
--

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid
--

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4	Current value of plan's interest under this contract in the general account at year end.....	4	
5	Current value of plan's interest under this contract in separate accounts at year end.....	5	
6	Contracts With Allocated Funds:		
a	State the basis of premium rates ▶		
b	Premiums paid to carrier	6b	
c	Premiums due but unpaid at the end of the year	6c	
d	If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount..... Specify nature of costs ▶	6d	
e	Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity (3) ☐ other (specify) ▶		
f	If contract purchased, in whole or in part, to distribute benefits from a terminating plan, check here ▶ ☐		
7	Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)		
a	Type of contract: (1) ☒ deposit administration (2) ☐ immediate participation guarantee (3) ☐ guaranteed investment (4) ☐ other ▶		
b	Balance at the end of the previous year	7b	1008187
c	Additions: (1) Contributions deposited during the year	7c(1)	91036
	(2) Dividends and credits.....	7c(2)	
	(3) Interest credited during the year.....	7c(3)	0
	(4) Transferred from separate account.....	7c(4)	
	(5) Other (specify below)	7c(5)	747099
	▶ OTHER INCOME		
	(6) Total additions.....	7c(6)	838135
d	Total of balance and additions (add lines 7b and 7c(6))	7d	1846322
e	Deductions:		
	(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	703108
	(2) Administration charge made by carrier.....	7e(2)	1774
	(3) Transferred to separate account.....	7e(3)	
	(4) Other (specify below)	7e(4)	197708
	▶ OTHER EXPENSES		
	(5) Total deductions.....	7e(5)	902590
f	Balance at the end of the current year (subtract line 7e(5) from line 7d)	7f	943732

Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

- a** ☐ Health (other than dental or vision)
 b ☐ Dental
 c ☐ Vision
 d ☐ Life insurance
e ☐ Temporary disability (accident and sickness)
 f ☐ Long-term disability
 g ☐ Supplemental unemployment
 h ☐ Prescription drug
i ☐ Stop loss (large deductible)
 j ☐ HMO contract
 k ☐ PPO contract
 l ☐ Indemnity contract
m ☐ Other (specify) ▶

9 Experience-rated contracts:

a Premiums: (1) Amount received	9a(1)		
(2) Increase (decrease) in amount due but unpaid	9a(2)		
(3) Increase (decrease) in unearned premium reserve.....	9a(3)		
(4) Earned ((1) + (2) - (3)).....		9a(4)	0
b Benefit charges (1) Claims paid.....	9b(1)		
(2) Increase (decrease) in claim reserves	9b(2)		
(3) Incurred claims (add (1) and (2)).....		9b(3)	0
(4) Claims charged		9b(4)	
c Remainder of premium: (1) Retention charges (on an accrual basis) --			
(A) Commissions	9c(1)(A)		
(B) Administrative service or other fees	9c(1)(B)		
(C) Other specific acquisition costs.....	9c(1)(C)		
(D) Other expenses	9c(1)(D)		
(E) Taxes	9c(1)(E)		
(F) Charges for risks or other contingencies	9c(1)(F)		
(G) Other retention charges.....	9c(1)(G)		
(H) Total retention.....		9c(1)(H)	0
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.)		9c(2)	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement.....		9d(1)	
(2) Claim reserves		9d(2)	
(3) Other reserves		9d(3)	
e Dividends or retroactive rate refunds due. (Do not include amount entered in line 9c(2).).....		9e	

10 Nonexperience-rated contracts:

a Total premiums or subscription charges paid to carrier	10a	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, line 2 above, report amount.	10b	

Specify nature of costs.

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☒ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2022
		This Form is Open to Public Inspection.

For calendar plan year 2022 or fiscal plan year beginning 01/01/2022 and ending 12/31/2022		
A Name of plan VEREGY 401(K) PLAN	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 VEREGY, LLC	D Employer Identification Number (EIN) 83-4013155	

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

1 Information on Persons Receiving Only Eligible Indirect Compensation

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

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

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

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

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

FIDELITY INVESTMENTS INSTITUTIONAL

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 60 64 65	RECORDKEEPER	41509	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☒ No ☐

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

STRATEGIC ADVISORS, INC.

04-2654524

(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	7569	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

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

Part I Service Provider Information (continued)

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

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
BAIRD CORE PLUS INST - US BANCORP 39-0281260	0.02%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
DODGE & COX STOCK I - DST ASSET MA 430 W 7TH STREET STE 219432 KANSAS CITY, MO 64105	0.10%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
DODGE&COX INTL STK I - DST ASSET M 430 W 7TH STREET STE 219432 KANSAS CITY, MO 64105	0.10%	

Part II Service Providers Who Fail or Refuse to Provide Information

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

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

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

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2022 This Form is Open to Public Inspection
For calendar plan year 2022 or fiscal plan year beginning <u>01/01/2022</u> and ending <u>12/31/2022</u>		
A Name of plan <u>VEREGY 401(K) PLAN</u>	B Three-digit plan number (PN) ►	<u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>VEREGY, LLC</u>	D Employer Identification Number (EIN) <u>83-4013155</u>	

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash.....	1a	0	0
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions.....	1b(1)	0	0
(2) Participant contributions.....	1b(2)	0	0
(3) Other.....	1b(3)	0	0
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit).....	1c(1)	3302	2
(2) U.S. Government securities	1c(2)	0	0
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)	0	0
(B) All other	1c(3)(B)	0	0
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)	0	0
(B) Common.....	1c(4)(B)	0	0
(5) Partnership/joint venture interests	1c(5)	0	0
(6) Real estate (other than employer real property)	1c(6)	0	0
(7) Loans (other than to participants).....	1c(7)	0	0
(8) Participant loans.....	1c(8)	241723	392066
(9) Value of interest in common/collective trusts.....	1c(9)	0	0
(10) Value of interest in pooled separate accounts	1c(10)	0	0
(11) Value of interest in master trust investment accounts.....	1c(11)	0	0
(12) Value of interest in 103-12 investment entities	1c(12)	0	0
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	35162295	27523143
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)	1008187	0
(15) Other	1c(15)	0	0

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)	0	0
(2) Employer real property	1d(2)	0	0
e Buildings and other property used in plan operation	1e	0	0
f Total assets (add all amounts in lines 1a through 1e)	1f	36415507	27915211

Liabilities

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

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	36415507	27915211
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Part II Income and Expense Statement

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

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	1420621	
(B) Participants	2a(1)(B)	3346422	
(C) Others (including rollovers)	2a(1)(C)	518291	
(2) Noncash contributions	2a(2)	0	
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		5285334
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	38	
(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)	15929	
(F) Other	2b(1)(F)	0	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		15967
(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)	763219	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		763219
(3) Rents	2b(3)		0
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	0	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	0	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)	0	
(B) Other	2b(5)(B)	0	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		0
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		0
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		0
(9) Net investment gain (loss) from 103-12 investment entities.....	2b(9)		0
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		-7580395
c Other income	2c		0
d Total income. Add all income amounts in column (b) and enter total	2d		-1515875
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	3971951	
(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)		3971951
f Corrective distributions (see instructions)	2f		1645
g Certain deemed distributions of participant loans (see instructions)	2g		0
h Interest expense	2h		0
i Administrative expenses: (1) Professional fees	2i(1)	0	
(2) Contract administrator fees	2i(2)	0	
(3) Investment advisory and management fees	2i(3)	7569	
(4) Other	2i(4)	41509	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		49078
j Total expenses. Add all expense amounts in column (b) and enter total	2j		4022674
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		-5538549
l Transfers of assets:			
(1) To this plan	2l(1)		1710297
(2) From this plan	2l(2)		4672044

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: **MAYER HOFFMAN MCCANN PC**

(2) EIN: **43-1947695**

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

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

Part IV Compliance Questions

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

During the plan year:

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

	Yes	No	Amount
4a	X		3409

	Yes	No	Amount
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)			
4b		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)			
4c		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)			
4d		X	
e Was this plan covered by a fidelity bond?	X		5000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
4f		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?			
4g		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?			
4h		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	X		
4i	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked and see instructions for format requirements.)			
4j		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?			
4k		X	
l Has the plan failed to provide any benefit when due under the plan?			
4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)			
4m		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n		X	

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

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

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)
IMEG 401(K) PLAN	15-0284110	001

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

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2022 This Form is Open to Public Inspection.
For calendar plan year 2022 or fiscal plan year beginning 01/01/2022 and ending 12/31/2022		
A Name of plan VEREGY 401(K) PLAN		B Three-digit plan number (PN) ► 001
C Plan sponsor's name as shown on line 2a of Form 5500 VEREGY, LLC		D Employer Identification Number (EIN) 83-4013155
Part I Distributions		
All references to distributions relate only to payments of benefits during the plan year.		
1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....		1
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): 04-6568107		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....		3
Part II Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)		
4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ☐ Yes ☐ No ☐ N/A If the plan is a defined benefit plan, go to line 8.		
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.		
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived).....		6a
b Enter the amount contributed by the employer to the plan for this plan year.....		6b
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....		6c
If you completed line 6c, skip lines 8 and 9.		
7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ☐ Yes ☐ No ☐ N/A		
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ☐ Yes ☐ No ☐ N/A		
Part III Amendments		
9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box..... ☐ Increase ☐ Decrease ☐ Both ☐ No		
Part IV ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.		
10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....		☐ Yes ☐ No
11 a Does the ESOP hold any preferred stock?.....		☐ Yes ☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.).....		☐ Yes ☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?.....		☐ Yes ☐ No
For Paperwork Reduction Act Notice, see the Instructions for Form 5500.		
Schedule R (Form 5500) 2022 v. 220413		

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that (1) contributed more than 5% of total contributions to the plan during the plan year or (2) was one of the top-ten highest contributors (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

14	Enter the number of deferred vested and retired participants (inactive participants), as of the beginning of the plan year, whose contributing employer is no longer making contributions to the plan for:		
	a The current plan year. Check the box to indicate the counting method used to determine the number of inactive participants: ☐ last contributing employer ☐ alternative ☐ reasonable approximation (see instructions for required attachment).....	14a	
	b The plan year immediately preceding the current plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment)	14b	
	c The second preceding plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment)	14c	
15	Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:		
	a The corresponding number for the plan year immediately preceding the current plan year.....	15a	
	b The corresponding number for the second preceding plan year.....	15b	
16	Information with respect to any employers who withdrew from the plan during the preceding plan year:		
	a Enter the number of employers who withdrew during the preceding plan year	16a	
	b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers.....	16b	
17	If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐		

Part VI	Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans
----------------	---

18	If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐
19	If the total number of participants is 1,000 or more, complete lines (a) through (c) a Enter the percentage of plan assets held as: Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____% b Provide the average duration of the combined investment-grade and high-yield debt: ☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more c What duration measure was used to calculate line 19(b)? ☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____
20	PBGC missed contribution reporting requirements. If this is a multiemployer plan or a single-employer plan that is not covered by PBGC, skip line 20. a Is the amount of unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40 greater than zero? ☐ Yes ☐ No b If line 20a is "Yes," has PBGC been notified as required by ERISA sections 4043(c)(5) and/or 303(k)(4)? Check the applicable box: ☐ Yes. ☐ No. Reporting was waived under 29 CFR 4043.25(c)(2) because contributions equal to or exceeding the unpaid minimum required contribution were made by the 30th day after the due date. ☐ No. The 30-day period referenced in 29 CFR 4043.25(c)(2) has not yet ended, and the sponsor intends to make a contribution equal to or exceeding the unpaid minimum required contribution by the 30th day after the due date. ☐ No. Other. Provide explanation _____

VEREGY 401(k) PLAN

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULES**

Years Ended December 31, 2022 and 2021



INDEPENDENT AUDITORS' REPORT

Retirement Committee and Plan Administrator
Veregy 401(k) Plan

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

We have performed the audits of the financial statements of Veregy 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 statements of changes in net assets available for benefits for the years then ended, 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 certifications from a qualified institution as of December 31, 2022 and 2021 and for the years then ended, 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 Auditors' Responsibilities for the Audit of the Financial Statements section:

- The amounts and disclosures in the accompanying financial statements, 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 accompanying financial statements 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).

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Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' 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 audit. 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 within one year after the date that the financial statements are issued or 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.

Auditors' 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 for the Financial Statements 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 auditors' 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 GAAS 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 these financial statements.

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In performing an audit in accordance with GAAS, 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 audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matter - Supplemental Schedules Required by ERISA

The supplemental schedules of Schedule H Line 4I - Schedule of Assets (Held at End of Year) as of December 31, 2022 and Schedule H Line 4a – Schedule of Delinquent Contributions, 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 audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in

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accordance with GAAS. 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 are 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).

Mayer Hoffman McCann P.C.

Denver, Colorado
September 1, 2023

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VEREGY 401(k) PLAN**STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS**

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Investments at fair value	<u>\$ 26,579,414</u>	<u>\$ 35,165,597</u>
Investments at contract value	<u>943,731</u>	<u>1,008,187</u>
Receivables:		
Notes receivable from participants	392,066	241,723
Employer contribution receivable	<u>68,217</u>	<u>77,313</u>
TOTAL RECEIVABLES	<u>460,283</u>	<u>319,036</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u><u>\$ 27,983,428</u></u>	<u><u>\$ 36,492,820</u></u>

See Notes to Financial Statements

VEREGY 401(k) PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Investment income:		
Net (depreciation) appreciation in fair value of investments	\$ (7,580,394)	\$ 3,399,240
Interest and dividends	<u>763,257</u>	<u>1,017,901</u>
TOTAL INVESTMENT (LOSS) INCOME	<u>(6,817,137)</u>	<u>4,417,141</u>
Interest income on notes receivable from participants	<u>15,929</u>	<u>13,465</u>
Contributions:		
Employer	1,411,524	1,356,104
Participants	3,346,422	3,078,092
Rollover	<u>518,291</u>	<u>567,231</u>
TOTAL CONTRIBUTIONS	<u>5,276,237</u>	<u>5,001,427</u>
TOTAL ADDITIONS	<u>(1,524,971)</u>	<u>9,432,033</u>
Benefits paid to participants	3,973,596	7,337,462
Administrative expenses	<u>49,078</u>	<u>46,247</u>
TOTAL DEDUCTIONS	<u>4,022,674</u>	<u>7,383,709</u>
NET (DECREASE) INCREASE BEFORE PLAN TRANSFERS	(5,547,645)	2,048,324
TRANSFERS IN (OUT), net	<u>(2,961,747)</u>	<u>-</u>
NET (DECREASE) INCREASE	(8,509,392)	2,048,324
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of year	<u>36,492,820</u>	<u>34,444,496</u>
End of year	<u><u>\$ 27,983,428</u></u>	<u><u>\$ 36,492,820</u></u>

See Notes to Financial Statements

VEREGY 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

(1) **Description of Plan**

Effective January 1, 2020, the CTS 401(k) Profit Sharing Plan ("CTS Plan") was amended and renamed as the Veregy 401(k) Plan (the "Plan"). Additionally, the CTS Plan was amended to consolidate all of the Plan Sponsor's subsidiaries (Midstate Energy and Urban Energy Solutions 401(k) Plan ("Midstate Plan") and Dynamix Engineering Ltd 401(k) Profit Sharing & Trust ("Dynamix Plan") under one plan.

The following description of the Plan provides only general information. Participants should refer to the Plan document or Summary Plan Description for a more complete description of the Plan's provisions, which are available from the plan administrator.

General - The Plan is a defined contribution plan covering all eligible full-time employees of the Company who have one month of service. There is no age requirement for participation. The Plan excludes employees covered by a collective bargaining agreement, nonresident aliens and leased employees. Participants enter the Plan on the first day of the month following the date they become eligible. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

The Plan is administered by the Company's Retirement Committee ("the Committee"), which is a committee of management of the Company. The Committee has overall responsibility for the operation and administration of the Plan and determines the appropriateness of the Plan's investments offerings and monitors investment performance.

Contributions - Participants may contribute up to Internal Revenue Code ("IRC") limitations as pre-tax or Roth contributions, as defined in the Plan. Participants may also contribute amounts representing distributions from other qualified defined benefit or contribution plans. Additionally, participants age 50 or older, who are making contributions to the Plan, are allowed to make catch-up contributions as defined in the Plan.

During 2021, the Plan was amended to lower the limit on deferral contributions from 100% to 75% of compensation.

The Company contributed 100% on the first 3% of eligible compensation, and 50% of the next 2% of eligible compensation that a participant contributes to the Plan. Additional amounts may be contributed at the option of the Company. Contributions are subject to certain IRC limitations.

Participant investment account options - The Plan currently offers a number of investment options which include mutual funds, a Group Annuity Insurance Contract and a money market fund. The Committee monitors investment performance and fees associated with investment options offered. Participants have the ability to change their investment options at any time.

VEREGY 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

(1) Description of Plan (continued)

Participant accounts - Each participant's account is credited with the participant's contribution and allocations of (a) the Company's contribution and (b) plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting - Participants' contributions plus actual earnings are 100% vested immediately. Employer contributions are subject to the following vesting schedule:

<u>Years of Service</u>	<u>Vested %</u>
Less than 1	0%
1	33%
2	67%
3	100%

Notes receivable from participants - Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance. Participants are only allowed to have one outstanding loan at a time. The loans are secured by the balance in the participant's account and bear interest at rates which are commensurate with local prevailing rates as determined by the Plan administrator. Principal and interest are paid ratably through payroll deductions.

Under the CARES Act, the available loan limit was increased to \$100,000 or 100% of the participant's vested account balance. The CARES Act also delayed loan payments for a COVID-19 qualified individual for any loan outstanding on or after March 27, 2021 through December 31, 2021 and, if applicable, extends the loan for up to one year. This increased loan limit was allowed to be taken from March 27, 2021 through September 22, 2021.

Payment of benefits - Benefits may be paid to the participant or beneficiary upon death, disability, retirement, or termination as defined in the plan agreement. The plan provides for normal retirement at age 65. Additionally, participants may request an in-service withdrawal of their vested account balance upon attainment of age 59 ½. On termination of service due to death, disability or retirement, a participant may elect to receive either a lump sum amount equal to the value of the participant's vested interest in his or her account. Terminated participants are eligible to withdraw any portion of his or her vested balance once they have terminated their employment, as defined in the Plan.

A participant may also request a hardship distribution if certain conditions are met, as defined in the Plan. The minimum hardship withdrawal amount is \$500. As a result of the Bipartisan Budget Act of 2018 and effective January 1, 2019, the requirement to exhaust loan distributions prior to receiving a hardship distribution was removed from the Plan. Additionally, participants are no longer suspended from making contributions to the Plan or from receiving Company matching contributions as a result of a hardship withdrawal.

VEREGY 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

(1) **Description of Plan (continued)**

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the U.S. Senate on March 26, 2021. Section 2202 of the CARES Act permits eligible Plan participants to request special penalty-free distributions of up to \$100,000 for qualifying coronavirus-related reasons. These reasons include the participant, spouse or dependent diagnosed with COVID-19, adverse financial consequences due to being quarantined, furloughed, laid off, having work hours reduced or being unable to work due to a lack of childcare due to COVID-19. The special coronavirus-related distributions waive the 10% early withdrawal penalty and were allowed to be made between January 1, 2021 and December 31, 2021.

In addition, the CARES Act waived all required minimum distributions for the calendar year 2021 and 2020 due to be paid by April 1, 2021, which was adopted by the Plan. This suspension of required minimum distributions will remain in effect until April 1, 2022.

In December 2020, the Setting Every Community Up for Retirement Enhancement (SECURE Act) was signed into law, related to required minimum distributions and the limitation of life-time or stretch distributions to remain compliant under the applicable laws and regulations. These provisions were adopted beginning January 1, 2021.

Forfeited accounts - As of December 31, 2022 and 2021, the Plan had forfeited non-vested accounts totaling \$420 and \$4,768, respectively. During the year ended December 31, 2022 and 2021, employer contributions were reduced by \$14,894 and \$13,698, respectively, from the forfeited non-vested accounts.

(2) **Summary of significant accounting policies**

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

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("U.S. GAAP") requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and changes therein, and disclosures of contingent assets and liabilities. Accordingly, actual results may differ from those estimates.

Investment valuation and income recognition - Investments are reported at fair value (except for the fully benefit-responsive investment contract which is reported at contract value). Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The plan administrator determines the Plan's valuation policies utilizing information provided by the trustee. See Note 4 for discussions of fair value measurements.

VEREGY 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

(2) **Summary of significant accounting policies (continued)**

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 accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2022 and 2021.

Payment of benefits - Benefits are recorded when paid.

Administrative expenses - Certain expenses of the Plan are paid by the Company and are not included in the statement of changes in net assets available for benefits. Fees related to the administration of notes receivable from participants and distributions are charged directly to the participant's account and are included in administrative expenses. Investment related expenses are included in net appreciation of fair value of investments.

(3) **Information prepared and certified by the trustee**

The Administrator has elected the method of annual reporting compliance permitted by 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. Accordingly, Fidelity Management Trust Company ("Fidelity"), the trustee of the Plan, has certified that the following data included in the accompanying financial statements and supplemental schedule are complete and accurate with respect to investments:

- Investments at fair value
- Investments at contract value
- Notes receivable from participants
- Net (depreciation) appreciation in fair value of investments
- Interest and dividends
- Interest income on notes receivable from participants
- Schedule of assets (held at end of year)

The Plan's independent public accountants did not perform auditing procedures with respect to this information, except for comparing such information to the related information included in the financial statements and supplemental schedule.

VEREGY 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

(4) Fair value measurements

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

- | | |
|---------|---|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access. |
| Level 2 | Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in inactive markets; inputs other than quoted market prices that are observable for the asset or liability; and 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 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.

Following is a description of the valuation methodologies used for assets measured at fair value as of December 31, 2022 and 2021.

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

VEREGY 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

(4) Fair value measurements (continued)

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

Investments at Fair Value as of December 31, 2022				
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 26,579,412	\$ -	\$ -	\$ 26,579,412
Money market fund	2	-	-	2
Total assets in the fair value hierarchy	<u>\$ 26,579,414</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,579,414</u>
Total investments at fair value				<u>\$ 26,579,414</u>

Investments at Fair Value as of December 31, 2021				
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 35,162,295	-	-	\$ 35,162,295
Money market fund	3,302	-	-	3,302
Total assets in the fair value hierarchy	<u>\$ 35,165,597</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,165,597</u>
Total investments at fair value				<u>\$ 35,165,597</u>

(5) Group Annuity Insurance Contract

The Standard Stable Asset Fund II ("Fund") is a group annuity contract that offers a full guarantee on principal and interest by the Standard Insurance Company ("Issuer"). The contracts are fully benefit responsive.

The Fund qualifies as a fully benefit-responsive investment contract because it meets all of the following criteria:

- The investment contract is effected directly between the Fund and the Issuer and prohibits the Fund from assigning or selling the contract or its proceeds to another party without the consent of the Issuer.
- The contract Issuer is obligated to (i) repay principal and interest, or (ii) apply prospective crediting rate adjustments with an assurance the crediting rate will not be less than zero.
- The terms of the investment contract require all permitted participant-initiated transactions with the Fund to occur at contract value with no conditions, limits or restrictions. Permitted participant-initiated transactions are those transactions allowed by the underlying defined-contribution plan, such as withdrawals for benefits, loans, or transfers to other funds within the Plan.

VEREGY 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

(5) **Group Annuity Insurance Contract (continued)**

- d. An event that limits the ability of the Fund to transact at contract value with the Issuer (for example, premature termination of the contracts by the Fund, plant closings, plan termination, bankruptcy, mergers, and early retirement incentives) and that also limits the ability of the Fund to transact at contract value with the participants in the Fund must be probable of not occurring.
- e. The Fund itself must allow participants reasonable access to their funds.

Investment contracts held in the Fund are recorded at their contract value. Investment contracts held by a defined-contribution plan are required to be reported at fair value. As the Fund's interest rates are adjusted to market quarterly, contract value, which represents net contributions plus interest at the contract rate, approximates fair value. There are not any specific securities in the general account that back the liabilities of this annuity contract and it would be inappropriate to look to the market value of the securities within the issuer's general account to determine a fair value. The plan owns a promise to pay interest at crediting rates which are announced in advance and guaranteed for a specified period of time as outlined in the group annuity contract. This product is not a traditional guaranteed income contract and therefore there are not any known cash flows that could be discounted. As a result, the fair value amount shown is equal to the contract value. Contract value represents deposits made to the contract, plus earnings at guaranteed crediting rates, less withdrawals and fees.

The interest crediting rate is determined quarterly and during 2022 resulted in an average annual yield earned and credited to participants of approximately 2.23%. The minimum crediting rate is 1.0%. The interest crediting rate is calculated based upon many factors, including projected earnings on investments held in the general account, projected cash flow, the interest rate at which new investments can be made, investment and interest rate risk, investment management expenses, liquidity needs and the competitive environment, as well as potential profit or loss.

There is no event that limits the ability of the Plan to transact at contract value with the Issuer. There are also no events or circumstances that would allow the Issuer to terminate the fully benefit-responsive group annuity insurance contract with the Plan and settle at an amount different from contract value.

(6) **Related party transactions and party-in-interest transactions**

Certain Plan investments are shares of mutual funds and a money market fund are managed by Fidelity. Fidelity is the trustee and recordkeeper for the Plan and therefore, these transactions qualify as party-in-interest transactions. OneDigital Investment Advisors (formerly HM Capital Management) is the investment advisor for the Plan and therefore, any transactions qualify as party-in-interest transactions. Fees paid by the Plan for recordkeeping services were \$49,078 and \$46,246 for the year ended December 31, 2022 and 2021, respectively. The Company pays directly any other fees related to the Plan's operations.

VEREGY 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

(7) **Plan termination**

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

(8) **Tax status**

The Plan has adopted the Fidelity Volume Submitter Defined Contribution Plan. The Internal Revenue Service ("IRS") has determined that the volume submitter 401(k) savings plan is designed in accordance with applicable sections of the IRC and informed the trustee of such in a letter dated June 30, 2021. Although the Plan has been amended since receiving the opinion letter, the Administrator believes that the Plan and related trust are currently designed and being operated in compliance with the applicable requirements of the IRC.

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

(9) **Risks and uncertainties**

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

As of December 31, 2022 and 2021, approximately 36% and 38% of the Plan's investments were invested in three target date collective trust funds (2025-2035) and three target date collective trust funds (2025-2035), respectively.

(10) **Delinquent participant contributions**

Defined contribution plans are required to remit employee contributions to the Plan as soon as they can be reasonably segregated from the employer's general assets. While the Company remitted all employee contributions to the Plan, contributions of \$3,409 were not remitted within the required time period for the year ended December 31, 2022. Lost earnings on the amount of \$3,131 have not been remitted to the Plan as of December 31, 2022.

(11) **Transfer in (out), net**

The Company sold Dynamix Engineering LTD on September 30, 2022. As a result, effective December 31, 2022, participant accounts totaling \$4,672,044 were transferred out of the Plan to the IMEG 401(k) Plan.

Effective January 18, 2022, the Plan transferred in \$1,710,297 in participant balances from the Empowered Solutions 401(k) Plan.

VEREGY 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

(12) Reconciliation of financial statements to Schedule H of Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500 at December 31, 2022 and 2021:

	December 31,	
	2022	2021
Net assets available for benefits per the financial statements	\$ 27,983,428	\$ 36,492,820
Less: Employer contributions receivable	(68,217)	(77,313)
Net assets available for benefits per Schedule H of the Form 5500	<u>\$ 27,915,211</u>	<u>\$ 36,415,507</u>

The following is a reconciliation of the net increase per the financial statements to Form 5500 for the year ended December 31, 2022 and 2021:

	December 31,	
	2022	2021
Net decrease per the financial statements	\$ (5,547,645)	\$ 2,048,324
Add: Prior year employer contributions receivable	77,313	101,349
Less: Current year employer contributions receivable	(68,217)	(77,313)
Net loss per Schedule H of the Form 5500	<u>\$ (5,538,549)</u>	<u>\$ 2,072,360</u>

(13) Subsequent events

The Plan has evaluated subsequent events through September 1, 2023 which is the date the financial statements were available to be issued.

SUPPLEMENTAL SCHEDULES

VEREGY 401(k) Plan

SCHEDULE H, LINE 4I – SCHEDULE OF ASSETS (HELD AT END OF YEAR)

December 31, 2022

EIN: 83-4013155

Plan Number: 001

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investments including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current value
*	FID FDM IDX 2030 IPR	Mutual Fund	**	\$ 3,904,373
	FID FDM IDX 2025 IPR	Mutual Fund	**	3,018,257
	FID FDM IDX 2035 IPR	Mutual Fund	**	2,939,606
	FID FDM IDX 2040 IPR	Mutual Fund	**	2,577,498
	FID 500 INDEX	Mutual Fund	**	2,182,107
*	FID FDM IDX 2020 IPR	Mutual Fund	**	1,878,960
*	FID FDM IDX 2050 IPR	Mutual Fund	**	1,869,169
*	FID FDM IDX 2045 IPR	Mutual Fund	**	1,789,577
*	TRP GROWTH STOCK I	Mutual Fund	**	939,099
*	FID MID CAP IDX	Mutual Fund	**	861,163
*	FID FDM IDX 2055 IPR	Mutual Fund	**	832,151
*	DODGE & COX STOCK X	Mutual Fund	**	627,910
	FID FDM IDX 2060 IPR	Mutual Fund		577,903
*	BAIRD CORE PLUS INST	Mutual Fund	**	473,133
*	FID SM CAP IDX	Mutual Fund	**	430,554
	J H TRITON N	Mutual Fund	**	324,946
*	FID FDM IDX 2015 IPR	Mutual Fund	**	278,488
	FID INTL INDEX	Mutual Fund	**	247,340
*	FID US BOND IDX	Mutual Fund	**	212,534
*	AF NEW PERSPECT R6	Mutual Fund	**	139,016
*	ABF SM CAP VALUE R6	Mutual Fund	**	129,223
*	DODGE & COX INT SK X	Mutual Fund	**	117,744
*	INVS DEVELOP MKT R6	Mutual Fund	**	107,771
	FID FDM IDX 2065 IPR	Mutual Fund		69,708
	FID FDM IDX 2005 IPR	Mutual Fund	**	34,581
*	FID FDM IDX 2010 IPR	Mutual Fund	**	14,384
	FID FDM IDX INC IPR	Mutual Fund	**	2,217
				26,579,412
*	FID GOVT MMKT K6	Money Market Fund	**	2
	Total investments at fair value			26,579,414
	STD STABLE ASSET 2	Group Annuity Insurance Contract	**	943,731
*	Notes receivable from participants (interest rate range 4.25%-7.00% maturing through 2025)		-0-	392,066
				\$ 27,915,211

* Party-in-interest as defined by ERISA

** Cost information may be omitted for plan assets which are participant-directed.

VEREGY 401(k) Plan

SCHEDULE H, LINE 4a – SCHEDULE OF DELINQUENT PARTICIPANT CONTRIBUTIONS

December 31, 2022

EIN: 83-4013155

Plan Number: 001

2022	Participant Contributions Transferred Late to the Plan	Total That Constitute Nonexempt Prohibited Transactions			Total Fully Corrected Under Voluntary Fiduciary Correction Program (VFCP) and Prohibited Transaction Exemption 2002- 51
	Check Here If Late Participant Loan Repayments are Included:	Contributions Not Corrected	Contributions Corrected Outside VFCP	Contribution Pending Correction in VFCP	
	√	\$ 3,131	*	\$ 278	

* The amount reported was uncorrected as of the balance sheet date. However, the amount was corrected by plan management prior to the date of this report.

VEREGY 401(k) PLAN

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULES**

Years Ended December 31, 2022 and 2021



INDEPENDENT AUDITORS' REPORT

Retirement Committee and Plan Administrator
Veregy 401(k) Plan

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

We have performed the audits of the financial statements of Veregy 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 statements of changes in net assets available for benefits for the years then ended, 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 certifications from a qualified institution as of December 31, 2022 and 2021 and for the years then ended, 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 Auditors' Responsibilities for the Audit of the Financial Statements section:

- The amounts and disclosures in the accompanying financial statements, 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 accompanying financial statements 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).

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Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' 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 audit. 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 within one year after the date that the financial statements are issued or 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.

Auditors' 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 for the Financial Statements 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 auditors' 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 GAAS 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 these financial statements.

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In performing an audit in accordance with GAAS, 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 audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matter - Supplemental Schedules Required by ERISA

The supplemental schedules of Schedule H Line 4I - Schedule of Assets (Held at End of Year) as of December 31, 2022 and Schedule H Line 4a – Schedule of Delinquent Contributions, 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 audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in

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accordance with GAAS. 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 are 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).

Mayer Hoffman McCann P.C.

Denver, Colorado
September 1, 2023

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VEREGY 401(k) PLAN**STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS**

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Investments at fair value	<u>\$ 26,579,414</u>	<u>\$ 35,165,597</u>
Investments at contract value	<u>943,731</u>	<u>1,008,187</u>
Receivables:		
Notes receivable from participants	392,066	241,723
Employer contribution receivable	<u>68,217</u>	<u>77,313</u>
TOTAL RECEIVABLES	<u>460,283</u>	<u>319,036</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u><u>\$ 27,983,428</u></u>	<u><u>\$ 36,492,820</u></u>

See Notes to Financial Statements

VEREGY 401(k) PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Investment income:		
Net (depreciation) appreciation in fair value of investments	\$ (7,580,394)	\$ 3,399,240
Interest and dividends	<u>763,257</u>	<u>1,017,901</u>
TOTAL INVESTMENT (LOSS) INCOME	<u>(6,817,137)</u>	<u>4,417,141</u>
Interest income on notes receivable from participants	<u>15,929</u>	<u>13,465</u>
Contributions:		
Employer	1,411,524	1,356,104
Participants	3,346,422	3,078,092
Rollover	<u>518,291</u>	<u>567,231</u>
TOTAL CONTRIBUTIONS	<u>5,276,237</u>	<u>5,001,427</u>
TOTAL ADDITIONS	<u>(1,524,971)</u>	<u>9,432,033</u>
Benefits paid to participants	3,973,596	7,337,462
Administrative expenses	<u>49,078</u>	<u>46,247</u>
TOTAL DEDUCTIONS	<u>4,022,674</u>	<u>7,383,709</u>
NET (DECREASE) INCREASE BEFORE PLAN TRANSFERS	(5,547,645)	2,048,324
TRANSFERS IN (OUT), net	<u>(2,961,747)</u>	<u>-</u>
NET (DECREASE) INCREASE	(8,509,392)	2,048,324
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of year	<u>36,492,820</u>	<u>34,444,496</u>
End of year	<u><u>\$ 27,983,428</u></u>	<u><u>\$ 36,492,820</u></u>

See Notes to Financial Statements

VEREGY 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

(1) **Description of Plan**

Effective January 1, 2020, the CTS 401(k) Profit Sharing Plan ("CTS Plan") was amended and renamed as the Veregy 401(k) Plan (the "Plan"). Additionally, the CTS Plan was amended to consolidate all of the Plan Sponsor's subsidiaries (Midstate Energy and Urban Energy Solutions 401(k) Plan ("Midstate Plan") and Dynamix Engineering Ltd 401(k) Profit Sharing & Trust ("Dynamix Plan") under one plan.

The following description of the Plan provides only general information. Participants should refer to the Plan document or Summary Plan Description for a more complete description of the Plan's provisions, which are available from the plan administrator.

General - The Plan is a defined contribution plan covering all eligible full-time employees of the Company who have one month of service. There is no age requirement for participation. The Plan excludes employees covered by a collective bargaining agreement, nonresident aliens and leased employees. Participants enter the Plan on the first day of the month following the date they become eligible. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

The Plan is administered by the Company's Retirement Committee ("the Committee"), which is a committee of management of the Company. The Committee has overall responsibility for the operation and administration of the Plan and determines the appropriateness of the Plan's investments offerings and monitors investment performance.

Contributions - Participants may contribute up to Internal Revenue Code ("IRC") limitations as pre-tax or Roth contributions, as defined in the Plan. Participants may also contribute amounts representing distributions from other qualified defined benefit or contribution plans. Additionally, participants age 50 or older, who are making contributions to the Plan, are allowed to make catch-up contributions as defined in the Plan.

During 2021, the Plan was amended to lower the limit on deferral contributions from 100% to 75% of compensation.

The Company contributed 100% on the first 3% of eligible compensation, and 50% of the next 2% of eligible compensation that a participant contributes to the Plan. Additional amounts may be contributed at the option of the Company. Contributions are subject to certain IRC limitations.

Participant investment account options - The Plan currently offers a number of investment options which include mutual funds, a Group Annuity Insurance Contract and a money market fund. The Committee monitors investment performance and fees associated with investment options offered. Participants have the ability to change their investment options at any time.

VEREGY 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

(1) Description of Plan (continued)

Participant accounts - Each participant's account is credited with the participant's contribution and allocations of (a) the Company's contribution and (b) plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting - Participants' contributions plus actual earnings are 100% vested immediately. Employer contributions are subject to the following vesting schedule:

<u>Years of Service</u>	<u>Vested %</u>
Less than 1	0%
1	33%
2	67%
3	100%

Notes receivable from participants - Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance. Participants are only allowed to have one outstanding loan at a time. The loans are secured by the balance in the participant's account and bear interest at rates which are commensurate with local prevailing rates as determined by the Plan administrator. Principal and interest are paid ratably through payroll deductions.

Under the CARES Act, the available loan limit was increased to \$100,000 or 100% of the participant's vested account balance. The CARES Act also delayed loan payments for a COVID-19 qualified individual for any loan outstanding on or after March 27, 2021 through December 31, 2021 and, if applicable, extends the loan for up to one year. This increased loan limit was allowed to be taken from March 27, 2021 through September 22, 2021.

Payment of benefits - Benefits may be paid to the participant or beneficiary upon death, disability, retirement, or termination as defined in the plan agreement. The plan provides for normal retirement at age 65. Additionally, participants may request an in-service withdrawal of their vested account balance upon attainment of age 59 ½. On termination of service due to death, disability or retirement, a participant may elect to receive either a lump sum amount equal to the value of the participant's vested interest in his or her account. Terminated participants are eligible to withdraw any portion of his or her vested balance once they have terminated their employment, as defined in the Plan.

A participant may also request a hardship distribution if certain conditions are met, as defined in the Plan. The minimum hardship withdrawal amount is \$500. As a result of the Bipartisan Budget Act of 2018 and effective January 1, 2019, the requirement to exhaust loan distributions prior to receiving a hardship distribution was removed from the Plan. Additionally, participants are no longer suspended from making contributions to the Plan or from receiving Company matching contributions as a result of a hardship withdrawal.

VEREGY 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

(1) Description of Plan (continued)

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the U.S. Senate on March 26, 2021. Section 2202 of the CARES Act permits eligible Plan participants to request special penalty-free distributions of up to \$100,000 for qualifying coronavirus-related reasons. These reasons include the participant, spouse or dependent diagnosed with COVID-19, adverse financial consequences due to being quarantined, furloughed, laid off, having work hours reduced or being unable to work due to a lack of childcare due to COVID-19. The special coronavirus-related distributions waive the 10% early withdrawal penalty and were allowed to be made between January 1, 2021 and December 31, 2021.

In addition, the CARES Act waived all required minimum distributions for the calendar year 2021 and 2020 due to be paid by April 1, 2021, which was adopted by the Plan. This suspension of required minimum distributions will remain in effect until April 1, 2022.

In December 2020, the Setting Every Community Up for Retirement Enhancement (SECURE Act) was signed into law, related to required minimum distributions and the limitation of life-time or stretch distributions to remain compliant under the applicable laws and regulations. These provisions were adopted beginning January 1, 2021.

Forfeited accounts - As of December 31, 2022 and 2021, the Plan had forfeited non-vested accounts totaling \$420 and \$4,768, respectively. During the year ended December 31, 2022 and 2021, employer contributions were reduced by \$14,894 and \$13,698, respectively, from the forfeited non-vested accounts.

(2) Summary of significant accounting policies

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

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("U.S. GAAP") requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and changes therein, and disclosures of contingent assets and liabilities. Accordingly, actual results may differ from those estimates.

Investment valuation and income recognition - Investments are reported at fair value (except for the fully benefit-responsive investment contract which is reported at contract value). Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The plan administrator determines the Plan's valuation policies utilizing information provided by the trustee. See Note 4 for discussions of fair value measurements.

VEREGY 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

(2) **Summary of significant accounting policies (continued)**

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 accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2022 and 2021.

Payment of benefits - Benefits are recorded when paid.

Administrative expenses - Certain expenses of the Plan are paid by the Company and are not included in the statement of changes in net assets available for benefits. Fees related to the administration of notes receivable from participants and distributions are charged directly to the participant's account and are included in administrative expenses. Investment related expenses are included in net appreciation of fair value of investments.

(3) **Information prepared and certified by the trustee**

The Administrator has elected the method of annual reporting compliance permitted by 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. Accordingly, Fidelity Management Trust Company ("Fidelity"), the trustee of the Plan, has certified that the following data included in the accompanying financial statements and supplemental schedule are complete and accurate with respect to investments:

- Investments at fair value
- Investments at contract value
- Notes receivable from participants
- Net (depreciation) appreciation in fair value of investments
- Interest and dividends
- Interest income on notes receivable from participants
- Schedule of assets (held at end of year)

The Plan's independent public accountants did not perform auditing procedures with respect to this information, except for comparing such information to the related information included in the financial statements and supplemental schedule.

VEREGY 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

(4) Fair value measurements

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

- | | |
|---------|---|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access. |
| Level 2 | Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in inactive markets; inputs other than quoted market prices that are observable for the asset or liability; and 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 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.

Following is a description of the valuation methodologies used for assets measured at fair value as of December 31, 2022 and 2021.

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

VEREGY 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

(4) Fair value measurements (continued)

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

Investments at Fair Value as of December 31, 2022				
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 26,579,412	\$ -	\$ -	\$ 26,579,412
Money market fund	2	-	-	2
Total assets in the fair value hierarchy	<u>\$ 26,579,414</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,579,414</u>
Total investments at fair value				<u>\$ 26,579,414</u>

Investments at Fair Value as of December 31, 2021				
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 35,162,295	-	-	\$ 35,162,295
Money market fund	3,302	-	-	3,302
Total assets in the fair value hierarchy	<u>\$ 35,165,597</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,165,597</u>
Total investments at fair value				<u>\$ 35,165,597</u>

(5) Group Annuity Insurance Contract

The Standard Stable Asset Fund II ("Fund") is a group annuity contract that offers a full guarantee on principal and interest by the Standard Insurance Company ("Issuer"). The contracts are fully benefit responsive.

The Fund qualifies as a fully benefit-responsive investment contract because it meets all of the following criteria:

- The investment contract is effected directly between the Fund and the Issuer and prohibits the Fund from assigning or selling the contract or its proceeds to another party without the consent of the Issuer.
- The contract Issuer is obligated to (i) repay principal and interest, or (ii) apply prospective crediting rate adjustments with an assurance the crediting rate will not be less than zero.
- The terms of the investment contract require all permitted participant-initiated transactions with the Fund to occur at contract value with no conditions, limits or restrictions. Permitted participant-initiated transactions are those transactions allowed by the underlying defined-contribution plan, such as withdrawals for benefits, loans, or transfers to other funds within the Plan.

VEREGY 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

(5) **Group Annuity Insurance Contract (continued)**

- d. An event that limits the ability of the Fund to transact at contract value with the Issuer (for example, premature termination of the contracts by the Fund, plant closings, plan termination, bankruptcy, mergers, and early retirement incentives) and that also limits the ability of the Fund to transact at contract value with the participants in the Fund must be probable of not occurring.
- e. The Fund itself must allow participants reasonable access to their funds.

Investment contracts held in the Fund are recorded at their contract value. Investment contracts held by a defined-contribution plan are required to be reported at fair value. As the Fund's interest rates are adjusted to market quarterly, contract value, which represents net contributions plus interest at the contract rate, approximates fair value. There are not any specific securities in the general account that back the liabilities of this annuity contract and it would be inappropriate to look to the market value of the securities within the issuer's general account to determine a fair value. The plan owns a promise to pay interest at crediting rates which are announced in advance and guaranteed for a specified period of time as outlined in the group annuity contract. This product is not a traditional guaranteed income contract and therefore there are not any known cash flows that could be discounted. As a result, the fair value amount shown is equal to the contract value. Contract value represents deposits made to the contract, plus earnings at guaranteed crediting rates, less withdrawals and fees.

The interest crediting rate is determined quarterly and during 2022 resulted in an average annual yield earned and credited to participants of approximately 2.23%. The minimum crediting rate is 1.0%. The interest crediting rate is calculated based upon many factors, including projected earnings on investments held in the general account, projected cash flow, the interest rate at which new investments can be made, investment and interest rate risk, investment management expenses, liquidity needs and the competitive environment, as well as potential profit or loss.

There is no event that limits the ability of the Plan to transact at contract value with the Issuer. There are also no events or circumstances that would allow the Issuer to terminate the fully benefit-responsive group annuity insurance contract with the Plan and settle at an amount different from contract value.

(6) **Related party transactions and party-in-interest transactions**

Certain Plan investments are shares of mutual funds and a money market fund are managed by Fidelity. Fidelity is the trustee and recordkeeper for the Plan and therefore, these transactions qualify as party-in-interest transactions. OneDigital Investment Advisors (formerly HM Capital Management) is the investment advisor for the Plan and therefore, any transactions qualify as party-in-interest transactions. Fees paid by the Plan for recordkeeping services were \$49,078 and \$46,246 for the year ended December 31, 2022 and 2021, respectively. The Company pays directly any other fees related to the Plan's operations.

VEREGY 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

(7) **Plan termination**

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

(8) **Tax status**

The Plan has adopted the Fidelity Volume Submitter Defined Contribution Plan. The Internal Revenue Service ("IRS") has determined that the volume submitter 401(k) savings plan is designed in accordance with applicable sections of the IRC and informed the trustee of such in a letter dated June 30, 2021. Although the Plan has been amended since receiving the opinion letter, the Administrator believes that the Plan and related trust are currently designed and being operated in compliance with the applicable requirements of the IRC.

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

(9) **Risks and uncertainties**

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

As of December 31, 2022 and 2021, approximately 36% and 38% of the Plan's investments were invested in three target date collective trust funds (2025-2035) and three target date collective trust funds (2025-2035), respectively.

(10) **Delinquent participant contributions**

Defined contribution plans are required to remit employee contributions to the Plan as soon as they can be reasonably segregated from the employer's general assets. While the Company remitted all employee contributions to the Plan, contributions of \$3,409 were not remitted within the required time period for the year ended December 31, 2022. Lost earnings on the amount of \$3,131 have not been remitted to the Plan as of December 31, 2022.

(11) **Transfer in (out), net**

The Company sold Dynamix Engineering LTD on September 30, 2022. As a result, effective December 31, 2022, participant accounts totaling \$4,672,044 were transferred out of the Plan to the IMEG 401(k) Plan.

Effective January 18, 2022, the Plan transferred in \$1,710,297 in participant balances from the Empowered Solutions 401(k) Plan.

VEREGY 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

(12) Reconciliation of financial statements to Schedule H of Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500 at December 31, 2022 and 2021:

	December 31,	
	2022	2021
Net assets available for benefits per the financial statements	\$ 27,983,428	\$ 36,492,820
Less: Employer contributions receivable	(68,217)	(77,313)
Net assets available for benefits per Schedule H of the Form 5500	<u>\$ 27,915,211</u>	<u>\$ 36,415,507</u>

The following is a reconciliation of the net increase per the financial statements to Form 5500 for the year ended December 31, 2022 and 2021:

	December 31,	
	2022	2021
Net decrease per the financial statements	\$ (5,547,645)	\$ 2,048,324
Add: Prior year employer contributions receivable	77,313	101,349
Less: Current year employer contributions receivable	(68,217)	(77,313)
Net loss per Schedule H of the Form 5500	<u>\$ (5,538,549)</u>	<u>\$ 2,072,360</u>

(13) Subsequent events

The Plan has evaluated subsequent events through September 1, 2023 which is the date the financial statements were available to be issued.

SUPPLEMENTAL SCHEDULES

VEREGY 401(k) Plan

SCHEDULE H, LINE 4I – SCHEDULE OF ASSETS (HELD AT END OF YEAR)

December 31, 2022

EIN: 83-4013155

Plan Number: 001

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investments including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current value
*	FID FDM IDX 2030 IPR	Mutual Fund	**	\$ 3,904,373
	FID FDM IDX 2025 IPR	Mutual Fund	**	3,018,257
	FID FDM IDX 2035 IPR	Mutual Fund	**	2,939,606
	FID FDM IDX 2040 IPR	Mutual Fund	**	2,577,498
	FID 500 INDEX	Mutual Fund	**	2,182,107
*	FID FDM IDX 2020 IPR	Mutual Fund	**	1,878,960
*	FID FDM IDX 2050 IPR	Mutual Fund	**	1,869,169
*	FID FDM IDX 2045 IPR	Mutual Fund	**	1,789,577
*	TRP GROWTH STOCK I	Mutual Fund	**	939,099
*	FID MID CAP IDX	Mutual Fund	**	861,163
*	FID FDM IDX 2055 IPR	Mutual Fund	**	832,151
*	DODGE & COX STOCK X	Mutual Fund	**	627,910
	FID FDM IDX 2060 IPR	Mutual Fund		577,903
*	BAIRD CORE PLUS INST	Mutual Fund	**	473,133
*	FID SM CAP IDX	Mutual Fund	**	430,554
	J H TRITON N	Mutual Fund	**	324,946
*	FID FDM IDX 2015 IPR	Mutual Fund	**	278,488
	FID INTL INDEX	Mutual Fund	**	247,340
*	FID US BOND IDX	Mutual Fund	**	212,534
*	AF NEW PERSPECT R6	Mutual Fund	**	139,016
*	ABF SM CAP VALUE R6	Mutual Fund	**	129,223
*	DODGE & COX INT SK X	Mutual Fund	**	117,744
*	INVS DEVELOP MKT R6	Mutual Fund	**	107,771
	FID FDM IDX 2065 IPR	Mutual Fund		69,708
	FID FDM IDX 2005 IPR	Mutual Fund	**	34,581
*	FID FDM IDX 2010 IPR	Mutual Fund	**	14,384
	FID FDM IDX INC IPR	Mutual Fund	**	2,217
				26,579,412
*	FID GOVT MMKT K6	Money Market Fund	**	2
	Total investments at fair value			26,579,414
	STD STABLE ASSET 2	Group Annuity Insurance Contract	**	943,731
*	Notes receivable from participants (interest rate range 4.25%-7.00% maturing through 2025)		-0-	392,066
				\$ 27,915,211

* Party-in-interest as defined by ERISA

** Cost information may be omitted for plan assets which are participant-directed.

VEREGY 401(k) Plan

SCHEDULE H, LINE 4a – SCHEDULE OF DELINQUENT PARTICIPANT CONTRIBUTIONS

December 31, 2022

EIN: 83-4013155

Plan Number: 001

2022	Participant Contributions Transferred Late to the Plan	Total That Constitute Nonexempt Prohibited Transactions			Total Fully Corrected Under Voluntary Fiduciary Correction Program (VFCP) and Prohibited Transaction Exemption 2002- 51
	Check Here If Late Participant Loan Repayments are Included:	Contributions Not Corrected	Contributions Corrected Outside VFCP	Contribution Pending Correction in VFCP	
	√	\$ 3,131	* \$	278	

* The amount reported was uncorrected as of the balance sheet date. However, the amount was corrected by plan management prior to the date of this report.

VEREGY 401(k) PLAN

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULES**

Years Ended December 31, 2022 and 2021



INDEPENDENT AUDITORS' REPORT

Retirement Committee and Plan Administrator
Veregy 401(k) Plan

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

We have performed the audits of the financial statements of Veregy 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 statements of changes in net assets available for benefits for the years then ended, 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 certifications from a qualified institution as of December 31, 2022 and 2021 and for the years then ended, 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 Auditors' Responsibilities for the Audit of the Financial Statements section:

- The amounts and disclosures in the accompanying financial statements, 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 accompanying financial statements 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).

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Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' 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 audit. 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 within one year after the date that the financial statements are issued or 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.

Auditors' 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 for the Financial Statements 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 auditors' 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 GAAS 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 these financial statements.

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In performing an audit in accordance with GAAS, 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 audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matter - Supplemental Schedules Required by ERISA

The supplemental schedules of Schedule H Line 4I - Schedule of Assets (Held at End of Year) as of December 31, 2022 and Schedule H Line 4a – Schedule of Delinquent Contributions, 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 audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in

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accordance with GAAS. 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 are 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).

Mayer Hoffman McCann P.C.

Denver, Colorado
September 1, 2023

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VEREGY 401(k) PLAN**STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS**

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Investments at fair value	<u>\$ 26,579,414</u>	<u>\$ 35,165,597</u>
Investments at contract value	<u>943,731</u>	<u>1,008,187</u>
Receivables:		
Notes receivable from participants	392,066	241,723
Employer contribution receivable	<u>68,217</u>	<u>77,313</u>
TOTAL RECEIVABLES	<u>460,283</u>	<u>319,036</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u><u>\$ 27,983,428</u></u>	<u><u>\$ 36,492,820</u></u>

See Notes to Financial Statements

VEREGY 401(k) PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Investment income:		
Net (depreciation) appreciation in fair value of investments	\$ (7,580,394)	\$ 3,399,240
Interest and dividends	<u>763,257</u>	<u>1,017,901</u>
TOTAL INVESTMENT (LOSS) INCOME	<u>(6,817,137)</u>	<u>4,417,141</u>
Interest income on notes receivable from participants	<u>15,929</u>	<u>13,465</u>
Contributions:		
Employer	1,411,524	1,356,104
Participants	3,346,422	3,078,092
Rollover	<u>518,291</u>	<u>567,231</u>
TOTAL CONTRIBUTIONS	<u>5,276,237</u>	<u>5,001,427</u>
TOTAL ADDITIONS	<u>(1,524,971)</u>	<u>9,432,033</u>
Benefits paid to participants	3,973,596	7,337,462
Administrative expenses	<u>49,078</u>	<u>46,247</u>
TOTAL DEDUCTIONS	<u>4,022,674</u>	<u>7,383,709</u>
NET (DECREASE) INCREASE BEFORE PLAN TRANSFERS	(5,547,645)	2,048,324
TRANSFERS IN (OUT), net	<u>(2,961,747)</u>	<u>-</u>
NET (DECREASE) INCREASE	(8,509,392)	2,048,324
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of year	<u>36,492,820</u>	<u>34,444,496</u>
End of year	<u><u>\$ 27,983,428</u></u>	<u><u>\$ 36,492,820</u></u>

See Notes to Financial Statements

VEREGY 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

(1) **Description of Plan**

Effective January 1, 2020, the CTS 401(k) Profit Sharing Plan ("CTS Plan") was amended and renamed as the Veregy 401(k) Plan (the "Plan"). Additionally, the CTS Plan was amended to consolidate all of the Plan Sponsor's subsidiaries (Midstate Energy and Urban Energy Solutions 401(k) Plan ("Midstate Plan") and Dynamix Engineering Ltd 401(k) Profit Sharing & Trust ("Dynamix Plan") under one plan.

The following description of the Plan provides only general information. Participants should refer to the Plan document or Summary Plan Description for a more complete description of the Plan's provisions, which are available from the plan administrator.

General - The Plan is a defined contribution plan covering all eligible full-time employees of the Company who have one month of service. There is no age requirement for participation. The Plan excludes employees covered by a collective bargaining agreement, nonresident aliens and leased employees. Participants enter the Plan on the first day of the month following the date they become eligible. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

The Plan is administered by the Company's Retirement Committee ("the Committee"), which is a committee of management of the Company. The Committee has overall responsibility for the operation and administration of the Plan and determines the appropriateness of the Plan's investments offerings and monitors investment performance.

Contributions - Participants may contribute up to Internal Revenue Code ("IRC") limitations as pre-tax or Roth contributions, as defined in the Plan. Participants may also contribute amounts representing distributions from other qualified defined benefit or contribution plans. Additionally, participants age 50 or older, who are making contributions to the Plan, are allowed to make catch-up contributions as defined in the Plan.

During 2021, the Plan was amended to lower the limit on deferral contributions from 100% to 75% of compensation.

The Company contributed 100% on the first 3% of eligible compensation, and 50% of the next 2% of eligible compensation that a participant contributes to the Plan. Additional amounts may be contributed at the option of the Company. Contributions are subject to certain IRC limitations.

Participant investment account options - The Plan currently offers a number of investment options which include mutual funds, a Group Annuity Insurance Contract and a money market fund. The Committee monitors investment performance and fees associated with investment options offered. Participants have the ability to change their investment options at any time.

VEREGY 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

(1) Description of Plan (continued)

Participant accounts - Each participant's account is credited with the participant's contribution and allocations of (a) the Company's contribution and (b) plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting - Participants' contributions plus actual earnings are 100% vested immediately. Employer contributions are subject to the following vesting schedule:

<u>Years of Service</u>	<u>Vested %</u>
Less than 1	0%
1	33%
2	67%
3	100%

Notes receivable from participants - Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance. Participants are only allowed to have one outstanding loan at a time. The loans are secured by the balance in the participant's account and bear interest at rates which are commensurate with local prevailing rates as determined by the Plan administrator. Principal and interest are paid ratably through payroll deductions.

Under the CARES Act, the available loan limit was increased to \$100,000 or 100% of the participant's vested account balance. The CARES Act also delayed loan payments for a COVID-19 qualified individual for any loan outstanding on or after March 27, 2021 through December 31, 2021 and, if applicable, extends the loan for up to one year. This increased loan limit was allowed to be taken from March 27, 2021 through September 22, 2021.

Payment of benefits - Benefits may be paid to the participant or beneficiary upon death, disability, retirement, or termination as defined in the plan agreement. The plan provides for normal retirement at age 65. Additionally, participants may request an in-service withdrawal of their vested account balance upon attainment of age 59 ½. On termination of service due to death, disability or retirement, a participant may elect to receive either a lump sum amount equal to the value of the participant's vested interest in his or her account. Terminated participants are eligible to withdraw any portion of his or her vested balance once they have terminated their employment, as defined in the Plan.

A participant may also request a hardship distribution if certain conditions are met, as defined in the Plan. The minimum hardship withdrawal amount is \$500. As a result of the Bipartisan Budget Act of 2018 and effective January 1, 2019, the requirement to exhaust loan distributions prior to receiving a hardship distribution was removed from the Plan. Additionally, participants are no longer suspended from making contributions to the Plan or from receiving Company matching contributions as a result of a hardship withdrawal.

VEREGY 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

(1) **Description of Plan (continued)**

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the U.S. Senate on March 26, 2021. Section 2202 of the CARES Act permits eligible Plan participants to request special penalty-free distributions of up to \$100,000 for qualifying coronavirus-related reasons. These reasons include the participant, spouse or dependent diagnosed with COVID-19, adverse financial consequences due to being quarantined, furloughed, laid off, having work hours reduced or being unable to work due to a lack of childcare due to COVID-19. The special coronavirus-related distributions waive the 10% early withdrawal penalty and were allowed to be made between January 1, 2021 and December 31, 2021.

In addition, the CARES Act waived all required minimum distributions for the calendar year 2021 and 2020 due to be paid by April 1, 2021, which was adopted by the Plan. This suspension of required minimum distributions will remain in effect until April 1, 2022.

In December 2020, the Setting Every Community Up for Retirement Enhancement (SECURE Act) was signed into law, related to required minimum distributions and the limitation of life-time or stretch distributions to remain compliant under the applicable laws and regulations. These provisions were adopted beginning January 1, 2021.

Forfeited accounts - As of December 31, 2022 and 2021, the Plan had forfeited non-vested accounts totaling \$420 and \$4,768, respectively. During the year ended December 31, 2022 and 2021, employer contributions were reduced by \$14,894 and \$13,698, respectively, from the forfeited non-vested accounts.

(2) **Summary of significant accounting policies**

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

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("U.S. GAAP") requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and changes therein, and disclosures of contingent assets and liabilities. Accordingly, actual results may differ from those estimates.

Investment valuation and income recognition - Investments are reported at fair value (except for the fully benefit-responsive investment contract which is reported at contract value). Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The plan administrator determines the Plan's valuation policies utilizing information provided by the trustee. See Note 4 for discussions of fair value measurements.

VEREGY 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

(2) **Summary of significant accounting policies (continued)**

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 accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2022 and 2021.

Payment of benefits - Benefits are recorded when paid.

Administrative expenses - Certain expenses of the Plan are paid by the Company and are not included in the statement of changes in net assets available for benefits. Fees related to the administration of notes receivable from participants and distributions are charged directly to the participant's account and are included in administrative expenses. Investment related expenses are included in net appreciation of fair value of investments.

(3) **Information prepared and certified by the trustee**

The Administrator has elected the method of annual reporting compliance permitted by 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. Accordingly, Fidelity Management Trust Company ("Fidelity"), the trustee of the Plan, has certified that the following data included in the accompanying financial statements and supplemental schedule are complete and accurate with respect to investments:

- Investments at fair value
- Investments at contract value
- Notes receivable from participants
- Net (depreciation) appreciation in fair value of investments
- Interest and dividends
- Interest income on notes receivable from participants
- Schedule of assets (held at end of year)

The Plan's independent public accountants did not perform auditing procedures with respect to this information, except for comparing such information to the related information included in the financial statements and supplemental schedule.

VEREGY 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

(4) Fair value measurements

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

- | | |
|---------|---|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access. |
| Level 2 | Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in inactive markets; inputs other than quoted market prices that are observable for the asset or liability; and 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 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.

Following is a description of the valuation methodologies used for assets measured at fair value as of December 31, 2022 and 2021.

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

VEREGY 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

(4) Fair value measurements (continued)

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

Investments at Fair Value as of December 31, 2022				
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 26,579,412	\$ -	\$ -	\$ 26,579,412
Money market fund	2	-	-	2
Total assets in the fair value hierarchy	<u>\$ 26,579,414</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,579,414</u>
Total investments at fair value				<u>\$ 26,579,414</u>

Investments at Fair Value as of December 31, 2021				
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 35,162,295	-	-	\$ 35,162,295
Money market fund	3,302	-	-	3,302
Total assets in the fair value hierarchy	<u>\$ 35,165,597</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,165,597</u>
Total investments at fair value				<u>\$ 35,165,597</u>

(5) Group Annuity Insurance Contract

The Standard Stable Asset Fund II ("Fund") is a group annuity contract that offers a full guarantee on principal and interest by the Standard Insurance Company ("Issuer"). The contracts are fully benefit responsive.

The Fund qualifies as a fully benefit-responsive investment contract because it meets all of the following criteria:

- The investment contract is effected directly between the Fund and the Issuer and prohibits the Fund from assigning or selling the contract or its proceeds to another party without the consent of the Issuer.
- The contract Issuer is obligated to (i) repay principal and interest, or (ii) apply prospective crediting rate adjustments with an assurance the crediting rate will not be less than zero.
- The terms of the investment contract require all permitted participant-initiated transactions with the Fund to occur at contract value with no conditions, limits or restrictions. Permitted participant-initiated transactions are those transactions allowed by the underlying defined-contribution plan, such as withdrawals for benefits, loans, or transfers to other funds within the Plan.

VEREGY 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

(5) **Group Annuity Insurance Contract (continued)**

- d. An event that limits the ability of the Fund to transact at contract value with the Issuer (for example, premature termination of the contracts by the Fund, plant closings, plan termination, bankruptcy, mergers, and early retirement incentives) and that also limits the ability of the Fund to transact at contract value with the participants in the Fund must be probable of not occurring.
- e. The Fund itself must allow participants reasonable access to their funds.

Investment contracts held in the Fund are recorded at their contract value. Investment contracts held by a defined-contribution plan are required to be reported at fair value. As the Fund's interest rates are adjusted to market quarterly, contract value, which represents net contributions plus interest at the contract rate, approximates fair value. There are not any specific securities in the general account that back the liabilities of this annuity contract and it would be inappropriate to look to the market value of the securities within the issuer's general account to determine a fair value. The plan owns a promise to pay interest at crediting rates which are announced in advance and guaranteed for a specified period of time as outlined in the group annuity contract. This product is not a traditional guaranteed income contract and therefore there are not any known cash flows that could be discounted. As a result, the fair value amount shown is equal to the contract value. Contract value represents deposits made to the contract, plus earnings at guaranteed crediting rates, less withdrawals and fees.

The interest crediting rate is determined quarterly and during 2022 resulted in an average annual yield earned and credited to participants of approximately 2.23%. The minimum crediting rate is 1.0%. The interest crediting rate is calculated based upon many factors, including projected earnings on investments held in the general account, projected cash flow, the interest rate at which new investments can be made, investment and interest rate risk, investment management expenses, liquidity needs and the competitive environment, as well as potential profit or loss.

There is no event that limits the ability of the Plan to transact at contract value with the Issuer. There are also no events or circumstances that would allow the Issuer to terminate the fully benefit-responsive group annuity insurance contract with the Plan and settle at an amount different from contract value.

(6) **Related party transactions and party-in-interest transactions**

Certain Plan investments are shares of mutual funds and a money market fund are managed by Fidelity. Fidelity is the trustee and recordkeeper for the Plan and therefore, these transactions qualify as party-in-interest transactions. OneDigital Investment Advisors (formerly HM Capital Management) is the investment advisor for the Plan and therefore, any transactions qualify as party-in-interest transactions. Fees paid by the Plan for recordkeeping services were \$49,078 and \$46,246 for the year ended December 31, 2022 and 2021, respectively. The Company pays directly any other fees related to the Plan's operations.

VEREGY 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

(7) **Plan termination**

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

(8) **Tax status**

The Plan has adopted the Fidelity Volume Submitter Defined Contribution Plan. The Internal Revenue Service ("IRS") has determined that the volume submitter 401(k) savings plan is designed in accordance with applicable sections of the IRC and informed the trustee of such in a letter dated June 30, 2021. Although the Plan has been amended since receiving the opinion letter, the Administrator believes that the Plan and related trust are currently designed and being operated in compliance with the applicable requirements of the IRC.

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

(9) **Risks and uncertainties**

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

As of December 31, 2022 and 2021, approximately 36% and 38% of the Plan's investments were invested in three target date collective trust funds (2025-2035) and three target date collective trust funds (2025-2035), respectively.

(10) **Delinquent participant contributions**

Defined contribution plans are required to remit employee contributions to the Plan as soon as they can be reasonably segregated from the employer's general assets. While the Company remitted all employee contributions to the Plan, contributions of \$3,409 were not remitted within the required time period for the year ended December 31, 2022. Lost earnings on the amount of \$3,131 have not been remitted to the Plan as of December 31, 2022.

(11) **Transfer in (out), net**

The Company sold Dynamix Engineering LTD on September 30, 2022. As a result, effective December 31, 2022, participant accounts totaling \$4,672,044 were transferred out of the Plan to the IMEG 401(k) Plan.

Effective January 18, 2022, the Plan transferred in \$1,710,297 in participant balances from the Empowered Solutions 401(k) Plan.

VEREGY 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

(12) Reconciliation of financial statements to Schedule H of Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500 at December 31, 2022 and 2021:

	December 31,	
	2022	2021
Net assets available for benefits per the financial statements	\$ 27,983,428	\$ 36,492,820
Less: Employer contributions receivable	(68,217)	(77,313)
Net assets available for benefits per Schedule H of the Form 5500	<u>\$ 27,915,211</u>	<u>\$ 36,415,507</u>

The following is a reconciliation of the net increase per the financial statements to Form 5500 for the year ended December 31, 2022 and 2021:

	December 31,	
	2022	2021
Net decrease per the financial statements	\$ (5,547,645)	\$ 2,048,324
Add: Prior year employer contributions receivable	77,313	101,349
Less: Current year employer contributions receivable	(68,217)	(77,313)
Net loss per Schedule H of the Form 5500	<u>\$ (5,538,549)</u>	<u>\$ 2,072,360</u>

(13) Subsequent events

The Plan has evaluated subsequent events through September 1, 2023 which is the date the financial statements were available to be issued.

SUPPLEMENTAL SCHEDULES

VEREGY 401(k) Plan

SCHEDULE H, LINE 4I – SCHEDULE OF ASSETS (HELD AT END OF YEAR)

December 31, 2022

EIN: 83-4013155

Plan Number: 001

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investments including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current value
*	FID FDM IDX 2030 IPR	Mutual Fund	**	\$ 3,904,373
	FID FDM IDX 2025 IPR	Mutual Fund	**	3,018,257
	FID FDM IDX 2035 IPR	Mutual Fund	**	2,939,606
	FID FDM IDX 2040 IPR	Mutual Fund	**	2,577,498
	FID 500 INDEX	Mutual Fund	**	2,182,107
*	FID FDM IDX 2020 IPR	Mutual Fund	**	1,878,960
*	FID FDM IDX 2050 IPR	Mutual Fund	**	1,869,169
*	FID FDM IDX 2045 IPR	Mutual Fund	**	1,789,577
*	TRP GROWTH STOCK I	Mutual Fund	**	939,099
*	FID MID CAP IDX	Mutual Fund	**	861,163
*	FID FDM IDX 2055 IPR	Mutual Fund	**	832,151
*	DODGE & COX STOCK X	Mutual Fund	**	627,910
	FID FDM IDX 2060 IPR	Mutual Fund		577,903
*	BAIRD CORE PLUS INST	Mutual Fund	**	473,133
*	FID SM CAP IDX	Mutual Fund	**	430,554
	J H TRITON N	Mutual Fund	**	324,946
*	FID FDM IDX 2015 IPR	Mutual Fund	**	278,488
	FID INTL INDEX	Mutual Fund	**	247,340
*	FID US BOND IDX	Mutual Fund	**	212,534
*	AF NEW PERSPECT R6	Mutual Fund	**	139,016
*	ABF SM CAP VALUE R6	Mutual Fund	**	129,223
*	DODGE & COX INT SK X	Mutual Fund	**	117,744
*	INVS DEVELOP MKT R6	Mutual Fund	**	107,771
	FID FDM IDX 2065 IPR	Mutual Fund		69,708
	FID FDM IDX 2005 IPR	Mutual Fund	**	34,581
*	FID FDM IDX 2010 IPR	Mutual Fund	**	14,384
	FID FDM IDX INC IPR	Mutual Fund	**	2,217
				26,579,412
*	FID GOVT MMKT K6	Money Market Fund	**	2
	Total investments at fair value			26,579,414
	STD STABLE ASSET 2	Group Annuity Insurance Contract	**	943,731
*	Notes receivable from participants (interest rate range 4.25%-7.00% maturing through 2025)		-0-	392,066
				\$ 27,915,211

* Party-in-interest as defined by ERISA

** Cost information may be omitted for plan assets which are participant-directed.

VEREGY 401(k) Plan

SCHEDULE H, LINE 4a – SCHEDULE OF DELINQUENT PARTICIPANT CONTRIBUTIONS

December 31, 2022

EIN: 83-4013155

Plan Number: 001

Participant Contributions Transferred Late to the Plan	Total That Constitute Nonexempt Prohibited Transactions			Total Fully Corrected Under Voluntary Fiduciary Correction Program (VFCP) and Prohibited Transaction Exemption 2002- 51
	Check Here If Late Participant Loan Repayments are Included:	Contributions Not Corrected	Contributions Corrected Outside VFCP	
2022	√	\$ 3,131	* \$	278

* The amount reported was uncorrected as of the balance sheet date. However, the amount was corrected by plan management prior to the date of this report.