

<div>Form 5500</div> <div>Department of the Treasury Internal Revenue Service</div> <div>Department of Labor Employee Benefits Security Administration</div> <div>Pension Benefit Guaranty Corporation</div>	<div>Annual Return/Report of Employee Benefit Plan</div> <div>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).</div> <div>▶ Complete all entries in accordance with the instructions to the Form 5500.</div>	<div>OMB Nos. 1210-0110 1210-0089</div> <div>2023</div> <div>This Form is Open to Public Inspection</div>
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Part I	Annual Report Identification Information
For calendar plan year 2023 or fiscal plan year beginning 01/01/2023 and ending 12/31/2023	
A	This return/report is for: <div><div>☐ a multiemployer plan</div><div>☐ a multiple-employer plan (Filers checking this box must provide participating employer information in accordance with the form instructions.)</div><div>☒ a single-employer plan</div><div>☐ a DFE (specify) _____</div><div>☒ the first return/report</div><div>☐ the final return/report</div><div>☐ an amended return/report</div><div>☐ a short plan year return/report (less than 12 months)</div></div>
C	If the plan is a collectively-bargained plan, check here. ▶ ☐
D	Check box if filing under: <div><div>☒ Form 5558</div><div>☐ automatic extension</div><div>☐ the DFVC program</div><div>☐ special extension (enter description)</div></div>
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 NEXUS ENGINEERING GROUP, INC EMPLOYEE STOCK OWNERSHIP PLAN
1b	Three-digit plan number (PN) ▶ 002
1c	Effective date of plan 01/01/2023
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) NEXUS ENGINEERING GROUP, INC 1422 EUCLID AVE., SUITE 1400 THE HANNA BUILDING CLEVELAND, OH 44115
2b	Employer Identification Number (EIN) 76-0795388
2c	Plan Sponsor's telephone number 216-404-7867
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.	10/14/2024	NEAL CURRAN
	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 <div style="background-color: #cccccc; height: 40px; width: 100%;"></div>
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	5 184
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d). a(1) Total number of active participants at the beginning of the plan year a(2) Total number of active participants at the end of the plan year b Retired or separated participants receiving benefits c Other retired or separated participants entitled to future benefits d Subtotal. Add lines 6a(2) , 6b , and 6c e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits f Total. Add lines 6d and 6e g(1) Number of participants with account balances as of the beginning of the plan year (only defined contribution plans complete this item) g(2) Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> 6a(1) 184 6a(2) 212 6b 0 6c 3 6d 215 6e 0 6f 215 6g(1) 0 6g(2) 188 6h 0
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:

2P 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
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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
- (4) ☐ **DCG** (Individual Plan Information) – Number Attached _____
- (5) ☐ **MEP** (Multiple-Employer Retirement Plan Information)

b General Schedules

- (1) ☒ **H** (Financial Information)
- (2) ☐ **I** (Financial Information – Small Plan)
- (3) ☐ **A** (Insurance Information) – Number Attached 0
- (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 2023 Form M-1 annual report. If the plan was not required to file the 2023 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 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
		2023
		This Form is Open to Public Inspection

For calendar plan year 2023 or fiscal plan year beginning <u>01/01/2023</u> and ending <u>12/31/2023</u>		
A Name of plan <u>NEXUS ENGINEERING GROUP, INC EMPLOYEE STOCK OWNERSHIP PLAN</u>	B Three-digit plan number (PN) ▶	<u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>NEXUS ENGINEERING GROUP, INC</u>		
		D Employer Identification Number (EIN) <u>76-0795388</u>

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	<u>0</u>	<u>120000</u>
(2) Participant contributions	1b(2)		
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)	0	5888200
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	0	6008200
Liabilities			
g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i	0	8500000
j Other liabilities	1j	0	3563
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	8503563
Net Assets			
l Net assets (subtract line 1k from line 1f)	1l	0	-2495363

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)	120000	
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		120000
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		0
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)	-2611800	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts.....	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts.....	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts.....	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities.....	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		
c Other income	2c		
d Total income. Add all income amounts in column (b) and enter total	2d		-2491800

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)		
(2) To insurance carriers for the provision of benefits.....	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		0
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		3563
i Administrative expenses:			
(1) Salaries and allowances	2i(1)		
(2) Contract administrator fees.....	2i(2)		
(3) Recordkeeping fees.....	2i(3)		
(4) IQPA audit fees.....	2i(4)		
(5) Investment advisory and investment management fees	2i(5)		
(6) Bank or trust company trustee/custodial fees	2i(6)		
(7) Actuarial fees	2i(7)		
(8) Legal fees	2i(8)		
(9) Valuation/appraisal fees	2i(9)		
(10) Other trustee fees and expenses	2i(10)		
(11) Other expenses	2i(11)		
(12) Total administrative expenses. Add lines 2i(1) through (11)	2i(12)		0
j Total expenses. Add all expense amounts in column (b) and enter total	2j		3563

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		-2495363
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: **BARNES WENDLING, CPAS, INC.**

(2) EIN: **34-1463411**

d The opinion of an independent qualified public accountant is **not attached** as part of Schedule H because:

(1) ☐ This form is filed for a CCT, PSA, DCG 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. DCGs do not complete lines 4e, 4f, 4k, 4l, and 5, and DCGs generally complete the rest of Part IV collectively for all plans in the DCG, except as otherwise provided (see instructions).

During the plan year:

	Yes	No	Amount
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.)		☒	
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.)		☒	
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.)		☒	
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.)		☒	
e Was this plan covered by a fidelity bond?	☒		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?		☒	
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?		☒	
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?		☒	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	☒		
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.)	☒		
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?		☒	
l Has the plan failed to provide any benefit when due under the plan?		☒	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)		☒	
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.			

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 _____.

<div>SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</div>	<div>Retirement Plan Information</div> <div>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).</div> <div>▶ File as an attachment to Form 5500.</div>	<div>OMB No. 1210-0110</div> <div>2023</div> <div>This Form is Open to Public Inspection.</div>
For calendar plan year 2023 or fiscal plan year beginning 01/01/2023 and ending 12/31/2023		
A Name of plan NEXUS ENGINEERING GROUP, INC EMPLOYEE STOCK OWNERSHIP PLAN		B Three-digit plan number (PN) ▶ 002
C Plan sponsor's name as shown on line 2a of Form 5500 NEXUS ENGINEERING GROUP, INC		D Employer Identification Number (EIN) 76-0795388
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): _____		
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) 2023 v. 230707		

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
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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) and (b):	
a Enter the percentage of plan assets held as: Public Equity: _____% Private Equity: _____% Investment-Grade Debt and Interest Rate Hedging Assets: _____% High-Yield Debt: _____% Real Assets: _____% Cash or Cash Equivalents: _____% Other: _____%	
b Provide the average duration of the Investment-Grade Debt and Interest Rate Hedging Assets: ☐ 0-5 years ☐ 5-10 years ☐ 10-15 years ☐ 15 years or more	
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. _____	

Part VII	IRS Compliance Questions
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21a Does the plan satisfy the coverage and nondiscrimination tests of Code sections 410(b) and 401(a)(4) by combining this plan with any other plans under the permissive aggregation rules? ☐ Yes ☒ No	
21b If this is a Code section 401(k) plan, check all boxes that apply to indicate how the plan is intended to satisfy the nondiscrimination requirements for employee deferrals and employer matching contributions (as applicable) under Code sections 401(k)(3) and 401(m)(2).	
☐ Design-based safe harbor method	
☐ "Prior year" ADP test	
☐ "Current year" ADP test	
☒ N/A	
22 If the plan sponsor is an adopter of a pre-approved plan that received a favorable IRS Opinion Letter, enter the date of the Opinion Letter <u>12 / 29 / 2020</u> (MM/DD/YYYY) and the Opinion Letter serial number <u>Q704390A</u> .	

**NEXUS ENGINEERING GROUP, INC.
EMPLOYEE STOCK OWNERSHIP PLAN**

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES**

YEAR ENDED DECEMBER 31, 2023

NEXUS ENGINEERING GROUP, INC.

EMPLOYEE STOCK OWNERSHIP PLAN

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INDEPENDENT AUDITORS' REPORT

To the Administrative Committee of the
Nexus Engineering Group, Inc. Employee Stock Ownership Plan
Cleveland, Ohio

Opinion

We have audited the accompanying financial statements of Nexus Engineering Group, Inc. Employee Stock Ownership Plan (the Plan), an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), which comprise the statement of net assets available for benefits as of December 31, 2023, and the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2023, and the changes in its net assets available for benefits for the year then ended, in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Management is also responsible for maintaining a current Plan instrument, including all Plan amendments, administering the Plan, and determining 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Supplemental Schedules Required by ERISA

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's (DOL) 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 has been subjected to the 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.

In forming our opinion on the supplemental schedules, we evaluated whether the supplemental schedules, including their form and content, are presented in conformity with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion, the information in the accompanying schedules is fairly stated, in all material respects, in relation to the financial statements as a whole, and the form and content are presented in conformity with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

Barnes Wendling CPAs

Cleveland, Ohio
October 11, 2024

NEXUS ENGINEERING GROUP, INC. EMPLOYEE STOCK OWNERSHIP PLAN

Statement of Net Assets Available for Benefits

	December 31, 2023		
	Allocated	Unallocated	Total
ASSETS			
Investments in sponsor company common stock, at fair value	\$ 51,911	\$ 5,836,289	\$ 5,888,200
Receivables:			
Employer contributions	67,288	52,712	120,000
TOTAL ASSETS	119,199	5,889,001	6,008,200
LIABILITIES			
Interest payable - Plan Sponsor	-0-	3,563	3,563
Note payable - Plan Sponsor	67,288	8,432,712	8,500,000
TOTAL LIABILITIES	67,288	8,436,275	8,503,563
Net Assets (Deficit) Available for Benefits	\$ 51,911	(\$ 2,547,274)	(\$ 2,495,363)

See Notes to Financial Statements

NEXUS ENGINEERING GROUP, INC. EMPLOYEE STOCK OWNERSHIP PLAN

Statement of Changes in Net Assets Available for Benefits Year Ended December 31, 2023

	Allocated	Unallocated	Total
Additions to (deductions from) net assets attributed to:			
Investment (loss) income :			
Unrealized depreciation in fair value of investments	\$ -0-	(\$ 2,611,800)	(\$ 2,611,800)
Employer contributions	67,288	52,712	120,000
Allocation of 4,399.2669 shares of sponsor company common stock at fair value	51,911	-0-	51,911
Net additions (deductions)	119,199	(2,559,088)	(2,439,889)
Deductions from net assets attributed to:			
Interest expense	-0-	3,563	3,563
Allocation of 4,399.2669 shares of sponsor company common stock at fair value	-0-	51,911	51,911
Total deductions	-0-	55,474	55,474
Net increase (decrease)	119,199	(2,614,562)	(2,495,363)
Transfer for debt service	(67,288)	67,288	-0-
Net assets available for benefits:			
Beginning of year	-0-	-0-	-0-
End of year	\$ 51,911	(\$ 2,547,274)	(\$ 2,495,363)

See Notes to Financial Statements

NEXUS ENGINEERING GROUP, INC.

EMPLOYEE STOCK OWNERSHIP PLAN

Notes to Financial Statements

Year Ended December 31, 2023

NOTE A - DESCRIPTION OF PLAN

The following description of the Nexus Engineering Group, Inc. Employee Stock Ownership Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

The Nexus Engineering Group, Inc. (the Company, Plan Administrator, and Plan Sponsor) established the Nexus Engineering Group, Inc. Stock Ownership Plan effective as of January 1, 2023. The Plan operates, in relevant part, as a leveraged employee stock ownership plan (ESOP) and is designed to comply with Section 4975(e)(7) and the regulations thereunder of the Internal Revenue Code of 1986, as amended (the Code), and is subject to the applicable provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan is administered by the Company. Andrew E. Schaefer is the Plan's trustee.

The Consolidated Appropriations Act of 2023, which included SECURE 2.0 Act of 2022 (SECURE Act 2.0) passed in December 2022. SECURE Act 2.0 contains over 90 new retirement provisions, with varying effective dates through 2027. The Plan Administrator is still determining the optional provisions to elect and will amend the Plan document accordingly at a later date. Most of the significant provisions will become effective in 2024 and thereafter. Accordingly, there is no material impact to the Plan's 2023 financial statements.

Effective January 1, 2023, the Plan adopted Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses* on the modified retrospective basis, including related applicable ASUs. ASU 2016-13 significantly changed how plans measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Disclosures are required to provide users of the financial statements with useful information in analyzing a plan's exposure to credit risk and the measurement of credit losses. Financial assets held by the Plan that are subject to the guidance are employer contributions receivable. The adoption did not result in an adjustment at the adoption date, as the Plan was established on January 1, 2023. The financial statements include new/enhanced required disclosures.

Sale and Purchase of Stock

On December 29, 2023, the Plan purchased 499,000 shares of the Company's common stock, which is 49.9% of the outstanding stock of the Company, at a price of approximately \$17.03 per share with a note payable of \$8,500,000. The Plan holds the common stock in a trust established under the Plan.

NEXUS ENGINEERING GROUP, INC.

EMPLOYEE STOCK OWNERSHIP PLAN

Notes to Financial Statements

Year Ended December 31, 2023

NOTE A - DESCRIPTION OF PLAN (CONTINUED)

Sale and Purchase of Stock (Continued)

The borrowing is collateralized by the unallocated shares of common stock and is guaranteed by the Company. The lender has no rights against shares of common stock once they are allocated to participants in accordance with the terms of the Plan. Accordingly, the financial statements of the Plan as of and for the year ended December 31, 2023 present separately the assets and liabilities and changes therein pertaining to the accounts of employees with rights in allocated common stock (allocated), and common stock not yet allocated to employees (unallocated).

Eligibility

Employees of the Company who are not collectively bargained employees, who are not non-resident aliens, and who are not leased employees are generally eligible to participate in the Plan after attaining the age of 21 and completing 1,000 hours of service in the twelve-month period from the employee's hire date, or 1000 hours of service in subsequent years. Participants who do not have at least 1,000 hours of service during a Plan year or are not employed on the last working day of a Plan year are generally not eligible for an allocation of Company contributions for such year.

In accordance with the terms of the adoption agreement, an eligible employee who had attained the age of 21 and was employed on December 31, 2023, became a participant in the Plan the later of January 1, 2023, or the participant's employment commencement date.

Contributions

The Company is obligated to make contributions in cash to the Plan equal to the amount necessary to enable the Plan to make its regularly scheduled payments of principal and interest due on its note payable. Employee contributions to the Plan are not permitted.

Payment of Benefits

Distributions from the Plan can be made when a participant retires, dies (in which case payment shall be made to his or her beneficiary or, if none, his or her estate), becomes disabled, or otherwise terminates employment with the Company. The amount to be distributed is based upon the immediately preceding valuation date. Distributions are made in cash and in a lump sum, except in the case of a participant whose Company stock account exceeds \$5,000 but is less than \$1,330,000. In such case, distributions shall be made in substantially equal amounts over a period not to exceed five years with a minimum installment of \$5,000. Section 415 of the Code limits the annual benefit paid to \$265,000 and sets a maximum account balance subject to a five-year distribution period of \$1,330,000 for 2023. If a participant's Company stock exceeds \$1,330,000, distributions will be made in equal annual installments equal to five plus one for each \$265,000 or fraction thereof by which the company stock exceeds \$1,330,000.

NEXUS ENGINEERING GROUP, INC.

EMPLOYEE STOCK OWNERSHIP PLAN

Notes to Financial Statements

Year Ended December 31, 2023

NOTE A - DESCRIPTION OF PLAN (CONTINUED)

Payment of Benefits (Continued)

If an employee terminates due to normal retirement age, death, or becoming disabled, distributions must begin no later than one year after the close of the Plan year in which such employee terminates employment. In the case of termination for other reasons, participants with account balances exceeding \$5,000 may receive distributions of their vested account balance the year after the close of the fifth year following the year in which such employee terminates employment. A participant who terminates employment with a vested account balance less than \$5,000 may request a distribution after the last date of the Plan year the participant terminates employment. A participant with a vested account balance under the Plan is between \$1,000 and \$5,000 may be rolled over to an IRA selected by the Plan Administrator.

Administrative Expenses

As provided in the Plan agreement, administrative expenses may be paid either by the Plan or by the Company. The Company has historically paid the operating expenses for the Plan.

Voting Rights

In general, the Trustees will vote all Company stock held in the Trust. The Trustee is required to vote on behalf of the collective best interests of Plan participants and beneficiaries. However, with respect to certain major corporate matters, participants have the right to instruct the Trustees as to how their shares should be voted.

Participant Accounts

The Plan is a defined contribution plan under which a separate individual account is established for each participant. Each participant's account is credited on the last day of the Plan year with an allocation of the Company's common stock released by the trustee from the unallocated account, a share of employer cash contributions that are not used to acquire Company stock, cash or stock dividends on shares allocated to the participants' Company stock account, and forfeitures from terminated participants' non-vested accounts, and charged with an allocation of administrative expenses, if any. Only those participants who are eligible employees of the Company as of the last day of the Plan year will receive an allocation.

NEXUS ENGINEERING GROUP, INC.

EMPLOYEE STOCK OWNERSHIP PLAN

Notes to Financial Statements

Year Ended December 31, 2023

NOTE A - DESCRIPTION OF PLAN (CONTINUED)

Participant Accounts (Continued)

Plan earnings are allocated to each participant's account based on the ratio of the participant's account balance. Other allocations are based upon the relation of the participant's eligible compensation to total eligible compensation of all eligible participants for the Plan year, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

If a participant's employment with the Company ends for any reason other than retirement, termination of employment due to disability, or death, he or she will vest in the balances in his or her account based on total years of credited service with the Company. If a participant retires, becomes disabled or dies, the participant becomes 100% vested in his or her account balance. Participants vest 20% per year of service and 100% vested after five years of credited service.

Diversification

Diversification is offered to participants who have attained age 55, have completed at least 10 years of participation in the Plan, and the fair market value of the Company stock in the participant's account is \$500 or more to provide participants the opportunity to move part of the value of their investment in Company common stock into investments that are more diversified. Diversification is offered to each eligible participant over a 6-year period. In each of the years, a participant may diversify up to 25% of the number of shares allocated to his or her account, less any shares previously diversified.

The election to diversify is made subsequent to year-end based upon the shares of employer stock in the participant's account at year-end. Each Qualified Participant will be permitted to direct the Plan as to the diversification of his Company Stock Account during the period beginning on the first day of the Plan Year following each Plan Year in his Qualified Election Period and ending as of the last day of the 90-day period following the date the fair market value of Company Stock, determined as of the immediately preceding valuation date, is communicated to Qualified Participants. Qualified participants who elect to diversify receive a cash distribution.

Forfeited Accounts

Plan forfeitures are allocated to each participant's account based upon the relation of the participant's compensation to total compensation for the Plan year. There were no forfeitures of terminated non-vested account balances allocated to remaining participants at December 31, 2023.

NEXUS ENGINEERING GROUP, INC.

EMPLOYEE STOCK OWNERSHIP PLAN

Notes to Financial Statements

Year Ended December 31, 2023

NOTE A - DESCRIPTION OF PLAN (CONTINUED)

Put Option

Under federal income tax regulations, employer stock that is held by the Plan and its participants and is not readily tradable on an established market, or is subject to trading limitations, includes a put option. The put option is a right to demand that the Company buy any shares of its stock distributed to participants for which there is no market. The put price is representative of the current appraised value of the stock. The Company can pay for the purchase with interest over a period not to exceed five years. The purpose of the put option is to ensure that the participant has the ability to ultimately obtain cash.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting, except for the benefit payments, which are recorded when paid. The statement of net assets available for benefits is not comparative as required by ERISA, as the Plan was established on January 1, 2023 as described in Note A.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan Administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Employer Contributions and Employer Contributions Receivable

Contributions from the employer are recorded when the employer approves the contribution for the year. Any contributions attributable to the Plan year but not received by the trust by the last day of the Plan year are recorded as a receivable.

The carrying amount of contributions receivable are assessed for the need to record a valuation allowance. The valuation allowance in this initial year of the Plan is an estimate derived from reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Plan. Based on the Plan Administrator's assessment as of December 31, 2023, no allowances for contributions receivable were recorded as of December 31, 2023.

NEXUS ENGINEERING GROUP, INC.

EMPLOYEE STOCK OWNERSHIP PLAN

Notes to Financial Statements

Year Ended December 31, 2023

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allocations

The financial statements of the Plan present separately the assets and liabilities and changes therein pertaining to (a) the accounts of employees with rights in allocated stock (allocated) and (b) stock not yet allocated to employees (unallocated), including shares that are committed to be released. Shares are released from collateral and become allocated generally in the period the employer approves the contribution to the Plan. During the year ended December 31, 2023, the fair value of the shares released from collateral and allocated was \$51,911.

Investment Valuation and Income Recognition

The shares of Company common stock are reported at fair value. See Note D for a discussion of fair value measurements. Net depreciation includes the Plan's gains and losses on investments bought and held during the year.

Payment of Benefits

Benefits are recorded when paid.

Expenses

The Company generally absorbs all significant administrative expenses of the Plan.

Income Taxes

The Company adopted a non-standardized pre-approved profit-sharing employee stock option plan with cash or deferred arrangement which received an opinion letter from the IRS dated December 29, 2020, stating that the Plan was designed in accordance with applicable sections of the Code.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Subsequent Events

The Plan has evaluated subsequent events through October 11, 2024, the date the financial statements were available to be issued.

NEXUS ENGINEERING GROUP, INC.

EMPLOYEE STOCK OWNERSHIP PLAN

Notes to Financial Statements

Year Ended December 31, 2023

NOTE C - INVESTMENTS

The Plan's investments as of December 31, 2023 are as follows:

	2023	
	Allocated	Unallocated
Nexus Engineering Group, Inc. common stock:		
Number of shares	4,399	494,601
Cost	\$ 74,937	\$ 8,425,063
Estimated fair value	\$ 51,911	\$ 5,836,289

NOTE D - FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The three levels of the fair value hierarchy, which are based upon the inputs used to measure fair value, are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities (for example, exchange quoted prices).

Level 2 - Inputs to the valuation methodology are observable inputs, other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets, quoted prices in markets that are not sufficiently active to qualify as Level 1, other observable inputs, or inputs that can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Inputs to the valuation methodology are significant to the fair value measurement and unobservable (for example, supported by little or no market activity).

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

NEXUS ENGINEERING GROUP, INC. **EMPLOYEE STOCK OWNERSHIP PLAN**

Notes to Financial Statements **Year Ended December 31, 2023**

NOTE D - FAIR VALUE MEASUREMENTS (CONTINUED)

The Plan's investments in Nexus Engineering Group, Inc. common stock are accounted for at fair value as of December 31, 2023 as summarized below:

	Level 3
	2023
Investment in Nexus Engineering Group, Inc. common stock	\$ 5,888,200

Following is a description of the valuation methodologies used for the valuation of the Company's common stock at December 31, 2023. As the Plan was established in 2023, there have been no changes in the methodology used at December 31, 2023. The Company's stock held by the Plan is reported at fair value based upon an appraisal. The appraisal was based upon a combination of the market and income valuation techniques as illustrated in the following table:

Instrument	Fair Value	Principle Valuation Techniques	Unobservable Inputs
Nexus Engineering Group, Inc. common stock	\$ 5,888,200	Income approach	EBITDA, net income, weighted average cost of capital, discount rate, discount for lack of marketability
		Market approach	Public comparables, revenue multiple, EBITDA multiple, discount for lack of marketability

The Plan's trustee reviews and approves the valuation report.

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

NEXUS ENGINEERING GROUP, INC. **EMPLOYEE STOCK OWNERSHIP PLAN**

Notes to Financial Statements **Year Ended December 31, 2023**

NOTE D - FAIR VALUE MEASUREMENTS (CONTINUED)

The table below sets forth a summary of changes in the fair value of the Plan's level 3 assets:

	Sponsor Company Common Stock		
	Allocated	Unallocated	Total
Fair value, December 31, 2022	\$ -0-	\$ -0-	\$ -0-
Purchase of Company Common Stock	-0-	8,500,000	8,500,000
Unrealized depreciation in estimated fair value	-0-	(2,611,800)	(2,611,800)
Allocation of 4,399.2669 shares of sponsor company common stock at fair value	51,911	(51,911)	-0-
Fair value, December 31, 2023	<u>\$ 51,911</u>	<u>\$ 5,836,289</u>	<u>\$ 5,888,200</u>

The amount of total gains and losses for the period included in changes in net assets available for benefits attributable to the change in unrealized gains or losses relating to assets still held at the reporting date was \$2,611,800.

Gains and losses are included in unrealized depreciation in fair value of investments in the statement of changes in net assets available for benefits for the year ended December 31, 2023.

NOTE E - NOTE PAYABLE

In 2023, as further described in Note A, the Plan entered into a \$8,500,000 note agreement with the Company. The note was issued to purchase 499,000 shares of Company common stock. Unallocated shares are collateral for the loan. Shares are released from collateral and allocated to participants when contributions from the Company are recorded. The number of shares released in any year is the number of shares held as collateral at the beginning of the year, multiplied by the ratio of the current year total debt payments (including interest) divided by the total of the current year's principal and interest payments, plus all future years' principal and interest payments. During 2023, this calculation was prepared utilizing the first payment due in 2024, for which an employer contribution receivable was recorded. This resulted in 4,399.2669 shares being released and allocated for the plan year ended December 31, 2023.

NEXUS ENGINEERING GROUP, INC.

EMPLOYEE STOCK OWNERSHIP PLAN

Notes to Financial Statements

Year Ended December 31, 2023

NOTE E - NOTE PAYABLE (CONTINUED)

The agreement provides for the note to be repaid in annual installments of principal and interest over 20 years with the first payment of \$120,000 due on February 12, 2024, and \$674,568 per year due on December 31 of each year for 20 years. The balance of the note payable as of December 31, 2023 was \$8,500,000. The note bears interest at a rate of 5.03%.

The scheduled amortization of the note for the next five years and a total for the years thereafter is as follows:

<u>Years Ending December 31,</u>	<u>Amount</u>
2024	\$ 367,525
2025	265,504
2026	278,859
2027	292,886
2028	307,618
Thereafter	<u>6,987,608</u>
	<u>\$ 8,500,000</u>

NOTE F - RELATED-PARTY TRANSACTIONS AND PARTY-IN-INTEREST TRANSACTIONS

The Plan invests in Company common stock and has indebtedness to the Company. These are related party and party-in-interest transactions, which are exempt from being prohibited transactions. As described in Note A, the Company pays all Plan expenses. The Plan has number of service providers. Such providers are parties-in-interest under the Plan.

NOTE G - RISKS AND UNCERTAINTIES

Approximately 98% of the Plan's assets were invested in the Company's common stock as of December 31, 2023, which is exposed to various risks, such as interest rate, market rate, and credit risks, as well as valuation assumptions based on earnings, cash flows, and other such techniques. Due to the level of risk associated with the investment in common stock and to uncertainties inherent in estimates and assumptions, it is at least reasonably possible that changes in the value of the Company's common stock will occur in the near term and that such changes could materially affect amounts reported in the statement of net assets available for benefits.

NEXUS ENGINEERING GROUP, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

Notes to Financial Statements
Year Ended December 31, 2023

NOTE H - PLAN TERMINATION

The Company reserves the right to terminate the Plan at any time, subject to Plan provisions. Upon such termination of the Plan, the Employee Benefits Administration Committee directs the Trustee to pay all liabilities and expenses of the Plan and to sell shares of financed common stock held as collateral to the extent it determines such sale to be necessary in order to repay the loan. Subsequently, the interest of each participant in the trust fund will be distributed to such participant or his or her beneficiary at the time prescribed by the Plan terms and the Code.

NEXUS ENGINEERING GROUP, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

Schedule H, Line 4j - Schedule of Reportable Transactions
Year Ended December 31, 2023
EIN - 76-0795388
Plan Number - 002

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
<u>Identity of party involved</u>	<u>Description of asset</u>	<u>Purchase price</u>	<u>Selling price</u>	<u>Lease rental</u>	<u>Expense incurred with transaction</u>	<u>Cost of asset</u>	<u>Current value of asset on transaction date</u>	<u>Net gain or (loss)</u>
* Nexus Engineering Group, Inc.	Nexus Engineering Group, Inc. common stock	\$ 8,500,000				\$ 8,500,000	\$ 8,500,000	

* Represents a party-in-interest to the Plan.

[illegible]

**NEXUS ENGINEERING GROUP, INC.
EMPLOYEE STOCK OWNERSHIP PLAN**

Schedule H, Line 4i - Schedule of Assets (Held at End of Year)

December 31, 2023

EIN - 76-0795388

Plan Number - 002

(a)	(b)	(c)	(d)	(e)
	Identity of issue, borrower, lessor or similar party	Description of investment including maturity date, rate of interest, collateral, par or maturity value	Cost	Current value
*	Nexus Engineering Group, Inc.	499,000 shares of common stock	\$ 8,500,000	\$ 5,888,200
			<u>\$ 8,500,000</u>	<u>\$ 5,888,200</u>

* Represents a party-in-interest to the Plan.