

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		5 147
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) 147
a(2) Total number of active participants at the end of the plan year		6a(2) 120
b Retired or separated participants receiving benefits		6b 0
c Other retired or separated participants entitled to future benefits.....		6c 4
d Subtotal. Add lines 6a(2) , 6b , and 6c		6d 124
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.		6e 0
f Total. Add lines 6d and 6e		6f 124
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....		6g 117
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested.....		6h 3
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 2S 2T 3D 3H		
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:		
9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)		
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ 0 A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☐ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)	

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

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

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

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

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

Receipt Confirmation Code _____

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

For calendar plan year 2022 or fiscal plan year beginning 01/01/2022 and ending 12/31/2022		
A Name of plan TELECOMP HOLDINGS, INC. 401(K) PLAN	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 TELECOMP HOLDINGS, INC.	D Employer Identification Number (EIN) 81-5402057	

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
CAPITAL GROUP RETIREMENT PLAN SVCS.
82-4555287

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

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

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

CAPITAL GROUP RETIREMENT PLAN SVCS.

82-4555287

(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?
64 52 60 62 25 49 72 37	RECORDKEEPER	7384	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
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

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

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

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

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

SCHEDULE 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>TELECOMP HOLDINGS, INC. 401(K) PLAN</u>	B Three-digit plan number (PN) ►	<u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>TELECOMP HOLDINGS, INC.</u>	D Employer Identification Number (EIN) <u>81-5402057</u>	

Part I Asset and Liability Statement			
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash.....	1a	0	0
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions.....	1b(1)	0	0
(2) Participant contributions.....	1b(2)	0	0
(3) Other.....	1b(3)	0	0
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit).....	1c(1)	0	0
(2) U.S. Government securities	1c(2)	0	0
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)	0	0
(B) All other	1c(3)(B)	0	0
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)	0	0
(B) Common.....	1c(4)(B)	0	0
(5) Partnership/joint venture interests	1c(5)	0	0
(6) Real estate (other than employer real property)	1c(6)	0	0
(7) Loans (other than to participants).....	1c(7)	0	0
(8) Participant loans.....	1c(8)	0	11368
(9) Value of interest in common/collective trusts.....	1c(9)	0	0
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts.....	1c(11)	0	0
(12) Value of interest in 103-12 investment entities	1c(12)	0	0
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	0	1110790
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)	0	0

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)	0	0
(2) Employer real property	1d(2)	0	0
e Buildings and other property used in plan operation	1e	0	0
f Total assets (add all amounts in lines 1a through 1e)	1f	0	1122158

Liabilities

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

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	0	1122158
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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)	307250	
(B) Participants	2a(1)(B)	466340	
(C) Others (including rollovers)	2a(1)(C)	474574	
(2) Noncash contributions	2a(2)	0	
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		1248164
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	0	
(B) U.S. Government securities	2b(1)(B)	0	
(C) Corporate debt instruments	2b(1)(C)	0	
(D) Loans (other than to participants)	2b(1)(D)	0	
(E) Participant loans	2b(1)(E)	36	
(F) Other	2b(1)(F)	0	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		36
(2) Dividends: (A) Preferred stock	2b(2)(A)	0	
(B) Common stock	2b(2)(B)	0	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	51942	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		51942
(3) Rents	2b(3)		0
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	0	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	0	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)	0	
(B) Other	2b(5)(B)	0	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		0
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		0
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		0
(9) Net investment gain (loss) from 103-12 investment entities.....	2b(9)		0
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		-123862
c Other income	2c		0
d Total income. Add all income amounts in column (b) and enter total	2d		1176280
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	46738	
(2) To insurance carriers for the provision of benefits	2e(2)	0	
(3) Other	2e(3)	0	
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		46738
f Corrective distributions (see instructions)	2f		0
g Certain deemed distributions of participant loans (see instructions)	2g		0
h Interest expense	2h		0
i Administrative expenses: (1) Professional fees	2i(1)	0	
(2) Contract administrator fees	2i(2)	7384	
(3) Investment advisory and management fees	2i(3)	0	
(4) Other	2i(4)	0	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		7384
j Total expenses. Add all expense amounts in column (b) and enter total	2j		54122
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		1122158
l Transfers of assets:			
(1) To this plan	2l(1)		
(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: FROST, PLLC

(2) EIN: 71-0817652

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

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

Part IV Compliance Questions

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

During the plan year:

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

	Yes	No	Amount
4a		X	

	Yes	No	Amount
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)			
4b		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)			
4c		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)			
4d		X	
e Was this plan covered by a fidelity bond?	X		200000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
4f		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?			
4g		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?			
4h		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	X		
4i	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked and see instructions for format requirements.)			
4j		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?			
4k		X	
l Has the plan failed to provide any benefit when due under the plan?			
4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)			
4m		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n			

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

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

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

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

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2022 This Form is Open to Public Inspection.
For calendar plan year 2022 or fiscal plan year beginning 01/01/2022 and ending 12/31/2022		
A Name of plan TELECOMP HOLDINGS, INC. 401(K) PLAN		B Three-digit plan number (PN) 001
C Plan sponsor's name as shown on line 2a of Form 5500 TELECOMP HOLDINGS, INC.		D Employer Identification Number (EIN) 81-5402057
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): 20-3691658		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....		3
Part II Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)		
4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ☐ Yes ☐ No ☐ N/A If the plan is a defined benefit plan, go to line 8.		
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.		
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived).....		6a
b Enter the amount contributed by the employer to the plan for this plan year.....		6b
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....		6c
If you completed line 6c, skip lines 8 and 9.		
7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ☐ Yes ☐ No ☐ N/A		
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ☐ Yes ☐ No ☐ N/A		
Part III Amendments		
9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box..... ☐ Increase ☐ Decrease ☐ Both ☐ No		
Part IV ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.		
10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....		☐ Yes ☐ No
11 a Does the ESOP hold any preferred stock?.....		☐ Yes ☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.).....		☐ Yes ☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?.....		☐ Yes ☐ No
For Paperwork Reduction Act Notice, see the Instructions for Form 5500.		Schedule R (Form 5500) 2022 v. 220413

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

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

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

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

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

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

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

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

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

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

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

☐ Yes.

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

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

☐ No. Other. Provide explanation _____

TELECOMP HOLDINGS, INC.

December 31, 2022 and 2021

Financial Statements

With

Independent Accountant's Review Report





Independent Accountant's Review Report

Stockholders
Telecomp Holdings, Inc.
Rogers, Arkansas

We have reviewed the accompanying financial statements of Telecomp Holdings, Inc., which comprise the balance sheet as of December 31, 2022 and 2021, and the related statements of operations, stockholders' deficit, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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 ("GAAP"); this includes 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with GAAP. We believe the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Telecomp Holdings, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with GAAP.

Frost, PLLC

Certified Public Accountants

Little Rock, Arkansas
August 25, 2023

Balance Sheet

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
Current assets		
Cash	\$ 64,420	\$ 92,513
Accounts receivable, net of allowance for doubtful accounts of approximately \$100,000 in 2022 and 2021	2,104,796	3,029,538
Hardware and accessories inventory	670,158	238,653
Due from related party	153,689	1,319
Prepaid expenses and other current assets	<u>579,471</u>	<u>603,818</u>
Total current assets	<u>3,572,534</u>	<u>3,965,841</u>
Property and equipment, net of accumulated depreciation	<u>2,386,863</u>	<u>2,963,403</u>
Other assets		
Restricted cash	346,000	346,000
Goodwill, net	7,014,940	8,000,043
Operating lease right-of-use assets, net	3,600,821	-
Intangible assets, net	68,889	78,889
Noncompete agreement, net	352,610	403,610
Deposits	58,859	62,792
Other receivables	<u>274,912</u>	<u>274,912</u>
Total other assets	<u>11,717,031</u>	<u>9,166,246</u>
Total assets	<u>\$ 17,676,428</u>	<u>\$ 16,095,490</u>

See independent accountant's review report and accompanying notes.

Balance Sheet (cont.)

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>Liabilities and Stockholders' Deficit</u>		
Current liabilities		
Accounts payable	\$ 3,246,602	\$ 3,837,819
Accrued expenses	671,435	545,877
Other current liabilities	-	664,210
Contract liabilities	2,592,278	1,220,680
Income taxes payable	393,149	43,000
Current portion of long-term debt	2,089,000	1,547,000
Current portion of operating lease obligations	429,228	-
Total current liabilities	<u>9,421,692</u>	<u>7,858,586</u>
Long-term liabilities		
Long-term debt, net of current portion and deferred financing fees	10,540,964	12,954,852
Operating lease obligations, net of current portion	3,213,301	-
Deferred income taxes	76,000	529,000
Total long-term liabilities	<u>13,830,265</u>	<u>13,483,852</u>
Total liabilities	<u>23,251,957</u>	<u>21,342,438</u>
Stockholders' equity (deficit)		
Common stock, \$0.01 par value, 1,000 shares authorized, issued and outstanding	10	10
Additional paid-in capital	104,598	104,598
Retained earnings (deficit)	(280,137)	48,444
Treasury stock	<u>(5,400,000)</u>	<u>(5,400,000)</u>
Total stockholders' deficit	<u>(5,575,529)</u>	<u>(5,246,948)</u>
Total liabilities and stockholders' deficit	<u>\$ 17,676,428</u>	<u>\$ 16,095,490</u>

See independent accountant's review report and accompanying notes.

Statement of Operations

For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenue		
Hardware	\$ 20,390,440	\$ 23,989,783
Contract and subscription services	15,496,310	13,819,172
Consulting services	3,602,007	5,651,622
Commissions	251,627	397,246
Other	480,560	420,400
Total revenue	<u>40,220,944</u>	<u>44,278,223</u>
Cost of sales		
Hardware	15,622,279	19,009,627
Carrier and hosting	3,087,579	2,174,688
Labor and consulting	9,090,638	9,291,617
Other	1,006,988	462,168
Total cost of sales	<u>28,807,484</u>	<u>30,938,100</u>
Gross profit	11,413,460	13,340,123
Operating expenses	<u>10,369,911</u>	<u>10,464,036</u>
Income from operations	<u>1,043,549</u>	<u>2,876,087</u>
Other income (expense)		
Interest expense	(1,326,194)	(1,374,483)
Other expense	(155,220)	(209,848)
Gain on disposal of property and equipment	58,872	5,127
Total other expense	<u>(1,422,542)</u>	<u>(1,579,204)</u>
Income (loss) before income tax expense (benefit)	(378,993)	1,296,883
Income tax expense (benefit)	<u>(50,412)</u>	<u>315,069</u>
Net income (loss)	<u>\$ (328,581)</u>	<u>\$ 981,814</u>

See independent accountant's review report and accompanying notes.

Statement of Stockholders' Deficit

For the Years Ended December 31, 2022 and 2021

	Common <u>Stock</u>	Additional Paid-in <u>Capital</u>	Retained Earnings <u>(Deficit)</u>	Treasury <u>Stock</u>	Total Stockholders' <u>Deficit</u>
Balance - January 1, 2021	\$ 10	\$ 104,598	\$ (933,370)	\$ -	\$ (828,762)
Repurchase of common stock	-	-	-	(5,400,000)	(5,400,000)
Net income	<u>-</u>	<u>-</u>	<u>981,814</u>	<u>-</u>	<u>981,814</u>
Balance - December 31, 2021	10	104,598	48,444	(5,400,000)	(5,246,948)
Net loss	<u>-</u>	<u>-</u>	<u>(328,581)</u>	<u>-</u>	<u>(328,581)</u>
Balance - December 31, 2022	<u>\$ 10</u>	<u>\$ 104,598</u>	<u>\$ (280,137)</u>	<u>\$ (5,400,000)</u>	<u>\$ (5,575,529)</u>

See independent accountant's review report and accompanying notes.

Statement of Cash Flows

For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Net income (loss)	\$ (328,581)	\$ 981,814
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Depreciation	880,285	791,634
Amortization	1,046,103	1,008,027
Change in operating lease right-of-use assets and obligations	41,708	-
Gain on disposal of property and equipment	(58,872)	(5,127)
Deferred income taxes	(453,000)	301,000
Deferred financing fees	26,208	13,104
Changes in operating assets and liabilities		
Accounts receivable, net	924,742	(207,371)
Hardware and accessories inventory	(431,505)	4,425,489
Other assets	28,280	(635,423)
Accounts payable and accrued expenses	(465,659)	1,693,165
Other current liabilities	(664,210)	664,210
Contract liabilities	1,371,598	(4,914,665)
Income taxes payable	350,149	(10,000)
Net cash provided by operating activities	<u>2,267,246</u>	<u>4,105,857</u>
Cash flows from investing activities		
Purchases of property and equipment	(389,373)	(1,021,455)
Proceeds from disposal of property and equipment	144,500	28,811
Due from (to) related party	(152,370)	92,786
Increase in goodwill and intangible assets	-	(108,000)
Acquisition of Co-Nexus Communication Systems, Inc.	-	(928,933)
Other receivables	-	913,827
Net cash used by investing activities	<u>(397,243)</u>	<u>(1,022,964)</u>

See independent accountant's review report and accompanying notes.

Statement of Cash Flows (cont.)

For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from financing activities		
Payments on long-term debt	\$ (1,898,096)	\$ (3,516,222)
Repurchase of common stock	-	(5,400,000)
Deferred financing fees	-	(159,434)
Proceeds from long-term debt	-	3,018,563
Net cash used by financing activities	<u>(1,898,096)</u>	<u>(6,057,093)</u>
 Net decrease in cash and restricted cash	 (28,093)	 (2,974,200)
 Cash and restricted cash - beginning of year	 <u>438,513</u>	 <u>3,412,713</u>
 Cash and restricted cash - end of year	 <u>\$ 410,420</u>	 <u>\$ 438,513</u>

Supplementary disclosures of cash flow information

Cash paid during the year for

Interest	\$ 1,326,194	\$ 1,374,483
Income taxes	52,439	24,069

Supplementary disclosures of noncash transactions

Operating lease right-of-use assets obtained in exchange for new operating lease obligations

\$ 6,284 \$ -

Assets purchased through issuance of long-term debt

- 287,845

Long-term debt issued with acquisition of Co-Nexus

Communications Systems, Inc.

- 850,000

See independent accountant's review report and accompanying notes.

Notes to Financial Statements

December 31, 2022 and 2021

1. **Organization and Nature of Business**

The financial statements include the accounts and operations of Telecomp Holdings, Inc. (the "Company"). The Company is organized under the laws of the State of Arkansas. The Company's primary business is hardware sales, related hosted cloud phone systems, and contact centers utilizing its own proprietary cloud platform. Additionally, as a Tier 3 Phone and Internet Carrier, the Company delivers business fiber through its own fiber network and wholesale agreement with AT&T. The Company's principal place of business is in Rogers and Little Rock, Arkansas, and Tulsa and Cushing, Oklahoma.

2. **Summary of Significant Accounting Policies**

- a. **Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.
- b. **Cash and cash equivalents** – For cash flow purposes, management considers its investments with an original maturity of three months or less to be cash equivalents. The Company had no cash equivalents at December 31, 2022 or 2021.
- c. **Restricted cash** – Restricted cash represents cash that is restricted by agreements with third parties for special purposes.
- d. **Accounts receivable** – Accounts receivable are recorded at the amounts billed to customers and do not bear interest. The Company reviews its customer accounts on a periodic basis and will write-off amounts that are considered uncollectible. The Company deems accounts and notes receivable to be past due based on contractual terms. Amounts will be written off at the point when collection attempts on the accounts have been exhausted. Management uses significant judgment in estimating uncollectible amounts. In estimating uncollectible amounts, management considers factors such as current overall economic conditions, industry-specific economic conditions, historical customer performance, and anticipated customer performance. While management believes the Company's processes effectively address its exposure to doubtful accounts, changes in economic, industry or specific customer conditions may require adjustment to any allowance recorded by the Company.
- e. **Hardware and accessories inventory** – Hardware and accessories inventory consists of phones, laptops, and computer accessories, and is stated at lower of cost or estimated net realizable value, as determined by the first-in, first-out cost flow method. The actual amounts realized from inventory could differ from the estimated net realizable value.
- f. **Property and equipment** – Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets when the assets are deemed to have been placed in service, ranging from 3 to 15 years. Costs of normal repairs and maintenance are expensed, while major expenditures that extend the estimated useful lives of the assets are capitalized.

See independent accountant's review report.

Notes to Financial Statements

December 31, 2022 and 2021

2. Summary of Significant Accounting Policies (cont.)

- g. **Leases** – The Company determines if an arrangement is a lease at inception of the arrangement and classifies it as an operating lease or finance lease, recognizing a right-of-use asset on its balance sheet. A lease liability is recorded to represent the obligation to make lease payments over the term of the lease. Operating leases are comprised principally of leases of office space, storage space, equipment, and vehicles used in connection with operations. The Company records right-of-use assets and lease liabilities based on the present value of future minimum lease payments. When the rate implicit in the lease is not readily determinable, the Company's incremental borrowing rate is used to calculate the present value of future lease payments. These assets and liabilities are included on the Company's accompanying balance sheet as operating lease right-of-use assets, net, current portion of operating lease obligations, and operating lease obligations, net of current portion. Lease expense for operating leases is recognized on a straight-line basis over the lease term. All operating lease cash payments are presented within net cash provided by operating activities on the Company's accompanying statement of cash flows. The Company has elected not to recognize right-of-use assets and lease obligations for leases with an initial term of 12 months or less.
- h. **Goodwill** – Goodwill represents the excess of cost over the fair value of net identifiable assets acquired in a business combination. Under the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2014-02, "Intangibles – Goodwill and Other (Topic 350): Accounting for Goodwill (a consensus of the Private Company Council)," the Company amortizes its goodwill over a 10-year period.
- i. **Intangible assets** – Intangible assets arising from business combinations, such as noncompete agreement and intellectual property, are initially recorded at estimated fair value. The Company amortizes finite-lived intangible assets over the estimated useful life on the straight-line method. Definite-lived and indefinite-lived intangible assets are assessed for impairment annually, or more frequently, if events or changes in circumstances indicate the estimated fair value may be less than the carrying amount. Additionally, the Company reviews whether factors exist that would necessitate a change in useful life and a different amortization period.
- j. **Revenue recognition** – The Company recognizes revenue at the point in time at which its performance obligation has been satisfied and control of the product or service has been transferred to the customer. This generally occurs upon shipment of a product or upon monthly service provided to the customer. The Company provides customers with information technology devices and phone hardware ("hardware"), and related configuration of the hardware prior to delivery, which together, are considered one performance obligation. Amounts are recorded as hardware revenue on the accompanying statement of operations.

The Company also provides its customers with access to the hosted cloud phone platform and related support services, which together, are considered one performance obligation. The Company's customers do not have the ability to take possession of the Company's software, and, through access to the Company's platform, the Company provides a series of distinct software-based services that are satisfied over the term of the applicable contract or subscription. Amounts related to the Company's hosted cloud phone platform are recorded as contract and subscription services in revenue on the accompanying statement of operations.

See independent accountant's review report.

Notes to Financial Statements

December 31, 2022 and 2021

2. Summary of Significant Accounting Policies (cont.)

Additionally, the Company provides consulting services, which include services such as experience management, monitoring and production services, implementation services, and premium support services. Consulting services are generally considered distinct from access to the Company's hosted cloud phone platform. Amounts are recorded as consulting services in revenue on the accompanying statement of operations over the term of the applicable contract. The Company also receives commissions from certain suppliers for the sale of certain hardware. Amounts are recorded as commissions in revenue on the accompanying statement of operations.

The timing of the Company's satisfaction of the performance obligation may differ from the timing of the customer's payment, which results in the recognition of a contract asset or a contract liability. The Company recognizes a contract asset or liability when the Company transfers goods or services to a customer and bills an amount which differs from the revenue allocated to the related performance obligation. The payment terms are generally within 20 days. Revenue is measured by the transaction price, which is defined as the amount of consideration the Company expects to receive in exchange for providing goods or service to customers.

The Company has contracts with customers requiring prepayment for future services for information technology devices. As of December 31, 2022 and 2021, the Company had not met the performance obligation requirements to recognize revenue under these contracts. The aggregate amount of the transaction price allocated to contract liabilities on the accompanying balance sheet was \$2,592,278 and \$1,220,680 as of December 31, 2022 and 2021, respectively.

The Company collects various taxes from its customers and subsequently remits these taxes to governmental authorities. Substantially all of these taxes are recorded through the balance sheet and are presented on a net basis in the statement of operations.

- k. **Impairment of long-lived assets** – The Company periodically evaluates the carrying value of long-lived assets to be held and used in accordance with FASB Accounting Standards Codification ("ASC") 360, "Accounting for the Impairment or Disposal of Long-Lived Assets." ASC 360 requires impairment losses be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. In that event, a loss is recognized based on the amount by which the carrying amount exceeds the fair market value of the long-lived asset. Loss on long-lived assets to be disposed of is determined in a similar manner, except that fair market values are reduced for the cost of disposal. Based on management's assessment, there was no impairment of long-lived assets for the years ended December 31, 2022 or 2021.
- l. **Income taxes** – The Company utilizes the liability method of accounting for deferred income taxes which provides deferred taxes on the balance sheet for the temporary differences between financial statement and tax return bases of assets and liabilities as of the fiscal year-end date at the presently enacted tax rates.

See independent accountant's review report.

Notes to Financial Statements

December 31, 2022 and 2021

2. Summary of Significant Accounting Policies (cont.)

Deferred income taxes relate primarily to temporary differences between financial statement and income tax return recognition of certain accruals and accelerated depreciation methods for tax purposes on certain assets versus the straight-line method of depreciation for financial statement purposes on these assets.

The Company's policy with respect to evaluating uncertain tax positions is based upon whether management believes it is more likely than not the uncertain tax positions will be sustained upon review by the taxing authorities, then the Company shall initially and subsequently measure the largest amount of tax benefit that is greater than 50% likely of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The tax positions must meet the more-likely-than-not recognition threshold with consideration given to the amounts and probabilities of the outcomes that could be realized upon settlement using the facts, circumstances, and information at the reporting date. The Company will reflect only the portion of the tax benefit that will be sustained upon resolution of the position and applicable interest on the portion of the tax benefit not recognized. Based upon management's assessment, there are no uncertain tax positions expected to have a material impact on the Company's financial statements.

The Company is no longer subject to U.S. federal and state tax examinations by tax authorities for years before 2019. The Company recognizes interest and penalties related to unrecognized tax benefits in income tax expense. During the years ended December 31, 2022 and 2021, the Company did not recognize any interest or penalties. The Company did not have any interest or penalties accrued at December 31, 2022 or 2021.

- m. **Advertising** – Advertising costs, primarily included in operating expenses, are expensed as incurred. Advertising expense was approximately \$40,000 and \$72,000 for the years ended December 31, 2022 and 2021, respectively.
- n. **Adoption of new lease accounting standard** – The Company adopted ASU 2016-02, "Leases (Topic 842)," effective January 1, 2022. ASU 2016-02 requires the recognition of right-of-use assets and lease liabilities for all leases with terms greater than 12 months, including operating leases, which, prior to adoption of the new guidance, were not reported on the Company's balance sheet. The accounting for finance leases, formerly called capital leases, remained substantially unchanged. The Company adopted the new guidance using the optional application date method and, therefore, prior period financial statements were not revised. The adoption of the new guidance resulted in the recording of operating lease right-of-use assets and operating lease liabilities of \$3,796,384 as of January 1, 2022. Adoption of ASU 2016-02 did not have a material impact on the Company's net income (loss) or statement of cash flows. The Company elected the package of practical expedient which permitted the Company to not reassess prior conclusions related to lease classification, to not assess whether expired or existing contracts are or contain leases, to not reassess initial direct costs for any existing leases, and to not separate lease and nonlease components. The Company did not elect the practical expedient for the use of hindsight in evaluating the expected lease term of existing leases.

See independent accountant's review report.

Notes to Financial Statements

December 31, 2022 and 2021

3. Acquisition of Co-Nexus Communication Systems, Inc. ("Co-Nexus")

On March 5, 2021, the Company acquired Co-Nexus, a Texas corporation, for \$928,933 in cash and an \$850,000 note payable to the former owner. The Company accounted for the acquisition as a business combination in accordance with the provisions of ASC 805, "Business Combinations." Under the acquisition method of accounting, the purchase price is allocated to the underlying tangible and intangible assets acquired and liabilities assumed based on their respective fair market values, with any excess purchase price over the fair value being allocated to goodwill. The fair market value of tangible assets acquired was primarily based on the cost approach. The excess purchase price over fair value was allocated to goodwill.

The following table presents the allocation of the purchase price and the assets acquired based on their fair values at the acquisition date:

Property and equipment	\$ 431,711
Hardware and accessories inventory	311,625
Prepaid expenses	3,933
Noncompete agreement	10,000
Goodwill	1,686,358
Contract liabilities	<u>(664,694)</u>
	<u>\$ 1,778,933</u>

4. Cash and Restricted Cash

Cash and restricted cash consist of the following:

	<u>2022</u>	<u>2021</u>
Cash	\$ 64,420	\$ 92,513
Restricted cash	<u>346,000</u>	<u>346,000</u>
	<u>\$ 410,420</u>	<u>\$ 438,513</u>

In accordance with a financing agreement with the primary financial institution, the Company is required to maintain a reserve account with a financial institution participating in the financing agreement. The amount in the reserve account is \$346,000 for the years ended December 31, 2022 and 2021. The Company must maintain the reserve account over the term of the financing agreement.

See independent accountant's review report.

Notes to Financial Statements

December 31, 2022 and 2021

5. Property and Equipment

Property and equipment consist of the following:

	<u>2022</u>	<u>2021</u>
Leasehold improvements	\$ 385,399	\$ 378,876
Equipment	4,111,335	3,963,710
Furniture and fixtures	<u>2,099,633</u>	<u>2,051,602</u>
	6,596,367	6,394,188
Accumulated depreciation	<u>(4,209,504)</u>	<u>(3,430,785)</u>
Property and equipment, net	<u>\$ 2,386,863</u>	<u>\$ 2,963,403</u>

6. Goodwill

Gross goodwill consists of \$10,178,381 with accumulated amortization of \$3,163,441 and \$2,178,338 as of December 31, 2022 and 2021, respectively. Amortization expense of \$985,103 and \$947,194 is presented in operating expenses on the accompanying statement of operations for the years ended December 31, 2022 and 2021, respectively. Amortization of goodwill is expected to be \$985,103 for each of the five succeeding years. No triggering events occurred as of December 31, 2022 or 2021 that required goodwill or intangible asset impairment testing and, accordingly, no impairment loss was recorded.

7. Intangible Assets

Intangible assets consist of \$105,315 with accumulated amortization of \$36,426 and \$26,426 for the years ended December 31, 2022 and 2021, respectively. Amortization expense of \$10,000 is presented in operating expenses on the accompanying statement of operations for the years ended December 31, 2022 and 2021. Amortization of intangible assets is expected to be \$10,000 for each of the five succeeding years.

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Notes to Financial Statements

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8. Noncompete Agreement

The Company has an employee contract and related noncompete agreement that was entered into with the seller under the 2019 acquisition of Beasley Technology, Incorporated ("Beasley"). The \$500,000 noncompete agreement represents the portion of the purchase price allocated to noncompete agreement. Under these agreements, the term of employment is at least three years with an agreement not to compete with the Company for a period of five years after employment. The related cost is being amortized on the straight-line method over the terms of the agreement. Accumulated amortization related to the covenant not to compete agreements totaled \$155,557 and \$105,557 for the years ended December 31, 2022 and 2021, respectively. Amortization expense of \$50,000 is presented in operating expenses on the accompanying statement of operations for the years ended December 31, 2022 and 2021.

The Company has a noncompete agreement that was entered into with the seller under the 2021 acquisition of Co-Nexus. The \$10,000 noncompete agreement represents the portion of the purchase price allocated to noncompete agreement. Under this agreement, the former stockholders agreed not to compete for a period of five years after employment. The related cost is being amortized on the straight-line method over the terms of the agreement. Accumulated amortization related to the covenant not to compete agreements totaled \$1,833 and \$833 for the years ended December 31, 2022 and 2021, respectively. Amortization expense of \$1,000 and \$833 is presented in operating expenses on the accompanying statement of operations for the years ended December 31, 2022 and 2021, respectively.

Amortization of the noncompete agreements is expected to be \$51,000 for each of the five succeeding years.

9. Long-Term Debt

Long-term debt consists of the following:

	<u>2022</u>	<u>2021</u>
Notes payable to a financial institution, payable in monthly installments through July 2027, including interest ranging from 7.24% to 13.42%, maturing in January 2027, secured by equipment.	\$ 5,551,092	\$ 6,511,762
Note payable to a financial institution, payable in monthly installments, including interest at 6.25%, maturing in December 2029, secured by substantially all assets.	4,076,052	4,482,467
Note payable to a financial institution, payable in monthly installments, including interest at 6.25%, maturing in November 2030, secured by substantially all assets.	1,458,114	1,597,679

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Notes to Financial Statements

December 31, 2022 and 2021

9. Long-Term Debt (cont.)

	<u>2022</u>	<u>2021</u>
Subordinate note payable to Beasley, payable in monthly installments, including interest at 12.00%, maturing in November 2026, secured by substantially all assets.	\$ 864,792	\$ 1,027,842
Note payable to the former owner of Co-Nexus, payable in monthly installments, including interest at 6.00%, maturing in March 2026.	560,608	738,135
Notes payable to financing companies, payable in monthly installments through March 2027, including interest ranging from 7.32% to 7.53%, maturing in March 2027, secured by vehicles.	212,625	254,211
Note payable to a financing company, payable in monthly installments, including interest at 8.34%, maturing in June 2025, secured by a vehicle.	<u>26,803</u>	<u>36,086</u>
	12,750,086	14,648,182
Less current portion	2,089,000	1,547,000
Less deferred financing fees, net	<u>120,122</u>	<u>146,330</u>
Long-term debt, net of current portion and deferred financing fees	<u>\$ 10,540,964</u>	<u>\$ 12,954,852</u>

Annual aggregate maturities of long-term debt are as follows:

2023	\$ 2,089,000
2024	2,293,000
2025	2,455,000
2026	2,776,000
2027	954,000
Thereafter	<u>2,183,086</u>
	<u>\$ 12,750,086</u>

The debt agreements require the Company to maintain certain loan covenants including, but not limited to including tangible net worth, current ratio, capitalization ratio, working capital, marketable securities, debt service coverage, and capital expenditures. The Company was in compliance with the loan covenants at December 31, 2022.

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Notes to Financial Statements

December 31, 2022 and 2021

10. Income Taxes

Income taxes consist of the following:

	<u>2022</u>	<u>2021</u>
Current provision	\$ 402,588	\$ 5,069
Deferred provision (benefit)	<u>(453,000)</u>	<u>310,000</u>
	<u>\$ (50,412)</u>	<u>\$ 315,069</u>

The Company's actual income tax expense varies from the "expected" tax expense, computed by applying the U.S. corporate tax rate to income before income taxes, as follows:

	<u>2022</u>	<u>2021</u>
Expected tax expense (benefit)	\$ (79,589)	\$ 272,345
State income tax expense, net of federal income tax effect	42,153	11,115
Effect of nondeductible expenses	-	55,958
Effect of change in other credits	<u>(12,976)</u>	<u>(24,349)</u>
Actual income tax expense (benefit)	<u>\$ (50,412)</u>	<u>\$ 315,069</u>

Deferred income taxes consist of the following:

	<u>2022</u>	<u>2021</u>
Deferred tax liabilities		
Property and equipment	\$ 584,000	\$ 731,000
Gross deferred tax liabilities	<u>584,000</u>	<u>731,000</u>
Deferred tax assets		
Allowance for doubtful accounts	(26,000)	(26,000)
Goodwill and intangibles	(235,000)	(149,000)
Limitation of interest expense carryforward	(207,000)	-
Other temporary differences	<u>(40,000)</u>	<u>(27,000)</u>
Gross deferred tax assets	<u>(508,000)</u>	<u>(202,000)</u>
Deferred income taxes	<u>\$ 76,000</u>	<u>\$ 529,000</u>

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Notes to Financial Statements

December 31, 2022 and 2021

11. Related Party Transactions

The Company has demand noninterest-bearing notes receivable in the amount of \$274,912 for the years ended December 31, 2022 and 2021. These related party notes receivable have been classified as other receivables on the accompanying balance sheet because repayment is not anticipated during the next year.

The Company has an amount due from a related party in the amount of \$153,689 and \$1,319 for the years ended December 31, 2022 and 2021, respectively. The amount due from this related party has been classified as a current asset on the accompanying balance sheet because repayment is anticipated during the next year.

The Company had advances due to an affiliate in the amount of \$664,210 for the year ended December 31, 2021. The advances have been classified as other current liabilities on the accompanying balance sheet. There were no advances due to an affiliate for the year ended December 31, 2022.

12. Operating Leases

The Company leases office space, storage space, and equipment under noncancelable operating lease agreements from unrelated parties and parties related through common ownership. The Company also leases office space, storage space, and vehicles under cancelable lease agreements from unrelated parties and parties related through common ownership that are considered short-term leases.

Future minimum lease payments under operating lease obligations are as follows:

	Related Parties	Unrelated Parties	Total
2023	\$ 196,625	\$ 444,801	\$ 641,426
2024	204,750	449,604	654,354
2025	204,750	414,765	619,515
2026	204,750	308,898	513,648
2027	204,750	12,929	217,679
Thereafter	2,487,041	-	2,487,041
Total lease payments	3,502,666	1,630,997	5,133,663
Less imputed interest	(1,318,713)	(172,421)	(1,491,134)
Total lease obligations	2,183,953	1,458,576	3,642,529
Less current portion	(62,891)	(366,337)	(429,228)
Operating lease obligations, net of current portion	<u>\$ 2,121,062</u>	<u>\$ 1,092,239</u>	<u>\$ 3,213,301</u>

See independent accountant's review report.

Notes to Financial Statements

December 31, 2022 and 2021

12. Operating Leases (cont.)

The Company recognized lease expense and other information as follows:

	Related <u>Parties</u>	Unrelated <u>Parties</u>	<u>Total</u>
<u>December 31, 2022</u>			
Operating lease expense	\$ 399,000	\$ 274,000	\$ 673,000
Short-term lease expense	<u>115,000</u>	<u>306,000</u>	<u>421,000</u>
Total lease expense	<u>\$ 514,000</u>	<u>\$ 580,000</u>	<u>\$ 1,094,000</u>
<u>December 31, 2021</u>			
Short-term lease expense	<u>\$ 939,000</u>	<u>\$ 269,000</u>	<u>\$ 1,208,000</u>

Other information

Cash paid for amounts included in the measurement of lease liabilities - operating cash flows from operating leases	\$ 195,000	\$ 436,058	\$ 631,058
Right-of-use assets obtained in exchange for new operating lease obligations	2,241,505	1,794,279	4,035,784
Weighted-average remaining lease term - operating leases	15.9 years	3.7 years	11 years
Weighted-average discount rate - operating leases	6.25%	6.25%	6.25%

13. Commitments and Contingencies

- a. The Company has a simple individual retirement account plan covering all employees meeting certain eligibility requirements. The Company matches 100% of employee contributions on the first 3% of the participant's deferred compensation. Expenses for contributions to this plan were approximately \$253,000 and \$111,000 for the years ended December 31, 2022 and 2021, respectively.
- b. The Company may be subject from time to time to various proceedings, lawsuits, disputes, or claims. Although the Company cannot predict with assurance the outcome of any litigation, the Company does not believe there are currently any such actions that, if resolved unfavorably, would have a material impact on the Company's financial condition, results of operations, or cash flows.

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Notes to Financial Statements

December 31, 2022 and 2021

14. **Concentrations of Credit Risk**

Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of trade receivables with a variety of customers, cash investments, and other short-term investments deposited with financial institutions. The Company generally does not require collateral from its customers. However, such credit risk is considered by management to be limited due to the Company's broad customer base and its customers' financial resources.

At December 31, 2022 and 2021 and at various times throughout these years, the Company's cash deposits and other short-term investments at various financial institutions exceeded federally insured limits. The Company manages this risk through maintaining cash deposits and other short-term investments in high quality financial institutions.

15. **Major Customers and Suppliers**

The Company had sales to two customers, primarily for hardware sales and consulting services, that represented 54% of total sales for the year ended December 31, 2022. The Company had accounts receivable from these customers that represented 55% of gross accounts receivable at December 31, 2022.

The Company had sales to one customer, primarily for hardware sales and consulting services, that represented 42% of total sales for the year ended December 31, 2021. The Company had accounts receivable from this customer that represented 13% of gross accounts receivable at December 31, 2021.

The Company had one supplier that represented 30% of total cost of sales for the year ended December 31, 2022. The Company had accounts payable from this supplier that represented 2% of accounts payable at December 31, 2022.

The Company had two suppliers that represented 37% of total cost of sales for the year ended December 31, 2021. The Company had accounts payable from these suppliers that represented 34% of accounts payable at December 31, 2021.

16. **Treasury Stock**

In June 2021, the Company repurchased common stock held by a stockholder at an aggregate cost of \$5,400,000.

17. **Subsequent Events Evaluation Date**

The Company evaluated the events and transactions subsequent to its December 31, 2022 balance sheet date and determined there were no significant events to report through August 25, 2023, which is the date the Company issued its financial statements.

See independent accountant's review report.

SCHEDULE OF ASSETS (HELD AT END OF YEAR)

TeleComp Holdings, Inc. 401(k) Plan

01-JAN-22 to 31-DEC-22

15-JAN-23 05:40:00

INVESTMENT OPTION	MATURITY DATE	INTEREST RATE	COST OF ASSETS	CURRENT VALUE
1RAEBX			12,417.13	10,643.44
1RGE BX			92,617.95	77,367.83
1RNNEX			1,334.42	1,177.08
1FWRTX			9,038.10	8,007.43
1FACTX			4,136.16	4,209.63
1RRBGX			39,728.35	30,443.47
1MRBVX			4,608.55	4,254.08
1MRRFX			24,808.03	23,536.89
1LMMRX			435.39	432.72
1RSOOX1			443.98	437.38
1RILGX			7,058.09	6,370.46
1RANH X			3,405.79	3,126.80
1BH YRX			856.95	847.66
1RBEAX			3,679.49	3,530.31
1RBEJX			6,085.18	5,824.32
1RBEHX			11,155.68	10,580.96
1RBEDX			60,709.15	56,641.84
1RBEE X			170,664.86	159,600.09
1RBEFX			195,214.65	179,538.12
1RBEKX			196,780.00	179,402.72
1RBH HX			67,434.33	62,443.26
1RBHE X			139,341.32	119,326.81
1RBEMX			60,799.71	55,642.33
1RBENX			37,437.74	34,292.93
1RBE OX			79,691.97	73,111.55
			1,229,882.97	1,110,790.11
PARTICIPANT LOANS	VARIOUS	6.500-8.000	11,348.54	11,367.73

SCHEDULE OF ASSETS (HELD AT END OF YEAR)

GA

TeleComp Holdings, Inc. 401(k) Plan

01-JAN-22 to 31-DEC-22

15-JAN-23 05:40:00

INVESTMENT OPTION	MATURITY DATE	INTEREST RATE	COST OF ASSETS	CURRENT VALUE
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LEGEND

INVESTMENT OPTION:

1RAEBX	American Funds AMCAP R2E	1RGEBX	American Funds Growth Fund of Amer R2E
1RNNEX	American Funds New Economy R2E	1FWRTX	Fidelity Advisor Global Real Estate M
1FACTX	Fidelity Advisor Health Care M	1RRBGX	T. Rowe Price Blue Chip Gr R
1MRBVX	BlackRock Large Cap Focus Value Class R	1MRRFX	BlackRock Mid-Cap Value Class R
1LMMRX	ClearBridge Dividend Strategy R	1RSOOX1	Columbia Dividend Opportunity R
1RILGX	American Funds Inflation Linked Bd R2E	1RANHx	American Funds Strategic Bond R2E
1BHVRX	BlackRock High Yield Bond R	1RBEAX	American Funds 2010 Trgt Date Retire R2E
1RBEJX	American Funds 2015 Trgt Date Retire R2E	1RBEHX	American Funds 2020 Trgt Date Retire R2E
1RBEDX	American Funds 2025 Trgt Date Retire R2E	1RBEEEX	American Funds 2030 Trgt Date Retire R2E
1RBEFX	American Funds 2035 Trgt Date Retire R2E	1RBEKX	American Funds 2040 Trgt Date Retire R2E
1RBHHX	American Funds 2045 Trgt Date Retire R2E	1RBHEX	American Funds 2050 Trgt Date Retire R2E
1RBEMX	American Funds 2055 Trgt Date Retire R2E	1RBENX	American Funds 2060 Target Date Ret R2E
1RBE0X	American Funds 2065 Target Date Fund R2E		

COST OF ASSETS: The original cost of the assets in each investment option as of the last day of the plan year

CURRENT VALUE: The value of all assets in each investment option as of the last day of the plan year