

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

2023

This Form is Open to Public Inspection

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: a multiemployer plan, a multiple-employer plan, a single-employer plan, a DFE (specify), the first return/report, the final return/report, an amended return/report, a short plan year return/report (less than 12 months)
B This return/report is:
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) HURRICANE HELENE
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: MILAN INSTITUTE EMPLOYEE STOCK OWNERSHIP PLAN
1b Three-digit plan number (PN): 002
1c Effective date of plan: 01/01/2011
2a Plan sponsor's name (employer, if for a single-employer plan): AMARILLO COLLEGE OF HAIRDRESSING, INC. MILAN INSTITUTE
2b Employer Identification Number (EIN): 75-1640547
2c Plan Sponsor's telephone number: 559-735-3818
2d Business code (see instructions): 611000

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.

Table with 4 columns: SIGN HERE, Signature of plan administrator, Date, Enter name of individual signing as plan administrator. Includes rows for employer/plan sponsor and DFE.

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

<b>3a</b> Plan administrator's name and address <input checked="" type="checkbox"/> Same as Plan Sponsor	<b>3b</b> Administrator's EIN	
	<b>3c</b> Administrator's telephone number	
<b>4</b> 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: <b>a</b> Sponsor's name <b>c</b> Plan Name	<b>4b</b> EIN	
	<b>4d</b> PN	
<b>5</b> Total number of participants at the beginning of the plan year	<b>5</b>	727
<b>6</b> Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines <b>6a(1)</b> , <b>6a(2)</b> , <b>6b</b> , <b>6c</b> , and <b>6d</b> ). <b>a(1)</b> Total number of active participants at the beginning of the plan year ..... <b>a(2)</b> Total number of active participants at the end of the plan year ..... <b>b</b> Retired or separated participants receiving benefits ..... <b>c</b> Other retired or separated participants entitled to future benefits ..... <b>d</b> Subtotal. Add lines <b>6a(2)</b> , <b>6b</b> , and <b>6c</b> . ..... <b>e</b> Deceased participants whose beneficiaries are receiving or are entitled to receive benefits ..... <b>f</b> Total. Add lines <b>6d</b> and <b>6e</b> . ..... <b>g(1)</b> Number of participants with account balances as of the beginning of the plan year (only defined contribution plans complete this item) ..... <b>g(2)</b> Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) ..... <b>h</b> Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested.....	<b>6a(1)</b>	301
	<b>6a(2)</b>	277
	<b>6b</b>	0
	<b>6c</b>	424
	<b>6d</b>	701
	<b>6e</b>	3
	<b>6f</b>	704
	<b>6g(1)</b>	664
<b>6g(2)</b>	691	
<b>6h</b>	23	
<b>7</b> Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....	<b>7</b>	

**8a** If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:  
20 2Q 3I 2I

**b** If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:

<b>9a</b> Plan funding arrangement (check all that apply)	<b>9b</b> Plan benefit arrangement (check all that apply)
(1) <input type="checkbox"/> Insurance	(1) <input type="checkbox"/> Insurance
(2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts	(2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts
(3) <input checked="" type="checkbox"/> Trust	(3) <input checked="" type="checkbox"/> Trust
(4) <input type="checkbox"/> General assets of the sponsor	(4) <input type="checkbox"/> 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)

<b>a Pension Schedules</b>	<b>b General Schedules</b>
(1) <input checked="" type="checkbox"/> <b>R</b> (Retirement Plan Information)	(1) <input checked="" type="checkbox"/> <b>H</b> (Financial Information)
(2) <input type="checkbox"/> <b>MB</b> (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary	(2) <input type="checkbox"/> <b>I</b> (Financial Information – Small Plan)
(3) <input type="checkbox"/> <b>SB</b> (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	(3) <input type="checkbox"/> <b>A</b> (Insurance Information) – Number Attached <u>0</u>
(4) <input type="checkbox"/> <b>DCG</b> (Individual Plan Information) – Number Attached _____	(4) <input type="checkbox"/> <b>C</b> (Service Provider Information)
(5) <input type="checkbox"/> <b>MEP</b> (Multiple-Employer Retirement Plan Information)	(5) <input type="checkbox"/> <b>D</b> (DFE/Participating Plan Information)
	(6) <input type="checkbox"/> <b>G</b> (Financial Transaction Schedules)

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

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**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.

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**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 \_\_\_\_\_

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**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 **01/01/2023** and ending **12/31/2023**

<b>A</b> Name of plan MILAN INSTITUTE EMPLOYEE STOCK OWNERSHIP PLAN		<b>B</b> Three-digit plan number (PN) ▶	002
<b>C</b> Plan sponsor's name as shown on line 2a of Form 5500 AMARILLO COLLEGE OF HAIRDRESSING, INC.		<b>D</b> Employer Identification Number (EIN) 75-1640547	

**Part I Asset and Liability Statement**

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

Assets		(a) Beginning of Year	(b) End of Year
<b>a</b> Total noninterest-bearing cash .....	<b>1a</b>		
<b>b</b> Receivables (less allowance for doubtful accounts):			
<b>(1)</b> Employer contributions .....	<b>1b(1)</b>		
<b>(2)</b> Participant contributions .....	<b>1b(2)</b>		
<b>(3)</b> Other .....	<b>1b(3)</b>		
<b>c</b> General investments:			
<b>(1)</b> Interest-bearing cash (include money market accounts & certificates of deposit) .....	<b>1c(1)</b>	186141	171534
<b>(2)</b> U.S. Government securities .....	<b>1c(2)</b>		
<b>(3)</b> Corporate debt instruments (other than employer securities):			
<b>(A)</b> Preferred .....	<b>1c(3)(A)</b>		
<b>(B)</b> All other .....	<b>1c(3)(B)</b>		
<b>(4)</b> Corporate stocks (other than employer securities):			
<b>(A)</b> Preferred .....	<b>1c(4)(A)</b>		
<b>(B)</b> Common .....	<b>1c(4)(B)</b>		
<b>(5)</b> Partnership/joint venture interests .....	<b>1c(5)</b>		
<b>(6)</b> Real estate (other than employer real property) .....	<b>1c(6)</b>		
<b>(7)</b> Loans (other than to participants) .....	<b>1c(7)</b>		
<b>(8)</b> Participant loans .....	<b>1c(8)</b>		
<b>(9)</b> Value of interest in common/collective trusts .....	<b>1c(9)</b>		
<b>(10)</b> Value of interest in pooled separate accounts .....	<b>1c(10)</b>		
<b>(11)</b> Value of interest in master trust investment accounts .....	<b>1c(11)</b>		
<b>(12)</b> Value of interest in 103-12 investment entities .....	<b>1c(12)</b>		
<b>(13)</b> Value of interest in registered investment companies (e.g., mutual funds) .....	<b>1c(13)</b>		
<b>(14)</b> Value of funds held in insurance company general account (unallocated contracts) .....	<b>1c(14)</b>		
<b>(15)</b> Other .....	<b>1c(15)</b>		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities .....	1d(1)	2215962	2311202
(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	2402103	2482736
<b>Liabilities</b>			
g Benefit claims payable .....	1g		
h Operating payables .....	1h		
i Acquisition indebtedness .....	1i		
j Other liabilities .....	1j	0	94074
k Total liabilities (add all amounts in lines 1g through 1j) .....	1k	0	94074
<b>Net Assets</b>			
l Net assets (subtract line 1k from line 1f) .....	1l	2402103	2388662

**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.

<b>Income</b>		(a) Amount	(b) Total
<b>a Contributions:</b>			
(1) Received or receivable in cash from: (A) Employers .....	2a(1)(A)		
(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)		0
<b>b Earnings on investments:</b>			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit) .....	2b(1)(A)	1589	
(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)		
(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)		
(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)		
(5) Unrealized appreciation (depreciation) of assets:			
(A) Real estate .....	2b(5)(A)		
(B) Other .....	2b(5)(B)	1166	
(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)		
<b>c</b> Other income .....	2c		
<b>d</b> Total income. Add all <b>income</b> amounts in column (b) and enter total .....	2d		2755

**Expenses**

<b>e</b> Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers .....	2e(1)	15876	
(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)		15876
<b>f</b> Corrective distributions (see instructions).....	2f		
<b>g</b> Certain deemed distributions of participant loans (see instructions) .....	2g		
<b>h</b> Interest expense .....	2h		
<b>i</b> 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)	320	
(12) Total administrative expenses. Add lines 2i(1) through (11) .....	2i(12)		320
<b>j</b> Total expenses. Add all <b>expense</b> amounts in column (b) and enter total .....	2j		16196

**Net Income and Reconciliation**

<b>k</b> Net income (loss). Subtract line 2j from line 2d.....	2k		-13441
<b>l</b> 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: SALMON SIMS THOMAS & ASSOCIATES

(2) EIN: 05-0568611

**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
<b>a</b> 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.) .....		X	
<b>b</b> Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
<b>c</b> Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.) .....		X	
<b>d</b> Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
<b>e</b> Was this plan covered by a fidelity bond?.....	X		1000000
<b>f</b> Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty? .....		X	
<b>g</b> Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser? .....		X	
<b>h</b> Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?.....		X	
<b>i</b> Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
<b>j</b> Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked and see instructions for format requirements.).....		X	
<b>k</b> Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC? .....		X	
<b>l</b> Has the plan failed to provide any benefit when due under the plan? .....		X	
<b>m</b> If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
<b>n</b> 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.)

<b>5b(1)</b> Name of plan(s)	<b>5b(2)</b> EIN(s)	<b>5b(3)</b> 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 \_\_\_\_\_.

<b>SCHEDULE R</b> <b>(Form 5500)</b>  <small>Department of the Treasury Internal Revenue Service</small>  <small>Department of Labor Employee Benefits Security Administration</small>  <small>Pension Benefit Guaranty Corporation</small>	<b>Retirement Plan Information</b>  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).  <b>▶ File as an attachment to Form 5500.</b>	OMB No. 1210-0110  <b>2023</b>  <b>This Form is Open to Public Inspection.</b>
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For calendar plan year 2023 or fiscal plan year beginning 01/01/2023 and ending 12/31/2023

<b>A</b> Name of plan <u>MILAN INSTITUTE EMPLOYEE STOCK OWNERSHIP PLAN</u>	<b>B</b> Three-digit plan number (PN) ▶	<u>002</u>
<b>C</b> Plan sponsor's name as shown on line 2a of Form 5500 <u>AMARILLO COLLEGE OF HAIRDRESSING, INC.</u>	<b>D</b> Employer Identification Number (EIN) <u>75-1640547</u>	

<b>Part I</b>	<b>Distributions</b>
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**All references to distributions relate only to payments of benefits during the plan year.**

<b>1</b> Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	0
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**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): 33-6134835

**Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.**

<b>3</b> Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year .....	3	
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<b>Part II</b>	<b>Funding Information</b> (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.)
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**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.**

<b>6 a</b> Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived) .....	6a	
<b>b</b> Enter the amount contributed by the employer to the plan for this plan year .....	6b	
<b>c</b> 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

<b>Part III</b>	<b>Amendments</b>
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**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

<b>Part IV</b>	<b>ESOPs</b> (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.
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**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

**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:

<b>a</b> The current plan year. Check the box to indicate the counting method used to determine the number of inactive participants: <input type="checkbox"/> last contributing employer <input type="checkbox"/> alternative <input type="checkbox"/> reasonable approximation (see instructions for required attachment) .....	<b>14a</b>	
<b>b</b> The plan year immediately preceding the current plan year. <input type="checkbox"/> Check the box if the number reported is a change from what was previously reported (see instructions for required attachment) .....	<b>14b</b>	
<b>c</b> The second preceding plan year. <input type="checkbox"/> Check the box if the number reported is a change from what was previously reported (see instructions for required attachment).....	<b>14c</b>	

**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:

<b>a</b> The corresponding number for the plan year immediately preceding the current plan year .....	<b>15a</b>	
<b>b</b> The corresponding number for the second preceding plan year .....	<b>15b</b>	

**16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

<b>a</b> Enter the number of employers who withdrew during the preceding plan year .....	<b>16a</b>	
<b>b</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 .....	<b>16b</b>	

**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) 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**

**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 06 / 30 / 2020 (MM/DD/YYYY) and the Opinion Letter serial number Q703995A.

**MILAN INSTITUTE EMPLOYEE STOCK  
OWNERSHIP PLAN**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**DECEMBER 31, 2020 AND 2019**

**Milan Institute Employee Stock Ownership Plan  
Table of Contents  
December 31, 2020 and 2019**

Independent Auditors' Report .....	1-2
Statements of Net Assets Available for Benefits December 31, 2020 and 2019.....	3
Statement of Changes in Net Assets Available for Benefits For the Year Ended December 31, 2020 .....	4
Notes to Financial Statements .....	5-14
Supplemental Schedule:	
Schedule H, Line 4i-Schedule of Assets Held at December 31, 2020 .....	15



## Independent Auditors' Report

To the Plan Administrator  
of Milan Institute Employee Stock Ownership Plan

We have audited the accompanying financial statements of Milan Institute Employee Stock Ownership Plan, which comprise the statements of net assets available for benefits as of December 31, 2020 and 2019, the related statement of changes in net assets available for benefits for the year ended December 31, 2020, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the plan's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of Milan Institute Employee Stock Ownership Plan as of December 31, 2020 and 2019, and the changes in net assets available for benefits for the year ended December 31, 2020 in accordance with accounting principles generally accepted in the United States of America.

### ***Report on Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of Schedule H, Line 4i- Schedule of Assets Held at December 31, 2020 is presented for the purpose of additional analysis and is not a required part of the financial statements, but is supplementary information required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of the Plan's 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 audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Salmon Sims Thomas & Associates  
A Professional Limited Liability Company

March 13, 2023

**Milan Institute Employee Stock Ownership Plan  
Statements of Net Assets Available for Benefits  
December 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Amarillo College of Hairstyling, Inc. common stock at fair value	\$ 3,206,850	\$ 3,422,118
Interest-bearing cash	2,407	3,615
Total Investments	3,209,257	3,425,733
Receivables:		
Employer contribution receivable	79,003	17,116
Other receivables	10,214	10,214
Total receivables	89,217	27,330
<b>TOTAL ASSETS</b>	<b>3,298,474</b>	<b>3,453,063</b>
<b>LIABILITIES</b>		
Federal and state tax withholdings	25,472	36,312
<b>TOTAL LIABILITIES</b>	<b>25,472</b>	<b>36,312</b>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>	<b>\$ 3,273,002</b>	<b>\$ 3,416,751</b>

The accompanying notes are an integral part of these financial statements.

**Milan Institute Employee Stock Ownership Plan**  
**Statement of Changes in Net Assets Available for Benefits**  
**For the Year Ended December 31, 2020**

<b>Additions:</b>	
Employer contributions	\$ 61,887
Interest income	2,322
Other income	<u>2,749</u>
Total Additions	<u>66,958</u>
<b>Deductions:</b>	
Net depreciation in fair value of common stock	<u>210,707</u>
Total Deductions	<u>210,707</u>
Increase (Decrease) in Net Assets	(143,749)
<b>Net assets available for benefits:</b>	
Beginning of year	<u>3,416,751</u>
End of year	<u><u>\$ 3,273,002</u></u>

The accompanying notes are an integral part of this financial statement.

**Milan Institute Employee Stock Ownership Plan**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

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**Note 1: Description of Plan**

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

**General**

Amarillo College of Hairdressing, Inc. (Company) established the Plan effective January 1, 2011. The Plan is administered by the Company. The Plan covers all employees of the Company. Participation in the Plan commences on January 1 or July 1 after the completion of one year of service with the employer and attainment of age 21. One year of service is defined as a 12-month period beginning on the employee's employment date and during which 1,000 hours of service are completed. The President of the Company is the Plan's trustee.

**Contributions**

Participant contributions are not allowed in the Plan. Company contributions are paid to the Plan for each Plan year in such amounts as directed by the Company's Board of Directors. Contributions may be made in cash, Company stock, or a combination of both. Each year, the Board of Directors decides how much to contribute for that Plan year. The Board of Directors elected to contribute \$61,887 and \$68,116 to the Plan for the years ended December 31, 2020 and 2019, respectively. For the years ended December 31, 2020 and 2019, \$61,887 and \$17,116, respectively, were not remitted before December 31, 2020 and are recorded as contributions receivable.

S Corporation distributions to the Company's shareholders will be determined by the Board of Directors. Distributions will be divided among all participants who have a Company stock account balance in the Plan as of the preceding anniversary date. The S Corporation distributions will be paid on allocated shares and shall be allocated in the proportion that the cumulative number of shares in a participant's Company stock account as of the preceding anniversary date bears to the total cumulative shares of Company stock allocated to all participants as of that date.

**Participant Accounts**

Each participant's account is credited with an allocation of the Company's contributions and Plan forfeitures, as long as the participant has been credited with at least 1,000 hours of service during the year and is employed as of the last day of the year. Investment earnings and expenses are allocated to all participants based upon the beginning balances in their cash accounts less any distribution from such account since the preceding allocation date. Distributions of Company stock are credited to each participant's account when payable to the Plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

**Payment of Benefits**

On termination of service due to death, disability, or retirement, a participant will receive a lump sum as soon as administratively feasible after the close of the Plan year in which the participant's employment is terminated.

**Milan Institute Employee Stock Ownership Plan**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

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**Note 1: Description of Plan (Continued)**

**Payment of Benefits (Continued)**

For termination of service for reasons other than death, disability, or retirement, a participant with an account balance less than \$2,500 will receive a lump sum as soon as administratively feasible after the close of the Plan year in which the participant's employment is terminated. Participants with account balances greater than \$2,500 and less than \$5,000 will receive distributions in equal annual installments over a five-year period as soon as administratively feasible after the close of the Plan year in which employment is terminated. Participants with account balances greater than \$5,000 will receive distributions in five equal annual installments as soon as administratively feasible starting in the sixth Plan year following the Plan year in which service was terminated.

**Vesting**

Participants are vested in their account balance in accordance with the following schedule:

<u>Service requirement</u>	<u>Vesting %</u>
Less than 2 years	0%
2 years	20%
3 years	40%
4 years	60%
5 years	80%
6 or more years	100%

**Voting Rights**

The Trustee of the Plan, appointed by the Board of Directors of the Company, is the legal representative of the Trust's assets. A Plan Committee is appointed by the Board of Directors. The Trustee receives instructions from the Committee, and all Company stock held by the Plan is voted by the Trustee in accordance with instructions from the Committee. Participants are entitled to direct the voting of any voting shares of Company stock allocated to their account with respect to any vote required for the approval or disapproval of any corporate merger or consolidation, recapitalization, reclassification, liquidation, dissolution, or sale of substantially all the assets of a trade or business.

**Put Option**

Under federal income tax regulations, the Company stock that has been distributed to 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 over a period of five years with interest. The purpose of the put option is to ensure that the participant has the ability to ultimately obtain cash.

**Milan Institute Employee Stock Ownership Plan**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

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**Note 1: Description of Plan (Continued)**

**Diversification**

Participants who are at least age 55 and have at least 10 years of participation in the Plan may elect to diversify a portion of their Company common stock balance. The option allows participants to diversify up to 25 percent of their Company stock account. In the last, or sixth year, in which the diversification option is available, participants may elect a diversification of a cumulative amount up to 50 percent of their Company stock account. Participants who make this election will be offered at least three investment options. Due to the Plan being established in 2011, this option will be available to participants starting in 2021.

**Forfeitures**

Plan forfeitures are allocated to each participant's account based upon the relation of the participant's eligible compensation to total eligible compensation for the Plan year. To share in Plan forfeitures, participant's must be credited with 1,000 hours of service during the Plan year, and be employed as of the last day of the Plan year. Approximately 1,659 shares of forfeited common stock and \$0- in cash were reallocated to participant accounts for the year ended December 31, 2020. Approximately 2,164 shares of forfeited common stock and \$10,899 in cash were reallocated to participant accounts for the year ended December 31, 2019.

**Note 2: Summary of Significant Accounting Policies**

The summary of significant accounting policies of the Plan is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Plan's management, who is responsible for their integrity and objectivity. The accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and have been consistently applied in the preparation of the financial statements.

**Basis of Accounting**

The financial statements have been prepared on the accrual basis of accounting in accordance with GAAP.

**Uses of Estimates**

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

**Investments and Income Recognition**

The common shares of the Company are stated at fair value. Fair value is determined by an annual independent appraisal. 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. See Note 5 for further discussion on fair value measurements.

**Milan Institute Employee Stock Ownership Plan**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

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**Note 2: Summary of Significant Accounting Policies (Continued)**  
**Investments and Income Recognition (Continued)**

Interest is recorded on the accrual basis. Net appreciation (depreciation) in the fair value of investments consists of net unrealized appreciation or depreciation in the fair value of investments.

**Payment of Benefits**

Benefits are recorded when paid.

**Administration of the Plan**

Administration expenses are paid by the Company.

**Date of Management's Review**

Subsequent events have been evaluated for potential recognition or disclosure through March 13, 2023, which is the date the financial statements were available to be issued. See Notes 4 and 12.

**Note 3: Investments**

The Plan's investments in the Company's common shares are as follows:

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
Number of shares	65,233	65,233
Fair value of common shares	\$ 3,206,850	\$ 3,422,118

**Note 4: Federal and State Tax Withholdings**

For the year ended December 31, 2020, federal and state tax withholdings represent amounts withheld from participant distributions during 2019 and include accrued penalties and interest of \$3,203. For the year ended December 31, 2019, federal and state tax withholdings represent amounts withheld from participant distributions during 2019 and 2018, and included accrued penalties and interest of \$5,952. The amounts outstanding for 2018 were remitted to the appropriate taxing authorities in April 2020. The amounts outstanding for 2019 were remitted to the appropriate taxing authorities in March 2022.

**Note 5: Fair Value Measurements**

Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

**Milan Institute Employee Stock Ownership Plan  
Notes to Financial Statements  
December 31, 2020 and 2019**

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**Note 5: Fair Value Measurements (Continued)**

Level 2 Inputs to the valuation methodology include

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth the level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2020 and 2019:

	<i>Assets at Fair Value as of December 31,</i>			
	<i>2020</i>		<i>2019</i>	
	<i>Level 3</i>	<i>Total</i>	<i>Level 3</i>	<i>Total</i>
Common stock	\$ 3,206,850	\$ 3,206,850	\$ 3,422,118	\$ 3,422,118
Total assets at fair value	<u>\$ 3,206,850</u>	<u>\$ 3,206,850</u>	<u>\$ 3,422,118</u>	<u>\$ 3,422,118</u>

For the years ended December 31, 2020 and 2019, the summary of changes in the fair value of the Plan's level 3 assets are as follows:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 3,422,118	\$ 3,517,359
Unrealized gain (loss)	(215,268)	(95,241)
Balance, end of year	<u>\$ 3,206,850</u>	<u>\$ 3,422,118</u>

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2020 and 2019.

**Milan Institute Employee Stock Ownership Plan**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

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**Note 5: Fair Value Measurements (Continued)**

*Common Stock* - The fair value of Company common stock held by the Plan is valued at fair value as determined by an independent appraiser. At December 31, 2020 and 2019, an average of the discounted cash flow and guideline company methods were used to determine the fair value of the Company stock. The discounted cash flow method utilizes the expected future cash flows of the Company and applies a present value factor to determine the fair value. The guideline company method utilizes valuation multiples developed from publicly traded stock price information to estimate fair value.

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

**Note 6: Tax Status**

The Plan has received a determination letter from the Internal Revenue Service (IRS) dated September 25, 2013, stating that the Plan is qualified under the Internal Revenue Code (IRC) and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the IRC to maintain its qualification. The Plan has been amended since receiving the determination letter. However, the Plan administrator believes that the Plan is currently designed, and being operated, in compliance with the applicable requirements of the IRC. Therefore, they believe the Plan was qualified, and the related trust was tax-exempt as of the financial statement date.

GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the organization has taken a significant 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. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2017.

**Note 7: Party-in-Interest and Related Party Transactions**

Parties-in-interest are defined under the Department of Labor (DOL) Regulations as any fiduciary of the Plan, any party rendering service to the Plan, the employer, and certain others. The Company provides certain administrative expenses at no cost to the Plan.

The Plan has a receivable totaling \$10,214 due from the Company for S Corporation distributions during the year ended December 31, 2015, that has yet to be received.

**Milan Institute Employee Stock Ownership Plan**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

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**Note 7: Party-in-Interest and Related Party Transactions (Continued)**

The Plan has a receivable totaling \$79,003 and \$17,116 for the years ended December 31, 2020 and 2019, respectively, due from the Company for employer contributions that were not remitted by December 31, 2020. These amounts were remitted to the Plan during 2021.

**Note 8: Risks and Uncertainties**

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

**Note 9: Plan Termination**

Although it has not expressed any intent to do so, the Company's Board of Directors may terminate the Plan at any time. Upon termination, the Board of Directors may elect to distribute to each participant, or his or her beneficiary, the proportionate share of the Plan's assets as determined by the individual account balances on the date of termination, or continue the existence of the trust for the purpose of paying benefits as they become due under the terms of the Plan. In addition, upon termination of the Plan, participants' vested interest in employer contributions shall be 100%.

**Note 10: Reconciliation of Financial Statements to Form 5500**

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2020 and 2019, to Form 5500:

	<b>2020</b>	<b>2019</b>
Net assets available for benefits per the financial statements	\$ 3,273,002	\$ 3,416,751
Less: Participant distributions payable (See Note 12)	(61,887)	(584)
Add: Accrued penalties and interest (See Note 4)	3,203	5,952
Net assets available for benefits per the Form 5500	<u>\$ 3,214,318</u>	<u>\$ 3,422,119</u>

The following is a reconciliation of the change in net assets available for benefits per the financial statements for the year ended December 31, 2020, to Form 5500:

Change in net assets available for benefits per the financial statements	\$ (143,749)
Less: Distributions payable - 2020	(61,887)
Add: Distribution payable - 2019	584
Less: Other income	(2,749)
Change in net assets available for benefits Per the Form 5500	<u>\$ (207,801)</u>

**Milan Institute Employee Stock Ownership Plan**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

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**Note 11: Participant Distributions Payable**

The Plan is required to make distributions to participants based on parameters described in Note 1, Payment of Benefits. The Plan is required to inform each participant of the available distribution and the participant is required to request the distribution. During 2020, the Plan was not in a position to pay distributions, and therefore did not send out the necessary distribution request forms to participants. During 2022, the Plan sent out distribution request forms related to 2020. During 2019, the Plan performed the necessary analysis to determine the amount of distributions, resulting from termination of service as well as required minimum distributions, and sent distribution request forms to all participants identified. When completed forms are returned to the Plan, the Plan has an obligation to fund distributions to the respective participants. In accordance with FASB ASC 962-205-50-1, *Plan Accounting – Defined Contribution Pension Plans*, amounts allocated to accounts of persons that have elected to withdraw but have not been paid should not be recorded as a liability on the statement of net assets available for benefits but should only be disclosed. As such, as of December 31, 2020 and 2019, the Plan had the obligation but had not paid benefits of \$61,887 and \$3,196, respectively.

**Note 12: DOL Investigation**

In early 2018, the DOL initiated a review of the Plan, looking at transactions undertaken by the Plan from inception through the year-ended December 31, 2017. The DOL issued a report dated August 30, 2018 detailing violations of several provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as are detailed below:

1. **Initial Acquisition of Company Common Stock** – During their review, the DOL noted several issues with the initial stock acquisition transaction as follows:
  - a. The contract for the independent transactional trustee was exceedingly brief and provided no evidence that the individual was interviewed by the Company or that any other independent trustees were considered.
  - b. The independent fiduciary's opinion letter provides no analysis of the initial stock acquisition. When the independent transactional trustee was asked for notes or evidence of analysis, they were not able to provide any. The independent transactional trustee had never performed the duties of independent fiduciary to an employee stock ownership plan (ESOP) transaction. The only experience they had with ESOPs was in their role as trustee to their own company's ESOP.
  - c. The service provider at the time, Menke & Associates, opined in an email that the documentation utilized to conduct the transaction did not meet minimum legal standards.
  - d. The 2012 appraisals performed by Friedheim Advisory Services was noted as having methodological defects, ultimately resulting in the Company being valued at an amount that was different than if these defects had been addressed.
  - e. The discount rate employed in the September 30, 2012 appraisal indicated that the stock bore a high level of risk, but there was no documentation of queries on the level of risk, no pursuit in a further reduction in the price of stock, and no evidence of any negotiation over price and terms of the information.
  - f. The transaction was not evidenced by issuance of stock certificates, and was not recorded in the stock ledger of the Company.

**Milan Institute Employee Stock Ownership Plan**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

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**Note 12: DOL Investigation (Continued)**

The above stated issues resulted in violations of ERISA Sections 403(a) and 404(a)(1)(A)&(B). During 2018, the Company issued stock certificates in the name of the Plan.

- 2. Second Acquisition of Company Common Stock** – During their review, the DOL noted several issues with the second stock acquisition transaction as follows:
- a. There is no true stock purchase agreement between the Company and the Plan. There was a memorandum noting the price and quantity terms, but this does not qualify as a legally enforceable contract, as there is no second party to the written instrument.
  - b. No independent fiduciary was utilized for the stock transaction.
  - c. No timely appraisal was utilized for the transaction. Stock transactions require day-of appraisals, and therefore the December 31, 2014 appraisal should not have been used for the December 23, 2014 stock sale.
  - d. The year-end 2014 appraisal performed by Business Appraisal Services, LLC featured the use of a beta to lower the cost of equity, but sufficient explanation of the use of the beta was not provided within the report.
  - e. The transaction was not evidenced by issuance of stock certificates and was not recorded in the stock ledger of the Company.

The above stated issues resulted in violations of ERISA Sections 403(a) and 404(a)(1)(A)&(B). In a Board of Director's meeting held on September 25, 2018, it was resolved that an independent fiduciary will be utilized for all future ESOP stock transactions. During 2018, the Company issued stock certificates in the name of the Plan.

- 3. Transfer of \$70,000 to a Party-in-Interest from the Plan** – During the review, the DOL analyzed the transaction in which the Plan transferred \$70,000 to Stenoscribe in June 2017. Menke & Associates had informed the Company that the transaction was a direct violation of ERISA and would be considered a prohibited transaction by the IRS, but the Plan continued with the transfer of funds. The transfer of funds was deemed to be a violation of ERISA Section 403(c)(1), which prohibits the inurement of plan benefits to the employer and was deemed imprudent per ERISA Sections 404(a)(1)(A)&(B). The transaction was a further violation of ERISA Section 406(a)(1)(D) and Sections 406(b)(1)&(2). In March 2018, the Company deposited the \$70,000, with lost interest of \$4,666, to make the Plan whole.
- 4. Failure to Make Participant Distributions When Required** – During the review, the DOL noted the Plan did not have sufficient cash reserves necessary to meet obligations as they come due. This lack of cash reserves is deemed imprudent and a violation of ERISA Section 404(a)(1)(A)&(B). As a result, the Plan was unable to make distributions at the time required by the Plan document, which constitutes a violation of ERISA Section 404(a)(1)(D). During 2018 and 2019, the Plan has paid distributions to all participants that have returned their signed distribution form. All distributions for which no form was returned have been deferred until the participants obtain retirement age.

**Milan Institute Employee Stock Ownership Plan**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

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**Note 12: DOL Investigation (Continued)**

- 5. Inaccurate Reporting on the Form 5500** – During the review, the DOL noted several instances of inaccurate reporting on the Form 5500 for multiple years as follows:
- a. On the Form 5500 for the year-ended December 31, 2015, \$750,000 was recorded as a contribution receivable from the Company. However, due to the Company being placed on Heightened Cash Monitoring 2 status with the Department of Education, the contribution was never made.
  - b. The Plan reported bonding in the amount of \$100,000 for Plan years 2014-2016. The bond amount has been \$1,000,000 since 2013.

The signing and filing of inaccurate reports by the Plan administrator constitute a violation of the interpretive regulations underlying ERISA Section 104(a)(1). In order to remedy these errors, the Company is required to amend and re-file the relevant Annual Form 5500 for the effected years. The Form 5500 has been re-filed to resolve the issue noted in subpoint a. The issue noted in subpoint b has not yet been resolved.

The Plan has entered into a series of tolling agreements with the DOL, the latest of which expired in January 2023. This allows the Plan additional time to provide information to the DOL, and remedy claims relating to valuation, acquisition and holding of Company securities by the Plan, as well as the subsequent administration of the Plan by its fiduciaries. The Plan is working diligently with the DOL to become current on all Plan administration requirements and distribution requests.

**SUPPLEMENTAL SCHEDULE**

**Milan Institute Employee Stock Ownership Plan**  
**Schedule H, Line 4i-Schedule of Assets Held at December 31, 2020**  
**EIN# 75-1640547**  
**Plan Number: 002**

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment, including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current Value
*	Amarillo College of Hairdressing, Inc.	65,233 shares of common stock	\$ 3,406,195	\$ 3,206,850
*	Amarillo College of Hairdressing, Inc.	Employer contribution receivable	79,003	79,003
*	Amarillo College of Hairdressing, Inc.	Other receivables	10,214	10,214
	Mechanics Bank	Interest-bearing cash	2,407	2,407

\* denotes a party-in-interest

See independent auditors' report.

**Schedule H, Line 4i**

**Schedule of Assets (Held At End of Year)**

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Name of Plan:

➤ Milan Institute Employee Stock Ownership Plan

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Employer Identification Number: 75-1640547

For plan year (beginning/ending: 1/1/18-12/31/18

Plan Number: 002

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<b>(a)</b>	<b>(b)</b> Identity of issue, borrower, lessor, or similar party	<b>(c)</b> Description of investment including maturity date, rate of interest, collateral, par or maturity value	<b>(d)</b> Cost	<b>(e)</b> Current Value
*	<b>Milan Institute</b>	<b>65,233 shares of common stock</b>	<b>3,556,826</b>	<b>3,563,674</b>

Form 5500

Annual Return/Report of Employee Benefit Plan

OMB Nos. 1210-0110 1210-0089

2023

This Form is Open to Public Inspection

Department of the Treasury Internal Revenue Service

Department of Labor Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

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.

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: a multiemployer plan, a multiple-employer plan, a single-employer plan, a DFE, etc.
B This return/report is: the first return/report, the final return/report, an amended return/report, a short plan year return/report, etc.
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 (Hurricane Helene), etc.
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: MILAN INSTITUTE EMPLOYEE STOCK OWNERSHIP PLAN
1b Three-digit plan number (PN): 002
1c Effective date of plan: 01/01/2011
2a Plan sponsor's name (employer, if for a single-employer plan): AMARILLO COLLEGE OF HAIRDRESSING, INC. MILAN INSTITUTE
2b Employer Identification Number (EIN): 75-1640547
2c Plan Sponsor's telephone number: 559-735-3818
2d Business code (see instructions): 611000

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.

Table with 4 columns: SIGN HERE, Signature of plan administrator, Date, Enter name of individual signing as plan administrator. Includes signature of Tara Sprague and date 4/18/25.

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

Form 5500 (2023) v. 2300728

**Schedule H, Line 4i**

**Schedule of Assets (Held At End of Year)**

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Name of Plan:

- Milan Institute Employee Stock Ownership Plan

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Employer Identification Number: 75-1640547

For plan year (beginning/ending: 1/1/18-12/31/18

Plan Number: 002

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(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current Value
*	<b>Milan Institute</b>	<b>65,233 shares of common stock</b>	<b>3,556,826</b>	<b>3,563,674</b>