

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 <u>01/01/2022</u> and ending <u>12/31/2022</u>	
A This return/report is for:	☐ a multiemployer plan ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.) ☒ a single-employer plan ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report ☐ the final return/report ☐ an amended return/report ☐ a short plan year return/report (less than 12 months)
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558 ☐ automatic extension ☐ the DFVC program ☐ special extension (enter description)
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 <u>VSE CORPORATION 401K PLAN</u>	1b Three-digit plan number (PN) ▶	<u>003</u>
1c Effective date of plan <u>12/28/1983</u>		
2a Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) <u>VSE CORPORATION</u> <u>6348 WALKER LANE</u> <u>ALEXANDRIA, VA 22310</u>	2b Employer Identification Number (EIN) <u>54-0649263</u>	2c Plan Sponsor's telephone number <u>703-960-4600</u>
2d Business code (see instructions) <u>541330</u>		

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

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

SIGN HERE	Filed with authorized/valid electronic signature.	10/11/2023	ROBERTO TORRES
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/11/2023	ROBERTO TORRES
	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		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; text-align: center;">5</td> <td style="text-align: right;">3506</td> </tr> </table>	5	3506																		
5	3506																					
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d). a(1) Total number of active participants at the beginning of the plan year a(2) Total number of active participants at the end of the plan year b Retired or separated participants receiving benefits c Other retired or separated participants entitled to future benefits..... d Subtotal. Add lines 6a(2) , 6b , and 6c e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. f Total. Add lines 6d and 6e g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)..... h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested.....		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="background-color: #cccccc; height: 20px;"></td> </tr> <tr> <td style="width: 10%; text-align: center;">6a(1)</td> <td style="text-align: right;">2362</td> </tr> <tr> <td style="text-align: center;">6a(2)</td> <td style="text-align: right;">1721</td> </tr> <tr> <td style="text-align: center;">6b</td> <td style="text-align: right;">10</td> </tr> <tr> <td style="text-align: center;">6c</td> <td style="text-align: right;">1117</td> </tr> <tr> <td style="text-align: center;">6d</td> <td style="text-align: right;">2848</td> </tr> <tr> <td style="text-align: center;">6e</td> <td style="text-align: right;">0</td> </tr> <tr> <td style="text-align: center;">6f</td> <td style="text-align: right;">2848</td> </tr> <tr> <td style="text-align: center;">6g</td> <td style="text-align: right;">2848</td> </tr> <tr> <td style="text-align: center;">6h</td> <td style="text-align: right;">0</td> </tr> </table>			6a(1)	2362	6a(2)	1721	6b	10	6c	1117	6d	2848	6e	0	6f	2848	6g	2848	6h	0
6a(1)	2362																					
6a(2)	1721																					
6b	10																					
6c	1117																					
6d	2848																					
6e	0																					
6f	2848																					
6g	2848																					
6h	0																					
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; text-align: center;">7</td> <td></td> </tr> </table>	7																			
7																						
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2H 2J 2K 2E 2F 2T 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) ☒ 1 A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)																					

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

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

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

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

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

Receipt Confirmation Code _____

SCHEDULE A (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Insurance Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500. ▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).	OMB No. 1210-0110 2022 This Form is Open to Public Inspection
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For calendar plan year 2022 or fiscal plan year beginning 01/01/2022 and ending 12/31/2022	
A Name of plan VSE CORPORATION 401K PLAN	B Three-digit plan number (PN) ▶ 003
C Plan sponsor's name as shown on line 2a of Form 5500 VSE CORPORATION	D Employer Identification Number (EIN) 54-0649263

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

(a) Name of insurance carrier PRUDENTIAL RETIREMENT INSURANCE AND ANNUITY COMPANY
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(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
06-1050034	93629	041677	2848	01/01/2022	12/31/2022

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

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

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

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

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

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

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

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

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

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

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
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(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

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

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

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

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

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

Part II Investment and Annuity Contract Information

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

4	Current value of plan's interest under this contract in the general account at year end.....	4	16660420
5	Current value of plan's interest under this contract in separate accounts at year end.....	5	81566287

6 Contracts With Allocated Funds:**a** State the basis of premium rates ▶

b	Premiums paid to carrier	6b	
c	Premiums due but unpaid at the end of the year	6c	
d	If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount..... Specify nature of costs ▶	6d	

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity
(3) ☐ other (specify) ▶

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan, check here ▶ ☐**7** Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)

a Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee
(3) ☐ guaranteed investment (4) ☒ other ▶ **GUARANTEED GENERAL ACCOUNT CONTRACT**

b	Balance at the end of the previous year	7b	17716805
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c	Additions: (1) Contributions deposited during the year	7c(1)	1430204	
	(2) Dividends and credits	7c(2)		
	(3) Interest credited during the year	7c(3)	281860	
	(4) Transferred from separate account	7c(4)	1568719	
	(5) Other (specify below)	7c(5)	1787392	

▶ **LOAN REPAYMENTS, TRANSFERS IN MISCELLANEOUS IN PLAN ROLLOVER**

(6) Total additions	7c(6)	5068175
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d	Total of balance and additions (add lines 7b and 7c(6))	7d	22784980
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e Deductions:

(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	5296956	
	7e(2)	580	
	7e(3)	207166	
	7e(4)	619858	

▶ **LOAN INITIATIONS, TRANSFERS OUT MISCELLANEOUS OUT FORFEITURES DEBITS**

(5) Total deductions	7e(5)	6124560
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f	Balance at the end of the current year (subtract line 7e(5) from line 7d)	7f	16660420
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Part III Welfare Benefit Contract Information

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

8 Benefit and contract type (check all applicable boxes)

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

9 Experience-rated contracts:

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

10 Nonexperience-rated contracts:

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

Specify nature of costs.

Part IV Provision of Information

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

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

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

For calendar plan year 2022 or fiscal plan year beginning 01/01/2022 and ending 12/31/2022		
A Name of plan VSE CORPORATION 401K PLAN	B Three-digit plan number (PN) ▶	003
C Plan sponsor's name as shown on line 2a of Form 5500 VSE CORPORATION	D Employer Identification Number (EIN) 54-0649263	

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
PRUDENTIAL RETIREMENT INSURANCE AND
06-1050034

(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)

PRUDENTIAL RETIREMENT INSURANCE AND

06-1050034

(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?
13 14 15 37 38 50 64	NONE	112880	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☒ No ☐

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

CREATIVE PLANNING HOLDCO, LLC

84-4519624

(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	NONE	32000	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

DIXON HUGHES GOODMAN LLP

56-0747981

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
10	NONE	26250	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
THE PRUDENTIAL INSURANCE COMPANY OF	15 60 64	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.	
PRUDENTIAL INVESTMENTS, LLC 22-3468527	22.000 BPS AND \$0.00 PER PARTICIPANT INVESTED IN THE FUND FROM 1/1/2022 TO 12/31/2022 PGIM TOTAL RETURN BD Z	
(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.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

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

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

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

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

SCHEDULE D (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration	DFE/Participating Plan 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.
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For calendar plan year 2022 or fiscal plan year beginning 01/01/2022 and ending 12/31/2022		
A Name of plan VSE CORPORATION 401K PLAN	B Three-digit plan number (PN) ►	003
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 VSE CORPORATION	D Employer Identification Number (EIN) 54-0649263	

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a Name of MTIA, CCT, PSA, or 103-12 IE: PRU DAY ONE 2015 FUND			
b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.			
c EIN-PN 06-1050034-678	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 4042200	
a Name of MTIA, CCT, PSA, or 103-12 IE: PRU DAY ONE 2020 FUND			
b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.			
c EIN-PN 06-1050034-679	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 4887653	
a Name of MTIA, CCT, PSA, or 103-12 IE: PRU DAY ONE 2025 FUND			
b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.			
c EIN-PN 06-1050034-680	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 11496982	
a Name of MTIA, CCT, PSA, or 103-12 IE: PRU DAY ONE 2030 FUND			
b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.			
c EIN-PN 06-1050034-681	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 14847497	
a Name of MTIA, CCT, PSA, or 103-12 IE: PRU DAY ONE 2035 FUND			
b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.			
c EIN-PN 06-1050034-682	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 11350017	
a Name of MTIA, CCT, PSA, or 103-12 IE: PRU DAY ONE 2040 FUND			
b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.			
c EIN-PN 06-1050034-683	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 9277743	
a Name of MTIA, CCT, PSA, or 103-12 IE: PRU DAY ONE 2045 FUND			
b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.			
c EIN-PN 06-1050034-684	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 8246544	

a Name of MTIA, CCT, PSA, or 103-12 IE: PRU DAY ONE 2050 FUND

b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

c EIN-PN 06-1050034-685	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 5697785
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a Name of MTIA, CCT, PSA, or 103-12 IE: PRU DAY ONE 2055 FUND

b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

c EIN-PN 06-1050034-686	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 3221109
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a Name of MTIA, CCT, PSA, or 103-12 IE: PRU DAY ONE 2060 FUND

b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

c EIN-PN 06-1050034-803	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 1373497
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a Name of MTIA, CCT, PSA, or 103-12 IE: PRU DAY ONE 2065 FUND

b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

c EIN-PN 06-1050034-838	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 502103
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a Name of MTIA, CCT, PSA, or 103-12 IE: PRU DAY ONE IFX TARG BAL

b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

c EIN-PN 06-1050034-697	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 2082724
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a Name of MTIA, CCT, PSA, or 103-12 IE: PRU DAY ONE INCOME FUND

b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

c EIN-PN 06-1050034-698	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 4540432
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a Name of MTIA, CCT, PSA, or 103-12 IE: PGIM TTL RET BOND CIT LP

b Name of sponsor of entity listed in (a): WILMINGTON TRUST, N.A.

c EIN-PN 38-4097323-471	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 2941501
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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Part II **Information on Participating Plans (to be completed by DFEs)**

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
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plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

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>VSE CORPORATION 401K PLAN</u>	B Three-digit plan number (PN) ►	<u>003</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>VSE CORPORATION</u>	D Employer Identification Number (EIN) <u>54-0649263</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	276	
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions.....	1b(1)		
(2) Participant contributions.....	1b(2)		
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit).....	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common.....	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants).....	1c(7)		
(8) Participant loans.....	1c(8)	2465880	2007375
(9) Value of interest in common/collective trusts.....	1c(9)		2941501
(10) Value of interest in pooled separate accounts	1c(10)	99284630	81566287
(11) Value of interest in master trust investment accounts.....	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	54242577	34080270
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)	17716805	16660420
(15) Other	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)	1337277	907611
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	175047445	138163464

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
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	175047445	138163464
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Part II Income and Expense Statement

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

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	6871002	
(B) Participants	2a(1)(B)	7883444	
(C) Others (including rollovers)	2a(1)(C)	1054281	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		15808727
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	3	
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	98390	
(F) Other	2b(1)(F)	281860	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		380253
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)	8302	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	461633	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		469935
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	125753	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	127791	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		-2038
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)	-310175	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		-310175

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		-126107
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		-11908260
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities.....	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		-9604543
c Other income	2c		87969
d Total income. Add all income amounts in column (b) and enter total	2d		-5204239
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	35015365	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		35015365
f Corrective distributions (see instructions)	2f		394
g Certain deemed distributions of participant loans (see instructions)	2g		64585
h Interest expense	2h		
i Administrative expenses: (1) Professional fees	2i(1)	26250	
(2) Contract administrator fees	2i(2)	109459	
(3) Investment advisory and management fees	2i(3)	32000	
(4) Other	2i(4)	3344	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		171053
j Total expenses. Add all expense amounts in column (b) and enter total	2j		35251397
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		-40455636
l Transfers of assets:			
(1) To this plan	2l(1)		3571655
(2) From this plan	2l(2)		

Part III Accountant's Opinion

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

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

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

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

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

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

(1) Name: **FORVIS, LLP**

(2) EIN: **44-0160260**

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		71461

	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 VSE CORPORATION 401K PLAN		B Three-digit plan number (PN) ► 003
C Plan sponsor's name as shown on line 2a of Form 5500 VSE CORPORATION		D Employer Identification Number (EIN) 54-0649263
Part I	Distributions	
All references to distributions relate only to payments of benefits during the plan year.		
1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....		1 0
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): 22-1211670		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....		3
Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)	
4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ☐ Yes ☐ No ☐ N/A If the plan is a defined benefit plan, go to line 8.		
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.		
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived).....		6a
b Enter the amount contributed by the employer to the plan for this plan year.....		6b
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....		6c
If you completed line 6c, skip lines 8 and 9.		
7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ☐ Yes ☐ No ☐ N/A		
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ☐ Yes ☐ No ☐ N/A		
Part III	Amendments	
9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box..... ☐ Increase ☐ Decrease ☐ Both ☐ No		
Part IV	ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.	
10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?..... ☐ Yes ☐ No		
11 a Does the ESOP hold any preferred stock?..... ☐ Yes ☐ No		
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)..... ☐ Yes ☐ No		
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?..... ☐ Yes ☐ No		
For Paperwork Reduction Act Notice, see the Instructions for Form 5500.		
Schedule R (Form 5500) 2022 v. 220413		

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

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

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

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

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

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

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

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

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

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

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

☐ Yes.

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

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

☐ No. Other. Provide explanation _____



VSE Corporation 401(k) Plan

Independent Auditor's Report, Financial Statements, and Supplementary Information

December 31, 2022 and 2021

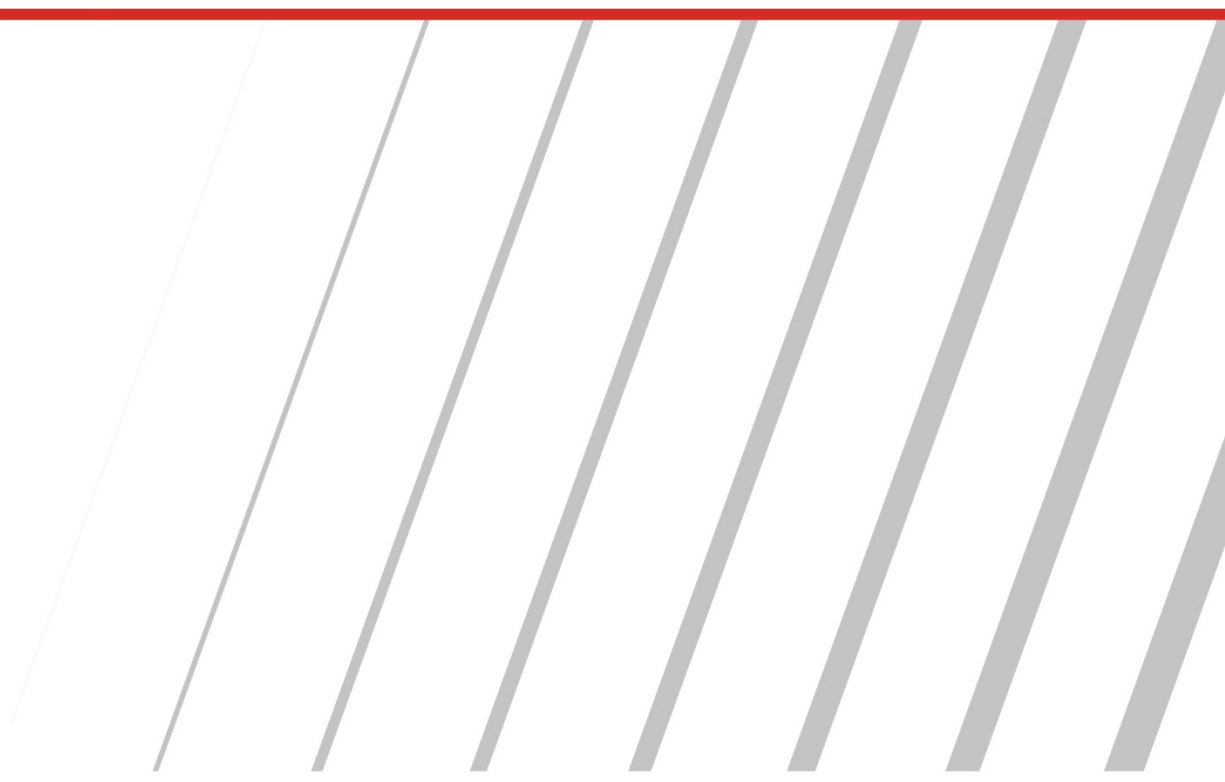


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Independent Auditor's Report

Plan Administrator
VSE Corporation 401(k) Plan
Alexandria, Virginia

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

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

Management, having determined it is permissible in the circumstances, has elected to have the audits of VSE Corporation 401(k) Plan's financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), our audits need not extend to any statements or information related to assets held for investment of the plan (investment information) by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency, provided that the statements or information regarding assets so held are prepared and certified to by the bank or similar institution or insurance carrier in accordance with 29 CFR 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA (qualified institution).

Management has obtained certifications from a qualified institution as of December 31, 2022 and 2021, and for the year ended December 31, 2022, stating that the certified investment information, as described in Note 4 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 accompanying financial statements, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.
- The information in the accompanying financial statements related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of VSE Corporation 401(k) Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our ERISA Section 103(a)(3)(C) audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about VSE Corporation 401(k) Plan's ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the VSE Corporation 401(k) 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 VSE Corporation 401(k) Plan's ability to continue as a going concern for a reasonable period of time.

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

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

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

Other Matter – Supplemental Schedules Required by ERISA

The supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information included in the supplemental schedules, other than that agreed to or derived from the certified investment information, has been subjected to auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. For information included in the supplemental schedules that agreed to or is derived from the certified investment information, we compared such information to the related certified investment information.

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

In our opinion:

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

FORVIS,LLP

Tysons, Virginia
October 4, 2023

VSE Corporation 401(k) Plan
Statements of Net Assets Available for Benefits
December 31, 2022 and 2021

	2022	2021
Cash	\$ -	\$ 276
Investments at fair value	119,495,668	154,864,484
Investments at contract value	16,660,420	17,716,805
Total investments	136,156,088	172,581,289
Receivables:		
Employer contribution	365,474	1,205,676
Notes receivable from participants	2,007,376	2,465,880
Total receivables	2,372,850	3,671,556
Net assets available for benefits	\$ 138,528,938	\$ 176,253,121

VSE Corporation 401(k) Plan
Statement of Changes in Net Assets Available for Benefits
Year Ended December 31, 2022

Additions to net assets attributed to:

Investment income:

Interest and dividends	\$ 751,797
------------------------	------------

Rebate of investment management fees and other income	87,969
---	--------

Interest income on notes receivable from participants	98,390
---	--------

Contributions:

Participant	7,883,444
Employer	6,030,800
Rollover	1,054,281

	14,968,525
--	------------

Total additions	15,906,681
-----------------	------------

Deductions from net assets attributed to:

Net depreciation in fair value of investments	21,951,122
Benefits paid to participants	35,080,344
Administrative expenses	171,053

Total deductions	57,202,519
------------------	------------

Net change	(41,295,838)
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Transfer of assets from Global Parts, Inc. 401(k) Plan	3,571,655
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Net assets available for benefits:

Beginning of year	176,253,121
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End of year	\$ 138,528,938
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Notes to Financial Statements

1. Description of Plan

The following description of VSE Corporation 401(k) Plan (the "Plan") provides only general information. Participants should refer to the plan document for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution profit-sharing plan with a Section 401(k) cash or deferred arrangement covering substantially all employees of VSE Corporation (VSE), Integrated Concepts and Research Corporation (ICRC), G&B Solutions, Inc. (G&B), Wheeler Bros, Inc., Energetics, Incorporated (Energetics), Akimeka, LLC, and VSE Aviation (collectively, the "Company"). Prudential Bank & Trust and Empower Annuity Insurance Company, formerly Prudential Retirement Insurance and Annuity Company, (collectively "Empower") are the trustee and custodian of the Plan, respectively. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

January 1, 2022, the Plan was amended to merge Global Parts, Inc. 401(k) Plan into the Plan, effective April 1, 2022, after they were acquired by VSE Corporation. For the year ended December 31, 2022, \$3,571,655 was transferred into the Plan as a result of the merger.

Contributions

Each year, participants may contribute any amount of annual compensation, as defined in the Plan document, subject to Internal Revenue Code (IRC) limitations. Participant salary deferrals may be traditional 401(k) (pretax) or Roth 401(k) (after-tax). Participants who have attained age 50 before the end of the plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified plans and certain individual retirement accounts. The Company makes safe harbor matching contributions equal to 100% of the first 3% of compensation that a participant contributes to the Plan and 50% of the next 2% of compensation that a participant contributes to the Plan. The Company also provides prevailing wage contributions for participants when required by certain government contracts. For the year ended December 31, 2022, prevailing wage contributions in the amount of \$2,967,375 were made to eligible participants. No discretionary matching or profit-sharing contributions were made for the year ended December 31, 2022. Contributions are subject to certain limitations.

Investment options

Participants direct the investment of their accounts into various investment options offered by the Plan. The Plan currently offers mutual funds, pooled separate accounts, a common collective trust fund, VSE corporation common stock, and a fully benefit-responsive investment contract as investment options.

Participant accounts

Each participant's account is credited with the participant's contribution and allocations of the Company's contributions and plan earnings (losses), and charged with benefit, and transaction fees related to notes receivable from participants and distributions. Allocations are based on account balances, participant contributions, participant earnings, fringe rates and hours worked. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their contributions and in all employer contributions made after January 1, 2011, plus earnings thereon. Akimeka employees are vested ratably over 3 years of credited service for nonelective contributions received. Prior to December 31, 2010, ICRC matching contributions were 100% vested after 5 years of credited service and VSE matching contributions were 100% vested after 3 years of credited service. Prior to December 31, 2010, participants were immediately vested in G&B and Energetics' employer contributions.

Notes receivable from participants

Participants may borrow from their fund accounts up to a maximum of \$50,000 or 50% of their vested account balance, whichever is less, with a minimum loan of \$1,000. The loans are secured by the balance in the participant's account and bear interest at rates which are commensurate with local prevailing rates for similar loans. Loans must be repaid within five years unless used to purchase a principal residence. On December 31, 2022, outstanding loans bore interest at rates ranging from 4.25% to 7.25%.

Payment of benefits

Upon termination of service, a participant may elect to receive an amount equal to the value of the participant's vested interest in his or her account in either a lump-sum amount or installments. Amounts contributed on a before-tax basis may be withdrawn upon demonstration of financial hardship. In-service distributions are available after a participant reaches age 59½.

Forfeitures

Forfeitures are used to reduce employer contributions and plan expenses. On December 31, 2022 and 2021, forfeited nonvested accounts totaled \$82,485 and \$31,075, respectively. During 2022, forfeitures were not used to reduce employer contributions or plan expenses.

Expense budget account

The expense budget account ("EBA") is an unallocated account maintained within the Plan to account for funds received under a revenue-sharing agreement with Prudential, the Plan's recordkeeper. These amounts may be used quarterly to pay plan expenses or may be allocated to plan participants at the end of the year at the direction of the Company. At December 31, 2022 and 2021, the balance of the EBA account was \$3,038 and \$6,159, respectively. During 2022, \$70,158 was used to pay for plan expenses.

2. Summary of Significant Accounting Policies

Basis of accounting

The financial statements of the Plan are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities and changes therein, and disclosure of contingent assets and liabilities. Accordingly, actual results may differ from those estimates and assumptions.

Investment valuation and income recognition

Investments are reported at fair value, except for fully benefit-responsive investment contracts, which are reported at contract value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Plan management determines the Plan's valuation policies utilizing information provided by the custodian. See Note 3 for discussion of fair value measurements.

Investments in fully benefit-responsive investment contracts are reported at contract value. Contract value is the relevant measure for the portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants normally would receive if they were to initiate permitted transactions under the terms of the Plan.

Purchases and sales of securities are recorded on a trade-date basis. Interest income from notes receivable from participants is recorded when received. Other interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net depreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Payment of benefits

Benefits are recorded upon distribution.

Notes receivable from participants

Notes receivable from participants are measured at their unpaid principal balance. Delinquent notes receivable from participants are reclassified as distributions based upon the terms of the Plan document.

Administrative expenses

The Plan's administrative expenses are paid by either the Plan or the Company, as provided by the plan document. Certain administrative functions are performed by employees of the Company. No such employee receives compensation from the Plan. Expenses relating to specific participant transactions (notes receivable from participants and distributions) are charged directly to the participant's account.

Subsequent events

In preparing these financial statements, the Plan has evaluated events and transactions for potential recognition or disclosure through October 4, 2023, the date the financial statements were available to be issued.

In 2023, VSE Corporation acquired Precision Fuel Components, LLC. As a result of the acquisition, the plan was amended effective June 1, 2023, to merge Precision Fuel Components, LLC from the Aeries Enterprises, LLC Employees' 401(k) Savings Plan into the Plan.

3. Fair Value Measurements

Fair value, as defined under GAAP, is an exit price representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value. These tiers include:

Level 1: Observable inputs such as quoted prices in active markets.

Level 2: Inputs other than quoted prices in active markets that are either directly or indirectly observable.

VSE Corporation 401(k) Plan
Notes to Financial Statements

Level 3: Unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Plan's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

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

Common stock

Common publicly traded investments and are valued daily at the closing price reported on the active market on which the individual security is traded.

Mutual funds

Mutual funds are publicly traded investments and are valued daily at the closing price reported on the active market on which the funds are traded.

Pooled separate accounts

The Plan invests in pooled separate accounts for which quoted prices are not available in active markets for identical instruments. The Plan utilizes the Net Asset Value ("NAV") of units, as determined by Prudential, as the estimated fair value. Because quoted prices in active markets for identical assets are not available, these prices are determined using observable market information such as quotes from less active markets and/or quoted prices of securities with similar characteristics.

Common collective trust funds

These funds are valued at the Net Asset Value ("NAV") of units of the collective fund. The NAV is used as a practical expedient to estimate fair value. This practical expedient would not be used if it is determined to be probable that the funds will sell the investment for an amount different from the reported net asset value. Participant transactions (purchases and sales) may occur daily. If the Plan initiates a full redemption of the collective trust, the issuer reserves the right to require 12-months' notification in order to ensure that securities liquidations will be carried out in an orderly business manner.

The following tables set forth by level within the fair value hierarchy the Plan's assets accounted for at fair value on a recurring basis as of December 31, 2022 and 2021:

	Assets at Fair Value as of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 34,080,270	\$ -	\$ -	\$ 34,080,270
Common stock	907,611	-	-	907,611
Total assets in the fair value hierarchy	<u>\$ 34,987,881</u>	<u>\$ -</u>	<u>\$ -</u>	34,987,881
Investments measured at NAV (a):				
Common collective trust fund				2,941,501
Pooled separate accounts				<u>81,566,286</u>
Investments at fair value				<u>\$119,495,668</u>

VSE Corporation 401(k) Plan
Notes to Financial Statements

	Assets at Fair Value as of December 31, 2021			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 54,242,577	\$ -	\$ -	\$ 54,242,577
Common stock	<u>1,337,277</u>	<u>-</u>	<u>-</u>	<u>1,337,277</u>
Total assets in the fair value hierarchy	<u>\$ 55,579,854</u>	<u>\$ -</u>	<u>\$ -</u>	55,579,854
Investments measured at NAV (a)				<u>99,284,630</u>
Investments at fair value				<u>\$ 154,864,484</u>

(a) In accordance with GAAP, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of net assets available for benefits.

The following table summarizes investments for which fair value is measured using the NAV per share practical expedient as of December 31, 2022 and 2021.

	Fair Value at December 31, 2022	Fair Value at December 31, 2021	Unfunded Commitments	Other Redemption Restrictions	Redemption Notice Period
Common collective trust	\$ 2,941,501	\$ -	None	Daily	None
Pooled separate accounts	\$ 81,556,286	\$ 99,284,630	None	Daily	None

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

4. Unaudited Information Certified by Custodian

The accompanying financial statements include the following unaudited information as of December 31, 2022 and 2021, and for the year ended December 31, 2022 that was obtained from data prepared and certified to be complete and accurate by the Plan's custodian.

	2022	2021
Cash	\$ -	\$ 276
Investments at fair value	<u>\$ 119,495,668</u>	<u>\$ 154,864,484</u>
Investments at contract value	<u>\$ 16,660,420</u>	<u>\$ 17,716,805</u>
Notes receivable from participants	<u>\$ 2,007,376</u>	<u>\$ 2,465,880</u>
Net depreciation in fair value of investments	<u>\$ 21,951,122</u>	
Interest and dividends	<u>\$ 751,797</u>	
Interest income on notes receivable from participants	<u>\$ 98,390</u>	

5. Investment Contract with Insurance Company

The Plan holds a traditional investment contract. The contract meets the fully benefit-responsive investment contract criteria and, therefore, is reported at contract value. Contract value is the relevant measure for fully benefit-responsive investment contracts because this is the amount received by participants if they were to initiate permitted transactions under the terms of the Plan. Contract value represents contributions made under each contract, plus earnings, less participant withdrawals, and administrative expenses.

The traditional investment contract held by the Plan is a guaranteed investment contract. The contract issuer is contractually obligated to repay the principal and interest at a specified interest rate that is guaranteed to the Plan. There are no reserves against contract value for credit risk of the contract issuers or otherwise. The crediting interest rate is based on a formula agreed upon with the issuers, but it may not be less than the guaranteed minimum interest rate as defined by the contract. Such interest rates are reviewed on a quarterly basis for resetting.

The Plan's ability to receive amounts due in accordance with fully benefit-responsive investment contracts is dependent on the third-party issuer's ability to meet its financial obligations. The issuer's ability to meet its contractual obligations may be affected by future economic and regulatory developments.

Certain events limit the ability of the Plan to transact at contract value with the issuers. Such events include the following: (1) amendments to the plan document (including complete or partial plan termination or merger with another plan), (2) changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions, (3) premature termination of the contracts, (4) bankruptcy of the plan sponsor or other plan sponsor events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the Plan, or (5) the failure of the Plan to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA. The plan administrator does not believe that the occurrence of any such value event, which would limit the Plan's ability to transact at contract value with participants, is probable.

In addition, certain events allow the issuer to terminate the contracts with the Plan and settle at an amount different from contract value. Those events may be different under each contract. Examples of such events include the following: (1) an uncured violation of the Plan's investment guidelines, (2) a breach of material obligation under the contract, (3) a material representation or (4) a material amendment to the agreements without the consent of the issuer. At December 31, 2022 and 2021, the contract value was \$16,660,420 and \$17,716,805, respectively.

6. Exempt Party-in-Interest Transactions

Certain Plan investments are managed by Prudential, the custodian as defined by the Plan. These transactions qualified as exempt party-in-interest transactions. Fees paid by the Plan for investment management services were included as a reduction of the return earned on each fund. Fees paid to the custodian or their affiliates by the Plan for participant-initiated transactions and other administrative expenses were \$55,026 for the year ended December 31, 2022. Investment advisors and other professional service providers were paid \$134,426.

At December 31, 2022 and 2021, the Plan held 19,360 shares of the Company's common stock. During the year ended December 31, 2022, the Plan recorded dividend income related to the Company common stock of \$8,302.

7. Plan Termination

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

8. Tax Status

The Internal Revenue Service ("IRS") has determined and informed the Company by a letter dated November 8, 2022, that the Plan and the related trust are designed in accordance with applicable sections of the Internal Revenue Code ("IRC"). The Plan has been amended since receiving the determination letter. However, the Plan administrator believes that the Plan is designed and currently being operated in compliance with applicable provisions of the IRC.

GAAP requires plan management to evaluate 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. The plan administrator 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 disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

9. Risks and Uncertainties

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

10. Nonexempt Transactions

Defined contribution plans are required to remit employee contributions to the Plan as soon as they can be reasonably segregated from the employer's general assets, but no later than the 15th business day of the month following the month in which the participant contributions are withheld by the employer. While the Company remitted all employee contributions to the Plan, contributions of \$71,461 were not remitted within the required time period for the year ended December 31, 2022. This was corrected outside of the Voluntary Fiduciary Correction Program in April 2022.

11. Reconciliation of Financial Statements to Form 5500

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

	<u>2022</u>	<u>2021</u>
Net assets available for benefits per the financial statements	\$ 138,528,938	\$ 176,253,121
Employer contribution receivable not reflected on Form 5500	<u>(365,474)</u>	<u>(1,205,676)</u>
Net assets available for benefits per the Form 5500	<u>\$ 138,163,464</u>	<u>\$ 175,047,445</u>

The following is a reconciliation of change in net assets available for benefits per the financial statements to Schedule H of Form 5500 for the year ended December 31, 2022:

Net change in net assets per the financial statements	\$ (41,295,838)
Change in employer contribution receivable	<u>840,202</u>
Net loss per 5500	<u>\$ (40,455,636)</u>

Supplementary Information

VSE Corporation 401(k) Plan
Schedule of Delinquent Participant Contributions
Schedule H, Line 4a
EIN: 54-0649263 Plan: 003
Year Ended December 31, 2022

Pay Period Ending	Participant Contributions Transferred Late to the Plan	Totals that Constitute Nonexempt Prohibited Transactions			Total Fully Corrected Under Voluntary Fiduciary Correction Program (VFCP) and Prohibited Transaction Exemption 2002-51
		Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	
March 14, 2022	\$ 71,461	\$ -	\$ 71,461	\$ -	\$ -

VSE Corporation 401(k) Plan
Schedule of Assets (Held at End of Year)
Schedule H, Line 4i
EIN: 54-0649263 Plan: 003
December 31, 2022

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost**	(e) Current Value
	Mutual funds:			
	Fidelity	500 Index Fund	\$	\$ 6,189,411
	MFS	Growth Fund Class R6		3,812,261
	Janus	Enterprise Fund		3,729,432
	American Funds	EuroPacific Growth Fund		2,652,265
	Invesco	Discovery R6		2,304,700
	MFS	Mid Cap Val Class		1,484,663
	Fidelity	Adv Sc Val		1,512,363
	JP Morgan	US Equity Class A Fund		2,279,275
	American Funds	American Mutual Fund		3,026,642
	Fidelity	Small Cap Index Fund		2,364,060
	Fidelity	Mid Cap Index Fund		2,675,182
	Nuveen	Real Estate Security I Fund		1,241,139
	Invesco	Developing Markets Fund		808,877
	Common collective trust			
*	Prudential	Total Return Bond Fund		2,941,501
	Common stock:			
*	VSE Corporation	VSE Corporation Co. Stock		907,611
	Pooled separate accounts:			
*	Prudential Insurance	Prudential Day One 2030 Fund		14,847,497
*	Prudential Insurance	Prudential Day One 2025 Fund		11,496,983
*	Prudential Insurance	Prudential Day One 2035 Fund		11,350,017
*	Prudential Insurance	Prudential Day One 2040 Fund		9,277,743
*	Prudential Insurance	Prudential Day One 2045 Fund		8,246,544
*	Prudential Insurance	Prudential Day One 2015 Fund		4,042,200
*	Prudential Insurance	Prudential Day One 2020 Fund		4,887,653
*	Prudential Insurance	Prudential Day One 2050 Fund		5,697,785
*	Prudential Insurance	Day One Income Fund		4,540,432
*	Prudential Insurance	Prudential Incomeflex Target Easypath Balanced Fund		2,082,724
*	Prudential Insurance	Prudential Day One 2055 Fund		3,221,109
*	Prudential Insurance	Prudential Day One 2060 Fund		1,373,497
*	Prudential Insurance	Prudential Day One 2065 Fund		502,102
	Investment contract:			
*	Prudential Insurance	Guaranteed Income Fund		16,660,420
*	Participant loans ***	Maturing through 2031, bearing interest from 4.25% to 7.25%, collateralized by participant accounts	-	2,007,376
			<u>\$ -</u>	<u>\$138,163,464</u>

* *Party-in-interest*

** *Cost omitted for participant-directed investments.*

*** *The accompanying financial statements classify participant loans as notes receivable from participants.*



VSE Corporation 401(k) Plan

Independent Auditor's Report, Financial Statements, and Supplementary Information

December 31, 2022 and 2021



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Independent Auditor's Report

Plan Administrator
VSE Corporation 401(k) Plan
Alexandria, Virginia

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

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

Management, having determined it is permissible in the circumstances, has elected to have the audits of VSE Corporation 401(k) Plan's financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), our audits need not extend to any statements or information related to assets held for investment of the plan (investment information) by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency, provided that the statements or information regarding assets so held are prepared and certified to by the bank or similar institution or insurance carrier in accordance with 29 CFR 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA (qualified institution).

Management has obtained certifications from a qualified institution as of December 31, 2022 and 2021, and for the year ended December 31, 2022, stating that the certified investment information, as described in Note 4 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 accompanying financial statements, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.
- The information in the accompanying financial statements related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of VSE Corporation 401(k) Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our ERISA Section 103(a)(3)(C) audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about VSE Corporation 401(k) Plan's ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the VSE Corporation 401(k) 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 VSE Corporation 401(k) Plan's ability to continue as a going concern for a reasonable period of time.

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

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

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

Other Matter – Supplemental Schedules Required by ERISA

The supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information included in the supplemental schedules, other than that agreed to or derived from the certified investment information, has been subjected to auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. For information included in the supplemental schedules that agreed to or is derived from the certified investment information, we compared such information to the related certified investment information.

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

In our opinion:

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

FORVIS, LLP

Tysons, Virginia
October 4, 2023

VSE Corporation 401(k) Plan
Statements of Net Assets Available for Benefits
December 31, 2022 and 2021

	2022	2021
Cash	\$ -	\$ 276
Investments at fair value	119,495,668	154,864,484
Investments at contract value	16,660,420	17,716,805
Total investments	136,156,088	172,581,289
Receivables:		
Employer contribution	365,474	1,205,676
Notes receivable from participants	2,007,376	2,465,880
Total receivables	2,372,850	3,671,556
Net assets available for benefits	\$ 138,528,938	\$ 176,253,121

VSE Corporation 401(k) Plan
Statement of Changes in Net Assets Available for Benefits
Year Ended December 31, 2022

Additions to net assets attributed to:

Investment income:

Interest and dividends	\$ 751,797
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Rebate of investment management fees and other income	87,969
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Interest income on notes receivable from participants	98,390
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Contributions:

Participant	7,883,444
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Employer	6,030,800
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Rollover	1,054,281
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	14,968,525
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Total additions	15,906,681
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Deductions from net assets attributed to:

Net depreciation in fair value of investments	21,951,122
---	------------

Benefits paid to participants	35,080,344
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Administrative expenses	171,053
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Total deductions	57,202,519
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Net change	(41,295,838)
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Transfer of assets from Global Parts, Inc. 401(k) Plan	3,571,655
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Net assets available for benefits:

Beginning of year	176,253,121
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End of year	\$ 138,528,938
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Notes to Financial Statements

1. Description of Plan

The following description of VSE Corporation 401(k) Plan (the "Plan") provides only general information. Participants should refer to the plan document for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution profit-sharing plan with a Section 401(k) cash or deferred arrangement covering substantially all employees of VSE Corporation (VSE), Integrated Concepts and Research Corporation (ICRC), G&B Solutions, Inc. (G&B), Wheeler Bros, Inc., Energetics, Incorporated (Energetics), Akimeka, LLC, and VSE Aviation (collectively, the "Company"). Prudential Bank & Trust and Empower Annuity Insurance Company, formerly Prudential Retirement Insurance and Annuity Company, (collectively "Empower") are the trustee and custodian of the Plan, respectively. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

January 1, 2022, the Plan was amended to merge Global Parts, Inc. 401(k) Plan into the Plan, effective April 1, 2022, after they were acquired by VSE Corporation. For the year ended December 31, 2022, \$3,571,655 was transferred into the Plan as a result of the merger.

Contributions

Each year, participants may contribute any amount of annual compensation, as defined in the Plan document, subject to Internal Revenue Code (IRC) limitations. Participant salary deferrals may be traditional 401(k) (pretax) or Roth 401(k) (after-tax). Participants who have attained age 50 before the end of the plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified plans and certain individual retirement accounts. The Company makes safe harbor matching contributions equal to 100% of the first 3% of compensation that a participant contributes to the Plan and 50% of the next 2% of compensation that a participant contributes to the Plan. The Company also provides prevailing wage contributions for participants when required by certain government contracts. For the year ended December 31, 2022, prevailing wage contributions in the amount of \$2,967,375 were made to eligible participants. No discretionary matching or profit-sharing contributions were made for the year ended December 31, 2022. Contributions are subject to certain limitations.

Investment options

Participants direct the investment of their accounts into various investment options offered by the Plan. The Plan currently offers mutual funds, pooled separate accounts, a common collective trust fund, VSE corporation common stock, and a fully benefit-responsive investment contract as investment options.

Participant accounts

Each participant's account is credited with the participant's contribution and allocations of the Company's contributions and plan earnings (losses), and charged with benefit, and transaction fees related to notes receivable from participants and distributions. Allocations are based on account balances, participant contributions, participant earnings, fringe rates and hours worked. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their contributions and in all employer contributions made after January 1, 2011, plus earnings thereon. Akimeka employees are vested ratably over 3 years of credited service for nonelective contributions received. Prior to December 31, 2010, ICRC matching contributions were 100% vested after 5 years of credited service and VSE matching contributions were 100% vested after 3 years of credited service. Prior to December 31, 2010, participants were immediately vested in G&B and Energetics' employer contributions.

Notes receivable from participants

Participants may borrow from their fund accounts up to a maximum of \$50,000 or 50% of their vested account balance, whichever is less, with a minimum loan of \$1,000. The loans are secured by the balance in the participant's account and bear interest at rates which are commensurate with local prevailing rates for similar loans. Loans must be repaid within five years unless used to purchase a principal residence. On December 31, 2022, outstanding loans bore interest at rates ranging from 4.25% to 7.25%.

Payment of benefits

Upon termination of service, a participant may elect to receive an amount equal to the value of the participant's vested interest in his or her account in either a lump-sum amount or installments. Amounts contributed on a before-tax basis may be withdrawn upon demonstration of financial hardship. In-service distributions are available after a participant reaches age 59½.

Forfeitures

Forfeitures are used to reduce employer contributions and plan expenses. On December 31, 2022 and 2021, forfeited nonvested accounts totaled \$82,485 and \$31,075, respectively. During 2022, forfeitures were not used to reduce employer contributions or plan expenses.

Expense budget account

The expense budget account ("EBA") is an unallocated account maintained within the Plan to account for funds received under a revenue-sharing agreement with Prudential, the Plan's recordkeeper. These amounts may be used quarterly to pay plan expenses or may be allocated to plan participants at the end of the year at the direction of the Company. At December 31, 2022 and 2021, the balance of the EBA account was \$3,038 and \$6,159, respectively. During 2022, \$70,158 was used to pay for plan expenses.

2. Summary of Significant Accounting Policies

Basis of accounting

The financial statements of the Plan are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities and changes therein, and disclosure of contingent assets and liabilities. Accordingly, actual results may differ from those estimates and assumptions.

Investment valuation and income recognition

Investments are reported at fair value, except for fully benefit-responsive investment contracts, which are reported at contract value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Plan management determines the Plan's valuation policies utilizing information provided by the custodian. See Note 3 for discussion of fair value measurements.

Investments in fully benefit-responsive investment contracts are reported at contract value. Contract value is the relevant measure for the portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants normally would receive if they were to initiate permitted transactions under the terms of the Plan.

Purchases and sales of securities are recorded on a trade-date basis. Interest income from notes receivable from participants is recorded when received. Other interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net depreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Payment of benefits

Benefits are recorded upon distribution.

Notes receivable from participants

Notes receivable from participants are measured at their unpaid principal balance. Delinquent notes receivable from participants are reclassified as distributions based upon the terms of the Plan document.

Administrative expenses

The Plan's administrative expenses are paid by either the Plan or the Company, as provided by the plan document. Certain administrative functions are performed by employees of the Company. No such employee receives compensation from the Plan. Expenses relating to specific participant transactions (notes receivable from participants and distributions) are charged directly to the participant's account.

Subsequent events

In preparing these financial statements, the Plan has evaluated events and transactions for potential recognition or disclosure through October 4, 2023, the date the financial statements were available to be issued.

In 2023, VSE Corporation acquired Precision Fuel Components, LLC. As a result of the acquisition, the plan was amended effective June 1, 2023, to merge Precision Fuel Components, LLC from the Aeries Enterprises, LLC Employees' 401(k) Savings Plan into the Plan.

3. Fair Value Measurements

Fair value, as defined under GAAP, is an exit price representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value. These tiers include:

Level 1: Observable inputs such as quoted prices in active markets.

Level 2: Inputs other than quoted prices in active markets that are either directly or indirectly observable.

VSE Corporation 401(k) Plan
Notes to Financial Statements

Level 3: Unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Plan's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

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

Common stock

Common publicly traded investments and are valued daily at the closing price reported on the active market on which the individual security is traded.

Mutual funds

Mutual funds are publicly traded investments and are valued daily at the closing price reported on the active market on which the funds are traded.

Pooled separate accounts

The Plan invests in pooled separate accounts for which quoted prices are not available in active markets for identical instruments. The Plan utilizes the Net Asset Value ("NAV") of units, as determined by Prudential, as the estimated fair value. Because quoted prices in active markets for identical assets are not available, these prices are determined using observable market information such as quotes from less active markets and/or quoted prices of securities with similar characteristics.

Common collective trust funds

These funds are valued at the Net Asset Value ("NAV") of units of the collective fund. The NAV is used as a practical expedient to estimate fair value. This practical expedient would not be used if it is determined to be probable that the funds will sell the investment for an amount different from the reported net asset value. Participant transactions (purchases and sales) may occur daily. If the Plan initiates a full redemption of the collective trust, the issuer reserves the right to require 12-months' notification in order to ensure that securities liquidations will be carried out in an orderly business manner.

The following tables set forth by level within the fair value hierarchy the Plan's assets accounted for at fair value on a recurring basis as of December 31, 2022 and 2021:

Assets at Fair Value as of December 31, 2022				
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 34,080,270	\$ -	\$ -	\$ 34,080,270
Common stock	907,611	-	-	907,611
Total assets in the fair value hierarchy	<u>\$ 34,987,881</u>	<u>\$ -</u>	<u>\$ -</u>	34,987,881
Investments measured at NAV (a):				
Common collective trust fund				2,941,501
Pooled separate accounts				<u>81,566,286</u>
Investments at fair value				<u>\$119,495,668</u>

VSE Corporation 401(k) Plan
Notes to Financial Statements

	Assets at Fair Value as of December 31, 2021			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 54,242,577	\$ -	\$ -	\$ 54,242,577
Common stock	<u>1,337,277</u>	<u>-</u>	<u>-</u>	<u>1,337,277</u>
Total assets in the fair value hierarchy	<u>\$ 55,579,854</u>	<u>\$ -</u>	<u>\$ -</u>	55,579,854
Investments measured at NAV (a)				<u>99,284,630</u>
Investments at fair value				<u>\$ 154,864,484</u>

(a) In accordance with GAAP, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of net assets available for benefits.

The following table summarizes investments for which fair value is measured using the NAV per share practical expedient as of December 31, 2022 and 2021.

	Fair Value at December 31, 2022	Fair Value at December 31, 2021	Unfunded Commitments	Other Redemption Restrictions	Redemption Notice Period
Common collective trust	\$ 2,941,501	\$ -	None	Daily	None
Pooled separate accounts	\$ 81,556,286	\$ 99,284,630	None	Daily	None

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

4. Unaudited Information Certified by Custodian

The accompanying financial statements include the following unaudited information as of December 31, 2022 and 2021, and for the year ended December 31, 2022 that was obtained from data prepared and certified to be complete and accurate by the Plan's custodian.

	2022	2021
Cash	\$ -	\$ 276
Investments at fair value	<u>\$ 119,495,668</u>	<u>\$ 154,864,484</u>
Investments at contract value	<u>\$ 16,660,420</u>	<u>\$ 17,716,805</u>
Notes receivable from participants	<u>\$ 2,007,376</u>	<u>\$ 2,465,880</u>
Net depreciation in fair value of investments	<u>\$ 21,951,122</u>	
Interest and dividends	<u>\$ 751,797</u>	
Interest income on notes receivable from participants	<u>\$ 98,390</u>	

5. Investment Contract with Insurance Company

The Plan holds a traditional investment contract. The contract meets the fully benefit-responsive investment contract criteria and, therefore, is reported at contract value. Contract value is the relevant measure for fully benefit-responsive investment contracts because this is the amount received by participants if they were to initiate permitted transactions under the terms of the Plan. Contract value represents contributions made under each contract, plus earnings, less participant withdrawals, and administrative expenses.

The traditional investment contract held by the Plan is a guaranteed investment contract. The contract issuer is contractually obligated to repay the principal and interest at a specified interest rate that is guaranteed to the Plan. There are no reserves against contract value for credit risk of the contract issuers or otherwise. The crediting interest rate is based on a formula agreed upon with the issuers, but it may not be less than the guaranteed minimum interest rate as defined by the contract. Such interest rates are reviewed on a quarterly basis for resetting.

The Plan's ability to receive amounts due in accordance with fully benefit-responsive investment contracts is dependent on the third-party issuer's ability to meet its financial obligations. The issuer's ability to meet its contractual obligations may be affected by future economic and regulatory developments.

Certain events limit the ability of the Plan to transact at contract value with the issuers. Such events include the following: (1) amendments to the plan document (including complete or partial plan termination or merger with another plan), (2) changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions, (3) premature termination of the contracts, (4) bankruptcy of the plan sponsor or other plan sponsor events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the Plan, or (5) the failure of the Plan to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA. The plan administrator does not believe that the occurrence of any such value event, which would limit the Plan's ability to transact at contract value with participants, is probable.

In addition, certain events allow the issuer to terminate the contracts with the Plan and settle at an amount different from contract value. Those events may be different under each contract. Examples of such events include the following: (1) an uncured violation of the Plan's investment guidelines, (2) a breach of material obligation under the contract, (3) a material representation or (4) a material amendment to the agreements without the consent of the issuer. At December 31, 2022 and 2021, the contract value was \$16,660,420 and \$17,716,805, respectively.

6. Exempt Party-in-Interest Transactions

Certain Plan investments are managed by Prudential, the custodian as defined by the Plan. These transactions qualified as exempt party-in-interest transactions. Fees paid by the Plan for investment management services were included as a reduction of the return earned on each fund. Fees paid to the custodian or their affiliates by the Plan for participant-initiated transactions and other administrative expenses were \$55,026 for the year ended December 31, 2022. Investment advisors and other professional service providers were paid \$134,426.

At December 31, 2022 and 2021, the Plan held 19,360 shares of the Company's common stock. During the year ended December 31, 2022, the Plan recorded dividend income related to the Company common stock of \$8,302.

7. Plan Termination

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

8. Tax Status

The Internal Revenue Service ("IRS") has determined and informed the Company by a letter dated November 8, 2022, that the Plan and the related trust are designed in accordance with applicable sections of the Internal Revenue Code ("IRC"). The Plan has been amended since receiving the determination letter. However, the Plan administrator believes that the Plan is designed and currently being operated in compliance with applicable provisions of the IRC.

GAAP requires plan management to evaluate 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. The plan administrator 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 disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

9. Risks and Uncertainties

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

10. Nonexempt Transactions

Defined contribution plans are required to remit employee contributions to the Plan as soon as they can be reasonably segregated from the employer's general assets, but no later than the 15th business day of the month following the month in which the participant contributions are withheld by the employer. While the Company remitted all employee contributions to the Plan, contributions of \$71,461 were not remitted within the required time period for the year ended December 31, 2022. This was corrected outside of the Voluntary Fiduciary Correction Program in April 2022.

11. Reconciliation of Financial Statements to Form 5500

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

	<u>2022</u>	<u>2021</u>
Net assets available for benefits per the financial statements	\$ 138,528,938	\$ 176,253,121
Employer contribution receivable not reflected on Form 5500	<u>(365,474)</u>	<u>(1,205,676)</u>
Net assets available for benefits per the Form 5500	<u>\$ 138,163,464</u>	<u>\$ 175,047,445</u>

The following is a reconciliation of change in net assets available for benefits per the financial statements to Schedule H of Form 5500 for the year ended December 31, 2022:

Net change in net assets per the financial statements	\$ (41,295,838)
Change in employer contribution receivable	<u>840,202</u>
Net loss per 5500	<u>\$ (40,455,636)</u>

Supplementary Information

VSE Corporation 401(k) Plan
Schedule of Delinquent Participant Contributions
Schedule H, Line 4a
EIN: 54-0649263 Plan: 003
Year Ended December 31, 2022

Pay Period Ending	Participant Contributions Transferred Late to the Plan	Totals that Constitute Nonexempt Prohibited Transactions			Total Fully Corrected Under Voluntary Fiduciary Correction Program (VFCP) and Prohibited Transaction Exemption 2002-51
		Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	
March 14, 2022	\$ 71,461	\$ -	\$ 71,461	\$ -	\$ -

VSE Corporation 401(k) Plan
Schedule of Assets (Held at End of Year)
Schedule H, Line 4i
EIN: 54-0649263 Plan: 003
December 31, 2022

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost**	(e) Current Value
	Mutual funds:			
	Fidelity	500 Index Fund	\$	\$ 6,189,411
	MFS	Growth Fund Class R6		3,812,261
	Janus	Enterprise Fund		3,729,432
	American Funds	EuroPacific Growth Fund		2,652,265
	Invesco	Discovery R6		2,304,700
	MFS	Mid Cap Val Class		1,484,663
	Fidelity	Adv Sc Val		1,512,363
	JP Morgan	US Equity Class A Fund		2,279,275
	American Funds	American Mutual Fund		3,026,642
	Fidelity	Small Cap Index Fund		2,364,060
	Fidelity	Mid Cap Index Fund		2,675,182
	Nuveen	Real Estate Security I Fund		1,241,139
	Invesco	Developing Markets Fund		808,877
	Common collective trust			
*	Prudential	Total Return Bond Fund		2,941,501
	Common stock:			
*	VSE Corporation	VSE Corporation Co. Stock		907,611
	Pooled separate accounts:			
*	Prudential Insurance	Prudential Day One 2030 Fund		14,847,497
*	Prudential Insurance	Prudential Day One 2025 Fund		11,496,983
*	Prudential Insurance	Prudential Day One 2035 Fund		11,350,017
*	Prudential Insurance	Prudential Day One 2040 Fund		9,277,743
*	Prudential Insurance	Prudential Day One 2045 Fund		8,246,544
*	Prudential Insurance	Prudential Day One 2015 Fund		4,042,200
*	Prudential Insurance	Prudential Day One 2020 Fund		4,887,653
*	Prudential Insurance	Prudential Day One 2050 Fund		5,697,785
*	Prudential Insurance	Day One Income Fund		4,540,432
*	Prudential Insurance	Prudential Incomeflex Target Easypath Balanced Fund		2,082,724
*	Prudential Insurance	Prudential Day One 2055 Fund		3,221,109
*	Prudential Insurance	Prudential Day One 2060 Fund		1,373,497
*	Prudential Insurance	Prudential Day One 2065 Fund		502,102
	Investment contract:			
*	Prudential Insurance	Guaranteed Income Fund		16,660,420
*	Participant loans ***	Maturing through 2031, bearing interest from 4.25% to 7.25%, collateralized by participant accounts	-	2,007,376
			<u>\$ -</u>	<u>\$138,163,464</u>

* *Party-in-interest*

** *Cost omitted for participant-directed investments.*

*** *The accompanying financial statements classify participant loans as notes receivable from participants.*



VSE Corporation 401(k) Plan

Independent Auditor's Report, Financial Statements, and Supplementary Information

December 31, 2022 and 2021



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Independent Auditor's Report

Plan Administrator
VSE Corporation 401(k) Plan
Alexandria, Virginia

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

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

Management, having determined it is permissible in the circumstances, has elected to have the audits of VSE Corporation 401(k) Plan's financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), our audits need not extend to any statements or information related to assets held for investment of the plan (investment information) by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency, provided that the statements or information regarding assets so held are prepared and certified to by the bank or similar institution or insurance carrier in accordance with 29 CFR 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA (qualified institution).

Management has obtained certifications from a qualified institution as of December 31, 2022 and 2021, and for the year ended December 31, 2022, stating that the certified investment information, as described in Note 4 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 accompanying financial statements, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.
- The information in the accompanying financial statements related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of VSE Corporation 401(k) Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our ERISA Section 103(a)(3)(C) audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about VSE Corporation 401(k) Plan's ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the VSE Corporation 401(k) 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 VSE Corporation 401(k) Plan's ability to continue as a going concern for a reasonable period of time.

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

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

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

Other Matter – Supplemental Schedules Required by ERISA

The supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information included in the supplemental schedules, other than that agreed to or derived from the certified investment information, has been subjected to auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. For information included in the supplemental schedules that agreed to or is derived from the certified investment information, we compared such information to the related certified investment information.

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

In our opinion:

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

FORVIS,LLP

Tysons, Virginia
October 4, 2023

VSE Corporation 401(k) Plan
Statements of Net Assets Available for Benefits
December 31, 2022 and 2021

	2022	2021
Cash	\$ -	\$ 276
Investments at fair value	119,495,668	154,864,484
Investments at contract value	16,660,420	17,716,805
Total investments	136,156,088	172,581,289
Receivables:		
Employer contribution	365,474	1,205,676
Notes receivable from participants	2,007,376	2,465,880
Total receivables	2,372,850	3,671,556
Net assets available for benefits	\$ 138,528,938	\$ 176,253,121

VSE Corporation 401(k) Plan
Statement of Changes in Net Assets Available for Benefits
Year Ended December 31, 2022

Additions to net assets attributed to:

Investment income:

Interest and dividends	\$ 751,797
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Rebate of investment management fees and other income	87,969
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Interest income on notes receivable from participants	98,390
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Contributions:

Participant	7,883,444
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Employer	6,030,800
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Rollover	1,054,281
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	14,968,525
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Total additions	15,906,681
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Deductions from net assets attributed to:

Net depreciation in fair value of investments	21,951,122
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Benefits paid to participants	35,080,344
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Administrative expenses	171,053
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Total deductions	57,202,519
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Net change	(41,295,838)
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Transfer of assets from Global Parts, Inc. 401(k) Plan	3,571,655
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Net assets available for benefits:

Beginning of year	176,253,121
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End of year	\$ 138,528,938
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Notes to Financial Statements

1. Description of Plan

The following description of VSE Corporation 401(k) Plan (the "Plan") provides only general information. Participants should refer to the plan document for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution profit-sharing plan with a Section 401(k) cash or deferred arrangement covering substantially all employees of VSE Corporation (VSE), Integrated Concepts and Research Corporation (ICRC), G&B Solutions, Inc. (G&B), Wheeler Bros, Inc., Energetics, Incorporated (Energetics), Akimeka, LLC, and VSE Aviation (collectively, the "Company"). Prudential Bank & Trust and Empower Annuity Insurance Company, formerly Prudential Retirement Insurance and Annuity Company, (collectively "Empower") are the trustee and custodian of the Plan, respectively. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

January 1, 2022, the Plan was amended to merge Global Parts, Inc. 401(k) Plan into the Plan, effective April 1, 2022, after they were acquired by VSE Corporation. For the year ended December 31, 2022, \$3,571,655 was transferred into the Plan as a result of the merger.

Contributions

Each year, participants may contribute any amount of annual compensation, as defined in the Plan document, subject to Internal Revenue Code (IRC) limitations. Participant salary deferrals may be traditional 401(k) (pretax) or Roth 401(k) (after-tax). Participants who have attained age 50 before the end of the plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified plans and certain individual retirement accounts. The Company makes safe harbor matching contributions equal to 100% of the first 3% of compensation that a participant contributes to the Plan and 50% of the next 2% of compensation that a participant contributes to the Plan. The Company also provides prevailing wage contributions for participants when required by certain government contracts. For the year ended December 31, 2022, prevailing wage contributions in the amount of \$2,967,375 were made to eligible participants. No discretionary matching or profit-sharing contributions were made for the year ended December 31, 2022. Contributions are subject to certain limitations.

Investment options

Participants direct the investment of their accounts into various investment options offered by the Plan. The Plan currently offers mutual funds, pooled separate accounts, a common collective trust fund, VSE corporation common stock, and a fully benefit-responsive investment contract as investment options.

Participant accounts

Each participant's account is credited with the participant's contribution and allocations of the Company's contributions and plan earnings (losses), and charged with benefit, and transaction fees related to notes receivable from participants and distributions. Allocations are based on account balances, participant contributions, participant earnings, fringe rates and hours worked. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their contributions and in all employer contributions made after January 1, 2011, plus earnings thereon. Akimeka employees are vested ratably over 3 years of credited service for nonelective contributions received. Prior to December 31, 2010, ICRC matching contributions were 100% vested after 5 years of credited service and VSE matching contributions were 100% vested after 3 years of credited service. Prior to December 31, 2010, participants were immediately vested in G&B and Energetics' employer contributions.

Notes receivable from participants

Participants may borrow from their fund accounts up to a maximum of \$50,000 or 50% of their vested account balance, whichever is less, with a minimum loan of \$1,000. The loans are secured by the balance in the participant's account and bear interest at rates which are commensurate with local prevailing rates for similar loans. Loans must be repaid within five years unless used to purchase a principal residence. On December 31, 2022, outstanding loans bore interest at rates ranging from 4.25% to 7.25%.

Payment of benefits

Upon termination of service, a participant may elect to receive an amount equal to the value of the participant's vested interest in his or her account in either a lump-sum amount or installments. Amounts contributed on a before-tax basis may be withdrawn upon demonstration of financial hardship. In-service distributions are available after a participant reaches age 59½.

Forfeitures

Forfeitures are used to reduce employer contributions and plan expenses. On December 31, 2022 and 2021, forfeited nonvested accounts totaled \$82,485 and \$31,075, respectively. During 2022, forfeitures were not used to reduce employer contributions or plan expenses.

Expense budget account

The expense budget account ("EBA") is an unallocated account maintained within the Plan to account for funds received under a revenue-sharing agreement with Prudential, the Plan's recordkeeper. These amounts may be used quarterly to pay plan expenses or may be allocated to plan participants at the end of the year at the direction of the Company. At December 31, 2022 and 2021, the balance of the EBA account was \$3,038 and \$6,159, respectively. During 2022, \$70,158 was used to pay for plan expenses.

2. Summary of Significant Accounting Policies

Basis of accounting

The financial statements of the Plan are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities and changes therein, and disclosure of contingent assets and liabilities. Accordingly, actual results may differ from those estimates and assumptions.

Investment valuation and income recognition

Investments are reported at fair value, except for fully benefit-responsive investment contracts, which are reported at contract value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Plan management determines the Plan's valuation policies utilizing information provided by the custodian. See Note 3 for discussion of fair value measurements.

Investments in fully benefit-responsive investment contracts are reported at contract value. Contract value is the relevant measure for the portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants normally would receive if they were to initiate permitted transactions under the terms of the Plan.

Purchases and sales of securities are recorded on a trade-date basis. Interest income from notes receivable from participants is recorded when received. Other interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net depreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Payment of benefits

Benefits are recorded upon distribution.

Notes receivable from participants

Notes receivable from participants are measured at their unpaid principal balance. Delinquent notes receivable from participants are reclassified as distributions based upon the terms of the Plan document.

Administrative expenses

The Plan's administrative expenses are paid by either the Plan or the Company, as provided by the plan document. Certain administrative functions are performed by employees of the Company. No such employee receives compensation from the Plan. Expenses relating to specific participant transactions (notes receivable from participants and distributions) are charged directly to the participant's account.

Subsequent events

In preparing these financial statements, the Plan has evaluated events and transactions for potential recognition or disclosure through October 4, 2023, the date the financial statements were available to be issued.

In 2023, VSE Corporation acquired Precision Fuel Components, LLC. As a result of the acquisition, the plan was amended effective June 1, 2023, to merge Precision Fuel Components, LLC from the Aeries Enterprises, LLC Employees' 401(k) Savings Plan into the Plan.

3. Fair Value Measurements

Fair value, as defined under GAAP, is an exit price representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value. These tiers include:

Level 1: Observable inputs such as quoted prices in active markets.

Level 2: Inputs other than quoted prices in active markets that are either directly or indirectly observable.

VSE Corporation 401(k) Plan
Notes to Financial Statements

Level 3: Unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Plan's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

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

Common stock

Common publicly traded investments and are valued daily at the closing price reported on the active market on which the individual security is traded.

Mutual funds

Mutual funds are publicly traded investments and are valued daily at the closing price reported on the active market on which the funds are traded.

Pooled separate accounts

The Plan invests in pooled separate accounts for which quoted prices are not available in active markets for identical instruments. The Plan utilizes the Net Asset Value ("NAV") of units, as determined by Prudential, as the estimated fair value. Because quoted prices in active markets for identical assets are not available, these prices are determined using observable market information such as quotes from less active markets and/or quoted prices of securities with similar characteristics.

Common collective trust funds

These funds are valued at the Net Asset Value ("NAV") of units of the collective fund. The NAV is used as a practical expedient to estimate fair value. This practical expedient would not be used if it is determined to be probable that the funds will sell the investment for an amount different from the reported net asset value. Participant transactions (purchases and sales) may occur daily. If the Plan initiates a full redemption of the collective trust, the issuer reserves the right to require 12-months' notification in order to ensure that securities liquidations will be carried out in an orderly business manner.

The following tables set forth by level within the fair value hierarchy the Plan's assets accounted for at fair value on a recurring basis as of December 31, 2022 and 2021:

	Assets at Fair Value as of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 34,080,270	\$ -	\$ -	\$ 34,080,270
Common stock	907,611	-	-	907,611
Total assets in the fair value hierarchy	<u>\$ 34,987,881</u>	<u>\$ -</u>	<u>\$ -</u>	34,987,881
Investments measured at NAV (a):				
Common collective trust fund				2,941,501
Pooled separate accounts				<u>81,566,286</u>
Investments at fair value				<u>\$119,495,668</u>

VSE Corporation 401(k) Plan
Notes to Financial Statements

	Assets at Fair Value as of December 31, 2021			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 54,242,577	\$ -	\$ -	\$ 54,242,577
Common stock	<u>1,337,277</u>	<u>-</u>	<u>-</u>	<u>1,337,277</u>
Total assets in the fair value hierarchy	<u>\$ 55,579,854</u>	<u>\$ -</u>	<u>\$ -</u>	55,579,854
Investments measured at NAV (a)				<u>99,284,630</u>
Investments at fair value				<u>\$ 154,864,484</u>

(a) In accordance with GAAP, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of net assets available for benefits.

The following table summarizes investments for which fair value is measured using the NAV per share practical expedient as of December 31, 2022 and 2021.

	Fair Value at December 31, 2022	Fair Value at December 31, 2021	Unfunded Commitments	Other Redemption Restrictions	Redemption Notice Period
Common collective trust	\$ 2,941,501	\$ -	None	Daily	None
Pooled separate accounts	\$ 81,556,286	\$ 99,284,630	None	Daily	None

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

4. Unaudited Information Certified by Custodian

The accompanying financial statements include the following unaudited information as of December 31, 2022 and 2021, and for the year ended December 31, 2022 that was obtained from data prepared and certified to be complete and accurate by the Plan's custodian.

	2022	2021
Cash	\$ -	\$ 276
Investments at fair value	<u>\$ 119,495,668</u>	<u>\$ 154,864,484</u>
Investments at contract value	<u>\$ 16,660,420</u>	<u>\$ 17,716,805</u>
Notes receivable from participants	<u>\$ 2,007,376</u>	<u>\$ 2,465,880</u>
Net depreciation in fair value of investments	<u>\$ 21,951,122</u>	
Interest and dividends	<u>\$ 751,797</u>	
Interest income on notes receivable from participants	<u>\$ 98,390</u>	

5. Investment Contract with Insurance Company

The Plan holds a traditional investment contract. The contract meets the fully benefit-responsive investment contract criteria and, therefore, is reported at contract value. Contract value is the relevant measure for fully benefit-responsive investment contracts because this is the amount received by participants if they were to initiate permitted transactions under the terms of the Plan. Contract value represents contributions made under each contract, plus earnings, less participant withdrawals, and administrative expenses.

The traditional investment contract held by the Plan is a guaranteed investment contract. The contract issuer is contractually obligated to repay the principal and interest at a specified interest rate that is guaranteed to the Plan. There are no reserves against contract value for credit risk of the contract issuers or otherwise. The crediting interest rate is based on a formula agreed upon with the issuers, but it may not be less than the guaranteed minimum interest rate as defined by the contract. Such interest rates are reviewed on a quarterly basis for resetting.

The Plan's ability to receive amounts due in accordance with fully benefit-responsive investment contracts is dependent on the third-party issuer's ability to meet its financial obligations. The issuer's ability to meet its contractual obligations may be affected by future economic and regulatory developments.

Certain events limit the ability of the Plan to transact at contract value with the issuers. Such events include the following: (1) amendments to the plan document (including complete or partial plan termination or merger with another plan), (2) changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions, (3) premature termination of the contracts, (4) bankruptcy of the plan sponsor or other plan sponsor events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the Plan, or (5) the failure of the Plan to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA. The plan administrator does not believe that the occurrence of any such value event, which would limit the Plan's ability to transact at contract value with participants, is probable.

In addition, certain events allow the issuer to terminate the contracts with the Plan and settle at an amount different from contract value. Those events may be different under each contract. Examples of such events include the following: (1) an uncured violation of the Plan's investment guidelines, (2) a breach of material obligation under the contract, (3) a material representation or (4) a material amendment to the agreements without the consent of the issuer. At December 31, 2022 and 2021, the contract value was \$16,660,420 and \$17,716,805, respectively.

6. Exempt Party-in-Interest Transactions

Certain Plan investments are managed by Prudential, the custodian as defined by the Plan. These transactions qualified as exempt party-in-interest transactions. Fees paid by the Plan for investment management services were included as a reduction of the return earned on each fund. Fees paid to the custodian or their affiliates by the Plan for participant-initiated transactions and other administrative expenses were \$55,026 for the year ended December 31, 2022. Investment advisors and other professional service providers were paid \$134,426.

At December 31, 2022 and 2021, the Plan held 19,360 shares of the Company's common stock. During the year ended December 31, 2022, the Plan recorded dividend income related to the Company common stock of \$8,302.

7. Plan Termination

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

8. Tax Status

The Internal Revenue Service ("IRS") has determined and informed the Company by a letter dated November 8, 2022, that the Plan and the related trust are designed in accordance with applicable sections of the Internal Revenue Code ("IRC"). The Plan has been amended since receiving the determination letter. However, the Plan administrator believes that the Plan is designed and currently being operated in compliance with applicable provisions of the IRC.

GAAP requires plan management to evaluate 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. The plan administrator 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 disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

9. Risks and Uncertainties

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

10. Nonexempt Transactions

Defined contribution plans are required to remit employee contributions to the Plan as soon as they can be reasonably segregated from the employer's general assets, but no later than the 15th business day of the month following the month in which the participant contributions are withheld by the employer. While the Company remitted all employee contributions to the Plan, contributions of \$71,461 were not remitted within the required time period for the year ended December 31, 2022. This was corrected outside of the Voluntary Fiduciary Correction Program in April 2022.

11. Reconciliation of Financial Statements to Form 5500

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

	<u>2022</u>	<u>2021</u>
Net assets available for benefits per the financial statements	\$ 138,528,938	\$ 176,253,121
Employer contribution receivable not reflected on Form 5500	<u>(365,474)</u>	<u>(1,205,676)</u>
Net assets available for benefits per the Form 5500	<u>\$ 138,163,464</u>	<u>\$ 175,047,445</u>

The following is a reconciliation of change in net assets available for benefits per the financial statements to Schedule H of Form 5500 for the year ended December 31, 2022:

Net change in net assets per the financial statements	\$ (41,295,838)
Change in employer contribution receivable	<u>840,202</u>
Net loss per 5500	<u>\$ (40,455,636)</u>

Supplementary Information

VSE Corporation 401(k) Plan
Schedule of Delinquent Participant Contributions
Schedule H, Line 4a
EIN: 54-0649263 Plan: 003
Year Ended December 31, 2022

Pay Period Ending	Participant Contributions Transferred Late to the Plan	Totals that Constitute Nonexempt Prohibited Transactions			Total Fully Corrected Under Voluntary Fiduciary Correction Program (VFCP) and Prohibited Transaction Exemption 2002-51
		Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	
March 14, 2022	\$ 71,461	\$ -	\$ 71,461	\$ -	\$ -

VSE Corporation 401(k) Plan
Schedule of Assets (Held at End of Year)
Schedule H, Line 4i
EIN: 54-0649263 Plan: 003
December 31, 2022

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost**	(e) Current Value
	Mutual funds:			
	Fidelity	500 Index Fund	\$	\$ 6,189,411
	MFS	Growth Fund Class R6		3,812,261
	Janus	Enterprise Fund		3,729,432
	American Funds	EuroPacific Growth Fund		2,652,265
	Invesco	Discovery R6		2,304,700
	MFS	Mid Cap Val Class		1,484,663
	Fidelity	Adv Sc Val		1,512,363
	JP Morgan	US Equity Class A Fund		2,279,275
	American Funds	American Mutual Fund		3,026,642
	Fidelity	Small Cap Index Fund		2,364,060
	Fidelity	Mid Cap Index Fund		2,675,182
	Nuveen	Real Estate Security I Fund		1,241,139
	Invesco	Developing Markets Fund		808,877
	Common collective trust			
*	Prudential	Total Return Bond Fund		2,941,501
	Common stock:			
*	VSE Corporation	VSE Corporation Co. Stock		907,611
	Pooled separate accounts:			
*	Prudential Insurance	Prudential Day One 2030 Fund		14,847,497
*	Prudential Insurance	Prudential Day One 2025 Fund		11,496,983
*	Prudential Insurance	Prudential Day One 2035 Fund		11,350,017
*	Prudential Insurance	Prudential Day One 2040 Fund		9,277,743
*	Prudential Insurance	Prudential Day One 2045 Fund		8,246,544
*	Prudential Insurance	Prudential Day One 2015 Fund		4,042,200
*	Prudential Insurance	Prudential Day One 2020 Fund		4,887,653
*	Prudential Insurance	Prudential Day One 2050 Fund		5,697,785
*	Prudential Insurance	Day One Income Fund		4,540,432
*	Prudential Insurance	Prudential Incomeflex Target Easypath Balanced Fund		2,082,724
*	Prudential Insurance	Prudential Day One 2055 Fund		3,221,109
*	Prudential Insurance	Prudential Day One 2060 Fund		1,373,497
*	Prudential Insurance	Prudential Day One 2065 Fund		502,102
	Investment contract:			
*	Prudential Insurance	Guaranteed Income Fund		16,660,420
*	Participant loans ***	Maturing through 2031, bearing interest from 4.25% to 7.25%, collateralized by participant accounts	-	2,007,376
			<u>\$ -</u>	<u>\$138,163,464</u>

* *Party-in-interest*

** *Cost omitted for participant-directed investments.*

*** *The accompanying financial statements classify participant loans as notes receivable from participants.*



VSE Corporation 401(k) Plan

Independent Auditor's Report, Financial Statements, and Supplementary Information

December 31, 2022 and 2021



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Independent Auditor's Report

Plan Administrator
VSE Corporation 401(k) Plan
Alexandria, Virginia

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

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

Management, having determined it is permissible in the circumstances, has elected to have the audits of VSE Corporation 401(k) Plan's financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), our audits need not extend to any statements or information related to assets held for investment of the plan (investment information) by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency, provided that the statements or information regarding assets so held are prepared and certified to by the bank or similar institution or insurance carrier in accordance with 29 CFR 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA (qualified institution).

Management has obtained certifications from a qualified institution as of December 31, 2022 and 2021, and for the year ended December 31, 2022, stating that the certified investment information, as described in Note 4 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 accompanying financial statements, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.
- The information in the accompanying financial statements related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of VSE Corporation 401(k) Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our ERISA Section 103(a)(3)(C) audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about VSE Corporation 401(k) Plan's ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the VSE Corporation 401(k) 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 VSE Corporation 401(k) Plan's ability to continue as a going concern for a reasonable period of time.

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

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

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

Other Matter – Supplemental Schedules Required by ERISA

The supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information included in the supplemental schedules, other than that agreed to or derived from the certified investment information, has been subjected to auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. For information included in the supplemental schedules that agreed to or is derived from the certified investment information, we compared such information to the related certified investment information.

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

In our opinion:

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

FORVIS,LLP

Tysons, Virginia
October 4, 2023

VSE Corporation 401(k) Plan
Statements of Net Assets Available for Benefits
December 31, 2022 and 2021

	2022	2021
Cash	\$ -	\$ 276
Investments at fair value	119,495,668	154,864,484
Investments at contract value	16,660,420	17,716,805
Total investments	136,156,088	172,581,289
Receivables:		
Employer contribution	365,474	1,205,676
Notes receivable from participants	2,007,376	2,465,880
Total receivables	2,372,850	3,671,556
Net assets available for benefits	\$ 138,528,938	\$ 176,253,121

VSE Corporation 401(k) Plan
Statement of Changes in Net Assets Available for Benefits
Year Ended December 31, 2022

Additions to net assets attributed to:

Investment income:

Interest and dividends	\$ 751,797
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Rebate of investment management fees and other income	87,969
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Interest income on notes receivable from participants	98,390
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Contributions:

Participant	7,883,444
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Employer	6,030,800
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Rollover	1,054,281
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	14,968,525
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Total additions	15,906,681
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Deductions from net assets attributed to:

Net depreciation in fair value of investments	21,951,122
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Benefits paid to participants	35,080,344
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Administrative expenses	171,053
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Total deductions	57,202,519
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Net change	(41,295,838)
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Transfer of assets from Global Parts, Inc. 401(k) Plan	3,571,655
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Net assets available for benefits:

Beginning of year	176,253,121
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End of year	\$ 138,528,938
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Notes to Financial Statements

1. Description of Plan

The following description of VSE Corporation 401(k) Plan (the "Plan") provides only general information. Participants should refer to the plan document for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution profit-sharing plan with a Section 401(k) cash or deferred arrangement covering substantially all employees of VSE Corporation (VSE), Integrated Concepts and Research Corporation (ICRC), G&B Solutions, Inc. (G&B), Wheeler Bros, Inc., Energetics, Incorporated (Energetics), Akimeka, LLC, and VSE Aviation (collectively, the "Company"). Prudential Bank & Trust and Empower Annuity Insurance Company, formerly Prudential Retirement Insurance and Annuity Company, (collectively "Empower") are the trustee and custodian of the Plan, respectively. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

January 1, 2022, the Plan was amended to merge Global Parts, Inc. 401(k) Plan into the Plan, effective April 1, 2022, after they were acquired by VSE Corporation. For the year ended December 31, 2022, \$3,571,655 was transferred into the Plan as a result of the merger.

Contributions

Each year, participants may contribute any amount of annual compensation, as defined in the Plan document, subject to Internal Revenue Code (IRC) limitations. Participant salary deferrals may be traditional 401(k) (pretax) or Roth 401(k) (after-tax). Participants who have attained age 50 before the end of the plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified plans and certain individual retirement accounts. The Company makes safe harbor matching contributions equal to 100% of the first 3% of compensation that a participant contributes to the Plan and 50% of the next 2% of compensation that a participant contributes to the Plan. The Company also provides prevailing wage contributions for participants when required by certain government contracts. For the year ended December 31, 2022, prevailing wage contributions in the amount of \$2,967,375 were made to eligible participants. No discretionary matching or profit-sharing contributions were made for the year ended December 31, 2022. Contributions are subject to certain limitations.

Investment options

Participants direct the investment of their accounts into various investment options offered by the Plan. The Plan currently offers mutual funds, pooled separate accounts, a common collective trust fund, VSE corporation common stock, and a fully benefit-responsive investment contract as investment options.

Participant accounts

Each participant's account is credited with the participant's contribution and allocations of the Company's contributions and plan earnings (losses), and charged with benefit, and transaction fees related to notes receivable from participants and distributions. Allocations are based on account balances, participant contributions, participant earnings, fringe rates and hours worked. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their contributions and in all employer contributions made after January 1, 2011, plus earnings thereon. Akimeka employees are vested ratably over 3 years of credited service for nonelective contributions received. Prior to December 31, 2010, ICRC matching contributions were 100% vested after 5 years of credited service and VSE matching contributions were 100% vested after 3 years of credited service. Prior to December 31, 2010, participants were immediately vested in G&B and Energetics' employer contributions.

Notes receivable from participants

Participants may borrow from their fund accounts up to a maximum of \$50,000 or 50% of their vested account balance, whichever is less, with a minimum loan of \$1,000. The loans are secured by the balance in the participant's account and bear interest at rates which are commensurate with local prevailing rates for similar loans. Loans must be repaid within five years unless used to purchase a principal residence. On December 31, 2022, outstanding loans bore interest at rates ranging from 4.25% to 7.25%.

Payment of benefits

Upon termination of service, a participant may elect to receive an amount equal to the value of the participant's vested interest in his or her account in either a lump-sum amount or installments. Amounts contributed on a before-tax basis may be withdrawn upon demonstration of financial hardship. In-service distributions are available after a participant reaches age 59½.

Forfeitures

Forfeitures are used to reduce employer contributions and plan expenses. On December 31, 2022 and 2021, forfeited nonvested accounts totaled \$82,485 and \$31,075, respectively. During 2022, forfeitures were not used to reduce employer contributions or plan expenses.

Expense budget account

The expense budget account ("EBA") is an unallocated account maintained within the Plan to account for funds received under a revenue-sharing agreement with Prudential, the Plan's recordkeeper. These amounts may be used quarterly to pay plan expenses or may be allocated to plan participants at the end of the year at the direction of the Company. At December 31, 2022 and 2021, the balance of the EBA account was \$3,038 and \$6,159, respectively. During 2022, \$70,158 was used to pay for plan expenses.

2. Summary of Significant Accounting Policies

Basis of accounting

The financial statements of the Plan are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities and changes therein, and disclosure of contingent assets and liabilities. Accordingly, actual results may differ from those estimates and assumptions.

Investment valuation and income recognition

Investments are reported at fair value, except for fully benefit-responsive investment contracts, which are reported at contract value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Plan management determines the Plan's valuation policies utilizing information provided by the custodian. See Note 3 for discussion of fair value measurements.

Investments in fully benefit-responsive investment contracts are reported at contract value. Contract value is the relevant measure for the portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants normally would receive if they were to initiate permitted transactions under the terms of the Plan.

Purchases and sales of securities are recorded on a trade-date basis. Interest income from notes receivable from participants is recorded when received. Other interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net depreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Payment of benefits

Benefits are recorded upon distribution.

Notes receivable from participants

Notes receivable from participants are measured at their unpaid principal balance. Delinquent notes receivable from participants are reclassified as distributions based upon the terms of the Plan document.

Administrative expenses

The Plan's administrative expenses are paid by either the Plan or the Company, as provided by the plan document. Certain administrative functions are performed by employees of the Company. No such employee receives compensation from the Plan. Expenses relating to specific participant transactions (notes receivable from participants and distributions) are charged directly to the participant's account.

Subsequent events

In preparing these financial statements, the Plan has evaluated events and transactions for potential recognition or disclosure through October 4, 2023, the date the financial statements were available to be issued.

In 2023, VSE Corporation acquired Precision Fuel Components, LLC. As a result of the acquisition, the plan was amended effective June 1, 2023, to merge Precision Fuel Components, LLC from the Aeries Enterprises, LLC Employees' 401(k) Savings Plan into the Plan.

3. Fair Value Measurements

Fair value, as defined under GAAP, is an exit price representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value. These tiers include:

Level 1: Observable inputs such as quoted prices in active markets.

Level 2: Inputs other than quoted prices in active markets that are either directly or indirectly observable.

VSE Corporation 401(k) Plan
Notes to Financial Statements

Level 3: Unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Plan's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

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

Common stock

Common publicly traded investments and are valued daily at the closing price reported on the active market on which the individual security is traded.

Mutual funds

Mutual funds are publicly traded investments and are valued daily at the closing price reported on the active market on which the funds are traded.

Pooled separate accounts

The Plan invests in pooled separate accounts for which quoted prices are not available in active markets for identical instruments. The Plan utilizes the Net Asset Value ("NAV") of units, as determined by Prudential, as the estimated fair value. Because quoted prices in active markets for identical assets are not available, these prices are determined using observable market information such as quotes from less active markets and/or quoted prices of securities with similar characteristics.

Common collective trust funds

These funds are valued at the Net Asset Value ("NAV") of units of the collective fund. The NAV is used as a practical expedient to estimate fair value. This practical expedient would not be used if it is determined to be probable that the funds will sell the investment for an amount different from the reported net asset value. Participant transactions (purchases and sales) may occur daily. If the Plan initiates a full redemption of the collective trust, the issuer reserves the right to require 12-months' notification in order to ensure that securities liquidations will be carried out in an orderly business manner.

The following tables set forth by level within the fair value hierarchy the Plan's assets accounted for at fair value on a recurring basis as of December 31, 2022 and 2021:

	Assets at Fair Value as of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 34,080,270	\$ -	\$ -	\$ 34,080,270
Common stock	907,611	-	-	907,611
Total assets in the fair value hierarchy	<u>\$ 34,987,881</u>	<u>\$ -</u>	<u>\$ -</u>	34,987,881
Investments measured at NAV (a):				
Common collective trust fund				2,941,501
Pooled separate accounts				<u>81,566,286</u>
Investments at fair value				<u>\$119,495,668</u>

VSE Corporation 401(k) Plan
Notes to Financial Statements

	Assets at Fair Value as of December 31, 2021			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 54,242,577	\$ -	\$ -	\$ 54,242,577
Common stock	<u>1,337,277</u>	<u>-</u>	<u>-</u>	<u>1,337,277</u>
Total assets in the fair value hierarchy	<u>\$ 55,579,854</u>	<u>\$ -</u>	<u>\$ -</u>	55,579,854
Investments measured at NAV (a)				<u>99,284,630</u>
Investments at fair value				<u>\$ 154,864,484</u>

(a) In accordance with GAAP, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of net assets available for benefits.

The following table summarizes investments for which fair value is measured using the NAV per share practical expedient as of December 31, 2022 and 2021.

	Fair Value at December 31, 2022	Fair Value at December 31, 2021	Unfunded Commitments	Other Redemption Restrictions	Redemption Notice Period
Common collective trust	\$ 2,941,501	\$ -	None	Daily	None
Pooled separate accounts	\$ 81,556,286	\$ 99,284,630	None	Daily	None

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

4. Unaudited Information Certified by Custodian

The accompanying financial statements include the following unaudited information as of December 31, 2022 and 2021, and for the year ended December 31, 2022 that was obtained from data prepared and certified to be complete and accurate by the Plan's custodian.

	2022	2021
Cash	\$ -	\$ 276
Investments at fair value	<u>\$ 119,495,668</u>	<u>\$ 154,864,484</u>
Investments at contract value	<u>\$ 16,660,420</u>	<u>\$ 17,716,805</u>
Notes receivable from participants	<u>\$ 2,007,376</u>	<u>\$ 2,465,880</u>
Net depreciation in fair value of investments	<u>\$ 21,951,122</u>	
Interest and dividends	<u>\$ 751,797</u>	
Interest income on notes receivable from participants	<u>\$ 98,390</u>	

5. Investment Contract with Insurance Company

The Plan holds a traditional investment contract. The contract meets the fully benefit-responsive investment contract criteria and, therefore, is reported at contract value. Contract value is the relevant measure for fully benefit-responsive investment contracts because this is the amount received by participants if they were to initiate permitted transactions under the terms of the Plan. Contract value represents contributions made under each contract, plus earnings, less participant withdrawals, and administrative expenses.

The traditional investment contract held by the Plan is a guaranteed investment contract. The contract issuer is contractually obligated to repay the principal and interest at a specified interest rate that is guaranteed to the Plan. There are no reserves against contract value for credit risk of the contract issuers or otherwise. The crediting interest rate is based on a formula agreed upon with the issuers, but it may not be less than the guaranteed minimum interest rate as defined by the contract. Such interest rates are reviewed on a quarterly basis for resetting.

The Plan's ability to receive amounts due in accordance with fully benefit-responsive investment contracts is dependent on the third-party issuer's ability to meet its financial obligations. The issuer's ability to meet its contractual obligations may be affected by future economic and regulatory developments.

Certain events limit the ability of the Plan to transact at contract value with the issuers. Such events include the following: (1) amendments to the plan document (including complete or partial plan termination or merger with another plan), (2) changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions, (3) premature termination of the contracts, (4) bankruptcy of the plan sponsor or other plan sponsor events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the Plan, or (5) the failure of the Plan to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA. The plan administrator does not believe that the occurrence of any such value event, which would limit the Plan's ability to transact at contract value with participants, is probable.

In addition, certain events allow the issuer to terminate the contracts with the Plan and settle at an amount different from contract value. Those events may be different under each contract. Examples of such events include the following: (1) an uncured violation of the Plan's investment guidelines, (2) a breach of material obligation under the contract, (3) a material representation or (4) a material amendment to the agreements without the consent of the issuer. At December 31, 2022 and 2021, the contract value was \$16,660,420 and \$17,716,805, respectively.

6. Exempt Party-in-Interest Transactions

Certain Plan investments are managed by Prudential, the custodian as defined by the Plan. These transactions qualified as exempt party-in-interest transactions. Fees paid by the Plan for investment management services were included as a reduction of the return earned on each fund. Fees paid to the custodian or their affiliates by the Plan for participant-initiated transactions and other administrative expenses were \$55,026 for the year ended December 31, 2022. Investment advisors and other professional service providers were paid \$134,426.

At December 31, 2022 and 2021, the Plan held 19,360 shares of the Company's common stock. During the year ended December 31, 2022, the Plan recorded dividend income related to the Company common stock of \$8,302.

7. Plan Termination

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

8. Tax Status

The Internal Revenue Service ("IRS") has determined and informed the Company by a letter dated November 8, 2022, that the Plan and the related trust are designed in accordance with applicable sections of the Internal Revenue Code ("IRC"). The Plan has been amended since receiving the determination letter. However, the Plan administrator believes that the Plan is designed and currently being operated in compliance with applicable provisions of the IRC.

GAAP requires plan management to evaluate 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. The plan administrator 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 disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

9. Risks and Uncertainties

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

10. Nonexempt Transactions

Defined contribution plans are required to remit employee contributions to the Plan as soon as they can be reasonably segregated from the employer's general assets, but no later than the 15th business day of the month following the month in which the participant contributions are withheld by the employer. While the Company remitted all employee contributions to the Plan, contributions of \$71,461 were not remitted within the required time period for the year ended December 31, 2022. This was corrected outside of the Voluntary Fiduciary Correction Program in April 2022.

11. Reconciliation of Financial Statements to Form 5500

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

	<u>2022</u>	<u>2021</u>
Net assets available for benefits per the financial statements	\$ 138,528,938	\$ 176,253,121
Employer contribution receivable not reflected on Form 5500	<u>(365,474)</u>	<u>(1,205,676)</u>
Net assets available for benefits per the Form 5500	<u>\$ 138,163,464</u>	<u>\$ 175,047,445</u>

The following is a reconciliation of change in net assets available for benefits per the financial statements to Schedule H of Form 5500 for the year ended December 31, 2022:

Net change in net assets per the financial statements	\$ (41,295,838)
Change in employer contribution receivable	<u>840,202</u>
Net loss per 5500	<u>\$ (40,455,636)</u>

Supplementary Information

VSE Corporation 401(k) Plan
Schedule of Delinquent Participant Contributions
Schedule H, Line 4a
EIN: 54-0649263 Plan: 003
Year Ended December 31, 2022

Pay Period Ending	Participant Contributions Transferred Late to the Plan	Totals that Constitute Nonexempt Prohibited Transactions			Total Fully Corrected Under Voluntary Fiduciary Correction Program (VFCP) and Prohibited Transaction Exemption 2002-51
		Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	
March 14, 2022	\$ 71,461	\$ -	\$ 71,461	\$ -	\$ -

VSE Corporation 401(k) Plan
Schedule of Assets (Held at End of Year)
Schedule H, Line 4i
EIN: 54-0649263 Plan: 003
December 31, 2022

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost**	(e) Current Value
	Mutual funds:			
	Fidelity	500 Index Fund	\$	\$ 6,189,411
	MFS	Growth Fund Class R6		3,812,261
	Janus	Enterprise Fund		3,729,432
	American Funds	EuroPacific Growth Fund		2,652,265
	Invesco	Discovery R6		2,304,700
	MFS	Mid Cap Val Class		1,484,663
	Fidelity	Adv Sc Val		1,512,363
	JP Morgan	US Equity Class A Fund		2,279,275
	American Funds	American Mutual Fund		3,026,642
	Fidelity	Small Cap Index Fund		2,364,060
	Fidelity	Mid Cap Index Fund		2,675,182
	Nuveen	Real Estate Security I Fund		1,241,139
	Invesco	Developing Markets Fund		808,877
	Common collective trust			
*	Prudential	Total Return Bond Fund		2,941,501
	Common stock:			
*	VSE Corporation	VSE Corporation Co. Stock		907,611
	Pooled separate accounts:			
*	Prudential Insurance	Prudential Day One 2030 Fund		14,847,497
*	Prudential Insurance	Prudential Day One 2025 Fund		11,496,983
*	Prudential Insurance	Prudential Day One 2035 Fund		11,350,017
*	Prudential Insurance	Prudential Day One 2040 Fund		9,277,743
*	Prudential Insurance	Prudential Day One 2045 Fund		8,246,544
*	Prudential Insurance	Prudential Day One 2015 Fund		4,042,200
*	Prudential Insurance	Prudential Day One 2020 Fund		4,887,653
*	Prudential Insurance	Prudential Day One 2050 Fund		5,697,785
*	Prudential Insurance	Day One Income Fund		4,540,432
*	Prudential Insurance	Prudential Incomeflex Target Easypath Balanced Fund		2,082,724
*	Prudential Insurance	Prudential Day One 2055 Fund		3,221,109
*	Prudential Insurance	Prudential Day One 2060 Fund		1,373,497
*	Prudential Insurance	Prudential Day One 2065 Fund		502,102
	Investment contract:			
*	Prudential Insurance	Guaranteed Income Fund		16,660,420
*	Participant loans ***	Maturing through 2031, bearing interest from 4.25% to 7.25%, collateralized by participant accounts	-	2,007,376
			<u>\$ -</u>	<u>\$138,163,464</u>

* *Party-in-interest*

** *Cost omitted for participant-directed investments.*

*** *The accompanying financial statements classify participant loans as notes receivable from participants.*