

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>ADAMS AND ASSOCIATES 401(K) SAVINGS PLAN</u>	1b Three-digit plan number (PN) ▶	<u>001</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>ADAMS AND ASSOCIATES, INC.</u> <u>6151 LAKESIDE DR STE 1000</u> <u>RENO, NV 89511</u>		
1c Effective date of plan <u>01/01/1993</u>		
2b Employer Identification Number (EIN) <u>88-0263693</u>		
2c Plan Sponsor's telephone number <u>775-348-0900</u>		
2d Business code (see instructions) <u>611000</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.	10/13/2023	CHERYL DAILEY
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/13/2023	CHERYL DAILEY
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

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

Form 5500 (2022)
v. 220413

3a Plan administrator's name and address ☒ Same as Plan Sponsor		3b Administrator's EIN
		3c Administrator's telephone number
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name		4b EIN 4d PN
5 Total number of participants at the beginning of the plan year		5 2904
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d).		
a(1) Total number of active participants at the beginning of the plan year		6a(1) 2636
a(2) Total number of active participants at the end of the plan year		6a(2) 2963
b Retired or separated participants receiving benefits		6b 0
c Other retired or separated participants entitled to future benefits.....		6c 270
d Subtotal. Add lines 6a(2) , 6b , and 6c		6d 3233
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.		6e 5
f Total. Add lines 6d and 6e		6f 3238
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....		6g 1126
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested.....		6h 0
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)		7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2E 2F 2G 2J 2K 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) ☒ 2 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 ADAMS AND ASSOCIATES 401(K) SAVINGS PLAN	B Three-digit plan number (PN) ► 001
C Plan sponsor's name as shown on line 2a of Form 5500 ADAMS AND ASSOCIATES, INC.	D Employer Identification Number (EIN) 88-0263693

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 PRINCIPAL LIFE INSURANCE COMPANY

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
42-0127290	61271	462420	3238	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 3015	(b) Total amount of fees paid 0
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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 SECURITIES AMERICA, INC 12325 PORT GRACE BLVD LA VISTA, NE 68128-8204

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	
3015	0		3

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

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

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

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

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

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

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

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

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

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

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

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

Part II Investment and Annuity Contract Information

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

4	Current value of plan's interest under this contract in the general account at year end.....	4	0
5	Current value of plan's interest under this contract in separate accounts at year end.....	5	1468420

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 ▶ **FLEXIBLE INVESTMENT ANNUITY**

b	Balance at the end of the previous year	7b	
c	Additions: (1) Contributions deposited during the year	7c(1)	
	(2) Dividends and credits.....	7c(2)	
	(3) Interest credited during the year.....	7c(3)	
	(4) Transferred from separate account.....	7c(4)	
	(5) Other (specify below)	7c(5)	
	▶		
	(6) Total additions.....	7c(6)	
d	Total of balance and additions (add lines 7b and 7c(6))	7d	
e	Deductions:		
	(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	
	(2) Administration charge made by carrier.....	7e(2)	
	(3) Transferred to separate account.....	7e(3)	
	(4) Other (specify below)	7e(4)	
	▶		
	(5) Total deductions.....	7e(5)	
f	Balance at the end of the current year (subtract line 7e(5) from line 7d)	7f	0

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. Specify nature of costs.	10b	

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 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 ADAMS AND ASSOCIATES 401(K) SAVINGS PLAN	B Three-digit plan number (PN) ► 001
C Plan sponsor's name as shown on line 2a of Form 5500 ADAMS AND ASSOCIATES, INC.	D Employer Identification Number (EIN) 88-0263693

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 PRINCIPAL LIFE INSURANCE COMPANY

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
42-0127290	61271	613953	3238	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 2010	(b) Total amount of fees paid 0
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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 SECURITIES AMERICA, INC 12325 PORT GRACE BLVD LA VISTA, NE 68128-8204

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	
2010	0		3

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

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

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

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

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

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

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

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

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

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

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

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

Part II Investment and Annuity Contract Information

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

4	Current value of plan's interest under this contract in the general account at year end.....	4	0
5	Current value of plan's interest under this contract in separate accounts at year end.....	5	0

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 ▶ CUSTODIAL GUARANTEED INTEREST CONTRACT

b	Balance at the end of the previous year	7b	1099370
c	Additions: (1) Contributions deposited during the year	7c(1)	62675
	(2) Dividends and credits	7c(2)	
	(3) Interest credited during the year	7c(3)	15342
	(4) Transferred from separate account	7c(4)	
	(5) Other (specify below)	7c(5)	2481
	▶ LOAN PAYMENT		
	(6) Total additions	7c(6)	80498
d	Total of balance and additions (add lines 7b and 7c(6))	7d	1179868
e	Deductions:		
	(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	104693
	(2) Administration charge made by carrier	7e(2)	5369
	(3) Transferred to separate account	7e(3)	
	(4) Other (specify below)	7e(4)	42781
	▶ INVESTMENT TRANSFERS, LOAN WITHDRAWAL		
	(5) Total deductions	7e(5)	152843
f	Balance at the end of the current year (subtract line 7e(5) from line 7d)	7f	1027025

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. Specify nature of costs.	10b	

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 ADAMS AND ASSOCIATES 401(K) SAVINGS PLAN	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 ADAMS AND ASSOCIATES, INC.	D Employer Identification Number (EIN) 88-0263693	

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
PRINCIPAL LIFE INSURANCE COMPANY
42-0127290

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

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

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)

PRINCIPAL LIFE INSURANCE COMPANY

42-0127290

(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 37 50 64	CONTRACT ADMINISTRATOR	166954	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☒

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

ADAMS AND ASSOCIATES

88-0263693

(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?
49 99	OTHER SERVICES	0	Yes ☒ No ☐	Yes ☐ No ☒	7318	Yes ☐ No ☒

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

SECURITIES AMERICA, INC

11-2551174

(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?
49 55 99	OTHER SERVICES	0	Yes ☒ No ☐	Yes ☐ No ☒	53406	Yes ☐ No ☒

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)

MORNINGSTAR INVESTMENT MANAGEMENT L

36-4317381

(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?
26 70	INV ADV, PARTICIPANTS	0	Yes ☒ No ☐	Yes ☐ No ☒	0	Yes ☒ No ☐

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

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

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

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

Part I Service Provider Information (continued)

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

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
ADAMS AND ASSOCIATES	49 99	7318
(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.	
PRINCIPAL LIFE INSURANCE COMPANY 42-0127290	OTHER SERVICES	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
SECURITIES AMERICA, INC	49 55 99	53406
(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.	
PRINCIPAL LIFE INSURANCE COMPANY 42-0127290	COMMISSIONS AND REFERRAL/SERVICE FEE	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
MORNINGSTAR INVESTMENT MANAGEMENT L	26 70	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.	
PRINCIPAL LIFE INSURANCE COMPANY 42-0127290	14 BASIS POINTS ON ASSETS MANAGED BY MORNINGSTAR INVESTMENT MANAGEMENT LLC	

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 ADAMS AND ASSOCIATES 401(K) SAVINGS PLAN	B Three-digit plan number (PN) ►	001
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 ADAMS AND ASSOCIATES, INC.	D Employer Identification Number (EIN) 88-0263693	

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: PRIN DIVERSIFIED INTL SA-Z			
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY			
c EIN-PN 42-0127290-015	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 82619	
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LGCP S&P 500 INDEX SA-Z			
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY			
c EIN-PN 42-0127290-016	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 679322	
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN MIDCAP VALUE I SA-Z			
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY			
c EIN-PN 42-0127290-043	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 21982	
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN SMCAP S&P 600 INDEX SA-Z			
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY			
c EIN-PN 42-0127290-028	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 227205	
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN MIDCAP S&P 400 IDX SA-Z			
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY			
c EIN-PN 42-0127290-023	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 147239	
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN REAL ESTATE SECS SA-Z			
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY			
c EIN-PN 42-0127290-095	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 54437	
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN INFLATION PROTECT SA-Z			
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY			
c EIN-PN 42-0127290-099	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 36497	

a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFETIME HYBR 2010 CIT Z		
b Name of sponsor of entity listed in (a): PRINCIPAL GLOBAL INVESTORS TRUST CO		
c EIN-PN 26-6447574-001	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 1214693
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFETIME HYBR 2015 CIT Z		
b Name of sponsor of entity listed in (a): PRINCIPAL GLOBAL INVESTORS TRUST CO		
c EIN-PN 26-6447574-002	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 2142588
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFETIME HYBR 2020 CIT Z		
b Name of sponsor of entity listed in (a): PRINCIPAL GLOBAL INVESTORS TRUST CO		
c EIN-PN 26-6447574-003	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 2183663
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFETIME HYBR 2025 CIT Z		
b Name of sponsor of entity listed in (a): PRINCIPAL GLOBAL INVESTORS TRUST CO		
c EIN-PN 26-6447574-004	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 3067869
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFETIME HYBR 2030 CIT Z		
b Name of sponsor of entity listed in (a): PRINCIPAL GLOBAL INVESTORS TRUST CO		
c EIN-PN 26-6447574-005	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 5264049
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFETIME HYBR 2035 CIT Z		
b Name of sponsor of entity listed in (a): PRINCIPAL GLOBAL INVESTORS TRUST CO		
c EIN-PN 26-6447574-006	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 3000607
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFETIME HYBR 2040 CIT Z		
b Name of sponsor of entity listed in (a): PRINCIPAL GLOBAL INVESTORS TRUST CO		
c EIN-PN 26-6447574-007	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 2409521
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFETIME HYBR 2045 CIT Z		
b Name of sponsor of entity listed in (a): PRINCIPAL GLOBAL INVESTORS TRUST CO		
c EIN-PN 26-6447574-008	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 1677103
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFETIME HYBR 2050 CIT Z		
b Name of sponsor of entity listed in (a): PRINCIPAL GLOBAL INVESTORS TRUST CO		
c EIN-PN 26-6447574-009	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 1241394
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFETIME HYBR 2055 CIT Z		
b Name of sponsor of entity listed in (a): PRINCIPAL GLOBAL INVESTORS TRUST CO		
c EIN-PN 26-6447574-010	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 745738

a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFETIME HYBR INC CIT Z

b Name of sponsor of entity listed in (a): PRINCIPAL GLOBAL INVESTORS TRUST CO

c EIN-PN 26-6447574-011	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 17840
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a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN CORE FIX INC SEP ACCT-Z

b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY

c EIN-PN 42-0127290-118	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 35115
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a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN INTL EQUITY INDEX SA-Z

b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY

c EIN-PN 42-0127290-121	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 147328
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a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN HIGH YIELD SEP ACCT-Z

b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY

c EIN-PN 42-0127290-137	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 36674
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a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFETIME HYBR 2060 CIT Z

b Name of sponsor of entity listed in (a): PRINCIPAL GLOBAL INVESTORS TRUST CO

c EIN-PN 26-6447574-012	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 206503
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a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFETIME HYBR 2065 CIT Z

b Name of sponsor of entity listed in (a): PRINCIPAL GLOBAL INVESTORS TRUST CO

c EIN-PN 26-6447574-013	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 137439
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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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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
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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

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>ADAMS AND ASSOCIATES 401(K) SAVINGS PLAN</u>	B Three-digit plan number (PN) ►	<u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>ADAMS AND ASSOCIATES, INC.</u>	D Employer Identification Number (EIN) <u>88-0263693</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		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions.....	1b(1)	10091	8444
(2) Participant contributions.....	1b(2)	22356	20357
(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)	287885	377006
(9) Value of interest in common/collective trusts.....	1c(9)	27375151	23309005
(10) Value of interest in pooled separate accounts.....	1c(10)	1672391	1468420
(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)	2061356	1609655
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)	1099370	1027025
(15) Other.....	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(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	32528600	27819912

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	32528600	27819912
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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)	943207	
(B) Participants	2a(1)(B)	2031068	
(C) Others (including rollovers)	2a(1)(C)	285879	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		3260154
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(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)	15848	
(F) Other	2b(1)(F)	15342	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		31190
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	12054	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		12054
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		-4446521
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		-280836
(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)		-509259
c Other income	2c		79
d Total income. Add all income amounts in column (b) and enter total	2d		-1933139
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	3315857	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)	2604	
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		3318461
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)	166954	
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		166954
j Total expenses. Add all expense amounts in column (b) and enter total	2j		3485415
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		-5418554
l Transfers of assets:			
(1) To this plan	2l(1)		709866
(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: EIDE BAILLY LLP

(2) EIN: 45-0250958

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		8554

	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.)		X	
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.)		X	
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.)		X	
4d		X	
e Was this plan covered by a fidelity bond?	X		1000000
4e	X		1000000
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?		X	
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?		X	
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.)		X	
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?		X	
4k		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)		X	
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 ADAMS AND ASSOCIATES 401(K) SAVINGS PLAN		B Three-digit plan number (PN) ► 001
C Plan sponsor's name as shown on line 2a of Form 5500 ADAMS AND ASSOCIATES, INC.		D Employer Identification Number (EIN) 88-0263693
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): 42-0127290		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....		3
Part II Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)		
4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ☐ Yes ☐ No ☐ N/A If the plan is a defined benefit plan, go to line 8.		
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.		
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived).....		6a
b Enter the amount contributed by the employer to the plan for this plan year.....		6b
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....		6c
If you completed line 6c, skip lines 8 and 9.		
7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ☐ Yes ☐ No ☐ N/A		
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ☐ Yes ☐ No ☐ N/A		
Part III Amendments		
9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box..... ☐ Increase ☐ Decrease ☐ Both ☐ No		
Part IV ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.		
10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....		☐ Yes ☐ No
11 a Does the ESOP hold any preferred stock?.....		☐ Yes ☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.).....		☐ Yes ☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?.....		☐ Yes ☐ No
For Paperwork Reduction Act Notice, see the Instructions for Form 5500.		
Schedule R (Form 5500) 2022 v. 220413		

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

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

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

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

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

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

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

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

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

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

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

☐ Yes.

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

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

☐ No. Other. Provide explanation _____



Financial Statements
December 31, 2022 and 2021
Adams and Associates, Inc.

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Independent Auditor's Report

To the Board of Directors
Adams and Associates, Inc.
Reno, Nevada

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Adams and Associates, Inc., which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Adams and Associates, Inc. as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 Adams and Associates, Inc. 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 audit opinion.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Company has adopted the provisions of FASB Accounting Standards Codification Topic 842, Leases, as of January 1, 2022 using the modified retrospective approach with an adjustment at the beginning of the adoption period. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Adams and Associates, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

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 Adams and Associates, Inc.'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 Adams and Associates, Inc.'s ability to continue as a going concern for a reasonable period of time.

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



Reno, Nevada
August 29, 2023

Adams and Associates, Inc.

Balance Sheets

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 39,467,382	\$ 26,973,005
Restricted cash	9,246,963	8,708,331
Investments	4,511,139	5,038,863
Accounts receivable	20,566,463	18,720,472
Contract asset	1,066,860	980,487
Other current assets	<u>1,671,643</u>	<u>1,806,827</u>
Total current assets	<u>76,530,450</u>	<u>62,227,985</u>
Property and Equipment, Net	<u>102,922</u>	<u>142,122</u>
Operating Lease Right-Of-Use Assets	<u>1,225,732</u>	<u>-</u>
Other Assets		
Goodwill	25,263,464	25,263,464
Other non-current assets	<u>90,673</u>	<u>59,747</u>
Total intangibles and other assets	<u>25,354,137</u>	<u>25,323,211</u>
	<u><u>\$ 103,213,241</u></u>	<u><u>\$ 87,693,318</u></u>

Adams and Associates, Inc.

Balance Sheets

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Liabilities and Stockholder's Equity		
Current Liabilities		
Current maturities of long-term debt	\$ -	\$ 935,798
Current maturities of operating lease liability	563,075	-
Accounts payable	3,114,126	4,241,025
Accrued liabilities	20,723,516	18,999,871
Contract liability	40,231	-
	<u>24,440,948</u>	<u>24,176,694</u>
Total current liabilities		
Long-term Liabilities		
Long-term debt, less current maturities	-	1,956,660
Operating lease liability, less current maturities	672,310	-
Security deposits	23,300	24,377
	<u>25,136,558</u>	<u>26,157,731</u>
Total liabilities		
Stockholder's Equity		
Common stock: par value \$1 per share; authorized		
2,000,000 shares; issued and outstanding, 1,000,000 shares	1,000,000	1,000,000
Additional paid-in capital	22,359,688	24,268,412
Retained earnings	65,847,153	49,623,364
Unearned compensation - ESOP	(11,130,158)	(13,356,189)
	<u>78,076,683</u>	<u>61,535,587</u>
Total stockholder's equity		
	<u><u>\$ 103,213,241</u></u>	<u><u>\$ 87,693,318</u></u>

Adams and Associates, Inc.
Statements of Income
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Contract Revenue	\$ 179,680,941	\$ 158,990,459
Cost of Revenue	148,683,701	128,525,358
Contract Costs - ESOP Employee Compensation Expense	<u>1,890,732</u>	<u>1,610,041</u>
Gross Profit	<u>29,106,508</u>	<u>28,855,060</u>
Operating Expenses		
General and administrative expenses		
Corporate staff expenses	7,843,021	7,603,301
Other administrative expenses	3,098,007	2,106,306
Corporate rent and utilities	794,375	763,324
Depreciation	53,779	108,745
ESOP employee compensation expense	<u>144,094</u>	<u>154,260</u>
Total operating expenses	<u>11,933,276</u>	<u>10,735,936</u>
Operating Income	<u>17,173,232</u>	<u>18,119,124</u>
Other Income (Expense)		
Other income (expense)	156,362	(34,875)
Interest expense	(29,955)	(104,920)
Unrealized and realized (losses) on investments	(629,509)	-
Investment income	101,786	73,881
Loss on sale of equipment	(9,369)	-
State taxes	<u>(538,758)</u>	<u>(140,722)</u>
Total other expense	<u>(949,443)</u>	<u>(206,636)</u>
Net Income	<u><u>\$ 16,223,789</u></u>	<u><u>\$ 17,912,488</u></u>

Adams and Associates, Inc.
Statements of Changes in Stockholder's Equity
Years Ended December 31, 2022 and 2021

	Common Stock		Additional Paid-In Capital	Retained Earnings	Unearned Compensation - ESOP		Total
	Shares	Amounts			Shares	Amount	
Balance, December 31, 2020	1,000,000	\$ 1,000,000	\$ 24,730,142	\$ 31,710,876	(465,139)	\$ (15,582,220)	\$ 41,858,798
Net income	-	-	-	17,912,488	-	-	17,912,488
ESOP shares released	-	-	(461,730)	-	66,449	2,226,031	1,764,301
Balance, December 31, 2021	1,000,000	1,000,000	24,268,412	49,623,364	(398,690)	(13,356,189)	61,535,587
Net income	-	-	-	16,223,789	-	-	16,223,789
Stock warrants exercised	-	-	(1,802,382)	-	-	-	(1,802,382)
ESOP shares released	-	-	(106,342)	-	66,449	2,226,031	2,119,689
Balance, December 31, 2022	<u>1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 22,359,688</u>	<u>\$ 65,847,153</u>	<u>(332,241)</u>	<u>\$ (11,130,158)</u>	<u>\$ 78,076,683</u>

Adams and Associates, Inc.
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
Operating Activities		
Net income	\$ 16,223,789	\$ 17,912,488
Adjustments to reconcile net income to net cash from (used for) operating activities		
Depreciation	53,779	108,745
Unrealized gains (losses) on investments	192,701	(204)
Loss on sale of equipment	9,369	-
Change in stock appreciation rights liability	44,363	(39,914)
ESOP employee compensation expense	2,034,826	1,764,301
Changes in assets and liabilities		
Accounts receivable	(1,845,991)	(478,976)
Contract asset	(86,373)	1,946,229
Other current assets	135,184	(384,901)
Other non-current assets	(30,926)	11,400
Operating lease assets and liabilities	9,653	-
Accounts payable	(1,126,899)	387,977
Accrued liabilities	2,235,797	(821,409)
Contract liabilities	40,231	-
Security deposits	(1,077)	2,150
Net Cash provided from Operating Activities	17,888,426	20,407,886
Investing Activities		
Purchase of investments	(11,527,589)	(5,038,659)
Purchase of property and equipment	(23,948)	(9,361)
Proceeds from sale of assets	-	15,595
Proceeds from the sale of investments	11,862,612	-
Net Cash provided from (used for) Investing Activities	311,075	(5,032,425)
Financing Activities		
Principal payments on long-term debt	(2,892,458)	(946,656)
Stock appreciation rights exercised	(471,652)	-
Stock warrants exercised	(1,802,382)	-
Net Cash used for Financing Activities	(5,166,492)	(946,656)
Net Change in Cash, Cash Equivalents, and Restricted Cash	13,033,009	14,428,805
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	35,681,336	21,252,531
Cash, Cash Equivalents, and Restricted Cash, End of Year	<u>\$ 48,714,345</u>	<u>\$ 35,681,336</u>
Cash and Cash Equivalents	\$ 39,467,382	\$ 26,973,005
Restricted Cash	<u>9,246,963</u>	<u>8,708,331</u>
Total cash, cash equivalents, and restricted cash	<u>\$ 48,714,345</u>	<u>\$ 35,681,336</u>
Supplemental Disclosure of Cash Flow Information		
Cash payments for		
Interest	\$ 58,959	\$ 75,916
State taxes	\$ 538,758	\$ 140,722

Note 1 - Principal Business Activity and Significant Accounting Policies

Principal Business Activity

Adams and Associates, Inc. (the Company) was formed to operate programs for local, state, and federal government agencies and to provide consulting services to private employers. As of December 31, 2022 activities include the operation of fourteen federal Job Corps centers throughout the U.S., and the management of Job Corps outreach and/or placement programs.

Government Contracts and Revenue Recognition

Substantially all of the Company's revenue is obtained from multiple-year contracts with the U.S. Department of Labor (DOL), which are either cost reimbursement contracts or firm fixed price contracts. Cost reimbursement contracts provide that the Company is paid for all costs related to operating a facility plus a fixed fee, a variable incentive fee, and an allowable overhead recovery percentage. Revenue is recognized over time as costs of operating the Job Corps centers and programs are incurred. Beginning in 2020, the Company entered into firm fixed price contracts with the DOL, which provide for a fixed fee, recognized over the term of the contract. In addition to complying with specific contractual provisions, the Company must also follow the Federal Acquisition Regulations (FARs). The Company's revenue is based on a detailed accounting provided to the DOL on a monthly basis. The DOL is entitled to audit the books and records of the Company at its discretion.

Concentration of Credit Risk

The Company maintains its cash and cash equivalent accounts in various deposit accounts, the balance of which are periodically in excess of the federal limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. At December 31, 2022, and 2021, the Company had approximately \$45,127,000 and \$31,385,000, respectively, in excess of FDIC-insured limits.

Cash and Cash Equivalents

Cash and cash equivalents are comprised of deposits in bank demand and highly liquid investments with an original maturity of three months or less.

Restricted Cash

Amounts included in restricted cash represent funds required to be set aside for the administration of the Company's high deductible employee health and workers' compensation insurance policies.

Accounts Receivable

Accounts receivable is recorded at the amounts on public vouchers to the DOL. Substantially all of the Company's receivables are due from the DOL. The Company has experienced limited write-offs and the majority of receivables are backed by the federal government. The Company determines an allowance for doubtful accounts based on management's review of existing receivables and the Company's historical write-off experience. As of December 31, 2022 and 2021, the Company had determined that no allowance for doubtful accounts was necessary.

Contract Assets and Contract Liabilities

Contract assets represent accrued vacation for Job Corp center employees that is reimbursable under the Company's governmental cost reimbursed contracts. Contract liabilities represent prepaid expenses for which the Company has received reimbursement prior to incurring the related expenses. As of December 31, 2020, the Company no longer receives reimbursement prior to incurring the related expenses.

Other Current Assets

Other assets consist primarily of miscellaneous prepaid expenses including prepaid health insurance.

Property and Equipment

Property and equipment is recorded at cost. Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to expense. When equipment is retired or sold, the cost and related accumulated depreciation are eliminated from the accounts and the resultant gain or loss is reflected in income.

Depreciation is provided using the straight-line method, based on useful lives of the assets which range from three to seven years.

The Company reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment there was no impairment at December 31, 2022 and 2021.

Goodwill

In October 2012, the Company sold 100% of its outstanding shares of common stock in conjunction with the formation of its Employee Stock Ownership Plan. Management determined that a change in control had occurred as defined by Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 805 – *Business Combinations*, and recorded goodwill representing the difference between the amount of consideration given for the shares by the established trust and the value of the shares as determined by an independent appraiser.

Goodwill is not amortized, rather potential impairment is considered on an annual basis, or more frequently upon the occurrence of an event or when circumstances indicate that the amount of goodwill is greater than its fair value. As of December 31, 2022 and 2021, the carrying value of the Company's goodwill was not considered impaired.

Insurance

The Company has a high deductible employee health insurance plan which is available to all qualified employees. The Company maintains a stop loss policy that has a \$225,000 specific deductible as well as a \$150,000 aggregating specific deductible. After the deductible is met by the Company, the stop loss carrier will pay the remainder of claims for an individual. There is also aggregate stop loss insurance. If the maximum claims liability is met by the Company, the aggregate stop loss policy will pay the remainder of the claims for that policy year. This aggregate amount varies based upon the number enrolled in the Plan from month to month and was not determinable as of December 31, 2022 and 2021.

Included in accrued liabilities at December 31, 2022 and 2021, is management's estimate of the future liability associated with the plan, including incurred but not reported (IBNR) claims for employee health insurance amounting to \$2,330,822 and \$2,890,675, respectively.

The Company has a high deductible workers' compensation insurance policy for all employees. Under this policy, the deductible/loss limitation is \$500,000 per claim. In the event of an accident involving multiple employees, the deductible/loss limitation applies to the aggregate of all employees who sustain bodily injury in a single accident or occurrence.

Included in accrued liabilities is management's estimate of future liability associated with the policy, including IBNR claims for workers' compensation insurance amounting to \$10,318,774 and \$8,707,354 at December 31, 2022 and 2021, respectively.

Management's estimates for these liabilities, including IBNR, related to health and workers' compensation claims are based upon historical claims paid compared to premiums collected from employees together with information received from the insurance carriers. Amounts collected for premiums that exceed actual claims paid represent increases to the liabilities and are reserved to pay future claims.

Investments in Equity Securities

Investments in equity securities with readily determinable fair values are measured at fair value in the balance sheets. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in net income.

Investments in Debt Securities

The Company classifies its debt securities as trading securities. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in net income.

Fair Value Measurements

The Company has determined the fair value of certain assets and liabilities in accordance with generally accepted accounting principles, which provides a framework for measuring fair value.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques should maximize the use of observable inputs and minimize the use of unobservable inputs.

A fair value hierarchy has been established, which prioritizes the valuation inputs into three broad levels. Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset or liability. Level 3 inputs are unobservable inputs related to the asset or liability. There have been no changes in Level 1, Level 2, and Level 3 and no changes in valuation techniques for these assets or liabilities for the period ended December 31, 2022.

Income Taxes

The Company, with the consent of its stockholders, has elected under the Internal Revenue Code to be taxed as an S Corporation. The stockholders of an S Corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statements. Certain specific deductions and credits flow through the Company to its stockholders. The Company pays applicable state franchise or income taxes.

The Company evaluates its tax positions that have been taken or are expected to be taken on income tax returns to determine if an accrual is necessary for uncertain tax positions. As of December 31, 2022 and 2021, the unrecognized tax benefits accrual was zero. The Company will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred.

Pass-Through Costs

The Company frequently incurs costs on behalf of the contracting agency, which are not necessarily a part of the original contract or are not subject to the management fee mark-up. These costs are not included in operations but are recorded as accounts receivable or prepaid expenses until reimbursement is received.

Stock Based Compensation

Stock-based compensation expense reflects the fair value of stock-based awards measured at the grant date and recognized over the relevant vesting period and forfeitures as they occur. The Company estimates the fair value of stock appreciation rights awards on the measurement date using the exercise value method. Because stock warrants allow for settlement either in stock certificates or in cash at the option of the Company, the Company accounts for stock warrants as equity instruments. The fair value of stock warrants was determined at inception using the Black-Scholes option valuation model which incorporates assumptions as to stock price volatility, the expected life of the options, risk-free interest rate, and dividend yield.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of Accounting Standards Codification Topic 842

Effective January 1, 2022, the Company adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, *Leases* (Topic 842). The Company elected to apply the guidance as of January 1, 2022, the beginning of the adoption period. The comparative financial information and disclosures presented are in accordance with the legacy standard, ASC 840. The standard requires the recognition of right-of-use assets and lease liabilities for lease contracts with terms greater than 12 months. Operating lease costs are recognized in the statements of income as a single lease cost and finance lease costs are recognized in two components, interest expense and amortization expense. The Company has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Company accounted for its existing leases as either finance or operating lease under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in ASC Topic 842 at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Company recognized on January 1, 2022, the beginning of the adoption period, an operating lease liability of \$1,757,508, and an operating right-of-use asset of \$1,757,508. The adoption of the new standard did not materially impact the Company's Statements of Income, Changes in Stockholder's Equity or Cash Flows. See Note 8 for further disclosure of the Company's lease contracts.

Note 2 - Contract Assets and Contract Liabilities

The beginning and ending balances for accounts receivable, contract assets, and contract liabilities were as follows for the years ended December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021	January 1, 2021
Accounts receivable	<u>\$ 20,566,463</u>	<u>\$ 18,720,472</u>	<u>\$ 18,241,496</u>
Contract assets	<u>\$ 1,066,860</u>	<u>\$ 980,487</u>	<u>\$ 2,926,716</u>
Contract liabilities	<u>\$ 40,231</u>	<u>\$ -</u>	<u>\$ -</u>

Note 3 - Property and Equipment

Property and equipment at December 31, 2022 and 2021, consists of the following:

	2022	2021
Software	\$ 735,337	\$ 735,337
Computer equipment	477,180	510,683
Furniture and fixtures	151,721	213,738
Vehicles	18,853	-
Leasehold improvements	<u>24,168</u>	<u>89,550</u>
	1,407,259	1,549,308
Less accumulated depreciation	<u>(1,304,337)</u>	<u>(1,407,186)</u>
Property and Equipment, Net	<u>\$ 102,922</u>	<u>\$ 142,122</u>

Depreciation expense for the years ended December 31, 2022 and 2021 was \$53,779 and \$108,745, respectively, which was included in general and administrative expenses.

Note 4 - Investments and Investment Income

Equity and debt securities measured at fair value through net income include the following on December 31, 2022 and 2021:

	2022	2021
Cash alternatives	\$ 121,425	\$ 133,054
Common stock	488,202	522,655
Exchange traded funds	1,093,982	912,387
Mutual funds	703,078	1,167,238
Corporate bonds	2,104,452	2,303,529
	<u>\$ 4,511,139</u>	<u>\$ 5,038,863</u>

Investment income and gains and losses consist of the following for the years ended December 31, 2022 and 2021:

	2022	2021
Investment income	\$ 101,786	\$ 71,013
Realized gain	(436,808)	3,664
Unrealized gain	(192,701)	204
	<u>\$ (527,723)</u>	<u>\$ 74,881</u>

The portion of unrealized gains and losses for the period related to equity securities and debt securities classified as trading securities still held at December 31, 2022 and 2021 is as follows:

	2022	2021
Net gains and losses recognized during the period on trading securities	\$ (629,509)	\$ 3,868
Less net gains and losses recognized during the period on trading securities sold during the period	436,808	(3,664)
Unrealized gains and losses recognized during the reporting period on equity securities still held at the reporting date	<u>\$ (192,701)</u>	<u>\$ 204</u>

Note 5 - Fair Value of Assets

There are three general valuation techniques that may be used to measure fair value, as described below:

1. Market approach – Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades, or other sources;
2. Cost approach – Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and
3. Income approach – Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

Assets itemized below were measured at fair value using the market approach.

Assets measured at fair value as of December 31, 2022 are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash alternatives	\$ 121,425	\$ 121,425	\$ -	\$ -
Common stock	488,202	488,202	-	-
Exchange traded funds	1,093,982	1,093,982	-	-
Mutual funds	703,078	703,078	-	-
Corporate Bonds	<u>2,104,452</u>	<u>-</u>	<u>2,104,452</u>	<u>-</u>
Total investments	<u>\$ 4,511,139</u>	<u>\$ 2,406,687</u>	<u>\$ 2,104,452</u>	<u>\$ -</u>

Assets measured at fair value as of December 31, 2021 are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash alternatives	\$ 133,054	\$ 133,054	\$ -	\$ -
Common stock	522,655	522,655	-	-
Exchange traded funds	912,387	912,387	-	-
Mutual funds	1,167,238	1,167,238	-	-
Corporate Bonds	<u>2,303,529</u>	<u>-</u>	<u>2,303,529</u>	<u>-</u>
Total investments	<u>\$ 5,038,863</u>	<u>\$ 2,735,334</u>	<u>\$ 2,303,529</u>	<u>\$ -</u>

Note 6 - Line of Credit

The Company has entered into a revolving line of credit with a bank that provides for available borrowings of up to \$8,250,000. Borrowings under the line of credit bear interest at SOFR plus 2.5%. Borrowings are collateralized by substantially all assets of the Company including property and equipment, accounts receivable, and contract rights. There were no amounts outstanding on the line as of December 31, 2022 and 2021. Borrowings under the line of credit are subject to certain covenants and restrictions on indebtedness. In the event of default, the interest rate will increase by 5%. The line matures December 31, 2023.

Note 7 - Long-Term Debt

Long-term debt consists of:

	<u>2022</u>	<u>2021</u>
3% note payable to the former stockholders of the Company, principal payments of \$1,022,572 including interest, are due annually on September 1, through 2024, secured by assets of the Company and the unallocated stock held by the trustee in the Employee Share Ownership Trust (ESOT), matures September 2024. Paid off in May 2022.	\$ -	\$ 2,892,458
Less current maturities	<u>-</u>	<u>(935,798)</u>
Long-term debt, less current maturities	<u>\$ -</u>	<u>\$ 1,956,660</u>

Total interest expense to former stockholders of the Company was \$29,955 and \$104,920 for the years ended December 31, 2022 and 2021, respectively.

In May 2022, the Company repaid the note in full.

Note 8 - Leases

The Company leases certain facilities and equipment for various terms under long-term, non-cancelable operating lease agreements. The leases expire at various dates through 2027. The Company included in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised.

The weighted-average discount rate is based on the discount rate implicit in the lease, or if the implicit rate is not readily determinable from the lease, then the Company elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate.

The Company has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

The Company elected the practical expedient to not separate lease and non-lease components for certain facilities and equipment.

Total lease costs for the year ended December 31, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Operating lease cost	\$ 556,107	\$ 541,026

The following summarizes the weighted-average remaining lease term and weight-average discount rate at December 31, 2022:

Weighted-Average Remaining Lease Term	
Operating leases	2.9 Years
Weighted-Average Discount Rate	
Operating leases	2.18%

The future minimum lease payments under noncancelable finance leases with terms greater than one year are listed below as of December 31, 2022.

<u>Year Ending December 31,</u>	<u>Operating</u>
2023	\$ 576,996
2024	280,185
2025	196,049
2026	170,292
2027	<u>49,778</u>
Total lease payments	1,273,300
Less interest	<u>37,915</u>
Present value of lease liabilities	<u><u>\$ 1,235,385</u></u>

Future minimum payments determined under the guidance in Topic 840 are listed below as of December 31, 2021:

<u>Year Ending December 31,</u>	
2022	\$ 328,125
2023	289,492
2024	<u>70,688</u>
	<u>\$ 688,305</u>

The Company utilizes the facilities at locations where it is under contract with the federal government. The amounts are fully reimbursed by the federal government and the facility usage period does not extend beyond the termination date of the federal contract. Amounts that were incurred and fully reimbursed for the years ended December 31, 2022 and 2021 were \$536,158 and \$899,191.

Note 9 - Defined Contribution and Salary Savings Plans

The Company maintains a 401(k) defined contribution plan (the 401(k) Plan) covering all of its eligible employees. Under the provisions of the 401(k) Plan, the Company matches between 50% and 100% of employee contributions up to a maximum of 5% of the employee's annual salary. The employer contributions fully vest to the employee when made. Employees may participate in the 401(k) Plan after 12 months of eligible service. Company contributions to the 401(k) Plan were \$941,815 and \$957,127, for the years ended December 31, 2022 and 2021, respectively.

The Company has also established a non-qualified salary savings plan which is available to certain key employees. The plan provides that the Company will match (dollar for dollar) employee contributions to the plan up to 5% of the employee's annual salary. During the years ended December 31, 2022 and 2021, the Company contributed \$519,196 and \$257,961, respectively.

Note 10 - Stock Warrants

Stock warrants were granted to the Company's former stockholders in connection with the note payable issued as part of the sale to the ESOT.

Holders of the warrants have the right to exercise the warrants in whole or in part after the earlier of repayment in full, in cash, of the note payable to the former stockholders of the Company (see Note 7) and eight years from the issue date of the warrant; and before the expiration date (December 31, 2025); or following a change of control at any time prior to the expiration date, concurrently with or within 90 days after such change of control, provided that the notes payable to the former stockholders of the Company have been paid in full.

During 2022, 82,754 of the outstanding warrants were exercised in exchange for cash and in conjunction with the repayment in full of the note payable to the former stockholders of the Company (see Note 7).

A summary of warrant activity under the Plan as of December 31, 2022 and 2021, and changes during the years then ended is as follows:

	Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term in Years	Aggregate Fair Value at Date of Grant	Aggregate Intrinsic Value
Outstanding, December 31, 2020	97,260	\$ 4.78	5	\$ 323,149	\$ 2,036,624
Granted	-	-		-	
Exercised	-	-		-	
Forfeited	-	-		-	
Outstanding, December 31, 2021	97,260	4.78	4	323,149	2,118,323
Granted	-			-	
Exercised	(82,754)			(274,952)	(1,802,382)
Forfeited	-			-	
Outstanding, December 31, 2022	<u>14,506</u>	\$ 4.78	3	<u>\$ 48,197</u>	\$ 393,548

Note 11 - Stock Appreciation Rights Plan

During the year ended December 31, 2012, the Company adopted a stock appreciation rights (SAR) plan (the SARs Plan) with an effective date of January 1, 2012. The purpose of the SARs Plan is to provide an incentive for key management employees of the Company to expand and improve the profitability of the Company, as to assist in attracting and retaining key personnel. The SARs Plan is intended to constitute an unfunded “top hat” plan for a “select group of management or highly compensated employees” within the meaning of U.S. DOL Resolutions Section 2520.104-23.

The maximum number of SAR Awards (both Retention SARs and Performance SARs) authorized to be issued under the SARs Plan is 95,415, which is equivalent to 8% of the outstanding shares of common stock of the Company, determined on a fully diluted basis. The maximum number of Retention SARs and Performance SARs that may be granted under the SARs Plan are 22,395 and 73,020, respectively.

During the years ended December 31, 2022 and 2021, the Company did not grant any SARs.

As of December 31, 2022 and 2021, there were 8,000 and 35,750 SARs issued and outstanding, respectively. As of December 31, 2022 and 2021, there were 27,750 and zero SARs exercised, respectively.

The SARs vest on the 10th anniversary following the date of issuance, and the Company recognizes the compensation cost on a straight-line basis over the vesting period. In addition, the SAR liability is adjusted to reflect any increase or decrease in the intrinsic value of the SARs on an annual basis. At December 31, 2022 and 2021, the average net value per SAR was \$20.64 and \$19.45, and the associated SAR liability, which is included in accounts payable, totaled \$130,227 and \$642,379, respectively. For the years ended December 31, 2022 and 2021, the Company's SAR expense was \$44,363 and \$50,051, respectively, and is included in corporate staff expense.

Note 12 - Employee Stock Ownership Plan

In October 2012, the Company established an employee stock ownership plan (the ESOP), which covers all employees who have at least 1,000 hours of service during the plan year and who meet the plan's other eligibility requirements. The effective date of the plan is January 1, 2012. The Company accounts for the ESOP in accordance with FASB ASC 718-40, *Compensation – Employee Stock Ownership Plans*.

In October 2012, the Company sold 100% of its outstanding shares of common stock (one million shares) to the ESOT in exchange for an installment note in the amount of \$33,500,000. The ESOT will obtain the funds to repay the ESOT loan, including interest, primarily through the receipt of tax-deductible contributions and dividends paid by the Company.

The annual contributions are determined by the Board of Directors, in an amount at least equal to the required principal and interest payments due on the ESOP's outstanding loan. As payments on the debt are made, shares are released from collateral and allocated to active employees, based on the proportion of debt service paid in the year. As shares are released from collateral, the Company reports compensation expense equal to the current fair value of the shares. The shares pledged as collateral are deducted from stockholder's equity in the accompanying balance sheet as unearned compensation.

Allocations to individual participating employee (participant) accounts within the ESOT are based primarily on that participant's proportion of the total compensation for the year. All contributions are allocated to the participant accounts as of the last day of the plan year. Commencing January 1, 2012, participants vest 20% for each year of service, with 100% vesting reached at the conclusion of their sixth year. A participant's account becomes 100% vested and non-forfeitable upon the participant's attainment of his or her normal retirement age while employed by the Company, or upon death or disability while employed by the Company.

The Company obtains annual appraisals of the fair value of the shares. The fair value of the shares as of the most recently completed fiscal year-end is used to calculate the current ESOP employee compensation expense. As of December 31, 2022 and 2021, the fair value was \$31.91 per share and \$26.56 per share, respectively. ESOP employee compensation expense for the years ended December 31, 2022 and 2021 was \$2,034,826 and \$1,764,301, respectively. Additionally, for the years ended December 31, 2022 and 2021, the Company contributed \$739,383 and \$433,368 to the ESOP Trust to repurchase shares from terminated participants, which has been recorded as other administrative expenses.

Shares of the Company held by the ESOP as of December 31, 2022 and 2021 are as follows:

	2022	2021
Allocated shares	\$ 667,952	\$ 601,503
Unallocated shares	332,048	398,497
	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Fair market value of allocated shares	<u>\$ 21,314,348</u>	<u>\$ 15,975,920</u>
Fair market value of unallocated shares	<u>\$ 10,595,652</u>	<u>\$ 10,584,080</u>

In the event the ESOP participant's employment is terminated, the ESOP is required to purchase the shares from the participant at fair value.

Note 13 - Commitments and Related Party Transactions

Periodically, the Company enters into contracts on behalf of the DOL to construct facilities at its Job Corps centers. In these instances, management signs contracts committing to incur construction costs which will be fully reimbursed by the federal government. At December 31, 2022 and 2021, the Company had commitments under such government contracts amounting to \$721,246 and \$1,496,154, respectively.

The Company leased a facility from a related party through May 1, 2022 at which time the leasing arrangement was terminated. Total rent paid under this arrangement was \$41,489 and \$165,143, respectively.

Note 14 - Litigation

In May 2018, the Company, the former shareholders, and the former independent ESOP trustee were named in a lawsuit brought by one current and one former employee, seeking class action status representing ESOP participants. The suit alleges that the former shareholders and independent ESOP trustee overvalued the Company in the 2012 ESOP transaction and seeks, among other remedies, disgorgement of the proceeds of the transaction by the former shareholders. In 2021, the parties settled the case. The only claims against the Company were for injunctive relief and the settlement will not require any monetary compensation on behalf of the Company.

In addition to the ESOP litigation discussed above, the Company is subject to various claims which arise in the normal course of business. In the opinion of management, the ultimate disposition of claims will not have a material adverse effect on the financial position or results of operations for the Company.

Note 15 - Subsequent Events

The Company has evaluated subsequent events through August 29, 2023, the date which the financial statements were available to be issued.

In May 2023, the remaining 14,506 stock warrants were exercised in exchange for \$393,548 cash.

SCHEDULE H, line 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

A A 401() S P

EIN 88 0263693
 PLAN NUMBER 001
 PLAN YEAR 01/01/2022 TO 12/31/2022

(A)	(B) Identity of issuer, 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
	The American Funds	Registered Investment Company Amer Funds Amer Bal R6 Fd	\$ 0.00	\$ 200,879.18
	The American Funds	Registered Investment Company American Funds Newworld R6	\$ 0.00	\$ 58,090.14
	Franklin Templeton Investments	Registered Investment Company Franklin Utilities R6 Fund	\$ 0.00	\$ 104,924.24
	Janus International Holding, LLC	Registered Investment Company JanusHenderson Entrprs N	\$ 0.00	\$ 310,783.29
	Janus International Holding, LLC	Registered Investment Company JanusHenderson Triton N	\$ 0.00	\$ 216,740.21
	MFS Investment Management	Registered Investment Company MFS Value R6 Fund	\$ 0.00	\$ 154,280.38
*	Principal Life Insurance Company	Pooled Separate Accounts Prin Core Fix Inc Sep Acct-Z	\$ 0.00	\$ 35,115.39
*	Principal Life Insurance Company	Pooled Separate Accounts Prin Diversified Intl SA-Z	\$ 0.00	\$ 82,619.20
*	Principal Life Insurance Company	Insurance Company General Prin Fixed Inc Guar Option	\$ 0.00	\$ 1,027,024.71
*	Principal Life Insurance Company	Pooled Separate Accounts Prin High Yield Sep Acct-Z	\$ 0.00	\$ 36,673.51
*	Principal Life Insurance Company	Pooled Separate Accounts Prin Inflation Protect SA-Z	\$ 0.00	\$ 36,497.48
*	Principal Life Insurance Company	Pooled Separate Accounts Prin Intl Equity Index SA-Z	\$ 0.00	\$ 147,328.46
*	Principal Life Insurance Company	Pooled Separate Accounts Prin LgCp S&P 500 Index SA-Z	\$ 0.00	\$ 679,322.11
*	Principal Global Investors Trust Co	Common/Collective Trust Prin LifeTime Hybr Inc CIT Z	\$ 0.00	\$ 17,839.59
*	Principal Global Investors Trust Co	Common/Collective Trust Prin LifeTime Hybr 2010 CIT Z	\$ 0.00	\$ 1,214,692.74

SCHEDULE H, line 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

A A 401() S P
 EIN 88 0263693
 PLAN NUMBER 001
 PLAN YEAR 01/01/2022 TO 12/31/2022

(A)	(B) Identity of issuer, 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
*	Principal Global Investors Trust Co	Common/Collective Trust Prin LifeTime Hybr 2015 CIT Z	\$ 0.00	\$ 2,142,587.59
*	Principal Global Investors Trust Co	Common/Collective Trust Prin LifeTime Hybr 2020 CIT Z	\$ 0.00	\$ 2,183,662.97
*	Principal Global Investors Trust Co	Common/Collective Trust Prin LifeTime Hybr 2025 CIT Z	\$ 0.00	\$ 3,067,869.40
*	Principal Global Investors Trust Co	Common/Collective Trust Prin LifeTime Hybr 2030 CIT Z	\$ 0.00	\$ 5,264,048.68
*	Principal Global Investors Trust Co	Common/Collective Trust Prin LifeTime Hybr 2035 CIT Z	\$ 0.00	\$ 3,000,606.70
*	Principal Global Investors Trust Co	Common/Collective Trust Prin LifeTime Hybr 2040 CIT Z	\$ 0.00	\$ 2,409,520.51
*	Principal Global Investors Trust Co	Common/Collective Trust Prin LifeTime Hybr 2045 CIT Z	\$ 0.00	\$ 1,677,102.69
*	Principal Global Investors Trust Co	Common/Collective Trust Prin LifeTime Hybr 2050 CIT Z	\$ 0.00	\$ 1,241,394.18
*	Principal Global Investors Trust Co	Common/Collective Trust Prin LifeTime Hybr 2055 CIT Z	\$ 0.00	\$ 745,737.91
*	Principal Global Investors Trust Co	Common/Collective Trust Prin LifeTime Hybr 2060 CIT Z	\$ 0.00	\$ 206,503.03
*	Principal Global Investors Trust Co	Common/Collective Trust Prin LifeTime Hybr 2065 CIT Z	\$ 0.00	\$ 137,439.41
*	Principal Life Insurance Company	Pooled Separate Accounts Prin MidCap S&P 400 Idx SA-Z	\$ 0.00	\$ 147,239.04
*	Principal Life Insurance Company	Pooled Separate Accounts Prin MidCap Value I SA-Z	\$ 0.00	\$ 21,982.34
*	Principal Life Insurance Company	Pooled Separate Accounts Prin Real Estate Secs SA-Z	\$ 0.00	\$ 54,437.36
*	Principal Life Insurance Company	Pooled Separate Accounts Prin SmCap S&P 600 Index SA-Z	\$ 0.00	\$ 227,205.37

SCHEDULE H, line 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

SCHEDULE H, line 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

A A 401() S P
EIN 88 0263693
PLAN NUMBER 001
PLAN YEAR 01/01/2022 TO 12/31/2022

(A)	(B) Identity of issuer, 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
	PIMCO Funds	Registered Investment Company PIMCO Income Institutional Fd	\$ 0.00	\$ 24,757.70
	T. Rowe Price Funds	Registered Investment Company T.Rowe Price Bl Chip Gr I Fd	\$ 0.00	\$ 493,595.52
	Victory Funds	Registered Investment Company Victory Integ SmCap Val R6 Fd	\$ 0.00	\$ 45,604.00
*	Participant Loans	Range of Interest Rates Rates Range From 4.25% To 8.50%	\$ 0.00	\$ 377,006.00

