

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

Part II	Basic Plan Information—enter all requested information		
1a	Name of plan FESCO, LTD. 401(K) PLAN	1b	Three-digit plan number (PN) ▶ 001
		1c	Effective date of plan 08/01/1966
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) FESCO, LTD. 1000 FESCO DRIVE ALICE, TX 78332-7318	2b	Employer Identification Number (EIN) 74-1458395
		2c	Plan Sponsor's telephone number 361-661-7000
		2d	Business code (see instructions) 541330

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.	02/21/2024	JENNIFER LOPEZ
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

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	731
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)	578
a(2) Total number of active participants at the end of the plan year		6a(2)	672
b Retired or separated participants receiving benefits		6b	1
c Other retired or separated participants entitled to future benefits.....		6c	137
d Subtotal. Add lines 6a(2) , 6b , and 6c		6d	810
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.		6e	0
f Total. Add lines 6d and 6e		6f	810
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....		6g	478
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested.....		6h	9
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) ☐ 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 FESCO, LTD. 401(K) PLAN	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 FESCO, LTD.	D Employer Identification Number (EIN) 74-1458395	

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

1 Information on Persons Receiving Only Eligible Indirect Compensation

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

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL
04-2647786

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

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

FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
37 60 64 65	RECORDKEEPER	35244	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☒ No ☐

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

MICHAEL D BURNETT, CPA

44-8461632

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
10	EMPLOYEE OF EMPLOYER	19000	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

STRATEGIC ADVISORS, INC.

04-2654524

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
27	ADVISOR	6470	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

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

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
C&S INST REALTY SHS - DST ASSET MA 430 W 7TH STREET STE 219432 KANSAS CITY, MO 64105	0.10%

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
PIF SH TERM INC INST - PRINCIPAL S 711 HIGH STREET DES MOINES, IA 50392	0.10%

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

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

Part II Service Providers Who Fail or Refuse to Provide Information

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

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

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

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2022 This Form is Open to Public Inspection
For calendar plan year 2022 or fiscal plan year beginning <u>01/01/2022</u> and ending <u>12/31/2022</u>		
A Name of plan <u>FESCO, LTD. 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>FESCO, LTD.</u>	D Employer Identification Number (EIN) <u>74-1458395</u>	

Part I	Asset and Liability Statement		(a) Beginning of Year	(b) End of Year
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	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)	2984898	2636454
	(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)	1172252	916322
	(9) Value of interest in common/collective trusts.....	1c(9)	0	0
	(10) Value of interest in pooled separate accounts	1c(10)	0	0
	(11) Value of interest in master trust investment accounts.....	1c(11)	0	0
	(12) Value of interest in 103-12 investment entities	1c(12)	0	0
	(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	47877716	36839004
	(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)	0	0
	(15) Other	1c(15)	0	0

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)	0	0
(2) Employer real property	1d(2)	0	0
e Buildings and other property used in plan operation	1e	0	0
f Total assets (add all amounts in lines 1a through 1e)	1f	52034866	40391780

Liabilities

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

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	52034866	40391780
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Part II Income and Expense Statement

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

Income**a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	174506	
(B) Participants	2a(1)(B)	1622143	
(C) Others (including rollovers)	2a(1)(C)	16675	
(2) Noncash contributions	2a(2)	0	
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		1813324

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	39800	
(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)	51638	
(F) Other	2b(1)(F)	0	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		91438

(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)	2843946	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		2843946

(3) Rents	2b(3)		0
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(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)		-11587586
c Other income	2c		0
d Total income. Add all income amounts in column (b) and enter total	2d		-6838878
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	4597031	
(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)		4597031
f Corrective distributions (see instructions)	2f		18462
g Certain deemed distributions of participant loans (see instructions)	2g		128001
h Interest expense	2h		0
i Administrative expenses: (1) Professional fees	2i(1)	0	
(2) Contract administrator fees	2i(2)	0	
(3) Investment advisory and management fees	2i(3)	6470	
(4) Other	2i(4)	54244	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		60714
j Total expenses. Add all expense amounts in column (b) and enter total	2j		4804208
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		-11643086
l Transfers of assets:			
(1) To this plan	2l(1)		0
(2) From this plan	2l(2)		0

Part III Accountant's Opinion

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

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

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

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

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

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

(1) Name: MICHAEL D. BURNETT, CPA

(2) EIN: 80-0320106

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		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?			
4g		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?			
4h		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	X		
4i	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked and see instructions for format requirements.)			
4j		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?			
4k		X	
l Has the plan failed to provide any benefit when due under the plan?			
4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)			
4m		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n		X	

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

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

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

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 FESCO, LTD. 401(K) PLAN		B Three-digit plan number (PN) ► 001
C Plan sponsor's name as shown on line 2a of Form 5500 FESCO, LTD.		D Employer Identification Number (EIN) 74-1458395
Part I	Distributions	
All references to distributions relate only to payments of benefits during the plan year.		
1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....		1
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): 04-6568107		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....		3
Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)	
4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ☐ Yes ☐ No ☐ N/A If the plan is a defined benefit plan, go to line 8.		
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.		
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived).....		6a
b Enter the amount contributed by the employer to the plan for this plan year.....		6b
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....		6c
If you completed line 6c, skip lines 8 and 9.		
7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ☐ Yes ☐ No ☐ N/A		
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ☐ Yes ☐ No ☐ N/A		
Part III	Amendments	
9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box..... ☐ Increase ☐ Decrease ☐ Both ☐ No		
Part IV	ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.	
10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?..... ☐ Yes ☐ No		
11 a Does the ESOP hold any preferred stock?..... ☐ Yes ☐ No		
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)..... ☐ Yes ☐ No		
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?..... ☐ Yes ☐ No		
For Paperwork Reduction Act Notice, see the Instructions for Form 5500.		
Schedule R (Form 5500) 2022 v. 220413		

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

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

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

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

FESCO, LTD. 401(K) PLAN
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
DECEMBER 31, 2022 AND 2021

Michael D. Burnett, CPA
16797 San Pedro Avenue
San Antonio, Texas 78232

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MICHAEL D. BURNETT, CPA

A Sole Practitioner

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San Antonio, Texas 78232
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INDEPENDENT AUDITOR'S REPORT

To the Plan Trustees, Plan Participants and Beneficiaries of the
FESCO, Ltd. 401(k) Plan
Alice, Texas

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

I have performed an audit of the financial statements of the FESCO, Ltd. 401(k) Plan, as permitted by ERISA Section 103(a)(3)(C) (ERISA Section 103(a)(3)(C) audit). The financial statements comprise the statement of net assets available for benefits as of December 31, 2022 and 2021, the related statement of changes in net assets for benefits for the year ended December 31, 2022 and the related notes to the financial statements.

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

Management has obtained a certification from a qualified institution as of December 31, 2022 and 2021, for the year ended December 31, 2022 and stating that the certified investment information, as described in Note 3 to the financial statements, is complete and accurate.

Opinion

In my opinion, based on my audit and on the procedures performed as described in the Auditor's Responsibilities for the Audit of the Financial Statements section

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

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS). My responsibilities under those standards are further described in the Auditor's Responsibilities for the

**MEMBER
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TEXAS CERTIFIED PUBLIC ACCOUNTANTS**

Audit of the Financial Statements section of my report. I am required to be independent of the FESCO, Ltd. 401(k) Plan and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my ERISA Section 103(a)(3)(C) audit opinion.

Responsibilities of Management

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the FESCO, Ltd. 401(k) Plan's ability to continue as a going concern for a period of one year after the financial statements are available for issuance.

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

Auditor's Responsibilities for the Audit

Except as described in the Scope and Nature of the ERISA Section 102(a)(3)(C) Audit of the Financial Statements section of my report, my 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 my 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, I:

- 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 text basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the FESCO, Ltd. 401(k) Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about FESCO, Ltd. 401(k) Plan's ability to continue as a going concern for a reasonable period of time.

My audit did not extend to the certified investment information, except for obtaining and reading the certification, comparing the certified investment information with the related information presented and disclosed in the financial

statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of accounting principles generally accepted in the United States of America.

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

I am 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 I identified during the audit.

Other Matters

Supplemental Schedules Required by ERISA

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

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

In my opinion

- The form and content of the supplement schedule, other than the information in the supplemental schedule that agreed to or is derived from the certified investment information, are presented, in all material respects, in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.
- The information in the supplemental schedule related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).



Michael D. Burnett, CPA
February 14, 2024

FESCO, Ltd. 401(k) Plan
STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS
DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Assets:		
Investments:		
Money market account	\$ 2,636,454	\$ 2,984,898
Mutual funds	<u>36,839,004</u>	<u>47,877,716</u>
Total investments	39,475,458	50,862,614
Receivables:		
Notes receivable from participants, net of allowance for losses of 2022: \$222,752; 2021: \$ -	<u>878,583</u>	<u>1,268,495</u>
Total assets	40,354,041	52,131,109
Liabilities:	<u>-</u>	<u>-</u>
Net assets available for plan benefits	<u><u>\$ 40,354,041</u></u>	<u><u>\$ 52,131,109</u></u>

See accompanying notes to the financial statements.

FESCO, Ltd. 401(K) PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE
FOR PLAN BENEFITS
YEAR ENDED DECEMBER 31, 2022

Additions:

Additions to net assets attributable to:

Investment earnings:

Net increase in fair value of investments \$ (11,587,586)

Dividends and interest 2,883,745

Net gain from investment earnings (8,703,841)

Interest on participant notes receivable 59,257

Contributions - participants 1,622,143

Contributions - plan sponsor 174,506

Rollovers and other 16,675

Total contributions and other 1,813,324

Total additions (6,831,260)

Deductions:

Deductions from net assets attributed to:

Benefits and withdrawals paid to Plan participants 4,662,343

Provision for note receivable losses 222,752

Administrative, professional and investment expenses 60,713

Total deductions 4,945,808

Net decrease (11,777,068)

Net assets available for plan benefits:

Beginning of period 52,131,109

End of period \$ 40,354,041

See accompanying notes to the financial statements.

FESCO LTD., 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 – PLAN DESCRIPTION

General: The Plan, established effective August 1, 1966, as a profit-sharing plan and amended August 1, 1988 to include the 401(k) provision, is a defined contribution plan covering all full-time employees of FESCO, Ltd., (the “Partnership”) who are age eighteen or older. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”).

Contributions: Participants may contribute up to \$20,500 (\$27,000 for employees age 50 or over) of annual compensation as an elective deferral. Participants may elect to have elective deferrals before tax or as a Roth elective deferral (after-tax). Participants may enter the Plan upon beginning employment.

The Partnership may make discretionary matching contributions and nonelective employer contributions for eligible employees who have completed six months of service and are 18 years of age.

Participants direct the investment of their contributions into various mutual fund options offered the Plan.

Participant Accounts: Each participant’s account is credited with the participant’s contribution and allocations of:

- Partnership matching contributions, if any
- Account earnings
- Administrative expenses, if any

Allocations of discretionary Partnership-matching contributions are based on the amount of participant compensation. Allocation of earnings is based on the investments held in each participant’s account. Certain expenses are allocated based on the nature of the expense.

Vesting: Participants vest immediately in their contributions and actual earnings thereon. Except for certain participants, vesting in Partnership matching contributions and non-elective contributions is based on years of service with no credit for vesting until three years of service when participants are fully vested in Partnership contributions. For those participants who received top-heavy contributions in a year that the Plan is determined to be top-heavy (as defined), the vesting period is over a six year period at 20% each year beginning in the second year of employment.

Benefit Payments: On termination of services due to separation, death, disability or retirement, a participant may elect to receive a lump-sum amount equal to the participant’s vested interest in the account, or periodic distributions required for minimum distribution purposes. Under certain circumstances, participants may receive in-service or hardship distributions. For termination of service due to other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution. For accounts that did not exceed \$5,000, the account balance is distributed to former participants as a rollover or rolled into an IRA account as determined by the plan administrator.

Forfeited Accounts: Forfeited, non-vested accounts may be used to pay Plan expenses or reduce future employer contributions. At December 31, 2022 and 2021, respectively, forfeited, non-vested accounts totaled \$53,148 and \$249,167. During 2022, the Plan funded non-qualified employer discretionary contribution to active participants totaling \$210,000 from the forfeiture account.

Participant Notes Receivable: Participants may borrow from their fund accounts a minimum of \$1,000 up to the lesser of (1) \$50,000 less the highest outstanding note balances during the previous 12-month period or (2) 50% of their account balance. Participants may have two notes based on the above limits. Note receivable transactions are treated as a transfer between the investment fund and note receivable fund. The notes are secured by the balance in the participant’s account. Note terms generally range from 1 to 5 years for loans unless the note is for

FESCO LTD., 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 – PLAN DESCRIPTION (continued)

the purchase of a principal residence in which case the term of the note may not extend beyond 15 years. The notes bear interest at money center prime rate (7.50% at December 31, 2022) plus 1%. Principal and interest are paid through payroll deductions under a level amortization schedule. Interest rates on notes receivable outstanding as of December 31, 2022 range from 3.5% to 7.25%. The maturity dates for the notes receivable range from January 2023 to January 2036.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with generally accepted accounting principles in the United States (U.S. GAAP).

Use of Estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition: The Plan's investments are stated at fair value. The investments consist of mutual funds at December 31, 2022 and 2021. The mutual funds are valued at the net asset value of shares held. Purchases and sales of mutual funds are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date.

The purchase and sale of investments are determined and directed by Plan participants.

Participant Notes Receivable: Participant notes receivable are valued at their unpaid principal balance plus accrued interest, if any. Notes in default are treated as distributions based on terms of the Plan document. For notes in default, which do not meet the distribution requirements, an allowance for loss is provided. Interest income is recorded on an accrual basis. Related administrative fees are recorded as expenses and are expensed when incurred.

Excess Salary Deferral Contributions Refundable to Participants: Amounts payable to participants for contributions in excess of amounts allowed by the Internal Revenue Service ("IRS") are recorded as a liability with a corresponding reduction to participant contributions. The Plan distributes the excess contributions to the applicable participants within the statutory requirements of the Internal Revenue Code.

Subsequent Events: Subsequent events have been evaluated by Plan management through the date of the independent auditor's report.

NOTE 3 – INVESTMENTS

Certain information related to investments from participants disclosed in the accompanying financial statements and ERISA-required supplemental schedule, including the investments and notes receivable from participants held at December 31, 2022 and 2021, and net investment losses, interest and dividends for the year ended December 31, 2022, was obtained by management and agreed to or derived from participants for the year ended December 31, 2022, was obtained by management and agreed to or derived from information certified as complete and accurate by Fidelity Management Trust Company (Plan custodian).

The Information Certified Includes:	December 31 <u>2022</u>	December 31 <u>2021</u>
Mutual Funds	\$ 39,475,458	\$ 50,862,614
Dividends and Interest Income	2,883,745	N/A
Net Investment Losses	(11,587,586)	N/A

FESCO LTD., 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 3 – INVESTMENTS (continued)

The Plan's investments are reported at fair value in the accompanying statement of net assets available for plan benefit.

NOTE 4 – FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

Level 1: The fair value of mutual funds is based on quoted net assets values of the shares held by the Plan at year-end.

Level 2: Inputs other than Level 1 prices that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets, inactive markets, or inputs.

Level 3: Inputs that are not observable.

The classification of investments by level of inputs is as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2022</u>				
Participant Directed:				
Mutual Funds	<u>\$39,475,458</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$39,475,458</u>
<u>December 31, 2021</u>				
Participant Directed:				
Mutual Funds	<u>\$50,862,614</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$50,862,614</u>

NOTE 5 – TAX STATUS

Effective April 1, 2018, the Company adopted a volume submitter document provided by Fidelity Management Trust Company. The Plan adopted a restated and amended Plan document effective November 15, 2021 and April 20, 2022 (see Note 10). The Plan has not obtained a separate determination letter from the IRS. The volume submitter plan document has been submitted to the IRS for approval previously. The most recent volume submitter plan was approved by the IRS by letter dated June 30, 2020 for use by employers for the benefit of their employees. The Plan Administrator and Trustees believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, they have concluded that the Plan is qualified and the related trust is tax-exempt as of the financial statement date.

U.S. GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the U.S. federal, state, or local tax authorities. Plan management is not aware of any tax positions that would have a significant impact on the Plan financial statements.

The Plan is subject to routine audits by the Federal tax authorities. Currently, there are no tax examinations in progress.

FESCO LTD., 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 6 – PLAN TERMINATION

Though it has not expressed any intent to do so, the Plan sponsor has the right under the Plan to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become fully vested in any employer contributions made prior to that time.

NOTE 7 – RISKS AND UNCERTAINTIES

The mutual fund investments are exposed to various risks such as interest rate, market and credit risks. Due to these risks, it is at least reasonably possible that changes in the values of the mutual fund investments will occur in the near term and that such changes could materially affect the participants' account balances and amounts reported in the statement of net assets available for Plan benefits. The concentration of credit risk with respect to investments is reduced as a result of the diversity of the underlying investments.

NOTE 8 – RELATED PARTY TRANSACTION AND PARTIES-IN-INTEREST TRANSACTIONS

During 2022, the Plan paid \$60,714 in investment management fees, recordkeeping fees and professional fees.

Certain Plan investments are shares of mutual funds managed by affiliates of the Plan Trustee. Transactions with the affiliates are considered related party and parties-in-interest transactions. The mutual funds managed by the affiliates include expenses which are recorded as part of net increase or decrease in the fair value of Plan investments.

NOTE 9 – RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following table presents a reconciliation of net assets for plan benefits between the accompanying financial statements and the Form 5500:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Net assets available for plan benefits per financial statements	\$ 40,354,041	\$ 52,131,109
Allowance for note receivable losses	222,752	-
Loans in default deemed distributed	<u>(185,013)</u>	<u>(96,243)</u>
Net assets available for plan benefits – Form 5500	<u>\$ 40,391,780</u>	<u>\$ 52,034,866</u>
Decrease in net assets per the financial statements	(\$11,777,068)	
Provision for note receivable losses	222,752	
Interest recognized in financial statements, not Form 5500	(7,619)	
Previously offset defaulted loans	46,850	
Deemed distributed loan	<u>(128,001)</u>	
	<u>133,982</u>	
Decrease in net assets per Form 5500	<u><u>\$(11,643,086)</u></u>	

NOTE 10 – PLAN DOCUMENT RESTATEMENT AND AMENDMENT

The Plan Sponsor approved a restated and amended Plan document which was effective April 20, 2022.

Changes to the Plan included:

- Allowing eligible employees who have not satisfied the age and service requirement to make rollover contributions
- Increase the rollover period for participant notes receivable for terminated employees to 90 days from 60 days when such rollovers are accepted by successor eligible retirement plan.
- Adopting the provisions of the Bipartisan Budget Act of 2018 related to hardship distributions
- Adopting the provisions of the 2020 CARES Act related to distributions, participant loans and 2020 requirement minimum distributions.

FESCO LTD., 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 11 – CORRECTION OF EMPLOYER CONTRIBUTION OPERATIONAL ERROR

On March 27, 2022, the Plan Sponsor approved a discretionary non-qualified contribution of \$210,000 to eligible plan participants which was funded from forfeitures. The allocation did not conform to the requirements of the Plan Document and Certain ineligible Plan participants received a share of the nonqualified contribution. The Plan administrator is correcting these errors under the IRS's Employee Plans Compliance Resolution System using the Self-Correction Program.

SUPPLEMENTAL SCHEDULES

FESCO, Ltd. 401(K) PLAN
DECEMBER 31, 2022
Schedule H, line 4i - Schedule of Assets Held at Year End
(Plan No. 001; Employer ID No. -74-1458395)

(a)	(b)	(c)	(d)	€
	Identity of issue	Description of Investment	Cost	Current value
	Gabelli UST Money Market	Mutual Fund	\$ -	\$ 2,636,454
	Allspring Mid CapValue Fund	Mutual Fund		386,532
	Allspring Small CapValue Fund	Mutual Fund	-	58,486
	American Funds Balanced Portfolio	Mutual Fund	-	160,369
	American Funds Fundamental Investors	Mutual Fund	-	71,281
	American Funds New Perspectives	Mutual Fund	-	214,480
	American Funds New World Fund	Mutual Fund	-	281,138
	American Funds US Gov't Securities	Mutual Fund	-	289,673
	American Funds Washington Mutual	Mutual Fund	-	474,491
	American Funds 2010 Target Date Fund	Mutual Fund	-	93,919
	American Funds 2015 Target Date Fund	Mutual Fund	-	10,169
	American Funds 2025 Target Date Fund	Mutual Fund	-	1,613
	American Funds 2030 Target Date Fund	Mutual Fund	-	247,997
	American Funds 2035 Target Date Fund	Mutual Fund	-	7,033
	American Funds 2040 Target Date Fund	Mutual Fund	-	10,305
	American Funds 2045 Target Date Fund	Mutual Fund	-	15,351
	American Funds 2050 Target Date Fund	Mutual Fund	-	7,674
	American Funds 2055 Target Date Fund	Mutual Fund	-	225,878
	American Funds 2060 Target Date Fund	Mutual Fund	-	526,092
	Cohen & Steers Institutional Realty Shares	Mutual Fund	-	233,607
*	Fidelity US Bond Index	Mutual Fund	-	717,042
*	Fidelity 500 Index	Mutual Fund	-	1,608,180
*	Fidelity Global EX US Index	Mutual Fund	-	607,871
*	Fidelity Mid Cap Index	Mutual Fund	-	390,634
*	Fidelity Small Cap Index	Mutual Fund	-	658,316
*	Fidelity Total Bond K6	Mutual Fund	-	36,542
*	Fidelity Blue Chip Gr K6	Mutual Fund	-	1,600,348
*	Fidelity Intl Cap Appr K6	Mutual Fund	-	41,303
*	Fidelity Small Cap Gr K6	Mutual Fund	-	1,059,365
*	Fidelity Freedom 2005 K6	Mutual Fund	-	191,549
*	Fidelity Freedom 2010 K6	Mutual Fund	-	13,350
*	Fidelity Freedom 2015 K6	Mutual Fund	-	1,448,222
*	Fidelity Freedom 2020 K6	Mutual Fund	-	3,125,334
*	Fidelity Freedom 2025 K6	Mutual Fund	-	4,578,885
*	Fidelity Freedom 2030 K6	Mutual Fund	-	3,452,814
*	Fidelity Freedom 2035 K6	Mutual Fund	-	2,237,637
*	Fidelity Freedom 2040 K6	Mutual Fund	-	2,794,536
*	Fidelity Freedom 2045 K6	Mutual Fund	-	2,723,025
*	Fidelity Freedom 2050 K6	Mutual Fund	-	2,831,268
*	Fidelity Freedom 2055 K6	Mutual Fund	-	1,323,859
*	Fidelity Freedom 2060 K6	Mutual Fund	-	312,473
*	Fidelity Freedom 2065 K6	Mutual Fund	-	35,528
*	Fidelity Freedom Inc K6	Mutual Fund	-	451,874
	MFS Mid Cap Grth R6	Mutual Fund	-	1,249,742
	Principal Short-Term Income Fund Inst.	Mutual Fund	-	33,219
				<u>36,839,004</u>
		Total Marketable securities		39,475,458
Participant Plan Loans		Participant Plan Loans; One to five year terms @ 3.5% to 6.5%	-	<u>916,322</u>
		Total Investments - Form 5500	\$ -	<u>\$ 40,391,780</u>

FESCO, Ltd. 401(K) PLAN
DECEMBER 31, 2022
Schedule H, line 4i - Schedule of Assets Held at Year End
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			-	
				36,839,004
		Total Marketable securities		39,475,458
		Participant Plan Loans; One to five		
		year terms @ 3.5% to 6.5%	-	916,322
Participant Plan Loans				
			\$ -	\$ 40,391,780

MICHAEL D. BURNETT, CPA

**A Solo Practitioner
16797 San Pedro Avenue
San Antonio, Texas 78232
(210) 491-9999; Fax (210) 491-9986**

August 28, 2023

Eddie Bickham
Executive Vice-President and
Plan administrator
FESCO, Ltd.
1000 FESCO Drive
Alice, TX 78332

Re: Audit of FESCO, Ltd. 401(k) Plan

I am pleased to confirm my understanding of the services I am to provide for FESCO, Ltd. 401(k) Plan for the year ended December 31, 2022 in connection with its annual reporting obligation under the Employee Retirement Security Act of 1974 (ERISA).

Audit scope and Objectives

Except as described below, I will audit the financial statements of the FESCO, Ltd. 401(k) Plan, an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), as permitted by ERISA Section 103(a)(3)(C). The financial statements comprise the statements of net assets available for benefits as of December 31, 2022, and the related statements of changes in net assets available for benefits for the year then ended, and the disclosures (collectively, the "financial statements"). I will also report on the supplemental schedules of the Plan for the year ended December 31, 2022. The following supplementary information accompanying the financial statements, as applicable, will be subjected to the auditing procedures applied in our audit of the financial statements and certain additional procedures.

1. Assets (Held at End of Year) and Assets (Acquired and Disposed of Within Year).
2. Loans or Fixed Income Obligations in Default or Classified as Uncollectible.
3. Leases in Default or Classified as Uncollectible.
4. Reportable Transactions.
5. Nonexempt Transactions.
6. Delinquent Participant Contributions.

These financial statements and supplemental schedules are required to be included in the Plan's Form 5500 filing with the Employee Benefits Security Administration (EBSA) of the Department of Labor (DOL).

**MEMBER
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS**

Except as described in the following paragraph, the objectives of my audit 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 issue an auditor's report that includes opinion about whether the Plan's financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (GAAS). 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. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

You, as Plan administrator, have determined it is permissible in the circumstances and elected to have the audit of the Plan's financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the DOL's Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), my audit need not extend to any statements or information related to assets held for investment of the Plan (investment information) by Fidelity Management Trust Company, the trustee, which is a trust company that is regulated, supervised, and subject to periodic examination by a state or federal agency, and that prepared and certified the statements or information regarding assets so held in accordance with 20 CFR 2520.103-5. My audit will not extend to the certified investment information, except for obtaining and reading the certification, comparing the certified investment information with the related information presented and disclosed in the financial statements and supplemental schedules, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of accounting principles generally accepted in the United States of America. Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the financial statements as a whole are presented fairly, in all material respects, in accordance with accounting principles generally accepted by the United States of America.

Auditor's Responsibilities for the Audit of the Financial Statements

Except as described above, I will conduct my audit in accordance with GAAS and will include tests of the Plan's accounting records and other procedures I consider necessary, except the assets and related transactions certified by the trustee will not be tested. As part of an audit in accordance with GAAS, I will exercise professional judgement and maintain professional skepticism throughout the audit.

I will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. I will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. I will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violation of laws or governmental regulations, that are attributable to the Plan or to acts by management or employees acting on behalf of the Plan.

Because the inherent limitations of an audit, combined with the inherent limitations of internal control, and because I will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by me, even though the audit is properly planned and performed in accordance with GAAS, except as previously noted. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, I will inform you and the Investment Committee of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to my attention. I will also inform you and the Investment Committee of any violations of laws or government regulations that come to my attention, unless clearly inconsequential and will include prohibited transactions in the supplemental schedule of nonexempt transactions as required by the instructions to Form 5500. My responsibility as an auditor is limited to the period covered by my audit and does not extend to any later periods for which I am not engaged as auditor.

I will obtain an understanding of the Plan and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsible to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, I will express no such opinion. However, during the audit, I will communicate to you and the Investment Committee internal control related matters that are required to be communicated under professional standards.

I have identified the following significant risk(s) or material misstatement as part of my audit planning.

- Reconciliation of employee census to payroll records
- Override of internal control by management (GAAS identified risk)

I will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

My procedures will include test of documentary evidence supporting the transactions recorded by the trustee in the participants' accounts and certain other assets and liabilities by correspondence with the participants and other third parties. I may also require written representation from Plan attorneys as part of the engagement.

In addition, I will perform certain procedures directed at considering the Plan's compliance with applicable Internal Revenue Service (IRS) requirements for tax exempt status and ERISA plan qualification requirements. However, you should understand that the audit is not specifically designed for and should not be relied upon to disclose matters affecting plan qualifications or compliance with the ERISA and IRS requirements. If during the audit I become aware of any

instances of any such matters or ways in which management practices can be improved I will communicate them to you.

My audit of the Plan financial statement does not relieve you and the Investment Committee of your responsibilities.

Other Services

I will assist in preparing supplemental schedules for Form 5500. Also, I will assist in preparing the Plan's financial statements in conformity with U.S. generally accepted accounting principles based on information provided by you. I will perform these service in accordance with applicable professional standards. I, in my sole professional judgement, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

As you have instructed, my engagement does not include preparation of the Plan's Form 5500. Statement on Auditing Standards No. 136, *Forming an Opinion and Reporting on Financial Statements of Employee Benefit Plans Subject to ERISA*, requires me to obtain and read the draft Form 5500 to identify material inconsistencies, if any, with the audited financial statements before I date the report. I will, therefore, not issue the auditor's report until the draft Form 5500 has been provided for my review.

Responsibilities of Management for the Financial Statements

My audit will be conducted on the basis that you and the Investment Committee acknowledge and understand your responsibility for designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; for establishing an accounting and financial reporting process for determining appropriate value measurements; and for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. Management is responsible for making drafts of financial statements, all financial records, and related information available to me and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are responsible for providing me with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that I may request for the purpose of the audit; and (3) unrestricted access to persons within the Plan from whom I determined it necessary to obtain audit evidence. You and the Investment Committee are responsible for maintaining a current plan instrument, including all plan amendments, and for administering the Plan and determining that the Plan's transactions that are presented and disclosed in the financial statements are in conformity with the Plan's provisions, including maintaining sufficient records with respect to each of the participants to determine the benefits due or which may become due to such participants. You are responsible for determining whether (1) an ERISA Section 103(a)(3)(C) audit is permissible under the circumstances; (2) the investments information is prepared and certified by a qualified institution as described in 29 CFR 2520.103-8; (3) the certification meets the requirement in 29 CFR 2520.103-5; and (4) the certified investment information is appropriately measured,

presented and disclosed in accordance with the applicable financial reporting framework. You are responsible for providing to me, prior to the dating of my report, a draft of the Plan's Form 5500 that is substantially complete. At the conclusion of the audit, I will require certain written representations from you about the financial statements and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to me in the management representation letter that the effects of any uncorrected misstatements aggregated by me during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You and the Investment Committee are responsible for the design and implementation of programs and controls to prevent and detect fraud, and or informing me about all known or suspected fraud affecting the Plan involving (1) Plan management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. These responsibilities include informing me of their knowledge of any allegations of fraud or suspected fraud affecting the Plan received in communications from employees, former employees, regulators, or others. In addition, you and the Investment Committee are responsible for identifying and ensuring that the Plan complies with applicable laws and regulations. You and the Investment Committee are responsible for the fair presentation of the supplemental schedules and the form and content of the supplemental schedules in conformity with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA. You agree to include my report on the supplementary information in any document that contains, and indicates that I have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes my report thereon.

You and the Investment Committee agree to assume all management responsibilities for nonattest services that I provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Engagement Administration, Fees, and Other

As in the past, Partnership staff will prepare all schedules, analyses, and confirmations I request and will locate any invoices or other documents selected by me for testing.

The audit documentation for this engagement is the property of Michael D. Burnett, CPA and constitutes confidential information. However, I may be requested to make certain audit documentation available to the U.S. Department of Labor pursuant to authority given to it by law. If requested, access to such audit documentation will be provided under my supervision. Furthermore, upon request, I may provide copies of selected audit documentation to the U.S. Department of Labor. The U.S. Department of Labor may intend, or decide, to distribute the copies of information contained therein, to others, including other government agencies.

I am responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

I estimate that my fees for the audit and other services will approximate \$18,000. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances that will not be encountered during the engagement. If significant additional time is necessary, I will keep you informed of any problems I encounter and my fees will be adjusted accordingly. My invoices for these fees will be rendered each month as work progresses and are payable on presentation.

I will begin initial audit planning the week of August 28; select and mail participant confirmations the week of September 4 and perform audit fieldwork the week of September 18 and complete a draft of the financial statements by October 6.

Reporting

I will issue a written report upon completion of my audit of the Plan's financial statements. My report will be addressed to the Plan trustees. Circumstances may arise in which my report may differ from its expected form and content based on the results of the audit. Depending on the nature of these circumstances, it may be necessary for me to further modify the report, add a separate section, or add an emphasis-of-matter or other-matter paragraph to my auditor's report, or if necessary, withdraw from this engagement. If the report will include other modifications, I will discuss the reasons with you in advance. If, for any reason, I am unable to complete the engagement, I may decline to issue a report or withdraw from this engagement.

I appreciate the opportunity to be of service to the Plan and believe this letter accurately summarizes the significant terms of the engagement. If you have questions, please let me know. If you agree with the above terms of engagement as described in this letter, please sign the attached copy and return it to me.

Very truly yours,



Michael D. Burnett, CPA

RESPONSE:

This letter correctly sets forth the understanding of FESCO, Ltd.

Signature: Edwin P. Bickha

Title: VP

Date: 9/7/2023