

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 single-employer plan ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.) ☐ 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 TRACE SYSTEMS INC. 401(K) PLAN
1b	Three-digit plan number (PN) ▶ 001
1c	Effective date of plan 01/01/2006
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, and ZIP or foreign postal code (if foreign, see instructions) TRACE SYSTEMS INC. 1934 OLD GALLOWS ROAD SUITE 600 VIENNA, VA 22182-4040
2b	Employer Identification Number (EIN) 22-3684941
2c	Plan Sponsor's telephone number 703-414-3500
2d	Business code (see instructions) 541990

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

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

SIGN HERE	Filed with authorized/valid electronic signature.	10/11/2023	DAYNA KNOP
	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		5 441
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) 289
a(2) Total number of active participants at the end of the plan year		6a(2) 289
b Retired or separated participants receiving benefits		6b 0
c Other retired or separated participants entitled to future benefits.....		6c 172
d Subtotal. Add lines 6a(2) , 6b , and 6c		6d 461
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.		6e 0
f Total. Add lines 6d and 6e		6f 461
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....		6g 449
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested.....		6h 42
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: 2G 2J 2K 2S 2T 3H 2E 2F 3D		
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:		
9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor		9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)		
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary		b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ 0 A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☐ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

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

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

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

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

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

Receipt Confirmation Code _____

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

For calendar plan year 2022 or fiscal plan year beginning 01/01/2022 and ending 12/31/2022	
A Name of plan TRACE SYSTEMS INC. 401(K) PLAN	B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 TRACE SYSTEMS INC.	D Employer Identification Number (EIN) 22-3684941

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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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)

MID ATLANTIC FINANCIAL MANAGEMENT

25-1443041

(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	59688	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(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	38136	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	8862	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.
BR ADV SC CORE INST - BNY MELLON I 301 BELLEVUE PARKWAY WILMINGTON, DE 19809	0.25%

(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.
LZD GLB LST INFRS IS - DST ASSET M 430 W 7TH STREET STE 219432 KANSAS CITY, MO 64105	0.15%

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

Part II Service Providers Who Fail or Refuse to Provide Information

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

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

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>TRACE SYSTEMS INC. 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>TRACE SYSTEMS INC.</u>	D Employer Identification Number (EIN) <u>22-3684941</u>	

Part I	Asset and Liability Statement		
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash.....		1a 0	0
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions.....		1b(1) 0	0
(2) Participant contributions.....		1b(2) 0	0
(3) Other.....		1b(3) 0	0
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit).....		1c(1) 140505	304918
(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) 460422	386428
(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) 28231560	23698933
(14) Value of funds held in insurance company general account (unallocated contracts).....		1c(14) 0	0
(15) Other		1c(15) 0	0

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)	0	0
(2) Employer real property	1d(2)	0	0
e Buildings and other property used in plan operation	1e	0	0
f Total assets (add all amounts in lines 1a through 1e)	1f	28832487	24390279

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	28832487	24390279
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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 Contributions:			
(1) Received or receivable in cash from: (A) Employers.....	2a(1)(A)	1165475	
(B) Participants.....	2a(1)(B)	2960999	
(C) Others (including rollovers).....	2a(1)(C)	464956	
(2) Noncash contributions.....	2a(2)	0	4591430
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit).....	2b(1)(A)	5370	
(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)	23073	
(F) Other.....	2b(1)(F)	0	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		28443
(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)	1959060	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		1959060
(3) Rents.....	2b(3)		0
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds.....	2b(4)(A)	0	
(B) Aggregate carrying amount (see instructions).....	2b(4)(B)	0	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result.....	2b(4)(C)		
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)	0	
(B) Other.....	2b(5)(B)	0	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		0
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		0
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		0
(9) Net investment gain (loss) from 103-12 investment entities.....	2b(9)		0
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		-7111004
c Other income	2c		0
d Total income. Add all income amounts in column (b) and enter total	2d		-532071
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	3803451	
(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)		3803451
f Corrective distributions (see instructions)	2f		0
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)	8862	
(4) Other	2i(4)	97824	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		106686
j Total expenses. Add all expense amounts in column (b) and enter total	2j		3910137
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		-4442208
l Transfers of assets:			
(1) To this plan	2l(1)		0
(2) From this plan	2l(2)		0

Part III Accountant's Opinion

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

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

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

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

(1) ☒ DOL Regulation 2520.103-8 (2) ☐ DOL Regulation 2520.103-12(d) (3) ☐ neither DOL Regulation 2520.103-8 nor DOL Regulation 2520.103-12(d).

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

(1) Name: **CHERRY BEKAERT LLP**

(2) EIN: **56-0574444**

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

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

Part IV Compliance Questions

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

During the plan year:

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

	Yes	No	Amount
4a		X	

	Yes	No	Amount
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)			
4b		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)			
4c		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)			
4d		X	
e Was this plan covered by a fidelity bond?	X		500000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
4f		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?			
4g		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?			
4h		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	X		
4i	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked and see instructions for format requirements.)			
4j		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?			
4k		X	
l Has the plan failed to provide any benefit when due under the plan?			
4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)			
4m		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n			

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

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

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

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

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

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2022 This Form is Open to Public Inspection.
For calendar plan year 2022 or fiscal plan year beginning 01/01/2022 and ending 12/31/2022		
A Name of plan TRACE SYSTEMS INC. 401(K) PLAN		B Three-digit plan number (PN) ► 001
C Plan sponsor's name as shown on line 2a of Form 5500 TRACE SYSTEMS INC.		D Employer Identification Number (EIN) 22-3684941
Part I Distributions		
All references to distributions relate only to payments of benefits during the plan year.		
1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....		1
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): 04-6568107		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....		3
Part II Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)		
4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ☐ Yes ☐ No ☐ N/A If the plan is a defined benefit plan, go to line 8.		
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.		
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived).....		6a
b Enter the amount contributed by the employer to the plan for this plan year.....		6b
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....		6c
If you completed line 6c, skip lines 8 and 9.		
7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ☐ Yes ☐ No ☐ N/A		
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ☐ Yes ☐ No ☐ N/A		
Part III Amendments		
9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box..... ☐ Increase ☐ Decrease ☐ Both ☐ No		
Part IV ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.		
10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?..... ☐ Yes ☐ No		
11 a Does the ESOP hold any preferred stock?..... ☐ Yes ☐ No		
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)..... ☐ Yes ☐ No		
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?..... ☐ Yes ☐ No		
For Paperwork Reduction Act Notice, see the Instructions for Form 5500.		
Schedule R (Form 5500) 2022 v. 220413		

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

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

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

18 If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

19 If the total number of participants is 1,000 or more, complete lines (a) through (c)

a Enter the percentage of plan assets held as:
 Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

20 PBGC missed contribution reporting requirements. If this is a multiemployer plan or a single-employer plan that is not covered by PBGC, skip line 20.

a Is the amount of unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40 greater than zero? ☐ Yes ☐ No

b If line 20a is "Yes," has PBGC been notified as required by ERISA sections 4043(c)(5) and/or 303(k)(4)? Check the applicable box:

☐ Yes.

☐ No. Reporting was waived under 29 CFR 4043.25(c)(2) because contributions equal to or exceeding the unpaid minimum required contribution were made by the 30th day after the due date.

☐ No. The 30-day period referenced in 29 CFR 4043.25(c)(2) has not yet ended, and the sponsor intends to make a contribution equal to or exceeding the unpaid minimum required contribution by the 30th day after the due date.

☐ No. Other. Provide explanation _____

**TRACE SYSTEMS, INC.
401(k) PLAN**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULE**

***As of December 31, 2022 and 2021 and
for the Year Ended December 31, 2022***

And Report of Independent Auditor

TRACE SYSTEMS, INC. 401(k) PLAN
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SUPPLEMENTAL SCHEDULE

Schedule of Assets (Held at End of Year) – Form 5500, Schedule H, Part IV, Line 4i 12

Note: All other schedules required by Section 2520.103-10 of the Department of Labor’s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

Report of Independent Auditor

To the Plan Administrator
Trace Systems, Inc. 401(k) Plan
Vienna, Virginia

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

We have performed audits of the accompanying financial statements of Trace Systems, Inc. 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). The financial statements comprise the statement of net assets available for benefits as of December 31, 2022 and 2021, and the related statement of changes in net assets available for benefits for the year ended December 31, 2022, and the related notes to the financial statements.

Management, having determined it is permissible in the circumstances, has elected to have the audits of the Plan’s financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor’s (“DOL”) 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 DOL’s Rules and Regulations for Reporting and Disclosure under ERISA (“qualified institution”).

Management has obtained a certification from a qualified institution as of December 31, 2022 and 2021 and for the year ended December 31, 2022, stating that the certified investment information, as described in Note 5 to the financial statements, is complete and accurate.

Opinion

In our opinion, based on our audits and on the procedures performed as described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section:

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. Management's election of the ERISA Section 103(a)(3)(C) audit does not affect management's responsibility for the financial statements.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Supplemental Schedule Required by ERISA

The supplemental schedule, Schedule of Assets (Held at End of Year) – Form 5500, Schedule H, Part IV, Line 4i is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by DOL'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 schedule, other than that agreed to or derived from the certified investment information, has been subjected to auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with generally accepted auditing standards. For information included in the supplemental schedule 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 schedule, we evaluated whether the supplemental schedule, other than the information agreed to or derived from the certified investment information, including its form and content, is presented in conformity with DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion:

- The form and content of the supplemental schedule, other than the information in the supplemental Schedule that agreed to or is derived from the certified investment information, is presented, in all material respects, in conformity with DOL's Rules and Regulations for Reporting and Disclosure under ERISA.
- The information in the supplemental schedule 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).

Cherry Bekaert LLP

Tysons Corner, Virginia
October 4, 2023

TRACE SYSTEMS, INC. 401(k) PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
Investments, at fair value	\$ 24,003,851	\$ 28,372,065
Receivables:		
Employer contributions	-	48,627
Notes receivable from participants	386,428	460,422
Total Receivables	386,428	509,049
Net Assets Available for Benefits	\$ 24,390,279	\$ 28,881,114

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

TRACE SYSTEMS, INC. 401(k) PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

YEAR ENDED DECEMBER 31, 2022

Additions (losses) to net assets attributed to:	
Investment Income (loss):	
Net depreciation in fair value of investments	\$ (7,111,004)
Interest and dividend income	1,964,430
Net Investment Loss	(5,146,574)
Interest income on notes receivable from participants	23,073
Contributions:	
Participants	2,960,999
Employer	1,116,848
Other contributions, including rollovers	464,956
Total Contributions	4,542,803
Total Additions, Net of Losses	(580,698)
Deductions from net assets attributed to:	
Benefits paid to participants	3,803,451
Administrative expenses	106,686
Total Deductions	3,910,137
Net decrease in net assets available for benefits	(4,490,835)
Net assets available for benefits, beginning of year	28,881,114
Net assets available for benefits, end of year	<u><u>\$ 24,390,279</u></u>

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

TRACE SYSTEMS, INC. 401(k) PLAN

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 1—Description of the Plan

The following brief description of the Trace Systems, Inc. 401(k) Plan (the “Plan”) is provided for general information. Participants should refer to the Plan Agreement, as amended and restated, for a more complete description of the Plan’s provisions.

General – The Plan was established on January 1, 2006 by Trace Systems Inc. (the “Company”, “Employer”, or “Plan Sponsor”), and was most recently amended and restated effective January 1, 2020. The Plan is a defined-contribution plan intended to qualify under Section 401(k) of the Internal Revenue Code (“IRC”) and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”). The Plan covers all eligible employees. New employees who have attained the age of 18 are eligible to become participants in the Plan on the first day of employment.

Effective January 1, 2020, the Plan was amended and restated to exclude temporary employees and interns from Plan eligibility, unless they have attained age 21 and have completed at least 1,000 Hours of Service, as well as to change the maximum salary deferral limit from 100% to 85% of compensation per pay period.

Administration – The Plan is administered by the Plan Sponsor. Certain administrative functions are performed by officers or employees of the Plan Sponsor. No such officer or employee receives compensation from the Plan.

Participant Contributions – Employees who are at least 18 years old and who are not covered by a collective bargaining agreement, nonresident aliens, and temporary employees are eligible to participate in the Plan. Participants are automatically enrolled in the Plan. The Company will deduct 5% of their eligible compensation, as defined in the Plan, unless the participant elects otherwise. The Plan provides for an Automatic Contribution Arrangement (ACA) which includes a step ahead increase of 1% annually, up to 10%, unless the participant elects otherwise. Such automatic election shall apply when a participant first becomes eligible to make elective deferral contributions. Participants may make salary deferral contributions from 1% to 85% of their compensation each pay period, as defined by the Plan, on a pre-tax basis subject to the limitations of the IRC as well as Roth elective deferral contributions. In addition, participants 50 years of age or older may elect to make a catch-up deferral contribution of up to \$6,500 for the year ended December 31, 2022. Qualified distributions from other qualified retirement plans can also be contributed to the Plan and retained as a rollover contribution.

Plan Sponsor Contributions – The Plan Sponsor contributes to the Plan through safe harbor matching contributions and non-elective profit-sharing contributions. The Plan Sponsor’s safe harbor matching contribution during 2022 was 100% of the first 3% of the eligible participant’s compensation contributed to the Plan, and 50% of the next 2% of the eligible participant’s compensation contributed to the Plan. The Plan Sponsor did not make a discretionary or non-elective profit-sharing contribution during the year ended December 31, 2022. Contributions are subject to certain limitations.

Vesting – Participants are immediately 100% vested in their salary deferral contributions, discretionary, and rollover contributions. Participants may direct the investment of contributions on a daily basis into various investment options offered by the Plan. A participant also becomes 100% vested in qualified non-elective profit-sharing contributions upon death, becoming disabled, or reaching retirement age, as defined by the Plan.

Plan sponsor safe harbor matching contributions and qualified non-elective profit-sharing contributions vest as follows:

<u>Years of Service</u>	<u>Percent Vested</u>
Less than 2 years	0%
2 years or more	100%

TRACE SYSTEMS, INC. 401(k) PLAN

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 1—Description of the Plan (continued)

Participant Accounts – Individual accounts are maintained for each participant and include participants' salary deferral contribution, the appropriate Plan Sponsor matching contribution, discretionary contributions, and non-elective profit-sharing contributions, if any, Plan earnings or losses, an allocation of plan expenses not paid by the Plan Sponsor, distributions, and loan repayments. 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.

Forfeitures – As of December 31, 2022 and 2021, forfeited nonvested accounts totaled \$3,828 and \$-0-, respectively. Per the Plan document, these amounts may be used to pay Plan expenses or to reduce amounts otherwise required to be contributed to the Plan. During the year ended December 31, 2022, approximately \$175,300 of forfeited nonvested accounts were used to reduce Plan Sponsor contributions.

Payment of Benefits – On termination of service, a participant (or designated beneficiary) may elect to receive an amount equal to the value of the participant's vested interest in their account. The Plan allows for distributions upon termination of service, death, disability, and attainment of normal retirement age. A participant may elect to receive a lump sum payment or may roll over the value of their account into another qualified Plan or IRA.

Hardship Withdrawals – In the event of a financial hardship, the Plan allows the withdrawal of elective deferrals. The Plan does not permit the withdrawal of any discretionary matching contributions, safe harbor matching, or non-elective profit sharing contributions. To provide a hardship withdrawal under current Internal Revenue Service ("IRS") rules, the employee must provide evidence of immediate financial hardship. Certain income tax penalties may apply to withdrawals or distributions prior to age 59½.

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. The notes are secured by the balance in the participant's account and bear interest at rates ranging from 5.25% to 9.00%, which are commensurate with local prevailing rates as determined quarterly by the Plan administrator. Loan terms range from one to five years but may be longer if the loan is for the purchase of a primary resident. Principal and interest is paid ratably through monthly payroll deductions.

Investment Options – Participants direct Fidelity Management Trust Company, the "qualified institution" or "Fidelity" of the Plan, to the investment of their account balances in accordance with guidelines established by the Plan. Participants may change their investment elections at any time. Transfers of account balances between elected investment options may also be made at any time.

Note 2—Summary of significant accounting policies

Basis of Accounting – The financial statements of the Plan are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

TRACE SYSTEMS, INC. 401(k) PLAN

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 2—Summary of significant accounting policies (continued)

Investment Valuation and Income Recognition – Investments in the Plan are reported at fair value. U.S. GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date.

Purchases and sales of securities are recorded on a trade-date basis. Interest is recorded as earned. Dividends are recorded on the ex-dividend date. Net depreciation in the fair value of investments includes the Plan's gains and losses on investments bought and sold, as well as held during the year.

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

Benefits Paid to Participants – Benefits paid to participants are recorded when paid.

Risk and Uncertainties – The Plan provides for various investment options in funds of stocks, bonds, and fixed-income securities. Investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in risks in the near term would materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits and the statement of changes in net assets available for benefits.

Administrative Expenses – Certain expenses of the Plan are paid by the Plan Sponsor 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 are charged directly to the participant's account and are included in administrative expenses. Investment-related expenses are included in net depreciation of fair value of investments.

Note 3—Tax status

The Plan Sponsor adopted a Pre-Approved Defined Contribution Plan which received a favorable opinion letter from the IRS on June 30, 2020, which stated that the Pre-Approved Defined Contribution Plan is designed in accordance with applicable sections of the IRC. The Plan has not received a determination letter specific to the Plan itself, and the Pre-Approved Defined Contribution Plan has been amended since receiving the opinion letter. However, the Plan Sponsor believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC. Therefore, the Plan qualifies under Section 401(a) and the related trust is tax-exempt as of December 31, 2022. The Plan Sponsor believes the Plan has no income subject to unrelated business income tax.

U.S. GAAP requires Plan management to evaluate the tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS.

Plan management has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2022 and 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

Note 4—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. In the event of the Plan's termination, participants will become fully vested in their accounts.

TRACE SYSTEMS, INC. 401(k) PLAN

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 5—Information certified by the qualified institution (unaudited)

The Plan Administrator has elected the method of compliance as permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, the qualified institution has certified to the completeness and accuracy of the following data included in the accompanying financial statements as of December 31, 2022 and 2021, and supplemental schedule for the year ended December 31, 2022.

- Investments, at fair value, and notes receivable from participants as shown in the statements of net assets available for benefits as of December 31, 2022 and 2021.
- Net depreciation in fair value of investments, interest and dividend income, and interest income on notes receivable from participants as shown in the statement of changes in net assets available for benefits for the year ended December 31, 2022.
- Schedule of Assets (Held at End of Year) – Form 5500, Schedule H, Part IV, Line 4i as of December 31, 2022.

The Plan's independent auditor did not perform auditing procedures with respect to the certified information, except for comparing such information to the related information included in the financial statements and supplemental schedule of assets (held at end of year).

Note 6—Parties-in-interest transactions

Certain Plan assets are invested in funds sponsored by the qualified institution. Fees paid by the Plan to Fidelity amounted to \$106,686 for the year ended December 31, 2022 and are included in administrative expenses on the accompanying statement of changes in net assets available for benefits. Notes receivables from participants qualify as party-in-interest transactions.

Note 7—Fair value of financial investments

U.S. GAAP provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date;

Level 2 – Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies; and

Level 3 – Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates and assumptions related to the pricing of the asset or liability, including assumptions regarding risk.

TRACE SYSTEMS, INC. 401(k) PLAN
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 7—Fair value of financial investments (continued)

A financial instrument's 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 are used to maximize the use of observable inputs and minimize the use of unobservable inputs. The following are descriptions of the valuation methodologies used for assets measured at fair value.

Mutual Funds – Mutual funds are valued at the daily closing price, as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded and are classified within Level 1 of the valuation hierarchy.

Money Market Fund – This investment is a public investment vehicle valued using the NAV provided by the administrator of the fund. The underlying assets are generally comprised of short-term securities representing high quality, liquid debt, and monetary assets. The qualified institution establishes the market and quotes the price, on a daily basis, that is available to market participants, which is a market approach to valuation. The money market fund is classified within Level 2 of the valuation hierarchy.

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

Below are the Plan's financial instruments carried at fair value on a recurring basis by the fair value hierarchy levels as of December 31:

2022				
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 23,698,933	\$ -	\$ -	\$ 23,698,933
Money market fund	-	304,918	-	304,918
Total assets in the fair value hierarchy	<u>\$ 23,698,933</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,003,851</u>

2021				
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 28,231,560	\$ -	\$ -	\$ 28,231,560
Money market fund	-	140,505	-	140,505
Total assets in the fair value hierarchy	<u>\$ 28,231,560</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,372,065</u>

TRACE SYSTEMS, INC. 401(k) PLAN
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 8—Reconciliation of financial statements to Form 5500

The following is a reconciliation of the net assets available for benefits and changes in net assets available for benefits per the financial statements to Form 5500 as of December 31:

	<u>2022</u>	<u>2021</u>
Net assets available for benefits per the financial statements	\$ 24,390,279	\$ 28,881,114
Employer contributions receivable	-	(48,627)
Net assets per Form 5500	<u>\$ 24,390,279</u>	<u>\$ 28,832,487</u>
Changes in net assets available for benefits per the financial statements	\$ (4,490,835)	
Change in employer contributions receivable	48,627	
Net loss per Form 5500	<u>\$ (4,442,208)</u>	

Note 9—Subsequent events

The Plan has evaluated subsequent events through October 4, 2023, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.

SUPPLEMENTAL SCHEDULE

TRACE SYSTEMS INC. 401(k) PLAN
SCHEDULE OF ASSETS (HELD AT END OF YEAR)
FORM 5500, SCHEDULE H, PART IV, LINE 4i
EIN: 22-3684941, PLAN NUMBER: 001

DECEMBER 31, 2022

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturing Date, Rate of Interest, Collateral, Par, or Maturity Value	(d) Cost	(e) Current Value
Mutual Funds:				
	All Spring	AS SPL SM CAP VAL R6	-	\$ 78,987
	BlackRock	BR ADV SC CORE INST	-	28,134
	Columbia	COL DIVIDEND INC I3	-	316,426
*	Fidelity Management Trust Company	FID US BOND IDX	-	590,085
*	Fidelity Management Trust Company	FID TOTAL BOND K6	-	97,658
*	Fidelity Management Trust Company	FID SM CAP IDX	-	334,277
*	Fidelity Management Trust Company	FID MID CAP IDX	-	369,955
*	Fidelity Management Trust Company	FID INTL CAP APPR K6	-	125,372
*	Fidelity Management Trust Company	FID GLB EX US IDX	-	222,301
*	Fidelity Management Trust Company	FID FREEDOM 2065 K6	-	9,798
*	Fidelity Management Trust Company	FID FREEDOM 2060 K6	-	455,808
*	Fidelity Management Trust Company	FID FREEDOM 2055 K6	-	1,579,103
*	Fidelity Management Trust Company	FID FREEDOM 2050 K6	-	1,169,310
*	Fidelity Management Trust Company	FID FREEDOM 2045 K6	-	3,778,434
*	Fidelity Management Trust Company	FID FREEDOM 2040 K6	-	2,189,257
*	Fidelity Management Trust Company	FID FREEDOM 2035 K6	-	4,036,025
*	Fidelity Management Trust Company	FID FREEDOM 2030 K6	-	2,360,427
*	Fidelity Management Trust Company	FID FREEDOM 2025 K6	-	1,476,261
*	Fidelity Management Trust Company	FID FREEDOM 2020 K6	-	150,674
*	Fidelity Management Trust Company	FID FREEDOM 2010 K6	-	2,340
*	Fidelity Management Trust Company	FID FREEDOM 2005 K6	-	966
*	Fidelity Management Trust Company	FID BLUE CHIP GR K6	-	741,302
*	Fidelity Management Trust Company	FID 500 INDEX	-	2,002,868
	First Eagle	FIRST EAGLE GOLD I	-	96,789
	Goldman Sachs	GS INFL PRO SECS R6	-	25,504
	Janus Henderson	J H TRITON N	-	160,149
	Lazard	LZD GLB LST INFRS IS	-	67,810
	MFS	MFS MID CAP GRTH R6	-	304,997
	MFS	MFS INTL DIVRSN R6	-	226,823
	T. Rowe Price	TRP DIV GROWTH I	-	520,833
	Victory Sophus	VS EMERGING MKTS R6	-	149,091
	Virtus	VRTS C MDCP VL EQ R6	-	31,169
Total Mutual Funds				23,698,933
Money Market Fund:				
*	Fidelity Management Trust Company	Fid Govt Mmkt K6	-	\$ 304,918
*	Notes receivable from participants	Loans to participants, due through August 2036, with interest rates from 5.25% to 9.00%	-0-	386,428
Total Assets Held at End of Year				\$ 24,390,279
*	Denotes a party-in-interest			
(d)	Cost information is not presented as these are participant-directed accounts.			

The above information has been certified by Fidelity Management Trust Company, the qualified institution, as complete and accurate.

**TRACE SYSTEMS, INC.
401(k) PLAN**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULE**

***As of December 31, 2022 and 2021 and
for the Year Ended December 31, 2022***

And Report of Independent Auditor

TRACE SYSTEMS, INC. 401(k) PLAN
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Note: All other schedules required by Section 2520.103-10 of the Department of Labor’s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

Report of Independent Auditor

To the Plan Administrator
Trace Systems, Inc. 401(k) Plan
Vienna, Virginia

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

We have performed audits of the accompanying financial statements of Trace Systems, Inc. 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). The financial statements comprise the statement of net assets available for benefits as of December 31, 2022 and 2021, and the related statement of changes in net assets available for benefits for the year ended December 31, 2022, and the related notes to the financial statements.

Management, having determined it is permissible in the circumstances, has elected to have the audits of the Plan’s financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor’s (“DOL”) 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 DOL’s Rules and Regulations for Reporting and Disclosure under ERISA (“qualified institution”).

Management has obtained a certification from a qualified institution as of December 31, 2022 and 2021 and for the year ended December 31, 2022, stating that the certified investment information, as described in Note 5 to the financial statements, is complete and accurate.

Opinion

In our opinion, based on our audits and on the procedures performed as described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section:

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. Management's election of the ERISA Section 103(a)(3)(C) audit does not affect management's responsibility for the financial statements.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Supplemental Schedule Required by ERISA

The supplemental schedule, Schedule of Assets (Held at End of Year) – Form 5500, Schedule H, Part IV, Line 4i is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by DOL'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 schedule, other than that agreed to or derived from the certified investment information, has been subjected to auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with generally accepted auditing standards. For information included in the supplemental schedule 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 schedule, we evaluated whether the supplemental schedule, other than the information agreed to or derived from the certified investment information, including its form and content, is presented in conformity with DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion:

- The form and content of the supplemental schedule, other than the information in the supplemental Schedule that agreed to or is derived from the certified investment information, is presented, in all material respects, in conformity with DOL's Rules and Regulations for Reporting and Disclosure under ERISA.
- The information in the supplemental schedule 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).

Cherry Bekaert LLP

Tysons Corner, Virginia
October 4, 2023

TRACE SYSTEMS, INC. 401(k) PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
Investments, at fair value	<u>\$ 24,003,851</u>	<u>\$ 28,372,065</u>
Receivables:		
Employer contributions	-	48,627
Notes receivable from participants	<u>386,428</u>	<u>460,422</u>
Total Receivables	<u>386,428</u>	<u>509,049</u>
Net Assets Available for Benefits	<u><u>\$ 24,390,279</u></u>	<u><u>\$ 28,881,114</u></u>

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

TRACE SYSTEMS, INC. 401(k) PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

YEAR ENDED DECEMBER 31, 2022

Additions (losses) to net assets attributed to:	
Investment Income (loss):	
Net depreciation in fair value of investments	\$ (7,111,004)
Interest and dividend income	1,964,430
Net Investment Loss	(5,146,574)
Interest income on notes receivable from participants	23,073
Contributions:	
Participants	2,960,999
Employer	1,116,848
Other contributions, including rollovers	464,956
Total Contributions	4,542,803
Total Additions, Net of Losses	(580,698)
Deductions from net assets attributed to:	
Benefits paid to participants	3,803,451
Administrative expenses	106,686
Total Deductions	3,910,137
Net decrease in net assets available for benefits	(4,490,835)
Net assets available for benefits, beginning of year	28,881,114
Net assets available for benefits, end of year	<u><u>\$ 24,390,279</u></u>

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

TRACE SYSTEMS, INC. 401(k) PLAN

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 1—Description of the Plan

The following brief description of the Trace Systems, Inc. 401(k) Plan (the “Plan”) is provided for general information. Participants should refer to the Plan Agreement, as amended and restated, for a more complete description of the Plan’s provisions.

General – The Plan was established on January 1, 2006 by Trace Systems Inc. (the “Company”, “Employer”, or “Plan Sponsor”), and was most recently amended and restated effective January 1, 2020. The Plan is a defined-contribution plan intended to qualify under Section 401(k) of the Internal Revenue Code (“IRC”) and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”). The Plan covers all eligible employees. New employees who have attained the age of 18 are eligible to become participants in the Plan on the first day of employment.

Effective January 1, 2020, the Plan was amended and restated to exclude temporary employees and interns from Plan eligibility, unless they have attained age 21 and have completed at least 1,000 Hours of Service, as well as to change the maximum salary deferral limit from 100% to 85% of compensation per pay period.

Administration – The Plan is administered by the Plan Sponsor. Certain administrative functions are performed by officers or employees of the Plan Sponsor. No such officer or employee receives compensation from the Plan.

Participant Contributions – Employees who are at least 18 years old and who are not covered by a collective bargaining agreement, nonresident aliens, and temporary employees are eligible to participate in the Plan. Participants are automatically enrolled in the Plan. The Company will deduct 5% of their eligible compensation, as defined in the Plan, unless the participant elects otherwise. The Plan provides for an Automatic Contribution Arrangement (ACA) which includes a step ahead increase of 1% annually, up to 10%, unless the participant elects otherwise. Such automatic election shall apply when a participant first becomes eligible to make elective deferral contributions. Participants may make salary deferral contributions from 1% to 85% of their compensation each pay period, as defined by the Plan, on a pre-tax basis subject to the limitations of the IRC as well as Roth elective deferral contributions. In addition, participants 50 years of age or older may elect to make a catch-up deferral contribution of up to \$6,500 for the year ended December 31, 2022. Qualified distributions from other qualified retirement plans can also be contributed to the Plan and retained as a rollover contribution.

Plan Sponsor Contributions – The Plan Sponsor contributes to the Plan through safe harbor matching contributions and non-elective profit-sharing contributions. The Plan Sponsor’s safe harbor matching contribution during 2022 was 100% of the first 3% of the eligible participant’s compensation contributed to the Plan, and 50% of the next 2% of the eligible participant’s compensation contributed to the Plan. The Plan Sponsor did not make a discretionary or non-elective profit-sharing contribution during the year ended December 31, 2022. Contributions are subject to certain limitations.

Vesting – Participants are immediately 100% vested in their salary deferral contributions, discretionary, and rollover contributions. Participants may direct the investment of contributions on a daily basis into various investment options offered by the Plan. A participant also becomes 100% vested in qualified non-elective profit-sharing contributions upon death, becoming disabled, or reaching retirement age, as defined by the Plan.

Plan sponsor safe harbor matching contributions and qualified non-elective profit-sharing contributions vest as follows:

<u>Years of Service</u>	<u>Percent Vested</u>
Less than 2 years	0%
2 years or more	100%

TRACE SYSTEMS, INC. 401(k) PLAN

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 1—Description of the Plan (continued)

Participant Accounts – Individual accounts are maintained for each participant and include participants' salary deferral contribution, the appropriate Plan Sponsor matching contribution, discretionary contributions, and non-elective profit-sharing contributions, if any, Plan earnings or losses, an allocation of plan expenses not paid by the Plan Sponsor, distributions, and loan repayments. 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.

Forfeitures – As of December 31, 2022 and 2021, forfeited nonvested accounts totaled \$3,828 and \$-0-, respectively. Per the Plan document, these amounts may be used to pay Plan expenses or to reduce amounts otherwise required to be contributed to the Plan. During the year ended December 31, 2022, approximately \$175,300 of forfeited nonvested accounts were used to reduce Plan Sponsor contributions.

Payment of Benefits – On termination of service, a participant (or designated beneficiary) may elect to receive an amount equal to the value of the participant's vested interest in their account. The Plan allows for distributions upon termination of service, death, disability, and attainment of normal retirement age. A participant may elect to receive a lump sum payment or may roll over the value of their account into another qualified Plan or IRA.

Hardship Withdrawals – In the event of a financial hardship, the Plan allows the withdrawal of elective deferrals. The Plan does not permit the withdrawal of any discretionary matching contributions, safe harbor matching, or non-elective profit sharing contributions. To provide a hardship withdrawal under current Internal Revenue Service ("IRS") rules, the employee must provide evidence of immediate financial hardship. Certain income tax penalties may apply to withdrawals or distributions prior to age 59½.

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. The notes are secured by the balance in the participant's account and bear interest at rates ranging from 5.25% to 9.00%, which are commensurate with local prevailing rates as determined quarterly by the Plan administrator. Loan terms range from one to five years but may be longer if the loan is for the purchase of a primary resident. Principal and interest is paid ratably through monthly payroll deductions.

Investment Options – Participants direct Fidelity Management Trust Company, the "qualified institution" or "Fidelity" of the Plan, to the investment of their account balances in accordance with guidelines established by the Plan. Participants may change their investment elections at any time. Transfers of account balances between elected investment options may also be made at any time.

Note 2—Summary of significant accounting policies

Basis of Accounting – The financial statements of the Plan are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

TRACE SYSTEMS, INC. 401(k) PLAN

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 2—Summary of significant accounting policies (continued)

Investment Valuation and Income Recognition – Investments in the Plan are reported at fair value. U.S. GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date.

Purchases and sales of securities are recorded on a trade-date basis. Interest is recorded as earned. Dividends are recorded on the ex-dividend date. Net depreciation in the fair value of investments includes the Plan's gains and losses on investments bought and sold, as well as held during the year.

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

Benefits Paid to Participants – Benefits paid to participants are recorded when paid.

Risk and Uncertainties – The Plan provides for various investment options in funds of stocks, bonds, and fixed-income securities. Investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in risks in the near term would materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits and the statement of changes in net assets available for benefits.

Administrative Expenses – Certain expenses of the Plan are paid by the Plan Sponsor 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 are charged directly to the participant's account and are included in administrative expenses. Investment-related expenses are included in net depreciation of fair value of investments.

Note 3—Tax status

The Plan Sponsor adopted a Pre-Approved Defined Contribution Plan which received a favorable opinion letter from the IRS on June 30, 2020, which stated that the Pre-Approved Defined Contribution Plan is designed in accordance with applicable sections of the IRC. The Plan has not received a determination letter specific to the Plan itself, and the Pre-Approved Defined Contribution Plan has been amended since receiving the opinion letter. However, the Plan Sponsor believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC. Therefore, the Plan qualifies under Section 401(a) and the related trust is tax-exempt as of December 31, 2022. The Plan Sponsor believes the Plan has no income subject to unrelated business income tax.

U.S. GAAP requires Plan management to evaluate the tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS.

Plan management has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2022 and 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

Note 4—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. In the event of the Plan's termination, participants will become fully vested in their accounts.

TRACE SYSTEMS, INC. 401(k) PLAN

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 5—Information certified by the qualified institution (unaudited)

The Plan Administrator has elected the method of compliance as permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, the qualified institution has certified to the completeness and accuracy of the following data included in the accompanying financial statements as of December 31, 2022 and 2021, and supplemental schedule for the year ended December 31, 2022.

- Investments, at fair value, and notes receivable from participants as shown in the statements of net assets available for benefits as of December 31, 2022 and 2021.
- Net depreciation in fair value of investments, interest and dividend income, and interest income on notes receivable from participants as shown in the statement of changes in net assets available for benefits for the year ended December 31, 2022.
- Schedule of Assets (Held at End of Year) – Form 5500, Schedule H, Part IV, Line 4i as of December 31, 2022.

The Plan's independent auditor did not perform auditing procedures with respect to the certified information, except for comparing such information to the related information included in the financial statements and supplemental schedule of assets (held at end of year).

Note 6—Parties-in-interest transactions

Certain Plan assets are invested in funds sponsored by the qualified institution. Fees paid by the Plan to Fidelity amounted to \$106,686 for the year ended December 31, 2022 and are included in administrative expenses on the accompanying statement of changes in net assets available for benefits. Notes receivables from participants qualify as party-in-interest transactions.

Note 7—Fair value of financial investments

U.S. GAAP provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date;

Level 2 – Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies; and

Level 3 – Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates and assumptions related to the pricing of the asset or liability, including assumptions regarding risk.

TRACE SYSTEMS, INC. 401(k) PLAN
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 7—Fair value of financial investments (continued)

A financial instrument's 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 are used to maximize the use of observable inputs and minimize the use of unobservable inputs. The following are descriptions of the valuation methodologies used for assets measured at fair value.

Mutual Funds – Mutual funds are valued at the daily closing price, as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded and are classified within Level 1 of the valuation hierarchy.

Money Market Fund – This investment is a public investment vehicle valued using the NAV provided by the administrator of the fund. The underlying assets are generally comprised of short-term securities representing high quality, liquid debt, and monetary assets. The qualified institution establishes the market and quotes the price, on a daily basis, that is available to market participants, which is a market approach to valuation. The money market fund is classified within Level 2 of the valuation hierarchy.

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

Below are the Plan's financial instruments carried at fair value on a recurring basis by the fair value hierarchy levels as of December 31:

2022				
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 23,698,933	\$ -	\$ -	\$ 23,698,933
Money market fund	-	304,918	-	304,918
Total assets in the fair value hierarchy	<u>\$ 23,698,933</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,003,851</u>

2021				
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 28,231,560	\$ -	\$ -	\$ 28,231,560
Money market fund	-	140,505	-	140,505
Total assets in the fair value hierarchy	<u>\$ 28,231,560</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,372,065</u>

TRACE SYSTEMS, INC. 401(k) PLAN
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Note 8—Reconciliation of financial statements to Form 5500

The following is a reconciliation of the net assets available for benefits and changes in net assets available for benefits per the financial statements to Form 5500 as of December 31:

	<u>2022</u>	<u>2021</u>
Net assets available for benefits per the financial statements	\$ 24,390,279	\$ 28,881,114
Employer contributions receivable	-	(48,627)
Net assets per Form 5500	<u>\$ 24,390,279</u>	<u>\$ 28,832,487</u>
Changes in net assets available for benefits per the financial statements	\$ (4,490,835)	
Change in employer contributions receivable	48,627	
Net loss per Form 5500	<u>\$ (4,442,208)</u>	

Note 9—Subsequent events

The Plan has evaluated subsequent events through October 4, 2023, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.

SUPPLEMENTAL SCHEDULE

TRACE SYSTEMS INC. 401(k) PLAN
SCHEDULE OF ASSETS (HELD AT END OF YEAR)
FORM 5500, SCHEDULE H, PART IV, LINE 4i
EIN: 22-3684941, PLAN NUMBER: 001

DECEMBER 31, 2022

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturing Date, Rate of Interest, Collateral, Par, or Maturity Value	(d) Cost	(e) Current Value
	Mutual Funds:			
	All Spring	AS SPL SM CAP VAL R6	-	\$ 78,987
	BlackRock	BR ADV SC CORE INST	-	28,134
	Columbia	COL DIVIDEND INC I3	-	316,426
*	Fidelity Management Trust Company	FID US BOND IDX	-	590,085
*	Fidelity Management Trust Company	FID TOTAL BOND K6	-	97,658
*	Fidelity Management Trust Company	FID SM CAP IDX	-	334,277
*	Fidelity Management Trust Company	FID MID CAP IDX	-	369,955
*	Fidelity Management Trust Company	FID INTL CAP APPR K6	-	125,372
*	Fidelity Management Trust Company	FID GLB EX US IDX	-	222,301
*	Fidelity Management Trust Company	FID FREEDOM 2065 K6	-	9,798
*	Fidelity Management Trust Company	FID FREEDOM 2060 K6	-	455,808
*	Fidelity Management Trust Company	FID FREEDOM 2055 K6	-	1,579,103
*	Fidelity Management Trust Company	FID FREEDOM 2050 K6	-	1,169,310
*	Fidelity Management Trust Company	FID FREEDOM 2045 K6	-	3,778,434
*	Fidelity Management Trust Company	FID FREEDOM 2040 K6	-	2,189,257
*	Fidelity Management Trust Company	FID FREEDOM 2035 K6	-	4,036,025
*	Fidelity Management Trust Company	FID FREEDOM 2030 K6	-	2,360,427
*	Fidelity Management Trust Company	FID FREEDOM 2025 K6	-	1,476,261
*	Fidelity Management Trust Company	FID FREEDOM 2020 K6	-	150,674
*	Fidelity Management Trust Company	FID FREEDOM 2010 K6	-	2,340
*	Fidelity Management Trust Company	FID FREEDOM 2005 K6	-	966
*	Fidelity Management Trust Company	FID BLUE CHIP GR K6	-	741,302
*	Fidelity Management Trust Company	FID 500 INDEX	-	2,002,868
	First Eagle	FIRST EAGLE GOLD I	-	96,789
	Goldman Sachs	GS INFL PRO SECS R6	-	25,504
	Janus Henderson	J H TRITON N	-	160,149
	Lazard	LZD GLB LST INFRS IS	-	67,810
	MFS	MFS MID CAP GRTH R6	-	304,997
	MFS	MFS INTL DIVRSN R6	-	226,823
	T. Rowe Price	TRP DIV GROWTH I	-	520,833
	Victory Sophus	VS EMERGING MKTS R6	-	149,091
	Virtus	VRTS C MDCP VL EQ R6	-	31,169
	Total Mutual Funds			<u>23,698,933</u>
	Money Market Fund:			
*	Fidelity Management Trust Company	Fid Govt Mmkt K6	-	\$ 304,918
*	Notes receivable from participants	Loans to participants, due through August 2036, with interest rates from 5.25% to 9.00%	-0-	<u>386,428</u>
	Total Assets Held at End of Year			<u><u>\$ 24,390,279</u></u>
*	Denotes a party-in-interest			
(d)	Cost information is not presented as these are participant-directed accounts.			

The above information has been certified by Fidelity Management Trust Company, the qualified institution, as complete and accurate.