

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 01/01/2024 and ending 12/31/2024

- 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: [X] Form 5558 [] automatic extension [] the DFVC program [] special extension (enter description)
E If this is a retroactively adopted plan permitted by SECURE Act section 201, check here. []

Part II Basic Plan Information—enter all requested information

1a Name of plan: BCI STAFFING DIRECT ADVISORS MASTER TRUST
1b Three-digit plan number (PN): 502
1c Effective date of plan: 02/01/2022
2a Plan sponsor's name (employer, if for a single-employer plan): BCI STAFFING
2b Employer Identification Number (EIN): 83-3757326
2c Plan Sponsor's telephone number: 859-781-9500
2d Business code (see instructions): 238900

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	104
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)	104
	6a(2)	97
	6b	
	6c	
	6d	97
	6e	
	6f	
	6g(1)	
6g(2)		
6h		
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:

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:
4A 4D 4Q

9a Plan funding arrangement (check all that apply)	9b Plan benefit arrangement (check all that apply)
(1) <input type="checkbox"/> Insurance	(1) <input checked="" 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	b General Schedules
(1) <input type="checkbox"/> R (Retirement Plan Information)	(1) <input checked="" type="checkbox"/> H (Financial Information)
(2) <input type="checkbox"/> MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary	(2) <input type="checkbox"/> I (Financial Information – Small Plan)
(3) <input type="checkbox"/> SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	(3) <input checked="" type="checkbox"/> A (Insurance Information) – Number Attached <u>1</u>
(4) <input type="checkbox"/> DCG (Individual Plan Information) – Number Attached _____	(4) <input type="checkbox"/> C (Service Provider Information)
(5) <input type="checkbox"/> MEP (Multiple-Employer Retirement Plan Information)	(5) <input type="checkbox"/> D (DFE/Participating Plan Information)
	(6) <input type="checkbox"/> 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 A
(Form 5500)**

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration
Pension Benefit Guaranty Corporation

Insurance Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

▶ **File as an attachment to Form 5500.**

▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).

OMB No. 1210-0110

2024

This Form is Open to Public Inspection

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

A Name of plan BCI STAFFING DIRECT ADVISORS MASTER TRUST	B Three-digit plan number (PN) ▶ 502
C Plan sponsor's name as shown on line 2a of Form 5500 BCI STAFFING	D Employer Identification Number (EIN) 83-3757326

Part I Information Concerning Insurance Contract Coverage, Fees, and Commissions Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.

1 Coverage Information:

(a) Name of insurance carrier

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in line 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid 0	(b) Total amount of fees paid 0
--------------------------------------------------	-------------------------------------------

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

Part II Investment and Annuity Contract Information
 Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4 Current value of plan's interest under this contract in the general account at year end	4	
5 Current value of plan's interest under this contract in separate accounts at year end.....	5	

6 Contracts With Allocated Funds:

a State the basis of premium rates ▶

b Premiums paid to carrier	6b	
c Premiums due but unpaid at the end of the year	6c	
d If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount. Specify nature of costs ▶	6d	

e Type of contract: (1) individual policies (2) group deferred annuity
 (3) other (specify) ▶

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan, check here ▶

7 Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)

a Type of contract: (1) deposit administration (2) immediate participation guarantee
 (3) guaranteed investment (4) other ▶

b Balance at the end of the previous year	7b	
c Additions: (1) Contributions deposited during the year	7c(1)	
	7c(2)	
	7c(3)	
	7c(4)	
	7c(5)	
(2) Dividends and credits.....		
(3) Interest credited during the year.....		
(4) Transferred from separate account		
(5) Other (specify below)..... ▶		
(6) Total additions	7c(6)	
d Total of balance and additions (add lines 7b and 7c(6))	7d	
e Deductions:		
	7e(1)	
	7e(2)	
	7e(3)	
	7e(4)	
(1) Disbursed from fund to pay benefits or purchase annuities during year		
(2) Administration charge made by carrier.....		
(3) Transferred to separate account		
(4) Other (specify below)..... ▶		
(5) Total deductions	7e(5)	
f Balance at the end of the current year (subtract line 7e(5) from line 7d).....	7f	

Part III Welfare Benefit Contract Information
 If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

- a** Health (other than dental or vision)
- b** Dental
- c** Vision
- d** Life insurance
- e** Temporary disability (accident and sickness)
- f** Long-term disability
- g** Supplemental unemployment
- h** Prescription drug
- i** Stop loss (large deductible)
- j** HMO contract
- k** PPO contract
- l** Indemnity contract
- m** Other (specify) ▶

9 Experience-rated contracts:

a	Premiums: (1) Amount received	9a(1)	
	(2) Increase (decrease) in amount due but unpaid	9a(2)	
	(3) Increase (decrease) in unearned premium reserve	9a(3)	
	(4) Earned ((1) + (2) - (3))		9a(4)
b	Benefit charges (1) Claims paid	9b(1)	
	(2) Increase (decrease) in claim reserves	9b(2)	
	(3) Incurred claims (add (1) and (2))		9b(3)
	(4) Claims charged		9b(4)
c	Remainder of premium: (1) Retention charges (on an accrual basis) --		
	(A) Commissions	9c(1)(A)	
	(B) Administrative service or other fees	9c(1)(B)	
	(C) Other specific acquisition costs	9c(1)(C)	
	(D) Other expenses	9c(1)(D)	
	(E) Taxes	9c(1)(E)	
	(F) Charges for risks or other contingencies	9c(1)(F)	
	(G) Other retention charges	9c(1)(G)	
	(H) Total retention		9c(1)(H)
	(2) Dividends or retroactive rate refunds. (These amounts were <input type="checkbox"/> paid in cash, or <input type="checkbox"/> credited.)		9c(2)
d	Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement		9d(1)
	(2) Claim reserves		9d(2)
	(3) Other reserves		9d(3)
e	Dividends or retroactive rate refunds due. (Do not include amount entered in line 9c(2).)		9e

10 Nonexperience-rated contracts:

a	Total premiums or subscription charges paid to carrier	10a	
b	If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, line 2 above, report amount.	10b	

Specify nature of costs.

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? Yes No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

**SCHEDULE H
(Form 5500)**

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration
Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2024

This Form is Open to Public Inspection

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

A Name of plan BCI STAFFING DIRECT ADVISORS MASTER TRUST		B Three-digit plan number (PN) ▶	502
C Plan sponsor's name as shown on line 2a of Form 5500 BCI STAFFING		D Employer Identification Number (EIN) 83-3757326	

Part I Asset and Liability Statement

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

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	205752	191248
(2) Participant contributions	1b(2)		
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities.....	1d(1)		
(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	205752	191248
Liabilities			
g Benefit claims payable.....	1g		
h Operating payables.....	1h		
i Acquisition indebtedness.....	1i		
j Other liabilities.....	1j		
k Total liabilities (add all amounts in lines 1g through 1j).....	1k	0	0
Net Assets			
l Net assets (subtract line 1k from line 1f).....	1l	205752	191248

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)	537131	
(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)		537131
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit).....	2b(1)(A)		
(B) U.S. Government securities.....	2b(1)(B)		
(C) Corporate debt instruments.....	2b(1)(C)		
(D) Loans (other than to participants).....	2b(1)(D)		
(E) Participant loans.....	2b(1)(E)		
(F) Other.....	2b(1)(F)	2874	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		2874
(2) Dividends:			
(A) Preferred stock.....	2b(2)(A)		
(B) Common stock.....	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds).....	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0
(3) Rents.....	2b(3)		
(4) Net gain (loss) on sale of assets:			
(A) Aggregate proceeds.....	2b(4)(A)		
(B) Aggregate carrying amount (see instructions).....	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result.....	2b(4)(C)		
(5) Unrealized appreciation (depreciation) of assets:			
(A) Real estate.....	2b(5)(A)		
(B) Other.....	2b(5)(B)		
(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		540005

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	92329	
(2) To insurance carriers for the provision of benefits	2e(2)	448370	
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		540699
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		
i Administrative expenses:			
(1) Salaries and allowances	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Recordkeeping fees	2i(3)	13810	
(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)		13810
j Total expenses. Add all expense amounts in column (b) and enter total	2j		554509

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		-14504
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: **BRAMEL & ACKLEY PSC**

(2) EIN: **61-1166184**

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 _____.

BCI ENTERPRISES, INC.
CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2024 and 2023
WITH
Independent Auditors' Report

BCI ENTERPRISES, INC.
CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2024 and 2023
WITH
Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

**The Stockholders and
Board of Directors of
BCI Enterprises, Inc.
Wilder, Kentucky**

Opinion

We have audited the accompanying consolidated financial statements of BCI Enterprises, Inc. (an S corporation) and its wholly owned subsidiaries, which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of BCI Enterprises, Inc. and its wholly owned subsidiaries as of December 31, 2024 and 2023, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 BCI Enterprises, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 BCI Enterprises, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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, including omissions, 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 BCI Enterprises, Inc.'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 BCI Enterprises, Inc.'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.

Bramel & Ackley, P.S.C.

March 6, 2025

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BCI ENTERPRISES, INC.

CONSOLIDATED BALANCE SHEETS

December 31, 2024 and 2023

	2024	2023
- ASSETS -		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 21,993,958	\$ 20,481,644
Contract receivables	24,680,984	22,922,080
Accounts receivable - other	352,120	8,814
Marketable securities -		
Available for sale	7,336,333	5,916,076
Inventory	18,000	18,942
Prepaid expenses	181,697	240,196
Costs and estimated earnings in excess of billings on uncompleted contracts	778,952	1,692,224
Total current assets	55,342,044	51,279,976
PROPERTY, PLANT AND EQUIPMENT:		
Land	666,214	666,214
Office building	1,374,720	1,374,720
Office equipment	177,173	169,636
Vehicles	3,485,636	3,771,702
Construction equipment	10,680,833	10,429,116
	16,384,576	16,411,388
Accumulated depreciation	(12,414,924)	(11,573,195)
Net property, plant and equipment	3,969,652	4,838,193
Total assets	\$ 59,311,696	\$ 56,118,169

The accompanying notes are an integral part of these statements.

BCI ENTERPRISES, INC.

CONSOLIDATED BALANCE SHEETS

December 31, 2024 and 2023

	2024	2023
- LIABILITIES AND STOCKHOLDERS' EQUITY -		
CURRENT LIABILITIES:		
Accounts payable - trade	\$ 17,961,445	\$ 18,866,282
Other accrued liabilities	1,188,199	1,388,621
Dividends payable	3,158,400	1,252,800
Accrued deferred compensation - current portion	51,192	60,900
Notes payable - current portion	-	151,326
Billings in excess of costs and estimated earnings on uncompleted contracts	18,496,609	17,891,935
Total current liabilities	40,855,845	39,611,864
LONG-TERM LIABILITIES:		
Accrued deferred compensation - net of current portion	3,058,737	2,410,201
Notes payable - net of current portion	-	536,861
Total long-term liabilities	3,058,737	2,947,062
Total liabilities	43,914,582	42,558,926
STOCKHOLDERS' EQUITY:		
Common stock - Class A:		
No par value, voting, 15,000 shares authorized, 2,180 shares issued, 190 shares outstanding	61	61
Common stock - Class B:		
No par value, non-voting, 15,000 shares authorized, 5,074 and 6,074 shares issued and outstanding at December 31, 2024 and 2023, respectively	213	255
Retained earnings	15,396,840	13,558,927
Total stockholders' equity	15,397,114	13,559,243
Total liabilities and stockholders' equity	\$ 59,311,696	\$ 56,118,169

The accompanying notes are an integral part of these statements.

BCI ENTERPRISES, INC.

CONSOLIDATED STATEMENTS OF INCOME

Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CONTRACT REVENUE	\$116,159,991	\$104,971,125
CONTRACT COSTS	<u>99,068,031</u>	<u>92,195,984</u>
Gross profit	17,091,960	12,775,141
GENERAL AND ADMINISTRATIVE EXPENSES	<u>7,225,487</u>	<u>7,095,905</u>
Income from operations	9,866,473	5,679,236
OTHER INCOME (LOSS)	<u>1,897,920</u>	<u>1,332,954</u>
Net income before income tax	11,764,393	7,012,190
STATE AND LOCAL INCOME TAXES	<u>392,292</u>	<u>296,002</u>
Net income	<u><u>\$ 11,372,101</u></u>	<u><u>\$ 6,716,188</u></u>

The accompanying notes are an integral part of these statements.

BCI ENTERPRISES, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

Years Ended December 31, 2024 and 2023

	Common Stock	Retained Earnings	Total
Balance, January 1, 2023	\$ 336	\$ 11,420,260	\$ 11,420,596
Net income	-	6,716,188	6,716,188
Dividends	-	(3,758,400)	(3,758,400)
Purchase and retirement of treasury stock	(20)	(819,121)	(819,141)
Balance, December 31, 2023	\$ 316	\$ 13,558,927	\$ 13,559,243
Balance, January 1, 2024	\$ 316	\$ 13,558,927	\$ 13,559,243
Net income	-	11,372,101	11,372,101
Dividends	-	(7,369,600)	(7,369,600)
Purchase and retirement of treasury stock	(42)	(2,164,588)	(2,164,630)
Balance, December 31, 2024	\$ 274	\$ 15,396,840	\$ 15,397,114

The accompanying notes are an integral part of these statements.

BCI ENTERPRISES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 11,372,101	\$ 6,716,188
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,691,359	1,795,367
Unrealized (gain) on marketable securities	(654,195)	(608,061)
(Gain) loss on disposal of marketable securities	(19,377)	51,819
(Gain) on disposal of property, plant and equipment	(309,990)	(275,292)
(Increase) in receivables	(2,102,210)	(9,623,770)
Decrease (increase) in inventory	942	(10,942)
Decrease (increase) in prepaid expenses	58,499	(109,221)
Decrease (increase) in costs in excess of billings on uncompleted contracts	913,272	(1,324,879)
(Decrease) increase in accounts payable	(904,837)	11,055,549
(Decrease) increase in accrued liabilities	(200,422)	703,402
Increase in billings in excess of costs on uncompleted contracts	604,674	8,027,435
Increase in accrued deferred compensation	638,828	719,192
Total adjustments	(283,457)	10,400,599
Net cash provided by operating activities	11,088,644	17,116,787
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of marketable securities	(1,722,917)	(923,775)
Proceeds from sale of marketable securities	976,232	555,735
Purchase of property, plant and equipment	(907,563)	(2,098,543)
Proceeds from sale of property, plant and equipment	394,735	465,305
Net cash (used in) investing activities	(1,259,513)	(2,001,278)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on long-term debt	(688,187)	(45,364)
Proceeds from note payable	-	733,551
Dividends paid	(5,464,000)	(2,843,000)
Purchase of treasury stock	(2,164,630)	(819,141)
Net cash (used in) financing activities	(8,316,817)	(2,973,954)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,512,314	12,141,555
CASH AND CASH EQUIVALENTS, JANUARY 1	20,481,644	8,340,089
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 21,993,958	\$ 20,481,644
SUPPLEMENTAL DISCLOSURES:		
State and local income taxes paid	\$ 384,235	\$ 296,002
Interest paid	\$ 37,103	\$ 15,756

The accompanying notes are an integral part of these statements.

BCI ENTERPRISES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies followed by the Company.

Nature of business: BCI Enterprises, Inc. and its wholly owned subsidiaries (the “Company”) comprise the organization created by the formation of BCI Enterprises, Inc. and its acquisition of Building Crafts, Inc., and the formation of BCI Staffing, Inc. and BCI Water Resource Group, Inc. BCI Enterprises, Inc. is engaged in heavy highway civil construction work in the Greater Cincinnati area and surrounding states. The Company specializes in the construction of waste and water treatment plants. The work is generally performed under fixed price contracts varying in length from 12 to 18 months. The Company grants credit to its customers.

Basis of presentation: The consolidated financial statements include the accounts of BCI Enterprises, Inc. and its wholly owned subsidiaries. The consolidation eliminates intercompany accounts and transactions.

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

Cash and cash equivalents: For the purpose of the statements of cash flows, the Company considers all checking, savings and money market accounts purchased with a maturity of three months or less to be cash and cash equivalents.

Fair Value Measurements: FASB ASC 820-10 regarding fair value measurements clarifies the definition of fair value for financial reporting and establishes a three-tier hierarchy as a framework for measuring fair value which requires an entity to give 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) when measuring fair value. The standard also requires additional disclosure about the use of fair value measurements.

Fair value is defined as the price to sell an asset or transfer a liability between market participants as of the measurement date. The three levels of the fair value hierarchy under this standard are as follows:

- Level 1 – Inputs are unadjusted quoted prices for identical instruments in active markets.
- Level 2 – Inputs are inputs other than quoted prices included within Level 1 that are directly or indirectly observable, such as quoted prices for similar instruments in active markets, or quoted prices for identical or similar instruments in inactive markets.
- Level 3 – Inputs are unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from techniques in which one or more significant value drivers are observable.

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

BCI ENTERPRISES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting Basis for Recording Income: The financial statements were prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Revenue from fixed-priced construction contracts are recognized on the percentage-of-completion method, measured by the percentage of total costs incurred to date to estimated total costs for each contract. This method is used because management considers it the most appropriate method, as management is able to estimate total estimated costs and costs to complete. Contract costs include all direct material, labor, and equipment costs and those indirect costs related to contract performance such as indirect labor, supplies, and tool costs. General and administrative costs are charged to expenses as incurred. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes in job performance, job conditions, and estimated profitability, including those arising from contract penalty provisions and final contract settlements, may result in revisions to costs and income, and are recognized in the period in which revisions are determined.

Because of inherent uncertainties in estimating costs, it is at least reasonably possible that the estimates used will change within the near term.

The asset, “Costs and estimated earnings in excess of billings on uncompleted contracts”, represent revenues recognized in excess of amounts billed. The liability, “Billings in excess of costs and estimated earnings on uncompleted contracts”, represent billings in excess of revenues recognized.

Contract receivables – Allowance for credit losses: The Company considers contract receivables to be fully collectible; accordingly, no allowance for credit losses is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Marketable securities: The Company's marketable securities are classified as securities available for sale. Securities available for sale consist of stocks, mutual funds and brokered certificates of deposit that may be sold and not classified as trading securities or as securities to be held to maturity.

Securities classified as available-for-sale are carried in the financial statements at fair value. Both realized and unrealized gains and losses, determined using the specific identification method, are included in earnings. Dividends on marketable equity securities are recognized in income when declared.

Investments are reviewed annually for impairment by management. The Company recognized no impairment during the years ended December 31, 2024 and 2023.

Property, plant and equipment: Property, plant and equipment are recorded at cost. Expenditures for major renewals and improvements that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. The cost of property and equipment is depreciated over the estimated useful lives of the related assets. Depreciation is computed on accelerated methods for financial reporting purposes.

BCI ENTERPRISES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes: The Company has elected to be taxed under the S Corporation provisions of the Internal Revenue Code. Under those provisions, the Company does not pay federal corporate income taxes on its taxable income. Instead, the stockholders are liable for individual federal income taxes on their respective shares of the Company's taxable income. Income tax expense includes provision for state and local taxes based on income and are currently payable.

Advertising costs: The Company charges advertising cost to operations when incurred.

Retirement plans: The Company sponsors a defined contribution profit sharing plan that covers substantially all employees except collectively bargained employees. Contributions to the plan are based on a discretionary amount as established annually by the board of directors. Employees may elect to defer a portion of their compensation each year to contribute to the plan. For 2024 and 2023, the amount of profit sharing plan expense was \$278,107 and \$208,500, respectively. For employees working on prevailing wage projects, a portion of their compensation is also deferred based on wage rates for specific job and skill classification and is contributed to the National Benefits Retirement Trust.

NOTE 2 – CONCENTRATIONS OF CREDIT RISK AND SIGNIFICANT CUSTOMERS

FASB ASC 825 *Financial Instruments*, requires disclosures in the financial statements relating to concentrations of credit risk and financial statements with off-balance-sheet risk. Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of temporary cash investments and accounts receivable.

The Company maintains several cash and cash equivalent accounts at three financial institutions. Of the total bank balance, \$250,000 was insured by the Federal Deposit Insurance Corporation. Securities held at Morgan Stanley with cash and money market balances of \$51,964 are insured by the Securities Investor Protection Corporation. The other accounts are cash and money market funds held in brokerage accounts and are not insured. At December 31, 2024 and 2023, the Company's uninsured bank balances total \$23,222,272 and \$22,938,525, respectively.

See Note 4 for concentrations of credit risk and significant customers related to major contract receivables.

NOTE 3 – CONTRACT AND CONTRACT COST ASSETS AND LIABILITIES

Contract Assets and Liabilities: Billing practices on construction contracts are governed by the contract terms for each project; construction contracts typically call for monthly billings based upon estimated progress toward completion. Construction contracts may also base billings on costs incurred, achievement of milestones or pre-agreed schedules related to the passage of time.

Billings on construction contracts do not typically correlate with revenue recognized using the cost-to-cost input method of recognition over time. This lack of correlation results in contract assets and liabilities.

Contract assets comprise revenues earned in excess of billings on uncompleted contracts, representing revenues recognized in excess of amounts billed on incomplete construction contracts. No allowance for credit losses has been provided on the contract assets since management has determined that the expected credit losses is not material at the balance sheet dates.

Contract liabilities comprise billings in excess of revenues earned on uncompleted contracts, representing billings in excess of revenues recognized on incomplete construction contracts.

BCI ENTERPRISES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE 3 – CONTRACT AND CONTRACT COST ASSETS AND LIABILITIES (CONTINUED)

Contract assets and liabilities as of December 31 comprised the following:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Costs and estimated earnings on uncompleted contracts	\$ 220,967,397	\$ 175,858,439	\$ 97,291,283
Less: Billings to date	<u>238,685,054</u>	<u>192,058,150</u>	<u>106,788,438</u>
	<u>\$ (17,717,657)</u>	<u>\$ (16,199,711)</u>	<u>\$ (9,497,155)</u>

These amounts are included in the balance sheets under the following captions:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Costs and estimated earnings in excess of billings on uncompleted contracts	\$ 778,952	\$ 1,692,224	\$ 367,345
Billings in excess of costs and estimated earnings on uncompleted contracts	<u>(18,496,609)</u>	<u>(17,891,935)</u>	<u>(9,864,500)</u>
Total	<u>\$ (17,717,657)</u>	<u>\$ (16,199,711)</u>	<u>\$ (9,497,155)</u>

NOTE 4 – CONTRACT RECEIVABLES

Contract receivables at December 31 include the following:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Contracts in progress	\$ 10,984,035	\$ 13,898,555	\$ 7,794,824
Completed contracts	-	50,420	-
Retainage	<u>13,696,949</u>	<u>8,973,105</u>	<u>5,503,901</u>
Total contract receivables	<u>\$ 24,680,984</u>	<u>\$ 22,922,080</u>	<u>\$ 13,298,725</u>

Receivables from MRWRRF Reconstruction of Digesters (\$4,506,243), Chillicothe WWTP Improvements (\$4,481,096), Richard Miller Treatment Plant (\$2,466,989), Norfolk Southern Elkhart Rail (\$2,188,828) and Synthica St. Bernard Construction (\$1,917,721) represent 63% of 2024 total contract receivables. Receivables from five contracts represented approximately 51% of 2023 contracts receivables.

The Company follows the practice of filing statutory liens on all construction projects where collection problems are anticipated. The liens serve as collateral for contract receivables.

BCI ENTERPRISES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE 5 – DEPRECIATION

Assets are depreciated over their estimated useful lives. The rates, methods and lives are as follows:

<u>Classification</u>	<u>Method</u>	<u>Estimated Useful Lives</u>
Office building	Accelerated	31.5 - 39 years
Office equipment	Accelerated	3 - 7 years
Vehicles	Accelerated	5 years
Construction equipment	Accelerated	5 years

Depreciation expense for the periods ended December 31, 2024 and 2023 was \$1,691,359 and \$1,795,367, respectively.

NOTE 6 – MARKETABLE SECURITIES

The carrying amounts of marketable securities as shown in the balance sheets of the Company and their approximate market values at December 31 were as follows:

	<u>Amortized Cost</u>	<u>Unrealized Gain</u>	<u>Unrealized Loss</u>	<u>Market Value</u>
December 31, 2024:				
Available for sale				
Equity securities	\$ 2,675,684	\$ 959,219	\$ 47,536	\$ 3,587,367
Mutual funds	<u>3,602,889</u>	<u>239,296</u>	<u>93,219</u>	<u>3,748,966</u>
Totals	<u>\$ 6,278,573</u>	<u>\$ 1,198,515</u>	<u>\$ 140,755</u>	<u>\$ 7,336,333</u>
December 31, 2023:				
Available for sale				
Equity securities	\$ 2,609,579	\$ 510,737	\$ 112,394	\$ 3,007,922
Mutual funds	<u>2,902,933</u>	<u>98,190</u>	<u>92,969</u>	<u>2,908,154</u>
Totals	<u>\$ 5,512,512</u>	<u>\$ 608,927</u>	<u>\$ 205,363</u>	<u>\$ 5,916,076</u>

Sales of securities in 2024 and 2023 were:

	<u>2024</u>	<u>2023</u>
Sales proceeds	\$ 976,232	\$ 555,735
Cost	<u>956,855</u>	<u>607,554</u>
(Loss) Gain	<u>\$ 19,377</u>	<u>\$ (51,819)</u>

The fair value of all available-for-sale marketable securities has been measured on a recurring basis using Level 1 inputs. There were no changes in valuation methodologies and related inputs used at December 31, 2024 and 2023.

BCI ENTERPRISES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE 7 – LONG TERM DEBT

The Company was obligated for the following debts on December 31, 2024 and 2023.

	2024	2023
Notes payable, U.S. Bank, secured by equipment With interest at 6.67%, payable in equal monthly Payments of \$4,403 through May 2028	\$ -	\$ 201,343
Notes payable, U.S. Bank, secured by equipment With interest at 6.88%, payable in equal monthly Payments of \$6,843 through November 2027	-	286,412
Notes payable, U.S. Bank, secured by equipment With interest at 6.16%, payable in equal monthly Payments of \$4,328 through May 2028	-	<u>200,432</u>
Total notes payable	<u>\$ -</u>	<u>\$ 688,187</u>
Less current portion	-	<u>151,326</u>
Notes payable – net	<u>\$ -</u>	<u>\$ 536,861</u>

NOTE 8 – LINE OF CREDIT

At December 31, 2024 and 2023, the Company had \$5,000,000 of unused lines of credit with two banks to be drawn upon as needed with interest at the prevailing rate then in effect.

NOTE 9 – RELATED PARTY TRANSACTIONS

The Company purchases surety bonds from an entity that is controlled by the Company’s President. The amount the Company paid this entity in 2024 and 2023 was \$228,444 and \$880,956, respectively.

The Company has outstanding receivables from two of the stockholders. The amount of the stockholder receivables included in accounts receivable-other for 2024 was \$364,830.

NOTE 10 – BACKLOG

The following schedule summarizes changes in backlog on contracts during the year ended December 31, 2024 and 2023. Backlog represents the amount of revenue the Company expects to realize from work to be performed on uncompleted contracts in progress at year end and from contractual agreements on which work has not yet begun.

	2024	2023
Backlog beginning balance	\$ 190,264,229	\$ 173,210,575
New contracts during the year	52,412,505	109,827,873
Contract adjustments	243,801	12,196,906
Less contract revenue earned during the year	<u>(116,159,991)</u>	<u>(104,971,125)</u>
 Backlog ending balance	 <u>\$ 126,760,544</u>	 <u>\$ 190,264,229</u>

Between January 1, 2025 and March 6, 2025, the Company entered into new construction contracts with revenues of \$928,000.

BCI ENTERPRISES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE 11 – SURETY BOND

The Company, as a condition for entering into construction contracts, had outstanding surety bonds approximating \$361,554,243 and \$335,895,000 as of December 31, 2024 and 2023, respectively. The bonds are collateralized by contract receivables.

NOTE 12 – OPERATING LEASE

The Company leases office space in La Vista, Nebraska. The operating lease terms include base monthly payments approximating \$3,000 plus operating expenses with an expiration date of May 31, 2025. The base monthly rent payments for the lease for the year ended December 31, 2024 and 2023 were \$35,023 and \$29,226, respectively.

The future minimum rental payments at December 31, 2024 are as follows:

<u>Year</u>	<u>Amount</u>
2025	\$ <u>14,698</u>

NOTE 13 – REVENUE FROM CONTRACTS WITH CUSTOMERS

General Contract Accounting:

Revenues are measured based on the amount of consideration specified in a contract with a customer. The Company recognizes revenues when and as its performance obligations (i.e., obligations to transfer goods and/or services) are satisfied, which generally occurs with the transfer of control of the goods or services to the customer.

Transaction Price:

The transaction price of a contract comprises of the following: (1) fixed cash consideration due from the customer; plus (2) estimated cash variable consideration due from the customer; minus (3) contingent amounts, unless no revenue reversal is probable (i.e., constraint). The Company bases the expected consideration from the customer on the existing contract and assumes the Company will transfer goods and services as promised.

Contract Estimates:

Due to the nature of performance obligations, the estimation of total revenue and cost at completion is complex, subject to many variables and requires significant judgment. Management must make assumptions and estimates regarding labor productivity and availability, the complexity of the work to be performed, the cost and availability of materials, the performance of subcontractors, and the availability and timing of funding from the customer, among other variables. As a significant change in one or more of these estimates could affect the profitability of contracts, the Company reviews and updates its contract-related estimates regularly through a review process in which management reviews the progress and execution of the performance obligations and the estimated cost at completion. As part of this process, management reviews information including, but not limited to, any outstanding key contract matters, progress towards completion and the related program schedule and the related changes in estimates of revenues and costs.

BCI ENTERPRISES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE 13 – REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

The Company recognizes adjustments in estimated profit on contracts under the cumulative catch-up method. Under this method, the impact of the adjustment on the profit recorded to date is recognized in the period the adjustment is identified. Revenue and profit in the future periods of contract performance is recognized using the adjustment estimate. If at any time the estimate of contract profitability indicates an anticipated loss on the contract, a provision for the entire loss is recognized in the period it is identified.

Contract Modifications:

Contracts are often modified due to changes in contract specifications and requirements. The Company considers contract modifications to exist when the modification either creates new or changes the existing enforceable rights and obligations. Most contract modifications are for goods or services that are not distinct from existing contracts due to the significant integration provided in the context of the contract. These are accounted for as if they were part of the original contract. The effect of a contract modification on the transaction price, and the measure of progress for the performance obligation to which it relates, is recognized as an adjustment to revenue on a cumulative catch-up basis.

Variable Consideration:

The nature of contracts gives rise to several types of variable consideration, including claims and unpriced change orders; awards and incentive fees; and liquidated damages and penalties. The Company recognizes revenues for variable consideration when it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

Estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on assessments of legal enforceability, our performance, and all information (historical, current, and forecasted) that is reasonably available.

Construction Contracts:

The Company recognizes revenues on construction contracts over time, as it satisfies performance obligations, due to the continuous transfer of control to the customer. Construction contracts are generally accounted for as a single performance obligation, since they involve providing a significant service of integrating components into a single project. The Company recognizes revenues using a cost-based input method, by which actual costs incurred relative to total estimated contract costs are used to determine, as a percentage, progress made toward contract completion; this percentage is applied to the transaction price to determine the amount of revenue to recognize. Costs incurred that do not contribute to satisfying the performance obligations are excluded from cost input calculations as these amounts are not reflective of the transferring control to the customer. The Company believes that cost-based input method is the most faithful depiction of performance because it directly measures the value of services transferred to the customer.

Revenues recognized from construction contracts, net of contract discounts and allowances are included in contract revenues earned.

BCI ENTERPRISES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE 13 – REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

Revenues and Costs of Revenues:

The following table shows the amount of revenues earned, cost of revenues, and gross profit for the year ended at December 31, allocated between completed jobs and jobs in progress:

December 31, 2024:

	Revenues Earned	Cost of Revenues	Gross Profit
Completed Jobs	\$ 5,454,453	\$ 1,993,326	\$ 3,461,127
In Progress Jobs	<u>110,705,538</u>	<u>97,074,705</u>	<u>13,630,833</u>
Totals	<u>\$ 116,159,991</u>	<u>\$ 99,068,031</u>	<u>\$ 17,091,960</u>

December 31, 2023:

	Revenues Earned	Cost of Revenues	Gross Profit
Completed Jobs	\$ 5,963,754	\$ 4,017,115	\$ 1,946,639
In Progress Jobs	<u>99,007,371</u>	<u>88,178,869</u>	<u>10,828,502</u>
Totals	<u>\$ 104,971,125</u>	<u>\$ 92,195,984</u>	<u>\$ 12,775,141</u>

NOTE 14 – CONTINGENCY

On December 14, 2023, the Company's employees working at the Bromley Pump Station were involved in an accident resulting in two fatalities. As a result of the accident, the Kentucky Office of Safety and Health initiated an investigation into the cause of the accident. The December 31, 2024 financial statements include a fine as a result of the investigation. The parents of the deceased employees have filed a lawsuit against the Company and other parties. At this time, the possibility of an unfavorable outcome is neither probable nor remote. The ultimate outcome of this lawsuit cannot presently be determined, accordingly no liability amount has been recognized in the financial statements. Management believes that any amount related to this incident should be covered by insurance.

NOTE 15 – SUBSEQUENT EVENT

On January 1, 2025, the Company purchased 1,000 outstanding Class B shares from one stockholder. The purchase price per share was approximately \$2,925 resulting in a total redemption value for these shares of \$2,925,000. The Company immediately retired these shares.

The Company has evaluated subsequent events through March 6, 2025, the date which the financial statements were available to be issued.

BCI ENTERPRISES, INC.
CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2024 and 2023
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Independent Auditors' Report

BCI ENTERPRISES, INC.
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INDEPENDENT AUDITORS' REPORT

**The Stockholders and
Board of Directors of
BCI Enterprises, Inc.
Wilder, Kentucky**

Opinion

We have audited the accompanying consolidated financial statements of BCI Enterprises, Inc. (an S corporation) and its wholly owned subsidiaries, which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of BCI Enterprises, Inc. and its wholly owned subsidiaries as of December 31, 2024 and 2023, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 BCI Enterprises, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 BCI Enterprises, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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, including omissions, 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 BCI Enterprises, Inc.'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 BCI Enterprises, Inc.'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.

Bramel & Ackley, P.S.C.

March 6, 2025

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BCI ENTERPRISES, INC.

CONSOLIDATED BALANCE SHEETS

December 31, 2024 and 2023

	2024	2023
- ASSETS -		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 21,993,958	\$ 20,481,644
Contract receivables	24,680,984	22,922,080
Accounts receivable - other	352,120	8,814
Marketable securities -		
Available for sale	7,336,333	5,916,076
Inventory	18,000	18,942
Prepaid expenses	181,697	240,196
Costs and estimated earnings in excess of billings on uncompleted contracts	778,952	1,692,224
Total current assets	55,342,044	51,279,976
PROPERTY, PLANT AND EQUIPMENT:		
Land	666,214	666,214
Office building	1,374,720	1,374,720
Office equipment	177,173	169,636
Vehicles	3,485,636	3,771,702
Construction equipment	10,680,833	10,429,116
	16,384,576	16,411,388
Accumulated depreciation	(12,414,924)	(11,573,195)
Net property, plant and equipment	3,969,652	4,838,193
Total assets	\$ 59,311,696	\$ 56,118,169

The accompanying notes are an integral part of these statements.

BCI ENTERPRISES, INC.

CONSOLIDATED BALANCE SHEETS

December 31, 2024 and 2023

	2024	2023
- LIABILITIES AND STOCKHOLDERS' EQUITY -		
CURRENT LIABILITIES:		
Accounts payable - trade	\$ 17,961,445	\$ 18,866,282
Other accrued liabilities	1,188,199	1,388,621
Dividends payable	3,158,400	1,252,800
Accrued deferred compensation - current portion	51,192	60,900
Notes payable - current portion	-	151,326
Billings in excess of costs and estimated earnings on uncompleted contracts	18,496,609	17,891,935
Total current liabilities	40,855,845	39,611,864
LONG-TERM LIABILITIES:		
Accrued deferred compensation - net of current portion	3,058,737	2,410,201
Notes payable - net of current portion	-	536,861
Total long-term liabilities	3,058,737	2,947,062
Total liabilities	43,914,582	42,558,926
STOCKHOLDERS' EQUITY:		
Common stock - Class A:		
No par value, voting, 15,000 shares authorized, 2,180 shares issued, 190 shares outstanding	61	61
Common stock - Class B:		
No par value, non-voting, 15,000 shares authorized, 5,074 and 6,074 shares issued and outstanding at December 31, 2024 and 2023, respectively	213	255
Retained earnings	15,396,840	13,558,927
Total stockholders' equity	15,397,114	13,559,243
Total liabilities and stockholders' equity	\$ 59,311,696	\$ 56,118,169

The accompanying notes are an integral part of these statements.

BCI ENTERPRISES, INC.

CONSOLIDATED STATEMENTS OF INCOME

Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CONTRACT REVENUE	\$116,159,991	\$104,971,125
CONTRACT COSTS	<u>99,068,031</u>	<u>92,195,984</u>
Gross profit	17,091,960	12,775,141
GENERAL AND ADMINISTRATIVE EXPENSES	<u>7,225,487</u>	<u>7,095,905</u>
Income from operations	9,866,473	5,679,236
OTHER INCOME (LOSS)	<u>1,897,920</u>	<u>1,332,954</u>
Net income before income tax	11,764,393	7,012,190
STATE AND LOCAL INCOME TAXES	<u>392,292</u>	<u>296,002</u>
Net income	<u><u>\$ 11,372,101</u></u>	<u><u>\$ 6,716,188</u></u>

The accompanying notes are an integral part of these statements.

BCI ENTERPRISES, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

Years Ended December 31, 2024 and 2023

	Common Stock	Retained Earnings	Total
Balance, January 1, 2023	\$ 336	\$ 11,420,260	\$ 11,420,596
Net income	-	6,716,188	6,716,188
Dividends	-	(3,758,400)	(3,758,400)
Purchase and retirement of treasury stock	(20)	(819,121)	(819,141)
Balance, December 31, 2023	\$ 316	\$ 13,558,927	\$ 13,559,243
Balance, January 1, 2024	\$ 316	\$ 13,558,927	\$ 13,559,243
Net income	-	11,372,101	11,372,101
Dividends	-	(7,369,600)	(7,369,600)
Purchase and retirement of treasury stock	(42)	(2,164,588)	(2,164,630)
Balance, December 31, 2024	\$ 274	\$ 15,396,840	\$ 15,397,114

The accompanying notes are an integral part of these statements.

BCI ENTERPRISES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 11,372,101	\$ 6,716,188
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,691,359	1,795,367
Unrealized (gain) on marketable securities	(654,195)	(608,061)
(Gain) loss on disposal of marketable securities	(19,377)	51,819
(Gain) on disposal of property, plant and equipment	(309,990)	(275,292)
(Increase) in receivables	(2,102,210)	(9,623,770)
Decrease (increase) in inventory	942	(10,942)
Decrease (increase) in prepaid expenses	58,499	(109,221)
Decrease (increase) in costs in excess of billings on uncompleted contracts	913,272	(1,324,879)
(Decrease) increase in accounts payable	(904,837)	11,055,549
(Decrease) increase in accrued liabilities	(200,422)	703,402
Increase in billings in excess of costs on uncompleted contracts	604,674	8,027,435
Increase in accrued deferred compensation	638,828	719,192
Total adjustments	(283,457)	10,400,599
Net cash provided by operating activities	11,088,644	17,116,787
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of marketable securities	(1,722,917)	(923,775)
Proceeds from sale of marketable securities	976,232	555,735
Purchase of property, plant and equipment	(907,563)	(2,098,543)
Proceeds from sale of property, plant and equipment	394,735	465,305
Net cash (used in) investing activities	(1,259,513)	(2,001,278)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on long-term debt	(688,187)	(45,364)
Proceeds from note payable	-	733,551
Dividends paid	(5,464,000)	(2,843,000)
Purchase of treasury stock	(2,164,630)	(819,141)
Net cash (used in) financing activities	(8,316,817)	(2,973,954)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,512,314	12,141,555
CASH AND CASH EQUIVALENTS, JANUARY 1	20,481,644	8,340,089
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 21,993,958	\$ 20,481,644
SUPPLEMENTAL DISCLOSURES:		
State and local income taxes paid	\$ 384,235	\$ 296,002
Interest paid	\$ 37,103	\$ 15,756

The accompanying notes are an integral part of these statements.

BCI ENTERPRISES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies followed by the Company.

Nature of business: BCI Enterprises, Inc. and its wholly owned subsidiaries (the “Company”) comprise the organization created by the formation of BCI Enterprises, Inc. and its acquisition of Building Crafts, Inc., and the formation of BCI Staffing, Inc. and BCI Water Resource Group, Inc. BCI Enterprises, Inc. is engaged in heavy highway civil construction work in the Greater Cincinnati area and surrounding states. The Company specializes in the construction of waste and water treatment plants. The work is generally performed under fixed price contracts varying in length from 12 to 18 months. The Company grants credit to its customers.

Basis of presentation: The consolidated financial statements include the accounts of BCI Enterprises, Inc. and its wholly owned subsidiaries. The consolidation eliminates intercompany accounts and transactions.

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

Cash and cash equivalents: For the purpose of the statements of cash flows, the Company considers all checking, savings and money market accounts purchased with a maturity of three months or less to be cash and cash equivalents.

Fair Value Measurements: FASB ASC 820-10 regarding fair value measurements clarifies the definition of fair value for financial reporting and establishes a three-tier hierarchy as a framework for measuring fair value which requires an entity to give 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) when measuring fair value. The standard also requires additional disclosure about the use of fair value measurements.

Fair value is defined as the price to sell an asset or transfer a liability between market participants as of the measurement date. The three levels of the fair value hierarchy under this standard are as follows:

- Level 1 – Inputs are unadjusted quoted prices for identical instruments in active markets.
- Level 2 – Inputs are inputs other than quoted prices included within Level 1 that are directly or indirectly observable, such as quoted prices for similar instruments in active markets, or quoted prices for identical or similar instruments in inactive markets.
- Level 3 – Inputs are unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from techniques in which one or more significant value drivers are observable.

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

BCI ENTERPRISES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting Basis for Recording Income: The financial statements were prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Revenue from fixed-priced construction contracts are recognized on the percentage-of-completion method, measured by the percentage of total costs incurred to date to estimated total costs for each contract. This method is used because management considers it the most appropriate method, as management is able to estimate total estimated costs and costs to complete. Contract costs include all direct material, labor, and equipment costs and those indirect costs related to contract performance such as indirect labor, supplies, and tool costs. General and administrative costs are charged to expenses as incurred. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes in job performance, job conditions, and estimated profitability, including those arising from contract penalty provisions and final contract settlements, may result in revisions to costs and income, and are recognized in the period in which revisions are determined.

Because of inherent uncertainties in estimating costs, it is at least reasonably possible that the estimates used will change within the near term.

The asset, “Costs and estimated earnings in excess of billings on uncompleted contracts”, represent revenues recognized in excess of amounts billed. The liability, “Billings in excess of costs and estimated earnings on uncompleted contracts”, represent billings in excess of revenues recognized.

Contract receivables – Allowance for credit losses: The Company considers contract receivables to be fully collectible; accordingly, no allowance for credit losses is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Marketable securities: The Company's marketable securities are classified as securities available for sale. Securities available for sale consist of stocks, mutual funds and brokered certificates of deposit that may be sold and not classified as trading securities or as securities to be held to maturity.

Securities classified as available-for-sale are carried in the financial statements at fair value. Both realized and unrealized gains and losses, determined using the specific identification method, are included in earnings. Dividends on marketable equity securities are recognized in income when declared.

Investments are reviewed annually for impairment by management. The Company recognized no impairment during the years ended December 31, 2024 and 2023.

Property, plant and equipment: Property, plant and equipment are recorded at cost. Expenditures for major renewals and improvements that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. The cost of property and equipment is depreciated over the estimated useful lives of the related assets. Depreciation is computed on accelerated methods for financial reporting purposes.

BCI ENTERPRISES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes: The Company has elected to be taxed under the S Corporation provisions of the Internal Revenue Code. Under those provisions, the Company does not pay federal corporate income taxes on its taxable income. Instead, the stockholders are liable for individual federal income taxes on their respective shares of the Company's taxable income. Income tax expense includes provision for state and local taxes based on income and are currently payable.

Advertising costs: The Company charges advertising cost to operations when incurred.

Retirement plans: The Company sponsors a defined contribution profit sharing plan that covers substantially all employees except collectively bargained employees. Contributions to the plan are based on a discretionary amount as established annually by the board of directors. Employees may elect to defer a portion of their compensation each year to contribute to the plan. For 2024 and 2023, the amount of profit sharing plan expense was \$278,107 and \$208,500, respectively. For employees working on prevailing wage projects, a portion of their compensation is also deferred based on wage rates for specific job and skill classification and is contributed to the National Benefits Retirement Trust.

NOTE 2 – CONCENTRATIONS OF CREDIT RISK AND SIGNIFICANT CUSTOMERS

FASB ASC 825 *Financial Instruments*, requires disclosures in the financial statements relating to concentrations of credit risk and financial statements with off-balance-sheet risk. Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of temporary cash investments and accounts receivable.

The Company maintains several cash and cash equivalent accounts at three financial institutions. Of the total bank balance, \$250,000 was insured by the Federal Deposit Insurance Corporation. Securities held at Morgan Stanley with cash and money market balances of \$51,964 are insured by the Securities Investor Protection Corporation. The other accounts are cash and money market funds held in brokerage accounts and are not insured. At December 31, 2024 and 2023, the Company's uninsured bank balances total \$23,222,272 and \$22,938,525, respectively.

See Note 4 for concentrations of credit risk and significant customers related to major contract receivables.

NOTE 3 – CONTRACT AND CONTRACT COST ASSETS AND LIABILITIES

Contract Assets and Liabilities: Billing practices on construction contracts are governed by the contract terms for each project; construction contracts typically call for monthly billings based upon estimated progress toward completion. Construction contracts may also base billings on costs incurred, achievement of milestones or pre-agreed schedules related to the passage of time.

Billings on construction contracts do not typically correlate with revenue recognized using the cost-to-cost input method of recognition over time. This lack of correlation results in contract assets and liabilities.

Contract assets comprise revenues earned in excess of billings on uncompleted contracts, representing revenues recognized in excess of amounts billed on incomplete construction contracts. No allowance for credit losses has been provided on the contract assets since management has determined that the expected credit losses is not material at the balance sheet dates.

Contract liabilities comprise billings in excess of revenues earned on uncompleted contracts, representing billings in excess of revenues recognized on incomplete construction contracts.

BCI ENTERPRISES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE 3 – CONTRACT AND CONTRACT COST ASSETS AND LIABILITIES (CONTINUED)

Contract assets and liabilities as of December 31 comprised the following:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Costs and estimated earnings on uncompleted contracts	\$ 220,967,397	\$ 175,858,439	\$ 97,291,283
Less: Billings to date	<u>238,685,054</u>	<u>192,058,150</u>	<u>106,788,438</u>
	<u>\$ (17,717,657)</u>	<u>\$ (16,199,711)</u>	<u>\$ (9,497,155)</u>

These amounts are included in the balance sheets under the following captions:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Costs and estimated earnings in excess of billings on uncompleted contracts	\$ 778,952	\$ 1,692,224	\$ 367,345
Billings in excess of costs and estimated earnings on uncompleted contracts	<u>(18,496,609)</u>	<u>(17,891,935)</u>	<u>(9,864,500)</u>
Total	<u>\$ (17,717,657)</u>	<u>\$ (16,199,711)</u>	<u>\$ (9,497,155)</u>

NOTE 4 – CONTRACT RECEIVABLES

Contract receivables at December 31 include the following:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Contracts in progress	\$ 10,984,035	\$ 13,898,555	\$ 7,794,824
Completed contracts	-	50,420	-
Retainage	<u>13,696,949</u>	<u>8,973,105</u>	<u>5,503,901</u>
Total contract receivables	<u>\$ 24,680,984</u>	<u>\$ 22,922,080</u>	<u>\$ 13,298,725</u>

Receivables from MRWRRF Reconstruction of Digesters (\$4,506,243), Chillicothe WWTP Improvements (\$4,481,096), Richard Miller Treatment Plant (\$2,466,989), Norfolk Southern Elkhart Rail (\$2,188,828) and Synthica St. Bernard Construction (\$1,917,721) represent 63% of 2024 total contract receivables. Receivables from five contracts represented approximately 51% of 2023 contracts receivables.

The Company follows the practice of filing statutory liens on all construction projects where collection problems are anticipated. The liens serve as collateral for contract receivables.

BCI ENTERPRISES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE 5 – DEPRECIATION

Assets are depreciated over their estimated useful lives. The rates, methods and lives are as follows:

<u>Classification</u>	<u>Method</u>	<u>Estimated Useful Lives</u>
Office building	Accelerated	31.5 - 39 years
Office equipment	Accelerated	3 - 7 years
Vehicles	Accelerated	5 years
Construction equipment	Accelerated	5 years

Depreciation expense for the periods ended December 31, 2024 and 2023 was \$1,691,359 and \$1,795,367, respectively.

NOTE 6 – MARKETABLE SECURITIES

The carrying amounts of marketable securities as shown in the balance sheets of the Company and their approximate market values at December 31 were as follows:

	<u>Amortized Cost</u>	<u>Unrealized Gain</u>	<u>Unrealized Loss</u>	<u>Market Value</u>
December 31, 2024:				
Available for sale				
Equity securities	\$ 2,675,684	\$ 959,219	\$ 47,536	\$ 3,587,367
Mutual funds	<u>3,602,889</u>	<u>239,296</u>	<u>93,219</u>	<u>3,748,966</u>
Totals	<u>\$ 6,278,573</u>	<u>\$ 1,198,515</u>	<u>\$ 140,755</u>	<u>\$ 7,336,333</u>
December 31, 2023:				
Available for sale				
Equity securities	\$ 2,609,579	\$ 510,737	\$ 112,394	\$ 3,007,922
Mutual funds	<u>2,902,933</u>	<u>98,190</u>	<u>92,969</u>	<u>2,908,154</u>
Totals	<u>\$ 5,512,512</u>	<u>\$ 608,927</u>	<u>\$ 205,363</u>	<u>\$ 5,916,076</u>

Sales of securities in 2024 and 2023 were:

	<u>2024</u>	<u>2023</u>
Sales proceeds	\$ 976,232	\$ 555,735
Cost	<u>956,855</u>	<u>607,554</u>
(Loss) Gain	<u>\$ 19,377</u>	<u>\$ (51,819)</u>

The fair value of all available-for-sale marketable securities has been measured on a recurring basis using Level 1 inputs. There were no changes in valuation methodologies and related inputs used at December 31, 2024 and 2023.

BCI ENTERPRISES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE 7 – LONG TERM DEBT

The Company was obligated for the following debts on December 31, 2024 and 2023.

	2024	2023
Notes payable, U.S. Bank, secured by equipment With interest at 6.67%, payable in equal monthly Payments of \$4,403 through May 2028	\$ -	\$ 201,343
Notes payable, U.S. Bank, secured by equipment With interest at 6.88%, payable in equal monthly Payments of \$6,843 through November 2027	-	286,412
Notes payable, U.S. Bank, secured by equipment With interest at 6.16%, payable in equal monthly Payments of \$4,328 through May 2028	-	<u>200,432</u>
Total notes payable	<u>\$ -</u>	<u>\$ 688,187</u>
Less current portion	-	<u>151,326</u>
Notes payable – net	<u>\$ -</u>	<u>\$ 536,861</u>

NOTE 8 – LINE OF CREDIT

At December 31, 2024 and 2023, the Company had \$5,000,000 of unused lines of credit with two banks to be drawn upon as needed with interest at the prevailing rate then in effect.

NOTE 9 – RELATED PARTY TRANSACTIONS

The Company purchases surety bonds from an entity that is controlled by the Company’s President. The amount the Company paid this entity in 2024 and 2023 was \$228,444 and \$880,956, respectively.

The Company has outstanding receivables from two of the stockholders. The amount of the stockholder receivables included in accounts receivable-other for 2024 was \$364,830.

NOTE 10 – BACKLOG

The following schedule summarizes changes in backlog on contracts during the year ended December 31, 2024 and 2023. Backlog represents the amount of revenue the Company expects to realize from work to be performed on uncompleted contracts in progress at year end and from contractual agreements on which work has not yet begun.

	2024	2023
Backlog beginning balance	\$ 190,264,229	\$ 173,210,575
New contracts during the year	52,412,505	109,827,873
Contract adjustments	243,801	12,196,906
Less contract revenue earned during the year	<u>(116,159,991)</u>	<u>(104,971,125)</u>
 Backlog ending balance	 <u>\$ 126,760,544</u>	 <u>\$ 190,264,229</u>

Between January 1, 2025 and March 6, 2025, the Company entered into new construction contracts with revenues of \$928,000.

BCI ENTERPRISES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE 11 – SURETY BOND

The Company, as a condition for entering into construction contracts, had outstanding surety bonds approximating \$361,554,243 and \$335,895,000 as of December 31, 2024 and 2023, respectively. The bonds are collateralized by contract receivables.

NOTE 12 – OPERATING LEASE

The Company leases office space in La Vista, Nebraska. The operating lease terms include base monthly payments approximating \$3,000 plus operating expenses with an expiration date of May 31, 2025. The base monthly rent payments for the lease for the year ended December 31, 2024 and 2023 were \$35,023 and \$29,226, respectively.

The future minimum rental payments at December 31, 2024 are as follows:

<u>Year</u>	<u>Amount</u>
2025	\$ <u>14,698</u>

NOTE 13 – REVENUE FROM CONTRACTS WITH CUSTOMERS

General Contract Accounting:

Revenues are measured based on the amount of consideration specified in a contract with a customer. The Company recognizes revenues when and as its performance obligations (i.e., obligations to transfer goods and/or services) are satisfied, which generally occurs with the transfer of control of the goods or services to the customer.

Transaction Price:

The transaction price of a contract comprises of the following: (1) fixed cash consideration due from the customer; plus (2) estimated cash variable consideration due from the customer; minus (3) contingent amounts, unless no revenue reversal is probable (i.e., constraint). The Company bases the expected consideration from the customer on the existing contract and assumes the Company will transfer goods and services as promised.

Contract Estimates:

Due to the nature of performance obligations, the estimation of total revenue and cost at completion is complex, subject to many variables and requires significant judgment. Management must make assumptions and estimates regarding labor productivity and availability, the complexity of the work to be performed, the cost and availability of materials, the performance of subcontractors, and the availability and timing of funding from the customer, among other variables. As a significant change in one or more of these estimates could affect the profitability of contracts, the Company reviews and updates its contract-related estimates regularly through a review process in which management reviews the progress and execution of the performance obligations and the estimated cost at completion. As part of this process, management reviews information including, but not limited to, any outstanding key contract matters, progress towards completion and the related program schedule and the related changes in estimates of revenues and costs.

BCI ENTERPRISES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE 13 – REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

The Company recognizes adjustments in estimated profit on contracts under the cumulative catch-up method. Under this method, the impact of the adjustment on the profit recorded to date is recognized in the period the adjustment is identified. Revenue and profit in the future periods of contract performance is recognized using the adjustment estimate. If at any time the estimate of contract profitability indicates an anticipated loss on the contract, a provision for the entire loss is recognized in the period it is identified.

Contract Modifications:

Contracts are often modified due to changes in contract specifications and requirements. The Company considers contract modifications to exist when the modification either creates new or changes the existing enforceable rights and obligations. Most contract modifications are for goods or services that are not distinct from existing contracts due to the significant integration provided in the context of the contract. These are accounted for as if they were part of the original contract. The effect of a contract modification on the transaction price, and the measure of progress for the performance obligation to which it relates, is recognized as an adjustment to revenue on a cumulative catch-up basis.

Variable Consideration:

The nature of contracts gives rise to several types of variable consideration, including claims and unpriced change orders; awards and incentive fees; and liquidated damages and penalties. The Company recognizes revenues for variable consideration when it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

Estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on assessments of legal enforceability, our performance, and all information (historical, current, and forecasted) that is reasonably available.

Construction Contracts:

The Company recognizes revenues on construction contracts over time, as it satisfies performance obligations, due to the continuous transfer of control to the customer. Construction contracts are generally accounted for as a single performance obligation, since they involve providing a significant service of integrating components into a single project. The Company recognizes revenues using a cost-based input method, by which actual costs incurred relative to total estimated contract costs are used to determine, as a percentage, progress made toward contract completion; this percentage is applied to the transaction price to determine the amount of revenue to recognize. Costs incurred that do not contribute to satisfying the performance obligations are excluded from cost input calculations as these amounts are not reflective of the transferring control to the customer. The Company believes that cost-based input method is the most faithful depiction of performance because it directly measures the value of services transferred to the customer.

Revenues recognized from construction contracts, net of contract discounts and allowances are included in contract revenues earned.

BCI ENTERPRISES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE 13 – REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

Revenues and Costs of Revenues:

The following table shows the amount of revenues earned, cost of revenues, and gross profit for the year ended at December 31, allocated between completed jobs and jobs in progress:

December 31, 2024:

	Revenues Earned	Cost of Revenues	Gross Profit
Completed Jobs	\$ 5,454,453	\$ 1,993,326	\$ 3,461,127
In Progress Jobs	<u>110,705,538</u>	<u>97,074,705</u>	<u>13,630,833</u>
Totals	<u>\$ 116,159,991</u>	<u>\$ 99,068,031</u>	<u>\$ 17,091,960</u>

December 31, 2023:

	Revenues Earned	Cost of Revenues	Gross Profit
Completed Jobs	\$ 5,963,754	\$ 4,017,115	\$ 1,946,639
In Progress Jobs	<u>99,007,371</u>	<u>88,178,869</u>	<u>10,828,502</u>
Totals	<u>\$ 104,971,125</u>	<u>\$ 92,195,984</u>	<u>\$ 12,775,141</u>

NOTE 14 – CONTINGENCY

On December 14, 2023, the Company's employees working at the Bromley Pump Station were involved in an accident resulting in two fatalities. As a result of the accident, the Kentucky Office of Safety and Health initiated an investigation into the cause of the accident. The December 31, 2024 financial statements include a fine as a result of the investigation. The parents of the deceased employees have filed a lawsuit against the Company and other parties. At this time, the possibility of an unfavorable outcome is neither probable nor remote. The ultimate outcome of this lawsuit cannot presently be determined, accordingly no liability amount has been recognized in the financial statements. Management believes that any amount related to this incident should be covered by insurance.

NOTE 15 – SUBSEQUENT EVENT

On January 1, 2025, the Company purchased 1,000 outstanding Class B shares from one stockholder. The purchase price per share was approximately \$2,925 resulting in a total redemption value for these shares of \$2,925,000. The Company immediately retired these shares.

The Company has evaluated subsequent events through March 6, 2025, the date which the financial statements were available to be issued.

