

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

2024

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2024 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021

- A This return/report is for: [] a multiemployer plan [] a multiple-employer plan (Filers checking this box must provide participating employer information in accordance with the form instructions.) [x] a single-employer plan [] a DFE (specify) ____
B This return/report is: [] the first return/report [] the final return/report [] an amended return/report [] a short plan year return/report (less than 12 months)
C If the plan is a collectively-bargained plan, check here. []
D Check box if filing under: [] Form 5558 [] automatic extension [x] the DFVC program [] special extension (enter description)
E If this is a retroactively adopted plan permitted by SECURE Act section 201, check here. []

Part II Basic Plan Information—enter all requested information

1a Name of plan: HENICK-LANE, INC. EMPLOYEE STOCK OWNERSHIP PLAN
1b Three-digit plan number (PN): 003
1c Effective date of plan: 01/01/2017
2a Plan sponsor's name (employer, if for a single-employer plan): HENICK-LANE, INC.
2b Employer Identification Number (EIN): 11-2028211
2c Plan Sponsor's telephone number: 718-786-7277
2d Business code (see instructions): 238220

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.

3a Plan administrator's name and address <input checked="" type="checkbox"/> Same as Plan Sponsor	3b Administrator's EIN	
	3c Administrator's telephone number	
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name	4b EIN	
	4d PN	
5 Total number of participants at the beginning of the plan year	5	189
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.....	6a(1)	76
	6a(2)	78
	6b	0
	6c	169
	6d	247
	6e	0
	6f	247
	6g(1)	186
6g(2)	247	
6h	32	
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

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)	9b 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)

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 _____
- (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 2024 Form M-1 annual report. If the plan was not required to file the 2024 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) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	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.	<small>OMB No. 1210-0110</small> 2024 This Form is Open to Public Inspection
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For calendar plan year 2024 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021	
A Name of plan HENICK-LANE, INC. EMPLOYEE STOCK OWNERSHIP PLAN	B Three-digit plan number (PN) ▶ 003
C Plan sponsor's name as shown on line 2a of Form 5500 HENICK-LANE, INC.	D Employer Identification Number (EIN) 11-2028211

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.

		(a) Beginning of Year	(b) End of Year
Assets			
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	0	
(2) Participant contributions	1b(2)	0	
(3) Other	1b(3)	0	
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	123644	123674
(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)	0	
(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)	7650000	5093250
(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	7773644	5216924
Liabilities			
g Benefit claims payable.....	1g		
h Operating payables.....	1h		
i Acquisition indebtedness.....	1i	18440049	16936108
j Other liabilities.....	1j		
k Total liabilities (add all amounts in lines 1g through 1j).....	1k	18440049	16936108
Net Assets			
l Net assets (subtract line 1k from line 1f).....	1l	-10666405	-11719184

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)	2250020	
(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)		2250020
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit).....	2b(1)(A)	30	
(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)		30
(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)	-2556750	
(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		-306700

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)		
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		746079
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)		
j Total expenses. Add all expense amounts in column (b) and enter total	2j		746079

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		-1052779
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: GRASSI & CO., CPAS, PC

(2) EIN: 11-3266576

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

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

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

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

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

SCHEDULE R (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Retirement Plan Information This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	<small>OMB No. 1210-0110</small> 2024 This Form is Open to Public Inspection.
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For calendar plan year 2024 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021

A Name of plan <u>HENICK-LANE, INC. EMPLOYEE STOCK OWNERSHIP PLAN</u>	B Three-digit plan number (PN) ▶	<u>003</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>HENICK-LANE, INC.</u>	D Employer Identification Number (EIN) <u>11-2028211</u>	

Part I	Distributions
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All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): _____		
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.)
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4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> 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?.....	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> 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?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A

Part III	Amendments
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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.....	<input type="checkbox"/> Increase	<input type="checkbox"/> Decrease	<input type="checkbox"/> Both	<input type="checkbox"/> No
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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.
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10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
11 a Does the ESOP hold any preferred stock?	<input type="checkbox"/> Yes	<input type="checkbox"/> 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.)	<input type="checkbox"/> Yes	<input type="checkbox"/> No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	<input type="checkbox"/> Yes	<input type="checkbox"/> 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:

a 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).....	14a	
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).....	14b	
c 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).....	14c	

15 Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

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

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers.....	16b	

17 If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment

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

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

19 If the total number of participants is 1,000 or more, complete lines (a) 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 ___/___/____ (MM/DD/YYYY) and the Opinion Letter serial number _____.

**HENICK-LANE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN**

FINANCIAL STATEMENTS

DECEMBER 31, 2021

HENICK-LANE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

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INDEPENDENT AUDITORS' REPORT

To The Board of Trustees
Henick-Lane, Inc. Employee Stock Ownership Plan
Long Island City, New York

Opinion

We have audited the accompanying financial statements of Henick-Lane, 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 statements of net assets (deficit) available for benefits as of December 31, 2021 and 2020, and the related statement of changes in net assets (deficit) available for benefits for the year ended December 31, 2021, 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 Henick-Lane, Inc. Employee Stock Ownership Plan as of December 31, 2021 and 2020, and the changes in its net assets available for benefits for the year ended December 31, 2021, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 audits. 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 accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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.

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 generally accepted auditing standards 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 generally accepted auditing standards, 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.

Supplemental Schedule Required by ERISA

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental Schedule H, Part IV, Line 4i - Schedule of Assets (Held at End of Year) at December 31, 2021 is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information 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 generally accepted auditing standards.

In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion, the information in the accompanying schedule 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 Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

Grassi & Co., CPAs, P.C.

GRASSI & CO., CPAs, P.C.

Jericho, New York
June 13, 2025

HENICK-LANE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
STATEMENTS OF NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS
DECEMBER 31, 2021 AND 2020

	2021			2020		
	Allocated	Unallocated	Total	Allocated	Unallocated	Total
ASSETS:						
Investment in Sponsor Company common stock, at fair value	\$ 1,855,724	\$ 3,237,526	\$ 5,093,250	\$ 2,299,068	\$ 5,350,932	\$ 7,650,000
Cash and cash equivalents	<u>123,674</u>	<u>-</u>	<u>123,674</u>	<u>123,644</u>	<u>-</u>	<u>123,644</u>
Total Assets	<u>1,979,398</u>	<u>3,237,526</u>	<u>5,216,924</u>	<u>2,422,712</u>	<u>5,350,932</u>	<u>7,773,644</u>
LIABILITIES:						
Loans payable to Sponsor	<u>-</u>	<u>16,936,108</u>	<u>16,936,108</u>	<u>-</u>	<u>18,440,049</u>	<u>18,440,049</u>
Total Liabilities	<u>-</u>	<u>16,936,108</u>	<u>16,936,108</u>	<u>-</u>	<u>18,440,049</u>	<u>18,440,049</u>
NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS	<u>\$ 1,979,398</u>	<u>\$ (13,698,582)</u>	<u>\$ (11,719,184)</u>	<u>\$ 2,422,712</u>	<u>\$ (13,089,117)</u>	<u>\$ (10,666,405)</u>

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

HENICK-LANE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
STATEMENT OF CHANGES IN NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Allocated	Unallocated	Total
ADDITIONS TO (DEDUCTIONS FROM) NET ASSETS:			
Investment income (loss):			
Unrealized depreciation in fair value of investment in Company common stock	\$ (768,376)	\$ (1,788,374)	\$ (2,556,750)
Interest income	30	-	30
Employer contributions	-	2,250,020	2,250,020
Allocation of 4,786.2211 shares of common stock of Henick-Lane Inc., at fair value	325,032	-	325,032
Total Investment Activity and Contributions	(443,314)	461,646	18,332
DEDUCTIONS:			
Interest expense	-	746,079	746,079
Allocation of 4,786.2211 shares of common stock of Henick-Lane Inc., at fair value	-	325,032	325,032
Total Deductions	-	1,071,111	1,071,111
NET DECREASE	(443,314)	(609,465)	(1,052,779)
NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS:			
Beginning of year	2,422,712	(13,089,117)	(10,666,405)
End of year	\$ 1,979,398	\$ (13,698,582)	\$ (11,719,184)

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

HENICK-LANE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 1 - Plan Description

The following brief description of Henick-Lane, Inc. Employee Stock Ownership Plan (the "Plan") is provided for general information purposes only. Participants should refer to the Plan Agreement for complete information.

General

Henick-Lane, Inc. and Subsidiaries (the "Company" or "Sponsor") established the Henick-Lane, Inc. Employee Stock Ownership Plan effective as of January 1, 2017 (the "Effective Date"). The Plan is intended to satisfy the qualified retirement plan qualification requirements of Section 401(a) of the Internal Revenue Code of 1986, as amended (the "Code"). The Plan is intended to be an employee stock ownership plan within the meaning of Section 4975(e)(7) of the Code, and Section 407(d)(6) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and is intended to enable eligible employees to acquire ownership interests in the Company, by investing primarily in Company Stock. The Plan is specifically permitted and designed to invest up to 100% of its assets in Company Stock. The Company's Board of Directors has appointed Aegis Fiduciary Services, LLC ("Aegis") and Robert E. Lesser (the "Trustee") to administer the Plan and Danziger & Markhoff, LLP as the recordkeeper ("Recordkeeper"). TMI Trust Company serves as custodian for Aegis.

The Company is a construction company engaged in the design, installation and maintenance of heating, ventilation and air conditioning systems. On September 13, 2018, the Plan purchased 75,000 shares of the Company's issued and outstanding stock (Class A common stock) (the "Stock") from the two shareholders of the Company for \$27,500,000 resulting in a purchase price of \$366.6667 per share. The Plan financed the purchase with two loans from the shareholders in the aggregate amount of \$27,500,000. All of the Stock owned by the Plan is held in a trust established under the Plan. The Company immediately purchases Stock from participants in the Plan, who receive distributions thereof, which the Company holds as treasury stock.

The borrowings are collateralized by the unallocated shares of common stock and are guaranteed by the Company. The lenders have no rights against shares of common stock once they are allocated to participants in accordance with the terms of the Employee Stock Ownership Plan (the "ESOP"). Accordingly, the financial statements of the Plan as of December 31, 2021 and 2020 and for the year ended December 31, 2021, present separately the assets and liabilities and changes therein pertaining to:

- a. the accounts of employees with rights in allocated common stock (allocated), and
- b. common stock not yet allocated to employees (unallocated).

HENICK-LANE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 1 - Plan Description (cont'd.)

Eligibility

Employees of the Company are eligible, with the exception of those covered by a collective bargaining agreement, nonresident aliens, shareholders of the Company or a member of the family of a shareholder, leased employees and interns. Employees who were eligible on January 1, 2017 entered the Plan on January 1, 2017. Eligible employees hired after January 1, 2017 are eligible on the first entry date (January 1st or July 1st) following the date they complete 1,000 hours of service in a 12 consecutive month period and attain age 21. Participants generally are eligible for an allocation of Company contributions only if they work at least 1,000 hours during such Plan year and are employed on the last day of a Plan year.

Contributions

Each year, the Company may make discretionary contributions and dividends to eligible participant accounts who are actively employed on the last day of the year. Cash contributions and dividends are to be used first to pay any current obligations on the outstanding loans. In addition, the Plan administrator may elect to use contributions in excess of the current obligation to prepay amounts due on the loan. The Plan received a total contribution of \$2,250,020 from the sponsor for the 2021 plan year. Of that amount, \$1,503,941 was used to pay down the loans payable and \$746,079 was used to pay interest.

No participant will be required or permitted to contribute to the Plan.

Payment of Benefits

Distributions due to death, disability, or retirement are made in a lump sum in the Plan year following the event. Distributions for other separations from service commence in the fifth Plan year following the separation from service and are made in five annual installments. The amount to be distributed is based upon the immediately preceding valuation date. Distributions are made in cash or, if determined by the Plan administrator, in the form of Company common stock plus cash for any fractional share of common stock. Under the provisions of the Plan, the participant is obligated to sell the Company common stock to the Company or the Plan immediately. Mode of distribution of a participant's account will be made in the form of either (i) a lump sum or (ii) substantially equal annual installments over a period not to exceed five years. However, each installment payment shall be in an amount at least equal to or the lesser of \$1,000 or the remaining balance in the participant's account, even if this results in a complete distribution in a period less than five years. During the year ended December 31, 2021, the Company did not repurchase any shares from participants.

HENICK-LANE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 1 - Plan Description (cont'd.)

Voting Rights

In general, the Trustee will vote shares of Company common stock held in the Plan. There is an exception whereby each participant is entitled to exercise voting rights attributable to the shares allocated to his or her account when there is a vote with respect to approval or disapproval of any merger or consolidation, recapitalization, reclassification, liquidation, dissolution, sale of substantially all of the assets or any similar transaction. Absent any voting instructions from the participants, the Trustee will vote the shares held in the participant's account.

Plan Termination

Although it has not expressed any intent to do so, the Company reserves the right to terminate the Plan at any time, subject to Plan provisions. Upon such termination of the Plan, 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. Upon termination of the Plan, the Company shall direct the Trustee to pay all liabilities and expenses of the trust fund. In such an event, no part of the Plan assets may revert back to the Company.

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 as of the last day of each Plan year with an allocation of shares of the Company's common stock released by the Trustee from the unallocated account and forfeitures of terminated participants' nonvested accounts. Only those participants who are eligible employees of the Company as of the last day of the Plan year will receive an allocation. Allocations are based on a participant's eligible compensation, relative to total eligible compensation. Plan earnings are allocated to each participant's account based on the ratio of the participant's account balance, the benefit to which 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, permanent disability or death, he or she will vest in the balances in his or her account based on total years of service with the Company. Participants vest 20% per year of service after the first year and are 100% vested after five years of service.

In addition, participants shall be 100% vested upon reaching the age of 65 and completing five years of service, becoming permanently disabled, or upon death, each while employed by the Company.

HENICK-LANE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 1 - Plan Description (cont'd.)

Put Option

Under federal income tax regulations, the 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 fair market value of the stock. The Company can pay for the purchase with interest over a period of five years, depending on the size of the participant's account balance. The purpose of the put option is to ensure that the participant has the ability to ultimately obtain cash.

Diversification

Diversification is offered to participants close to retirement so that they may have the opportunity to move part of the value of their investment in Company common stock into investments which are more diversified. Participants who are at least age 55 with at least ten years of participation in the Plan may elect to diversify a portion of their account. The diversification election must be made during the first 90 days of each Plan year in which the participant is eligible to make such an election. Diversification is offered to each eligible participant over a six-year period. In each of the first five years, a participant may diversify up to 25% of the number of shares allocated to his or her account, less any shares previously diversified. In the sixth year, the percentage changes to 50%. Participants who elect to diversify receive a cash distribution.

Forfeitures

Plan forfeitures may be used to pay Plan expenses, or may be allocated to each participant's account based upon the same method used to allocate discretionary contributions. There were no forfeited shares of terminated nonvested account balances allocated to remaining participants for the year ended December 31, 2021. In addition, there were no forfeited nonvested accounts as of December 31, 2021.

Administrative Expenses

As provided in the Plan agreement, all administrative expenses will be paid by the Company.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan are prepared on the accrual basis of accounting.

HENICK-LANE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Plan considers securities purchased with initial maturities of three months or less to be cash equivalents. As of December 31, 2021 and 2020, cash and cash equivalents amounted to \$123,674 and \$123,644, respectively.

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 in which debt service is actually paid.

Investment Valuation and Income Recognition

The shares of the Company's common stock are valued at estimated fair value. See Note 8 for a discussion of fair value measurement.

Purchases and sales of securities are recorded on a trade-date basis. Realized gains and losses from securities transactions are reported on the average cost method. Net appreciation or depreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

HENICK-LANE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 3 - Information Prepared and Certified By Custodian

The following information included in the accompanying financial statements was obtained from data that has been prepared and certified to as complete and accurate by TMI Trust Company as custodian of the Plan, at December 31, 2021 and 2020 and for the year ended December 31, 2021.

	<u>2021</u>	<u>2020</u>
Investment in Sponsor Company common stock, at fair value	\$ 5,093,250	\$ 7,650,000
Cash and cash equivalents	123,674	123,644
	<u>\$ 5,216,924</u>	<u>\$ 7,773,644</u>
Investment income (loss):		
Unrealized depreciation in fair value of Company common stock	\$ (2,556,750)	
Interest income	30	
	<u>\$ (2,556,720)</u>	

Note 4 - Concentration of Credit Risk

The Plan maintains cash balances in a financial institution which balances are insured by the Federal Deposit Insurance Corporation (“FDIC”) for up to \$250,000. From time to time, the Plan’s balances may exceed this limit.

The Plan’s assets available for benefits at December 31, 2021 and 2020 include \$5,093,250 and \$7,650,000, respectively, in the Company’s stock at fair value. If the Company were to become insolvent, the value of these assets could be reduced significantly and have a material effect on the Plan and the participants’ account values. The Plan makes no assurance of the future value of Plan assets.

Note 5 - Tax Status

The Internal Revenue Service (“IRS”) has determined and informed the Company by a letter dated July 21, 2021 that the Plan is qualified, and the trust established under the Plan is tax-exempt, under the appropriate sections of the Code. The Plan has not been amended since receiving the determination letter.

U.S. GAAP requires plan management to evaluate tax positions taken by the plan and recognize a tax liability if the plan has taken an uncertain position that more likely than not would not be sustained upon examination by a government authority. The Plan administrator has analyzed the tax positions taken by the Plan and has concluded that at December 31, 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or asset, or require disclosure in the financial statements. 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 2018.

HENICK-LANE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 6 - Administration of Plan Assets

The Plan's assets and Company contributions, which consist principally of the Company's common stock, are held and managed by the Trustee of the Plan, who invests cash received, interest and dividend income, and makes distributions to participants.

Certain administrative functions are performed by officers or employees of the Company or its affiliates. No such officer or employee receives compensation from the Plan. Administrative expenses for the Trustee's and Recordkeeper's fees are paid directly by the Company.

Note 7 - Sponsor Company Common Stock

The Plan's investment in the Company's common stock at December 31, 2021 and 2020, respectively, are presented in the following tables:

	December 31, 2021		
	Allocated	Unallocated	Total
Sponsor common stock:			
Number of shares	27,326	47,674	75,000
Cost	\$ 10,019,614	\$ 17,480,386	\$ 27,500,000
Fair market value	\$ 1,855,724	\$ 3,237,526	\$ 5,093,250
	December 31, 2020		
	Allocated	Unallocated	Total
Sponsor common stock:			
Number of shares	22,540	52,460	75,000
Cost	\$ 8,264,623	\$ 19,235,377	\$ 27,500,000
Fair market value	\$ 2,299,068	\$ 5,350,932	\$ 7,650,000

HENICK-LANE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 8 - Fair Value Measurement

Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 820, *Fair Value Measurement*, 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC Topic 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.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar 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.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at December 31, 2021.

The fair value of the Sponsor’s common stock held by the Plan is valued using Level 3 inputs based upon an independent appraisal. This appraisal was based upon a combination of the market and income valuation techniques consistent with prior years. The appraiser took into account historical and projected cash flow and net income, return on assets, return on equity, market comparable, weighted average cost of capital, discount rate, EBITDA multiples, and estimated fair value of the Company’s assets and liabilities.

Plan management has concluded that a market participant would also recognize a discount for lack of marketability. Plan management accumulates the data for the appraiser from the internally prepared financial statements of the Company. The appraiser prepares a preliminary report which Plan management, along with the ESOP trustee, reviews in detail, discusses and approves. The results of this process are documented in the minutes of the Plan fiduciary.

HENICK-LANE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 8 - Fair Value Measurement (cont'd.)

The valuation process involves the selection of an independent appraiser under an annual contract with the right to cancel such contract at any time. Plan management accumulates the data for the appraiser from historical and projected financial information of the Company.

The information used in determining fair value of the Stock was provided by the following information as related to the Company: historical internally prepared consolidated financial statements; a five-year financial forecast; conversations with management; and related calculations, reviews, analyses, and research as deemed necessary. The appraiser prepares a report of estimated per share value that a participant will receive upon distribution.

The Company's Trustee (see Note 1) is responsible for reviewing and approving the appraisal report and the valuation of the Stock to be included in the reporting of the Plan's financial statements as of December 31, 2021. This process is completed annually and the Trustee evaluates and analyzes the changes in fair value measurements from period to period as well as the unobservable inputs and methods used in the fair value measurement.

The preceding methods 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.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value at December 31, 2021 and 2020:

	Assets at Fair Value at December 31,			
	2021		2020	
	<u>Level 3</u>	<u>Total</u>	<u>Level 3</u>	<u>Total</u>
Investment in Sponsor Company Common Stock	\$ 5,093,250	\$ 5,093,250	\$ 7,650,000	\$ 7,650,000
Total Assets at Fair Value	\$ 5,093,250	\$ 5,093,250	\$ 7,650,000	\$ 7,650,000

HENICK-LANE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 8 - Fair Value Measurement (cont'd.)

Level 3 Assets - Year Ended December 31, 2021:

	Investment in Sponsor Company Common Stock
Balance, January 1, 2021	\$ 7,650,000
Contributions	2,250,020
Allocations to pay debt	(2,250,020)
Unrealized losses relating to assets held at the reporting date	(2,556,750)
Balance, December 31, 2021	\$ 5,093,250

The amount of total losses for the period included in changes in net assets attributable to unrealized losses relating to assets held at the reporting date.

\$ (2,556,750)

Unrealized losses included in changes in net assets for the period above are reported in net depreciation in fair value of investments in the statement of changes in net assets available for benefits.

Note 9 - Loans Payable

As described in Note 1, the Plan entered into two term loans totaling \$27,500,000 with the former shareholders of the Company. The proceeds of the loans were used to purchase 75,000 shares of Company common stock, and unallocated shares are collateral for the loans. On September 17, 2018, the seller's note was refinanced to similar terms with a lower interest rate. Shares are released from collateral and allocated to participants as payments of principal and interest are made. The number of shares released in any year is the number of shares held as collateral, times the ratio of the current year payments divided by the total of this year's payments, plus all future years' principal and interest payments. This resulted in 4,786 shares being released and allocated for the plan year ended December 31, 2021. The refinanced agreement provides for the loan to be repaid over twenty-five years at a fixed interest rate of 3.02% per annum.

HENICK-LANE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 9 - Loans Payable (cont'd.)

The scheduled amortization of the loan for the next five years and thereafter is as follows as of December 31, 2021:

<u>Years Ending December 31:</u>	
2022	\$ 846,805
2023	846,805
2024	846,805
2025	846,805
2026	846,805
Thereafter	<u>12,702,081</u>
	<u>\$ 16,936,108</u>

Note 10 - Related Party and Party-In-Interest Transactions

The Plan invests in Company common stock. These are related party and party-in-interest transactions. The Plan has a number of service providers such as the custodian, the Plan administrator, and the firm that provides the valuation of the Company. Such service providers are parties-in-interest under ERISA. As described in Notes 1 and 6, the Company pays all Plan expenses.

Note 11 - Risks and Uncertainties

The Plan investments consist primarily of the Company's common stock, which is exposed to various risks, such as interest rate, market, 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 the common stock and to uncertainties inherent in estimates and assumptions, it is at least reasonably possible that changes in the value of the common stock will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets (deficit) available for benefits.

Note 12 - Form 5500 Filing Status

As of the date of this report, the Plan's Form 5500 for the plan year ended December 31, 2021 has not been filed with the Department of Labor. Management intends to complete and file the Form 5500 within the next 30 days.

HENICK-LANE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 13 - Subsequent Events

The Plan administrator has evaluated all events or transactions that occurred after December 31, 2021 through June 13, 2025, which is the date that the financial statements were available to be issued. During this period, there were no material subsequent events requiring disclosure, except for the following:

Effective April 2022, Henick-Lane, Inc., Plan Sponsor, sold substantially all of the assets and liabilities, to Henick-Lane Service Corp. for 99% of the outstanding capital stock. Henick-Lane Service Corp. will perform contracts that Henick-Lane Inc. has customarily performed. Henick-Lane Service Corp. intends to keep the ESOP intact and has adopted the Henick-Lane, Inc. Employees Stock Ownership Plan and assumed its sponsorship upon becoming a member of the Company's controlled group. Henick-Lane Inc. distributed the common stock assumed under the purchase agreement of Henick-Lane Service Corp. to the Henick-Lane Inc. Employee Stock Ownership Trust. In addition, Henick-Lane Inc.'s current management have become the new management of Henick-Lane Service Corp. and assumed the employees of Henick-Lane Inc. Any prior agreements and plan documents have been authorized, approved, adopted, ratified and confirmed to now fall under Henick-Lane Service Corp. In addition, both the plan and trust was amended and restated to the Henick-Lane Service Corp. Employee Stock Ownership Plan and the Henick-Lane Service Corp. Employee Stock Ownership Trust.

In addition, effective April 2022, as a result of the HLI's failure to achieve certain EBTIDA targets (as defined in the original purchase agreement), the ESOT was entitled to a downward adjustment, which was a reduction in the purchase price, in the amount of \$2,000,000. The result of which, the original purchase price of the stock was decreased from \$27,500,000 to \$25,500,000.

As a result of a reduction of the Plan Sponsor's workforce in 2022, the Plan experienced a partial plan termination as defined by ERISA. Under ERISA, a partial plan termination may occur if a significant percentage of the Plan participants is terminated because of an action taken by the Plan Sponsor. All employer contributions became fully vested at the time of the plan partial plan termination.

SUPPLEMENTAL INFORMATION

Schedule H - Part IV Line 4i - Schedule of Assets (Held at End of Year)
 Attachment - Form 5500
 Plan EIN: 11-2028211
 Plan Number: 003

HENICK-LANE, INC.
 EMPLOYEE STOCK OWNERSHIP PLAN
 SUPPLEMENTAL SCHEDULE
 SCHEDULE OF ASSETS (HELD AT END OF YEAR)
 AT DECEMBER 31, 2021

(a)	(b)	(c)	(d)	(e)
	<u>Identity of Issuer</u>	<u>Description of Investment</u>	<u>Cost</u>	<u>Current Value</u>
		<u>COMMON STOCK</u>		
*	Henick Lane, Inc.	Common Stock	<u>\$ 27,500,000</u>	<u>\$ 5,093,250</u>
		<u>CASH</u>		
*	Henick Lane, Inc.	Cash	<u>\$ 123,674</u>	<u>\$ 123,674</u>
	Total Assets		<u>\$ 27,623,674</u>	<u>\$ 5,216,924</u>

* Party-in-interest

See independent auditors' report.

**HENICK-LANE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN**

FINANCIAL STATEMENTS

DECEMBER 31, 2021

HENICK-LANE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

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INDEPENDENT AUDITORS' REPORT

To The Board of Trustees
Henick-Lane, Inc. Employee Stock Ownership Plan
Long Island City, New York

Opinion

We have audited the accompanying financial statements of Henick-Lane, 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 statements of net assets (deficit) available for benefits as of December 31, 2021 and 2020, and the related statement of changes in net assets (deficit) available for benefits for the year ended December 31, 2021, 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 Henick-Lane, Inc. Employee Stock Ownership Plan as of December 31, 2021 and 2020, and the changes in its net assets available for benefits for the year ended December 31, 2021, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 audits. 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 accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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.

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 generally accepted auditing standards 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 generally accepted auditing standards, 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.

Supplemental Schedule Required by ERISA

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental Schedule H, Part IV, Line 4i - Schedule of Assets (Held at End of Year) at December 31, 2021 is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information 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 generally accepted auditing standards.

In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion, the information in the accompanying schedule 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 Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

Grassi & Co., CPAs, P.C.

GRASSI & CO., CPAs, P.C.

Jericho, New York
June 13, 2025

HENICK-LANE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
STATEMENTS OF NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS
DECEMBER 31, 2021 AND 2020

	2021			2020		
	Allocated	Unallocated	Total	Allocated	Unallocated	Total
ASSETS:						
Investment in Sponsor Company common stock, at fair value	\$ 1,855,724	\$ 3,237,526	\$ 5,093,250	\$ 2,299,068	\$ 5,350,932	\$ 7,650,000
Cash and cash equivalents	<u>123,674</u>	<u>-</u>	<u>123,674</u>	<u>123,644</u>	<u>-</u>	<u>123,644</u>
Total Assets	<u>1,979,398</u>	<u>3,237,526</u>	<u>5,216,924</u>	<u>2,422,712</u>	<u>5,350,932</u>	<u>7,773,644</u>
LIABILITIES:						
Loans payable to Sponsor	<u>-</u>	<u>16,936,108</u>	<u>16,936,108</u>	<u>-</u>	<u>18,440,049</u>	<u>18,440,049</u>
Total Liabilities	<u>-</u>	<u>16,936,108</u>	<u>16,936,108</u>	<u>-</u>	<u>18,440,049</u>	<u>18,440,049</u>
NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS	<u>\$ 1,979,398</u>	<u>\$ (13,698,582)</u>	<u>\$ (11,719,184)</u>	<u>\$ 2,422,712</u>	<u>\$ (13,089,117)</u>	<u>\$ (10,666,405)</u>

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

HENICK-LANE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
STATEMENT OF CHANGES IN NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Allocated	Unallocated	Total
ADDITIONS TO (DEDUCTIONS FROM) NET ASSETS:			
Investment income (loss):			
Unrealized depreciation in fair value of investment in Company common stock	\$ (768,376)	\$ (1,788,374)	\$ (2,556,750)
Interest income	30	-	30
Employer contributions	-	2,250,020	2,250,020
Allocation of 4,786.2211 shares of common stock of Henick-Lane Inc., at fair value	325,032	-	325,032
Total Investment Activity and Contributions	(443,314)	461,646	18,332
DEDUCTIONS:			
Interest expense	-	746,079	746,079
Allocation of 4,786.2211 shares of common stock of Henick-Lane Inc., at fair value	-	325,032	325,032
Total Deductions	-	1,071,111	1,071,111
NET DECREASE	(443,314)	(609,465)	(1,052,779)
NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS:			
Beginning of year	2,422,712	(13,089,117)	(10,666,405)
End of year	\$ 1,979,398	\$ (13,698,582)	\$ (11,719,184)

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

HENICK-LANE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 1 - Plan Description

The following brief description of Henick-Lane, Inc. Employee Stock Ownership Plan (the "Plan") is provided for general information purposes only. Participants should refer to the Plan Agreement for complete information.

General

Henick-Lane, Inc. and Subsidiaries (the "Company" or "Sponsor") established the Henick-Lane, Inc. Employee Stock Ownership Plan effective as of January 1, 2017 (the "Effective Date"). The Plan is intended to satisfy the qualified retirement plan qualification requirements of Section 401(a) of the Internal Revenue Code of 1986, as amended (the "Code"). The Plan is intended to be an employee stock ownership plan within the meaning of Section 4975(e)(7) of the Code, and Section 407(d)(6) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and is intended to enable eligible employees to acquire ownership interests in the Company, by investing primarily in Company Stock. The Plan is specifically permitted and designed to invest up to 100% of its assets in Company Stock. The Company's Board of Directors has appointed Aegis Fiduciary Services, LLC ("Aegis") and Robert E. Lesser (the "Trustee") to administer the Plan and Danziger & Markhoff, LLP as the recordkeeper ("Recordkeeper"). TMI Trust Company serves as custodian for Aegis.

The Company is a construction company engaged in the design, installation and maintenance of heating, ventilation and air conditioning systems. On September 13, 2018, the Plan purchased 75,000 shares of the Company's issued and outstanding stock (Class A common stock) (the "Stock") from the two shareholders of the Company for \$27,500,000 resulting in a purchase price of \$366.6667 per share. The Plan financed the purchase with two loans from the shareholders in the aggregate amount of \$27,500,000. All of the Stock owned by the Plan is held in a trust established under the Plan. The Company immediately purchases Stock from participants in the Plan, who receive distributions thereof, which the Company holds as treasury stock.

The borrowings are collateralized by the unallocated shares of common stock and are guaranteed by the Company. The lenders have no rights against shares of common stock once they are allocated to participants in accordance with the terms of the Employee Stock Ownership Plan (the "ESOP"). Accordingly, the financial statements of the Plan as of December 31, 2021 and 2020 and for the year ended December 31, 2021, present separately the assets and liabilities and changes therein pertaining to:

- a. the accounts of employees with rights in allocated common stock (allocated), and
- b. common stock not yet allocated to employees (unallocated).

HENICK-LANE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 1 - Plan Description (cont'd.)

Eligibility

Employees of the Company are eligible, with the exception of those covered by a collective bargaining agreement, nonresident aliens, shareholders of the Company or a member of the family of a shareholder, leased employees and interns. Employees who were eligible on January 1, 2017 entered the Plan on January 1, 2017. Eligible employees hired after January 1, 2017 are eligible on the first entry date (January 1st or July 1st) following the date they complete 1,000 hours of service in a 12 consecutive month period and attain age 21. Participants generally are eligible for an allocation of Company contributions only if they work at least 1,000 hours during such Plan year and are employed on the last day of a Plan year.

Contributions

Each year, the Company may make discretionary contributions and dividends to eligible participant accounts who are actively employed on the last day of the year. Cash contributions and dividends are to be used first to pay any current obligations on the outstanding loans. In addition, the Plan administrator may elect to use contributions in excess of the current obligation to prepay amounts due on the loan. The Plan received a total contribution of \$2,250,020 from the sponsor for the 2021 plan year. Of that amount, \$1,503,941 was used to pay down the loans payable and \$746,079 was used to pay interest.

No participant will be required or permitted to contribute to the Plan.

Payment of Benefits

Distributions due to death, disability, or retirement are made in a lump sum in the Plan year following the event. Distributions for other separations from service commence in the fifth Plan year following the separation from service and are made in five annual installments. The amount to be distributed is based upon the immediately preceding valuation date. Distributions are made in cash or, if determined by the Plan administrator, in the form of Company common stock plus cash for any fractional share of common stock. Under the provisions of the Plan, the participant is obligated to sell the Company common stock to the Company or the Plan immediately. Mode of distribution of a participant's account will be made in the form of either (i) a lump sum or (ii) substantially equal annual installments over a period not to exceed five years. However, each installment payment shall be in an amount at least equal to or the lesser of \$1,000 or the remaining balance in the participant's account, even if this results in a complete distribution in a period less than five years. During the year ended December 31, 2021, the Company did not repurchase any shares from participants.

HENICK-LANE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 1 - Plan Description (cont'd.)

Voting Rights

In general, the Trustee will vote shares of Company common stock held in the Plan. There is an exception whereby each participant is entitled to exercise voting rights attributable to the shares allocated to his or her account when there is a vote with respect to approval or disapproval of any merger or consolidation, recapitalization, reclassification, liquidation, dissolution, sale of substantially all of the assets or any similar transaction. Absent any voting instructions from the participants, the Trustee will vote the shares held in the participant's account.

Plan Termination

Although it has not expressed any intent to do so, the Company reserves the right to terminate the Plan at any time, subject to Plan provisions. Upon such termination of the Plan, 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. Upon termination of the Plan, the Company shall direct the Trustee to pay all liabilities and expenses of the trust fund. In such an event, no part of the Plan assets may revert back to the Company.

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 as of the last day of each Plan year with an allocation of shares of the Company's common stock released by the Trustee from the unallocated account and forfeitures of terminated participants' nonvested accounts. Only those participants who are eligible employees of the Company as of the last day of the Plan year will receive an allocation. Allocations are based on a participant's eligible compensation, relative to total eligible compensation. Plan earnings are allocated to each participant's account based on the ratio of the participant's account balance, the benefit to which 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, permanent disability or death, he or she will vest in the balances in his or her account based on total years of service with the Company. Participants vest 20% per year of service after the first year and are 100% vested after five years of service.

In addition, participants shall be 100% vested upon reaching the age of 65 and completing five years of service, becoming permanently disabled, or upon death, each while employed by the Company.

HENICK-LANE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 1 - Plan Description (cont'd.)

Put Option

Under federal income tax regulations, the 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 fair market value of the stock. The Company can pay for the purchase with interest over a period of five years, depending on the size of the participant's account balance. The purpose of the put option is to ensure that the participant has the ability to ultimately obtain cash.

Diversification

Diversification is offered to participants close to retirement so that they may have the opportunity to move part of the value of their investment in Company common stock into investments which are more diversified. Participants who are at least age 55 with at least ten years of participation in the Plan may elect to diversify a portion of their account. The diversification election must be made during the first 90 days of each Plan year in which the participant is eligible to make such an election. Diversification is offered to each eligible participant over a six-year period. In each of the first five years, a participant may diversify up to 25% of the number of shares allocated to his or her account, less any shares previously diversified. In the sixth year, the percentage changes to 50%. Participants who elect to diversify receive a cash distribution.

Forfeitures

Plan forfeitures may be used to pay Plan expenses, or may be allocated to each participant's account based upon the same method used to allocate discretionary contributions. There were no forfeited shares of terminated nonvested account balances allocated to remaining participants for the year ended December 31, 2021. In addition, there were no forfeited nonvested accounts as of December 31, 2021.

Administrative Expenses

As provided in the Plan agreement, all administrative expenses will be paid by the Company.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan are prepared on the accrual basis of accounting.

HENICK-LANE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Plan considers securities purchased with initial maturities of three months or less to be cash equivalents. As of December 31, 2021 and 2020, cash and cash equivalents amounted to \$123,674 and \$123,644, respectively.

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 in which debt service is actually paid.

Investment Valuation and Income Recognition

The shares of the Company's common stock are valued at estimated fair value. See Note 8 for a discussion of fair value measurement.

Purchases and sales of securities are recorded on a trade-date basis. Realized gains and losses from securities transactions are reported on the average cost method. Net appreciation or depreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

HENICK-LANE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 3 - Information Prepared and Certified By Custodian

The following information included in the accompanying financial statements was obtained from data that has been prepared and certified to as complete and accurate by TMI Trust Company as custodian of the Plan, at December 31, 2021 and 2020 and for the year ended December 31, 2021.

	2021	2020
Investment in Sponsor Company common stock, at fair value	\$ 5,093,250	\$ 7,650,000
Cash and cash equivalents	123,674	123,644
	\$ 5,216,924	\$ 7,773,644
Investment income (loss):		
Unrealized depreciation in fair value of Company common stock	\$ (2,556,750)	
Interest income	30	
	\$ (2,556,720)	

Note 4 - Concentration of Credit Risk

The Plan maintains cash balances in a financial institution which balances are insured by the Federal Deposit Insurance Corporation (“FDIC”) for up to \$250,000. From time to time, the Plan’s balances may exceed this limit.

The Plan’s assets available for benefits at December 31, 2021 and 2020 include \$5,093,250 and \$7,650,000, respectively, in the Company’s stock at fair value. If the Company were to become insolvent, the value of these assets could be reduced significantly and have a material effect on the Plan and the participants’ account values. The Plan makes no assurance of the future value of Plan assets.

Note 5 - Tax Status

The Internal Revenue Service (“IRS”) has determined and informed the Company by a letter dated July 21, 2021 that the Plan is qualified, and the trust established under the Plan is tax-exempt, under the appropriate sections of the Code. The Plan has not been amended since receiving the determination letter.

U.S. GAAP requires plan management to evaluate tax positions taken by the plan and recognize a tax liability if the plan has taken an uncertain position that more likely than not would not be sustained upon examination by a government authority. The Plan administrator has analyzed the tax positions taken by the Plan and has concluded that at December 31, 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or asset, or require disclosure in the financial statements. 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 2018.

HENICK-LANE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 6 - Administration of Plan Assets

The Plan's assets and Company contributions, which consist principally of the Company's common stock, are held and managed by the Trustee of the Plan, who invests cash received, interest and dividend income, and makes distributions to participants.

Certain administrative functions are performed by officers or employees of the Company or its affiliates. No such officer or employee receives compensation from the Plan. Administrative expenses for the Trustee's and Recordkeeper's fees are paid directly by the Company.

Note 7 - Sponsor Company Common Stock

The Plan's investment in the Company's common stock at December 31, 2021 and 2020, respectively, are presented in the following tables:

	December 31, 2021		
	Allocated	Unallocated	Total
Sponsor common stock:			
Number of shares	27,326	47,674	75,000
Cost	\$ 10,019,614	\$ 17,480,386	\$ 27,500,000
Fair market value	\$ 1,855,724	\$ 3,237,526	\$ 5,093,250
	December 31, 2020		
	Allocated	Unallocated	Total
Sponsor common stock:			
Number of shares	22,540	52,460	75,000
Cost	\$ 8,264,623	\$ 19,235,377	\$ 27,500,000
Fair market value	\$ 2,299,068	\$ 5,350,932	\$ 7,650,000

HENICK-LANE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 8 - Fair Value Measurement

Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 820, *Fair Value Measurement*, 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC Topic 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.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar 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.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at December 31, 2021.

The fair value of the Sponsor’s common stock held by the Plan is valued using Level 3 inputs based upon an independent appraisal. This appraisal was based upon a combination of the market and income valuation techniques consistent with prior years. The appraiser took into account historical and projected cash flow and net income, return on assets, return on equity, market comparable, weighted average cost of capital, discount rate, EBITDA multiples, and estimated fair value of the Company’s assets and liabilities.

Plan management has concluded that a market participant would also recognize a discount for lack of marketability. Plan management accumulates the data for the appraiser from the internally prepared financial statements of the Company. The appraiser prepares a preliminary report which Plan management, along with the ESOP trustee, reviews in detail, discusses and approves. The results of this process are documented in the minutes of the Plan fiduciary.

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 8 - Fair Value Measurement (cont'd.)

The valuation process involves the selection of an independent appraiser under an annual contract with the right to cancel such contract at any time. Plan management accumulates the data for the appraiser from historical and projected financial information of the Company.

The information used in determining fair value of the Stock was provided by the following information as related to the Company: historical internally prepared consolidated financial statements; a five-year financial forecast; conversations with management; and related calculations, reviews, analyses, and research as deemed necessary. The appraiser prepares a report of estimated per share value that a participant will receive upon distribution.

The Company's Trustee (see Note 1) is responsible for reviewing and approving the appraisal report and the valuation of the Stock to be included in the reporting of the Plan's financial statements as of December 31, 2021. This process is completed annually and the Trustee evaluates and analyzes the changes in fair value measurements from period to period as well as the unobservable inputs and methods used in the fair value measurement.

The preceding methods 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.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value at December 31, 2021 and 2020:

	Assets at Fair Value at December 31,			
	2021		2020	
	<u>Level 3</u>	<u>Total</u>	<u>Level 3</u>	<u>Total</u>
Investment in Sponsor Company				
Common Stock	\$ 5,093,250	\$ 5,093,250	\$ 7,650,000	\$ 7,650,000
Total Assets at Fair Value	\$ 5,093,250	\$ 5,093,250	\$ 7,650,000	\$ 7,650,000

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Note 8 - Fair Value Measurement (cont'd.)

Level 3 Assets - Year Ended December 31, 2021:

	Investment in Sponsor Company Common Stock
Balance, January 1, 2021	\$ 7,650,000
Contributions	2,250,020
Allocations to pay debt	(2,250,020)
Unrealized losses relating to assets held at the reporting date	(2,556,750)
Balance, December 31, 2021	\$ 5,093,250

The amount of total losses for the period included in changes in net assets attributable to unrealized losses relating to assets held at the reporting date.

\$ (2,556,750)

Unrealized losses included in changes in net assets for the period above are reported in net depreciation in fair value of investments in the statement of changes in net assets available for benefits.

Note 9 - Loans Payable

As described in Note 1, the Plan entered into two term loans totaling \$27,500,000 with the former shareholders of the Company. The proceeds of the loans were used to purchase 75,000 shares of Company common stock, and unallocated shares are collateral for the loans. On September 17, 2018, the seller's note was refinanced to similar terms with a lower interest rate. Shares are released from collateral and allocated to participants as payments of principal and interest are made. The number of shares released in any year is the number of shares held as collateral, times the ratio of the current year payments divided by the total of this year's payments, plus all future years' principal and interest payments. This resulted in 4,786 shares being released and allocated for the plan year ended December 31, 2021. The refinanced agreement provides for the loan to be repaid over twenty-five years at a fixed interest rate of 3.02% per annum.

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DECEMBER 31, 2021

Note 9 - Loans Payable (cont'd.)

The scheduled amortization of the loan for the next five years and thereafter is as follows as of December 31, 2021:

<u>Years Ending December 31:</u>	
2022	\$ 846,805
2023	846,805
2024	846,805
2025	846,805
2026	846,805
Thereafter	<u>12,702,081</u>
	<u>\$ 16,936,108</u>

Note 10 - Related Party and Party-In-Interest Transactions

The Plan invests in Company common stock. These are related party and party-in-interest transactions. The Plan has a number of service providers such as the custodian, the Plan administrator, and the firm that provides the valuation of the Company. Such service providers are parties-in-interest under ERISA. As described in Notes 1 and 6, the Company pays all Plan expenses.

Note 11 - Risks and Uncertainties

The Plan investments consist primarily of the Company's common stock, which is exposed to various risks, such as interest rate, market, 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 the common stock and to uncertainties inherent in estimates and assumptions, it is at least reasonably possible that changes in the value of the common stock will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets (deficit) available for benefits.

Note 12 - Form 5500 Filing Status

As of the date of this report, the Plan's Form 5500 for the plan year ended December 31, 2021 has not been filed with the Department of Labor. Management intends to complete and file the Form 5500 within the next 30 days.

HENICK-LANE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 13 - Subsequent Events

The Plan administrator has evaluated all events or transactions that occurred after December 31, 2021 through June 13, 2025, which is the date that the financial statements were available to be issued. During this period, there were no material subsequent events requiring disclosure, except for the following:

Effective April 2022, Henick-Lane, Inc., Plan Sponsor, sold substantially all of the assets and liabilities, to Henick-Lane Service Corp. for 99% of the outstanding capital stock. Henick-Lane Service Corp. will perform contracts that Henick-Lane Inc. has customarily performed. Henick-Lane Service Corp. intends to keep the ESOP intact and has adopted the Henick-Lane, Inc. Employees Stock Ownership Plan and assumed its sponsorship upon becoming a member of the Company's controlled group. Henick-Lane Inc. distributed the common stock assumed under the purchase agreement of Henick-Lane Service Corp. to the Henick-Lane Inc. Employee Stock Ownership Trust. In addition, Henick-Lane Inc.'s current management have become the new management of Henick-Lane Service Corp. and assumed the employees of Henick-Lane Inc. Any prior agreements and plan documents have been authorized, approved, adopted, ratified and confirmed to now fall under Henick-Lane Service Corp. In addition, both the plan and trust was amended and restated to the Henick-Lane Service Corp. Employee Stock Ownership Plan and the Henick-Lane Service Corp. Employee Stock Ownership Trust.

In addition, effective April 2022, as a result of the HLI's failure to achieve certain EBTIDA targets (as defined in the original purchase agreement), the ESOT was entitled to a downward adjustment, which was a reduction in the purchase price, in the amount of \$2,000,000. The result of which, the original purchase price of the stock was decreased from \$27,500,000 to \$25,500,000.

As a result of a reduction of the Plan Sponsor's workforce in 2022, the Plan experienced a partial plan termination as defined by ERISA. Under ERISA, a partial plan termination may occur if a significant percentage of the Plan participants is terminated because of an action taken by the Plan Sponsor. All employer contributions became fully vested at the time of the plan partial plan termination.

SUPPLEMENTAL INFORMATION

Schedule H - Part IV Line 4i - Schedule of Assets (Held at End of Year)
 Attachment - Form 5500
 Plan EIN: 11-2028211
 Plan Number: 003

HENICK-LANE, INC.
 EMPLOYEE STOCK OWNERSHIP PLAN
 SUPPLEMENTAL SCHEDULE
 SCHEDULE OF ASSETS (HELD AT END OF YEAR)
 AT DECEMBER 31, 2021

(a)	(b)	(c)	(d)	(e)
	<u>Identity of Issuer</u>	<u>Description of Investment</u>	<u>Cost</u>	<u>Current Value</u>
		<u>COMMON STOCK</u>		
*	Henick Lane, Inc.	Common Stock	<u>\$ 27,500,000</u>	<u>\$ 5,093,250</u>
		<u>CASH</u>		
*	Henick Lane, Inc.	Cash	<u>\$ 123,674</u>	<u>\$ 123,674</u>
	Total Assets		<u>\$ 27,623,674</u>	<u>\$ 5,216,924</u>

* Party-in-interest

See independent auditors' report.